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Congressional Record

PROCEEDINGS AND DEBATES OF THE 97th CONGRESS, FIRST SESSION

SENATE—*Tuesday, December 8, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Reverend David Turner, Jr., Staff Chaplain, District of Columbia, Department of Corrections, Lorton, Va., offered the following prayer:

Let us pray.

Almighty God of all nations in which we live and move and have our being, bless those upon whom in Thy name we entrust the authority of government, particularly the President of the United States, that he may administer the laws of this Nation with firmness and compassion. More especially, we pray for this House—the Senate of the United States—that its Members, with a deep sense of humility in their calling to serve the interests of the people of this land, may rise above prejudices and smallness of mind, so that they may make the laws to accomplish the aims of a just government.

Unite in one band of brothers the people of this Nation that they may work together to make this a Nation worthy of the riches, both spiritual and temporal, that You have bestowed upon it.

For these and all other blessings, which, in the blindness of our minds or the ignorance of our hearts, we cannot or dare not ask, we pray Thy continuing protection. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that following the recognition of the two leaders under the standing order this morning and the special orders for the recognition of two Senators, there be a period for the transaction of routine morning business, not to exceed 10 minutes, in which Senators may speak for not more than 2 minutes each.

The PRESIDENT pro tempore. Without objection, it is so ordered.

PROGRAM FOR TODAY

Mr. BAKER. Mr. President, this morning, after the time for the two leaders under the standing order and the time allocated for the recognition of two Senators under special orders and the transaction of routine morning business as just ordered, the Senate will resume consideration of S. 881, at which time the Baker-Weicker-Jepsen second-degree substitute to the perfecting amendment of the Senator from West Virginia (Mr. ROBERT C. BYRD) will be the pending question.

At 12 noon, the Senate will stand in recess until 2 p.m., pursuant to the order entered last evening.

Any rollcall votes ordered prior to 12 noon will be stacked until 2 p.m., and the first of those votes, if any, so stacked will be 15 minutes in length, and the second and succeeding votes, if there are succeeding votes, will each be 10 minutes in length.

Mr. President, I advise my friend the acting minority leader that I have no further requirement for my time under the standing order. I will be more than pleased to yield him the remainder of that time or to yield it back.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDENT pro tempore. The acting minority leader is recognized.

Mr. DIXON. I thank the Chair, and I thank the distinguished majority leader. We have no need for our time on this side of the aisle, and I yield it back.

Mr. BAKER. I yield back my time.

Mr. President, I ask unanimous consent that I may now suggest the absence of a quorum, without the time being charged against the standing orders allocated for the recognition of two Senators.

The PRESIDING OFFICER (Mr. SYMMS). Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR HEINZ

The PRESIDING OFFICER. Under the previous order the Senator from Pennsylvania (Mr. HEINZ) is recognized for not to exceed 15 minutes.

DEFICITS

Mr. HEINZ. Mr. President, this morning the newspapers across the United States reported that the Federal deficit according to Reagan administration estimates will jump in fiscal 1982, the year we are now in, to the staggering total of $109 billion. Larger deficits are expected for 1983 and 1984, in the range of between $150 and $160 billion.

This poses a grave crisis for the country and it is one that I wish to draw to the specific attention of the conferees on the fiscal 1982 Department of Defense appropriations bill which we passed late last week.

Therefore, I shall take a few moments to express my thoughts on this matter.

I rise as one quite strongly committed to a national defense second to none. I supported in the consideration of our defense budget a number of very crucial, strategic weapons systems, such as the B–1 and the MX. This is certainly no time to undercut our President as he and his negotiators go to Vienna to negotiate on strategic and theater nuclear arms.

But having said that, I do believe that we would not be doing our constitutional duty if we failed to give defense spending the same scrutiny as all other Federal programs.

So, I am here to state my opposition at this time to any overall level of defense spending as a result of the conference on the DOD appropriations bill which in any way significantly exceeds the levels requested by the President.

At the outset, let me say that I was, during the incumbency of the previous

administration, very concerned about the apparent lack of concern by the executive branch about our declining defense posture vis-a-vis the Soviets. I supported congressional efforts to insist upon greater levels of spending than administration proposed and, as I suggested a moment ago, with the advent of the Reagan administration, I have consistently supported the overall goal of making immediate and substantial efforts to improve U.S. military capabilities and credibility.

But at the same time, I believe we must continually scrutinize the defense budget. The Defense Department should not be given a blank check. We cannot allow it to escape the same close review which we have been giving to domestic spending programs.

In fact, because our resources are more limited than ever due to the declining state of our economy, one of the major factors in our projection of a $109 billion deficit in fiscal 1982, it is vitally important that we make certain that our defense dollars are wisely allocated and that waste, fraud, and abuse, which most certainly exist in the Pentagon as in all other agencies, be eliminated.

Mr. President, with this background in mind, I must say that I am concerned about the overall level of spending in the bill that we passed late last week. A quick review of the numbers indicates that the appropriations bill that we enacted is about $8 billion above President Reagan's request, nearly 4 percent more than he requested.

Frankly, I do not think that at the President's budget level anyone can accuse this administration of being soft on defense. I suppose in an ideal world with unlimited resources we could spend more on redundant and luxury items in the defense budget. But we know that is not the case. We are in a time of economic retrenchment and, speaking for myself, I certainly cannot accept a level of spending so grossly over the amount requested by a President who is truly committed to a strong defense.

I, for one, cannot accept such a level at a time when domestic programs of great importance to a number of Americans are being subjected to severe cuts and even elimination.

Mr. President, the survival and prosperity of our Nation depends upon a strong national defense, but it also depends upon a sense of social well-being by the people of this Nation. And it further depends upon a feeling by the American public that there is fairness and proportion in whatever sacrifices we are called upon to make. In such a context, a spending level so greatly over even that which our President has requested simply cannot be justified.

People ask, rightly, that no part of the Federal budget be sacrosanct and immune from our efforts to cut waste, fraud, and abuse. The defense budget can be no special exception.

Under these circumstances, Mr. President, I have no choice but to make clear not only my concern about the overall spending level, but also my specific position with respect to the Department of Defense appropriations bill. My position is simply that I cannot support sending to the President a level of spending which is anywhere near the level currently contained in the bill we have sent to conference. Should this level be sustained in conference, and even though I voted to send it to conference, I would have no choice but to reluctantly oppose, despite the many important programs which are being funded, the enactment into law of the Department of Defense appropriations bill. I, therefore, urge those Senators, who have the relevant responsibilities, to take all appropriate actions to assure that the level of defense spending is in line with what the President of the United States has requested, so that we can all support the defense programs which are vital to our national security.

RECOGNITION OF SENATOR SPECTER

The PRESIDING OFFICER. Under the previous order, the Senator from Pennsylvania (Mr. SPECTER) is recognized for not to exceed 15 minutes.

TRIBUTE TO SENATOR HEINZ

Mr. SPECTER. Mr. President, preliminarily I wish to say that it is a pleasure to follow the senior Senator from Pennsylvania this morning, and to see him looking resplendent and fresh after a return from Pennsylvania past midnight when seven of his colleagues joined him in a small social gathering with hardly a political or fundraising aspect in Hershey, paying tribute to his contribution to the U.S. Senate, as he continues to do with the very erudite presentation which he just made this morning.

Mr. HEINZ. Mr. President, if the Senator will yield, I thank my colleague not only for looking equally fresh after an equally long trip but also for his very kind words both this morning and last night. It was most enjoyable, and I appreciate everything he did to make it a success.

Mr. SPECTER. It was a great pleasure for not only did I have the benefit of an airplane ride from Washington to Hershey, I even had an automobile ride to my condominium by Senator HEINZ.

S. 1918 — NORTHEAST - MIDWEST STATES FEDERAL HYDROPOWER FINANCING AUTHORITY ACT

(Introduced by Mr. SPECTER, for himself and Mr. RIEGLE.)

Mr. SPECTER. Mr. President, today, with Senator RIEGLE, I introduce the Northwest-Midwest States Federal Hydropower Financing Authority Act. The Northeast-Midwest region is burdened with the highest per household energy costs in the United States. This has retarded industrial modernization and development in the region and increased dependence on Federal assistance programs for the needy and unemployed.

The situation is aggravated, in part, by our failure to harness effectively and fully our region's indigenous energy resources, notably waterpower and coal.

The fact is the Northeast-Midwest has an abundant, but largely unused, source of energy in its waterpower. The Army Corps of Engineers estimates that the States of the Northeast and Midwest contain half of the feasible hydro sites and 20 percent of the potential hydrogenerating capacity. Yet, despite the real potential of small-scale hydropower to reduce high energy costs and our dependence on foreign oil, it remains a largely untapped resource in our region.

Although increasingly economical, the development of this environmentally attractive old-new energy source is not without problems—problems compounded by the pronounced absence of a coordinating mechanism to facilitate the planning, marketing, and financing of hydropower. With the exception of Hawaii, only the Northeastern and Midwestern States lack access to Federal support via one of the five Federal power marketing authorities.

To correct this oversight, and to enable our States to deal with the legal, financial, and operational obstacles which confront small-scale hydropower, we are introducing the Northeast-Midwest States Federal Hydropower Financing Authority Act of 1981. Under this legislation, States in the Northeast and Midwest will have the option of joining this regional power marketing authority, thereby becoming eligible to apply for lower cost loans and loan guarantees to cover up to 70 percent of the costs associated with hydropower development. Interest rates on loans would reflect the Government's cost of borrowing. State and municipal power authorities, rural electric cooperatives, interstate river commissions, and consumer and stockholder-owned electric utilities located in member States could have access to financing, through the new authority.

The last decade was witness to a quadrupling of national expenditures for energy. Development of our potential hydroelectric generating capacity could reduce our Nation's dependency on petroleum by up to 20 million barrels per day. For the energy-consuming dependent States of the Northeast and Midwest, economic necessity dictates that we pursue all available and feasible options. Given the opportunities presented by hydropower development, we urge early favorable action on the Northeast-Midwest States Federal Hydropower Financing Authority Act.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1918

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) this Act may be cited as the "Northeast-Midwest States Federal Hydropower Financing Authority Act".

(b) The Congress finds and declares that (1) the northeast-midwest States are encumbered by high energy costs, (2) it is in the national interest to initiate a national strategic hydropower capacity, (3) there is an untapped capacity for hydropower in many of the northeast and midwest States, and (4) regional coordination and planning of hydropower development in the northeast-midwest States is desirable.

SEC. 2. (a) Subject to the provisions of subsection (b) of this section there is created a body corporate by the name of the "Northeast-Midwest States Federal Hydro-

power Financing Authority" (hereinafter referred to as the "Corporation" and the "Authority"). The board of directors first appointed shall be deemed the incorporators.

(b) The incorporation shall be held to have been effected upon the Secretary of Energy, or his successor, having been notified in writing, by the Governors of not less than four eligible northeast-midwest States, of the desire of such States to acquire membership in the Northeast-Midwest States Federal Hydropower Financing Authority. Such notification shall contain such information, and be in such form as the Secretary shall by regulation prescribe. No State shall be eligible to participate in the Authority established by this Act if such State is geographically located outside of the midwestern or northeastern part of the United States and is situated wholly within the boundaries of a Federal power marketing authority. In any case in which only a part of a State is situated within a Federal power marketing authority, the board of directors of the Corporation shall establish such regulations as may be necessary to determine the allocation of assistance under this Act to such State for use by it in connection with projects to serve that part of such State not served by a Federal power marketing authority.

SEC. 3. (a) The board of directors of the Corporation (hereinafter referred to as the "board") shall consist of each Governor of a member State or his delegate, and one member, to be appointed by the President, by and with the advice and consent of the Senate, who shall be Chairman.

(b) The term of office of the member appointed by the President shall be four years.

(c) Any member appointed by the President to fill a vacancy in the position of Chairman occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainer of such term.

(d) Vacancies in the board, so long as there shall be two members in office, shall not impair the powers of the board to execute the functions of the Corporation, and two of the members in office shall constitute a quorum for the transaction of the business of the board.

(e) Members of the board shall be reimbursed by the Corporation for actual expenses (including traveling and subsistence expenses) incurred by them in the performance of the duties vested in the board by this Act.

(f) No director shall have financial interest in any public-utility corporation engaged in the business of distributing and selling power to the public.

(g) The board shall direct the exercise of all the powers of the Corporation.

SEC. 4. The board shall appoint a president of the Corporation and such other officers as the board shall determine necessary. The president of the Corporation shall appoint such managers, assistant managers, employees, attorneys, and agents as are necessary for the transaction of the business of the Corporation, fix their compensation, define their duties, and provide a system of organization to fix responsibility and promote efficiency. The president of the Corporation may be removed in the discretion of the board.

SEC. 5. Except as otherwise specifically provided in this Act, the Corporation—

(1) shall have succession in its corporate name;

(2) may sue and be sued in its corporate name;

(3) may adopt and use a corporate seal, which shall be judicially noticed;

(4) may make contracts, as herein authorized;

(5) may adopt, amend, and repeal bylaws;

(6) may purchase or lease and hold such real and personal property as it deems necessary or convenient in the transaction of its business, and may dispose of any such personal property held by it;

(7) shall have such powers as may be necessary or appropriate for the exercise of the power herein specifically conferred upon the Corporation; and

(8) may accept appropriations from the United States and reimburse the United States in accordance with agreements entered into between the United States and the Corporation.

SEC. 6. (a) Subject to the provisions of subsection (b), the Corporation is authorized, on such terms and conditions as the board of directors may prescribe, to make loans to member States, including political subdivisions thereof which are engaged in retail electric services, and power authorities of member States, rural electric cooperatives, interstate compact river commissions, and consumer-owned and stockholder-owned electric utilities which provide retail electric service, located within any State which is a member of the Authority for the purpose of enabling such State, subdivision, cooperative, commission, or utility to carry out hydropower development.

(b) Loans under this section shall not exceed 70 per centum of the initial total estimated costs of such hydropower development, as estimated by the Corporation as of the date of the loan or commitment to loan.

(c) Each loan made under this section shall bear interest at such rate as the Corporation may determine, giving consideration to the needs and capacities of the recipient and the prevailing rates of interest (public and private). Notwithstanding the preceding sentence, such rate shall not be less than a rate determined by the Secretary of the Treasury, for the Corporation, taking into consideration the current average yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such loans. No loan shall be made unless the Corporation shall have determined that there is a reasonable prospect of repayment or that successful completion and operation of the hydropower development project will have a substantial value in helping to meet the energy needs of the northeast and midwest States.

(d) Loans made under this section may be made either directly or in cooperation or participation with banks or other lenders. Loans may be made directly upon promissory notes or other evidence of indebtedness or by way of discount or rediscount of obligations tendered for the purpose.

(e) If the board of directors determines that the borrower is unable to meet payments under a loan agreement and is not in default, it is in the public interest to permit the borrower to continue to pursue the purposes of the project, and the probable net benefit to the Corporation in forbearing from exercising its rights under a loan agreement will be greater than that which would result in the event of a default, and if the borrower agrees to make such payments to the Corporation on terms and conditions, including interest, which are satisfactory to the Corporation, then the Corporation may forbear from exercising its rights under the loan agreement.

(f) No loan under this section shall have a maturity date of more than 30 years or the useful life of the project involved, whichever is less.

SEC. 7. (a)(1) Subject to the limitations set forth in paragraph (2), the Corporation is authorized, on such terms and conditions (including the right of subrogation) as the Board of Directors may prescribe, to commit to, or enter into loan guarantees against loss of principal and interest on bonds, notes, or other obligations (including refinancing thereof) issued solely to provide funds to any member State, including political subdivisions thereof which are engaged in retail electrical services, and to any power authorities of member States, rural electric cooperatives, interstate compact river commissions, and consumer-owned and stockholder-owned electric utilities which provide retail electric services, located within any State which is eligible to participate in the Authority for the purpose of enabling such State, subdivision, cooperative, commission, or utility to carry out hydropower development projects.

(2) Loan guarantees under this section shall not exceed 70 per centum of the initial total estimated cost of any such project, as estimated by the Corporation as of the date of the guarantee or commitment to guarantee.

(3) The Corporation, in reviewing the need for financial assistance pursuant to applications for loan guarantees, shall consider whether the concern or concerns making such application otherwise would be unable, exercising prudent business judgment, as determined by the board of directors, to finance the project, taking into account among other factors, the availability of debt financing under normal lending criteria based on the assets associated with the project.

(4) Any loan guarantee made by the Corporation under this section shall not be terminated, canceled, or otherwise revoked, except in accordance with the terms thereof, and shall be conclusive evidence that such loan guarantee complies fully with the provisions of this section and of the approval and legality of the principal amount, interest rate, and all other terms of the securities, obligations, or loans and of the guarantee.

(b) If the board of directors determines that—

(1) the borrower is unable to meet payments and is not in default, it is in the public interest to permit the borrower to continue to pursue the purposes of such project, and the probable net benefit to the Corporation in paying the principal and interest due under a loan guarantee agreement will be greater than that which would result in the event of a default;

(2) the amount of any payment which the Corporation would be required to pay shall be no greater than the amount of principal and interest which the borrower is obligated to pay at that time; and

(3) the borrower agrees to reimburse the Corporation for such payment on terms and conditions, including interest, which are satisfactory to the Corporation,

then the Corporation is authorized to pay the lender under a loan guarantee agreement, an amount not greater than the principal and interest which the borrower is obligated to pay and which the Corporation has guaranteed under such agreement.

(c) No loan guaranteed under this section shall have a maturity date of more than 30 years or the useful life of the project involved, whichever is less.

SEC. 8. (a) The Corporation shall maintain its principal office in the immediate vicinity of Pittsburgh, Pennsylvania. The Corporation shall be held to be an inhabitant and resident of the western judicial district of Pennsylvania within the meaning of the laws of the United States relating to the venue of civil suits.

(b) The Corporation shall at all times maintain complete and accurate books of accounts.

(c) Each member of the board, before entering upon the duties of his office, shall subscribe to an oath (or affirmation) to support the Constitution of the United States and to faithfully and impartially perform the duties imposed upon him by this Act.

SEC. 9. (a) The board shall file with the President and with the Congress, in December of each year, a financial statement and a complete report as to the business of the Corporation covering the preceding governmental fiscal year.

(b) The Comptroller General of the United States shall audit the transactions of the Corporation at such times as he shall determine, but not less frequently than once each governmental fiscal year, with personnel of his selection. In such connection he and his representatives shall have free and open access to all papers, books, records, files, accounts, plants, warehouses, offices, and all other things, property, and places belonging to or under the control of or used or employed by the Corporation, and shall be afforded full facilities for counting all cash and verifying transactions with and balances in depositaries. He shall make a report of each such audit in quadruplicate, one copy for the President of the United States, one for the chairman of the board, one for public inspection at the principal office of the Corporation, and the other to be retained by him for the uses of the Congress. Such report shall not be made until the Corporation shall have had reasonable opportunity to examine the exceptions and criticisms of the Comptroller General or the General Accounting Office, to point out errors therein, explain or answer the same, and to file a statement which shall be submitted by the Comptroller General with his report. The expenses for each such audit shall be paid from any appropriation or appropriations for the General Accounting Office. Nothing in this Act shall be construed to relieve the Treasurer or other accountable officers or employees of the Corporation from compliance with the provisions of existing law requiring the rendition of accounts for adjustment and settlement pursuant to section 236 of the Revised Statutes of the United States, and accounts for all receipts and disbursements by or for the Corporation shall be rendered accordingly. Subject only to the provisions of this Act, the Corporation is authorized to make such expenditures and to enter into such contracts, agreements, and arrangements, upon such terms and conditions and in such manner as it may deem necessary, including the final settlement of all claims and litigation by or against the Corporation; and, notwithstanding the provisions of any other law governing the expenditure of public funds, the General Accounting Office, in the settlement of the accounts of the Treasurer or other accountable officer or employee of the Corporation, shall not disallow credit for, nor withhold funds because of, any expenditure which the board shall determine to have been necessary to carry out the provisions of this Act.

(c) The Corporation shall determine its own system of administrative accounts and the forms and contents of its contracts and other business documents except as otherwise provided in this Act.

SEC. 10. Within one hundred and eighty days following the effective date of the Corporation as provided in section 2(b), or as soon thereafter as may be feasible, the United States Corps of Engineers, in coordination with the Power Marketing Administration of the Department of Energy, shall complete for each of the member States a study of hydroelectric power potential in the State with emphasis on priorities for those projects with the highest cost-benefit ratios. Such study shall include a review of the environmental consequences of each such project with the Environmental Protection Agency and the findings and recommendations of the Agency shall be included as a part of such study. In conducting each such study, the Corps of Engineers shall use, to the extent feasible, existing studies of Federal and State agencies, including but not limited to, the National Hydroelectric Power Resource Study. In conducting such study, the Corps of Engineers shall consult with each State agency designated by the appropriate Governor and with the interstate water resource commissions.

SEC. 11. No application for a loan under this Act shall be approved unless the Governor of the State in which the project to be developed by the proceeds of such loan has been notified in writing of the request for such loan, and then only if within the sixty-day period following the date of such notification, the Governor has not notified the Corporation, in writing, that he or she disapproves of such project within his or her State.

SEC. 12. There are authorized to be appropriated, such sums as may be necessary to carry out the provisions of this Act.

Mr. SPECTER. Mr. President, I yield the floor.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a period for the transaction of routine morning business not to exceed 10 minutes in length during which Senators may speak for not more than 2 minutes each.

INCREASING TRADE DEFICITS WITH JAPAN AND THE WORLD

Mr. DOLE. Mr. President, at some point early in 1982, the Commerce Department will announce that our trade deficit in 1981 was the largest ever. If the trends established in the first 9 months of 1981 continue, imports will exceed exports by a margin of about $40 billion up by over 10 percent from a year earlier. Not surprisingly, the Commerce Department will also announce that our bilateral trade deficit with Japan of over $15 billion set another alltime record, up by over 50 percent from a year earlier. Some Government and private economists and trade commentators will examine these figures and offer familiar explanations. The strong dollar makes imports less expensive and exports more expensive, American productivity is declining, labor is overpaid, management has performed poorly, as well as other frequently mentioned causes.

In addition, many of those commentators will say that year-to-year deficits, or deficits with a particular country, are not important in the short run, or for that matter are not important at all. They will urge that the United States continue to adhere to a free trade philosophy and maintain open markets. They will argue that this course benefits our consumers and makes our industries more competitive by forcing them to constantly innovate under the pressures of international competition.

THE NEED FOR CHANGE IN OUR TRADE RELATIONS WITH JAPAN

Mr. President, I also believe in free trade and the benefits which it brings, but I am convinced that we can no longer blindly follow philosophical notions when the foundations of our industrial competitiveness are being threatened. The United States can no longer afford the luxury of continued huge deficits. Since our bilateral trade deficit with Japan is the biggest and most glaring factor in this problem, accounting for over one-third of the total deficit, there must be a fundamental change in our trade relationship with that country if we are to correct this situation. This is not to say that our bilateral trading relations with many other countries including the European community, Mexico, Canada, and Brazil to name a few, are not in need of some adjustments. First and foremost, however, we must deal with our problems with our Japanese allies.

The change cannot be short term—it must be a fundamental commitment by the Japanese to open their markets or protectionist pressures will inevitably increase.

The changes, which must be made entail more than the short-term solutions which are being advocated in some circles. It will not suffice for the United States to simply impose restraints on imports or for the Japanese to place surcharges on exports. Nor will it suffice for the United States to sell Alaska oil or more coal or a few commercial airplanes or a few big computers to Japan in the hope of reducing this years deficit. The only thing which will suffice is for the Japanese Government to act quickly and affirmatively to insure that its internal trade policies and practices conform to the principles which it urges the United States to apply in this market.

The Japanese have earned their reputation as skilled, tough, negotiators. Like all public servants, Japanese Government officials have attempted to provide the greatest benefits and the least burdens for the agricultural and industrial interests which they represent. Perhaps our negotiators and our Government have not been as skilled or persuasive as we should have been in dealing with the Japanese and have unwittingly contributed to the lack of progress in opening the Japanese market. Whatever the reason, the time has come for Japan to recognize that the continued inability of competitive American exporters, and for that matter exporters from other countries, to penetrate Japanese markets is a dangerous problem.

In 1980, the ratio of exports from Japan to Japanese GNP increased by about 20 percent from the year before. However, in that same year, the ratio of imports into Japan to Japanese GNP declined, a situation that was almost unique among major industrialized countries. The failure to correct this problem will surely stimulate tremendous protectionist pressures in this country and others. Japan must employ the same intense efforts in opening its markets to competitive products as have been so successfully used to penetrate other markets around the world.

It is not enough for the Japanese to suggest that detailed studies be made by the U.S. Government of possible barriers to trade in these and similar markets. We have had enough studies. It is apparent to me that such studies simply take unnecessary time and are not able to illuminate the more subtle but effective barriers which have proven so diffi-

cult to surmount. Definitive steps by Japan creating equitable market access opportunities are the only measures which will suffice.

EXISTING AND PROPOSED ALTERNATIVES ARE AVAILABLE IF THERE IS NOT ANY AFFIRMATIVE ACTIONS BY JAPAN

Unless such steps are taken, I am prepared to suggest that the administration use the authorities which it currently has to correct existing trade distortions. Among others, section 301 permits the President to withdraw the benefits of trade agreement concessions to respond to the practices of a foreign country which unreasonably restrict U.S. commerce. Similarly, section 48(a)(7)(D) of the Internal Revenue Code permits the President to deny eligibility for investment tax credits to articles produced in a country which unjustifiably restricts U.S. commerce. In addition, I am prepared to support provisions like section 238 of S. 898 which grants the executive branch the authority to demand reciprocal trade opportunities in return for continued access to the U.S. market.

ADMINISTRATION EFFORTS TO ACHIEVE ACCESS FOR COMPETITIVE AMERICAN PRODUCTS SHOULD BE AFFIRMATIVELY SUPPORTED BY JAPAN

Efforts are currently being made by administration officials in several fora to bring the importance of our trade imbalance and the perceived lack of access to their market to the attention of the Japanese Government. United States Trade Representative Bill Brock and Secretaries Regan and Baldrige have all spoken publicly about this in recent days. The United States-Japanese trade facilitation committee is studying not only specific product problems but whole industrial sectors where it seems logical that U.S. producers should be able to increase their exports.

Japan, for example, is known to be one of the highest energy-cost countries in the industrial world. It seems logical that energy intensive industries in Japan like the soda ash industry, for example, cannot be as competitive as such industries located in lower energy-cost countries like the United States. Japan also lacks raw materials vital to low-cost production in a number of industries. Its lack of low-cost natural gas suggests that the petrochemical industry in Japan could not supply internal needs as economically as other producers. Yet, it is only with the greatest efforts that U.S. producers are able to make limited sales of these types of products to Japan.

EQUAL ACCESS TO THE JAPANESE MARKET IS KEY TO OUR FUTURE COMPETITIVENESS

Mr. President, the Congress and the President have undertaken in the Economic Recovery Tax Act of 1981 to provide American producers with the stimulus to reinvest and modernize their productive facilities. Those producers who required this incentive must take advantage of its provisions on their own. The Government and the Congress, for their part, must insure that this investment which has been encouraged can be competitively employed in the world marketplace.

Without such assurances we will have done a disservice both to our producers and the world trading system. If our trade policy subjects our industries to the rigors of international competition, but does not guarantee reciprocal opportunities in other markets, we surely will be one step behind in the race for competitiveness in the crucial industries of the 1980's and 1990's.

If we hope to prevent the United States from becoming simply a supplier of raw materials and agricultural products, we must make certain that our international rights are observed. It must be made clear to Japan that they are responsible for opening their markets to competitive products and to removing even the perceptions of barriers to market access. Unless the Japanese accept this responsibility, the United States must take the steps which are necessary to protect our producers and to insure our future competitiveness.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended for 15 minutes under the same terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

FORMER SENATOR JACOB JAVITS SPEAKS ON GENOCIDE

Mr. PROXMIRE. Mr. President, a few days ago, the distinguished former Senator from New York, Senator Javits, appeared before the Foreign Relations Committee to testify on the Genocide Convention. It was one of the most moving experiences that I have had in the years I have been in this body. We all know what a remarkable Senator he was, what a brilliant Senator he was, and how much he contributed to this body. In my judgment, he was the most intelligent Member of our body in all the years I have been here, certainly.

He made a very moving appeal of few words on the Genocide Convention.

As we all know, Senator Javits has suffered a very serious illness. He has great difficulty walking and he has difficulty breathing. But his presentation so moved the Members and the audience that for the first time I can recall, a witness, after finishing his presentation, was given a standing ovation.

Mr. President, I ask unanimous consent that the words of Senator Javits be printed at this point in the RECORD, and also a commendation by the chairman of the Foreign Relations Committee to Senator Javits for his appearance.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS OF SENATOR JAVITS

Mr. JAVITS. My thanks to Richard Gardner, former ambassador to Italy, for yielding to me and I thank the members of the Committee for staying to listen.

What's human rights about? In the ultimate, the same thing as has been said, no more precious right than the right to life. And yet, the incarnation of the determination that it shall never happen again and that never again will mankind be silent or powerless in the face of such a thing as the Holocaust is not necessarily assured or guaranteed by anybody or anything.

The efforts to bring it into law were surrounded with such care that we lawyers reversed our position—think of it—reversed our position, after twenty-six years. It took us that time, and we waited it out, and now the ABA, the American Bar Association, is for this, not against it. Which, at one stroke, nullifies every legal argument made here on the Constitution, on extradition, on the power of the Congress, on implementing legislation, on trial in foreign courts, on the denial of constitutional processes . . . everything! What's the use in arguing all those old sores? They're done! The arch opponent of them all has now changed and become from a minus, a plus, in terms of ratification of this treaty.

We had to go through the ridiculous gyrations of distinguishing between totalitarianism and authoritarianism, whatever that means, in order to give remote colorization to our views and our policy on human rights. Now we should have some shred of dignity left and some claim to doing what no great nation can ever do—bluff. Great nations can't bluff and we're trying it in this field.

So it is with a deep sense of shame . . . shame that we must confess that after all these years, we still hear from the echoes of the same cries of prejudice and discrimination and misrepresentation, of what it says, of what it does. It's very hard to believe that this is so deep that it can't be exorcised where it exists.

Now, we didn't come very far from winning last time out. We had 55 votes. Today it would take 60 for cloture. We had it on two occasions when Senator Mansfield took down the bill and promised me, and it was thoroughly aired on the floor of the Senate time and again, that if I could produce in writing 60 votes, he would take up the treaty. At my request, in order to forward the matter, this committee reported out this treaty four times.

I think it is a signal tribute to Senator Percy, a dear friend as well as a dear colleague, now that he's tried it again, even though it could easily end up with egg on his face. That's not easy for the Chairman of such a distinguished committee. . . . And I think the country ought to carefully note this fact.

So it is simply a matter of our nation realizing that in this great storm of revolutionary change, there are some truths that still persist. And when the world has within its hands the ability to make one come true it seems so sad that we can't do it.

And I hope, Mr. Chairman, we will persist. I hope the Committee will report this and I hope that it will move President Reagan.

And that's where it is. That's where it is. We are so close that an Administration policy for this treaty, or the policy of some other Administration for this treaty, is what it's going to take to get it ratified.

And then, Mr. Chairman, nothing will happen, nothing at all will happen, except that the honor of our country will have been sustained.

Nothing else.

Mr. PERCY. Thank you very much, Mr. Javits. Thank you!

I would like everyone in this room to know that I didn't see a note in front of Senator Javits. He didn't look at a thing. He just spoke right from the heart as is so characteristic of him.

(Standing ovation.)

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SMALL BUSINESS INNOVATION RESEARCH ACT OF 1981

Mr. SPECTER. Mr. President, I wish to use this portion of morning business to speak in support of S. 881, which is soon to be called up for floor consideration. I compliment my colleague from New Hampshire (Mr. RUDMAN) for a unique and ingenious bill and for his persistent efforts in moving forward on this matter and having it actually reach the floor and actually called on the calendar with the prospects, as they now appear to be, excellent for passage. It is a complex matter, as I have seen it unfold in the U.S. Senate, to actually have a bill called to the floor.

I think it is a unique accomplishment for the distinguished Senator from New Hampshire that he has been able to conceive of this idea, to embody it in a piece of legislation and to have it carried forward for enactment in his first year, and a very distinguished year it is, in the Senate. In his efforts to aid small business, I think he has struck a very important chord in our national economy.

Mr. President, I believe, as it was expressed so eloquently by Justice Brandeis some years ago, the strength of the United States turns to a significant measure on small business. That does not say that the strength of the United States does not turn in significant measure on big business as well. It has been said that what is good for General Motors is good for the United States; it can be just as accurately said that what is good for small business is perhaps even better for the United States. To have the diversity and the multiplication of employers giving jobs to a significant percentage of the American working force, especially at a time when our economy is in need of expansion and in need for job opportunities for the length and breadth of this country, characterized by my own State of Pennsylvania where, from the inner city ghetto, where unemployment among black youth is at a 50-percent rate, to the rural areas, small towns, farming areas—all across our Nation, there is an urgent need to have development of small business opportunities.

Senator RUDMAN has come forward with an idea in an era of economy not to spend additional moneys but to allocate a portion—2 percent, or, as it may be amended, 1 percent or whatever figure—but to make that allocation on the basis of a priority, which small business certainly is. That is the kind of ingenuity that has characterized the development of this country and I think bodes very well for this bill.

Mr. President, I should like to talk on one specific element in the bill beyond what I have already said. That is the need for Government to help strengthen the technological capacity of the private sector. There is a tendency on the part of some Federal agencies when a technological need arises to expend their own resources rather than turn to the private sector to do the job.

The hidden costs of expanding public agencies and functions are never really known. A much better course than continued agency expansion is to look to the private sector, especially the small business portion, where increased productivity, greater cost consciousness and good old-fashioned American competition will assure a better deal for the taxpayer and a better product for the agency. S. 881 by requiring several major Federal departments and agencies to establish small business innovative research programs and to target specified amounts of research and development funds to small businesses will accomplish these purposes.

I was pleased to be a cosponsor, but especially pleased to see this innovative and progressive and dynamic idea come forward from the distinguished Senator from New Hampshire, who, although he customarily sits at my right in the low-rent district of the U.S. Senate, now occupies the lofty position of the manager's chair, to see that this bill is appropriately projected for final passage.

Mr. RUDMAN. I thank the Senator from Pennsylvania for his gracious comments and for his support of the bill.

Mr. President, what is the pending business?

The PRESIDING OFFICER. The Senate is now in morning business.

Mr. RUDMAN. At what time will the period for morning business expire?

The PRESIDING OFFICER. After morning business, for which no time certain is set, the Senate, under the previous order, will resume consideration of S. 881.

Mr. RUDMAN. Am I correct in assuming that the period for morning business was extended to 11 o'clock?

The PRESIDING OFFICER. That is correct.

NUCLEAR PROLIFERATION

Mr. PERCY. Mr. President, the Christian Science Monitor has just concluded a series of five brilliantly conceived and written articles on the subject of nuclear proliferation. The series by David K. Willis is thoughtful, accurate, and clear in its message.

I have long felt that nuclear proliferation is one of our most urgent priorities. The spreading capability of nations to produce nuclear weapons material and the weapons themselves is a terribly dangerous development of our times. We live in a world in which the membership in the "nuclear club" could expand in the near future, leading to consequences which all of us must work tirelessly to prevent. The issue demands the attention of Members of Congress and officials of the executive branch working together to provide leadership internationally.

I ask unanimous consent that the Christian Science Monitor series on "The A-Bomb Makers" be available to the readers of the RECORD in its entirety, for it offers not only insight into the causes of the spreading of nuclear technology and weapons, but also suggests possible strategies for controlling and stopping such proliferation.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Christian Science Monitor, Nov. 30, 1981]

ON THE TRAIL OF THE A-BOMB MAKERS

(Ambitious third-world states are learning to make nuclear weapons. Today's exclusive "nuclear club" could double in the next decade. Safeguards to stop the spread of nuclear weapons are under attack. This is the first of five articles examining the current dangerous trend.)

PAKISTAN: CRASH PROGRAM, SECRET BIDS FOR NUCLEAR TECHNOLOGY

(By David K. Willis)

VIENNA, AUSTRIA, and KARACHI, PAKISTAN.—A military-ruled Muslim country, sandwiched between powerful rivals, so undeveloped it cannot manufacture even a television tube or a radio set, has just made several dramatic, covert bids to buy cables and computers to help it build and test a nuclear device.

This newspaper has learned that the country—Pakistan has secretly tried to get highly sensitive diagnostic coaxial cable from U.S. and European suppliers.

The cable is used for monitoring underground nuclear tests. It runs from a test shaft in which a device is exploded to a monitoring center a safe distance away. Pakistan has dug just such a shaft in remote Baluchistan's Chagai Hills near the Afghan border, intelligence sources confirm.

Hearing about the attempts to buy the cable, alarmed United States officials jumped into action. They exerted enough pressure, direct and indirect, on the U.S. and European firms to stop the sales.

But the very bid itself, reportedly made through "front" companies, indicates to officials how far toward a nuclear blast Pakistan has advanced after a clandestine crash program over the last decade.

They believe Pakistan will try again and again, under different covers. They estimate that Pakistan could have its first device built by the end of next year.

Islamabad has also tried to buy two big U.S. computer systems. The first, it claimed, was for high-altitude atmospheric research. The second was said to be for analyzing crop rotation results.

When the U.S. Commerce Department demanded that the Pakistanis sign a statement promising not to use the computers for any nuclear purposes whatsoever, peaceful or otherwise, they fell silent. Curious, U.S. officials asked questions. Pakistani officials replied blandly, "What computers? We didn't want to buy any computers. . . ."

These developments, plus other more successful efforts to acquire technology (see below), are profoundly disturbing for diplomats, officials, and scientists around the world who oppose the spread of nuclear weapons to often unstable third-world countries.

The developments illustrate the lengths to which pride, vulnerability, ambition, fear, and internal struggles can push small nondemocratic leadership elites toward acquiring nuclear devices as a way to gain power and status.

Pakistan is just one of 10 countries on the nuclear threshold. Among the others are India, which exploded a nuclear device in 1974, Israel, and South Africa. None of these have signed the 1970 nuclear Nonproliferation Treaty (NPT).

Thus only part of their nuclear fuel cycles are subject to inspections by the International Atomic Energy Agency (IAEA) in Vienna. Other parts are not. All four have the know-how, the special skills, and the political incentives needed to build nuclear weapons. Right behind them are:

Iraq determined to push on with its nuclear program despite Israel's bombing of its nuclear reactor in June.

Argentina and Brazil, the giants—rivals—of Latin America.

Taiwan and South Korea, skilled, determined, each with a fractious relationship with a communist neighbor.

Libya, in a special, dangerous category of its own. Undeveloped but oil-rich and erratic, Libya tried to buy a nuclear bomb from China in 1970. It has been selling uranium to Pakistan and giving it money.

This correspondent set out three months ago on the trail of the atom bomb makers. It began in an idyllic open-air restaurant in a valley outside Geneva, where a top nuclear scientist provided a thorough briefing on technical data.

It was to lead through 12 cities in eight countries in the Middle East, Europe, and Africa, as well as in the US.

As a result, this newspaper has amassed new evidence to show the atomic devices, and the ability to detonate them, are spreading to volatile areas of the world where ambition and insecurities are high but safeguards are low.

Frequently questions put to officials in these nations about nuclear matters met with closed doors. But a number of thoroughly alarmed diplomats, scientists, and officials were willing in private to share details of the rush to nuclear weapons. They hoped they might slow it down by directing public attention to its dangers.

The nuclear trail leads through some of the deepest impulses of the human mind—from fear to moral outrage, from hope to a passionate commitment to nuclear power as cheap energy for the future.

This series is an effort to bring to light some of the maneuverings of would-be atom bomb makers. Two of them, Israel and South Africa, deny any nuclear tests so far, but have the diplomatic status that results from an almost universal belief that they already possess atomic weapons, either assembled or in pieces.

The series looks at the state of inspections, safeguards, and the IAEA. It looks at the flow of uranium and skilled technicians, and it looks at ideas for the future.

Should Pakistan or any of the other states on the threshold actually detonate a bomb, the nuclear club would expand for the first time since India let off an atomic blast in the Rajasthan Desert in 1974.

The number of hydrogen-bomb powers has remained at five since 1964: the US, the Soviet Union, Britain, France, and China. Neither France nor China has signed the NPT.

If a state like Pakistan detonates a nuclear device, or if it becomes widely known that it has an undetonated bomb, other threshold states could be emboldened. Prospects for a rapid spread of nuclear weapons would grow as this century nears its end.

Regional rivalries in the Middle East, in Latin America, in Africa, and in Asia would be more dangerous. Other countries well able to build their own nuclear weapons—Italy, Australia, even West Germany and Japan—might announce a new willingness to look at their nuclear options. International fears would grow.

Even now the world must decide just how important stopping the spread of nuclear weapons actually is. Is it just one policy objective among others? Or is it a paramount issue ranking with inflation, oil prices, and foreign expansionism. Is it the issue of today?

Is it urgent now to draw up what is dramatically lacking in today's world: a list of agreed embargoes and other punishments to be taken against any country that makes or explodes a nuclear device?

The most urgent case today is Pakistan. President Zia ul-Haq could have a nuclear device—at least one—by the end of next year. He could decide to explode it in a desperate bid to hang onto personal power, or to defy and impress India, or to warn the Soviet Union, or to exert diplomatic blackmail against the United States.

There are four big reasons why Pakistan is in fact a crucial test case:

1. Pakistan has 83 million people and aspirations to lead the Muslim world. It has accepted money and bought uranium from Col. Muammar Qaddafi of Libya. Israel fears that the rich, unpredictable, terrorist-supporting Qaddafi could extract nuclear technology from a Pakistan that needs his cash and political support.

The US is only deeply concerned. Other Arab states could learn nuclear secrets from Pakistan. So Pakistan is part of global concern about the Middle East arms race.

2. Pakistan has fought three wars with its bitter rival, India. "How can we tell Pakistan to stop building a nuclear weapon when India detonated one in 1974?" one US official asks despairingly. "We can ask—but is Pakistan listening?" If Pakistan lets off a blast, Indian Prime Minister Indira Gandhi will be under severe pressure to respond in kind.

American, Israeli, and other experts say the logical Indian response—despite Indian denials—would be a hydrogen bomb. It is within India's capacity. It would expand the H-bomb club to six nations. It would alarm the superpowers. The subcontinent arms race, heating up again with Pakistan obtaining 40 ultrasophisticated US F-16 jets and India reported to be going after 150 French Mirage 2000s after buying Soviet MIG-23s, would take the most ominous of turns: a nuclear turn.

3. Pakistan is closely involved with the three superpowers. It is allied with the United States, opposed to Soviet troops next door in Afghanistan, and on fairly good terms with China. Any tilt on the subcontinent affects all three. A nuclear tilt would alarm all three. Consequences would be grave. The superpowers would try to contain a nuclear arms race. Pressures on them would be intense.

Right now, the clandestine Pakistani rush toward an atomic device is an embarrassment to the Reagan administration in Washington. It sees Pakistan as a key ally against Moscow. News of the bid to buy diagnostic cable and large computers for nuclear use has been tightly held in Washington, partly because so many members of the House and Senate are deeply suspicious of Pakistan.

The Senate has agreed to the first stage of a $3.2 billion economic-aid and military-sales package over the next six years. The House is considering it. Subcommittees in both chambers gave a green light to the sale of 40 F-16 jets. The sale is now approved.

The Senate says all aid will be suspended if Pakistan detonates a nuclear device, without the President being able to override the cutoff. The House may allow presidential discretion to remain, subject to two-thirds majority votes in both House and Senate.

Democrats will be angry if Pakistan does detonate. Knowledge that the aid may stop may make him wait until he has such aid before he pushes the button in Baluchistan.

4. Pakistan is also vital because any new nuclear test would inevitably weaken the framework of precautions against the spread of nuclear weapons.

So far, the framework has worked remarkably well, given the number of countries (Canada, Japan, and Australia) that could make weapons if they chose.

But now the framework is under fire. The system of safeguards, inspections, treaties, talks, export controls, and intelligence surveillance was jolted when Israel found it inadequate to prevent Iraq from building a bomb. Israeli F-16 jets streaked to Baghdad June 7 and bombed the Ostrak reactor being built by France.

Many Israelis I talked with agreed with Prime Minister Menachem Begin's basic rationale. To sit in a living room in Jerusalem, and to be told in quiet, cultured tones that India should now bomb Pakistani nuclear installations is a chilling experience.

The Israeli raid has set a precedent of one state's taking direct action long before another state's nuclear capacities grow. The IAEA, along with US and other experts, says Iraq was six to seven years away from making a nuclear device.

Israeli officials say Israel would bomb again if necessary to keep nuclear weapons out of Arab hands. They don't answer a direct question on whether they would bomb Pakistani nuclear sites as they did Iraq's Israeli intelligence keeps close tabs on Pakistan's progress.

"You're not talking about democracies here," says an Israeli official in Tel Aviv, on the sunny shore of the blue Mediterranean. "You're talking about states ruled by individuals. One bullet can change everything. Or a coup." Take Iran. If the Shah had lived five more years and acquired a bomb, what would [Ayatollah] Khomeni have done with it?"

Said another Israeli source: "We acted. Now it's time for other powers to stop this proliferation."

One of the questions this series will examine is: how? By 1990 Iraq may be able to explode a small device, since France is apparently planning to rebuild Osirak (insisting on strict safeguards and a lower-grade uranium fuel).

Libya is training unusually large numbers of engineers in the US (see next article in this series), Western Europe, and the Soviet Union.

Argentina and Brazil will also be on the verge of nuclear weapons in the 1990s. So will South Korea and Taiwan.

Some strategic thinkers, such as Indian government adviser K. Subramaniam, see world nuclear proliferation as a force for stability. They believe that just as the US and the Soviet Union have a nuclear stalemate, so subcontinent and Mideast rivals would balance into a standoff with nuclear weapons. World peace would not be threatened.

But a far more widespread view is that when one side in a regional rivalry obtains nuclear weapons, its enemies will be under enormous pressure to stage preemptive strikes, as Israel did against Iraq.

Israeli Prof. Ya'ir Evron told me in Jerusalem, for instance, that the spread of nuclear weapons in the Middle East would be highly dangerous.

For many a thoughtful analyst, the ultimate nightmare is a scenario outlined to me by a veteran European nuclear expert in Vienna:

"What worries me is the unknown, the end of the road, the system coming apart.

"If Pakistan gets a bomb, or Brazil, or Argentina, well, that's bad, but it's largely a regional matter.

"But it could lead, if world events continue to be as unstable as they are now, to South Africa being encouraged to warn black Africa to keep its distance. Or Israel might quarrel with the US, or vice versa.

"Then something terribly serious might happen: Western Europe might see the US as unreliable. Can you imagine the consequences if the world discovered West Germany was building a bomb—which it could do very quickly indeed?

"Or Japan?"

Experts almost literally shudder as they contemplate the Soviet reaction to intelligence about any West German move toward its own nuclear weapons. Moscow's overriding concern at the International Atomic Energy Agency in Vienna, sources report, is maintaining safeguards on the Germans. Moscow neither forgets nor forgives the Hitler invasion, which costs some 20 million Soviet lives.

Dangers take other forms as well.

The era of fast-breeder reactors, which produce more nuclear material (plutonium) than they consume, is beginning. Larger quantities of uranium than ever before will be ferried between reactors and extraction plants. They will be targets for hijackers and terrorists.

The US and the Soviet Union have thousands of nuclear warheads in Europe. Experts at the IAEA and elsewhere worry that a Baader-Meinhof-style gang or a Libyan-financed Arab terrorist group might steal one, decipher the trigger mechanism, and hold a city for ransom.

The paperback thriller, "The Fifth Horseman" by Larry Collins and Dominique Lapierre, imagines Libya has blackmailed H-bomb secrets from French scientists and threatens to blow up New York City unless the US forces Israel to yield Palestinians a homeland. So far, it's only a novel.

Israel derides the ultimate effectiveness of inspections of nuclear plants carried out by the IAEA, the only international agency responsible for inspections. Two former IAEA inspectors, Americans Robert Richter and Emanuel Morgan, have issued widely quoted criticisms.

Many believe the IAEA is unique and irreplaceable, for all the faults inherent in a multinational organization.

Israel and South Africa accuse Arab and black states of playing politics with the IAEA. Developing nations demand the technical assistance (free nuclear technology) promised by the NPT in exchange for inspections. They also demand that the US and the Soviets cut their nuclear weapons stockpiles.

A growing number of developing countries argue that the nuclear club just isn't keeping its promises.

IAEA members have censured Israel for the Iraq raid. And they have expelled South Africa.

Exclusive evidence amassed by this newspaper includes the Pakistani bid to buy the diagnostic coaxial cable for underground tests. The cable relays data from the blast site vital for scientists to know how efficient the fission process is and how to plan for the next test.

So far, the effort to stop the sale of the cable has succeeded. It is just one part in a long series of highly classified actions officials won't discuss in public. It is aimed at choking the flow of sensitive technology to countries like Pakistan. But Pakistan has been astonishingly successful in acquiring such technology from a dozen industrial countries.

Officials were amazed and chagrined to discover that, even as they were squelching the sales, full details of an improved, late-model diagnostic cable, made with fiber optics, were splashed in full color across 11 pages of the September edition of Energy and Technology Review, published by the Lawrence Livermore National Laboratory in California.

(Title: "Optical Fibers in Nuclear Test Diagnostics." "Government dollars pay the salaries of officials stopping the sale," a source groans, "and tax money also finances a magazine telling everyone how to make the cable."

(Any embassy could do what I did: telephone Livermore and ask for the publication to be mailed. It was.)

But it is clear that President Zia does not intend to stop assembling a nuclear device and the means to test it.

Pakistan-watchers in Washington see President Zia playing a clever game. To Mr. Reagan he stresses the threat from Moscow. In fact, he has different reasons for wanting both the nuclear device and the US aid. He wants to shore up Pakistan against its arch rival, India, and to hold onto power inside Pakistan.

Other parts of new Monitor evidence that zeros in on Pakistan:

Confirmation from a variety of intelligence and other officials that although the Baluchistan tunnel is empty so far, its size and configuration leave no doubt about its ultimate use.

An underground test would be harder to detect and more convenient than an atmospheric test, which would scatter radioactivity into India, Afghanistan, and perhaps China.

Confirmation that Pakistan is working hard to complete a plutonium bomb trigger: a set of curved neutron reflectors and explosives to wrap around a plutonium core and compress it—"implode" it—into a detonation.

Details of how Pakistan has orchestrated dummy companies, private individuals, and authentic trading corporations in Canada, Turkey, West Germany, Italy, Britain, the U.S., and elsewhere to provide parts for enrichment and reprocessing plants.

The parts include a West German fluoridation plant to convert uranium into a gas used by an enrichment plant; vacuum valves, evaporation and condensation systems, and filters from Switzerland; and special electrical inverters that keep steel "cascade" vessels spinning at unvarying speeds during the centrifuge enrichment process from Britain, Canada, and the U.S. Also, dissolvers, evaporators, and other equipment from France.

Clandestine suppliers have gone on trial in Canada and West Germany.

As recently as Oct. 31, a retired Pakistani Army officer reportedly tried to smuggle from New York 5,000 pounds of zirconium required to make fuel rods in large wooden crates labeled as mountaineering equipment.

The U.S. State Department's stern cables to U.S. embassies in Ankara, Rome, Bonn, and a dozen other capitals that order diplomats to tell their host countries of the grave concern with which the U.S. regards the Pakistani efforts to buy sensitive items.

Turkey replied that it had little power over private companies and their dealings in items such as inverters, which are also in wide use for textile plants. Other countries answered in the same way.

Pakistan's secret agreement with Turkey promising certain amounts of nuclear technology in return for help in acquiring the parts Pakistan needs. Pakistan and Turkey are both Muslim countries. Their respective officer corps have developed close links.

Thus Turkey, as well as Pakistan, presents a difficult problem for the U.S.

Pakistan's success in buying the natural uranium it needs for its Karachi plant. Some is channeled via Libya. Niger's President Seyni Kountche said in April, "If the devil asks to sell uranium today, I'll sell it to him."

This newspaper has learned that the U.S. discounts speculation that China may offer a nuclear test site to Pakistan. Intelligence and other analysts don't believe China would do it, since it preaches the doctrine of "self-reliance" to other countries.

Nor do they believe President Zia wants to be seen by the Pakistani military as having to rely on a neighbor to carry out a test.

Nor do analysts think, some press reports notwithstanding, that either Libya or Saudi Arabia has provided Pakistan with vast sums for its nuclear program.

Intelligence sources told this newspaper the Pakistanis are spending only $50 million a year on its nuclear weapons program—some $250 million over the last five years.

US analysts believe Pakistan's decision to make a bomb was not made dramatically, on the spur of the moment, as the BBC's 1980 documentary "The Islamic Bomb" suggested.

Rather, American experts say the decision was almost certainly a more gradual process—"as irreversible," said one expert, "as US policy to strengthen its defenses. Zia can no more repudiate it—given Pakistan's inferiority complex toward India, the loss of Dacca and Bangladesh, and his own need to hang onto power among his own military caste—than any American president could suddenly stand up today and proclaim total disarmament."

Will President Zia actually push the nuclear test button in the Baluchistan Desert?

No one yet knows. But experts looking on around the world are extremely worried.

"All we have is time," signed one senior policymaker. "We're trying to buy as much time as we can. No one really believes we can stop him if he is determined. We can slow him down, and make his job much more expensive. That's about all."

Indian sources, highly suspicious of everything Zia does, nonetheless agree with US intelligence analysts on one point: Whether Zia decides to push or not to push will depend on his own hold on power.

If he feels that the US F-16s have bolstered his own political grip on the Pakistani military and elite, he may continue to prepare for a nuclear blast, but hold off. His progress toward a blast is itself one key stratagem he uses to impress his military elite.

An Indian diplomat said gloomily, "If he holds off, he will acquire 40 of your F-16 planes over the next five years. Then he can detonate his device. He'll have had time to make it into a smaller bomb, and he'll have the F-16s to deliver them. He will be even more dangerous."

An American official wrestling with the problem commented, "Yes, but he knows if he detonates, he'll get no more spare parts for the F-16s. He must have those parts to keep them flying."

"Maybe so, "says another US expert with a frown, "but if we give him 40 F-16s, he can fly 20 and use the other 20 for spares."

Much depends, of course, on what happens in and around Pakistan.

Pakistani officials told this newspaper they needed the F-16s because they suspected the

Soviets would force the Afghans to launch a limited strike across the Afghan-Pakistan border, using Soviet Central Asian troops dressed in Afghan uniforms, and Soviet MIG–25 jets flown by Soviet-trained Afghans or (more likely) Soviet pilots in Afghan uniforms.

When pressed, Reagan administration officials say that, of course, stopping the spread of nuclear weapons is important. President Reagan announced July 16 it was a "fundamental national security and foreign-policy objective." But all he said about a state's detonation of a nuclear device for the first time was that he would view it with "grave concern."

The Reagan administration's ideas is to try to remove from countries the fears and insecurities that lead to the desire for nuclear weapons.

The urgent test case is Pakistan. So far the evidence is inconclusive.

The President also stresses that countries will be tempted to test unless the US and other advanced countries show themselves reliable suppliers of technology and material for peaceful nuclear reactors. That's a sharp break with the Carter approach, which tried to deny other countries US know-how unless they committed themselves to international inspections and safeguards on all their nuclear facilities.

"Unless you lay out a clear set of guidelines—breaking relations, cutting off trade, suspending other links—states like Pakistan will continue on with their bomb programs, figuring no one will really penalize them," complains an IAEA official in Vienna.

So far, no major government has yet done this.

Terrorism remains a threat. Authors Larry Collins and Dominique Lapierre claim their research revealed President Gerald Ford had considered clearing Boston in 1974 because of an alleged Palestinian nuclear threat to the city.

It is also said that the FBI maintains an around-the-clock nuclear terrorist alert desk at its headquarters in Washington.

According to Paul Leventhal, former staff director of the Senate Nuclear Regulation Subcommittee and founder of the Nuclear Club, Inc., in Washington, peaceful uses of nuclear energy already generate enormous amounts of plutonium. It is a byproduct when natural or low-enriched uranium is burned in a power reactor.

A typical plant produces a quarter of a ton of plutonium a year. This, reprocessed, is enough to make as many as 50 bombs the size of the one dropped on Nagasaki, Mr. Leventhal estimates.

Reckoning that a bomb can be made with 10 pounds of plutonium (the IAEA uses 17.6 pounds, or eight kilograms), Mr. Leventhal says the world's nuclear power plants today produce enough plutonium to make 7,700 atomic bombs every year.

By 1990, he estimates, the world will possess 760 tons of plutonium (167,200 bombs). by the year 2000, it will be 2,690 tons or 591,800 bombs.

Nuclear power is like the Chinese characters for "danger" and "opportunity" that combine to mean "crisis." It arouses intense fear, intense hope, an almost religious awe.

The word "uranium" comes from the Greek, meaning, in part, "heaven." The word "plutonium" comes from another Greek word that can mean "hades" or "hell."

Until 1941, plutonium existed only in traces connected with natural uranium deposits. The Manhattan Project in World War II produced the first manmade quantities.

Now hundreds of manmade tons exist. The IAEA in Vienna in 1980 safeguarded 83 tons—that's 83,000 kilograms, enough for 10,000 bombs. The world's plutonium consists of traces in the atmosphere from the bombs dropped on Hiroshima and Nagasaki and from nuclear tests, and of byproducts of the operations of nuclear reactors. Plutonium is produced when uranium fuel rods irradiated in the cores of nuclear reactors. Much of it remains locked up in spent (used) fuel rods in deep storage pools of water. Much of it has been extracted ("reprocessed") to make nuclear weapons in the U.S., the Soviet Union, Britain, France, and China.

A large reactor can produce eight kilograms (17.6 pounds) of plutonium every two weeks or so. Eight kilograms is the size of a large orange—enough to make a bomb as big as the one dropped on Nagasaki.

Plutonium retains its radioactivity for a quarter of a million years. Writing in Harvard's Divinity magazine, professor of religion and scientists Albert Blackwell says that if plutonium had been stored in the Great Pyamids of Egypt, it would still be 90 percent as lethal as it was then. It will remain lethal for 50 times as long as any civilization has yet endured on earth.

Scientists like him believe that by producing plutonium, the world is asserting self-interest without regard to future generations. They conclude that a more universal good is required. Nuclear disarmament and energy conservation and efficiency take on for them "the urgency of religious obligations."

Not everyone agrees. Other scientists see nuclear power as necessary to generate energy and keep the peace. They dismiss "ban the bomb" marches and antinuclear demonstrations.

The debate is intense. Scramble the letters that make up the word "nuclear" and you get "unclear." Humans grapple in search of a higher wisdom.

[Second of five articles]

TRYING TO HEAD PAKISTAN OFF AT THE NUCLEAR PASS

(By David K. Willis)

PARADISE POINT, PAKISTAN, and BOMBAY, INDIA.—A crucial, unprecedented battle is being fought out in world capitals to stop an ambitious third-world country from building its own nuclear weapons—and detonating them.

It is the sternest test yet of whether the world possesses the means to stop or slow the spread of nuclear weapons into unstable countries.

The technology is no longer secret: Any determined country with enough money to spend can acquire it. The battle now being waged—mostly in secret—is to see if a range of international safeguards can be clamped down to prevent plutonium created in a peaceful reactor in Karachi, Pakistan, from being secretly diverted to fabricate nuclear explosives.

ANTINUCLEAR BATTLE NEARS CLIMAX

The safeguards include remote-control cameras, sensitive automatic counting devices, and more frequent visits by international inspectors.

Today this newspaper presents many details for the first time. They illustrate the complexity of stopping a determined country with sufficient money and skills from acquiring nuclear weapons. Pakistan happens to be the most obvious example of such a country today.

The battle is fast approaching a climax.

Some ground has been gained. But victory is still far from won. Unless it is won soon, it will be too late. Pakistan will have its nuclear device—perhaps even within 12 months. It may already have enough plutonium to explode one.

The story rivals a paperback thriller in suspense and intrigue. It has diplomats and scientists around the world sitting on the edges of their chairs.

In Pakistan, the battleground itself looks highly unlikely at first glance. I have just driven across it—a deserted stretch of coastline on the eastern edge of the Arabian Sea incongruously called Paradise Point. Camels pull carts. Donkeys wander. Women haul water from wells in yellow plastic buckets. A hot sun shimmers on a bright blue sea. Fishing boats bob. In the distance, a cluster of drab gray concrete buildings rises from the sand, encircled by barricades and barbed wire.

As I drove toward the cluster, I seemed to be utterly alone—yet a private US television film crew which tried to set up a camera outside the front fence the other day was surrounded by guards and intelligence agents within two minutes, manhandled, and ordered away.

The gray buildings comprise a nuclear reactor—the only commercial one in all of Pakistan. Its ostensible purpose: to generate electricity for the millions who live in Karachi, whose skyline is faintly visible around the bay.

But at this writing, analysts, officials, and scientists in a number of countries greatly fear that the plutonium generated as a byproduct in the reactor's fuel rods is being diverted for use in a nuclear device.

A number of scientists and officials are gloomily certain that President Zia ul-Haq will be able to detonate a device, if he wants to, before the end of 1982. He will be under enormous temptation to do so—to impress the Muslim world, of which he is part; to convince India that he is a diplomatic force to be reckoned with; to impress his own rivals inside Pakistan; and to warn the United States that although Pakistan is an ally against the Soviets in Afghanistan, it is an ally with a mind of its own.

Pakistan is by no means the only country in the world on the threshold of making nuclear weapons. This series will also look at the others. Israel is widely believed to have 20 or 30 already. South Africa is said either to have them or to be able to put them together quickly. India detonated a nuclear blast in 1974 and could react to a Pakistani detonation by loosing an even more powerful device—a hydrogen-bomb type.

There are other countries besides: Libya and Iraq, Argentina and Brazil, South Korea and Taiwan. Various methods are being used to keep them out of the nuclear club. Yet all will probably be able to build nuclear devices by the early 1990s.

Israel took matters into its own hands, shattered all precedent, and bombed Iraq last June 7 to stop its nuclear program.

The rest of the world is being more cautious in its efforts to halt proliferation. President Reagan, for instance, is trying to walk a policy tightrope. Ruling out military action so far, he has swung away from former President Jimmy Carter's approach of cutting off nuclear fuel and technology to countries that won't accept full international inspection.

But the American President does want to stop nuclear weapons from spreading. He wants the US to be a reliable supplier of nuclear technology. He thinks that will make countries like Pakistan feel more secure—if combined with economic and military aid (in Pakistan's case, a plan for $3.2 billion over the next six years).

The Reagan experiment, just beginning, is a major part of a US carrot-and-stick campaign to stop Pakistan and other countries from going nuclear. The stick: if Pakistan detonates, it risks losing any American aid. Congress must appropriate aid each year. Under current law, no country is eligible for US aid unless the president certifies that it is not pushing toward building a nuclear device.

(There is, however, provision for a waiver if the president can convince Congress that it is in the national interest to continue aid to a country even once it has detonated a

device. In any case, legislation on this issue is still pending.)

Meanwhile, the other part of the unprecedented battle consists of secret pressure from the US and other member countries of the International Atomic Energy Agency (IAEA) in Vienna. Pakistan is a member of the IAEA. Its Karachi reactor is already visited by Vienna inspectors, because the fuel originally came from Canada—and Canada insisted on such inspections as a condition of sale.

But since September 1980 Vienna has wanted much more surveillance.

Part of the reason is that Pakistan's rush toward a bomb has been an open secret for a decade. This article also gives details of how it has clandestinely acquired expertise.

Alarmingly, Pakistan has two tracks to a bomb, not just one.

The first: using the Karachi reactor to irradiate uranium fuel rods with neutrons and thus produce plutonium, it can then be chemically extracted ("reprocessed") for use in a nuclear weapon.

The second: enriching natural uranium in a complex series of ways to turn it into weapons-grade explosive. This is done by separating out the isotope in uranium that is most useful for splitting, or fission: uranium 235. In nature, U-235 makes up only 0.7 percent of uranium. For a weapon, scientists need uranium that consists of 90 percent or more of U-235—though a lesser percentage could also work.

For some years, Pakistan galloped along the enrichment road, trying to buy a complete plant (from France). When that was blocked by pressure from the US and elsewhere, it set up dummy companies to buy plant components under cover.

Lately the enrichment effort has run into trouble. But Israeli sources in Tel Aviv said that they believe an enrichment plant at Kahuta is well advanced; that uranium hexafluoride gas is being separated into U-235 isotopes in 1,000 spinning metal "cascades" or cylinders.

The Pakistani aim was 5,000 to 10,000 such cascades and a very high degree of enrichment.

US and other sources, however, doubt Pakistan has nearly that many cascades working. They say Pakistan has at least a decade of work ahead of it to make the cascades operate properly. It is a tricky business, requiring constant spinning speeds (achieved by regulating electric current with devices known as "inverters") and delicate precision in a dozen other fields.

"It took the West Germans 20 years to master it," said one US source, "the Dutch, 25, and the British, 30."

This means that the second route to the bomb is now the key one—making plutonium in the Karachi reactor (known as Karachi Nuclear Power Plant, or KANUPP for short), and reprocessing it.

Scientists and intelligence sources say Pakistan has a small reprocessing plant in operation. Because Pakistan has not signed the nuclear Nonproliferation Treaty of 1970, the reprocessor is not under inspection by Vienna.

What really made Vienna inspectors and officials sit up and take notice was an announcement in September 1980 that Pakistan could now make its own fuel rods (from natural uranium bought from the Saharan state of Niger, it is thought, and reportedly from Libya, which also buys from Niger. (See the next article in this series.)

This seemingly routine announcement was actually a bombshell for the IAEA. Shipments of Canadian fuel to Karachi could easily be checked: Canada told Vienna how much it had shipped, and Vienna inspectors counted the fuel rods at KANUPP to make sure the numbers agreed.

But if Pakistan makes its own rods, then Vienna depends on Pakistan's own figures for how many it has made and put into KANUPP. Given Pakistan's track record, and given Vienna's standard procedure of assuming plutonium has been diverted until it discovers otherwise, the need for more surveillance on KANUPP became plain—and urgent.

Canada cut off its own fuel to KANUPP in December 1976. It was suspicious of Pakistani activities, and alarmed that its fuel had helped India detonate a nuclear device in 1974.

Vienna is determined to find out what the Pakistanis are doing with their own fuel rods—and there's another crucial reason for urgency. The KANUPP reactor, originally supplied by Canada, is a special type. Fuel rods can be loaded in and taken out while the reactor keeps running. (Technically it is called a CANDU reactor, using deuterium.) Only short "burns" are required for generating plutonium in the rods.

Pakistan could be loading in its own fuel rods, expcsing them to neutrons in the reactor for short periods, unloading them, and extracting the plutonium created.

"We have evidence of short burns at KANUPP now," one well-placed Indian diplomat told the Monitor.

Indignantly, the head of Pakistan's nuclear program, Dr. Munir Khan denies any such thing. But suspicions are widespread.

This newspaper has pieced together exclusive details of the battle so far to put KANUPP under stricter safeguards.

The details were provided in part by officials in a number of countries who felt publicity of the kind provided by a series like this might be more effective than pressure in secret.

The ILEA has already installed its own kind of special surveillance cameras at crucial areas in KANUPP. Specially adapted Minolta 8mm movie cameras, firing every eight to 10 minutes, are mounted in pairs, one wide angle, one telephoto, in sealed glass-fronted boxes.

They point down at the storage pond into which spent fuel rods are dumped after being taken from the reactor. They also cover a decontamination bay.

Inspectors visit KANUPP, check the seals, unload the film, develop it in a darkroom provided on site, check the film, reload the cameras, and reseal them in the boxes.

But the September 1980 announcement about locally made fuel rods caused Vienna to come up with a series of new requests. It wants cameras at the spent-fuel bay relocated and an extra camera installed. It wants the decontamination bay camera relocated.

It wants two new sets of cameras pointed at the maintenance area for the fueling machine (where plutonium might be siphoned off). It wants trays of spent fuel rods stacked a different way in the storage pond. It also wants inspectors to be able to take film from cameras back to Vienna for checking if they need to.

Above all, it wants so-called "bundle counters" installed to record automatically how many times rods are taken in and out. These counters have just been developed and are being tested in Canada.

Vienna has also asked that inspectors visit Paradise Point much more often.

For months, Pakistan dug in its heels and refused to cooperate.

"Why single us out?" Pakistani officials asked in private. "We have cooperated in the past. We have an agreement with the IAEA. We've abided by that agreement. Besides, what are the Indians doing? They make their own fuel rods. Are you putting pressure on them?"

Vienna officials replied that India would cooperate only in tandem with Pakistan. "Please help us make India conform," they pleaded.

Privately, officials complained that the agreement between Vienna and Pakistan was an old one, signed in 1971. Pakistan, they said, ought to agree to extra "containment and surveillance" (the technical term) as other nonsignatories of the Nonproliferation Treaty had done.

Vienna was also alarmed at intelligence information being sent in by the US and India: a shaft for an underground nuclear test dug in the Baluchistan mountains; secret purchases of sensitive technology from 14 countries; a large budget for nuclear activities which Pakistani delegates to the IAEA don't mention.

On Sept. 17 of this year, the IAEA director general, Dr. Sigvard Eklund of Sweden, took an unprecedented step. He told the IAEA board of governors in private (as the Pakistani governor listened impassively) that he was no longer able to ensure complete reliability of inspections for some countries. He did not name them, but sources present at the meeting told the Monitor everyone knew the main target was Pakistan.

Since then, unprecedented diplomatic pressure has been exerted on Pakitsan.

"It is a test of Vienna's effectiveness," commented one agency source. "Already the fact the IAEA exists has spotlighted that one country is refusing to comply with safeguards. That's something."

It has been a time of suspense for Vienna: Israel, and two former IAEA inspectors, have sharply attacked safeguards following the Israeli raid on the Osirak reactor in Baghdad. But Vienna officials believe safeguards are vital to dissuade would-be atom bomb makers. Any undermining of safeguards, they say, endangers the entire world.

The IAEA's only remedy, if defied further, is to notify the United Nations Security Council in New York that a country is blocking requested surveillance. What would happen next isn't known: The IAEA has never gone that far.

In fact, Dr. Eklund's statement of Sept. 17 is said to be the first time he has even told the board of governors he had a surveillance problem.

Tension mounted as the months ticked by. The US exerted its own pressure, with the Reagan administration warning President Zia that any nuclear detonation would mean a probable cutoff of US economic aid and military sales.

"KANUPP is the only part of the plutonium fuel cycle we inspect," a senior Vienna agency source told the Monitor. "It's crucial we inspect it more thoroughly—for our credibility, for the credibility of nonproliferation."

According to one report, Vienna inspectors visited KANUPP Oct. 12 and 13 and asked that two cameras be moved. They repeated the request for "bundle counters." Pakistan refused.

Dr. Eklund referred to the situation again, in veiled terms, as he opened the UN General Assembly debate on the agency on Nov. 10 in New York.

In fact, this newspaper has learned, Pakistan had already made some concessions.

It had accepted silica gel treatment on surveillance cameras to prevent their breaking down in the high heat and humidity at Paradise Point. It agreed to some extra cameras. It accepted extra docimeters, which measure gamma radiation. It agreed to more frequent inspections. It even installed a closed-circuit video system around the spent-fuel bay.

But, at this writing it has not fulfilled Vienna's key demands. It has simply agreed to talk about them: extra 8 mm. cameras and relocated cameras, "bundle counters," and even more frequent inspections.

Time is running out. If Pakistan is diverting plutonium, it is doing so now. Pakistan

could be stalling, to allow it to make enough plutonium to make a single device which President Zia could then detonate at will. Then Pakistan could accept extra safeguards, in the knowledge that its enrichment plant would be able to produce more nuclear explosive fuel soon.

Pakistan's agreement to detailed talks on extra cameras, on bundle counters, and other measures. This has heartened IAEA officials—but there's a long way to go yet.

Vienna believes extra inspection visits will be allowed and bundle counters installed. Some US sources are skeptical. Cameras remain a particular problem.

As made clear by Pakistan's ambassador to the United Nations, Niaz A. Naik Nov. 10, Pakistan objects to an extra camera on the spent-fuel bay and insists that "normal operations" in the maintenance area for the fueling machine cannot be upset by extra surveillance.

Developed film from the cameras will not be allowed out of Pakistan (official reason: in case it reveals industrial secrets). Trays of spent rods will not be rearranged to meet Vienna demands. Experts would discuss relocating cameras. They would "consider" bundle counters "in the light of our agreements with the agency"—deliberately vague phrasing.

Revealed here for the first time is the fact that Western officials in Islamabad suspect Pakistan is using the Fauji chain of nonprofit import enterprises to buy sensitive nuclear bits and pieces from abroad under cover.

They are also watching with considerable alarm the progress of a Spanish company, Sener, of Bilbao, which is designing a new power reactor at Mienwali in the Chashma Barrage, or mountains, south of Islamabad.

Excellent sources told the Monitor that Pakistan had just asked Sener to increase design capacity from an already large 600 megawatts to a very big 900 megawatts.

"That's far too big for Pakistan's own power requirements," one source said. "You can't help being suspicious."

An estimated $1 billion is coming from Saudi Arabia to help build the new reactor. The Chashma location is right where the French were to have built a huge reprocessing plant in the late 1970s. The plant would have extracted plutonium from uranium fuel rods irradiated at KANUPP.

The French backed out of the deal under intense US and European pressure. But its blueprints had already been delivered. They weren't returned for many months—enough time to copy them.

"So the Pakistanis want a huge electricity generator right at the same place," said another Western source. "It makes you ask what they are planning to build next to it that will need all that electricity—another reprocessing plant? A plant to enrich uranium to weapons grade? Is the electricity to be piped to their enrichment plant further north?"

Cleverly, Pakistan chose the Bilbao company in bidding from which the US was excluded. The company is so anxious to keep its men working it has agreed that its planners in Pakistan will accept half their salary in Pakistani rupees.

A determined country can take advantage of competition and business conditions in the West to extract sensitive plans and technology.

THE TECHNOLOGY FLOW

How has a country like Pakistan been successful in buying and abstracting nuclear parts and know-how from the West, even as the West has tried to choke off the flow?

A determined nonnuclear state can find ways and means to break through the system of embargoes and export controls erected since World War II.

This reporter was told time and time again while researching this series:

"All that limiting sensitive exports does is make a country like Pakistan pay more, take longer, and buy subcomponents instead of already-assembled units. That's worth doing. But we can't stop it completely."

Take the case of the Canadian Caper.

Salam Elmenyawi is a young businessman from Egypt who moved to Montreal some years ago and took out Canadian citizenship. He set up an electronic company called Serabit, ostensibly dealing in printed circuits and alarm signals. He worked with another naturalized citizen called Muhammad Ahmad, a mechanical specialist from India, and yet another naturalized Canadian named Abdul Aziz Khan, an engineer from Pakistan.

According to court documents and contacts in Canada, the three men began importing "condensers and resistors" from the US and shipping them right out again to Pakistan. This broke Canadian law, which says imports from the US must be integrated into larger components (have "value added") before export.

The company also sent the equipment to Pakistan without an export license. The three men faced 28 charges in a Quebec criminal court in September. After two weeks of closed hearings, the case was adjourned until Jan. 18, 1982.

Eleven charges were for exporting without a license. Fourteen were for exporting goods imported from the US without value added.

Both condensers and resistors were needed to manufacture heavy inverters—machines that regulate the flow of electricity so that metal canisters used to spin uranium hexafluoride gas at high speeds turn at absolutely constant speeds.

Canadian police picked up one shipment of items worth $56,000 Canadian (US $47,600) at Montreal's Dorval Airport in September last year. Sources say at least 10 other shipments had left by air from Dorval before that. They estimate total value of those air shipments was close to $560,000 Canadian.

The case has only just come to trial, sources revealed, because documents in the Serabit office were in Punjabi, and it took time to have them translated in a way acceptable to a court.

"The police had them cold," one source added.

Mr. Elmenyawi, however, is angry at the way the Canadian Broadcasting Commission reported his activities last December. He has launched a $175,000 (Canadian) defamation suit, claiming he was harassed and interviewed under false pretenses.

Or take the case of the West German margarine man.

The federal government in Bonn has confirmed that a Freiburg company, CES Kalthof GmbH, did, indeed, export a complete fluoride and fluoridation factory to Pakistan in 1977, without the requisite German license.

Key man in the deal, according to Stern magazine in Hamburg (July 2, 1981) was Albrecht Mingule, owner of CES Kalthof, an expert in fluoride who told Stern: "I will fluoridate anything, from toothpaste to uranium."

In 1967, Mingule reportedly widened contacts inside Pakistan by building a margarine factory for the son of a very high official.

Later he received a license to search in Pakistan for fluorite. Still later, he contracted to build a factory in Pakistan to produce fluorine, for which fluorite is the basic source. Fluorine is required to help turn natural uranium into the gas called uranium hexafluoride. The gas is in turn fed into a centrifuge plant for enrichment.

Stern claims to have read documents connected with the contract. It quotes a company chemist as saying the fluoridation factory was built near Multan, a settlement in the southeastern Pakistan desert. Mr. Mingule told Stern everything was designed for peaceful purposes. He had known nothing about the need for export licenses.

After the article appeared, the government was asked about it during question time in the Bundestag, the West German parliament. The response was that the company had, indeed, violated export control laws.

The case is now in the courts.

The there is the case of the British company-that-never-was.

All it consisted of was a brass plate bearing the name "Weargate" in Swansea, Wales. Operated by two Pakistanis in north London, it place a large order for heavy electrical inverters with a highly reputable company called Emerson Electrical Controls Ltd. of Swindon, England. The Pakistanis did ship out a number of inverters in 1978.

A spokesman for Emerson confirmed that his company had begun building the inverters, but emphasized that Emerson itself did not ship them; rather the Pakistanis did.

Then an official of British Nuclear Fuels Ltd., which bought inverters from Emerson for uranium enrichment, noticed the Pakistani order was for inverters identical to his.

He raised the alarm. British Labour member of Parliament Frank Allaun asked a question in the House of Commons. Emerson said it had been told the inverters were for Pakistani textile looms, which also use them. Amid a flurry of publicity, the Energy Department slapped on export license requirements late in 1978. The Pakistanis disappeared. Weargate vanished along with them.

"We jumped on that one," said the British source. "A tricky case to handle. Emerson [was] perfectly decent about it, though they didn't like losing such a big contract naturally."

In Turkey, sources say, "four or five" companies have been buying US-made electrical and technical supplies from Europe and shipping them straight off to Pakistan.

The US State Department sent a cable to the American Embassy in Ankara in mid-June of this year, directing embassy officials to ask Turkey to stop Turkish companies from diverting US equipment from Europe.

The cable said the US had first informed Turkey about such diversions the year before, but that its appeals had failed to stop them.

It went on to say that Turkey's economic aid from the US could be threatened if it continued to insist that it had no power to control exports of such sensitive components for Pakistan's enrichment project.

So far, Turkey has replied that it is doing what it can, but can do no more.

THE PEOPLE FLOW

How does a country like Pakistan acquire such highly trained scientists to work on its nuclear program?

One answer: it sends students abroad. Those students are highly trained in the United States and in Western Europe. Then they return home.

In the case of Abdul Quader Khan, the student did much more than acquire basic skills.

According to sources familiar with his case (which was publicized at the time), Dr. Khan studied at a Dutch university. His professor recommended him in 1975 for a job at the giant URENCO centrifuge enrichment plant at Almelo, in the northeastern area of the Netherlands, not far from the German border. It is owned by the Netherlands, West Germany, and Britain.

To obtain the job, he had to be a Dutch citizen, or to be applying for citizenship. He began the lengthy paperwork and settled in. "He spent about three years there," one source said. "He was quiet, unobtrusive."

For one 16-to-18-day period, he was em-

ployed in the most secret part of the plant, translating details from German. Apparently he was permitted to do so without the necessary security clearances.

Shortly afterward, he disappeared, later to turn up in Pakistan in charge of the gas centrifuge plant there.

"What he brought Pakistan was not just his first-hand knowledge of the URENCO process, one of the most advanced in the world," one source told said. "He had in his pocket a shopping list of the parts needed to build a centrifuge, and who sold them. It was that list that formed the basis for secret Pakistani buying all over Europe in the late 1970s right up to today.

"The list alone saved Pakistan at least two years' work."

The source doubts Pakistan sent Dr. Khan to the Netherlands deliberately to infiltrate URENCO or a plant like it. He considers, instead, that Dr. Khan was on a list of Pakistani students abroad at the time Pakistan needed expertise—and that Pakistani officials made the maximum use of the knowledge he happened to gain.

In next-door India, nuclear know-how is extremely sophisticated. India rejects the Nonproliferation Treaty of 1970 as unequal and restrictive, India detonated its own atomic device in 1974 and its nuclear program stretches back to 1944. It has the capacity to detonate a hydrogen bomb.

But intelligence analysts tell this newspaper there is no evidence that India is making small military nuclear weapons that can be delivered by airplane or submarine or long-range missile.

"We would know," said one senior official in Washington. "The Indians would have to change their military command structure in ways we and others would detect."

Experts worry most about the temptation India would be under to detonate a hydrogen bomb if Pakistan should go nuclear. Indian officials, questioned at their Atomic Energy Commission in Bombay, denied outright any intention to explode anything in answer to a possible Pakistani bomb. "We are independent," they said.

India has stressed an independent nuclear power program with small (250-megawatt) power stations. At the moment, nuclear energy generates only about 600 megawatts in the whole country. Some 870 megawatts are under construction. A start has been made on 470 more. The chairman of the Indian Atomic Energy Commission, Dr. Homi Sethna, has just announced India plans to build 12 larger units of 500 megawatts each before the year 2000.

India concentrates on reprocessing plutonium from spent fuel rods, and has a plant at Tarapur able to do it. It makes its own fuel rods. Now that the United States will no longer supply low-enriched uranium fuel for the two reactors at Tarapur (the American Nuclear Nonproliferation Act of 1978 forbids it since India won't accept complete inspection by Vienna), the huge Bombay area is threatened with power cuts unless other fuel is found. Indian solutions are discussed in the next article in this series.

THE URANIUM FLOW: WHO CONTROLS IT?

(To lay their hands on nuclear weapons, ambitious countries need uranium, skilled scientists, and know-how. How do they get them? Third in a five-part series)

(By David K. Willis)

NEW YORK AND TEL AVIV.—To and from far corners of the earth, a semisecret flow of uranium, skilled scientists, and technology helps spread the knowledge needed to build and detonate nuclear weapons.

This newspaper, in a three-month probe, has unearthed new facets of this flow. Involved are Libya, the impoverished Saharan state of Niger, Pakistan, the Soviet Union, India, South Africa, and Israel.

Libya, led by ambitious, expansionist, terrorist-supporting Col. Muammar Qaddafi, is buying up and stockpiling uranium. He plans to try to sell it in exchange for know-how that could be a shortcut to his dream of owning nuclear weapons.

He has just bought 1,212 tons from Niger, which is outside the framework of international safeguards. That framework requires countries selling uranium to report all sales to the International Atomic Energy Agency in Vienna.

The tonnage figure is in Niger's Gazette Officielle, confirmed and relayed by US diplomats in the capital of Niamey.

This newspaper's research casts doubt on whether Niger reports all its sales.

Israeli intelligence sources, experts in Vienna, and other analysts say Tripoli is selling hundreds of tons of "yellowcake" uranium (the first stage of refinement after uranium is dug from the ground) to eager buyers, including Pakistan.

Pakistan is driving hard toward its own nuclear device. It will be able to explode one by the end of next year.

Israeli and Arab sources say Libya provided Pakistan with money and uranium during the 1970's and is now pressing President Zia ul-Haq for nuclear secrets in return. President Zia, whose relations with Colonel Qaddafi are cool, has so far refused. Israel watches with the utmost anxiety.

"What if Pakistan needs money in a few years' time and does decide to sell Libya nuclear secrets?" one Israeli official asked in an interview in Tel Aviv. "Who will condemn Libya or Pakistan? Pakistan needs money. Islamic and third-world countries will oppose censure at the United Nations."

Israel sent F-16 jets over Baghdad June 7 to bomb the Osirak reactor being built for Iraq by France. A major question for the world now is whether the Menachem Begin government in Jerusalem, or another, would bomb other reactors or installations to stop other Arab or Muslim countries from going nuclear.

Libya had 65 students enrolled in nuclear engineering courses in U.S. universities in the 1980–81 year, according to a computer analysis performed for this newspaper by the Institute of International Education in New York. The percentage of nuclear to ordinary students for Libya was much higher than the same percentage for other countries. The previous year the nuclear figure was 23—one more than the 22 students Libya sent here to study petroleum engineering.

Details of the computer analysis appear below. They make it clear Libya is trying hard to develop a body of trained nuclear engineers—in a country that is only now receiving its first research reactor (from the Soviet Union). Hundreds more Libyans are studying nuclear technology in Western Europe and in Moscow.

Libya, the Monitor has learned, is also engaging in some remarkably sophisticated and ambitious physics research—helped by the Soviet Union. The research worries Israel and has raised some scientific eyebrows elsewhere.

Moscow is not only building a research reactor, but also is building in Tripoli a research device aimed at harnessing, through a process called fusion, the basic energy source of the universe and the stars, including the sun.

The device, first developed in the USSR, is called a "Tokamak." It uses magnetic fields to confine low-density plasma. Research in the Soviet Union, the U.S., and elsewhere is on the way to confining the plasma for one-third of a second. If that can be done, fusion of deuterium and tritium can take place. Enormous amounts of energy would be released. The process may not be commercially usable until early in the next century.

It may sound fanciful for an undeveloped state like Libya to even think of acquiring one. But sources close to British fusion research at Culham in Oxfordshire confirm that the Soviets are, indeed, building a research Tokamak device at the Libyan atomic research facility in Tripoli.

In 1975, it is learned, Britain helped Libya start its fusion research by providing the Alfateh University with a device known as a "Theta pinch," which also confines plasma.

"What worries me," said an Israeli official, "is that a Tokamak can also produce plutonium by bombarding a mantle of natural uranium with neutrons."

Said an IAEA official in Vienna: "Yes, but there are much simpler ways of making plutonium." A British source agrees: "I don't see how a small Tokamak helps the Libyans build bombs."

But Israeli suspicions run deep. They believe Libya tried to buy a bomb from China in 1970—an episode recounted in the book "Road to Ramadan" by Muhammad Heikal, confidant of the late President Nasser of Egypt.

Libya is so confident of its physics program these days that it applied for membership in the prestigious International Union of Pure and Applied Physics (IUPAP). According to IUPAP secretary Larkin Kerwin in a telephone interview from Ottawa, the application was accepted in Paris last summer. Professor Kerwin said he knew nothing of a Libyan Tokamak. But other sources confirmed it.

Meanwhile, Moscow has been playing its own brand of nuclear politics with uranium.

Late last year the Soviets reportedly sent Libya 11.5 kilograms of highly enriched uranium for the research reactor it is building for Colonel Qaddafi.

"We wish Moscow had not shipped it so far in advance," said one US analyst.

"It's another example of how casual this shipment of dangerous nuclear material is becoming," another US source said. "Highly enriched uranium isn't cornflakes, you know.

"It's a holocaust in a box."

Approached for an explanation by US representatives, Soviet officials shrugged. "What can Libya do with only 11½ kilograms?" they asked. True, the IAEA in Vienna estimates 25 kilograms of uranium is needed for a bomb. But Washington, frets, nonetheless.

The Soviets also tried to use their enriched uranium stocks to embarrass the US in India in 1970, the Monitor has learned.

In 1979, the late Premier Alexei Kosygin offered to supply the Tarapur reactor near Bombay with low-enriched uranium, for which New Delhi already had a contract with Washington. The reactors supply electricity for the huge Bombay region in southwest India.

Both Indian and US sources confirmed Mr. Kosygin had made the offer. The Indians refused it, saying they still hoped the US would honor a 1963 contract to supply the fuel for Tarapur (a US-built reactor). Mr. Kosygin made his move with what seemed shrewd timing: In 1978, the US Congress had granted President Jimmy Carter new legislation banning US fuel or technology exports to any country refusing to accept "full-scope," or complete, international inspection of all nuclear facilities. India, while a member of the IAEA, has refused such safeguards.

It has also rejected the 1970 Nonproliferation Treaty, the cornerstone of global safeguards against the diversion of enriched uranium or plutonium for nuclear weapons.

The years 1979 and 1980 were a grace period in which countries had to decide whether to comply with the new US law. India has refused. US fuel has been terminated, despite Indian protestations that the 1978 act violates international law because it cancels existing agreements between states.

This newspaper has also been told India has decided once again not to accept the Soviet offer, despite the US fuel cutoff.

Instead, Indian sources say, it will fuel Tarapur with a mixture of uranium and plutonium oxide fuel—or MOX as it is known. MOX has never been tried on such a large scale before.

Meanwhile, the US wants to ensure that Tarapur remains under inspection by Vienna. Inspections were required by the US when it started selling fuel originally.

Indian sources say they reject the US legal position, but New Delhi plans to go "some way" toward meeting US concerns.

Meanwhile, the latest talks on Tarapur fuel in Washington, held last month, made little progress.

A little-known fact about the global flow of uranium is that Britain received almost half of its uranium needs in recent years from the controversial strategic area known as Namibia (South-West Africa).

British officials confirmed to this newspaper figures dug out by a United Nations study group. Black African states regularly protest to London. But the British point out that no United Nations resolution bars nonmilitary trade with South Africa, which controls Namibia. The territory is one of the world's largest sources of uranium. Black Africans fume, because Britain is one of the countries that has blocked such resolutions in the Security Council.

The UN estimates that Britain gets 40 to 60 percent of its uranium from Namibia these days.

Uranium dug out of mines around the world is not subject to international safeguards. Countries that are part of the nonproliferation network (i.e., are members of the IAEA in Vienna, or have signed the 1979 Nonproliferation Treaty) are supposed to report uranium sales to Vienna.

Two loopholes: Niger, which has not signed the NPT (as the treaty is known for short), and Namibia, controlled by South Africa, which has likewise stayed away from the NPT.

Niger, however, is supposed to publish sales in the Gazette Officielle in Niamey, its capital.

Niger officials in Vienna had said I could talk about exports only in Niamey, the capital. Israeli sources had told me flatly that Libya was buying large amounts and had just sold 200 to 300 tons to Pakistan.

Some scientists and officials argue that Vienna should spend little time on uranium movements, since safeguards begin these days only when uranium is refined into hexafluoride gas or otherwise refined.

But others disagree.

"If Libya is selling Niger uranium to Pakistan, then Libya is helping Pakistan make fuel rods that produce plutonium that can make weapons," one senior US official pointed out.

It is also worth remembering that the original idea for safeguards was to control uranium from the moment it was dug from the ground. The Acheson-Lilienthal report of 1946, which formed the basis of the plan the US presented to the fledgling UN that year, proposed an international body to control all uranium as well as plants.

Joseph Stalin rejected that idea out of hand. He, too, was determined to possess the bomb the US already had. Ultimately, a decade later the Vienna agency was given the right to begin safeguards and inspections only when uranium had been refined.

"No country wants to yield enough sovereignty so that inspectors crawl in and out of its mines, getting in the way and snooping around," as one IAEA source says ruefully. "Anyway, we just don't have the inspectors enough to do it."

This correspondent asked the Arms Control and Disarmament Agency in Washington for a record of Niger's sales in recent years. The agency said it did not have the information on file.

But it sent a cable to US diplomats in Niamey, asking them to copy out all entries in the Gazette Officielle.

When the reply came in, it revealed that there have apparently been only 12 volumes of the Gazette so far. They began in 1980.

It is not known whether sales made before then, and reported by the Agence France-Presse news agency, were recorded accurately—or, indeed, if even the Gazette Officielle tells the whole story.

Washington officials did some checking and supplied me with dates on which sales mentioned in the Gazette had been approved. The results were interesting, to say the least.

Niger is the fifth-largest producer of uranium in the world. Last Jan. 28 it approved 100 tons of yellowcake uranium for Iraq, a country determined to continue its nuclear ambitions despite the Israeli raid against it last June 7. The next day it approved 125 tons for West Germany.

One thousand tons went to France and another 693.3 tons to France, on March 3—hardly surprising, since French interests control both major mining consortiums in Niger, SOMAIR and COMINAIR.

France bought another 600 tons four days later, and Spain 300 tons two days after that. Not long after (no exact date is known), 806.6 tons went to Japan. On June 8, Japan bought 10 more tons.

But the most interesting entry of all was another on June 8: a sale to Libya. It totaled 1,212 tons, an enormous amount for a country that has no commercial power reactor whatsoever, and whose highly enriched uranium fuel for a new research reactor comes, under safeguards, from the same country that built the reactor: the Soviet Union.

According to an Agence France-Presse report from Niamey last Aug. 27, Libya bought only 258 tons in 1978, 150 tons in 1979, and 180 tons in 1980. So the latest purchase is a remarkable jump.

Why?

One clue comes from an interview given by the President of Niger, Seyni Kountché, cited by United Press International last April.

Noting that uranium prices had fallen 30 percent because of a world oversupply, President Kountché said Niger's share of 1981 mining would be 800 tons. "It goes without saying that for the development of our country, we cannot store 800 tons of uranium," he remarked.

At the same time, Niger was important to Libya politically. The June 8 sale of uranium came just two weeks before the start of the annual meeting of the Organization of African Unity in Nairobi. Libya was scheduled to become chairman for 1982, which meant the 1982 meeting would be held in Tripoli—a splendid forum for Colonel Qaddafi to use.

But behind the scenes, he faced opposition to his chairmanship. Observers who followed events closely said Qaddafi badly needed Niger's swing vote in a crucial committee meeting to head off an open fight and debate. He got it.

The observers speculate Libya's large purchase of Niger uranium may have been designed, in part, to woo President Kountché by disposing of his surplus stocks, perhaps at prices above the depressed world market.

"I also think Qaddafi just wants to pick up influence wherever he can in nuclear matters," commented one US official. "He'll stockpile uranium, sell it to Pakistan, and France, and try to keep his hand in the nuclear game that way. He's constantly on the lookout to buy nuclear technology or even a bomb. . . ."

Colonel Qaddafi's nuclear ambitions are part of the exasperation the Reagan administration feels about him at the moment. Northern Chad, experts note, contains considerable uranium reserves, which Colonel Qaddafi is said to be eying with interest.

Between 1967, when mining began, and 1980, Niger produced 13,000 tons of uranium. According to Uranium Resources, a joint publication of the IAEA and the Organization for Economic Cooperation and Development, Niger's potential could rise to 5,000 tons a year by 1983 and 12,000 tons a year by 1986.

The underdeveloped desert country of 5 million people has little else to sell. The fall in uranium prices has hurt its mines, located near Arlit in the northern desert about 500 miles from the Libyan border.

Niger's ties with Libya were strained earlier this year: In January Niger suspended all sales of uranium to Tripoli after Libya attacked and occupied neighboring Chad.

But Niger needed cash badly, and those sales have clearly resumed.

Not far behind Niger in size or in uranium output is the territory of Namibia, farther south, sparsely populated but strategic, about twice the size of California, still administered by South Africa even though the UN is pressuring for it to be granted independence.

According to figures from the UN and industry sources, Namibia currently produces around 4,000 tons of uranium a year from the huge open-cut mine operated by Rossing Uranium Ltd.

Since South Africa is not a signatory of the Nonproliferation Treaty of 1970, it could in theory sell its own and Namibian uranium to anyone it chose—something black African states suspect. Sources say they believe—but cannot prove—that Namibian or South Africa uranium has been going to Israel, for instance, or even to be mixed with other shipments to Pakistan.

Black Africa is upset that Britain gets so much of its uranium from Namibia.

Asked about UN reports indicating that about 50 percent of Britain's commercial uranium supplies come from Namibia, a senior official in the British Department of Energy said, "Yes, something like that.

"And, yes, we are criticized at the UN about it, and at other international meetings as well," he added. "Of course, plenty of other countries trade with South Africa, you know."

Major industrial states are in too much need of uranium and other strategic metals and other goods to permit a formal UN ban on nonmilitary trade with South Africa.

According to figures cited in a 1981 UN document entitled, "South Africa's Plan and Capability in the Nuclear Field" (compiled by a group of Swedish, Soviet, Venezuelan, Nigerian, and French experts for the UN Center for Disarmament), about 65 percent of British requirements until 1982 will come from Namibia. That was said to work out to about 1,300 metric tons a year.

Another UN document, on the exploitation of Namibian uranium (Nov. 20, 1980), gives a different figure: 7,500 tons of uranium between 1976 and 1982, or 42 percent of Britain's needs for that period. Price: $72 million.

A contract with the British was held by Rio Tinto Zinc Corporation Ltd. (RTZ), which in turn owns 46.5 percent of Rossing, which operates the mine. South Africa also holds a large share. Smaller shares belong to Canadian and French companies.

British officials say when Britain signed its original contract with RTZ, the uranium was coming from Canada. RTZ has since switched to supplies from Namibia to fulfill its contract. The UN report alleged this was because labor costs at Rossing are lower.

The UN document leveled a battery of charges at almost everyone involved, reflecting general unhappiness among black and other UN member states.

It said the British contract was now held by British Nuclear Fuels because of parliamentary opposition to the Atomic Energy Agency's dealing with Namibia.

The document, drawn up for the UN Council on Namibia, said that until late 1979, uranium was flown from Windhoek by South African Airways Boeing 707 jets and French UTA DC–8s.

SAA flew across the ocean via Cape Verde and on to Marseille and Orly in Paris. UTA flew over Angola, Zaire, and Gabon to Marseille and Paris (to the Charles de Gaulle Airport). Onward shipments to Britain went by truck. After some unfavorable publicity, the flights ceased. Ships are now used, the document alleged.

Moreover, South Africa itself mines and sells uranium. Figures from the IAEA and the Organization for Economic Cooperation and Development show that South Africa produced 5,195 tons and Namibia 3,692 that year—23 percent of world production for that period.

The South African government has formally stated that it will not allow uranium sales to increase the number of nuclear weapons states. Black African and other critics, however, say it exports so much that the danger of theft and diversion is always present.

Clearly, sales of Namibian (not to mention South African) uranium are lucrative. One UN estimate is that Namibian sales alone, in 1977 prices (which have since risen) were worth about $440 million a year.

It is not known whether Namibian mine production and sales are registered with the International Atomic Energy Agency.

In a long interview at Pelindaba, headquarters of the South African Atomic Energy Board, located between Pretoria and Johannesburg, the president of the board, Dr. J. W. L. de Villiers, would not discuss Namibia.

(On his coffee table, however, lay an illustrated publication entitled "Rossing," the name of the Namibian uranium mine).

He did confirm the value of South African uranium exports, saying that production was running at around 5,000 tons a year. If production rose to 10,000 tons a year, he said, South Africa would have enough uranium reserves to last only about 50 years.

Again, he did not refer to the extremely large reserves in Namibia, which his country controls. Current talks on the independence of Namibia will need to confront Pretoria's desire to keep its access to Rossing output.

As for Libya—it "gives everyone the cold shivers," as one US diplomat puts it.

Israeli sources insisted to me in Vienna that Colonel Qaddafi was using Libya's stockpiled uranium to make sales to Pakistan, among other customers. Israel alleges the IAEA is unaware of such sales, and cites this alleged ignorance as one more reason it cannot put full faith in IAEA safeguards on Iraq or any other country hostile to Israel.

IAEA officials don't usually talk openly about information provided by member states. Libya has signed and ratified the Nonproliferation Treaty, but signed an IAEA safeguards agreement only last summer. In theory it is supposed to inform the agency when it sells uranium. Whether it does so is not known. IAEA officials say they are "aware" of Niger sales to Libya.

"Qaddafi is a wild card," comments one U.S. official. "He's fishing around for influence, and for weapons."

The Libyan leader has contracted with the private West German company OTRAG (Orbital Transport-und-Raketen-Aktiengesellschaft) in Munich for a long-range rocket. He says it is designed to put into orbit weather or telecommunications satellites.

U.S. sources estimate the rocket's range at between 1,200 and 1,800 miles. Still in the testing stage, it could be fitted with conventional and, ultimately, nuclear warheads, the sources say. U.S. officials are studying OTRAG, which has been heavily criticized by the Soviets and others.

The company insists that it is not in the business of making "military rockets." The West German government is limited in its powers over a private company that has broken no law. U.S. officials are in no mood these days to take a kindly view of Libyan intentions. They are concerned that Qaddafi wants the rocket as a way of gaining diplomatic leverage.

Libya has a surprising number of its students studying in the United States to be nuclear engineers. While the absolute numbers are small, computer analysis yields some revealing percentages.

Libya had 2,290 students in the United States in 1978–79. The figure leaped by one-third to 3,030 the following year and rose to 3,080 in 1980–81.

The computer analysis looked at percentages of Libya's nuclear engineering students to all its students on file. It came up with 2.4 percent. That was higher than the similar percentage for all countries combined—0.3 percent.

The computer discovered that Libya's 23 nuclear engineers in 1979–80 accounted for 5.7 percent of all nuclear engineering students from abroad, even though Libya accounted for a mere 1 percent of foreign students.

By contrast, Pakistan had only three nuclear engineering students in the US in 1979–80. Iraq had only six. The figures in 1980–81 went up to four and eight, respectively.

So the analysis shows that Libya has a significantly higher percentage of its students in the US studying nuclear know-how than do other developing countries.

Added to that must be the Libyans studying nuclear engineering in Western Europe and the Soviet Union.

In 1979–80, 16 Libyan nuclear engineers were in US undergraduate schools, seven in graduate schools (five masters, one doctorate, and one unspecified).

An article in the Bulletin of Atomic Scientists (August-September 1981) estimated 200 Libyans studying nuclear engineering in the US. It put the number in Europe at 200–300, and more in the Soviet Union, "many times the number that could be realistically absorbed by a civilian nuclear program."

At least one American expert is convinced that Libya is trying to buy a bomb. He says the Libyans told him so in 1978.

Jeremy Stone is director of the Federation of American Scientists (FAS) in Washington.

In an interview with this newspaper he described his visit to Libya in 1978 and added details to an article he wrote on his return:

"I talked around a table with several senior Libyan officials, including Ahmad Shahati, who was head of the foreign liaison office of the People's General Congress.

"Their government uses different names than ours, but it's an important post. Shahati told me outright Libya wanted a bomb for its own defense. I pressed the point to be quite sure, and asked if he wanted the right to get a bomb, or a bomb itself.

"He was quite clear: Libya wanted a bomb.

"Well, I returned to the US and said I thought Libya, which had signed the Nonproliferation Treaty, was a false adherent of that treaty.

"Then the Libyans denied they'd told me any such thing. But I know what I heard.

"You know Muhammad Heikal's 1975 book, 'Road to Ramadan.'" (Heykal is the journalist who was a close friend of Nasser.)

"He tells how Qaddafi sent his deputy, Major Jalloud, to Nasser in 1970 to ask if the Israelis had the bomb. When Nasser said he thought they did, Jalloud went off to Peking to try and buy one. The Chinese refused."

In the Bulletin of Atomic Scientists, August-September 1981, a Vancouver professor, Joseph Micallef, says Libya has looked to Argentina for technical aid. The Soviet Union is building a small power reactor, has promised both a 440-megawatt reactor under safeguards, and a 300-megawatt reactor to operate desalination plants and pump underground water.

With recycling, the article says, the desalination plant would yield enough fissionable material for 10 to 20 bombs per year—though such a prospect is still a long way off.

Also part of the uranium story are persistent reports that Israel obtained, by secret means, 200 pounds of enriched uranium from a nuclear processing plant in Apollo, Pa., in the mid-1960s—and 200 tons of natural uranium in cans marked "Plumbat," from a West German merchant ship that vanished for several weeks in 1968 en route from Antwerp, Belgium, to Genoa, Italy. When the ship reappeared, it had a new name, a new crew—and no uranium.

Former CIA senior official Carl Duckett said earlier this year on ABC–TV that the CIA had long since concluded Israel had probably fabricated nuclear weapons using the Pennsylvania uranium.

Paul Leventhal of the Nuclear Club Inc., who first released news of Plumbat, indicated to me his belief that the uranium was certainly stolen, but he would not say by whom.

How South Africa and Israel Are Maneuvering for the Bomb

(Fourth article of a five-part series)

(By David K. Willis)

Pelindaba, South Africa, and Tel Aviv.—Inside a ring of enemies put defiance, obduracy, fear of the future. Combine with pride, wealth, advanced skills, religious conviction. Result: a determination to go nuclear.

South Africa and Israel are the two prime examples of such "garrison states," but Iraq, Taiwan, and South Korea share their determination.

Urgently needed are ways of convincing such states that nuclear weapons are not the ultimate answer, experts feel. These countries need to be shown that national security can be guaranteed in other ways: alliances, economic and military aid, conventional armed forces, and assured supplies of nuclear fuel and technology for reactors for peaceful uses.

Cleverly hidden in a valley halfway between Johannesburg and Pretoria is a center where research is being done that has brought South Africa closer than ever before to being able to build and detonate its own nuclear weapons.

Officials have said they could enrich natural uranium from the 0.7 percent of the fissile (i.e., able to be split) isotope of uranium 235 that occurs in nature to 45 percent.

Sources in the United States say the South Africans have enriched to 80 percent. More than 90 percent is ideal for nuclear explosive, but a bang can be made from less.

So far, South Africa says it is not building nuclear bombs, but it is deliberately imprecise in its public statements. So is Israel. Both states possess what diplomats call the "nuclear option"—whether they possess bombs or not, their enemies think they do, or that they could make very quickly. And both have strong reasons to hint they hold the ultimate big stick in reserve as a military and diplomatic weapon.

"Either a South African bomb is already made and exists in separate pieces that could be bolted together—or a bomb could be made in six months," comments a knowledgeable European source familiar with Pretoria's plans.

South Africa has hired Israeli consultants to advise on the safety aspects of its first two commercial reactors, which are being built by the French consortium Framatome.

"You'd think it logical for them to ask French experts, or European ones, or American," comments one well-placed source. "Why Israel?"

This kind of development fuels speculation among Arab and Muslim states, in black Africa, and throughout the United Nations that Israel and South Africa are helping each others nuclear programs in an awesome mix of Israeli know-how and South African uranium and enrichment expertise.

In an interview with this correspondent, a senior South African official has dropped an intriguing hint that South Africa intended to test some kind of powerful explosive device in the Kalahari Desert in late 1977.

Then Soviet spy satellite cameras detected a hole in the Kalahari of the kind usually dug for a nuclear test.

Former President Jimmy Carter ordered U.S. satellite cameras switched to the scene. They confirmed the reports. The U.S. and the Soviets orchestrated a diplomatic campaign against Pretoria to stop a possible test. South Africa furiously denied any plans to test. No detonation occurred.

In an interivew, Pretoria's ambassador to the U.S., Donald Sole, denied outright that South Africa wanted or needed a nuclear weapon. But asked about Kalahari he said, "Well, we were going to test something—but not a weapon."

He would not be drawn further. He went on to doubt that nuclear power would play a large role in his country's total energy picture between now and the end of the century.

A number of other scientists and diplomats were keenly interested when I asked for their comments on the ambassador's remark. All speculated at length on whether South Africa had, in fact, gone ahead with a nuclear test in September 1979, when a US surveillance satellite picked up a flash of light in the darkness of a predawn southern Atlantic sky. No solid evidence to confirm such a test has yet been produced.

The ambassador's remark to me could be read as an indication that South Africa had intended testing what it would have called a "peaceful" nuclear device, as India did in 1974. The US sees no difference between a "peaceful" and a "military" explosion—both are lethal.

In 1977, Pretoria was extremely displeased with the Carter administration's stress on human rights and its determination to cut off nuclear fuel to any country that did not accept full international inspection on its nuclear facilities.

Another development could illustrate one of the tools the US holds for convincing other countries that, even though they build nuclear weapons, they don't have to explode them.

The background: President Reagan has switched signals toward Pretoria. He ordered a US veto on a Security Council resolution in August condemning the South African raid into Angola. He has sent diplomatic signals recognizing South Africa's strategic location, anticommunist stance, and key role as a supplier of industrial minerals.

Pretoria has been pleased.

Now comes what could be a significant move. The president of the South African Atomic Energy Board, Dr. J. W. L. de Villiers, confirmed in an interview that Pretoria is "exploring" with the US what amounts to a nuclear trade-off.

South Africa might agree to international safeguards on the uranium enrichment plant it is building—if Washington agrees to release a long-term supply of enriched uranium for South African power reactors. US supplies are blocked today because South Africa does not accept full safeguards.

"I'm not saying we will accept safeguards," Dr. de Villiers said in his office at Pelindaba. "I'm not saying we will never accept them. Things change. . . . We are exploring the situation. We want to know just what's involved: How many inspectors? Do they have to go right into the plant? What do they have to see? Will they interfere with operations?"

Dr. de Villiers made it clear South Africa could not push ahead with more reactors (its first two are nearing completion) without an assured supply of fuel.

"You don't build a reactor unless you have 40 years' supply of fuel," he said. A 1,000-megawatt reactor can require 150 tons of fuel a year.

Under an existing contract, South Africans ship $30 million worth of uranium at a time to be enriched at Oak Ridge, Tenn. Oak Ridge does the work, but the Nuclear Regulatory Commission can't grant an export license because of the 1978 Nuclear Nonproliferation Act, which bars nuclear exports to countries refusing full safeguards.

Technically, South Africa takes title to the newly enriched uranium but not physical possession. The US is not requiring payment for the enrichment until the issue is settled.

All this gives South Africa a problem. It needs fuel for the two reactors under construction at a place called Koeberg (pronounced "koo-berg") near Cape Town.

It is building a large enrichment plant with its own carefully developed process. The plant could enrich enough fuel for Koeberg, but it will not be ready until 1985 at the earliest.

The first Koeberg plant is to be loaded in the middle of next year. But with what? If fuel doesn't come from the US, where is it to come from? China? France? Italy? (Italy has 1,100 excess tons of low-enriched uranium available these days.) Scientists the world over are watching for clues.

While I was in South Africa recently, Pretoria confirmed it had obtained enriched uranium fuel for the first Koeberg plant, but did not give the source. Johannesburg television said it was not "from France or the United States."

Dr. de Villiers would not provide an answer. He said the South African Electricity Supply Commission had placed the order. He appeared not to rule out France, however.

This newspaper understands that France is, indeed, supplying the enriched uranium. Technically, Paris can argue that it is not: The fuel is said to be coming from a large enrichment plant called EURODIF. This is a joint venture involving France, Italy, Iran, Spain, and Belgium. France has a 51 percent share in all enriched fuel produced during the first 10 years of operation—and the plant itself is located near Avignon in the Rhone Valley.

Although France has no enriched uranium to spare, Spain and Italy both have surpluses. A number of scientists say that either Spain or Italy could have agreed to provide enriched fuel for the French to make into fuel rods for Koeberg.

"I go for Spain," said one inside source.

The International Atomic Energy Agency in Vienna is trying to find out the source. Supplier countries are supposed to notify Vienna of uranium sales. But, in fact, it is extremely difficult for Vienna officials to discover where shipments of enriched uranium finally land. Many ways exist to falsify documents and otherwise cover tell-tale tracks.

It was clear from Dr. de Villiers that the French fuel is not a long-term answer to South Africa's nuclear fuel problems.

At one point he said, "We have to reach agreement with the United States and the Vienna agency at some point if Pretoria is to plan a nuclear energy program for the future."

Although South Africa possesses some 530,000 tons of uranium reserves, they could be gone in 50 years or so if mining continues to extract 10,000 tons a year from now on.

Besides, South Africa makes money from selling uranium. If it enriches its own, it loses income. Experts assume it won't be able to enrich enough in its own plant to cover the losses. The new plant will also be expensive to run.

All this gives South Africa a powerful incentive to talk to the US about safeguards.

In August, Pretoria sent the first signal: A two-man team visited Portsmouth, Ohio, accompanied by a South African Embassy man from Washington and a State Department official. They walked through construction that one day will be an enrichment plant. They saw nothing that was secret.

In October, four US observers visited Pelindaba. They were surprised at the amount of information they were given and the extent of their tour. (But they were not shown a pilot enrichment plant black Africans say makes weapons-grade fuel.)

Now Dr. de Villiers confirms that talks are continuing.

Many hurdles remain. No large enrichment plant in the world yet has full safeguards: The process is extremely tricky. "Why should we be the first?" Dr. de Villiers asked.

Even if South Africa should agree, US government policy is that countries buying US enriched fuel should not only accept safeguards but also should first sign the Nonproliferation Treaty of 1970. South Africa has refused.

A possible way out: If Pretoria accepts safeguards on its plant, President Reagan could simply drop the treaty-signing requirement. There would be criticism, but it could be done.

"Safeguards are a big step for us," de Villiers said flatly. But South Africa wants to plan another reactor complex for Durban.

Dr. de Villiers estimates that the cost of nuclear-generated electricity has already been brought down to the cost of coal-generated electricity at Cape Town. Coal fields are 600 miles north, and shipments, as well as transmission by power lines, are getting more expensive.

A strong political reason is also pushing Pretoria to locate energy sources farther south: If black African states launch guerrilla attacks in northern areas, or if South African black tribes rebelled, coal fields could be at risk.

Whether for the record or because he has deep doubts himself, Dr. de Villiers said he doubted Mr. Reagan could alter provisions of the Nuclear Nonproliferation Act of 1978.

He repeated previous South African denials of any plan to build nuclear weapons. He denied all knowledge of the 1977 Kalahari incident or of the 1979 flash in the sky. He was clearly concerned that I quote him accurately, reflecting a typical Pretoria caution when dealing with reporters from abroad, especially Americans asking about nuclear policies.

But he did volunteer a good deal about South African hopes and plans. "We cannot go into a big nuclear program," he said, "unless we have assured supplies of reactor fuel."

The message for the United States, and for others opposed to the spread of nuclear weapons, could be this: If a country needs outside supplies badly enough, it might cooperate.

Nonetheless, South Africa retains the ability to enrich uranium at its small pilot plant at Valindaba and would fight to exclude that from safeguards (inspection would be carried out by experts based at the IAEA in Vienna).

The white Afrikaner government is beleaguered, suspicious, apprehensive about the future. It doesn't mind speculation that it could detonate a nuclear explosion at any time. Publicity like that could give black Africa pause and make the U.S. redouble efforts to strike a deal on safeguards.

Any probe into South Africa and Israel uncovers live coals of speculation about what really did happen in the south Atlantic in

the early morning darkness of September 22, 1979.

Two monitoring ("bhang") meters on a U.S. Vela satellite recorded a "signature" of light consistent with a nuclear explosion near the earth's surface, at 3 a.m. local time. ABC–TV reported it. The State Department cautiously confirmed October 25 it had "an indication suggesting the possibility that" a low-yield nuclear explosion had taken place.

Headlines blared. Scientists have disagreed ever since.

A CIA panel, including Dr. Edward Teller, the father of the hydrogen bomb, concluded it could have been a nuclear explosion. Black African and Arab states insist it showed South Africa and Israel collaborating in the darkest ways.

Sources have told this newspaper that a Naval Research Laboratory report concluded that hydro-coustic observations were consistent with a nuclear test.

But the White House, in a controversial report conducted by Dr. Frank Press, assessed the Navy lab report and other evidence and concluded the data were "ambiguous." The light the Vela had picked up was closer to the satellite than to the earth's surface, it said. The report asserted that the flash "probably was not from a nuclear explosion."

Those who accept that view told me standard practice is to test at dawn, to keep the radioactive cloud in sight for as long as possible. Not only was the 1979 flash detected at 3 a.m., they say, but no conclusive proof has ever been found of the radiation that would have resulted from a nuclear blast.

Other, more suspicious, scientists told me there was always a 50–50 chance of failing to detect low-yield radioactivity, especially when the precise test site was unknown.

"I think it was a clever joint test, South Africa and Israel," said one expert. "But I can't prove it."

The argument, the controversy, and the fears remain.

The ambassador gestured with one hand, as if to wipe the whole topic away. "Where would we use a bomb, anyway?" Ambassador Sole demanded in a Washington interview.

"Look at the psychological approaches nations take towards a bomb program, which costs a tremendous amount of money. Pakistan wants it because the Indians have it Arab countries want it because they think Israel has it.

"South Africa doesn't have that kind of threat. Where would a bomb be useful? If it's some kind of guerrilla war you're talking about, we couldn't use one at all, not in our own country."

The worry of black African and other states at the UN was summed up this way in an August 1980 report for the UN Disarmament Center:

"The diplomatic and political costs of South African acquisition and deployment of nuclear weapons would be high, quite possibly disastrous, if those weapons ever were used.

"Nevertheless, desperate to preserve the apartheid system, South Africa's leaders may eschew a rational weighing of costs and gains. Instead, they might try to justify the acquisition of nuclear weapons as a last resort to attempting preserving white supremacy by intimidating neighboring countries or as a means to demoralize black South Africans, and, conversely, to buttress the morale of the white population."

South African officials dismiss such fears.

Israel is frequently linked to South Africa on nuclear matters. Black African and other states think Israel (visited by then South African Prime Minister John Vorster in 1976) has been giving Pretoria nuclear know-how for years.

Prime Minister Menachem Begin flatly denied allegations of Israeli collaboration in a 1979 test, saying in February 1981, "We have nothing in common with it."

Speculation is fueled partly because most experts believe Israel has been producing plutonium for weapons ever since its French-supplied reactor at Dimona began operating in December 1963. No U.S. or other outside inspector has ever been allowed to examine Dimona.

With an annual plutonium production rate of some 10 kilograms (estimated by Swiss expert Theodor Winkler), Israel could have produced as many as 20 bomb cores.

Sit down in Tel Aviv, Jerusalem, and New York and talk to Israeli experts about the Nonproliferation Treaty of 1970, which it refuses to sign, and they make these points:

"Look, the treaty is fine for countries at peace. It works for Sweden and Norway. But in the Mideast, no one is really at peace. Iran and Iraq are fighting. Iraq calls for help in building a nuclear bomb. [Egyptian President Anwar Sadat is dead assassinated.

"What we need is some mutual confidence in the whole area. We say, start by agreeing to making the Mideast a nuclear-free zone. That means all of us. Arabs and Jews, must sit down and talk to each other.

"What do our critics say? 'Sign the Nonproliferation Treaty first.' So we are supposed to trust all our security to the hands of others, and accept the three ideas of the nonproliferation system: not to make nuclear weapons, full-scope safeguards, visits by outside inspectors.

"But how can we have confidence in Arabs who say they want to destroy us?

"Look at Iran. For two years after Khomeini came to power, he allowed no IAEA inspectors at all into Iran." (The IAEA says it was only for one year and adds that there was "nothing to inspect since Iran was in revolution.")

". . . Well, maybe not much was going on. But what if the Shah had had nuclear weapons in there? What happens in Iraq if [President] Saddam Hussein is killed like Sadat was? Any country can withdraw from the Nonproliferation Treaty in three months, you know.

"We have said and we keep on saying that Iraq could have had nuclear weapons by 1984–85. That's why we felt we had to destroy the Osirak reactor in June.

"Actually, many an Arab delegate to the UN was privately glad we raided Osirak—the Syrians, for instance, are no friends of the Iraqis. Nor are the Iranians, of course. They condemned us in public. In private, intermediaries tell us it was a different story."

For Israel, Arab recognition is a precondition to any progress. It could lead to discussions on surveillance of one another's nuclear operations, they suggest, or other ideas.

Iraq's nuclear plans were set back several years ago by the Israeli raid. Iraq runs the risk of another Israeli bombing as it rebuilds Osirak. But it says it is determined to press on.

President Hussein is highly ambitious to lead the Arab world. He openly referred to what he said was the need for an Arab bomb last June 23.

"Regardless of Iraq's intentions and capabilities at present and in the future," Hussein told his Cabinet in a speech broadcast by Baghdad Radio, "any country in the world which seeks peace and security, respects peoples, and does not wish those peoples to fall under . . . oppression . . . should assist the Arabs in one way or another to obtain the nuclear bomb. . . ."

This statement, condemned by U.S. Secretary of State Alexander M. Haig, Jr., soon afterward, claimed Arabs needed bombs "to confront Israel's existing bombs."

As long as Iraq lacks a sense of security and its own identity, and has a vaultingly ambitious leader, it will be tempted to pursue nuclear weapons.

Scientists and analysts contacted for this series say Iraq's nuclear program has definitely been "suspicious," though they don't agree with Israel that Iraq was on the verge of obtaining a nuclear device.

Iraq first tried to buy a large gas graphite reactor from France. Paris, which had stopped making that model, sold the Osirak instead: Iraq remains heavily dependent on outside help. As a new Congressional Research Service report for the Senate Foreign Relations Subcommittee on Arms Control points out, Iraq "lacks chemical, metallurgical, and electrical and electronics manufacturing industries needed to establish a nuclear industry."

The report indicates the range of contacts Iraq has made with outside suppliers:

Brazil: a 1980 agreement for technology, reactors, training.

Italy: "hot cell" units, heavily shielded, where elements can be handled by remote control.

Portugal: 120 tons of uranium in 1980, 130 more tons reported set for 1981.

One US intelligence analyst commented: "Iraq wil be able to build a nuclear bomb by 1990 if it rushes."

Analysts are watching France and Italy with particular concern. French Foreign Minister Claude Cheysson said Nov. 9 in Paris that talks on safeguards for Osirak were continuing. Italy is said to be renegotiating the agreement under which it has been building the hot cells.

US experts fear that a hot cell building could be made so large that a reprocessing unit could be fitted inside—"invisible" because of the heavy shielding on the walls. They don't say that this is happening—only that it could happen.

Four other names are high on any list of nuclear threshold states: Argentina, Brazil, Taiwan, South Korea.

The next (and final) article in this Monitor series will cover the two South American giants. Meanwhile, most analysts seem to feel that the dangers posed by Taiwan and South Korea can be contained, for the moment at least, because of one basic fact:

Both rely on US protection for survival—and Washington firmly opposes their acquiring nuclear weapons.

Both have highly sophisticated scientists and access to advanced technology. Both are signers of the Nonproliferation Treaty of 1970. Both are members of the IAEA in Vienna.

South Korea has one large (564-megawatt) power reactor, supplied by the Westinghouse Electric Corporation in 1977, under safeguards. Two even bigger ones are under construction. The biggest, Wolsung I, comes from Canada complete with the latest safeguard device: a "bundle counter" to detect how many times uranium fuel rods are removed.

If they are removed every few months, it could be to extract plutonium for weapons. To generate electricity, rods are left in place for a "long burn" of 18 months or more.

"Nuclear weapons will only look attractive to South Korea if the credibility of the US commitment to the country's defense will vanish," writes Swiss analyst Winkler.

However, Seoul is said to remain convinced it needs to be able to extract plutonium from spent fuel rods if its ambitious nuclear energy program is to grow. It supports plans that might lead to a regional reprocessing plant in the Pacific area. So far the concept remains only in the planning stage.

Taiwan was a full IAEA member until 1972, when Peking took over its seat. In theory, this means less comprehensive safeguards for Taiwan.

In fact, the US keeps strict watch over Taiwan's two power reactors (US supplied)

and two more under construction. Both Canada and the US have built research reactors—and safeguard them.

Tawain has tried to set up its own reprocessing plant, at Lung Tan. But the US brought heavy pressure to bear in 1976 after suspicions arose that Taipei was using it to extract plutonium from fuel rods in its Canadian TRR research reactor. Reluctantly, after secret talks, Taipei dismantled the plant under IAEA supervision. Mr. Winkler says that since then, Dr. Liu Hai-Pei has directed laser isotope enrichment studies (extremely advanced and sophisticated) at Chung San.

Taiwan might reconsider its nuclear choices if Peking significantly boosts its own defenses or comes to believe that the US defense shield is unreliable.

NUCLEAR BALANCE SHEET

	Pakistan	India	Israel	South Africa	Libya	Iraq	South Korea	Taiwan
Power reactors	1	3 (plus 5)[1]	None	2[1]	None	None	1 (plus 2[1], plus 6).[2]	2 (plus 4).[1]
Research reactors	1	4 (no safeguards).	2 (1 not under safeguards).	1	1[1]	1 (plus 1)[1]	2	5.
Plutonium produced, 1980	30 kg	220 kg	100-150 kg	None	None	None	Unknown	Unknown.
Plutonium on hand by 1984	605 kg	2,531 kg	Unknown	Unknown	Unknown	Unknown	Unknown	Unknown.
Reprocessing plants (projected)	2[1]	2 (plus 1)[1]	1	None	None	None	None	None.
Enrichment plants	1[1]	None	None	1 (plus 1)[1]	None	None	1	1.[3]
IAEA member	Yes	Yes	Yes	No (expelled)	Yes	Yes	Yes	Yes.
Bonproliferation Treaty signer	No	No	No	No	Yes	Yes	Yes	Yes.
Has accepted some of IAEA's safeguards, but not NPT's.	Yes	Yes	No	No				Yes.
Scientists	Very good	Very gocd	Excellent	Very good	Very few	Small but growing numbers.	Very good	Very good.
Delivery systems for a possible bomb.	Canberra bombers, Mirage III's, Mirage 5's, Mig-19's, C-130's.	Canberra bombers, Jaguars, Mig-21's, SLV-3 missiles.	F-15's, F-4E's, A-4's, Mirage IIIs, F-16's, Kfir C-2's; Lance and Ze'ev missiles.	Canberra bombers, Buccaneers, Mirage F-1's, Mirage III's.	Tu-22's, Mig-23's, Mig-25's, Mig-21's, Mirage III's, C-130H's, Boeing 707, Ilyushin 76's, Scud B missiles, Frog-7 missiles.	Tu-22's, Ilyushin 28's, Mig-23B's, Scud missiles, Frog-7 missiles.	F-4 jets, Nike Hercules surface-to-air missiles.	F-104G's, Honest John battlefield support missiles.

[1] Under construction.
[2] Planned.
[3] For research only.

Sources: Library of Congress, Theodor Winkler (International Institute of Strategic Studies Lonoon).

How Nuclear Safeguards Can Be Strengthened

(Last in a five-part series)

(By David K. Willis)

WASHINGTON AND VIENNA.—In Hollywood the story might have been advertised as "The Mystery of the Broken Seals." It was kept secret at the time. It has never been fully explained.

Now published for the first time, it turns out to have had a "happy ending"—but it also raises urgent questions about methods used to prevent what many diplomats, scientists, officials, and ordinary citizens see as one of the world's pressing problems: keeping nuclear weapons from spreading into unstable, dangerous countries.

In late December 1978, a U.S. government inspector began routinely examining four metal containers at Kennedy Airport in New York. The four carried a total of five kilograms (11 pounds) of highly enriched uranium fabricated into fuel rods in California and in transit to a nuclear reactor in Bucharest, Romania.

The government seal on each container had broken.

The inspector could have stopped the shipment, opened the containers, and checked to see if any of the bomb-grade uranium fuel had been stolen or tampered with. But he did not. Other locks and fastenings appeared secure, so he simply attached new seals and sent the containers along.

Five days later, an inspector from the International Atomic Energy Agency in Vienna examined the containers in Bucharest. The new seals were intact. Nothing inside was missing.

Alarm signals rang on Capitol Hill when word of the episode leaked out in early 1979. Had the New York inspector failed in his duties? If someone had tried to steal the uranium between California and New York, it would have gone undetected for five days later: too late.

The Nuclear Regulatory Commission defended its man. It claimed the seals had broken in flight, accidentally. Eventually Congress let the issue drop.

But there are still questions. Among them: Are the precautions taken to prevent the theft or diversion of nuclear materials good enough? The IAEA is testing a new, U.S.-developed system using automatic sensors to store and relay data to Vienna.

The superpowers could do much to help stop the spread of nuclear weapons. They could sign a comprehensive test ban treaty and limit strategic nuclear weapons. But prospects still seem distant.

Solutions suggested so far include:

Stopping the exports of reactor, enrichment plant, and plutonium reprocessing components, plus enriched uranium and plutonium fuel (the approach favored by former President Jimmy Carter).

Trying to strengthen the Vienna agency by providing more money and training for inspectors, upgrading surveillance cameras, counting fuel-rod loadings automatically, and increasing the number of inspections.

Supplying economic and military aid to try to ease the fears of insecure countries.

Creating regional nuclear-free zones.

Making individuals more aware and concerned.

The right answer seems to be a combination of all these. Where experts differ is on deciding which methods to emphasize.

The need for intensified prevention methods is urgent. Nations like Pakistan, South Africa, Israel, and India reject pressure aimed at restricting their own freedom of choice, and regional hatreds and rivalries run deep. Knowledge about nuclear explosives is more freely available than ever.

Even an unknown free-lance writer named Howard Morland was able, after six months' research, to write an article in 1979 for a Wisconsin magazine called the Progressive entitled: "The H-bomb secret—how we got it, why we're telling it."

Imagine the resources a state like Pakistan has.

"Pay a visit to the library at the IAEA in Vienna," a U.S. scientist advises. "Look up 'Weapons, nuclear' and just see what is available. You can't recall that knowledge. It exists."

The world is entering the era of the fast-breeder reactor, whose plutonium production exceeds its fuel consumption.

President Carter tried to stop the US and its allies from building them. President Reagan is attempting to reverse that process, while keeping safeguards. He has ordered work to resume at the Clinch River breeder reactor in Tennessee.

Paul Leventhal, former staff director of the Senate Nuclear Regulation Subcommittee in Washington and now director and founder of an antiproliferation group called the Nuclear Club, whipped out a pocket calculator.

"Safeguards inspectors agree," he said, "that 1 to 1.5 percent of all plutonium or highly enriched uranium is a normal operating loss. They start worrying only when they find more than that amount missing in some way.

"A regular reprocessing plant can process about 1,500 tons of spent fuel rods from reactors. That's 3.3 million pounds.

"That contains 1 percent, let's say, of plutonium—33,000 pounds. After it has been extracted, inspectors allow, let's say, 1 percent for so-called normal losses. That's 330 pounds.

"So anything less than 330 pounds of plutonium from this reactor is considered 'normal.'

"But, assuming about 16 pounds of plutonium is enough to make a plutonium bomb the figure is actually smaller, that's 20 warheads and a half—nuclear warheads."

At the moment, commercial-scale reprocessing plants are few and far between. There's one at La Hague in France, and a pilot plant at Tokai Mura in Japan. India has a plant.

The Reagan administration has decided to try to undo President Carter's 1977 ban on reprocessing plants. Nothing will happen soon: The three US plants (West Valley, N.Y.; Morris, Illinois; and Barnwell, S.C.) are inoperative. But on Oct. 8, 1981, Reagan officials announced sweeping new plans that included lifting Mr. Carter's ban on these plants.

Soon, says Mr. Leventhal, "There'll be more plutonium than ever before being transported from plant to plant.

"It's just a matter of time before you have diversions, or outright theft, or nuclear terrorism in our cities."

How effective—and important—is the web of inspections and safeguards under the direction of the IAEA?

This newspaper's probe indicates they are essential—but that they should not be overrated or oversold. They have a role—to detect possible diversions of nuclear material. The IAEA is not a policeman—or a prosecutor.

All the IAEA has is a whistle. At first it blows the whistle softly, to its own members. If it detects diversion of plutonium, the director general can name the country to the IAEA board. Ultimately he can give a pierc-

ing blast and inform the United Nations Security Council.

After that, it's a political matter for the rest of the world.

In fact, the agency has never named anyone, either to its own board of governors, or to the Security Council.

Former inspector Roger Richter resigned from the agency to testify on Capitol Hill June 19 that agency safeguards were "totally incapable" of detecting whether plutonium was being illicitly produced in a large test reactor.

Countries, he said, could exclude key plants from inspection by saying they were not being used. The Osirak reactor in Iraq, he said, could have secretly produced 17 to 24 kilograms of plutonium a year. Inspectors visited only three times a year. No cameras had been installed.

IAEA safeguards chief Dr. Hans Gruemm visited the U.S. to argue his rebuttal: His inspectors would have seen any attempt to siphon off nuclear materials from Osirak. Surveillance cameras and inspections would have been routinely heightened once a critical mass of highly enriched uranium had been delivered—it hadn't been when Israel attacked.

In fact, Dr. Gruemm has only about 140 inspectors, from various countries, and a safeguards budget of $25 million a year—less than the cost of a single F-16 jet.

To him, that reflects the state of the world—the wishes of IAEA member states, not the wishes of the IAEA. He believes the ratio of his safeguards budget to world spending on arms is 1:20,000.

Overworked and weary, his inspectors fly off to reactors and spent fuel ponds and reprocessing plants around the world, checking the records kept by member states, taking gamma-ray readings, peering through the bluish hue of water surrounding reactor cores or spent fuel ponds, changing film in automatic movie surveillance cameras, checking metal seals of stored nuclear material and camera cases.

Former inspector Emanuel Morgan, an American, has just told the U.S. Nuclear Regulatory Commission that many inspectors don't speak the languages of countries they visit.

It's easy to poke fun at the inspectors: They have too much to do, too little time. They can't drop in unannounced: They have to apply for visas, like everyone else. Pakistan and other countries keep local officials with the inspectors at all times. Any country can reject an inspector because of his nationality—"which means many of our Soviet inspectors sit around Vienna a lot with nothing to do," an IAEA source said.

(Iraq allowed only Soviets and Hungarians to visit Osirak, raising Israeli suspicions to even higher pitch.)

But the "fault" lies, not only with the inspectors (who can, over a period, build up a pattern of surveillance by checking and cross-checking records, just as an internal revenue service cross-checks tax returns), but mainly with a world where states remain jealous of the last ounce of sovereignty.

Since 1968, 111 nonnuclear countries, plus the U.S., the Soviet Union, and Britain, have signed the Nonproliferation Treaty, or NPT.

Nuclear states keep their bombs but agree to negotiate "in good faith" to reduce them. Nonnuclear states accept international inspection, in return for freedom to keep using nuclear power for peaceful purposes.

They are also guaranteed a flow of technical assistance to help them develop nuclear programs.

But nonnuclear states are becoming more and more restive. Superpower arsenals are growing all the time. SALT I is in limbo. Nuclear countries sell technology at commercial rates. They don't give it away.

These smaller states are not impressed with new US-Soviet talks on reducing forces in Europe. They tend to be cynical about President Reagan's "zero option" plan for eliminating all missiles in Europe if the Soviets agree.

They were upset when former President Carter persuaded Congress to pass the 1978 Nuclear Nonproliferation Act, because its effect was to deny fuel and technology to any country unwilling to accept full-scope safeguards. To them, this showed the US owning massive nuclear arms and determined not to share nuclear know-how.

"If we tried to negotiate the NPT today, we couldn't," one expert in Vienna says.

Major nonsigners of the NPT: France and China, Pakistan and India, Israel and South Africa, Argentina, Brazil, Chile, and Cuba.

France remains controversial. It says it behaves as though it had signed the NPT. But, in fact, scientists and officials in the US and Britain, and even some in France itself blame Paris for selling two of the most controversial reactors in the world today. One went to Dimona in Israel's Negev Desert in 1963. It has been used to create plutonium ever since. The other was Osirak.

France also agreed to sell Pakistan a large reprocessing plant in the mid-1970s. It backed away from the deal only under US and European pressure. But blueprints had already been delivered. Pakistan, sources say, copied them and used them to build a smaller reprocessor—an essential part of the cycle needed to make nuclear bombs from plutonium.

A spokesman for the Atomic Energy Commission in Paris says that France had agreed to rebuild Osirak. But talks about the site, the type of reactor, the fuel, and safeguards could take up to a year. Privately, French officials acknowledge heavy world pressure to tighten safeguards and to sustitute "caramel" fuel, which is harder to use in a bomb.

Nonetheless, the system has its uses. A state like Pakistan, which refuses the degree of inspection Vienna officials want, is automatically spotlighted.

No state has yet given the requisite three-month notice to withdraw. To do so would be to confess openly it intended to build a bomb.

The IAEA does not work in a vacuum. It is just one part in a wider system that includes (1) military intelligence from the US, Israel, India, and other states; (2) the knowledge that spreads like wildfire on the unofficial "gossip" network of nuclear scientists around the world; (3) pressure by the superpowers on states like Pakistan (and West Germany, which Moscow watches like a hawk).

The US will not sell any nuclear material to a country that does not subscribe to NPT full-scope safeguards. Many other countries demand IAEA inspection only on material they themselves provide.

On a desktop in Vienna sits a white metal box. Once a week it flashes an automatic signal to seven black boxes sitting on other desktops around the world.

One black box is at a nuclear storage site at Lucas Heights, Australia; others are at a reactor outside Sofia, Bulgaria; in Manitoba, Canada; outside Cologne, West Germany; north of Tokyo near the city of Mito; at a research reactor in Cambridge, Mass.; in the rolling countryside of Harwell, outside Oxford, England.

When the tamper-proof black boxes receive the command signal, they release coded information they have already retrieved and stored from tiny automatic sensors. The sensors are on automatic surveillance cameras in sealed metal boxes, at the entrances or exits of nuclear reactors, and on stockpiled nuclear material.

Within three minutes, all the boxes have released their stored data and zipped it back across thousands of miles to the master white box in Vienna.

Now the white box knows whether film in the cameras in Australia, Bulgaria, Canada, West Germany, Japan, the US, and England has been broken . . . if the video system is working . . . if the power is still turned on inside the cameras . . . whether sealed boxes or sensors have been tampered with.

This is dizzying technology. It has been developed by the American firm, TRW, in answer to a US idea to peer more efficiently and more often into countries' nuclear sites.

But it is also a problem.

So far, it is only a pilot plan—Operation RECOVER (for Remote Continual Verification). It has cost $3.5 million. Failures and random signals have occurred at a rate of a mere 0.5 percent, US officials on the program report.

It is real Buck Rogers material—except that the system might work too well.

The USSR won't accept it (as a nuclear weapons state, it doesn't have to). Other states could also reject it as too intrusive.

Already poorer countries on the board of governors of the IAEA are raising a host of questions—what will it cost? Who pays for installing the black boxes and the sensors? How often can Vienna call up stored data? How many sensors should be affixed to how many reactor sites? What control will each country retain? (Inspectors have to be issued visas—but an electronic signal is a different matter.)

Detractors say, "Too much machinery, too much reliance on wires and circuits, too much danger of false signals and equipment failure. . . ."

A similar system is being developed to cover nuclear materials—plutonium, enriched uranium—in transit. It is called Operation TRANSEAVER.

Japan prefers instruments to inspectors at Tokai Mura because the plant could keep working while sensors operated. Australia is interested in TRANSEAVER as a way of safeguarding long sea voyages.

But many other countries may reject the new gadgetry. There's such a thing as a too-super supersleuth.

One solution to spreading weapons is the setting up of regional nuclear-free zones. So far, however, progress is slow.

There is one nuclear-free zone: Latin America. In 1967 a number of nations there signed a treaty with an almost unpronounceable name: Tlatelco, named after the place in Mexico where it was drafted.

Today, 14 years later, Cuba, Chile, Guyana, and the two hemisphere giants, Argentina and Brazil, still have not accepted the treaty.

Twenty-two states in the area have signed, plus the U.S.

The five nuclear-club members in the world (U.S. Soviet Union, France, Britain, and China) have agreed not to introduce nuclear weapons into the zone. The U.S., Britain, and the Netherlands have agreed not to station nuclear weapons on their Latin American territories.

France has a constitutional problem. Since all French departments are equal, France could not forswear nuclear weapons in Martinique without doing so in Marseille.

Much depends, of course, on Argentina, Chile, and Brazil. Why haven't they accepted the treaty?

The answer lies in a mixture of regional rivalries, insecurities, and ambitions.

Chile and Brazil say everyone else must ratify first. Translation: They won't sign before their rival, Argentina.

In fact, Chile and Brazil have signed, and ratified—but they have not waived a provision that says the treaty takes effect only when everyone has signed. The 21 other states have waived this provision and

accepted the treaty for themselves and all other signers already.

What about Argentina?

It has signed—but not ratified. It has offered a variety of reasons over the years. The latest: It has to negotiate safeguards with the IAEA first. (Other states have ratified first, then talked about safeguards.)

Adm. Castro Madero, head of Argentina's Atomic Energy Commission, puts his view of the IAEA in a nutshell: He tells newsmen that every country "has the right to develop the technologies it needs." Buenos Aires refuses to give up its right to peaceful nuclear explosions.

Partial translation: Brazil must agree first, please.

The U.S. "continues to be hopeful" that Argentina will accept Tlatelolco. Translation: Don't hold your breath.

All those who don't accept the treaty worry about the possibility of Soviet nuclear warheads in Cuba. Cuba might come under heavy pressure from Moscow to sign if everyone else does so first. Without that, Moscow won't insist.

Argentina is moving steadily toward an independent fuel cycle. It leads the field in Latin America.

Experts say its power reactor Atucha 1 has produced 200 kilograms of plutonium since January 1974—still in spent fuel rods and safeguarded by the IAEA under a three-way agreement with Vienna and West Germany, which provided the reactor.

Argentina is ambitious. It has plans to spend $5 billion to $7 billion in this decade alone. Its scientists are well-trained.

Canada has built a second reactor. West Germany is working on a third. Canada insists on safeguards, and would have demanded even stricter ones had it landed the contract for the one it lost to Bonn. Bonn is asking safeguards only on the reactor it is building—not full-scope safeguards on everything in Argentina.

Switzerland is building a heavy-water plant (also asking for safeguards only on its own plant). Argentina is working toward making its own fuel rods and building a small reprocessing plant.

Ambitious, wealthy, determined, it is a country to watch.

Brazil entered the field much later, and less efficiently.

Almost all its nuclear eggs are in one West German basket: a gigantic agreement signed in 1975 for a total of nine reactors, a reprocessing plant, and two enrichment plants.

Bonn has also agreed to build a plant to make fuel rods.

The US and others have made clear to Bonn that they have grave doubts about this huge scheme.

In fact, Brazilian uranium is to be enriched at the URENCO plant in the Netherlands, run by Holland, West Germany, and Great Britain. The Dutch are adamant they will not agree unless ultra-strict safeguards are clamped on.

Nonetheless, if the deal goes through, the Brazilians will have considerable knowledge by 1990. The more it has, the more Argentina will worry—and the less likely it may be that Tlatelolco will be fully accepted.

But there is a bright side to the story. "Yes," said Jeremy Stone, director of the Federation of American Scientists in Washington, in an interview. "Yes, the dike could be breached. Weapons could spread.

"But so far the process of proliferation hasn't happened automatically or quickly. It's been slower than people thought, and that gives hope that it can be further restrained and even halted.

"The whole name of the game is to buy time, until the security problems of the world—the Mideast, South Korea, Taiwan, and others—might be eased. . . .

"The superpower arms race has gone worse than anyone had expected.

"Proliferation has gone far better."

The list of states that could take a quick step across the nuclear threshold is limited—though experts agree that by 1990 it will have two dozen or so names.

Experts like Jeremy Stone say you have to deal with these states on an individual basis, rather than looking for some kind of global, overall strategy.

Three of the many ideas offered to this correspondent:

Israeli scientist and member of parliament Dr. Yuval Neman: "No country should sell highly enriched uranium to another. It should lease it, guard it, inspect it on site, and repossess fuel rods containing plutonium."

Paul Leventhal of the Nuclear Club Inc.: "Ban the use of highly enriched uranium and plutonium in commercial reactors. Use only natural or low-enriched uranium. Lock up all spent fuel rods, which contain plutonium, in some kind of international storage." (Talks on such a storage system have bogged down.)

US defense consultant and research professor Edward Luttwak: "Concentrate on the countries trying to get the bomb. Collect intelligence. Put pressure and publicity onto the big companies that sell nuclear components. Other governments might resent US pressure; the people of the world would welcome it. Don't use armed force—unless Libya starts to get nuclear weapons. In that one case, you would have to strike."

The last word, perhaps, should come from a man who was close to having the first: Bertrand Goldschmidt of France, the grand old man of safeguards and nonproliferation, author of the book "Le Complexe Atomique."

Small, wiry, neat, precise, he worries as much these days about the nuclear stockpile possessed by weapons states as he does about other countries or terrorists or Libya getting a bomb.

"The 11,000 tactical nuclear warheads stored in West and East Germany could be stolen," he told me in Vienna.

He paused, thinking back as well as forward.

"Don't forget the positive aspects," he reminded me. "There have been three miracles."

Miracle No. 1: "August Lindt of Switzerland and I struck the compromise that allowed the IAEA to be born in October 1956," he recalled. "States were allowed to keep fissionable materials they needed for research or in existing reactors or those being built—before then, the idea was that states had to yield their stocks to an international body. France and India and others saw that as exploitation. After all, in those days, the US controlled most of the world's uranium, along with Britain.

"Safeguards were accepted—a political revolution!

"For the first time countries gave up some sovereignty to get the nuclear materials they wanted—unprecedented."

The USSR after 1963 supported the US on the need to stop other nonnuclear countries from getting the bomb.

Miracle No. 2:

In the first decade after World War II, three countries got the bomb: the US in 1945, the USSR in 1949, the United Kingdom in 1952.

In the second decade, two: France in 1960, China, 1964.

In the third decade, one: India, 1974.

In the fourth decade: none—if the flash in the sky on Sept. 22, 1979, between South Africa and Antarctica was not a bomb. No one seems to know.

"The fact is that no one has embarked on an open nuclear arms campaign since 1964." Mr. Goldschmidt said.

Miracle No. 3:

The five countries that could easily have built a bomb after the war did not.

West Germany, Japan, and Italy had to renounce nuclear weapons as part of settlement agreements after the war. Canada decided it was secure and didn't need a bomb. Sweden had a long struggle, but eventually went the same way.

Romania, Hungary, Finland, and Bulgaria also had to renounce nuclear arms after the war to obtain peace treaties.

But the "pause" in proliferation of recent years may be coming to an end—unless much more is done.

What can YOU do to help halt the spread of nuclear weapons?

Experts, including Paul Leventhal, suggest:

Take an interest in the issue. Become involved.

Contact your representatives in Congress and ask what their views are. Let them know you support arms control.

Find out more about what the International Atomic Energy Agency is and what it does.

Look into nuclear power in your area. Whether or not you think nuclear energy is desirable, there are other issues:

How safe is your local reactor (if you have one) against sabotage and theft? What is happening to the spent fuel rods taken from the reactor every two years or so? Are they being held for reprocessing (to extract plutonium from them) or are they being kept in coding ponds with the plutonium still locked up harmlessly inside?

"Proliferation is ultimately a home-town problem," Mr. Leventhal says. "Stolen plutonium can be used anywhere, including Main Street."

Mr. Leventhal's organization, the Nuclear Club Inc., is at 1742 "N" St., NW, Washington, DC 20036.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

SMALL BUSINESS INNOVATION RESEARCH ACT OF 1981

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the pending business, S. 881, which will be stated by title.

The legislative clerk read as follows:

A bill (S. 881) to amend the Small Business Act to strengthen the role of the Small, innovative firms in federally funded research and development, and to utilize Federal research and development as a base for technological innovation to meet agency needs and to contribute to the growth and strength of the Nation's economy,

AMENDMENT NO. 652

(Purpose: To declare the sense of the Senate that the next vacancy on the Board of Governors of the Federal Reserve System should be filled by an individual who has substantial small business, agricultural, or other small business experience)

The amendment is as follows:

In lieu of the matter proposed to be inserted, insert the following:

Since the Board of Governors of the Federal Reserve System directly oversees the growth of the monetary aggregates, the availability of credit and monetary policy generally, all of which substantively affect every sector of the national economy:

Since section 10 of the Federal Reserve Act of 1913, as amended, provides that in submitting nominations for the Board of Governors of the Federal Reserve System, the President shall have due regard to a fair representation of the financial, agricultural,

industrial, and commercial interests, and geographical divisions of the country;

Since the present composition of the Board does not conform to the spirit of these statutory provisions and no President since 1959 has appointed an individual from either the agricultural of commercial sector to the Board of Governors;

Since the impact of Federal Reserve policy is particularly significant on those constituencies which by law are to be represented on the Board;

Since high interest rates are having a devastating effect on the credit-sensitive sectors of the economy, particularly small businesses, which includes small farms;

Since business bankruptcies are nearly 50 per centum above 1980;

Since over 97 per centum of the businesses in the United States are small businesses, which account for over 50 per centum of the Gross National Product, 80 per centum of the new jobs created in the private sector, and nearly half of the nation's industrial innovations;

Since the problem lies not with the statutory language of the Federal Reserve Act;

Since the United States Senate, in Senate Resolution 434, Ninety-sixth Congress has already expressed its concern about past insensitivities to the requirements of the Federal Reserve Act; and

Since the next vacancy on the Board of Governors of the Federal Reserve System will occur January 31, 1982, and preparations for the nominations will commence soon: Now, therefore, be it

Declared, That in recognition of the fair representation provision in the Federal Reserve Act of 1913, as amended, the President of the United States, the United States Senate and the Senate Committee on Banking, Housing, and Urban Affairs should assure that the next vacancy on the Board of Governors of the Federal Reserve System should be filled by an individual who has substantial small business, agricultural or other small business, experience.

Mr. RUDMAN. Mr. President, am I correct in stating that the pending business before the Senate is the Baker second-degree amendment to the Robert C. Byrd amendment to S. 8812.

The PRESIDING OFFICER (Mr. DENTON). The Senator is correct.

Mr. RUDMAN. Will the Chair please advise the time agreement on that amendment and who controls the time?

The PRESIDING OFFICER. Under the previous order, there is a time limit of 30 minutes, equally divided, controlled by the mover and the manager of the bill.

Mr. RUDMAN. Mr. President, I yield the 15 minutes on this side to the Senator from Iowa (Mr. JEPSEN).

The PRESIDING OFFICER. The Senator from Iowa.

Mr. JEPSEN. Mr. President, I ask unanimous consent that the name of the Senator from Florida (Mrs. HAWKINS) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JEPSEN. Mr. President, the amendment which the distinguished majority leader submitted yesterday afternoon on behalf of me and Senator WEICKER combines the language of our two earlier resolutions: Senate Resolution 209 and Senate Resolution 247. I want the record to show that the current measure is as much his as mine.

The motivation behind the amendment is twofold: Existing law and commonsense.

The Federal Reserve Act of 1913, which created the Federal Reserve System, provides that "in selecting Members to the Board the President shall give due regard to a fair representation of financial, agricultural, industrial, and commercial interests * * *."

That reads pretty clearly to me. The right of farming and small business interests to direct participation in formulating monetary policy is not a question of interpretation. It is one of law.

Yet, of the 60 individuals who have served on the Board of Governors longer than 6 months, only 7 can claim agricultural experience. In over 20 years, not one appointee has come from a farming background.

Since 1959, 23 people have been appointed to the Board of Governors. Of those, only one can legitimately point to a connection with American small business.

What these statistics mean is clear enough: For more than two decades, the original intent of the Federal Reserve System's enabling legislation has been given little more than lip service. This just is not right.

But the motivation is more than simple statute. Congress included agriculture and small business in section 10 of the Federal Reserve Act for a very good reason: Commonsense.

These two sectors alone produce well over 50 percent of national income and 53 percent of American jobs. More important, our farms and small businesses create 75 percent of all new employment. They have always been and remain the principal source of dynamic growth in our country. It is not coincidental that the particular amendment Senator WEICKER and I are offering today is attached to a bill which addresses the critical role the small entrepreneur plays in maintaining our Nation's technological edge. Farming and small business are far and above the two most important sectors in the economy. Their stability and growth set the pace for the stability and growth of the entire economy.

However, the real issue at stake here goes beyond mere facts. The effects of monetary policy on agriculture and small business are not just numbers on a page. They reflect real human costs. In the absence of affordable credit, financing for mortgages, building, inventories, expansion, research, durable goods, seed, and fertilizer stops. Businesses and farms that have been in one family for generations are threatened with bankruptcy. Lifelong employment is interrupted—sometimes permanently. Our proposal is speaking about these sorts of things.

The amendment is not a dilatory one. The passage of this language will send an important message back to the 23 million agricultural workers and 12 million small businesses in this country: First, that the Senate is aware of the devastating impact of high interest rates on their lives; second, that we recognize their right to participate in finding a solution to it; and third, that we are doing something concrete to enforce that right.

The distinguished minority leader wants statutory language; Senator WEICKER and I and a large number of our colleagues prefer a sense of the Senate resolution. I want to briefly outline why.

First, the nomination to the Federal Reserve Board, like all other Executive nominations, is an "advice and consent" or "advice and disapprove" situation. The proper role of the United States in the matter of Executive appointments is to suggest, recommend, and counsel, and not to designate. To do so is to infringe on the Presidential prerogative and to raise difficult constitutional problems.

The Senate, at its discretion, and for whatever reason, may and often does reject a given appointee, but the appointment itself rests with the President alone. I think it would be ill-advised to break with a formal tradition that has served both sides of the aisle so well for over 200 years. If the next Federal Reserve Board nominee is unsuitable, I will be the first to cast my vote against him or her. But I cannot cast a vote against our democratic traditions. That is the first reason why I cannot support the distinguished minority leader's language.

Two days ago, Frederick Schultz, Vice Chairman of the Board, who occupies the next seat to be vacated testified before the Joint Economic Committee's Subcommittee on Agriculture and Transportation. He said:

I would not like to see you pass legislation which would specifically designate that a certain group has to have a representative on the board . . . I would say that the resolution which you have co-authored is one that I think is the right way to go at this point in time. I think it has great validity . . . we have been unfair in this country to farmers and small businessmen.

Frederick Schultz has no stake in who replaces him. Yet, he explicitly opposes the procedural form of the minority leader's amendment and does so for much the same reasons as Senator WEICKER and I do.

There is a second objection to the language of the preceding amendment, and one that I know the minority leader has a great deal of understanding for: proper Senate procedure. Whereas the language proposed by Senator WEICKER and I implicitly respects the prerogative of the Committee on Banking, Housing, and Urban Affairs over Federal Reserve System legislation, the minority leader's amendment has the practical effect of amending the Federal Reserve Act of 1913 as amended.

Regardless of the technical points, the words "the President shall" means one and only one thing. The President has no choice but. Yet the committee has not acted on any relevant bill. This is the second reason I cannot support the minority leader's language.

The substitute amendment removes the problems of both Executive and senatorial prerogative contained in the minority leader's amendment. Yet, it does exactly what the minority leader wants done. I strongly urge my colleagues to support the substitute. It will send a strong bipartisan message to the President and to the American people.

Mr. President, I request the yeas and nays on the substitute amendment.

The PRESIDING OFFICER. Is there a sufficient second. There is not a sufficient second.

Mr. GARN. Mr. President, will the Senator yield to me for a minute?

Mr. JEPSEN. Mr. President, I yield to the distinguished chairman of the Banking, Housing, and Urban Affairs Committee, Senator GARN.

Mr. GARN. I thank the Senator from Iowa. I will not take long.

I had the opportunity yesterday to express my opinions in opposition to the Byrd amendment. So I will not take the time of the Senate to do that again but just simply to indicate that my position of long standing has been that the Board did not make up a fair representation as asked for in the Federal Reserve Act of 1913 and modified in 1922.

I think it is very important that this President and this administration take note of that law and make certain that we have the kind of nominee that fits that fair representation. But I feel very strongly that it is not proper for the Senate to do this by statute to dictate a particular position.

Therefore, I certainly support the amendment of the Senator from Iowa which is a sense-of-the-Senate resolution. It very strongly indicates to the President that we want that law followed. I think this is the proper way to do it.

At this time I will take no additional time but to indicate to my colleagues as chairman of the Banking Committee, after holding hearings and on this very issue and looking at several different proposals by various Senators on both sides of the aisle, I think this is the best approach, and I encourage my colleagues to vote for this particular amendment offered by the Senator from Iowa and the Senator from Connecticut.

Mr. GRASSLEY. Mr. President, I support the amendment of the senior Senator from Iowa to ask the President to consider appointing a farmer or small businessman to fill the vacancy of retiring Governor of the Federal Reserve Board, Frederick Schultz.

The President will be able to appoint a new Governor when Mr. Schultz's term expires on January 31, 1981. Senator JEPSEN's amendment asks the President, the Senate, and the Senate Committee on Banking, Housing, and Urban Affairs to follow the Federal Reserve Act of 1913 in choosing a replacement. The act requires that not more than one Governor shall be selected from any one Federal Reserve District, and due regard shall be given to a fair representation of financial, agricultural and commercial interests as well as geographic divisions within the country. In my view, we have strayed from the purposes of the act.

Senator JEPSEN has already chronicled the appalling statistics about the absence of farmers and small businessmen as Governors of the Federal Reserve Board. He has also unveiled the lack of fair geographical representation within the current selection process for Governors. This resolution focuses executive and congressional attention on these ignored criteria for selection of a Governor. It deserves the serious consideration of each Member of this body.

As a cosponsor of this amendment, I strongly support its enactment and I congratulate my colleague on his fine work on this matter of concern to the entire Nation.

SMALL BUSINESS REPRESENTATION ON THE FEDERAL RESERVE BOARD

Mr. NUNN. Mr. President, the Federal Reserve Board is one of the most powerful, and influential financial institutions in our Nation. The Board has the broad ability to control the growth and the direction of our Nation's monetary policy and credit aggregates. However, as important as the Board's actions are to the economy in general, we must also recognize that their actions in attempting to influence macroeconomic policy has a direct impact on the economies of specific segments of our economy; among the most affected sectors in the national economy are our small businesses.

I need not repeat here the litany of statistics about small business. Many were referred to earlier in the consideration of this small business innovation bill. Suffice it to say, small businesses are major contributors to our Nation's economic well-being. Regrettably, they are also facing severe capital formation and retention problems, and are heavily dependent on credit for much of their day-to-day operations. They have been especially hard hit by both the lack of available funds, and the cost of those funds.

Simply, the high interest rates, depressed sales, and growing business inventories are having a devastating effect on these small businesses, and the number of bankruptcies is rising dramatically.

A number of steps have already been taken to address their problems. For example, the recently enacted Economic Tax Reduction Act does provide some significant benefits for small business, particularly on the capital retention side. Our efforts to balance the budget must also remain at the forefront.

But there is another step that can, and should be taken—add a small business person to the Board of Governors of the Federal Reserve Board.

The Federal Reserve Act, enacted in 1913, has a clause calling on the President to take into consideration a fair representation of the financial and agricultural interests of the country in selecting Board members.

While these statutory provisions have existed in their present form since 1922, I believe it is fair to say that they have been largely ignored. But it has only been recently that the Nation's economy has so battered the small business sector generally, and the credit-sensitive sectors—such as homebuilders, realtors, and auto dealers—specifically, that there has been a renewed call for enforcement of these provisions.

Next month, the term of Federal Reserve Board Vice-Chairman Frederick Schultz expires. The President will have an ideal opportunity to reaffirm his commitment to his economic recovery program and to show his concern for the small business men and women of this Nation by appointing a well-qualified person with experience in small business to that vacancy.

Mr. President, the Senate has pending several policy statements in support of such specific small business representation. We all agree that the next vacancy, the Schultz vacancy, should be filled by that small business person. I hope that, regardless of the form of the Senate's action today, there is no doubt in the President's mind of the importance to which the small business community attaches to this upcoming appointment. Today's action will again reaffirm the Senate's commitment to the adherence to the fair representation provisions of the Federal Reserve Act, and our expectation that it will be followed when the President submits his nominee for Governor Schultz's position.

Mr. MELCHER. Mr. President, I want to make it clear that I feel that the amendment offered by the Democratic leader, calling for the appointment of a person with small business background to the Federal Reserve Board when Vice-Chairman Schultz ends his term in January, is extremely important to our fight to get interest rates under control.

I wrote to President Reagan on October 30 of this year and asked that he make the next appointment to the Board someone with a small business background. This letter was cosigned by 25 other Senators from both sides of the aisle, indicating the importance of this appointment.

I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
October 30, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: We are writing to urge you to appoint someone with significant small business experience to replace Federal Reserve Governor Frederick Schultz when his term expires at the end of January.

Thankfully, short term interest rates have eased slightly in recent days, but the cost of money to most small businesses still ranges up to 20 percent. VA and FHA mortgage rates hover near 18 percent. Such interest rates are wreaking havoc on small businesses across the country and, increasingly, the small business community is voicing concern that it is being asked to bear a disproportionate share of the burden of the Federal Reserve's tight money policies.

Since its creation in 1913, the Federal Reserve Board has been, with few exceptions, the private domain of past presidents of the nation's largest banks. It is time for a change. We need more sensitivity to the needs of our grassroots enterprises. We need a more balanced view of what kind of monetary policy best serves all of our economy.

Legislation has been introduced in Congress that, if enacted, would require the appointment to the Board of at least one individual with significant small business experience. Mr. President, you don't have to wait for such a change in the law. You have the opportunity now to appoint such an individual and make a clear statement to the small business people across our nation that

you care about their battle against high interest rates and believe they ought to have a voice in monetary policy.

We urge you to take that opportunity.

Thank you.

Sincerely,

Harrison A. Williams, Jr., John Melcher, Quentin Burdick, Jim Sasser, Larry Pressler, Alan J. Dixon, Charles McC. Mathias, J. J. Exon, P. S. Sarbanes, Jennings Randolph, Roger W. Jepsen, Wendell H. Ford, Pat Leahy, Max Baucus, Edward Zorinsky, Bennett J. Johnston, Carl Levin, David Boren, Howell Heflin, David Pryor, Walter D. Huddleston, Rudy Boschwitz, Spark M. Matsunaga, John Heinz, Don Riegle, Strom Thurmond.

Mr. MELCHER. Mr. President, I held hearings in the Senate earlier this year and at the second of these hearings Federal Reserve Board Governor Lyle Gramley testified that the Fed would not move to reduce interest rates until they saw a fundamental breakthrough on inflation. When asked what a "fundamental" breakthrough would be, he responded that it would be increased productivity brought about by a drop in workers' wages. I consider such an attitude totally unrealistic, and I told Governor Gramley that. I consider the policy of the Board in causing high interest rates as a tragedy for agriculture, housing, and small business as well as the rest of our people.

We have to have some change in the attitudes of the Federal Reserve if we are ever going to have a stable supply of reasonably priced credit. Just yesterday, I received the December issue of Financial World, a leading Wall Street magazine. I want to read part of the editorial in this month's issue:

What has driven Wall Street bonkers and scared the rest of the world silly is that this Administration has not delivered on one of the major planks of the campaign. Let's examine the Reagan program carefully:

Cut taxes. This they've done and they're the right kind of tax cuts—stimulating savings and investment.

Cut spending. This they have also begun. Some 40-odd billion dollars has been hacked out of the Carter legacy budget. This is not enough surely, but a terrific start.

Dismantle the crippling burden of overregulation. Not as fast as I would have liked, but progressing.

Create a stable and responsible monetary policy. Strikeout! A total failure.

And that's the problem. It's not the deficits (we've learned that they're all right if they stimulate savings, investment and productivity). And it's certainly not a question of raising taxes. Either the supply-side theory of cutting marginal tax rates is sound or it isn't. To even suggest at this time that taxes should be raised is ludicrous. No one in Washington or in the United States has the vaguest idea of what the deficits are going to be in '83 and '84. Why? Because none of us knows how much growth will be generated in our economy. The tax cuts should work, but they are being prevented from working by monetary overkill.

The President promised a slow reduction in monetary growth over the four-year period to bring the growth in our money supply to a level consistent with our real economic growth, thereby bringing inflation down. I don't care that M2 is still growing at a high rate. These M's have the same validity as the CPI and the GNP numbers. They are, at best, grossly inaccurate tools. But I am interested in transactional dollars and by far M 1-B is the best measure we have of transactional dollars. In the 12-month period ending in the fourth quarter of last year, M 1-B advanced by 7.2 percent. If the growth in the money supply was to be cut in half over a four-year period, by the end of 1984 M 1-B would be growing at an approximate 3.6 percent annual rate.

But ever since the Fed let the money supply soar in the spring, it has been clamping down with a vice that is strangling the financial markets. We now have nine-month's worth of statistics and a good fix on the last quarter. It appears M 1-B will expand for 1981 at about 4¼ percent. In other words, Mr. Volcker and his team have done three-and-a-half-year's work in six months! I am the last one in the world not to argue for reining in what had been our extravagantly growing money supply, but the medicine administered by Mr. Volcker is just as lethal as the illness itself.

I hope this is understood down in the White House. The President, Secretary Regan, Dave Stockman and Ed Meese have walked the aisles of Air Force One while it has been hurtling through the skies at over 500 miles per hour. They could do this because the changes in speed were gradual.

What has happened is that pilot Volcker opened up the reverse thrusts full, and the President, his team and his program are sailing through the cockpit window. Now the Fed's easing, but it is too late for this fiscal year. That's the real problem.

Mr. MELCHER. Mr. President, it has become clear to almost everyone that change is needed, and I certainly hope we can pass the Democratic leader's amendment to show the President that he has full Senate support in appointing someone who is knowledgeable about and sensitive to the needs of small business people, including our Nation's farmers and ranchers.

If the substitute amendment, which simply makes it the sense of the Senate that a small business person be appointed, can get the job done, fine. But, I have no problem with requiring the President to take this action. The need is critical.

Mr. JEPSEN. Mr. President, I reserve the remainder of my time. I have no one else here, and if the distinguished minority leader wishes to take any time on this at this time, he may. If he does not. I suggest the absence of a quorum and ask unanimous consent that the time not be taken away from either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, how much time do I have remaining on this amendment?

The PRESIDING OFFICER. The Senator has 15 minutes. No time has been used on his side.

Mr. KENNEDY. Mr. President, I give my strong support to Senator BYRD's amendment directing the President to nominate a small business representative to the Federal Reserve Board. In light of the severe economic pressure facing small businesses as a result of high interest rates and recession caused by the Fed's harsh monetary policy, I believe it is essential that the next vacancy on the Board should be filled with a person familiar with the needs of small business.

The 10 million small businesses in America are the undisputed leaders in creating new jobs, enhancing competition, and generating innovation in our economy. In a real sense, small business is the backbone of economic prosperity in Massachusetts and across the Nation. Yet small businesses are among the most serious casualties of the administration's recessionary economic policies.

I have talked to hundreds of owners and managers of small business in recent weeks in Massachusetts. They have told me how their enterprises are hamstrung by the administration's relentless policy of tight money and high interest rates. In Massachusetts, small business bankruptcies are up 16 percent over 1980, in large part due to the prohibitive cost of capital. And prospects for recovery are bleak as the economy sinks ever deeper into the recession brought on by the highest interest rates in our history.

The primary cause of our present economic distress is the administration's misguided policy of fighting inflation with recession. To a large extent, the Fed follows the flag. Until the administration signals an end to its present reactionary monetary policy, the current plague of tight money and high interest rates is likely to continue.

In the meantime, however, Congress can take action to ease the unfair burden of this policy on small business. The Federal Reserve Board holds life and death power over small business in America. We need a balanced monetary policy that serves all sectors of our economy, not just our largest firms and financial institutions. The time has come to name a small business representative to the Federal Reserve Board, so that the voice of small business can be fairly and fully heard in fashioning the Nation's monetary policy. I hope this amendment will be adopted by the Senate.

Mr. HAYAKAWA. Mr. President, I rise in support of the amendment offered by the majority leader. As a member of both the Senate Committee on Small Business and the Senate Committee on Agriculture, I am pleased that the leadership has recognized the important contribution of America's farmers and small businessmen. Without them, the economy could not function.

Because of their great contribution, I think it is important that they have a representative on the Federal Reserve Board to voice the interests and needs of small businesses with respect to credit. As we are all aware, the high interest rates which persisted last year and recurred again this summer had a tremendous effect on struggling enterprises. For those who depend on credit to function on a day-to-day basis, the money squeeze caused by Federal intervention in the credit market was devastating.

During the Small Business Committee's hearings on interest rates and business credit needs, I listened to the concerns of small businessmen, and the reactions of Mr. Frederick Schultz, Governor of the Federal Reserve Board, whose seat is being vacated.

My support of this amendment is in no way a criticism of Mr. Schultz, or of the policies which the Federal Reserve Board has been following this year. Appointing an individual with small business or agricultural experience to the Federal Reserve Board will provide the monetary policy arm of the Federal Government with a fresh perspective on the impact of credit policy on America's businesses; such an appointment will also provide a representative from the small business community with first-hand experience about the need for long-range national monetary policy. In short, I believe both the Federal Reserve Board and the business community will benefit from new representation on the Board.

BROAD REPRESENTATION ON THE FED

Mr. DOLE. Mr. President, the Senator from Kansas supports the efforts of the Senators from Tennessee, Connecticut, and Iowa to provide that the fair representation provisions of the Federal Reserve Act of 1913 be complied with in a manner consistent with congressional intent. Given current economic conditions, it is especially important at this time to insure that the Board of Governors of the Federal Reserve be composed in part of representatives of certain sectors of the economy that are particularly susceptible to periods of sustained high interest rates and lack of available credit.

The Senator from Kansas does not want to be misunderstood as dictating monetary policy to either the President or the Board of Governors of the Fed. Certainly there must be some independence by that body to engage in the complicated tasks which it must tackle, among them: Establishing guidelines by which the district Federal Reserve banks supervise and regulate member banks, and, in connection with the Board of Governor's membership on the Federal Open Market Committee where the responsibility for designing and implementing monetary policy largely falls, setting the discount rate and reserve requirements and, perhaps most importantly, controlling the buying and selling of Government securities in the open market.

This Senator recognizes that the factors involved in making these decisions are of such complexity that they do not lend themselves easily to the political process, where actions having short-term popularity often turn out to be ill advised in retrospect. Monetary policy needs to be planned for longer time periods and executed with greater continuity than would likely be the case if monetary policy were directly the product of our political system.

This Senator states, then, that it is not the question of independence by the Board of Governors that should be addressed, but rather by whom that independent judgment is exercised. In that regard, reason dictates that sectors of the economy that are heavily impacted by monetary policy, such as small businessmen and farmers, have input into the formulation of that policy. It is of paramount concern that the standard of competence necessary for appointment to the Fed not be compromised at all, but rather that eminently qualified persons representing different sectors of the economy comprise the board membership.

Farming and small commercial business interests are directly responsible for over half of the aggregate national income and for an even greater percentage of national employment. In the absence of available and affordable credit, the very lifeblood of our economic system can be frozen. Farmers are unable to plant crops or purchase the equipment necessary to harvest those crops, and businessmen find themselves unable to purchase the inventory necessary to keep the doors open. It is a fact of life that the DuPonts and the IMB's of the world are better able to weather the effects of unstable economic policy than are the multitudes of agricultural workers and small businessmen.

I do not suggest, Mr. President, that each imaginable sector of the economy be guaranteed a vote on the Federal Reserve Board. I do submit, however, that the overall direction of our monetary policy ought to be set by qualified persons who understand the particular needs of important groups such as farmers and small businessmen.

This Senator urges the Senate to recognize the essential role that these sectors of the economy play in the overall economic picture, and to correct the imbalanced representation on the Fed that has existed. The statutory language found in the Federal Reserve Act of 1913 is not vague, and I wholeheartedly join in the effort to provide that there be agricultural, commercial—including small business—and regional representation on the Board of Governors of the Federal Reserve.

Mr. ROBERT C. BYRD. I thank the Chair.

Mr. President, I rise in opposition to the amendment proposed by Senators BAKER, WEICKER, and JEPSEN. The sole difference between their proposal and mine is that the Republican alternative will send a much weaker message to the President than will be legislative language of my amendment. We must decide today if we want to give the small businessmen of this country the assurance that their concerns will be heard on the Federal Reserve Board, or if we will only offer them another weak reed of hope.

It has been said that my amendment is inappropriate because it has not been thoroughly considered by the Banking Committee, which has jurisdiction in these matters. In ordinary times I would agree with that. Unfortunately, these are not ordinary times. The small business community has come under enormous pressure from high interest rates, and its voice, the small businessman's voice, must be heard. Reports in the Wall Street Journal indicate that the President is within 10 days of making his decision about who will fill Governor Schultz' position next January. The Banking Committee has had more than 1 year since the last Federal Reserve nominee was approved, and no action was taken until yesterday when highly preliminary testimony was heard. The time to act has come.

Let us look, for a moment, at a few of the standard objections to my amendment. It is said that the statutory language ties the hands of the President. To that charge I can only respond, yes, it does.

That is exactly the difference between my amendment and the numerous resolutions that urge the President to appoint a small business representative to the Board of Governors. My amendment will make a point that the President cannot ignore when selecting his nominee to fill the vacancy left by Governor Schultz.

The small business community has never received a fair degree of representation on the Board of Governors, and my amendment would be the first step toward redressing this long-lived oversight.

The issue could not be more clearly drawn. Do we assure small business representation on the Federal Reserve Board or do we not? That is the question each of us must answer by the vote here today.

If Senators who oppose statutory language believe the President is going to appoint a small business representative to the Board, then they have nothing to lose by supporting this amendment. However, if they fear that the President will make his choice from the banking or economic theorist community then my amendment is the only way to assure that a small business representative is chosen.

The choice is clear: Do you favor or do you not favor small business representation on the Federal Reserve Board?

Others have said that by specifying an appointment to the Federal Reserve Board we are compromising the independence of the Fed. Nothing could be further from the truth. This amendment does nothing to compromise the independence of the Federal Reserve Board. It does not make one direction to them regarding the money supply, credit conditions, or operating procedures. It does not address any decision that lies within the powers of the Federal Reserve Board.

The issue here is not the independence of the Federal Reserve Board, but whether we will finally bring the Board of Governors into compliance with the intent of Congress when it created the Fed. The original act specified that fair representation of financial, agricultural, industrial, and commercial interests be considered when a Presidential appointment to the Board of Governors is made.

My amendment seeks to assure that this longstanding provision be made a reality, and that the small business community is finally represented on the Board.

The Fed will still be able to take any actions it sees as necessary to help our economy, but if my amendment passes, the voice of small business will be added to the Wall Street chorus now on the Board.

Still others have said that if we specify small business representation on the Federal Reserve Board, we will soon be specifying seats for other special interest groups. This is a false issue. Small business is not a special interest within our economy, it is the largest part, and the backbone of our Nation's economy.

Small business accounts for 53 percent of our GNP and 70 percent of all new jobs. We are not talking about a special interest, we are talking about representing the concerns of the overwhelming majority of Americans.

To compare this vast community with those groups we normally refer to as special interests is to do a great disservice to most small business people and most working people in this country.

This Congress is not disposed to specify the complete makeup of the Board, but I do believe we should demand that the original intent of the Federal Reserve Act, which called for fair representation of various economic interests, be fulfilled and that a broader range of interests than banking and economics be represented on the Board.

At the end, we come to the fundamental question: Why not pass a resolution rather than legislative language?

The answer is simple.

A resolution will send an entirely different message than would legislative language. That is my fundamental concern. We need to send the strongest possible message, and that message will only come through clearly with the adoption of my amendment, which is not hortatory in nature but which constitutes binding legislation.

When we vote, let us ask ourselves do we want to assure that Main Street America is represented on the Board. or do we want to send a weak signal that the Senate is mildly concerned about this problem? It is time that we stiffen our spines and send the strongest possible message to the President. That message is only sent by the amendment which I have offered. A sense of the Senate would be recognized for what it is: A failure of will on the part of this Congress. A failure to stand for small business when it is most in need.

I urge my colleagues to send the strong message, not the weak message.

When the time has expired I will move to table the amendment in the second degree, and I urge Senators to vote to table that amendment. If the tabling motion should succeed, I urge Senators to vote in support of my amendment.

If the tabling motion fails, I hope that the Senate will vote down the amendment in the second degree and then vote up my amendment in the first degree.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. JEPSEN. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. ROBERT C. BYRD. Mr. President, I would be willing to have a voice vote on the amendment. There will be a motion to table and that motion will carry with it the yeas and nays.

So, if the Senator will withhold his request at this time, the yeas and nays have been ordered on the amendment in the first degree, the yeas and nays will be ordered on the motion to table, and Senators may wish to voice vote the amendment in the second degree.

Would the Senator consider that request?

Mr. JEPSEN. Mr. President, I ask for the yeas and nays on the substitute amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second.

Mr. ROBERT C. BYRD. If the Senator wants the yeas and nays I trust we will help him to get them.

Mr. JEPSEN. Mr. President, point of order.

The PRESIDING OFFICER. The Senator will state it.

Mr. JEPSEN. How can there be enough present to order the yeas and nays on one request and not on another request?

The PRESIDING OFFICER. If the minority leader had raised his hand we would not have had the ruling.

Mr. ROBERT C. BYRD. Mr. President, will the Senator try again?

Mr. JEPSEN. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. JEPSEN. I yield now to the Senator from Connecticut (Mr. WEICKER).

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. WEICKER. Mr. President, what is the time situation on this amendment?

The PRESIDING OFFICER. The Senator from Iowa has 2 minutes and 45 seconds. The Senator from West Virginia has 7 minutes and 28 seconds.

Mr. WEICKER. This is on the Baker amendment?

The PRESIDING OFFICER. The Baker amendment.

Mr. WEICKER. How much time does the Senator from West Virginia have? Seven minutes, am I correct?

The PRESIDING OFFICER. Seven-and-a-half minutes.

Mr. WEICKER. What does the other side have?

The PRESIDING OFFICER. Two-and-three-quarter minutes.

Mr. WEICKER. Mr. President, I rise in support of the substitute amendment offered by Senator JEPSEN and myself to declare the sense of the Senate that the next vacancy on the Board of Governors of the Federal Reserve System should be filled by an individual who has substantial small business, agricultural or other small business, experience.

Mr. President, the Committee on Small Business, under my chairmanship, held a number of hearings this year on the subject of high interest rates and their causes and the appropriate policy responses. During the committee's September 23 hearing, the issue of Federal Reserve Board membership for a small business person came up, particularly in the context of what was then an extraordinarily tight Federal Reserve policy.

It seemed to me that in an effort to wring inflation out of the system the Fed was taking an excessively hard line. The attitude at the Fed seemed to be that high interest rates were the price that had to be paid to purge inflation, even if it were paid at the expense of a few sectors of the economy, namely small business. Small business clearly was expendable for the perceived greater good of subduing inflation.

I felt then and do now, that even though credit has since loosened considerably, that the monetary overkill of the spring and early summer would not have occurred if the voice of small business was heard at the Fed.

The Small Business Committee hearings convinced me that the Fed considers small businesses to be the sacrificial frontline troops in the war on inflation; and that there is a deep insensitivity to the small business condition.

Mr. President, the importance of small business, which includes most of this country's agricultural enterprises, has never been more clear to our national economy. To a major extent, plans for a national economic recovery rest on the future strength and financial health of the small businesses that make up our Nation.

Small businesses nationwide are the backbone of our free enterprise system. If efforts to revitalize the national economy are to be successful, the small business community must be in the forefront of these efforts.

In the years that I have served on the Senate Small Business Committee, as ranking minority member, and now as chairman, more time than I would care to count, I have heard it repeated that small business is "the backbone of America." Probably every politician in America has said it at one time or another: Indeed, the President, in his inaugural address, made the remark. The problem is, the words have been repeated so often, they do not seem to mean much anymore—at least to the people who speak them.

For years now—and I am sorry to say that this administration is proving to be no exception—small business has been patted and praised in speeches and in rhetoric, and then passed over and forgotten when policymaking time rolls around.

You have only to take a look at our tax code, our credit and monetary policies, our regulations, and Federal procurement policies to realize that when policy is made in the Federal Government, small business is left standing outside the door.

Despite all these mounting economic hardships, small business still accounts for 80 percent of the new jobs created in the private sector. Small firms still account for over 50 percent of the gross national product, and for nearly half of this country's industrial innovations.

And yet, year after year, our economic policymakers ignore these amazing small business contributions to our economy and continues to promote policies that primarily favor the corporate giants.

Well, Mr. President, right now small business is leading the rest of the country into what could be a very severe recession. Finally, people are beginning to realize that as small business goes, so goes the Nation. And small business is in very deep trouble right now.

The problem is severe and immediate,

but not impossible. The administration's economic game plan has gone awry and we need a midcourse correction urgently. The 1981 fiscal and monetary policies do not add up—and I have been saying that all year. Ever since January I have been saying that you cannot cut taxes 30 percent, undertake a massive new arms buildup, tighten credit and still balance the budget.

Today, Mr. President, we have the opportunity to take a big and necessary step toward building small business into the economic policymaking process in Washington. By expressing the sense of the Senate that the next vacancy on the Federal Reserve Board should be filled by a person with substantial small business, agricultural or other small business experience, we can give small business men and women the voice they need, lacking, to bring their views into play when monetary policy is made.

In my judgment, the Fed has not been sufficiently sensitive to the agony of small businesses and small farms across the country, caused by record high interest rates. All through 1981 the Fed continued to tighten the screws on money and credit, each time pushing up interest rates on new record highs. Sure they knew there would be pain, and bankruptcy, and unemployment. But each month they voted to turn the screws tighter and tighter.

And where was the voice of small business in the councils of monetary policymaking? The answer is clear—small business has been disenfranchised. There was no one with authority to say, "Wait. Can't we take into account some of the special problems of main street? Or rural America? Should we only worry about Wall Street?"

I want the main street view on the Fed. And I think it is desperately needed there.

The vise-like grip of the Federal Reserve Board should have been loosened considerably, and it should have begun long before now.

The Fed has been suffocating the small business and small farm sector by a deliberate policy of high interest rates and tight credit—and it has gone overboard. That policy must be reversed. We should aim for 5-percent money supply growth—not the 2 percent we are now seeing.

On June 22, 1981, Senator NUNN and I announced the formation of the National Advisory Council of the Committee on Small Business. This council is made up of 25 small business men and women from around the country who have agreed to work with the committee to provide a grassroots view of small business issues and concerns.

The first meeting of the council was held in Washington on October 28. I wish all of my colleagues in the Senate could have had the opportunity to participate in this truly beneficial meeting. I felt then, and feel even more strongly now that it is absolutely crucial to have the kind of ongoing communication between small business and Washington that this council will provide.

These people, involved with a small business on a day-to-day basis, are in the best position to tell us what the problems of inflation, high interest rates, and excessive regulation, are doing to them and their businesses.

It is noteworthy that during the course of this day-long session, the one issue deemed to be of greatest significance to the small business community by the council dealt with the appointment of a small business person to the Federal Reserve Board. I ask unanimous consent to have printed as part of the RECORD at this point the council's recommendation which was transmitted to the Small Business Committee through its chairman, Mr. Shaw Mudge, together with a list of the council's membership.

In addition, I ask unanimous consent to make part of the RECORD letters sent to the President and to me by the Administrator of the Small Business Administration, Michael Cardenas, expressing strong support for having a qualified individual who represents the interest of small business appointed to the Board of Governors of the Federal Reserve System.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

SHAW MUDGE & Co.,
Stamford, Conn., November 2, 1981.

Hon. LOWELL WEICKER, Jr.,
Chairman, Senate Committee on Small Business, Washington, D.C.

DEAR MR. CHAIRMAN: As Chairman of the Senate Small Business Committee's National Advisory Council, I would like to thank you and the other Committee members for hosting our first meeting on October 28, 1981. The Council believes that it was a most productive and worthwhile session.

I would also like to take this opportunity to officially notify that at the close of the business session, the Council unanimously passed a Resolution calling on the Senate Small Business Committee to take a leadership role in assuring that a small business owner, or someone with considerable small business background, is appointed to the vacancy that will be created on the Board of Governors for the Federal Reserve System when Board Vice Chairman, Frederick H. Schultz's term expires on January 31, 1982.

After considerable discussion, the Advisory Council came to the conclusion that the special credit and monetary needs of the small business sector of the economy have not been adequately addressed by the Federal Reserve Board. It is our hope that the appointment of a small business man or woman to the Board by the President would do much to increase the Board's sensitivity to the special economic and fiscal conditions that affect a small entrepreneur.

We believe that the Senate Small Business Committee should be in the forefront of activity leading to the long-overdue appointment of a small business person to the Federal Reserve Board.

We hope that the Committee will act on our Resolution in an expeditious manner.

Sincerely,

SHAW MUDGE,
Chairman, National Advisory Council.

NATIONAL ADVISORY COUNCIL TO THE SENATE COMMITTEE ON SMALL BUSINESS

Hugh Allred, Cullman, Ala.
James Beavers, Clinton, Ark.
Leon Brassard, Hudson, N.H.
David Bruce, Bozeman, Mont.
Mary Diener, Research Triangle Park, N.C.
William Farden, Seattle, Wash.
Walter Floss, East Amherst, N.Y.
Leonard Forsgren, Portland, Oreg.
Bruce Hopewell, New York, N.Y.
Oscar Hornsby, Somerset, Ky.
Michael Lefkiades, Bay City, Mich.
Helen Leslie, St. Petersburg, Fla.
Bill Lyttle, Bridgeport, Conn.
Forrest Mertz, Ponca City, Okla.
Thelma Moss, Dorchester, Mass.
Shaw Mudge (Chairman), Stamford, Conn.
Herman McKenzie, Forest Park, Ga.
Bill Nourse, Nashville, Tenn.
Arthur Obermayer, Cambridge, Mass.
Francis Ravel, Los Angeles, Calif.
James Rhoads, Atlanta, Ga.
Ralph Steinbarth, Chicago, Ill..
Glenn Stout, Minneapolis, Minn.
David Tomlinson, Salt Lake City, Utah.
Morris Womack, Friendswood, Tex.

U.S. SMALL BUSINESS ADMINISTRATION,
Washington, D.C., December 1, 1981.

Hon. LOWELL WEICKER, Jr.,
Chairman, Commmittee on Small Business, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for the opportunity to express my views concerning fair representation of all economic sectors among membership of the Federal Reserve System Board of Governors. I am aware that the next vacancy on the Board of Governors will occur on January 31, 1982.

I have enclosed a letter which I sent to the President on this very important nomination. Let me assure you that I will support efforts to include a qualified individual to represent small business interests on the Board of Governors.

Sincerely,

MICHAEL CARDENAS,
Administrator.

U.S. SMALL BUSINESS ADMINISTRATION,
Washington, D.C., December 1, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: It has been brought to my attention that the next membership vacancy on the Federal Reserve System Board of Governors will occur on January 31, 1982. I would like to offer some thoughts for your consideration on this important nomination, and I would encourage your support of a qualified individual to represent small business interests on the Board of Governors. This individual could be a small business owner operator, or someone with a clear background in the understanding of small business capital requirements. A banker with an extensive small business portfolio or venture capitalist would also be sensitive to the credit needs of small business.

I feel it is extremely important to stress that the small business sector is a major component of our economic life. It transcends all industries and all special interest groups. The number of net new jobs created as well as expanded local, state, and Federal tax revenue generation are directly related to the health of existing and potential small enterprises. The creativity, productive drive, and risk taking of the entrepreneurial spirit is embodied in this sector.

The Federal Reserve System oversees the growth of monetary aggregates and the availability of credit for all sectors of the national economy. In so doing, the Federal Reserve has the sole responsibility for establishing monetary policy within our economic system. The Federal Reserve Act is explicit on fair representation, the intent of having all economic sectors equally represented is very clear. The Act states that, "due regard shall be given to obtaining a fair representation of financial, agricultural, industrial and commercial interests and of the geographical divisions of the country among the membership of the Board."

Presently, the membership of the Board of Governors is inconsistent with these statutory directives. The membership is currently lacking in small business representation. This is unfortunate since small business constitutes 97 percent of the agricultural, commer-

cial, and industrial interests in this country, and accounts for 40 percent of the gross national product.

As you know, recent economic conditions have created a particular concern for small businesses. Already your economic policies are beginning to correct the disproportionate effect placed on small business by high interest rates. I think positive benefits will accrue from having this sector represented on the Board in the immediate future. This would insure an adequate voice in the policy-making stage where economic decisions, so extremely important to small businesses, are made. While the Federal Reserve Act is clear in its language, there has been a lack of attention to small business interests in the nominating process for the Board in years past.

Thank you for the opportunity to share with you my concerns. I would be pleased to provide you with a list of possible nominees from the Federal Reserve Region IV who would fulfill the need for a small business representative.

Sincerely,

MICHAEL CARDENAS,
Administrator.

Mr. WEICKER. Mr. President, the Federal Reserve Board as presently constituted does not have in its membership a person with a small business background or with substantial small business experience. It is time that the voice of small business be heard in the halls of the monetary policymakers of this land. It is time that small business be given its rightful say in its own destiny and future. Therefore, it is time that a person with substantial small business, agricultural or other small business, experience be appointed to the next vacancy of the Board of Governors of the Federal Reserve.

And the time is now.

Mr. President, this amendment has been the end product of months of consultation between the distinguished chairman of the Banking Committee, Senator GARN and the distinguished Senator from Iowa (Mr. JEPSEN), and I think it clearly brings into focus what is needed now on the Federal Reserve Board in the sense of perspective, and I hope my colleagues will support the substitute amendment.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. WEICKER. Mr. President, I ask unanimous consent that Senator PACKWOOD be listed as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time? If neither side yields time, time will run equally against both sides.

Mr. JEPSEN. Mr. President, I ask unanimous consent that the time be charged to neither side and I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, will the distinguished Senator withhold his request? I think we can probably bring to an end the debate, and I can make a motion to table and we will get consent—the majority leader got consent, did he not, that votes go over until 2 o'clock? Did he include a motion to table in that?

The PRESIDING OFFICER (Mr. RUDMAN). The Senator is correct. Votes going over until 2 o'clock would include votes on a motion to table.

Mr. ROBERT C. BYRD. Mr. President, I yield myself 1 minute.

Mr. President, the National Association of Auto Dealers, and the National Association of Realtors support my amendment in preference to the substitute sense-of-the-Senate amendment.

The following organizations support any amendment of this type that will aid in moving us in the direction of small business representation on the Fed's Board: The National Federal of Independent Business, the National Small Business Association, Small Business United, and the National Association of Home Builders. But no group favors the substitute amendment over my amendment.

Mr. GARN. Mr. President, will the Senator yield on that point?

Mr. ROBERT C. BYRD. Yes.

Mr. GARN. Yesterday, as I indicated, we did hold hearings, and the National Federation of Independent Business testified, as the minority leader has just stated, that they favored any approach. They are willing to do anything they can to the Fed, no doubt about it, but in response to a question they did indicate that they favored the approach of S. 209, which is the resolution introduced by Senator JEPSEN before the committee yesterday, that is similar to what is being done today.

I also advised them that the Jepsen substitute would be up yesterday afternoon and they said they did feel it would be better not to mandate a specific constituency, but to send the President a strong message that they wanted fair representation. There is no way the minority leader could know of that. But that was in response to a question at yesterday's hearing.

The PRESIDING OFFICER. The Chair advises the minority leader that his 1 minute has expired. He has 4 minutes and 45 seconds.

Mr. ROBERT C. BYRD. I thank the Chair. I yield myself another minute.

Mr. President, I quote from a letter dated December 2 from the National Federation of Independent Business:

> On behalf of its 500,000 small business owner-members, the National Federation of Independent Business would like to indicate its support for any and all such amendments which let the President know that the upcoming vacancy on the Board of Governors of the Federal Reserve System should be filled by an individual of proven familiarity and knowledge of the macro-economic role of small business in our economy.

So what I am saying, Mr. President, is that the National Federation of Independent Business favors any amendment of this type that will move us in the direaction of having small business representation on the Board. But no organization that I know of favors the substitute amendment over the amendment I have introduced, whereas the National Association of Auto Dealers and the National Association of Realtors clearly favor the amendment that I have offered over the approach involved in the amendment in the second degree which is the substitute offered by Senators BAKER, WEICKER, and JEPSEN.

The PRESIDING OFFICER. The Senator's 1 minute has expired.

Mr. ROBERT C. BYRD. I yield myself another 30 seconds.

I will move to table the substitute amendment: the vote will occur at 2 p.m. today. Would the Senator like to have a couple of minutes remain for each side at that time and, if so, I can reserve my time and move to table then?

Mr. WEICKER. I think the distinguished minority leader makes a good point. I probably have a minute-and-a-half remaining.

The PRESIDING OFFICER. The Senator from Connecticut has 54 seconds and the Senator from West Virginia has 2 minutes and 5 seconds.

Mr. WEICKER. Mr. President, I ask unanimous consent that we have 3 minutes to make final statements on this matter on each side just prior to the vote on the tabling motion.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. So, Mr. President, I will wait until that time to make the tabling motion.

The PRESIDING OFFICER. Who yields time?

Mr. ROBERT C. BYRD. I yield back the remainder of my time at this point with the understanding that each side will have the time allotted included in the request by Mr. WEICKER at 2 o'clock.

Mr. WEICKER. Mr. President, what is the status of the pending legislation?

The PRESIDING OFFICER. The status of the pending legislation would now be that if the Senator yields back his time we would then resume a very limited debate on the issue prior to a vote on the tabling motion of the Senator from West Virginia. There is one other amendment to be called up.

Mr. WEICKER. It is my understanding that there are 3 minutes allowed to each side, allotted to each side?

The PRESIDING OFFICER. The Senator is correct.

Mr. WEICKER. I yield back the remainder of my time on the amendment.

Mr. ROBERT C. BYRD. I yield back my time.

The PRESIDING OFFICER. The bill is open for further amendment.

Mr. WEICKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, it is my understanding that an arrangement can be agreed to to provide for a tabling motion to be offered by the Senator from West Virginia at 2 o'clock against the Baker-Jepsen-Weicker amendment and for certain proceedings thereafter, including third reading and final passage.

I would like to put the following unanimous-consent request for the con-

sideration of the minority leader and others.

Mr. President, I ask unanimous consent that, when the Senate resumes after the recess at 2 p.m. today, there be 6 minutes equally divided for debate on the Baker-Jepsen-Weicker amendment; at the end of that time, or upon the yielding back of the time so provided for, that the Senator from West Virginia (Mr. ROBERT C. BYRD) be recognized for the purpose of making a tabling motion against the Baker-Jepsen-Weicker amendment. I ask unanimous consent that it be in order at this time to ask for the yeas and nays on that motion.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. I ask for the yeas and nays at this time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAKER. Mr. President, I understand the yeas and nays have previously been ordered on the Baker-Jepsen-Weicker amendment, is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I ask unanimous consent that the yeas and nays on the amendment be vitiated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. I ask unanimous consent, Mr. President, that a vote occur on the Byrd amendment immediately after the disposition of the tabling motion to be made by the Senator from West Virginia (Mr. ROBERT C. BYRD). Have the yeas and nays been ordered on that amendment?

The PRESIDING OFFICER. They have.

Mr. BAKER. Mr. President, I withdraw that request. There would be a voice vote in the ordinary course of affairs on the Baker amendment, assuming that the tabling motion fails.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. If the tabling motion succeeds, of course, there would be a different situation. But if it fails, I would anticipate now a voice vote rather than a rollcall vote on the Baker-Jepsen-Weicker amendment, to be followed then, Mr. President, by a rollcall vote on the Byrd amendment, as amended, if amended. And the yeas and nays have already been ordered on that amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. BAKER. I make that request.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that after the disposition of the Byrd amendment, as amended, if amended, that the bill be advanced to third reading and final passage, without further amendment, motion, point of order or other——

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, I reserve the right to object. I still have, under the original agreement, the option to call up an amendment. I probably will not call it up, but I would like to retain that option.

Mr. BAKER. Mr. President, I revise the request then to provide that after the disposition of the Byrd amendment, as amended, if amended, that the provision for the recognition of the Senator from West Virginia to offer a second Byrd amendment be tendered prior to third reading, but that third reading occur then without further amendment after the disposition of the second Byrd amendment, if indeed a second Byrd amendment is offered.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Have the yeas and nays been ordered on final passage?

The PRESIDING OFFICER. They have.

Mr. BAKER. I thank the Chair.

Mr. President, the net effect of the request that has just been agreed to is that at 2 o'clock, when the Senate resumes its session after the caucuses on both sides of the aisle away from the flood, there will be 6 minutes of debate on the Baker-Jepsen-Weicker amendment, to be equally divided, at the conclusion of which the Senator from West Virginia (Mr. ROBERT C. BYRD) will be recognized for the purpose of making a tabling motion against the Baker-Jepsen-Weicker amendment.

After the disposition of the tabling motion, the Senate will proceed then to the consideration of the Baker-Jepsen-Weicker amendment, if the same was not tabled, on which there would be a voice vote, unless there is a further request for the yeas and nays; and after disposition of that a rollcall vote to occur on the Byrd amendment, as amended, if amended.

After the disposition of that Byrd amendment, the Senator from West Virginia will be recognized for the purpose of calling up a second amendment, as provided for heretofore in the unanimous-consent order, if he wishes to do so.

After the disposition of the second Byrd amendment or announcement by the distinguished minority leader that he does not intend to offer that amendment, the Chair will call for third reading of the bill without further amendment. After third reading, Mr. President, the Senate will turn to the question of the final passage of this measure on which a rollcall vote has been ordered.

S. 1700

Mr. President, after the disposition of the small business bill, I ask unanimous consent that the Senate turn to Calendar Order No. 385, S. 1700, the Court of Claims bill, under the following time agreement: 20 minutes on the bill, to be equally divided between the chairman of the Judiciary Committee and the ranking minority member, or their designees; 20 minutes on amendments in the first degree, 10 minutes on amendments in the second degree, 10 minutes on any debatable motions, appeals, or points of order, if they are submitted to the Senate, that the agreement shall be in the usual form and that no vote occur on this bill prior to the hour of 4 p.m. today.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, the agreement on the votes is in relation to the bill or in relation to any amendment to the bill prior to the hour of 4 o'clock.

The PRESIDING OFFICER. Without objection, it is so ordered.

SECOND CONCURRENT BUDGET RESOLUTION

Mr. BAKER. Mr. President, it is the intention of the leadership to ask the Senate to turn to consideration of the second concurrent budget resolution this afternoon after the disposition of S. 1700, the Court of Claims bill. I do not know how long it will take the Senate to deal with the second concurrent budget resolution, but I am encouraged to think that it can be finished this afternoon or, at least, early this evening. I hope so, and I urge Senators to attempt to cooperate in an effort to make that possible.

As I indicated earlier, Mr. President, there will be a recess of the Senate from 12 o'clock until 2 o'clock. That will accommodate the requirements of Senators on both sides of the aisle to gather together in party caucuses off the floor to discuss the schedule for the balance of this session. After those caucuses are conducted, I shall confer with the minority leader and perhaps I can have a further announcement to make on the Senate schedule prior to the sine die adjournment later this month.

EXTENSION OF TIME FOR MORNING BUSINESS

Mr. BAKER. Mr. President, the Senate is scheduled to recess at 12 o'clock noon. I believe there is no further business that can be transacted on the pending measure. I ask unanimous consent that there now be a period for the transaction of routine morning business to extend from this moment until 12 noon and that, at 12 noon, the Chair automatically implement the previous order which will put the Senate into recess from 12 noon until 2 p.m.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, the order for morning business will be on the same terms and conditions as the order previously entered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 2 P.M.

The PRESIDING OFFICER. Under the previous order, the hour of 12 noon hav-

ing arrived, the Senate will stand in recess until 2 p.m.

Thereupon, the Senate, at 12 noon, recessed until 2 p.m.; whereupon, the Senate reassembled when called to order by the Presiding Officer (Mr. LUGAR).

SMALL BUSINESS INNOVATION RESEARCH ACT OF 1981

The Senate continued with consideration of S. 881.

AMENDMENT NO. 652

The PRESIDING OFFICER. Who yields time?

Mr. WEICKER. Mr. President, what is the pending business?

The PRESIDING OFFICER. The pending question is the substitute offered by the Senators from Connecticut, Iowa, and Tennessee to the Robert C. Byrd amendment No. 651.

Mr. WEICKER. Am I correct in stating that at this time there are 6 minutes, to be equally divided between the opponents and proponents?

The PRESIDING OFFICER. That is correct—3 minutes to a side.

Mr. WEICKER. I yield to the distinguished Senator from Iowa.

Mr. JEPSEN. Mr. President, do we have a motion before this body to table the Baker-Jepsen-Weicker amendment?

The PRESIDING OFFICER. The order was that this might occur at the end of the 6 minutes of debate. Currently, the debate is on the Jepsen substitute.

Mr. JEPSEN. But do we have a motion to table as yet?

The PRESIDING OFFICER. The motion has not been made.

Mr. JEPSEN. Mr. President, I oppose the distinguished minority leader's motion to table the Baker-Jepsen-Weicker amendment.

The amendment affected by the motion to table incorporates the language of Senate Resolution 209, which currently has 37 cosponsors from both sides of the aisle, and Senate Resolution 247. The amendment is a truly bipartisan effort.

Furthermore, it enjoys considerable support from: the National Federation of Independent Businesses, the National Farmers Union, the National Small Business Association, the National Association of Homebuilders, the National Association of Realtors, and Small Business United—to name just a few of the organizations behind our amendment.

Such diversified support for a measure occurs rarely in the Senate. Clearly, small business and agriculture need this resolution, and just as clearly, the country is behind it. I hope that partisan politics will be laid aside, and that the motion to table the substitute will be overwhelmingly rejected.

I urge my colleagues on both sides of the aisle to vote "No" on the Byrd motion to table and to vote "Aye" on the Baker-Jepsen-Weicker substitute.

The PRESIDING OFFICER. Who yields time?

If neither side yields time, the time will be charged equally to both sides.

Mr. BAKER. Mr. President, I ask unanimous consent that it may be in order for me to suggest the absence of a quorum, without it being charged to any party.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BAKER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. ROBERT C. BYRD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ROBERT C. BYRD. Mr. President, we now come to the crucial moment in this disagreement. On the one side lies an amendment which has no teeth, which gives no firm and specific instructions to the President. It is a declaration that the Senate would like a small business representative on the Fed, but it does not assure such an outcome.

On the other side of this disagreement lies my amendment. It is an amendment that offers the full force of the law to assure that small business will finally have a representative on the Board of Governors of the Federal Reserve System.

The choice could not be more clear. If you want to send the strongest message possible to the President and tell him that a small business representative, who may be a farmer or rancher, must be appointed next year, then you have no choice but to approve the statutory language I offer. The proposed alternative is only a weak signal by comparison.

No Senator should believe that the difference between these two bills will go unnoticed. Earlier today, I reaffirmed the preference of the National Association of Automobile Dealers and the National Association of Realtors for our statutory language, compared to the weaker sense of the Senate language offered as an alternative.

In addition, I stand by my earlier statement that no small business organization I know of prefers this weaker language to my stronger amendment. The National Federation of Independent Business said, this morning, "that if they have left my good friend, Senator GARN, with the impression that they supported any one alternative over another they had been misunderstood." The NFIB stands by its support of any and all amendments that work toward the appointment of a small business representative to the Federal Reserve Board.

As far as I have been able to determine this also represents the stance of the National Small Business Association, Small Business United, and the National Association of Home Builders.

In the end, each Senator must ask him or herself one simple question: Do I believe that small business should be represented on the Federal Reserve Board of Governors? If you answer that question, "yes," then you should support the stronger language of my amendment. If your answer is "no," then you should vote for the alternative, weaker language.

I hope each Senator will stand on the side of small business in this decision. I urge my colleagues to send the strongest message possible, and to vote with me to table the weaker alternative suggested by the distinguished majority leader, with Senators WEICKER and JEPSEN.

Mr. President, I yield back the remainder of my time.

Mr. BAKER. Mr. President, if there is any time remaining, will the Senator from Iowa permit me to yield back the remainder of the time?

Mr. JEPSEN. Yes.

Mr. BAKER. I yield back the remainder of the time on this side.

The PRESIDING OFFICER. All time has been yielded back.

Mr. BAKER. Will the Chair please state the question before the Senate?

The PRESIDING OFFICER. Under the previous order, the Senator from West Virginia is to be recognized to call for a motion to table.

The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I move to table the pending amendment in the second degree.

The PRESIDING OFFICER. Under the previous order, the yeas and nays have been ordered on that motion, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Maryland (Mr. SARBANES), are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) and the Senator from Arizona (Mr. DECONCINI), would each vote "yea".

The PRESIDING OFFICER. Are there any Senators in the Chamber who have not voted who wish to vote?

The result was announced—yeas 41, nays 50, as follows:

[Rollcall Vote No. 459 Leg.]

YEAS—41

Baucus	Exon	Melcher
Bentsen	Ford	Mitchell
Biden	Glenn	Moynihan
Boren	Hart	Nunn
Bradley	Heflin	Pell
Bumpers	Hollings	Proxmire
Burdick	Inouye	Pryor
Byrd, Harry F., Jr.	Jackson	Randolph
	Johnston	Riegle
Byrd, Robert C.	Kennedy	Sasser
Chiles	Leahy	Stennis
Cranston	Levin	Tsongas
Dixon	Long	Williams
Dodd	Matsunaga	Zorinsky

NAYS—50

Abdnor	Grassley	Nickles
Andrews	Hatch	Packwood
Armstrong	Hatfield	Percy
Baker	Hawkins	Pressler
Boschwitz	Hayakawa	Quayle
Chafee	Heinz	Roth
Cochran	Helms	Rudman
Cohen	Humphrey	Schmitt
D'Amato	Jepsen	Simpson
Danforth	Kassebaum	Specter
Denton	Kasten	Symms
Dole	Lavalt	Thurmond
Domenici	Lugar	Tower
Durenberger	Mathias	Wallop
East	Mattingly	Warner
Garn	McClure	Weicker
Gorton	Murkowski	

NOT VOTING—9

Cannon	Goldwater	Sarbanes
DeConcini	Huddleston	Stafford
Eagleton	Metzenbaum	Stevens

So the motion to lay on the table amendment No. 652 was rejected.

Mr. WEICKER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. All time has expired. The question recurs on agreeing to the amendment of the Senator from Tennessee.

The amendment (No. 652) was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment of the Senator from West Virginia, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Maryland (Mr. SARBANES), are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. DECONCINI), the Senator from Nevada (Mr. CANNON), would vote "yea."

The PRESIDING OFFICER (Mr. KASTEN). Are there other Senators in the Chamber desiring to vote?

The result was announced—yeas 87, nays 3, as follows:

[Rollcall Vote No. 460 Leg.]

YEAS—87

Abdnor	Gorton	Murkowski
Andrews	Grassley	Nickles
Armstrong	Hart	Nunn
Baker	Hatch	Packwood
Baucus	Hatfield	Pell
Bentsen	Hawkins	Percy
Biden	Havakawa	Pressler
Boren	Heflin	Proxmire
Boschwitz	Heinz	Pryor
Bumpers	Helms	Quayle
Burdick	Hollings	Randolph
Byrd, Harry F., Jr.	Humphrey	Riegle
	Jackson	Roth
Byrd, Robert C.	Jepsen	Rudman
Chafee	Johnston	Sasser
Chiles	Kassebaum	Schmitt
Cochran	Kasten	Simpson
Cohen	Kennedy	Specter
Cranston	Laxalt	Stennis
D'Amato	Leahy	Symms
Danforth	Levin	Thurmond
Denton	Long	Tower
Dixon	Lugar	Tsongas
Dole	Mathias	Wallop
Domenici	Matsunaga	Warner
Durenberger	Mattingly	Weicker
East	McClure	Williams
Exon	Melcher	Zorinsky
Ford	Mitchell	
Garn	Moynihan	

NAYS—3

Bradley	Glenn	Inouye

NOT VOTING—10

Cannon	Goldwater	Stafford
DeConcini	Huddleston	Stevens
Dodd	Metzenbaum	
Eagleton	Sarbanes	

So, Mr. ROBERT C. BYRD's amendment (No. 651), as amended, was agreed to.

Mr. WEICKER. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. RUDMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I do not elect to call up the second amendment which was provided for in the agreement, so the Senate may proceed to third reading and final passage.

Mr. BUMPERS. Mr. President, I wish to express my strong support of S. 881, the Small Business Innovation Research Act of 1981, I commend the distinguished chairman of the Small Business Committee, Mr. WEICKER, the Senator from Georgia, Mr. NUNN, and the primary sponsor of this legislation, the Senator from New Hampshire, Mr. RUDMAN, for their efforts. This bill will provide important seed money for much needed research and development and I think after this bill is enacted into law we will reap benefits many times over the small amounts which will be spent.

This bill was previously a part of S. 1860, a bill introduced by former Senator Gaylord Nelson in the 96th Congress. I cosponsored that legislation, which also contained provisions dealing with patents and regulatory matters affecting small businesses. While the patent and regulatory provisions of S. 1860 were enacted into law during the 96th Congress, the research and development provisions, now contained in S. 881, were never acted upon. Therefore I was pleased when the Senator from New Hampshire Mr. RUDMAN, introduced this legislation last spring.

There can be little doubt about the need for this legislation, Mr. President. Study after study has shown that the smaller firms in this country are more innovative, more productive and create more jobs than larger businesses. Every Member of this body is aware of the decline in the productivity in this Nation in the last few years. We all talk about improving productivity and we have passed quite a tax cut which everyone hopes will stimulate productivity.

This bill, however, provides the vehicle for much greater productivity. Surely all companies respond to productivity type tax cuts, but it is equally important that Federal spending for research and development be spent in the most effective way. Especially in a time of declining Federal spending, it is critical that money spent by the Government in all areas gives us the most bang for the buck. This bill will put a procedure in place that will do just that. This legislation will insure that small, innovative firms receive a small percentage of Federal R. & D. money, at virtually no added cost to the Government. They can then use this money to develop products and come up with ideas which will stimulate production in this country and, more importantly, create new jobs.

It is incredible, Mr. President, that even though small businesses produce over 20 times more innovations than large firms and create the large majority of new jobs, they receive only about 3 to 4 percent of all Federal R. & D. money. Even more distressing, Mr. President, it a recent report by the National Science Foundation which shows that only 20 companies receive 71 percent of all the Federal R. & D. money contracted to private industry. This is an incredible sum and I think S. 881 will help in making the R. & D. business more competitive and insuring that new ideas are funded.

In conclusion, Mr. President, we must begin channeling our R. & D. money to smaller firms. Their track record over the last couple of decades is excellent and they will develop the kind of high technology items we need in order to compete in the world market. I am pleased to be a cosponsor of S. 881 and I urge its adoption by the Senate.

● Mr. BENTSEN. Mr. President, I am pleased to be a cosponsor of S. 881, the Small Business Innovation Research Act, and I urge its quick adoption.

This Nation has no greater resource than our system of competitive free enterprise, and the driving force behind that system is the combined efforts of the thousands of small businessmen, of individual entrepreneurs, across the country. This bill recognizes the vast untapped potential of that reservoir of innovation and will require Government agencies to take positive steps to tap it.

Technological innovation is a basic requirement of a modern economy, and the rate of innovation has a great deal to do with the strength of the economy. Studies have repeatedly shown that small businesses are much more innovative, and much more cost effective in developing these innovations, than are large corporations.

Consider, if you will, these examples:

Small businesses produced about half of all major U.S. innovations over a 20-year period;

Small firms produce four times more innovations per R. & D. employee than do large firms; and

Small firms produce up to 24 times more innovations per R. & D. dollar than do large firms according to the National Science Foundation.

The importance of innovation to the American economy cannot be overstated. It has been estimated that 50 percent of American economic growth stems from technological innovation.

Similarly, the importance of small business to the American economy is staggering. A study by the Massachusetts Institute of Technology found that firms with less than 500 employees provided 87 percent of all new jobs in the United States between 1969 and 1976. Even more telling is the further finding that firms with less than 21 employees created an amazing 66 percent of all new jobs.

The record of Federal agencies in tap-

ping this vast resource is abysmal. Less than 4 percent of Federal R. & D. funds go to small businesses. Only 70 companies, by contrast, account for 80 percent of these research dollars, and just 4 large companies account for nearly 20 percent.

Since the Federal Government accounts for about half of all the R. & D. work done in the United States, Government policies on R. & D. spending have a major impact not only on small business companies who want to do R. & D. work but also on the total amount of technological innovation in this country.

I believe that we should pursue policies that make the best use of our limited resources. The taxpayers of this Nation are entitled to see that their tax dollars are spent in the most cost-effective manner. It has been clearly established that small business R. & D. efforts provide the greatest return on our investment, yet Government agencies do not use small businesses as they should in contracting R. & D. work. Instead, they go to large, "safe" companies to do this work. They put out larger contracts to fewer companies, and then the agency bureaucrats do not have to do as much work as they would if they worked with a larger number of less well-known companies. However, these policies mean less results for the country.

This Senator would prefer to see the bureaucracy doing a little more work and the taxpayers getting a lot better return on their investment. I strongly support this bill to require Federal agencies to do more R. & D. work with small businesses and I urge its adoption by the Senate.●

● Mr. BOSCHWITZ. Mr. President, today I rise as 1 of the more than 80 cosponsors of S. 881, the Small Business Innovation Research Act. This bill is designed to allow small business to participate in a greater share of research and development done by the Federal Government. The bill achieves this goal by requiring agencies with substantial research and development budgets to spend at least 1 percent with small business.

At the outset, I want to emphasize that I wholeheartedly agree with the bill's goal. We are all aware of the major contribution small business makes to U.S. innovation. Studies have shown that firms with fewer than 1,000 employees account for approximately one-half of the major U.S. innovations. Furthermore, small firms have produced nearly 24 times as many innovations per research and development dollar as large firms, and 4 times as many as medium-sized firms. These studies underscore the desirability of greater participation by small business in the Federal research and development effort.

These same studies indicate that small business should receive an even greater share than that provided by the bill. I am not convinced that 1 percent is a fair share for small businesses. Even though the bill will provide some $300 million a year to small business, 1 percent is still 1 percent. I firmly believe that small business should get a greater share than provided under the bill.

As a member of the Small Business Committee, I want to commend my colleague, the distinguished Senator from New Hampshire (Mr. RUDMAN) for his efforts in achieving such a broad consensus and support for this bill. The bill that was fashioned under his leadership has some important provisions which should not be overlooked.

First, no additional Government spending is authorized for small business research and development. Rather, the bill provides that small businesses are to receive a share of the overall research and development money Congress authorizes.

Second, the bill and its legislative history make it very clear that money provided under the bill is to be an additional amount provided to small business, rather than a substitute for money that small business already receives. Therefore, the legislation should not be construed as allowing agencies to divert funds now going to small business under general research and development procurement awards. The full intent of this legislation is to increase the total amount of research and development that is recieved by small businesses by at least the amount provided for in the legislation.

Finally, Mr. President, I am pleased that the President of the United States has formally expressed his support for the bill. The overwhelming support of my colleagues in the Senate further demonstrates a commitment to innovative small businesses. As a member of the Small Business Committee, I pledge my continued commitment to monitoring this legislation to insure that agencies fully comply with the goal and intent of the legislation. This legislation provides a firm base on which small businesses can build for greater future participation in the Federal research and development effort.●

● Mr. MOYNIHAN. Mr. President, I rise in support of S. 881, the Small Business Innovation Research Act of 1981. As an original cosponsor of S. 881, I urge my colleagues to support this important measure.

America's small businesses are vital to the growth and prosperity of our Nation's economy, and I have long supported effort by Congress to encourage their growth and well-being. Small Business accounts for 43 percent of the gross national product. A remarkable achievement when one considers that they receive only 4 percent of the Federal funds allocated for research and development. Small business has proven to be our most efficient source of innovation. And, as the report on S. 881 indicates, small businesses play an important role in the creation of new jobs. One study credits them with the creation of over 80 percent of all new jobs in the United States between 1969 and 1976. S. 881, by requiring each Federal agency with a research and development budget of over $100 million to establish a small business innovation research program, should help promote such results by increasing the involvement of small business firms in research and development.

S. 881 provides a means by which the Federal Government can better utilize the innovation potential of small business. I commend the members of the Committee on Small Business for their efforts in this important area.●

Mr. LEVIN. Mr. President, I am aware that some concern exists within this Nation's universities over the consequences of S. 881, the Small Business Innovation Research Act, to basic research funding. I have heard from several major universities who believe the quality and quantity of basic and medical research will be adversely effected by this legislation.

The Small Business Committee held numerous hearings on S. 881 at which several universities expressed concern that Federal agencies would significantly reduce basic research funding in order to finance the Small Business Innovation Research (SBIR) program established under the bill. The committee's report to the Senate was clear and direct on this point:

> . . . the Committee believes that there is ample flexibility in each agency's R&D budget to allow agencies to target 1 percent of their funds to implement SBIR programs. It is left to the agencies' discretion to decide which funds to use for this purpose. However, the Committee expects agencies to exercise this discretion in a manner that will not result in the disproportionate taxing of any single area of research. For example, there has been concern expressed that basic research in particular may, in some instances, be required to bear a greater share of the burden of funding SBIR programs. It is the Committee's intent that this not occur.

Nevertheless, because of the universities' concerns, Senator SCHMITT proposed an amendment that, in effect, states in law the committee's intent expressed in its report. The amendment should prevent agencies from raiding basic and medical research funding by prohibiting agencies from using more than 1 percent of their basic research budget for the SBIR program. I believe this is a responsible amendment in keeping with the legislative intent, and I supported its adoption by the Senate yesterday. With it, the bill seems to assure small business participation in basic research and that is a proven plus for creativity and productivity in America.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute, as amended.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. Has all time been yielded back on the bill?

Mr. ROBERT C. BYRD. I yield back the time on behalf of Mr. LEVIN.

Mr. WEICKER. I yield back the time on behalf of the committee.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER),

the Senator from Vermont (Mr. STAFFORD) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Ohio (Mr. METZENBAUM) and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "yes."

The PRESIDING OFFICER (Mr. SCHMITT). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 90, nays 0, as follows:

[Rollcall Vote No. 461 Leg.]

YEAS—90

Abdnor	Glenn	Moynihan
Andrews	Gorton	Murkowski
Armstrong	Grassley	Nickles
Baker	Hart	Nunn
Baucus	Hatch	Packwood
Bentsen	Hatfield	Pell
Biden	Hawkins	Percy
Boren	Hayakawa	Pressler
Boschwitz	Heflin	Proxmire
Bradley	Heinz	Pryor
Bumpers	Helms	Quayle
Burdick	Hollings	Randolph
Byrd, Harry F., Jr.	Humphrey	Riegle
	Inouye	Roth
Byrd, Robert C.	Jackson	Rudman
Chafee	Jepsen	Sasser
Chiles	Johnston	Schmitt
Cochran	Kassebaum	Simpson
Cohen	Kasten	Specter
Cranston	Kennedy	Stennis
D'Amato	Lavalt	Symms
Danforth	Leahy	Thurmond
Denton	Levin	Tower
Dixon	Long	Tsongas
Dole	Lugar	Wallop
Domenici	Mathias	Warner
Durenberger	Matsunaga	Weicker
East	Mattingly	Williams
Exon	McClure	Zorinsky
Ford	Melcher	
Garn	Mitchell	

NOT VOTING—10

Cannon	Goldwater	Stafford
DeConcini	Huddleston	Stevens
Dodd	Metzenbaum	
Eagleton	Sarbanes	

So the bill (S. 881), as amended, was passed, as follows:

S. 881

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. This Act may be cited as the "Small Business Innovation Research Act of 1981".

SEC. 2. (a) The Congress finds that—

(1) technological innovation creates jobs, increases productivity, competition, and economic growth, and is a valuable counterforce to inflation and the United States balance-of-payments deficit; and

(2) while small business is the principal source of significant innovations in the Nation, the vast majority of federally funded research and development is conducted by large businesses, universities, and Government laboratories.

(b) The purposes of this Act are to—

(1) stimulate technological innovation;

(2) increase the use of small businesses to meet Federal research and development needs; and

(3) increase private sector commercialization of innovations derived from Federal research and development.

SEC. 3. Section 9 of the Small Business Act (15 U.S.C. 638) is amended—

(1) by redesignating subsections (c) and (d) as (g) and (h), respectively; and

(2) by striking out subsection (b) and inserting in lieu thereof the following:

"(b) It shall be the duty of the Administration, and it is hereby empowered—

"(1) to assist small business concerns to obtain Government contracts for research and development;

"(2) to assist small business concerns to obtain the benefits of research and development performed by Government contracts or at Government expense;

"(3) to provide technical assistance to small business concerns to accomplish the purposes of this section;

"(4) to develop and maintain an information program and source file, including utilizing a procurement automated source system, to provide small business concerns with information about, and the opportunity to participate in Small Business Innovation Research programs and to share the information with Government agencies participating in Small Business Innovation Research programs;

"(5) to coordinate with agencies required to establish an SBIR program on the release of their SBIR solicitations and to compile and make publicly available a release schedule of all forthcoming agency SBIR solicitations so as to maximize small business opportunities to respond to such solicitations; and

"(6) to independently review agencies' annual reports on SBIR program implementation and report not less than annually to the Committees on Small Business of the Senate and the House of Representatives on its review of agencies' reports and actions taken to implement the provisions of the Small Business Innovation Research Act of 1981, together with such recommendations as the Administration may deem appropriate.

"(c)(1) Each Federal agency which had total obligations for research or research and development in excess of $100,000,000 in fiscal year 1980 or any fiscal year thereafter based upon the most recent actual Federal obligations for total research and development, as determined by the National Science Foundation's Federal Funds for Research and Development Series, shall—

"(A) unilaterally establish a percentage goal for funding agreements in excess of $10,000 for research or research and development with small business concerns for the next fiscal year. The goal established for each fiscal year shall not be less than the percentage of the agency's research or research and development budget for the preceding fiscal year which was expended under funding agreements with small business concerns in such fiscal year. Obligations incurred pursuant to an SBIR program as provided for in subparagraph (B) shall not be counted as meeting any portion of the goals established pursuant to this subparagraph;

"(B) establish an SBIR program in accordance with subsection (d) if 1 per centum of the amount available for obligation by the agency for research or research and development for the fiscal year in question, after application of the formula contained in paragraph (2), equals or exceeds $3,000,000; and

"(C) report annually to the Director of the Office of Science and Technology Policy and to the Administration on actions taken to implement the provisions of subparagraphs (A) and (B), the individual number of research and research and development gants, contracts, and cooperative agreements in excess of $10,000, the total dollar value of all such awards, an identification of SBIR awards, and a comparison of the number and total amount of all such awards with awards for research or research and development to other than small business concerns.

"(2) For the purpose of paragraph (1)(B), the amount available for obligation for research or research and development shall be arrived at by multiplying the total amount available for obligation for research or research and development in the year for which the amount to be made available is being determined by a percentage obtained by dividing the actual expenditures by the agency for research or research and development conducted by non-profit and for-profit entities outside the Federal Government or conducted in or funded through Government-owned, contractor-operated facilities for the most recent fiscal year for which data are available by the total expenditures for research or research and development for such fiscal year.

"(d) Each Federal agency required to establish an SBIR program pursuant to subsection (c)(1)(B) shall—

"(1) make available for such program and for no other purpose—

"(A) not less than 20 per centum of the amount determined pursuant to subsection (c)(1)(B) in the first fiscal year of its SBIR program;

"(B) not less than 60 per centum of the amount determined pursuant to subsection (c)(1)(B) in the second fiscal year of its SBIR program; and

"(C) not less than the amount determined pursuant to subsection (c)(1)(B) in the third and each subsequent fiscal year of its SBIR program, except that notwithstanding subparagraphs (A) and (B), any Federal agency which is required to establish an SBIR program pursuant to subsection (c)(1)(B) and which had total obligations for research or research and development of $2,000,000,000 or less in the preceding fiscal year, shall make available for such SBIR program and for no other purpose not less than the amount determined pursuant to subsection (c)(1)(B) in the first and every subsequent fiscal year of its SBIR program;

"(2) determine appropriate topics to be included in its SBIR program solicitations;

"(3) issue and make publicly available its SBIR program solicitations in accordance with a schedule coordinated with the Administration and other agencies required to establish an SBIR program so as to maximize small business opportunities to participate in the Small Business Innovation Research programs;

"(4) receive and evaluate proposals resulting from SBIR solicitations;

"(5) select recipients of its SBIR funding agreements;

"(6) make payments to recipients of SBIR funding agreements on the basis of progress toward, or completion of, funding agreement requirements; and

"(7) after consultation with the Office of Federal Procurement Policy, by rule establish uniform procedures which fully implement the policy directives issued pursuant to subsection (e).

Any funding agreements with small business concerns for research or research and development which result from selections other than pursuant to an SBIR solicitation shall not be counted as meeting any portion of the requirements of paragraph (1) A Federal agency shall not make available for the purpose of meeting the requirements of paragraph (1) an amount of its research or research and development budget available for obligation for basic research or for research or research and development in Government-owned, contractor-operated facilities which exceeds the applicable minimum percentage required by such paragraph for all research or research and development conducted by nonprofit and for-profit entities outside the Federal government or conducted in or funded through Government-owned, contractor-operated facilities.

"(e) The Administrator of the Office of Federal Procurement Policy, after consulta-

tion with the Director of the Office of Science and Technology Policy, the Intergovernmental Affairs Division of the Office of Management and Budget, and the Administration, within one hundred and twenty days after the date of enactment of the Small Business Innovation Research Act of 1981, shall issue policy directives for the general conduct of SBIR programs within the Federal Government. Such directives shall provide for—

"(1) a uniform agency SBIR solicitation format;

"(2) receipt and review of proposals;

"(3) a funding process which includes—

"(A) outside peer review as appropriate;

"(B) protection of small business interests regarding data generated in the performance of funding agreements;

"(C) transfer of title to property provided by the agency to the small business concern where such transfer would be more cost efficient than recovery of the property by the agency;

"(D) cost principles; and

"(E) payments to recipients of SBIR funding agreements on the basis of progress toward or completion of the funding agreement requirements;

"(4) a format for establishing goals for funding agreements in excess of $10,000 for research or research and development with small business concerns;

"(5) a format for agency annual reports; and

"(6) timely submission of agency annual reports to the Director of the Office of Science and Technology Policy and to the Administration.

In developing the policy directives, the Administrator of the Office of Federal Procurement Policy shall, to the maximum extent possible, seek conformity with the Federal Grants and Cooperative Agreements Act of 1977, and the formation of a single, simplified, uniform procurement regulation pursuant to the Office of Federal Procurement Policy Act nad Public Law 95–507.

"(f) The Director of the Office of Science and Technology Policy, in consultation with the Federal Coordinating Council for Science, Engineering and Research, shall, in addition to such other responsibilities imposed upon him by the Small Business Innovation Research Act of 1981—

"(1) independently survey and monitor all phases of the implemenattion and operation of SBIR programs within agencies required to establish an SBIR program, including compliance with the expenditure of funds according to the requirements of subsection (d); and

"(2) report not less than annually, and at such other times as the Director may deem appropriate, to the Committees on Small Business of the Senate and House of Representatives on all phases of the implementation and operation of SBIR programs within agencies required to establish an SBIR program, together with such recommendations as the Director may deem appropriate

"(g) The Comptroller General shall, no later than two years following enactment of the Small Business Innovation Research Act of 1981, report to the Senate and the House of Representatives on the quality, quantity and nature of the basic research conducted under this Act, including the judgment of the departments and agencies involved as to the effect of this Act on their overall basic research programs.".

SEC. 4. Section 3 of the Small Business Act is amended by adding at the end thereof the following:

"(j) For the purpose of this section—

"(1) the term 'Federal agency' means an executive agency as defined in section 105 of title 5, United States Code, or a military department as defined in section 102 of such title;

"(2) the term 'funding agreement' means a contract, grant, or cooperative agreement entered into between a Federal agency and a small business concern for the performance of experimental, developmental, or research work funded in whole or in part by the Federal Government;

"(3) the term 'Small Business Innovation Research Program' or 'SB R' means a program under which a portion of a Federal agency's research or research and deveolpment effort is reserved for award to small business concern through a uniform process having—

"(A) a first phase for determining, insofar as possible, the scientific and technical merit and feasibility of ideas submitted pursuant to SBIR program solicitations;

"(B) a second phase to further develop the proposed idea to meet the particular program needs, the awarding of which shall take into consideration the scientific and technical merit and feasibility evidenced by the first phase and, where two or more proposals are evaluated as being of approximately equal scientific and technical merit and feasibility, special consideration shall be given to those proposals that have demonstrated third phase, non-Federal capital commitments; and

"(C) where appropriate, a third phase where non-Federal capital pursues commercial applications of the research or research and development and which may also involve follow-on production contracts with a Federal agency for products or processes intended for use by the United States Government, except that nothing in this subparagraph shall be deemed to restrict, or otherwise limit competition for such follow-on contracts; and

"(4) the term 'research' or 'research and development' means any activity which is—

"(A) a systematic, intensive study directed toward greater knowledge or understanding of the subject studied;

"(B) a systematic study directed specifically toward applying new knowledge to meet a recognized need; or

"(C) a systematic application of knowledge toward the production of useful materials, devices, and systems or methods, including design, development, and improvement of prototypes and new processes to meet specific requirements.".

SEC. 5. The amendments made by this Act do not authorize the appropriation of funds.

SEC. 6. Since the Board of Governors of the Federal Reserve System directly oversees the growth of the monetary aggregates, the availability of credit and monetary policy generally, all of which substantively affect every sector of the national economy;

Since section 10 of the Federal Reserve Act of 1913, as amended, provides that in submitting nominations for the Board of Governors of the Federal Reserve System, the President shall have due regard to a fair representation of the financial, agricultural, industrial, and commercial interests, and geographical divisions of the country;

Since the present composition of the Board does not conform to the spirit of these statutory provisions and no President since 1959 has appointed an individual from either the agricultural or commercial sector to the Board of Governors;

Since the impact of Federal Reserve policy is particularly significant on those constituencies which by law are to be represented on the Board;

Since high interest rates are having a devastating effect on the credit-sensitive sectors of the economy, particularly small businesses, which include small farms;

Since business bankruptcies are nearly 50 per centum above 1980;

Since over 97 per centum of the businesses in the United States are small businesses, which account for over 50 per centum of the gross national product, 80 per centum of the new jobs created in the private sector, and nearly half of the Nation's industrial innovations;

Since the problem lies not with the statutory language of the Federal Reserve Act;

Since the United States Senate, in S. Res. 434, Ninety-sixth Congress, has already expressed its concern about past insensitivities to the requirements of the Federal Reserve Act; and

Since the next vacancy on the Board of Governors of the Federal Reserve System will occur January 31, 1982, and preparations for the nominations will commence soon: Now, therefore, be it

Declared, That in recognition of the fair representation provision in the Federal Reserve Act of 1913, as amended, the President of the United States, the United States Senate, and the Senate Committee on Banking, Housing, and Urban Affairs shou'd assure that the next vacancy on the Board of Governors of the Federal Reserve System should be filled by an individual who has substantial small business, agricultural, or other small business experience.

Mr. WEICKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. RUDMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. WEICKER. Mr. President, I ask unanimous consent that the bill be printed as passed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WEICKER. Mr. President, I take this opportunity to thank Ann Sullivan and Alan Chvotkin of the committee staff, as well as Lee Mercer and Andy Peterson of Senator RUDMAN's staff for their untiring efforts in achieving passage of this important small business legislation.

Mr. President, once again I reiterate my feelings of respect and admiration for the perseverance and wisdom that the Senator from New Hampshire (Mr. RUDMAN) has brought to this measure.

Insofar as the substance is concerned, this bill as it is written is the product of his mind and experience.

Insofar as the parliamentary situation is concerned, that was not easy. There were many stumbling blocks along the road, from the executive through the legislative branches of government. Senator RUDMAN met each one head-on and obviously, by the result of the unanimous vote, met the situation with overwhelming success. So my compliments to him.

I hope the measure will now be acted upon by the House and will be signed by the President, and it will stand as a testament to his ability as an outstanding U.S. Senator.

Mr. BAKER. Mr. President, I shall take this opportunity to extend my congratulations to the distinguished Senator from New Hampshire (Mr. RUDMAN).

Not very many weeks ago I stood at my place in the Senate and congratulated him on making his first speech and I said at that time that long before he came to the Senate and indeed while he was still a candidate for the Senate I identified him as one of the promising young political talents in our country, and I have not been disappointed in this appraisal since he joined this body.

Mr. President, since that time I have

watched the Senator from New Hampshire perform with extraordinary skill and never more skillfully than he has in managing the piece of legislation that we just concluded, the small business bill.

It is virtually a tale of the Perils of Pauline to see this initiative in this respect move through committee, to run into the minefield of objections that were placed in the paths of and which impeded our earlier efforts to bring it up for consideration by the full Senate, and then understand, as he did, that it would inevitably become the vehicle on which other amendments, some of them nongermane amendments, would be engrafted, and it would, no doubt, complicate the business of managing this bill on the floor.

The Senator from New Hampshire persisted in his efforts. He was determined to see that this, his maiden legislative effort, would succeed. Indeed, he virtually made a pest of himself to try to see that this was scheduled. I say that in all good humor because that is precisely how an effective Senator should operate when he is quarterbacking an important piece of legislation.

The Senator from New Hampshire was persistent, diligent, and dedicated, and finally he was successful, and I wish to take this opportunity to congratulate him for his maiden legislative effort, and to remark how unusual it is to see a freshman Senator take an important piece of legislation of this sort and move it this soon in his career.

Mr. BOSCHWITZ. Mr. President, let me just add a word to that because I was one of the Members in the minefield in committee that Senator RUDMAN had to overcome.

I had some reservations about the bill initially. These reservations were worked out, and I, too, concur with the majority leader that it is an unusual thing to see here in the Senate a freshman Senator in his first year proceed with a major piece of legislation.

Mr. LEVIN addressed the Chair.

The PRESIDING OFFICER. The Senator from Michigan.

Mr. ROBERT C. BYRD. Mr. President, will the Senator yield to me? I join the distinguished majority leader and the manager and ranking minority manager on the bill in congratulating them on their skill in managing the bill.

Mr. President, Senators LEVIN, DIXON, and RUDMAN deserve great credit for helping to design this important piece of legislation and guiding it through the difficult legislative process with skill and facility. At each possible setback for the interests of small business, these Senators showed their ability by working diligently for passage of language which recognized and upheld the importance of small business to this great Nation's economy. I commend them for their efforts and thank them for the time they spent on this bill.

Mr. LEVIN. Mr. President, I just wanted to add my voice to the commendation for the Senator from New Hampshire. He has been described by the majority leader as a promising young Senator. I do not know about the "young" part, but I must say I totally concur with the "promising" part.

He has really made an extraordinary record which has had an extraordinary impact on those of us who serve in the Senate.

Senator PRYOR and I were sitting over here chatting when the majority leader took the floor. We immediately stopped our chat and listened, and we concur in everything that has been said about our friend from New Hampshire. He has done a wonderful job on this bill. I thank the Chair.

Mr. RUDMAN. Mr. President, I just want to thank all my colleagues for their very gracious comments.

I want to say to the majority leader that I deeply appreciate his advice and counsel in steering this bill through the minefield that is the Senate on any new piece of legislation, and I am very deeply grateful.

● Mr. RIEGLE. Mr. President, I am pleased that the Senate has passed S. 881, the Small Business Innovation Research Act of 1981. This measure recognizes the critical role that small business plays in our economic system. Furthermore, it will direct Federal attention and resources to our most productive areas, and small business is responsible for the bulk of innovation and technological advances that we witness in this country each year. It has been stated during the debate on this measure that more than one-half of the major innovations that occur are the work of companies with 1,000 employees or less.

In fact, some of the greatest successes that we have seen in this Nation in terms of large corporate entities such as A.T. & T., GM, Kellogg, and many thousands of others began as small independent businesses, a few people with large ideas and practical know-how.

As we painfully know, our country has fallen behind in some areas of research and development, and we have seen a corresponding drop in productivity. I feel that this legislation will help to inspire new innovation and a resurgence of private sector development that is the key to our economic revival. S. 881 will guarantee to the small business community access to Federal resources. This is vital to small business, since the capital markets are either unavailable to growing firms, or so exorbitant that the costs far outweigh the potential returns from an investment.

In another area, this bill does not go as far as I had hoped. I cosponsored the amendment of the Senator from West Virginia, Mr. BYRD, which would have guaranteed small business representation on the Federal Reserve Board. Instead, the Senate passed a substitute amendment to assure fair and equal representation on that Board.

Mr. President, no other sector of the economy is suffering more from the high interest rate policies of the Federal Reserve than small business and farming. This encompasses the homebuilders, realtors, and auto dealers, as well as any other independent business that is dependent on credit for its survival. As the minority leader stated, we are seeing unprecedented numbers of business failures in this Nation, and this tragedy can be directly traced to the high interest policies of the Federal Reserve. I feel strongly that we should have enacted a provision to mandate a voice for small business on the Federal Reserve Board, but hope that the action that we have taken will signal the President to respond to the critical need.

In closing, Mr. President, S. 881 is a necessary measure to enhance the vitality of our most important economic sector. The facts stand alone; small business is 48 percent of our GNP, and more than 55 percent of total employment in this country.●

FEDERAL COURTS IMPROVEMENT ACT OF 1981

The PRESIDING OFFICER. Under the previous order the Senate will now proceed to the consideration of S. 1700, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 1700) to establish a United States Court of Appeals for the Federal Circuit, to establish a United States Claims Court, and for other purposes.

The Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with amendments, as follows:

On page 2, line 20, strike "October 1, 1981", and insert "the effective date of this Act";

On page 17, line 5, after "119"; insert "(a)";

On page 17, after line 12, insert the following:

(b) Funds appropriated to the Court of Customs and Patent Appeals and the Court of Claims for fiscal year 1982 shall be made available for the operation of the United States Court of Appeals for the Federal Circuit and the United States Claims Court. Such sums will be apportioned among the new appropriations as determined by the Director of the Administrative Office of the United States Courts in consultation with the chief judges of the respective courts.

On page 32, strike lines 3 through and including line 19, and insert the following:

"(2) To provide an entire remedy and to complete the relief afforded by the judgment, the court may, as an incident of and collateral to any such judgment, issue orders directing restoration to office or position, placement in appropriate duty or retirement status, and correction of applicable records, and such orders may be issued to any appropriate official of the United States. In any case within its jurisdiction, the court shall have the power to remand appropriate matters to any administrative or executive body or official with such direction as it may deem proper and just. The Claims Court shall have jurisdiction to render judgment under any claim by or against, or dispute with, a contractor arising under section 10(a)(1) of the Contract Disputes Act of 1978.

"(3) To afford complete relief in contract actions prior to award, the court shall have exclusive jurisdiction to grant declaratory judgments and such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief. In exercising this jurisdiction, the court shall give due regard to the interests of national defense or national security.

On page 55, line 15, strike "appointment to the United States Claims Court.", and insert the following: "employment with the United States Court of Claims";

On page 60, after line 23, insert the following:

PART B—PRECEDENCE AND COMPOSITION OF PANEL

PRECEDENCE PANEL

On page 61, line 24, strike "title,", and insert "title and the rules of the circuit";

On page 71, line 2, after "401.", insert "(a)";

On page 71, line 8, strike "regulations promulgated by" and insert "the approval and authorization of";

On page 71, beginning on line 9, strike "discretion and";

On page 71, line 10, after "approval", insert "and authorization";

On page 71, line 10, after "the", insert "presiding";

On page 71, beginning on line 15, strike "a judge of the court may direct or", and insert "such other proceedings";

On page 71, line 16, after "required", insert "to be recorded";

On page 71, line 17, after "of", insert "the";

On page 71, line 17, after "court", insert "or";

On page 71, line 21, after "reporter", insert "or other person designated to produce the record";

On page 72, line 1, after "reporter", insert "or other designated person";

On page 72, line 5, after "reporter", insert "or other designated person";

On page 72, line 10, after "reporter", insert "or other designated person";

On page 72, line 13, after "The", insert "certified";

On page 72, line 13, strike "in any case certified by the reporter";

On page 72, line 15, beginning with "No", strike through and including the end of line 17;

On page 72, after line 21, insert the following:

(b) Section 753(f) of title 28, United States Code is amended—

(1) by striking out "Each reporter" and inserting in lieu thereof "Where a proceeding has been transcribed by a reporter, such reporter"; and

(2) by deleting the last sentence of that subsection and inserting in lieu thereof the following: "Where the transcript of a proceeding has been produced by a court employee or other transcriber designated by the court who is not a court reporter appointed under this section, the court may charge and its clerk shall collect fees for transcripts requested by the parties, including the United States, at rates prescribed by the court subject to the approval of the Judicial Conference. The court, or a reporter who has transcribed proceedings, may require any party requesting a transcript of those proceedings, except the United States and its agencies and officers, to prepay in advance the estimated fee therefor.".

So as to make the bill read:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Federal Courts Improvement Act of 1981".

TITLE I—UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND UNITED STATES CLAIMS COURT

PART A—ORGANIZATION, STRUCTURE, AND JURISDICTION

NUMBER AND COMPOSITION OF CIRCUITS

SEC. 101. Section 41 of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended by striking out "twelve" and inserting in lieu thereof "thirteen" and by adding at the end thereof the following:

"Federal.....All Federal judicial districts.".

NUMBER OF CIRCUIT JUDGES

SEC. 102. (a) Section 44(a) of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended by adding at the end thereof the following:

"Federal ..... 12".

(b)(1) Section 44(c) of title 28, United States Code, is amended by adding the following sentence at the end thereof: "While in active service, each circuit judge of the Federal judicial circuit appointed after the effective date of this Act, and the chief judge of the Federal judicial circuit, whenever appointed, shall reside within fifty miles of the District of Columbia.".

(2) The first paragraph of section 48 of title 28, United States Code, is amended by striking out the first two sentences and inserting in lieu thereof the following:

"(a) The courts of appeals shall hold regular sessions at the places listed below, and at such other places within the respective circuit as each court may designate by rule:".

(3) Section 48(a) of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended further by inserting at the end of the table of circuits and places the following:

"Federal.....District of Columbia.".

(4) Section 48(a) of title 28, United States Code, is amended further by striking out the final paragraph and inserting in lieu thereof the following:

"(b) Each court of appeals may hold special sessions at any place within its circuit as the nature of the business may require, and upon such notice as the court orders. The court may transact any business at a special session which it might transact at a regular session.

"(c) Any court of appeals may pretermit, with the consent of the Judicial Conference of the United States, any regular session of court at any place for insufficient business or other good cause.".

PANELS OF JUDGES

SEC. 103. (a) Section 46(a) of title 28, United States Code, is amended by striking out "divisions" and inserting in lieu thereof "panels".

(b) Section 46(b) of title 28, United States Code, is amended—

(1) by striking out "divisions" each place it appears and inserting in lieu thereof "panels"; and

(2) by inserting immediately before the period at the end of the first sentence thereof the following: ", except that the United States Court of Appeals for the Federal Circuit may determine by rule the number of judges, not less than three, who constitute a panel".

NUMBER OF JUDGES FOR HEARINGS

SEC. 104. (a) The first sentence of section 46(c) of title 28, United States Code, is amended by inserting immediately after "three judges" the following: "(except that the United States Court of Appeals for the Federal Circuit may sit in panels of more than three judges if its rules so provide)".

(b) Section 46(d) of title 28, United States Code, is amended by striking out "division" and inserting in lieu thereof "panel".

ORGANIZATION OF UNITED STATES CLAIMS COURT

SEC. 105. (a) Chapter 7 of title 28, United States Code, is amended to read as follows:

"CHAPTER 7—UNITED STATES CLAIMS COURT

"Sec.
"171. Appointment and number of judges; character of court; designation of chief judge.
"172. Tenure and salaries of judges.
"173. Times and places of holding court.
"174. Assignments of judges; decisions.
"175. Official duty station; residence.
"176. Removal from office.
"177. Disbarment of removed judges.

"§ 171. Appointment and number of judges; character of court; designation of chief judge.

"(a) The President shall appoint, by and with the advice and consent of the Senate, sixteen judges who shall constitute a court of record known as the United States Claims Court. The court is declared to be a court established under article I of the Constitution of the United States.

"(b) The Claims Court shall at least biennially designate a judge to act as chief judge.

"§ 172. Tenure and salaries of judges.

"(a) Each judge of the United States Claims Court shall be appointed for a term of fifteen years.

"(b) Each judge shall receive a salary at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of this title.

"§ 173. Times and places of holding court.

"The principal office of the United States Claims Court shall be in the District of Columbia, but the Claims Court may hold court at such times and in such places as it may fix by rule of court. The times and places of the sessions of the Claims Court shall be prescribed with a view to securing reasonable opportunity to citizens to appear before the Claims Court with as little inconvenience and expense to citizens as is practicable.

"§ 174. Assignment of judges; decisions.

"(a) The judicial power of the United States Claims Court with respect to any action, suit, or proceeding, except congressional reference cases, shall be exercised by a single judge, who may preside alone and hold a regular or special session of court at the same time other sessions are held by other judges.

"(b) All decisions of the Claims Court shall be preserved and open to inspection.

"§ 175. Official duty station; residence.

"(a) The official duty station of each judge of the United States Claims Court is the District of Columbia.

"(b) After appointment and while in active service, each judge shall reside within fifty miles of the District of Columbia.

"§ 176. Removal from office.

"Removal of a judge of the United States Claims Court during the term for which he is appointed shall be only for incompetency, misconduct, neglect of duty, engaging in the practice of law, or physical or mental disability. Removal shall be by the United States Court of Appeals for the Federal Circuit, but removal may not occur unless a majority of all the judges of such court of appeals concur in the order of removal. Before any order of removal may be entered, a full specification of the charges shall be furnished to the judge, and he shall be accorded an opportunity to be heard on the charges. Any cause for removal of any judge of the United States Claims Court coming to the knowledge of the Director of the Administrative Office of the United States Courts shall be reported by him to the chief judge of the United States Court of Appeals for the Federal Circuit, and a copy of the report shall at the same time be transmitted to the judge.

"§ 177. Disbarment of removed judges.

"A judge of the United States Claims Court removed from office in accordance with section 176 of this title shall not be permitted at any time to practice before the Claims Court.".

(b) The item relating to chapter 7 in the chapter analysis of part I of title 28, United States Code, is amended to read as follows:

"7. United States Claims Court..... 171".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 106. Chapter 9 of title 28, United States Code, and the item relating to chapter 9 in the chapter analysis of part I of such title, are repealed.

INTERLOCUTORY APPEALS FROM CERTAIN ORDERS

SEC. 107. Section 256(b) of title 28, United States Code, is amended by striking out "section 1541(b)" and all that follows through

"in that section." and inserting in lieu thereof the following: "section 1292(c)(3) of this title, and the United States Court of Appeals for the Federal Circuit may, in its discretion, consider the appeal.".

REPEAL; ASSIGNMENT OF CIRCUIT JUDGES

SEC. 108. Subsection (b) of section 291 of title 28, United States Code, is repealed.

ASSIGNMENT OF DISTRICT JUDGES

SEC. 109. Section 292(e) of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals or" and by striking out "in which the need arises".

REPEAL; ASSIGNMENT OF OTHER JUDGES

SEC. 110. Subsections (a), (c), and (d) of section 293 of title 28, United States Code, are repealed.

JUDICIAL CONFERENCE

SEC. 111. Section 331 of title 28, United States Code, is amended—

(1) in the first paragraph, by striking out ", the chief judge of the Court of Claims, the chief judge of the Court of Customs and Patents Appeals,"; and

(2) in the third paragraph, by striking out the second sentence.

RETIREMENT

SEC. 112. (a) Section 372(a) of title 28, United States Code, is amended—

(1) in the third paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or"; and

(2) in the fifth paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or".

(b) Section 372(b) of title 28, United States Code, is amended by striking out "Court of Claims, Court of Customs and Patent Appeals, or" each place it appears.

REPEAL; DISTRIBUTION OF COURT OF CLAIMS DECISIONS

SEC. 113. Section 415 of title 28, United States Code, and the item relating to section 415 in the section analysis of chapter 19 of such title, are repealed.

DEFINITIONS

SEC. 114. Section 451 of title 28, United States Code (including that section as it will become effective on April 1, 1984), is amended—

(1) in the first paragraph, by striking out "the Court of Claims, the Court of Customs and Patent Appeals,"; and

(2) in the third paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals,".

TRAVELING EXPENSES AND COURT ACCOMMODATIONS

SEC. 115. (a)(1) Section 456 of title 28, United States Code, is amended to read as follows:

"§ 456. Traveling expenses of justices and judges; official duty stations.

"(a) The Director of the Administrative Office of the United States Courts shall pay each justice or judge of the United States, and each retired justice or judge recalled or designated and assigned to active duty, while attending court or transacting official business at a place other than his official duty station for any continuous period of less than thirty calendar days (1) all necessary transportation expenses certified by the justice or judge; and (2) a per-diem allowance for travel at the rate which the Director establishes not to exceed the maximum per-diem allowance fixed by section 5702(a) of title 5, United States Code, or in accordance with regulations which the Director shall prescribe with the approval of the Judicial Conference of the United States, reimbursement for his actual and necessary expenses of subsistence not in excess of the maximum amount fixed by section 5702 of title 5, United States Code. The Director of the Administrative Office of the United States Courts shall also pay each justice or judge of the United States, and each retired justice or judge recalled or designated and assigned to active duty, while attending court or transacting official business under an assignment authorized under chapter 13 of this title which exceeds in duration a continuous period of thirty calendar days, all necessary transportation expenses and actual and necessary expenses of subsistence actually incurred, notwithstanding the provisions of section 5702 of title 5, United States Code, in accordance with regulations which the Director shall prescribe with the approval of the Judicial Conference of the United States.

"(b) The official duty station of the Chief Justice of the United States, the Justices of the Supreme Court of the United States, and the judges of the United States Court of Appeals for the District of Columbia Circuit, the United States Court of Appeals for the Federal Circuit, and the United States District Court for the District of Columbia shall be the District of Columbia.

"(c) The official duty station of the judges of the United States Court of International Trade shall be New York City.

"(d) The official duty station of each district judge shall be that place where a district court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.

"(e) The official duty station of a circuit judge shall be that place where a circuit or district court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, or that place where the Director provides chambers to the judge where he performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.

"(f) The official duty station of a retired judge shall be established in accordance with section 374 of this title.

"(g) Each circuit or district judge whose official duty station is not fixed expressly by this section shall notify the Director of the Administrative Office of the United States Courts in writing of his actual abode and official duty station upon his appointment and from time to time thereafter as his official duty station may change.".

(2) The item relating to section 456 in the section analysis of chapter 21 of title 28, United States code, is amended to read as follows:

"456. Traveling expenses of justices and judges; official duty stations.".

(b)(1) Section 460 of title 28, United States Code, is amended to read as follows:

"§ 460. Application to other courts.

"(a) Sections 452 through 459 and section 462 of this chapter shall also apply to the United States Claims Court, to each court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, and to the judges thereof.

"(b) The official duty station of each judge referred to in subsection (a) which is not otherwise established by law shall be that place where the court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.".

(2) The item relating to section 460 in the section analysis of chapter 21 of title 28, United States Code, is amended to read as follows:

"460. Application to other courts.".

(c)(1) Chapter 21 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 462. Court accommodations.

"(a) Sessions of courts of the United States (except the Supreme Court) shall be held only at places where the Director of the Administrative Office of the United States Courts provides accommodations, or where suitable accommodations are furnished without cost to the judicial branch.

"(b) The Director of the Administrative Office of the United States Courts shall provide accommodations, including chambers and courtrooms, only at places where regular sessions of court are authorized by law to be held, but only if the judicial council of the appropriate circuit has approved the accommodations as necessary.

"(c) The limitations and restrictions contained in subsection (b) of this section shall not prevent the Director from furnishing chambers to circuit judges at places where Federal facilities are available when the judicial council of the circuit approves.

"(d) The Director of the Administrative Office of the United States Courts shall provide permanent accommodations for the United States Court of Appeals for the Federal Circuit and for the United States Claims Court only at the District of Columbia. However, each such court may hold regular and special sessions at other places utilizing the accommodations which the Director provides to other courts.

"(e) The Director of the Administrative Office of the United States Courts shall provide accommodations for probation officers, pretrial service officers, and Federal Public Defender Organizations at such places as may be approved by the judicial council of the appropriate circuit.

"(f) Upon the request of the Director, the Administrator of General Services is authorized and directed to provide the accommodations the Director requests, and to close accommodations which the Director recommends for closure with the approval of the Judicial Conference of the United States.".

(2) The section analysis of chapter 21 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"462. Court accommodations.".

(3) Section 142 of title 28, United States Code, and the item relating to section 142 in the section analysis of chapter 5 of such title, are repealed.

SEC. 116. (a) Chapter 21 of title 28, United States Code, is amended by adding the following new section:

"§ 463. Expenses of litigation.

"(a) Whenever a Chief Justice, justice, judge, officer, or employee of any United States court is sued in his official capacity, or is otherwise required to defend acts taken or omissions made in his official capacity, and the services of an attorney for the Government are not reasonably available pursuant to chapter 31 of this title, the Director of the Administrative Office of the United States Courts may pay the costs of his defense. The Director shall prescribe regulations for such payments subject to the approval of the Judicial Conference of the United States.".

(b) The analysis of chapter 21 of title 28, United States Code, is amended by adding the following new item:

"463. Expenses of litigation.".

INTERESTS OF THE UNITED STATES IN CERTAIN ACTIONS

SEC. 117. Section 518(a) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or in the United States Court of Appeals for the Federal Circuit".

TRANSMISSION OF PETITIONS IN SUITS AGAINST THE UNITED STATES

SEC. 118. (a) Section 520 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out

"Court of Claims" and inserting in lieu thereof "United States Claims Court or in the United States Court of Appeals for the Federal Circuit"; and

(2) by striking out "Court of Claims" in the section heading and inserting in lieu thereof "United States Claims Court or in United States Court of Appeals for the Federal Circuit".

(b) The item relating to section 520 in the section analysis of chapter 31 of title 28, United States Code, is amended to read as follows:

"520. Transmission of petitions in United States Claims Court or in United States Court of Appeals for the Federal Circuit; statement furnished by departments.".

BUDGET ESTIMATES

SEC. 119. (a) Section 605 of title 28, United States Code, is amended by inserting immediately before the period at the end of the second undesignated paragraph the following: "and the estimate with respect to the United States Court of Appeals for the Federal Circuit shall be approved by such court" and by striking out "Bureau of the Budget" each place it appears and inserting in lieu thereof "Office of Management and Budget".

(b) Funds appropriated to the Court of Customs and Patent Appeals and the Court of Claims for fiscal year 1982 shall be made available for the operation of the United States Court of Appeals for the Federal Circuit and the United States Claims Court. Such sums will be apportioned among the new appropriations as determined by the Director of the Administrative Office of the United States Courts in consultation with the chief judges of the respective courts.

DEFINITION OF COURTS

SEC. 120. (a) Section 610 of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals" and inserting in lieu thereof "the United States Claims Court".

(b)(1) Section 713 of title 28, United States Code, is amended to read as follows:

"§ 713. Librarians.

"(a) Each court of appeals may appoint a librarian who shall be subject to removal by the court.

"(b) The librarian, with the approval of the court, may appoint necessary library assistants in such numbers as the Director of the Administrative Office of the United States may approve. The librarian may remove such library assistants with the approval of the court.".

(2) The item relating to section 713 in the section analysis of chapter 47, United States Code, is amended to read as follows:

"713. Librarians.".

(c)(1) Chapter 47 of title 28, United States Code, is amended by adding at the end thereof the following new sections:

"§ 714. Criers and messengers.

"(a) Each court of appeals may appoint a crier who shall be subject to removal by the court.

"(b) The crier, with the approval of the court, may appoint necessary messengers in such numbers as the Director of the Administrative Office of the United States Courts may approve. The crier may remove such messengers with the approval of the court. The crier shall also perform the duties of bailiff and messenger.

"§ 715. Staff attorneys and technical assistants.

"(a) The chief judge of each court of appeals, with the approval of the court, may appoint a senior staff attorney, who shall be subject to removal by the chief judge with the approval of the court.

"(b) The senior staff attorney, with the approval of the chief judge, may appoint necessary staff attorneys and secretarial and clerical employees in such numbers as the Director of the Administrative Office of the United States may approve, but in no event may the number of staff attorneys exceed the number of positions expressly authorized in an annual appropriation Act. The senior staff attorney may remove such staff attorneys and secretarial and clerical employees with the approval of the chief judge.

"(c) The chief judge of the Court of Appeals for the Federal Circuit, with the approval of the court, may appoint a senior technical assistant who shall be subject to removal by the chief judge with the approval of the court.

"(d) The senior technical assistant, with the approval of the court, may appoint necessary technical assistants in such number as the Director of the Administrative Office of the United States Courts may approve, but in no event may the number of technical assistants in the Court of Appeals for the Federal Circuit exceed the number of circuit judges in regular active service within such circuit. The senior technical assistant may remove such technical assistants with the approval of the court.".

(2) The section analysis of chapter 47, United States Code, is amended by adding at the end thereof the following new items:

"714. Criers and messengers.
"715. Staff attorneys and technical assistants."

OFFICERS AND EMPLOYEES OF THE UNITED STATES CLAIMS COURT

SEC. 121. (a) Section 791(a) of title 28, United States Code, is amended to read as follows:

"(a) The United States Claims Court may appoint a clerk, who shall be subject to removal by the court. The clerk, with the approval of the court, may appoint necessary deputies and employees in such numbers as may be approved by the Director of the Administrative Office of the United States Courts. Such deputies and employees shall be subject to removal by the clerk with the approval of the court.".

(b) Section 792 of title 28, United States Code, and the item relating to section 792 in the section analysis of chapter 51 of such title, are repealed.

(c)(1) Section 794 of title 28, United States Code, is amended to read as follows:

"§ 794. Law clerks and secretaries.

"The judges of the United States Claims Court may appoint necessary law clerks and secretaries, in such numbers as the Judicial Conference of the United States may approve subject to any limitation of the aggregate salaries of such employees which may be imposed by law.".

(2) The item relation to section 794 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"794. Law clerks and secretaries.".

(d)(1) Section 795 of title 28, United States Code, is amended to read as follows:

"§ 795. Bailiffs and messengers.

"The chief judge of United States Claims Court, with the approval of the court, may appoint necessary bailiffs and messengers, in such numbers as the Director of the Administrative Office of the United States Courts may approve, each of whom shall be subject to removal by the chief judge, with the approval of the court.".

(2) The item relating to section 795 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"795. Bailiffs and messengers.".

(e) Section 796 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "Director of the Administrative Office of the United States Courts".

(f) Section 797 of title 28, United States Code, and the item relating to section 797 in the section analysis of chapter 51 of such title, are repealed.

(g)(1) The item relating to chapter 51 in the chapter analysis of part III of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 51 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

ABOLISHMENT OF UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

SEC. 122. (a) Chapter 53 of the title 28, United States Code, and the item relating to chapter 53 in the chapter analysis of part III of such title, are repealed.

(b) Subsection (a) of section 957 of title 28, United States Code, is amended by striking out "(a)" and subsection (b) of such section 957 is repealed.

TECHNICAL AND CONFORMING AMENDMENTS RELATING TO REPEAL OF COURT OF CUSTOMS AND PATENT APPEALS

SEC. 123. Sections 1255 and 1256 of title 28, United States Code, and the items relating to sections 1255 and 1256 in the section analysis of chapter 81 of such title, are repealed.

COURTS OF APPEALS JURISDICTION

SEC. 124. Section 1291 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "courts of appeals"; and

(2) by adding at the end thereof the following new sentence: "The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the jurisdiction described in sections 1292(c) and (d) and 1295 of this title.".

INTERLOCUTORY DECISIONS

SEC. 125. (a) Section 1292(a) of title 28, United States Code, is amended—

(1) by striking out "The courts" and inserting in lieu thereof "Except as provided in subsections (c) and (d) of this section, the courts";

(2) by striking out the semicolon at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) by striking out paragraph (4).

(b) Section 1292 of title 28, United States Code, is amended by adding at the end thereof the following new subsections:

"(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from an interlocutory order or decree described in subsection (a) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and

"(2) of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.

"(d)(1) When the chief judge of the Court of International Trade issues an order under the provisions of section 256(b) of this title, or when any judge of the Court of International Trade, in issuing any other interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Court may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(2) When any judge of the United States Claims Court, in issuing an interlocutory order, includes in the order a statement that

a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(3) Neither the application for nor the granting of an appeal under this subsection shall stay proceedings in the Court of International Trade or in the Claims Court, as the case may be, unless a stay is ordered by a judge of the Court of International Trade or the Claims Court or by the United States Court of Appeals for the Federal Circuit or a judge of that court.".

CIRCUITS IN WHICH DECISIONS ARE REVIEWABLE

SEC. 126. Section 1294 of title 28, United States Code, is amended by striking out "Appeals" and inserting in lieu thereof "Except as provided in section 1295 of this title, appeals".

JURISDICTION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SEC. 127. (a) Chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new sections:

"§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit.

"(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

"(2) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), or 1346(e) of this title or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title;

"(3) of an appeal from a final decision of the United States Claims Court;

"(4) of an appeal from a decision of—

"(A) the Board of Appeals or the Board of Patent Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

"(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

"(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

"(5) of an appeal from a final decision of the United States Court of International Trade;

"(6) to review the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337);

"(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under headnote 6 to schedule 8, part 4, of the Tariff Schedules of the United States (relating to importation of instruments or apparatus);

"(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461);

"(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to sections 7703(b)(1) and 7703(d) of title 5; and

"(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 except as provided in section 4 of that Act.

"(b) The head of any executive department or agency may, with the approval of the Attorney General, refer to the Court of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to the terms of any contract with the United States awarded by that department or agency which the head of such department or agency has concluded is not entitled to finality pursuant to the review standards specified in section 10(b) of the Contract Disputes Act of 1978 (41 U.S.C. 609(b)). The head of each executive department or agency shall make any referral under this section within one hundred and twenty days after the receipt of a copy of the final appeal decision.

"(c) The Court of Appeals for the Federal Circuit shall review the matter referred in accordance with the standards specified in section 10(b) of the Contract Disputes Act of 1978. The court shall proceed with judicial review on the administrative record made before the board of contract appeals on matters so referred as in other cases pending in such court, shall determine the issue of finality of the appeal decision, and shall, if appropriate, render judgment thereon, or remand the matter to any administrative or executive body or official with such direction as it may deem proper and just.

"§ 1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit.

"Civil actions in the United States Court of Appeals for the Federal Circuit shall be given precedence, in accordance with the law applicable to such actions, in such order as the court may by rule establish.".

(b) The section analysis of chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit.

"1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit.".

INTERSTATE COMMERCE COMMISSION ORDERS; JURISDICTION

SEC. 128. Section 1336(b) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

UNITED STATES AS DEFENDANT; JURISDICTION

SEC. 129. Section 1346(a) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

INTERSTATE COMMERCE COMMISSION ORDERS; VENUE

SEC. 130. Section 1398(b) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

UNITED STATES AS DEFENDANT; VENUE

SEC. 131. Section 1402(a) of title 28, United States Code, is amended by inserting "in a district court" after "civil action".

CURE OR WAIVER OF DEFECTS

SEC. 132. Section 1406(c) of title 28, United States Code, is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

UNITED STATES CLAIMS COURT JURISDICTION AND VENUE

SEC. 133. (a) Section 1491 of title 28, United States Code, is amended to read as follows:

"§ 1491. Claims against United States generally; actions involving Tennessee Valley Authority.

"(a)(1) The United States Claims Court shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. For the purpose of this paragraph, an express or implied contract with the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, or Exchange Councils of the National Aeronautics and Space Administration shall be considered an express or implied contract with the United States.

"(2) To provide an entire remedy and to complete the relief afforded by the judgment, the court may, as an incident of and collateral to any such judgment, issue orders directing restoration to office or position, placement in appropriate duty or retirement status, and correction of applicable records, and such orders may be issued to any appropriate officials of the United States. In any case within its jurisdiction, the court shall have the power to remand appropriate matters to any administrative or executive body or official with such direction as it may deem proper and just. The Claims Court shall have jurisdiction to render judgment under any claim by or against, or dispute with, a contractor arising under section 10(a)(1) of the Contract Disputes Act of 1978.

"(3) To afford complete relief in contract actions prior to award, the court shall have exclusive jurisdiction to grant declaratory judgments and such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief. In exercising this jurisdiction, the court shall give due regard to the interests of national defense or national security.

"(b) Nothing herein shall be construed to give the United States Claims Court jurisdiction of any civil action within the exclusive jurisdiction of the Court of International Trade, or of any action against, or founded on conduct of, the Tennessee Valley Authority, or to amend or modify the provisions of the Tennessee Valley Authority Act of 1933 with respect to actions by or against the Authority.".

(b) Section 1492 of title 28, United States Code, is amended by striking out "chief commissioner of the Court of Claims" and inserting in lieu thereof "chief judge of the United States Claims Court".

(c)(1) Sections 1494, 1495, 1496, and 1497 of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The section heading of section 1497 of title 28, United States Code, is amended by striking out "growers," and inserting in lieu thereof "growers' ".

(d) Section 1498 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court";

(2) in subsections (b) and (d), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court".

(e) Sections 1499, 1500, 1501, 1502, and 1503 of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(f) Section 1504 of title 28, United States Code, and the item relating to section 1504 in the section analysis of chapter 91 of such title, are repealed.

(g) Section 1505 of title 28, United States Code, is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court" and by striking out "Court of Claims" the second place it appears and inserting in lieu thereof "Claims Court".

(h) Section 1506 of title 28, United States Code, and the item in the section analysis of chapter 91 of such title, are repealed.

(i) Section 1507 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(j)(1) The item relating to chapter 91 in the chapter analysis of part IV of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 91 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(3) The item relating to section 1499 in the section analysis of chapter 91, United States Code, is amended to read as follows:

"1499. Liquidated damages withheld from contractors under Contract Work Hours Standards Act.".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 134. Chapter 93 of title 28, United States Code, and the item relating to chapter 93 in the chapter analysis of part IV of such title, are repealed.

REPEAL; CURE OF DEFECTS

SEC. 135. Section 1584 of title 28, United States Code, and the item relating to section 1584 in the section analysis of chapter 95 of such title, are repealed.

REPEAL; TIME FOR APPEAL

SEC. 136. Section 2110 of title 28, United States Code, and the item relating to section 2110 in the section analysis of chapter 133 of such title, are repealed.

COURT OF APPEALS JURISDICTION

SEC. 137. Section 2342 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "court of appeals";

(2) in paragraph (4), by inserting "and" after the semicolon;

(3) in paragraph (5), by striking out "; and" and inserting in lieu thereof a period; and

(4) by striking out paragraph (6).

PLANT VARIETY PROTECTION OFFICE DECISIONS

SEC. 138. Section 2353 of title 28, United States Code, and the item relating to section 2353 in the section analysis of chapter 158 of such title, are repealed.

UNITED STATES CLAIMS COURT PROCEDURE

SEC. 139. (a) Sections 2501 and 2502(a) of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(b)(1) Section 2503 of title 28, United States Code, is amended to read as follows:

"§ 2503. Proceedings generally.

"Parties to any suit in the United States Claims Court may appear before a judge of that court in person or by attorney, produce evidence, and examine witnesses. The proceedings of the Claims Court shall be in accordance with such rules of practice and procedure (other than the rules of evidence) as the Claims Court may prescribe and in accordance with the rules of evidence applicable to trials without a jury in a district court of the United States. The judges shall fix times for trials, administer oaths or affirmations, examine witnesses, receive evidence, and enter dispositive judgments. Hearings shall, if convenient, be held in the counties where the witnesses reside.".

(2) The item relating to section 2503 in the section analysis of chapter 165 of title 28, United States Code, is amended by striking out "before commissioners".

(c) Section 2504 of title 28, United States Code, and the item relating to section 2504 in the section analysis of chapter 165 of such title, are repealed.

(d) Section 2505 of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "report findings" and inserting in lieu thereof "enter judgment".

(e) Section 2506 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(f) Section 2507 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (c), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court".

(g) Section 2508 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(h)(1) Section 2509(a) of title 28, United States Code, is amended to read as follows:

"(a) Whenever a bill, except a bill for a pension, is referred by either House of Congress to the chief judge of the United States Claims Court pursuant to section 1492 of this title, the chief judge shall designate a judge as hearing officer for the case and a panel of three judges of the court to serve as a reviewing body. One member of the review panel shall be designated as presiding officer of the panel.".

(2) Section 2509 of title 28, United States Code, is amended—

(A) in subsections (b), (c), (d), and (f), by striking out "trial commissioner" and inserting in lieu thereof "hearing officer";

(B) in subsections (b), (c), and (e), by striking out "chief commissioner" and inserting in lieu thereof "chief judge";

(C) in subsections (b), (f), and (g), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court";

(D) in subsection (d), by striking out "of commissioners";

(E) in subsection (g), by striking out "commissioners" the first place it appears and inserting in lieu thereof "judges"; and

(F) in subsection (g), by striking out "trial commissioners" and inserting in lieu thereof "hearing officers".

(i)(1) Section 2510 of title 28, United States Code, is amended to read as follows:

"§ 2510. Referral of cases by Comptroller General.

"(a) The Comptroller General may transmit to the United States Claims Court for trial and adjudication any claim or matter of which the Claims Court might take jurisdiction on the voluntary action of the claimant, together with all vouchers, papers, documents, and proofs pertaining thereto.

"(b) The Claims Court shall proceed with the claims or matters so referred as in other cases pending in such Court and shall render judgment thereon.".

(2) The item relating to section 2510 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2510. Referral of cases by Comptroller General.".

(j)(1) Section 2511 of title 28, United States Code, is amended by striking out ", or of the Supreme Court upon review,".

(2) Sections 2511, 2512, 2513(c), 2514, and 2515(a) of title 28, United States Code, are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(k) Section 2517 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (b), by striking out the comma at the end thereof and inserting in lieu thereof a period.

(l) Section 2518 of title 28, United States Code, and the item relating to section 2518 in the section analysis of chapter 165 of such title, are repealed.

(m) Section 2519 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(n)(1) Section 2520(a) of title 28, United States Code, is amended—

(A) by striking out "(a)";

(B) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court" and

(C) by striking out "$10" and inserting in lieu thereof "$60".

(2) Subsections (b) and (c) of section 2520 of title 28, United States Code, are repealed.

(3) The section heading for section 2520 of title 28, United States Code, is amended by striking out "; cost of printing record".

(4) The item relating to section 2520 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2520. Fees.".

(o)(1) The item relating to chapter 165 in the chapter analysis of part VI of title 28, United States Code, is amended to read as follows:

"165. United States Claims Procedure ---------- 2501".

(2) The chapter heading of chapter 165 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(p)(1) Section 1926 of title 28, United States Code, is amended to read as follows:

"§ 1926. Claims Court.

"(a) The Judicial Conference of the United States shall prescribe from time to time the fees and costs to be charged and collected in the United States Claims Court.

"(b) The court and its officers shall collect only such fees and costs as the Judicial Conference prescribes. The court may require advance payment of fees by rule.".

(2) The item relating to section 1926 in the section analysis of chapter 123 of title 28, United States Code, is amended to read as follows:

"1926. Claims Court.".

(q)(1) Chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 2522. Notice of Appeal.

"Review of a decision of the United States Claims Court shall be obtained by filing a notice of appeal with the clerk of the Claims Court within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts.".

(2) The section analysis of chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"2522. Notice of Appeal.".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 140. Chapter 167 of title 28, United States Code, and the item relating to chapter 167 in the chapter analysis of part VI of such title, are repealed.

COURT OF INTERNATIONAL TRADE; PROCEDURE

SEC. 141. Section 2645(c) of title 28, United States Code, is amended by striking out "Customs and Patent Appeals within the time and in the manner provided in section 2601 of this title" and inserting in lieu thereof "Appeals for the Federal Circuit by filing a notice if appeal with the clerk of the Court of International Trade within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts".

FEDERAL RULES OF PROCEDURE

SEC. 142. Rule 1101(a) of the Federal Rules of Evidence is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "Claims Court" and by striking out "and commissioners of the Court of Claims".

PART B—CONFORMING AMENDMENTS OUTSIDE TITLE 28

SEC. 143. Section 225(f)(C) of the Federal Salary Act of 1967 (2 U.S.C. 356(C)), is amended by inserting "and the judges of the United States Claims Court" immediately before the semicolon at the end thereof.

SEC. 144. Section 7703 of title 5, United States Code, is amended—

(1) in subsection (b)(1), by striking out "Court of Claims or a United States court of appeals as provided in Chapters 91 and 158, respectively, of title 28" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit";

(2) in subsection (c), by striking out "Court of Claims or a United States court of appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit"; and

(3) in subsection (d), by striking out "District of Columbia" and inserting in lieu thereof "Federal Circuit".

SEC. 145. The second sentence of section 71 of the Plant Variety Protection Act (7 U.S.C. 2461) is amended to read as follows: "The United States Court of Appeals for the Federal Circuit shall have jurisdiction.".

SEC. 146. Section 11(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2210(d)) is amended by striking out "Court of Claims of the United States" and inserting in lieu thereof "United States Claims Court".

SEC. 147. Section 204 of title 18, United States Code, and the section heading thereof are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or the United States Court of Appeals for the Federal Circuit".

SEC. 148. Section 39 of the Trademark Act of 1946 (15 U.S.C. 1121) is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "circuit courts of appeal of the United States".

SEC. 149. Section 516A(a)(3) of the Tariff Act of 1930 (19 U.S.C. 1516a(a)(3)) is amended by striking out "subsections (b), (c), and (e) of".

SEC. 150. (a) Section 29 of the Act entitled "An Act to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes", approved August 13, 1946 (25 U.S.C. 70v–3), is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

(b) Subsection (c) of section 29 of such Act is repealed.

(c) Subsection (d) of section 29 of such Act is amended by striking "Supreme Court in accordance with the provisions of section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

SEC. 151. Section 2 of the Act of May 18, 1928 (25 U.S.C. 652) is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court" and by striking out "Court of Claims of the United States" and inserting in lieu thereof "United States Claims Court" and by striking out "Supreme Court of the United States" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit".

SEC. 152. Section 7422(e) of the Internal Revenue Code of 1954 is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

SEC. 153. Section 7428 of the Internal Revenue Code of 1954 is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

SEC. 154. (a) The second sentence of section 7456(c) of the Internal Revenue Code of 1954 is amended to read as follows: "Each commissioner shall receive pay at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of title 28, United States Code, and also necessary traveling expenses and per diem allowance, as provided in the Travel Expense Act of 1949, while traveling on official business and away from Washington, District of Columbia.".

(b) Notwithstanding the preceding paragraph, until such time as a change in the salary rate of a commissioner of the United States Tax Court occurs in accordance with section 7456(c) of the Internal Revenue Code of 1954, the salary of such commissioner shall be equal to the salary of a commissioner of the Court of Claims.

SEC. 155. Section 7482(a) of the Internal Revenue Code of 1954 is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "United States Court of Appeals".

SEC. 156. Section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)) is amended—

(1) in subparagraph (A), by striking out "Court of Claims" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit"; and

(2) in subparagraph (B), by striking out "United States Court of Claims for judicial review, under section 2510 of title 28, United States Code, as amended herein," and inserting in lieu thereof "Court of Appeals for the Federal Circuit for judicial review under section 1295 of title 28, United States Code,".

SEC. 157. Section 10(c) of the Contract Disputes Act of 1978 (41 U.S.C. 609(c)) is amended by striking out ", or, in its discretion" and all that follows through "of the case".

SEC. 158. Section 713 of title 44, United States Code, is amended—

(1) by striking out "eight hundred and twenty-two" and inserting in lieu thereof "eight hundred and twenty";

(2) by inserting "and" after "Superintendent of Documents:"; and

(3) by striking out "to the Court of Claims, two copies; and".

SEC. 159. Section 1103 of title 44, United States Code, is amended by striking out ", the Court of Claims," and by striking out ", chief judge of the Court of Claims,".

SEC. 160. (a) The following provisions of law are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court":

(1) Sections 1 and 2 of the Act of October 19, 1973 (87 Stat. 466).

(2) Section 8715 of title 5, United States Code.

(3) Section 8912 of title 5, United States Code.

(4) Section 2273(b) of title 10, United States Code.

(5) Section 337(1) of the Tariff Act of 1930 (19 U.S.C. 1337(1)).

(6) Section 605(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2356(a)).

(7) Section 1 of the Act entitled "An Act providing for the allotment and distribution of Indian tribal funds", approved March 2, 1907 (25 U.S.C. 119).

(8) Section 2 of the Act of August 12, 1935 (25 U.S.C. 475a).

(9) Section 6110(1)(1) of the Internal Revenue Code of 1954.

(10) Section 2 of the Act of May 28, 1908 (30 U.S.C. 193a).

(11) Section 7 of the Act of July 31, 1894 (31 U.S.C. 72).

(12) Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a).

(13) Section 183 of title 35, United States Code.

(14) Section 104(c) of the Contract Work Hours and Safety Standards Act (40 U.S.C. 330(c)).

(15) Sections 13(b)(2) and 14 of the Contract Settlement Act of 1944 (41 U.S.C. 113(b) and 114).

(16) Sections 8(d), 10(a)(1), and 10(d) of the Contract Disputes Act of 1978 (41 U.S.C. 607(d), 609(a)(1), and 609(d)).

(17) Sections 171 and 173 of the Atomic Energy Act of 1954 (42 U.S.C. 2221 and 2223).

(18) Section 10(1) of the Trading with the Enemy Act (50 U.S.C. App. 10(1)).

(19) Sections 103(f), 103(i), 105, 106(a)(6), 108, 108A, and 114(5) of the Renegotiation Act of 1951 (50 U.S.C. App. 1213(f), 1213(i), 1215, 1216(a)(6), 1218, 1218a, and 1224(5)).

(20) Section 4 of the Act of July 2, 1948 (50 U.S.C. App. 1984).

(b) The section heading of section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(c) Section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "Supreme Court upon certiorari in the manner provided in section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

SEC. 161. The following provisions of law are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court";

(1) Section 4(c) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(c)).

(2) Section 20 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831s).

(3) Section 403 of the International Claims Settlement Act of 1949 (22 U.S.C. 1642b).

(4) Section 2(a) of the Act of May 15, 1978 (92 Stat. 244).

(5) Section 311(1) of the Federal Water Pollution Control Act (33 U.S.C. 1321(1)).

(6) Section 10(b) of the Intervention on the High Seas Act (33 U.S.C. 1479(b)).

(7) Section 282 of title 35, United States Code.

(8) Section 5261 of the Revised Statutes (45 U.S.C. 87).

(9) Section 41(a) of the Trading with the Enemy Act (50 U.S.C. App. 42(a)).

SEC. 162. The following provisions of law are amended by striking out "United States Court of Customs and Patent Appeals" and "Court of Customs and Patent Appeals" each place they appear and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit":

(1) Section 21 of the Trademark Act of 1946 (15 U.S.C. 1071).

(2) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182).

(3) Section 305(d) of the National Aero-

nautics and Space Act of 1958 (42 U.S.C. 2457(d)).

SEC. 163. (a) The following provisions of law are amended by striking out "Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "Court of Appeals for the Federal Circuit":

(1) Subsections (d) and (f) of section 516 of the Tariff Act of 1930 (19 U.S.C. 1516(d) and (f)).

(2) Section 516A (c) and (e) of the Tariff Act of 1930 (19 U.S.C. 1516a (c) and (e)).

(3) Section 528 of the Tariff Act of 1930 (19 U.S.C. 1528).

(4) Section 337(c) of the Tariff Act of 1930 (19 U.S.C. 1337(c)).

(5) Section 284(c) of the Trade Act of 1974 (19 U.S.C. 2395(c)).

(6) Section 308(9) of the Ethics in Government Act (28 U.S.C. App.)

(7) Sections 141 through 146 of title 35, United States Code.

(b)(1) The item relating to section 141 in the section analysis of chapter 13 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

(2) The section heading for section 141 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

SEC. 164. The following provisions of law are amended by striking out "the United States Court of Claims, the United States Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "the United States Claims Court":

(1) Section 6001(4) of title 18, United States Code.

(2) Section 906 of title 44, United States Code.

PART C—MISCELLANEOUS PROVISIONS

CONTINUED SERVICE OF CURRENT JUDGES

SEC. 165. The judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals in regular active service on the effective date of this Act shall continue in office as judges of the United States Court of Appeals for the Federal Circuit. Senior judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals on the effective date of this Act shall continue in office as senior judges of the United States Court of Appeals for the Federal Circuit.

APPOINTMENT OF CHIEF JUDGE OF COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SEC. 166. Notwithstanding the provisions of section 45(a) of title 28, United States Code, the first chief judge of the United States Court of Appeals for the Federal Circuit shall be the Chief Judge of the United States Court of Claims or the Chief Judge of the United States Court of Customs and Patent Appeals, whoever has served longer as chief judge of his court. When the person who first serves as chief judge of the United States Court of Appeals for the Federal Circuit vacates that position, the position shall be filled in accordance with the provisions of such section 45(a).

COURT OF CLAIMS COMMISSIONERS

SEC. 167. (a) Notwithstanding the provisions of section 171(a) of title 28, United States Code, as amended by this Act, a commissioner of the United States Court of Claims serving immediately prior to the effective date of this Act shall become a judge of the United States Claims Court on the effective date of this Act.

(b) Notwithstanding the provisions of section 172(a) of title 28, United States Code, as amended by this Act, the initial term of office of a person who becomes a judge of the United States Claims Court under subsection (a) of this section shall expire fifteen years from the date of his or her employment with the United States Court of Claims, except that no such individual shall serve as a judge after reaching the age of seventy years.

(c) Notwithstanding the provisions of section 172(b) of title 28, United States Code, as amended by this Act, until such time as a change in the salary rate of a judge of the United States Claims Court occurs in accordance with such section 172(b), the salary of such judge shall be equal to the salary of a Commissioner of the Court of Claims.

(d) If any position of commissioner on the United States Court of Claims becomes vacant during the period beginning on the date of enactment of this Act and ending October 1, 1981, such position shall remain vacant during the remainder of such period and shall be filled, after October 1, 1981, by appointment in accordance with section 171 of title 28, United States Code, as amended by this Act.

TENNESSEE VALLEY AUTHORITY LEGAL REPRESENTATION

SEC. 168. Nothing in this Act affects the authority of the Tennessee Valley Authority under the Tennessee Valley Authority Act of 1933 to represent itself by attorneys of its choosing.

TITLE II—GOVERNANCE AND ADMINISTRATION OF THE FEDERAL COURTS

PART A—CHIEF JUDGE TENURE

APPOINTMENT AND TERMS OF CHIEF JUDGES OF THE COURTS OF APPEALS

SEC. 201. (a) Section 45(a) of title 28, United States Code, is amended to read as follows:

"(a)(1) The chief judge of the circuit shall be the circuit judge in regular active service who is senior in commission of those judges who—

"(A) are sixty-four years of age or under;

"(B) have served for one year or more as circuit judge; and

"(C) have not served previously as chief judge.

"(2)(A) In any case in which no circuit judge meets the qualifications of paragraph (1), the youngest circuit judge in regular active service who is sixty-five years of age or over and who has served as circuit judge for one year or more shall act as the chief judge.

"(B) In any case under subparagraph (A) in which there is no circuit judge in regular active service who has served as a circuit judge for one year or more, the circuit judge in regular active service who is senior in commission and who has not served previously as chief judge shall act as the chief judge.

"(3)(A) Except as provided in subparagraph (C), the chief judge of the circuit appointed under paragraph (1) shall serve for a term of seven years and shall serve after expiration of such term until another judge is eligible under paragraph (1) to serve as chief judge of the circuit.

"(B) Except as provided in subparagraph (C), a circuit judge acting as chief judge under subparagraph (A) or (B) of paragraph (2) shall serve until a judge has been appointed who meets the qualifications under paragraph (1).

"(C) No circuit judge may serve or act as chief judge of the circuit after attaining the age of seventy years unless no other circuit judge is qualified to serve as chief judge of the circuit under paragraph (1) or is qualified to act as chief judge under paragraph (2).".

(b) Section 45(c) of title 28, United States Code, is amended to read as follows:

"(c) If the chief judge desires to be relieved of his duties as chief judge while retaining his active status as circuit judge, he may so certify to the Chief Justice of the United States, and thereafter the chief judge of the circuit shall be such other circuit judge who is qualified to serve or act as chief judge under subsection (a).".

APPOINTMENT AND TERMS OF CHIEF JUDGES OF THE DISTRICT COURTS

SEC. 202. (a) Section 136(a) of title 28, United States Code, is amended to read as follows:

"(a)(1) In any district having more than one district judge, the chief judge of the district shall be the district judge in regular active service who is senior in commission of those judges who—

"(A) are sixty-four years of age or under;

"(B) have served for one year or more as district judge; and

"(C) have not served previously as chief judge.

"(2)(A) In any case in which no district judge meets the qualifications of paragraph (1), the youngest district judge in regular active service who is sixty-five years of age or over and who served as district judge for one year or more shall act as the chief judge.

"(B) In any case under subparagraph (A) in which there is no district judge in regular active service who has served as a district judge for one year or more, the district judge in regular active service who is senior in commission and who has not served previously as chief judge shall act as the chief judge.

"(3)(A) Except as provided in subparagraph (C), the chief judge of the district appointed under paragraph (1) shall serve for a term of seven years and shall serve after expiration of such term until another judge is eligible under paragraph (1) to serve as chief judge of the district.

"(B) Except as provided in subparagraph (C), a district judge acting as chief judge under subparagraph (A) or (B) of paragraph (2) shall serve until a judge has been appointed who meets the qualifications under paragraph (1).

"(C) No district judge may serve or act as chief judge of the district after attaining the age of seventy years unless no other district judge is qualified to serve as chief judge of the district under paragraph (1) or is qualified to act as chief judge under paragraph (2).".

(b) Section 126(d) of title 28, United States Code, is amended to read as follows:

"(d) If the chief judge desires to be relieved of his duties as chief judge while retaining his active status as district judge, he may so certify to the Chief Justice of the United States, and thereafter, the chief judge of the district shall be such other district judge who is qualified to serve or act as chief judge under subsection (a).".

EFFECTIVE DATE; APPLICABILITY

SEC. 203. (a) The amendments to section 45 of title 28, United States Code, and to section 136 of such title, made by sections 201 and 202 of this part, shall take effect one year after the date of enactment of this Act but shall not apply to or affect any person serving as chief judge on such effective date.

(b) The provisions of section 45(a) of title 28, United States Code, as in effect on the day before the effective date of this part, shall apply to the chief judge of a circuit serving on such effective date. The provisions of section 136(a) of title 28, United States Code, as in effect on the day before the effective date of this part, shall apply to the chief judge of a district court serving on such effective date.

(c) Amendments to sections 48 of title 28, United States Code, made by section 101 of this Act, shall take effect on the date of enactment of this Act.

PART B—PRECEDENCE AND COMPOSITION OF PANEL

PRECEDENCE ON PANEL

SEC. 204. Section 45(b) of title 28, United States Code, is amended by inserting "of the

court in regular active service" immediately after "circuit judges" in the second sentence.

COMPOSITION OF PANEL; REQUIREMENTS AND SIZE

SEC. 205. Section 46(b) of title 28, United States Code, is amended by striking the word "divisions" in both sentences and inserting in lieu thereof, the word "panels" and by inserting after "three judges" a comma and the following: "at least a majority of whom shall be judges of that court, unless such judges cannot sit because excused or disqualified, or unless the chief judge of that court certifies that there is an emergency including, but not limited to, the unavailability of a judge of the court because of illness".

(b) Section 46(c) of title 28, United States Code, is amended by striking the period at the end of the second sentence, inserting a comma in lieu thereof, and adding the following: "or such number of judges as may be prescribed in accordance with section 6 of Public Law 95-486 (92 Stat. 1633): *Provided*, That the senior circuit judge of the circuit shall be eligible to participate, at his election and upon designation and assignment pursuant to section 294(c) of this title and the rules of the circuit, as a member of an en banc court reviewing a decision of a panel of which such judge was a member.".

(c) Section 46(d) of title 28, United States Code, is amended by striking "or a division thereof".

PART C—JUDICIAL COUNCILS OF THE CIRCUITS

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 206. (a) Section 3006A(h)(2)(A) of title 18, United States Code, is amended—

(1) by striking out "judicial council" each place it appears and inserting in lieu thereof "court of appeals" in each instance; and

(2) by striking out "Judicial Council of the Circuit" and inserting in lieu thereof "court of appeals of the circuit".

(b) Section 3006A(i) of title 18, United States Code, is amended by striking "judicial council" and inserting in lieu thereof "court of appeals".

(c) The amendment made by subsection (a) of this section shall not affect the terms of existing appointments.

PART D—JUDICIAL RESIGNATION; PENSIONS

PENSIONS OF JUDGES WHO RESIGN TO ACCEPT EXECUTIVE POSITIONS

SEC. 207. (a) Section 8332(b) of title 5, United States Code, is amended by striking out "and" at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting in lieu thereof "; and", and by inserting at the end thereof the following new paragraph:

"(12) service as a justice or judge of the United States, as defined by section 451 of title 28, and service as a judge of a court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, but no credit shall be allowed for such service if the employee is entitled to a salary or an annuity under section 371, 372, or 373 of title 28.".

(b) Section 8334 of title 5, United States Code, is amended by inserting at the end thereof the following new subsection:

"(l)(1) The Director of the Administrative Office of the United States Courts shall pay to the Fund the amount which an employee may deposit under subsection (c) of this section for service creditable under section 8332(b)(10) of this title if such creditable service immediately precedes service as an employee subject to this subchapter with a break in service of no more than ninety working days. The Director shall pay such amount from any appropriation available to him as a necessary expense of the appropriation concerned.

"(2) The amount the Director pays in accordance with paragraph (1) of this subsection shall be reduced by the amount of any refund to the employee under section 376 of title 28. Except to the extent of such reduction, the amount the Director pays to the Fund shall satisfy the deposit requirement of subsection (c) of this section.

"(3) Notwithstanding any other provision of law, the amount the Director pays under this subsection shall constitute an employer contribution to the Fund, excludable under section 402 of the Internal Revenue Code of 1954 from the employee's gross income until such time as the contribution is distributed or made available to the employee, and shall not be subject to refund or "to lump-sum payment to the employee.".

PART E—TEMPORARY ASSIGNMENT OF JUSTICES AND JUDGES

ASSIGNMENT TO OTHER OFFICES WITHIN THE JUDICIAL BRANCH

SEC. 208. (a) Title 28, United States Code, is amended by inserting the following new chapter after chapter 13:

"Chapter 14—TEMPORARY ASSIGNMENT OF JUSTICES AND JUDGES TO OTHER OFFICES WITHIN THE JUDICIAL BRANCH

"Sec.
"301. Temporary assignment.
"302. Appointment of successor.
"303. Official duty station.
"304. Return to active service; seniority and precedence.

"§ 301. Temporary assignment.

"Any retired justice of the United States, or any judge of the United States in active, senior, or retired status may be temporarily assigned by the Chief Justice to the position of Administrative Assistant to the Chief Justice, Director of the Administrative Office of the United States Courts, or Director of the Federal Judicial Center. Such service shall be without additional compensation.

"§ 302. Appointment of successor.

"Upon the temporary assignment of any judge in active status pursuant to section 301 of this title, the President shall, by and with the advice and consent of the Senate, appoint a successor to fill the vacancy resulting from such temporary assignment. After such a successor is appointed, if the judge who is temporarily assigned by the Chief Justice pursuant to section 301 of this title dies, resigns, or retires, then a vacancy requiring a further appointment does not occur. If the judge temporarily assigned resumes active service pursuant to section 304(a) of this title, the first vacancy created thereafter on that court shall not be filled.

"§ 303. Official duty station.

"Notwithstanding the provisions of sections 374 and 456 of this title, the official duty station of the Administrative Assistant to the Chief Justice, the Director of the Administrative Office of the United States Courts, and the Director of the Federal Judicial Center is the District of Columbia.

"§ 304. Return to active service; seniority and precedence.

"(a) Any judge who was in active service at the time of his temporary assignment made pursuant to section 301 of this title may resume such active service upon vacating his temporary assignment.

"(b) For the purposes of seniority and precedence, a judge who resumes active service under subsection (a) shall be considered to have been in continuous active service as a judge of that court.".

(b) The chapter analysis of part I of title 28, United States Code, is amended by inserting the following new item immediately after the item relating to chapter 13:

"14. Temporary Assignment of Justices and Judges to Other Offices Within the Judicial Branch.. 301".

PART F—RULES OF PRACTICE

PUBLICATION OF RULES

SEC. 209. (a) Chapter 131 of title 28 of the United States Code is amended by adding at the end thereof the following section:

"§ 2077. Publication of rules; advisory committees.

"(a) The rules for the conduct of the business of each court of appeals, including the operating procedures of such court, shall be published. Each court of appeals shall print or cause to be printed necessary copies of the rules. The Judicial Conference shall prescribe the fees for sales of copies under section 1913 of this title, but the Judicial Conference may provide for free distribution of copies to members of the bar of each court and to other interested persons.

"(b) Each court of appeals shall appoint an advisory committee for the study of the rules of practice and internal operating procedures of the court of appeals. The advisory committee shall make recommendations to the court concerning such rules and procedures. Members of the committee shall serve without compensation, but the Director may pay travel and transportation expenses in accordance with section 5703 of title 5.".

(b) The section analysis of chapter 131 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"2077. Publication of rules; advisory committees.".

TITLE III—JURISDICTION AND PROCEDURE

PART A—TRANSFER OF CASES

TRANSFER TO CURE WANT OF JURISDICTION

SEC. 301. (a) Title 28, United States Code, is amended by adding the following new chapter after chapter 97:

"CHAPTER 99.—GENERAL PROVISIONS

"Sec.
"1631. Transfer to cure want of jurisdiction.
"§ 1631. Transfer to cure want of jurisdiction.

"Whenever a civil action is filed in a court of the United States Claims Court, a court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, or a United States bankruptcy court, and that court finds that there is a want of jurisdiction, the court shall, if it is in the interests of justice, transfer such action to any other such court in which the action could have been brought at the time such action was filed, and the action shall proceed as if it had been filed in the transferee court on the date upon which it was actually filed in the transfer court.".

(b) The chapter analysis of part IV of title 28, United States Code, is amended by adding at the end thereof the following:

"99. General Provisions ---------- 1631".

PART B—INTEREST

INTEREST ON JUDGMENTS AND PREJUDGMENT INTEREST

SEC. 302. (a) Section 1961 of title 28, United States Code, is amended—

(1) by inserting "(a)" immediately before "Interest shall" in the first sentence;

(2) by striking out "at the rate allowed by State law" in the last sentence and inserting in lieu thereof the following: "at the rate established pursuant to section 6621 of the Internal Revenue Code of 1954 as of that date. The Director of the Administrative Office of the United States Courts shall distribute notice of that rate and any changes in it to all Federal judges"; and

(3) by adding at the end thereof the following new subsections:

"(b)(1) Except as provided in paragraph (2) or unless otherwise required by law, in awarding damages to a party the court may add to the sum of actual damages awarded a sum of interest computed over a period before the time of judgment where the facts of the controversy and the manner in which the case was litigated indicate that an award of such prejudgment interest is appropriate to afford the prevailing party complete relief.

This prejudgment interest shall be computed at the rate fixed under subsection (a) at the time of judgment and measured from the time that the party against whom damages have been awarded became aware of his potential liability or from the time that he should have become aware of such liability but, in any case, not to exceed a period of five years.

"(2) Interest under paragraph (1) shall not be awarded on losses which will not be incurred until after judgment, nor shall such interest be awarded where such an award would be duplicative of some other sum awarded.

"(c) Interest shall be computed daily to the date of payment and shall be compounded annually.

"(d)(1) In any judgment of any court rendered against the United States for any overpayment with respect to any internal revenue tax, interest shall be allowed at an annual rate established under section 6621 of the Internal Revenue Code of 1954 upon the amount of overpayment, from the date of the payment or collection thereof to a date preceding the date of the refund check by not more than thirty days, such date to be determined by the Commissioner of Internal Revenue. The Commissioner is authorized to tender by check payment of any such judgment, with interest as herein provided, at any time after such judgment becomes final, whether or not a claim for such payment has been duly filed, and such tender shall stop the running of interest, whether or not such refund check is accepted by the judgment creditor.

"(2) Except as otherwise provided in paragraph (1) of this subsection, interest shall be allowed on all final judgments against the United States (including judgments of the United States Claims Court) as provided in subsections (a) and (b).".

(b) Sections 2411 and 2516 of title 28, United States Code, and the items relating to sections 2411 and 2516 in the section analyses of chapter 161 and chapter 165 of such title, respectively, are repealed.

(c) Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a), is amended by striking out "to which the provisions of subsection 2411(b) of title 28, United States Code apply" and by striking out "in accordance with subsection 2516(b) of title 28, United States Code".

TITLE IV—MISCELLANEOUS PROVISIONS

SEC. 401. (a) Section 753(b) of title 28, United States Code, shall be amended to read as follows:

"Each session of the court and every other proceeding designated by rule or order of the court or by one of the judges shall be recorded verbatim by shorthand, mechanical means, electronic sound recording, or any other method, subject to the approval and authorization of the Judicial Conference and subject to the approval and authorization of the presiding judge. Proceedings to be recorded under this section include (1) all proceedings in criminal cases had in open court; (2) all proceedings in other cases had in open court unless the parties with the approval of the judge shall agree specifically to the contrary; and (3) such other proceedings as such other proceedings as may be required to be recorded by rule or order of the court or as may be requested by any party to the proceeding. The Judicial Conference shall prescribe the types of electronic sound recording or other means which may be used.

"The reporter or other person designated to produce the record shall attach his official certificate to the original short-hand notes or other original records so taken and promptly file them with the clerk who shall preserve them in the public records of the court for not less than ten years.

"A reporter or other designated person shall transcribe such parts of the record of proceedings as may be required by any rule or order of court. Upon the request of any party to any proceeding which has been so recorded who has agreed to pay the fee therefor, or of a judge of the court, the reporter or other designated person shall promptly transcribe the original records of the requested parts of the proceedings and attach to the transcript his official certificate, and deliver the same to the party or judge making the request.

"The reporter or other designated person shall promptly deliver to the clerk for the records of the court a certified copy of any transcript so made.

"The certified transcript shall be deemed prima facie a correct statement of the testimony taken and proceedings had.

"The original notes or other original records and the copy of the transcript in the office of the clerk shall be open during office hours to inspection by any person without charge.".

(b) Section 753(f) of title 28, United States Code is amended—

(1) by striking out "Each reporter" and inserting in lieu thereof "Where a proceeding has been transcribed by a reporter, such reporter"; and

(2) by deleting the last sentence of that subsection and inserting in lieu thereof the following: "Where the transcript of a proceeding has been produced by a court employee or other transcriber designated by the court who is not a court reporter appointed under this section, the court may charge and its clerk shall collect fees for transcripts requested by the parties, including the United States, at rates prescribed by the court subject to the approval of the Judicial Conference. The court, or a reporter who has transcribed proceedings, may require any party requesting a transcript of those proceedings, except the United States and its agencies and officers, to prepay in advance the estimated fee therefor.".

EFFECTIVE DATE

SEC. 402. Unless otherwise specified, the provisions of this Act shall take effect sixty days after the date of enactment of this Act.

EFFECT ON PENDING CASES

SEC. 403. Any matter pending before a commissioner of the United States Court of Claims on the effective date of this Act shall be transferred to the United States Claims Court. Any appeal which has been taken from a district court of the United States prior to the effective date shall be decided by the court of appeals in which it has been filed. Any matter pending before the United States Court of Customs and Patent Appeals or awaiting disposition by the United States Court of Claims on the effective date shall be transferred to the United States Court of Appeals for the Federal Circuit.

Mr. DOLE. Mr. President, the Senator from Kansas and on behalf of the Senator from Arizona (Mr. DECONCINI) are pleased to call up S. 1700 on the calendar for consideration together with several amendments which will be filed with the clerk at the conclusion of these remarks. Pursuant to the unanimous-consent agreement previously reached concerning time for debate on this bill, each side will have 20 minutes on the bill itself, and 20 minutes will be allowed on each first degree amendment and 10 minutes on each second degree amendment, to be divided equally.

I shall make a few comments for the record concerning the bill and certain amendments that will be offered.

For years, leading jurists, legal practitioners and academicians have been struggling with certain profound problems plaguing the Federal judiciary. One major concern has been the need to achieve definitive, consistent and expeditious rulings on issues of nationwide concern. One area where a confusion of diverse adjudications has been the most troublesome has been in the articulation and development of patent law at the appellate level. The doctrinal confusion in this area, resulting from a dozen different circuits developing a dozen different interpretations of patent law, has handicapped one of our most valued national resources—imaginative and innovative technology. Our country is facing a lack of industrial innovation which has stifled our ability to continue to lead the world as industrial dreamers and doers. Wave after wave of new technology breaks on our shores weekly from foreign competitors; and complicating these challenges from abroad, our historically recognized technological superiority is today threatened by a profusion of inconsistent or contradictory rulings in the field of patent law emanating from the various circuit courts of appeal throughout our country.

Another major problem area in our judicial system has been the inability of the Federal courts to provide speedy and complete relief for parties with legitimate claims against the Government. The present system requires a case to be considered at two separate levels within the U.S. Court of Claims before a claimant's rights can be fully adjudicated.

This situation has resulted in a cumbersome, time consuming, and unnecessarily expensive ordeal for the Government and private litigants alike. The fact that the Court of Claims lacks the authority to grant injunctive or declaratory relief to parties that seek its assistance has also been a major problem for litigants in Government contract cases, and has been decried by many practitioners as a glaring defect in its structure.

These problems have been discussed and debated by individuals concerned about the efficiency of our courts for decades. The past several years have seen a flurry of activity in the Congress to attempt to identify and examine a number of defects in the organizational structure and jurisdiction of several of the Federal courts, which has finally resulted in the bill which is before the Senate today.

S. 1700 is the culmination of bipartisan legislative efforts spanning the last two Congresses. Legislation in substantially the same form as this bill was introduced in the 95th Congress as S. 678, the "Federal Courts Improvement Act of 1979." Five days of extensive hearings were held in the 95th Congress with representatives from the judiciary, the practicing bar, academia, and business appearing as witnesses. During the 96th Congress further hearings were held and the Senate, by a voice vote, passed S. 1477—the successor to S. 678—after unanimous approval in the Senate Judiciary Committee. As the 96th Congress closed, the House-Senate compromise measure did not receive final action only because of a nongermane

floor amendment. Early this year Senator DECONCINI introduced S. 21, which was identical to the House-Senate compromise version in the 96th Congress. Hearings were held on S. 21 in May of this year. S. 1700, which I introduced together with Senator DECONCINI on October 5, and which was reported out of the Judiciary Committee on an 11 to 2 vote on October 20, is virtually the same bill as S. 21. This comprehensive reform legislation presents a well-considered, carefully measured, broad ranging approach to correcting the structural and jurisdictional problems existing today in certain elements of the Federal judicial system. This legislative effort has witnessed the development of an increasingly diverse and solid base of support for its objectives. It has been endorsed by both Republican and Democratic administrations and the U.S. Judicial Conference.

Support has also been forthcoming from the private sector, including the National Association of Manufacturers, the Chemical Manufacturers Association, the American Patent Law Association, the Intellectual Property Owners Association, the National Small Business Association (representing over 50,000 small businesses), and well over 100 of the country's leading commercial enterprises involved in the development and application of new technology.

SUMMARY OF THE BILL

The legislation is divided into four titles. Title I establishes and governs the structure of a new Court of Appeals for the Federal Circuit and a reorganized U.S. Claims Court. The first of the new courts, the Federal Circuit Court of Appeals, is constituted as a new article III court from the merger of two specialized article III courts, the U.S. Court of Claims and the Court of Customs and Patent Appeals. The second is created by upgrading the status of present Court of Claims trial commissioners to that of article I judges and renaming the court, the U.S. Claims court. Title II of the bill advances the Federal courts toward their goals of fairness and efficiency in the administration of justice in areas such as composition of appellate panels and temporary assignment of judges to administrative positions. Title III, governing jurisdiction and procedure, encompasses matters such as the transfer of cases brought in the wrong court and pre- and postjudgment interest awards. Title IV includes miscellaneous provisions covering approved authorized methods of reporting proceedings, the effective date of the act, and a provision governing the effect of the act on pending cases.

Key provisions of the Federal Courts Improvement Act, and its intended results, are as follows:

COURTS MERGERS

First, it would combine the appellate judicial positions, jurisdiction of the Court of Claims with the positions, and jurisdiction of the Court of Customs and Patent Appeals, designating the newly restructured court the U.S. Court of Appeals for the Federal Circuit. This restructuring will solve the gun-shy attitude many corporations, large and small, have with regard to investing the resources needed to develop and implement new technology; an attitude which is the result of the vague, unclear body of patent law which has developed through often conflicting decisions rendered by the various circuit courts of appeal.

A businessman who wants to know what the State of the law is in the patent area must first ask what circuit court will be giving the answers, an intolerable situation in so critical an area of the law. With the reorganized Court of Appeals for the Federal Circuit as contemplated in S. 1700, there will be a single, unified source of patent law replacing the present disjointed system. S. 1700 is necessary because the present jurisdictional structure for handling patent appeals and claims against the Government has become too burdensome, time consuming, expensive, and unpredictable, and thus unreliable for American inventors and businessmen.

The creation of the Court of Appeals for the Federal Circuit will produce desirable uniformity in this area of the law. Such uniformity will reduce the forum-shopping that is common to patent litigation. The Hruska Commission's patent law consultants, James B. Gambrell and Donald R. Dunner, concluded that forum-shopping on the scale that occurs in patent law increases the cost of litigation and "demeans the entire judicial process and the patent system as well." Removing the incentive to forum-shop thus will reduce costs to litigants and will also be a positive improvement from the standpoint of the judicial system. Moreover, as the new court brings uniformity to this field of law, the number of appeals resulting from attempts to obtain different rulings on disputed legal points can be expected to decrease.

Likewise, uniformity in the law will be a significant improvement from the standpoint of the businesses that rely on the patent system. Business planning will become easier as more stable and predictable law is introduced. This can have important ramifications upon our economy as a whole. For example, Harry F. Manbeck, Jr., general patent counsel of the General Electric Co., testified that stability in the patent law has an effect on technological innovation:

> Patents, in my judgment, are a stimulus to the innovative process, which includes not only investment in research and development but also a far greater investment in facilities for producing and distributing the goods. Certainly, it is important to those who must make these investment decisions that we decrease unnecessary uncertainties in the patent system.

While the suggestion has been made that this objective might be accomplished simply by expanding the jurisdiction of the Court of Customs and Patent Appeals, the committee rejected such an approach as being inconsistent with the imperative of avoiding undue specialization within the Federal judicial system. Consequently, the bill adheres to the original philosophy of S. 677 and S. 678 of the 96th Congress which, in the words of Judge Jon O. Newman, represents "A sensible accommodation of the usual preference for generalist judges and the selective benefit of expertise in highly specialized and technical areas."

The Court of Appeals for the Federal Circuit will not be a "specialized court," as that term is normally used. The court's jurisdiction will not be limited to one type of case, or even to two or three types of cases. Rather, it will have a varied docket spanning a broad range of legal issues and types of cases. It will handle all patent appeals, plus Government claim cases and all other appellate matters that are now considered by the Court of Customs and Patent Appeals or the Court of Claims—cases which contain a wide variety of issues.

This rich docket assures that the work of the proposed court will be broad and diverse and not narrowly specialized. The judges will have no lack of exposure to a broad variety of legal problems. Moreover, the subject matter of the new court will be sufficiently mixed to prevent any special interest from dominating it.

Second, the bill would create a new, "U.S. Claims Court" to handle the existing trial responsibilities of the Court of Claims. The present court lacks the ability to act expeditiously in adjudicating many of its cases because of the way it is structured. In effect, it is a two-tier system, with judges sitting at both the trial and appellate levels. This duality of responsibilities imposed upon the judges of the present court interferes with the proper functioning of the appellate process, and does not promote impartial appellate review.

The new claims court inherits substantially all the trial jurisdiction of the Court of Claims, which under present practice is exercised largely by the Commissioners of that court. The court is composed of 16 article I judges who will be appointed by the President, with the advice and consent of the Senate, for a term of 15 years.

As a transitional measure, persons who were in active service as Commissioners of the Court of Claims on the effective date of the act become article I judges of the Claims Court. Like the present Court of Claims and the Tax Court, the Claims Court is authorized to sit nationwide. In organization and procedure it resembles the U.S. Tax Court.

Changes in the existing structure of the Court of Claims have been advocated by practitioners with extensive experience before the court and by the Commissioners themselves. The establishment of the Claims Court accomplishes a much needed reorganization of the current system by assigning the trial function of the court to trial judges whose status is upgraded and who are truly independent. Presently, the Commissioners of the Court of Claims are appointed by the article III judges of that court and do not have the power to enter dispositive orders; final judgment in a case must be made by the article III judges after reviewing findings of fact and recommendations of law submitted by a Commissioner. The creation of the U.S. Claims Court will reduce delay in individual cases and will produce greater efficiencies in the handling of the court's docket by eliminating some of the over-

lapping work that has occurred as a result of this process.

In addition, section 133 of the bill gives the new Claims Court the power to grant declaratory judgments and give equitable relief in controversies within its jurisdiction. This provision will for the first time give the court specializing in certain claims against the Federal Government the ability to grant litigants complete relief. The committee concluded that this provision will avoid the costly duplication in litigation presently required when a citizen seeks both damages and equitable relief against the Government.

Moreover, section 133 gives the new Claims Court the power to grant declaratory judgments and give equitable relief in contract actions prior to award. Since the funds which the Government utilizes to purchase goods and services are derived solely from public sources, the public possesses a strong interest in the ability of the Government to fulfill its requirements in these areas at the lowest possible cost. Accordingly, in the vast majority of circumstances, the Government must be permitted to exercise its right to conduct business with those suppliers it selects and to do so in an expeditious manner.

The courts ordinarily refrain from interference with the procurement process by declining to enjoin the Government from awarding a contract to a contractor which the Government has selected.

By conferring jurisdiction upon the Claims Court to award injunctive relief in the preaward stage of the procurement process, the bill does not intend to alter the current state of the substantive law in this area. It is expected, and it is our intent, that the court will utilize the authority conferred upon it by this section only in circumstances where the contract, if awarded, would be the result of arbitrary or capricious action by the contracting officials which would deny qualified firms the opportunity to compete fairly for the procurement award. We intend that the court would take care not to delay or prevent the award of contracts for goods or services which relate to the national defense or security.

ADDITIONAL PROVISIONS

A number of other, more technical matters are addressed by the bill including allowing electronic court reporting in the new courts, restructuring the organization of the judicial council, limiting the tenure of chief judges, and modifying civil service retirement provisions for judges who are called into administrative service. These provisions are fully detailed in the bill report. I would like to address a few comments here to the section pertaining to reporting procedures in the new courts.

Included in this bill is a section to amend the statute governing the court reporting function in Federal courts. Last June, I presided over subcommittee hearings where testimony was received which indicated that this is an area greatly in need of reform. Allowing the courts to utilize electronic means of reporting, such as are commonly used by Congress would mean substantial savings and greater efficiency in the court reporting process. By this provision Congress does not disparage the work performed by the official court reporters in our Federal system who perform their duties conscientiously and efficiency. It has not been suggested that present official reporting methods can in all instances be replaced by electronic recording methods. However, a report produced by the General Accounting Office and testimony received at the courts subcommittee hearings, have indicated that there are some judicial proceedings which can be recorded more effectively and with less cost by electronic methods.

Our goal is to produce the highest quality record of judicial proceedings as efficiently as possible and at the lowest cost. In some instances, this may be achieved by using present official reporting—by manual and electronic may be achieved by using electronic sound recording or other technological means. I have included section 401 in this bill to provide judges and court administrators with a broader range of alternatives so that we may achieve these goals.

I understand that Senator HEFLIN will offer an amendment that will allow for initial testing of the alternative methods of reporting I have discussed, before their implementation, by providing for parallel reporting—by manual and electronic means—of the proceedings of the new courts. At the end of the test period, the results of each method will be compared in order that the relative effectiveness of alternative reporting methods can be properly evaluated. I believe that such a testing period would enable the Congress and the Administrative Office of the U.S. Courts to determine readily whether or not the alternative methods are feasible—and would aid in any transition to new reporting systems. Thus, I feel that the amendment that Senator HEFLIN will propose would be a valuable addition to the bill, and I support its acceptance by the Senate.

CRITICISMS OF THE LEGISLATION

The Court of Appeals for the Federal Circuit is not without its critics. Its adversaries come primarily from the organized trial bar and a handful of judges. Opponents claim that narrowly drawn venue legislation, the recently enacted patent reexamination provisions and the National Court of Appeals could adequately address the problem.

The fact of the matter is that the patent system will require more than the few minor adjustments suggested by venue legislation and the new reexamination law. What the system desperately needs is a major overhaul; with no National Court of Appeals legislation forthcoming, S. 1700 stands alone to remedy the many doctrinal conflicts within our present patent law system.

Critics have also claimed that we are creating a specialized court without noting that the new court of appeals is less specialized than the court it replaces.

They have opposed the creation of a new centralized Washington court without acknowledging that the new court will travel and sit throughout the land. And, any regional influence that should be brought to bear in the consideration of patent cases will continue to thrive in the 95 district courts throughout the land which will try patent cases in the first instance.

Finally, concerns have been expressed by some that frivolous patent claims might be pleaded alongside more substantive, unrelated claims solely in order to bring a case within the jurisdiction of the new court. I believe that the judges of the new court will respond as they should, and will move to protect the jurisdiction of their court from such manipulation. Any true dispute in a patent matter will be heard by the Court of Appeals for the Federal Circuit. Claims which can be severed without prejudice to a patent appeal will be transferred to the proper court under the transfer provisions contained in section 301 of the bill.

ACKNOWLEDGMENTS

The Senator from Kansas expresses his thanks and appreciation to Senator DECONCINI, former chairman of the Subcommittee on Improvements in Judicial Machinery, for his support and longstanding interest in the problems of the judiciary and the need for judicial reform. I also acknowledge the work of Senator KENNEDY on the Judiciary Committee during the last three Congresses, who while chairman of the Judiciary Committee introduced, with Senator DECONCINI, the first draft of this legislation in 1979.

Without the efforts of the present and past administrations, and in particular those of Prof. Daniel Meador, who served as Assistant Attorney General in charge of the Department of Justice, Office for Improvements in the Administration of Justice during the Carter administration, the progress we have made on this legislation would not have been possible. The professional interest, guidance, and testimony of Chief Judge Howard Markey of the Court of Customs and Patent Appeals and Chief Judge Daniel M. Friedman of the U.S. Court of Claims have been much appreciated and welcomed by the Senator from Kansas and other members who have been coordinating this legislative effort for the past several years. In addition, the assistance of the Judicial Conference and the staff of the Administrative Office of the U.S. Courts has been crucial in insuring that the bill we present today for consideration will have the beneficial results that we strive for.

Donald Dunner, consultant to the Hruska Commission, which studied the judicial system in the mid 1970's, stated succinctly the importance of accomplishing the passage of S. 1700 in a letter several weeks ago to Representative ROBERT KASTENMEIER on the House Judiciary Committee. In that letter, Mr. Dunner stated that:

It is my view, and the view of many others knowledgeable about the system, that there is no more important measure as far as the future health of the patent system is concerned than the proposed court of appeals for the Federal Circuit. The creation of such a court will provide, as no other measure standing alone can provide, the uniformity of judicial decisions which . . . (will result in) patent grant reliability, the absence of which

cannot help but have a significant, dampening effect on . . . enthusiasm for the investment of research and development dollars.

CONCLUSION

The present patent adjudication system is a forum shopper's delight and an innovator's nightmare. It is a quagmire of doctrinal inconsistency and is slow and outrageously expensive for litigants whether they be small inventors or large corporations. We intend to finish the business of cleaning up that quagmire and ending that nightmare by completing the work begun by Senators DECONCINI and KENNEDY in the 95th Congress.

While this bill may not please all persons interested in judicial reforms, who may feel a different course of action may be more desirable, we have, I believe, addressed a number of the chronic problems in a comprehensive, thoughtful manner. In so doing, we have garnered widespread bipartisan support. The time has come to act decisively and effectively to solve these problems, and I feel confident that the Federal Courts Improvement Act will do the job. I urge my colleagues to vote favorably on this measure of importance to the judiciary, to its clients, and to the public at large.

Mr. President, for a further and more detailed discussion and analysis of S. 1700, I refer my colleagues to the Judiciary Committee report on the Federal Courts Improvement Act of 1981, No. 97–275, filed on November 18, 1981.

Mr. THURMOND. Mr. President, I support the passage of this most important legislation.

As most of my colleagues will recall, the concept of merging the Court of Customs and Patent Appeals with the Court of Claims is not new. For several Congresses, this idea has undergone serious examination and debate. As a matter of fact, a bill to accomplish this purpose passed the Senate during the last Congress, and the measure that we have before us is virtually the same as the bill of last year.

In this era of economic difficulty, it is incumbent on lawmakers to take any reasonable legislative action that will aid in alleviating our national economic problem. The majority of our work this session has been toward achieving this goal. Passage of the Federal Courts Improvement Act will aid in this purpose.

Although the new Court of Appeals for the Federal Circuit will not be a specialized court, for it will have jurisdiction of a variety of cases, it will have exclusive jurisdiction of patent case appeals from the district courts. The creation of this appellate structure will eventually lead to uniformity in this very important and specialized field of law.

To this end, the businesses of the country which depend heavily on research and development can look to the establishment of an aura of reasonable certainty in their study and pursuit of the patentability of their ideas and their products. In simple terms, it means money saved. It can also mean expanded research and development. More often than not, the results of such work contribute to better lives for the citizens of this country who are the ultimate beneficiaries.

Savings to small businesses and to individuals can also be realized. The present system of patent litigation can be extremely costly in both time and money. Although the new court will not be a panacea for the small businessman or inventor, or for the large businessman or industrialist for that matter, the ability to look to one forum for guidance on patent validity will be a means of determining outlays which will hopefully engender further innovation. In any event, litigation expenses should be reduced because of the greater likelihood of certainty as to what the law actually is in the patent area, thus making some actions unnecessary.

In sum, as in any venture, foreseeability of results in a particular endeavor allows for reallocation of resources, whether in money or in time. The savings that can be realized may be reassigned to other tasks such as research, experimentation, development, and production. In turn, the results of this new work may mean contributions to the overall betterment of society.

I urge the passage of this bill, then, not only to accomplish the immediate goal of creating a new court, but to stimulate the inventiveness and innovation that have long marked the industrial and scientific development of this country. Such an incentive can play a large role in our national quest for economic stability and independence.

I believe the distinguished Senator from Vermont has a statement and the distinguished Senator from Montana has a statement.

I yield to the Senator from Vermont.

Mr. LEAHY. Mr. President, I appreciate the distinguished President pro tempore and the chairman of our committee yielding to me.

I support S. 1700 because I believe that patent law stands apart from virtually every other legal discipline both in its extreme focus on science and technology and its need for uniformity in decisionmaking. The court of appeals for the Federal circuit will not solve any of the substantive problems with our patent laws, but it will go a long way to diminishing forum shopping and reducing both the excessive cost and inconsistency in patent litigation. I am not convinced that there is any alternative approach that has a reasonable likelihood of success.

But I agree with the concerns expressed about the precedent of establishing specialty courts, which in general would be very detrimental to our tradition of diversity and independence on the bench. Senator BAUCUS argued forcefully before the Judiciary Committee that proposals for other specialty courts have been made in areas like the environment, immigration, and taxation. I would be dismayed if the proponents of these ideas cited our action to justify additional specialty courts.

The uniqueness of the patent field is not its complexity, for many cases in a variety of areas are just as complex. Nor is the uniqueness simply the involvement of science and technology, which are an important element in much modern litigation. In patent cases, the court is almost always dealing with claims of innovation and weighing one body of technical evidence against another. In nearly all other litigation, science and technology, when relevant, are related to other human or social issues, and only a generalist court should ever hear such matters.

I would be very concerned if a specialty court were to hear environmental cases, for example, deciding if a development should be built in a flood plain even though issues of hydrology were involved. And I should not like to see a specialty court deciding whether an airplane was airworthy, even though physics and engineering were involved. I would not want to see a specialty court deciding whether a defendant in a negligence case was driving while impaired, even though medicine and physiology were involved in testimony about his condition.

Tax laws frequently suffer from lack of uniform interpretation, but I would strongly oppose a specialty appeals court to hear all tax appeals. The risk of losing the vitality of different viewpoints in the circuits is too great, and tax matters are particularly good examples of cases involving the interaction of laws and people. Wherever Government and its people are before the courts as litigants, the best guarantee of freedom from Government excesses is a diverse and independent judiciary.

In short, I am aware of no likely candidate for an additional specialty court and want to leave with my colleagues my strong belief that patent courts are sufficiently disinguishable from other litigation to assure this body that we are not embarking on a new and dangerous precedent but are correcting a problem that has persisted for years.

I want to take this opportunity to express my thanks to John Podesta and Ben Scotch of my Judiciary staff, Arthur Briskman, minority chief of the Courts Subcommittee, and Kathy Zebrowski, minority counsel, for their superb efforts on this bill.

Mr. President, if our distinguished chairman has no objection, I wish to yield to the Senator from Montana.

Mr. BAUCUS. Mr. President, I thank the Senator from Vermont.

Mr. President, I rise in opposition to the Federal Courts Improvement Act of 1981. There are many important provisions in S. 1700 that I support and endorse as needed improvements in our Federal judicial system. But I am opposed to this legislation because it includes a provision which would remove the jurisdiction of all patent cases from the 11 circuit courts of appeals. I cannot support legislation which creates a centralized specialty court and I oppose this legislation on that basis.

Let me state at the outset that I am very sensitive to the problems presented to small business by the current patent system. I am one of the those who believe that the current patent system is in great need of additional reform. I agree that there is a greater need for clarity and uniformity in patent law.

However, the issue presented by this legislation is not whether our patent law is in need of reform.

It is, rather, whether the creation of a centralized specialty court is the wisest first step for the Congress to take in addressing our patent system problems. The issue we must decide upon here is whether Congress should attempt first to address such problems by creating a centralized specialty court or whether there are other avenues available, that do not have the severe negative consequences presented by a specialized court.

Many of us in Congress have been greatly disturbed by the growing trend toward centralizing decisionmaking in Washington, D.C. Many of us have supported venue reform to insure that cases are being litigated in our States, where the problems arise, rather than being easily transferred to the District of Columbia courts. Similarly, I believe that we must avoid centralized specialty courts. In my view, such proposals lead to an erosion in the status of our existing regional circuits.

In 1975, the Hruska Commission supported this view in its final report:

> Giving a national court exclusive jurisdiction over appeals in a category of cases now heard by the circuit courts would tend to dilute or eliminate regional influence in the decision of those cases. Our nation is not yet so homogenous that the diversity of our people cannot be reflected to some advantage in the decisions of the regional courts. Excluding these courts from consideration of particular categories of cases would also contract the breadth of experience and knowledge which the circuit judges would bring to bear on other cases; the advantages of decision making by generalist judges diminish as the judge's exposure to various areas of the law is lessened.

Over the past several years there have been proposals to create a tax court of appeals, a civil rights court of appeals, an environmental court of appeals and even an immigration court. In my view, the attempt to create specialty courts represents a very disturbing trend. I am particularly concerned about the creation of a patent court of appeals because I fear that once this bill is enacted it will lead to the proliferation of specialty courts in a large number of areas of our law. The Senate should not be willing to take such precedential action, particularly when there are other avenues available to use, which might address the ills that beset our patent system.

There is no doubt that our patent system would benefit from a substantive clarification of patent law. Congress has not made such an attempt in over 25 years. If Congress is interested in insuring such clarity and uniformity, it should do so by rearticulating the standards it would like to see the court utilize rather than passing the buck to a new court. It is ironic that many of those in the Senate who are so concerned about judicial activism would support an approach that creates a new court first, rather than attempting to give the existing courts better direction.

Forum shopping also has been a special problem in the patent law area. There is no doubt that lawyers and their clients look for the district that is likely to view their particular interest the most favorably. But this is not a problem that is unique to the patent law. It exists in many areas of our law and I would hope that Congress would first address forum shopping concerns by drafting more narrow venue legislation that restricts forum shopping, rather than by creating a series of new specialty courts.

Finally, Mr. President, as you know, Public Law 96–517 was enacted by this Congress less than 1 year ago. That legislation will allow the Patent and Trademark Office, to reexamine issued patents. We ought to give this law a chance to work because as its sponsors predicted, it should dramatically increase the predictability and lower the expense of patent litigation.

In summary, I hope I have indicated some of the avenues that are open to this body other than the creation of a specialty court. There are very real steps that we can take to improve our current patent system. I am deeply concerned that the legislation before us removes patent appellate jurisdiction from our regional circuits before we have tried these other alternatives.

I know that this legislation is likely to be enacted by both Houses of the Congress in the near future. But I did not want the bill to pass this body without somebody rising and speaking in opposition to the creation of a Federal court of patent appeals. The creation of a specialized court as a remedy to whatever ills beset the world of patent law is ill-conceived and sets a disturbing precedent for the future centralization of appellate jurisdiction in other substantive areas of the law.

I hope that my colleagues will carefully consider the implications of this new court before they vote on this legislation. Both the American Bar Association and the American College of Trial Lawyers share my concern about this new court, and oppose this bill. I would like to commend the Senator from Kansas and the Senator from Arizona who have spent so much time in developing the Federal Courts Improvement Act of 1981. I commend them on their effort. However, I am compelled to vote against any legislation that creates a new centralized specialty court and I hope that my colleagues in the Senate will consider joining me in my opposition to this bill.

Mr. President, I ask for the yeas and nays on final passage of this bill.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. BAUCUS. Mr. President, I wanted to add that I believe the Senator from Vermont has stated the problem well. The problem is that the various Federal circuit courts of appeal have interpreted our patent law differently. This has created problems for patent attorneys and patent applicants around the country. This has encouraged forum shopping. There is not as much uniformity among the circuits in patent law as many would like.

The solution this bill offers is to create a national court of appeals for patent law. Litigants would appeal their cases from the district court to this specialized appeals court.

This is one solution to the problem, but I object to it for various reasons.

First of all, the reason that patent law is in a state of confusion is Congress has neglected the area. It is up to Congress to state what the law is and what the law is not. It is not up to the courts.

If Congress were not to sweep this problem under the rug but to take up the problem, that is, address the issue, decide what the law is, then there would not be this confusion among the various circuit courts of appeals as to what the law means.

I, therefore, suggest that Congress accept its responsibilities and not push this problem off on the courts. The creation of a new court does not solve the problem. The existing courts and any new court need to know from Congress what the Congress intends the law to be. No other solution will address the current confusion.

Second, we are by enacting this statute I think setting a very dangerous precedent. There have been many proposals to create a variety of specialized courts in addition to a patent courts of appeals. There has been a proposal to create an environmental court of appeals. There has also been a very serious proposal made to create a specialized immigration court. There has also been a proposal made to create a civil rights court of appeals.

If these proposals were all enacted we would find ourselves with a legal system fractured into substantive areas with a set of special judges for each area. That is wrong. We should view our law as one body of law and we should be proud to have generalist judges who can bring their broad experience and background to each body of the law.

I worry that in these times of specialization we are too quick to specialize and too likely to ignore the common bond of all our law.

I think we should take more time to work on legislation to set the patent law straight rather than take an easy way out by creating these specialized courts of appeals.

I, therefore, very strongly urge Members to not vote for this bill. It is an easy solution but it is not the correct solution. It is not the righ solution.

I thank the Senator from Vermont for allowing me to take this time and again urge Senators to vote against this bill.

Mr. LEAHY. Mr. President, I reserve the remainder of my time.

Mr. HART addressed the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, I think we are ready to vote.

The PRESIDING OFFICER. Who yields time? The Senator from Colorado is seeking recognition.

Mr. HART. Mr. President, I seek recognition to offer an amendment.

The PRESIDING OFFICER. I am advised that there is a series of committee amendments to this bill and unless the Senator's amendment is to the first of

the committee amendments the Senator will have to withhold his amendment until those committee amendments are acted upon.

Mr. THURMOND. Mr. President, I move that the committee amendments be adopted en bloc so if there are other amendments that are proposed they can be proposed to that legislation.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments en bloc.

The committee amendments were agreed to en bloc.

The PRESIDING OFFICER. Is the Senator also requesting that they be original text?

Mr. THURMOND. I move further that they be the original text of the bill.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Carolina.

The motion was agreed to.

The PRESIDING OFFICER. The committee amendments are considered original text for the purpose of further amendment.

The Senator from Colorado is recognized.

UP AMENDMENT NO. 765

Mr. HART. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Colorado (Mr. HART) for himself and Mr. KENNEDY proposes an unprinted amendment numbered 765:

At the appropriate place in the bill, insert the following:

Because, the Congress finds it is in the interest of the national security of the United States to combat international terrorism, and

Because, the present regime in Libya is aiding and abetting international terrorism, and

Because, the President is in the process of considering appropriate measures against Libya that could include a prohibition on the import of Libyan oil,

Therefore, it is declared the sense of the Senate that Congress would support and act favorably on a decision by President Reagan to impose a prohibition on the import of oil from Libya.

Mr. HART. Mr. President. This sense-of-the-Senate amendment is not directly within the scope of the subject matter of the pending legislation. On October 21, 1981, the Senator from Massachusetts and I sponsored an amendment to impose an embargo on oil imported into this country from Libya. That amendment, unfortunately, was defeated by a vote of 47 to 44, but it did indicate there was strong support in the Senate for taking action to end American support of the Libyan Government.

Although clearly not intended, American purchase of Libyan oil constitutes support for international terrorism. It is that simple. So long as the United States imports Libyan oil, our petrodollars replenish Qadhafi's treasuries. So long as American companies are involved in the production, shipment, and sale of Libyan oil, our managerial and technical expertise serve an enemy of world peace—Libya's Col. Moammar Qadhafi.

If the United States is to have any meaningful policy on international terrorism, it must end the embarrassing spectacle of condemning Qadhafi with words while supporting him with petrodollars.

From the day he sheltered the murderers of the 1972 Israeli Olympic team, Qadhafi's name has been an international synonym for violence, terror, and murder. With words, money, and arms, he has supported nearly every violent separatist movement of the last decade. Qadhafi has plotted assassinations and other forms of subversion in Gambia, Niger, and Senegal. His hit teams have killed at least 10 Libyan dissidents living abroad. And now Federal officials are looking for the latest Libyan hit squad—this one reportedly sent by Qadhafi to assassinate the President and other prominent administration officials.

Qadhafi's military ventures are equally notorious. He foments violence and instability throughout northern Africa and the Middle East. He has threatened the security of nations friendly to the United States such as Mali, Niger, Sudan, Egypt, and Saudi Arabia. He trained and supported the invaders of Chad, Libya's southern neighbor. And last August, Qadhafi's planes attacked American jets flying over international waters in the Mediterranean.

Libya's neighbors have been close to unanimous in their condemnation of Qadhafi. Not only have Senegal, Gambia, and Ghana severed diplomatic relations with Libya, some nations have hinted that military assistance from France to defend themselves against Libya would be welcome.

The threat is clear. Qadhafi is, in the words of Anwar Sadat, a "certified lunatic." He is a man with whom the United States should not be dong business. But in this case, expediency has ruled.

Importing Libyan oil has been economically expedient for the United States. Despite its high cost, Libya's light, sweet crude is prized for its refining qualities. It is easier and less expensive to refine into light petroleum products like gasoline than heavier oils. Even the U.S. Government has not been able to resist.

Among the 32 importers of Libyan oil to the United States, the Federal Government ranks fifth, a policy that makes a travesty of American policies on international terrorism.

During the first 8 months of 1981, of the 32 American entities importing Libyan oil into this Nation, the U.S. Government was the fifth largest single importer of Libyan oil. This oil, of course, was destined for the Strategic Petroleum Reserve.

In recent months, the United States has been the greatest single importer of Libyan oil. In August, the last month for which complete figures are available, we bought 225,000 barrels of Libyan oil every day—almost 40 percent of all Libyan oil exports. At $40 a barrel, the United States was turning over $11 million a day to Libya.

But buying Libyan oil is not the only way American companies and consumers support Colonel Qadhafi. Libya depends heavily on American technology and technicians. In most cases, American parts and equipment are the best available. And if American companies withdrew from Libya, it is unlikely that French, German, or Italian technicians will rush into Libya.

Libya's response to Exxon's decision to withdraw from Libya substantiates this claim. In recent weeks, Qadhafi has been on his best behavior. He has lowered the price of Libyan crude for certain American buyers. He has withdrawn Libyan troops from Chad. He has even handled Exxon's decision in an amiable fashion.

To a great extent, Qadhafi has moderated his behavior in anticipation of the upcoming meeting of the Organization of African Union. The OAU is scheduled to meet in Tripoli in June 1982 and at that time Qadhafi will be installed as the OAU's new chairman. For many reasons, but especially so not to antagonize OAU participants, Qadhafi decided to withdraw from Chad.

Qadhafi has other motives, however. In the last year, Libyan oil production has fallen from 1.7 million barrels a day to about 700,000 barrels. This downturn has drained Qadhafi's purse. Annual Libyan oil revenues have fallen from over $22 billion to less than $10 billion. And because Libya has virtually no wealth apart from oil—little agriculture and no industry—as oil revenues fall, Qadhafi faces some painful choices between "guns and butter".

In this context, Exxon's decision, and reports that Mobil may also withdraw from Libya, worries Qadhafi. Not only is he trying to get on better terms with many African neighbors for the sake of the OAU meeting, but also he is seeking not to scare off American companies extracting Libyan oil.

Many Senators have questioned the efficacy of proposals to ban American imports of Libyan oil or resolutions urging American companies to withdraw from Libya. They contend that by prohibiting the import of Libyan oil to the United States we bring greater hardship on ourselves than on the Libyans. Recent events, however, argue that this is not the case. American action, even unilateral action, can persuade Qadhafi that Libyan terrorism does not pay, that in the end, it will only bankrupt Libya and bring on the collapse of his regime.

The United States should ban all imports of Libyan oil. American oil companies should withdraw from all operations in Libya. There will be no better time. With the current surplus in world oil markets, there are many replacements for Libyan supplies, including light, sweet crudes from the North Sea and West Africa.

However, this question turns on morality. What is more important? Profits or principles? Economic expediency or morality?

Libya poses a direct threat to world peace and security. If the United States is serious about combating international terrorism, it must cutoff the flow of American petrodollars to Libya. This is a real opportunity to demonstrate American leadership and moral commitment in a world increasingly a hostage to terrorism.

Now, it is understood, and it is partic-

ularly understood these days, that Colonel Qadhafi is not a man of peace but rather a supporter of international terrorism. I need not recite recent news accounts about the possibility of agents working on Colonel Qadhafi's behalf to assassinate American leaders.

In short, Mr. President, it is absolutely intolerable that at this time, under these circumstances, the Government of the United States or private American interests are providing substantial economic assistance to the regime of Colonel Qadhafi.

This resolution declares our support for any action the President may take to embargo, cut off, or suspend oil imports from Libya.

Of course, by itself this resolution will not cut off that oil, but it will indicate the Senate's wholehearted support for action the President might take in that direction.

In the last day or two, the administration has seriously considered some action of this sort. It is my strong hope and my strong belief that that is the step this Government will take. It is nothing short of intolerable that at a time when the President of the United States has stated flatly to the American people that his own life is in jeopardy from agents of Colonel Qadhafi, that we continue to buy oil from the Libyan Government.

There is no other step, it seems to me, to be taken at this time that makes any sense other than to cut off those oil imports.

The amendment I offered on behalf of the Senator from Massachusetts and myself in October failed because many Senators believed the matter needed further study. It seems to me, particularly given the administration's strong opposition to international terrorism, that we knew enough in mid-October about what Colonel Qadhafi was up to imoose to embargo on Libyan oil. Nevertheless, the administration has now had many weeks to study the issue.

I believe, given the events of the last few days, that the time is ripe for us to go on record as supporting a step by the President to cut off oil from Libya, and I think today we should put this House of the Congress of the United States on record in support of a position of withholding as quickly as possible American financing of international terrorism, especially when that terrorism is directed against our own Nation.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HART. Mr. President, I wonder if the Senator will yield for the purpose of seeking the yeas and nays on this amendment? I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, if I could address myself to the amendment, I would have no objection to accepting it. I think it is a good amendment and I commend the Senator from Colorado for bringing it up.

Quite frankly, whether one believes or does not believe the question of whether there is a Libyan hit squad roaming around the United States—and there will be a debate as to which of the charges made recently about that are accurate, and there will be a continuing and is a continuing debate as to how imminent that might be or how solid the evidence might be—I think we should realize that the allegations that have been made to date and those matters that have given real concern to our intelligence people have gained much of their credibility because of the enormous economic resources of Libya and its leader.

I think if the President states on behalf of himself and, in effect, on behalf of the country, that such allegations are correct, and if there is a threat—a threat, as I said, made credible and possible because of the enormous wealth of Libya—then the first thing we ought to do is to give the President authority to do something to cut off that wealth.

This is one way of doing it. Let us show we are not going to kowtow to that kind of threat; that we are not, on the one hand, going to ask our leaders and our people either to put themselves at enormous risk or to substantially curtail their ability to leave this country and, at the same time, continue to send hundreds of millions, literally billions, of dollars to Libya. Let us just cut it off. That is the easiest thing in the world to do, and I wholeheartedly endorse the amendment of the Senator from Colorado.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, I ask unanimous consent that we lay this amendment aside for a few minutes until the chairman of the Committee on Foreign Relations can come over to the Chamber to express himself on this amendment.

Mr. KENNEDY. Mr. President, will the Senator withhold that for 5 or 6 minutes so that I can speak on that amendment?

Mr. THURMOND. I will be glad to withhold.

The PRESIDING OFFICER. Who yields time?

Mr. HART. How much time remains?

The PRESIDING OFFICER. Time under the control of the Senator from Colorado is 3 minutes.

Mr. HART. I yield 3 minutes.

Mr. KENNEDY. Mr. President, I join the Senator from Colorado on this particular amendment. The case for a prohibition on the importation of Libyan oil was made very strongly and powerfully when we had the full debate on this issue earlier in the year. We were joined at that time by the distinguished Senator from Kansas (Mrs. KASSEBAUM) making it a bipartisan effort.

I think it is important to recognize that this amendment is supportive of the President. I understand that the National Security Council has met, in the period of the past few days, and will be making recommendations to the President. I would hope that my vote on this particular amendment would be an indication to the President that there are Members of this body that will support the President in a boycott of Libyan oil. I might add that I would also like to see a prohibition on sending oil drilling equipment to Libya.

We understand that this is an extremely sensitive time in the relationships between Libya and the United States and that there are Americans who are working in Libya; but I interpret this resolution again as a very strong indication of the feeling not only of those of us who offer this amendment but the feelings of millions of Americans. We want our oil policy to be consistent with our diplomatic policy. This administration has made numerous and strong statements with regards to international terrorism. What we are trying to indicate with this amendment is that we are going to conform our energy policy with our diplomatic rhetoric.

I just want to indicate that I am hopeful that the Senate will accept this amendment today. But I think what we are attempting—or at least I am as a cosponsor of this amendment—is a clear indication that we are prepared, through a prohibition on the import of Libyan oil, to support the President in strong action in dealing with the actions of Colonel Qadhafi and his policies of assassination and international terrorism.

So, Mr. President, I hope that this amendment would be looked on by both the President and the administration as a constructive and positive indication of the strong support that he will receive in the U.S. Senate for the firm action in dealing with international terrorism.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, I ask unanimous consent that we set this amendment aside for a few minutes and to continue with the bill. I yield to the distinguished Senator from Iowa.

The PRESIDING OFFICER. Is there objection to the Senator's unanimous consent request?

Mr. LEAHY. Mr. President, I am sorry I did not hear the request.

Mr. HART. Mr. President, reserving the right to object, would the Senator from South Carolina indicate how long this might be set aside?

Mr. THURMOND. It should not be very long. We will not act until we have acted on the Senator's amendment. Just to save time while Senator PERCY is coming over, I thought we would let Senator GRASSLEY take up the technical amendments.

Mr. HART. Mr. President, it is the understanding of the Senator from Colorado that this would be without prejudice to voting on the amendment.

Mr. THURMOND. That is exactly right.

The PRESIDING OFFICER. Is there objection? Without objection, the amendment is temporarily set aside.

Mr. THURMOND. I yield to the distinguished Senator from Iowa.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. Mr. President, I thank the distinguished Senator from South Carolina for yielding to me.

UP AMENDMENT NO. 766

(Purpose: To provide a rate for interest to be calculated on judgments against the United States)

Mr. GRASSLEY. Mr. President, I send an amendment to the desk to S. 1700 respecting the interest provisions in section 302 and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Iowa (Mr. GRASSLEY) proposes an unprinted amendment numbered 766.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 68, beginning with line 18, strike through line 25 on page 70, and insert in lieu thereof the following:

(2) by striking out "at the rate allowed by State law." in the last sentence and inserting in lieu thereof the following: "at a rate of interest equal to the coupon issue yield equivalent (as determined by the Bureau of Public Debt of the United States Department of the Treasury) of the mean, rounded to two decimal places, of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled immediately prior to the date of the judgment. The Director of the Administrative Office of the United States Courts shall distribute notice of such rates and any changes in them to all Federal judges."; and

(3) by adding at the end thereof the following new subsections:

"(b) Interest shall be compounded daily to the date of payment except as provided in section 2516(b) of title 28, United States Code, and section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a) and shall be compounded annually.

"(c)(1) This section shall not apply in any judgment of any court with respect to any internal revenue tax case. Interest shall be allowed in such cases at a rate established under section 6621 of the Internal Revenue Code of 1954.

"(2) Except as otherwise provided in paragraph (1) of this subsection, interest shall be allowed on all final judgments against the United States in the United States Court of Appeals for the Federal Circuit, at the rate provided in subsection (a) and as provided in subsection (b). Interest shall not be allowed on judgments of the United States Claims Court, except as otherwise provided in paragraph (1) of this subsection.

"(3) This section shall not be construed to effect the interest on any judgment of any court not specified in this section.".

(b) Section 2411 of title 28, United States Code, is amended—

(1) in subsection (a) by striking out "(a)"; and

(2) by repealing subsection (b).

(c) Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a), is amended by striking out "to which the provisions of subsection 2411(b) of title 28, United States Code apply".

(d) Section 2516(b) of title 28, United States Code, is amended—

(1) by striking out "the rate of four percent per annum" and inserting in lieu thereof "a rate of interest equal to the coupon issue yield equivalent (as determined by the Bureau of Public Debt of the United States Department of the Treasury) of the mean, rounded to two decimal places, of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled immediately prior to the date of the judgment"; and

(2) by striking out "in the Treasury Department" and inserting in lieu thereof "in the General Accounting Office".

Mr. GRASSLEY. Mr. President, this amendment is occasioned because of strong concerns expressed by the Office of Management and Budget on behalf of the administration in the interest provisions of the committee bill. As a result, extensive discussions were held between representatives of OMB, the Judicial Conference, and Judiciary Committee staff.

An agreement was reached which has resulted in the amendment now being offered. The crux of the issue centered around the bill's provision on post-judgment interest which would be payable by the Federal Government.

This rate would be increased under the bill from 4 percent per year to a rate established under section 6621 of the Internal Revenue Code (26 U.S.C. 6621), which is currently 12 percent per year and scheduled to rise to 20 percent per year on February 1, 1982. Section 6621 establishes the rates of interest to be paid to the Federal Government in the various situations in which taxpayers are assessed under the Internal Revenue Code.

Under that section on October 1 of each year, the Secretary of the Treasury makes a determination based on the prime rate for that day as to the interest to be applicable the following year.

On October 1, 1981 the prime rate was 20 percent. Since that time the prime rate has dropped substantially and shows every indication of further declines.

Yet taxpayers are now obliged beginning February 1, 1982, to pay the 20-percent rate. The Government also will be obliged to pay interest at the higher rate for tax refunds.

While it is not the intent at this time to amend section 6621 of the Internal Revenue Code, I understand that the administration will shortly express its concern as to this provision. The Finance Committee will then take whatever appropriate action might be justified.

It was agreed, however, that another formula would be much more workable for setting appropriate interest rates that would have the overall desirable effect of discouraging frivolous appeals in the Federal courts simply to gain the advantage of artificially low interest rates on judgments while judgments were tied up in the courts for months or even years. The new formula is pegged to the most recent sale by the Treasury Department of 1-year Treasury obligations commonly known as T-bills. These borrowings which occur frequently throughout the course of the year more accurately reflect prevailing money market conditions than the formula of section 6621 of the Internal Revenue Code.

Second, under existing structure of the U.S. Court of Claims, determination of the trial commissioners, when appealed to the full Court of Claims, do not draw interest until a final determination is made by the Court of Claims. Under the committee bill, the new U.S. Claims Court, which replaces the trial division of the existing Court of Claims, would render final judgments.

These judgments would have been subject to interest unless otherwise provided for. The second change made by this amendment accomplishes that purpose.

Thus, interest would accumulate only from the date of final judgment by the U.S. Court of Appeals for the Federal Circuit. Although the new Claims Court would be placed in the unique position that does not apply to the judgments of the several district courts, the amendment does retain the status quo with respect to accumulation of interest on judgments of the Court of Claims.

Third, the amendment strikes out the provisions relating to prejudgment interests. This matter was not addressed in testimony or evidence submitted to the courts subcommittee during the course of its hearings on S. 1700 this year, but was a carryover from prior versions of the bill. In response to the concerns expressed by OMB and on further examination by committee staff, it seemed that this matter should be given more thorough attention before enactment into law.

Thus, the entire prejudgment interest provision has been stricken by this amendment. It is this Senator's intention that this action be done without prejudice on the merits of the issue. It is anticipated that the subcommittee will consider the question in the coming months so as to be able to explore all facets of the matter and give it careful consideration prior to any further legislative activity.

Finally, Mr. President, the amendment makes other technical changes in section 302 to preclude successful litigants from unjustifiably withholding the presentation to the U.S. Treasury of final judgments and awards simply for the purpose of obtaining interest at the rate specified in the section.

Mr. President, I ask unanimous consent that two letters from Mr. Stockman to Senator DOLE on this subject, one dated December 3, 1981, and the other dated December 7, 1981, be printed in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., December 3, 1981.

Hon. ROBERT DOLE,
U.S. Senate,
Washington, D.C.

DEAR BOB: The Administration is concerned about the effect of the post-judgment interest provisions of Section 302 of S. 1700. For the reasons set forth below, we believe that this section should not be enacted as currently drafted.

In those circumstances in which post-judgment interest would be payable by the Federal Government, the rate of interest would be increased under S. 1700 from 4% per year to the rate established under 26 U.S.C. 6621—currently 12% per year and scheduled to rise to 20% per year in February, 1982. While the Federal Government would also be entitled to the higher interest upon judgments in its favor, we do not believe that the increase in receipts would balance the increase in outlays. Although no

definitive study of the fiscal impact of the interest provisions of S. 1700 is presently available, our best estimate is that the revenue shortfall generated would be substantial. As you know, the United States always satisfies its judgments, as a matter of law, including the payment of interest following final adverse judgments. Such a record is in sharp contrast to parties against whom the United States bring suit.

The principal bases of S. 1700 are to encourage parties (1) to pay adverse judgments and (2) not to take frivolous appeals. Neither of these factors is applicable to the Federal Government, which is required by law to pay adverse judgments and has been historically selective in the appeals that it takes, following careful review by the Solicitor General. We estimate that the Government appeals less than 10% of the adverse judgments issued against it. That being the case, we see no reason for penalizing the Government for what we believe to be a judicious record in appealing adverse judgments and believe it unfair to apply the proposed higher rate of interest to cases in which the Government is a defendant. At a minimum, however, we would accept as a rate of interest, in cases which the Government is defendant, the rate normally paid by the Government for Treasury bills; i.e. the cost to the Government of borrowing money.

Beyond the above, we have special problems with respect to provisions of Section 302 as they would apply to the new United States Claims Court. First, the number of judgments subject to the payment of post-judgment interest by the Government would be substantially increased by Section 302 as drafted.

Currently, in Court of Claims cases, the Government does not pay post-judgment interest during the period that the Appellate Division of the Court of Claims reviews adverse recommendations of the trial commissioners; the Federal Government only pays post-judgment interest when it appeals from a Court of Claims judgment to the Supreme Court and loses. Under the proposed new subsection (d)(2) of Section 1961 of Title 28, the Government would become liable for the payment of post-judgment interest whenever it appealed an adverse judgment of the new United States Claims Court to the new Court of Appeals for the Federal Circuit and failed to prevail.

We strongly believe that the status quo should be maintained by amending Section 302 to provide that interest be paid only during the pendency of unsuccessful appeals to the Supreme Court.

Secondly, the time during which interest accrues would be greatly extended under Section 302, in the United States Claims Court cases. Section 302 as presently drafted would extend the interest payment period to the date of actual payment by the United States, extending it from the date of the mandate of affirmance of the unsuccessful appeal, the current interest cut-off date.

Under S. 1700 as presently drafted, parties holding judgments against the United States would be in a position to delay collecting their judgments if the interest applicable to judgments is greater than that which could be obtained elsewhere. The United States would thus be a money market fund of last resort for successful Claims Court litigants.

Equity to successful claimants against the United States is more than satisfied by its ministerial payment of all claims finally determined against it. Accordingly, it is our position that S. 1700 must be modified to cut off interest payments as of the dates on which mandates of affirmance are issued. This would also conform Claims Court procedures to those in effect for District Court litigations.

In sum, superficial "even-handedness" between the United States and private parties in litigations involving money claims ultimately causes the United States to be treated unfairly. This is so given the Government's readiness to pay successful judgments on a ministerial basis and given its clear tradition of filing appeals only when substantial issues of law are at stake.

We also understand that an amendment will be offered to delete the provision authorizing assessment of pre-judgment interest, also in Section 302 of this bill We strongly support this amendment, and believe it a necessary perfection of S. 1700.

I have instructed my staff to discuss these matters with you and your staff at your earliest convenience to the end of resolving the concerns raised in this letter. We are interested in fairness of treatment and outcome, both for taxpayers and for successful claimants, and are of course concerned about the use of the courts to effect delays in the payment of monies known to be lawfully due and owing. I am confident that brief, intensive discussions can permit all of those concerns to be satisfactorily addressed and to permit mutually agreed-upon modifications of S. 1700 as presently drafted.

Sincerely,

DAVID A. STOCKMAN,
Director.

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., December 7, 1981.

Hon. ROBERT DOLE,
U.S. Senate,
Washington, D.C.

DEAR BOB: In my letter of December 3, 1981, I noted the Administration's concern about the effect of the post-judgment interest provisions of Section 302 of S. 1700. Since that time, our staffs have discussed the matters addressed in that letter. Following that discussion, and careful coordination with the staffs of the Administrative Office of the United States Courts and the Judicial Conference, agreement has been reached regarding modifications of Section 302.

Our agreed upon modifications are intended to provide that the rate of interest payable for post-judgment interest shall be the rate paid by the Government for one-year Treasury bills. This rate shall be applicable to all litigants, except, as noted below, those in internal revenue tax cases.

We believe this rate will satisfy the principal concerns of Section 302 in that it should be sufficiently high to discourage frivolous appeals. At the same time, the rate is not unfair to the government since it at least reflects its cost of borrowed funds.

All parties have agreed, however, that the Treasury bill rate shall not apply to any internal revenue tax case in any court. In such cases, interest shall be allowed at the rate and in the manner currently provided by law. Section 302 is not intended to modify existing law applicable to the payment of post-judgment interest in internal revenue tax cases.

Further agreed upon modifications satisfy the remaining two concerns addressed in my letter of December 3. The status quo relative to Court of Claims cases is maintained in that, except for internal revenue tax cases, interest will acrue only during the pendency of appeals (from the new Court of Appeals of the Federal Circuit) to the Supreme Court. Interest is thus not intended to accrue on appeals from judgments of the new United States Claims Court, except in internal revenue tax cases.

Finally, the agreed upon modifications are intended to cut off all interest payments on judgments against the United States as of the dates on which mandates of affirmance are issued. Similarly, Section 302 is to the effect of ensuring that interest starts to run from the date the transcript of the judgment was filed by the plaintiff with the General Accounting Office.

I understand that this letter, and my letter of December 3, 1981, are to be inserted into the Congressional Record and made a part of the legislative history relative to S. 1700.

I very much appreciate your efforts and those of your staff in working out the modifications to S. 1700, which serve as the basis of the Administration's support of the bill.

Sincerely,

DAVID A. STOCKMAN,
Director.

Mr. THURMOND. Mr. President, I move adoption of the amendment.

Mr. LEAHY. Mr. President, will the Senator withhold for just a moment to hear from this side of the aisle?

Mr. THURMOND. I merely moved adoption. The Senator can go ahead and say whatever he wants.

Mr. LEAHY. Mr. President, I yield 1 minute to the Senator from Maine.

Mr. MITCHELL. I thank the Senator for yielding.

Mr. President, I intend to vote "present" on final passage of S. 1700. Section 207 of the reported version of S. 1700 requires the Administrative Office of the U.S. Courts to deposit funds into the civil service retirement funds for certain article III judges who resign from the bench. There are references in the committee report on the bill which suggest that this provision applies to former judges who work in any capacity for the Federal Government.

I resigned from the Federal bench to accept an appointment to this body. In order to avoid any conflict of interest or even the appearance of impropriety in voting on this bill, I intend to recuse myself from consideration of S. 1700 and will vote "present" on final passage of the legislation.

The PRESIDING OFFICER. The Senator from Vermont.

Mr. LEAHY. Mr. President, I wonder if I might ask the Senator from Iowa a couple of questions on this amendment.

This matter has been before our committee for some substantial period of time. I understand the letter from Mr. Stockman just came within the last 3 or 4 days. Was there any reason why it was not raised at the time we had hearings on this matter of the interest rates and repealing of the old interest rates?

Is there any reason why they just came around to this now rather than at a time when we might have actually been able to ask questions about it during the normal hearing time?

Did the Senator from Iowa hear the question?

Mr. GRASSLEY. No; I did not.

Mr. LEAHY. Let me repeat it.

We had lengthy hearings on the matter and a great deal of discussion on this in the committee. The whole interest rate question was raised then.

Is there any particular reason why the OMB and Mr. Stockman now come up about 3 or 4 days before passage of the bill and ask to make a substantial change in it rather than doing the Judiciary Committee the courtesy of raising the point during the hearings when the sponsors of the bill might have had a chance to at least ask questions about it?

Mr. GRASSLEY. I appreciate the inquiry of the Senator from Vermont. For

those of us who must on occasion speak for the administration, it is somewhat an embarrassment for me to say that this point was raised with the administration previously and it was not until after consideration of the legislation by the committee that the response and the necessary communications with the administration reached us. I apologize for bringing this up at this late stage, but I think that the rationale behind it is reasonable and that we ought to move forward with it. We have done it in a manner so that it is not so far out of line as to cause any particular harm.

It is related to a rate of interest that is reasonable and a yardstick which has been used on similar occasions in the past.

Mr. LEAHY. I appreciate my distinguished colleague's explanation. I have found myself in the same position on occasion. I would hope that maybe the word will get back to OMB that it would really be helpful and would really show that they have at least a passing legislative interest if they let us at least have a look at these amendments in committee.

I would tell the distinguished floor manager for the majority that I have no objection to the amendment. I accept the explanation of my distinguished colleague from Iowa as to the reason for the amendment. I am willing to yield back the remainder of my time on the amendment.

Mr. SPECTER. Mr. President, I had intended to press an amendment on prejudgment interest, which I will defer out of respect for the absence of the Senator from Kansas and on the assurance of the Senator from Kansas (Mr. DOLE) that there will be hearings on the issue of prejudgment interest. I think ultimately we need that legislation in order to encourage settlements and to avoid having defendants delay cases in which there is no prejudgment interest.

I would also like to make a brief comment on the provisions of the bill that now give jurisdiction to the court of appeals for the Federal circuit. I call attention to the language on page 20 of the committee report that emphasizes the legislative intent against forum shopping—where there is joinder, for example, of a patent claim with an antitrust claim in a deliberate effort to have jurisdiction vested with the court of appeals for the Federal circuit. The mere joinder of a patent claim in a case whose gravamen is realistically antitrust should not be permitted in order to avoid the jurisdiction of the court of appeals for the regional circuit.

Mr. President, I ask confirmation of the distinguished chairman of the Committee on the Judiciary that this is, in fact, the legislative intent of the statute, to avoid that kind of forum shopping.

Mr. THURMOND. Mr. President, the sentiments expressed by the Senator from Pennsylvania are acceptable and the intent that he brought out in his remarks will be respected.

The PRESIDING OFFICER. Is all time yielded back?

Does the Senator from Iowa yield back the remainder of his time?

Mr. GRASSLEY. I do.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The amendment (UP No. 766) was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Colorado.

Mr. LEAHY. Mr. President, I ask unanimous consent that we withhold for a couple of minutes on that so that I might offer an amendment on behalf of Senator HEFLIN, a noncontroversial amendment.

The PRESIDING OFFICER. Does the Senator request that the amendment of the Senator from Colorado be temporarily laid aside?

Mr. LEAHY. Until the disposition of the amendment I am going to offer on behalf of Senator HEFLIN.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 767

(Purpose: To amend section 753(b) of title XVII, United States Code, relating to the recording of certain judicial proceedings)

Mr. LEAHY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Vermont (Mr. LEAHY), for Mr. HEFLIN, proposes an unprinted amendment numbered 767.

Mr. LEAHY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Beginning on page 71, section 401(a) of the bill is amended to read as follows:

SEC. 401. (a) Section 753(b) of title 28, United States Code, shall be amended to read as follows:

"(b) Each session of the court and every other proceeding designated by rule or order of the court or by one of the judges shall be recorded verbatim by shorthand, mechancial means, electronic sound recording, or any other method, subject to regulations promulgated by the Judicial Conference and subject to the discretion and approval of the judge. The regulations promulgated pursuant to the preceding sentence shall prescribe the types of electronic sound recording or other means which may be used. Proceedings to be recorded under this section include (1) all proceedings in criminal cases had in open court; (2) all proceedings in other cases had in open court unless the parties with the approval of the judge shall agree specifically to the contrary; and (3) such other proceedings as a judge of the court may direct or as may be required by rule or order of court as may be requested by any party to the proceeding.

"The reporter or other individual designated to produce the record shall attach his official certificate to the original shorthand notes or other original records so taken and promptly file them with the clerk who shall preserve them in the public records of the court for not less than ten years.

"The reporter or other individual designated to produce the record shall transcribe and certify such parts of the record of proceedings as may be required by any rule or order of court, including all arraignments, pleas, and proceedings in connection with the imposition of sentence in criminal cases unless they have been recorded by electronic sound recording as provided in this subsection and the original records so taken have been certified by him and filed with the clerk as hereinabove provided in this subsection. He shall also transcribe and certify such other parts of the record of proceedings as may be required by rule or order of court. Upon the request of any party to any proceeding which has been so recorded who has agreed to pay the fee therefor, or of a judge of the court, the reporter or other individual designated to produce the record shall promptly transcribe the original records of the requested parts of the proceedings and attach to the transcript his official certificate, and deliver the same to the party or judge making the request.

"The reporter or other designated individual shall promptly deliver to the clerk for the records of the court a certified copy of any transcript so made.

"The transcript in any case certified by the reporter or other individual designated to produce the record shall be deemed prima facie a correct statement of the testimony taken and proceedings had. No transcripts of the proceedings of the court shall be considered as official except those made from the records certified by the reporter or other individual designated to produce the record.

"The original notes or other original records and the copy of the transcript in the office of the clerk shall be open during office hours to inspection by any person without charge.".

(b) The regulations promulgated by the Judicial Conference pursuant to subsection (b) of section 753 of title 28, as amended by subsection (a) of this section, shall not take effect before one year after the effective date of this Act. During the one-year period after the date of enactment of this Act, the Judicial Conference shall experiment with other methods of recording court proceedings. Prior to the effective date of such regulations, the law and regulations in effect the day before the date of enactment of this Act shall remain in full force and effect.

Mr. LEAHY. Mr. President, I ask unanimous consent that it be noted that this amendment is offered on behalf of Senator HEFLIN.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LEAHY. Mr. President, this amends section 401, the court reporting section.

The amendment provides a 1-year testing period and a delay of the effective date for the 1-year period.

I am advised this amendment has been cleared by the majority and the minority.

● Mr. HEFLIN. Mr. President, every person associated with the State or Federal judiciary realizes the importance of accurate, speedy, and inexpensive court reporting to the judicial process. Today I am offering an amendment to section 401 of Senate bill 1700 regarding the Federal court reporting system. This amendment incorporates Chairman DOLE's amendment adopted by the Senate Subcommittee on Courts. In addition, it provides a 1-year experimental period, and a delay in implementation during the period of examining alternative systems.

I would like to commend Chairman DOLE and his able staff, especially Pete Velde and Virginia Goddard for the fine work done on this area of major judicial concern. Chairman THURMOND, Senator DECONCINI and their able staffs, especially Will Lucius and Bob Feidler, should also be noted for their cooperation and efforts. I would also like to thank the

U.S. Court Reporters Association for their assistance and contribution to this legislation.

In recent hearings, we have been made aware of potential reform of the Court Reporters Act. In some cases legitimate concerns have been raised over the expense and the abuses found in the current Federal court reporting system. There is certainly room for improvement, and this improvement should come through a period of experimentation where the Judicial Conference, individual judges, and the Congress can assess whether legislation is appropriate.

A 1-year test period with a mandatory evaluation by the Judicial Conference will provide Congress with the basis for determining what is the best system for court reporting. During the experimental period, there will be a comparison between the existing system and various electronic systems, side by side, since existing law will continue until completion of the experimental period and the Judicial Conference promulgates rules to implement any new or supplemental system of court reporting. Since accurate court reporting is crucial to the administration of justice, Congress should take care in instituting a new mechanism which has not yet been appropriately examined compared to an existing and proven system.

A test period will give the opportunity to experiment with new technology. A reviewable test period will permit Congress to make the fine tune revisions that are usually necessary when any new administrative system is instituted.

A 1-year delay in implementation is desirable to allow for a smooth transition into the test period. Otherwise, court reporting in our Federal judiciary may be interrupted or delayed, resulting ultimately in the delay in the appropriate administration and pursuit of justice. A 1-year delay will allow more efficient congressional oversight and potentially eliminate abuses and unnecessary expenses which may arise from an untested new system.

Thank you, Mr. President.●

Mr. THURMOND. Mr. President, we have no objection to the amendment.

Mr. LEAHY. Mr. President, I yield back the remainder of my time on the amendment.

Mr. THURMOND. We yield back the remainder of the time on this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 767) was agreed to.

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Colorado.

Mr. SPECTER. Mr. President, I have one comment. That is with respect to a prospective amendment which would provide for transfer in the event that an appeal is lodged in the wrong court of appeals.

Mr. THURMOND. Mr. President, is the distinguished Senator offering an amendment?

Mr. SPECTER. Yes, Mr. President, that is my intention if that is in order at the present time. It is a very simple matter and I have cleared this with the distinguished Senator from Kansas and others.

Mr. THURMOND. We may be willing to accept the amendment if he sends it to the desk.

Mr. SPECTER. I send the amendment to the desk at this time, Mr. President, and ask for its immediate consideration.

The PRESIDING OFFICER. If the Senator will yield to the Chair at this time, the amendment is not in order. The amendment of the Senator from Colorado is the pending business.

Mr. THURMOND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. On whose time?

Mr. THURMOND. Without its being charged to either side.

The PRESIDING OFFICER. Is there objection?

Mr. HART. Reserving the right to object, Mr. President, I should like to have from the distinguished floor manager what he understands to be the position of the Senator from Illinois, the chairman of the Committee on Foreign Relations. Is he going to participate?

Mr. THURMOND. Mr. President, it is my understanding that he is on his way over and we are just waiting. As a courtesy to the chairman, I should like to await that.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

Mr. SPECTER. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

The PRESIDING OFFICER. There is an order for a quorum call. Is there objection? Without objection, the order is dispensed with.

The Senator from Pennsylvania is recognized.

Mr. SPECTER. I ask unanimous consent that the pending amendment of the distinguished Senator from Colorado be set aside for the moment for the introduction of an amendment dealing with the transfer of jurisdiction.

Mr. THURMOND. We have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Pennsylvania.

UP AMENDMENT 768

(Purpose: To add a section to the bill that provides for transfer between Federal courts to cure want of jurisdiction)

Mr. SPECTER. I now send to the desk an unprinted amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Pennsylvania (Mr. SPECTER) proposes an unprinted amendment numbered 768.

Mr. SPECTER. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 67, beginning with line 21, strike through line 8 on page 68, and insert in lieu thereof the following:

"Whenever a civil action is filed in a court of the United States or an appeal, including a petition for review of administrative action, is noticed for or filed with a court of the United States and that court finds that there is a want of jurisdiction, the court shall, if it is in the interest of justice, transfer such action or appeal to any other such court in which the action or appeal could have been brought at the time it was filed or noticed, and the action or appeal shall proceed as if it had been filed in or noticed for the transferee court on the date upon which it was actually filed in or noticed for the transferor court.".

Mr. SPECTER. Mr. President, one purpose of this amendment is to permit the transfer of an action or appeal where such has been lodged with the wrong court of appeals. That is, if an appeal is lodged with the Court of Appeals for the Federal Circuit, if it belongs in the Court of Appeals for the First Circuit, that type of action or appeal can be transferred. This amendment will permit that kind of transfer without a procedural snarl in the event that there is an effort at forum shopping and the court of appeals, where the appeal is initially lodged, believes it is inappropriate. It will, therefore, provide for the automatic transfer to the appropriate court of appeals.

As I say, this matter has been cleared by all the appropriate parties and I think is deemed to be unobjectionable.

The PRESIDING OFFICER. Who yields time?

Mr. LEAHY. Mr. President, I think this is a good amendment. I think it clears up what is obviously an oversight. I ask unanimous consent that a letter to John Podesta of my staff from Clark Byse in support of this amendment be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

HARVARD LAW SCHOOL,
Cambridge, Mass., December 2, 1981.

JOHN D. PODESTA,
Chief Counsel for Senator Patrick Leahy, U.S. Senate, Committee on the Judiciary, Washington, D.C.

DEAR JOHN: Many thanks for S. 1700 and Report thereon.

Section 301(a), p. 66, and the accompanying Report language, p. 51, seem to me to handle the problem in a concise and appropriate fashion. If the section becomes law, another wasteful and outmoded impediment to judicial review will be laid to rest along with other irrationalities heretofore eliminated by the 1961 amendments to Rule 25 (d) of the Rules of Civil Procedure, the Mandamus and Venue Act of 1962 and the 1976 amendments of 28 U.S.C. §§ 1331, 1391(a) and of 5 U.S.C. §§ 702, 703. Thus does law reform haltingly progress.

Best regards.

Sincerely,

CLARK BYSE.

Mr. LEAHY. Mr. President, I yield back the remainder of my time on this amendment.

Mr. THURMOND. Mr. President, we have no objection here. I yield back any time I have left.

The PRESIDING OFFICER. Does the Senator from Pennsylvania yield back his time?

Mr. SPECTER. I do so yield back whatever may remain of my 2 minutes.

The PRESIDING OFFICER. All time having been yielded back, the question is

on agreeing to the amendment of the Senator from Pennsylvania.

The amendment (UP No. 768) was agreed to.

The PRESIDING OFFICER. The questions recurs on the amendment of the Senator from Colorado.

Mr. THURMOND. Mr. President, I ask unanimous consent that that amendment be laid aside in order for the Senator from Iowa to take up an amendment.

The PRESIDING OFFICER. Is there objection?

Mr. HART. Reserving the right to object, Mr. President, and I shall not object, are there others on the floor of the Senate who wish to speak on my amendment? If there are, they might be heard right now.

Mr. THURMOND. If we can get this other amendment adopted, Mr. President——

Mr. DANFORTH. Mr. President, I say to the Senator from Colorado that I do intend to speak for perhaps 2 minutes in opposition to the Senator's amendment, but I would prefer that Senator PERCY precede me if, in fact, he is going to be on the floor in the near future.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 769

(Purpose: To change the effective date of the Act to October 1, 1982)

Mr. GRASSLEY. Mr. President, I thank the Senator from South Carolina for yielding. I send to the desk an unprinted amendment and ask that it be immediately considered.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Iowa (Mr. GRASSLEY) proposes an unprinted amendment numbered 769.

Mr. GRASSLEY. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 60, beginning with ", shall" on line 10, strike out through "but" on line 11.

On page 60, strike out lines 21 through 23.

On page 73, line 20, after "effect" strike out all material through line 21, and insert in lieu thereof "on October 1, 1982.".

Mr. GRASSLEY. Mr. President, this amendment changes the effective date from 60 days following enactment to October 1, 1982. This amendment would provide additional time for the new courts to make necessary policy, procedural, and personnel changes. It will also allow further time for the Federal court system, administrative agencies, patent holders, the practicing bar, and the business community to become more familiar with the new changes in law and procedures, and will allow greater input by affected parties into the administrative changes required by the bill. The additional time will also allow the courts to provide for a smoother transition based on greater professional and public knowledge of the changes in law. By way of letter to Chairman DOMENICI of the Budget Commmittee, Senator DOLE pledged that he would offer this amendment to avoid the necessity of seeking a waiver under the 1974 Budget Reform Act. Such a waiver would have been required for S. 1700 were it to take effect before the end of fiscal year 1982, since the legislation was introduced after the April 15, 1981 cutoff date.

Mr. President, I ask unanimous consent that Senator DOLE's letter to Senator DOMENICI, dated November 18, and Senator DOMENICI's response, dated November 19, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NOVEMBER 18, 1981.

Hon. PETE V. DOMENICI,
Chairman, Commmittee on the Budget, U.S. Senate, Washington, D.C.

DEAR PETE: This is to inform you that today I will file, on behalf of the Committee on the Judiciary, the report on S.1700, the Federal Courts Improvement Act of 1981, together with the bill itself.

S. 1700 was ordered, reported favorably by the Committee on the Judiciary at its Executive Session on October 20, 1981. The attached letter from the Congressional Budget Office dated November 16, 1981, estimates that enactment of S.1700 would increase annual Civil Service Retirement Fund outlays during the next five years by "less than $50,000." The Office also estimates there would be certain expense items related to travel and transportation, attorney fees, and some personnel changes. These items would total less than $70,000 and would be offset by receipts associated with a $50,000 increase in petition filing fees.

In addition, S. 1700 contains a provision relating to court reporting services for the Federal courts which, if fully implemented by the courts, would save upwards of $14 million a year, according to a study done by the General Accounting Office last June. The Congressional Budget Office did not take this feature of the bill into consideration since they deemed it too speculative to quantify any actual savings.

From discussions between my staff and the staff of the Senate Budget Committee, I understand that a waiver from section 402 of the Congressional Budget Act of 1974 may be required. If that is the case, I hereby notify you that I will offer on the Senate floor, an amendment to change the effective date of S. 1700 to October 1, 1982, thus obviating the need for the waiver. If the waiver is not required, I would plan to leave the current effective date contained in section 402 of S. 1700 intact. This provides for the bill to become effective sixty days after enactment.

If the schedule of the Senate allows, it is my intention that the matter be called up for consideration before the Thanksgiving recess.

Thank you for your consideration.

Sincerely yours,

BOB DOLE,
U.S. Senate.

COMMITTEE ON THE BUDGET,
Washington, D.C., November 19, 1981.

Hon. ROBERT DOLE,
Chairman, Subcommittee on Courts, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR BOB: Thank you for your letter regarding S. 1700, the Federal Courts Improvement Act of 1981, which was reported yesterday by the Committee on the Judiciary.

S. 1700 implicitly authorizes the enactment of new FY 1982 budget authority for the operations of a new U.S. Court of Appeals for the Federal Circuit and a new U.S. Court of Claims. Since the measure was reported after May 15, 1981, it requires a waiver of Section 402(a) of the Budget Act. The amendment to change the effective date of S. 1700 to October 1, 1982, which you have agreed to offer when the Senate considers the bill will eliminate this problem.

I appreciate your cooperation in this matter.

Sincerely yours,

PETE V. DOMENICI,
Chairman.

Mr. GRASSLEY. Mr. President, I move the adoption of the amendment.

The PRESIDING OFFICER. Who yields time?

Mr. THURMOND. Mr. President, we have no objection here.

Mr. LEAHY. I have no objection, Mr. President. I yield back the remainder of my time on the amendment.

Mr. THURMOND. I yield back the remainder of my time.

Mr. GRASSLEY. Mr. President, I yield back my time on the amendment.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from Iowa.

The amendment (UP No. 769) was agreed to.

UP AMENDMENT NO. 765

The PRESIDING OFFICER. The question recurs on the amendment of the Senator from Colorado. There are 7 minutes remaining on the amendment in opposition.

The majority leader is recognized.

Mr. BAKER. Mr. President, I understand that the distinguished chairman of the Committee on Foreign Relations is on his way to the floor and I should like to reserve or ask the distinguished manager of the bill to reserve most of the time in opposition to the Senator from Illinois to say whatever he may wish.

Mr. President, when I learned of this amendment, I took the liberty of communicating with the White House. I spoke just now with Mr. James Baker, who is the President's Chief of Staff. He indicated that, at this time—confirming previous press accounts—the President and the administration are considering the totality of the situation in respect to Libya and the present circumstances related to Libya, but that while the President is in the process of considering what, if any, measures are to be taken and how they are to be taken, the administration would not favor the adoption of this amendment.

I may say that it in no way precludes the possibility that, at some future moment, the administration might—I do not predict that the administration would—support some variation of this amendment which is offered by the Senator from Colorado and for which I have a great deal of sympathy.

However, I am prepared to say, on the advice of the President's Chief of Staff, that the President would appreciate the time to consider this matter fully, to take account of the many ramifications and aspects of the problem which obviously exist; and for that reason, without regard to the merits of the amendment at the moment, the administration does not support it.

Mr. THURMOND. I yield 1½ minutes to the able Senator from Missouri.

Mr. DANFORTH. Mr. President, clearly, everyone in the country is disturbed about the possibility of Libyan terrorism within the United States, and no one approves the behavior of the Government of Libya. The question is whether or not the response which is fashioned by the United States is one which makes sense, whether it has been thought out, whether it is one that helps or hurts the interests of the United States.

I am concerned that in this amendment, it seems to favor or prejudge the question of the desirability of a prohibition of the importation of Libyan oil. That may make sense, but I do not think we have given it adequate thought.

I do not believe there is a clear case that past embargoes on other countries have worked very well in changing the behavior of other countries, and therefore I question whether or not this would be effective.

Second, it seems to me that the United States should at least think twice before shutting off any source of foreign oil at this time.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. HART. Mr. President, will the Senator from Vermont yie'd 1 minute on the bill?

Mr. LEAHY. I yield.

Mr. HART. Mr. President, I would like to respond to the remarks of the distinguished majority leader as well as the Senator from Missouri. First of all, this amendment is in the nature of a sense-of-the-Senate amendment, In no way does it prejudge the actions the President might take and in no way does it bind his hands or direct him to take any specific action. He is free to do whatever he believes is in the best interests of the Nation.

The amendment merely says that if the President chooses to prohibit the importation of oil from Libya into this country, Congress will support that action. The President can choose to do that or not do it. It is within his discretion.

Further, there is more than just the pragmatic argument the Senator from Missouri makes. There is a moral argument. We are paying for Libyan terrorism. That may not be a thing we like to talk about, but I think it is outrageous, given Qadhafi's record. Whether there is a "hit team" in this country or not, this man is a terrorist. It is documented. And we are paying for it.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. THURMOND. I yield 1 minute to the able majority leader.

The PRESIDING OFFICER. Is the Senator yielding time on the bill?

Mr. THURMOND. On the amendment.

Mr. BAKER. Mr. President, it is hard for me to disagree with a single word uttered by the Senator from Colorado, but I must say that I think it is a reasonable request by the President, through his chief of staff. I have just relaved that request to the Senate: That, while the President is in the process of reviewing this entire situation, we give him maximum flexibility in deciding how to proceed.

I think the decision will be made within the next 24 to 48 hours, and that judgment is made on the basis of such a prediction by Mr. James Baker.

I believe the President is focusing on this issue very carefully and with great concern at this moment.

I understand that there is nothing preemptive in this amendment; that, indeed, it is a simple expression of the willingness of the Senate to support such a decision if it is made by the President.

I urge that we not limit nor even circumscribe by this offer of support the full range the President has to manage the foreign policy of this country, particularly in this matter.

So, with absolute respect for the position expressed by the Senator from Colorado, and with considerable personal sympathy for it, at the appropriate time I will make a motion to table the amendment.

Mr. THURMOND. Mr. President, how much time do we have remaining—2½ minutes?

The PRESIDING OFFICER. The Senator from South Carolina has 2½ minutes.

Mr. THURMOND. I yield 2½ minutes to the distinguished chairman of the Foreign Relations Committee; and if he needs more time, I will yield it to him.

Mr. PERCY. Mr. President, I will address my comments to the distinguished Senator from Colorado (Mr. HART), in the hope that he will withdraw the amendment at this time.

I do not see what useful purpose we serve in offering a resolution, now that we know the President would prefer that this not be taken up at this time.

The Foreign Relations Committee, in its regular business meeting this morning, discussed it thoroughly. It was the consensus that this was premature, that it would do damage to the cause, not help the cause, if done at this particular time.

So I urge, on the basis of this information and this advice from the appropriate committee, that we not take it up now.

However, there is no question that at some time we may do this. Certainly, the sentiments of the distinguished Senator are shared by the majority of this body. That is why it would be necessary to support this position, and I will do everything I can to see that the amendment is tabled. But I would really much prefer that our distinguished colleague take into account the appropriate committee having reached a consensus this morning in discussion, and the President of the United States having sent word to the Senate that it would be better to defer this matter now, and I urge that the Senator withdraw the amendment at this time.

The Senate Foreign Relations Committee assures our colleague that we will hold hearings on this issue. He could be one of the first witnesses to appear before the committee and speak on behalf of any action.

But as to taking up this matter at this time, without deliberation by the committee and putting it to the Senate without an opportunity to fully debate all the consequences of this, some of which cannot be debated fully in open session, I urge my colleague to withdraw the amendment. In lieu of that, I would have to vote in favor of tabling the amendment and I would urge my colleagues to join in that.

Mr. PELL addressed the Chair.

The PRESIDING OFFICER. The time on the amendment has expired.

Mr. HART. Mr. President, I ask unanimous consent that there be an additional 10 minutes of debate, equally divided.

Mr. BAKER. Mr. President, it is one of the burdens of this job, I suppose, to try to keep a schedule. Would the Senator agree to, say, 5 minutes?

Mr. HART. Five minutes on a side.

Mr. BAKER. We will waste more time than we will save. I will not object. I want Senators to understand that we need to get to the second concurrent resolution as soon as possible. I do not object.

The PRESIDING OFFICER. Without objection, it is so ordered.

Who yields time?

Mr. THURMOND. Mr. President, I yield to the distinguished Senator from Rhode Island.

Mr. PELL. Mr. President, I just wanted to confirm that we did discuss this matter in the committee this morning. I was sympathetic to it in the committee. But the consensus, after we discussed it back and forth, was exactly as our chairman has said. I just wanted to make that statement.

Mr. HART. Mr. President, let me read the resolving clause of this sense-of-the-Senate provision:

> It is declared the sense of the Senate that Congress would support and act favorably on a decision by President Reagan to impose a prohibition on the import of oil from Libya.

How drastic is this? How does this tie the President's hands? How does this proscribe his actions?

The distinguished Senator from Illinois promises hearings. Hearings were scheduled for tomorrow and, at the request of the administration, they were canceled. These hearings were scheduled 4 weeks ago, and today at the request of the administration, they were canceled.

I do not care whether I may be the first witness or not. What I care about is American financial support for Colonel Qadhafi.

The Senator from Illinois says why not let the President resolve this issue.

There is only one problem with that. The Constitution of the United States gives certain responsibilities to the Senate where foreign policy is concerned. We are not deaf, dumb, and blind. We can take cognizance of circumstances in the world whether the President chooses to act or not.

I do not know why the Senate is so timid where the issue of Libyan terrorism is concerned. When this issue was raised in this Chamber on October 21, 44 Senators voted to prohibit the importation of Libyan oil. It is now mid-December.

How much time does the President need to decide that Colonel Qadhafi is a terrorist?

Mr. President, I am addressing some concerns raised by the majority leader and committee chairman.

The PRESIDING OFFICER. Will Senators conversing in the well find another spot to converse.

Who yields time?

Mr. HART. Mr. President, I had no idea the Foreign Relations Committee discussed this matter this morning. I am not acting in derogation of them. I respect the judgment of my colleagues on that committee but, on the other hand, I do not think their willingness to defer on the issues should necessarily control the actions of the Senate.

As indicated a moment ago, we took this issue up some 6 or 7 weeks ago. The chairman at that time promised hearings as this was a most urgent issue before the country and that we should get moving on it.

No hearings have been held. That was October 21. It is now mid-December and there has not been 1 hour of hearings.

I do not know why we cannot go on record supporting the President if he chooses to take this step. It does not proscribe his actions. It does not tell him what to do. It merely says the Senate will support him if he decides this is the way to go in shutting off American support for international terrorism.

I reserve the remainder of my time.

The PRESIDING OFFICER (Mr. ABDNOR). Who yields time?

Mr. BAKER. Mr. President, in the absence of the manager of the bill, I am prepared to yield time to any Senator seeking recognition.

I am prepared to vote.

Mr. HART. Mr. President, I do not seriously see any reason to defer this issue. I wonder if there could be a date certain, perhaps early next week or before the Senate goes out of session, when we could vote on the issue one way or the other and give the President the 48 hours he requests.

Mr. BAKER. Mr. President, I yield myself 1 minute.

Mr. President, I think there is a high level of likelihood that the President would not only be willing to have such a vote but may indeed request the Senate to have such a vote on this or some other issue.

I simply cannot in good conscience tell the Senator from Colorado when that will occur. I do know meetings were conducted today. I know the President was involved in them. I know he received detailed briefings and I surmise that he received recommendations from his staff and assistants.

I am advised by the President's Chief of Staff that a decision should be forthcoming in the next 24 to 48 hours. I believe that it is likely to be transmitted before Congress goes out of session.

But I must say if the Senator will address that question to me, perhaps with a little more forewarning, even tomorrow, I may be able to give him some answer to it. But I cannot make that commitment at this time. I simply cannot because I do not know.

But, Mr. President, I believe that this matter should be withdrawn and dealt with at a later time, and if the Senator will offer this amendment at a later date, perhaps I can give him a commitment or perhaps even join with him in the amendment, but at this delicate moment the President should have maximum flexibility in deciding how to proceed.

Mr. TSONGAS. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. TSONGAS. Mr. President, it seems to me that it would be short of disastrous to have the Senate take a vote on an issue of this nature and have a split vote and the signal that that would send to Qadhafi and others.

It seems to me the Senator from Colorado should be willing to defer it, to give the administration some time. With reasonable assurances next week we would address it, then I think everyone is served, and the vote taken next week would be unanimous no matter what the resolution should be. To have a split now come out of the Senate I think would have very unfortunate consequences vis-a-vis someone like Qadhafi who would read it.

Mr. BAKER. Mr. President, I join my friend from Massachusetts, the junior Senator from Massachusetts, and the chairman of the Foreign Relations Committee in urging that the Senator from Colorado consider withdrawing this amendment.

I will make this comment, that as soon as it is possible for me to do so I will communicate with the Senator from Colorado the recommendations of the President to the extent that I can do that. I will counsel with him on how he might proceed in this or some other matter to do so while we are still in session. The only disadvantage to that is the possibility the Senate will complete its business and Congress will adjourn sine die before this matter is liquidated which is the sole reason I am reluctant to give the time certain.

It is not my intention to delay or thwart the Senator from Colorado in trying to make whatever presentation he wishes to the Senate. I hope he will consider withdrawing the amendment at this time.

Mr. HART. Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

Mr. PERCY. Mr. President, if the Senator will withhold for just one moment, I wish to make a comment on the present hearings. I think we can hold hearings, probably closed hearings next week. We will be delighted to have the distinguished Senator from Colorado join the Foreign Relations Committee at that time.

Depending upon what we may learn in the meantime, and I agree with the distinguished majority leader, this is a very delicate situation at this particular time, I urge the Senator to join us in the briefings that we will have on the particular issue of terrorism at this particular time. We would be happy to share all of the information we have with our distinguished colleagues, but I urge once again because of the arguments that have been brought out that this motion being tabled may send the exact wrong signal and yet it is the intention of the distinguished majority leader to move to table, it is the intention of the chairman of the committee to support that motion, and it is the desire of the President to not have action taken by the Senate at this time. In the fact of that, let us not send confused signals. Let us send a clear signal when we send it.

I will join with the distinguished Senator in sending that clear signal, but let us get our signals together. Let us do it and have the timing of our choosing when we think it is the right time to do it.

I can assure the distinguished Senator I will move ahead just as rapidly as we possibly can with the necessary hearings to see that we do have enough information so that we can make a recommendation to the Senate.

Mr. HART. Mr. President, I will renew the request briefly.

Let me say through no extraordinary effort on the part of the Senator from Colorado I have gotten briefings. I know what the facts are. I think any member of the committee could have done the same thing. The facts are obvious and are in the newspaper everyday. There are no secrets, and the committee does not have to go behind closed doors. I think all of us know that we are exporting American dollars for Libyan oil and the effect that is having.

Mr. President, I suggest the absence of a quorum and ask unanimous consent that the time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HART addressed the Chair.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. HART. Mr. President, as a principal sponsor, and in agreement with my principal cosponsor, the Senator from Massachusetts (Mr. KENNEDY), I am prepared to withdraw this amendment for the time being under the strong urging of the majority leader. He has made the argument that the President needs additional time and is working on the problem. I respect that judgment and I respect him.

It is my intention, however, to raise this issue again for a vote in the Senate before we go out of session. I ask unanimous consent that it be in order to withdraw the amendment.

Mr. BAKER. Mr. President, have the yeas and nays been ordered?

The PRESIDING OFFICER. The yeas and nays have been ordered.

Mr. LEAHY. Mr. President, reserving the right to object, and I will not object to the request of the Senator from Colorado. I would note for the RECORD that the Senator from Colorado did have an absolute right to bring up such an amendment, that it is a totally appropriate expression, and would be on behalf of any Member of the U.S. Senate.

and because of the particular nature of the U.S. Senate and its involvement in foreign affairs, such a thing is quite appropriate.

I would also point out that the distinguished majority leader has not suggested otherwise. But having heard some of the discussion during the quorum call, I would like it stated very clearly on the RECORD that it is extremely appropriate for any Member of the Senate to express through amendment or otherwise strong concerns on major foreign policy matters. This is a major foreign policy matter, and I, for one, happen to agree with the concerns expressed by the Senator from Colorado. I will not object.

The PRESIDING OFFICER. Is there objection?

Mr. TSONGAS. Mr. President, reserving the right to object, and I will not object, I just make a point that it would have been very easy for the Senator from Colorado and the Senator from Massachusetts to pursue the vote. They chose not to do so because of the urgings of the majority leader and the right of the President to have some maneuverability.

I hope the lesson of cooperation inherent in that decision will not be lost.

Mr. HART. Mr. President, I withdraw the amendment.

The PRESIDING OFFICER. Without objection, the amendment (UP No. 765) is withdrawn.

Mr. BAKER. Mr. President, I ask permission to proceed for 1 minute.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I wish to express my appreciation to the Senator from Colorado and the Senator from Massachusetts, and to others who participated in this colloquy.

As I said in my earlier remarks, the Senator from Colorado is entirely within his rights to offer this amendment and, indeed, I am sympathetic to the point of view expressed and offered in the sense of the Senate contained in the amendment.

I am especially grateful to the Senator from Colorado for his characteristic concern for the general welfare of the country and the prerogatives of the President in having time to consider this matter. It may very well be that the President's view and judgment will be exact accord with that of the Senator from Colorado. It may very well be that a vote on this issue in a day or two would be unanimous.

But I do wish to personally express my appreciation to the Senator from Colorado and also express my personal admiration of him as one of the most distinguished Members of this body.

Mr. HART. I thank the majority leader.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. THURMOND. Mr. President, the distinguished Senator from Iowa has an amendment to bring up.

The PRESIDING OFFICER. The Senator from Iowa.

UP AMENDMENT NO. 770

(Purpose: To amend the Bankruptcy Act regarding farm produce storage facilities, and for other purposes)

Mr. GRASSLEY. Mr. President, I send to the desk an unprinted amendment.

The PRESIDING OFFICER. The clerk will report.

Mr. GRASSLEY. I send it up for reading and for immediate consideration.

The bill clerk read as follows:

The Senator from Iowa (Mr. GRASSLEY) for himself and Mr. DOLE proposes an unprinted amendment numbered 770.

Mr. GRASSLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 74, after line 18, insert the following:

TITLE V—FARM PRODUCE STORAGE FACILITIES

DEFINITIONS

SEC. 501. Section 101 of title 11, United States Code, is amended—

(1) by adding after paragraph (18), the following:

"(19) 'farm produce' means the product of a person engaged in a farming operation, including crops, poultry, livestock, or dairy products in an unmanufactured state;

"(20) 'farm produce storage facility' means any business enterprise operated by any person for the purpose of (A) providing facilities for the temporary storage of farm produce; or (B) purchasing farm produce from persons engaged in farming operations in bulk quantities; however, such term shall not be construed to include any retail grocery business operation;";

(2) by renumbering paragraphs (19) through (40) as paragraphs (21) through (42), respectively; and

(3) by adding after paragraph (42) as renumbered by this section, the following new paragraph:

"(43) 'storage facility receipt' means any document of the type routinely issued by a debtor operating a farm produce storage facility for the purpose of establishing a record of ownership of a quantity of farm produce which is stored with such facility by any person upon a contract of bailment. Such term shall include a warehouse receipt or a scale ticket, provided identification of the owner of the produce represented thereby is clearly noted upon the face of such document.".

DEBTOR

SEC. 502. Section 109 of title 11, United States Code, is amended in subsection (e) by inserting after "commodity broker," the following: "or a person engaged in the business of operating a farm produce storage facility (with respect to the debts of that business),".

ALLOWANCE OF CLAIMS OR INTERESTS

SEC. 503. Section 502(i) of title 11, United States Code, is amended by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

ALLOWANCE OF ADMINISTRATIVE EXPENSES

SEC. 504. Section 503(b)(1)(B) of title 11, United States Code, is amended by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

PRIORITIES

SEC. 505. Section 507(a) of title 11, United States, Code, is amended—

(1) by adding after paragraph (4) the following:

"(5) Fifth, allowed unsecured claims of farmers or other persons engaged in farming operations arising from the sale or conversion of farm produce to or by a debtor engaged in the business of operating a farm produce storage facility—

"(A) where such sale or conversion occurred within 180 days before the date of the filing of the petition or before the cessation of the debtor's business, whichever occurs first; but only

"(B) to the extent of $2,000 for each individual.";

(2) in paagraph (5), by striking out "(5) Fifth" and inserting in lieu thereof "(6) Sixth"; and

(3) in paragraph (6), by striking out "(6) Sixth" and inserting in lieu thereof "(7) Seventh".

STATUTORY LIENS

SEC. 506. Section 545(2) of title 11, United States Code, is amended by striking the semicolon following the word "exists" and adding the following: ", except that this section shall not apply to a lien interest arising by virtue of the provisions of section 262a of title 7, United States Code;".

EXPEDITED ABANDONMENT OF FARM PRODUCE

SEC. 507. Title 11, United States Code, is amended by adding after section 554 the following:

"§ 555. Expedited abandonment of farm produce

"(a) Notwithstanding any other provision of this title, in a case filed under such title by, or with respect to, a person engaged in the business of operating a farm produce storage facility, the court shall follow the procedures herein stated, unless otherwise indicated.

"(1) Within ten days after the filing of the petition, the court shall direct the trustee who has been appointed to supervise liquidation and management of the estate to conduct an examination of the debtor, and of the debtor's books, records, and accounts to determine the identity of persons—

"(A) who either have or may claim to have an ownership interest in farm produce delivered over to the trustee by the debtor by virtue of having—

"(i) retained title to farm produce stored with the debtor upon a contract of bailment;

"(ii) purchased produce from the debtor which was then, in turn, bailed to the debtor for storage purposes;

"(iii) taken assignment of, or title by judgment to, the debtor's ownership interests in produce owned by the debtor; or

"(iv) taken assignment of the ownership interest of any such parties; and

"(B) who claim status as secured creditors of the debtor arising out of a security interest in any farm produce which is delivered over to the trustee by the debtor, which farm produce is property of the debtor's estate.

"(2) Within thirty days after the filing of the petition, the trustee shall conduct an examination of the debtor and his records and, if necessary, shall conduct an audit of the physical assets of all farm produce storage facilities operated by the debtor for the purpose of determining the quantity, quality, and type of farm produce, if any, which has been delivered over to the trustee by the debtor. The trustee shall then sell such farm produce for its then current fair market value, and place the proceeds of such sale on deposit in an interest-bearing account of a type which will obtain the maximum return on such proceeds as may be practical.

"(3)(A) Within sixty days after the filing of the petition, the court shall, after notice to interested parties (including those persons identified by the trustee as having or claiming a direct ownership interest in farm produce delivered to the trustee, or a secured interest therein) conduct a hearing, at which all requests for abandonment of the proceeds of farm produce held by the trustee brought pursuant to the provisions of section 554 of this title shall be heard and determined. No request for abandonment of farm produce proceeds shall be considered which is not filed by a claimant with the court at least five days before the commencement of the hearing, except that the court may grant leave for the filing of a request after such time period upon a finding by the court of excusable neglect justifying delay. No such request may be

considered by the court after the distribution of farm produce proceeds by the trustee which is provided for herein commences, except in cases where notice or actual knowledge of the pendency of the proceedings was not provided to a claimant due to fraud, negligence of the trustee, or other cause beyond the control of the claimant. The court shall order abandonment of the proceeds of farm produce held by the trustee, in the manner specified below, with respect to each claim of an affected creditor or other party in interest who establishes, to the court's satisfaction, that—

"(i) a quantity of farm produce sold by the trustee was held by the debtor as bailee only, without benefit of legal or equitable title, and that title to such produce was vested in the claimant; or"

"(ii) a quantity of farm produce sold by the trustee which was determined to be part of the debtor's estate is (at the time of the hearing) of inconsequential value or is burdensome to the estate in consideration of a valid security interest existing therein in favor of the claimant.

"(B) Any claimant's production to the court of a valid storage facility receipt held by that claimant as evidence of ownership of a quantity of farm produce sold by the trustee shall be sufficient to establish a right to possession in such claimant of a share of the proceeds equal in value to the quantity, quality, and type of farm produce specified in such document. In any case where a claimant has placed the original of such document on deposit with any party as collateral for a loan, without assigning ownership interests in the farm produce over to such party, an affidavit from such party verifying ownership of such receipt by the claimant shall be sufficient to establish a prima facie claim of right to possession of proceeds in such claimant.

"(4) Within ninety days after the filing of the petition, the court shall direct the trustee to effect abandonment of the farm produce proceeds found to be subject thereto in accordance with subsection (a)(3) of this section, in the following manner:

"(A) With respect to claimants who have established to the courts satisfaction that the trustee sold farm produce as to which title lies in the claimant, the trustee shall apportion to each claimant out of the whole sum of farm produce proceeds held by the trustee that claimant's pro rata share (in comparison to the shares of like claimants) of the proceeds held by the trustee which are equivalent in value to the quantity, quality, and type of commodities which were originally delivered by such claimant, or the claimant's predecessor in title, to the debtor upon the contract of bailment. The value of such produce shall be calculated by reference to the price obtained for it at the time of sale. Distribution shall take place with respect to each of such claimants only after the deduction from such claimant's share of the proceeds of any commercially reasonable storage charge then due the debtor's estate from the particular claimant, plus any commercially reasonable charge for the expense of removing the particular claimant's farm produce from the storage facility.

"(B) With respect to claimants who have established to the court's satisfaction that the estate's interest in quantities of farm produce which (i) are part of the debtor's estate, and (ii) are subject to a security interest existing in favor of such claimants, is of inconsequential value or is burdensome to the estate by virtue of such security interest, the trustee shall next distribute from the remaining proceeds of the liquidation of farm produce required by subsection (a)(2) of this section, a share of such proceeds to each of such claimants according to the value of their secured interests in the farm produce sold, as the same may be entitled to under law. Distribution shall take place with respect to each of such claimants only after the deduction from such claimant's share of any commercially reasonable charge for the expense of removing the farm produce represented by the proceeds distributed to that claimant.

"(C) Distribution of farm produce proceeds which are ordered abandoned by the court, shall commence within twenty days of the entry of the orders of abandonment.

"(D) Expenses and compensation of the court or trustee incurred pursuant to the liquidation and abandonment of farm produce and proceeds thereof shall be paid, in conformity to the provisions of section 330 of this title, in the following manner:

"(i) first, out of the funds retained by the trustee for storage charges and produce delivery charges, to the extent feasible;

"(ii) second, out of accrued interest on farm produce proceeds, to the extent feasible; and

"(iii) third, out of the whole quantity of farm produce proceeds held by the trustee prior to distribution of such proceeds.

No other expenses of the court or trustees shall be deducted from farm produce proceeds.

"(E)(i) If, after satisfaction of the claims of those persons entitled to abandonment of the proceeds of farm produce held by the trustee, there be any remaining proceeds of farm produce held by the trustee, such unclaimed proceeds shall be retained by the court in an interest-bearing account, for the benefit of any persons who may present an untimely claim of right to abandonment in accordance with subsection (a)(3)(A) of this section, for a period of one year from the date of the entry of the orders of abandonment. At the expiration of such period, such funds shall be distributed in accordance with section 726 of this title.

"(ii) The trustee may conduct such examination of the debtor or other persons as may be necessary for the purpose of determining the identity of any persons to whom have been assigned the rights of ownership to farm produce, legal or equitable title to which does not exist in the debtor, as reflected by the books and records of such debtor and for which no claim has been made; and shall provide notice of the pendency of the action to any person who is so identified.

"(b) This section shall be applied by the court solely for the purpose of effectuating abandonment of farm produce which is not property of the estate, or is of inconsequential value to the estate, and shall not be construed to limit the right of any party to seek abandonment of any other property delivered over to the trustee in accordance with section 554 of this title.

"(c) Distribution of farm produce ordered abandoned by the court pursuant to this section shall not be delayed due to the pendency of any appeal from the orders of abandonment, may be entered by the bankruptcy court under the following circumstances:

"(1) the party filing the request for stay, except for the United State, shall post a bond or other security in an amount equal to the amount of farm produce proceeds, distribution of which is affected by the requested stay; and

"(2) the parties entitled to distribution of farm produce proceeds under the terms of the abandonment orders affected by the stay shall, if successful in defending the appeal, be awarded their pro rata share of the proceeds of the liquidation; plus a sum equal to the difference in value between the awarded share and the highest intermediate value (between the date of the entry of the order of stay and the date of final distribution) of the produce sold which was owned by, or secured to, such parties; plus interest on the amount of the original award at the prevailing rate allowed by law upon judgments, with interest to accrue from the date of the entry of the order of stay. The interest payment, and differential payment, provided for herein shall both be satisfied out of the bond posted by the party requesting the stay, to the extent feasible. In the case of an appeal by the United States, it shall be satisfied out of accrued interest on the proceeds on deposit, to the extent feasible. The party or parties requesting such stay and prosecuting such appeal shall, if successful on appeal, be entitled to interest at the prevailing rate allowed by law upon judgments upon any sum which the court may ultimately award, such interest to be calculated from the date of the entry of the original order of abandonment appealed from.

"(d) Any order of stay entered by the bankruptcy court pursuant to subsection (c) of this section shall be immediately appealable as of right by any aggrieved party, to the district court for the division and district wherein the bankruptcy court exercises its jurisdiction or, to a panel of bankruptcy judges as provided by title IV, section 405 (c)(1) of Public Law 95-598 (92 Stat. 2685), if the same has been ordered by the circuit council pursuant to such section. The appeal shall be perfected in accordance with the rules applicable to the prosecution of appeals under this title. The district court (or bankruptcy panel) shall rule upon the issue of whether or not the order of stay so entered is appropriate, in consideration of the provisions of rule 62 of the Federal Rules of Civil Procedure and the law applicable thereunder, within thirty days after the docketing of the appeal.

"(e) In any action brought pursuant to chapter 11 of this title, the provisions of this section shall govern the abandonment of farm produce held by the trustee or debtor in possession of a farm produce storage facility business for which reorganization is sought, which farm produce is not property of the debtor's estate but is held by the debtor upon a contract of bailment only. The abandonment of any quantity of such produce shall take place only upon the request of the owner thereof, and shall be done regardless of its effect upon any existing or proposed plan of reorganization.

"(f) The time limits set forth in this section may be extended by the court for good cause shown; however, the distribution of farm produce ordered abandoned by the court shall not be deferred beyond one hundred and forty days after the date of the filing of the petition, unless the court finds that—

"(1) the interests of justice so require in light of the complexity of the case; and

"(2) the interests of those claimants entitled to distribution upon their claims will not be materially injured by such additional delay.

"(g) In actions filed under this title in any State wherein an agency exists which operates under the supervision of that State's government, and which is charged with the responsibility for presiding over the liquidation of an insolvent farm produce storage facility licensed under the laws of such State, the bankruptcy court shall appoint the director of such State agency to act as co-trustee together with the private trustee, if any, appointed under this title; and such party shall perform the duties required of the trustee under this section until the completion of the distribution of the proceeds of farm produce required by this section, except that such co-trustee shall not be relieved of its responsibilities before the orders of abandonment required to be entered under this section are made. Said co-trustee shall perform all duties required of the trustee under this section, but shall not be required to perform any duties of the trustee mandated by any other provisions of this title. Said co-trustee shall

not recover any compensation out of the assets of the estate for the services performed under this section.

"(h) In actions filed under this title by a debtor in the business of operating a farm produce storage facility licensed under the United States Warehouse Act, the bankruptcy court shall appoint the Administrator of the Agricultural Marketing Service of the United States Department of Agriculture to act as co-trustee together with the private trustee, if any, appointed under this title; and such party shall perform the duties required of the trustee under this section until the completion of the distribution of the proceeds of farm produce required by this section, except that such co-trustee shall not be relieved of its responsibilities before the orders of abandonment required to be entered under this section are made. Said co-trustee shall perform all duties required of the trustee under this section, but shall not be required to perform any duties of the trustee mandated by any other provisions of this title. Such co-trustee shall not recover any compensation out of the assets of the estate for the services performed under his section.".

"(i)(1) The mandatory liquidation procedures set forth in subsection (a)(2) of this section shall not apply to farm produce that is packaged or stored in such a manner that—

(A) it has not been commingled with another quantity of farm produce of identical type and quality; and

(B) the identity of the owner of such produce is easily ascertained by reference to an identifying mark, tag, lot number or similar device; and

(C) the produce can be readily returned in kind to the owner thereof without risk of diminishment to the produced owned by another claimant.

In such cases, the trustee shall determine ownership of the produce, and distribute such produce to the owner thereof in accordance with other applicable provisions of this section.

(2) Where an appeal and request for stay of the abandonment orders entered by the court with respect to such noncommingled produce is filed pursuant to subsection (c) of this section, such produce shall be liquidated and the proceeds placed on deposit by the trustee in an interest bearing account, to be held for the benefit of the party prevailing in such appeal. Such appeal shall proceed in accordance with applicable provisions of this section.

CONTENTS OF PLAN

SEC. 508. Section 1123(a)(1) of title 11, United States Code, is amended by striking out "or 507(a)(6)" and inserting in lieu thereof "507(a)(7)".

CONFIRMATION OF PLAN

SEC. 509. Section 1129(a)(9) of title 11, United States Code, is amended—

(1) in subparagraph (B), by striking out "or 507(a)(5)" and inserting in lieu thereof "507(a)(6)"; and

(2) in subparagraph (C), by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

AMENDMENTS TO TITLE 7

SEC. 510. (a) Chapter 10 of title 7, section 255, of the United States Code, is amended by inserting a comma after the word "storage", and by inserting the following language between the words "storage" and "in" thereof: "marketing, handling, shipping, or other disposition"; such that the section, as amended, shall read as follows: "Any person who deposits agricultural products for storage, marketing, handling, shipping, or other disposition in a warehouse licensed under this chapter shall be deemed to have deposited the same subject to the terms of this chapter and the rules and regulations prescribed thereunder.".

(b) Chapter 10 of title 7, United States Code, is amended by adding after section 262 thereof the following:

"§ 262a. Statutory lien, pending payment for agricultural products sold to a warehouseman

"Any farmer (as defined in section 101 of title 11, United States Code) who, having delivered agricultural products to a warehouseman licensed under this chapter upon a contract or sale, or having sold to such warehouseman products previously delivered upon a contract for storage, and who has not received the consideration agreed upon for the sale of said products from the warehouseman, shall have a lien against like products in the licensed facility in excess of that required to satisfy receipted or other storage obligations; against like products in transit for which payment has not been made to the warehouseman; and against unencumbered products held in other locations for the account of the warehouseman, or the proceeds from any of the foregoing, to the extent of the consideration agreed upon for the purchase of the product sold. Such lien shall attach at the time of the formation of the contract for sale and shall continue until the obligations of the warehouseman to the seller of the products are satisfied, or the expiration of sixty days, whichever is earlier.".

Mr. GRASSLEY. Mr. President, I offer this amendment for Senator DOLE and myself as a cosponsor along with Senator DOLE, of S. 1365. This amendment has passed this body on former occasions at least twice that I can think of, and we offer it at this time because the problem that the bill intends or the amendment intends to rectify has not been solved yet. That problem is there are lots of grain elevators in bad financial trouble because of cash flow, particularly in the Midwest, and because of the bankruptcy laws farmers who have grain on storage in those elevators find themselves out in the cold as far as recovery of their grain and the money for their grain in the elevator.

In essence, the bill provides for an expedited abandonment procedure for crop assets held by an insolvent grain operator. It provides for granting of a statutory lien to farm producers on crops delivered to a federally licensed warehouse upon a sales contract for which the producer has not been paid.

Mr. President, this amendment will solve these problems by changing the Bankruptcy Act accordingly.

● Mr. DOLE. Mr. President, my final substantive amendment, which I now send to the clerk for reference, would insert in the body of this bill the text of S. 1365, my bill designed to deal with the problems associated with farm produce storage facility bankruptcies.

S. 1365 was the result of the inquiry of the Judiciary Subcommittee on the Courts into problems posed for the agricultural communities of our Nation by farm produce storage facility bankruptcies. Over the past few years, in a number of States of the Central Midwestern and Southeastern parts of the United States, there has been a steady annual increase in the number of crop elevator insolvencies which have detrimentally affected farm producers, elevator financiers, and other segments of the agribusiness community.

Perhaps the most serious result of these bankruptcies has been that farm producers have, in most cases, been unable to obtain quick distribution of the crop assets they hold in storage in those defunct elevators. Farmers in Missouri, Kansas, Indiana, Iowa, Nebraska, Illinois, and Arkansas have seen thousands of bushels of grain, soybeans, and other cash crops tied up in bankruptcy courts under circumstances making it difficult, if not impossible, for those farmers to recover the crops, owned by them, which had been deposited with those elevators on storage contracts.

In response to this problem, hearings were held before the Subcommittee on the Courts of the Judiciary Committee with the objective of examining what changes might be made in current bankruptcy law and procedure to expedite the abandonment of crops which are not part of the estate of a bankrupt elevator operator, as well as those secured to the extent of their market value, which have no equity value for the estate. Two days of hearings, at which abundant written and oral testimony was presented, and the research of Judiciary Committee staff elicited the need for the changes in law and procedure which are embodied in this bill.

In essence, the bill provides for an expedited abandonment procedure for crop assets held by an insolvent elevator operator: It provides for the granting of a statutory lien to farm producers on crops delivered to a federally-licensed warehouse upon a sales contract for which the producer has not been paid: And it grants a priority position to farm producers in any distribution of assets to unsecured creditors, where those producers have, even after distribution, still suffered a loss due to shortage of crop assets on hand.

It would also bring the State and Federal agencies who have statutory responsibility for supervising the liquidation of insolvent elevators into bankruptcy proceedings to act as cotrustee in directing the liquidation of farm produce and distribution of assets, thus ending conflicts in jurisdiction between bankruptcy courts and those agencies.

Beyond this brief summary, Mr. President, I will not take the time now to detail the provisions of the amendment which I offer. A complete statement detailing the circumstances surrounding this measure, the events that gave it impetus, and the various provisions of the Senate bill incorporated in this amendment have previously appeared in the RECORD and are further stated in the report accompanying S. 1365.

My colleagues are all familiar with the merit this bill has as it has been considered twice before by this body, as independent legislation and as an amendment to the 1981 farm bill. On both occasions, it was passed unanimously by voice vote.

My purpose in seeking to incorporate it into S. 1700 is simply that the farmers of this Nation are suffering from the present inadequacies of the bankruptcy code in this area, and I seek every opportunity possible to enact this legislation into law. For the sake of the farmers

of this Nation and all segments of the agribusiness community, I ask for favorable consideration of this amendment by the Senate.●

Mr. LEAHY. Mr. President, I agree with this amendment. I know Senator DOLE has offered it in the past, and I believe it does have merit.

The distinguished Senator from Kansas has done a brilliant job in explaining it here to us today. His statement was very good. I doubt if he could say a word that would in any way improve on what the distinguished Senator from Kansas has already added for the RECORD.

I have no objection to it, and if we are ready to go I am willing to yield back our time on the amendment and to urge its adoption.

Mr. THURMOND. Mr. President, we have no objection to the amendment.

The distinguished Senator from Kansas has come in and I think he will probably have something to say on this amendment.

Mr. DOLE. Mr. President, first let me thank my colleagues, the Senator from Iowa and the Senator from Vermont and the distinguished chairman of the committee, Senator THURMOND.

FARM BILL CONFERENCE

We have finally wrapped up the farm bill conference, which may come as a shock to some. But after 5 weeks it is a great relief, believe me. The Senate will act first, I might say to the distinguished majority leader. They are still in the process of signing the conference report. The final vote on the House side was 12 to 7, and that is an indication we may have a chance to pass the farm legislation.

Mr. BAKER. Mr. President, if the Senator will yield, I congratulate him in the extreme for that report of good progress on the agriculture bill. It was buried yesterday in the papers, and I am happy to see it miraculously resurrected.

Mr. DOLE. Senator HELMS is still resurrecting it. He made a great contribution. He is not here yet.

Mr. BAKER. Senator HELMS and the Senator from Kansas have a made a prodigious effort, and we will schedule it just as soon as possible.

Mr. DOLE. I understand the grain bankruptcy amendment—my statement is in the RECORD. It is a very good statement, so I will not repeat it. I am ready to act on the amendment.

Mr. LEAHY. Mr. President, as I mentioned before, based on the brilliant statement the Senator from Kansas made in absentia I am willing to go along with it.

I would also like to express my thanks for—seriously to the distinguished Senator from Kansas—his work on the farm bill this afternoon.

As he knows, I was there and here, and I appreciate the fact that he has also watched out for my interests in that.

Mr. President, I yield back the remainder of my time on this amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa (Mr. GRASSLEY).

The amendment (UP No. 770) was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. DOLE. Mr. President, I suggest the absence of a quroum.

The PRESIDING OFFICER. On whose time?

Mr. DOLE. Mr. President, I ask unanimous consent that time not be charged to either side.

The PRESIDING OFFICER. Without objection, it is so ordered. The Clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, is it so ordered.

Mr. DOLE. Mr. President, I move to reconsider the vote by which the last amendment, the bankruptcy amendment, was agreed to.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

UP AMENDMENT NO. 771

Mr. DOLE. Mr. President, again, I may need some assistance here from the Senator from Vermont, the Senator from Iowa, and the Senator from South Carolina, having just come to the floor. But as I now understand it, we have handled a lot of the suggestions made by staff and we have handled some of the floor amendments, in addition to the last amendment.

It is my purpose now to send to the desk for immediate consideration a comprehensive amendment to S. 1700. This amendment contains, first of all, several technical and conforming actions to correct printing errors in the Senate committee bill.

Second, it incorporates the floor amendments which have just been enacted by the Senate in a compatible form to the bill as reported.

Third, the amendment also contains provisions of H.R. 4482, which are agreed upon in the so-called staff conference on the House and Senate versions of the bill. This reconciliation effort was successful. All differences were resolved and have been ratified by principals including the distinguished Senator from Alabama, Mr. HEFLIN, and the Senator from Kansas on behalf of the Senate. It is my understanding that Congressmen KASTENMEIER and RAILSBACK, the chairman and minority member on the House side, also concur with the reconciliation with the exception of the grain elevator and bankruptcy amendment. It is not my intention to dwell on these provisions, since they have been covered and discussed at length in the House and Senate committee reports, and in floor debate of the House and Senate.

I do want to enumerate just briefly on the provisions of the House-passed bill, which are being added to S. 1700. The Senate has accepted five provisions in the House bill:

First, there will be the blind rotation of sitting judges on panels of the Court of Appeals for the Federal Circuit;

Second, the newly created court of appeals must prescribe times and places of the sessions of court with a view toward reducing inconvenience and expenses for litigants;

Third, the junior chief judge of the existing Court of Claims or the Court of Customs and Patent Appeals will be second in seniority to the senior chief judge of the two courts merged to create the court of appeals for the Federal circuit;

Fourth, the President, in making nominations of individuals to the Claims Court and the court of appeals for the Federal circuit, is asked to note that the quality of the Federal judiciary is determined by the competence and experience of its judges and to therefore select from a broad range of qualified individuals; and

Fifth, there is a more detailed provision delineating the new legislation's effect on pending cases.

In addition, Mr. President, I do want to comment with respect to the amendment which the Senator from Kansas has just added to S. 1700 on grain elevator bankruptcies. That amendment is also included in this omnibus amendment. This amendment has already passed the Senate twice in recent days. first as S. 1365. This bill was reported from the Senate Judiciary Committee after 2 days of hearings and represents the broad consensus of agribusiness concerns including farm organizations, State departments of agriculture, the U.S. Department of Agriculture, as well as concerned individual farmers. This bill was also added as a floor amendment of S. 884, the farm bill.

I regret to report, Mr. President, that the House conferees on the farm bill, after detailed negotiations and discussions were unable to accept the Senate provision solely on the grounds that the House Judiciary Committee had jurisdiction over bankruptcy matters. Assurances were received from the chairman of the House Judiciary Committee, Mr. RODINO, that early consideration would be given to the matter by the committee.

Mr. President, it is hoped by this Senator that the addition of the grain elevator provisions to this bill will give the House Judiciary Committee the opportunity it needs to consider the measure and that without further ado it will agree to this important measure. Every day delay which places farmers at risk in these bankruptcy proceedings raises the specter that farmers will be ruined financially when their entire year's income will be tied up in bankruptcy court for months.

Mr. President, I ask unanimous consent that the amendment I just offered include the full text of all floor amendments that have been adopted today.

The PRESIDING OFFICER. The Chair will note that the amendment has not been reported yet.

Mr. DOLE. Mr. President, I ask that the amendment be reported.

The PRESIDING OFFICER. The clerk will state the amendment.

The bill clerk read as follows:

The Senator from Kansas (Mr. DOLE) proposes an unprinted amendment numbered 771.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike all after the enacting clause and insert the following:

That this Act may be cited as the "Federal Courts Improvement Act of 1981".

TITLE I—UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND UNITED SATES CLAIMS COURT

PART A—ORGANIZATION, STRUCTURE, AND JURISDICTION NUMBER AND COMPOSITION OF CIRCUITS

SEC. 101. Section 41 of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended by striking out "twelve" and inserting in lieu thereof "thirteen" and by adding at the end thereof the following:

"Federal All Federal judicial districts.".

NUMBER OF CIRCUIT JUDGES

SEC. 102. (a) Section 44(a) of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended by adding at the end thereof the following:

"Federal 12".

(b) Section 44(c) of title 28, United States Code, is amended by adding the following sentence at the end thereof: "While in active service, each circuit judge of the Federal judicial circuit appointed after the effective date of this Act, and the chief judge of the Federal judicial circuit, whenever appointed, shall reside within fifty miles of the District of Columbia.".

PANELS OF JUDGES; NUMBER OF JUDGES FOR HEARINGS

SEC. 103. (a) Section 46(a) of title 28, United States Code, is amended by striking out "divisions" and inserting in lieu thereof "panels".

(b) Section 46(b) of title 28, United States Code, is amended—

(1) by striking out "divisions" each place it appears and inserting in lieu thereof "panels"; and

(2) by inserting immediately before the period at the end of the first sentence thereof the following: ", except that the United States Court of Appeals for the Federal Circuit shall determine by rule a procedure for the rotation of judges from panel to panel to ensure that all of the judges sit on a representative cross section of the cases heard, and may determine by rule the number of judges, not less than three, who constitute a panel".

(c) The first sentence of section 46(c) of title 28, United States Code, is amended by inserting immediately after "three judges" the following: "(except that the United States Court of Appeals for the Federal Circuit may sit in panels of more than three judges if its rules so provide)".

(d) Section 46 of title 28, United States Code, is amended by striking out "division" and inserting in lieu thereof "panel".

PLACES FOR HOLDING COURT

SEC. 104. (a) Section 48 of title 28, United States Code, is amended by striking out the first two sentences and inserting in lieu thereof the following:

"(a) The courts of appeals shall hold regular sessions at the places listed below, and at such other places within the respective circuit as each court may designate by rule.".

(b) Section 48 of title 28, United States Code, as amended by the Fifth Circuit Court of Appeals Reorganization Act of 1980, is amended further by inserting at the end of the table of circuits and places the following:

"Federal District of Columbia, and in any other place listed above as the court by rule directs.".

(c) Section 48 of title 28, United States Code, is amended further by striking out the final paragraph and inserting in lieu thereof the following:

"(b) Each court of appeals may hold special sessions at any place within its circuit as the nature of the business may require, and upon such notice as the court orders. The court may transact any business at a special session which it might transact at a regular session.

"(c) Any court of appeals may pretermit, with the consent of the Judicial Conference of the United States, any regular session of court at any place for insufficient business or other good cause.

"(d) The times and places of the sessions of the Court of Appeals for the Federal Circuit shall be prescribed with a view to securing reasonable opportunity to citizens to appear before the court with as little inconvenience and expense to citizens as is practicable.".

ORGANIZATION OF UNITED STATES CLAIMS COURT

SEC. 105. (a) Chapter 7 of title 28, United States Code, is amended to read as follows:

"Chapter 7—UNITED STATES CLAIMS COURT

"Sec.
"171. Appointment and number of judges; character of court; designation of chief judge.
"172. Tenure and salaries of judges.
"173. Times and places of holding court.
"174. Assignment of judges; decisions.
"175. Official duty station; residence.
"176. Removal from office.
"177. Disbarment of removed judges.

"§ 171. Appointment and number of judges; character of court; designation of chief judge.

"(a) The President shall appoint, by and with the advice and consent of the Senate, sixteen judges who shall constitute a court of record known as the United States Claims Court. The court is declared to be a court established under article I of the Constitution of the United States.

"(b) The President shall designate one of the judges of the Claims Court who is less than seventy years of age to serve as chief judge. The chief judge may continue to serve as such until he reaches the age of seventy years or until another judge is designated as chief judge by the President. After the designation of another judge to serve as chief judge, the former chief judge may continue to serve as a judge of the court for the balance of the term to which appointed.

"§ 172. Tenure and salaries of judges

"(a) Each judge of the United States Claims Court shall be appointed for a term of fifteen years.

"(b) Each judge shall receive a salary at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of this title.

"§ 173. Times and places of holding court

"The principal office of the United States Claims Court shall be in the District of Columbia, but the Claims Court may hold court at such times and in such places as it may fix by rule of court. The times and places of the sessions of the Claims Court shall be prescribed with a view to securing reasonable opportunity to citizens to appear before the Claims Court with as little inconvenience and expense to citizens as is practicable.

"§ 174. Assignment of judges; decisions

"(a) The judicial power of the United States Claims Court with respect to any action, suit, or proceeding, except congressional reference cases, shall be exercised by a single judge, who may preside alone and hold a regular or special session of court at the same time other sessions are held by other judges.

"(b) All decisions of the Claims Court shall be preserved and open to inspection.

"§175. Official duty station; residence

"(a) The official duty station of each judge of the United States Claims Court is the District of Columbia.

"(b) After appointment and while in active service, each judge shall reside within fifty miles of the District of Columbia.

"§176. Removal from office

"(a) Removal of a judge of the United States Claims Court during the term for which he is appointed shall be only for incompetency, misconduct, neglect of duty, engaging in the practice of law, or physical or mental disability. Removal shall be by the United States Court of Appeals for the Federal Circuit, but removal may not occur unless a majority of all the judges of such court of appeals concur in the order of removal.

"(b) Before any order of removal may be entered, a full specification of the charges shall be furnished to the judge involved, and such judge shall be accorded an opportunity to be heard on the charges.

"(c) Any cause for removal of any judge of the United States Claims Court coming to the knowledge of the Director of the Administrative Office of the United States Courts shall be reported by him to the chief judge of the United States Court of Appeals for the Federal Circuit, and a copy of the report shall at the same time be transmitted to the judge.

"§ 177. Disbarment of removed judges

"A judge of the United States Claims Court removed from office in accordance with section 176 of this title shall not be permitted at any time to practice before the Claims Court.".

(b) The item relating to chapter 7 in the chapter analysis of part I of title 28, United States Code, is amended to read as follows:

"7. United States Claims Court..... 171".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 106. Chapter 9 of title 28, United States Code, and the item relating to chapter 9 in the chapter analysis of part I of such title, are repealed.

INTERLOCUTORY APPEALS FROM CERTAIN ORDERS

SEC. 107. Section 256(b) of title 28, United States Code, is amended by striking out "section 1541(b)" and all that follows through "in that section." and inserting in lieu thereof the following: "section 1292(d)(1) of this title, and the United States Court of Appeals for the Federal Circuit may, in its discretion, consider the appeal.".

REPEAL; ASSIGNMENT OF CIRCUIT JUDGES

SEC. 108. (a) Subsection (b) of section 291 of title 28, United States Code, is repealed.

(b) Subsection (c) of such section is amended by striking out "(c)" and inserting in lieu thereof "(b)".

ASSIGNMENT OF DISTRICT JUDGES

SEC. 109. Section 292(e) of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals or" and by striking out "in which the need arises".

REPEAL; ASSIGNMENT OF OTHER JUDGES

SEC. 110. (a) Section 293 of title 28, United States Code, is amended—

(1) by repealing subsections (a), (c), and (d);

(2) by redesignating subsection (b) as subsection (a); and

(3) by redesignating subsection (e), as that subsection will become effective on April 1, 1984, as subsection (b).

(b) The section heading of section 293 of title 28, United States Code, is amended to read as follows:

"§ 293. Judges of the Court of International Trade.".

(c) The item relating to section 293 in the section analysis of chapter 13 of title 28, United States Code, is amended to read as follows:

"293. Judges of the Court of International Trade.".

(d) Section 160(a) of title 28, United States Code, as that section will become effective on April 1, 1984, is amended by striking out "293(e)" and inserting in lieu thereof "293(b)".

JUDICIAL CONFERENCE

SEC. 111. Section 331 of title 28, United States Code, is amended—

(1) in the first paragraph, by striking out ", the chief judge of the Court of Claims, the chief judge of the Court of Customs and Patent Appeals."; and

(2) in the third paragraph, by striking out the second sentence.

RETIREMENT

SEC. 112. (a) Section 372(a) of title 28, United States Code, is amended—

(1) in the third paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or";

(2) in the fifth paragraph, by striking out "Court of Claims, Court of Customs and Patent Appeals, or".

(b) Section 372(b) of title 28, United States Code, is amended by striking out "Court of Claims, Court of Customs and Patent Appeals, or" each place it appears.

(c) Section 372(c)(17) of title 28, United States Code, is amended by striking out "Court of Claims, the Court of Customs and Patent Appeals, and the Customs Court" and inserting in lieu thereof "United States Claims Court, the Court of International Trade, and the Court of Appeals for the Federal Circuit".

REPEAL; DISTRIBUTION OF COURT OF CLAIMS DECISIONS

SEC. 113. Section 415 of title 28, United States Code, and the item relating to section 415 in the section analysis of chapter 19 of such title, are repealed.

DEFINITIONS

SEC. 114. Section 451 of title 28, United States Code (including that section as it will become effective on April 1, 1984), is amended—

(1) in the first definition, relating to court of the United States, by striking out "the Court of Claims, the Court of Customs and Patent Appeals,";

(2) in the third definition, relating to judge of the United States, by striking out "Court of Claims, Court of Customs and Patent Appeals,".

TRAVELING EXPENSES AND COURT ACCOMMODATIONS

SEC. 115. (a)(1) Section 456 of title 28, United States Code (including that section as it will become effective on April 1, 1984), is amended to read as follows:

"§ 456. Traveling expenses of justices and judges; official duty stations

"(a) The Director of the Administrative Office of the United States Courts shall pay each justice or judge of the United States, and each retired justice or judge recalled or designated and assigned to active duty, while attending court or transacting official business at a place other than his official duty station for any continuous period of less than thirty calendar days (1) all necessary transportation expenses certified by the justice or judge; and (2) a per diem allowance for travel at the rate which the Director establishes not to exceed the maximum per diem allowance fixed by section 5702(a) of title 5, United States Code, or in accordance with regulations which the Director shall prescribe with the approval of the Judicial Conference of the United States, reimbursement for his actual and necessary expenses of subsistence not in excess of the maximum amount fixed by section 5702 of title 5, United States Code. The Director of the Administrative Office of the United States Courts shall also pay each justice or judge of the United States, and each retired justice or judge recalled or designated and assigned to active duty, while attending court or transacting official business under an assignment authorized under chapter 13 of this title which exceeds in duration a continuous period of thirty calendar days, all necessary transportation expenses and actual and necessary expenses of subsistence actually incurred, notwithstanding the provisions of section 5702 of title 5, United States Code, in accordance with regulations which the Director shall prescribe with the approval of the Judicial Conference of the United States.

"(b) The official duty station of the Chief Justice of the United States, the Justices of the Supreme Court of the United States, and the judges of the United States Court of Appeals for the District of Columbia Circuit, the United States Court of Appeals for the Federal Circuit, and the United States District Court for the District of Columbia shall be the District of Columbia.

"(c) The official duty station of the judges of the United States Court of International Trade shall be New York City.

"(d) The official duty station of each district judge shall be that place where a district court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.

"(e) The official duty station of a circuit judge shall be that place where a circuit or district court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, or that place where the Director provides chambers to the judge where he performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.

"(f) The official duty station of a retired judge shall be established in accordance with section 374 of this title.

"(g) Each circuit or district judge whose official duty station is not fixed expressly by this section shall notify the Director of the Administrative Office of the United States Courts in writing of his actual abode and official duty station upon his appointment and from time to time thereafter as his official duty station may change.".

(2) The item relating to section 456 in the section analysis of chapter 21 of title 28, United States Code, is amended to read as follows:

"456. Traveling expenses of justices and judges; official duty stations.".

(b)(1) Section 460 of title 28, United States Code, is amended to read as follows:

"§ 460. Application to other courts

"(a) Sections 452 through 459 and section 462 of this chapter shall also apply to the United States Claims Court, to each court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, and to the judges thereof.

"(b) The official duty station of each judge referred to in subsection (a) which is not otherwise established by law shall be that place where the court holds regular sessions at or near which the judge performs a substantial portion of his judicial work, which is nearest the place where he maintains his actual abode in which he customarily lives.".

(2) The item relating to section 460 in the section analysis of chapter 21 of title 28, United States Code, is amended to read as follows:

"460. Application to other courts.".

(c)(1) Chapter 21 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 462. Court accommodations

"(a) Sessions of courts of the United States (except the Supreme Court) shall be held only at places where the Director of the Administrative Office of the United States Courts provides accommodations, or where suitable accommodations are furnished without cost to the judicial branch.

"(b) The Director of the Administrative Office of the United States Courts shall provide accommodations, including chambers and courtrooms, only at places where regular sessions of court are authorized by law to be held, but only if the judicial council of the appropriate circuit has approved the accommodations as necessary.

"(c) The limitations and restrictions contained in subsection (b) of this section shall not prevent the Director from furnishing chambers to circuit judges at places where Federal facilities are available when the judicial council of the circuit approves.

"(d) The Director of the Administrative Office of the United States Courts shall provide permanent accommodations for the United States Court of Appeals for the Federal Circuit and for the United States Claims Court only at the District of Columbia. However, each such court may hold regular and special sessions at other places utilizing the accommodations which the Director provides to other courts.

"(e) The Director of the Administrative Office of the United States Courts shall provide accommodations for probation officers, pretrial service officers, and Federal Public Defender Organizations at such places as may be approved by the judicial council of the appropriate circuit.

"(f) Upon the request of the Director, the Administrator of General Services is authorized and directed to provide the accommodations the Director requests, and to close accommodations which the Director recommends for closure with the approval of the Judicial Conference of the United States.".

(2) The section analysis of chapter 21 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"462. Court accommodations.".

(3) Section 142 of title 28, United States Code, and the item relating to section 142 in the section analysis of chapter 5 of such title, are repealed.

EXPENSES OF LITIGATION

SEC. 116. (a) Chapter 21 of title 28, United States Code, is amended by adding the following new section:

"§ 463. Expenses of litigation

"Whenever a Chief Justice, justice, judge, officer, or employee of any United States court is sued in his official capacity, or is otherwise required to defend acts taken or omissions made in his official capacity, and the services of an attorney for the Government are not reasonably available pursuant to chapter 31 of this title, the Director of the Administrative Office of the United States Courts may pay the costs of his defense. The Director shall prescribe regulations for such payments subject to the approval of the Judicial Conference of the United States.".

(b) The analysis of chapter 21 of title 28, United States Code, is amended by adding the following new item:

"463. Expenses of litigation.".

INTERESTS OF THE UNITED STATES IN CERTAIN ACTIONS

SEC. 117. Section 518(a) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu

thereof "United States Claims Court or in the United States Court of Appeals for the Federal Circuit".

TRANSMISSION OF PETITIONS IN SUITS AGAINST THE UNITED STATES

SEC. 118. (a) Section 520 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or in the United States Court of Appeals for the Federal Circuit"; and

(2) by striking out "Court of Claims" in the section heading and inserting in lieu thereof "United States Claims Court or in United States Court of Appeals for the Federal Circuit".

(b) The item relating to section 520 in the section analysis of chapter 31 of title 28, United States Code, is amended to read as follows:

"520. Transmission of petitions in United States Claims Court or in United States Court of Appeals for the Federal Circuit; statement furnished by departments.".

BUDGET ESTIMATES

SEC. 119. (a) Section 605 of title 28, United States Code, is amended—

(1) by inserting immediately before the period at the end of the second undesignated paragraph the following: "and the estimate with respect to the United States Court of Appeals for the Federal Circuit shall be approved by such court"; and

(2) by striking out "Bureau of the Budget" each place it appears and inserting in lieu thereof "Office of Management and Budget".

(b) Funds appropriated to the Court of Customs and Patent Appeals and the Court of Claims for fiscal year 1982 shall be made available for the operation of the United States Court of Appeals for the Federal Circuit and the United States Claims Court. Such sums will be apportioned among the new appropriations as determined by the Director of the Administrative Office of the United States Courts in consultation with the chief judges of the respective courts.

DEFINITION OF COURTS

SEC. 120. (a) Section 610 of title 28, United States Code, is amended by striking out "the Court of Claims, the Court of Customs and Patent Appeals" and inserting in lieu thereof "the United States Claims Court".

(b)(1) Section 713 of title 28, United States Code, is amended to read as follows:

"§ 713. Librarians

"(a) Each court of appeals may appoint a librarian who shall be subject to removal by the court.

"(b) The librarian with the approval of the court, may appoint necessary library assistants in such numbers as the Director of the Administrative Office of the United States Courts may approve. The librarian may remove such library assistants with the approval of the court.".

(2) The item relating to section 713 in the section analysis of chapter 47, United States Code, is amended to read as follows:

"713. Librarians.".

(c)(1) Chapter 47 of title 28, United States Code, is amended by adding at the end thereof the following new sections:

"§ 714. Criers and messengers.

"(a) Each court of appeals may appoint a crier who shall be subject to removal by the court.

"(b) The crier, with the approval of the court, may appoint necessary messengers in such number as the Director of the Administrative Office of the United States Courts may approve. The crier may remove such messengers with the approval of the court. The crier shall also perform the duties of bailiff and messenger.

"§ 715. Staff attorneys and technical assistants

"(a) The chief judge of each court of appeals, with the approval of the court, may appoint a senior staff attorney, who shall be subject to removal by the chief judge with the approval of the court.

"(b) The senior staff attorney, with the approval of the chief judge, may appoint necessary staff attorneys and secretarial and clerical employees in such numbers as the Director of the Administrative Office of the United States Courts may approve, but in no event may the number of staff attorneys exceed the number of positions expressly authorized in an annual appropriation Act. The senior staff attorney may remove such staff attorneys and secretarial and clerical employees with the approval of the chief judge.

"(c) The chief judge of the Court of Appeals for the Federal Circuit, with the approval of the court, may appoint a senior technical assistant who shall be subject to removal by the chief judge with the approval of the court.

"(d) The senior technical assistant, with the approval of the court, may appoint necessary technical assistants in such number as the Director of the Administrative Office of the United States Courts may approve, but in no event may the number of technical assistants in the Court of Appeals for the Federal Circuit exceed the number of circuit judges in regular active service within such circuit. The senior technical assistant may remove such technical assistants with the approval of the court.".

(2) The section analysis of chapter 47, United States Code, is amended by adding at the end thereof the following new items:

"714. Criers and messengers.

"715. Staff attorneys and technical assistants.".

OFFICERS AND EMPLOYEES OF THE UNITED STATES CLAIMS COURT

SEC. 121. (a) Section 791 of title 28, United States Code, is amended by amending subsection (a) to read as follows:

"(a) The United States Claims Court may appoint a clerk, who shall be subject to removal by the court. The clerk, with the approval of the court, may appoint necessary deputies and employees in such numbers as may be approved by the Director of the Administrative Office of the United States Courts. Such deputies and employees shall be subject to removal by the clerk with the approval of the court.".

(b) Section 792 of title 28, United States Code, and the item relating to section 792 in the section analysis of chapter 51 of such title, are repealed.

(c)(1) Section 794 of title 28, United States Code, is amended to read as follows:

"§ 794. Law clerks and secretaries

"The judges of the United States Claims Court may appoint necessary law clerks and secretaries, in such numbers as the Judicial Conference of the United States may approve subject to any limitation of the aggregate salaries of such employees which may be imposed by law.".

(2) The item relating to section 794 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"794. Law clerks and secretaries.".

(d)(1) Section 795 of title 28, United States Code, is amended to read as follows:

"§ 795. Bailiffs and messengers

"The chief judge of United States Claims Court, with the approval of the court, may appoint necessary bailiffs and messengers, in such numbers as the Director of the Administrative Office of the United States Courts may approve, each of whom shall be subject to removal by the chief judge, with the approval of the court.".

(2) The item relating to section 795 in the section analysis of chapter 51 of title 28, United States Code, is amended to read as follows:

"795. Bailiffs and messengers.".

(e) Section 796 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "Director of the Administrative Office of the United States Courts".

(f)(1) Section 797 of title 28, United States Code, is amended to read as follows:

"§ 797. Recall of retired judges

"(a) Any judge of the United States Claims Court who has retired from regular active service under the Civil Service Retirement Act shall be known and designated as a senior judge and may perform duties as a judge when recalled pursuant to subsection (b) of this section.

"(b) The chief judge of the Claims Court may, whenever he deems it advisable, recall any senior judge, with such judge's consent, to perform such duties as a judge and for such period of time as the chief judge may specify.

"(c) Any senior judge performing duties pursuant to this section shall not be counted as a judge for purposes of the number of judgeships authorized by section 171 of this title.

"(d) Any senior judge, while performing duties pursuant to this section, shall be paid the same allowances for travel and other expenses as a judge in active service. Such senior judge shall also receive from the Claims Court supplemental pay in an amount sufficient, when added to his civil service retirement annuity, to equal the salary of a judge in active service for the same period or periods of time. Such supplemental pay shall be paid in the same manner as the salary of a judge.".

(2) The item relating to section 797 in the section analysis of chapter 51 of title 28, United States Code, is amended by striking out "commissioners" and inserting in lieu thereof "judges".

(g)(1) The item relating to chapter 51 in the chapter analysis of part III of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 51 of title 28, United States Code, is amended by strilkng out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

ABOLISHMENT OF UNITED STATES COURT OF CUSTOMS AND PATENT APPEALS

SEC. 122. (a) Chapter 53 of title 28, United States Code, and the item relating to chapter 53 in the chapter analysis of part III of such title, are repealed.

(b) Section 957 of title 28, United States Code, is amended—

(1) in subsection (a) by striking out "(a)", and

(2) by repealing subsection (b) of such section.

TECHNICAL AND CONFORMING AMENDMENTS RELATING TO REPEAL OF COURT OF CUSTOMS AND PATENT APPEALS

SEC. 123. Sections 1255 and 1256 of title 28, United States Code, and the items relating to sections 1255 and 1256 in the section analysis of chapter 81 of such title, are repealed.

COURTS OF APPEALS JURISDICTION

SEC. 124. Section 1291 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "courts of appeals"; and

(2) by adding at the end thereof the following new sentence: "The jurisdiction of the United States Court of Appeals for the Federal Circuit shall be limited to the juris-

diction described in sections 1292 (c) and (d) and 1295 of this title.".

INTERLOCUTORY DECISIONS

SEC. 125. (a) Section 1292(a) of title 28, United States Code, is amended—

(1) by striking out "The courts" and inserting in lieu thereof "Except as provided in subsections (c) and (d) of this section, the courts";

(2) by striking out the semicolon at the end of paragraph (3) and inserting in lieu thereof a period; and

(3) by striking out paragraph (4).

(b) Section 1292 of title 28, United States Code, is amended by adding at the end thereof the following new subsections:

"(c) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from an interlocutory order or decree described in subsection (a) of this section in any case over which the court would have jurisdiction of an appeal under section 1295 of this title; and

"(2) of an appeal from a judgment in a civil action for patent infringement which would otherwise be appealable to the United States Court of Appeals for the Federal Circuit and is final except for an accounting.

"(d)(1) When the chief judge of the Court of International Trade issues an order under the provisions of section 256(b) of this title, or when any judge of the Court of International Trade, in issuing any other interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(2) When any judge of the United States Claims Court, in issuing an interlocutory order, includes in the order a statement that a controlling question of law is involved with respect to which there is a substantial ground for difference of opinion and that an immediate appeal from its order may materially advance the ultimate termination of the litigation, the United States Court of Appeals for the Federal Circuit may, in its discretion, permit an appeal to be taken from such order, if application is made to that Court within ten days after the entry of such order.

"(3) Neither the application for nor the granting of an appeal under this subsection shall stay proceedings in the Court of International Trade or in the Claims Court, as the case may be, unless a stay is ordered by a judge of the Court of International Trade or the Claims Court or by the United States Court of Appeals for the Federal Circuit or a judge of that court.".

CIRCUITS IN WHICH DECISIONS ARE REVIEWABLE

SEC. 126. Section 1294 of title 28, United States Code, is amended by striking out "Appeals" and inserting in lieu thereof "Except as provided in section 1292(c), 1292(d), or 1295 of this title, appeals".

JURISDICTION OF THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SEC. 127. (a) Chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new sections:

"§ 1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit

"(a) The United States Court of Appeals for the Federal Circuit shall have exclusive jurisdiction—

"(1) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1338 of this title, except that a case involving a claim arising under any Act of Congress relating to copyrights or trademarks and no other claims under section 1338(a) shall be governed by sections 1291, 1292, and 1294 of this title;

"(2) of an appeal from a final decision of a district court of the United States, the United States District Court for the District of the Canal Zone, the District Court of Guam, the District Court of the Virgin Islands, or the District Court for the Northern Mariana Islands, if the jurisdiction of that court was based, in whole or in part, on section 1346 of this title, except that jurisdiction of an appeal in a case brought in a district court under section 1346(a)(1), 1346(b), 1346(e), or 1346(f) of this title or under section 1346(a)(2) when the claim is founded upon an Act of Congress or a regulation of an executive department providing for internal revenue shall be governed by sections 1291, 1292, and 1294 of this title;

"(3) of an appeal from a final decision of the United States Claims Court;

"(4) of an appeal from a decision of—

"(A) the Board of Appeals or the Board of Patent Interferences of the Patent and Trademark Office with respect to patent applications and interferences, at the instance of an applicant for a patent or any party to a patent interference, and any such appeal shall waive the right of such applicant or party to proceed under section 145 or 146 of title 35;

"(B) the Commissioner of Patents and Trademarks or the Trademark Trial and Appeal Board with respect to applications for registration of marks and other proceedings as provided in section 21 of the Trademark Act of 1946 (15 U.S.C. 1071); or

"(C) a district court to which a case was directed pursuant to section 145 or 146 of title 35;

"(5) of an appeal from a final decision of the United States Court of International Trade;

"(6) to review the final determinations of the United States International Trade Commission relating to unfair practices in import trade, made under section 337 of the Tariff Act of 1930 (19 U.S.C. 1337);

"(7) to review, by appeal on questions of law only, findings of the Secretary of Commerce under headnote 6 to schedule 8, part 4, of the Tariff Schedules of the United States (relating to importation of instruments or apparatus);

"(8) of an appeal under section 71 of the Plant Variety Protection Act (7 U.S.C. 2461);

"(9) of an appeal from a final order or final decision of the Merit Systems Protection Board, pursuant to section 7703(b)(1) and 7703(d) of title 5; and

"(10) of an appeal from a final decision of an agency board of contract appeals pursuant to section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)).

"(b) The head of any executive department or agency may, with the approval of the Attorney General, refer to the Court of Appeals for the Federal Circuit for judicial review any final decision rendered by a board of contract appeals pursuant to the terms of any contract with the United States awarded by that department or agency which the head of such department or agency has concluded is not entitled to finality pursuant to the review standards specified in section 10(b) of the Contract Disputes Act of 1978 (41 U.S.C. 609(b)). The head of each executive department or agency shall make any referral under this section within one hundred and twenty days after the receipt of a copy of the final appeal decision.

"(c) The Court of Appeals for the Federal Circuit shall review the matter referred in accordance with the standards specified in section 10(b) of the Contract Disputes Act of 1978. The court shall proceed with judicial review on the administrative record made before the board of contract appeals on matters so referred as in other cases pending in such court, shall determine the issue of finality of the appeal decision, and shall, if appropriate, render judgment thereon, or remand the matter to any administrative or executive body or official with such direction as it may deem proper and just.

"§ 1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit

"Civil actions in the United States Court of Appeals for the Federal Circuit shall be given precedence, in accordance with the law applicable to such actions, in such order as the court may by rule establish.".

(b) The section analysis of chapter 83 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"1295. Jurisdiction of the United States Court of Appeals for the Federal Circuit.

"1296. Precedence of cases in the United States Court of Appeals for the Federal Circuit.".

INTERSTATE COMMERCE COMMISSION ORDERS; JURISDICTION

SEC. 128. Section 1336(b) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

UNITED STATES AS DEFENDANT; JURISDICTION

SEC. 129. Section 1346(a) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

INTERSTATE COMMERCE COMMISSION ORDERS; VENUE

SEC. 130. Section 1398(b) of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

UNITED STATES AS DEFENDANT; VENUE

SEC. 131. Section 1402(a) of title 28, United States Code, is amended by inserting "in a district court" after "civil action".

CURE OR WAIVER OF DEFECTS

SEC. 132. Section 1406(c) of title 28, United States Code, is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

UNITED STATES CLAIMS COURT JURISDICTION AND VENUE

SEC. 133. (a) Section 1491 of title 28, United States Code, is amended to read as follows:

"§ 1491. Claims against United States generally; actions involving Tennessee Valley Authority.

"(a)(1) The United States Claims Court shall have jurisdiction to render judgment upon any claim against the United States founded either upon the Constitution, or any Act of Congress or any regulation of an executive department, or upon any express or implied contract with the United States, or for liquidated or unliquidated damages in cases not sounding in tort. For the purpose of this paragraph, an express or implied contract with the Army and Air Force Exchange Service, Navy Exchanges, Marine Corps Exchanges, Coast Guard Exchanges, or Exchange Councils of the National Aeronautics and Space Administration shall be considered an express or implied contract with the United States.

"(2) To provide an entire remedy and to complete the relief afforded by the judgment, the court may, as an incident of and collateral to any such judgment, issue orders directing restoration to office or position, placement in appropriate duty or re-

tirement status, and correction of applicable records, and such orders may be issued to any appropriate official of the United States. In any case within its jurisdiction, the court shall have the power to remand appropriate matters to any administrative or executive body or official with such direction as it may deem proper and just. The Claims Court shall have jurisdiction to render judgment under any claim by or against, or dispute with, a contractor arising under section 10(a)(1) of the Contract Disputes Act of 1978.

"(3) To afford complete relief in contract actions prior to award, the court shall have exclusive jurisdiction to grant declaratory judgments and such equitable and extraordinary relief as it deems proper, including but not limited to injunctive relief. In exercising this jurisdiction, the court shall give due regard to the interests of national defense and national security.

"(b) Nothing herein shall be construed to give the United States Claims Court jurisdiction of any civil action within the exclusive jurisdiction of the Court of International Trade, or of any action against, or founded on conduct of, the Tennessee Valley Authority, or to amend or modify the provisions of the Tennessee Valley Authority Act of 1933 with respect to actions by or against the Authority.".

(b) Section 1492 of title 28, United States Code, is amended by striking out "chief commissioner of the Court of Claims" and inserting in lieu thereof "chief judge of the United States Claims Court".

(c)(1) Sections 1494, 1495, 1496, and 1497 of title 28, United States Code, are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

(2) The section heading of section 1497 of title 28, United States Code, is amended by striking out "growers," and inserting in lieu thereof "growers' ".

(d) Section 1498 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsections (b) and (d), by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

(e)(1) Sections 1499, 1500, 1501, 1502, and 1503 of title 28, United States Code, are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

(2) The item relating to section 1499 in the section analysis of chapter 91, United States Code, is amended to read as follows:

"1499. Liquidated damages withheld from contractors under Contract Work Hours Standards Act.".

(f) Section 1504 of title 28, United States Code, and the item relating to section 1504 in the section analysis of chapter 91 of such title, are repealed.

(g) Section 1505 of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "Court of Claims" the second place it appears and inserting in lieu thereof "Claims Court".

(h) Section 1506 of title 28, United States Code, and the item relating to section 1506 in the section analysis of chapter 91 of such title, are repealed.

(i) Section 1507 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(j)(1) The item relating to chapter 91 in the chapter analysis of part IV of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(2) The chapter heading of chapter 91 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 134. Chapter 93 of title 28, United States Code, and the item relating to chapter 93 in the chapter analysis of part IV of such title, are repealed.

REPEAL; CURE OF DEFECTS

SEC. 135. Section 1584 of title 28, United States Code, and the item relating to section 1584 in the section analysis of chapter 95 of such title, are repealed.

REPEAL; TIME FOR APPEAL

SEC. 136. Section 2110 of title 28, United States Code, and the item relating to section 2110 in the section analysis of chapter 133 of such title, are repealed.

COURT OF APPEALS JURISDICTION

SEC. 137. Section 2342 of title 28, United States Code, is amended—

(1) by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "court of appeals";

(2) in paragraph (4), by inserting "and" after the semicolon;

(3) in paragraph (5), by striking out "; and" and inserting in lieu thereof a period; and

(4) by striking out paragraph (6).

PLANT VARIETY PROTECTION OFFICE DECISIONS

SEC. 138. Section 2353 of title 28, United States Code, and the item relating to section 2353 in the section analysis of chapter 158 of such title, are repealed.

UNITED STATES CLAIMS COURT PROCEDURE

SEC. 139. (a) Sections 2501 and 2502(a) of title 28, United States Code, are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

(b)(1) Section 2503 of title 28, United States Code, is amended to read as follows:

"§2503. Proceedings generally.

"(a) Parties to any suit in the United States Claims Court may appear before a judge of that court in person or by attorney, produce evidence, and examine witnesses.

"(b) The proceedings of the Claims Court shall be in accordance with such rules of practice and procedure (other than the rules of evidence) as the Claims Court may prescribe and in accordance with the Federal Rules of Evidence.

"(c) The judges shall fix times for trials, administer oaths or affirmations, examine witnesses, receive evidence, and enter dispositive judgments. Hearings shall, if convenient, be held in the counties where the witnesses reside.".

(2) The item relating to section 2503 in the section analysis of chapter 165 of title 28, United States Code, is amended by striking out "before commissioners".

(c) Section 2504 of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "commissioner" each place it appears and inserting in lieu thereof "judge".

(d) Section 2505 of title 28, United States Code, is amended—

(1) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) by striking out "report findings" and inserting in lieu thereof "enter judgment".

(e) Section 2506 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(f) Section 2507 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (c), by striking out "Court of Claims" and inserting in lieu thereof "Claims Court".

(g) Section 2508 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(h)(1) Section 2509 of title 28, United States Code, is amended by amending subsection (a) to read as follows:

"(a) Whenever a bill, except a bill for a pension, is referred by either House of Congress to the chief judge of the United States Claims Court pursuant to section 1492 of this title, the chief judge shall designate a judge as hearing officer for the case and a panel of three judges of the court to serve as a reviewing body. One member of the review panel shall be designated as presiding officer of the panel.".

(2) Section 2509 of title 28, United States Code, is amended—

(A) in subsections (b), (c), (d), and (f), by striking out "trial commissioner" each place it appears and inserting in lieu thereof "hearing officer";

(B) in subsections (b), (c), and (e), by striking out "chief commissioner" each place it appears and inserting in lieu thereof "chief judge";

(C) in subsections (b), (f), and (g), by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court";

(D) in subsection (d), by striking out "of commissioners"; and

(E) in subsection (g), by striking out "commissioners serving as trial commissioners" and inserting in lieu thereof "judges serving as hearing officers".

(i)(1) Section 2510 of title 28, United States Code, is amended to read as follows:

"§2510. Referral of cases by Comptroller General.

"(a) The Comptroller General may transmit to the United States Claims Court for trial and adjudication any claim or matter of which the Claims Court might take jurisdiction on the voluntary action of the claimant, together with all vouchers, papers, documents, and proofs pertaining thereto.

"(b) The Claims Court shall proceed with the claims or matters so referred as in other cases pending in such Court and shall render judgment thereon.".

(2) The item relating to section 2510 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2510. Referral of cases by Comptroller General.".

(j)(1) Section 2511 of title 28, United States Code, is amended by striking out ", or of the Supreme Court upon review,".

(2) Sections 2511, 2512, 2513(c), 2514, 2515(a), and 2516(a) of title 28, United States Code, are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

(k) Section 2517 of title 28, United States Code, is amended—

(1) in subsection (a), by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(2) in subsection (b), by striking out the comma at the end thereof and inserting in lieu thereof a period.

(l) Section 2518 of title 28, United States Code, and the item relating to section 2518 in the section analysis of chapter 165 of such title, are repealed.

(m) Section 2519 of title 28, United States Code, is amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court".

(n)(1) Section 2520 of title 28, United States Code, is amended in subsection (a)—

(A) by striking out "(a)";

(B) by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court"; and

(C) by striking out "$10" and inserting in lieu thereof "$60".

(2) Subsections (b) and (c) of section 2520 of title 28, United States Code, are repealed.

(3) The section heading for section 2520 of title 28, United States Code, is amended by striking out "; cost of printing record".

(4) The item relating to section 2520 in the section analysis of chapter 165 of title 28, United States Code, is amended to read as follows:

"2520. Fees.".

(o)(1) The item relating to chapter 165 in the chapter analysis of part VI of title 28, United States Code, is amended to read as follows:

"165. United States Claims Court Procedure 2501".

(2) The chapter heading of chapter 165 of title 28, United States Code, is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(p)(1) Section 1926 of title 28, United States Code, is amended to read as follows:

"§ 1926. Claims Court.

"(a) The Judicial Conference of the United States shall prescribe from time to time the fees and costs to be charged and collected in the United States Claims Court.

"(b) The court and its officers shall collect only such fees and costs as the Judicial Conference prescribes. The court may require advance payment of fees by rule.".

(2) The item relating to section 1926 in the section analysis of chapter 123 of title 28, United States Code, is amended to read as follows:

"1926. Claims Court.".

(q)(1) Chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new section:

"§ 2522. Notice of appeal.

"Review of a decision of the United States Claims Court shall be obtained by filing a notice of appeal with the clerk of the Claims Court within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts.".

(2) The section analysis of chapter 165 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"2522. Notice of appeal.".

REPEAL OF PROVISIONS RELATING TO THE COURT OF CUSTOMS AND PATENT APPEALS

SEC. 140. Chapter 167 of title 28, United States Code, and the item relating to chapter 167 in the chapter analysis of part VI of such title, are repealed.

COURT OF INTERNATIONAL TRADE; PROCEDURE

SEC. 141. Section 2645(c) of title 28, United States Code, is amended by striking out "Customs and Patent Appeals within the time and in the manner provided in section 2601 of this title" and inserting in lieu thereof "Appeals for the Federal Circuit by filing a notice of appeal with the clerk of the Court of International Trade within the time and in the manner prescribed for appeals to United States courts of appeals from the United States district courts".

FEDERAL RULES OF EVIDENCE

SEC. 142. Rule 1101(a) of the Federal Rules of Evidence is amended by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court" and by striking out ", and commissioners of the Court of Claims".

PART B—CONFORMING AMENDMENTS OUTSIDE TITLE 28

FEDERAL SALARY ACT

SEC. 143. Section 225(f)(C) of the Federal Salary Act of 1967 (2 U.S.C. 356(C)), is amended by inserting "and the judges of the United States Claims Court" immediately before the semicolon at the end thereof.

MERIT SYSTEMS PROTECTION BOARD

SEC. 144. Section 7703 of title 5, United States Code, is amended—

(1) in subsection (b)(1), by striking out "Court of Claims or a United States court of appeals as provided in Chapter 91 and 158, respectively of title 28" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit";

(2) in subsection (c), by striking out "Court of Claims or a United States Court of Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit"; and

(3) in subsection (d), by striking out "District of Columbia" and inserting in lieu thereof "Federal Circuit".

PLANT VARIETY PROTECTION ACT

SEC. 145. The second sentence of section 71 of the Plant Variety Protection Act (7 U.S.C. 2461) is amended to read as follows: "The United States Court of Appeals for the Federal Circuit shall have jurisdiction.".

FEDERAL FIRE PREVENTION ACT

SEC. 146. Section 11(d) of the Federal Fire Prevention and Control Act of 1974 (15 U.S.C. 2210(d)) is amended by striking out "Court of Claims of the United States" and inserting in lieu thereof "United States Claims Court."

CRIMINAL CODE

SEC. 147. Section 204 of title 18, United States Code, and the section heading thereof are amended by striking out "Court of Claims" and inserting in lieu thereof "United States Claims Court or the United States Court of Appeals for the Federal Circuit".

TRADEMARK ACT

SEC. 148. Section 39 of the Trademark Act of 1946 (15 U.S.C. 1121) is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "circuit courts of appeal of the United States".

INDIAN CLAIMS COMMISSION

SEC. 149. (a) Section 29 of the Act entitled "An Act to create an Indian Claims Commission, to provide for the powers, duties, and functions thereof, and for other purposes", approved August 13, 1946 (25 U.S.C. 70v–3), is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

(b) Subsection (c) of section 29 of such Act is repealed.

(c) Subsection (d) of section 29 of such Act is amended—

(1) by striking out "(d)" and inserting in lieu thereof "(c)"; and

(2) by striking out "Supreme Court in accordance with the provisions of section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

(d) Subsection (e) of section 29 of such Act is amended by striking out "(e)" and inserting in lieu thereof "(d)".

CLAIMS BY INDIANS OF CALIFORNIA

SEC. 150. Section 2 of the Act of May 18, 1928 (25 U.S.C. 652) is amended—

(1) by striking out "Court of Claims" the first place it appears and inserting in lieu thereof "United States Claims Court";

(2) by striking out "Court of Claims of the United States" and inserting in lieu thereof "United States Claims Court"; and

(3) by striking out "Supreme Court of the United States" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit".

INTERNAL REVENUE CODE

SEC. 151. Section 7422(e) of the Internal Revenue Code of 1954 (26 U.S.C. 7422(e)) is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court".

INTERNAL REVENUE CODE

SEC. 152. Section 7428 of the Internal Revenue Code of 1954 is amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court".

INTERNAL REVENUE CODE

SEC. 153. (a) The second sentence of section 7456(c) of the Internal Revenue Code of 1954 is amended to read as follows: "Each commissioner shall receive pay at an annual rate determined under section 225 of the Federal Salary Act of 1967 (2 U.S.C. 351–361), as adjusted by section 461 of title 28, United States Code, and also necessary traveling expenses and per diem allowance, as provided in the Travel Expense Act of 1949, while traveling on official business and away from Washington, District of Columbia.".

(b) Notwithstanding the amendments made by subsection (a), until such time as a change in the salary rate of a commissioner of the United States Tax Court occurs in accordance with section 7456(c) of the Internal Revenue Code of 1954, the salary of such commissioner shall be equal to the salary of a commissioner of the Court of Claims immediately prior to the effective date of this Act.

INTERNAL REVENUE CODE

SEC. 154. Section 7482(a) of the Internal Revenue Code of 1954 is amended by inserting "(other than the United States Court of Appeals for the Federal Circuit)" after "United States Court of Appeals".

APPROPRIATION FOR JUDGMENTS AGAINST UNITED STATES

SEC. 155. Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a) is amended by striking out "Court of Claims" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

CONTRACT DISPUTES

SEC. 156. Section 8(g)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 607(g)(1)) is amended—

(1) in subparagraph (A), by striking out "Court of Claims" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit"; and

(2) in subparagraph (B), by striking out "United States Court of Claims for judicial review, under section 2510 of title 28, United States Code, as amended herein," and inserting in lieu thereof "Court of Appeals for the Federal Circuit for judicial review under section 1295 of title 28, United States Code,".

CONTRACT DISPUTES

SEC. 157. Section 10(c) of the Contract Disputes Act of 1978 (41 U.S.C. 609(c)) is amended by striking out ", or, in its discretion and all that follows through "of the case".

CONGRESSIONAL PRINTING

SEC. 158. Section 713 of title 44, United States Code, is amended—

(1) by striking out "eight hundred and twenty-two" and inserting in lieu thereof "eight hundred and twenty";

(2) by inserting "and" after "Superintendent of Documents;"; and

(3) by striking out "to the Court of Claims, two copies; and".

EXECUTIVE AND JUDICIARY PRINTING

SEC. 159. Section 1103 of title 44, United States Code, is amended by striking out ", the Court of Claims," and by striking out ", chief judge of the Court of Claims,".

CONFORMING AMENDMENTS

SEC. 160. (a) The following provisions of law are are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "United States Claims Court":

(1) Sections 1 and 2 of the Act of October 19, 1973 (87 Stat. 466).

(2) Section 8715 of title 5, United States Code.

(3) Section 8912 of title 5, United States Code.

(4) Section 2273(b) of title 10, United States Code.

(5) Section 337(i) of the Tariff Act of 1930 (19 U.S.C. 1337(i)).

(6) Section 606(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2356(a)).

(7) Section 1 of the Act entitled "An Act providing for the allotment and distribution of Indian tribal funds", approved March 2, 1907 (25 U.S.C. 119).

(8) Section 2 of the Act of August 12, 1935 (25 U.S.C. 475a).

(9) Section 6110(i)(1) of the Internal Revenue Code of 1954.

(10) Section 2 of the Act of May 28, 1908 (30 U.S.C. 193a).

(11) Section 7 of the Act of July 31, 1894 (31 U.S.C. 73).

(12) Section 183 of title 35, United States Code.

(13) Section 104(c) of the Contract Work Hours and Safety Standards Act (40 U.S.C. 330(c)).

(14) Sections 13(b)(2) and 14 of the Contract Settlement Act of 1944 (41 U.S.C. 113(b) and 114).

(15) Sections 8(d) and 10(d) of the Contract Disputes Act of 1978 (41 U.S.C. 607(d) and 609(d)).

(16) Sections 171 and 173 of the Atomic Energy Act of 1954 (42 U.S.C. 2221 and 2223).

(17) Section 10(i) of the Trading with the Enemy Act (50 U.S.C. App. 10(i)).

(18) Sections 103(f), 103(i), 105, 103(a)(6), 108, 108A, and 114(5) of the Renegotiation Act of 1951 (50 U.S.C. App. 1213(f), 1213(i), 1215, 1216(a)(6), 1218, 1218a, and 1224(5)).

(19) Section 4 of the Act of July 2, 1948 (50 U.S.C. App. 1984).

(b) The section heading of section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "COURT OF CLAIMS" and inserting in lieu thereof "UNITED STATES CLAIMS COURT".

(c) Section 108A of the Renegotiation Act of 1951 (50 U.S.C. App. 1218a) is amended by striking out "Supreme Court upon certiorari in the manner provided in section 1255" and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit in accordance with the provisions of section 1295".

CONFORMING AMENDMENTS

SEC. 161. The following provisions of law are amended by striking out "Court of Claims" each place it appears and inserting in lieu thereof "Claims Court":

(1) Section 4(c) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714b(c)).

(2) Section 20 of the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831S).

(3) Section 403 of the International Claims Settlement Act of 1949 (22 U.S.C. 1642b).

(4) Section 2(a) of the Act of May 15, 1978 (92 Stat. 244).

(5) Section 311(i) of the Federal Water Pollution Control Act (33 U.S.C. 1321(i)).

(6) Section 10(b) of the Intervention on the High Seas Act (33 U.S.C. 1479(b)).

(7) Section 282 of title 35, United States Code.

(8) Section 5261 of the Revised Statutes (45 U.S.C. 87).

(9) Section 41(a) of the Trading with the Enemy Act (50 U.S.C. App. 42(a)).

(10) Section 10(a)(1) of the Contract Disputes Act of 1978 (41 U.S.C. 609(a)(1)).

CONFORMING AMENDMENTS

SEC. 162. The following provisions of law are amended by striking out "United States Court of Customs and Patent Appeals" and "Court of Customs and Patent Appeals" each place they appear and inserting in lieu thereof "United States Court of Appeals for the Federal Circuit":

(1) Section 21 of the Trademark Act of 1946 (15 U.S.C. 1071).

(2) Section 152 of the Atomic Energy Act of 1954 (42 U.S.C. 2182).

(3) Section 305(d) of the National Aeronautics and Space Act of 1958 (42 U.S.C. 2457(d)).

CONFORMING AMENDMENTS

SEC. 163. (a) The following provisions of law are amended by striking out "Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "Court of Appeals for the Federal Circuit":

(1) Subsections (d) and (f) of section 516 of the Tariff Act of 1930 (19 U.S.C. 1516 (d) and (f)).

(2) Section 516A (c) and (e) of the Tariff Act of 1930 (19 U.S.C. 1516a (c) and (e)).

(3) Section 528 of the Tariff Act of 1930 (19 U.S.C. 1528).

(4) Section 337(c) of the Tariff Act of 1930 (19 U.S.C. 1337(c)).

(5) Section 284(c) of the Trade Act of 1974 (19 U.S.C. 2395(c)).

(6) Section 308(9) of the Ethics in Government Act (28 U.S.C. Ap.).

(7) Sections 141 through 146 of title 35, United States Code.

(b)(1) The item relating to section 141 in the section analysis of chapter 13 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

(2) The section heading for section 141 of title 35, United States Code, is amended by striking out "Court of Customs and Patent Appeals" and inserting in lieu thereof "Court of Appeals for the Federal Circuit".

CONFORMING AMENDMENTS

SEC. 164. The following provisions of law are amended by striking out "the United States Court of Claims, the United States Court of Customs and Patent Appeals" each place it appears and inserting in lieu thereof "the United States Claims Court":

(1) Section 6001(4) of title 18, United States Code.

(2) Section 906 of title 44, United States Code.

PART C—MISCELLANEOUS PROVISIONS

CONTINUED SERVICE OF CURRENT JUDGES

SEC. 165. The judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals in regular active service on the effective date of this Act shall continue in office as judges of the United States Court of Appeals for the Federal Circuit. Senior judges of the United States Court of Claims and of the United States Court of Customs and Patent Appeals on the effective date of this Act shall continue in office as senior judges of the United States Court of Appeals for the Federal Circuit.

APPOINTMENT OF CHIEF JUDGE OF COURT OF APPEALS FOR THE FEDERAL CIRCUIT

SEC. 166. Notwithstanding the provisions of section 45(a) of title 28, United States Code, the first chief judge of the United States Court of Appeals for the Federal Circuit shall be the Chief Judge of the United States Court of Claims or the Chief Judge of the United States Court of Customs and Patent Appeals, whoever has served longer as chief judge of his court. Notwithstanding section 45 of title 28, United States Code, whichever of the two chief judges does not become the first chief judge of the United States Court of Appeals for the Federal Circuit under the preceding sentence shall, while in active service, have precedence and be deemed senior in commission over all the circuit judges of the United States Court of Appeals for the Federal Circuit (other than the first chief judge of that circuit). When the person who first serves as chief judge of the United States Court of Appeals for the Federal Circuit vacates that position, the position shall be filled in accordance with section 45(a) of title 28.

COURT OF CLAIMS COMMISSIONERS

SEC. 167. (a) Notwithstanding the provisions of section 171(a) of title 28, United States Code, as amended by this Act, a commissioner of the United States Court of Claims serving immediately prior to the effective date of this Act shall become a judge of the United States Claims Court on the effective date of this Act.

(b) Notwithstanding the provisions of section 172(a) of title 28, United States Code, as amended by this Act, the initial term of office of a person who becomes a judge of the United States Claims Court under subsection (a) of this section shall expire fifteen years after the date of his or her employment with the United States Court of Claims, or on October 1, 1986, whichever occurs earlier. Any such judge shall continue in office until a successor is sworn or until reappointed. No such individual shall serve as a judge after reaching the age of seventy years.

(c) Notwithstanding the provisions of section 172(b) of title 28, United States Code, as amended by this Act, until such time as a change in the salary rate of a judge of the United States Claims Court occurs in accordance with such section 172(b), the salary of such judge shall be equal to the salary of a Commissioner of the Court of Claims.

APPOINTMENT OF JUDGES BY THE PRESIDENT

SEC. 168. The Congress—

(1) takes notice of the fact that the quality of the Federal judiciary is determined by the competence and experience of its judges; and

(2) suggests that the President, in nominating individuals to judgeships on the United States Court of Appeals for the Federal Circuit and the United States Claims Court, select from a broad range of qualified individuals.

TENNESSEE VALLEY AUTHORITY LEGAL REPRESENTATION

SEC. 169. Nothing in this Act affects the authority of the Tennessee Valley Authority under the Tennessee Valley Authority Act of 1933 to represent itself by attorneys of its choosing.

TITLE II—GOVERNANCE AND ADMINISTRATION OF THE FEDERAL COURTS

PART A—CHIEF JUDGE TENURE

APPOINTMENT AND TERMS OF CHIEF JUDGES OF THE COURTS OF APPEALS

SEC. 201. (a) Section 45 of title 28, United States Code, is amended by amending subsection (a) to read as follows:

"(a)(1) The chief judge of the circuit shall be the circuit judge in regular active service who is senior in commission of those judges who—

"(A) are sixty-four years of age or under;

"(B) have served for one year or more as a circuit judge; and

"(C) have not served previously as chief judge.

"(2)(A) In any case in which no circuit judge meets the qualifications of paragraph (1), the youngest circuit judge in regular active service who is sixty-five years of age or over and who has served as circuit judge for one year or more shall act as the chief judge.

"(B) In any case under subparagraph (A) in which there is no circuit judge in regular active service who has served as a circuit judge for one year or more, the circuit judge in regular active service who is senior in commission and who has not served previously as chief judge shall act as the chief judge.

"(3)(A) Except as provided in subparagraph (C), the chief judge of the circuit appointed under paragraph (1) shall serve for a term of seven years and shall serve after expiration of such term until another judge is eligible under paragraph (1) to serve as chief judge of the circuit.

"(B) Except as provided in subparagraph (C), a circuit judge acting as chief judge under subparagraph (A) or (B) of paragraph (2) shall serve until a judge has been appointed who meets the qualifications under paragraph (1).

"(C) No circuit judge may serve or act as chief judge of the circuit after attaining the age of seventy years unless no other circuit judge is qualified to serve as chief judge of the circuit under paragraph (1) or is qualified to act as chief judge under paragraph (2).".

(b) Section 45 of title 28, United States Code, is amended by amending subsection (c) to read as follows:

"(c) If the chief judge desires to be relieved of his duties as chief judge while retaining his active status as circuit judge, he may so certify to the Chief Justice of the United States, and thereafter the chief judge of the circuit shall be such other circuit judge who is qualified to serve or act as chief judge under subsection (a).".

APPOINTMENT AND TERMS OF CHIEF JUDGES OF THE DISTRICT COURTS

SEC. 202. (a) Section 136 of title 28, United States Code, is amended by amending subsection (a) to read as follows:

"(a)(1) In any district having more than one district judge, the chief judge of the district shall be the district judge in regular active service who is senior in commission of those judges who—

"(A) are sixty-four years of age or under;

"(B) have served for one year or more as a district judge; and

"(C) have not served previously as chief judge.

"(2)(A) In any case in which no district judge meets the qualifications of paragraph (1), the youngest district judge in regular active service who is sixty-five years of age or over and who has served as district judge for one year or more shall act as the chief judge.

"(B) In any case under subparagraph (A) in which there is no district judge in regular active service who has served as a district judge for one year or more, the district judge in regular active service who is senior in commission and who has not served previously as chief judge shall act as the chief judge.

"(3)(A) Except as provided in subparagraph (C), the chief judge of the district appointed under paragraph (1) shall serve for a term of seven years and shall serve after expiration of such term until another judge is eligible under paragraph (1) to serve as chief judge of the district.

"(B) Except as provided in subparagraph (C), a district judge acting as chief judge under subparagraph (A) or (B) of paragraph (2) shall serve until a judge has been appointed who meets the qualifications under paragraph (1).

"(C) No district judge may serve or act as chief judge of the district after attaining the age of seventy years unless no other district judge is qualified to serve as chief judge of the district under paragraph (1) or is qualified to act as chief judge under paragraph (2)".

(b) Section 136 of title 28, United States Code, is amended by amending subsection (d) to read as follows:

"(d) If the chief judge desires to be relieved of his duties as chief judge while retaining his active status as district judge, he may so certify to the Chief Justice of the United States, and thereafter, the chief judge of the district shall be such other district judge who is qualified to serve or act as chief judge under subsection (a).".

EFFECTIVE DATE; APPLICABILITY

SEC. 203. (a) The amendments to section 45 of title 28, United States Code, and to section 136 of such title, made by sections 201 and 202 of this part, shall not apply to or affect any person serving as chief judge on such effective date.

(b) The provisions of section 45(a) of title 28, United States Code, as in effect on the day before the effective date of this part, shall apply to the chief judge of a circuit serving on such effective date. The provisions of section 136(a) of title 28, United States Code, as in effect on the day before the effective date of this part, shall apply to the chief judge of a district court serving on such effective date.

PART B—PRECEDENCE AND COMPOSITION OF PANEL

PRECEDENCE ON PANEL

SEC. 204. Section 45(b) of title 28, United States Code, is amended by inserting "of the court in regular active service" immediately after "circuit judges" in the second sentence.

COMPOSITION OF PANEL; REQUIREMENTS AND SIZE

SEC. 205. Section 46(b) of title 28, United States Code, is amended by inserting after "three judges" a comma and the following: "at least a majority of whom shall be judges of that court, unless such judges cannot sit because recused or disqualified, or unless the chief judge of that court certifies that there is an emergency including, but not limited to, the unavailability of a judge of the court because of illness".

(b) Section 46(c) of title 28, United States Code, is amended by striking the period at the end of the second sentence, inserting a comma in lieu thereof, and adding the following: "or such number of judges as may be prescribed in accordance with section 6 of Public Law 95-486 (92 Stat. 1633), except that any senior circuit judge of the circuit shall be eligible to participate, at his election and upon designation and assignment pursuant to section 294(c) of this title and the rules of the circuit, as a member of an en banc court reviewing a decision of a panel of which such judge was a member.".

PART C—JUDICIAL COUNCILS OF THE CIRCUITS

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 206. (a) Section 3006A(h)(2)(A) of title 18, United States Code, is amended—

(1) by striking out "judicial council" each place it appears and inserting in lieu thereof "court of appeals" in each instance; and

(2) by striking out "Judicial Council of the Circuit" and inserting in lieu thereof "court of appeals of the circuit".

(b) Section 3006A(i) of title 18, United States Code, is amended by striking "judicial council" and inserting in lieu thereof "court of appeals".

(c) The amendment made by subsection (a) of this section shall not affect the terms of existing appointments.

PART D—JUDICIAL RESIGNATION; PENSIONS

PENSIONS OF JUDGES WHO RESIGN TO ACCEPT EXECUTIVE POSITIONS

SEC. 207. (a) Section 8332(b) of title 5, United States Code, is amended by striking out "and" at the end of paragraph (10), by striking the period at the end of paragraph (11) and inserting in lieu thereof "; and", and by inserting at the end thereof the following new paragraph:

"(12) service as a justice or judge of the United States, as defined by section 451 of title 28, and service as a judge of a court created by Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, but no credit shall be allowed for such service if the employee is entitled to a salary or an annuity under section 371, 372, or 373 of title 28.".

(b) Section 8334 of title 5, United States Code, is amended by inserting at the end thereof the following new subsection:

"(i)(1) The Director of the Administrative Office of the United States Courts shall pay to the Fund the amount which an employee may deposit under subsection (c) of this section for service creditable under section 8332(b)(10) of this title if such creditable service immediately precedes service as an employee subject to this subchapter with a break in service of no more than ninety working days. The Director shall pay such amount from any appropriation available to him as a necessary expense of the appropriation concerned.

"(2) The amount the Director pays in accordance with paragraph (1) of this subsection shall be reduced by the amount of any refund to the employee under section 376 of title 28. Except to the extent of such reduction, the amount the Director pays to the Fund shall satisfy the deposit requirement of subsection (c) of this section.

"(3) Notwithstanding any other provision of law, the amount the Director pays under this subsection shall constitute an employer contribution to the Fund, excludable under section 402 of the Internal Revenue Code of 1954 from the employee's gross income until such time as the contribution is distributed or made available to the employee, and shall not be subject to refund or to lump-sum payment to the employee.".

PART E—RULES OF PRACTICE

PUBLICATION OF RULES

SEC. 208. (a) Chapter 131 of title 28 of the United States Code is amended by adding at the end thereof the following section:

"§ 2077. Publication of rules; advisory committees.

"(a) The rules for the conduct of the business of each court of appeals, including the operating procedures of such court, shall be published. Each court of appeals shall print or cause to be printed necessary copies of the rules. The Judicial Conference shall prescribe the fees for sales of copies under section 1913 of this title, but the Judicial Conference may provide for free distribution of copies to members of the bar of each court and to other interested persons.

"(b) Each court of appeals shall appoint an advisory committee for the study of the rules of practice and internal operating procedures of the court of appeals. The advisory committee shall make recommendations to the court concerning such rules and procedures. Members of the committee shall serve without compensation, but the Director may pay travel and transportation expenses in accordance with section 5703 of title 5.".

(b) The section analysis of chapter 131 of title 28, United States Code, is amended by adding at the end thereof the following new item:

"2077. Publication of rules; advisory committees.".

TITLE III—JURISDICTION AND PROCEDURE

PART A—TRANSFER OF CASES

TRANSFER TO CURE WANT OF JURISDICTION

SEC. 301. (a). Title 28, United States Code, is amended by adding the following new chapter after chapter 97:

"CHAPTER 99.—GENERAL PROVISIONS

"Sec.

"1631. Transfer to cure want of jurisdiction.

"§ 1631. Transfer to cure want of jurisdiction.

"Whenever a civil action is filed in a court of the United States, the United States Claims Court, a court created by an Act of Congress in a territory which is invested with any jurisdiction of a district court of the United States, or a United States bankruptcy court, and that court finds that there is a want of jurisdiction, the court shall, if it is in the interests of justice, transfer such action to any other such court in which the action could have been brought at the time such action was filed, and the action shall proceed as if it had been filed in the transferee court on the date upon which it was actually filed in the transferor court.".

(b) The chapter analysis of part IV of title 28, United States Code, is amended by adding at the end thereof the following:

"99. General Provisions 1631".

PART B—INTEREST

INTEREST ON JUDGMENTS AND PREJUDGMENT INTEREST

SEC. 302. (a) Section 1961 of title 28, United States Code, is amended—

(1) by inserting "(a)" immediately before "Interest shall" in the first sentence;

(2) by striking out "at the rate allowed by State law" in the last sentence and inserting in lieu thereof the following: "at a rate equal to the coupon issue yield equivalent (as determined by the Bureau of Public Debt of the United States Department of the Treasury) of the mean, rounded to two decimal places, of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled immediately prior to the date of the judgment. The Director of the Administrative Office of the United States Courts shall distribute notice of that rate and any changes in it to all Federal judges"; and

(3) by adding at the end thereof the following new subsections:

"(b) Interest shall be computed daily to the date of payment except as provided in section 2516(b) of title 28, United States Code, and section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a), and shall be compounded annually.

"(c)(1) This section shall not apply in any judgment of any court with respect to any internal revenue tax case. Interest shall be allowed in such cases at a rate established under section 6621 of the Internal Revenue Code of 1954.

"(2) Except as otherwise provided in paragraph (1) of this subsection, interest shall be allowed on all final judgments against the United States in the United States Court of Appeals for the Federal circuit, at the rate provided in subsection (a) and as provided in subsection (b). Interest shall not be allowed on judgments of the United States Claims Court, except as otherwise provided in paragraph (1) of this subsection.

"(3) This section shall not be construed to effect the interest on any judgment of any court not specified in this section.".

(b) Section 2411 of title 28, United States Code, is amended—

(1) in subsection (a) by striking out "a"; and

(2) by repealing subsection (b).

(c) Section 1302 of the Act of July 27, 1956 (31 U.S.C. 724a), is amended by striking out "to which the provisions of subsection 2411(b) of title 28, United States Code apply".

(d) Section 2516 (b) of title 28, United States Code, is amended—

(1) by striking out "the rate of four percent per annum" and inserting in lieu thereof "a rate of interest equal to the coupon issue yield equivalent (as determined by the Bureau of Public Debt of the United States Department of the Treasury) of the mean, rounded to two decimal places, of the average accepted auction price for the last auction of fifty-two week United States Treasury bills settled immediately prior to the date of the judgment"; and

(2) by striking out "in the Treasury Department" and inserting in lieu thereof "in the General Accounting Office".

TITLE IV—MISCELLANEOUS PROVISIONS

DISTRICT COURT REPORTERS

SEC. 401. (a) Section 753 of title 28, United States Code, shall be amended by amending subsection (b) to read as follows:

"(b) (1) Each session of the court and every other proceeding designated by rule or order of the court or by one of the judges shall be recorded verbatim by shorthand, mechanical means, electronic sound recording, or any other method, subject to the approval and authorization of the Judicial Conference and subject to the approval and authorization of the presiding judge. Proceedings to be recorded under this section include (1) all proceedings in criminal cases had in open court; (2) all proceedings in other cases had in open court unless the parties with the approval of the judge shall agree specifically to the contrary; and (3) such other proceedings as may be required to be recorded by rule or order of the court or as may be requested by any party to the proceeding. The Judicial Conference shall prescribe the types of electronic sound recording or other means which may be used.

"(2) The reporter or other person designated to produce the record shall attach his official certificate to the original shorthand notes or other original records so taken and promptly file them with the clerk who shall preserve them in the public records of the court for not less than ten years.

"(3) A reporter or other designated person shall transcribe such parts of the record of proceedings as may be required by any rule or order of court. Upon the request of any party to any proceeding which has been so recorded who has agreed to pay the fee therefor, or of a judge of the court, the reporter or other designated person shall promptly transcribe the original records of the requested parts of the proceedings and attach to the transcript his official certificate, and deliver the same to the party or judge making the request.

"(4) The reporter or other designated person shall promptly deliver to the clerk for the records of the court a certified copy of any transcript so made.

"(5) The certified transcript shall be deemed prima facie a correct statement of the testimony taken and proceedings had.

"(6) The original notes or other original records and the copy of the transcript in the office of the clerk shall be open during office hours to inspection by any person without charge.".

(b) Section 753(f) of title 28, United States Code is amended—

(1) by striking out "Each reporter" and inserting in lieu thereof "Where a proceeding has been transcribed by a reporter, such reporter"; and

(2) by deleting the last sentence of that subsection and inserting in lieu thereof the following: "Where the transcript of a proceeding has been produced by a court employee or other transcriber designated by the court who is not a court reporter appointed under this section, the court may charge and its clerk shall collect fees for transcripts requested by the parties, including the United States, at rates prescribed by the court subject to the approval of the Judicial Conference. The court, or a reporter who has transcribed proceedings, may require any party requesting a transcript of those proceedings, except the United States and its agencies and officers, to prepay in advance the estimated fee therefor.".

EFFECTIVE DATE

SEC. 402. Unless otherwise specified, the provisions of this Act shall take effect on October 1, 1982.

EFFECT ON PENDING CASES

SEC. 403. (a) Any case pending before the Court of Claims on the effective date of this Act in which a report on the merits has been filed by a commissioner, or in which there is pending a request for review, and upon which the court has not acted, shall be transferred to the United States Court of Appeals for the Federal Circuit.

(b) Any matter pending before the United States Court of Customs and Patent Appeals on the effective date of this Act shall be transferred to the United States Court of Appeals for the Federal Circuit.

(c) Any petition for rehearing, reconsideration, alteration, modification, or other change in any decision of the United States Court of Claims or the United States Court of Customs and Patent Appeals rendered prior to the effective date of this Act that has not been determined by either of those courts on that date, or that is filed after that date, shall be determined by the United States Court of Appeals for the Federal Circuit.

(d) Any matter pending before a commissioner of the United States Court of Claims on the effective date of this Act, or any pending dispositive motion that the United States Court of Claims has not determined on that date, shall be determined by the United States Court of Appeals for the Federal Circuit.

(e) Any case in which a notice of appeal has been filed in a district court of the United States prior to the effective date of this Act shall be decided by the Court of Appeals to which the appeal was taken.

TITLE V—FARM PRODUCE STORAGE FACILITIES

DEFINITIONS

SEC. 501. Section 101 of title 11, United States Code, is amended—

(1) by adding after paragraph (18), the following:

"(19) 'farm produce' means the product of a person engaged in a farming operation, including crops, poultry, livestock, or dairy products in an unmanufactured state;

"(20) 'farm produce storage facility' means any business enterprise operated by any person for the purpose of (A) providing facilities for the temporary storage of farm produce; or (B) purchasing farm produce from persons engaged in farming operations in bulk quantities; however, such term shall not be construed to include any retail grocery business operation;";

(2) by renumbering paragraphs (19) through (40) as paragraphs (21) through (42), respectively; and

(3) by adding after paragraph (42) as renumbered by this section, the following new paragraph:

"(43) 'storage facility receipt' means any document of the type routinely issued by a debtor operating a farm produce storage facility for the purpose of establishing a record of ownership of a quantity of farm produce which is stored with such facility by any person upon a contract of bailment. Such term shall include a warehouse receipt or a scale ticket, provided identification of the owner of the produce represented thereby is clearly noted upon the face of such document.".

DEBTOR

SEC. 502. Section 109 of title 11, United States Code, is amended in subsection (e) by inserting after "commodity broker," the following: "or a person engaged in the business of operating a farm produce storage facility (with respect to the debts of that business),".

ALLOWANCE OF CLAIMS OR INTERESTS

SEC. 503. Section 502(1) of title 11, United States Code, is amended by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

ALLOWANCE OF ADMINISTRATIVE EXPENSES

SEC. 504. Section 503(b)(1)(B) of title 11, United States Code, is amended by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

PRIORITIES

SEC. 505. Section 507(a) of title 11, United States Code, is amended—

(1) by adding after paragraph (4) the following:

"(5) Fifth, allowed unsecured claims of farmers or other persons engaged in farming operations arising from the sale or conversion of farm produce to or by a debtor engaged in the business of operating a farm produce storage facility—

"(A) where such sale or conversion occurred within 180 days before the date of the filing of the petition or before the cessation of the debtor's business, whichever occurs first; but only

"(B) to the extent of $2,000 for each such individual.";

(2) in paragraph (5), by striking out "(5) Fifth" and inserting in lieu thereof "(6) Sixth"; and

(3) in paragraph (6), by striking out "(6) Sixth" and inserting in lieu thereof "(7) Seventh".

STATUTORY LIENS

SEC. 506. Section 545(2) of title 11, United States Code, is amended by striking the semicolon following the word "exists" and adding the following: ", except that this section shall not apply to a lien interest arising by virtue of the provisions of section 262a of title 7, United States Code;".

EXPEDITED ABANDONMENT OF FARM PRODUCE

SEC. 507. Title 11, United States Code, is amended by adding after section 554 the following:

"§ 555. Expedited abandonment of farm produce.

"(a) Notwithstanding any other provision of this title, in a case filed under such title by, or with respect to, a person engaged in the business of operating a farm produce storage facility, the court shall follow the procedures herein stated, unless otherwise indicated.

"(1) Within ten days after the filing of the petition, the court shall direct the trustee who has been appointed to supervise liquidation and management of the estate to conduct an examination of the debtor, and of the debtor's books, records, and accounts to determine the identity of persons—

"(A) who either have or may claim to have an ownership interest in farm produce delivered over to the trustee by the debtor by virtue of having—

"(1) retained title to farm produce stored with the debtor upon a contract of bailment;

"(1) purchased produce from the debtor which was then, in turn, bailed to the debtor for storage purposes;

"(iii) taken assignment of, or title by judgment to, the debtor's ownership interests in produce owned by the debtor; or

"(iv) taken assignment of the ownership interest of any such parties; and

"(B) who claim status as secured creditors of the debtor arising out of a security interest in any farm produce which is delivered over to the trustee by the debtor, which farm produce is property of the debtor's estate.

"(2) Within thirty days after the filing of the petition, the trustee shall conduct an examination of the debtor and his records and, if necessary, shall conduct an audit of the physical assets of all farm produce storage facilities operated by the debtor for the purpose of determining the quantity, quality, and type of farm produce, if any, which has been delivered over to the trustee by the debtor. The trustee shall then sell such farm produce for its then current fair market value, and place the proceeds of such sale on deposit in an interest-bearing account of a type which will obtain the maximum return on such proceeds as may be practical.

"(3)(A) Within sixty days after the filing of the petition, the court shall, after notice to interested parties (including those persons identified by the trustee as having or claiming a direct ownership interest in farm produce delivered to the trustee, or a secured interest therein) conduct a hearing, at which all requests for abandonment of the proceeds of farm produce held by the trustee brought pursuant to the provisions of section 554 of this title shall be heard and determined. No request for abandonment of farm produce proceeds shall be considered which is not filed by a claimant with the court at least five days before the commencement of the hearing, except that the court may grant leave for the filing of a request after such time period upon a finding by the court of excusable neglect justifying delay. No such request may be considered by the court after the distribution of farm produce proceeds by the trustee which is provided for herein commences, except in cases where notice or actual knowledge of the pendency of the proceedings was not provided to a claimant due to fraud, negligence of the trustee, or other cause beyond the control of the claimant. The court shall order abandonment of the proceeds of farm produce held by the trustee, in the manner specified below, with respect to each claim of an affected creditor or other party in interest who establishes, to the court's satisfaction, that—

"(i) a quantity of farm produce sold by the trustee was held by the debtor as bailee only, without benefit of legal or equitable title, and that title to such produce was vested in the claimant; or"

"(ii) a quantity of farm products sold by the trustee which was determined to be part of the debtor's estate is (at the time of the hearing) of inconsequential value or is burdensome to the estate in consideration of a valid security interest existing therein in favor of the claimant.

"(B) Any claimant's production to the court of a valid storage facility receipt held by that claimant as evidence of ownership of a quantity of farm produce sold by the trustee shall be sufficient to establish a right to possession in such claimant of a share of the proceeds equal in value to the quantity, quality, and type of farm produce specified in such document. In any case where a claimant has placed the original of such document on deposit with any party as collateral for a loan, without assigning ownership interests in the farm produce over to such party, an affidavit from such party verifying ownership of such receipt by the claimant shall be sufficient to establish a prima facie claim of right to possession of proceeds in such claimant.

"(4) Within ninety days after the filing of the petition, the court shall direct the trustee to effect abandonment of the farm produce proceeds found to be subject thereto in accordance with subsection (a)(3) of this section, in the following manner:

"(A) With respect to claimants who have established to the court's satisfaction that the trustee sold farm produce as to which title lies in the claimant, the trustee shall apportion to each claimant out of the whole sum of farm produce proceeds held by the trustee that claimant's pro rata share (in comparison to the shares of like claimants) of the proceeds held by the trustee which are equivalent in value to the quantity, quality, and type of commodities which were originally delivered by such claimant, or the claimant's predecessor in title, to the debtor upon the contract of bailment. The value of such produce shall be calculated by reference to the price obtained for it at the time of sale. Distribution shall take place with respect to each of such claimants only after the deduction from such claimant's share of the proceeds of any commercially reasonable storage charge then due the debtor's estate from the particular claimant, plus any commercially reasonable charge for the expense of removing the particular claimant's farm produce from the storage facility.

"(B) With respect to claimants who have established to the court's satisfaction that the estate's interest in quantities of farm produce which (i) are part of the debtor's estate, and (ii) are subject to a security interest existing in favor of such claimants, is of inconsequential value or is burdensome to the estate by virtue of such security interest, the trustee shall next distribute from the remaining proceeds of the liquidation of farm produce required by subsection (a)(2) of this section, a share of such proceeds to each of such claimants according to the value of their secured interests in the farm produce sold, as the same may be entitled to under law. Distribution shall take place with respect to each of such claimants only after the deduction from such claimant's share of any commercially reasonable charge for the expense of removing the farm produce represented by the proceeds distributed to that claimant.

"(C) Distribution of farm produce proceeds which are ordered abandoned by the court, shall commence within twenty days of the entry of the orders of abandonment.

"(D) Expenses and compensation of the court or trustee incurred pursuant to the liquidation and abandonment of farm produce and proceeds thereof shall be paid, in conformity to the provisions of section 330 of this title, in the following manner:

"(i) first, out of the funds retained by the trustee for storage charges and produce delivery charges, to the extent feasible;

"(ii) second, out of accrued interest on farm produce proceeds, to the extent feasible; and

"(iii) third, out of the whole quantity of farm produce proceeds held by the trustee prior to distribution of such proceeds.

No other expenses of the court or trustees shall be deducted from farm produce proceeds.

"(E)(i) If, after satisfaction of the claims of those persons entitled to abandonment of the proceeds of farm produce held by the trustee, there be any remaining proceeds of farm produce held by the trustee, such unclaimed proceeds shall be retained by the court in an interest-bearing account, for the benefit of any persons who may present an untimely claim of right to abandonment in accordance with subsection (a)(3)(A) of this section, for a period of one year from the date of the entry of the orders of abandonment. At the expiration of such period, such funds shall be distributed in accordance with section 726 of this title.

"(ii) The trustee may conduct such examination of the debtor or other persons as may be necessary for the purpose of determining the identity of any persons to whom have been assigned the rights of ownership to farm produce, legal or equitable title to which does not exist in the debtor, as reflected by the books and records of such debtor and for which no claim has been made; and shall provide notice of the pendency of the action to any person who is so identified.

"(b) This section shall be applied by the court solely for the purpose of effectuating abandonment of farm produce which is not property of the estate, or is of inconsequential value to the estate, and shall not be construed to limit the right of any party to seek abandonment of any other property delivered over to the trustee in accordance with section 554 of this title.

"(c) Distribution of farm produce ordered abandoned by the court pursuant to this section shall not be delayed due to the pendency of any appeal from the orders of abandonment, except that a stay of orders entered pursuant to this section may be entered by the bankruptcy court under the following circumstances:

"(1) the party filing the request for stay, except for the United States, shall post a bond or other security in an amount equal to the amount of farm produce proceeds, distribution of which is affected by the requested stay; and

"(2) the parties entitled to distribution of farm produce proceeds under the terms of the abandonment orders affected by the stay shall, if successful in defending the appeal, be awarded their pro rata share of the proceeds of the liquidation; plus a sum equal to the difference in value between the awarded share and the highest intermediate value (between the date of the entry of the order of stay and the date of final distribution) of the produce sold which was owned by, or secured to, such parties; plus interest on the amount of the original award at the prevailing rate allowed by law upon judgments, with interest to accrue from the date of the entry of the order to stay. The interest payment, and differential payment, provided for herein shall both be satisfied out of the bond posted by the party requesting the stay, to the extent feasible. In the case of an appeal by the United States, it shall be satisfied out of accrued interest on the proceeds on deposit, to the extent feasible. The party or parties requesting such stay and prosecuting such appeal shall, if successful on appeal, be entitled to interest at the prevailing rate allowed by law upon judgments upon any sum which the court may ultimately award, such interest to be calculated from the date of the entry of the original order of abandonment appealed from.

"(d) Any order of stay entered by the bankruptcy court pursuant to subsection (c) of this section shall be immediately appealable as of right by any aggrieved party, to the district court for the division and district wherein the bankruptcy court exercises its jurisdiction; or, to a panel of bankruptcy judges as provided by section 405(c)(1) of title 28, United States Code, if the same has been ordered by the circuit council pursuant to such section. The appeal shall be perfected in accordance with the rules applicable to the prosecution of appeals under this title. The district court (or bankruptcy panel) shall rule upon the issue of whether or not the order of stay so entered is appropriate, in consideration of the provisions of rule 62 of the Federal Rules of Civil Procedure and the law applicable thereunder, within thirty days after the docketing of the appeal.

"(e) In any action brought pursuant to chapter 11 of this title, the provisions of this section shall govern the abandonment of farm produce held by the trustee or debtor in possession of a farm produce storage facility business for which reorganization is sought, which farm produce is not property of the debtor's estate but is held by the debtor upon a contract of bailment only. The abandonment of any quantity of such produce shall take place only upon the request of the owner thereof, and shall be done regardless of its effect upon any existing or proposed plan of reorganization.

"(f) The time limits set forth in this section may be extended by the court for good cause shown; however, the distribution of farm produce ordered abandoned by the court shall not be deferred beyond one hundred and forty days after the date of the filing of the petition, unless the court finds that—

"(1) the interests of justice so require in light of the complexity of the case; and

"(2) the interests of these claimants entitled to distribution upon their claims will not be materially injured by such additional delay.

"(g) In actions led under this title in any State wherein an agency exists which operates under the supervision of that State's government, and which is charged with the responsibility for presiding over the liquidation of an insolvent farm produce storage facility licensed under the laws of such State, the bankruptcy court shall appoint the director of such State agency to act as co-trustee together with the private trustee, if any, appointed under this title; and such party shall perform the duties required of the trustee under this section until the completion of the distribution of the proceeds of farm produce required by this section, except that such co-trustee shall not be relieved of its responsibilities before the orders of abandonment required to be entered under this section are made. Said co-trustee shall perform all duties required of the trustee under this section, but shall not be required to perform any duties of the trustee mandated by any other provisions of this title. Said co-trustee shall not recover any compensation out of the assets of the estate for the services performed under this section.

"(h) In actions filed under this title by a debtor in the business of operating a farm produce storage facility licensed under the United States Warehouse Act, the bankruptcy court shall appoint the Administartor of the Agricultural Marketing Service of the United States Department of Agriculture to act as co-trustee together with the private trustee, if any, appointed under this title; and such party shall perform the duties required of the trustee under this section until the completion of the distribution of the proceeds of farm produce required by this section, except that such co-trustee shall not be relieved of its responsibilities before the orders of abandonment required to be entered under this section are made. Said co-trustee shall perform all duties required of the trustee under this section, but shall not be required to perform any duties of the trustee mandated by any other provisions of this title. Such co-trustee shall not recover any compensation out of the assets of the estate for the services performed under this section.".

CONTENTS OF PLAN

SEC. 508. Section 1123(a)(1) of title 11, United States Code, is amended by striking out "or 507(a)(6)" and inserting in lieu thereof "507(a)(5) or 507(a)(7)".

CONFIRMATION OF PLAN

SEC. 509. Section 1129(a)(9) of title 11, United States Code, is amended—

(1) in subparagraph (B), by striking out "or 507(a)(5)" and inserting in lieu thereof "507(a)(5), or 507(a)(6)"; and

(2) in subparagraph (C), by striking out "507(a)(6)" and inserting in lieu thereof "507(a)(7)".

AMENDMENTS TO TITLE 7

SEC. 510. (a) Chapter 10 of title 7, section 255, of the United States Code, is amended by inserting a comma after the word "storage", and by inserting the following language between the words "storage" and "in" thereof: "marketing, handling, shipping, or other disposition"; such that the section, as amended, shall read as follows: "Any person who deposits agricultural products for storage, marketing, handling, shipping, or other disposition in a warehouse licensed under this chapter shall be deemed to have deposited the same subject to the terms of this chapter and the rules and regulations prescribed thereunder.".

(b) Chapter 10 of title 7, United States Code, is amended by adding after section 262 thereof the following:

"§ 262a. Statutory lien, pending payment for agricultural products sold to a warehouseman.

"Any farmer (as defined in section 101 of title 11, United States Code) who, having delivered agricultural products to a warehouseman licensed under this chapter upon a contract for sale, or having sold to such warehouseman products previously delivered upon a contract for storage, and who has not received the consideration agreed upon for the sale of said products from the warehouseman, shall have a lien against like products in the licensed facility in excess of that required to satisfy receipted or other storage obligations; against like products in transit for which payment has not been made to the warehouseman; and against unencumbered products held in other locations for the account of the warehouseman, or the proceeds from any of the foregoing, to the extent of the consideration agreed upon for the purchase of the product sold. Such lien shall attach at the time of the formation of the contract for sale and shall continue until the obligations of the warehouseman to the seller of the products are satisfied, or the expiration of sixty days, whichever is earlier.".

Mr. LEAHY. Mr. President, I ask unanimous consent that the amendment of the Senator from Kansas be modified to include the amendment passed here this afternoon in this bill at the appropriate place and the appropriate page and lines to coincide with his amendment.

Mr. DOLE. If that causes difficulty for the Parliamentarian, we could have a quick quorum call and round up copies of the amendments and send them to the desk in that fashion.

The PRESIDING OFFICER. Is the Senator asking for a quorum call?

Mr. DOLE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOLE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, I think we have now worked out a procedure.

I ask unanimous consent that the amendment I have sent to the desk be amended to include the Heflin amendment as agreed to earlier this afternoon.

The PRESIDING OFFICER. The amendment will be so modified.

The modification is as follows:

On page 52 of Dole UP-771, strike p. 52 line 10, through page 54, line 4 and insert in lieu the following:

SEC. 401. (a) Section 753(b) of title 28, United States Code, shall be amended to read as follows:

"(b) Each session of the court and every other proceeding designated by rule or order of the court or by one of the judges shall be recorded verbatim by shorthand, mechanical means, electronic sound recording, or any other method, subject to regulations promulgated by the Judicial Conference and subject to the discretion and approval of the judge. The regulations promulgated pursuant to the preceding sentence shall prescribe the types of electronic sound recording or other means which may be used. Proceedings to be recorded under this section include (1) all proceedings in criminal cases had in open court; (2) all proceedings in other cases had

in open court unless the parties with the approval of the judge shall agree specifically to the contrary; and (3) such other proceedings as a judge of the court may direct or as may be required by rule or order of court as may be requested by any party to the proceeding.

"The reporter or other individual designated to produce the record shall attach his official certificate to the original shorthand notes or other original records so taken and promptly file them with the clerk who shall preserve them in the public records of the court for not less than ten years.

"The reporter or other individual designated to produce the record shall transcribe and certify such parts of the record of proceedings as may be required by any rule or order of court, including all arraignments, pleas, and proceedings in connection with the imposition of sentence in criminal cases unless they have been recorded by electronic sound recording as provided in this subsection and the original records so taken have been certified by him and filed with the clerk as hereinabove provided in this subsection. He shall also transcribe and certify such other parts of the record of proceedings as may be required by rule or order of court. Upon the request of any party to any proceeding which has been so recorded who has agreed to pay the fee therefor, or of a judge of the court, the reporter or other individual designated to produce the record shall promptly transcribe the original records of the requested parts of the proceedings and attach to the transcript his official certificate, and deliver the same to the party or judge making the request.

"The reporter or other designated individual shall promptly deliver to the clerk for the records of the court a certified copy of any transcript so made.

"The transcript in any case certified by the reporter or other individual designated to produce the record shall be deemed prima facie a correct statement of the testimony taken and proceedings had. No transcripts of the proceedings of the court shall be considered as official except those made from the records certified by the reporter or other individual designated to produce the record.

"The original notes or other original records and the copy of the transcript in the office of the clerk shall be open during office hours to inspection by any person without charge.".

(b) The regulations promulgated by the Judicial Conference pursuant to subsection (b) of section 753 of title 28, as amended by subsection (a) of this section, shall not take effect before one year after the effective date of this Act. During the one-year period after the date of enactment of this Act, the Judicial Conference shall experiment with other methods of recording court proceedings. Prior to the effective date of such regulations, the law and regulations in effect the day before the date of enactment of this Act shall remain in full force and effect.

Mr. DOLE. Mr. President, I know of no objection to the comprehensive amendment I have sent to the desk.

The PRESIDING OFFICER. Is all time yielded back?

Mr. DOLE. I yield back any remaining time.

Mr. LEAHY. I yield back my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified.

The amendment (UP No. 771), as modified, was agreed to.

Mr. GRASSLEY. Mr. President, I appreciate the opportunity to speak in favor of S. 1700, the Federal Courts Improvement Act of 1981.

Consolidation of the Court of Claims and Court of Customs and Patent Appeals has a number of advantages. It will enhance clarity and reliability in the law, reduce specialization in the courts, and the expense and delay of forum shopping, provide an upgraded and better organized trial forum for Government claims cases and reduce costs for industry, for litigants, and for the taxpayer.

I think that it should be emphasized that patent cases will still be tried in the district courts, where resolution of factual questions plays a major role. I was informed at the Judiciary Committee level by the sponsor, Senator DOLE, that the bill would not substantively affect current law. The Court of Appeals for the Federal Circuit will deal with appellate review, where the interpretation of the law is paramount. We are aiming for a definitive, uniform, and clear interpretation of the national law of patents.

It should also be emphasized that this court is authorized to sit throughout the country. Those who argue that we are getting away from the very beneficial concept of regionalism and wish to promote access to the courts, have a very good point. I think that far from detracting from regionalism, this bill actually promotes the concept.

For over 60 years, the problem of forum shopping in the field of the national law of patents has been recognized. Typically, a patent infringement suit is filed by the patent owner in a district court within a circuit thought to favor patents. The accused infringer promptly files a declaratory judgment action in a district court within a court thought to disfavor patents. The fight then ensues over where the case will be tried. This bill would end that practice.

I have received several letters in opposition to this bill due to a provision relating to court reporting. Under existing law, one of the official court reporters appointed pursuant to statute must attend each session of the court or any other proceeding designated by the court. Section 401 of the bill amends the code to permit the proceedings described by that section to be recorded using electronic sound recording or any other method, subject to regulations approved by the Judicial Conference and subject to the approval and discretion of the court. In no manner does this bill mandate that alternative recording means must be used; it simply allows alternatives to be employed within the discretion of the judge. That, Mr. President, is an important distinction.

The courts, like the Congress, exist to serve the people. I am of the opinion, having weighed the merits of this bill, that the people will be best served by enacting this bill into law.

PATENT POLICY AND THE COURTS

Mr. SCHMITT. Mr. President, I take this opportunity to applaud the efforts of my colleagues, Senators DOLE and DECONCINI, for their initiative and vision in bringing before us today S. 1700, a bill that would combine the Court of Claims with the Court of Customs and Patent Appeals.

I strongly support this initiative to improve as well as expedite patent litigation. The impact of the restructuring of the courts dealing with patents will be not only upon patent law but also upon technological innovation as well.

This Nation's leadership role in technology innovation is being seriously threatened from abroad. We are experiencing a decline in the rate of innovation and economic productivity. Confusion exists among innovators about patent law protection within the U.S. court system and does serious harm to this Nation. Through centralizing patent appeals in a single court, patent cases will be consistently adjudicated.

This effort will compliment the new administrative initiatives of the Patent and Trademark Office under Commissioner Mussinghoff and further expedite the patent process. Toward the same goal, a law was passed last year—Public Law 96–517—the University and Small Business Patent Procedure Act, which provided for assignment to universities, small businesses, and nonprofit organizations of title to inventions developed under Federal research and development grants and contracts. This was a significant first step in Federal patent policy reform. To complement this effort, I introduced a bill this Congress, S. 1657, the Uniform Science and Technology Research and Development Utilization Act. It is designed to expand this concept of placing title in the contractor, to all contractors regardless of size.

All of these efforts are designed to eliminate obstacles to technological innovation and stimulate this Nation's productivity.

I urge my colleagues to vote favorably upon this important measure, S. 1700.

Mr. SIMPSON. Mr. President, I should like to make a few brief remarks concerning the pending legislation. I intend to vote against S. 1700, and I wish to make known my reasons for doing so.

First, let me state that I oppose this bill only with the greatest reluctance since there are indeed some very worthwhile provisions contained in S. 1700. The consolidation and modernization of two courts of special jurisdiction—the Court of Claims and the Court of Customs and Patent Appeals—as well as the inclusion of the improvements in the Federal judicial system recommended by the Administrative Office of the U.S. Courts, are indeed persuasive arguments in favor of this bill.

In addition, the trial period for electronic court reporting—along with a delayed effective date for implementation of electronic court reporting under the discretion of each individual judge—is also a most positive step.

There is one persuasion contained in this bill, however, that causes me great concern and forces me to cast my vote against the entire bill. That is the provision that gives the newly created Court of Appeals for the Federal Circuit exclusive appellate jurisdiction over patent cases which are heard in the first instance in the Federal district courts. In my opinion, taking the drastic step of conferring exclusive appellate jurisdiction on any intermediate appellate court,

as we have done in this bill—and as we have done in other cases by specific statutes dealing with specialized areas of the law—is an extremely unwise action.

The centralization of the judicial process—the funneling of appeals through one court, no matter how efficient or technologically adept—creates practical problems for litigants and makes substantial inroads against the diversity of opinion that has characterized our legal system since the early days of our Nation.

Mr. President, the practical problems inherent in a centralized system of appellate review are obvious. Imagine, if you will, a litigant in my own State of Wyoming who may find himself involved in a patent infringement suit which is heard in the Federal district court in Cheyenne. In the event that the litigant may feel that he has not received an adequate hearing or a legally correct determination in that court, his only avenue to seek a further decision of the issues raised would be an appeal, not to the 10th Circuit Court of Appeals as in other proceedings, but to the Court of Appeals for the Federal Circuit over 2,000 miles away.

The proponents of this measure hasten to point out that critics such as myself ignore the fact that the new court would travel to different areas of the country to hear appeals, but I would point out that the new court is to be composed of a limited number of judges, with a logistical difficulty in making themselves available to hear the large number of appeals that will undoubtedly be heading their way. Whether forced to travel to Washington, D.C., or forced to wait for the circuit riders to come their way, the net result for patent litigants will be justice delayed and made less accessible.

Even more importantly, Mr. President, I fear that the justice that is ultimately available to patent litigants will suffer from a lack of the diversity of opinion that has been such an integral part of our system of justice. The existence of a decentralized network of circuit courts—indeed even the name "circuit" courts—derives from an early historical commitment to "take justice to the people" rather than requiring the people to endure the hardships of traveling to a central point in order to seek an appeal of district court decisions.

In the early days, the circuit judges literally did "ride the circuit" in order to bring justice directly to the people. The outgrowth of that system—the circuit courts of appeal—have provided a unique feature of our legal system: A diversity of opinion stemming from divergent points of view and sometimes differing strains of geographical philosophy and thought. This diversity has provided an added luster and dimension to the evolution of the law, with the ultimate resolution of the differences then left to the highest level of appellate review, the U.S. Supreme Court.

Proponents of the present legislation seek to eliminate the practice of forum shopping among the circuits in order to find the most favorable court to hear the appeal, and that is indeed a most worthy goal. My argument is not with the goal, however, but with the method that is being used. Eliminating forum shopping by conferring an exclusive appellate jurisdiction on one circuit court will have the unfortunate side effect of doing away with a rich diversity of opinion and, as a practical matter, make one circuit the final arbiter of differing points of view. There will be little need to involve the U.S. Supreme Court as a final arbiter since there will be no longer be conflicting opinions from different circuits.

Mr. President, as concerned as I am with the concept of exclusive appellate jurisdiction, I must admit that the strongest argument in favor of it can be, and has certainly been made, in the area of these patent cases. A further danger, however, is that this concept will be extended to other—and less appropriate—areas of the law. I am aware that proposals have been made to create such exclusive appellate jurisdiction in tax cases and in environmental cases. Indeed the Clean Air Act presently provides for review of all administrative determinations under that act exclusively in the Court of Appeals for the District of Columbia Circuit. I see a trend developing toward a centralization of our court systems and the administration of justice. Much of value could well be lost if this trend continues.

Finally, Mr. President, I would like to point out that my objections are shared by many. A long and impressive number of supporters of the present measure have come forward. Assuredly the American Patent Law Association came on record in favor of this bill. However, the hearings on this legislation, as well as individual contacts by practicing patent lawyers, have made very clear that the patent bar is far from unanimous in its support for this measure. In fact the American Bar Association is on record in opposition to S. 1700, primarily because of the exclusive jurisdiction in patent cases that is created.

I believe that I would be doing less than my full duty if I failed to reject this bill because of the concerns that I have just set forth.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the engrossment and the third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question, the yeas and nays have been ordered and the clerk will call the roll.

The bill clerk called the roll.

Mr. MITCHELL (when his name was called): Present.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Vermont (Mr. STAFFORD), and the Senator from Alaska (Mr. STEVENS), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Arizona (Mr. DECONCINI), the Senator from Connecticut (Mr. DODD), the Senator from Missouri (Mr. EAGLETON), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from New York (Mr. MOYNIHAN), and the Senator from Maryland (Mr. SARBANES) are necessarily absent.

I further announce that, if present and voting, the Senator from Arizona (Mr. DECONCINI) would vote "yea."

The PRESIDING OFFICER (Mr. MATTINGLY). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 83, nays 6, as follows:

[Rollcall Vote No. 462 Leg.]

YEAS—83

Abdnor	Garn	Melcher
Andrews	Glenn	Metzenbaum
Armstrong	Gorton	Murkowski
Baker	Grassley	Nickles
Bentsen	Hart	Nunn
Biden	Hatch	Packwood
Boren	Hatfield	Pell
Boschwitz	Hawkins	Percy
Bradley	Hayakawa	Pressler
Bumpers	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Hollings	Riegle
Byrd, Robert C.	Inouye	Roth
Chafee	Jackson	Rudman
Chiles	Jepsen	Sasser
Cochran	Johnston	Schmitt
Cohen	Kassebaum	Specter
D'Amato	Kasten	Stennis
Danforth	Kennedy	Symms
Denton	Laxalt	Thurmond
Dixon	Leahy	Tower
Dole	Levin	Tsongas
Domenici	Long	Wallop
Durenberger	Lugar	Warner
East	Matsunaga	Weicker
Exon	Mattingly	Williams
Ford	McClure	Zorinsky

NAYS—6

Baucus	Humphrey	Proxmire
Cranston	Mathias	Simpson

ANSWERED "PRESENT"—1

Mitchell

NOT VOTING—10

Cannon	Goldwater	Stafford
DeConcini	Huddleston	Stevens
Dodd	Moynihan	
Eagleton	Sarbanes	

So the bill (S. 1700), as amended, was passed.

Mr. DOLE. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H.R. 4482.

The PRESIDING OFFICER. The bill will be stated by title.

The legislative clerk read as follows:

A bill (H.R. 4482) to establish a United States Court of Appeals for the Federal Circuit, to establish a U.S. Claims Court, and for other purposes.

There being no objection, the Senate proceeded to consider H.R. 4482.

Mr. DOLE. Mr. President, I ask unanimous consent to amend H.R. 4482 by striking all language following the enacting clause and substituting in place thereof the text of S. 1700, as amended.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. METZENBAUM. Mr. President, will the Senator from Kansas yield for a question?

Mr. DOLE. I yield.

Mr. METZENBAUM. I know nothing at all about this subject. Has it been cleared with members of the Judiciary Committee on this side on the aisle?

Mr. DOLE. It has been cleared with Senator LEAHY who handled the bill in

the Chamber while I was fighting for the farm bill.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and third reading of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

So the bill (H.R. 4482), as amended, was passed.

Mr. LONG. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOLE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

(Later, the following occurred:)

UNANIMOUS-CONSENT REQUEST

Mr. DOLE. Mr. President, during the consideration of S. 1700, the distinguished Senator from Pennsylvania (Mr. SPECTER) offered unprinted amendment No. 768 on the Senate floor to S. 1700. This amendment was adopted by unanimous consent. Subsequently, an omnibus substitute amendment was offered to S. 1700 which, among other things, intended to incorporate all Senate floor amendments as well as technical and agreed upon House amendments to the bill. I am now advised by legislative counsel's office that the Specter amendment was inadvertently omitted from the substitute text. Therefore, Mr. President, I ask unanimous consent that amendment No. 768 be added to unprinted amendment No. 771 and included as original text.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. Mr. President, for convenience of the enrolling clerk, I send to the desk a copy of amendment No. 768.

Mr. BAKER. Mr. President, earlier today, the Senate completed action on S. 1700, the Federal Courts Improvement Act of 1981. I ask unanimous consent that the bill as passed by the Senate not be engrossed pending further action by the Senate on tomorrow.

The PRESIDING OFFICER. And the House bill, as well?

Mr. BAKER. And the House bill, as well.

The PRESIDING OFFICER. Without objection, it is so ordered.

SECOND CONCURRENT RESOLUTION ON THE BUDGET

Mr. DOMENICI. Mr. President, I move that the Senate proceed to the consideration of Senate Concurrent Resolution 50, the second concurrent resolution on the budget for fiscal year 1982, Calendar No. 391.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. THURMOND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MILITARY CONSTRUCTION AUTHORIZATION ACT, 1982—CONFERENCE REPORT

Mr. THURMOND. Mr. President, I submit a report of the committee of conference on H.R. 3455 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3455) to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

Having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of December 8, 1981.)

Mr. THURMOND. Mr. President, the matter before the Senate is the conference report on H.R. 3455, the military construction authorization bill for fiscal year 1982. This bill provides the authorization for military construction projects at over 400 military installations in 49 States, the District of Columbia, Puerto Rico, and 22 foreign countries. In addition, it includes the authority for funds to operate and maintain the 384,000 units of military family housing that are now in the defense inventory.

The final bill, as recommended by the conference, totals $6,546,810,000. This represents an increase of $57 million over the Senate-passed bill and a decrease of $441 million from the House-passed bill. The conferees agreed to limit the scope of conference to the amended September 1981 budget submitted by President Reagan and I am pleased to advise the Senate that the recommended conference bill is at the President's budget target.

Mr. President, I think the conference report is self-explanatory and noncontroversial. Due to the budget limitations which the conference imposed on itself, many good projects which were the subject of conference action could not be included in the final bill. I would expect to see these projects at the top of the Department's budget request for fiscal year 1983.

The situation with respect to construction in support of our forces serving in NATO continues to be most perplexing. Our troops in Europe are living and working in deplorable conditions. It will take many billions of dollars to bring those facilities up to standards.

At a time when we are financing the entire cost of a Rapid Deployment Force capability to support U.S. national interests in the Middle East, our allies in NATO are going to have to do more to help U.S. forces modernize facilities in Europe. We in the Congress are faced with a dilemma. If we agree to budget for construction in Europe with U.S. dollars, the allies will be encouraged to delay any funding support and let the United States alone pay the bills.

If we refuse to agree to spend U.S. dollars, our troops continue to live and work in facilities that are a disgrace. There is a third alternative and our allies should be aware of it. Unless the allies agree to help upgrade these facilities, the American people will insist that we bring home the U.S. service people now stationed in NATO. Let me quote a paragraph from the statement of managers on this bill which I feel expresses this sentiment very well:

The position taken by the conferees on this issue is consistent with the position of Congress on the general issue of defense burden sharing. At a time when the United States is shouldering the total cost of the Rapid Deployment Force effort that is of vital interest to the Western alliance and Far East industrial nations, the issue of burden sharing is of increasing concern to the Congress. The conferees cannot overstate the importance of the NATO allies providing financial support to programs, such as the Master Restationing Plan, in the immediate future. Otherwise, the American people may force the Congress to consider reductions in U.S. defense commitments and such reductions could begin with a reduction in the number of U.S. military personnel deployed in Europe.

Mr. President, this conference bill is a good bill that I recommend be supported by the Senate.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. JACKSON. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. THURMOND. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. THURMOND. Mr. President, I wish to make a brief statement about a staff member of the Senate who handled this military construction bill for the Armed Services Committee of the Senate.

I have been here 27 years as a Member of this body, and Mr. Jim Smith to me personifies the exemplary staff officer. He is capable, he is a man of integrity, and he is thoroughly dedicated. He has done a fine job in every assignment that I have given him and he has rendered outstanding service to our country on the staff of the Armed Services Committee, and I just wish to pay him at this time respect.

Mr. STENNIS. Mr. President, will the Senator yield to me?

Mr. THURMOND. I am pleased to yield to the able Senator, the ranking minority member and former chairman of the Armed Services Committee.

Mr. STENNIS. Mr. President, I applaud what the Senator from South Carolina has said about the services of the staff member James Smith. He is a highly able staff member and an outstanding gentleman and military man. We have others who are good also, but I know about him. He has been there a long time, and I have been personally associated with him and I am glad to say this and I am pleased that the Senator from South Carolina did not wind up saying for some reason he was not

going to be with us anymore. We need him, and I want him to stay.

I thank the Chair.

Mr. BAKER. What is the pending matter? Is the resolution not now before the Senate?

The PRESIDING OFFICER. There is a pending motion to proceed at this time.

The question is on agreeing to the motion to proceed.

The motion was agreed to.

SECOND CONCURRENT RESOLUTION ON THE BUDGET

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 50) reaffirming the congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984.

Without objection, the Senate proceeded to consider the concurrent resolution.

Mr. BAKER. Mr. President, I yield control of the time for debate on this resolution on this side to the distinguished chairman of the Budget Committee (Mr. DOMENICI).

Mr. ROBERT C. BYRD. Mr. President, I yield the time that is under the control of the minority leader to the distinguished Senator from South Carolina (Mr. HOLLINGS).

Mr. HOLLINGS. I thank the distinguished leader.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on the Budget be granted privileges of the floor during the consideration of Senate Concurrent Resolution 50:

Rich Bartholomew, Steve Bell, Judy Boddie, Sid Brown, Jack Conway, Gail Cowper, Becky Davies, Pete Davis, Andrew Ellis, Charles Flickner, Gail Shelp Fosler, Tom Foxwell, Bob Fulton, Dawn Gifford, Laurie Greene, and Bob Helm.

Jan Grassmuck Lilja, Jeff Malashock, S. Anthony McCann, Preston Miller, Nancy Moore, David Nummy, Elise Paylan, Joyce Purcell, Pierre Redmond, Chuck Riemenschnieder, Robin Seiler, Deborah Schwartz, Lynne Seymour, Carl E. Smith, Bill Stringer, Diane Tebelius, and Marilyn Turner.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the following members of the staff of the Committee on the Budget and of members of the Budget Committee be allowed to remain on the floor during consideration of and votes on Senate Congressional Resolution 50:

Bill Billmire on behalf of Senator ARMSTRONG.

Guy Clough on behalf of Senator KASSEBAUM.

Lillian Saunders on behalf of Senator BOSCHWITZ.

John Craddock on behalf of Senator TOWER.

Jill Edwards on behalf of Senator ANDREWS.

Elise Paylan on behalf of Senator KASTEN.

Barbara McLennon on behalf of Senator QUAYLE.

Bob Thomas on behalf of Senator GORTON.

Dianne Tebelius on behalf of Senator GORTON.

Chris Lay on behalf of Senator SYMMS.

Tom Synhorst on behalf of Senator GRASSLEY.

Hayden Bryan on behalf of Senator HATCH.

FIFTEEN MINUTE FLOOR PRIVILEGES

Tim Baade, Peter Beard, Patrick Burns, Judee Burnell, Elizabeth Farcht, Kathy Feldman, Mary P. Gassman, Patricia Hamelster, Kathyrn Hamilton, David Hooker, Sandi Hughes, Margaret Janowski, Gina Knoll, Terrence Lyons, Carole Baker McGuire, Anne Miller, Michele Norton, and Susan Yurko.

FLOOR PRIVILEGES FOR DEMOCRAT STAFF

Liz Tankersley, Mike Joy, Bob Sneed, Marty Kress, Tom Sliter, John Nelson, Ann Hadley, Byron Waldman, Dorothy Blocklin, Rick Brandon, Lance Simmons, Dick Andrews, Ken Apfel, Kem Stokes, and Bob Shapiro.

FIFTEEN MINUTE FLOOR PRIVILEGES

Alice Aughtry, Pat Hollingsworth, and Carolyn Barber.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the presence and use of small electronic calculators be permitted on the floor of the Senate during the consideration of Senate Concurrent Resolution 50.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I yield myself 15 minutes.

Mr. President, we are about to take one of the last actions of the 1st session of the 97th Congress—the adoption of the second budget resolution for fiscal year 1982 as required by section 310 of the Budget Act.

As reported by the committee, Senate Concurrent Resolution 50 simply reaffirms the first budget resolution for fiscal year 1982, adopted by the Congress last May 21.

Mr. President, as I look back on this year and the budget process, it seems to be the best of times and the worst of times.

When we began this session, we were confronted with monumental economic problems. Federal spending was out of control. Despite huge Federal expenditures, domestic problems were not being solved. We had failed to modernize our Armed Forces fast enough and international security was increasingly in jeopardy. The tax burden on our people was climbing to unprecedented heights. We knew and the American people knew that we had to do something about these problems. And we did.

We spent the first 8 months of this session employing the budget process the way it was meant to be used: To set overall tax and spending goals and then to bring individual programs into line with our aggregate fiscal policy decisions. We enacted business and personal tax reductions to restore the vitality of American business and to stimulate savings and investments. We moved quickly and decisively to bring Federal spending under control. In many cases, we redirected Federal resources toward higher priorities—and more efficient and effective uses. We scrutinized Federal programs and activities for cost-saving possibilities and we acted on a wide front, reducing spending by $130 billion over the next 3 years.

Mr. President, there have been accusations that there is no coherent policy guiding the tax and spending reductions that we have adopted to date. I reject that notion. The basic principle which has, I believe, guided the actions of this body, is that the Federal Government must not fail to do that which is necessary, but that the Federal Government cannot do all things for all people.

We must not, and we have not abandoned the poor, or the elderly, or the infirm. We have not abandoned the American family that wants to own a house and provide for its children's education. We have not abandoned our commitments to our friends and allies around the world.

We have abandoned the notion that Government can create wealth and then redistribute it without any impact on the well-being of the Nation's economy. We have abandoned the notion that the Federal Treasury is a bottomless well into which we can dip without limit.

I recall, Mr. President, the euphoria which permeated the Nation's Capital when we went home last August. I did not share that sense of elation because I knew then, as we have all come to understand now, that difficult fiscal decisions were ahead and that much hard work still remained to be done. The problems that lay before us had been greatly mitigated by what we had achieved, but those problems had not been eliminated.

Let me put the present situation to you in the most bleak and unmistakable terms possible: In our committee report, we said that Federal Government deficits could be in the range of $76 to $92 billion in fiscal year 1982; $96 to $136 billion in fiscal year 1983; and $103 to $165 billion in fiscal year 1984 if Congress took no actions beyond what it has already done. These numbers add up to a cumulative deficit between $274 and $393 billion over the coming 3-year period. And there are some projections—responsible projections—that put the fiscal year 1984 deficit in the range of $200 billion; $200 billion in fiscal year 1984 alone.

It is clear, Mr. President, that these deficits, if they are allowed to occur, will be devastating to the Nation's economy and will serve to fuel high interest rates and debilitating inflation. It does not matter what school of economics you belong to; the Nation simply cannot suffer these deficits and the disastrous effects that would attend them.

The brutal truth is that, while we have adopted spending and tax policies that will bring us a smaller, leaner Federal Government, we have not yet moved the Federal budget closer to balance. On the contrary, our 1981 actions have actually widened the gap between revenues and outlays. We did cut spending by the largest amounts in history—by $130 billion over the next 3 years. But we cut taxes by more than twice as much—by $280 billion over the same 3 years.

And I might add that even before these two actions, deficits would have already occurred and they would have been substantial.

In addition, the current economic slump, and the tight monetary policies being applied by the Federal Reserve Board in an effort to bring inflation down to tolerable levels, are holding revenues

down. In a word, the revenue and spending paths do not converge, and the sooner we face that fact, the better off we shall be. The deficits that loom ahead are real, and under no set of economic assumptions can they be considered "marginal."

It falls to the Budget Committee to inform the Senate of the economic problems that confront us and to offer recommendations for the direction of fiscal policy and national budget priorities. I regret that the committee has not been able to meet the second part of these fundamental responsibilities at this time.

Mr. President, I have tried over the last 3 months to develop a comprehensive plan that would provide for much lower deficits. And I will acknowledge that that was not a singular act by the chairman. I had a great deal of assistance from members of the committee and, yes, bipartisan interest, including efforts by the distinguished ranking minority member, to change those paths that I have just described that are not now converging, to move them in the direction of a balanced budget or what one might consider marginal deficits.

I presented a comprehensive plan. The ranking minority member and others presented their versions of plans. But I regret to say that my proposal failed to secure enough votes to be reported by the committee. Likewise, none of the other plans offered were approved by the committee.

Mr. President, it was not that we did not try to develop a concrete plan. We did try. But it became clear that it would not do any good to continue meeting. There was just no way, circumstances being what they were, that we could have done any better.

Mr. President, we cannot hide for long from the fiscal problems that are fully apparent to members of both Chambers and to the voting public. Eventually, and I am certain of this, the necessary consensus will emerge to support a realistic course of action. And I repeat, of that I have little doubt. But we will have lost some valuable time by putting off actions that we must inevitably take.

What is it that we must do? My approach, Mr. President, would have addressed what I considered to be the four major areas of the budget: defense spending, discretionary nondefense spending, entitlement spending, and revenues.

On defense spending, I would have approached it by providing the President the level requested in 1982. In the outyears, the approach that I submitted to the committee would have permitted 5 percent real annual growth, somewhat less than proposed by the President. But this would have reduced defense outlays by $13 billion below the revised requests of the President for fiscal years 1983 and 1984.

Mr. President, on nondefense discretionary spending, I share the concern of many of my colleagues that further dramatic reductions would probably be counterproductive. It is for this reason that the proposals which I submitted for that sector of the budget would have capped spending in 1983 and 1984 at current levels; that is, there would be no further decreases, although they would either be cut in real terms or would have to become more efficient as they would be forced to absorb inflation with no increases. I am pleased to note that recently that the National Governors Association has endorsed the essentials of my plan, especially as it relates to discretionary nondefense spending.

The Governors fear that unless a plan similar to that is adopted, that the same programs which were cut the most severely in the 1981 reconciliation and appropriations actions will again bear the brunt of the next round of cuts.

I ask unanimous consent that a letter from Governor Snelling on behalf of the Governors Association, dated December 4, to the President of the United States be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOMENICI. On entitlements, Mr. President, only recently has this word "entitlements" come into vogue and only recently have many Members of Congress addressed this issue. It has now become obvious that that part of the national budget called entitlements is really the part of the national budget that is out of control; that is suffering little or no restraint. To the contrary, by definition and substantive law, most of those expenditures called entitlements are growing. We cut some of the entitlements somewhat in the reconciliation bill, but as a group they are still growing rapidly.

Under my plan, none of the entitlements would have been cut below where they are now; rather I proposed that 25 percent of the growth that is built into those programs—the additions to, the add-ons that are automatic—that 25 percent of that growth be removed. And, believe it or not, that would have saved, in the 1983–84 budget cycle, $39 billion.

I started about 5 or 6 minutes ago by saying that I attempted, and others have, to look at the four components. I want to turn now to the final component—to revenues.

I am not one who thinks that we should change the basics of the President's original tax cut proposal; the 25 percent individual cuts for our people across the board and the general business tax cuts. But it appears to this Senator, and I so suggested to the committee, that we ought to increase by some $48 billion the revenues that the American Treasury can expect, not in 1982, the year of recovery, but in 1983 and 1984 when, hopefully, the economy will be buoyant and growing again. Obviously, it is not for the Budget Committee to recommend precisely how revenues would be increased, but I would suggest that there are many counterproductive tax credits, exemptions, deductions and preferences; some are very old, some have lost their usefulness, but they are there. That part of the revenue picture is growing rapidly.

In the 1981 Tax Act, $82.3 billion in new tax expenditures over the next 3 years were added. That is more than I think we need to recover by reducing tax expenditures. And I am not suggesting that the newest, those added in the last round, are the ones we should pick on.

The total amount of tax expenditures will exceed $250 billion in fiscal year 1982. And there are many that no one would want to change. But this area of fiscal policy must be addressed.

Mr. President, I ask unanimous consent that my additional views in the committee report which provide further details on my proposal be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

The PRESIDING OFFICER. The Senator has yielded 15 minutes.

Mr. DOMENICI. I yield 5 more minutes to myself.

It was and is my view that the actions I proposed in the Budget Committee. and that were turned down, would put this Nation on the road to a balanced budget in 1984 if the economy recovers and remains strong.

If the economy is less vigorous than hoped, my plan would still bring us quite close to a balanced budget in 1984. In any case the fiscal year 1984 deficit would be $100 billion smaller under my plan than it would be if no action is taken next year by the Congress.

It is no secret that the administration has not yet supported my plan. The executive branch is in the middle of preparing the 1983 budget and it is understandable that the administration wants to wait until they present their full package before taking positions on the elements that were in my plan. But I disagreed with those of my colleagues who advocated that we wait for the administration before going forward. We were elected to exercise our own judgment in the establishment of fiscal policy, and ultimately it will fall to us to put in place policies which will restore the Nation to economic health.

We will have to do it, if not this year, then the next; and if not next year, it may be too late to head off serious long-term economic damage.

We could have, in my view, and we should have, shown that we were aware as a Congress of our responsibility and that we are ready to support some hard decisions that must be made in the months to come. Nonetheless, Mr. President, the pro-forma resolution before us today defers those decisions for what I hope is a short period of time.

In January, we will receive the President's budget submission which will of necessity confront the problems I have discussed today. I say to you, Mr. President, and to every one of my colleagues, that the January submission will meet the challenge if, and only if, it contains a mix of spending and tax policies that move realistically toward a balanced budget and a more equitable tax system. The resolution before us today does none of this.

The resolution before us today satisfies the technical, legal requirements of the Budget Act. We cannot adjourn without passing a second budget resolution. Rather than do further damage to the process, the committee chose to report

this pro-forma resolution. Future revisions of this resolution will undoubtedly be necessary.

I am reminded that further revisions of second resolutions have been rather commonplace since adoption of the Budget Act. In that respect, probably, whatever we would have adopted, we would be revising it in May when we adopt the first for 1983. Nonetheless, further revisions of this one will obviously be necessary.

I ask my colleagues on both sides of the aisle to support this measure as a temporary stop-gap. It is not the last word on the fiscal year 1982 budget. But for the next several weeks, it is the only practical solution to a temporarily intractable political problem.

EXHIBIT 1

NATIONAL GOVERNORS ASSOCIATION,
December 4, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: As your first year in the White House draws to a close, I want to express, on behalf of the nation's Governors, continued support for your goals of strengthening both our federal system of government and our national economy. As you noted in a recent interview, the Governors were of significant help to you in both areas this year.

Although we did not obtain as much flexibility to administer federal programs as we (and you) would have liked, and although we did not see eye-to-eye on all budget issues, the numerous meetings we have had with you have been useful and productive from our viewpoint, and I hope from yours. We appreciate the progress that has been made in consolidating grant programs and in streamlining federal regulations, and we want to continue to work with you in pursuing these important objectives.

At the same time, we must report to you that while we continue to support your broad goals, we disagree in some specific areas, as we indicated to you on September 24, on the best means of achieving them. There is strong bipartisan concern among the Governors that further drastic reductions in federal domestic programs cannot be pursued without inflicting additional hardships on those in need. Similarly, while we fully support your goal of strengthening our military defense capability we also believe that a sound economy, an adequate transportation system, and a well-educated and highly-trained workforce are also essential to our national security.

In accordance with these concerns, our Executive Committee and Standing Committee Chairmen would like to emphasize the following points:

1. To help control federal spending and to provide needed stability in state budgeting, we propose—as your budget plan of March 10 suggested—level funding in nonentitlement grant programs in FY 1983 and 1984 with no adjustment for inflation.

2. Pursuant to our sorting out agenda, we propose that any further cuts in discretionary grant programs be accompanied by comparable increases in the federal share of Medicaid and AFDC. We oppose efforts to reduce the federal responsibility for these income security programs.

3. Cuts in entitlement programs to date have been focused disproportionately on those based on need, particularly the state-federal programs, AFDC and Medicaid. As further spending reductions are considered, we believe that defense, indexed entitlements, and tax expenditures must all receive close scrutiny.

4. If the economic recovery program is to succeed, we believe that the nation's public works and capital infrastructure needs must be more effectively addressed. The current impasse over funding for the wastewater treatment construction program for FY 1982 must be resolved immediately.

Finally, because we believe that the potential for cooperation between the federal government and the states has not yet been fully tapped, we propose that your Administration join with us in a domestic summit to develop a consensus for achieving the goals that we share. This summit could involve the bipartisan leadership of the Congress and the National Governors' Association, as well as elected local officials. Its purpose would be to agree on specific goals for reducing the federal deficit and to devise an equitable distribution of resources and responsibilities among the federal, state and local governments.

Under your leadership, I believe that a domestic summit could significantly aid you in developing a consensus on what will be otherwise intensely divisive issues in the years ahead. As such, it will bring the nation tangible benefits in terms of a stronger economy and a more responsive political system. Equally important, it would dramatize, as few other steps could, the depth of your commitment to restoring our federal system.

Sincerely,

RICHARD A. SNELLING,
Governor.

EXHIBIT 2

[S. Con. Res. 50]

ADDITIONAL VIEWS OF SENATOR DOMENICI

The primary purposes of the Congressional Budget Act are to provide Congress with the means to establish national budget priorities and to set appropriate aggregate levels of revenues and expenditures. As we approach the end of the historic first session of the Ninety-seventh Congress, I am deeply concerned that the Committee has not been able to help the Congress achieve these fundamental objectives at this time.

It is not for lack of trying. For the past 2 months, I have been seeking to develop a comprehensive plan that would put us on a path toward a balanced budget in 1984. As my colleagues know, extensive consultations have been held in an effort to establish a bi-partisan consensus. I regret that the needed coalition cannot be built at this time.

As President Reagan said last September, "We can run, but we can't hide," from the fiscal problems that will become increasingly apparent both to the public and to the Members of Congress. I am confident that, eventually, the necessary support for a course of action which will respond to the problems the nation faces will emerge. I have been concerned, however, that valuable time will slip away if we put off the actions we eventually must take.

It was for these reasons that, notwithstanding the lack of encouragement from the Administration, I offered to the Budget Committee a comprehensive plan that would have moved Congress in the direction it must eventually go. My plan was a straightforward projection of what must be done to bring the Government's books into balance. Because it is the responsibility of this Committee to inform our colleagues not only of the economic and fiscal problems that lie ahead but also of what can be done, I am taking this opportunity to outline for the Senate as a whole the broad contours of the policies that I proposed to the members of the Committee.

The following tables summarize the major elements of my proposal:

SUMMARY OF DOMENICI PROPOSAL

[In billions of dollars, fiscal years]

	1982	1983	1984	Total 3 years
(1) Projected outlays	732	797	859	----
(2) Projected revenues	656	701	756	----
(3) Potential deficit	−76	−96	−103	−274
(4) Domenici proposal:				
(5) Revenue increases		10	38	48
(6) Outlay reductions:				
(7) Defense appropriations	2	9	16	26
(8) Other appropriations	4	13	15	32
(9) Entitlements	3	11	25	39
(10) Interest reduction	1	4	10	15
(11) Total outlay reductions	10	37	66	112
(12) Total Domenici proposal	10	47	104	160
(13) Remaining deficit (−) or surplus (+), line 3 minus line 12	−67	−48	+1	−114

Note: Details may not add to totals due to rounding.

DOMENICI PROPOSAL BY FUNCTION

[In billions of dollars, fiscal years]

	Function	1982 BA	1982 O	1983 BA	1983 O	1984 BA	1984 O
050	National defense	218.7	191.6	243.7	218.0	271.1	244.9
150	International affairs	15.0	10.7	17.2	11.0	17.8	11.6
250	General science, space and technology	7.3	7.1	7.7	7.5	7.2	7.3
270	Energy	2.6	5.9	3.5	5.6	3.7	5.7
300	Natural resources and environment	7.6	11.9	10.6	11.2	10.7	10.7
350	Agriculture	4.9	7.7	6.9	5.6	6.6	5.7
370	Commerce and housing credit	6.8	4.6	4.9	3.4	5.9	3.5
400	Transportation	20.0	21.0	20.5	20.1	20.9	20.4
450	Community and regional development	7.0	8.9	6.7	7.7	7.0	7.5
500	Education, training, employment and social services	25.2	27.6	25.6	25.8	25.6	25.5
550	Health	72.6	73.4	76.9	77.9	90.6	84.1
600	Income security	274.0	246.0	299.5	258.2	314.4	266.1
700	Veterans benefits and services	25.1	24.3	24.9	24.6	25.6	25.2
750	Administration of justice	4.6	4.7	4.6	4.8	5.0	5.0
800	General government	5.0	4.9	5.2	5.0	5.2	5.1
850	General purpose fiscal assistance	6.0	6.1	4.4	4.8	2.3	2.8
900	Interest	100.8	100.8	109.6	109.6	110.2	110.2
920	Allowances						
950	Undistributed offsetting receipts	−35.1	−35.1	−41.4	−41.4	−47.9	−47.9
	Total spending	768.1	722.1	831.0	759.4	881.9	793.4
	Revenues		655.5		710.9		794.2
	Deficit (−) or surplus (+)		−66.6		−48.5		+0.8

Note: Details may not add to totals due to rounding.

ECONOMIC ASSUMPTIONS USED IN DEVELOPING DOMENICI PROPOSAL

[Calendar years; dollars in billions]

	1981	1982	1983	1984
GNP	$2,931	$3,254	$3,654	$4,051
Percent change, annual.	11.6	11.0	12.3	10.8
Real GNP	$1,513	$1,550	$1,628	$1,701
Percent change, annual.	2.2	2.5	5.0	4.5
GNP deflator: Percent change, annual.	9.6	8.0	7.0	6.0
CPI: Percent change, annual.	9.9	7.0	5.7	5.2
Unemployment rate, annual average.	7.5	7.3	6.6	6.2
3-mo T-bill rate, annual average.	14.6	12.5	11.0	9.5

Under my proposal, the Federal budget would continue to grow but this growth would be suppressed to historically low levels. Over the past 3 years Federal outlays have expanded by an average of 13.6 percent per year. Under my plan, total outlays would grow by 9.3 percent in fiscal year 1982, 5.2 percent in fiscal year 1983, and 4.5 percent in fiscal year 1984. Entitlements such as social security would continue to grow under my plan, but at a considerably slower rate. Defense would grow dramatically, although more slowly in the out-years than requested by the Administration. Appropriated nondefense discretionary spending would show almost no growth, but no additional reductions would be required in this area beyond those being made for fiscal year 1982. I share the concern of many of my colleagues that this component of the budget has been the focus of much of our spending reduction efforts up to now and further reductions beyond those outlined in my plan would be counterproductive. Finally, my plan envisioned substantial tax reforms to improve fairness and equity in the tax code, raising revenues by about $48 billion in fiscal years 1983 and 1984.

On entitlements, I proposed to require legislative changes holding increases in entitlement expenditures $39 billion below what they would otherwise be over the next 3 fiscal years. This $39 billion represents a mere 4 percent of the total projected entitlement costs during these years. My proposal would allow entitlement programs to grow by approximately 75 percent of the increases that would otherwise occur.

On revenues, I proposed to require increases without delaying or reducing the business and individual tax cuts provided by the Economic Recovery Tax Act of 1981. The $48 billion which my proposal assumed can and should be raised by improving the fairness, equity, and economic impact of the tax laws by closing loopholes and reducing or eliminating unnecessary and counterproductive tax credits, exemptions, and deductions. This amount could be raised easily if only 10 percent of the existing tax expenditures were terminated by 1984. The fact is that the 1981 tax changes provided $82.3 billion in new tax expenditures for the fiscal year 1982–84 period—considerably more than I proposed be recovered through tightening across the whole range of tax expenditures.

All of these actions together would put us on a path to a balanced budget in fiscal year 1984 if the economy recovers and remains strong. If the economy is less vigorous than hoped, my plan would still bring us quite close to a balanced budget by fiscal year 1984. The deficit in fiscal year 1984 would be $104 billion smaller than it would otherwise be.

My plan was a pragmatic response to a real national problem. It recognized that we are in a recession, and therefore proposed only modest changes in fiscal year 1982. It provided for substantial spending and revenue restraint in fiscal year 1983 and fiscal year 1984, which are projected to be years of strong economic growth. If the plan had been adopted, it would have demonstrated to Wall Street, and more importantly, to Main Street, U.S.A., that we are serious about getting the Federal fiscal house in order.

During the course of Committee debate, several objections were raised to my plan. It was suggested that the growth assumptions I used in Fiscal Year 1983 and Fiscal Year 1984 were too high. It was suggested that my timing was wrong. It was suggested that we should wait for Administration guidance. These points deserve to be addressed.

First, the growth assumption for 1982–84 in my scenario was an annual average of 4.3 percent. The average real growth in the nation's GNP for the 3 years immediately following recessions since 1950 has been 4.66 percent. In other words, the economic growth assumption of my scenario was less than the average 3-year growth that our economy has experienced following major recessions in the post-World War II period. And those growth averages occurred without the types of dramatic changes in policy that we have put into place already.

Second, the timing for this measure could not have been better. Many considerations will make passage of the policies that my plan embraced even less certain next year. Further, many of the savings in entitlements assumed in my plan will occur in 1983 and 1984 only if we begin to institute the policy changes in 1982. Timing is everything in politics, and in my judgment, the timing for my plan was correct.

Finally, Administration guidance always helps in achieving major policy changes such as those I have proposed. The unprecedented action of capping appropriations accounts may never occur without full Administration support; entitlement and tax changes of the magnitude I have proposed face certain doom without Administration action. But, giving the Administration the benefit of Congressional thinking on matters of this import has great merit. My proposal, rather than co-opting Administration action, would have been a re-inforcing influence for the hard decisions the Administration must make during the next 2 months.

Let no one misunderstand the Herculean task ahead. What I have proposed, and what the Committee rejected by a narrow margin, is without precedent in the history of the Congress. Government spending would increase even under my plan. But a fundamental re-shaping of Federal spending priorities will occur if my program eventually becomes law. Without Administration support, a plan similar to mine cannot pass; without Congressional guidance, a plan similar to mine may never be proposed. That is the dynamic that I faced as I drew up my suggestions for the Committee's consideration.

Unfortunately, this plan was not adopted by the Committee; nor were either of the two alternatives proposed by Senator Hollings and Senator Metzenbaum. A combination of concerns about the timing and the substance of the proposals brought us to a situation of temporary deadlock in the Committee.

Time is running short if we are to have any chance of taking definitive action in the 97th Congress. Since 1982 is an election year, getting Congressional action on controversial spending cuts and revenue changes will become more difficult as we enter the election period.

The Administration is in the final stages of preparing its fiscal year 1983 budget submission. The Reagan Administration is deeply committed to a policy of spending restraint and to the proposition that Federal spending must not continuously exceed the revenues collected. I am confident that the President's January budget and legislative submissions will respond to the problems the nation faces. In my opinion, the January submissions will meet this challenge only if they include a mix of spending and tax policies that move realistically toward a balanced budget and a more equitable tax system.

We in Congress cannot long sit by in the face of unprecedented Federal deficits over the next 3 years. It is our duty to use our independent judgment in the establishment of the spending and revenue policies for the nation. The "pro forma" Resolution reported without recommendation by the Committee defers confronting these issues until later. However, it does not represent an abandonment of our responsibility to establish spending and revenue policies and measure legislative action against those policies. Eventually, we must grapple with these serious problems or we will fall victim to their inevitable consequences. It is the Congress which "disposes" in our constitutional system. To paraphrase President Truman, "The bucks start here."

PETE V. DOMENICI.

Mr. DOMENICI. Mr. President, I yield the floor at this time.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, I ask my colleagues on this side to please confer with us. It would be the intent, perhaps, under the guidance, of course, of our minority leader, that we may enter into a time agreement to vote. I have no idea at this particular moment how many amendments we do have. That is why I am talking into the box in that sense.

All Senators are notified and the minority leader, Senator BYRD, can tell me whether or not it would be agreeable that we could enter into a time agreement. It looks like that could occur sometime this evening, or at least we will find out why not and then what time tomorrow.

Mr. President, there should be no doubt that the second budget resolution reported by the Senate Budget Committee is a sham. In fact, it is not a true budget resolution at all. The resolution does not contain levels of budget authority and outlays nor does it set the level of revenues or contain any other information that a budget resolution should. Instead the resolution merely reaffirms the first budget resolution. In so doing, the Budget Committee has chosen to reaffirm a plan that was fatally flawed in the spring and is even more so today.

The committee voted to report a statement that makes no progress toward solving our economic problems. It is not a plan to achieve a balanced budget. It is founded on erroneous economic assumptions and spending estimates and takes no account of the significant developments that have occurred since Congress passed the first budget resolution on May 21, 1981. I voted against that resolution because of its many faults, and since those flaws have only been compounded by the committee's action in reporting this second resolution, I must oppose it as well.

Before detailing the many serious problems with the second budget resolution, let me state that I recognize the need for a second budget resolution. The budget process this year has been subjected to much turmoil and stress and a series of delays resulting from administration indecision. Already the committee is 3 months late in reporting the second resolution. But a failure to report any second resolution would be a serious setback to the budget process and would

establish a precedent detrimental to its future.

I proposed a fiscal policy plan for the next 3 years that would form the basis for a second budget resolution. It contained a series of responsible tax and spending changes that would have achieved a balanced budget in fiscal year 1984 using realistic economic forecasts. My plan was defeated by a vote of 5 to 17. Other plans offered by the chairman, Senator DOMENICI, and by Senator METZENBAUM were also defeated.

With the committee unable to agree on any fiscal plan, it dropped back and punted. It decided to stick its head in the sand by ignoring reality and adopting the first budget resolution as the second resolution. Although the committee has technically met its responsibility, the second budget resolution is actually a disservice. It sheds no light on how we are to get the economy out of the current recession and achieve a balanced budget in fiscal year 1984. In fact, it deludes people into believing that the policies embodied in the first resolution are still correct. They are not.

FAULTS IN THE FIRST BUDGET RESOLUTION

The first budget resolution reported by the committee in April was a sham. It was based on totally unrealistic economic assumptions, phony spending estimates and unspecified future savings.

The first resolution adopted virtually unchanged, the administration's economic predictions. These forecasts were a vision from Alice in Wonderland. Even the Director of the Office of Management and Budget has admitted that they were manipulated to show the vigorous economy that the administration needed. These forecasts called for nearly unprecedented rates of growth and reductions in inflation and interest rates that virtually no respectable economist believed could occur.

In addition to using phony economic assumptions, the defense numbers included in the first resolution were manufactured. The majority abandoned the CBO estimates in the defense function and adopted the administration's estimates of defense spending. By relying on the artificially low estimates from the Defense Department, the first resolution did not allow room for purchasing all of the equipment and supplies the administration said was necessary to improve our defense capabilities.

The first resolution also includes unspecified cuts of $20.4 billion in fiscal year 1983 and $27.8 billion in fiscal year 1984. No one knew then or can state now what programs would be cut to achieve those savings. These numbers were again manufactured so that the resolution would show a small surplus in fiscal year 1984.

One of the biggest frauds of the first resolution is that it includes the massive, misdirected Kemp-Roth tax cut proposed by the administration. This tax cut, under the guise of supply-side economics, has produced staggering revenue losses, totaling $718 billion between fiscal year 1981–86.

All told, the first resolution did not only balance the budget in 1984 but assured continuing record deficits for the foreseeable future.

I said at the time the committee reported the first resolution that the real deficits were likely to be $60 billion in fiscal year 1982, $69 billion in fiscal year 1983, and $78 billion in fiscal year 1984. Even the majority staff of the Budget Committee projected similar, if not higher, deficits. These deficits were hidden by the committee's use of phony economic assumptions.

The following tables compare the first resolution economic assumptions and deficits with those likely under today's economic forecasts.

ECONOMIC ASSUMPTIONS

	Fiscal year—			
	1981	1982	1983	1984
Real GNP (percent change):				
First Concurrent Resolution	2.0	4.2	5.0	4.5
Hollings	2.0	1.6	3.2	3.0
Consensus	1.8	.9	4.5	4.0
CBO	2.3	3.1	4.1	4.0
Consumer prices (percent change):				
First Concurrent Resolution	11.1	8.3	6.2	5.5
Hollings	10.2	8.3	7.4	7.0
Consensus	10.4	8.4	7.4	7.4
CBO	10.1	7.2	7.0	6.2
Unemployment rate (percent):				
First Concurrent Resolution	7.5	7.2	6.6	6.4
Hollings	7.4	7.7	7.3	7.1
Consensus	7.5	8.1	7.4	6.7
CBO	7.4	7.3	6.9	6.5
91-day Treasury bill rate (percent):				
First Concurrent Resolution	13.5	10.5	9.4	8.2
Hollings	15.0	14.3	12.7	11.8
Consensus	14.4	12.5	11.8	11.0
CBO	14.5	12.4	11.4	10.1

FEDERAL BUDGET COMPARISONS

[Fiscal years, in billions of dollars]

	1982	1983	1984
1st concurrent resolution: [1]			
Outlays	695.45	732.25	773.75
Revenues	657.8	713.2	774.8
Deficits	−37.65	−19.05	+1.05
CBO: [2]			
Outlays	731	801	869
Revenues	655	698	748
Deficits	−76	−103	−121
Consensus of leading forecasters: [2]			
Outlays	739	812	889
Revenues	638	678	738
Deficits	−101	−134	−151
Senator Hollings: [2]			
Outlays	739	818	896
Revenues	647	681	730
Deficits	−92	−136	−165

[1] Includes unspecified cuts in fiscal year 1983 and fiscal year 1984 and cost-of-living cuts in all 3 yrs. These figures do not reflect later technical reestimates.

[2] These estimates include the most recent technical reestimates but exclude the unspecified cuts in fiscal year 1983 and fiscal year 1984 and the cost-of-living cuts.

A serious problem with using the first resolution as a second, aside from the defects mentioned previously, is that the first resolution fails to consider the significant economic and budgetary developments that have occurred since the spring. The first resolution assumed a Kemp-Roth tax cut of $8.9 billion in fiscal year 1981, $53.9 billion in fiscal year 1982, $100.0 billion in fiscal year 1983, and $148.1 billion in fiscal year 1984. It also assumed savings from passage of a reconciliation bill totaling $138.9 billion through fiscal year 1984.

However, Congress, in enacting the Economic Recovery Tax Act and the Omnibus Budget Reconciliation Act in early August made many changes from the first resolution assumptions. Yet the second resolution reported by the committee makes no correction for these changes. The following tables compare the actual tax and spending cuts enacted by Congress to those assumed in the first resolution.

ECONOMIC RECOVERY TAX ACT OF 1981 COMPARED TO THE ADMINISTRATION'S ORIGINAL PROPOSALS

[Fiscal years, in billions of dollars]

	1981	1982	1983	1984	1984	1986
Economic Recovery Tax Act of 1981	1.6	37.7	92.7	149.9	199.3	267.6
Administration's original proposal	8.9	53.9	100.0	148.1	185.7	221.7
Excess over (+) or under (−) original proposals	−7.3	−16.2	−7.3	+1.9	+13.6	+45.9

OMNIBUS BUDGET RECONCILIATION ACT OF 1981 COMPARED TO ASSUMPTIONS OF FIRST BUDGET RESOLUTION

[Outlays, in billions of dollars, fiscal years]

	1981	1982	1983	1984
Actual savings achieved in Omnibus Budget Reconciliation Act of 1981	+0.1	−35.2	−44.0	−51.4
Saving assumed in First Budget Resolution	−1.5	−35.2	−46.4	−55.7

The first resolution did begin the reconciliation process which was to eventually lead to the largest reduction in Federal spending approved by Congress. I cosponsored the original reconciliation resolution. The final bill approved by Congress reduced Federal spending by $35.2 billion in fiscal year 1982 and by a total of $130.5 billion through fiscal year 1984. Despite this unprecedented action, the second resolution ignores it.

REACTION TO THE FIRST BUDGET RESOLUTION

Not only is the first resolution technically flawed, its fiscal policy plan, essentially the same as the administration's, has been discredited.

Although the White House was jubilant in early August over having achieved the tax and spending cuts it sought in its economic plan, all was not well. Wall Street, looking at the fiscal policy plan, saw through the charade of the Kemp-Roth tax cut and during the month, the stock and bond markets started to drop. They realized all too well that the administration's economic plan, as embodied in the first budget resolution, could not work.

When the President returned to Washington in September, he too saw the reality. His advisers admitted that their plan was in trouble. The administration called for additional spending

cuts in fiscal year 1982 through fiscal year 1984. Significantly, it also called for increased taxes and cuts in entitlement programs. It was encouraging that the administration acknowledged that changes were needed. Unfortunately, it made the wrong changes. It refused to alter the personal tax cuts it had fought for.

A REALISTIC PLAN TO RESTORE OUR ECONOMY

The budget picture in the fall of this year was as bad as I said it would be the previous spring. While the record interest rates were starting to slip somewhat, it was the direct result of the administration's program, which forced us into an unexpected recession.

With unemployment climbing and revenues shrinking, the administration publicly admitted that its spring forecasts of the economy were badly off.

Instead of the declining deficits culminating in a balanced budget that administration officials had assured us would occur, they were unofficially predicting that the deficits could rise to $100 billion in fiscal year 1982, $125 billion in fiscal year 1983, and $145 billion in fiscal year 1984—a far cry from a balanced budget.

With these bleak predictions, the country needed assurance that there was indeed a way out of the mess we were in. I called on the President in September to make major changes in his tax program to reduce the revenue loss and preserve the possibility of balancing the budget in fiscal year 1984.

Facing a deepening recession, the revenue loss from the administrations' tax policy was too great. We were hemorrhaging so badly on the revenue side of the budget that we could not tighten the tourniquet on spending enough to prevent the budget from going deeper into deficit.

I proposed a plan that would get the Government's fiscal policy house in order and restore economic growth. It called for changes in the tax law that would limit the personal tax cut to 5 percent each year instead of allowing it to rise to 10 percent in 1983 and 1984. It would eliminate the giveaways to oil companies included in the recent tax act and would end the deductions for intangible drilling costs.

It would also rescind the provision in the new tax law that allowed big companies to lease their tax losses to others, in effect creating a system of tax stamps.

And, it would revamp the tax code to eliminate outmoded or special interest tax expenditures that do not improve productivity or foster economic growth. Finally, my plan would eliminate the indexing of the tax system, scheduled to start in 1985.

On the spending side, my plan would decrease defense spending as recommended by the President and would continue to reduce spending for various Government programs, including reform of the increasingly costly cost-of-living adjustments. Because my program is based on the economic assumptions of the CBO, it would produce a credible budget that would be in balance by fiscal year 1984. A balanced budget would also dramatically lower interest rates as the Federal Government would no longer need to consume such a large portion of our credit capacity.

I fear that even the CBO economic assumptions may be too optimistic. The economic forecast prepared at my direction could turn out to be closer to the actual performance of the economy over the next few years.

However, in an attempt to reach a compromise the entire committee could accept, I based my plan on the CBO economic forecasts. The details of my plan as offered during markup of this budget resolution are summarized in the following table:

HOLLINGS PLAN [1]

[In billions of dollars, fiscal years]

	1982	1983	1984	Total 3 years
Projected outlays [2]	730.7	801.2	869.2	
Projected revenues	654.9	698.1	748.1	
Potential deficit	75.8	103.1	121.1	300
Changes:				
Revenue increases	+7.5	+37.5	+64.0	+109.0
Outlay reductions	8.1	44.8	60.4	113.3
(Defense (Pres. September request))	(.4)	(+1.8)	(+3.6)	(+5.0)
(Savings assumed in FCR)	(4.6)	(34.9)	(42.9)	(82.4)
(Interest savings)	(3.1)	(11.7)	(21.1)	(35.9)
Total deficit reduction	15.6	82.3	124.4	222.3
Remaining deficit (−) or surplus (+)	−60.2	−20.8	+3.3	−77.7

[1] CBO economics.
[2] Removes unspecified cuts in fiscal year 1983–84 and unspecified COLA cuts in all 3 yr that were assumed in the 1st budget resolution.

It is imperative that we substantially reduce the Federal budget deficit in fiscal year 1982 and fiscal year 1983 and balance the budget by 1984. My position on this has been consistent throughout this budget process.

The administration, on the other hand, began with a bold new program simultaneously to increase economic growth, reduce inflation, increase defense spending, reduce non-defense spending, provide for a massive tax cut, and balance the budget by fiscal year 1984. I stated early this year that such a program could work only if it were phased in.

President Kennedy's tax program is a good example. In 1962, he initiated business tax cuts to stimulate investment. Then, 2 years later, after the productive capacity was in place, it was followed with a personal tax cut. The phasing of the Kennedy plan was the key to its success. My alternative adopted the same approach.

It is impossible to have the administration's program all at once and still expect to achieve a balanced budget. Now it is clear that the administration never intended to balance its budget. The President now says "I didn't come here to balance the budget. I was elected to reduce government intrusion in the economy."

What he fails to realize is that large budget deficits force the Federal Government into the credit markets to finance its deficit, thereby competing with private borrowers and producing high interest rates.

The President's new tone does not square with his statements earlier this year. On February 18, 1981, the President proposed his plan for "America's New Beginning." That proposal showed that the budget could be balanced by 1984. Those budget deficits, as projected then, are as follows:

[In billions of dollars, fiscal years]

	1981	1982	1983	1984	1985
Target deficit (−) or surplus (+)	−54.5	−45.0	−22.9	+0.5	+6.9

The administration won on both the spending reductions and the tax reductions. On April 28, 1981, the President addressed a joint session of Congress and stated:

On behalf of the Administration, let me say that we embrace and fully support that bipartisan substitute (the Gramm-Latta amendment). It will achieve all the essential aims of controlling government spending, reducing the tax burden, building a national defense second to none, and stimulating economic growth and creating millions of new jobs.

By late summer it had become apparent that the budget deficit was getting larger, not smaller so that the administration began to prepare for a new round of budget cuts.

On September 24, 1981, the administration proposed an additional $13 billion in spending cuts in fiscal year 1982 and $3 billion in higher taxes. If that were enacted the administration claimed that the budget deficit could be held to $43 billion in fiscal year 1982.

But these proposals were removed from reality. The President's package was only a half way measure. The CBO told us we faced a deficit of about $100 billion in fiscal year 1984, yet the administration offered only a $36 billion solution.

By September 28, David Stockman, Director of the Office of Management and Budget, began to back away from the administration's commitment to a balanced budget.

He stated then that:

The precise size of the budget deficit in 1982 is not as important as making sure "the direction of the deficit is steadily down this coming year and in subsequent years."

This was further confirmed by Lawrence Kudlow, assistant director for Economic Policy of the Office of Management and Budget in hearings before the Senate Budget Committee. He stated that:

We are all coming to the recognition that the deficit isn't going to evaporate rapidly and that it might be possible that the tax cut would be too large.

On October 28, David Stockman finally conceded that the budget deficit in 1984, the year President Reagan promised to balance the budget, could be over $100 billion. Stockman said:

I don't think anybody's talking about a literal accounting balance or making a fetish of a balanced budget.

This reminds me of remarks made some months ago by Representative JACK KEMP who stated:

Republicans no longer worship at the shrine of a balanced budget.

Proposals to reduce the deficit by raising taxes were rejected by the administration. As reported in the Wall Street Journal on November 4, 1981:

President Reagan has rejected a plan to raise taxes by $60 billion to $80 billion over the next 3 years even if it means relinquishing his goal of a balanced budget in 1984.

The President sided with Mr. Regan, making it clear that he's willing to sacrifice a balanced budget to avoid tax increases.

And finally, recent internal Office of Management and Budget forecasts, as printed in the Washington Post, suggest a budget deficit of $100 billion in 1982 compared to the most recent public projections of $43 billion. In these unofficial forecasts, the 1984 deficit is not zero, as the administration promised, but rather $145 billion.

Should this scenario actually materialize, it would be the greatest "riches to rags" story of the Federal budget in the history of the Nation. Furthermore, the economy would be in ruins.

Not only has the President abandoned his pledge of a balanced budget but he has reversed himself on the need to act quickly. The tax increases and the cuts in entitlement programs that the President promised in his speech on September 24 have not been submitted to Congress.

Furthermore, the administration now does not want Congress to act on any fiscal plan before the President submits his fiscal year 1983 budget in January.

But relying on the cumbersome procedures involved with his January budget virtually assures us that any changes he might recommend would not be in place before May or June at the earliest.

It is clear that the President has now changed horses. But he has left the Congress and the economy in the middle of the stream. This is not leadership. The economy is in serious trouble. We need the President's cooperation, not his opposition, in fashioning a solution that will get our economy rolling again.

It is irresponsible to sit and wait while the economy and the American people sink deeper into recession. I commend the committee for adopting Senator JOHNSTON's resolution calling on the President to submit his recommendations on tax and spending changes to the Congress as soon as possible. The economy demands action.

I offered a plan to deal with the worsening economy. The chairman of the Budget Committee also proposed a plan. While I did not support his plan, it was a responsible attempt to deal with the situation. However, without Presidential support, all of the plans offered in the committee, including the chairman's, were defeated.

THE SHAM SECOND BUDGET RESOLUTION

Without the administration's leadership or even guidance, the committee could not reach agreement on any specific plan. To meet its obligations, therefore, it adopted a fall back position and agreed to reaffirm the first budget resolution. All of the criticisms of the first resolution apply to the second since it is different in name only.

No one should be deluded into thinking that this second budget resolution reported from the Budget Committee, has anything to do with reality. We will not have a shrinking budget deficit. We will not have a $1 billion surplus in fiscal year 1984. This resolution will not do anything to restore our economic prosperity.

Wall Street will not be taken in by this resolution. The housing and auto industries, which have suffered under the crushing burden of high interest rates, will get no relief from this resolution. And the countless small businesses that are perhaps suffering the most from this recession will gain no consolation.

This resolution is a sham. That is why I oppose it.

Now, Mr. President, in order to save time, my colleagues have heard at length from me as to why we have thought it to be a sham. It is for the very reason that I thought the first resolution, which really is the second resolution or the readoption of the first concurrent resolution, was a sham.

We went in at the very beginning of the year, and if you will remember the very first joinder, if you please, conflict in issues, was over the particular economic assumptions.

We had been through a consensus of economic indicators, the Chase econometric model, for example, some 41 in the consensus. We looked at the Congressional Budget Office indicators and the fundamentals involved there. Referring to unemployment, for example, and I have seen different figures used, it means about $30 billion to our budget, and the percentage of growth adding a $15 billion impact on the budget. We learned that a half percentage here or there means ultimately billions upon billions.

So we are careful that we come in and not be liberal and not be conservative but be accurate.

At the very beginning of the year we were coming up with substantially higher deficits as a result of these indicators. We were implored and finally overwhelmed by the majority side as to the acceptance of their particular indicators.

We find that not only had I thought it was a sham at that particular time, but we know now from David Stockman and his Atlantic Monthly article that it was a sham. He said he put in the particular factors, the cost of food, the cost of energy, all the other things that we put into our particular computers, and we learned just exactly where we were headed, how much unemployment, what the CPI, the inflation rate, and other things would be.

He came out trying to figure a budget with some $40 billion in deficit. What he then did was to go back to his computer and put in a different set of figures so he would get a different result. In essence, it was so he would get a balanced budget.

We did not see how we could use those figures.

Now we know how the computer was jimmied in the first instance back in January by the Director of the Office of Management and Budget.

I ask unanimous consent, Mr. President, that the entire article in the Atlantic Monthly be printed at this particular point in the RECORD. We will find out who was sinned and who was the sinner.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE EDUCATION OF DAVID STOCKMAN

(By William Greider)

I. HOW THE WORLD WORKS

Generally, he had no time for idle sentimentality, but David A. Stockman indulged himself for a moment as he and I approached the farmhouse in western Michigan where Stockman was reared. With feeling, he described a youthful world of hard work, variety, and manageable challenges. "It's something that's disappearing now, the working family farm," Stockman observed. "We had a little of everything—an acre of strawberries, an acre of peaches, a field of corn, fifteen cows. We did everything."

A light snow had fallen the day before, dusting the fields and orchards with white, which softened the dour outline of the Stockman brick farmhouse. It was built seventy years ago by Stockman's maternal grandfather, who also planted the silver birches that ring the house. He was county treasurer of Berrien County for twenty years, and his reputation in local politics was an asset for his grandson.

The farm has changed since Stockman's boyhood; it is more specialized. The brightred outbuildings behind the house include a wooden barn where livestock was once kept, a chicken coop also no longer in use, a garage, and a large metal-sided building, where the heavy equipment—in particular, a mechanical grape picker—is stored. Grapes are now the principal crop that Allen Stockman, David's father, produces. He earns additional income by leasing out the grape picker. The farm is a small but authentic example of the entrepreneurial capitalism that David Stockman so admires.

As the car approached the house, Stockman's attention was diverted by a minor anomaly in the idyllic rural landscape: two tennis courts. They seemed out of place, alone, amidst the snow-covered fields at an intersection next to the Stockman farm. Stockman hastened to explain that, despite appearances, these were not his family's private tennis courts. They belonged to the township. Royalton Township (of which Al Stockman was treasurer) had received, like all other local units of government, its portion of the federal revenue-sharing funds, and this was how the trustees had decided to spend part of the money from Washington. "It's all right, I suppose," Stockman said amiably, "but these people would never have taxed themselves to build that. Not these tight-fisted taxpayers! As long as someone is giving them the money, sure, they are willing to spend it. But they would never have used their own money."

Stockman's contempt was directed not at the local citizens who had spent the money but at the people in Washington who had sent it. And soon he would be in a position to do something about them. This winter weekend was a final brief holiday with his parents; in a few weeks he would become director of the Office of Management and Budget in the new administration in Washington. Technically, Stockman was still the U.S. congressman from Michigan's Fourth District, but his mind and exceptional energy were already concentrated on running OMB, a small but awesomely complicated power center in the federal government, through which a President attempts to monitor all of the other federal bureaucracies.

Stockman carried with him a big black binder enclosing a "Current Services Budget," which listed every federal program and its current cost projections. He hoped to memorize the names of 500 to 1,000 program titles and major accounts by the time he was

sworn in—an objective that seemed reasonable to him, since he already knew many of the budget details. During four years in Congress, Stockman had made himself a leading conservative gadfly, attacking Democratic budgets and proposing leaner alternatives. Now the President-elect was inviting him to do the same thing from within. Stockman had lobbied for the OMB job and was probably better prepared for it, despite his youthfulness, than most of his predecessors.

He was thirty-four years old and looked younger. His shaggy hair was streaked with gray, and yet he seemed like a gawky collegian, with unstylish glasses and a prominent Adam's apple. In the corridors of the Capitol, where all ambitious staff aides scurried about in serious blue suits, Representative Stockman wore the same uniform, and was frequently mistaken for one of them.

Inside the farmhouse, the family greetings were casual and restrained. His parents and his brothers and in-laws did not seem overly impressed by the prospect that the eldest son would soon occupy one of the most powerful positions of government.

Opening presents in the cluttered living room, watching the holiday football games on television, the Stockmans seemed a friendly, restrained, classic Protestant farm family of the Middle West, conservative and striving. As sometimes happens in those families, however, the energy and ambition seemed to have been concentrated disproportionately in one child, David, perhaps at the expense of the others. His mother, Carol, a big-boned woman with metallic blond hair, was the family organizer, an active committee member in local Republican politics, and the one who made David work for A's in school. In political debate, David Stockman was capable of dazzling opponents with words; his brothers seemed shy and taciturn in his presence. One brother worked as a county corrections officer in Michigan. Another, after looking on Capitol Hill, found a job in an employment agency. A third, who had that distant look of a sixties child grown older, did day labor, odd jobs. His sister was trained as an educator and worked as a consultant to manpower-training programs in Missouri that were financed by the federal government. "She believes in what she's doing and I don't quarrel with it," Stockman said. "Basically, there are gobs of this money out there. CETA grants have to do evaluation and career planning and so forth. What does it amount to? Somebody rents a room in a Marriott Hotel somewhere and my sister comes in and talks to them. I think Marriott may get more out of it than anyone else. That's part of what we're trying to get at, and it's layered all over the government."

While David Stockman would speak passionately against the government in Washington and its self-aggrandizing habits, there was this small irony about his siblings and himself: most of them worked for government in one way or another—protected from the dynamic risk-taking of the private economy. Stockman himself had never had any employer other than the federal government, but the adventure in his career lay in challenging it. Or, more precisely, in challenging the "permanent government" that modern liberalism had spawned.

By that phrase, Stockman and other conservatives meant not only the layers and layers of federal bureaucrats and liberal politicians who sustained open-ended growth of the central government but also the less visible infrastructure of private interests that fed off of it and prospered—the law firms and lobbyists and trade associations in rows of shining office buildings along K Street in Washington; the consulting firms and contractors; the constituencies of special interests, from schoolteachers to construction workers to failing businesses and multinational giants, all of whom came to Washington for money and for legal protection against the perils of free competition.

While ideology would guide Stockman in his new job, he would be confronted with a large and tangible political problem: how to resolve the three-sided dilemma created by Ronald Reagan's contradictory campaign promises. In private, Stockman agreed that his former congressional mentor, John Anderson, running as an independent candidate for President in 1980, had asked the right question: How is it possible to raise defense spending, cut income taxes, and balance the budget, all at the same time? Anderson had taunted Reagan with that question, again and again, and most conventional political thinkers, from orthodox Republican to Keynesian liberal, agreed with Anderson that it could not be done.

But Stockman was confident, even cocky, that he and some of his fellow conservatives had the answer. It was a theory of economics—the supply-side theory—that promised an end to the twin aggravations of the 1970s: high inflation and stagnant growth in America's productivity. "We've got to figure out a way to make John Anderson's question fit into a plausible policy path over the next three years," Stockman said. "Actually, it isn't all that hard to do."

The supply-side approach, which Stockman had only lately embraced, assumed, first of all, that dramatic action by the new President, especially the commitment to a three-year reduction of the income tax, coupled with tight monetary control, would signal investors that a new era was dawning, that the growth of government would be displaced by the robust growth of the private sector. If economic behavior in a climate of high inflation is primarily based on expectations about the future value of money, then swift and dramatic action by the President could reverse the gloomy assumptions in the disordered financial markets. As inflation abated, interest rates dropped, and productive employment grew, those marketplace developments would, in turn, help Stockman balance the federal budget.

"The whole thing is premised on faith," Stockman explained. "On a belief about how the world works." As he prepared the script in his mind, his natural optimism led to bullish forecasts, which were even more robust than the Reagan Administration's public promises. "The inflation premium melts away like the morning mist," Stockman predicted. "It could be cut in half in a very short period of time if the policy is credible. That sets off adjustments and changes in perception that cascade through the economy. You have a bull market in '81, after April, of historic proportions."

How the world works.—It was a favorite phrase of Stockman's frequently invoked in conversation to indicate a coherent view of things, an ideology that was whole and consistent. Stockman took ideology seriously, and this distinguished him from other bright, ambitious politicians who were content to deal with public questions one at a time, without imposing a consistent philosophical framework upon them.

In 1964, when he went off to Michigan State, having played quarterback in high school and participated in Future Farmers of America, Stockman assumed that he would be a farmer like his father. His political views were orthodox Republican, derived from his mother, and from his reading of The Conscience of a Conservative, by Senator Barry Goldwater. "In my first three months, I went through an absolute clash of cultures," Stockman recalls. "My first professor was an atheist and socialist from Brooklyn, and within three months I think he destroyed everything I believed in, from God to the flag." When the Vietnam War became the focus of campus radicalism, Stockman became a leader, and read Herbert Marcuse, C. Wright Mills, and Paul Goodman's critiques of American society. "I became a radical, not in the hard-core sense but in the more casual sense that nearly everybody was on campus in those days. Naturally, as a good Methodist, I looked for the Methodist youth center, which became the anti-war center, because that was the socially conscious thing to do. I was still enough of a farm boy to believe that revolution was God's work."

After graduation, he enrolled at Harvard Divinity School, thinking he might become a great moral philosopher in the tradition of Christian social activists. (He was perhaps also thinking, like so many other students of the time, that divinity school would extend his deferment from the draft.) At Michigan State, he had dropped the study of agriculture and moved into the humanities. At Harvard, he dropped theology and moved into the social sciences (though he never received training as an economist). "I guess I always had a strong intellectual bent, so I needed a strong theory of how the world worked."

When he found the divinity courses uninspiring, he began taking political science and history—studying under neo-conservatives such as James Q. Wilson, Nathan Glazer, and Daniel Patrick Moynihan—and discovered, he said, "that it was possible to have a sophisticated view of the world without being a Marxist." In a Harvard seminar, he made a connection with John Anderson, who was looking for a bright young idea man to help prepare issues for the House Republican Conference, which Anderson chaired. The Illinois congressman was moving gradually leftward in his views; Stockman was continuing his intellectual search in the opposite direction.

Stockman's congressional district was composed of small towns and countryside, a world that worked quite well without Washington, in his view. After dinner at the farm that day, we took a driving tour of the area. The government's good works were everywhere—a new sewer system in Bridgman, a modern municipal building in Stevensville—but Stockman belittled them as "pork barrel." Stockman's district was overwhelmingly rural and Republican, but he saw it as a fair representation of America.

Indeed, as a congressman, Stockman himself had worked hard to make certain that his Fourth District constituents exploited the system. His office maintained a computerized alert system for grants and loans from the myriad agencies, to make certain that no opportunities were missed. "I went around and cut all the ribbons and they never knew I voted against the damn programs," he said.

Still, more than most other politicians, Stockman was known for standing by his ideological principles, not undermining them. When Congress voted its bail-out financing to rescue Chrysler from bankruptcy, Stockman was the only Michigan representative to oppose it, even though a large town in his district, St. Joseph, would be hurt. The town's largest employer, St. Joe's Auto Specialties, was a Chrysler supplier, and its factory was laying off workers. Its owners were among Stockman's earliest and largest contributors when he first ran for Congress, in 1976. Still, he opposed the bail out. "Some of them were a little miffed at me and others applauded. I only had one or two argue strenuously with me. They're probably more derogatory behind my back."

Stockman felt protected from local pressures, in a way that most members of Congress do not—partly by the Republicanism of the district but also by the consistency of his ideology. Since he had a clear, strong view of what government ought and ought not to do, he found it easier to resist claims that seemed illegitimate, no matter who their sponsors might be. "Too many politicians are intimidated by the squeaking wheel, in my judgment. Regardless of their ideological viewpoint, they're able to incorporate the squeaking wheel into their general position. If the proposal is pro-business, they call it conservative. If they're from Nebraska, it's

pro-farmer. It's whatever serves the constituencies."

This was the core of his complaint against the modern liberalism launched by Franklin Roosevelt's New Deal. He did not quarrel with the need for basic social-welfare programs, such as unemployment insurance or Social Security; he agreed that the government must regulate private enterprise to protect general health and safety. But liberal politics in its later stages had lost the ability to judge claims, and so yielded to all of them, Stockman thought, creating what he describes as "constituency-based choice-making," which could no longer address larger national interests, including fiscal control. As Stockman saw it, this process did not ameliorate social inequities; it created new ones by yielding to powerful interest groups at the expense of everyone else. "What happens is the politicization of the society. All decisions flow to the center. Once we decide to allocate credit to certain activities—and we're doing that on a massive scale—or to allocate the capital for energy development, the levels of competency and morality fall. Then the outcomes in society begin to look more and more like the work of brute muscle. The other thing it does is destroy ideas. Once things are allocated by political muscle, by regional claims, there are no longer idea-based agendas."

Across the river from St. Joe's, Stockman drove through the deserted Main Street of Benton Harbor, his favorite example of failed liberalism. Once it had been a prosperous commercial center, but now most of its stores and buildings were boarded up and vacant except for an occasional storefront church or social-service agency. As highways and suburban shopping centers pulled away commerce, the downtown collapsed, whites moved, and the city became predominantly black and overwhelmingly poor. The federal government's various efforts to revive Benton Harbor had quite visibly failed.

"When you have powerful underlying demographic and economic forces at work, federal intervention efforts designed to reverse the tide turn out to have rather anemic effects," Stockman said, surveying the dilapidated storefronts. "I wouldn't be surprised if $100 million had been spent here in the last twenty years. Urban renewal, CETA, model cities, they've had everything. And the results? No impact whatever."

The drastic failure seemed to please him, for it confirmed his view of how the world works. As budget director, he intended to proceed against many of the programs that fed money to the poor blacks of Benton Harbor, morally confident because he knew from personal observation that the federal revitalization money did not deliver what such programs promised. But he would also go after the Economic Development Administration (EDA) grants for the comfortable towns and the Farmers Home Administration loans for communities that could pay for their own sewers and the subsidized credit for farmers and business—the federal guarantees for economic interests that ought to take their own risks. He was confident of his theory, because, in terms of the Michigan countryside where he grew up, he saw it as equitable and fundamentally moral.

"We are interested in curtailing weak claims rather than weak clients," he promised. "The fear of the liberal remnant is that we will only attack weak clients. We have to show that we are willing to attack powerful clients with weak claims. I think that's critical to our success—both political and economic success."

II. A RADICAL IN POWER

Three weeks before the inauguration, Stockman and his transition team of a dozen or so people were already established at the OMB office in the Old Executive Office Building. When his appointment as budget director first seemed likely, he had agreed to meet with me from time to time and relate, off the record, his private account of the great political struggle ahead. The particulars of these conversations were not to be reported until later, after the season's battles were over, but a cynic familiar with how Washington works would understand that the arrangement had obvious symbiotic value. As an assistant managing editor at The Washington Post, I benefited from an informed view of policy discussions of the new administration; Stockman, a student of history, was contributing to history's record and perhaps influencing its conclusions. For him, our meetings were another channel—among many he used—to the press. The older generation of orthodox Republicans distrusted the press; Stockman was one of the younger "new" conservatives who cultivated contacts with columnists and reporters, who saw the news media as another useful tool in political combat. "We believe our ideas have intellectual respectability, and we think the press will recognize that," he said. "The traditional Republicans probably sensed, even if they didn't know it, that their ideas lacked intellectual respectability."

In any case, for the eight months that followed, Stockman kept the agreement, and our regular conversations, over breakfast at the Hay-Adams, provided the basis of the account that follows.

In early January, Stockman and his staff were assembling dozens of position papers on program reductions and studying the internal forecasts for the federal budget and the national economy. The initial figures were frightening—"absolutely shocking," he confided—yet he seemed oddly exhilarated by the bad news, and was bubbling with new plans for coping with these horrendous numbers. An OMB computer, programmed as a model of the nation's economic behavior, was instructed to estimate the impact of Reagan's program on the federal budget. It predicted that if the new President went ahead with his promised three-year tax reduction and his increase in defense spending, the Reagan Administration would be faced with a series of federal deficits without precedent in peacetime—ranging from $82 billion in 1982 to $116 billion in 1984. Even Stockman blinked. If those were the numbers included in President Reagan's first budget message, the following month, the financial markets that Stockman sought to reassure would instead be panicked. Interest rates, already high, would go higher; the expectation of long-term inflation would be confirmed.

Stockman saw opportunity in these shocking projections. "All the conventional estimates just wind up as mud," he said. "As absurdities. What they basically say, to boil it down, is that the world doesn't work."

Stockman set about doing two things. First, he changed the OMB computer. Assisted by like-minded supply-side economists, the new team discarded orthodox premises of how the economy would behave. Instead of a continuing double-digit inflation, the new computer model assumed a swift decline in prices and interest rates. Instead of the continuing pattern of slow economic growth, the new model was based on a dramatic surge in the nation's productivity. New investment, new jobs, and growing profits—and Stockman's historic bull market. "It's based on valid economic analysis," he said, "but it's the inverse of the last four years. When we go public, this is going to set off a wide-open debate on how the economy works, a great battle over the conventional theories of economic performance."

The original apostles of supply-side, particularly Representative Jack Kemp, of New York, and the economist Arthur B. Laffer, dismissed budget-cutting as inconsequential to the economic problems, but Stockman was trying to fuse new theory and old. "Laffer sold us a bill of goods," he said, then corrected his words: "Laffer wasn't wrong—he didn't go far enough."

The great debate never quite took hold in the dimensions that Stockman had anticipated, but the Reagan Administration's economic projections did become the source of continuing controversy. In defense of their counter-theories, Stockman and his associates would argue, correctly, that conventional forecasts, particularly by the Council of Economic Advisers in the preceding administration, had been consistently wrong in the past. His critics would contend that the supply-side premises were based upon wishful thinking, not sound economic analysis.

But, second, Stockman used the appalling deficit projections as a valuable talking point in the policy discussions that were under way with the President and his principal advisers. Nobody in that group was the least bit hesitant about cutting federal programs, but Reagan had campaigned on the vague and painless theme that eliminating "waste, fraud, and mismanagement" would be sufficient to balance the accounts. Now, as Stockman put it, "the idea is to try to get beyond the waste, fraud, and mismanagement modality and begin to confront the real dimensions of budget reduction." On the first Wednesday in January, Stockman had two hours on the President-elect's schedule to describe the "dire shape" of the federal budget; for starters, the new administration would have to go for a budget reduction in the neighborhood of $40 billion. "Do you have any idea what $40 billion means?" he said. "It means I've got to cut the highway program. It means I've got to cut milk-price supports. And Social Security student benefits. And education and student loans. And manpower training and housing. It means I've got to shut down the synfuels program and a lot of other programs. The idea is to show the magnitude of the budget deficit and some suggestion of the political problems."

How much pain was the new President willing to impose? How many sacred cows would he challenge at once? Stockman was still feeling out the commitment at the White House, aware that Reagan's philosophical commitment to shrinking the federal government would be weighed against political risks.

Stockman was impressed by the ease with which the President-elect accepted the broad objective: find $40 billion in cuts in a federal budget running well beyond $700 billion. But, despite the multitude of expenditures, the proliferation of programs and grants, Stockman knew the exercise was not as easy as it might sound.

Consider the budget in simple terms, as a federal dollar representing the entire $700 billion. The most important function of the federal government is mailing checks to citizens—Social Security checks to the elderly, pension checks to retired soldiers and civil servants, reimbursement checks for hospitals and doctors who provide medical care for the aged and the poor, welfare checks for the dependent, veterans checks to pensioners. Such disbursements consume forty-eight cents of the dollar.

Another twenty-five cents goes to the Pentagon, for national defense. Stockman knew that this share would be rising in the next four years, not shrinking, perhaps becoming as high as thirty cents. Another ten cents was consumed by interest payments on the national debt, which was fast approaching a trillion dollars.

That left seventeen cents for everything else that Washington does. The FBI and the national parks, the county agents and the Foreign Service and the Weather Bureau—all the traditional operations of government—consumed only nine cents of the dollar. The remaining eight cents provided all of the grants to state and local governments, for aiding handicapped children or building highways or installing tennis courts next to Al Stockman's farm. One might denounce particular programs as wasteful, as unnecessary and ineffective, even crazy, but David

Stockman knew that he could not escape these basic dimensions of federal spending.

As he and his staff went looking for the $40 billion, they found that most of it would have to be taken from the seventeen cents that covered government operations and grants-in-aid. Defense was already off-limits. Next Ronald Reagan laid down another condition for the budget-cutting: the main benefit programs of Social Security, Medicare, veterans' checks, railroad retirement pensions, welfare for the disabled—the so-called "social safety net" that Reagan had promised not to touch—were to be exempt from the budget cuts. In effect, he was declaring that Stockman could not tamper with three fourths of the forty-eight cents devoted to transfer payments.

No President had balanced the budget in the past twelve years. Still, Stockman thought it could be done, by 1984, if the Reagan Administration adhered to the principle of equity, cutting weak claims, not merely weak clients, and if it shocked the system sufficiently to create a new political climate. He still believed that it was not a question of numbers. "It boils down to a political question, not of budget policy or economic policy, but whether we can change the habits of the political system."

The struggle began in private, with Ronald Reagan's Cabinet. By inaugural week, Stockman's staff had assembled fifty or sixty policy papers outlining major cuts and alterations, and, aiming at the target of $40 billion, Stockman was anxious to win fast approval for them, before the new Cabinet officers were fully familiar with their departments and prepared to defend their bureaucracies. During the first week, the new Cabinet members had to sit through David Stockman's recital—one proopsal after another outlining drastic reductions in their programs. Brief discussion was followed by presidential approval. "I have a little nervousness about the heavy-handedness with which I am being forced to act," Stockman conceded. "It's not that I wouldn't want to give the decision papers to the Cabinet members ahead of time so they could look at them, it's just that we're getting them done at eight o'clock in the morning and rushing them to the Cabinet room. . . . It doesn't work when you have to brace these Cabinet officers in front of the President with severe reductions in their agencies, because then they're in the position of having to argue against the group line. And the group line is cut, cut, cut. So that's a very awkward position for them, and you make them resentful very fast."

Stockman proposed to White House counselor Edwin Meese an alternative approach—a budget working group, in which each Cabinet secretary could review the proposed cuts and argue against them. As the group evolved, however, with Meese, chief of staff James Baker, Treasury Secretary Donald Regan, and policy director Martin Anderson, among others, it was stacked in Stockman's favor. "Each meeting will involve only the relevant Cabinet member and his aides with four or five strong keepers of the central agenda," Stockman explained at one point. "So on Monday, when we go into the decision on synfuels programs, it will be [Energy Secretary James B.] Edwards defending them against six guys saying that, by God, we've got to cut these back or were not going to have a savings program that will add up."

In general, the system worked. Stockman's agency did in a few weeks what normally consumes months; the process was made easier because the normal opposition forces had no time to marshal either their arguments or their constituents and because the President was fully in tune with Stockman. After the budget working group reached a decision, it would be taken to Reagan in the form of a memorandum, on which he could register his approval by checking a little box. "Once he checks it," Stockman said, "I put that in my safe and I go ahead and I don't let it come back up again."

The check marks were given to changes in twelve major budget entitlements and scores of smaller ones. Eliminate Social Security minimum benefits. Cap the runaway costs of Medicaid. Tighten eligibility for food stamps. Merge the trade adjustment assistance for unemployed industrial workers with standard unemployment compensation and shrink it. Cut education aid by a quarter. Cut grants for the arts and humanities in half. "Zero out" CETA and the Community Services Administration and National Consumer Cooperative Bank. And so forth. "Zero out" became a favorite phrase of Stockman's; it meant closing down a program "cold turkey," in one budget year. Stockman believed that any compromise on a program that ought to be eliminated—funding that would phase it out over several years—was merely a political ruse to keep it alive, so it might still be in existence a few years hence, when a new political climate could allow its restoration to full funding.

"I just wish that there were more hours in the day or that we didn't have to do this so fast. I have these stacks of briefing books and I've got to make decisions about specific options . . . I don't have time, trying to put this whole package together in three weeks, so you just start making snap judgments."

In the private deliberations, Stockman began to encounter more resistance from Cabinet members. He was proposing to cut $752 million from the Export-Import Bank, which provides subsidized financing for international trade—a cut of crucial symbolic importance, because of Stockman's desire for equity. Two thirds of the Ex-Im's direct loans benefit some of America's major manufacturers—Boeing, Lockheed, General Electric, Westinghouse, McDonnell Douglas, Western Electric, Combustion Engineering—and, not surprisingly, the program had a strong Republican constituency on Capitol Hill. Stockman thought the trade subsidies offended the free-market principles that all conservatives espouse—in particular, President Reagan's objective of withdrawing Washington from business decision-making. Supporters of the subsidies made a practical argument: the U.S. companies, big as they were, needed the financial subsidies to stay even against government-subsidized competition from Europe and Japan.

The counter-offensive against the cut was led by Commerce Secretary Malcolm Baldrige and U.S. Trade Representative William Brock, who argued eloquently before the budget working group for a partial restoration of Ex-Im funds. By Stockman's account, the two "fought, argued, pounded the table," and the meeting seemed headed for deadlock. "I sort of innocently asked, well, isn't there a terrible political spin on this? It's my impression that most of the money goes to a handful of big corporations, and if we are ever caught not cutting this while we're biting deeply into the social programs, we're going to have big problems." Stockman asked if anyone at the table had any relevant data. Deputy Secretary of the Treasury Tim McNamar thereupon produced a list of Ex-Im's major beneficiaries (a list that Stockman had given him before the meeting). "So then I went into this demagogic tirade about how in the world can I cut food stamps and social services and CETA jobs and EDA jobs and you're going to tell me you can't give up one penny for Boeing?"

Stockman won that argument, for the moment. But, as with all the other issues in the budget debate, the argument was only beginning. "I've got to take something out of Boeing's hide to make this look right . . . You can measure me on this, because I'll probably lose but I'll give it a helluva fight."

Stockman also began what was to become a continuing struggle, occasionally nasty, with the new secretary of eenrgy, Edwards, a dentist from South Carolina, was ostensibly appointed to dismantle the Department of Energy, as Reagan had promised, but when Stockman proposed cutting the department in half, virtually eliminating the vast synthetic-fuels program launched by the Carter Administration, Edwards argued in defense. In the midst of the battle, Stockman said contemptuously, "I went over to DOE the other day and here's a whole roomful of the same old bureaucrats I've been kicking around for the last five years—advising Edwards on why we couldn't do certain things on oil decontrol that I wanted to do." The relationship did not improve as the two men got to know each other better.

But Stockman felt only sympathy for Secretary of Agriculture John Block, an Illinois farmer. The budget cuts were hitting some of Agriculture's principal subsidy programs. A billion dollars would be cut from dairy-price supports. The Farmers Home Administration loans and grants were to be sharply curtailed. The low-interest financing for rural electric cooperatives and the Tennessee Valley Authority would be modified.

In the early weeks of the new administration, the peanut growers and their congressional lobby had campaigned, as they did every year, to have the new secretary of agriculture raise the price-support level for peanuts. Stockman told Block he would have to refuse—for Stockman wanted to abolish the program. "I sympathize with Jack Block," Stockman said. "I forced him into a position that makes his life miserable over there. He's on the central team, he's not a departmental player, but the parochial politics of that department are fierce." Victories over farm lobbies could be won, Stockman believed, if he kept the issues separate—attacking each commodity program in turn and undermining urban support by cutting the food and nutrition programs. "My strategy is to come in with a farm bill that's unacceptable to the farm guys so that the whole thing begins to splinter." An early test vote on milk-price supports seemed to confirm the strategy—the dairy farmers lobbied and lost.

The only cabinet officer Stockman did not challenge was, of course, the secretary of defense. In the frantic preparation of the Reagan budget message, delivered in broad outline to Congress on February 18, the OMB review officers did not give even their usual scrutiny to the new budget projections from Defense. Reagan had promised to increase military spending by 7 percent a year, adjusted for inflation, and this pledge translated into the biggest peacetime arms build up in the history of the republic—$1.6 trillion over the next five years, which would more than double the Pentagon's annual budget while domestic spending was shrinking. Stockman acknowledged that OMB had taken only a cursory glance at the new defense budget, but he was confident that later on, when things settled down a bit, he could go back and analyze it more carefully.

In late February, months before the defense budget became a subject of Cabinet debate, Stockman privately predicted that Defense Secretary Caspar Weinberger, himself a budget director during the Nixon years, would be an ally when he got around to cutting back military spending. "As soon as we get past this first phase in the process, I'm really going to go after the Pentagon. The whole question is blatant inefficiency, poor deployment of manpower, contracting idiocy, and, hell, I think that Cap's going to be a pretty good mark over there. He's not a tool of the military-industrial complex. I mean, he hasn't been steeped in its excuses and rationalizations and ideology for twenty years, and I think that he'll back off on a lot of this stuff, but you just can't challenge him head-on without your facts in line. And we're going to get our case in line and just force it through the presses."

Stockman shared the general view of the Reagan Administration that the United States needed a major build-up of its armed forces. But he also recognized that the Pentagon, as sole customer for weapons systems, subsidized the arms manufacturers in many direct ways and violated many free-market principles. "The defense budgets in the out-years won't be nearly as high as we are showing now, in my judgment. Hell, I think there's a kind of swamp of $10 to $20 to $30 billion worth of waste that can be ferreted out if you really push hard."

Long before President Reagan's speech to Congress, most of the painful details of the $41.4 billion in proposed reductions were already known to Capitol Hill and the public. In early February, preparing the political ground, Stockman started delivering his "black book" to Republican leaders and committee chairmen. He knew that once the information was circulating on the Hill, it would soon be available to the news media, and he was not at all upset by the daily storm of headlines revealing the dimensions of what lay ahead. The news conveyed, in its drama and quantity of detail, the appropriate political message: President Reagan would not be proposing business as usual. The President had in mind what Stockman saw as "fiscal revolution."

But it was not generally understood that the new budget director had already lost a major component of his revolution—another set of proposals, which he called "Chapter II," that was not sent to Capitol Hill because the President had vetoed its most controversial elements.

Stockman had thought "Chapter II" would help him on two fronts: it would provide substantially increased revenues and thus help reduce the huge deficits of the next three years; but it would also mollify liberal critics complaining about the cuts in social welfare, because it was aimed primarily at tax expenditures (popularly known as "loopholes") benefiting oil and other business interests. "We have a gap which we couldn't fill even with all these budget cuts, too big a deficit," Stockman explained. "Chapter II comes out totally on the opposite of the equity question. That was part of my strategy to force acquiescence at the last minute into a lot of things you'd never see a Republican administration propose. I had a meeting this morning at the White House. The President wasn't involved, but all the other key senior people were. We brought a program of additional tax savings that don't touch any social programs. But they touch tax expenditures." Stockman hesitated to discuss details, for the package was politically sensitive, but it included elimination of the oil-depletion allowance; an attack on tax-exempt industrial-development bonds; user fees for owners of private airplanes and barges; a potential ceiling on home-mortgage deductions (which Stockman called a "mansion cap," since it would affect only the wealthy); some defense reductions; and other items, ten in all. Total additional savings: somewhere in the neighborhood of $20 billion. Stockman was proud of "Chapter II" and also very nervous about it, because, while liberal Democrats might applaud the closing of "loopholes" that they had attacked for years, powerful lobbies—in Congress and business—would mobilize against it.

Did President Reagan approve? "If there's a consensus on it, he's not going to buck it, probably."

Two weeks later, Stockman cheerfully explained that the President had rejected his "tax-expenditures" savings. The "Chapter II" issues had seemed crucial to Stockman when he was preparing them, but he dismissed them as inconsequential now that he had lost. "Those were more like ornaments I was thinking of on the tax side," he insisted. "I call them equity ornaments. They're not really too good. They're not essential to the economics of the thing."

The President was willing to propose user fees for aircraft, private boats, and barges, but turned down the proposal to eliminate the oil-depletion allowance. "The President has a very clear philosophy," Stockman explained. "A lot of people criticize him for being short on the details, but he knows when something's wrong. He just jumped all over my tax proposals."

Stockman dropped other proposals. Nevertheless, he was buoyant. The reactions from Capitol Hill were clamorous, as expected, but the budget director was more impressed by the silences, the stutter and hesitation of the myriad interest groups. Stockman was becoming a favorite caricature for newspaper cartoonists—the grim reaper of the Reagan Administration, the Republican Robespierre—but in his many sessions on the Hill he sensed confusion and caution on the other side.

"There are more and more guys coming around to our side," he reported. "What's happening is that the plan is so sweeping and it covers all the bases sufficiently, so that it's like a magnifying glass that reveals everybody's pores. . . . In the past, people could easily get votes for their projects or their interests by saying, well, if they would cut food stamps and CETA jobs and two or three other things, then maybe we would go along with it, but they are just picking on my program. But, now, everybody perceives that everbody's sacred cows are being cut. If that's what it takes, so be it. The parochial player will not be the norm, I think. For a while."

III. THE MAGIC ASTERISK

On Capitol Hill, ideological consistency is not a highly ranked virtue but its absence is useful grounds for scolding the opposition. David Stockman endured considerable needling when his budget appeared, revealing that many programs that he had opposed as a congressman had survived. The most glaring was the fast-breeder nuclear reactor at Clinch River, Tennessee. Why hadn't Stockman cut the nuclear subsidy that he had so long criticized? The answer was Senator Howard Baker, of Tennessee, majority leader. "I didn't have to get rolled," Stockman said, "I just got out of the way. It just wasn't worth fighting. This package will go nowhere without Baker, and Clinch River is just life or death to Baker. A very poor reason, I know."

Consistency, he knew, was an important asset in the new environment. The package of budget cuts would be swiftly picked apart if members of Congress perceived that they could save their pet programs, one by one, from the general reductions. "All those guys are looking for ways out," he said. "If they can detect an alleged pattern of preferential treatment for somebody else or discriminatory treatment between rural and urban interests or between farm interests and industrial interests, they can concoct a case for theirs."

Even by Washington standards, where overachieving young people with excessive adrenalin are commonplace, Stockman was busy. Back and forth, back and forth he went, from his vast office at the Old Executive Office Building, with its classic high ceilings and its fireplace, to the cloakrooms and hideaway offices and hearing chambers of the Capitol, to the West Wing of the White House. Usually, he carried an impossible stack of books and papers under his arm, like a harried high school student who has not been given a locker. He promised friends he would relax—take a day off, or at least sleep later than 5 a.m., when he usually arose to read policy papers before breakfast. But he did not relax easily. What was social life compared with the thrill of reshaping the federal establishment?

In the early skirmishing on Capitol Hill, Stockman actually proposed a tight control system: Senator Baker and the House Republican leader, Robert Michel, of Illinois, would be empowered to clear all budget trades on particular programs—and no one else, not even the highest White House advisers, could negotiate any deals. "If you have multiple channels for deals to be cut and retreats to be made," Stockman explained, "then it will be possible for everybody to start side-dooring me, going in to see Meese, who doesn't understand that policy background, and making the case, or [James] Baker making a deal with a subcommittee chairman." Neither the White House nor the congressional leadership liked his idea, and it was soon buried.

By March, however, Stockman could see the status quo yielding to the shock of the Reagan agenda. In dozens of meetings and hearings, public and private, Stockman perceived that it was now inappropriate for a senator or a congressman to plead for his special interests, at least in front of other members with other interests. At one caucus, a Tennessee Republican began to lecture him on the reduced financing for TVA; other Republicans scolded him. Stockman cut public-works funding for the Red River project in Louisiana, which he knew would arouse Russell Long, former chairman of the Senate Finance Committee. Long appealed personally at the White House, and Reagan stood firm.

One by one, small signals such as these began to change Stockman's estimate of the political struggle. He began to believe that the Reagan budget package, despite its scale, perhaps because of its scale, could survive in Congress. With skillful tactics by political managers, with appropriate public drama provided by the President, the relentless growth rate of the federal budget, a permanent reality of Washington for twenty years, could actually be contained.

Stockman's analysis was borne out a few weeks later, in early April, when the Senate adopted its first budget-cutting measures, 88–10, a package close enough to the administration's proposals to convince Stockman of the vulnerability of "constituency-based" politics. "That could well be a turning point in this whole process," Stockman said afterward.

Still, Stockman was even more impressed by the performance of the new Republican majority in the Senate. After a week of voting down amendments to restore funds for various programs—"voting against every motherhood title," as Stockman put it—moderate Republicans from the Northeast and Midwest needed some sort of political solace. Led by Senator John Chaffee, of Rhode Island, the moderates proposed an amendment spreading about $1 billion over an array of social programs, from education to home-heating assistance for the poor. Stockman had no objection. The amendment wouldn't cost much overall, and it would "take care of those people who have been good soldiers." Senator Pete Domenici, of New Mexico, the Senate budget chairman, decided, however, that the accommodation wasn't necessary, and he was right. The Chaffee amendment lost.

"It was the kind of amendment that should have passed," Stockman reflected afterward. "The fact that it didn't win tells me that the political logic has changed."

Not entirely, however. While the Senate majority was rejecting additional money for the coalition of social programs, it was also tinkering with an important item in Stockman's balance of equitable cuts—the Export-Import Bank. The great multinational industrial firms that received the trade subsidies from Ex-Im were already at work, arguing that U.S. sales abroad and jobs at home would suffer without the Ex-Im loans and guarantees. The Republicans, led by Senator Nancy Kassebaum, of Kansas, where Boeing is a major employer, voted to restore $250 million to the Ex-Im budget. Later, the House raised the figure even higher, with little resistance from the White House.

"We weren't really closely in control," Stockman explained. "The mark-up went so fast, and those amendments came out of the woodwork, and we weren't prepared to deal

with it." Stockman seemed nonchalant about his defeat. The principle of cutting the Ex-Im's corporate subsidies, which had seemed so important to him in January, was now regarded as a minor blemish on the Senate victory. "It did open a little breach that is troublesome," he conceded.

The vulnerability of Stockman's ideology was always that the politics of winning would overwhelm the philosophical premises. But after the Senate victory, Stockman devoted his energy to the tactical questions—winning again in the House of Representatives, which was controlled by the Democrats. "This is pure politics," he said. "It's a question of whether the President can prevail on the floor of the House, because if he can't, then the committee chairmen know they have license to do anything they want."

Stockman watched with admiration as his principal intellectual rival, Jim Jones, the Democratic chairman of the House Budget Committee, attempted to fashion a budget resolution that would hold the Democratic majority together. The budget director calculated that Jones had an impossible task, but he could see that the Oklahoma congressman was going to come closer than he had expected. The Democrats, by Stockman's analysis, were really three groups: the old-line liberal faithful, who would follow the party leadership and defend against any or all budget cuts; a middle group, including Jones and other younger members, who recognized that federal deficits were out of control and were willing to confront the problem (Stockman referred to them as "the progressives"); and, finally, the "boll weevils," the thirty-eight southerners who were pulled toward Reagan both in conservative philosophy and by the politics of their home districts, which had voted overwhelmingly for the President. Jones was drawing up a resolution that would restore some funds to social programs, to keep the liberals happy; that projected a smaller deficit than Stockman's, to appear more responsible in fiscal terms; and that did not touch the defense budget, which would offend the southerners.

Artful as it was, the Jones resolution was, according to Stockman, a series of gimmicks: economic estimates and accounting tricks. "Political numbers," he called them. But Stockman was not critical of Jones for these budget ploys, because he cheerfully conceded that the administration's own budget numbers were constructed on similar shaky premises, mixing cuts from the original 1981 budget left by Jimmy Carter with new baseline projections from the Congressional Budget Office in a way that, fundamentally, did not add up. The budget politics of 1981, which produced such clear and dramatic rhetoric from both sides, was, in fact, based upon a bewildering set of numbers that confused even those, like Stockman, who produced them.

"None of us really understands what's going on with all these numbers," Stockman confessed at one point. "You've got so many different budgets out and so many different baselines and such complexity now in the interactive parts of the budget between policy action and the economic environment and all the internal mysteries of the budget, and there are a lot of them. People are getting from A to B and it's not clear how they are getting there. It's not clear how we got there, and it's not clear how Jones is going to get there."

These "internal mysteries" of the budget process were not dwelt upon by either side, for there was no point in confusing the clear lines of political debate with a much deeper and unanswerable question: Does anyone truly understand, much less control, the dynamics of the federal budget intertwined with the mysteries of the national economy? Stockman pondered this question occasionally, but since there was no obvious remedy, no intellectual construct available that would make sense of this anarchical universe, he was compelled to shrug at the mystery and move ahead. "I'm beginning to believe that history is a lot shakier than I ever thought it was," he said, in a reflective moment. "In other words, I think there are more random elements, less determinism and more discretion, in the course of history than I ever believed before. Because I can see it."

The "random elements" were working in Stockman's behalf in the House of Representatives. He had a good fix on what Jones would produce as the Democratic alternative, in part because he had a spy in the Democratic meetings—Phil Gramm, of Texas, a like-minded conservative and friend who agreed to co-sponsor the administration's substitute resolution. Did Jones know that one of his Democratic committee members was really on the other side? "No," said Stockman. "That's how I know what's in Jones' budget."

Stockman was also dealing with the recognized leaders of the "boll weevils." He thought that the southerners could be won to the President's side with a minimum of trading, but he was prepared to trade. He agreed with G. V. "Sonny" Montgomery, chairman of the House Veterans' Affairs Committee and a genuine leader among the southern Democrats, to acquiesce in the restoration of $350 to $400 million for staffing at veterans' hospitals. Once Montgomery announced he was with the President, it would be a respectable position, which other southerners could embrace, Stockman felt. Still, he was confident that he could defend the agenda against general trading for votes.

In political terms, Stockman's analysis was sound. The Reagan program was moving toward a series of dramatic victories in Congress. Beyond the brilliant tactical maneuvering, however, and concealed by the public victories, Stockman was privately staring at another reality—a gloomy portent that the economic theory behind the President's program wasn't working. While it was winning in the political arena, the plan was losing on Wall Street.

The financial markets, which Stockman had thought would be reassured by the new President's bold actions, and which were supposed to launch a historic "bull market" in April, failed to respond in accordance with Stockman's script. The market not only failed to rally, they went into a new decline. Interest rates started up again; the bond market slumped. The annual inflation rate, it was true, was declining, dropping below double digits, but even Stockman acknowledged that this was owing to "good luck" with grain harvests and world oil supplies, not to Reaganomics. Investment analysts, however, were looking closely at the Stockman budget figures, looking beyond the storm of political debate and the President's winning style, and what they saw were enormous deficits ahead—the same numbers that had shocked David Stockman when he came into office in January. Henry Kaufman, of Salomon Brothers, one of the preeminent prophets of Wall Street, delivered a sobering speech that, in the cautious language of financiers, said the same thing that John Anderson had said in 1980: cutting taxes and pumping up the defense budget would produce not balanced budgets but inflationary deficits.

Was Kaufman right? Stockman agreed that he was, and conceded that his own original conception—that dramatic political action would somehow alter the marketplace expectations of continuing inflation—had been wrong. "They're concerned about the out-year budget posture, not about the near-term economic situation. The Kaufmans don't dispute our diagnosis at all. They dispute our remedy. They don't think it adds up . . . I take the performance of the bond market deadly seriously. I think it's the best measure there is. The bond markets represent worldwide psychology, worldwide perception and evaluation of what, on balance, relevant people think about what we're doing . . . It means we're going to have to make changes . . . I wouldn't say we are losing. We're still not winning. We're not winning."

The underlying problem of the deficits first surfaced, to Stockman's embarrassment, in the Senate Budget Committee in mid-April, when committee Republicans choked on the three-year projections supplied by the nonpartisan Congressional Budget Office. Three Republican senators refused to vote for a long-term budget measure that predicted continuing deficits of $60 billion, instead of a balanced budget by 1984.

Stockman thought he had taken care of embarrassing questions about future deficits with a device he referred to as the "magic asterisk." (Senator Howard Baker had dubbed it that in strategy sessions, Stockman said.) The "magic asterisk" would blithely denote all of the future deficit problems that were to be taken care of with additional budget reductions, to be announced by the President at a later date. Thus, everyone could finesse the hard questions, for now.

But, somehow or other, the Senate Budget Committee staff insisted upon putting the honest numbers in its resolution—the projected deficits of $60 billion-plus running through 1984. That left the Republican senators staring directly at the same scary numbers that Stockman and the Wall Street analysts had already seen. The budget director blamed this brief flare-up on the frantic nature of his schedule. When he should have been holding hands with the Senate Budget Committee, he was at the other end of the Capitol, soothing Representative Delbert Latta, of Ohio, the ranking Republican in budget matters, who was pouting. Latta thought that since he was a Republican, his name should go ahead of that of Phil Gramm, a Democrat, on the budget resolution: that it should be Latta-Gramm instead of Gramm-Latta.

After a few days of reassurances, Stockman persuaded the Republican senators to relax about the future and two weeks later they passed the resolution—without being given any concrete answers as to where he would find future cuts of such magnitude. In effect, the "magic asterisk" sufficed.

But the real problem, as Stockman conceded, was still unsolved. Indeed, pondering the reactions of financial markets, the budget director made an extraordinary confession in private: the original agenda of budget reductions, which had seemed so radical in February, was exposed by May as inadequate. The "magic asterisk" might suffice for the political debate in Congress, but it would not answer the fundamental question asked by Wall Street: How, in fact, did Ronald Reagan expect to balance the federal budget? "It's a tentative judgment on the part of the markets and of spokesmen like Kaufman that is reversible because they haven't seen all our cards. From the cards they've seen, I suppose that you can see how they draw that conclusion."

"It means," Stockman said, "that you have to have some recalibration in the policy. The thing was put together so fast that it probably should have been put together differently." With mild regret, Stockman looked back at what had gone wrong:

"The defense numbers got out of control and we were doing that whole budget-cutting exercise so frenetically. In other words, you were juggling details, pushing people, and going from one session to another, trying to cut housing programs here and rural electric there, and we were doing it so fast, we didn't know where we were ending up for sure . . . In other words, we should have designed those pieces to be more compatible. But the pieces were moving on independent tracks—the tax program, where we were

going on spending, and the defense program, which was just a bunch of numbers written on a piece of paper. And it didn't quite mesh. That's what happened. But, you see, for about a month and a half we got away with that because of the novelty of all these budget reductions."

Reagan's policy-makers knew that their plan was wrong, or at least inadequate to its promised effects, but the President went ahead and conveyed the opposite impression to the American public. With the cool sincerity of an experienced television actor, Reagan appeared on network TV to rally the nation in support of the Gramm-Latta resolution, promising a new era of fiscal control and balanced budgets, when Stockman knew they still had not found the solution. This practice of offering the public eloquent reassurances despite privately held doubts was not new, of course. Every contemporary President—starting with Lyndon Johnson, in his attempt to cover up the true cost of the war in Vietnam—had been caught, sooner or later, in contradictions between promises and economic realities. The legacy was a deep popular skepticism about anything a President promised about the economy. Barely four months in office, Ronald Reagan was already adding to the legacy.

Indeed, Stockman began in May to plot what he called the "recalibration" of Reagan policy, which he hoped could be executed discreetly over the coming months to eliminate the out-year deficits for 1983 and 1984 that alarmed Wall Street—without alarming political Washington and losing control in the congressional arena. "It's very tough, because you don't want to end up like Carter, where you put a plan out there and then, a month into it, you visibly and unmistakably change postures. So what you have to do is solve this problem incrementally, without the appearance of reversal, and there are some ways to do that."

Stockman saw three main areas of opportunity for closing the gap: defense, Social Security, and health costs, meaning Medicare and Medicaid. And there was a fourth: the Reagan tax cut; if it could be modified in the course of the congressional negotiations already under way, this would make for additional savings on the revenue side. The public alarm over the deficits was, to some extent, "fortuitous," from Stockman's viewpoint, because the Wall Street message supported the sermon that he was delivering to his fellow policy-makers at the White House: the agonies of budget reduction were only beginning, and, more to the point, the Reagan Administration could not keep its promise of balanced budgets unless it was willing to back away from its promised defense spending, its 10–10–10 tax-cut plan, and the President's pledge to exempt from cutbacks the so-called "safety-net" programs. Stockman would deliver this speech, in different forms, all through the summer ahead, trying to create the leverage for action on those fronts, particularly on defense. He later explained his strategy:

"I put together a list of twenty social programs that have to be zeroed out completely, like Job Corps, Head Start, women and children's feeding programs, on and on. And another twenty-five that have to be cut by 50 percent: general revenue sharing, CETA manpower training, et cetera, et cetera. And then huge bites that would have to be taken out of Social Security. I mean really fierce, blood-and-guts stuff—widows' benefits and orphans' benefits, things like that. And still it didn't add up to $40 billion. So that sort of created a new awareness of the defense budget.

"Once you set aside defense and Social Security, the Medicare complex, and a few other sacred cows of minor dimension, like the VA and the FBI, you have less than $200 billion worth of discretionary room—only $144 billion after you cut all the easy discretionary programs this year."

In short, the fundamental arithmetic of the federal budget, which Stockman and others had brushed aside in the heady days of January, was now back to haunt them. If the new administration would not cut defense or Social Security or major "safety-net" programs that Reagan had put off limits, then it must salvage the smaller slice remaining. Otherwise, balancing the budget in 1984 became an empty promise. The political pain of taking virtually all of the budget savings from government grants and operations would be too great, Stockman believed; Congress would never stand for it. Therefore, he had to begin educating "the West Wing guys" on the necessity for major revisions in their basic plan. He was surprisingly optimistic. "They are now understanding all those things," Stockman said. "A month ago, they didn't. They really thought you could find $144 billion worth of waste, fraud, and abuse. So at least I've made a lot of headway internally."

Revisions of the original tax-cut plan would probably be the easiest compromise. A modest delay in the effective date would save billions and, besides, many conservatives in Congress were never enthusiastic about the supply-side tax-cutting formula. In order to win its passage, the administration was "prepared to give a little bit on the tax bill," Stockman said, which would help cure his problem of deficits.

Social Security was much more volatile, but Stockman noted that the Senate had already expressed a willingness in test votes to reconsider such basic components as annual cost-of-living increases for retirees. In the House, the Democrats, led by J. J. Pickle, of Texas, were preparing their own set of reforms to keep the system from bankruptcy, so Stockman thought it would be possible to develop a consensus for real changes. He didn't much care for Pickle's proposals, because the impact of the reforms stretched out over some years, whereas Stockman was looking for immediate relief. "I'm just not going to spend a lot of political capital solving some other guy's problems in 2010." But he felt sure a compromise could be worked out. "If you don't do this in 1981, this system is going to land on the rocks," he predicted, "because you won't do it in '82 [a congressional election year] and by '83, you will have solvency problems coming out of your ears. You know, sometimes sheer reality has a sobering effect."

Finally, there was defense. Stockman thought the sobering effects of reality were working in his favor there, too, but he recognized that the political tactics were much trickier. In order to get the first round of budget cuts through Congress, particularly in order to lure the southern Democrats to the President's side, there must be no hint of retreat from Reagan's promises for the Pentagon. That would mobilize the defense lobby against him and help the Democrats hold control of the House. Still, when the timing was right, Stockman thought he would prevail.

"They got a blank check," Stockman admitted. "We didn't have time during that February–March period to do anything with defense. Where are we going to cut? Domestic? Or struggle all day and night with defense? So I let it go. But it worked perfectly, because they got so greedy that they got themselves strung way out there on a limb."

As policy-makers and politicians faced up to the additional cuts required in programs, the pressure would lead them back, inevitably, to a tough-minded re-examination of the defense side. Or so Stockman believed. That combination of events, he suggested, would complete the circle for Wall Street.

"The markets will respond to that. Unless they are absolutely perverse."

IV. OLD POLITICS

The President's televised address, in April, was masterly and effective: the nation responded with a deluge of mail and telephone calls, and the House of Representatives accepted Reagan's version of budget reconciliation over the Democratic alternative. The final roll call on the Gramm-Latta resolution was not even close, with sixty-three Democrats joining all House Republicans in support of the President. The stunning victory and the disorganized opposition from the Democrats confirmed for Stockman a political hunch he had first developed when he saw the outlines of Representative Jim Jones' resolution, mimicking the administration's budget-cutting. The 1980 election results may not have been "ideological," but the members of Congress seemed to be interpreting them that way.

This new context, Stockman felt, would be invaluable for the weeks ahead, as the budget-and-tax issues moved into the more complicated and vulnerable areas of action. The generalized budget-cutting instructions voted by the House were now sent to each of the authorizing committees, most of them chaired by old-line liberal Democrats who would try to save the programs in their jurisdictions, but their ability to counterattack was clearly limited by the knowledge that President Reagan, not Speaker Tip O'Neill, controlled the floor of the House. Stockman expected the Democratic chairmen to employ all of their best legislative tricks to feign cooperation while actually undermining the Reagan budget cuts, but he was already preparing another Republican resolution, dubbed "Son of Gramm-Latta," to make sure the substantive differences were maintained—the block grants that melded social programs and turned them over to the states, the "caps" on Medicaid and other open-ended entitlement programs, the "zeroing out" of others.

In the first round, Stockman felt that he had retreated on very little. He made the trade with Representative Montgomery on VA hospitals, and his old friend Representative Gramm had restored some "phase-out" funds for EDA, the agency Stockman so much wished to abolish. "He put it in there over my objections," Stockman explained, "because he needed to keep three or four people happy. I said okay, but we're not bound by it." The Republican resolution also projected a lower deficit than Stockman thought was realistic, as a tactical necessity. "Gramm felt he couldn't win on the floor unless they had a lower deficit, closer to Jones's deficit, so they got it down to $31 billion by hook or by crook, mostly the latter."

Stockman was supremely confident at that point. The Reagan Administration had taken the measure of its political opposition and had created a new climate in Washington, a new agenda. Now what remained was to follow through in a systematic way that would convince the financial markets. In the middle of May, he made another prediction: the bull market on Wall Street, the one he had expected in April, would arrive by late summer or early fall.

"I think we're on the verge of the response in the financial markets. It takes one more piece of the puzzle, resolution of the tax bill. And that may happen relatively quickly, and when it does, I think you'll start a long bull market, by the end of the summer and early fall. The reinforcement that the President got politically in the legislative process will be doubled, barring some new war in the Middle East, by a perceived economic situation in which things are visibly improving. I'm much more confident now."

Stockman was wrong, of course, about the bull market. But his misinterpretation of

events was more profound than that. Without recognizing it at the time, the budget director was headed into a summer in which not only financial markets but life itself seemed to be absolutely perverse. The Reagan program kept winning in public, a series of well-celebrated political victories in Congress—yet privately Stockman was losing his struggle.

Stockman was changing, in a manner that perhaps he himself did not recognize. His conversations began to reflect a new sense of fatalism, a brittle edge of uncertainty.

"There was a certain dimension of our theory that was unrealistic. . . ."

"The system has an enormous amount of inertia. . . ."

"I don't believe too much in the momentum theory any more. . . ."

"I have a new theory—there are no real conservatives in Congress. . . ."

The turning point, which Stockman did not grasp at the time, came in May, shortly after the first House victory. Buoyed by the momentum, the White House put forward, with inadequate political soundings, the Stockman plan for Social Security reform. Among other things, it proposed a drastic reduction in the benefits for early retirement at age sixty-two. Stockman thought this was a privilege that older citizens could comfortably yield, but 64 percent of those eligible for Social Security were now taking early retirement, and the "reform" plan set off a sudden tempest on Capitol Hill. Democrats accused Reagan of reneging on his promise to exempt Social Security from the budget cuts and accused Stockman of trying to balance his budget at the expense of Social Security recipients, which, of course, he was. "The Social Security problem is not simply one of satisfying actuaries," Stockman conceded. "It's one of satisfying the here-and-now of budget requirements." In the initial flurry of reaction, the Senate passed a unanimous resolution opposing the OMB version of how to reform Social Security, and across the nation, the elderly were alarmed enough to begin writing and calling their representatives in Congress. But Stockman seemed not to grasp the depth of his political problem; he still believed that congressional reaction would quiet down eventually and Democrats would cooperate with him.

"Three things," he explained. "First, the politicians in the White House are overreacting. They're overly alarmed. Second, there is a serious political problem with it, but not of insurmountable dimensions. And third, basically I screwed up quite a bit on the way the damn thing was handled."

Stockman said that Republicans on Ways and Means were urging him to propose an administration reform plan as an alternative to the Democrats'; Stockman misjudged the political climate. The White House plan, put together in haste, had "a lot of technical bloopers," which made it even more vulnerable to attack, Stockman said. "I was just racing against the clock. All the office things I knew ought to be done by way of groundwork, advance preparation, and so forth just fell by the wayside. . . . Now we're taking the flak from all the rest of the Republicans because we didn't inform them."

Despite the political uproar, Stockman thought a compromise would eventually emerge, because of the pressure to "save" Social Security. This would give him at least a portion of the budget savings he needed. "I still think we'll recover a good deal of ground from this. It will permit the politicians to make it look like they're doing something for the beneficiary population when they are doing something to it which they normally wouldn't have the courage to undertake."

But there was less "courage" among politicians than Stockman assumed. Indeed, one politician who scurried away from the President's proposed cuts in Social Security was the President. Stockman wanted him to go on television again, address the nation on Social Security's impending bankruptcy, and build a popular constituency for the changes. But White House advisers did not.

"The President was very interested [in the reform package] and he believed it was the right thing to do. The problem is that the politicians are so wary of the Social Security issue per se that they want to keep him away from it, thinking they could somehow have an administration initiative that came out of the boondocks somewhere and the President wouldn't be tagged with it. Well, that was just pure naive nonsense . . . My view was, if you had to play this thing over, you should have the President go on TV and give a twenty-minute Fireside Chat, with some nice charts . . . You could have created a climate in which major things could be changed."

The White House rejected that idea. Ronald Reagan kept his distance from the controversy, but it would not go away. In September, Reagan did finally address the issue in a televised chat with the nation: he disowned Stockman's reform plan. Reagan said that there was a lot of "misinformation" about in the land, to the effect that the President wanted to cut Social Security. Not true, he declared, though Reagan had proposed such a cut in May. Indeed, the President not only buried the Social Security cut he had proposed earlier but retreated on one reform measure—elimination of the minimum benefits—that Congress had already, reluctantly, approved. As though he had missed the long debate on that issue, Reagan announced that it was never his intention to deprive anyone who was in genuine need. Any legislative action toward altering Social Security would be postponed until 1983, after the 1982 congressional elections, and too late to help Stockman with his stubborn deficits. In the meantime, Reagan accepted a temporary solution advocated by the Democrats and denounced by Stockman as "irresponsible"—borrowing from another federal trust fund that was in surplus, the health-care fund, to cover Social Security's problems. Everyone put the best face on it, including Stockman. The tactical retreat, they explained, was the only thing Reagan could do under the circumstances—a smart move, given the explosive nature of the Social Security protest. Still, it was a retreat, and, for David Stockman, a fundamental defeat. He lost one major source of potential budget savings. The political outcome did not suggest that he would do much better when he proposed reforms for Medicare, Social Security's twin.

Where would Stockman find the money to cover those deficits, variously estimated at $44 to $65 billion? The tax-cut legislation itself became one of Stockman's best hopes. The tax bargaining had begun in the spring as a delicate process of private negotiations and reassurance with different groups—with Democrats needed for a House majority, with nervous Republicans still leery of the supply-side theology, and with the supply-side apostles zealously defending their creed. Stockman was a participant, though not the lead player, in this process; he met almost daily with the legislative tactical group at the White House—Edwin Meese, Jim Baker, Donald Regan, presidential assistant Richard Darman, and others—that called signals on both the tax legislation and budget reconciliation.

Stockman's interest was made clear to the others: he wanted a compromise on the tax bill which would substantially reduce its drain on the federal treasury and thus moderate the fiscal damage of Reaganomics. Stockman thought that if the Republicans could compromise with the Ways and Means chairman, Representative Dan Rostenkowski, the tax legislation would still be a supply-side tax cut in its approach but considerably smaller in size. More important, they would avoid a bidding war for votes. "We're kind of divided, not in an antagonistic sense, just sort of a judgment sense, between those who want to call off the game . . . and those of us who want to give Rostenkowski a few more days to see what he can achieve."

The negotiations with Rostenkowski ended in failure, and the Reagan team agreed that it would have to modify its own tax-cut plan in order to lure fiscal conservatives. Under the revised plan, the first-year reduction was only 5 percent and, more important, the impact was delayed until late in the year, substantially reducing the revenue loss. The White House also made substantial changes in the business-depreciation and tax-credit rules, which were intended to stimulate new industrial investments, reducing the overly generous provisions for business tax write-offs on new equipment and buildings.

Stockman was privately delighted he saw a three-year revenue savings of $70 billion in the compromise. The depreciation rules that big business wanted were "way out of joint," Stockman insisted. But he was nervous about the $70 billion figure, because he feared that when Representative Jack Kemp (co-sponsor of the original supply-side tax proposal, the Kemp-Roth bill) and other supply-side advocates heard it, they might regard the savings as so large that it would undermine the stimulation effects of the major tax reduction. "As long as Jack is happy with what's happening," Stockman said, "it's hard for the [supply-side] network to mobilize itself with a shrill vote. Jack's satisfied, although we're sort of on the edge of thin ice with him."

The supply-side effects would be strong, Stockman said, but he added a significant disclaimer that would have offended true believers, for it sounded like old orthodoxy: "I've never believed that just cutting taxes alone will cause output and employment to expand."

Stockman himself had been a late convert to supply-side theology, and now he was beginning to leave the church. The theory of "expectations" wasn't working. He could see that. And Stockman's institutional role as budget director forced him to look constantly at aspects of the political economy that the other supply-siders tended to dismiss. Whatever the reason, Stockman was creating some distance between himself and the supply-side purists; eventually, he would become the target of their nasty barbs. For his part, Stockman began to disparage the grand theory as a kind of convenient illusion—new rhetoric to cover old Republican doctrine.

"The hard part of the supply-side tax cut is dropping the top rate from 70 to 50 percent—the rest of it is a secondary matter," Stockman explained. "The original argument was that the top bracket was too high, and that's having the most devastating effect on the economy. Then, the general argument was that, in order to make this palatable as a political matter, you had to bring down all the brackets. But, I mean, Kemp-Roth was always a Trojan horse to bring down the top rate."

A Trojan horse? This seemed a cynical concession for Stockman to make in private conversation while the Reagan Administration was still selling the supply-side doctrine to Congress. Yet he was conceding what the liberal Keynesian critics had argued from the outset—the supply-side theory was not a new economic theory at all but only new language and argument to conceal a hoary old Republican doctrine: give the tax cuts

to the top brackets, the wealthiest individuals and largest enterprises, and let the good effects "trickle down" through the economy to reach everyone else. Yes, Stockman conceded, when one stripped away the new rhetoric emphasizing across-the-board cuts, the supply-side theory was really new clothes for the unpopular doctrine of the old Republican orthodoxy. "It's kind of hard to sell 'trickle down'," he explained, "so the supply-side formula was the only way to get a tax policy that was really 'trickle down.' Supply-side is 'trickle-down' theory."

But the young budget director once again misjudged the political context. The scaled-down version of the administration's tax bill would need to carry a few "ornaments" in order to win—a special bail-out to help the troubled savings-and-loan industry, elimination of the so-called marriage penalty—but he was confident that the Reagan majority would hold and he could save $70 billion against those out-year deficits. The business lobbyists would object, he conceded, when they saw the new Republican version of depreciation allowances, but the key congressmen were "on board," and the package would hold.

In early June, it fell apart. The tax lobbyists of Washington, when they saw the outlines of the Reagan tax bill, mobilized the business community, the influential economic sectors from oil to real estate. In a matter of days, they created the political environment in which they flourish best—a bidding war between the two parties. First the Democrats revealed that their tax bill would be more generous than Reagan's in its depreciation rules. Despite Stockman's self-confidence, the White House quickly retreated—scrapped its revised and leaner proposal, and began matching the Democrats, billion for billion, in tax concessions. The final tax legislation would yield, in total, an astounding revenue loss for the federal government of $750 billion over the next five years.

Stockman, with his characteristic ability to adjust his premises to new political realities, at first insisted that the White House cave-in on the business-depreciation issue was of no consequence to his budget problems, since the major impact of the concessions would hit the period 1985 and 1986, beyond the budget years he was struggling with.

Nevertheless, Stockman conceded that the administration had flinched, sending a clear signal to the political interests that it would respond to pressure. "I think we're in trouble on the tax bill," he said in mid-June, "because we started with the position that this was a policy-based bill . . . that we weren't going to get involved in the tax-bill brokering of special-interest claims. But then we made the compromise . . . my fear now is that, if we do that too many times, it becomes clear to the whole tax-lobby constituency in Washington that we will deal with them one at a time, and then you'll find their champions on the tax-writing committees, especially Finance, swinging into action, and we are going to end up back-pedaling so fast that we will have the 'Christmas tree' bill before we know it."

That was an astute forecast of what unfolded over the next six weeks. Stockman both participated in the process and privately denounced it. But he was not fully engaged in the political scramble for tax concessions, because he was preoccupied with controlling another political auction already under way: the furious bumping-and-trading for the final budget-cutting measure, the reconciliation bill. The thirteen authorizing committees of the House were drawing up the legislative parts to comply with the budget instructions voted by the House in May; simultaneously, the Republican minority members of those committees were drawing up their alternatives, which would become pieces of the administration's alternative—"Son of Gramm-Latta." Stockman was working closely with the Republican drafting in the House, but at the same time he was trying to keep the specific cuts and policy changes in line with the work of the Republican committee chairmen in the Senate. Stockman had a believable nightmare: if House and Senate produced drastically different versions of the final reconciliation measure, there could be a conference committee between the two chambers that would include hundreds of members and months of combat over the differences. Failure to settle quickly could sink the entire budget-cutting enterprise.

Some of the Democratic committee chairmen were playing the "Washington Monument game" (a metaphor for phony budget cuts, in which the National Park Service, ordered to save money, announces that it is closing the Washington Monument). The Education and Labor Committee made deep cuts in programs that it knew were politically sacred: Head Start and impact aid for local schools, and care for the elderly. The Post Office and Civil Service Committee proposed closing 5,000 post offices. Stockman could deal with those ploys—indeed, he felt they strengthened his hand—but he was weakened on other fronts. Again, he had to hold all Republicans and win several dozen of the "boll weevils"—to demonstrate that Ronald Reagan controlled the House. It was not a matter of trading with liberal constituencies and their representatives; Stockman had to do his trading with the conservatives. "In that kind of game," he said, "everybody can ask a big price for one vote."

The final pasted-together measure would be several thousand pages of legislative action and, Stockman feared, another version of the Trojan horse—"a Trojan horse filled full of all kinds of budget-busting measures and secondary agendas."

A group of twenty northern and midwestern, more moderate Republicans, who organized themselves as "gypsy moths" as a counterweight to the "boll weevils," threatened defection. In the end, concessions were made: $350 million more for Medicaid, $400 million more for home-heating subsidies for the poor, $260 million in mass-transit operating funds, more money for Amtrak and Conrail. The administration agreed to put even more money into the nuclear-power project that Stockman loathed, the Clinch River fast-breeder reactor. It accepted a large authorization for the Export-Import Bank, and more.

Stockman tried to keep everything in line. When he agreed with House Republicans to restore $100 million or so to Amtrak, he had to go back and alert Bob Packwood, of Oregon, chairman of the Senate committee. "The Senate level which his committee tentatively voted out would have shut down a train in Oregon," Stockman said, "and he didn't relish the prospect of not being able to defend his train in the Senate and have it put back in by House Republicans."

In private, the budget director claimed that these new spending figures that Republicans had agreed upon for the various federal programs were not final but merely authorization ceilings, which could be reduced later on, when the appropriations bills for departments and agencies worked their way through the legislative process. "It doesn't mean that you've lost ground," he said blithely of his compromises, "because in the appropriations process we can still insist on $100 million (or whatever other figures appeared in the original Reagan budget) and veto the bill if it goes over . . . On these authorizations, we can give some ground and then have another run at it."

This codicil of Stockman's was apparently not communicated to the Republicans with whom he was making deals. They presumed that the final figures negotiated with Stockman were final figures. Later on, they discovered that the budget director didn't agree. When in September the President announced a new round of reductions, $13 billion in across-the-board cuts for fiscal year 1982, the ranks of his congressional supporters accused Stockman of breaking his word. In private, some used stronger language. The new budget cuts Stockman prepared in September did, indeed, scrap many of the agreements he negotiated in June when he was collecting enough votes to pass the President's reconciliation bill. In the political morality that prevails in Washington, this was regarded as dishonorable behavior, and Stockman's personal standing was damaged.

"Piranhas," Stockman called the Republican dealers. Yet he was a willing participant in one of the rankest trades—his casual promise that the Reagan Administration would not oppose revival of sugar supports, a scandalous price-support loan program killed by Congress in 1979. Sugar subsidies might not cost the government anything, but could cost consumers $2 to $5 billion. "In economic principle, it's kind of a rotten idea," he conceded. Did Ronald Reagan's White House object? "They don't care, over in the White House. They want to win."

This process of trading, vote by vote, injured Stockman in more profound ways, beyond the care or cautions of his fellow politicians. It was undermining his original moral premise—the idea that honest free-market conservatism could unshackle the government from the costly claims of interest-group politics in a way that was fair to both the weak and the strong. To reject weak claims from powerful clients—that was the intellectual credo that allowed him to hack away so confidently at wasteful social programs, believing that he was being equally tough-minded on the wasteful business subsidies. Now, as the final balance was being struck, he was forced to concede in private that the claim of equity in shrinking the government was significantly compromised if not obliterated.

The final reconciliation measure authorized budget reductions of $35.1 billion, about $6 billion less than the President's original proposal, though Stockman and others said the difference would be made up through shrinking "off-budget" programs, which are not included in the appropriations process. The block grants and reductions and caps that Reagan proposed were partially successful—some sixty major programs were consolidated in different block-grant categories—though Stockman lost several important reforms in the final scrambling, among them the cap on the runaway costs of Medicaid, and user fees for federal waterways. The Reagan Administration eliminated dozens of smaller activities and drastically scaled down dozens of others.

In political terms, it was a great victory. Ronald Reagan became the first President since Lyndon Johnson to demonstrate both the tactical skill and the popular strength to stare down the natural institutional opposition of Congress. Moreover, he forced Congress to slog through a series of unique and painful legislative steps—a genuine reconciliation measure—that undermined the parochial baronies of the committee chairmen. Around Washington, even among the critics who despised what he was attempting, there was general agreement that the Reagan Administration would not have succeeded, perhaps would not even have gotten started, without the extraordinary young man who had a plan. He knew what he

wanted to attack and he knew Congress well enough to know how to attack.

Yet, in the glow of victory, why was David Stockman so downcast? Another young man, ambitious for his future, might have seized the moment to claim his full share of praise. Stockman did appear on the Sunday talk shows, and was interviewed by the usual columnists. But in private, he was surprisingly modest about his achievement. Two weeks after selling Congress on the biggest package of budget reductions in the history of the republic, Stockman was willing to dismiss the accomplishment as less significant than the participants realized. Why? Because he knew that much more traumatic budget decisions still confronted them. Because he knew that the budget-resolution numbers were an exaggeration. The total of $35 billion was less than it seemed, because the "cuts" were from an imaginary number—hypothetical projections from the Congressional Budget Office on where spending would go if nothing changed in policy or economic activity. Stockman knew that the CBO base was a bit unreal. Therefore, the total of "cuts" was, too.

Stockman explained: "There was less there than met the eye. Nobody has figured it out yet. Let's say that you and I walked outside and I waved a wand and said, I've just lowered the temperature from 110 to 78. Would you believe me? What this was was a cut from an artificial CBO base. That's why it looked so big. But it wasn't. It was a significant and helpful cut from what you might call the moving track of the budget of the government, but the numbers are just out of this world. The government never would have been up at those levels in the CBO base."

Stockman was proud of what had been changed—shutting down the $4 billion CETA jobs program and others, putting real caps on runaway programs such as the trade adjustment assistance for unemployed industrial workers. "Those were powerful spending programs that have been curtailed," he said, "but there was a kind of consensus emerging for that anyway, even before this administration."

All in all, Stockman gave a modest summary of what had been wrought by the budget victory: "It has really slowed down the momentum, but it hasn't stopped what you would call the excessive growth of the budget. Because the budget isn't something you reconstruct each year. The budget is a sort of rolling history of decisions. All kinds of decisions, made five, ten, fifteen years ago, are coming back to bite us unexpectedly. Therefore, in my judgment, it will take three or four or five years to subdue it. Whether anyone can maintain the political momentum to fight the beast for that long, I don't know."

Stockman, the natural optimist, was not especially optimistic. The future of fiscal conservatism, in a political community where there are "no real conservatives," no longer seemed so promising to him. He spoke in an analytical tone, a sober intellect trying to figure things out, and only marginally bitter, as he assessed what had happened to his hopes since January. In July, he was forced to conclude that, despite the appearance of a great triumph, his original agenda was fading, not flourishing.

"I don't believe too much in the momentum theory any more," he said. "I believe in institutional inertia. Two months of response can't beat fifteen years of political infrastructure. I'm talking about K Street and all of the interest groups in this town, the community of interest groups. We sort of stunned it, but it just went underground for the winter. It will be back. . . . Can we win? A lot of it depends on events and luck. If we got some bad luck, a flareup in the Middle East, a scandal, it could all fall apart."

Stockman's dour outlook was reinforced two weeks later, when the Reagan coalition prevailed again in the House and Congress passed the tax-cut legislation with a final frenzy of trading and bargaining. Again, Stockman was not exhilarated by the victory. On the contrary, it seemed to leave a bad taste in his mouth, as though the democratic process had finally succeeded in shocking him by its intensity and its greed. Once again, Stockman participated in the trading—special tax concessions for oil-lease holders and real-estate tax shelters, and generous loopholes that virtually eliminated the corporate income tax. Stockman sat in the room and saw it happen.

"Do you realize the greed that came to the forefront?" Stockman asked with wonder. "The hogs were really feeding. The greed level, the level of opportunism, just got out of control."

Indeed, when the Republicans and Democrats began their competition for authorship of tax concessions, Stockman saw the "new political climate" dissolve rather rapidly and be replaced by the reflexes of old politics. Every tax lobby in town, from tax credits for wood-burning stoves to new accounting concessions for small business, moved in on the legislation, and pet amendments for obscure tax advantage and profit became the pivotal issues of legislative action, not the grand theories of supply-side tax reduction. "The politics of the bill turned out to be very traditional. The politics put us back in the game, after we started making concessions. The basic strategy was to match or exceed the Democrats, and we did."

But Stockman was buoyant about the political implications of the tax legislation: first, because it put a tightening noose around the size of the government; second, because it gave millions of middle-class voters tangible relief from inflation, even if the stimulative effects on the economy were mild or delayed. Stockman imagined the tax cutting as perhaps the beginning of large-scale realignment of political loyalties, away from old-line liberalism and toward Reaganism.

And where did principle hide? Stockman, with his characteristic mixture of tactical cynicism and intellectual honesty, was unwilling to defend the moral premises of what had occurred. The "idea-based" policies that he had espoused at the outset were, in the final event, greatly compromised by the "constituency-based" politics that he abhorred. What had changed, fundamentally, was the list of winning clients, not the nature of the game. Stockman had said the new conservatism would pursue equity, even as it attempted to shrink the government. It would honor just claims and reject spurious ones, instead of simply serving powerful clients over weak clients. He was compelled to agree, at the legislative climax, that the original moral premises had not been served, that the new principles of Reaganism were compromised by the necessity of winning.

"I now understand," he said, "that you probably can't put together a majority coalition unless you are willing to deal with those marginal interests that will give you the votes needed to win. That's where it is fought—on the margins—and unless you deal with those marginal votes, you can't win."

In order to enact Reagan's version of tax reduction, "certain wages" had to be paid, and, as Stockman reasoned, the process of brokering was utterly free of principle or policy objectives. The power flowed to the handful of representatives who could reverse the majority, regardless of the interests they represented. Once the Reagan tacticians began making concessions beyond their "policy-based" agenda, it developed that their trades and compromises and giveaways were utterly indistinguishable from the decades of interest-group accommodations that had preceded them, which they so righteously denounced. What was new about the Reagan revolution, in which oil-royalty owners win and welfare mothers lose? Was the new philosophy so different from old Republicanism when the federal subsidies for Boeing and Westinghouse and General Electric were protected, while federal subsidies for unemployed black teenagers were "zeroed out"? One could go on at great length, searching for balance and equity in the outcome of the Reagan program without satisfying the question; the argument will continue as a central theme of electoral politics for the next few years. For now, Stockman would concede this much: that "weak clients" suffered for their weakness.

"Power is contingent," he said. "The power of these client groups turned out to be stronger than I realized. The client groups know how to make themselves heard. The problem is, unorganized groups can't play in this game."

When Congress recessed for its August vacation and President Reagan took off for his ranch in the West, David Stockman had a surprising answer to one of his original questions: could he prevail in the political arena, against the status quo? His original skepticism about Congress was mistaken; the administration had prevailed brilliantly as politicians. And yet, it also seemed that the status quo, in an intangible sense that most politicians would not even recognize, much less worry over, had prevailed over David Stockman.

V. "WHO KNOWS?"

Generally, he did not lose his temper, but on a pleasant afternoon in early September, Stockman returned from a meeting at the White House in a terrible black mood. In his ornately appointed office at OMB, he slammed his papers down on the desk and waved away associates. At the Oval Office that afternoon, Stockman had lost the great argument he had been carefully preparing since February: there would be no major retrenchment in the defense budget. Over the summer, Stockman had made converts, one by one, in the Cabinet and among the President's senior advisers. But he could not convince the only hawk who mattered—Ronald Reagan. When the President announced that he would reduce the Pentagon budget by only $13 billion over the next three years, it seemed a pitiful sum compared with what he proposed for domestic programs, hardly a scratch on the military complex, which was growing toward $350 billion a year.

"Defense is setting itself up for a big fall," Stockman had predicted. "If they try to roll me and win, they're going to have a huge problem in Congress. The pain level is going to be too high. If the Pentagon isn't careful they are going to turn it into a priorities debate in an election year."

Two days later, when we met for another breakfast conversation, Stockman had recovered from his anger. The argument over the defense budget, he insisted crankily, was a tempest stirred up by the press. The defense budget was never contemplated as a major target for savings. When Stockman was reminded of his earlier claims and predictions—how he would attack the Pentagon's bloated inefficiencies, assisted by a clear-eyed secretary of defense—he shrugged and smiled thinly.

Autumn was cruel to David Stockman's idea of how the world should work. The summer, when furious legislative trading was under way, had tattered his moral vision of government. Politics, in the dirty sense, had prevailed. Now he was confronted with more

serious possibilities—the failure of the economic strategy and the political unraveling that he had feared from the beginning. On Capitol Hill, where Stockman was admired and envied for his nimble mind, where even critics conceded that his presence in the Cabinet was essential to Ronald Reagan's opening victories, politicians of both parties were beginning to reach a different conclusion about him. Despite the wizardry, Stockman did not have all the answers, after all. The wizard was prepared to agree.

His failed expectations were derived from many events. In August, when enactment of the Reagan program was supposed to create a boom, instead, the financial markets sagged. Interest rates went still higher, squeezing the various sectors of the American economy. Real-estate sales were dead, and the housing industry was at a historic low point. The same was true for auto sales. Farmers complained about the exorbitant interest demanded for annual crop loans. Hundreds of savings-and-loan associations were at the edge of insolvency. The treasury secretary, perhaps also losing his original faith in the supply-side formulation, suggested that it was time for the Federal Reserve Board to loosen up on its tight monetary policy. Donald Regan saw a recession approaching.

Stockman's prospects for balancing the budget were getting worse, not better. The optimistic economic forecast made in January to improve his original budget projections came back to haunt him in September. The inflation rate was down considerably (a prediction fortuitously correct because of oil and grain prices) but interest rates were not: the cost of federal borrowing and debt payments went still higher.

Stockman was boxed in, and he knew it. Unable to cut defense or Social Security or to modify the overly generous tax legislation, he was forced to turn back to the simple arithmetic of the federal budget—and cut even more from that smaller slice of the federal dollar that pays for government operations and grants and other entitlements. For six months, Stockman had been explaining to "the West Wing guys" that this math wouldn't add. When Reagan proposed his new round of $16 billion in savings, the political outrage confirmed the diagnosis. Stockman was accused of breaking the agreements he had made in June: Senate Republicans who had accepted the "magic asterisk" so docilely were now talking of rebellion—postponing the enormous tax reductions they had just enacted. While the White House promised a war of vetoes ahead, intended to demonstrate "fiscal control," Stockman knew that even if those short-range battles were won, the budget would not be balanced.

Disappointed by events and confronted with potential failure, the Reagan White House was developing a new political strategy: wage war with Congress over the budget issues and, in 1982, blame the Democrats for whatever goes wrong.

The budget director developed a new wryness as he plunged gamely on with these congressional struggles; it was a quality more appealing than certitude. Appearing before the House Budget Committee, Stockman listed a new budget item on his deficit sheet, drolly labeled "Inaction on Social Security." With remarkable directness and no "magic asterisks," he described the outlook: federal deficits of $60 billion in each of the next three years. Some analysts thought his predictions were modest. In the autumn of 1981, despite his great victories in Congress, Ronald Reagan had not as yet produced a plausible answer to John Anderson's question.

Still, things might out, Stockman said. They might find an answer. The President's popularity might carry them through. The tax cuts would make people happy. The economy might start to respond, eventually, to the stimulation of the tax cuts. "Who knows?" Stockman said. From David Stockman, it was a startling remark. He would continue to invent new scenarios for success, but they would be more complicated and cloudy than his original optimism. "Who knows?" The world was less manageable than he had imagined; this machine had too many crazy moving parts to incorporate in a single lucid theory. The "random elements" of history—politics, the economy, the anarchical budget numbers—were out of control.

Where did things go wrong? Stockman kept asking and answering the right questions. The more he considered it, the more he moved away from the radical vision of reformer, away from the wishful thinking of supply-side economics, and toward the "old-time religion" of conservative economic thinking. Orthodoxy seemed less exciting than radicalism, but perhaps Stockman was only starting into another intellectual transition. He had changed from farm boy to campus activist at Michigan State, from Christian moralist to neo-conservative at Harvard; once again, Stockman was reformulating his ideas on how the world worked. What had he learned?

"The reason we did it wrong—not wrong, but less than the optimum—was that we said, Hey, we have to get a program out fast. And when you decide to put a program of this breadth and depth out fast, you can only do so much. We were working in a twenty or twenty-five-day time frame, and we didn't think it all the way through. We didn't add up all the numbers. We didn't make all the thorough, comprehensive calculations about where we really needed to come out and how much to put on the plate the first time, and so forth. In other words, we ended up with a list that I'd always been carrying of things to be done, rather than starting the other way and asking, What is the overall fiscal policy required to reach the target?"

That regret was beyond remedy now; all Stockman could do was keep trying on different fronts, trying to catch up with the shortcomings of the original Reagan prospectus. But Stockman's new budget-cutting tactics were denounced as panic by his former allies in the supply-side camp. They now realized that Stockman regarded them as "overly optimistic" in predicting a painless boom through across-the-board tax reductions. "Some of the naive supply-siders just missed this whole dimension," he said. "You don't stop inflation without some kind of dislocation. You don't stop the growth of money supply in a three-trillion-dollar economy without some kind of dislocation . . . Supply-side was the wrong atmospherics—not wrong theory or wrong economics, but wrong atmospherics . . . The supply-siders have gone too far. They created this nonpolitical view of the economy, where you are going to have big changes and abrupt turns, and their happy vision of this world of growth and no inflation with no pain."

The "dislocations" were multiplying across the nation, creating panic among the congressmen and senators who had just enacted this "fiscal revolution." But Stockman now understood that no amount of rhetoric from Washington, not the President's warmth on television nor his own nimble testimony before congressional hearings, would alter the economic forces at work. Tight monetary control should continue, he believed, until the inflationary fevers were sweated out of the economy. People would be hurt. Afterward, after the recession, perhaps the supply-side effects could begin—robust expansion, new investment, new jobs. The question was whether the country or its elected representatives would wait long enough.

His exasperation was evident: "I can't move the system any faster. I can't have an emergency session of Congress to say, Here's a resolution to cut the permanent size of government by 18 percent, vote it up or down. If we did that, it would be all over. But the system works much more slowly. But what can I do about it? Okay? Nothing. So I'm not going to navel-gaze about it too long."

Still trying, still energetic, but no longer abundantly optimistic, Stockman knew that congressional anxieties over the next election were already stronger, making each new proposal more difficult. "The 1982 election cycle will tell us all we need to know about whether the democratic society wants fiscal control in the federal government," Stockman said grimly.

The alternative still energized him. If they failed, if inflation and economic disorder continued, the conservative reformers would be swept aside by popular unrest. The nation would turn back toward "statist" solutions, controls devised and administered from Washington. Stockman shrugged at that possibility.

"Whenever there are great strains or changes in the economic system," he explained, "it tends to generate crackpot theories, which then find their way into the legislative channels."●

Mr. HOLLINGS. As our great President said, the writer, namely Mr. Stockman, did not sin but was sinned against.

I do not know about that. I have watched this closely because I have learned of the closeness, of the friendship and respect that Mr. Greider, the author of the article, and Mr. Stockman have for each other. Nowhere have I ever heard Dave Stockman say he was misquoted, and nowhere have I ever heard him say that the article was printed out of context or put on the record when it should have been off the record.

On the contrary, Mr. President, it has been reliably reported to all of us that the Atlantic Monthly was not secretive in preparation of the article and actually made the photographs. So the Atlantic Monthly article was no surprise and the actual quotations used could not be refuted, because they were recorded.

Mr. President, the first resolution that is being reaffirmed here as the second resolution has serious flaws. The spend-out rates for outlays, the inflation rate, the growth rate, have all been distorted. We know, for example, in the national defense area, which we debated at some length, that there is a $15 billion difference in 1984, just because of the different inflation rate used and the different outlay rates used.

We returned from the summer recess after enactment of the first resolution, including the reconciliation cuts in spending, including the tax cuts in revenues, and the glorious victory of the administration in getting it program through, to be met in September with a rebuff of the program by the financial market and the business community in America.

Thereupon, we set out to make a mid-course correction. We learned that the projections that this Senator had used for economic indicators, unemployment rate, inflation rate, and other indicators,

were more accurate than what was used in the adopted resolution.

Mr. President, the rest has been proved history. Yet, I think it is important that we correct the impression made by the President of the United States when, in vetoing the continuing resolution for spending, he stated:

> This country has gone on now for a year without a budget and is 2 months into the second year without a budget. That is no way to run a railroad and it is even less of a way to run a country.

Mr. President, I am very disturbed by that comment. I have been working in budget work for 30 years. When our distinguished senior Senator, the President pro tem of this body (Mr. THURMOND), was Governor Thurmond in 1950, I balanced his budget as the floor leader in the legislature.

It is not that I do not have one heck of a lot to learn. I learn something every day about the budgets. I take pride in being on the side of fiscal responsibility. I think that is why I was reelected, when my State was going Republican last year, electing four Republican Congressmen, and replacing a Democratic Congressman. I was reelected in large measure because, as Governor of South Carolina, I balanced the budget and got the first AAA credit rating for our bonds back in 1959. I have maintained those concerns with my service here in the U.S. Senate.

Mr. President, let us refer to last year, when we were supposed to be running a railroad without a budget. On the contrary. Before the President of the United States, President Reagan, came to office, we in this Congress, a Democratic Congress, very much concerned about the country's fiscal direction, realized that it is hard to get consensus on budgets. We could see, as the result of the machinations of President Nixon, that we needed some kind of budget act, some kind of procedure, some kind of discipline. We had some 14 appropriations bills. There was no end-of-the-year addup to find out just exactly where we were.

We did not know whether we had a balanced budget, and most of us did not care. So we enacted the Budget Act to enable Congress to decide the country's overall fiscal policy.

We realized that we had heaped program upon program. In one direction we had proposals for sunset legislation. Senator Muskie, not just as chairman of the Committee on the Budget, as he was, but as an individual Senator, was moving this idea and it gained substantial momentum. We ought to sunset our laws; we ought to look them over periodically and find out whether they were carrying out their original intent, whether they were any longer effective, whether they could be afforded.

We also called, as a Democratic Congress, the President of the United States, President Jimmy Carter, to task. When he submitted his so-called austere budget in January of last year, we said, "Mr. President, it is not austere enough; resubmit your budget."

People do not have a sense of history. One of the disconcerting things, Mr. President, is that over half of the U.S. Senate is in its first term. I learned a lot from Senator STENNIS and Senator Russell and the other senior Senators, including Senator Mansfield. We must learn, we must get a sense of history. We should not get too exercised by our staffs jumping at us, "Put in this amendment," "Put in that amendment," "Get them to vote on this," "Make a record on this," and all that nonsense. We must sit back and get a better feel of what you are trying to do.

Do not let the record show that we had no budget for 1981. That is absolutely false. We struggled, we met on evenings, on weekends, almost around the clock, and we passed a budget, even in the fervor of an election year.

Mr. President, all politicians love tax cuts. The Congress passed seven tax cuts in the previous 10 years. Many of us remember the style of last year's campaigns. The style was whether to have a Kemp-Roth, the Reagan tax cut, the Carter tax cut, the Russell Long tax cut. Everybody had a tax cut. It was like Baskin-Robbins ice cream: There were flavors for everyone. Yet, in an election year, we held the line and did not pass one.

The point is that we resisted tax cuts because the economists said we could not afford a large, across-the-board cut.

I will never forget meeting a panel of economists in the summer of 1980. We were talking about the economic indicators, and I said, "Wait a minute." I said, "I'm not just chairman of the Budget Committee, I'm a candidate for reelection. If I go home with all those very dismal economic indicators and say, 'I'm the budget chairman, and I'm running Government up there in Washington, and you should send me back to Washington.' they would say, 'He's the trouble. Get rid of him.' "

I said to the economists, "Write out the list of what we should do to prevent this bad economic situation from developing."

To a man—there were 27 in the room—they said nothing. They said, "Senator, we don't operate on political years. We operate in fiscal and business cycles. If you wanted to have done anything about unemployment, you should have done it 2 years ago. Your task now is to hold the line against these across-the-board tax cuts.

We needed a tax cut that, beginning in January 1981, would allow better depreciation allowance and better investment tax credits, so industry can retool, create jobs, and compete with the Japanese and the West Germans. If you can get that program going, then we could do as President Kennedy did in the 1960's, enact an across-the-board cut in personal income taxes. But you cannot do it all at once. You cannot cut taxes, increase spending for defense, and cut the size of Government all at one time. You are dealing with international economies. You are dealing with energy problems and food costs and international incidents, acts of God, drought, and a thousand other events beyond our control that can cost billions of dollars.

Incidentally, while I am at it, I might refer to the second concurrent resolution for fiscal year 1981 and show the future tax cuts.

This is the budget of the Government. I do not want to put the whole print into the RECORD, but when they say this country has gone on now for a year without a budget it is untrue. This is the budget we had for 1981.

We have not missed a budget since we have had the Budget Act. I hold last year's budget in my hands. The second concurrent resolution was adopted in the Senate on August 27. By November 20, with the help of the distinguished chairman of our Budget Committee, we had a budget.

I want to emphasize two things as to tax cuts assumed in that resolution. In 1984–85, we projected that we would lose from future year tax cuts—this is a Democratic Senate and a Democratic House and a Democratic President—$55.3 billion in 1984 and $103.4 billion in 1985.

But the tax cut we enacted lost $149.9 billion in 1984 and $199.3 in 1985. No wonder the deficits are getting larger, not smaller.

What we have done is not anything new. We have just done it in the extreme. We have gone about $100 billion over the mark in each of those years. The excessive tax cuts are a big reason for the mess we are in now.

The point is that we did have a budget, a responsible budget. And it included a responsible tax policy. The tax cut this Congress passed is too much and we must correct it.

To further clarify the record, in case the President was referring to appropriations, and not the budget, I ask unanimous consent to have printed in the RECORD the action on the 1981 appropriations bills, the action on the budget bills, and the status of the 1982 appropriations bills.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOSCHWITZ. Mr. President, reserving the right to object, I believe I have heard my distinguished colleague from South Carolina earlier put into the RECORD the Atlantic Monthly article regarding Mr. Stockman. Am I correct in that?

Mr. HOLLINGS. Right.

Mr. BOSCHWITZ. I really understand very well the Senator's interest in the budget and have long admired his skill and his desire to see that it comes closer into balance.

The article from the Atlantic Monthly was put into the RECORD, on the Monday it came out, by Senator HART. The article is 26 or 28 pages long, and the RECORD, I am informed, costs $480 a page to print. So that would be about $10,000 to print this article for a second time.

So, at this time I ask how long the pieces are that the Senator is now inserting into the RECORD. Are they also of this length? I refer to the ones in the Senator's hand.

Mr. HOLLINGS. Two sheets.

Mr. BOSCHWITZ. I ask this of the Senator: Inasmuch as the Atlantic Monthly article was printed earlier—I do not know the exact date, but it was printed—I ask the Senator if he will

withdraw the request for the necessity of printing it again.

Mr. HOLLINGS. I understand the Senator's sensitivity about this particular article. But it is relevant to this debate, and that is why I had it inserted. The President said that rather than being the sinner, Mr. Stockman was sinned against. I do not want to get involved in any crossfire as to misquotes, so I would rather the complete article appear, because there will be other references to it in my presentation.

Mr. BOSCHWITZ. I do not have any objection to the Senator inserting the present material in the RECORD, but I say again that the very article he wants to insert—25 or 26 pages long, at $480 a page—was put into the RECORD earlier. Will that not suffice? Does the Senator need to have the Atlantic Monthly article inserted into the RECORD again? It is 10,000 or 11,000 bucks.

Mr. HOLLINGS. With all due respect to my distinguished colleague, I am very aware of the cost of Government.

But, this article is very pertinent and very relevant to our discussion. I am trying to help Senators and others cover the budget debate, especially those matters relating to economic indicators, the inflation rates, how OMB arrived at their spend-out rates, how they use the economic indicators, the outlay rates, the growth rates, and their general economic theory.

In reality we are budgeting for President Reagan's program. Now we have the most interesting observations of the President's economic program by his own Director of Management and Budget. I would think it would be appropriate that if there is something inaccurate about that article, something incomplete about that article, something unfair in the quotes, or some misunderstanding in its printing, that the distinguished Senator provide that correction for the RECORD so that any damage or unfairness to Mr. Stockman would be repaired.

I think this is a very, very appropriate article for us not to be concerned about the cost of the RECORD but with the accuracy of the RECORD. It is very important at this time.

Mr. BOSCHWITZ. I have no argument with the Senator that this article would be appropriately inserted into the RECORD in the course of this debate. I also state that I have no objection for the article being in the RECORD from the standpoint of it being in some way embarrassing, as far as I am concerned, not at all.

However, could we not achieve the same thing by having a reference somewhere in the RECORD at that point, instead of the entire article, to say that the article has been previously inserted in the RECORD on such and such a date at such and such a page and that we could save the taxpayers $10,000 or $12,000 that is involved in reprinting it again? Even if it was only referred to, the reference certainly has a broad enough circulation that it perhaps need not be reprinted in the RECORD.

So I renew my request again to my distinguished colleague, that his request was made so quickly and passed upon that I did not put my wits together for the purpose of objecting. I do not like to object to such unanimous-consent order in any case. But there are $10,000 or $12,000 involved, and I wonder if the same thing could not be accomplished by virtue of having a reference to the earlier insertion made in the RECORD.

Mr. HOLLINGS. No.

I would go along with the Senator if he wanted to delete the previous insertion from the permanent RECORD. That way money would be saved. But I cannot agree to delete it now because it is a vital reference to this debate on the budget.

Mr. President, at the present time I have made a unanimous-consent request to submit a schedule of the appropriations bills for 1981 and 1982. We have been charged with operating without a budget for over a year and I want to make sure Senators know that it is not true.

That is my request to the distinguished Presiding Officer.

Mr. BOSCHWITZ. Mr. President, reserving the right to object, and I shall not object, I do want to say that the article did appear in the November 10 RECORD on page S13224, and I regret that we have to reprint it at this time.

Mr. HOLLINGS. I am pleased that it be reprinted. There is no question about that.

Mr. BOSCHWITZ. I regret we have to reprint it at this time at a cost of nearly $900 a page to the taxpayers.

Mr. HOLLINGS. Did it help save the taxpayers money when we had to stand here all night long with the continuing resolution? Despite reports that the President would veto the conference report, we were told let us get on with it one way or the other, let the chips fall where they may, let us vote in order to save time and save money.

That was on a Sunday evening and we voted an unnecessary thing surely to be vetoed, and I heard no complaint at that time by the Senator from Minnesota that we were wasting money and time in the RECORD. On the contrary, they were insisting on a futile act. They voted for that continuing resolution knowing it was going to be not only vetoed but would result in closing down the Government, so that futile exercise in itself cost millions of dollars.

On all the TV sets we saw they were closing down a Federal building here and there and Government employees were sent home. We lost a day's work in that particular exercise.

I have many examples like that. We should not have wasted that money. I was objecting to the waste of that money. The distinguished colleague from Minnesota at that time I do not believe objected. I think he voted for that. That is the way to really save money.

But we are wasting time and we are wasting money on this discourse that has nothing to do with the second budget resolution.

I will repeat my unanimous-consent request and see how it is ruled upon.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this particular time three schedules, one the action on the 1981 appropriations bills, another schedule of actions on the budget bills giving the numbers and the dates they were approved, and then another schedule of the status of the 1982 appropriations bills at this point.

The PRESIDING OFFICER. The Chair will inform the Senator from South Carolina that the Chair did rule on the Senator's unanimous-consent request.

Mr. HOLLINGS. I thank the Chair very much.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

ACTION ON 1981 APPROPRIATIONS

Appropriation Bills Approved by President:

1. Energy and Water Development—P.L. 96-367, October 1, 1980.
2. Agriculture—P.L. 96-528, December 15, 1980.
3. Military Construction—P.L. 96-436, October 13, 1980.
4. HUD—P.L. 96-526, December 15, 1980.
5. Interior—P.L. 96-514, December 12, 1980.
6. Transportation—P.L. 96-400, October 9, 1980.
7. District of Columbia—P.L. 96-530, December 15, 1980.
8. Defense—P.L. 96-527, December 15, 1980.
9. Supplemental Appropriations and Rescission Act—P.L. 97-12, June 5, 1981.

Appropriated for 1981 by Incorporating in Continuing Resolutions:

10. Legislative Branch—P.L. 96-369, October 11, 1980.
11. State-Justice-Commerce—P.L. 96-536, December 16, 1980.
12. Labor-Health and Human Services and Education—P.L. 96-536, December 16, 1980. (Second consecutive year funded in Continuing Resolution.)

Continued in Continuing Resolution (House 1981 or current rate):

13. Treasury-Postal Service—P.L. 96-536, December 15, 1980.
14. Foreign Operations—P.L. 96-536, December 15, 1980.

Action on Budget Bills:

First Concurrent Budget Resolution—H. Con. Res. 307, June 12, 1980.

Second Concurrent Budget Resolution—H. Con. Res. 448, November 20, 1980.

Reconciliation Act—P.L. 96-499, December 5, 1980.

STATUS OF 1982 APPROPRIATIONS BILLS

Public Law:

1. Legislative Branch—incorporated in Continuing Resolution at 1982 levels—P.L. 97-51, October 1, 1981. (Identical to action in Fiscal years 1980 and 1981.)
2. District of Columbia—P.L. 97-91, December 4, 1981.
3. Energy and Water Development—P.L. 97-88, December 4, 1981.

Conference Reports Pending:

4. HUD-Veterans-Space Science (passed Senate November 21, 1981, with amendment incorporating agreements made in conference on vetoed Continuing Resolution).
5. Interior—passed House November 12, 1981.
6. Agriculture.
7. Transportation.

Passed Senate:

8. Foreign Operations (S. 1802) House has not considered H.R. 4559. (Last Foreign Operations Appropriation Act, FY 1979.)
9. Defense.
10. Military Construction.

Pending in Senate:

11. Commerce-Justice-State.
12. Treasury-Postal Service.
13. Labor-Health and Human Services and Education. (Last new Appropriation Act FY 1979.)

Mr. HOLLINGS. Mr. President, some would say the President was referring to the appropriations bills. We already have them in. Some would say that he was referring to budgets. Either way we have had a budget for 1981. The Budget Committee worked diligently to get that second resolution. And we worked up until December 5 doing what? Cutting spending. And doing it how? Doing it with reconciliation in a lameduck session.

We had hoped to have cut some $20 billion off the deficit, but we ended up saving $8 billion, which was still a record at that time for savings. Rather than a sorry way to run a railroad, we were getting the railroad on the track and running as it should.

(Mr. DANFORTH assumed the chair.)

Mr. HOLLINGS. It was put on the track by a Congress last year, and President Jimmy Carter signed that first spending cut bill in history. President Reagan did not come to town and invent spending cuts. We put that reconciliation bill through as a Democratic House and a Democratic Senate and a Democratic President.

As for specific appropriations, the legislative branch was incorporated in a continuing resolution just like this year. There was nothing wrong with that. We have had to do it with respect to foreign aid because we have not had an authorizing bill for 3 years, I think.

At the State level, when we continue last year's spending we think that that holds the line.

But at the Federal level that is not necessarily the case because a continuing resolution can contain the version of the appropriation bill passed by the House this year, passed by the Senate, passed by a conference committee, and it can be substantially more.

For Treasury and Post Office we just got to the end of the year, December 15, and they said there is no reason to have Senate consideration of the bill. They said, "Let us throw it in with Foreign Operations," so we put them together. But it is a law designated as Public Law 96-536, December 15, 1980.

So we have had a budget by way of spending bills, by way of tax policy, and by way of budget resolution here for the last year.

Mr. President, the reason we do not have a budget for 1982 yet is that the President has asked us to delay. That was at his request.

I came back here in September, other members of appropriations subcommittees came back, and we were prepared and willing to move State, Justice, Commerce and several other bills. Our distinguished chairman, Senator HATFIELD from Oregon, had moved adroitly to smooth our differences between the Budget Committee and the Appropriations Committee. We had completed all our hearings, we had marked up our bills, and many had been reported out of subcommittees, and we were ready to move and have these bills acted upon by September 15.

What occurred, Mr. President? Rather than moving along, the Reagan economic recovery plan aborted. The people on Wall Street, the people on Main Street, added up the arithmetic and they did not like what they saw. They did not respond like the administration thought they would but rather like people who knew the program would not work. The administration said that the theory of expectations will make them invest and the economy will turn around.

On the contrary, it turned absolutely straight down through the floor. That is what happened to the bond market and the stock market. Wall Street added it up and it did not compute.

So the program really was working. We heard cries on the floor, "Give it time to work": 1984 has not come yet; 1983 has not come yet; October 1, 1981 has not come. The theory said, "Just pass this," and even before the law becomes effective, business will expect a chance to be able to retool and to start making orders, knowing they would get those tax breaks, that supply side would be triggered, and we would start the economy moving.

Well, when Senator BAKER was asked what was happening, he said, "We are working it out, we are trying to get ourselves coordinated. We are waiting on getting word from the White House."

Now, having worked all fall, to the credit of Senator DOMENICI, the chairman of our Budget Committee, the distinguished majority leader, Senator BAKER, to the credit of Senator DOLE, the chairman of the Committee on Finance, they realized that some midcourse correction should be made and made immediately. They moved into that gap and they started to fill it in a realistic fashion, trying to get that midcourse correction. The original program had not worked, and we needed to get it to work.

Now, instead of appreciating the Congress that had worked all fall long, a Congress that had given an historic $35.2 billion in spending cuts, had given the President his tax cut program, gone along with him on the change of regulations, even gone along in foreign policy and AWACS and all of those other things, and what did the President say? The President, on Thanksgiving evening gave this answer in an interview with Barbara Walters on ABC:

WALTERS. Mr. President, what is going to happen? Do you think that this budget crisis will be resolved by December 15 or if not are we all going to just hang in there for the countdown again?

President REAGAN. Well, it should be, I think it is, disgraceful that we have gone through the entire 1981 year without a budget.

Now, Mr. President, I was not going to let that go. That is absolutely false. We have not gone through the year 1981. The President on separate occasions reiterates this and uses the word "disgraceful." As the ranking member of the Budget Committee and having served on it since the institution of this Budget Committee, I resent the President's remark and I correct that record.

Senator DOMENICI and everybody else has worked around the clock. The crowd he ought to be thanking, he is cussing, saying it is disgraceful that we do not have a budget, and that is the image going out to the American people. President Reagan has come to town, he has worked hard, has gotten certain things accomplished. But we still do not have a budget for this year.

The only reason we are here late is on account of him. He appeared on TV on September 24 and he said rather than the $42.5 billion deficit it looks like it is going to be $59 billion, "so I am asking for $16 billion in savings, $15 billion in spending cuts and $3 billion in tax increases." He was changing, to his credit. He was recognizing that something needs to be done, and the President of the United States put that $16 billion program out on national TV.

That was really not even a half way or a quarter way measure because we were looking at about a $100 billion deficit, realistically, and he was just giving us $16 billion.

The President has got his programs, he has got the works. This is a Reagan Congress; Reagan programs throughout.

Now, here is where we are. He does not understand, Mr. President, that we have tax expenditures. I do not believe David Stockman ever told him that. I have a schedule here of the tax expenditures, which I will insert in the RECORD.

The list shows tax expenditures from 1967 to 1986, the tax reductions in 1970 and defense outlays. I was trying to see who was winning this race. I thought we were trying to rebuild defense all during the 1970's, and particularly now under President Reagan. But I found out that Senator LONG and Senator DOLE are really outdistancing me.

Just take the 10-year period from 1970 to 1980. In 1970, tax expenditures amounted to $43.9 billion and the Defense budget, $78.6 billion. But by 1980, it is $181.5 billion and $135.9 billion. In 1981, just this past year, tax expenditures are $228.6 billion and the Defense budget was only $162.1 billion in outlays.

Mr. President, I ask unanimous consent that this schedule be printed in the RECORD.

Mr. DOMENICI. Mr. President, reserving the right to object. I would say to the good Senator that I will not object to that one even costing money, because I think the Senator is eminently right calling that to everyone's attention.

There being no objection, the schedule was ordered to be printed in the RECORD, as follows:

[Dec. 1, 1981; dollar amounts in billions]

	Tax expenditures (fiscal years)	Tax reductions in the 1970's (calendar years)	Defense outlays [1]
1967	$36.6		$68.2
1968	44.1		78.8
1969	46.6		79.4
1970	43.9	$12.0	78.6
1971	51.7	23.4	75.8
1972	59.8	22.3	76.6
1973	63.4	40.6	74.5
1974	82.0	44.3	77.8
1975	92.9	64.2	85.6
1976	97.4	70.2	89.4
1977	113.5	80.9	97.5
1978	123.5	97.9	105.2
1979	149.8	121.1	117.7
1980	181.5	154.7	135.9
1981	228.6	163.7	162.1
1982	266.3	213.1	188.8
1983	306.4	272.4	226.0
1984	350.5	316.8	255.6
1985	403.7	382.1	303.9
1986	465.3	452.7	342.7

[1] Based on President Reagan's Mar. 10 budget. 1981 to 1986 are projections.

Mr. HOLLINGS. I thank the distinguished chairman.

Mr. President, what we have is what Chairman DOMENICI termed a lost consensus. We started the year with the Domenici-Hollings reconciliation cut. The record will show that Democrats, as they had in 1980, were still moving toward cutting spending. The record will show that the first resolution that we voted on spending cuts was voted out unanimously by the Democrats on the Budget Committee.

I have the pleasure of serving at the appointment of our distinguished President on his Commission for Federalism. I have talked to these mayors, Governors, and county officials. They all realize the need to tighten our belts. We have worked together. Our Democratic staff and the staff of the Repubican majority cooperated in drawing up the spending cut bill.

The unfortunate thing is that the President is now calling our actions a disgrace, when we have been cutting spending.

We were not but $500 million in difference on the continuing resolution when all of this litany started about being disgraceful. We worked out the Baker solution. It carried the name of the distinguished majority leader but rather than being called thankful, we were called disgraceful. Now, the consensus, as Senator DOMENICI indicates, has dissipated. That is the great loss—the lost opportunity. President Reagan has won every battle and ends the year losing the war. He wins, as I say, on his spending, his tax cuts, his regulation cuts, his foreign policy, and everything else. But, instead of the deficits declining, we have increasing deficits.

Instead of, as President Carter had projected, a $27.4 billion deficit for this coming year, 1982—and he had included in there higher domestic spending, lower defense spending; he had in there a tax increase on gasoline and other things—we went first to $42.5 billion, then we jumped to $59 billion, and now we have jumped to $109 billion deficit. We are headed in the wrong direction. And the consensus has dissipated on Defense. We saw it the other day in passing the Defense appropriations bill.

The President not only lost the support of business, but of the Governors and Republicans.

Someone must tell the President that the program is fundamentally flawed. The Vice President called it voodoo. The Director of your Office of Management and Budget called it a Trojan horse to inure the rich. He said supply side was trickle down. And now comes the chairman, the Republican chairman, of the National Governors Conference, the Governor of Vermont, Governor Snelling, saying that it is an economic Bay of Pigs. Something is wrong. It is fundamentally flawed.

I chastized the business community for coming up here in droves and patting the President on the back. He has to learn that hard lesson. I have had that happen to me in politics. They say how great he is, but they are voting with their pocketbooks in the other direction.

The President has lost his Governors, he has lost his mayors, and he has certainly lost his troops on his own side. He has lost some on this side. He has put me in an untenable position.

I was leading the way with Senator DOMENICI. I came in February with a solution to social security. Everybody acts like the great discovery is entitlements. We foresaw that long ago. To the credit of the members of the Budget Committee on the Republican side, they helped me with my proposal. And, to the credit of the Senate, it was in the bill. We said we ought to scale the cost-of-living adjustment to the wage or price index, whichever is smaller, and delay it from July to October.

I said the senior citizens will do their part for this country—do not worry about them—if it is a responsible, reliable package that will actually solve economic problems. They will take their share of the burden. I am not worried about senior citizens and senior citizens' votes, as long as the cut is fair.

But after my proposal, the Congress passed an outrageous tax cut bill. Now, I have to say to myself: You mean I am going to give the oil companies $16 billion in incentives under that tax cut bill in order to cut social security? You mean to say I am going to endorse the leasing of tax credits and put the tax laws and revenue policy in the hands of the business tax lawyers and then cut social security?

I cannot vote for that. I cannot support the basic elements of the Reagan package becoming so unfair. I am trying to work and be part of the solution to the problem. But it must be a fair solution.

Finally, Mr. President, more than anything else, the President has lost not just the opportunity he had going all year long, but he has lost his will. On November 17, 1981, right after the general election a leap year ago, 12,758 voters were interviewed in what we call exit polling. These were not analyzed polls. It is not all of these pollsters trying to justify a particular hypothesis. On the contrary, the voters coming out of the polls, were asked a simple question: "Why did you vote the way you did?"

The Reagan voters responded with these priorities: First, inflation and the economy. Second, balance the budget. Third, unemployment. Fourth, was national security and national defense. Fifth, was tax cuts.

Right at the top was inflation, the economy, and balancing the budget, overwhelmingly. There were only 13 percent of the Reagan voters who were thinking of a tax cut as their reason. Now his extravagant tax cut has disrupted the economy and caused a revenue hemorrhage and has prevented his program from taking root. Instead, the President changes his position.

The President stated, "I didn't come here to balance the budget. I was elected to reduce Government intrusion in the economy."

Now the President has lost his will to balance the budget. That is the worst thing of all. The best leader I have ever seen in trying to bring back fiscal responsibility was President Ronald Reagan. He was on course, he was working hard, he was communicating, his heart and mind were in the right place.

Now, as the chairman of the Budget Committee says, we have lost a consensus. We think the economic conditions require that we get back together in some kind of consensus. I would be ready, willing, and able to join.

We have had the most commendable, dedicated activity on the part of both sides of the aisle with respect to our Appropriations Committees, our Budget Committee, and the body as a whole in trying to develop a budget and develop a spending program in order to conform with that budget.

I would hope that we have many on both sides of the aisle, like myself, who would still be determined to try to balance that budget in 1984. Every day counts. That is the reason, Mr. President, for the resolution offered by Senator JOHNSTON, accepted in a bipartisan fashion by the Budget Committee. We had a concurrent resolution saying, "It is the sense of the Senate that the President should submit a plan as soon as possible to bring interest rates down, to decrease unemployment, to decrease substantially inflation, to balance the budget in fiscal year 1984, and, further, it is the sense of the Congress that presidential guidance and leadership is essential to reach these goals."

I would respectfully request our President to cooperate with the Congress because this situation needs his guidance and leadership. We need the help of everyone on both sides of the aisle.

Mr. DOMENICI. Mr. President, I yield whatever time the Senator from Minnesota desires.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. Mr. President, I have listened at considerable length to my distinguished colleague from South Carolina, Senator HOLLINGS. I do not think the President has lost his will to balance the budget. Recently I and several other Members of the Senate met with him with regard to just that subject. I can assure the distinguished ranking minority member of the Budget Committee, Senator HOLLINGS, that the President is very much inclined and indeed very much dedicated to the idea of balancing the budget.

Mr. President, the second budget resolution for fiscal year 1982 that is before us today presents somewhat of a dilemma. The Budget Committee reported it to the floor with "no recommendation" as to its disposition, a highly unusual circumstance. I do not think a budget resolution has ever before been reported in that manner before.

This situation arises because of what has been a very difficult year with regard to the budget. We have considered and passed what is now referred to as an "unprecedented" omnibus reconciliation bill that reversed the funding growth of many programs. That was however only the first step, albeit a major one, toward controlling Federal spending. The task we now face is that of getting a consensus on how to proceed from here.

Of course, it is a lack of consensus which has caused us to submit this truncated second budget resolution.

The dilemma over the second budget resolution basically boiled down to a disagreement over whether the second budget resolution should be used as a vehicle for further spending controls. I thought it should be. Some of us, including myself and the distinguished chairman of the committee, Senator DOMENICI, felt that we needed to proceed now so that we could achieve some meaningful budget reductions within the next few months and not wait for the succeeding years. Others felt that we should give the President and his administration some time to work out in detail their budget plan before we proceeded forward. That is, the budget plan in 1983. This is what the President himself requested, and they concurred with that approach. Still others felt we should begin enacting a program of tax increases to close the budget gap. I strenuously objected to that approach.

None of the plans to take action now was able to gain the backing of a majority on the committee, however. And because the Senate cannot adjourn sine die until we pass a second budget resolution, the committee turned to the alternative of simply reaffirming the first budget resolution.

I want to clarify, however, that reaffirming the first budget resolution does not mean that those numbers will govern spending through the remainder of this fiscal year. I believe everyone recognizes that those numbers have changed and that we must take further action to try to hold those budget estimates down.

When we return in January, we must sit down and immediately work on revising this budget resolution, both to reflect reestimates and to enact some policies designed to control those reestimates of increased sepnding. At the same time, we must begin work on the budget for fiscal year 1983. President Reagan will submit his budget in January and will request its immediate consideration. I concur in this and hope that the Budget Committee will act in that manner.

I think our best course of action at this point is to pass Senate Resolution 50. The alternative is a stalemate between the competing interests on how else to proceed, and I do not believe further delay will serve us well. Perhaps we all need to take some time to assess where we want the budget to go, so we can make a fresh start in January. It may take some time to develop a consensus on how to proceed.

The consensus on the method of proceeding, I hope, will be that we will look at the budget in a broader way than we have up until this time. The budget, basically, as Senator DOMENICI has pointed out, comes in three parts: The the defense part about 25 percent, and the appropriated part. The appropriated part is about 20 percent, the entitlement programs about 55 percent, and the defense part about 25 percent, and rising rapidly.

We increased the defense part, we did not touch the 55 percent of the entitlements part, and we chopped away at the 20 percent.

We did do a little work on the entitlements, though not much. We chopped away with great fervor at the 20 percent. We must expand our horizons and do something to the entitlement parts if we are to bring some form of budget control and discipline to our country.

None of the plans that take action now was able to gain the backing of the majority of the committee and because the Senate cannot adjourn sine die until we pass the second budget resolution, I shall vote for the resolution as it has been reported out by the Committee on the Budget.

I think Senator DOMENICI deserves a great deal of praise on his handling of the budget this year. I give him and Senator BAKER full credit on developing the consensus on this year's budget that passed last spring. I look forward to working with him in January to reach a new consensus as we tackle further budget revisions.

Mr. President, I yield the floor.

Mr. HOLLINGS. Mr. President, I yield 5 minutes to the distinguished Senator from Massachusetts.

Mr. KENNEDY. Mr. President, 8 months ago, the Senate adopted the first concurrent budget resolution for fiscal year 1982. I voted against that measure. I said at the time that the budget failed to meet the test of fundamental fairness for the 225 million Americans we represent. It sought to reduce the burden of inflation at the expense of the young, the Vietnam veteran, the poor, the sick, and the elderly. I predicted that the budget would mean inadequate nutrition for the children in our schools, lost dreams of a college education for thousands of promising young students, and cruel choices for the elderly between food on their tables and heat for their homes.

This evening, we are asked to endorse the same budget proposed to the Congress 8 months ago and, once again, I shall vote no on a budget that spells sacrifice and suffering for the many, and windfalls for the privileged few.

Mr. President, the budget cuts already made have been too deep. Vital health programs for the poor and the elderly have been slashed. The school lunch program has been crippled. Block grants with inadequate funding have been foisted upon our already hard-pressed States, cities, and towns. This grim litany is a product of the administration's program and the more than $35 billion in cuts that the President asked for and received.

Now, we learn that the administration's own forecasts project an incredible $109 billion deficit for 1982. The budget which was designed to end Federal deficits is about to produce a triple-digit deficit—the greatest deficit in our Nation's history. Reaganomics and the Reagan budget are being washed away on a tidal wave of red ink.

Mr. President, the American people have a right to ask, why all this human suffering for a deficit more than twice as large as the administration predicted before the budget cuts? They have a right to ask, why this recession? Why this rising unemployment? They have a right to ask why these billion dollar windfalls for the oil companies, and yet no room for those most in need.

It is time to take our stand against the trickle down economic theory, Mr. President, against a policy that fights inflation with recession and unemployment, against a program that abandons the social progress of a generation. Congress has a responsibility to shape a budget that meets our Nation's needs, not simply to rubberstamp a budget that has clearly failed. I urge my colleagues to reject this resolution. We have already done too much damage to our principles and produced too much human misery in our country.

Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, how much time does the Senator from Iowa desire?

Mr. GRASSLEY. Five minutes, Mr. President.

Mr. DOMENICI. I yield 5 minutes to the Senator.

The PRESIDING OFFICER. The Senator from Iowa.

Mr. GRASSLEY. I thank the Senator from New Mexico for yielding to me.

Mr. President, I want to say, in stating my opposition to this resolution that I in no way detract from or mean to detract from the serious efforts of the chairman of the committee and the ranking minority member to work something out. I speak particularly of the efforts that have been made by the Senator from New Mexico through hours and hours of caucus with Republican members of the committee to arrive at either cuts in spending or combinations of spending reductions with revenue enhancements to accomplish our mutual goal of a balanced budget. Even though that goal looks further away now that it did 3 months ago or, certainly, 6 months ago, I am still not any less desirous of achieving a balanced budget in 1984 or 1985.

I think that we have to keep reminding ourselves that if we do not strive to reach that goal, there will not be any successful effort to cut spending. Without that goal and without President Reagan's leadership, we would not have accomplished the $35 billion of spending reductions that have already been accomplished. Without that goal, we are not going to be as serious in our efforts to cut spending as we otherwise would be.

I do not think we ought to think anything less of President Reagan because he says that he is not so much interested in accomplishing a balanced budget as he is of bringing more economic freedom to Americans or reducing the involvement of the Federal Government in the economy. What he is attempting to do is reduce the percentage of the gross national product that is represented by the Federal budget from around 23 percent to 19 or 20 percent. Even without a balanced budget, that goal is probably more meritorious than the goal of a balanced budget.

Then what is the value of the goal of a balanced budget? It is simply this, that it is easily understood by the public at

large. It is easy to rally public opinion behind it. It is easy to campaign on. For those of us desirous of accomplishing campaign goals, it is easier to work for a balanced budget than for reducing the percentage of the gross national product taken up by the Federal budget.

Both goals leave us better off than where we have been in recent years. Either one of those goals is a worthy goal. We will do well if we accomplish both goals; we will do well if we accomplish only one of them. What is most frustrating about this process is that this is the lastest that any second budget resolution has passed.

The PRESIDING OFFICER. The time yielded to the Senator from Iowa has expired.

Mr. GRASSLEY. Mr. President, I yield myself 3 more minutes. Because this is the latest that a second budget resolution has passed, some people in and out of Congress have gotten the feeling that the budget process is breaking down. I do not think it is, because I think with the leadership of people like Senator DOMENICI and Senator HOLLINGS this process has been enhanced in recent years and has accomplished things that have never been accomplished before and would not have been accomplished without it. But it is easy to believe that since we are just passing a pro forma resolution, the whole process is breaking down. I want to express my feeling that it is not and that, with the proper leadership, it will not.

Yet, it is a fact that, in the 7 years we have had a budget resolution, this is the latest we have gone without a budget resolution. We do not want to let that happen again, and we want to remind the people of this country that this is not symptomatic of the budget process breaking down. But I think it does speak to those in Congress who want to let the runaway spending continue; that by not working to speed up the budget process and accomplish things on time it is working to their end.

This budget resolution has been called a sham. The previous speakers have gone to the point of saying that the one earlier this year was a sham. All I can say is that even if it were, we have still accomplished more through that first budget resolution and the reconciliation bill than we ever were able to accomplish before: $35 billion of savings and about 60 percent of the total the President and the Republicans in the Senate wanted to accomplish in the next 3 years.

I remind the people who refer to this as a sham, whether they be Republicans or Democrats, that none of the goals set by any of the seven previous budget resolutions have been met.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. GRASSLEY. I yield myself 1 additional minute.

In that sense, every budget resolution passed by Congress since the 1974 act has been a sham. We in Congress must realize that we are going to have to redouble our efforts if we hope to achieve the spending targets we ourselves have set. Lower spending targets can be achieved only to the extent to which we want to bring spending under control. We also need to try to make our economic forecasts more realistic than we have in the past. We must do both of those things if the budget process is not going to be a sham.

Mr. President, the Congressional Budget and Impoundment Control Act of 1974 stipulates that Congress must pass a second concurrent resolution for the current fiscal year. In order to fulfill its legal responsibility, the Senate Budget Committee considered several alternative budget scenarios, which would have served the purpose of suggesting responsible fiscal policy to the Congress. Unfortunately, the goals and methods of achieving them were subject to such controversy and debate that no consensus agreement was reached. The committee, therefore, voted to reaffirm the budget passed this past spring—the first concurrent resolution on the budget for fiscal year 1982—and send it on to the full Senate without a recommendation as to its disposition.

Although the Budget Committee insists that this is merely a pro forma measure until recommendations from the President are received and enacted, I am disappointed with the outcome which is adverse to our earlier actions. Congress as a whole, and the Budget Committee in particular, have displayed tremendous discipline in enacting the crucial spending and tax reduction components of President Reagan's economic recovery plan this year. With the very able leadership of our chairman, Senator DOMENICI, the committee began its contribution to the plan with action on the reconciliation bill in early March, and has continued to fulfill the commitment to reducing the rate of growth in Government spending.

The object of this exercise is to reduce the outrageous deficits of the past decade, which are a major cause of our current economic frustrations. The deficit itself is not an evil, but it is the size of the deficit relative to the total capital available for investment and inflation that contribute to our economic problems of high interest rates, unemployment, more inflation, and low economic growth and productivity.

Unfortunately, the economy has not responded to our fiscal policy changes as quickly as we had hoped. Our problems with interest rates and inflation are slowly diminishing, but we are a way from full economic recovery. It is with this in mind, that President Reagan proposed additional spending reductions in September, which the committee tried to incorporate in the second budget resolution. In the face of widespread congressional opposition, however, this has not come about. I am not convinced that we should abandon our goal of a balanced budget through less Government spending so easily. Congress can and must combine further budget reductions with whatever compromises are necessary to pass such cuts.

For this reason, I fully supported the chairman's proposal, which would have balanced the budget by fiscal year 1984. Though it did contain $48 billion in revenue enhancements, I was willing to accept this as a means to establishing $115 billion in spending cuts over the next 3 years, which were included in the Chairman's plan. I am firmly committed to the 25-percent personal tax rate reductions the Congress enacted this summer, and I would oppose any and all efforts to delay or repeal them. As a member of the Finance Committee, I would work to insure that the $48 billion would be derived from the elimination of abuses and inefficiencies in the Tax Code.

I realize the legal obligations that lead the committee to reaffirm the first budget resolution and, therefore, will oppose Senate Concurrent Resolution 50. Our action of reaffirmation is nothing more than a stop-gap measure until we can dispose of the President's January budget submission. We have been promised revenue and entitlement reform, and though we are not privy to the details of the proposal, I hope that the Budget Committee will be able to formulate a strong consensus for fiscal policy in the coming year. If we fail in this endeavor, we will have lost our chance to bring about the economic recovery that this country needs and meet the mandate of the 1980 Presidential election.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LEVIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. SIMPSON). Without objection, it is so ordered.

Mr. HOLLINGS. Mr. President, I yield time to the Senator from Michigan.

Mr. LEVIN. I thank the Senator from South Carolina.

Mr. President, the second budget resolution for fiscal year 1982, which we have before us today, cannot even be dignified by being called the shadow of substance. Rather, it merely reaffirms the totally unrealistic revenue, spending, and deficit projections of the discredited first budget resolution for fiscal year 1982 and the fanciful economic assumptions upon which it was based. We are actually being asked to vote to reaffirm that resolution even though in the space of only 7 months it has become clear that it has understated the deficit for fiscal year 1982 by over $60 billion.

On the very day that it is reported in the Washington Post that the deficit for fiscal year 1982 alone could be $109 billion, we are asked to vote to reaffirm a resolution which projected a deficit for fiscal year 1982, fiscal year 1983, and fiscal year 1984 at a little more than $55 billion. In other words, the actual deficit for fiscal year 1982 could be almost twice as much as the first budget resolution projected for the next 3 years. And we are asked to endorse this.

In the final analysis, this charade which the Senate is asked to participate in is a bitter commentary on the failure of Reaganomics. I have consistently opposed this Alice in Wonderland school of economics because I believe that it is un-

fair and irrational. It is an economic policy born of campaign one-liners which was confidently oversold by the administration to the country and the Congress at a time when one of its many architects did not believe it himself.

Nevertheless, the President persists in saying that his program needs time to work. However, the clear consensus that the first budget resolution, which embodied his program, bears no relation to reality for fiscal year 1982 through fiscal year 1984 means that the judgment is already in—and the judgment is that the program will not work as projected. Unemployment will be much higher than projected and economic growth much lower. The resulting huge deficits will exert an upward pressure on interest rates, generating both inflationary and deflationary forces at the same time.

The fact that within 7 months it has become apparent that the promises of Reaganomics are a mirage means that giving the President's program more time to work will only make more difficult the major economic overhaul which is inevitable. Although the details of the administration's fiscal year 1983 proposals to be made in January are still unclear, it is obvious that the President is still a "true believer" in his program. That is why the Congress must present comprehensive and credible alternatives to the proposals which the President will make instead of rubberstamping figures we know do not make sense.

The goal of these alternatives should be to lower the deficit, so that when combined with private sector borrowing, Government borrowing will not drive interest rates to new heights. Lower interest rates will allow for expanded economic growth and jobs, and will reduce inflationary pressures in such sectors such as housing and autos. It is my judgment that people and the economy as a whole will benefit more from an easier monetary policy and lower interest rates than from the full range of tax cuts which the President signed into law in August.

The only responsible way to allow for a relaxing of the tight money policy is to trim back the excessive tax cut for wealthy individuals. We will have to roll back the oil giveaways. And, although it is uncomfortable to say we may have to delay or modify some of the general tax relief which was included in that bill.

On the spending side, it is important that we continue to look for ways to eliminate inefficiency and fraud. This must include the Defense Department, which the President seems to persist in believing is the only Government Department which spends its money with surgical precision. But we must honestly recognize that major additional cuts of the magnitude now being discussed within the administration in domestic programs will only be increasing human suffering and social disruption.

So, Mr. President I oppose this sham of a second budget resolution and promise to be actively involved in pushing for a responsible alternative to discredit Reaganomics when the Congress reconvenes in January.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum,

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, it appears that there is no other business that can be transacted on this measure tonight. I wish to announce there will be no more votes this evening.

Mr. President, if I could invite the attention of the minority leader for a moment and the distinguished manager of the resolution on behalf of the minority, I have consulted with the chairman of the committee and with others concerned with this measure and I must regretfully report that I do not think there is any further progress that can be made tonight.

I am prepared, if the minority leader is agreeable, to putting the Senate out shortly after we transact whatever routine business we have that is available and get an early start in the morning and what I am prepared to propose is that we come in at 9 o'clock and perhaps abbreviate the time allocated to the two leaders and get on this resolution then again at 9:15 in the morning.

Mr. ROBERT C. BYRD. Make it 9:30. Get on it at 9:30.

Mr. HOLLINGS. 9:30 would be all right.

Mr. BAKER. Mr. President, if the minority leader does not mind, I am going to take us off the bill so we will not have time running against it.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business to extend not past 7:25 p.m. in which Senators may speak not more than 3 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

NEW ECONOMIC CONFLICT WITH JAPAN

Mr. THURMOND. Mr. President, a timely and well-written editorial on the economic conflicts between Japan and the United States was published today by Carl T. Rowan in the Washington Post newspaper.

This editorial, entitled "The New Economic Conflict with Japan," relates how the Japanese restrict the flow of U.S. goods into their economy while flooding the United States with products made in Japan.

While the United States is suffering serious economic problems and facing rising Government and trade deficits, the Japanese are anticipating a $15 to $18 billion trade surplus.

Equally troublesome is the fact that the Japanese are aided in subsidizing their industrial output because they spend only 5 percent of their budget on defense. At the same time, the United States is spending 30 percent on defense, and a portion of that goes to providing military security in the Far East, which greatly benefits the Japanese. In addition, we are spending billions to assure stability in overseas oil production, a policy which also benefits the oil-dependent Japanese economy.

The U.S. Government has been unsuccessful in recent years in urging the Japanese to do more in the defense area. They are in effect getting a free ride in the defense area and the American people are paying the bill.

Efforts by our Government and within the Congress to encourage the Japanese to do more in the defense area and change certain trade policies, even if successful, would result only in very modest improvements in this situation.

In my opinion, it is well past time for the U.S. Government and the Congress to take strong steps to correct the defense burden imbalance and sharply alter the trade flows.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE NEW ECONOMIC CONFLICT WITH JAPAN

(By Carl T. Rowan)

Forty years ago this week Japan attacked Pearl Harbor and dragged the United States into World War II, the costliest, most destructive conflict in human history.

Schoolchildren reading the World Book learn that "economic problems were among the fundamental causes of World War II. Germany, Italy and Japan considered themselves unjustly handicapped in trying to compete with other nations for markets, raw materials and colonies."

Historians look back and conclude that war became inevitable on July 25, 1941, when, outraged by Japanese military incursions into Indochina and China, the United States halted virtually all exports to and imports from Japan.

Tokyo is no military threat to Pearl Harbor, Indochina or any country now. The Japanese worry, actually, about Soviet activities in Indochina and Russian occupation of northern islands that the Japanese insist are theirs.

Still, there are ominous signs that the history of 40 years ago is repeating itself. Even though Japan is the No. 1 foreign trading partner of the United States, and this country is critical to the economic and military security of Japan, more and more anger and hostility seem to seep into the relationship every day.

Nothing like a shooting war is on the horizon, but we are close to some very destructive actions, if we are to take seriously the angry and defiant words of the economic kingpins of both countries.

Washington has warned Tokyo that it must expect protectionist legislation if it does not open up Japan to more U.S. products when Deputy U.S. Trade Representatives David Macdonald leads a delegation to Japan for talks tomorrow and Thursday.

"We're not going to walk away with 40 million more cigarettes; we're going to walk

away with a trend toward more open trade, or we're going to walk away and tell Congress we can't make any progress this way," Macdonald told The Washington Post.

U.S. officials are disturbed that Japan is going to wind up with a $15 billion to $18 billion trade advantage this year, and an even bigger trade surplus in 1982—solely because, as Americans see it, the Japanese use every ploy and tactic to keep out U.S. products such as beef, citrus fruits and antibiotics. They note that Japan promised to purchase $300 million worth of automobile parts from the United States this year, but bought only $64 million worth in the first six months.

The Japanese automobile industry agreed last April to hold exports to the United States to 1,680,000 vehicles this year. But now, with sales of U.S.-built cars at the lowest point in 22 years, and the industry hard-pressed for operating cash, Transportation Secretary Drew Lewis already has called for a review of Japan's voluntary agreement, and Macdonald has indicated that he will have some specific demands to make.

Meanwhile, Takashi Ishihara, president of Japan's auto manufacturers association and also of Nissan Motors, has said further limiting Japanese vehicle shipments to the United States would be "a life-or-death question," and that his industry will not restrict shipments below 1,680,000 even if the Japanese government asks it to.

Waiting angrily are American lawmakers like Sen. John C. Danforth (R-Mo.), who already has introduced legislation to limit the importation of Japanese vehicles. These lawmakers are eager to tax anything and everything imported from Japan.

This is not simply a case of a band of "anti-Japanese" Americans venting their spleen. Mike Mansfield, the U.S. ambassador to Japan, said recently, "What I would like to see is the Japanese buying more of our manufactured products. . . . I'd like to see reciprocity—what we do for Japan, I'd like to see Japan do for us."

But even in the face of warnings of protectionist legislation in Washington, Japan's leaders play a very tough game.

Can they—or we—be sure that conflict over trade cannot get out of hand now the way it did 40 years ago?

PRESIDENT REAGAN'S ARMS REDUCTIONS PROPOSALS

Mr. THURMOND. Mr. President, the American people and the world have responded favorably to the dramatic proposal by President Reagan calling for a meaningful reduction in nuclear arms.

Evidence of this response is widespread. However, I wish today to call attention to an editorial entitled "President Reagan's Disarming Arms Offer," which appeared in the November 24, 1981, issue of the Aiken Standard newspaper, in Aiken, S.C.

This editorial cites President Reagan as a leader in the struggle for peace as evidenced by his arms reduction challenge to the Soviet Union. I agree with this analysis and commend the President for this initiative. On the day of his speech, I issued a press statement in praise of the Reagan proposal.

The response from the Soviet Union has been evasive, but I urge that the President, the Congress and the American people keep the pressure on the Soviets. Hopefully, the Soviets will step back from their huge nuclear weapons buildup which has been underway for well over a decade and has greatly increased the dangers of nuclear war.

Mr. President, I ask unanimous consent that this editorial be printed in the RECORD at the conclusion of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PRESIDENT REAGAN'S DISARMING ARMS OFFER

President Reagan, responding as a statesman to the rising cry for a nuclear free Europe, has made an historic offer to the Soviet Union for mutual reductions of nuclear arms.

The unprecedented proposal to halt all deployment of Pershing and cruise missiles in NATO if the Soviets dismantle their atomic warheads aimed at Western Europe, can be compared to Anwar Sadat's offer to fly to Jerusalem to seek peace with Israel. Reagan's address was broadcast worldwide on the eve of Soviet leader Brezhnev's visit to West Germany. The Soviets are attempting to woo Western Europe away from NATO by offering to not attack with nuclear weapons any nation that forbids atomic weapons deployment on its soil.

Reagan's challenge for complete nuclear disarmament of Europe, and for significant strategic arms limitations of the superpowers, goes far beyond any Soviet proposal. It puts the responsibility squarely on the Soviets to back up their verbal support for disarmament with real reductions in nuclear arsenals of both world powers.

Some cynics view the Reagan gesture as so sweeping that it is not serious. We believe that only comprehensive, mutual reductions of all types of nuclear weapons can truly keep the peace and reduce the threat of holocaust. Reagan's proposal is so serious that no world leader can afford to let this historic initiative pass. Such global opportunities for peace may come only once in a generation.

European allies who have been disturbed by some of the president's offhand remarks about limited nuclear war in Europe, should take heart from the president's thoughtful statement of policy. Reagan has dramatically shown his sensitivity to Europeans' fear of nuclear vulnerability. The president has seen beyond partisan and national interest to a policy that would benefit the whole world.

If the Kremlin takes the president up on his offer. Congress must join in a bipartisan movement to ratify arms limitations that the president wins at the negotiating table. America cannot afford to repeat the mistakes following World War I, when President Wilson negotiated the creation of the League of Nations, and the U.S. Congress refused to allow America to join.

The president has stated repeatedly that the purpose of America's arms buildup is to pressure the Soviets to the negotiating table to accept mutual arms reductions. Reagan has always believed in negotiating from a position of strength, and his strong military policy has given him the domestic strength to make a historic gesture for peace—a gesture greater than any recent predecessor dared make.

The world is at a crossroads. While many underdeveloped nations are struggling to prove their muscle by joining the nuclear club, the developed nations of Europe and Japan are seeking to become a nuclear-free zone. The leaders of both superpowers, deadlocked in competition over economic systems and social values, know that no one can win a nuclear war.

The struggle is for peace. And in this, President Reagan has made America, once again, a leader. People of peace the world around join in prayer that Soviet leader Brezhnev says yes to Reagan's call for bilateral nuclear arms reductions.

DOE STUDY ON NUCLEAR WAR

Mr. MITCHELL. Mr. President, a Department of Energy study on ways to minimize cancer deaths after a nuclear attack recently became public. The study recommends a distressing and intolerable method to lessen the radiation cancer risks of a nuclear war.

Under the plan proposed in the study, people over the age of 40 would expose themselves to radiation for the sake of protecting the young.

The plan is founded on a purely technical rationale: That if only old people are exposed to radiation, the dose of radiation to the total population would be reduced, and the bulk of the dose would be shifted to those who, according to this report, "have less to lose in terms of total life expectancy."

Presumably, under the plan, it would be the responsibility solely of older persons to carry out the duties of cleaning up the devastation. These persons would also bear the responsibility of gathering what possible foods might still exist, with—as the report states—the least contaminated food going to the young, and the more radioactive food being allotted to the old.

The study's basic argument on radiation and its effects on human lifespans may be scientifically valid, but it is entirely devoid of an evaluation of its own moral implications. The course of action proposed in the study suggests that the lives of our elderly are somehow more expendable than the lives of our youth. The study's conclusions totally disregard the worth and value of the lives of our elderly.

The study comes at a time when America's elderly feel alienated and cast aside by this administration. For the elderly to know that their tax dollars helped to fund this study can only exacerbate this perception.

The initiation of this study demonstrates that some Energy Department policymakers assume that there would be a meaningful number of survivors in a nuclear war. This is an assumption which is both unfounded and perilous for the national security and health of our country. Nuclear war is and must remain unthinkable.

A highly technical and overly presumptuous Government-funded study such as this sends a wrong message to the Soviets. In seeking to lessen the risks following a nuclear war, those responsible for this study effectively have heightened the chances that such a nuclear confrontation might actually occur.

It is essential that the implications of studies such as this be considered and closely evaluated by the American public. I ask unanimous consent, Mr. President, that this study be printed in the RECORD at this point.

There being no objection, the study was ordered to be printed in the RECORD, as follows:

MINIMIZING EXCESS RADIOGENIC CANCER DEATHS AFTER A NUCLEAR ATTACK [1]

(By K. S. Gant and C. V. Chester)

[Graphs and Charts Not Reproduced in the RECORD]

Abstract—An effective civil defense program can reduce prompt fatalities in a nuclear war to a few percent of the population. Under these circumstances, the number of possible delayed cancer deaths among the survivors due to radiation exposure is of concern. These deaths were estimated for a 5000–MT attack on a population of the contiguous U.S. which had been 80 percent evacuated from risk areas and provided with shelters of varying protection factors. Under the assumptions of the study, the principal radiation exposure was from external exposure received in recovery operations outside the shelter during the first year. Radiogenic cancer deaths were examined by year of occurrence and age group exposed. Under our assumptions, which include a continuing exposure control program, radiogenic cancer will cause an average loss of life expectancy of less than 1.2 yr. Further evacuation from the most highly contaminated areas, better shelters, and limited daily radiation exposure can reduce the expected cancer effects. If daily exposures of 6 R/day are necessary in recovery operations, the average loss of life expectancy from radiogenic cancer can be lowered to 0.2 yrs. for the population as a whole by minimizing the exposure of the people under 40 yr. old. Use of stored food for the first year can diminish the impact of ingestion of contaminated food. Radiogenic cancer is unlikely to present any threat to the survival of society in any case, but prudent exposure management can reduce the number of cancer deaths in the years after the attack.

INTRODUCTION

Defense of the civilian population in the U.S. against nuclear attack has traditionally been designed to save as many people as possible from the associated blast, fire, initial nuclear radiation, and early fallout. Other studies (Su78) have shown that a vigorous civil defense program would be effective in reducing these casualties from about 30 percent of the population to about 10 percent. The long-term effects of the postattack external and internal radiation exposure of the surviving population then become correspondingly more important. We will explore the magnitude of one hazard, increased radiogenic cancer deaths, and examine some simple, effective means to minimize it.

PARAMETERS AND ASSUMPTIONS FOR STUDY

Estimations of excess cancer deaths in a postattack environment require assumptions about both the factors that determine the radiation exposure from both external and internal sources and the relationship between this exposure and the expected deaths. Some of the assumptions, such as the attack, the type of diet, and the dose-effect relationship were used throughout the study. Factors such as the quality of shelters and the time spent in shelters became parameters in our search for ways to reduce the number of radiogenic cancer deaths.

A hypothetical nuclear attack of 21.3–EJ (approx. 5000–MT) yield directed toward military, industrial, and population targets in the contiguous U.S. was chosen (Ch76). This size attack is based on an assumed configuration of the USSR's strategic force (Le75) and is consistent with half of the 10,000–MT exchange used by the NAS in their study of long-term weapons effects (NRC75a). All the detonations were assumed to be surface bursts. The γ radiation intensity from fallout was calculated at each county centroid using the WSEG–10 fallout model (Po66; Sc74a) and assumed to be uniform across the county. During the crisis period preceding the attack, it was assumed that 80 percent of the resident population in target areas and areas in which heavy fallout would be expected had been relocated into less-threatened areas in accordance with proposed civil defense planning. The ADAGIO computer program (Sc74b) was updated and used to allocate the population to these host areas; sums for the relocated population were then obtained by county.

Because most of the people had been relocated before the attack and our interest was in cancer deaths, casualties due to blast, fire, and initial nuclear radiation were not considered in the estimation of radiation effects. Heavy casualties due to these acute effects, however, would undoubtedly take place among the 20 percent of the population left in the risk areas. In all cases examined here, acute radiation deaths from fallout were considered. The external radiation exposure of each county's population was calculated from the fallout and population data, after making assumptions about the quality of shelter and the way the shelter would be used. Acute radiation fatalities were based on the first 14 days of exposure and calculated from a previous developed fatality function (Ga78).

A common shelter-use scenario was chosen for the entire study. At first, everyone was kept in shelter of a given protection factor (PF) 24 hr each day. (The PF of a shelter is the factor by which the radiation level inside the shelter is reduced as compared to the level above a large, flat, open area outside the shelter.) When the radiation rate outside fell to a set permitted exposure per hr (Time I), people left the shelters long enough to reach this permitted exposure in one day. Instrumentation was assumed to be available and accurate enough to achieve this degree of exposure control. After Time II, the time at which they could remain outside 16 hr without exceeding the permitted value, they were assumed to remain outside 16 hr each day for the remainder of the first 2 yr. After 2 yr, shelter was no longer used. When people were outside the shelter, no reduction in exposure was made for the natural shielding of the terrain.

Part of the postattack exposure comes from consumption of crops contaminated through uptake of radioisotopes from fallout deposited on the soil. Adequate food reserves, particularly in the form of grain, exist in the U.S. to feed the population through the first year, if an effective distribution system is operative (Ha76; Ha77). If no contaminated food is eaten until the stored food is depleted, short-lived isotopes pose few problems. After the first year, the diet was assumed to consist of grain cultivated on the least contaminated croplands. In an alternate case, with less efficient organization and transportation, we assumed that each state first consumed the grain grown in that state, with the surplus pooled and distributed to the states with insufficient crop production.

The primary radioactive contaminant in the grain was ^{90}Sr. The average quantity of ^{90}Sr in the diet was estimated from the contamination of the soil in each county (Au58) and the grain production of that county (uniformly reduced to consider the impaired agricultural condition after the war). The amount of strontium in the grain may be overestimated, because the strontium from a nuclear attack would be fused to the fallout particles and less available to the food chain than that in the experimental work. The annual radiation doses to various organs from the grain were obtained by summing the yearly dose contributions from each years intake. Yearly doses per unit ^{90}Sr intake were derived from the information in dose-commitment tables prepared by the methods of Snyder et al. (Sn74). If a more-varied diet were to be considered in future work, the contribution of other isotopes, particularly ^{137}Cs, would have to be incorporated.

The "upper-bound" risk coefficients used in the Rasmussen reactor safety study (NR75b) were used to estimate the excess latent cancer fatalities. These coefficients were almost identical to the absolute risk coefficients developed in Biological Effects of Ionizing Radiation, the BEIR report (NRC72). Risk functions used here are step functions. After a latent period, the risk rises from zero to a constant level, stays there for the duration of the plateau period, and then returns to zero. Internal and external radiation exposures were calculated for each year. The risk functions were summed over each year of exposure to present a time profile of the excess cancer deaths. External γ exposures for 20 yr after the attack were considered. Intake of contaminated food was also permitted for the same 20-yr period, with the exception of the first year as previously discussed. Because ^{90}Sr accumulates in the bone, the dose resulting from the 19 yr of intake was considered until the yearly dose became negligible.

Absolute numbers resulting from this study should be viewed only in regard to population survival and should be used primarily as indicators of the relative effectiveness of various measures taken to reduce the number of cancer deaths. Many of the assumptions will lead to an overestimation of the latent cancer deaths. The risk factors are thought to be conservative (NRC75b), and no reduction of effect for low total dose or low dose rate was included. People were assumed to stay in the same county for 20 years, although in a postattack environment, one would expect further evacuation into the less-contaminated areas. Everyone, including infants and children, was assumed to consume 0.91 kg (2 lb) of grain per day. Only radioactive decay was considered to reduce the contamination of the grain and the soil each year. Weathering effects and removal in inedible portions of the crop were neglected. Finally, neglecting the fatalities due to blast, fire, or initial nuclear radiation also leads to an overestimation of population exposures.

EXPECTED EXCESS CANCER DEATHS

For the base case, the protection factor (PF) of the shelter was set to 200 and the permitted daily exposure when leaving shelter was 3 R/day. Under these conditions, we found less than 18,000 acute radiation fatalities and about 10.3 million excess cancer deaths over the lifetimes of the exposed population. Of these deaths, 2.4 million would be from leukemia and 7.9 million from other cancers.

These cancer deaths are first seen the year after the attack and continue for 71 years, the life expectancy of the youngest people exposed. Leukemia and other cancer deaths, expressed as a percentage of the total cancer deaths that would normally be seen in the initial population each year, are seen in Fig. 1. The non-infant population was divided into age groups that spanned 10 years; for these calculations, all the members of each group were assumed to have the median age for that group.

Most of the cancer deaths were from external exposure (10.3 million), with cancers from internal exposure, under these dietary assumptions contributing 21,400 deaths. With the alternate food distribution previously described, the increased contamination of the grain would produce 123,000 expected cancer deaths. This is still only 1.2 percent

[1] Research sponsored by the U.S. Dept. of Energy under contract W–7405-eng-26 with the Union Carbide Corp. The views expressed are those of the authors and do not necessarily represent those of the Dept. of Energy.

of the total number of expected cancer deaths. The cancer deaths due to ^{90}Sr in the diet were primarily from leukemia and bone cancer, reflecting the large dose to the bone and bone marrow from a bone-seeking element.

Maximum external exposures over 20 years could reach about 1450R in counties with the worst fallout. In the base case, continuous shelter could be required as long as 41.4 days (maximum value of Time I), with as much as 267.3 days expiring before the full 16 hours could be spent outside the shelter each day (maximum value of Time II).

In order to determine which period of exposure contributes most heavily to the excess cancer deaths, the calculations were repeated with the external exposure set to zero after the time period of interest. Figure 2 shows the percentage of the cancer deaths resulting from external exposure during each time period. Not surprisingly, the first year's exposure contributes most heavily. The most critical time is the period in which the radiation rate has fallen enough to allow some time outside the shelter but is still very high by peacetime standards. Russell *et al.* have, through different means, identified this early exposure period as the appropriate time for mitigation efforts (Ru71).

One group, not considered in the previous calculation, is the children conceived after the attack. Although the total exposures would be considerably lower for this group, they would have a higher radiation sensitivity while in utero. The number of children born each year was estimated by assuming the fraction of the population bearing children would remain the same and multiplying that number by the surviving population in each county. Inclusion of this group resulted in a 0.6 percent increase in total cancer deaths, most of this due to more cancer deaths from internal radiation sources (a 24 percent increase). This increase in deaths due to internal sources reflects the full life expectancy of this group and the long residence of ingested ^{90}Sr in the bone. Because the addition of this group contributed little to the total number of cancer deaths and added considerable computer time to that required for the calculation, it was omitted in the later investigations.

The results indicate that the latent cancer deaths will not, by themselves, threaten the long-term survival of the population. In this base case, about 258 million person-yr, out of more than 10 billion person-yr of lifetime remaining, would be lost to radiogenic cancer. This averages to a loss of about 1.16 yr or 423 days of life expectancy for each member of the initial population. To put this figure into perspective, the current loss of life expectancy due to cancer is 980 days; stroke, 520 days; heart disease, 2100 days (Co79).

MINIMIZING EXPECTED CANCER DEATHS

The overwhelming contribution of external radiation exposure to the excess cancer deaths indicates that reducing that exposure would be an effective way to lower the number of cancer deaths. Several of the parameters of the base case were varied to examine their effect on the expected cancer deaths.

The relocation dictated by the ADAGIO program (Sc74b) is not complete and occasionally a target area may not be identified. The 49 counties with the highest radiation rates (greater than 28.6 mR/hr at 1 yr) include 16 counties not identified as risk areas and about 5 percent of the total population. If this 5 percent of the population could be distributed among the remaining counties, there would be no acute radiation fatalities, and the expected number of excess cancer deaths would be reduced almost 11 percent from the base case. Better population dispersal also reduces the maximum time during which continuous shelter is required from 41.4 to 17 days. The maximum time before 16 hr could be spent outside the shelter without exceeding the 3 R/day limit falls from 267 to 171 days.

The value of 200 for the protection factor of the shelter was chosen because it could be achieved by upgrading existing shelters or by building expedient shelters during the crisis period. Many spaces in the current public fallout shelter inventory, however, do not even have a PF of 40 (Ha78). The results of a series of calculations in which the PF was varied from 5 to 500 for each of several exposure rates when leaving the shelter is shown in Fig. 3. Under our assumptions, at low PFs, the expected cancer deaths increase with increasing PF, reflecting the improvement in short-term survival with better shelter. With high PF shelters and limited exposure when leaving shelter, acute radiation fatalities can be eliminated. The number of excess cancer deaths decreases slowly with increasing PF. This result does not diminish the value of good shelters, but it demonstrates the overriding effect of the exposure received outside the shelter under our shelter-use scenario.

Figure 3 suggests that reducing the exposure when people begin to leave the shelters is a direct way to reduce the long-term effects of radiation. One case of exposure to 6 R/day for a prolonged period without acute illness has been reported (Lu74), but one would be hesitant to assume that everyone would have such a high radiation tolerance. This figure, however, was used to help set an upper limit for the permitted exposure. At higher daily exposures the number of acute fatalities increases because this exposure, in addition to that received in shelter, can raise the first 2 weeks' exposure to lethal levels for some people. NCRP exposure guidelines such as the "Penalty" Table (NCRP74) would also predict some fatalities if the 6 R/day rate were maintained for more than 3 months. The daily radiation exposure when leaving shelter should, of course, be kept as low as possible. Exposure to higher levels of radiation, however, would be a consequence of securing food and water for the shelter, restoring utility services, decontaminating essential areas and areas around the shelters, and other important recovery and rebuilding processes. Minimization of radiation exposure in this period must be balanced with these survival needs.

When a latent period-plateau model for increased cancer risk is assumed, one means of reducing the delayed effect on the population is to reduce the exposure of the younger people. Older people will come to the end of their natural life spans before reaching the end of the risk plateau; thus, the same exposure may produce fewer total excess cancers in this group than within a younger segment of the population. It was then assumed that the older portion of the population would leave the shelters as before, exposing themselves to a given amount of radiation. The remainder of the population would remain in shelter or later, in decontaminated areas equivalent to being in shelter, for the first 2 yr.

Defining the older part of the population as from "above 20" to "above 60" in 10-yr steps, produced a steadily declining loss of life expectancy (Fig. 4), as well as a reduction in total excess cancer deaths. From the pattern of decline in Fig. 4, we chose to define "above 40" as the older population. Figure 5 shows the reduction in cancer deaths when only those above 40 yr old were allowed to receive the permitted exposure. The open bars in Fig. 6 show the average loss of life expectancy when everyone was exposed to a maximum 3 R/day when leaving the shelters. The shaded portion of the bars represents the average loss of life expectancy when, under the same assumptions, the younger age groups are restricted to shelter or decontaminated areas for 2 yr.

To examine whether or not the decrease in cancer deaths was solely due to the reduction in population exposure, we selected two cases in which the total population exposure was approximately the same for comparison. In the first case, everyone was exposed to 0.8 R/day when leaving shelter. When the younger people were kept in shelter and the older people were exposed to 5.9 R/day, the total number of cancer deaths fell by 37 percent and the average loss of life expectancy, by more than 66 percent. Protecting the younger part of the population may be a particularly effective strategy if large daily exposures are necessary for some people.

CONCLUSIONS

With an effective civil defense or other exposure management program, latent cancers resulting from a nuclear attack will not threaten the survival of the population. Actions taken before and after the attack can significantly reduce the number of excess cancer deaths expected.

Relocation of the people before the attack is very important; exposure to the highest levels and the direct effects of nuclear weapons may be avoided. Increasing the quality of the fallout shelters is most effective in reduction of acute radiation fatalities. The number of excess cancer deaths is also decreased, although under our shelter-use assumptions, this reduction is not as sensitive to the shelter quality. Good shelters are still important, however, because changing targets or wind conditions make a perfect relocation unlikely. Some postattack relocation will always be necessary.

The time period in which people leave the shelters for part of the day is the most appropriate time for reducing the population exposure. Lowering the daily permitted exposure during this time period can reduce long-term effects while raising this exposure can result in increased acute radiation deaths. Selectively reducing the exposure to the younger members of the population reduces the latent cancer deaths in two ways. The total population dose is reduced, and the bulk of the dose is shifted to those who have less to lose in terms of total life expectancy.

Contamination of the food supply may not present major problems if the stored food is distributed and used first. External exposure will present a greater problem. Although the calculation was not done here, it appears that giving the younger members of the population the least contaminated food would effectively reduce the number of cancer deaths from the ingestion of radioisotopes. This suggestion is supported by the increase in deaths from cancers due to internal exposure when children conceived after the attack were considered.

Consideration of these guidelines in the planning and management of postattack exposures may greatly reduce the latent radiogenic cancers from a nuclear attack and speed the recovery process.

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VOLUNTARY VITAMINS ACT OF 1981—S. 1277

Mr. HAYAKAWA. Mr. President, today, I want to share my thoughts with you about Federal Government regulation of vitamins and minerals. Quite simply, I believe that people should be allowed freedom of choice regarding their dietary needs. Such regulation is an unnecessary intrusion into the lives of our citizens.

Recently, I joined Senator HATCH in sponsoring S. 1277, the Voluntary Vitamins Act of 1981. This landmark legislation would insure the freedom to voluntarily decide whether or not to consume vitamins and mineral supplements.

The enactment of S. 1277 will fundamentally change the regulatory powers of the Food and Drug Administration (FDA) over vitamins, minerals, and other nutrients sold for dietary purposes. It requires that such supplements be regulated as food, not as food additives or drugs, without compromising the FDA's authority to protect consumers from fraud and deception in labeling such foods.

There is an interesting history behind the development of this legislation. In 1962 the FDA proposed regulations requiring that most vitamins and mineral combinations and potencies should be obtained only with a doctor's prescription. Congress received hundreds of thousands of letters from irate consumers opposing the FDA's proposal. In response, Senators WILLIAM PROXMIRE and Richard Schweiker introduced a resolution to block the FDA's proposed rules and restrict its authority in regulating vitamins and minerals. Unanimously enacted by the Senate and House in 1976 the Proxmire-Schweiker bill amended the Food and Drug Act to include, for the first time, a definition of "foods for special dietary uses."

In March of 1979, the FDA attempted to reverse this clear congressional intent of the Proxmire-Schweiker resolution. A proposal was issued to regulate vitamins and minerals as over-the-counter (OTC) drugs, if they were offered for use in the prevention or treatment of a vitamin or mineral deficiency. The FDA attempted to prevent controversy by making the regulation appear to be conditional, and applicable only to those supplements used to treat deficiencies.

Are not all vitamins and minerals used to replace some deficiency in our diets? The constituents noticed this ironic twist, and responded with the same level of opposition as they had expressed to the earlier FDA proposal. Once again, Senate and House offices were overwhelmed with negative reactions from the folks back home. Clearly, they would not stand for such Government intrusion into their right to determine their own diets.

To his credit, the new Commissioner of the Food and Drug Administration, Dr. Arthur Hull Hayes, Jr., assured the Senate shortly after taking office that he would rescind the over-the-counter regulations proposed in 1979. He plans to make a formal announcement to this rescission in the Federal Register before the end of this year.

Dr. Hayes is obviously a unique exception to his predecessors in demonstrating commonsense and leadership in directing the FDA. Unfortunately, Dr. Hayes will not remain in office forever. Therefore, I believe that we in Congress have a responsibility to provide statutory protection for the kind of regulatory policy Dr. Hayes has initiated. Mr. President, we are public servants, elected to serve the people, not to regulate them. We need to insure this relationship through the passage of S. 1277. It would remove the FDA's option to regulate as either drugs or food additives any vitamins, minerals, and other food supplements used to treat a dietary deficiency.

It certainly seems peculiar to me that we give people credit for being smart enough to elect us to office, but question their judgment when it comes to taking care of themselves. S. 1277, the Voluntary Vitamins Act of 1981 is long overdue.

HARRY FLOOD BYRD, JR.

Mr. LONG. Mr. President, along with almost all of our colleagues, I was dismayed to learn that the Senator from Virginia (Mr. HARRY F. BYRD, JR.) had decided not to seek reelection.

Along with a great number of others, I had hoped that he would run for reelection and would serve with us for many additional years.

He has been a great Senator and a Senator who hs had the distinction of standing for principle and consistently advocating things that were essential to this great Nation.

I am pleased to submit for the RECORD and I ask unanimous consent to have printed in the RECORD a number of editorials that have appeared praising the Senator's fine service and speaking with approval of the fine record he has made during the 16 years of service in the Senate.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Richmond Times-Dispatch, Dec. 1, 1981]

SENATOR BYRD'S DECISION

Irked by Virginia Sen. Harry F. Byrd Sr.'s opposition to some of his policies, President Truman once complained that there were too many Byrds in the United States Senate. As of the end of next year, there will be too few. Harry F. Byrd Jr., who went to the Senate 16 years ago following the retirement of his fatally ill father, will not seek re-election.

This is a profoundly distressing development. Sen. Byrd has been one of the most constructive and conscientious legislators in Washington, an often lonely but always fervent crusader against the evils of big and extravagant government. He correctly recognizes governmental excesses, both in the exercise of power and in the expenditure of public funds, as major causes of the nation's social and economic problems; and he had devoted most of his energies to efforts to check the statist trends that have been in progress for the past five decades. With his departure, the cause of responsible government will lose one of its most ardent exponents.

All this is said not to apotheosize Harry Byrd but to state the simple truth that men like him are rare in public life. His senatorial career has been based upon an unshakable foundation of principles drawn from the Jeffersonian philosophy of limited government, and he never wavered in the winds of political expediency. Throughout his career he has remained true to his convictions and true to the promises that he has made to the people of Virginia.

This is not the time to attempt to assess fully Harry Byrd's contributions as a United

States senator. While he is noted primarily as a champion of fiscal responsibility, he also has enthusiastically backed foreign policies and military programs designed to promote the United States' international interests and enhance the Nation's security. He recognizes the insidious and overt threats posed by communism, and he knows that the United States would only make them worse by pursuing policies of diplomatic and military meekness. A fundamental responsibility of the federal government is to provide adequately for the Nation's defense, and Sen. Byrd has consistently supported efforts to keep the country's armed forces strong.

Harry Byrd went to the Senate as a Democrat, after having served as a Democratic member of the Virginia General Assembly for many years. But as that party continued to drift to the left, he found it increasingly difficult to pledge his loyalty to it. So in the elections of 1970 and 1976 he ran as an independent and is the only independent member of the Senate. But the high regard in which he is held by both Democrats and Republicans in that body has made him an effective senator despite his unaffiliated status.

We wish that Sen. Byrd had decided to seek re-election, and we are convinced that he could have won a two-way race against any challenger. But serving in Congress entails grueling responsibilities, and we can understand his desire for a quieter life. He can leave the Senate confident that he has served his state and his country well. And he will go, too, we are certain, with the gratitude and best wishes of most Virginians.

[From the Washington Post, Dec. 2, 1981]

SEN. HARRY BYRD'S DECISION

Just as sure as God made little green apples to establish the First Families of Virginia, so the end of 50 years of Harry Byrds in the United States Senate won't erase the magic of this name in the Old Dominion. Somewhere it is written in the cherished traditions that a Byrd in Virginia is worth two in any of the 12 other colonies—and so it is little wonder that there are serious people who refuse to believe that Harry Flood Byrd Jr. is really calling it quits.

They're probably the same people who doubted seriously that "Little Harry" would ever begin to measure up to his father, and who thought Harry the Younger would be merely a seat-warmer for an unexpired term that his father left him after 38 senatorial years. That, of course, was 18 years ago—and if the Byrd "machine" did rust away in that time, the senator's political grasp on constituents showed little loss of strength. When party labels got fuzzy in Virginia, Sen. Byrd came up with the recipe for having your political cake and eating it, too: he left the Democratic Party, became an "independent," voted with the Democrats to organize the Senate and protect his seniority and then voted almost without exception with the GOP.

Couple this with a low-to-invisible legislative profile—marked by an incredibly consistent lack of interest in ever becoming the author of any significant legislation—and you have the model Virginian in the halls of the federal legislature, never over-promising and, most importantly, never embarrassing the state.

As dean of the School of Limited Government, in which single-minded fiscal tightness turned out to be the secret of political longevity, Sen. Byrd has persevered with dignity, a strong sense of personal honor and a fierce pride in his state. That is why in his retirement he will continue to be a source of political counsel, and to enjoy the respect even of those who—agree with him or not—respect his dedication, integrity and good old political savvy.

[From the Lynchburg (Va.) News, Dec. 2, 1981]

HARRY FLOOD BYRD JR.

Senator Byrd summed up both his and his father's guiding philosophy in his quietly dramatic announcement of his departure from the political stage:

"Through the years, I have continually expressed and voted the strong conviction that the federal government cease living beyond its means, that excessive federal spending is eroding the purchasing power of our working men and women and mortgaging the future of our young people—and that excessive centralization of power in Washington threatens individual freedom."

It has been, he noted with typical understatement, "a lonely battle."

In the past 18 years, those who stood against the collectivist tide, have stood all but alone. And because they stood against that tide, they have not made marks for themselves in the form of memorable legislation. Their warnings, their advice, their proposals, have been ignored. It is ironically fitting that the landmark legislation of Senator Byrd's time, much of which he warned against and voted against, stands today as irrefutable proof of his warnings, and monuments to the tunnel vision of their makers.

His ways always the quiet voice, although it could, on occasion, rise and strengthen with indignation. He always conducted himself in the highest traditions of a gentleman from Virginia. He minded the public's business and his own with equal care and consideration. In all aspects of his personal and political life he represented us superbly. We don't see many like him in a lifetime; if we did, it would be a considerably better life.

One is tempted to point out the cliche: that an era is ending. If, however, as Senator Byrd noted in revealing that he will not run again, the country is at last waking up to the dangers of deficit spending and Federal centralization, his era is just beginning, and the victory, ultimately, will be his. If this be so, the country will be the winner.

[From the Fredericksburg (Va.) Free Lance Star]

DEVOTION TO PRINCIPLE . . .

We'll resist—just barely—calling it the end of an era. But you'd have to go back to the mid-1920s to find a time when Virginians didn't have a governor or senator named Harry Byrd. . . .

Harry F. Byrd Jr. carried on his father's reputation for political integrity and devotion to government frugality. That tradition of integrity was particularly welcome during the days of Watergate, when moral standards elsewhere were so noticeably low. The Byrds' attention to fiscal conservatism has become the new political rage of the 1980s.

Again like his father, Senator Byrd showed a refreshing devotion to principle. Though he no longer agreed with the national Democratic Party on most matters of substance, Senator Byrd chose to remain within their caucus.

When Republicans took over control of the Senate last year, Mr. Byrd was invited to cross the aisle to the new majority. But the senator resisted that politically expedient move. . . .

But we may not have seen the last of the Byrds. The senator's son Thomas who toyed with a race for lieutenant governor this year as a Republican, may have taken his hat out of the ring only temporarily.

Whether or not the family string continues, its been quite a run. Perhaps more than any other political family in America, the Byrds of Virginia have clung steadfastly to their principles.

[From the Richmond (Va.) News Leader, Dec. 1, 1981]

THE BYRD INSTITUTION

To those of us who chart the trajectory of the zeitgeist, Harry Flood Byrd, Jr., has stood as an admirable reminder of that time—not long ago—when men commonly lived by principle. Does that mean he has been a reactionary? It does not. It means, rather, that he has been consistent and correct.

Now the Senator has announced his decision not to seek re-election. If it proves to be a decision that stands (a similar decision by the conservative son's conservative father, in 1958, led to a reversal a month later—and to two subsequent electoral victories), it will mark the end of nearly 50 years of Senate service by Byrd pere and Byrd fils—an era, a dynasty, of astounding duration. There will be time enough for discussion of the scramble among "Little Harry's" would-be successors. This is a day to discuss Little Harry the man.

"I have friends in Congress who want to stay there until they die," he said in declaring his retirement. "I take a more moderate view." It's the view he has taken in all things, and in taking it he has been so often right.

In his vigilance. In his categorical opposition to imperial bureaucracy. In his battles against the deficit expenditure of umptigodzillion dollars. In his endless efforts to remind the nation that the Soviet Union remains the bete rouge of Western civilization. In pointing out debilitating double-standards in America's policies foreign and domestic.

During most of Harry Byrd's years in the U.S. Senate, and during most of the 18 years he served in the Virginia Senate, there presided in Washington too many individuals who viewed a subsidy foregone as a sacrifice. Who sought to tease out of the Constitution meanings the Founders could not possibly have intended. Who sought to usher in the Kingdom of God by swallowing the utopian Kool-Aid of Karl Marx. Theirs were what Allen Drury has called "the smoothly subtle voices of rationalization, adjustment, and accommodation."

Throughout those years Senator Byrd has relentlessly refused to yield to prevailing conformities. He has steered a non-partisan course, and one resolutely non-ideological. He has done it while suffering the distinctive loneliness of the dissenting spirit, and with the knowledge that there are few rewards for prevailing in the cause of moderation.

Few rewards, that is, except in continuing the institution begun by his father, and in becoming a pillar of that institution himself—and winning, in the process, the abiding esteem of his grateful countrymen.

[From the Southwest Virginia Enterprise, Dec. 3, 1981]

DEDICATED SERVICE IN THE SENATE OF THE BYRDS

(By James A. Williams, Jr.)

The Enterprise regrets that Harry Byrd will no longer occupy a seat in the U.S. Senate, at the completion of his present term. He will have served eighteen years as one of the most dedicated Senators. Harry never attempted to grab the headlines or provide the "top" news pictures for the three major television networks. But only a limited num-

ber of Virginians ever questioned his work, his influence and capable representation of the Old Dominion in the legislative halls in Washington.

The service of the Byrd family to Virginians, and the entire nation is unmatched. In the history of the nation no family has made as long and lasting contributions in national politics.

There is no argument—the iron clad facts are that many moons will wax old, before the citizenry of Virginia will have as efficient, dedicated and unselfish servant in Washington as has been true, during the past decades, when a Byrd occupied a seat in the Senate of the United States. We emphasize that the people of this Commonwealth have been most fortunate for nearly five decades in having a Byrd to work, defend, to seek that which is best for this state at the pivotal point of activities of this nation.

Harry, Jr. has walked in the footsteps of his illustrious father. No man stands taller in the Senate. There cannot be found a United States Senator who is more sincerely dedicated to the great American Way of Life than Harry Byrd.

For many years the two Byrds, serving their state and nation in Washington have always had that keenly desired and appreciated characteristic, namely wanting to serve, truly interested in all of the people.

The Enterprise for some years has been thoroughly convinced that Byrd made a super effort to represent, to serve, to work for the best interests of the men and women who work. We are talking about the great middle class of Virginians—that large category of citizens in this state. Harry has always upheld those values that make America great.

The undisputable fact is that the two Byrds—the Senior and the Junior will always rank as two of the greatest of Virginians. The clamor for the nomination to seek Harry's seat in the Senate will be interesting, and at times comical. We repeat for sake of emphasis that many moons will shine, and many will wax old before the citizens of the Old Dominion will find a person to adequately occupy the Senate seat of Harry Byrd, Jr. There is abundant proof of such. During his campaigns, he has at one time or another carried every county in Virginia, except Buchanan, Charles City and Dickenson. In 1976 he sought re-election to the Senate as an independent. He received more votes than anyone in Virginia had ever received. His opponent had received the blessing of Presidential candidate Jimmy Carter, plus impressive credentials, being a retired U.S. Navy Admiral.

ANDREI SAKHAROV

Mr. JACKSON. Mr. President, I am always awed when I find myself standing up for Andrei Sakharov. Speaking out and defending what one believes when one's freedom and very life hang in the balance is a test that not too many are willing to endure. Andrei Sakharov has met the test.

He is a courageous and very reasonable man. Dr. Sakharov understands that true loyalty to his country consists not in empty eulogies, but is honest comment and, if need be, criticism.

He understands that the advancement of fundamental human rights has important implications for world stability and a durable peace.

Sakharov says:

I am convinced that there are certain guarantees for the political and civil rights of man that cannot be separated from the main tasks before mankind. Freedom of conscience, freedom of the exchange of information, freedom of movement and of choice for one's country of residence are all inseparable from the goals of assuring international security, facilitating economic and social progress, and preserving our environment.

It is impossible to remain silent while this humane and noble man is exiled, harassed, and now cruelly pressured by the refusal of the authorities to grant an exit visa for his daughter-in-law, Liza Alekseyeva, to join her husband here in the United States.

The message we want to convey to the Soviet leadership is a simple one:

Let Liza Alekseyeva go;

End the exile and harassment of Andrei Sakharov and Lelena Bonner; and

Choose the sensible road, and show respect for a great man who is destined forever to be known as one of the true Russian patriots of all time.

THE FIRST LADY

Mr. ROTH. Mr. President, the Office of the President of the United States is one of the most difficult in the world. The President must preside over the operations of a huge Federal bureaucracy, monitor and oversee the huge and dynamic American economy, act as Commander in Chief of the Nation's defenses, preside over the formulation of our foreign policy and fulfill the role of leader of the NATO alliance. It is a job that demands a great deal of its occupant and the strains are often tremendous.

Thomas Jefferson once said of the Office, "To myself, personally, it brings nothing but increasing drudgery and daily loss of friends." While he may have said this on one of his worst days as President, it still describes the great sacrifice any person must make to assume the Office of the Presidency.

As great a sacrifice as the job requires of the President, it often requires as much or more of his family and particularly his wife. The wife of the President is not assigned a specific constitutional duty as is the President. She must determine how she can best fill the role she has set for herself and where her energies can most effectively be utilized. By moving into the White House, the First Lady must work to establish herself as a member of the local community of Washington, D.C., and as one of the leading citizens of our Nation.

In charting her own course, the First Lady must decide how her efforts can best be used to enhance the goals and objectives set by the President and his administration. Her work, if done effectively, strengthens and supports not only the President himself but even more importantly the institution of the Presidency by enhancing the prestige and respectability of that Office.

Mr. President, I believe Nancy Reagan, in only 10 short months, has managed to carve out a unique, effective, and dignified role for herself as First Lady. She has always been gracious, refined, and candid. As the First Lady, however, we have begun to see qualities many may never have suspected. She is a sensitive and honest person willing to do even the little things to make others feel appreciated.

She has spent time with youngsters in drug clinics and has visited hospitals and other institutions. She has graciously and with a great deal of bravery endured the trauma of the attempt on her husband's life and recently refurbished one of our most treasured national buildings, the White House, without spending one red penny of the taxpayer's money.

Mr. President, Peter Bensinger, former head of the U.S. Drug Enforcement Administration appeared before my permanent Subcommittee on Investigations recently to testify on international drug trafficking and gave eloquent testimony to Nancy Reagan's unselfish devotion to the people of this Nation. In describing the serious problems this Nation faces in combating the illegal importation of dangerous drugs, Mr. Bensinger noted:

Public awareness is very important and I haven't addressed this, but I do want to recognize Mrs. Reagan for the work she has already done in a short period of time in this field. It has been visible, it has been serious. It has involved multiple first briefings from law enforcement officials and then her personal presence in a variety of communities and talking with parent groups.

Clearly, Nancy Reagan has forcefully established herself as a strong, committed and compassionate spokesperson on a variety of issues and her very presence adds credibility to the causes she supports.

In short, Mr. President, I believe she has characteristically asserted her individuality as First Lady in such a way that she has increased the respect of the American public for our Government and added to her husband's strength and effectiveness. I salute her in the efforts she has made and I ask, Mr. President, that an article by Selwa Roosevelt describing many of the extraordinary qualities in Nancy Reagan, be inserted in the RECORD.

The article follows:

[From the Washington Post, Nov. 25, 1981]

GIVE THE FIRST LADY A BREAK

(By Selwa Roosevelt)

Dear Fellow Presspersons:

Fun's fun, but the pummeling of Nancy Reagan has gone on long enough. The latest attack, by Post colmunist Judy Mann (Metro, Nov. 20), rebukes Mrs. Reagan for being only a wife and finds "the trouble with Nancy Reagan's image is Nancy Reagan."

The article prompts me to blow the referee's whistle. When is the press going to give the first lady a break? When are you going to stop expecting her to conform to certain criteria to please the fourth estate—criteria, I might add, that change as frequently as the hemline and seem just as capricious.

How fickle you are and how short your memories. Only yesterday you were making fun of Bess Truman's avoirdupois and Mamie Eisenhower's bangs. You laughed at their dowdy clothes and pedestrian friends.

Along came Jackie Kennedy, and you extolled in her the very things you now deplore in Nancy Reagan. Jackie was quite regal; her clothes and tastes were elegant and expensive and her friends were indeed rich—though slightly more WASPish with slightly older money than the Reagan group.

Except for Mrs. Kennedy's highly praised restoration of the White House, which 20 years later Mrs. Reagan is striving to maintain, I cannot remember any worthy charities that had the benefit of Jackie's patronage.

You liked Lady Bird Johnson, and she fared well at your hands thanks to expert advice from Elizabeth Carpenter, her chief of staff, who stroked the press and won it with her efficiency and humor. Mrs. Johnson was justly praised for her "beautification" project, and no one objected when her zillionaire friends gave tax-deductible gifts to help it along. Nor did the press take her to task for primping up the Mall while folks were suffering in the ghetto. And although Mrs. Johnson was one of the richest first ladies' in history, no one ever asked what she paid for her clothes or what she gave to charity.

You maligned poor Pat Nixon for being so determinedly middle-class. She was torn to pieces by the buzzards converging over the dead presidency of her husband, but she bore her anguish with great dignity despite the antipathy and heartlessness of the press.

Candid Betty Ford you liked for her gutsy battle with cancer and because she was an outspoken defender of the ERA and other pet projects of yours. She was good copy, but she shocked the less sophisticated hinterland with remarks often considered inappropriate for a first lady.

And finally, hark back to Rosalynn Carter, who only recently departed our fair city. You couldn't wait to pounce the minute she overstepped her "wifely" role. Remember the "Iron Magnolia"—the lady who had the temerity to sit in on Cabinet meetings and visit foreign heads of state to discuss substantive matters? Remember how you made fun of her weekly lunches with husband Jimmy to tell him how to run the country?

Let's face it. Most first ladies can't win, whatever they do. But in the interests of fair play and to help understand Nancy Reagan, I would like to venture some observations about this first lady especially vis-a-vis the press:

Mrs. Reagan is shy, sensitive and vulnerable. She is so reserved and private that to save her soul (and her image!) she cannot expound to strange journalists her innermost thoughts, her feelings toward those she loves, her philosophy of life, etc.

She cannot dissemble. She is so honest she cannot "stage" events to make her look good. She has tried, but is not adroit at turning aside hurtful remarks with a quip. She never tries to control or manipulate interviewers so that they concentrate on subjects she wants to discuss. When you ask a question, she often answers hesitatingly and briefly. (Hence, not an exciting story; hence annoyance and chagrin on the part of the journalist.)

She feels apprehensive and defensive with the press. She is hurt and bewildered by their hostility. And it's no wonder, when even a kind gesture such as offering chocolates to the reporters on her campaign plane was ridiculed in a column by an arrogant young journalist.

She is a real lady and a loyal friend. Those who have had the pleasure of meeting her in small groups find her warm and charming, especially when she is not on trial by the press. She is fun, relaxed, an excellent conversationalist, and interested in a wide range of subjects. She is also eager to listen and learn. She is not about to abandon her wealthier friends when they become politically inconvenient.

She has no doubt about her priorities. Her life is dedicated to Ronald Reagan. She adores him, and her greatest joy comes from being his wife. She feels this even more keenly since the assassination attempt. Most Americans applaud her for this devotion and love, but the carping comes from younger women, especially in the press, who simply cannot identify with her and do not understand her priorities.

The column in The Post criticizes her for not being "substantively" involved in various charities and causes. While that is not true, it is also irrelevant. By simply focusing attention on and illuminating a problem or a need, Mrs. Reagan gives the most effective help a first lady can.

On the matter of priorities, Mrs. Reagan could well chide the press. Instead of writing reams about her clothes and hairdressers, it might report more fully her visits to drug centers, hospitals and other institutions. (For example, the youngsters she talked with at drug treatment centers felt that marijuana should not be legalized. All indicated that their addiction to hard drugs began with marijuana. The press gave this scant attention.)

Mrs. Reagan has been first lady less than a year. In this time she has suffered the shock of an assassination attempt on the president; she has renovated the White House in record time without spending a cent of public funds; she has taken the time to get acquainted with Washington and become a part of the community; she is learning about its institutions and discovering where she can be of help. She has been more accessible than almost any first lady in recent memory.

One need not agree with her viewpoints on everything. (I, for one, wish she would understand the importance of keeping abortion safe and legal.) But one has to at least grant her the right—indeed the duty—of being true to herself and to chart her course as first lady in keeping with her personality, her upbringing and her own interests.

SOVIET DIALOG/ARMS REDUCTION ARTICLE OF SENATOR CRANSTON'S

Mr. PERCY. Mr. President, recently my distinguished colleague from California and fellow member of the Foreign Relations Committee, Senator CRANSTON, wrote an article for the Los Angeles Times on our dialog with the Soviets, including arms reduction negotiations, that I would like to share with other colleagues.

Three of Senator CRANSTON's points strike me as particularly significant and timely.

First, when our whole relationship with the Soviets is the most strained, with our many national security interests around the world deeply affected, then is the most important time to be talking to the Soviets. It is vitally important that we continue a dialog with the Soviets at all levels, and intensify it at the top.

Second, one of the many factors the United States needs to have firmly in mind in negotiating strategic arms reductions with the Soviets—scheduled to begin early next year, hopefully in February—is the political reality of getting agreements ratified in the Senate. Our pace must certainly be deliberate enough to get sound agreements, but not so deliberate that it ignores political timetables in this country. We should think seriously about negotiating an initial agreement in START manageable enough to complete in the present 4-year term of this administration.

Third, linkage in United States-Soviet affairs is indeed a political reality, but we must take care that linkage is made in ways that can be realistically applied, and not fall into the mental trap of total linkage, which is as unrealistic as no linkage at all.

Mr. President, I ask unanimous consent that the full article by Senator CRANSTON in the November 16 edition of the Los Angeles Times be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SOVIETS FEAR US, TOO—WE NEED TO TALK

(By ALAN CRANSTON)

I spent nine days in Moscow early this fall trying to find out what can be done to avert a calamitous collision between the Soviet Union and the United States. As my companion, Sen. Charles McC. Mathias, Jr. (R-Md.), remarked, the trip left us "without optimism but not without hope."

The Russians we met talked about us much the way we talk about them, often with the very same words. For example, the Soviets protest the proposed deployment of U.S. medium-range missiles in Europe because they would reduce the warning time for the Soviets to less than 10 minutes. We lodge the same complaint against the Soviet SS-20 missile, which is not just a "proposal" but is already being deployed.

It was as though we Americans had seen our nation in a mirror, but with our reflection distorted often to the point of dark caricature. The problem of distorted mirror-imaging, or seeing the worst in each other, is daunting in an age when each superpower not only is capable of inflicting unimaginable death and destruction upon the other in less than 30 minutes but also is constantly improving that capability. We make "worst-case" assumptions about each other's ability and intention to produce, deploy and use that capability. There is some prudence in that. We will find no security in closing our eyes to potential danger. But, as each side acts to counter worst-case assumptions about each other, we confirm the validity of those assumptions and produce even worse worst-case imaginings.

How do we stop this? How do we convince one another that, despite the real differences in our politics, economic and ideology, despite our conflicting visions of ourselves and our roles in the world, we are not implacable enemies doomed to die together? I don't pretend that nine days in Moscow gave me the magic solution. But I did come back with some approaches.

It became clear to me that the Soviets fear all-out war, recognize that we are not about to let them attain or maintain strategic superiority, and are deeply troubled by the inherent risks and costs of the arms race. Nearly 40 years after the end of World War II, we still heard continual references to the 20 million Soviet citizens who died under Hitler and the perils of insecure borders. The Soviets remain more than a little paranoid, are still deeply insecure and still, I think, suffer from an inferiority complex vis-a-vis the West.

The withering of much of the Soviet ideological base, the bumblings and excesses of their huge bureaucracy, the unmanageability of a centralized economy, their failures in agriculture and their many diplomatic setbacks combine to leave them with but one strong suit—their military machine. Only that seems to "work."

We must persuade the Soviet leaders that it won't "work"—not if their aims are to intimidate us, our friends and allies. We must strengthen our strategic and theater defense structures. But I would caution against excess. I support an adequate increase in our defense budget under present circumstances, but the increase that the President has proposed is more than we need to spend for our security, and obviously more than our economy can stand.

It's time for the Administration to resuscitate the SALT process. The scuttling of a treaty that was negotiated by three Administrations and bears the signature of an American President has hurt our credibility.

Our national security has been weakened, and the cause of arms limitations set back.

Despite President Reagan's opposition to SALT II as a document, his Administration is voluntarily observing its terms on a reciprocal basis with the Soviets. The present treaty contains some important provisions that he and his advisers could accept on a binding basis. Perhaps there are additional items that could be successfully negotiated without consuming too much time.

I suggest that we move ahead now on such a simple, limited treaty—call it SALT 1½—attempting to focus on consensuses already arrived at, and adding matters where agreement can be hammered out without vast difficulty. If SALT 1½ could promptly be negotiated, it could almost surely be ratified during Reagan's present term. I believe that a majority of Senate Republicans would surely vote for such a Reagan-negotiated treaty, and I can almost guarantee that a large majority of Senate Democrats would, too. This would meet Soviet concerns about negotiation and ratification procedures that spill over from one Administration to another and never lead to a satisfactory conclusion. With a ratified treaty in place, with mutual confidence in the SALT process restored and with tensions thus eased, we could then set out to accomplish the really essential task of significantly reducing our overblown nuclear arsenals.

I am fully aware, by the way, that the Reagan Administration would undoubtedly score political points with this approach.

In addition, the Administration must back off from its insistence on "total linkage." Eugene V. Rostow, head of the Arms Control and Disarmament Agency, argued at his confirmation hearings that arms control can move forward only when the Soviet Union adheres to world law and accepts the limitations of the U.N. Charter as to the use of force. Who realistically can expect that kind of a Soviet turnabout in the foreseeable future? Such a prerequisite could delay arms agreements indefinitely. If the Soviets completely shared our view of these obligations, we wouldn't be in an arms race with them in the first place. But, like it or not, some degree of "linkage" is a fact of political life in America. The Soviets must understand that, and act accordingly. By the same token, we must understand that "total linkage"—no arms-control negotiations until the Soviets behave exactly as we do—is a chimera.

I am somewhat encouraged by the small gestures that the Administration has made to retain and improve the line of communication with the Soviets. Senior State Department officials encouraged Mathias and me to go to Moscow, and suggested that we cite, as evidence of American willingness to take Soviet needs into account, our lifting of the grain embargo and the bans on the sale of phosphate and pipelaying equipment.

It is a grim irony that when times are worst in U.S.-Soviet relations the dialogue occurs less frequently. We need to talk more. We need to do our utmost to place ourselves in each other's shoes.

Quite simply, there is no alternative.

TRIBUTE TO JOE STEWART

Mr. BURDICK. Mr. President, I do not want to let this session end without saying how much I miss the presence of Joe Stewart as an officer of the Senate.

Joe was serving here when I first came to the Senate in 1960, and I quickly learned to trust his efficiency, dedication, and loyalty. He not only helped to make this body run more smoothly, but also he was a good friend to all of us.

I am sure Joe is enjoying his new career, and I join the many others from both sides of the aisle who have expressed their hopes for his success. We wish him well, but we still miss him.

IN DEFENSE OF ILLINOIS UNIONS

Mr. PERCY. Mr. President, I have always found my own State of Illinois to be a good example of the positive way in which labor and management can work together constructively to improve the quality of life for their fellow Americans.

Our skilled labor force is a great source of pride and a major factor in Illinois leadership among this Nation's great industrial States. Most of the elected union officials who lead this skilled labor force are thoughtful, intelligent, top quality men and women who care about an economic climate that will foster growth and the employment opportunities that accompany it.

Many of these labor leaders have become friends of mine and serve as members of my Illinois Labor Advisory Committee. Their advice and counsel over the years have been invaluable to me and the experience of working with them has served only to strengthen the respect I have always felt for the contributions of organized labor to the well-being of the country.

In 1959, President Eisenhower asked that I form and chair a committee on program and progress to take a long and penetrating look at the future of this country and also to evaluate its past. Let me quote what I said in our report, issued September 27, 1959, in evaluating the role of labor unions:

Labor unions have contributed importantly to this better life, and to the vigor of the American system. They are an essential institution in the fabric of American life both today and tomorrow.

Today, I believe that even more deeply than two decades ago when it was written.

I am not alone in this feeling. Many business leaders in Illinois have echoed these sentiments as well. For the most part, they find their labor counterparts to be men and women of their word and key to our continuing industrial strength. For that reason, I was interested to read a recent editorial in Crain's Chicago Business, a respected Illinois business publication, which makes two very important statements. First, it reaffirms the important place unions have in our economy and second, it issues a warning to those who would lure Illinois businesses out of our State on the basis of antiunion sentiment that such a tactic is unacceptable.

Mr. President, this expression of opinion takes on added significance because its source is a respected one in the business community. I ask unanimous consent that the editorial from the October 12 issue of Crain's Chicago Business be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

IN DEFENSE OF ILLINOIS UNIONS

You don't have to be a member of the AFL–CIO to resent the sleazy, anti-union pitch that Mississippi brought to Chicago this month to lure local business to the Magnolia State.

The Mississippi Marauders—their term, not ours—were only the latest in a stream of Sun Belt politicians and economic development staffers who look to Chicago and Illinois for likely business prospects to lure away. This time, though, a cooperative Chicago businessman invited along CCB Contributing Editor Gary Ruderman to hear the spiel during a cocktail party cum recruiting session.

After the Mississippians made the usual promises, such as to train a work force and finance new facilities with industrial revenue bonds—incentives that Illinois only lately has begun to use—they got down to the nitty gritty: those damn Yankee unions. Not only was Mr. Ruderman promised that union organizers would be dogged and hassled in any organizing attempt and that the full power of the sovereign State of Mississippi would be used to squelch incipient unions, but he was warned that if he planned to move an operation to Mississippi that already was unionized, he wasn't wanted after all.

As smarmy as that appeal was, we particularly were disheartened by the response of some of the local business people. Maybe those soothing southern drawls turned their heads and evoked images of mint juleps and plantation living and no unions. They should know better.

Unions aren't going to be driven out of Illinois in order to improve the business climate here and make Illinois competitive with Mississippi.

Nor should they be driven out.

Illinois has been a unionized state for decades and with good reason. The industrial abuses that gave rise to the trade union movement in the United States were written in Illinois' steel mills, packing plants, on the railroads and in the factories of the early 1900s. Illinois' union history is a proud one, written with the blood of men and women who sought to improve the working conditions and lives of their peers.

That kind of heritage is worth preserving, and it certainly won't be desecrated to appease some whining manufacturer who threatens to move his plant to Moss Point, Miss., unless Illinois passes a right-to-work law. Even if a right-to-work bill got out of the General Assembly, it would receive a promised veto by Gov. Thompson, a Republican. The governor correctly sees that signing such a bill could ruin labor-management relations in Illinois and consign the state GOP to minority status for the next several decades.

To be sure, the leadership of many unions here has become reactionary, obstructionist and greedy in the extreme. But the wise union leaders are realizing that their role has changed. They know that the days of the impecunious factory worker, exploited by avaricious bosses, is long past and that the day has come when factors like capital formation and incentives are crucial to the well-being of their members.

Enlightened union leaders are working closely with progressive corporate managers to develop Illinois' human resources, improve productivity, create new job opportunities in new industries and enhance Illinois' business climate.

These kinds of improvements in labor-management relations haven't been reached despite a strong trade union presence in Illinois but because of it. And if that constitutes an uninviting business climate, then Mississippi is welcome to the climate it has.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

CHUGACH REGION STUDY—MESSAGE FROM THE PRESIDENT—PM 96

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Energy and Natural Resources:

To the Congress of the United States:

Pursuant to the provisions of Section 1430 of the Alaska National Interest Lands Conservation Act (ANILCA), I hereby transmit the Chugach Region Study. The participants to the study failed to agree upon a settlement of the land claims of Chugach Natives, Incorporated. However, the Chugach Natives, Incorporated, may elect to satisfy their land entitlements pursuant to existing law under Section 1429 of ANILCA, or pursuant to land exchanges in accordance with a federal proposal dated November 13, 1981.

RONALD REAGAN.

THE WHITE HOUSE, *December 8, 1981.*

EMPLOYMENT AND TRAINING REPORT OF THE PRESIDENT—MESSAGE FROM THE PRESIDENT—PM 97

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with an accompanying report; which was referred to the Committee on Labor and Human Resources:

To the Congress of the United States:

Pursuant to the requirements of Section 127(a) of the Comprehensive Employment and Training Act (CETA), as amended, I hereby transmit the 19th annual report pertaining to employment and occupational requirements, resources, use and training. The period covered by the report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 8, 1981.*

MESSAGE FROM THE HOUSE

At 4:41 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House has passed the following bill, with amendments:

S. 271. An act to repeal section 222 of the Communications Act of 1934.

The message also announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3455) to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

The message further announced that the House agrees to the amendment of the Senate to the following concurrent resolution:

H. Con. Res. 106. Concurrent resolution to provide for the printing of the brochure entitled "How Our Laws Are Made".

The message also announced that pursuant to the provisions of House Concurrent Resolution 220, the Speaker appoints as members of the Special Joint Committee on Arrangements to commemorate the 100th anniversary of the birth of Franklin Delano Roosevelt, the following Members on the part of the House to serve with himself: Mr. BENNETT, Mr. BOLLING, Mr. PEPPER, Mr. YATES, Mr. MARKS, and Mr. BENEDICT.

The message further announced that pursuant to the provisions of Public Law 86–42, as amended, the Speaker appoints as Members of the U.S. Delegation of the Canada-United States Interparliamentary Group for the second session of the 97th Congress, to be held March 4 to March 8, 1982, in Key Largo, Fla., the following Members on the part of the House: Mr. FASCELL, Mr. GIBBONS, Mr. HAMILTON, Mr. OBERSTAR, Mr. BARNES, Mr. ECKART, Mr. HORTON, Mr. WINN, Mr. STANGELAND, Mrs. SNOWE, and Mr. MARTIN of New York.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 121. Joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day".

By Mr. ABDNOR, from the Committee on Environment and Public Works, without amendment:

S. 1837. A bill to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebraska, as the "Robert V. Denney Federal Building and Courthouse (Rept. No. 97–289).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. THURMOND, from the Committee on the Judiciary:

Ralph K. Winter, Jr., of Connecticut, to be U.S. circuit judge for the second circuit;

Sam A. Crow, of Kansas, to be U.S. district judge for the District of Kansas;

J. Owen Forrester, of Georgia, to be U.S. district judge for the Northern District of Georgia;

Alvin I. Krenzler, of Ohio, to be U.S. district judge for the Northern District of Ohio;

Israel Leo Glasser, of New York, to be U.S. district judge for the Eastern District of New York;

John C. Shabaz, of Wisconsin, to be U.S. district judge for the Western District of Wisconsin;

John Robert Byrnes, of Wisconsin, to be U.S. attorney for the Western District of Wisconsin;

Hinton R. Pierce, of Georgia, to be U.S. attorney for the Southern District of Georgia;

Robert G. Ulrich, of Missouri, to be U.S. attorney for the Western District of Missouri for the term of 4 years;

Byron H. Dunbar, of Montana, to be U.S. attorney for the District of Montana for the term of 4 years;

Joe B. Brown, of Tennessee, to be U.S. attorney for the Middle District of Tennessee for the term of 4 years;

Christopher K. Barnes, of Ohio, to be U.S. attorney for the Southern District of Ohio for the term of 4 years;

David A. Faber, of West Virginia, to be U.S. attorney for the Southern District of West Virginia for the term of 4 years;

Joseph S. Cage, Jr., of Louisiana, to be U.S. attorney for the Western District of Louisiana for the term of 4 years;

Gene S. Anderson, of Washington, to be U.S. attorney for the Western District of Washington for the term of 4 years;

Frederick N. Falk, of Wisconsin, to be U.S. marshal for the Western District of Wisconsin for the term of 4 years;

John W. Roberts, of Arizona, to be U.S. marshal for the District of Arizona for the term of 4 years;

Warren D. Stump, of Iowa, to be U.S. marshal for the Southern District of Iowa for the term of 4 years;

Kenneth L. Pekarek, of Kansas, to be U.S. marshal for the District of Kansas for the term of 4 years;

Robert L. Pavlak, Sr.. of Minnesota, to be U.S. marshal for the District of Minnesota for the term of 4 years;

Lee Koury, of Missouri, to be U.S. marshal for the Western District of Missouri for the term of 4 years;

Kenneth B. Muir, of North Dakota, to be U.S. marshal for the District of North Dakota for the term of 4 years;

John R. Kendall, of Michigan, to be U.S. marshal for the Western District of Michigan for the term of 4 years;

James P. Jonker, of Iowa, to be U.S. marshal for the Northern District of Iowa for the term of 4 years;

Wallace L. McLendon, of Florida, to be U.S. marshal for the Northern District of Florida for the term of 4 years;

William I. Berryhill, Jr., of North Carolina, to be U.S. marshal for the Eastern District of North Carolina for the term of 4 years; and

Wayne D. Beaman, of Virginia, to be U.S. marshal for the Western District of Virginia for the term of 4 years.

By Mr. HATCH, from the Committee on Labor and Human Resources:

William Coskrey Plowden, Jr., of South Carolina, to be Assistant Secretary of Labor for Veterans' Employment.

(The above nomination was reported from the Committee on Labor and Human Resources with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. SIMPSON, from the Committee on Veterans' Affairs:

William Coskrey Plowden, Jr., of South Carolina, to be Assistant Secretary of Labor for Veterans' Employment.

● Mr. SIMPSON. Mr. President, on behalf of myself and Senator HATCH, we are pleased to report that the Committee on Veterans' Affairs has completed its consideration of the qualifications of William Coskrey Plowden, Jr., to be Assistant Secretary of Labor for Veterans' Employment. On October 27, 1981, this nomination was referred jointly to the Committee on Labor and Human Resources and the Committee on Veterans'

Affairs. On November 17, 1981, a joint confirmation hearing of the two committees was held.

As chairmen of the respective committees, we are pleased to report that both committees recommend that the nomination of William Coskrey Plowden, Jr., be confirmed.

Members of the Senate Committee on Veterans' Affairs consider the position of Assistant Secretary of Labor for Veterans' Employment to be critical in improving veterans' employment opportunities, especially opportunities for the employment of the Vietnam-era veterans, veterans of minority groups and of disabled veterans. Congress has enacted a number of laws designed to meet the employment needs of these veterans. The assistant secretary is charged with seeing that these laws are fully and effectively implemented.

Legislation introduced by our fine friend and colleague, STROM THURMOND, became one of the provisions of Public Law 96-466. the Veterans' Rehabilitation and Education Amendments of 1980, which elevated the position of Deputy Assistant Secretary of Labor for Veterans' Employment to the level of Assistant Secretary. It is to be hoped that the employment needs of our Nation's veterans will be more adequately fulfilled by assuring that the Assistant Secretary of Labor for Veterans' Employment shall have direct access to the Secretary of Labor and also be conferred with proper authority for his many important responsibilities.

Statistics clearly indicate the need for a renewed and vigorous effort to assist Vietnam-era veterans in the all-important matter of gaining meaningful employment. Unemployment rates generally have increased within the past year. The new Assistant Secretary for Veterans' Employment will be facing a real challenge in improving the employment picture for veterans.

Since 1976, William C. Plowden has been State director for veterans' employment in South Carolina. As State director he has worked in the programs he will coordinate as Assistant Secretary. He has a fine working knowledge of the position he is to fill and should be able to step right into this new appointment and serve the veterans of the United States efficiently and effectively.

Mr. Plowden is a much decorated combat veteran of World War II, serving on active duty in the U.S. Army from 1941 through 1945 and with the U.S. Army Reserves from 1945 to 1965, retiring with the rank of colonel. He has been very active in veterans' organizations in his home State and nationally. He has been successful in business, having operated automobile dealerships in New Zion, S.C., Lake City, S.C., and Pamplico, S.C.

His experience in small business, in farming, in the U.S. Army, and in veterans' affairs will contribute to and assist him in his efforts on behalf of veterans as he serves as Assistant Secretary of Labor for Veterans' Employment.

We urge the support of the nomination of William Coskrey Plowden, Jr., to be Assistant Secretary of Labor for Veterans' Employment, and request that the full Senate support the Committee on Veterans' Affairs and the Committee on Labor and Human Resources in confirming this nomination.●

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. HATFIELD:

S. 1917. A bill to consent to the Goose Lake Basin compact between the States of California and Oregon; to the Committee on the Judiciary.

By Mr. SPECTER (for himself and Mr. RIEGLE):

S. 1918. A bill to establish the Northeast-Midwest States Federal Hydropower Financing Authority; to the Committee on Environment and Public Works.

By Mr. ARMSTRONG (for himself and Mr. WALLOP):

S. 1919. A bill to amend the Internal Revenue Code of 1954 to assist in lessening the impact on communities of rapid growth resulting from energy or resource development, and for other purposes; to the Committee on Financing.

By Mr. D'AMATO:

S. 1920. A bill for the relief of Chaim Tal and Lucyna Tal, husband and wife, and their children Danny Tal, Ronit Tal, and Elain Tal; to the Committee on the Judiciary.

By Mr. THURMOND (by request):

S. 1921. A bill to provide for interim designation of United States attorneys and United States marshals by the Attorney General; to the Committee on the Judiciary.

By Mr. HATCH (for himself, Mr. RANDOLPH, Mr. HEINZ, and Mr. NICKLES):

S. 1922. A bill to amend the Black Lung Benefits Revenue Act of 1977, and for other purposes; to the Committee on Finance.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. GARN:

S. Con. Res. 52. Concurrent resolution expressing the sense of the Congress that members of the National Guard of the United States and the Reserves forces of the Armed Forces of the United States deserve public recognition for their vital contribution to our national defense and that members of these forces need the support and cooperation of their civilian employers in order to train and remain ready to respond to national emergencies; to the Committee on Armed Services.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HATFIELD:

S. 1917. A bill to consent to the Goose Lake Basin compact between the States of California and Oregon; to the Committee on the Judiciary.

GOOSE LAKE BASIN COMPACT

Mr. HATFIELD. Mr. President, today I am introducing legislation to ratify the Goose Lake Basin compact between the States of California and Oregon. I introduced this bill in the second session of the 96th Congress, however, final passage did not occur. Identical legislation is to be introduced in the House by Mr. DENNY SMITH.

Goose Lake lies on the border of California and Oregon, and as such, both States have an interest in the utilization, development, and conservation of the water resource of the Goose Lake Basin. The compact protects this interest by requiring the consent of both State legislatures for the export of water from the basin, and provides further restrictions on the interstate use and transfer of water within the basin.

Mr. President, I was asked to introduce this legislation by the commissioners of Lake County, Oreg. By introducing this bill, we are hoping that questions and possible objections can be scrutinized and hopefully resolved and the compact ratified.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1917

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the consent of Congress is hereby given to the Goose Lake Basin Compact between the States of California and Oregon, which compact is as follows:

"GOOSE LAKE BASIN COMPACT

"INDEX

"Article I ---------- Purposes.
Article II ---------- Definition of Terms.
Article III - Distribution and Use of Water.
Article IV ---------- Administration.
Article V ---------- Termination.
Article VI ---------- General Provisions.
Article VII ---------- Ratification.
Article VIII ---------- Federal Rights.

"ARTICLE I. PURPOSES

"The major purposes of this compact are:

"A. To facilitate and promote the orderly, integrated and comprehensive development, use, conservation and control of the water resources of Goose Lake Basin.

"B. To further intergovernmental cooperation and comity and to remove the causes of present and future controversies by (1) providing for continued development of the water resources of Goose Lake Basin by the States of California and Oregon, and (2) prohibiting the export of water from Goose Lake Basin without consent of the legislatures of California and Oregon.

"ARTICLE II. DEFINITION OF TERMS

"As used in this compact:

"A. 'Goose Lake Basin' shall mean the drainage area of Goose Lake within the States of California and Oregon and all closed basins included in the Goose Lake drainage basin as delineated on the official map of the Goose Lake Basin which is attached to and made a part of this compact.

"B. 'Person' shall mean the States of Oregon and California, any individual and any other entity, public or private.

"C. 'Water', 'water' or 'water resources' shall mean any water appearing on the surface of the ground in streams, lakes, or otherwise, and any water beneath the land surface or beneath the bed of any stream, lake, reservoir, or other body of surface water within the boundaries of Goose Lake Basin.

"ARTICLE III. DISTRIBUTION AND USE OF WATER

"A. There are hereby recognized vested rights to the use of water originating in Goose Lake Basin existing as of the effective date of this compact and established under the laws of California and Oregon.

"B. Except as provided in this article, this compact shall not be construed as affecting or interfering with appropriated waters of Goose Lake Basin for use within the basin.

"C. Export of water from Goose Lake Basin for use outside the basin without prior consent of both state legislatures is prohibited.

"D. Each state hereby grants the right for a person to construct, and operate facilities for the measurement, diversion, storage, and conveyance of water from the Goose Lake Basin in one state for use within the basin in the other state, providing the right to such use is secured by appropriation under the general laws administered by the State Engineer of the State of Oregon or the Water Rights Board of California and the laws of the state from which the water is to be taken shall control.

"E. Should any facilities be constructed in one state to implement use of water in the other state, the construction, operation, repairs and replacements of such facilities shall be subject to the laws of the state in which the facilities are constructed.

"ARTICLE IV. ADMINISTRATION

"No commission or administrative body is necessary to administer this compact.

"ARTICLE V. TERMINATION

"This compact may be terminated at any time by consent of the legislatures of California and Oregon and upon such termination all rights then established hereunder shall continue unimpaired.

"ARTICLE VI. GENERAL PROVISIONS

"Nothing in this compact shall be construed to limit, or prevent any state from instituting or maintaining any action or proceeding, legal or equitable, in any court having jurisdiction thereof for the protection of any right under this compact or the enforcement of any of its provisions.

"ARTICLE VII. RATIFICATION

"A. This compact shall become operative when ratified by the legislatures of California and Oregon and consented to by the Congress of the United States.

"B. This compact shall remain in full force and effect until amended in the same manner as is required for it to be ratified to become operative or until terminated.

"C. A copy of any proposed amendments to or termination of this compact shall be filed with the Board of Supervisors of Modoc County, California, and the County Court of Lake County, Oregon, at least 30 days prior to any legislative consideration by the legislatures of the States of California and Oregon.

"ARTICLE VIII. FEDERAL RIGHTS

"Nothing in this compact shall be deemed:

"A. To impair or affect the existing rights or powers of the United States of America, its agencies, or instrumentalities, in and to the use of the waters of the Goose Lake Basin nor its capacity to acquire rights in and to the use of said waters.

"B. To subject any property of the United States of America, its agencies or instrumentalities, to taxation by any state or subdivision thereof, nor to create an obligation on the part of the United States of America, its agencies or instrumentalities by reason of the acquisition, construction or operation of any property or works of whatsoever kind, to make any payments to any state or political subdivision thereof, state agency, municipality or entity, whatsoever in reimbursement for the loss of taxes.

"C. To subject any property of the United States of America, its agencies or instrumentalities, to the laws of any state to any extent other than the extent to which these laws would apply without regard to the compact."

SEC. 2. The right to alter, amend, or repeal this Act is reserved.

By Mr. SPECTER (for himself and Mr. RIEGLE):

S. 1918. A bill to establish the Northeast-Midwest States Federal Hydropower Financing Authority; to the Committee on Energy and Natural Resources.

(The remarks of Mr. SPECTER on this legislation appear earlier in today's RECORD.)

By Mr. ARMSTRONG (for himself and Mr. WALLOP):

S. 1919. A bill to amend the Internal Revenue Code of 1954 to assist in lessening the impact on communities of rapid growth resulting from energy or resource development, and for other purposes; to the Committee on Finance.

ENERGY COMMUNITY SELF-HELP ACT OF 1981

Mr. ARMSTRONG. Mr. President, western Colorado has the energy sources America desperately needs—enough gas and coal to keep the United States going for decades.

But how fast these resources can be developed, and at what social, economic, and environmental cost to our State, depends on reversing Federal policies which hinder prudent and orderly development.

In an area smaller than our Thirteen Original States, western Colorado has a trillion barrels of oil locked in shale; at least half is now economically recovered with a market value of $17 trillion. The State also has 500 billion tons of coal and 500 billion cubic feet of natural gas. Incredible though it may seem, every home, car, factory, and office building in the United States could be fueled by Colorado energy, at present rates of use, for the next 100 years.

But producing and marketing even a fraction of this immense energy potential will require massive development. What is being proposed, and in some cases already taking place, is the construction of large, wholly new cities, factories, and mines on the desert mesas of western Colorado where today not a school, not a hospital, not a curbstone is in place. There are no homes, no parks, no churches; there is only the sagebrush, the juniper, and, underground, there is coal, oil shale, and natural gas.

Take Battlement Mesa, Colo., as one example. Six months ago there was not a single foundation or 2 by 4 in place. Today Battlement Mesa is the home of 3,000 Coloradans, most of whom work at the nearby Colony oil shale plant. Five years from now Battlement Mesa will be home to 20,000 people.

This is only the beginning. No fewer than 25 new communities are planned for Colorado and the Rocky Mountain West over the next 10 years. Colorado's population potentially will increase more than 100 percent; if this happens, at least 40 new schools, 28,000 miles of roads, 71,000 homes must be built; road bridges—once only crossed by schoolbuses—must be converted to support 18-wheel dump trucks. Dozens of municipal buildings, jails, courts, water treatment facilities, hospitals—the list seems endless—must be erected.

These facilities are necessary to meet the employee needs created by the projected 15 oil shale plants, 7 coal mines, massive oil and natural gas exploration, and all the ancillary services. By 1990, Colorado will be producing some 300,000 barrels of synthetic oil and will quadruple its present coal production, all with the help of 24,000 employees whose needs will be met by another 118,000 in other industries.

Even though large-scale energy production has not yet begun, Colorado is already experiencing acute growing pains. Population in western Colorado is already up 25 percent in less than a decade. Demands on water supply are already severe. Where less than a decade ago violent crime was unheard of in some frontier towns, some cities are faced with 400 percent and even higher increases in violent crimes. Housing is scarce; incredibly, there is no measurable apartment vacancy rate. And when housing is found, it is expensive.

Already Colorado's environmental shroud is beginning to tear; the State's renowned lakes and streams are under enormous fishing pressure; dust from mining and construction is making it difficult for some in Colorado to breathe; traffic congestion is at times worse than that experienced in New York City.

These human needs are great, varied and expensive to satisfy. But before any large-scale development takes place, these needs must be met immediately. Hospitals and roads cannot be erected after the population arrives; they must be in place beforehand. The same is true for water treatment facilities, schools, jails, and all the other essentials of urban living.

And so the dilemma. Social chaos will result if needed facilities are not available before, or at least when, the population booms. Yet such facilities are financed by property taxes which become available too late. Indeed it takes at least 2 years from the time that new commercial and residential properties are constructed for them to be assessed and tax payments to begin.

This 2-year tax lag is an acute problem in western Colorado. One study shows that the capital needs of Colorado's new and booming towns exceeds revenues by more than a five-to-one margin, and it is not inconceivable that this deficit may never be made up.

As has so often happened in the past, Coloradans are meeting these growth problems head-on with creativity and resourcefulness. Elected officials are rewriting their policies to do all they can to insure that development keeps pace with social needs. No less than a dozen citizens commissions are analyzing future energy-related growth, and estimating what facilities are needed where and when.

The State legislature has just enacted legislation to allow firms to prepay their State and local property taxes, and these prepaid taxes—the amount an energy firm will owe the State the next 5 to 15 years—will help finance facilities needed today.

The legislature has also enacted severance taxes which will raise money once energy production begins.

To their credit, energy firms are contributing significant energy impact sums in anticipation of future profits. One firm, Union Oil, will invest more than $60 million, including $22 million to house employees and $12 million to help upgrade local roads, increase police protection and water treatment, build a new school and finance new fire protection and recreation services. Western Energy Corp. just signed an agreement to provide more than $60 million to offset impacts caused by a new coal mine. Another firm will finance a new school with interest-free loans. Other firms are following suit.

Although the sums contributed by energy firms are significant, they do not meet all the needs created by resource development. Fortunately, energy firms want to contribute more, and every impact aid dollar is feverishly desired by local officials.

What hinders energy firms from contributing more money is Federal tax law. Even though the Federal Government has the most to gain from energy development—at least $40 billion in new tax revenues and achievement of its national goal of energy independence—Washington has been strangely silent about the needs created by energy development. Worse, tax policy discourages local initiatives to resolve the problem.

One fact must be made clear. No one in Colorado expects large Federal energy impact aid programs; nor, frankly, are such programs wanted. We are aware that, with a Federal budget projecting $200 billion in future deficits, it is unlikely that a costly Federal direct aid program will be created. Moreover, Coloradans oppose traditional Washington solutions that only throw money at a problem. With some exceptions, such programs are uncertain, undesirable, have no return on the original investment and are insensitive to local needs.

But what Colorado and the Rocky Mountain West rightfully expects is the Federal Government to end those practices that interfere with local energy impact initiatives.

That is the goal of the legislation I am introducing today, along with my good friend, Senator MALCOLM WALLOP, whose State of Wyoming has many of the same problems Colorado has in coping with energy impacts.

There are two inequities in current tax law that my bill seeks to address. First, the Internal Revenue Service gives energy firms a Federal tax deduction for paying their State and local taxes, but only 1 year at a time. Thus, a company has an incentive not to prepay its State and local taxes, even though Colorado law allows it to do so, because Federal tax law only gives a tax deduction for paying year by year. The bill I am introducing permits energy firms to prepay State and local taxes and get a Federal tax deduction for doing so.

The second obstacle in tax law is that it provides no certainty about the tax treatment of expenses incurred by industry for energy impact assistance. Contributions made by energy firms to local governments that finance community facilities should be a normal business expense, and, therefore, federally deductible the same year it is made, but it is not. Energy firms lack clear guidance about what constitutes deductible expenses for energy impact assistance. The Internal Revenue Service has made one arbitrary ruling after another in this area. The result? There is no financial incentive—in fact, there is a powerful disincentive—for energy firms to work hand in hand with State and local governments to provide the necessary services.

There are several reasons for the tax uncertainty that is so pervasive in this tax area. First, expenses are only deductible if they are made by a "going trade or business." The problem with oil shale development is that it is a capital-intensive industry with long leadtime necessary before production begins. Thus, the Internal Revenue Service has ruled that energy impact contributions are not deductible in the year made; rather, they are capitalized as a cost of the total project, making tax relief possible only at the sale of the project or at the end of the useful life of the project.

The second problem is section 167 of the Internal Revenue Code, the charitable contributions section. This section provides deductions made for contributions to a civic or charitable purpose. To qualify as a deduction under this section, the contribution can only be for a benevolent purpose and cannot benefit the firm making the contribution. Thus, if a firm provides funds to build a school for the children of a community in which its employees will live, the firm cannot deduct these expenses under section 167.

To eliminate any uncertainty, my legislation creates a new section in the Tax Code providing deductions for energy impact expenditures. My approach is simple. Energy firms whose assessed value exceeds $50 million upon completion will be able to deduct contributions in the year made for facilities or services contributed to State and local areas where there is significant energy development.

Is this legislation necessary? Let me quote from a few of the letters I have received:

> The only relief offered for money advanced for mitigation of socio-economic impact is prepayment of future "ad valorem" or severance tax . . . Allowing this (prepayment) to be expensed in the year it was expended would be extremely helpful . . . properly constructed tax benefits to encourage support of community facility development should not have to be limited—they could be planned to give the developers incentive to minimize them.—Roger Loper, President, Chevron Shale Oil Company.

> The tax treatment of sums contributed to help finance community development projects designed to mitigate socio-economic impacts varies according to the circumstances of each gift. To encourage impact mitigation contributions, legislation should permit payments credited against future tax liabilities to be deducted in the year paid rather than in the year of tax obligation.—F. D. Dennstedt, Senior Vice President, Exxon Company, U.S.A.

> There is no specific provision of the Internal Revenue Code covering amounts contributed to mitigate socio-economic impacts. Depending upon the circumstances surrounding a particular contribution and the nature of the assistance, expenditures incurred may or may not be deductible for federal income tax purposes. This uncertainty quite often causes needless concern in the decision-making process regarding potential impact assistance . . . legislation encompassing a current deduction for such expenditures is badly needed.—John M. Hopkins, President, Union Oil.

> Legislation to encourage the prepayment of state severance taxes and property taxes would encourage the utilization of this method to provide the upfront financing of local facilities and services impacted by such development.—Harry Bowes, Executive Vice President, Colorado Counties, Inc.

Here is how my bill would work once it is enacted: First, if a State allows for prepaid property taxes and the taxes are used for needs related to energy growth, large energy projects—at least $50 million in taxable property or in projected income—can prepay its State taxes, and deduct such payments in the year the payment is made.

Second, my bill creates a new section in the Internal Revenue Code that provides a deduction for energy impact assistance expenditures. Large energy firms will qualify for this deduction if their energy impact contribution is paid to a unit for State or local government to help pay for facilities or services the entire community can use, like hospitals, roads, schools, parks, fire and police protection, water supply and governmental administration.

This legislation is consistent with what I believe should be the purpose of both national and local energy policy: To build energy projects that are technically sound, environmentally responsible and financially rewarding—all located in communities whose facilities, services and infrastructures can support, with minimum stress, the needs of thousands of employees and their families who will be needed to operate and maintain each of these projects.

This legislation accomplishes this goal in four ways:

First, it removes Federal tax obstacles preventing full local government-industry cooperation in jointly planning and large energy projects. Essentially, this bill removes the Federal Government as a negative force in energy project planning and energy impact mitigation. Local governments will be free to negotiate the best deal they can about how much financial help will be required from new developments before the necessary State and local permits will be issued. Both the energy firms and local officials will know that whatever sums are contributed, they will be deductible from Federal tax returns.

The fact remains unchallenged that healthy communities mean increased worker morale, less turnover, higher productivity, faster construction and lower costs in energy development in the long run. Thus, energy firms will ultimately save vast sums if they pay—as many are willing to do—adequate attention to front end community impact mitigation measures. It also encourages communities and companies to become allies instead of adversaries in planning for the future.

Second, the bill provides tax certainty and tax simplicity. Energy firms that meet limited criteria will know for certain if they can deduct from their Fed-

eral returns their prepaid taxes or energy impact contributions on line faster.

Third, the bill will not over time lose revenues from the Federal Treasury. For the most part, this legislation only accelerates Federal tax deductions; it does not create any new Federal tax subsidy. In fact, this bill will likely accelerate revenues for the Federal Government as it will help reduce delays in meeting socioeconomic energy impacts associated with large-scale energy production. With these delays reduced, energy production can begin faster, as will Federal revenues.

Fourth, this bill will benefit all communities nationwide feeling the burdens associated with energy development. This is not a bill of special interest to Colorado and the Rocky Mountain West. Whether it is a new coal mine in Pennsylvania, or a major drilling operation in Texas, or a new synfuel plant in Kentucky, energy impacted communities will profit from this legislation.

This legislation merits quick enactment. It is fair, reasonable, practical, worthwhile, and represents sound tax policy. It is also urgently needed.

Mr. President, I ask unanimous consent that a copy of the bill as proposed, as well as a number of news reports describing the depth of Colorado energy impacts be inserted at this point in my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1919

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Energy Community self-Help Act of 1981".

SEC. 2. DEDUCTION FOR PREPAYMENT OF ENERGY IMPACT ASSISTANCE PAYMENTS.

(a) IN GENERAL.—Subpart C of part II of subchapter E of chapter 1 of the Internal Revenue Code of 1954 (relating to taxable year for which deductions taken) is amended by adding at the end thereof the following new section:

"SEC. 467. PREPAYMENT OF ENERGY IMPACT ASSISTANCE EXPENSES.

"(a) IN GENERAL.—At the election of the taxpayer, there shall be allowed as a deduction for the taxable year (in lieu of any other taxable year) an amount equal to the qualified energy impact assistance expenditures paid during the taxable year which (determined without regard to this section)—

"(1) are otherwise allowable as a deduction under this chapter, and

"(2) are properly allocable to any taxable period which is after the close of the taxable year in which paid.

"(b) QUALIFIED ENERGY IMPACT ASSISTANCE EXPENDITURE.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified energy impact assistance expenditure' means any expenditure or contribution which—

"(A) represents a State or local tax, fee, rent, or royalty,

"(B) is required or permitted under State or local law to be paid before the taxable period such expenditure or contribution is allocable (determined without regard to this section), and

"(C) is to be used by the State or local government to meet needs incidental to population growth arising out of the operation of major energy and resource development activities.

"(2) The term 'operation of major energy and resource development activities' means the development, operation, and construction of—

"(A) any facility used primarily for exploring, producing, extracting, processing, converting, or refining of minerals including, but not limited to, a mine, powerplant, mill, retort, or related facility;

"(B) any facility operated in connection with a synthetic fuel project (within the meaning of section 112(18) of the Energy Security Act); or

"(C) an electric generation facility designed to consume coal located in the immediate area of such facility;

but only to the extent that capital expenditures in connection with such facility will exceed $50,000,000 when construction is complete or that the gross income to be received over the life of the facility will exceed $50,000,000.

"(c) METHOD OF ACCOUNTING.—For purposes of this title, an election under this section shall not be treated as a change in the taxpayer's method of accounting.".

(b) CONFORMING AMENDMENT.—The table of sections for subpart C of part II of subchapter E of chapter 1 of such Code is amended by adding after the item relating to section 466 the following new item:

"Sec. 467. Prepayment of energy impact assistance expenses.".

SEC. 3. DEDUCTIONS FOR ENERGY IMPACT ASSISTANCE CONTRIBUTIONS.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 of the Internal Revenue Code of 1954 (relating to itemized deductions for individuals and corporations) is amended by adding at the end thereof the following new section:

"SEC. 196. ENERGY IMPACT ASSISTANCE.

"(a) IN GENERAL.—There shall be allowed as a deduction for the taxable year the qualified energy impact assistance amount of the taxpayer for such taxable year.

"(b) QUALIFIED ENERGY IMPACT ASSISTANCE AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified energy impact assistance amount' means any amount or property—

"(A) which is—

"(i) paid or contributed to a State or local government and to be used to provide qualified public facilities and services, or

"(ii) paid, contributed or incurred directly for qualified public facilities and services provided to the State or local government, and

"(B) with respect to which a deduction or credit is not otherwise allowable under this chapter.

"(2) CERTAIN AMOUNTS IN CONNECTION WITH BONDS.—For purposes of paragraph (1), if a State or local government issues obligations the proceeds of which are to be used to provide qualified public facilities or services, then—

"(A) the amount of any loss recognized by the taxpayer on such obligations were purchased by the taxpayer, and

"(B) the amount the taxpayer pays as a guarantor of such obligations,

shall be treated as amounts paid for qualified public facilities or services.

"(3) QUALIFIED PUBLIC FACILITIES AND SERVICES.—For purposes of this subsection, the term 'qualified public facilities and services' means facilities and services be provided to a State or local government as a result of population growth arising out of the operation of major energy and resource development activities (within the meaning of section 467(b)(2)). Such term includes, but is not limited to, facilities or services provided in connection with—

"(A) roads,

"(B) schools and education,

"(C) parks and recreation,

"(D) housing,

"(E) governmental administration,

"(F) fire and police protection,

"(G) water supply,

"(H) waste water collection and treatment (including drainage), and

"(I) hospitals and health care."

"(b) CONFORMING AMENDMENT.—The table of sections for part VI of subchapter B of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Sec. 196. Energy impact assistance.".

SEC. 4. EFFECTIVE DATE.

The amendments made by this Act shall apply to taxable years beginning after June 30, 1980.

THE ENERGY COMMUNITY SELF-HELP ACT OF 1981

BACKGROUND

Western Colorado has vast energy resources. There is enough coal, oil shale, oil and natural gas to satisfy America's energy needs for the next 100 years. Its development presents Colorado with a unique opportunity and a unique peril. Nowhere in this country has there been proposed such dense, rapid and intensive development. Colorado is only now experiencing the beginning of explosive energy development. No less than 25 new communities will be built in Colorado and the Rocky Mountain West over the next 25 years. Colorado's population will increase more than 100 percent in the next ten years. Massive amounts of new community facilities will be needed to meet these great, varied, and human needs.

The prime obstacle keeping these needs from being met is upfront financing. There is now no tax base to fund the needed roads, hospitals, schools, jails and other facilities. It usually takes at least two years from the time that new commercial and residential properties are constructed and tax payments begin.

This so-called "tax lag" is particularly acute in Western Colorado. Colorado's new and booming communities may have less than one quarter of the money needed to build necessary facilities. The fact remains that healthy communities mean increased worker morale, less turnover, higher productivity, faster construction and lower costs in the long run. Thus, companies will ultimately save vast sums of money if they pay adequate attention to front-end community impact mitigation measures.

ISSUE

Although the nation and its government can profit from prudent development of these resources, there is today the incredible but true paradox that federal tax policy prevents orderly, thoughtful energy development. Worse, it discourages the local initiatives necessary if the unprecedented human needs caused by such development are to be met.

There are two inequities in current tax law:

1. The Internal Revenue Service gives energy firms a federal tax deduction for paying their state and local taxes, but only one year at a time. Thus, a company has an incentive not to prepay its state and local taxes, even though Colorado law allows it to do so, because federal tax law only gives a tax deduction for paying year-by-year. The bill I am introducing permits energy firms to prepay state and local taxes and get a federal tax deduction for doing so.

2. The Internal Revenue Code does not provide a deduction for energy impact assistance contributions made by private sector firms. Thus, energy firms lack certainty about which energy contributions they

make are deductible, and when and under what circumstances.

PROPOSAL

The proposed legislation has two principal provisions:

1. It permits energy firms that prepay state and local taxes to deduct these taxes from their federal liability in the year made. Any firm engaged in exploring, producing, extracting, processing, converting or refining minerals would qualify under this section as long as:

(A) its taxable property or gross income over its useful life exceeds $50 million.

(B) the taxes raised are to meet needs incidental to growth arising out of the operation of major energy and resource development activities.

(C) it is located in a state that permits payment of taxes.

2. It creates a new section in the Internal Revenue Code that provides a deduction for qualified energy impact assistance expenditures.

Energy firms will qualify for this deduction if their energy impact contribution:

(A) is paid to a unit of state or local government, or is in the form of a bond, or if the firm is the guarantor of a bond; and

(B) is for qualified public facilities and services, including roads, schools and education, parks and recreation, housing, governmental administration, fire and police protection, water supply, wastewater collection and treatment, hospitals and health care.

The legislation would apply to taxable years beginning after June 30, 1980.

WHY THIS LEGISLATION SHOULD BE ENACTED

First, it removes federal tax obstacles preventing full local government-industry cooperation in jointly planning and preparing large energy projects. Essentially, this bill removes the federal government as a negative force in energy project planning and energy impact mitigation. Local governments will be free to negotiate the best deal they can about how much financial help will be required from new developments before the necessary state and local permits will be issued. Both the energy firms and local officials will know that whatever sums are contributed, they will be deductible from federal tax returns.

Second, the bill provides tax certainty and tax simplicity. Energy firms that meet limited criteria will know for certain if they can deduct from their federal returns their prepaid taxes or energy impact contributions.

Third, the bill will not over time lose revenues from the Federal Treasury. For the most part, this legislation only accelerates federal tax deductions: it does not create any new deduction. In fact, this bill will likely accelerate revenues for the federal government as it will help reduce delays in meeting socio-economic energy impacts associated with large-scale energy production can begin faster, as will federal revenues.

Fourth, this bill will benefit all communities nationwide feeling the burdens associated with energy development. This is not a bill of special interest to Colorado or the Rocky Mountain West. Whether it is a new coal mine in Pennsylvania, or a major drilling operation in Texas, or a new synfuel plant in Kentucky, energy impacted communities will profit from this legislation.

Fifth, this is not a new federal direct impact aid program. One fact must be made clear. No one in Colorado expects large federal energy impact aid programs, nor, frankly, are such programs wanted. Colorado is acutely aware that with a federal budget projecting $200 billion in future deficits is it inconceivable that a costly federal direct aid program will be created. Moreover, Coloradans oppose traditional Washington solutions that only throw money at a problem. With some exceptions, such programs are uncertain, undesirable, have no return on the original investment and are insensitive to local needs.

Sixth, it represents sound national development energy policy. It features building energy projects that are technically sound, environmentally responsible and financially rewarding—all located in communities whose facilities, services and infrastructures can support, with minimum stress, the needs of thousands of employees and their families who will be needed to operate and maintain each of these projects.

ENERGY COMMUNITY SELF-HELP ACT OF 1981

Mr. WALLOP. Mr. President, it is with pleasure that I join with my distinguished colleague from Colorado (Mr. ARMSTRONG) in the introduction of the Energy Community Self-Help Act of 1981. I believe that this legislation represents a responsible and realistic approach to assisting energy impacted communities without great, if any, long-term expense to the Government and without the needless, costly and inefficient interference of a myriad of Federal agencies.

Mr. President, none of us here has to be reminded of the hardship and chaos that has accompanied severe disruptions in our supplies of foreign oil. Unstable Middle Eastern political situations and the heavy hand of OPEC served all too well in exposing America's soft underbelly—her critical dependence on imported oil. It was because of the significance of that vulnerability that we made a national commitment to develop our domestic energy resources so that the fortunes of this country's economy and welfare do not have to ride on the roller coaster of Middle East politics and OPEC supply and pricing policies.

We have made significant strides in achieving that goal. For the first time in many years our daily imports of foreign oil are below 4 million barrels. American industry and families are increasingly looking to domestic sources to satisfy our energy needs. My home State of Wyoming has been called upon to do its part, and a great part it has been, in satisfying this Nation's appetite for energy. From the coal fields of northeastern Wyoming to the Overthrust Belt in the Southwest, energy producers and developers have come to Wyoming to build powerplants, dig coal, drill for oil and gas, and to develop synthetic fuel facilities.

With that development has come people, so many people that Wyoming experienced a population explosion of 47 percent in the last decade. It is almost with the bat of an eye that a rural Wyoming community of a couple of thousand people suddenly finds that its population doubled, that it does not have adequate housing, there are too few doctors, firemen, and policemen, its schools are too small, it is short of water and waste treatment facilities, and its hospital needs 50 extra beds but there is no place to put them. It is a trend in Wyoming that is not likely to slow in the near or foreseeable future.

Mr. President, the State of Wyoming and its local communities have sought to help themselves in providing the necessary services and facilities to meet the needs of its booming population. The task is a formidable one. When a rural community grows by a thousand people, the new pressures put on the local government are tremendous. It must find an additional 100,000 gallons of water daily and a place to store it; an additional 2 miles of sewer lines; $175,000 worth of sewer treatment facilities; 6 miles of streets; $10,000 worth of signs; 102 street lights; 4.8 acres of parks; one-third of a garbage truck; one-sixth of a firetruck; 1.8 policemen; 1.5 firemen and 6.5 other new employees. Add to this 4.8 elementary classrooms, 3.6 high school classrooms, and funds to keep everything in operating order. The problems associated with boom town growth—the physical, social, and psychological—were portrayed quite graphically in an article on Evanston, Wyo., which appeared in the February 17, 1981 edition of the Los Angeles Times. Mr. President, I ask unanimous consent that the full text of that article be printed in the RECORD immediately following my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. WALLOP. Mr. President, the energy-impacted communities of Wyoming are making great progress in accommodating the pressures of a boom town climate. But it is far from easy when the growth which requires the facilities and services comes before the tax base is established to support them. In the long run, the additional community development which must take place to service the growth will pay for itself, but that is of little consolation if you must exist in a hostile environment in the meantime.

The key is being able to tap that future tax base so that the money to provide the necessary public services and facilities is available up front where it can do the most good. This legislation provides the incentive to do just that. Some States, including Colorado have recently passed legislation which authorizes energy companies to prepay estimated taxes and fees so that impacted communities will have the benefit of their future tax base when it is most urgently needed.

This legislation removes a stumbling block which exists in the Tax Code for taking advantage of the prepayment vehicle by providing that when an energy company does prepay its taxes, it can expense those payments immediately rather than having to wait until the tax liability is actually due and payable. In Wyoming, the industrial siting counsel has in at least one instance asked for a modest acceleration of tax payments to assist in dealing with impact problems. This legislation should make that alternative even more attractive.

In addition to tapping this future tax base, industry should be encouraged to mitigate its own impact to the greatest extent possible. Many energy companies are finding that such action is in their own self-interest, and are doing this on a voluntary basis. At the most basic level it is good public relations which helps them avoid adverse publicity which they might otherwise receive. As a practical matter, good quality housing and a pleasant living environment helps management meet their production goals. When

it is difficult to attract skilled labor to the more remote areas where the development is taking place, improvements in the quality of life reduces turnover and maintains productivity.

This bill provides a further incentive for energy companies to do more in mitigating impact problems created by their project development. Under existing law an energy company is never quite sure whether an expenditure or contribution they make will be deductible for tax purposes. Because of the nature of many of the projects, the IRS may require that these expenditures be capitalized and amortized over the life of the project rather than being expensed as a cost of doing business.

Further, when an energy company makes a contribution of land to a community for a new park or a new community building there is the possibility that the contribution would run afoul of the benevolent purpose test for charitable contributions. Were the IRS to determine that the purpose of the contribution was a condition to getting a building or operating permit, then again the company may well have to capitalize and amortize the value of the contribution. This legislation provides that when an energy company pays or contributes money or property to be used for qualified public purposes, that those contributions and payments shall be treated as expenses and fully deductible for tax purposes.

The surety of being able to deduct payments and contributions for impact mitigation is of even greater significance to those communities which are impacted not by energy development in their own State, but that in a bordering State. There are many communities in Wyoming, like my hometown of Sheridan, which are impacted, not because of development in Wyoming, but rather because of development in a neighboring State. The prospect of future tax base to pay for necessary public services and facilities is nonexistent. These communties must find alternative ways to pay the price that impact problems exact. The certainty of tax deductibility will make it easier for energy companies to make the commitment to assist these communities with their impact problems.

The essence of any viable impact-relief system is front-end money, planning, and coordination. The purpose of this legislation is to assist with but one part of that three-pronged education, and is certainly not to be viewed as a substitute for the other two. And, while I have focused my remarks on the effects of energy impact in Wyoming, the benefits of this bill will reach not only the Rocky Mountain area, but also other areas of this country, like West Virginia and Tennessee, whose communities will feel the sudden growing pains which accompany expansive energy development.

Mr. President, I believe this bill is a viable proposal which will make it easier for those communities in this country which are caught in our search for new energy sources to do more to help themselves. And, it is my intent that as chairman of the Senate Finance Subcommittee on Energy and Agricultural Taxation, that we begin very soon to build a record of support for this proposal by going to Wyoming and Colorado and hearing from the citizens of energy-impacted communities of the western slope of Colorado and Wyoming, as to the assistance the provisions of this bill can offer.

EXHIBIT 1

[From the Los Angeles Times, Feb. 17, 1981]

BOOMTOWN: URBAN STRESS IN THE WILDS

(By Bill Curry)

EVANSTON, WYO.—The first sign of trouble came when the two children appeared at a neighbor's mobile home with a frantic note written in red crayon by their mother.

"Penny, would you please call the police. Frank has torn my phone out and beat me up. Rosemary."

Then a .30-06 bullet came crashing into Penny's home and lodged in a wall.

When policemen finally arrived, they asked Rosemary Houston, 27, "Is everything OK?"

"No, it isn't!" she replied. But the door to her mobile home was slammed in their face.

Then, after hearing two shots, they entered and found Rosemary Houston critically wounded and her husband dead. They had to pull the couple's 2-year-old child out from under Frank Houston's body—he had fallen on the infant after shooting his wife and himself.

FAMILY VIOLENCE RISING

That incident last November was shocking, but such incidents were not unexpected by police and others here who had watched family violence grow dramatically as this rural community was being swiftly transformed into a boomtown by energy exploration.

"It was going to happen," social worker Alan Ballard says, "and it's going to happen again."

Nor had it been surprising six days earlier when a couple in their 50s—forced to live in a motor home because of a housing shortage in Evanston—died of carbon monoxide poisoning. They had sealed their vehicle against the bitter winter winds and, in so doing, sealed their fate within.

"I wish I had never come here," Frederick Renfro, 35, of Santa Rosa, Calif., said from a cell in the Uinta County jail. Child welfare officials took custody of his four children, 5 to 12 years old, after finding them, Renfro and his wife living and sleeping in the cab of his 1970 Chevy pickup. The children have been split between two foster homes and one of them said excitedly as they arrived at school, "We got to get a bath today!"

When asked about the allegations that the family had stayed 17 days in two hotels and left behind charges totaling almost $800, Renfro, who earned only $4.40 an hour as a gas station employee, said, "At least I know my kids ate."

SYMBOL OF CHANGE

Evanston, Wyo., which sits atop one of the most prolific and promising natural gas and oil deposits ever discovered in America, has become a symbol of the extraordinary change that is overwhelming scores of Rocky Mountain communities caught in the nation's search for energy. Ever-increasing numbers of jobs have brought a rush of people and problems to communities throughout the region, nowhere more so than in Wyoming.

Wyoming has the nation's most productive coal mine in its northeast corner and immense deposits of oil and gas here in the southwest, and in between is a string of cities eager for, but troubled by, the tens of thousands of newcomers and transients. They made the state the nation's fourth fastest-growing in the 1970s, sending its population up by an astonishing 41.6 percent, yet it has maintained the nation's lowest unemployment rate for the last two years.

Wyoming has become perhaps the hottest spot today in what Colorado Gov. Richard D. Lamm calls the nation's "Match Belt": a stretch of intermountain states now booming with energy exploration, synfuels and mineral development, but almost inevitably facing a bust.

"We are not a Sun Belt economy," Lamm says, "we are a Match Belt economy that will burn brightly for a short time and leave charred ashes. We are repeating the whole damn history of the West; boom or bust. You get the worst of both possible worlds."

In Wyoming, the energy boom has brought many signs of trouble: what one official calls an "epidemic" of alcoholism in Rawlins, an effort in Kemmerer to ban the carrying of guns because of drunken shooting sprees by oilfield workers and housing shortages so severe that they contribute to the crime, the drinking and the isolation and depression that spawn family violence.

These problems are, in turn, altering the fabric of the frontier life that had existed for decades, the kind of change so feared in the little desert towns of Utah and Nevada that face the possible influx of thousands of construction workers should the government begin to build the huge MX missile system there.

"I guess it is kinda ridiculous, living like this," says Donald Bynon, 27, a $40,000-a-year drilling rig worker who lives with his wife and two children here in a tiny camper perched on a pickup truck in the snow-covered desert.

"The frontier spirit is going to be gone," Wyoming's easy-going governor, Ed Herschler, says. "There will be a lot of changes, and a lot of us won't like them: neighborhood hostility, lack of trust—all the things people have avoided since territorial days."

YOU AIN'T SEEN NOTHIN' YET

The elderly here, for example, after years of quiet, secure living, have literally been chased off the streets at night by fear of crime and traffic. "We used to have socials two nights a month," says Esther Benn, director of the Uinta Senior Citizens Center, "but now people don't want to come out at night. Now we have one thing a year at night—and we make sure there is someone to pick (the elderly) up."

Of his state's growth to 470,816 in the 1980 Census, Herschler says, "You ain't seen nothin' yet." In Evanston alone this summer, federal officials are considering setting up campgrounds on public lands to accommodate an estimated 5,000 temporary workers.

As it is now, at least 1,000 persons—fully 10% of this city's population—live in Evanston's $170-a-week-and-up motel rooms. Uncounted others live in campers, trailers, vans, buses, cars and trucks squeezed onto any available spot of land—sometimes paying $200 a month and more just to park there.

Those who come here, their cars bearing license plates from Oregon, Iowa, Missouri, Texas, California, see the promise. "I really want to get on an oil rig," 32-year-old Steve Wilds, a refugee from the depressed construction industry in Seattle, said on his 10th day of job hunting here. "It's job security. There's always going to be a demand for oil."

Persons like Bruce Waters and Kevin Smith, both born here 25 years ago, see the promise too. In years past they would have had to leave Evanston to find work. "Evanston was stagnating," Smith says. "There was no work here. I would have had to go someplace else." Now, they are both employed here—as police investigators.

"The problem now," Smith says, "is not people leaving to get jobs but kids dropping out of school to make money."

TRAFFIC JAMS ON PAYDAYS

Evanston's prosperity is reflected in the traffic jams outside the First Wyoming Bank on paydays—trucks and four-wheel-drive vehicles driven by construction and drilling rig workers who have come to tap the vast sources of oil and gas thousands of feet below. There are 61 rigs at work in this area, and each one requires 22 workers just on the rig itself.

The crews are searching for natural gas and oil in a complex geologic structure called the Overthrust Belt, a vast underground reach of tortured rock that meanders through the West from Alaska to Mexico. In recent years, it has become the nation's hottest prospect for drilling. This year alone, Amoco plans to spend about $300 million in the Overthrust Belt. Eventually, Chevron expects to spend $500 million on exploration and development wells in just two counties here in southwest Wyoming.

Already, this area produces 33,000 barrels of oil and 64 million cubic feet of gas each day, but the discoveries are so new that many lie untapped for lack of gas plants and pipelines to process and deliver them.

And so vast construction projects are needed. Amoco is building a $200-million gas processing plant near here and Chevron is spending $360 million on a similar plant. By summer, these two projects alone will employ 2,160 construction workers, compared with the 800 that they employ today.

OVERWHELMED BY GROWTH

It is growth of this sort that has overwhelmed Evanston, a town that has been through boom and bust twice before with coal mining and the Union Pacific Railroad. Evanston was primarily agricultural and declining until its fortunes turned around a few years ago. It had a population of 4,462 in 1970, an estimated 6,000 in 1978, and an estimated 8,500 by the end of last year—about half of what is expected in 1985. That does not include the "man camps" on the edge of town where several hundred single construction workers live in barracks type housing while building gas processing plants.

The result, says Julie Lehman, the head of the Human Resources Confederation, is "urban stress in a rural area." That stress is reflected in the most current statistics at the Evanston police department, where the force has been increased from five to 20 since 1975.

Serious crime soared 114 percent in the first six months of last year. Rapes, once unheard of in a trusting town of unlocked doors, totaled eight in 1981, and, early this year, two construction workers from a "man camp" were charged with 1981's first rape. Child neglect and child abuse cases rose from 40 in January of last year to 83 in September.

"And family fights have drastically increased," investigator Smith says. "In 1979, calls to the police for domestic and bar disturbances totaled 479. Of those, 304 were in bars. In 1980, there were 1,130 civil disturbance calls, and only 420 were in bars. Domestic disturbances increased 136 percent!"

IT'S DEPRESSING AS HELL

"There is a tremendous number of people in this community with tremendous problems," Karen Kent, director of the local mental health clinic, says. "There were four suicide attempts last week and into the beginning of this week. One worked. And I don't think we've seen the worst of it yet. It'll get worse as time goes out. It's depressing as hell.

"A lot of men come out here to make a fortune, make it big, (but) the prices are so high, they just never make it. There is never enough money. Rents are high, gas is 10 cents more than Salt Lake. The hours in the oilfield are long, the work is dangerous and they're exposed to the winter. There is nothing to do when they get off work except drink. And carouse. This is the most carousing community I've ever seen.

"The women are isolated, depressed. This is supposed to be the Promised Land, and they can't find friends, a baby sitter or jobs to meet their skills."

Several women talked with The Times about their isolation and home and family life. All said that neither drinking nor abuse had occurred in their families, but the chemistry they described matches that which has produced violent reactions in other homes.

"I've got to get out of here," said one 21-year-old woman married to a worker who puts in as many as 100 to 110 hours a week in the oilfields. They have a 2½-year-old daughter and a 5-month-old son. They came here from Colorado in 1979, made $40,000 last year and live in one of the city's precious few mobile home parks.

"(Her husband) works a lot," she says, "and I stay in the house a lot. I get real moody. I try not to take it out on the kids, but there are times. There are no neighbors, nobody wants to get together, I'm not sure why. I have no close friends, nobody to talk to and to talk back.

"I used to enjoy softball, but here most of the people who show up for a team know each other. They're a clique (of longtime residents). Here, I just have cleaning, cooking and the kids. That's it, and that's not enough. That's one of the big clashes with (her husband): It's not enough for me, but he doesn't understand. I'm depressed at not doing anything, and he takes it personal. So we argue.

"I want to do something for me as an individual." She contemplates getting in the car someday and just driving off.

"We have fussed more since we've been here than in all the 12 years we've been married," a 28-year-old woman on the other side of town says. She and her husband and two children came here from Texas last October in an attempt to further his career. "I got drinking one night and I said some things I didn't mean. And I never cried before. One Saturday morning I got up and just started bawling. There was no reason. I'm sure it's hurting the kids.

FEELS LIKE BEING IN PRISON

"My biggest fear is my own depression. That's why I have so much trouble, I've never been depressed before. This is the worst thing that's happened in my life: There is nothing here, you're in this trailer all day, and there is no place to go, no family. It took almost two months to get a telephone. It feels like you were in prison, serving your time, waiting for your time to be up. (Her husband) says two years. I say spring.

"We'll see."

"This is driving me nuts," Janet Bynon says in her butane-lit camper parked amid the sagebrush with a handful of other vehicles. They have gathered like a wagon train at a crude water trough that provides the makeshift community's drinking and cooking water. "Being out here is OK, but being cooped up in a camper—the kids don't have any place to go or anything to do."

Christopher is 5 and lost pre-school and gymnastics lessons when the family moved to the wilds from Utah last Nov. 1. Joshua is 2. Each is small enough for a kitchen-sink bath; the adult Bynons rent motel rooms for showers on Don Bynon's days off.

The Bynons appear to be rather stable residents of the little settlement, 15 miles out of town, which seems to maintain a constant population despite occasional visits by Bureau of Land Management officials warning the settlers to move on. Another couple's marriage broke up while they were living in the encampment, and one woman had a nervous breakdown.

"A place in an RV (recreational vehicle) park would be $300 a month for the four of us," says Mrs. Bynon, whose husband is a driller on a rig. "Motels would cost $575 a month. Mobile homes—there weren't any lots to rent and now it's ridiculous—$200 for a lot, plus your trailer payment, plus utilities and propane. It's ridiculous. Out here there's no rent, and that's one reason we're out here, to save up a down payment for a trailer. I kind of feel bad about my kids. Christopher was constantly with friends and then to come up here—there's nothin'."

"We just can't find a place to stay," says one 29-year-old woman living with her husband, two children and three dogs in a camper trailer parked in back of the Texaco station. The family is from South Carolina—Alabama before that. The school here is the third her 9-year-old son has attended this year. "Sometimes we wish we hadn't come here, it's so hard to find a place."

Like these newcomers, longtime residents have felt the strains and adjustments of rapid growth. Harry Bodine, 67, a native, is in his 50th year of working at the Blyth & Fargo Mercantile Exchange. The store itself is 109 years old. "Used to be a sleepy, well-kept town, and now we have this dirt from the four-wheeler," he says. "When the wind blows now, sometimes you can't even see."

PROBLEM OF BAD CHECKS

And the "boomers" may bounce a check on him and be in Florida before it comes back from the bank, he says. Another store refuses to take checks numbered below 300 on the theory that the customer hasn't lived here very long and may be an itinerant. So severe has the bad-check problem become that the Uinta County Herald ran a front-page article explaining to oldtimers why they were being asked for identification for the first time in their lives.

And at the senior center, over a hot lunch of chow mein, the talk goes like this:

A man: "Everybody knew each other and was friends. The other day I was sitting downtown and 75 people passed. I knew two of 'em."

A woman: "Nobody can open my front door. I've got it locked. We just never had to. We do now."

A man: Ten years ago you could lose your door key because you never used it."

A woman: "We don't go out in the evening."

Another man: "The rents were good until the last four or five months."

A woman: "I can't even figure how many times our rent's gone up."

The man: "But it's a good place to live. I been here since 1920, and it's still a pretty good place. Different, but pretty good."

"It sure has changed," says Vera Davis, 75, whose purse was snatched in broad daylight on Center Street late last month. "It put fear in me. My doors are always locked."

"We got progress," adds Gertrude Watts, 82, "but all in one dose, all at once. That's the problem."

By Mr. THURMOND (by request):

S. 1921. A bill to provide for interim designation of U.S. attorneys and U.S. Marshals by the Attorney General; to the Committee on the Judiciary.

INTERIM DESIGNATION OF U.S. ATTORNEYS AND MARSHALS

Mr. THURMOND. Mr. President, at the administration. I am today introducing legislation which would permit the Attorney General to appoint interim U.S. attorneys and marshals in the event of vacancies in those offices pending action by the President and the Senate in finding long-term replacements.

Since U.S. attorneys and marshals act under the supervision and control of the Attorney General, their appointment should logically rest with the executive branch. At present, under sections 546 and 565 of title 28, United States Code, interim appointments of U.S. attorneys and marshals are made by the senior judge in each U.S. district court.

Originally, that procedure was desirable because of the inability in past days to communicate rapidly with Washington in finding a replacement for an unanticipated vacancy. Those days have long since passed. It is now fully feasible that the executive branch make interim appointments of a strictly temporary nature.

Normally, the courts have appointed interim U.S. attorneys and Marshals from attorneys already in the U.S. Attorney's Office or Deputy Marshals already in the U.S. Marshal's Office. However, in the recent past, some courts have appointed attorneys to fill vacancies from outside the U.S. Attorney's Office. This new practice may well violate the doctrine of separation of powers embodied in the Constitution.

Moreover, on occasion, these individuals have not been investigated by the Federal Bureau of Investigation prior to their appointment, and I am advised that difficulty has arisen because of the possible presence of classified and other extremely sensitive information within the U.S. Attorney's or Marshal's Offices.

The proposed legislation would not change or limit the present requirement that the appointment of noninterim U.S. attorneys or Marshals be submitted to the Senate for confirmation. It would simply permit the Attorney General to designate individuals to serve in those offices until the end of the session of the Senate in which the vacancy occurred or as a recess appointment as specified in article II, section 2, paragraph 3, of the Constitution, whichever period is shorter.

The Committee on the Judiciary will study this legislation closely. It raises issues which should be carefully reviewed.

I commend the administration for the proposal made, and I am hopeful that the Committee on the Judiciary will report favorably on this subject, either in the form recommended by the administration or with modification, if necessary.

By Mr. HATCH (for himself, Mr. RANDOLPH, Mr. HEINZ, and Mr. NICKLES):

S. 1922. A bill to amend the Black Lung Benefits Revenue Act of 1977, and for other purposes; to the Committee on Finance.

BLACK LUNG BENEFITS AND REVENUE AMENDMENTS OF 1981

Mr. HATCH. Mr. President, I am today introducing the bill, S. 1922, to amend the Black Lung Benefits Reform Act of 1977 and the Black Lung Benefits Revenue Act of 1977. Joining me on this legislation are Senators RANDOLPH, HEINZ, and NICKLES.

I must stress at the outset that this proposal is not one which has been forged out of the legislative process after considerable oversight and review. Since enactment of the 1977 amendments, the responsible committees in both the Senate and the House have not devoted much attention to the black lung program. Instead, the bill has been proposed by the administration as a means of rescuing the Black Lung Disability Trust Fund from perpetual bankruptcy.

From April 1, 1978, when the fund was established to June 30, 1981, the fund has paid over $2 billion for compensation benefits and administrative expenses. During this period, however, the fund received coal tax revenues of only $760 million, thus requiring it to borrow from the Treasury about $1.3 billion. And the situation promises only to get worse, never better.

The Department of Labor has developed projected cost figures showing that the cumulative indebtedness to the Treasury would reach $5.7 billion by 1990, $12.6 billion by 2000, and $19.5 billion by 2010. This stands in stark contrast to the predictions made at the time the 1977 amendments were enacted.

During the House debates, for example, the chairman of the Ways and Means Committee stated that:

> By the end of fiscal 1984 the tax will have produced more revenue than the estimated payments out of the trust fund to that time . . .

And further:

> This program is not to be supported from general revenues.

Likewise, during the Senate debates, the representation was made by proponents of the law that:

> There is a provision permitting appropriations of "repayable advances" to the trust fund, in order to tide it over the first few years, the expenditures are expected to be more than the revenues. However, those advances must be repaid, with interest, from the coal tax revenues. This program is not to be supported from general revenues.

With this unfulfilled prophecy, and a mounting indebtedness to the Treasury, corrective legislation becomes imperative.

The administration bill proposes a substantial tax increase—essentially a doubling of the current tax rates on underground and surface coal. And the Department of Labor has constructed an economic model to show that the increased revenues will restore the trust fund's solvency by the mid-1980's.

The bill also makes changes in the eligibility criteria, so as to discourage the payment of benefits to claimants who are not truly disabled with pneumoconiosis. We have the alarming report of the General Accounting Office in 1980 that 88.5 percent of the cases approved by the Social Security Administration were based on inadequate medical evidence of disability or death from black lung.

It is my understanding that GAO is currently conducting a survey of claims approved by the Department of Labor in the past, and quite frankly it would not surprise me if GAO finds that over 80 percent of approved claims are based on inadequate medical evidence to establish disability or death due to black lung. If current law or its administration allows this travesty to exist, then a tightening of the eligibility criteria is not only warranted but mandatory.

I also ask unanimous consent that the bill, explanation, and section-by-section analysis be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1922

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE; GENERAL REFERENCE

SEC. 1. (a) This Act may be cited as the "Black Lung Benefits and Revenue Amendments of 1981."

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Federal Mine Safety and Health Act of 1977.

ELIGIBILITY STANDARDS

SEC. 2. (a) The fourth sentence of Subsection (b) of section 413 is amended by inserting immediately after the words "In any case" the phrase ", other than that involving a claim filed on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981,".

(b)(1) Paragraphs (2) and (4) of subsection (c) of section 411 are each amended by inserting a new sentence at the end of each as follows:

"The provisions of this paragraph shall not apply with respect to claims filed on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981."

(2) Paragraph (5) of subsection (c) of section 411 is amended by inserting a new sentence at the end thereof as follows:

"The provisions of this paragraph shall not apply with respect to claims filed on or after the day that is 180 days after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981."

(c) The third sentence of subsection (b) of section 413 is amended by inserting immediately after the word "affidavits" the phrase ", from persons not eligible for benefits in such case with respect to claims filed on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981,".

(d) Section 430 is amended by striking the words "and by" and inserting in lieu thereof a comma, and by inserting immediately after the phrase "the Black Lung Benefits Reform Act of 1977" the phrase "and the Black Lung Benefits and Revenue Amendments of 1981".

(e) The Secretary of Labor, in consultation with the Secretary of Health and Human Services, shall undertake a study of current medical methods for the diagnosis of pneumoconiosis, and of the nature and extent of impairment and disability that are attributable to the existence of both simple and complicated pneumoconiosis. The study, together with appropriate recommendations, shall be transmitted to the Congress no later than 18 months after the date of enactment of this Act.

BENEFITS

SEC. 3. (a)(1) Section 412(a)(2) is amended by inserting immediately after the word "or" the phrase ", except with respect to a claim filed under Part C of this title on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981,".

(2) Section 412(a)(3) is amended by striking the first comma therein, and by inserting immediately after the word "or" the second time it appears therein the phrase ", except with respect to a claim filed under Part C of this title on or after the date of

enactment of the Black Lung Benefits and Revenue Amendments of 1981,".

(3) Section 412(a)(5) is amended by striking out the second comma therein, by striking out the phase "of a miner" the third time it appears therein, and by inserting immediately after the word "or" the second time it appears therein the phrase ", except with respect to a claim filed under Part C of this title on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981,".

(4) Section 401(a) is amended by striking the phrase "or who were totally disabled by this disease at the time of their deaths" each time it appears.

(5) Section 411(a) is amended by inserting immediately after the word "or" the phrase ", except with respect to a claim filed under Part C of this title on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981,".

(6) Section 422(l) is amended by inserting immediately before the period at the end thereof the phrase ", except with respect to a claim filed under this Part on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981,".

(b) Subsection (g) of section 422 is amended by adding at the end thereof a new sentence as follows:

"In addition, the amount of benefits payable under this section with respect to any claim filed on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981 shall be reduced, on a monthly or other appropriate basis, by the amount by which such benefits would be reduced on account of excess earnings of such miner under section 203(b) through (l) of the Social Security Act if the amount paid were a benefit payable under section 202 of such Act."

(c) The Secretary of Labor shall undertake a study of the benefits provided by Title IV of the Federal Mine Safety and Health Act of 1977, other benefits received by those who receive benefits under that title, and benefits which would be received were State workers' compensation programs applicable in lieu of benefits under that title. The study together with appropriate recommendations, shall be transmitted to the Congress no later than 18 months after the date of enactment of this Act.

(d) Paragraph (1) of subsection (a) of section 412 is amended by deleting the phrase "50 per centum of the minimum monthly payment to which a Federal employee in grade GS-2, who is totally disabled, is entitled at the time of payment under chapter 81 of title 5, United States Code," and inserting in lieu thereof the phrase "37½ per centum of the monthly pay rate for Federal employees in grades GS-2, step 1."

INTERIM BENEFITS: INTEREST CHARGES

SEC. 4. (a)(1) Paragraph (1) of subsection (a) of section 424(a) is amended by inserting immediately before the phrase "the operator" in subparagraph (A) thereof the phrase "in the case of a claim filed before the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981.".

(2) Paragraph (1) of subsection (a) of section 424(a) is further amended by redesignating the present subparagraph (B) as subparagraph (C), and by adding a new subparagraph (B) as follows:

"(B) in the case of a claim filed on or after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981, the operator liable for the payment of such benefits—

(i) has not commenced payment, within 30 days after the date of the determination that an award should be made, of benefits accruing after the date of such determination, or

(ii) has not made a payment of benefits accruing after the date of such determination within 30 days after that payment is due, or".

(b) Subsection (b) of Section 424 is amended by inserting in the first sentence of paragraph (1) thereof, immediately after the phrase "attributed to him" and immediately before the period at the end thereof, the following: "and interest thereon. In the case of interest in connection with payments from the Black Lung Disability Trust Fund for which the operator is liable, expenditures that are made after the date of enactment of the Black Lung Benefits and Revenue Amendments of 1981 shall be charged interest, until repayment is made, at the rate which the Department of the Treasury has determined is applicable, on the date of the first such expenditures, to late payments owed to the Federal Government; and with respect to expenditures made prior to the date of enactment of those Amendments, any future interest on such expenditures, until repayment is made, shall be at the rate which the Department of the Treasury has determined is applicable, on the date of enactment of such Amendments, to late payments owed to the Federal Government".

(c) Subsection (d) of section 422 is amended by adding two new sentences at the end thereof as follows:

"If payment is not made within the time required, interest shall accrue to such amounts at the rates set forth in section 424(b)(1) of this title for interest owed to the Fund in connection with payments under section 424(a)(1). With respect to payments withheld pending final adjudication of liability, in the case of claims filed on or after the effective date of the Black Lung Benefits and Revenue Amendments of 1981, such interest shall commence to accumulate 30 days after the date of the determination that such an award should be made."

LIABILITY OF FUND FOR SPECIAL CLAIMS

SEC. 5. (a)(1) Subsection (c) of section 422 is amended by inserting "(1)" after "pneumoconiosis", and by inserting before the period at the end thereof the following phrase: "; or (2) which the subject of a claim denied before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435".

(2) Subsection (j) of section 422 is amended by striking out "or" at the end of paragraph (1), by striking out the period at the end of paragraph (2) and inserting in lieu thereof "; or", and by adding at the end thereof the following new paragraph:

"(3) in which there was a claim denied before March 1, 1978, and such claim is or has been approved in accordance with the provisions of section 435.".

(b) Subsection (a) of section 424, as amended by this Act, is further amended by deleting the word "and" at the end of paragraph (5) thereof, deleting the period at the end of paragraph (6) and inserting in lieu thereof ", and", and by adding at the end thereof the following new paragraph:

"(7) the reimbursement of operators and insurers for amounts paid by such operators and insurers (other than amounts paid as penalties, interest or attorney fees) at any time in satisfaction (in whole or in part) of any claim denied before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435.".

(c) Section 402 is amended by inserting at the end thereof the following new paragraph:

"(i) For the purposes of subsections (c) and (j) of section 422 and paragraph (7) of subsection (a) of section 424, the term "claim denied" means a claim:

(1) denied by the Social Security Administration; or

(2) in which (A) the claimant was notified by the Department of Labor of an administrative or informal denial more than one year prior to the date of enactment of the Black Lung Benefits Reform Act of 1977 and did not, within one year from the date of notification of such denial, request a hearing, present additional evidence or indicate an intention to present additional evidence, or (B) the claim was denied under the law in effect prior to the date of enactment of the Black Lung Benefits Reform Act of 1977 following a formal hearing or administrative or judicial review proceeding."

EXCISE TAX

SEC. 6. (a) Subchapter B of Chapter 32 of the Internal Revenue Code of 1954 (relating to imposition of coal excise taxes) is amended by adding at the end thereof a new section as follows:

"SEC. 4122. IMPOSITION OF SPECIAL TAX.

(a) SPECIAL TAX IMPOSED.—There is hereby imposed on coal sold by the producer on or after January 1, 1982 a special tax, in addition to the tax imposed by section 4121, at the rates of—

(1) 50 cents per ton in the case of coal from underground mines located in the United States, and

(2) 25 cents per ton in the case of coal from surface mines located in the United States.

(b) LIMITATION ON TAX.—The amount of tax with respect to a ton of coal under this section and section 4121 shall not exceed 4 percent of the price at which such ton of coal is sold by the producer.

(c) TAX NOT TO APPLY TO LIGNITE.—The tax imposed by subsection (a) shall not apply in the case of lignite.

(d) TAX EXPIRATION.—The special tax imposed by subsection (a) shall not be applicable—

(1) to any coal sold after December 31, 1995; or

(2) if earlier, to any coal sold after 60 days have passed from the date the Congres receives a recommendation under section 3(c)(1) of the Black Lung Benefits Recenue Act of 1977 from the Trustees of the Black Lung Disability Trust Fund that the special tax be eliminated, based upon an assessment that accumulated principal and interest owed by the Fund to the Treasury have been repaid, provided such recommendation is not disapproved within such 60 day period by a joint resolution of both Houses of the Congress."

(b) Section 3(c)(1) of the Black Lung Benefits Revenue Act of 1977 is amended by adding a new sentence at the end thereof as follows:

"Any such report transmitted to the Congress in 1982 or thereafter shall contain a specific assessment of the solvency of the Fund, recommendations of the Trustees with respect to any changes in the revenue or outlays of the Fund necessary to assure continued solvency without the accumulation of unnecessary surpluses, and, prior to 1995, a recommendation to eliminate the special tax based upon an assessment that accumulated principal and interest owed by the Fund to the Treasury have been repaid."

EFFECTIVE DATE; SEPARABILITY

SEC. 7. (a) The provisions of this Act shall take effect upon enactment.

(b) If any provision of this Act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Act, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

STATEMENT IN EXPLANATION OF BLACK LUNG BENEFITS AND REVENUE AMENDMENTS OF 1981

The purpose of this legislation is to bring solvency to the Black Lung Disability Trust Fund (the Fund), to make certain adjustments to eligibility standards and benefits for future claims in light of changed conditions, and to transfer to the Fund the liabil-

ity of responsible operators in certain cases affected by the 1977 amendments to the program. Eligibility adjustments will only affect claims filed on or after the date of enactment of this legislation.

The Fund is a financing mechanism for paying worker's compensation benefits to eligible miners and survivors under the Black Lung Benefits Act. Thus, it is to be financed by producers taxes which were intended to be adequate to cover the program's outlays for medical, disability, and death benefits, as well as the costs of administration. The Treasury is authorized, however, to make loans to the Fund (repayable with interest) to make up deficiencies in tax revenues. The inability of the Fund's revenues to keep pace with its expenditures will result in a projected deficit, including loan principal and compounded interest, of $9.0 billion by 1995.

The legislation to restore the Fund to a solvent condition has been designed to eliminate the need for Treasury advances after FY 1985, and to allow full repayment to the Treasury of accumulated principal and interest by FY 1995. Regular reports will be required to ensure that the present situation does not recur without adequate opportunity to adjust Fund revenues and outlays, and to avoid the opposite result of accumulation of unnecessary surpluses.

A section-by-section analysis of the legislation follows.

Section 1. Short Title.

Sec. 2. Eligibility Standards.

This section would eliminate from Part B and Part C five special provisions that were enacted to deal with a large group of miners and survivors who faced difficulty in proving eligibility for black lung benefits. These provisions were enacted to deal with claims involving periods of time when medical diagnosis were inadequate or not widely available, and poor medical and death records kept. There is no longer sufficient reason to keep these rules in place.

Subsection (a) of this section would eliminate for claims filed on or after the date of enactment the present restriction in Part B on the Department of Labor's authority to use a second opinion on X-rays that might indicate the absence of black lung disease. Subsection (d) would apply this change to Part C claims. This restriction was enacted as a reaction to what was considered to be an overly stringent eligibility policy in the past. Precluding any use at all of such rereadings, however, was not and is not the solution to such problems, and it in fact inhibits legitimate auditing of claim validity. This change in no way implies a policy of disapproving claims solely on the basis of a negative X-ray.

Subsection (b) would eliminate the application of 3 presumptions in Part B. Subsection (d) would make those changes applicable to Part C claims.

Paragraph (1) of subsection (b) would render inapplicable, to claims filed on or after the date of enactment, a rebuttable presumption that a miner with 10 years of coal mine employment who died as a result of a respirable disease died as a result of black lung. The availability in recent years of better diagnosis prior to death makes continuation of this presumption unnecessary.

Paragraph (1) of subsection (b) would also render inapplicable, for all claims filed on or after the date of enactment, a rebuttable presumption of black lung for miners with 15 years of coal-mine employment. There remains no need for this presumption in light of the current availability of more accurate medical diagnoses.

Paragraph (2) of subsection (b) would render inapplicable, to claims filed more than six months after the date of enactment, a rebuttable presumption of eligibility of survivors of a miner who died on or before March 1, 1978 and who had 25 years in the coal mines prior to June 30, 1971. Few if any new claims by the survivors of miners who died before March 1, 1978 are expected in the future, and this presumption can therefore be eliminated.

Subsection (c) of this section would alter the rule set forth in Part B that a widow's affidavit shall be considered, where there is no medical or other relevant evidence in the case of a deceased miner, to be sufficient to establish that the miner was totally disabled due to pneumoconiosis or that death was due to that disease. Subsection (d) would apply this change to Part C claims. The revised rule would, with respect to claims filed on or after the date of enactment, accept affidavits in such cases from third parties who could not receive benefits, but would not accept as sufficient only affidavits from interested parties. Such third-party affidavits should be readily available, and will alleviate the potential for improper claims determination that exists under the present rule.

Subsection (e) would provide for a study of key eligibility criteria under the program: the existence of black lung disease, and the extent of disability that follows from that fact. The study would provide an overview of the current medical information in this regard, and would be provided to the Congress 18 months after enactment.

Sec. 3. Benefits.

This section would make several changes to the benefits provisions of the Act.

At present, survivors of miners who die while receiving black lung benefits or while totally disabled by the disease receive benefits without having to demonstrate a causal connection between the disease and the death. This section would, with respect to claims filed on or after the enactment date of these amendments, limit survivors' entitlement to those cases where death resulted from black lung disease and not some unrelated event. Survivors of those miners who are curently receiving benefits, or who have filed for them, will not be affected by this change. These survivors will receive benefits even if the miner eventually dies from causes unrelated to black lung.

Some miners are able to engage in other employment while receiving black lung benefits because of the Act's definition of total disability. This section would also apply to Part C claims of miners filed on or after the date of enactment the Social Security excess earnings offset already applied in the case of Part B claimants. The offset provides that the benefits of a miner are reduced by a portion of other earnings during the period.

In addition, this section would require the Secretary of Labor to study benefits available to the same individual under this program and other social programs, such as workers' compensation, unemployment insurance, and so forth. Under the present law, black lung benefits are reduced by the amount of such benefits when they are awarded on account of pneumoconiosis, but not if awarded for other reasons. It would also entail a comparison of the situation were workers' compensation benefits paid in lieu of benefits under this program. The results of the study would be due to the Congress 18 months after enactment.

Finally, this section would make a technical change to the Act's benefits provisions. Black lung benefits are currently 50 percent of the "minimum" benefits for Federal employees in grade GS–2 under the Federal Employees' Compensation Act. Benefits under Black Lung thus equal 37½ per centum of the monthly pay for grade GS–2, step 1. Since other pending legislation may change the method of computing FECA benefits, failure to sever Black Lung benefits from the FECA system would lead to confusion about Black Lung benefit levels. This section accomplishes such severance, leaving Black Lung benefits at their present level, 37½ per centum of the monthly pay of an employee in grade GS–2, step 1.

Sec. 4. Interim Benefits; Interest Charges.

Operators determined by the Secretary of Labor or subsequent reviewing authority to be responsible for Black Lung payments to a claimant are, as of the date of that determination, responsible for that debt. That means they must begin paying regular monthly benefits within 30 days, as well as pay a lump-sum award for compensation determined to be due as a result of any black lung caused disability or death from as early as 1974 to the time of the decision ("retroactive benefits"). Many operators do not, however, assume either of these obligations while they are contesting their liability, and the Fund is required to make these payments ("interim benefits") for the operator at an interest charge of 6 percent. The result is that the Fund has incurred a heavy debt that has added to its solvency problems, and operators have had an economic inducement to delay final claims adjudication and invest the funds at a rate much higher than the 6 percent accumulated interest they must eventually repay the Fund.

The amendments in this section would make several changes to alleviate this situation. To ease the burdens of the Fund, subsection (a) would eliminate its obligation to pay retroactive benefits to claimants in the event of operator non-payment. This would not relieve operators of their obligation to pay these awards, and subsection (c), discussed below, would add some economic inducement to discourage unwarranted delays in making payment. The Fund would continue to pay prospective interim benefits in the event of operator non-payment, however, to ensure some income is provided in those cases that in fact are contested.

To discourage unwarranted reliance on the availability of this money, subsection (b) would provide that for those payments, and for other outlays of the Fund, interest charges would be at the same rate as for other overdue Federal debts. That rate is set by the Secretary of the Treasury consistent with money market conditions. Under this provision, an interest rate would be set for each claim's account as of the date initial outlays are made, usually 30 days after decision. That rate would apply to all subsequent outlays on that claim.

Those claims already being paid on the date of enactment would be reassessed at that time with the current interest rate, and the new rate would apply to all subsequent outlays on that claim. It should be noted that current Treasury Department rules already require that overpayments to claimants be charged interest at the same rates which this section would apply to overdue payments of operators.

Subsection (c) of this section would complement these changes by raising the interest rate applicable to benefits determined to be payable by a responsible operator to claimants by the initial or subsequent decision to the same rate the Fund will charge. This provision would thus have the same effect on operator decisions to pay retroactive benefits as subsection (b) would provide with respect to prospective benefits. This subsection would clarify present rules by providing that such interest starts accumulating at the first point in the claims review process that a decision is made to make such award.

Sec. 5. Liability of Fund for Special Claims.

This section of the bill would transfer to the Fund the liability for claims closed prior to the 1977 amendments to the Black Lung Benefits Act, and subsequently reopened and approved pursuant to the special review process and standards established by those amendments. The purpose of this provision is to relieve operators from a significant

payment burden for which the insurance industry contends coverage is unavailable. Pending State and Federal litigation has thrown into question whether insurance carriers covering black lung liability of such operators are responsible, under their insurance contracts, for the new liabilities created by the changes adopted by the 1977 Amendments.

The provisions will affect approximately 10,200 cases. This consists of approximately 8,000 cases originally filed with the Social Security Administration (1,400 Part B cases approved by SSA, and 6,543 Part B cases approved by DOL), and about 2,200 Part C, responsible operator cases. The transfer will require extra outlays from the Trust Fund. Those additional outlays have been taken into account in determining the expected Fund solvency date of 1995 which enactment of these amendments will bring about.

Sec. 6. Excise Tax.

The present excise tax rates are $.50 per ton for underground coal, $.25 per ton for surface coal, or 2 percent of the sales price, whichever is less. The bill would add a temporary special tax effectively raising those tonnage rates to $1.00 per ton for underground coal and $.50 per ton for surface coal with a 4 percent of the sales price cap. Examination of a variety of alternative taxing schemes indicates that the one proposed is a viable way to achieve the necessary funding without overtaxation of the industry or alteration of the present burdens on the various sectors thereof.

As previously stated, it is anticipated that the changes proposed by legislative and administrative action will result in Fund solvency by FY 1995. The special added tax will therefore expire at that time, or sooner if the debt is fully repaid. An annual assessment by the Trustees on Fund solvency will be required, both to trigger a tax cutoff before 1995 if that is possible, and to ensure that if future adjustments to the tax are needed they can be handled in a timely and appropriate fashion. The tax may not be cut off before 1995, however, if both Houses of Congress pass a resolution of disapproval of the Trustees' assessment.

Sec. 7. Effective date; separability.

The effective date of the Amendments is the date of enactment. The tax changes will actually go into effect, however, on January 1, 1982.

● Mr. HEINZ. Mr. President, I rise to speak in support of the black lung program, and on behalf of the "Black Lung Benefits and Revenue Amendments of 1981," a bill I am cosponsoring today with Senator HATCH and others which is designed to put that program back on its feet by achieving solvency in the Black Lung Disability Trust Fund.

Mr. President, black lung disease has been a threat to the life and health of coal miners since the beginning of our search for coal. This crippling disease is caused by prolonged periods of breathing coal dust, an exposure which causes a gradual breakdown of the lungs' ability to transfer oxygen to the body. The miner's breathing becomes more and more impaired, and as the disease advances, the lungs become irreparably damaged by scarring and degeneration.

Eventually this breathing disability greatly limits the person's ability to exercise in any way, to climb stairs, even, in some cases, to walk across a room. The disease can and does cause death from heart failure and other causes, and once it is contracted, it is progressive and irreversible. And it is widespread: Today there are over 400,000 miners and their survivors nationwide who qualify for black lung benefits, with over 100,000 of those citizens living in my State alone.

Although this disease has accompanied coal mining from the beginning, it was not until 1968 that Congress took action, following a particularly deadly coal mining accident. The result of the congressional investigations was the Federal Coal Mine Health and Safety Act, which sought to reduce or eliminate the black lung problem for new miners by enforcing a restriction on dust levels in the mines and to deal fairly and compassionately with miners already suffering, by providing benefits to them and their families.

The act was amended in 1972 to include medical treatment coverage and surface miners, and again in 1977 to increase eligibility for survivors, to include presumptions which in other ways increased eligibility, and to create a Black Lung Disability Trust Fund, administered by the Federal Government, but funded by a coal tonnage tax on coal producers of 25 cents per ton for surface-mined coal and 50 cents per ton on coal from underground mines.

I continue to support those amendments. Too many disabled miners were being denied benefits because of restrictive documentation rules, and survivors of those who died from black lung disease before being able to file claims too often were excluded from the benefits due them. It was also critically important to establish the trust fund, so that claims could be processed when there was no responsible mine operator to whom to assign the liability or where the operator had been at fault, and so that this could move from being a Federal program and become a self-sustaining, industry-supported fund.

Now we must turn to solving serious and difficult problems which threaten the very security of the black lung system. Although the trust fund was intended to be self-sustaining, and Treasury loans to the fund were expected to cover only start-up funding, the coal tonnage tax has been insufficient to achieve solvency. In fact, the Department of Labor projects that the trust fund will never be solvent under the current tax structure.

As a result of the inadequate tax level, the trust fund is currently in debt some $1.5 billion. The interest component of that debt soon will be nearly $250 million a year and as a result, the fund will have to borrow over $400 million from the Federal Treasury in fiscal year 1982.

The bill I am cosponsoring today will correct that situation by doubling the current tonnage tax and increasing the interest rates that operators must pay on money owed to the trust fund. The Labor Department estimates that adoption of this proposal will allow the trust fund to cease borrowing in fiscal year 1986 and will make the fund solvent by fiscal year 1994.

In addition to changes in the revenue portions of the law, the bill would change rules governing claims made after enactment of this bill by altering several provisions of the law that have received considerable criticism in both the private and public sector. These include a number of presumptions, the unrelated death provisions, application of the social security excess earnings test to all future applicants, the rereading of X-rays, and third-party affidavits in survivor's claims.

While the revenue changes are clearly necessary to restore the fund to solvency, and I support them strongly, I am frankly concerned about some of the changes we are proposing here for other provisions of the law. In an ideal world, I would not want to make some of these changes. However, I feel that I must reluctantly support the changes we are proposing, for three important reasons:

I. CRISIS

We are facing a serious crisis in the funding of this program. The program was intended to be funded entirely by the private sector, and that continues to be the right course. In addition, our current budget crisis, which has already required deep cuts in many vital social programs, makes it urgent that we have a clear program for freeing this program from dependence on the Federal budget, before similar threats emerge to possibly endanger the black lung program. We must act now; we cannot wait.

II. CONSENSUS ON THIS COMPROMISE

In order to act now, we must have a consensus of the major concerned parties about what form the solution should take. Without such a consensus, we would face a long, drawn-out, and abrasive fight over this matter, and that would simply put the program deeper in debt and more at threat from cuts in Federal support, without promising any real additional gains for anyone.

Fortunately, we have such a consensus. The United Mine Workers, the National Coal Association, and the Department of Labor have worked long and hard to fashion the present bill, which pleases no one entirely, but which is a necessary compromise which all three parties are actively supporting. It is clearly our best, most realistic chance to resolve this dangerous situation.

III. PRESENT BENEFICIARIES ARE PROTECTED

Whatever other actions we take, we cannot break faith with miners and their families who have served this country's energy needs and are now receiving benefits. I want to emphasize that eligibility changes will only affect claims filed on or after the date of enactment of this act, and will not affect those who are presently drawing benefits or those who have filed before the act goes into effect.

Mr. President, I believe that enactment of this bill will substantially address the criticisms that have been leveled at the black lung program. The trust fund will be set on a path of solvency and there will be no reason for the Congress to continually revisit this program.

One issue upon which the administration and the Congress must continue to focus, however, is prevention of black lung. This disease is man-made and eradicable in one generation. It is incumbent on all who hold positions of

responsibility to take necessary steps to eliminate this dreadful disease.

Indeed, Congress mandated the elimination of black lung when it enacted the Federal Coal Mine Health and Safety Act of 1969. I ask my colleagues to join me in supporting this bill, and in urging the administration to take preventive measures to eradicate this disease from the coal mining industry.●

ADDITIONAL COSPONSORS

S. 1131

At the request of Mr. DANFORTH, the Senator from Louisiana (Mr. LONG) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1771

At the request of Mr. HATFIELD, the Senator from New Jersey (Mr. BRADLEY), the Senator from Colorado (Mr. HART), the Senator from Vermont (Mr. STAFFORD), and the Senator from Montana (Mr. BAUCUS) were added as cosponsors of S. 1771, a bill to establish in the Federal Government a global foresight capability with respect to natural resources, the environment, and population; to establish a national population policy; to establish an interagency Council on Global Resources, Environment, and Population, and for other purposes.

S. 1888

At the request of Mr. GLENN, his name was added as a cosponsor of S. 1888, a bill to amend the Internal Revenue Code of 1954 to clarify the tax treatment of variable annunity contracts.

SENATE JOINT RESOLUTION 118

At the request of Mr. BENTSEN, the Senator from Ohio (Mr. METZENBAUM), the Senator from Arkansas (Mr. PRYOR), the Senator from California (Mr. CRANSTON), the Senator from Pennsylvania (Mr. SPECTER), the Senator from Idaho (Mr. SYMMS), the Senator from Idaho (Mr. MCCLURE), and the Senator from New York (Mr. MOYNIHAN) were added as cosponsors of Senate Joint Resolution 118, a joint resolution to authorize and request the President to designate the month of January 1982, as "National Cerebral Palsy Month."

SENATE JOINT RESOLUTION 121

At the request of Mr. THURMOND, his name was added as a cosponsor of Senate Joint Resolution 121, a joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day".

At the request of Mr. MITCHELL, the Senator from Arkansas (Mr. PRYOR), and the Senator from New Mexico (Mr. SCHMITT) were added as cosponsors of Senate Joint Resolution 121, supra.

SENATE CONCURRENT RESOLUTION 33

At the request of Mr. PRESSLER, the Senator from Wisconsin (Mr. KASTEN) was added as a cosponsor of Senate Concurrent Resolution 33, a concurrent resolution disapproving the Federal Trade Commission Trade Regulation Rule relating to the sale of used motor vehicles.

SENATE CONCURRENT RESOLUTION 51

At the request of Mr. WILLIAMS, the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of Senate Concurrent Resolution 51, a concurrent resolution relating to the Federal involvement in housing.

SENATE CONCURRENT RESOLUTION 52—EXPRESSING SUPPORT FOR THE NATIONAL GUARD AND RESERVES

Mr. GARN submitted the following concurrent resolution; which was referred to the Committee on Armed Services:

S. CON. RES. 52

Whereas the National Guard and Reserve Forces of the United States are an integral part of our total force policy for national defense and need to be ready to respond, on short notice, to augment our active forces in national emergencies;

Whereas attracting and retaining sufficient numbers of people to serve in the Guard and Reserve in a no draft environment is a difficult challenge; and

Whereas the support of employers and first-line supervisors to grant reservist-employees time off for military training without detriment to earned vacation, promotions and job benefits is essential for securing a strong Guard and Reserve force; now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), that it is the sense of the Congress that the citizen-military volunteers who serve our nation as members of the National Guard and Reserve require and deserve public recognition of the role they play in our national security, and particularly the support and cooperation of their civilian employers, in order to be fully ready to respond to national emergencies.

SEC. 2. The Congress urges all citizens, including employers and first-line supervisors of employees who are members of the National Guard or Reserves of the United States, to recognize the vital need for a trained, ready National Guard and armed forces Reserve in our national defense and to abide by the Veteran's Reemployment Rights Act by granting time off for military training exclusive of earned vacation and also grant them equal consideration for job benefits and promotions as all other employees.

NATIONAL GUARD AND RESERVE FORCES: A VITAL CONTRIBUTION TO U.S. SECURITY

● Mr. GARN. Mr. President, I am submitting a concurrent resolution today for the consideration of my colleagues which expresses the sense of the Congress that our National Guard and Reserve forces deserve public recognition for their vital contribution to our national defense, and that members of these forces need the support and cooperation of their civilian employers in order to train and remain ready to respond to national emergencies.

When the people of this great Nation determined in the early 1970's that they no longer desired to fill the ranks of our military forces by using the draft, we responded by revamping the concept for using our National Guard and Reserve assets. With greatly reduced active forces and no draft to serve as an immediate backup in case of national emergency, it became imperative that our Guard and Reserve be ready to respond, on a moment's notice, to reinforce the full-time forces.

Readiness means updated equipment, adequate supplies and thorough training. But most of all, readiness means people—sufficient numbers of people in the right mixes of grades and skills to do the job.

Attracting and retaining these people in our Guard and Reserve in a no-draft environment is not easy. Gone are the days when people joined the Guard and Reserve solely as an alternative to serving several years of active duty service or as a means of avoiding active service in an unpopular war. Many people perceived the Guard and Reserve in those days as a "safe" thing to do because they felt the chances of being mobilized for national duty were slim.

Although the concept for Guard and Reserve employment has changed in national defense policy, this old public perception has not altered. Often, people believe that, other than the National Guard's call-ups for State emergencies, the Guard and Reserve would be tapped for active duty only in rare cases. This perception is incorrect. For example, one-half of the Army's combat power and two-thirds of its combat support and combat service support capability are maintained now in the Army National Guard and Army Reserve. The Air National Guard and Air Force Reserve have 143,000 drilling Reservists, many with more experience and training than active duty personnel, plus 1,900 aircraft in 144 flying squadrons, a force larger than all but four of the world's regular air forces.

The Ready Marine Corps Reserve, which is 33 percent of the total available Marine Corps manpower, is essential for the Marine Corps to meet its wartime requirements.

Because of years of neglect and underfunding, the Coast Guard has been stretched dangerously thin, and without the Coast Guard Reserve, even the current level of operations could not be maintained. The contribution of the Reserve becomes even more critical upon mobilization when Navy planners expect to receive a Coast Guard in a high state of readiness.

In some cases, all or most of our resources are vested in the Reserve, such as the Naval Reserve which has 100 percent of the Navy's U.S.-based logistics aircraft, 99 percent of organizations which control naval shipping and 88 percent of the Navy's ocean minesweepers. There is no way we can respond to a major national emergency without these forces, and they must be ready to do their jobs almost immediately.

There are some 1.3 million men and women who claim proudly the title of guardsman or reservist, more than 800,000 of them in the Selected Reserve who train regularly every month and annually during periods of active duty for training. Not one of these people was drafted. They did not join because of other, less desirable alternatives. They joined and they train for a variety of reasons: Some for the skill training,

some because of economics, many purely out of patriotism, and a desire to serve their country. They work hard and they train hard, and they deserve all the support this Nation can give them.

Unfortunately, they do not always receive the public recognition and support they deserve. In recent studies of two of our Reserve components conducted for the Department of Defense, it was found that two of the main reasons people do not continue their service are conflicts with their family and leisure time and conflicts with their public and private civilian employers. These two reasons may very welll be intertwined. The reservist who tells the family that vacation is out this year because the boss requires him or her to use that vacation time for military training is going to experience family conflicts even though the underlying reason may be an employer conflict.

Although the Veteran's Reemployment Rights Act required employers to give reservist-employees time off for military training exclusive of earned vacation and prohibits discrimination in promotion and job benefits, there are still experienced, trained reservists who have difficulty serving or who must terminate their military affiliation because of problems with their civilian bosses and especially their first-line supervisors. According to one of the studies, more than 30 percent of Army guardsmen and Army reservists who leave the service do so for this reason.

Public recognition of the absolute necessity of our Guard and Reserve to our national security and employer support for reservist-employees are vital if we are to maintain a viable total force policy for national defense. These areas of concern are being addressed by a volunteer group of dedicated citizens who serve on the National Committee for Employer Support of the Guard and Reserve, an agency within the Office of the Secretary of Defense. Recognizing that support for individuals and local units must come from the community or grassroots level, the committee recently offered prominent local citizens across the Nation a chance to participate in the effort, and, to date, more than 1,600 people in all of the States and in Puerto Rico, the Virgin Islands, and the District of Columbia have volunteered to help.

These State Committees for Employer Support are getting themselves organized to meet the needs of their States and especiallv their local Guard and Reserve units They are conducting public information programs through speeches, exhibits, localizing national public service advertisements, and personal visits to emplovers. They also serve as a channel of communications between employers and local Guard and Reserve units, acting as ombudsmen to prevent conflicts and to resolve them when they do occur.

This grassroots movement is encouraging. It indicates that some people recognize the true value of our Guard and Reserve forces.

I hope to assist this effort through the submission of this concurrent resolution. This Congress has been concerned in the past, and will continue to be concerned, with the proper equipping of the Guard and Reserve, with increased pay and benefits, and with enlistment and reenlistment bonuses. It is time the Congress recognized that these are only partial solutions to the problem of enlisting volunteer members of the Guard and Reserve and keeping them in the service. The Guard and Reserve need public recognition, the cooperation of the employers, our moral support, and our thanks for their sacrifice and willingness to serve our country.

Mr. President, in addition to submitting this concurrent resolution, I would ask unanimous consent for a perceptive article, "Pay and the Army Selected Reserve Re-enlistment Decision," by Messrs. David W. Grissmer and John R. Lilley II, and a news release from the National Committee for Employer Support of the Guard and Reserve be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PAY AND THE ARMY SELECTED RESERVE REENLISTMENT DECISION

(By David W. Grissmer and John R. Lilley II)

Following termination of the draft in January 1973, the number of enlisted personnel in the Army Selected Reserve components (the Army Reserve and Army National Guard) declined for four successive years. Reserve ranks, which stood at 638,000 in June 1973, numbered only 527,000 in September 1978. This decline raised serious concerns about the viability of the Army Selected Reserve in an all-volunteer environment. Failure of the Selected Reserves to meet strength goals could endanger the entire all-volunteer force concept. Under the total-force policy, the success of the AVF depends upon a strong Reserve force supporting a smaller and less rapidly expandable active force. The Reserve strength situation, in fact, triggered some congressional recommendations to return to a draft.

Such drastic solutions were put forward at the time because the decline was not understood and therefore policies that could be counted on to reverse the trend were largely a matter for conjecture.

This article will describe the results of research which has helped us understand why the decline took place and what policies are likely to prove effective in boosting Reserve strength. The research, undertaken in response to a 1977 congressional authorization, sought to evaluate the effect of a bonus on reenlistment in the Army National Guard and Army Reserves. In carrying out their experiment, researchers collected data from individual reservists who were deciding whether to reenlist. Thus, in addition to evaluating the effectiveness of a reenlistment bonus, researchers were able to investigate hypotheses concerning reservists' motivation for staying and leaving.

The primary focus of the research was the influence of Reserve pay on reenlistment decisions. If reservists were highly responsive to better pay, then policymakers could target monetary incentives as the primary means for rebuilding Reserve strength. A weak response, however, suggests the advisability of searching for less expensive solutions before making a commitment to increased pay.

In fact, results indicated that Reserve pay increases have much less effect on retention than assumed during the planning of the all-volunteer force. Since increased pay was the primary policy initiative in moving to an AVF, this finding could account for part of the significant decline in manning of the Army National Guard and Army Reserve after the end of the draft. Stabilizing Reserve strength in the all-volunteer force would have required a much larger pay raise for the Reserves.

We also found that the decision to participate in the Reserves depends on many other factors besides pay, and some of these also have more influence on the decision to reenlist than does money. Promotion opportunity, family circumstances, and the nature of the reservist's civilian job are some of these other factors. Thus in shaping Reserve personnel policies, certain nonpay options also deserve prominence.

MANNING THE RESERVES

Manning the Selected Reserves was relatively easy during the draft era. Individuals holding low lottery numbers were under draft pressure, and many entered the Reserves to avoid active duty service. Reserve units even had queues of people waiting to join. When the draft ended, Reserve units had to compete in the local civilian labor market for sufficient volunteers to maintain strength. For many units, the local labor market did not provide enough volunteers to maintain strength, and manning steadily fell below authorized strength.

This decline in strength caused significant deterioration in the readiness of the Army Selected Reserve components. That readiness depends not only on overall strength levels, but also on the specific strength levels of particular units. Many power shortages in early deploying units, for example, are more serious than shortages in later deploying units. And, unlike the active forces, the Selected Reserves cannot minimize the impact of localized shortages by reassigning individuals from low- to high-priority units. The Reserves must fill each unit by recruiting in the local labor market. In terms of personnel readiness, the Reserves are thus unusually vulnerable. If all units are 20 percent short of personnel, for example, no unit is classified as ready.

Though Army Selected Reserve strength declined during the early AVF period, manpower levels remained relatively stable in the active Army. The end of the draft did not affect the active Army and Army Reserve components in the same way. The Gates Commission, which planned the transition to an AVF, had assumed that raising entry-level pay for both active and Reserve forces would attract enough volunteers to replace draftees and draft-motivated enlistees. Research conducted in the 1960s led the commission to conclude that pay raises for the active forces would be effective in increasing both enlistments and reenlistments. But little research was available to support similar conclusions for the Reserve forces, and the Gates Commission thus cautioned:

"Analysis of the Reserve problem, however, suffers seriously from a lack of data. Even though special care was taken to provide against error of estimation, the assessments of what is required to maintain an All-Volunteer Force are much more tenuous than for the Active Force. . . . Given the uncertainty which surrounds projections of Reserve enlistments and losses, further steps beyond the recommended pay increase may be necessary. Any further steps should await the results of experience with higher pay during the first few years."*

If the Gates Commission assumptions concerning pay has been accurate, both active and Reserve strength should have met or exceeded the predicted AVF levels, for in 1971 and 1972, junior enlisted personnel in both benefited from pay increases that exceeded the commission's recommendations. Any shortages were likely to have shown up first in Army strength levels, since youth have

*The Report of the President's Commission on an all-Volunteer Force (*Washington, D.C.: Government Printing Office, 1970*), p. 97.

least preference for the Army, while it has the greatest demand for manpower. In the active Army, the 1971 and 1972 pay increases did have close to the predicted effect on accessions, and thus enlisted strength did not decline. Reserve strength may have declined because the pay increases had a smaller-than-predicted effect on enlistments; unfortunately, the effect could not be measured for the Reserves due to the quality of existing data. The FY 1978 defense appropriations bill, however, did fund a $5 million test of the reenlistment bonus for the Reserves and therefore did afford another opportunity to test the responsiveness of guardsmen and reservists to monetary incentives.

Within the Department of Defense, the Assistant Secretary of Defense (Manpower, Reserve Affairs and Logistics) had responsibility for the test. He maintained control over the design, monitoring, and evaluation of the test and over draft administration guidelines for the Army National Guard and Army Reserve. OASD(MRA&L) asked Rand to participate in the test design, monitoring, and evaluation stages.

TEST DESIGN

The Army Reserve and the Army National Guard received $2 million and $3 million, respectively, to conduct the reenlistment test. They paid bonuses for three-year ($900) and six-year ($1,800) reenlistments—one-half the bonus amount at the time of reenlistment and the remainder in $150 installments at the completion of each satisfactory year of service during the term. The objectives of the bonus program were to increase reenlistment rates and to lengthen reservists' term of commitment. Before the bonus test, most reservists who did not separate extended their term for a single year. This policy of allowing one-year extensions probably increased retention in the short run by making long-term commitments, with all their attendant uncertainties, unnecessary. However, this gain in strength came at the expense of force readiness and resulted in turbulence later.

As mandated by Congress, bonus payments were available only to reservists with less than eight years of service. These reservists were either deciding whether to reenlist for the first time or whether to sign up for a second or third term. They were thus at a critical career juncture in terms of career choice. Among reservists with eight or more years of service, retention rate begins to increase dramatically, probably due to the attractiveness of Reserve retirement benefits. Congress further restricted bonus eligibility to reservists who had no previous active force experience.

To accurately measure the effect of the bonus test program on reenlistment rates and on the length of terms of commitment, researchers made bonuses available to part of the eligible Reserve population (test population) but withheld them from another part (control population). Comparison of the reenlistment rates and length of terms, after adjusting for minor differences in the two populations, provided an accurate measurement of the bonus effect.

Approximately 15,000 guardsmen and reservists took part in the test and control states and regions (see Figure 1). All the participants reached the end of their term of service in 1978. Researchers monitored the reenlistment decisions of all 15,000 and asked certain individuals in both test and control regions to complete a questionnaire at the time of their decision.

Later, researchers did two separate analyses on data collected during the experiment. In the first, more narrowly focused analysis, they simply compared behavior between test and control groups in order to determine the effect of the bonus on reenlistment rates, choice of term of service, and subsequent attrition behavior. The purpose of the second analysis was to differentiate characteristics of those who separated from the characteristics of those who stayed. Researchers used survey data on type of civilian job, rate of pay for civilian jobs, hours of work, employer characteristics, personal and family characteristics, military history, and reserve pay.

The four sections that follow present the results of these analyses. The first summarizes the effects of the bonuses on reenlistment rates. The second describes the effect of increases in Reserve pay on reenlistment rates. The third section discusses the effect of family and employer on Reserve retention. Finally, we consider some other factors that affect retention.

EFFECTS OF THE BONUS

Bonus payments offered in the experiment had a small, but statistically significant effect on reenlistment rates. Although the bonuses boosted reservists' income by more than 30 percent, they resulted in an increase of only 2.2 percentage points in reenlistment rates—from 38.4 to 40.6 percent. However, the bonus definitely encouraged longer terms of commitment. Among reservists who reenlisted, 82 percent of those in test regions selected 3- or 6-year terms, while only 12 percent of those in control regions did so. The average term of commitment was 4.4 years for the test region and 1.3 years for the control region.

Longer terms of commitment, however, do not automatically translate into higher strength levels. Those who reenlist for only one year, for example, may continue to reenlist for one year at a time, and those who reenlist for three or six years may leave before completing their commitment. To find out whether longer terms of commitment actually resulted in additional manyears, researchers did a follow-up on test and control groups 1½ years after their initial decision.

The difference in behavior between the two groups was significant. Of those who were in the original sample, 37.3 percent of the test group were still present 1½ years later, compared to only 30.4 percent of the control group. Providing incentives to choose longer terms resulted in higher strength levels. Given an annual choice to reenlist or separate, many reservists left, perhaps swayed by new situations in their civilian work lives or family lives. Incentives apparently helped those who made longer commitments honor those commitments despite any new situations in their personal lives.

Longer terms of commitment have other benefits for the Reserve as well. They result in lower administrative costs associated with record keeping and retention counseling, and longer commitments may improve the credibility and reliability of Reserve units in mobilization situations. Longer terms of commitment among reservists also decrease the opportunity to separate during pre-mobilization phases of international crises and thus may improve readiness.

Despite the incentive of bonuses, 62 percent of the reservists in our total sample separated from the Guard or Reserve at the end of their first term of service. One reason for this high separation rate was the presence of men who entered the Reserves under draft pressure. Most guardsmen and reservists in our sample who entered in 1972, the last year of the draft, had low lottery numbers and would have been drafted had they not entered the Reserves. Not unexpectedly, the reenlistment rate for these individuals was significantly lower than for first-term, nondraft-motivated individuals in the sample. Only 22 percent among the former group reenlisted, compared to 42 percent among the latter.

These reenlistment rates help explain the decline in Army Selected Reserve component manning during the early all-volunteer force years. Part of the decline was apparently a temporary transition phenomenon associated with the large number of draft-motivated individuals remaining in the Army Selected Reserve component after the end of the draft. These draft-motivated personnel depressed reenlistment rates; as a result, losses at first-term reenlistment were high. These high loss rates continued through 1978, the last year first-term, draft-motivated youths were still present in the Reserves.

After 1978, individuals making first-term reenlistment decisions were all volunteers, who reenlist at much higher rates. Reserve strength should therefore rise sharply. In fact, the downward trend in Army Selected Reserve component manning did change in 1979, though the absence of draft-motivated youth can explain only part of this reversal, since the Reserves realized another major gain in strength in 1980. The 1980 gain probably reflects the effectiveness of accession and attrition-control programs and expanded reenlistment bonus programs. For instance, the Selected Reserves now have enlistment bonuses and expanded educational incentives.

THE EFFECT OF RESERVE PAY

A reenlistment bonus is not the equivalent of an increase in pay. A bonus is paid over a single term, and an individual must choose a longer term of service to qualify for it. Thus, although we found a fairly small rise in reenlistment rates in response to a sizable bonus, we cannot extrapolate this effect to an increase in Reserve pay. But by using survey data relating to Reserve income, we can project the effect that Reserve pay increases might have.

The level of Reserve pay does little to encourage reenlistment in the Army Selected Reserve components. Whereas the Gates Commission-assumed that a 10-percent increase in Reserve pay would result in an 8-percent increase in first-term reenlistments, our survey data suggests that a 1- or 2-percent increase in the reenlistment count would be more likely. The net, after-tax income actually derived from Reserve pay is much smaller than commonly perceived and thus less effective as an incentive to reenlist.

The difference between gross Reserve pay and net, after-tax Reserve earnings is significant. In 1978, the average reservist in our sample who attended summer camp and 48 drills received $1,400 in gross Reserve pay However, two types of costs reduced the reservist's net earnings on this amount—transportation to and from drills and income lost from civilian jobs while attending annual training. The average reservist in our sample commuted 21 miles, each way, to Reserve drills and a majority of them lost income as a result of attending annual training. They would have made more money by working their civilian jobs than they did by participating in Reserve training. Reservists who lost the most had higher civilian incomes and an employer whose summer camp policy provided no civilian income. For personnel in our sample, the average income loss due to commuting costs and participation in annual training was $430, and net after-tax earnings on gross Reserve income of $1,400 were $725.

Reserve income also tends to be relatively small in proportion to reservists' income overall. For the typical reservist in our sample, net annual after-tax Reserve income represented only 7 percent of total annual after-tax income. Increasing Reserve pay by 50 percent would raise a guardsman or reservist's total income by only 3 to 4 percent and reenlistment rates by only 38 to 42 percent. Clearly, large increases in Reserve pay would be necessary to markedly affect retention rates.

Other factors also detract from the effectiveness of Reserve pay as an incentive. The Reserves represent only one form of moonlighting available to individuals and must compete with civilian moonlighting opportunities which usually provide more in-

come. Civilian moonlighters, on the average, work 13 hours a week in their secondary job, while reservists average only 4. Since their hourly wages are approximately the same, the average civilian moonlighting job therefore provides three times more income than does service in the Reserves. If income were their primary goal, many reservists could probably find second civilian secondary jobs that would increase their annual income substantially more than participation in the Reserves.

Smaller income is only one feature that makes the Reserves less attractive than civilian moonlighting opportunities. Civilian jobs, for example, offer more flexibility in schedules and hours than do the Reserves and thus conflict less with the primary civilian job and family. In addition, civilian moonlighters usually do not have to sign contracts for terms of commitment nor attend periods of full-time training. Of course, they are also not subject to call-ups or mobilization.

THE ROLE OF THE FAMILY AND EMPLOYER

Participation in the Reserves does offer certain unique benefits to offset these various drawbacks. Retirement, insurance, education, and PX benefits, for example, can significantly increase the real value of Reserve income. Moreover, jobs in the Reserves sometimes provide better training than do jobs in the civilian sector. More intangible factors such as the fraternal, social, and service aspects of the Reserves can also be important. In fact, the minimal impact of pay on the reenlistment decision may well point to the greater importance of nonpay benefits and these more intangible factors as incentives to reenlist.

Other data collected during the survey confirms the importance of nonmonetary factors in the reenlistment decision. For example, asked why they left the Reserves, respondents often cited conflicts with their work and family life that increased the personal costs of participating. External conflicts were much more important in separation decisions than dislike of the Reserves. Such conflicts are probably either not perceived at enlistment or come about due to changed circumstances in the lives of reservists between enlistment and reenlistment. The average reservist in our sample enlisted at age 20 and made the reenlistment decision at age 27; many would therefore have taken jobs, married, and had children since joining the Reserves. At age 20, personal preference is more likely to govern the decision to enlist. At age 27, more reservists have to consider the needs and wishes of family and employer as well, and, for many, the benefits of participation do not outweigh possible conflicts with family and job.

Other characteristics of the reservist's civilian job also had a statistically significant effect on reenlistment. Higher wages, the number of hours worked, and greater opportunities for overtime, for example, all deterred Reserve participation. The civilian employer's attitude toward the Reserves, as perceived by the reservist, also strongly influenced the reenlistment decision. Unfavorable attitudes were most prevalent among small, private-sector employers, who are likely to have less flexibility than public-sector or large private-sector employers in handling scheduling problems arising from drill or annual training. Their negative attitude deters participation.

Employers' policy on pay for reservists who participate in annual training also influences retention. Data from our survey indicate employers follow one of four different annual training policies. Approximately 22 percent—usually large private-sector or public-sector employers—give full civilian pay during annual training, while at the other extreme, 7 percent of employers, mostly small private-sector employers, give no civilian pay and do not provide annual leave. The more restrictive civilian pay and military leave policies resulted in fewer reenlistments.

OTHER FACTORS

The age of the reservist at entrance had a marked effort on reenlistment behavior. Reservists who were older when they entered reenlisted at higher rates than those who were younger. The higher rates among older reservists may reflect the greater stability in job, family, and geographical location that tends to occur with age.

Other circumstances being equal, women, blacks, and nonhigh school graduates reenlist at higher rates than their counterparts. However, the differences, perhaps caused by poorer future economic opportunities in the civilian sector, are not large.

Among all factors analyzed, promotion to higher paygrades had the strongest impact on retention. Guardsmen and reservists who achieved higher paygrades reenlisted at significantly higher rates than those who did not. For nonprior-service personnel, achieving promotion means competing successfully with more senior, prior-service personnel, and because of the presence of prior-service personnel, opportunities to compete are often limited. Promotions not only open the possibilities of higher grades and pay in future years but also provide increased status within the unit. As others have noted, in their service and fraternal aspects. Reserve units are similar to voluntary organizations. Within such organization, achieving positions of responsibility seems to be a strong motivation for staying.

CONCLUSIONS

Research on the effect of Reserve pay on retention has several important implications for policymakers. Because the effect was much smaller than the Gates Commission had assumed, stabilizing Reserve strength at pre-all-volunteer force levels would have required additional pay beyond that recommended for the Reserve forces. Since 1978, additional pay and benefits have been available for enlisting and reenisting reservists, and their effects are beginning to be seen. However, no single factor such as pay appears to dominate the decision to participate in the Reserves. Reserve manpower policy must therefore be sensitive not only to pay but also to Reserve benefits and to less quantifiable but perhaps equally influential factors such as organizational development and employer and family support.

One of the objectives of the study was to improve understanding of what motivates participation in the Reserves. Looked at from one perspective, Reserve service is a moonlighting job, and income is the primary motivator. From another perspective, the Reserves serve functions similar to those of leisure time and fraternal organizations; they satisfy the individual's needs for status and affiliation. We have found some support for both views. The decision to participate in the Reserves is not strictly a trade-off between additional income and leisure time. Rather, the Reserves seem to attract those who want both additional income and the job satisfaction available through the opportunities for service and association that the Reserves provide.

SUPREME COURT REAFFIRMS, CLARIFIES JOB RIGHTS OF GUARD/RESERVE MEMBERS

The Supreme Court of the United States recently reaffirmed the right of members of the National Guard and Reserve forces to take time off from their civilian jobs to attend military training. But in so doing—in the case of Monroe v. Standard Oil—the Court clarified a disputed portion of the law in favor of the employer in the case. This had led many Guard and Reserve members—and some employers—to assume that the Court had struck down the basic right to take time off from work for military duties. It had not.

What the Court did decide was this: If an employee misses work to attend military training, the employer is not required to provide the employee an opportunity to make up the lost time unless similar scheduling adjustments are made for all employees. The case involved a shift worker who, on a number of occasions, could not work a full schedule because he had to attend Reserve drills. On these occasions, he was unable to find another employee with whom to trade work assignments. He lost work and pay as a result.

Though the Court ruled that the employer was not required to reschedule him to make up the lost work time, it left intact the basic entitlements of the law.

More than 1.3 million men and women are members of the National Guard and Reserve, and are protected by the law in question, the Veterans' Reemployment Rights Statute. The law prescribes responsibilities for the Guard and Reserve members as well as rights; the most important of these is that members must keep their employers informed of military training requirements, and they must request the necessary time off.

Membership in the Guard and Reserve takes time and effort. Most members train 16 hours a month and two full weeks annually. The reemployment rights law protects more than just their right to take time off from work for military training, it also assures them they can train without losing their annual leave or paid vacation. The law also protects members by prohibiting employers from denying them promotions, seniority, pension participation and other benefits because of their military duties.

Though the law protects citizen-military volunteers, it cannot assure them of their bosses' good will. Despite the law's provisions, a considerable percentage of Guard and Reserve members turn down reenlistment because of conflicts with, or pressures from, their supervisors over the question of military service.

A Rand Corporation study showed that nearly a third of all members of two of the Reserve services quit the military because of civilian job pressures. Another third claimed that family demands and too little leisure time cause them to opt out. Rand notes that many from this latter group in fact also may relate to employer conflicts: the family urges the member to devote more time or loyalty to the civilian job; too little leisure time is left after work and military duties.

The National Committee for Employer Support of the Guard and Reserve is a Department of Defense group made up, largely, of civilian business executives. The members, who are all volunteers, donate their time stimulating the interest of the nation's employers in Guard and Reserve readiness. The committee urges employers—through a number of information programs and direct contact—to make things easier for their employees to join and serve in the Guard and Reserve. The work is carried out by the committee's volunteer organizations in all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands.

There is urgency to their work. President Ronald Reagan said recently: "Our Reserve forces now bear a greater responsibility in our defense posture than ever before. No longer are these forces to be called upon only in time of emergency. Today, the Reserve forces play a crucial role in our deterrence of war."

Since the last draft calls went out in 1973, the national leadership has assigned increasingly critical mobilization jobs to essentially all units of the Guard and Reserve. Some Guard and Reserve units will, for instance,

round out the structures of active duty commands, bringing them to their full, wartime organizations. Many other Guard and Reserve units will provide essential support and services to the combat forces.

But there is more to the Guard and Reserve than unit structure. The nation also looks to the Individual Ready Reserve—made up of trained members who are not assigned to specific units—to provide individual augmentation to the fighting forces.

The national leadership plans to give muscle to this mission and has announced a timetable for increasing the size and capabilities of the Guard and Reserve. To do that, it needs to keep skilled members in uniform, and it needs the encouragement of the employers of those members. The committee's 1981 theme speaks to employers about Guard and Reserve members: "It's their job to protect you. It's you who protect their jobs."

Additional information on the key role of managers and supervisors in maintaining a strong citizen-military force is available from: The National Committee for Employer Support of the Guard and Reserve, 1117 N. 19th St., 9th Floor, Arlington, VA 22209. The committee has a toll-free phone, (800) 336-4590.●

AMENDMENTS SUBMITTED FOR PRINTING

MILWAUKEE RAILROAD AND ROCK ISLAND RAILROAD AMENDMENTS

AMENDMENT NO. 653

(Ordered to be printed and referred to the Committee on Commerce, Science, and Transportation.)

Mr. PRESSLER submitted an amendment intended to be proposed by him to the bill (S. 1879) to amend the Milwaukee Railroad Restructuring Act and the Rock Island Transition and Employee Assistance Act to facilitate the purchase of lines of bankrupt carriers to provide for continued rail service, and for other purposes.

MEANS TEST REQUIREMENT

Mr. PRESSLER. Mr. President, transportation is a key issue in South Dakota. As a member of the Transportation Subcommittee of the Senate Commerce, Science, and Transportation Committee, I have fought for a fair share of Federal funds for my State. The South Dakota State government is making a number of efforts in the transportation area. I wish to be fully supportive at the Federal level because these efforts are so dependent on Federal funds.

They are also dependent on State funds—so we have a cooperative effort underway.

Recently, after consulting with our State and my colleagues, I became concerned that some of South Dakota unique approaches might not be fully recognized. Therefore I am filing the attached amendment. I believe the letter I have received from the Federal Rail Administration clarifies and assures us that a problem will not arise.

Mr. President, I ask unanimous consent that a letter from the Administrator of the Federal Railroad Administration be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEDERAL RAILROAD ADMINISTRATION,
Washington, D.C., December 4, 1981.

Hon. LARRY PRESSLER,
U.S. Senate, Washington, D.C.

DEAR SENATOR PRESSLER: You have asked for the Administration's interpretation of section 505(b)(2)(A) of the Railroad Revitalization and Regulatory Reform Act of 1976 in light of the amendment to that provision by section 1162 of the Northeast Rail Service Act of 1981. The amendment returned the language of section 505(b)(2)(A) to that of its original enactment, thereby deleting the restructuring exception inserted by section 24 of the Milwaukee Railroad Restructuring Act.

This Administration has always viewed section 505(b)(2)(A), the so-called "poverty oath" or "means test," as only one of many considerations the Administrator must make in determining whether providing the requested financial assistance is in the public interest. The considerations set forth in clauses (A), (B), and (C) of section 505(b)(2) are not exclusive, nor are they cumulative findings which must be made favorable to a project before any assistance can be in the public interest. Clearly, if the latter were the case, section 505(b)(2) would read like section 511(g) of the same title.

The above interpretation of section 505(b)(2), and specifically its clause (A), suggests that no legislation is needed to permit the Administrator to determine in a given situation that the public interest would be served by providing financial assistance to an applicant's project irrespective of the applicant's financial condition. Inherent in this, of course, is the consideration of whether a project would be achieved without such assistance. In choosing the priorities of capital spending, many financially responsible applicants may not be able to justify commitments to projects which have a high public interest but a lesser prospect of return. Generally, these projects have opportunity costs which would not be reasonable under principles of prudent financial management. In these cases, this Administration can financially assist these projects—if the remaining requirements of the statute are met and sufficient appropriations are available.

If I can be of further assistance, please let me know.

Sincerely,

ROBERT W. BLANCHETTE.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON FOREIGN AGRICULTURAL POLICY

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Foreign Agricultural Policy of the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Thursday, December 10, to hold a hearing on U.S.-European community trade issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be authorized to meet during the session of the Senate at 10 a.m. on Wednesday, December 9, to hold a markup on S. 864, the Financial Integrity Act; S. 1422, the surplus property bill; S. 1131, the Delinquent Payments Act; and H.R. 4431, a bill to provide for the designation of the E. Michael Roll Post Office.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Federal Expenditures, Research, and Rules, of the Governmental Affairs Committee, be authorized to meet during the session of the Senate at 2 p.m. on Thursday, December 10, to discuss the uniform procurement proposal.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON GOVERNMENTAL AFFAIRS

Mr. BAKER. Mr. President, I ask unanimous consent that the Governmental Affairs Committee be authorized to hold a full committee hearing during the session of the Senate at 9:30 a.m. on Thursday, December 10, to discuss the nomination of Ronald Wertheim to be D.C. Superior Court judge.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. BAKER. Mr. President, I ask unanimous consent that the Intelligence Committee be authorized to meet during the session of the Senate on Wednesday, December 9, at 10 a.m., and again at 3:30 p.m., to receive a briefing on intelligence matters.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

TAX TREATMENT OF VARIABLE ANNUITIES

● Mr. GLENN. Mr. President, I am pleased to add my name to the list of cosponsors of S. 1888, which clarifies the tax treatment of variable annuities that are structured around mutual funds.

The central purpose of S. 1888 is to reverse the retroactive application of Treasury Department Revenue Ruling 81-225, which will impose a tax burden on those who purchased wraparound mutual fund annuities between January 1 and September 25 of this year. It is simply unfair to impose a tax burden on these individuals, who purchased annuity contracts in the sincere belief that taxes on their earnings would be deferred in accordance with longstanding tax law principles.

Retroactive application of Revenue Ruling 81-225 is particularly questionable in view of the fact that the ruling validates essentially the same kind of investment activity in the future, the only distinction being that participation in the underlying mutual fund must henceforth be limited to those purchasing annuity contracts.

Variable annuities have proven to be a solid means for Americans to set up sound retirement savings programs. This kind of long-range financial planning should be encouraged. It benefits the individual by establishing income security in his later years, and it benefits the Nation as a whole by expanding our capital formation base.

Enactment of S. 1888 would be a posi-

tive step toward resolving the confusion and uncertainty surrounding the proper tax treatment of variable annuities, particularly that caused by Revenue Ruling 81–225. I urge its adoption by the Senate.●

UNITARY TAXATION

● Mr. MATHIAS. Mr. President, the 10 countries of the European Economic Community recently sent to the State Department a note on the problems of the unitary method of taxation, which is currently used by California and a few other States.

As a remedy to these problems, S. 655, the bill I introduced earlier this year, has attracted favorable comment both in the United States and abroad. It would prohibit the use of worldwide combination in assessing taxes on foreign source corporate income and to require the States to follow the internationally accepted taxing procedures in regard to companies involved in international operations outside the United States. I believe that S. 655 would resolve many of the problems that are upsetting to business interests here and specifically in the European Economic Community which constitutes today our principal trading partner. In the light of the importance of Europe as a major market for both manufactured and agricultural products we are prudent, in our own interest, to give ear to European concerns. It may not be wise to adopt John Wanamaker's successful maxim that "The customer is always right" as a rule for the conduct of international economic affairs, but they may be, and in this case they certainly are.

I ask that the note from the European Economic Community be printed in the RECORD.

The note follows:

OCTOBER 30, 1981.

BRITISH EMBASSY,
Washington:

Her Britannic Majesty's Embassy present their compliments to the Department of State and, on behalf of the Ten EEC Governments, of which the British Government has now the Presidency, have the honour to forward the attached Note on the problems of the unitary method of taxation.

The British Embassy avail themselves of this opportunity to renew to the Department of State the assurances of their highest consideration.

UNITARY TAXATION

1. Our Governments are concerned about the application to U.S. subsidiaries of foreign companies of the unitary basis of taxation as applied in California and in varying degrees by certain other States.

2. The unitary basis makes no attempt to examine the profits generated by the subsidiary. It looks to the total profits of the worldwide operations of the group of which the subsidiary is a part, and claims a portion of those profits on the basis of the assumption that certain specified factors, such as the fixed asset values, turnover and payroll, affect the profits of the subsidiary in the same way and to the same extent as the profits of the group as a whole, irrespective of where the corporations of the group operate. This means that, whenever the group as a whole makes a profit the subsidiary will be taxed on a portion of this profit, even if the subsidiary is actually making a loss, or in the reverse situation, that the subsidiary may not be taxed if the group as a whole has made a loss, although the subsidiary is actually in a profit making position.

3. This method is incompatible with the principles accepted by all OECD member states and recommended to all states as a basis for the taxation of subsidiaries or permanent establishments of foreign enterprises. These principles require that a subsidiary should be taxed only on the profits it actually has made, provided that these are based on dealing at "arms length" between the subsidiary and related enterprises, i.e. that the transactions between the subsidiary and related corporations are on the same or on a comparable basis as transactions between wholly independent parties. This is intended to arrive at a fair measure of profit and rule out artificial pricing between members of the group for the sole purpose of minimizing tax liability.

4. Unless the same basic rules for calculating taxable profits are followed generally by the main trading nations it will be impossible to achieve the essential objective of providing a consistent and coherent international tax framework for trade and investment.

5. The unitary tax basis can give rise to obviously inequitable tax liabilities, and to a form of double taxation which often cannot be relieved, or can be relieved only if countries, which follow generally accepted practices, bear an unfair burden of relief.

6. Unitary taxation, because it requires worldwide reporting of the group's activities in the state where the subsidiary operates, imposes very heavy compliance costs, in addition to the costs of compliance and reporting for non-U.S. corporation in their "home countries".

7. The Federal Government uses the arms-length basis for its taxation of subsidiaries of foreign corporations.

8. The problem was addressed in the U.S./U.K. Double Taxation Treaty. Article 9(4) of the Treaty, which was supported by the Administration, would have disallowed the imposition of unitary taxes on subsidiaries of U.K. companies. When the Senate voted on the Treaty in 1978 the majority approved the Treaty with Article 9(4) in its original form, although the necessary two-thirds majority was not achieved. Subsequently, the Senate approved the Treaty with the necessary two-thirds majority, but subject to the reservation that Article 9(4) was not to apply for the purpose of state taxation. Article 9(4) remained in the Treaty, but only for the purpose of national taxation.

9. There are currently two relevant bills in Congress, S655 and HR 1983.

10. In view of the strong arguments against unitary taxation and the recent extension of its application in New York State, our Governments urge you to support this legislation in so far as it relates to the unitary tax issues raised above, with a view to early enactment.●

TWO VIEWS OF THE SOVIET PROBLEM

● Mr. COHEN. Mr. President, I should like to share with my colleagues a very thoughtful article which recently appeared in the New Yorker written by George Kennan, the eminent analyst of United States-Soviet relations.

While I do not endorse all of Mr. Kennan's conclusions about the true nature of the Soviet Union and its leaders, many of his arguments are thought-provoking and well worth reading.

The article follows:

REFLECTIONS: TWO VIEWS OF THE SOVIET PROBLEM

Looking back over the whole course of the differences between my own view of East-West relations and the views of my various critics and opponents in recent years, I have to conclude that the differences have been, essentially, not ones of interpretation of phenomena whose reality we all agree on but, rather, differences over the nature and significance of the observable phenomena themselves—in other words, differences not about the meaning of what we see but, rather, about what it is that we see in the first place.

Let me illustrate this first with the example of our differing views of the nature of the Soviet regime.

My opponents, if I do not misinterpret their position, see the Soviet leaders as a group of men animated primarily by a desire to achieve further expansion of their effective power, and this at the expense of the independence and the liberties of other people—at the expense of the stability, and perhaps the peace, of international life.

They see these men as pursuing a reckless and gigantic buildup of their own armed forces—a buildup of such dimensions that it cannot be explained by defensive considerations alone and must therefore, it is reasoned, reflect aggressive ones. They see them as eager to bring other countries, in the Third World and elsewhere, under their domination, in order to use those countries as pawns against the United States and other nations of the Western alliance; and they see the situations existing today in such places as Angola and Ethiopia and Afghanistan as examples of the dangerous success of these endeavors.

My opponents reject the suggestion that Soviet policy might be motivated in any important degree by defensive considerations. In their view, the Soviet leaders do not feel politically encircled or in any other way significantly threatened. And though it is recognized that Moscow faces serious internal problems, it is not thought that these problems impose any very serious limitations on the freedom of the regime to pursue aggressive external intentions.

What emerges from this vision is, of course, an image of the Soviet regime not greatly different from the image of the Nazi regime as it existed shortly before the outbreak of the Second World War.

This being the case, it is not surprising that the conclusion should be drawn that the main task for Western statesmanship at this time must be to avoid what are now generally regarded as the great mistakes of the Western powers in the late nineteen-thirties; that is, to avoid what is called appeasement, to give a low priority to the possibilities for negotiation and accommodation, and to concentrate on the building up of a military posture so imposing and forbiding, and a Western unity so unshakable, that the Soviet leaders will perceive the futility and the danger of their aggressive plans, and will accept the necessity of learning to live side by side with other nations on a basis compatible with the security of those other nations and with the general requirements of world stability and peace.

I do not question the good faith of American governmental personalities when they say that once this new relationship of military and political power has been established they will be prepared to sit down with their Soviet counterparts and discuss with them the prerequisites for a safer world; but I fear that they see the success of any such discussions as something to which the Soviet leaders could be brought only reluctantly, with gnashing of teeth, and this seems to me to be a poor augury for the lasting quality of any results that might be achieved.

Now, all this, as I say, is what I believe my opponents see when they turn their eyes in the direction of the Kremlin. What I see is something quite different. I see a group of troubled men—elderly men, for the most part—whose choices and possibilities are se-

verely constrained. I see these men as prisoners of many circumstances: prisoners of their own past and their country's past; prisoners of the antiquated ideology to which their extreme sense of orthodoxy binds them; prisoners of the rigid system of power that has given them their authority; but prisoners, too, of certain ingrained peculiarities of the Russian statesmanship of earlier ages—the congenital sense of insecurity, the lack of inner self-confidence, the distrust of the foreigner and the foreigner's world, the passion for secrecy, the neurotic fear of penetration by other powers into areas close to their borders, and a persistent tendency, resulting from all these other factors, to overdo the creation of military strength.

I see here men deeply preoccupied, as were their Czarist Russian predecessors, with questions of prestige—preoccupied more, in many instances, with the appearances than with the realities. I do not see them as men anxious to expand their power by the direct use of their armed forces, although they could easily be frightened into taking actions that would seem to have this aim. I see them as indeed concerned—and rather naturally concerned—to increase their influence among Third World countries.

This neither surprises me nor alarms me. Most great powers have similar desires. And the methods adopted by the Soviet Union are not very different from those adopted by some of the others. Besides, what has distinguished these Soviet efforts, historically viewed, seems to be not their success but precisely their lack of it. I see no recent Soviet achievements in this direction which would remotely outweigh the great failures of the postwar period: in Yugoslavia, in China, and in Egypt.

But, beyond that, a wish to expand one's influence is not the same thing as a wish to expand the formal limits of one's power and responsibility. This I do not think the Soviet leaders at all wish to do. Specifically, I have seen no evidence that they are at all disposed to invade Western Europe and thereby to take any further parts of it formally under their authority. They are having trouble enough with the responsibilities they have already undertaken in Eastern Europe. They have no reason to wish to increase these burdens. I can conceive that there might be certain European regions, outside the limits of their present hegemony, where they would be happy, for defensive purposes, to have some sort of military control, if such control could be acquired safely and easily, without severe disruption of international stability; but it is a far cry from this to the assumption that they would be disposed to invade any of these areas out of the blue, in peacetime, at the cost of unleashing another world war.

It is my belief that these men do indeed consider the Soviet Union to have been increasingly isolated and in danger of encirclement by hostile powers in recent years. I do not see how they could otherwise interpret the American military relationship with Iran in the time of the Shah or the more recent American military relationships with Pakistan and China.

And these, I believe, are not the only considerations that would limit the freedom of the Soviet leaders to indulge themselves in dreams of external expansion, even if they were inclined toward such dreams. They are obviously very conscious of the dangers of a disintegration of their dominant position in Eastern Europe, and particularly in Poland; and this not because they have any conscious desire to mistreat or oppress the peoples involved but because they see any further deterioration of the situation there as a threat to their political and strategic interests in Germany—interests that are unquestionably highly defensive in origin.

I believe, too, that internal developments in the Soviet Union present a heavy claim on the attention and the priorities of the Soviet leaders. They are deeply committed to the completion of their existing programs for the economic and social development of the Soviet peoples, and I am sure that they are very seriously concerned over the numerous problems that have recently been impeding that completion: the perennial agricultural failures; the many signs of public apathy, demoralization, drunkenness, and labor absenteeism; the imbalance in population growth between the Russian center and the non-Russian periphery; the increasing shortage of skilled labor; and the widespread economic corruption and indiscipline.

They may differ among themselves as to how these problems should be approached, but I doubt whether there are any of them who think that the problems could be solved by the unleashing of another world war. I emphatically reject the primitive thesis, drawn largely from misleading and outdated nineteenth-century examples, that the Kremlin might be inclined to resort to war as a means of resolving its internal difficulties. Nothing in Russian history or psychology supports such a thesis.

In saying these things, I do not mean to deny that there exist, interwoven with the rest of the pattern of Soviet diplomacy, certain disquieting tendencies, which oblige Western policymakers to exercise a sharp vigilance even as they pursue their efforts toward peace. I believe that these tendencies reflect not so much any thirst for direct aggression as an oversuspiciousness, a fear of being tricked or outsmarted, an exaggerated sense of prestige, and an interpretation of Russia's defensive needs so extreme—so extravagant and so far-reaching—that it becomes in itself a threat, or an apparent threat, to the security of other nations.

While these weaknesses probably affect all Soviet statesmen to one extent, or another, the evidence suggests to me that they are concentrated particularly in specific elements of the Soviet power structure—notably, in the military and naval commands, in the vast police establishment, and in certain sections of the Party apparatus. So far, these tendencies do not seem to me to have dominated Soviet policy, except in the case of the decision to intervene in Afghanistan—a decision that was taken in somewhat abnormal circumstances and is now, I believe, largely recognized, even in Moscow, as a mistake. But there will soon have to be extensive changes in the occupancy of the senior political positions in Moscow, and Western policymakers should consider that a Western policy that offers no encouragement to the more moderate elements in the Soviet hierarchy must inevitably strengthen the hand, and the political position, of those who are not moderate at all.

So much, then, for our differences of view with respect to the Soviet regime. It is not unnatural that anyone who sees the phenomenon of Soviet power so differently from certain others should also differ from those others in his view of the best response to it. It is clear that may opponents see the Soviet regime primarily as a great, immediate, and growing military danger, and that this conditions their idea of the best response. I have no argument with them about the existence of a great danger. I do differ from them with regard to the causes of this danger. I see these causes not in the supposed "aggressiveness" of either side but in the weapons race itself. I see it in the compulsions that this, like any other weapons race between sovereign powers, engenders within all the participants. I see it in the terrible militarization of outlook to which this sort of competition conduces: a species of obsession which causes those who have succumbed to it to direct their vision and their efforts exclusively to the hopeless contingencies of military conflict, to ignore the more hopeful ones of communication and accommodation, and in this way to enhance the very dangers against which they fancy themselves to be working.

Leaving aside for the moment the problems of nuclear weaponry, I shall say a word about the military balance in conventional weapons. An impression has been created that there has recently been a new and enormous buildup of Soviet conventional strength on the European Continent, changing the balance of forces in this respect strongly to the disadvantage of the West. This view has found expression in the statements of a number of distinguished Western personalities. I cannot flatly deny the correctness of this thesis. I am only a private citizen. I do not have access to all the information at the disposition of the governments.

But, with all respect for the sincerity and good faith of those who advance this view, I am disinclined to accept it just on the basis of their say-so. I am so disinclined because I think I have made a reasonable effort, in these last few years, to follow such information as appears in the press and the other media about the military balance and I find this body of information confused, contradictory, statistically questionable, and often misleading.

Most of it seems to derive from data leaked to the media by one or another of the Western military-intelligence services, and one cannot avoid the impression that it reflects a tendency to paint an exaggerated and frightening picture of Soviet capacities and intentions—a so-called worst-case image. This is done, no doubt, partly out of an excessive professional prudence but partly, too, I am afraid, with an eye to the reactions of various Western parliamentary bodies, which require to be frightened (or so it is believed) before they will make reasonable appropriations for defense.

I can only say that if the NATO governments really wish us, the public, to believe in the reality of a recent dramatic increase in the Soviet conventional threat to Western Europe they will have to place before us a more consistent and plausible statistical basis for that view than anything they have given us to date. In terms neither of the number of divisions nor of total manpower nor of any of the other major indicators does the information now available to the ordinary newspaper reader prove that the balance of conventional military strength in Central Europe is significantly less favorable to the Western side than it was ten or twenty years ago.

To say this is not to claim that the present balance is satisfactory. That is not my contention. Of course there is a preponderance of strength on the Soviet side. Such a preponderance has existed since the Second World War. Of course it is not desirable. I myself favor a strengthening of NATO's conventional capacities, particularly if the strengthening be taken to mean an improvement of morale, of discipline, of training and alertness, and not just a heaping up of fancy and expensive new equipment that we do not have the manpower to operate or the money to maintain.

But if this strengthening is to be effected I think it should be presented and defended to the public as a normal policy of prudence—a reasonable long-term precaution in a troubled time—and not as something responding to any specific threat from any specific quarter. The Western governments, in particular, should not try to gain support for such a program by painting on the wall an exaggerated and unnecessarily alarming image of Soviet intentions and capacities. This procedure represents, in my view, an abuse of public confidence, and one that, in the end, is invariably revenged.

So much for the conventional weapons.

Now—with a sigh and a sinking of the heart—for the nuclear ones. Here, I am sorry to say, I have differences with every single one of the premises on which our government and some of the other NATO governments seem to act in designing their policies in this field. First of all, my opponents seem to see the nuclear explosive as just a weapon like any other weapon, only more destructive; and they think that because it is more destructive it is a better and more powerful weapon.

I deny that the nuclear explosive is a proper weapon. It conforms, in my view, to none of the criteria traditionally applied to conventional weapons. It can serve no useful purpose. It cannot be used without bringing disaster upon everyone concerned. I regard it as the reflection of a vast misunderstanding of the true purposes of warfare and the true usefulness of weaponry.

My opponents see the Soviet Union as having sought and achieved some sort of statistical superiority over the NATO powers in this kind of weaponry. I myself have not seen the evidence that it has achieved that sort of superiority; nor do I see any reason to assume that that is what it would like to do. The evidence seems to me to suggest that it is striving for what it would view as equivalence, in the statistical sense—not for superiority. My opponents believe that differences of superiority or inferiority, in the statistical sense, have meaning: that if you have more of these weapons than your adversary has, you are in a stronger position to stand up against intimidation or against an actual attack. I challenge that view.

I submit that if you are talking, as all of us are talking today, about what are in reality grotesque quantities of overkill—arsenals so excessive that they would suffice to destroy the adversary's homeland many times over—statistical disparities between the arsenals on the two sides are quite meaningless. But precisely that—the absurd excessiveness of the existing nuclear arsenals—is the situation we have before us.

My opponents maintain that the reason we must have the nuclear weapons is that in a conflict we would not be able to match the Soviet Union with the conventional ones. I would say: If this is true, let us correct the situation at once. Neither in respect to manpower nor in respect to industrial potential are we lacking in the means to put up conventional forces fully as strong as those deployed against us in Europe.

My opponents say: We must have these weapons for purposes of deterrence. The use of this term carries two implications: first, that it is the Russians who have taken the lead in the development of these weapons, and that we are only reacting to what they have done; and, secondly, that the Russians are such monsters that unless they are deterred they would assuredly launch upon us a nuclear attack, with all the horrors and sufferings that that would bring.

I question both these implications; and I question in particular the wisdom of suggesting the latter implication thousands of times a year to the general public, thus schooling the public mind to believe that our Soviet adversary has lost every semblance of humanity and is concerned only with wreaking unlimited destruction for destruction's sake.

I am not sure, furthermore, that the stationing of these weapons on one's territory is not more of a provocation of their use by others than a means of dissuading others from using them. I have never been an advocate of unilateral disarmament, and I see no necessity for anything of that sort today. But I must say that if we Americans had no nuclear weapons whatsoever on our soil instead of the tens of thousands of nuclear warheads we are now said to have deployed, I would feel the future of my children and grandchildren to be far safer than I do at this moment, for if there is any incentive for the Russians to use such weapons against us, it surely comes in overwhelming degree—probably, in fact, entirely—from our own enormous deployment of them.

Finally, there are many people who consider it useless, or even undesirable, to try to get rid of these weapons entirely, and believe that a satisfactory solution can somehow be found by halfway measures of one sort or another—agreements that would limit their numbers or their destructiveness or the areas of their deployment. Such speculations come particularly easily to a government such as our own, which has long regarded nuclear weapons as essential to its defense posture and has not been willing to contemplate a future without them.

I have no confidence in any of these schemes. I see the danger not in the number or quality of the weapons or in the intentions of those who hold them but in the very existence of weapons of this nature, regardless of whose hands they are in.

I believe that until we consent to recognize that the nuclear weapons we hold in our own hands are as much a danger to us as those that repose in the hands of our supposed adversaries there will be no escape from the confusions and dilemmas to which such weapons have now brought us, and must bring us increasingly as time goes on. For this reason, I see no solution to the problem other than the complete elimination of these and all other weapons of mass destruction from national arsenals; and the sooner we move toward that solution, and the greater courage we show in doing so, the safer we will be.●

GAO REPORT ON ORGANIZED CRIME

● Mr. BAUCUS. Mr. President, I would like to bring to my colleagues' attention a new General Accounting Office report entitled, "Stronger Federal Effort Needed in Fight Against Organized Crime." This report, done at my request, reviews our current efforts to combat organized crime in this country.

GAO's findings are disturbing. Despite all its tough talk, the Federal Government seems soft on organized crime.

The Federal Government spends $110 million a year to combat organized crime through the use of special strike forces. GAO concludes, however, that our efforts are disjointed and our resources wasted. Organized crime has not been significantly disrupted by our efforts.

No one disputes the high cost of organized crime. The effects of drug trafficking, public corruption, violence, labor racketeering, and the infiltration of legitimate businesses all carry a heavy toll in our society. In addition, by operating outside the law, organized crime robs the Government coffers of legitimate tax revenues, thereby increasing the burden for honest citizens.

More than a decade has passed since the establishment of the first organized crime strike forces. The complex and sophisticated means by which organized crime operates, demands that the Federal Government, jointly with State and local law enforcement agencies, coordinate their fight against organized criminal activities. Organized crime strike forces are the vehicles we have depended upon for this coordination.

Unfortunately, GAO concludes that although some improvement has occurred, much greater cooperation and coordination is needed if we are to begin to turn the tide against organized crime.

This finding is all the more troubling when you consider I am not talking about sensitive negotiations leading to cooperation of antagonistic world powers, but cooperation between agencies of the same Government and, in many instances, cooperation between divisions within the same agency.

This failure to work together in a coordinated attack on organized crime results in enormous waste of Federal resources. We can no longer afford the kind of institutional jealousies that now prevent a coordinated effort. Federal officials must be willing to work hand-in-hand with each other and with State and local law enforcement officials. If this can be achieved through biweekly meetings, as GAO suggest, I am all for it. Until administration officials suggest an alternative, I am going to use my position on the Judiciary and Finance Committees to insist on those biweekly meetings.

I am convinced, after reading this report, that the Department of Justice must take not only a more active lead in coordinating the fight against organized crime, but in advancing the use of the racketeer influence and corrupt organizations statute. When RICO was enacted 10 years ago, it was viewed as a major new law enforcement remedy directed at the financial resources of organized crime. However, after 10 years of use, GAO found that the full potential of the RICO statute has still not been realized. That is unacceptable. We will never begin to win the battle against organized crime until we begin to take the profits out of their enterprises. The asset forfeitures provisions of RICO were written with that purpose in mind.

Unfortunately, GAO found that the strike forces have been reluctant to use the asset forfeiture provisions due to the complex nature of the required financial investigation and uncertain interpretation by the courts. If specialized financial work is called for, the strike forces should be using the talents of the Internal Revenue Service agents. If the law if flawed, the Department of Justice should actively seek congressional help in fine tuning the law.

Finally, I am deeply concerned about GAO's findings that very few organized crime bosses ever spend any substantial time in jail. According to data developed by GAO, 78 percent of those convicted by the organized crime strike forces received sentences of 2 years or less or probation. Most of those defendants actually serving time in jail are eligible for parole after serving only one-third of their sentence—making jail little more than a minor inconvenience for the majority of those who participate in organized crime.

Even if you use the more recent sentencing statistics supplied by the Department of Justice in their written response to the GAO report, 56 percent of those persons convicted of organized criminal activity are receiving sentences of 2 years or less. This situation must change.

We need a coordinated Government attack on organized crime. All three

branches of Government must be involved. Congress must assure that the laws are effective enforcement tools. The administration must coordinate the efforts of the different Federal, State, and local law enforcement agencies to assure that our resources are used in the most effective manner. Prosecutors must seek out those who lead criminal organizations in addition to those individuals participating in actual criminal activity. And then those prosecutors must make the best possible case against those criminals so that the courts will impose the stiffest possible sentences. The courts must be willing to recognize the severe costs of organized crime and must be willing to hand out sentences that are stiff enough to deter criminal activity.

These solutions are not new, but they do demand forceful action. My distinguished colleague from Delaware, Senator BIDEN, began this process last year when his Criminal Justice Subcommittee held hearings on the forfeiture of narcotics proceeds. His excellent work is a solid base from which this body and the current administration can truly launch an all out effort against organized crime.

I ask to have printed in the RECORD the summary to the GAO report. I urge my colleagues to give the report their careful consideration.

The summary follows:

STRONGER FEDERAL EFFORT NEEDED IN FIGHT AGAINST ORGANIZED CRIME

DIGEST

Organized crime derives billions of dollars in illegal income annually from its activities, and it is costing the Government about $100 million a year to fight organized crime. The strike force program was designed to focus an experienced and coordinated Federal enforcement and prosecutive attack against this major national problem.

Senator Max Baucus requested GAO (1) to evaluate Justice's role in impeding, restricting, and combating organized crime activities, and (2) to conduct a followup of a prior GAO report dealing with organized crime strike forces.

Four years have passed since GAO's last report on the Federal effort to combat organized crime. This prior study highlighted many problems which hindered strike force effectiveness. Some of the problems have been addressed, but the Department of Justice needs to do more. It should establish executive committees to focus and direct the fight, concentrate strike force resources on indepth investigations and prosecutions of high level organized crime figures, and develop an evaluation system.

IMPROVEMENTS MADE AND NEEDED IN THE PROGRAM TO FIGHT ORGANIZED CRIME

Through the strike force program the Department of Justice has successfully indicted and prosecuted many high-level organized crime figures. It—

Established a National Organized Crime Planing Council to coordinate efforts against organized crime;

Set broad priorities and targets to improve the focus and direction of the strike force;

Used case initiation reports to monitor strike force activities; and

Developed a self-evaluation system to measure strike force effectiveness.

GAO's work at the strike forces in Brooklyn, Chicago, Los Angeles, and Philadelphia showed that the Federal effort against organized crime can be further improved by:

Establishing executive committees in each strike force for the purpose of improving the focus and direction of the program to fight organized crime. Active participation in these communities by strike force law enforcement agencies would improve the process for setting targets and priorities.

Concentrating the strike forces' limited resources on indepth investigations and prosecutions of high-level organized crime figures and allowing other cases to be handled by U.S. Attorneys' Offices.

Emphasizing the use of case initiation reports and implementing an evaluation system.

IMPEDIMENTS IN THE RACKETEER INFLUENCED AND CORRUPT ORGANIZATIONS STATUTE

Law enforcement agencies and the Department of Justice are in agreement that the Racketeer Influenced and Corrupt Organizations (RICO) statute is a valuable weapon in the attack on organized crime because it provides for longer prison sentences and authorizes asset forfeiture—a judicially required divestiture of property without compensation. However, the RICO's potential impact in immobilizing organized criminal activities has not been realized. While the statute has been used to obtain significant sentences for convicted defendants, there have been few asset forfeitures. Emerging case law points to ambiguities and omissions in the statute that limit its effectiveness and warrant legislative change.

Problems of major concern requiring legislative action are:

Whether the forfeiture provisions of RICO should be read narrowly to cover only "interests" in an enterprise, thus preventing the Government from reaching money or other proceeds of illegal activities.

The inability of the Government to force forfeiture of substitute assets of the defendant when ill-gotten gains are transferred to third parties or are otherwise dissipated.

In a prior GAO report issued on April 10, 1981, which deals with drug trafficking, GAO made several legislative recommendations that would help alleviate the problems with the use of the RICO statute. These recommendations are also applicable to the problems identified in this report. GAO believes the Congress needs to act on the legislative recommendations to help improve the fight against two national problems—drug trafficking and organized crime.

Forfeiture investigations could be enhanced by more extensive use of Internal Revenue Service expertise than is currently the practice. While financial expertise may not always be essential to a RICO investigation, Justice officials agree that closer cooperation would be helpful.

SENTENCES GIVEN TO INDIVIDUALS CONVICTED OF ORGANIZED CRIME

The final outcomes of Federal efforts against organized crime are the indictment, conviction, and imprisonment of those who perpetrate these crimes.

From October 1977, through December 1979, the four strike forces GAO reviewed closed 180 organized crime cases involving 416 defendants. Of these 416 defendants, 273 received sentences. Of the 273 persons sentenced, only 61, or 22 percent, received prison sentences of over 2 years.

While 90, or 33 percent, received prison sentences of 2 years or less, another 122, or 45 percent, were only fined or placed on probation and received no prison sentence. During fiscal year 1981, Justice information showed that defendants convicted by all strike forces have been sentenced to an average term of about 43 months. Further, 44 percent received sentences of 2 years or more, 30 percent were sentenced to less than 2 years, and 26 percent received probation.

RECOMMENDATIONS

GAO recommends that the Attorney General:

Establish an executive committee in each strike force.

Ensure that all Federal law enforcement agencies participating in the program to fight organized crime actively participate in the functions of the executive committees.

Require that all cases not involving organized crime figures or utilization of extensive investigative resources be transferred to U.S. Attorneys' Offices for prosecution rather than using the limited resources of the strike forces to prosecute these cases.

Emphasize that case initiation reports be prepared for all organized crime cases. This will provide a means to ensure that (1) strike forces' resources are applied only to cases involving organized crime figures or utilization of extensive investigative resources and (2) cases are transferred to U.S. Attorneys' Offices when appropriate.

Ensure that an evaluation system is developed that will measure the performance and accomplishments of the strike forces so that management improvements can be made where appropriate.

AGENCY COMMENTS AND GAO EVALUATION

The Departments of Treasury and Justice agreed with many of the report's conclusions and recommendations. The Treasury Department stated that the report is constructive and makes recommendations which will improve the fight against organized crime. Justice said that it has already taken successful steps to implement several of the necessary changes. (See ch. 5 and apps. IV and V.)

On the other hand, Justice took exception to GAO's recommendations in the areas of transferring strike force cases to U.S. Attorneys' Offices and the need for establishing executive committees in each strike force. Justice agreed that strike forces have prosecuted a small number of relatively uncomplicated cases and cases that would normally have been prosecuted by a U.S. Attorney's Office. However, Justice believes that generally strike forces are transferring all appropriate cases to U.S. attorneys.

However, GAO has reemphasized that Justice needs to encourage the transfer of all cases not involving organized crime figures or utilization of extensive investigative resources from the strike forces to U.S. Attorneys' Offices so that the limited strike force resources can be concentrated on higher level organized crime cases. By limiting the strike forces involvement in minor cases or cases not related to organized crime individuals or activities, the strike forces will be in a much better position to coordinate the Federal attack on major organized criminal activities. A means to ensure that the proper cases are transferred to U.S. Attorneys' Offices is already in place—case initiation reports.

The Department has instituted procedures to improve this process. By emphasizing the use of case initiation reports, the Department will be in a better position to ensure that minor and noncomplicated cases will be transferred to U.S. Attorneys' Offices from the strike forces.

Concerning the need for executive committees, GAO points out that, on the one hand, Justice disagrees with the need for such committees but, at the same time, acknowledges that changes to the Attorney General's guidelines have been recommended to establish executive committees that meet every 6 months rather than every 2 weeks.

In addition, Treasury, a strike force member, believes in the benefits of these committees and believes they serve a useful purpose. However, Justice is merely objecting to the rigid frequency of executive committee meetings rather than to the concept of executive committees.

Thus, GAO believes that Justice should discuss the frequency of committee meetings with the agencies participating in the strike force program before it arbitrarily decides on how often committee meetings should be held.●

THOMAS G. CORCORAN

● Mr. CHAFEE. Mr. President, this Nation lost a brilliant lawyer and an architect of the New Deal when Thomas G. "Tommy the Cork" Corcoran died last Sunday here in Washington.

Mr. Corcoran, one of President Franklin D. Roosevelt's key strategists in shaping legislation that changed the Nation, was born in Pawtucket, R.I., where the Corcoran family is still a strong presence. He attended Brown University in Providence, where he was valedictorian and a member of Phi Beta Kappa, earning both his bachelor's and master's degrees in 1922. He went on to graduate from Harvard Law School.

After serving as secretary to Supreme Court Justice Oliver Wendell Holmes in Washington, Mr. Corcoran went on to private law practice in New York. He then worked on the Federal Reserve Board and the Reconstruction Finance Corporation, and was recommended by his Harvard law professor Felix Frankfurter to be a member of President Roosevelt's brain trust, as assistant to the Secretary of the Treasury. He also eventually returned to the Reconstruction Finance Corporation and then to the Justice Department, as special assistant to the Attorney General.

Among the accomplishments during his years with President Roosevelt were the creation of the Securities and Exchange Commission, the Federal Housing Administration, the Public Utilities Holding Company Act, the Tennessee Valley Authority, and the fair labor standards.

As well as being one of this country's brightest attorneys during a career that spanned several decades, "Tommy the Cork" was a flamboyant and colorful character. The stories of his wheeling and dealing are as rampant as the stories of his legislative and legal victories.

Throughout his later years, Mr. Corcoran remained a respected and sought-after legal presence in Washington. He took an active interest in many bills before Congress in the months just before his death Sunday of a pulmonary blood clot after surgery, at age 80.

Thomas G. Corcoran was a man of whom Rhode Island, and the country, can be proud. He was a witty and skillful attorney; he built many Government programs which influenced this country for decades; and he served his country well. We will all miss him greatly.●

THE BUDGET DEFICIT FORECAST

● Mr. MOYNIHAN. Mr. President, on December 7, 1981, the Wall Street Journal revealed that the Office of Management and Budget now has forecast a budget deficit of $109.1 billion for the current fiscal year, a Federal deficit of $152.3 billion in fiscal year 1983, and another deficit of $162.0 billion for the fiscal year President Reagan promised the Nation a balanced budget, 1984.

According to the administration's own internal projections, then, their cumulative 4-year deficit—including the $57.9 billion deficit recorded for fiscal year 1981—could reach $481.3 billion; $481.3 billion is two- and two-thirds the cumulative deficit for Jimmy Carter's administration, which amassed a cumulative deficit of $181 billion.

Last March, fully 9 months ago, when the administration was projecting a deficit of only $43 billion for fiscal year 1982, I warned the Economic Club of New York:

> The deficit in fiscal year 1982 will surely be in the neighborhood of $60 billion, and it could be higher.

I take no pleasure in observing the administration acknowledge, however belatedly, the accuracy of my early warning.

The Wall Street Journal also tells us that the new deficit projections are based on revised economic forecasts by the President's Council of Economic Advisers, including a new forecast of only 0.2 percent real growth in the Nation's gross national product (GNP) during 1982. Ten months ago, I tried to warn the administration that their economic forecasts were unrealistic and, consequently, could not form the basis for a sound economic policy. On February 19, when Budget Director David Stockman offered the administration's fantastic economic projections to the Senate Budget Committee, I asked him:

> How can you seriously say to the investors of this country and the economic forecasters, the planners and the people of this country, that there is going to be a 4.2 percent increase (in real GNP during 1982)?
>
> You are going to be here in 2 years' time, and we are going to say, whatever happened to that 4.2 percent real growth in GNP?

In April, I opposed the first budget resolution in the Senate Budget Committee, because it incorporated these erroneous economic assumptions. I reiterated these warnings this past November during the committee's debate over the second budget resolution, even when the administration has reduced its real GNP growth projection for 1982 to 3.4 percent and the committee's Republican members had further scaled-down this forecast to 2.5 percent. Once again, I take no pleasure in observing the administration acknowledge, however belatedly, the accuracy of my early warnings.

The President's Council of Economic Advisers still project 5.4 percent real GNP growth in 1983 and 5.2 percent real growth in 1984. I remain deeply skeptical that the administration's economic program will produce such robust growth in another year. And I remain profoundly disturbed about the consequences for the American people if this program fails, once again, to produce the promised results.

These deficit and growth developments were not accidental. Last July, I was asked to deliver the Democratic response to the President's television appeal for support for his tax program. On NBC, I warned that the administration's tax legislation would lock-in huge deficits. These deficits, in turn, would inevitably lead to tight money and high interest rates and, just as inevitably, more rounds of economic recession or stagnation:

> In the last few days something like an auction of the Treasury has been going on. The administration is seemingly willing to pay any price to win votes for its version of the tax cut. . . . What this is doing is taking a tax bill we could afford and transforming it into a great barbecue we can't afford.

Last August 30, I first called for a "mid-course correction" of the tax program, to begin to regain a semblance of fiscal control over the deficits. On October 15, David Stockman testified before the Senate Budget Committee, "we obviously need mid-course corrections."

Now, according to the Wall Street Journal:

> Many of the President's senior advisers, including budget director David Stockman and chief of staff James Baker, believe tax increases are needed to hold down the deficit and prevent another surge in interest rates.
>
> Mr. Reagan "has got 95 percent of the White House staff telling him he has to raise taxes," one aide said.

Once again, I take no special pleasure in observing the administration, however belatedly, acknowledge the accuracy of my early warning.

Last April, I offered the Senate Budget Committee a "balanced budget" plan, based on the more prudent tax program approved in 1980 by the Senate Finance Committee and on more realistic economic assumptions. On the Senate floor last May, I offered a "balanced budget and tax reduction amendment" with Senator BRADLEY. I am gratified to see the President's Office of Management and Budget and the President's Council of Economic Advisers recognize, at last, the dire deficit implications of the administration's policies. Now I hope we can begin to work together to correct these policies and restore responsible balance to the American economy.

The Wall Street Journal article follows:

ADMINISTRATION PUTS 1982 DEFICIT AT $109.1 BILLION

(By Kenneth H. Bacon and Rich Jaroslovsky)

WASHINGTON.—New Reagan administration calculations project budget deficits of $109.1 billion in the current fiscal year, $152.3 billion in fiscal 1983 and $162 billion in fiscal 1984, given current budget and economic trends.

These preliminary figures reflect a new economic forecast President Reagan received Friday from his advisers. Both the forecast and the budget estimates may change before the administration completes work on the new budget it must send Congress early next year. But the deficit figures, which don't include additional budget cuts Mr. Reagan hopes to achieve over the next few years, are far wider than the administration has conceded previously.

Last September, officials estimated a $43.1 billion deficit in the current year, which began Oct. 1. More recently, White House officials have said that figure could swell to $80 billion.

The new projections for this year is based on an administration forecast that nominal gross national product, the nation's output of goods and services measured in current prices, will increase 7.9 percent in the 1982 calendar year. That would be the lowest rate of nominal growth, which determines tax receipts, since 1970; the low projection reflects both the recession and an expected slowdown in the inflation rate.

ADVISERS DISAGREE

Some of Mr. Reagan's advisers complain that the forecast, produced by the Council of Economic Advisers and the Office of Man-

agement and Budget, is too pessimistic. They maintain that the forecast fails to reflect the stimulative effect on the economy of next year's tax cuts. They also charge that the whopping deficit projections are designed to force Mr. Reagan to abandon his opposition to increasing taxes or to reducing planned increases in defense spending.

Many of the President's senior advisers, including budget director David Stockman and chief of staff James Baker, believe tax increases are needed to hold down the deficit and prevent another surge in interest rates.

Mr. Reagan "has got 95 percent of the White House staff telling him he has to raise taxes," one aide said. But at his economic-review meeting last Friday, the President said he still opposes increasing taxes to offset the $283 billion of personal and business tax cuts through 1984 that Congress has enacted.

Similarly, there is little evidence the President would slow his planned defense buildup. "At every Cabinet meeting, there's grumbling about Defense getting more while other agencies are cut," a top Pentagon official said. "But we see no sign the President's wavering." Top White House officials, who last summer conducted a long, unsuccessful campaign for bigger defense cuts, so far haven't indicated they have the appetite to renew the battle.

NONDEFENSE CUTS SOUGHT

Instead, the President is telling aides to concentrate on finding sweeping nondefense spending cuts. "The marching orders from the Oval Office are to produce a bare-bones budget," one adviser said of the fiscal 1983 document due next month.

White House officials acknowledge the immense political difficulties of such a strategy; even some friendly Republican legislators are becoming increasingly uncomfortable with the size and scope of the Reagan budget efforts. And many White House officials say the economy must start showing signs of improvement before the 1982 elections to avoid a major political defeat.

On that score, the administration's latest economic forecast contains bittersweet news. For 1982, the projection shows slow growth, rising interest rates and high unemployment. But it assumes considerable improvement in later years.

The preliminary forecast sees increases in "real," or inflation-adjusted, gross national product of 0.2 percent in the 1982 calendar year, 5.4 percent in 1983 and 5.2 percent in 1984. Growth in nominal GNP is seen rising from 7.9 percent next year to 11.1 percent in 1983 and 9.8 percent in 1984. The inflation rate, based on a GNP measure, is seen declining to 7.7 percent in 1982, 5.5 percent in 1983 and 4.4 percent in 1984.

The forecast projects that real GNP will contract at a 5 percent annual rate in the current quarter and then continue to decline at a 0.5 percent rate in the first quarter of 1982 as the economy recovers from the recession.

Real GNP growth is expected to accelerate at 1.5 percent annual rate in the second quarter, 5.6 percent in the third period and 5.7 percent in the final quarter of 1982. But this growth won't be enough to bring down the unemployment rate, which the forecast says will stay at the current 8.4 percent or higher throughout the year.

In addition, the forecast estimates that interest rates on three-month Treasury bills will fall to an average of 10 percent in the 1982 first quarter. But the rate is expected to rise to 11.5 percent in the third quarter as the recovery spurs higher business borrowing while the Treasury is borrowing heavily to finance the national debt.

The deficit projections contained in the latest estimates reflect the $130 billion of spending cuts Congress already has enacted through 1984, but don't include the new spending cuts the administration is struggling to find. The latest projections show government receipts of $621.9 billion in the current fiscal year, $650.9 billion in fiscal 1983 and $693.3 billion in fiscal 1984. Outlays are estimated at $731 billion in 1982, $803.2 billion in 1983 and $854.3 billion in 1984.

Finding the spending cuts to cope with those bleak numbers is becoming tougher and tougher. "The easy cuts, we made a long time ago, said one White House aide. The reductions being considered currently are not only more politically painful for the administration to suggest but also less likely to win congressional support.

Recently, the White House was jolted by some cautionary words on the effect of budget cuts on state and local governments from Sen. Paul Laxalt (R., Nev.), one of the President's closest friends. "That got our attention," one aide said. "We wonder what Paul's trying to tell us."

BUDGET MEETINGS SET

Meanwhile, the White House is plunging into a series of budget-review and appeals meetings over the next few weeks that is likely to illustrate just how painful its predicament is. This week, for instance, the Labor Department will be battling a push by the Office of Management and Budget to halve the department's proposed fiscal 1983 budget for major job-training programs.

But the budget office proposal would require far deeper cutbacks and would be certain to provoke an outcry from Congress. "I question whether $1.5 billion would even attempt to solve the problem in areas with very high unemployment," one Democratic congressional aide said.●

A NEW FEDERALISM

● Mr. TSONGAS. Mr. President, Neal Peirce, who is to my mind the finest commentator on the urban scene, recently wrote an article on the "new federalism" espoused by this administration.

For the first time since the depression, the Federal role in the American city is being challenged, and the outcome will have a life or death impact of every major city in America.

The essence of the Reagan policy for State and local governments is well summed up by Mr. Peirce: The President—

Apparently feels that the federal government has no obligation to people or states or places dealt crippling economic blows by the economic vagaries of the times. Absent in this . . . is the essential sense of nationhood and nationwide interdependence and mutual responsibility that ought to underpin any federalist philosophy for our times.

I urge my colleagues to read Mr. Peirce. He has an important and disturbing message to relay.

The article follows:

INTERVIEW WITH THE PRESIDENT: REAGAN REFLECTS ON HIS VIEW OF THE FEDERAL ROLE IN THE FEDERAL SYSTEM

(By Neal R. Peirce)

No one could fairly deny President Reagan credit for taking a sincere interest in the U.S. federal system and elevating it to its most prominent position in American debate in well over a half century. Recently the President even took the step—highly unusual if not unprecedented in modern-day White House communications—to designate federal questions as the sole theme for a press briefing covering the better part of an hour.

Yet as the other four correspondents and I walked out the Oval Office, I felt no small measure of despair. Reagan had come close in the interview to confirming the view of skeptics who say his New Federalism amounts to little more than reducing the federal role and shipping programs down to the states as fast as possible. I asked him, in his dream of American federalism what should be the federal government's "domestic functions"? His sole answer: "national security—and then, later in the interview, "interstate commerce" as well.

It was not that Mr. Reagan had not expressed the thoughts of many concerned and acute observers of federalism. He had restated the bedrock principle that it's generally far preferable to raise and spend taxes at the same level of government, be it federal, state or local. He had spoken out for block grants over the plethora of smaller categorical grants so often associated with "that extra layer" of federal bureaucracy that can smother locally administered programs.

He had spoken out for maximum feasible local control and discretion. He had pointed with pride to his administration's removal of hundreds of pages of cumbersome federal program regulations. He had pointed to his administration's active effort to identify potential revenue turnbacks to the states (though he could not say when they might actually materialize). And he had boasted, with legitimate reason, of his personal, ongoing consultations with state and local officials—more than 1,200 persons during his first 10 months in office.

Why, then, would one feel anything less than unfettered admiration?

First, because Mr. Reagan seems not to appreciate fully the turmoil into which his rapid, successive budget-cutting thrusts have thrown state and local budgets. The state-local sector absorbed $13 billion cuts, many times its proportionate share, in the first budget round. In September the president sought to exercise another 12 percent from this same sector. In his interview he would give no guarantee that state-local aid—even general revenue sharing and the newly created block grants—might not suffer still more cuts in the fiscal year 1983 budget released in January.

Mr. Reagan pointedly ignored—despite direct quotations offered in questioning—the alarm flags raised by the Nation's governors in hearings before the Senate intergovernmental relations subcommittee, chaired by Sen. David Durenberger (R-Minn.), in early November. The governors had warned of a condition of "disarray and chaos" in state capitals because of the deep and continuing federal cuts. National Governors' Association Chairman Richard Snelling (R-Vt.) had cited one Congressional Budget Office scenario suggesting that discretionary federal aid to state and local governments could virtually disappear by 1984, so great are the other pressures on the budget.

So the governors had said official Washington simply must, however painful politically, come to grips with the so-far sacrosanct "entitlements," ranging from Social Security to veterans benefits to Medicare and all indexed to an inflation-driven, cost-of-living escalator. The defense budget no longer can remain sacrosanct, they said, nor can the prospects of modifying the biggest tax cut in U.S. history passed by Congress at Reagan's behest.

But Reagan, in the interview, dismissed Snelling's urgent call for a two year moratorium on further cuts in aid to states and localities, so that they might catch their breath and institute some rational budgeting and planning. "It would be great if we could afford it," he said.

The president mentioned no prospect of major budget cuts other than in federal grants to states and localities—even though that aid flow accounts for but 15 percent of the federal budget and is dwarfed by entitlements and defense spending. (There are reports an administration task force has found

some potential economies in the multihundred billion dollar entitlements, however—perhaps $27 billion through 1984.)

There was perhaps one glimmer of hope for governors: Reagan did not completely rule out the proposal of Georgia's George Busbee (D) for "a domestic summit involving the president, the bipartisan leadership of Congress, and [the governors'] leadership so that we might gain general agreement on ultimate prime responsibilities for government programs, the budget targets we should all plan for, and the time frame in which we are going to reach those goals."

But Reagan did not embrace the idea, either. My impression was he would never submit himself to a true summit of equal constitutional partners unless he became convinced his own economic program was failing so seriously that an emergency bailout were necessary and he wanted partners to share the political responsibility.

The president brushed aside one long-cherished goal of the governors—a sorting out of federal system roles, with welfare and Medicaid becoming federal responsibilities and such fields as education and transportation passing totally to the states. He simply reiterated his long held opinion that welfare costs are best controlled locally. He showed no openness to negotiating such questions with governors or others who differ with him.

The president also scorned a resolution, passed Nov. 7 by the western governors in Scottsdale, Ariz., that the governors would flatly oppose further administration cuts in the discretionary domestic budget unless negotiations begin for "a significant sorting out of functions between the federal government and the states." Said Reagan: "Most of those western governors are Democrats." In fact, they are divided—seven Democrats, six Republicans.

What the president at least professes not to grasp is that the chorus of protests by the governors, plus demands they be acknowledged as constitutionally equal partners, is bipartisan, broad based and growing, a development that may mark a historic turn in federal-state relations.

Finally, the president demonstrated almost no sensitivity to the plight of the losers in the great new gulf of differentials in wealth developing among the states, such as the energy-poor ones versus those in the South and West with vast reservoirs of oil, gas, and coal which they can tax heavily. Durenberger has asked how such differentials jibe with a New Federalism in which vast program areas will be pushed down to the state level. He questions whether it's any way "fair to expect the states and localities that suffer from a declining economy to provide the same level of public services as those states flush with energy-related revenues?"

The president was read Durenberger's question during the interview. His response was that an energy-rich state enjoys no greater taxing advantage than, for example, California with its multi-billion dollar fruit and vegetable crops. Governments perennially tax everything they can touch, he suggested; energy severance taxes are no different.

Even if one agrees that some level of state energy severance taxes is justifiable—as I, for one, do—the sweep of that presidential argument is startling. It ignores the fact that energy-rich states are pulling in not just millions but multi-billions of dollars, based on the spiraling prices of energy brought about by OPEC and deregulation. And that such states can easily absorb the fiscal blows of the Reagan administration's budget cuts, while the energy-poor states, especially those with declining industrial bases, are pushed to the wall.

Any interstate disparities in wealth, said the president, are strictly the states' own problem. "The built-in guarantee of freedom is our federalism. That makes us unique. That is, the right of a citizen to vote with his feet," said Reagan. Any inequalities should be taken care of by "the marketplace." He apparently feels that the federal government has no obligation to people or states or places dealt crippling economic blows by the economic vagaries of the times.

Absent in this, to my mind, is the essential sense of nationhood and nationwide interdependence and mutual responsibility that ought to underpin any federalist philosophy for our times.

Thus my feelings of despair at the close of the Reagan interview. Yet I also reminded myself that this is a warm outgoing man who really means others no ill. A remaining hope is that he is a politician who has shown—as recently as last week in his European nuclear policy—that when an old policy self-destructs, he can become the statesmanlike leader of a new one.●

LISA H.

● Mr. LEVIN. Mr. President, from time to time a story of human courage appears in the press and is so compelling that one is driven to share it with as many people as possible.

Such is the article about Lisa H. in this morning's New York Times, the story of Lisa and her doctors, Linton Whitaker, James A. Katowitz, Donato LaRossa and others, her family and friends.

Lisa has neurofibromatosis, elephant man's disease. Her struggle with it and against the humiliation visited upon her by thoughtless mortals not possessing her courage and not understanding her pain, is a saga of human survival in the face of excrutiating difficulties.

I ask that the text of this article appear in the RECORD at this point.

The article follows:

WOMAN WITH "ELEPHANT MAN" DISEASE CHOOSES BOLD SURGERY

(By Richard Severo)

PHILADELPHIA.—For most of her 21 years, Lisa H. has been taunted by the children who should have been her playmates, shunned by the people who might have been her friends, and ignored by the employers who could have given her the work she always wanted.

Lisa—as she asked to be called for this article—suffers from a genetic disease called neurofibromatosis, which has covered her face with benign but large tumors and weakened and deformed her facial bones.

There is no cure for neurofibromatosis, also known as the Elephant Man's Disease, so named after John Merrick, a victim who lived in the 19th century and was known as the Elephant Man. Mr. Merrick had the disease on most of his body; Lisa's is almost totally confined to her face.

As many as 100,000 Americans may suffer from the same disease, but Lisa's case is regarded as extraordinarily severe. And so, tomorrow morning, for the 12th time in her life, she will undergo risky surgery here, in yet another effort to improve the appearance of her face.

She wants this surgery desperately so that she will be a little more acceptable to herself; so that she can look at herself in the mirror, something she now refuses to do. There is a mirror in her living room, deliberately hung too high for her to see her own reflection when she is there. There is a mirror in her own room, too, but she has covered it with a picture.

LISA'S SURGERY WILL BE RADICAL

Her surgery will indeed be radical. A review of the medical literature suggests that in its scope and ambition, it is indicative of the new boldness in plastic and cranial surgery.

The surgery will probably last between six and 10 hours. Since the tumors are vascular and will bleed profusely when they are cut, she may need as much new blood in transfusions as she now has in her body.

Her left eye, badly diseased, virtually blind and nearly three times the size it ought to be, will be removed. Since the fine muscles and nerves that lie beneath her tumors will be removed with them, she may lose much of her facial expression, including her ability to blink and, perhaps, to smile. Her eyelid openings will be reduced and the fascia lata, a tendon from the side of her thigh, may be used in their rebuilding. Some cartilage from her ribs may be used to replace diseased bone in her face. Her lower jaw will probably be reshaped. She may need flaps of skin from elsewhere on her body to replace tissue removed from her face.

TWO EXPLORATORY OPERATIONS

Lisa has already had two exploratory operations to determine the extent of the disease inside her skull, six more operations to arrest the glaucoma caused by the disease's presence in her optic nerves, and three plastic surgeries that removed diseased tumors.

But her eyesight deteriorated nevertheless, and new tumors grew where the old ones were removed. She had largely resigned herself to a life dominated by the disease. It could be a long life; the disease has seldom been blamed for a death and her general physical condition otherwise is good.

But she heard about a chapter, near her home, of the recently formed National Neurofibromatosis Foundation. People there directed her to Dr. Linton Whitaker, a plastic surgeon on the staff of the hospital of the University of Pennsylvania. She visited him last April 28. He thought that something might be done to help her, but only if the surgery departed radically from previous efforts and excised large amounts of diseased tissue.

He theorized that if this were done, the disease might not reassert itself, or at least do so much more modestly than before. He was further heartened when he learned that the growth of Lisa's disease has appeared to slow recently. Dr. Whitaker, who is on the staff of the university's medical school, will be assisted by three other principal surgeons at the university.

Lisa's case is so unusual that her surgeons have been unable to say exactly what will happen during the operation. But it is clear from the general outlines of the procedure that it will be an enormous burden for Lisa and for her doctors.

Although Lisa has been subjected to much abuse because of her looks, she remains a bright, friendly, engaging, optimistic young woman.

Though legally blind (her "good" right eye gives her only a badly nearsighted 20/200), she is a voracious reader of novels, histories and books about psychology. The latter books, she says, have helped her learn about herself and how to deal with her disease.

Lisa comes from a background that is neither economically nor culturally advantaged (her father is a retired gardener, her mother is a waitress). She loves music—notably Bach. "Oh, I can't tell you where the woodwinds leave off and the strings begin, or anything like that," she said, "but Bach is good thinking music."

There is a fine public building near her home. With its soaring towers, it looks like a medieval castle, and to her, it represents great beauty. Sometimes, she simply goes to look at it. She may be legally blind, but she sees that building more clearly, perhaps, than do many other people who pass it by, not caring very much about the pedigree of its architecture, or about the craftsmanship represented by its carefully fitted stones.

But it has quite captured Lisa's imagination. It is to her the palpable expression of what she has found in her books. "It reminds me of British history," she said in a recent interview. "I really like British history—castles, damsels in distress, the whole bit."

She paused for a moment in the living room of the modest home she shares with her parents and reflected on her problems. "I know I'm not inferior," she said. "But I also know that I have an inferiority complex."

She has quite captured the hearts and the minds of the surgeons who will now try to give her a new face and a new life. "I first met her in 1964, when I was a resident and she was only four years old," said Dr. James A. Katowitz, an ophthalmic plastic surgeon and one of those who will operate on Lisa tomorrow.

"She had a profound effect on me," he recalled. "The disease had not gone as far as it has now, and the kids were just beginning to hound her and I felt a great sense of frustration at not being able to help her. I think it is wonderful that we have reached the point in time where, hopefully, we can be of more help to her."

Lisa has chosen to have this surgery not so that she may be transformed into a beautiful woman. She knows that this will never happen.

Mostly, she wants the surgery so that the people who somehow feel compelled to ridicule her in public will stop.

Insults have followed her to crowded shopping centers, to the campus of her university, even to the quiet woodlands where she goes walking near her home.

"It happens all the time," said her sister, Diane. "It happened three times in just a few hours, the other day. I don't see how she takes it. Nobody could have done better."

Grown men and women, who have never seen her before and do not know anything about her, have abused her before their children, as though such a display would somehow protect their children from a disease that comes as a curse at birth in a single, dominant gene. The gene may be inherited or it may be a spontaneous mutation of unknown cause. There is no sign of the disease in other members of Lisa's family.

Lisa is close to her nieces and they are fond of her. But the trust of childen is not the trust of employers. Diane recalled, for example, that Lisa once applied for a job as a telephone solicitor—a job where no customers could see her. She went to the office personally, filled out the application and never received a response. "But we went back three weeks later and the 'Help Wanted' sign was still in the window," Diane said.

"Her face just won't allow people to react normally to her," said Dr. Whitaker. "And I know that this surgery will represent a compromise. I know that with her, we can never reach the level of refinement that one might expect if we were operating on a more normal face.

"But I hope that we will be able to get rid of the severe distortions," he added. "If we do that, the change for her may be enough so that it will give her a release from her enormous burden. That release will be transferred to those of us who are her surgeons and will be a very significant reward."

Lisa clearly is tired of being told that the most important things are her mind and her personality.

"I don't want anybody to tell me that beauty isn't important, that just what I have inside is important," she said. "I know that I am not going to look like Farrah Fawcett-Majors. I don't want to look like Farrah Fawcett-Majors. But I can't take this abuse all of my life and you'll never make me believe that most people will ever accept me for what I am.

"I have friends," she emphasized. "Good friends. But some people are weird. Some people will set other people apart just because they are different. It isn't fair."

On November 24, Lisa came to the university hospital so her physicians could make another assessment—their final examination before surgery.

Dr. Whitaker was the first to examine her. "It is the nature of surgery that you see things during surgery that you didn't know about or didn't expect entirely and you deal with these things on the spot," he told her.

"I understand," Lisa said.

Dr. Whitaker carefully felt the tumors on her face and inspected areas where the disease had caused bone deformity. He gently pulled the relatively normal skin around her jaw and lower face upward, to determine how much of it might be stretched upward to cover the large area that would be left by the excision of the tumors.

He had pictures of Lisa and, as he looked at her, he began to mark the tumors and deformities that would be his primary targets. "I know you don't like to see pictures of yourself, so I'll just keep them over here," he said, moving them away from her line of vision. She nodded her appreciation.

He reminded her that she would have to have her hair shaved for the surgery. She asked why.

"We ought to do it to make sure that we can get at all the things we need to get at," he said. "One nice thing about hair is that it grows back. For some of us, it doesn't grow back very well. But for other people, including you, it will grow back very well." She smiled.

Both Dr. Whitaker and Dr. Katowitz, who saw her later in the day, advised her to let them remove her greatly enlarged left eye, which perceives light and dark only, and is regarded as beyond saving. Removal of it would make the reshaping of the face easier. Lisa asked for time to think about it. A few days ago she decided to let them remove the eye.

Lisa was also examined by Dr. Donato LaRossa, a microvascular surgeon, who will determine how the skin removed from her face will be replaced. He will have to decide, during surgery, what part of her body a skin flap might come from. Wherever it is taken from, it will cause a scar. He told Lisa he was very sorry his work would scar her.

Although Dr. Whitaker told her he had never lost a patient in surgery, he emphasized that this was a major effort and that she could forfeit her life.

"The main thing that concerns me is that these tumors are going to bleed a lot," he said. "If the bleeding looked as though it would threaten a life, we'd stop the operation. I want you to understand that. My first concern is having you alive and healthy. My second concern is trying to improve the condition of your face. Are you with me on this?"

"I'm not worried, Dr. Whitaker," she said. "I know it will be all right."

Although a psychiatrist from the hospital has interviewed Lisa once, he did it as part of a study, not as therapy. Lisa has not been assigned any supportive professional psychological help from the hospital and it would appear that everybody concerned thinks this is unnecessary.

Lisa is close to her family; closest of all to Diane. They are practicing Roman Catholics, and together they have gone to charismatic prayer groups. At those meetings they have held hands with the congregation, many of whom are now praying for Lisa.

"Lisa isn't worried," Diane said. "She is sure that it is going to be all right. She thinks that God is going to take care of her."●

VETERANS EMPLOYMENT/TRAINING PROGRAM

● Mr. MITCHELL. Mr. President, James S. Brourie, director of economics for the American Legion recently testified before the Subcommittee on Education, Training, and Employment of the House Committee on Veterans' Affairs. Mr. Brourie's testimony, and the resolutions of the American Legion attached to his testimony, will provide invaluable assistance to the Members of Congress as we review veterans' employment/training programs. I ask unanimous consent that Mr. Brourie's testimony and the attachments there to be printed in the RECORD.

The testimony and resolutions follow:

STATEMENT OF JAMES G. BROURIE, DIRECTOR OF ECONOMICS, THE AMERICAN LEGION

Mr. Chairman and members of this subcommittee:

The American Legion thanks you for allowing us this time to present its views on veterans employment/training programs under Chapter 41, 42 and 43 of title 38, United States Code. Pertinent resolutions passed by The American Legion are attached with the request that they be made part of the record.

Today marks our second appearance this year before this subcommittee on veterans employment/training problems. As a general proposition, The American Legion believes that veterans, especially VEVs, suffer a greater degree of unemployment than other groups and that the system designed to assist them is near collapse.

We do not make these statements as a means to attract sympathy or engage in a heated debate with official number counters, but offer them as fact in hopes that all concerned can work together to identify significant problems and to seek solutions.

Mr. Chairman, our worst enemy is time. Too much time has been squandered on the employment/training needs of veterans without real results to alleviate veterans unemployment or underemployment. The VEV is approaching 36 years of age and the war has been over since 1975. Since that time Congress has indeed enacted measures to ensure that veterans be given the opportunity at employment/training programs. Yet, the problems persist. We can go back to the MDTA of 1962 which specifically did not identify veterans, but targeted workers displaced by automation. Of course, the country did not have to deal with thousands of returning VNVs at that time, nor was there a soft economy. However, in 1973 with the enactment of CETA, there were thousands of VNVs walking the streets in search of jobs and who were precluded from any participation.

The Legion has stated previously that we will not mourn the passing of CETA and we again reiterate that position today. CETA for veterans, especially VEVs, has been a total failure. Any degree of success with regard to veterans programs has not come about by a deep seated concern for veterans by the Department of Labor or Prime Sponsors, but because of persistence on the part of concerned community individuals that their Prime Sponsor follow the law and regulations. But we must look again at the law as enacted. Veterans were an afterthought with programs stillborn. For example, CETA identified VEVs, yet established prohibitive eligibility requirements such as: under 35 years; economically disadvantaged; length of unemployment; and other irrelevant requirements.

Of the over 2 million CETA participants of all programs in 1980, only 10 percent were veterans, with only 4 percent VEVs, and about one percent disabled veterans. Because CETA was the only employment training game in town for veterans, the Legion and others attempted, to no avail, to remove those eligibility barriers; we did, however, have some success administratively, at least on paper. The truth to the matter is that there is rarely a veterans organization representative on Prime Sponsor Planning Councils; they are just not concerned with veterans.

This attitude is also endemic in the Department of Labor. Whenever there is a budget or personnel cut announced by the Department, the service organizations brace for battle as the VES is the traditional whipping boy. Last February the Secretary of Labor assured us all program cuts would be fair, then attempted to eliminate the 52 field secretary positions, a 32.5 percent cut—more than any other program area. They later recommended that the ES absorb the cost of the DVOP program; recommended, if only internally, that the program even be eliminated and now may propose the elimination of the Regional Directors for Veterans Employment Service.

Mr. Chairman, let us look briefly at the VES. In theory, it is to be a sophisticated network of highly trained VES personnel who assist and monitor the states' veterans employment programs. In reality, it is a program which over the years has been the target, either directly or indirectly, of every Department cut and the dumping ground for every unwanted individual. The program is rife with vacancies; stifled by lack of adequate funding and has lost sight of its mission. These problems, we believe, stem from its very beginnings wherein Congress established the VES but the department first placed it under the USES, then under the ETA; buried beneath layers of bureaucracy and neglect.

Consequently, the VES was, and is, fighting with one arm tied behind its back. They have no authority over states who fall out of compliance. Their mission is to monitor states' veterans programs as administered by the ES. Therefore, if the states care not to provide veterans the full measure and range of programs, they are free to do so with impunity. Make no mistake about it, violations by the states of priority of services to veterans are very pervasive. Most states do not have the required number of local veterans employment representatives; there are LVERs who are not veterans; LVERs perform non-veteran functions; they are the first to be RIF'd and displaced; their function is that of an interviewer with no career ES structure; and little or no time for job development.

Moreover, ES offices do not provide veterans with any special preference as required; do not have lobby signs posted listing veterans rights or otherwise comply with federal regulations; and do not keep the SDVE abreast of ES developments. The list of violations is endless and is specifically developed in Management Review of ES Service to Veterans, November 1979, prepared for the ETA. These problems will most assuredly carry over into the DVOP program. Since February, the service organizations have been at odds with the Department over funding and staffing, let alone how the program will be implemented. And who is to monitor both the LVERs and DVOPs?

The VES currently has 2 State Directors, 13 Assistant State Directors and 8 field secretary vacant positions, with 22 VES positions that could become vacant at any time. Importantly, many of those secretarial positions have been vacant for 18 months or longer. State Directors without clerical support must type their own letters or otherwise find someone to do it; they must perform all tasks of the absent clerical. The Legion has pointed out to the Department, more than once, that these positions are mandated by law. We even have cited controlling federal cases. All to no avail. The ETA has a self-imposed hiring freeze and will not budge. Thus, they have, in effect, placed themselves above the law.

Mr. Chairman, we, nonetheless, remain optimistic. With the enactment of Public Law 96-466 there was created the position of ASVE. It is our hope that that position will be accorded the full potential of an assistant secretary, especially in the area of a budget and personnel. We believe these two items will be the first step in cleaning up the VES. They must first put their own house in order and we pledge the full cooperation of the Legion in assisting them.

But what of the unemployed or underemployed veteran? What is or can be offered to him? Chances are he is ineligible for CETA and UCX; VA OJT is nearly nonexistent. Those that find CETA slots become frustrated and disillusioned. The simple truth is that there is nothing for veterans. Therefore, is it any wonder that many thousands of VEVs have simply dropped out—cynical and distrustful? And what is to become of the growing number of older veterans who are currently seeking veterans programs?

Surely this country has a trust obligation to each and every one of them; a continuous and overriding commitment. But that commitment in terms of real programs must be there and not illusory.

As we all know, the Administration is currently phasing out CETA and proposes a block grant approach. It is believed by providing to the states the maximum latitude with minimum federal entanglement they will, of their own volition, design, implement and monitor manpower program predicated on their respective needs. In principle, The American Legion is in favor of this concept. However, we have grave reservations that states will indeed acknowledge the manpower needs of its veterans. Historically, they have not addressed those needs. As far as veterans are concerned, we, for one, would feel more comfortable if veterans are made a top national priority both in philosophy and practice with federal "strings" attached to the funds with the VES somehow involved in the structure and process.

But there is another approach here, Mr. Chairman, one which has merit and deserves close attention. We believe funds should be appropriated specifically designated for the VES to design, implement and monitor veteran manpower programs. This concept is not new as other groups have separate program appropriations.

The approach to future veteran manpower programs is not with the ES. They have failed in the past to provide veterans with programs and will be sure to fail in the future. A new and innovative approach must be sought.

Our concept is quite simple in design and implementation. With approximately $20-30 million, the VES could contract with bona fide veteran CBOs for the design and implementation of veterans' manpower programs. Monitoring of the programs would be the responsibility of the respective S/ASDVE. Currently there are hundreds of CBOs operating within communities across the nation. The Legion itself operates the highly successful DVOP program in Maine and one of five Veterans Outreach Centers in Pennsylvania.

As regard the Maine program, since assuming administrative control in 1977, the Legion's Department of Maine has placed over 3,000 veterans in jobs, made over 46,000 referrals to other social agencies and all at a cost of only $200 per placement. These programs enjoy excellent results in the areas of job counseling, referral, and job development within the community. All CBO employees live in the community and are thus not "identified" with the federal bureaucracy. Most, if not all, of these programs exist on Governors' discretionary CETA funds, a future funding source very much in doubt. In fact, we are aware of the termination of at least six programs which served hundreds of veterans per month.

The ES has been established for over 60 years growing to today's sophisticated network of nationwide local office, program experts and advanced Job Service electronics. Yet their nationwide job placement average is only approximately 12 percent. On the other hand, veteran CBOs are a relatively new community phenomenon. They operate with limited funds, cast-off furnishings and are totally dependent upon the community.

Yet their nationwide average veteran employment placement is a remarkable 10 percent. Their success is underscored in the study, Legacies of Vietnam: Comparative Adjustment of Veterans and Their Peers (The Center for Policy Research, 1981), wherein it was pointed out that traditional bureaucratic approaches to service delivery do not address the needs of VEVs and suggests that peer counseling approach is most successful in service delivery and that veterans, particularly disabled and VEVs, respond best to non-bureaucratic approaches in community settings.

Is it so unconceivable then, for these CBOs to be given the opportunity to continue their programs. And how much would it cost for one year's operation—$100,000, $200,000? Considering the return involved in terms of unemployment compensation, welfare, etc. the cost becomes insignificant. More important, those CBOs do in fact have a positive track record. Further, the Lou Harris Survey entitled Myths and Realities pointed out that of the sampled population, 66 percent supported increased funding with only 1 percent against and that over 77 percent supported veterans employment programs. As stated, traditional methods have failed; perhaps now is the time for new ideas. If the Administration is concerned with scarce resources, maximum return on dollars, and voluntaryism, then surely these CBOs have done more with less and have the support and involvement of nearly all local community organizations.

This approach would also cause the VES to move from an inactive to an active role and to be responsive to the needs of veterans as Congress intended. They must not in the future spend their time chasing and prodding the ES. They must be involved with all veterans employment training aspects. The role of the ES would, nonetheless, remain unchanged. They would still be required to provide veterans preference to all veterans. However, rather than the primary deliverer of services to veterans, they would become another delivery source for veterans. This is not to advocate a diminished role for the ES, as there are services and programs that only the ES can provide and CBO programs may not be suited to all veterans. Thus, the ES remains an important part of the overall picture.

No doubt there will be those who will view this approach with skepticism and will perceive both real and imagined problems. Of course there will be problems; and of course this is a radical approach. But past programs and approaches have failed while the severe problem of veterans employment training continues and will continue. The key to this idea is that, unlike CETA, contracts will not be let arbitrarily, nor would there be thousands of contracts attempting to solve every social ill. At best, there would only be less than three hundred CBOs nationwide at the beginning; perhaps 4-5 per state; this would ensure contract control and monitoring by the respective S/ASDVE.

Moreover, CBOs would be required to submit regular contract progress reports and S/ASDVEs would be required to make on-site visits and, if necessary, could modify or terminate the contract with the approval of the office of ASVE. We believe the concept will have rough spots, but nothing insurmountable or fatal. As stated earlier, time is short and familiar and comfortable approaches have failed. If nothing positive is done, and done soon, this country will have lost forever a most valuable asset in the veteran and will have confirmed his worst fear: that his country does not care.

Mr. Chairman, we are not so naive as to

believe that the VES in its present managerial form is ready to handle millions of taxpayers dollars. We all know the VES needs to clean house and put its affairs in order before one penny is appropriated. But we believe they can and will stabilize under the direction of a strong and committed ASVE; at that time the Legion will be glad to work with them to ensure a decent veteran manpower program, as we have over the years and are now.

We are also very concerned that, as required by Section 2012 of Chapter 42, federal contractors are not taking affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era. For the most part, federal contractors simply do not file affirmative action plans as regard veterans. This is one area which is especially disturbing to us as one cannot help but notice in publications the amount of government contracts being entered into. Moreover, there is really no relief for the veteran who feels qualified for a particular position with a government contractor. The Office of Federal Contract Compliance Programs has never enforced Section 2012 as Congress intended, but, in the past, has concerned itself with enforcement of Executive Orders aimed at other groups.

We are not aware of one disbarment of a federal contractor because of violating the above section; nor are we aware of an aggressive attitude to enforce that section. As a practical consideration, OFCCP does not have the staff or the budget to pursue the provisions, and is overburdened with filings from other groups. Added to this mix is the reality that most qualified veterans do not know of this provision or how he/she may file a complaint and with whom. In short, Section 2012 is a hollow provision and a victim of neglect and apathy.

Mr. Chairman, The American Legion has enjoyed an excellent relationship with the United States Office of Personnel Management and its Director, the Honorable Donald Devine. Mr. Devine and his staff are receptive to our ideas and sensitive to our problems. They, like us, are strongly in favor of the Veterans Readjustment Appointments program under Section 2014. And we are very pleased that they favor the three-year extension of the program.

There is no doubt that since its inception in 1970 it has done more to attract Vietnam era veterans into the federal service than any other veterans' program. However, we perceive serious problems with the program in the months ahead. We believe the program is underutilized by agencies, with some agencies even not knowing about it; veterans are hired at low entry level positions, rather than at the allowable GS–7 level; there is a high rate of voluntary terminations; and a lack of adequate monitoring. We have fully discussed these, and other program problems, with Mr. Devine and his staff, and I am pleased to state that they also share our concerns and are working to overcome these difficulties.

Mr. Chairman, The American Legion is indeed troubled over the future of the Office of Veterans Reemployment Rights which enforces Section 2021 of Chapter 43. We compliment their staff for the dedication and tenacity they have shown in pursuing their mission as they have successfully concluded several landmark cases. Nonetheless, they are currently understaffed and overburdened; and if they are forced to absorb more cuts, they will assume no new case work. In effect, the program will shut down. As an aside, the Legion would like to see the OVRR removed from the Labor-Management Services Administration and placed under the authority of the Assistant Secretary of Labor for Veterans Employment. In our view this is the most logical procedure to ensure a cohesive veterans program within the Department of Labor.

Mr. Chairman, if some of our comments today seem acerbic it is because The American Legion played an important role in establishing the VES program and therefore feels it has the corresponding right to criticize that program when appropriate. Our one primary obligation is to all veterans who would benefit from employment/training programs; not to any one individual or program. We shall, therefore, remain critical and active until such time as these programs are implemented with the veteran's best interest in mind.

Mr. Chairman, The American Legion thanks you and this subcommittee for allowing us the opportunity to present its views.

RESOLUTION No. 40

Whereas, Congress made permanent the Disabled Veterans Outreach Program with the enactment of PL 96–466 (38 U.S.C. 2003A); and

Whereas, apropriations for the program are authorized under title 42, Section 1101, United States Code; and

Whereas, under that authorization are all employment activity services, but not identified as specific line item budget amounts within the Department of Labor's Employment and Training Administration budget; and

Whereas, such fiscal grouping of programs may cause other programs to be funded to the detriment of the Disabled Veterans Outreach Program; and

Whereas, such fiscal grouping of programs; provides no fiscal control and accountability of the Disabled Veterans Outreach Program; now therefore be it

Resoved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion urge Congress and/or the Department of Labor to provide the Disabled Veterans Outreach Programs with specific and separate line item budget requests; and be it further

Resolved, That the Department of Labor be urged to implement an effective administrative control mechanism to ensure Disabled Veterans Outreach funds are being utilized for the intended purpose.

RESOLUTION No. 72

Whereas, Chapters 41 and 42, title 38, United States Code, provide for an effective job placement, counseling and training programs for veterans, and provide, in Chapter 41, that the Secretary of Labor provide necessary funds for this purpose; and

Whereas, the U.S. Department of Labor has not fully responded with meaningful and productive efforts to provide for maximum employment and training opportunities for veterans; and

Whereas, the U.S. Department of Labor inadequately funds the Veterans Employment Service of the U.S. Department of Labor; and

Whereas, such underfunding compounds the problem of unemployment of veterans, especially unemployment problems of disabled and Vietnam era veterans, which continue to remain at high and unacceptable levels; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that the American Legion request that the Secretary of Labor shall submit to Congress a line item budget for the operation of the Veterans Employment Service; and require fiscal accountability to ensure that funds appropriated for the Veterans Employment Service are used for such purpose.

RESOLUTION No. 104

Whereas, Chapter 42, Section 2012 of title 38, United States Code, requires that any private contractor or subcontractor who has a government contract for the procurement of personal property and nonpersonal services of $10,000 or more shall take affirmative action to employ and advance in employment qualified disabled veterans and veterans of the Vietnam era; and

Whereas, this federal statute further requires contractors to list "immediately" with the local Job Service office all of its suitable employment openings; and

Whereas, enforcement of this requirement is vested in the Office of Federal Contract Compliance of the Department of Labor; and

Whereas, the Office of Federal Contract Compliance has not, in any meaningful and substantive way, enforced the above provisions; and

Whereas, there has been, and is, a blatant disregard of the above provisions by both the Office of Federal Contract Compliance and private contractors, thus denying qualified veterans employment opportunities within the private sector; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that the Office of Federal Contract Compliance in the United States Department of Labor be required to fully enforce the provisions of Section 2012 of title 38, United States Code, which are intended to help eligible veterans to find employment with contractors having federal contracts.

RESOLUTION No. 278

Whereas, the future status of the Comprehensive Employment and Training Act (CETA) under PL 9–203 is in doubt as the Department of Labor is planning for the consolidation, realignment or elimination of many programs under CETA; and

Whereas, this readjustment will have a severe effect on veterans' employment training programs; and

Whereas, under the CETA concept, veterans, especially Vietnam era veterans, were at no time a viable part of CETA; and

Whereas, the Administration proposes a return to the Block Grant system, wherein federal monies will be utilized by the states in best deciding employment/training programs based on state/local needs; and

Whereas, a Block Grant system will better address the employment/training needs of all veterans; and

Whereas, respective state governors will be vested with the authority on how best to utilize these federal funds; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion call upon all deparment officers, post officers, and individual members of The American Legion to contact their respective state governors indicating that any state employment and training programs utilizing federal funds must include special programs for veterans employment and training.

RESOLUTION No. 302

Whereas, the Congress, in the passage of the Wagner-Peyser Act of 1933, provided, in part, for the creation of the United States Employment Service; and

Whereas, employment programs authorized by the Act directly benefit veterans; and

Whereas, present budgetary reductions of these programs will have a profound detrimental effect on the employment of veterans; and

Whereas, these budgetary reductions will cause untold harm to the State employment security agencies as regard staffing, placement and programs; and

Whereas, the State employment security agencies are already under a 30,000 personnel ceiling since 1936 in a labor market which has expanded its demand for services over 30 percent; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion oppose any changes in the Wagner-Peyser Act as regard to programs that benefit veterans; and be it further.

Resolved, That the American Legion urge full funding of all United States Employment Service programs.

RESOLUTION No. 346

Whereas, the Administration proposes the elimination of present federally funded employment and training programs; and

Whereas, the Administration proposes categorical block grants to states which will enable the states to design and implement their own programs based on state needs; and

Whereas, veterans have never been a viable part of previously funded employment/training programs under the Comprehensive Employment and Training Act; and

Whereas, veterans, especially Vietnam era veterans, suffer a higher unemployment rate than their nonveteran counterparts; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that both the Congress and the Administration be petitioned to ensure that veterans are made a substantive and meaningful part of any future federally funded manpower programs.

RESOLUTION No. 441

Whereas, PL 96–466 (38 USC 2003) placed responsibility to appoint full-time clerical support assistance for each State Director of Veterans Employment upon the Secretary of Labor; and

Whereas, Congress, in enacting section 2003, made no provision that these positions should be federal employees; and

Whereas, such ambiguous wording has caused the Department of Labor to interpret section 2003 to place staffing responsibility on the respective states; and

Whereas, such status as State employees would have a severe detrimental impact on State Directors of Veterans Employment; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion seek legislation to amend 38 United States Code, 2003, to secure for each State Director of Veterans Employment full-time federal clerical support.

RESOLUTION No. 468

Whereas, the Disabled Veterans Outreach Program (DVOP) is mandated by statue, under 38 USC 2003A, with approximately 2,000 nationwide staffers; and

Whereas, the requirements of Section 2003A(b)(2) provide that "no more than three-fourths of the DVOP specialists in each State shall be stationed at local employment offices in such State"; and

Whereas, the proposed budget cuts to the State employment security agencies may necessitate the curtailment of many local Job Service offices; and

Whereas, such Job Service office curtailments will have a negative impact on the effective placement of DVOP staffers and will further hinder the implementation of the program; and

Whereas, the Assistant Secretary of Labor for Veterans Employment should, when warranted, be given the managerial flexibility to place DVOP staffers in offices other than local Job Service offices that would maximize their effectiveness and efficiency; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion seek to amend the law (38 USC 2003A(b)(2)) that requires that three-fourths of all staff under the Disabled Veterans Outreach Program be placed in local state employment security agency offices and, instead, provide the Assistant Secretary of Labor for Veterans Employment with authority to place DVOP staff, when warranted for the greatest efficiency, at any time, and in any number, in offices other than local state employment security agency offices.

RESOLUTION No. 497

Where, Title 38, United States Code, Section 2004, establishes that the Secretary of Labor shall assign to each local State employment security agency one or more veterans representative; and

Whereas, subsequent regulations promulgated by the Department of Labor at 20 CFR 653 state that local veterans employment representatives (LVER) be assigned to every full functional local employment service office that has at least 6,000 veterans in population within its administrative area, or that had at least 1,000 new and renewed applications from veterans in the past 12 months; and

Whereas, from time to time a movement is generated to amend 20 CFR 653 as to eliminate the employment services for veterans or modify the above requirement; and

Whereas, many proposed modifications and/or amendments would have a severe negative impact on full employment services to veterans; now therefore be it

Resolved, By the American Legion in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that The American Legion oppose any modification and/or amendment to 20 CFR 653 relative to the placement of local veterans employment representatives that would have a negative impact on veterans employment services; and be it further

Resolved, That steps be taken to ensure that all local State employment security agency offices do, in fact, have the required number of LVERS and that they are, in fact, being fully utilized for veterans employment services as provided by law.

RESOLUTION No. 517

Whereas, PL 96–466 elevated the Deputy Assistant Secretary of Labor for Veterans Employment position to a full Assistant Secretary for Veterans Employment and statutorily mandated the Disabled Veterans Outreach Program with administrative responsibility to the ASVE; and

Whereas, PL 96–466 can only be properly carried out by realigning the currently fragmented veterans programs within the Department of Labor under the ASVE; and

Whereas, the ASVE must administer veterans programs, but will have no control or influence over budgets for these programs since budget items for these employment programs for veterans must remain with the parent program component; now therefore be it

Resolved, By the American Legion, in National Convention assembled in Honolulu, Hawaii, September 1, 2, 3, 1981, that the American Legion require the Department of Labor to provide the office of the Assistant Secretary of Labor for Veterans Employment with separate and distinct line item budget for the administration of veteran programs; and be it further

Resolved, Seek to have all veterans programs within the Department of Labor aligned under the office of the Assistant Secretary for Veterans Employment.

RESOLUTION No. 34

Whereas, Title 38, United States Code, has recently been amended by Congress to improve employment services to veterans by, among other things, creating an Assistant Secretary of Veterans Employment to advise the Secretary of Labor and have other responsibilities; and by converting the present administratively established and separately funded Disabled Veterans Outreach Program (DVOP) to an ongoing Department of Labor/State operated veterans employment and training outreach program; and

Whereas, the unemployment rate for veterans in the 25–29 year age group, which comprises 85 percent of all Vietnam era veterans, was 7.1 percent in July 1980, compared to the 6.4 percent rate for nonveterans in the same age group, and more than twice the rate for these Vietnam era veterans in July 1979, thus necessitating effective implementation of these new provisions; and

Whereas, while Congress provided that DVOP shall continue, no provision was made for the funds necessary to continue this program; and

Whereas, the Assistant Secretary of Veterans Employment should be a veteran in order to fulfill his responsibility and obligation to effectively implement the veterans employment program within the Department of Labor; now therefore be it

Resolved, By the National Executive Committee of the American Legion in regular meeting assembled in Indianapolis, Indiana, on October 15–16, 1980, that the American Legion urge the President to immediately appoint an Assistant Secretary of Labor for Veterans Employment as mandated by Congress, and that this appointee be a veteran in order that the existing and newly mandated responsibilities of the Department of Labor for promoting full employment of veterans be effectively carried out; and be it further

Resolved, That the Secretary of Labor be urged to immediately make adequate funds available for effectively continuing the Disabled Veterans Outreach Program with full staffing and responsibility as mandated by Congress.

RESOLUTION No. 23

Whereas, the Omnibus Reconciliation Act of 1981 amended Section 8521 of title 5, United States Code, to preclude the payment of unemployment compensation benefits to military people who are eligible for reenlistment; and

Whereas, unemployment compensation provides the ex-service person with temporary subsistence while seeking civilian employment; and

Whereas, ex-service people are in general unable to seek permanent civilian employment while in the military since their military station is likely not in the same geographic area where they intend to reside; and

Whereas, individuals who are not eligible for re-enlistment are rewarded with unemployment compensation benefits and the change, therefore, discriminates against those who are; now therefore be it

Resolved, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 14–15, 1981, that The American Legion oppose the elimination of unemployment compensation for ex-servicemen; and be it further

Resolved, That The American Legion seek the appropriate remedies to amend Section 8521 of title 5, United States Code, to allow ex-service people to collect unemployment compensation.

RESOLUTION No. 22

Whereas, the employment training needs of all veterans, especially Vietnam era veterans and disabled veterans, are substantially diverse from the employment training needs of other groups served by current manpower programs; and

Whereas, programs under the Comprehensive Employment and Training Act have

never delivered adequate services to veterans despite federal requirements and guidelines; and

Whereas, the current Administration proposes the elimination of CETA in many respects and to substitute manpower programs to be administered by the states predicated on their respective needs; and

Whereas, based on this proposal States and the State ES system have not been historically responsible to the manpower needs of their veterans; and

Whereas, Chapter 41 of title 38, United States Code, provides that the VES, among other things, is to design and implement veterans employment training programs; and

Whereas, Congress has never appropriated funds for the VES to specifically address the severe problem of veterans unemployment and underemployment; and

Whereas, this inability to actively and decisively affect veterans employment training has caused the VES to assume a passive and secondary role; and

Whereas, the appropriation of separate funds for the VES to design, implement and monitor veterans; employment programs would have a profound positive effect on underemployed and unemployed veterans; now therefore be it

Resolved, By the National Executive Committee of The American Legion in regular meeting assembled in Indianapolis, Indiana, on October 14–15, 1981, that The American Legion seek to have Congress appropriate funds specially earmarked for the use of the VES to design, implement and monitor manpower training programs to meet the unemployment and underemployment needs of veterans.●

USED CAR REGULATIONS

● Mr. DANFORTH. Mr. President, I was very pleased earlier this week when Virginia Knauer, Special Assistant to the President for Consumer Affairs, announced her support for the Federal Trade Commission's used car rule. Mrs. Knauer describes the rule as "reasonable, straightforward, and uncomplicated." I agree with her. I think the rule is fair and deserves support. Since the Senate will soon be called upon to consider a resolution which would veto the rule, I invite my colleagues to review Mrs. Knauer's comments.

I ask that a copy of Virginia Knauer's letter to Congressman FLORIO be printed at this point in the RECORD, together with a Washington Post article entitled "Knauer Supports Used Car Proposal."

The letter and article follow:

THE WHITE HOUSE,
Washington, D.C., December 1, 1981.

Hon. JAMES J. FLORIO,
Chairman, Subcommittee on Commerce, Transportation and Tourism, Committee on Energy and Commerce, House of Representatives, House Office Building, Annex No. 2, Washington, D.C.

DEAR MR. CHAIRMAN: I would like to express my appreciation for the invitation to share with the Committee my views regarding the Federal Trade Commission's (FTC) trade regulation rule concerning the sale of used motor vehicles which is under consideration by the Congress, in accordance with the terms of the FTC Improvements Act of 1980, 15 U.S.C. 57a–1. Unfortunately, I will not be able to appear before the Committee to deliver the following statement. However, I would like to submit these remarks for inclusion in the record.

As Special Assistant to the President with responsibility for consumers, aged, disabled, health and safety concerns, issues surrounding used car sales are of importance to many of the constituents I serve. In my capacity as a representative of those interests, I wish to express my support for the used car rule promulgated by the Commission. In my view, the rule is a reasonable, straightforward and uncomplicated approach geared toward alleviating a pervasive problem in the used car industry which directly impacts on all types of consumers, namely, consumer reliance on oral misrepresentations by dealers of the mechanical condition of used cars and warranty coverage. Moreover, the rule has an additional and significant consumer education feature which will serve to suggest to consumers the wisdom of certain types of purchasing behavior that is consistent with a buyer's responsibility when purchasing a used car.

After the purchase of a house, the purchase of an automobile, even a used one, is probably one of the more expensive items bought by American consumers. And, the current economic climate dictates that consumers turn and more to the used car market for transportation needs. Numerous newspaper accounts over the past year reflect this continuing trend toward greater consumer demand for used vehicles. This trend is primarily due to the lower cost.

The rising demand for used cars is also reflected in their increasing prices. For a three month period through October 1981, the Consumer Price Index figures showed an inflationary increase of 50.2 percent (at an annual seasonally adjusted rate) in the price of used vehicles. According to a Wall Street Journal article, (October 9, 1981) from January through mid-September, 1981, used car prices increased about 31 percent.

The primary concerns to consumers in purchasing a used vehicle are price, mechanical condition of the vehicle, and fuel economy. Other important factors associated with total ownership costs of a vehicle are warranty coverage and costs of repair. The FTC's four and one-half year investigation reveals that consumers all too frequently rely on oral misrepresentations of material facts made by dealers on these items in reaching their decisions regarding used car purchases. These deceptive practices often result in dissatisfied purchasers, significant monetary losses to consumers, and increased litigation between dealers and consumers as to the precise terms of a sale. Of course, not every used car dealer engages in such activities. However, the FTC record suggests that these practices are so common throughout the used car market as to warrant a uniform national response in the form of the used car regulation now before you. While not perfect, the FTC rule does serve to address these problems in a meaningful way.

The salient features of the rule have been incorporated into a straightforward, workable window sticker known as the "Used Car Buyers Guide." The Guide will be affixed to the window of a used car offered for sale to consumers. The essential elements of the Guide include:

1. A statement to alert consumers that oral promises are difficult to enforce and to encourage buyers to obtain all promises in writing;

2. A listing of the major mechanical and safety systems of an automobile for the consumer's reference and a recommendation that consumers inquire as to the opportunity for an independent pre-purchase inspection·

3. A description of warranty of service terms offered, if any, and the extent of that coverage, as well as an explanation of "as is" sales;

4. The disclosure by the dealer of major known defects which are enumerated on the sticker, however, dealers are explicitly not required to inspect a vehicle to either ascertain or discover defects.

The disclosure of this essential information and the sticker's conspicuous location on the window of used cars as mandated by the rule provides significant benefits to consumers. Among others, the FTC record points to three major benefits to consumers to be derived from the rule.

First, the Guide's three affirmative statements to consumers ((i) the spoken promises warning; (ii) notice concerning a pre-inspection opportunity; and (iii) a list of major mechanical systems) serves a useful consumer educational function. These statements made available at the pre-purchase stage, in conjunction with the disclosure requirements of the rule, will encourage increased consumer awareness of total vehicle ownership costs, and more significantly, may have an impact on subsequent consumer purchasing behavior. Consumers will become more cognizant of the various aspects of used car transactions, including their concomitant responsibilities in this regard. Increased knowledge and awareness on the part of consumers should lead to more informed, satisfied purchasers and more efficient settlements of disputers, if they should arise.

Second, disclosure of warranty coverage and major defects will enable consumers to make more informed purchasing decisions based on a more complete assessment of total vehicle ownership costs. As a result, consumers should rely far less on oral warranty promises and assurances. Furthermore, the modest provision with respect to disclosure of major known defects by dealers will make consumers aware of information which dealers, for the most part, obtain in the ordinary course of business dealings prior to the sale of used cars.

Third, with this information in hand, consumers will be able to more effectively comparison shop for more favorable terms and conditions offered by various dealers. For example, such material disclosures may lead a buyer to offer the dealer significantly less than the asking price for the vehicle, or to negotiate for expanded warranty coverage, or, to select a car other than the one being offered by a dealer.

Fourth, the availability of this information, prior to sale may place consumers in a better bargaining position with dealers, who would, but for the rule, fail to disclose material information to buyers. Dealers would be less likely to have an unfair advantage over consumers in these transactions.

Prior to issuance, the regulation underwent an analysis wherein the costs and benefits to both consumers and industry were carefully scrutinized. A few of the consumer benefits have been highlighted in the discussion above. The Commission has targeted the regulatory costs at a minimal level—approximately fourteen to eighteen cents per sticker. Furthermore, the rule mandates little, if any, recordkeeping by dealers. Of all the alternative approaches considered by the Commission to address consumer reliance on oral misrepresentations in the used car industry, the present rule will maximize the benefits to society in the least costly, least intrusive, and least burdensome manner consistent with the Administration's regulatory goals.

I would also like to point out that the rule may serve as a positive marketing device for used car dealers. The disclosure requirements of the rule will operate to give an advantage to the many honest and forthright members of the industry who provide truthful information to consumers only to be undersold by less scrupulous competition. Likewise, greater disclosure of the material information as provided by the rule may serve as a means of promoting the advantages of particular terms and conditions of sales offered among various dealers. The disparities as to conditions of sale among dealers will become more apparent to consumers.

In summary, taken as a whole, the rule will have a positive impact on the marketplace. The use of the "Buyers Guide" by dealers in developing their marketing strategies, coupled with greater attention to buy-

ers' needs for increased information as to the quality of used cars, will serve to enforce a discipline back through an industry's practices that improves used car commercial transactions. These actions will assist in the development of a more efficient, equitable, and competitive free enterprise system.

It is worthy to note that the rule will not become effective until six months after the conclusion of the Congressional review process. The FTC has designated this interim period as a time for both the industry and consumers to become acquainted with the rule's provisions. Furthermore, the rule provides a mechanism for evaluating its effectiveness. Three years from the effective date of the rule, the FTC is required to perform an impact evaluation study to ascertain the degree of impact on the used car market. At the conclusion of this review, corrective measures, if appropriate, will be taken by the Commission to amend the rule.

In closing, I encourage the Committee to favorably pass on the FTC's Used Car Rule. I am confident that American consumers will welcome such a decision.

Sincerely,

VIRGINIA H. KNAUER,
Special Assistant to the President.

[From the Washington Post, Dec. 5, 1981]

KNAUER SUPPORTS USED-CAR PROPOSAL

(By Caroline E. Mayer)

The White House has come to the aid of the Federal Trade Commission, supporting its used-car rule that is under sharp attack in Congress.

Virginia H. Knauer, a special assistant to the president for consumer affairs, has written a key congressman to express her support for the rule, which requires used-car dealers to disclose more information about the cars they sell to consumers.

"I wish to express my support for the used-car rule promulgated by the commission," Knauer wrote Rep. James J. Florio (D-N.J.), chairman of the House subcommittee that oversees the FTC. "The rule provides significant benefits to consumers," she added.

The rule requires car dealers to post a one-page Used Car Buyers Guide on a car's window to give consumers a description of their warranty rights. The guide also requires dealers to disclose any major defects they know about the car.

After heavy lobbying from the used-car industry—which vigorously opposes the rule—Congress is considering overturning the rule. Under legislation enacted 18 months ago, Congress can veto FTC rules if both the House and Senate pass a resolution of disapproval.

Committee votes in both the House and Senate on the veto are expected next week. Until Knauer's letter was revealed, congressional aides had been predicting that the veto would succeed. Proponents of the rule, however, hope Knauer's letter will sway enough votes against the veto to let the rule go into effect.

"In my view, the rule is a reasonable, straightforward and uncomplicated approach geared toward alleviating a pervasive problem in the used-car industry which directly impacts on all types of consumers, namely consumer reliance on oral misrepresentations by dealers of the mechanical condition of used cars and warranty coverage," Knauer wrote this week.●

ORDER FOR RECESS UNTIL 9 A.M. TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in recess until the hour of 9 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR PERIOD FOR TRANSACTION OF MORNING BUSINESS AND RESUMPTION OF CONSIDERATION OF SENATE CONCURRENT RESOLUTION 50 ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order on tomorrow there be a brief period for the transaction of routine morning business to extend not past the hour of 9:30 a.m. and that at 9:30 a.m. tomorrow the Senate resume consideration of the pending business, Senate Concurrent Resolution 50.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there are a few items of business that can be transacted by unanimous consent according to the calendar I have before me.

Could I inquire of the distinguished minority leader if he is prepared for me to proceed to the consideration of the House message on H.R. 3567.

Mr. ROBERT C. BYRD. Mr. President, there is certainly no disposition on this side to oppose that.

Mr. BAKER. I thank the minority leader.

AUTHORIZATION OF APPROPRIATIONS FOR EXPORT ADMINISTRATION ACT

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on H.R. 3567.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House disagree to the amendment of the Senate to the bill (H.R. 3567) entitled "An Act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. Zablocki, Mr. Bingham, Mr. Eckart, Mr. Bonker, Mr. Wolpe, Mr. Shamansky, Mr. Broomfield, Mr. Lagomarsino, Mr. Erdahl, Mr. Gilman, and Mrs. Fenwick be the managers of the conference on the part of the House.

Mr. BAKER. Mr. President, I move that the Senate agree to the request for a conference with the House of Representatives and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to, and the Chair appointed Mr. HEINZ, Mr. GARN, Mr. ARMSTRONG, Mr. PROXMIRE, and Mr. DIXON conferees on the part of the Senate.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, there are two calendar items that I am prepared to be asked to be indefinitely postponed if it is agreeable to the minority leader. That is Calendar Order No. 89, S. 1186, and Calendar Order No. 381, S. 1857.

Mr. ROBERT C. BYRD. Mr. President, that is agreeable.

Mr. BAKER. I thank the minority leader.

ORDER POSTPONING CONSIDERATION OF S. 1186 AND S. 1857

Mr. BAKER. Mr. President, I ask unanimous consent that S. 1186, a bill to amend the Marine Mammal Protection Act of 1972, as amended, to extend the authorization of appropriations for fiscal years 1982 and 1983; and S. 1857, a bill making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, while I make a final check on other business that may come before the Senate, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS UNTIL 9 A.M. TOMORROW

Mr. BAKER. Mr. President, I know of no further business to come before the Senate this evening. If no Senator now seeks recognition, I move, in accordance with the order previously entered, that the Senate stand in recess until the hour of 9 o'clock a.m. tomorrow.

The motion was agreed to, and at 7:31 p.m., the Senate recessed until Wednesday, December 9, 1981, at 9 a.m.

NOMINATIONS

Executive nominations received by the Senate December 8, 1981:

DEPARTMENT OF JUSTICE

Evan L. Hultman, of Iowa, to be U.S. attorney for the northern district of Iowa for the term of 4 years, vice James H. Reynolds, term expired.

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

Cathie A. Shattuck, of Colorado, to be a member of the Equal Employment Opportunity Commission for the term expiring July 1, 1985, vice Ethel Bent Walsh, term expired.

EXPORT-IMPORT BANK OF THE UNITED STATES

Richard W. Heldridge, of California, to be a member of the Board of Directors of the Export-Import Bank of the United States, vice Margaret W. Kahliff, resigning.

HOUSE OF REPRESENTATIVES—*Tuesday, December 8, 1981*

The House met at 12 o'clock noon.

The SPEAKER. The House is honored today to have an old friend and the former Chaplain of the House, Rev. Dr. Edward G. Latch, offer the prayer.

Rev. Edward G. Latch, D.D., former Chaplain of the House of Representatives, offered the following prayer:

They that wait upon the Lord shall renew their strength—Isaiah 40: 31.

Eternal God, our Father, who reveals Thyself in endless ways, make our hearts receptive to Thee and our minds responsive to the leading of Thy Spirit as we face the trying tasks of these demanding days. Now and always may we keep alive our faith in the values that never die and in virtues that live forever. No matter what may be our lot in life—joy or sorrow, victory or defeat—may we be strengthened by Thy presence and sustained by Thy power as we labor for the good of our country and for a better world where all people shall live with justice by all, good will in all, peace among all and freedom for all, to the glory of Thy holy name and the good of our human family. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

SUNDRY MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Saunders, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4995. An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 4995) entitled "An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes," requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. STEVENS, Mr. WEICKER, Mr. GARN, Mr. MCCLURE, Mr. SCHMITT, Mr. ANDREWS, Mr. KASTEN, Mr. D'AMATO, Mr. RUDMAN, Mr. STENNIS, Mr. PROXMIRE, Mr. INOUYE, Mr. HOLLINGS, Mr. EAGLETON, Mr. CHILES, Mr. JOHNSTON, and Mr. HUDDLESTON to be the conferees on the part of the Senate.

The message also announced that Mr. HATFIELD be a conferee, on the part of the Senate, on the bill (H.R. 4995) entitled "An act making appropriations for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes."

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 10. An act to establish a Commission on More Effective Government, with the declared objective of improving the quality of government in the United States and of restoring public confidence in government at all levels.

REPRESENTATIVE RONALD M. MOTTL CALLS FOR NEW LEADERSHIP AT FEDERAL RESERVE BOARD

(Mr. MOTTL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOTTL. Mr. Speaker, in the past few weeks, we have seen a welcome decline in the prime interest rate.

But the only reason for this drop is that the Federal Reserve Board finally turned the monetary screws so tightly that we plunged into a recession.

The underlying problem—excessively tight money which deliberately drives up interest rates—remains. For the sake of letting the Fed's economists test their theories, we cannot continue to sacrifice jobs, businesses, and dreams of a new house or car.

There are a number of things we can do.

For nearly 2 years, I have called for the resignation of Fed Chairman Paul Volcker. Please join me. We must have new, compassionate leadership at the Fed.

I have sponsored legislation that would give the President broad power to name his own Federal Reserve Board, rather than be saddled with holdovers from a previous administration. I ask your cosponsorship of this legislation.

As another alternative, I have cosponsored legislation to abolish the Fed altogether, lodging its necessary functions in the Treasury Department, where there would be accountability to the President for monetary policy.

Now, the Fed is accountable to no one and its high interest rate policies are destroying the economy. We must act, and I ask for your help.

CITY OF LYNN, MASS., EXPRESSES APPRECIATION

(Mr. MAVROULES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MAVROULES. Mr. Speaker, on behalf of the proud city of Lynn, Mass., which 11 days ago was struck by a major fire, I would like to express our heartfelt appreciation to all those whose untiring efforts are putting this community of 80,000 back on its feet again.

I speak of the hundreds of firefighters, police officers, national guardsmen, civil defense workers, and volunteers, coming from 95 communities and three States.

I speak of the Governor of the Commonwealth of Massachusetts, Edward J. King, who as the State's chief executive officer, moved quickly to rush State aid to the devastated community.

Most especially, I speak today of the President's positive response to the plight of this, the largest city in my district—mobilizing the resources of the Federal Government to help a community bear a burden it could not bear alone.

Mr. Speaker, the city of Lynn, is facing a trying time. But it faces it with many friends.

FAIR PRACTICES IN AUTOMOTIVE PRODUCTS ACT

(Mr. OTTINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OTTINGER. Mr. Speaker, today I am introducing the Fair Practices in Automotive Products Act, a bill I believe will increase the chances that millions of Americans will be able to stay on the job in our beleagured automobile industry. I am pleased to be joined by the gentleman from Michigan (Mr. BRODHEAD), the gentleman from Ohio (Mr. PEASE) and the gentle-

lady from Maryland (Ms. MIKULSKI) in cosponsorship of this legislation.

The bill simply requires that cars sold in the United States meet a gradually increasing standard for the percentage of American parts in them. This standard will enable consumers to support and invest in the American economy, regardless of the car they choose to purchase.

Unfortunately, U.S. trade negotiators have been patsies over the years in dealing with the Japaneses on questions of exports and imports. We allow open access to our markets while tolerating insuperable barriers to the sale of American goods in Japan. Under these conditions, we have seen the Japanese walk off with U.S. markets for automobiles, electronics, and computers—all technologies in which the United States has pioneered. This legislation should provide some leverage to deal with this outrage when trade negotiations resume tomorrow.

I believe my bill will encourage all foreign automakers to follow the example of those companies who are already using American workers to compete in the American market.

This legislation should provide enormous benefits for the American economy because it will help stem the financial losses of the trade deficit, a deficit caused, in part, because of countries that refuse to share our open market policy.

I believe this bill is critical at a time when high interest rates have virtually crippled the automobile industry's efforts to rebuild—a rebuilding effort that is crucial to the American economy. The auto industry is simply too large a part of our economic foundation for Congress to leave it to the mercy of the President's economic program.

BUSINESS AS USUAL

(Mr. PANETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PANETTA. Mr. Speaker, according to recent press reports, the Office of Management and Budget and the Council of Economic Advisers confirm what the House Budget Committee and leading economists have been saying for the last 6 months:

This Nation faces the real prospect of massive budget deficits over the next 3 years.

The President's own advisers forecast an increase in the national deficit of close to $425 billion—almost one-half of a trillion dollars—over the next 3 years.

Whatever the other consequences of these policies may be—this figure alone—these deficit projections alone—demonstrate that there is something dramatically and seriously wrong with the premise of supply-side economics.

The time for economic mythology is over. We have reached the ridiculous point where we can eliminate—totally eliminate—every single essential service of government—every discretionary program—except defense and entitlement programs—and we would still not have a balanced budget.

I think it is time for some commonsense in this process, time for a fair and more balanced approach that includes reductions in defense, the tax cut, and other revenues and reductions in order to get us back on a track to economic sanity.

The President says he does not want "business as usual" and yet, there is a serious recession, growing unemployment, and massive deficits. To the American people, it certainly looks like "business as usual" with they, the taxpayers, having to again pay the price.

LARGEST BUDGET DEFICIT IN HISTORY OF THE UNITED STATES

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, I was intrigued, as I am sure all of us were, by the telling figures that have just been revealed to us by the gentleman from California (Mr. PANETTA).

It must be a terrible embarrassment to President Reagan, who has staked his goal upon a balancing of the budget, for the first budget of his administration to be the largest in American history. This Stockman-Donald Regan-Paul Volcker budget deficit will be the largest in the history of the United States. The very policies these men have put in motion have made that soaring deficit unavoidable.

It is unavoidable for two reasons: First, the enormity of the Kemp-Roth tax cut, which benefits primarily, indeed almost exclusively, the wealthiest people of our society. That tax cut is taking from $38 to $39 billion away from the Treasury this year, and some $280 billion in the next 3 years.

The second cause of the huge looming deficits, of course, is the deep decline in the economy and the marked rise in unemployment, Brought about be the Stockman, Regan, and Volcker policies, this economic recession is adding probably $25 to $30 billion extra to the fiscal 1982 deficit.

It is interesting to note that the deficit figures forecast by all knowledgeable economists have risen steadily as the administration's own projections of economic growth rate for fiscal 1982 have steadily declined.

In February the administration was projecting a figure of 4.6 percent as the economic growth rate for fiscal 1982. In March that figure had fallen to 3.4 percent, by the administration's own projection. In October it was projected at 2 percent, in November at only 1 percent, and now in December the administration projects the economic growth rate for fiscal 1982 at six-tenths of 1 percent.

Now, if that declines to a negative for the entire year, you may expect the deficit figures to loom even larger.

The inescapable lesson is that a nation simply cannot balance its budget by enormous tax cuts or by high interest rates and deep recession. Those who earlier this year were advising the President that this could be done have performed a grave disservice both to the President and to the Nation.

LET QADHAFI DRINK HIS OIL

(Mr. DOWNEY asked was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, about a month ago a number of us introduced legislation prohibiting the import of petroleum and petroleum products from Libya.

We took this step out of revulsion at the terrorism and irrationality displayed by the brutal and unstable dictator of Libya, Mu'ammar Qadhafi. Since that time, Colonel Qadhafi appears to have risen to a new low.

Reports indicate he has sent an assassination team to the United States for the purpose of resolving his disagreements with the President of the United States and various high appointed officials of our Government.

There are some who doubt these reports, in that the assassination team does not appear to be organized or operating in an effective way. For my part, this gives me no reason for doubt; we should not expect the Qadhafi government to do anything in a competent manner, since there is nothing competent about it. All it has to do is rub out the opposition and sit back and collect its oil revenues.

It is time we in the United States stopped contributing to these revenues. I urge everyone who agrees with me to cosponsor this bipartisan bill. Without his money, Qadhafi's significance will join his moral and intellectual worth at the zero level.

APPOINTMENT AS MEMBERS OF SPECIAL JOINT COMMITTEE TO COMMEMORATE 100TH ANNIVERSARY OF BIRTH OF FRANKLIN DELANO ROOSEVELT

The SPEAKER. Pursuant to the provisions of House Concurrent Resolution 220, the Chair appoints as members of the Special Joint Committee on Arrangements to commemorate the 100th anniversary of the birth of Franklin Delano Roosevelt the follow-

ing Members on the part of the House to serve with himself:

Mr. BENNETT of Florida;
Mr. BOLLING of Missouri;
Mr. PEPPER of Florida;
Mr. YATES of Illinois;
Mr. FISH of New York;
Mr. MARKS of Pennsylvania; and
Mr. BENEDICT of West Virginia.

FIRST ANNUAL CONGRESSIONAL CHILDREN'S CHRISTMAS PARTY

(Mr. FAUNTROY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FAUNTROY. Mr. Speaker, this year Congress has been afforded the opportunity to adopt District of Columbia foster children under a program sponsored by the District of Columbia Police Department.

In just 1 week from the date of the first "Dear Colleague" signed by Speaker O'NEILL and myself, 76 children have been invited to visit Capitol Hill next week.

Fifty-six Members, three committees, the Speaker's Office (who took three), and the Wednesday Group have agreed to share their Christmas with a needy child.

These children will come to the Hill on December 15 at 2 p.m., accompanied by a foster parent. They will spend 1 hour in the offices, opening gifts and having refreshments. At 3 p.m., they will congregate in the Cannon Caucus Room for carols, Santa, and some Redskins who have agreed to make an appearance.

Can you imagine what an exciting, almost magical afternoon this will be for the children—children who have already known more grief and disappointment than most people do in a lifetime?

These 2 hours will make a magnificent impression on their young minds. They are never going to forget the day they had Christmas on the Hill with the U.S. Congress.

Because this program is being made possible by a cross section of the entire Congress—I wish to express the deep appreciation of the city of Washington, D.C., the police department, and myself.

Finally, I would like to say that as much as I appreciate those who have already come forward, I have got another 100 children just waiting for your invitation to share some of your Christmas.

THE ALASKAN NATURAL GAS TRANSPORTATION SYSTEM WAIVERS

(Mr. CORCORAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, the House is scheduled to debate House Joint Resolution 341, a resolution approving of waivers to the Alaska Natural Gas Transportation Act of 1976, today and vote on the resolution tomorrow. The 1976 law granted the President the authority to submit waivers to both Houses of Congress "in order to permit expeditious construction and initial operation of the approved transportation system."

I argue that even though the waiver package is legal, the waiver provision of the law was intended to be used by the President as a means of eliminating the Federal bureaucracy's treatment of the approved transportation system, to reduce the possibility of protracted litigation, and limit judicial review. The waiver provision was never meant to give authority for the nullification of substantitive laws governing the chosen transportation system.

It is clear to me that any waivers submitted by the President should be with respect to "certificates, right-of-way, permit, lease, or other authorization to be issued or granted by a Federal officer or agency" as stated in the 1976 law. I have found no provisions in the law that allows for waivers with such complex financing schemes as those which we will be considering in House Joint Resolution 341.

In a memo from Chairman JOHN DINGELL to the Committee on Energy and Commerce, he states:

If we find that the need for the gas is sufficiently urgent or that the provisions of law to be waived are relatively unimportant we may approve the President's package.

Obviously, this package is important. Gas consumers could pay for this system before it is finished, if it is ever finished.

I disagree with DOE Secretary Edwards on this point, we are dealing with more than mere obstructions, we must realize that these waivers are far reaching and substantive in nature. The effects may be felt for many years to come.

VOTES IN HOUSE SHOULD NOT BE POSTPONED BECAUSE OF POLITICAL ROAD SHOWS

(Mr. LOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LOTT. Mr. Speaker, the House last acted on some matter of substance on Monday, November 23. We had a couple of pro forma sessions last week, a pro forma yesterday. We are in session today and we will take up some important issues, the Alaskan gas pipeline, the Coast Guard authorization, but there will be no votes today.

Now there are some Members around here, particularly some of the younger Members, who are asking what is the deal here? Are we in session or are we not in session? Members had time to get back in here Monday. Members came back thinking we would have something of consequence today and yet no votes. Why is this? Why are we not having votes today?

If we have got important things to do with the economy and legislatively, let us get on with it. The fact of the matter is that we are not having any votes today because there is a political road show in Detroit. That is fine. Both parties do that. But I say let us do it on our own time, Mr. Speaker. Let us not put off votes, important votes in the House of Representatives so that we can have political road shows around this country.

BATH IRON WORKS, A TRADITION OF EXCELLENCE

(Mr. REGULA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. REGULA. Mr. Speaker, I had the privilege recently of participating in the commissioning of our newest guided missile frigate in the *Oliver Hazard Perry* class, the U.S.S. *Gallery.*

The ceremony took place at the Bath Iron Works in Bath, Maine, where a tradition of excellence in building ships for our naval and merchant fleet goes back to 1890.

A vital component of this country's economic recovery must necessarily be a bigger return for the money we spend. The management at Bath Iron Works, along with the 6,500 men and women who work there, are giving the American taxpayers a good return on their investment.

I was very impressed with their dedication, craftsmanship, and efficiency.

More than three vessels a year are built at Bath Iron Works. Each is turned out ahead of schedule at an average of $5 million per ship under the contract price. These people are actually returning money to the Government.

The pride and dedication of the men and women at Bath Iron Works is apparent. Many of them attended the commissioning ceremony and shared the thrill of placing this fine new ship into the service of our country.

The excellent performance by Bath Iron Works is the kind of productivity we should demand and receive on all of our contracts. In the guided missile frigate program, the Navy and Bath Iron Works have demonstrated that the American people can get their money's worth.

The workers at Bath deserve our praise and appreciation for their work. Theirs is truly a shining success story in America's shipbuilding program.

THE UNITED STATES AEROSPACE FORCE

(Mr. KRAMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KRAMER. Mr. Speaker, yesterday marked the 40th anniversary of Pearl Harbor. Because of unpreparedness, we not only suffered a tragic loss of lives, but also one of our most devastating military defeats. Unless we learn from history, I am afraid we may once again risk another Pearl Harbor, this time in space.

Just last week, Aviation Week magazine confirmed the Soviets have put into space a battle station with weapons. This is just one more example of aggressive Soviet military space activity. That is why today I am introducing legislation which is critical to our national security.

My bill would do several things. First, it would change the name of the United States Air Force to the United States Aerospace Force and would give the Aerospace Force two new missions—homeland defense and space control. Second, it would instruct the Secretary of the new Aerospace Force to study the feasibility and desirability of establishing a separate space command within this service. I believe this step is essential if we are to avoid another Pearl Harbor.

GOOD NEWS AND BAD NEWS

(Mr. TAUKE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. TAUKE. Mr. Speaker, today we have some good news and some bad news. The good news is that this year, the 10th year of Project Happy in Congress, we now have 100 offices participating in this Christmas project. I want to commend the many Members of Congress and the congressional staffs who are spreading the giving spirit of Christmas through Project Happy.

For those of my colleagues who are not yet participating, this project is operated in cooperation with Catholic Charities and it permits each office on the Hill to adopt a needy family in the Washington area and provide them the food and gifts that will make their Christmas a merry one. I hope that any offices not yet participating will call my office and join us in Project Happy.

The bad news is that today we are going to be taking up the Alaskan natural gas pipeline waiver package, and I am hopeful that all of the Members of Congress will be careful on this piece of legislation. Do not be fooled. This is not a question of whether or not we will have a pipeline.

The question is, how we are going to share the risks of building that pipeline.

Under this bill, the consumers and the Federal Government ultimately will bear much of the risk. I think that instead the State of Alaska and the producers should share that burden with the pipeline investors. So I hope my colleagues will listen carefully to the debate on this bill.

VISA OF IAN PAISLEY SHOULD BE WITHDRAWN

(Mr. CARNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CARNEY. Mr. Speaker, for 2 years I criticized the Carter administration's selectively applied "human rights" policy. Recent actions by the State Department make me wonder whether Secretary Haig is also carrying out a selective application of our foreign policy.

I would like to bring to the attention of my colleagues that a visa to visit the United States has been granted to one Ian Paisley, a notorious Protestant leader in Northern Ireland who for years has promoted, encouraged, and applauded acts of violence and terrorism by the Protestant element in that troubled land.

Ian Paisley has been convicted and served a prison sentence for his leadership of violent demonstrations in 1969. Paisley is now a Member of the British Parliament, and the State Department has approved his application for a visa to come here in early to mid-January.

Yet a Catholic Member of Parliament from Northern Ireland, Owen Carron, had his visa application rejected by the same State Department earlier this year. The grounds: Criteria which exclude persons who propose and legitimatize the use of violence or terrorism.

I deplore violence and acts of terrorism by both sides in the north of Ireland. It should be American foreign policy to oppose violence and terrorism. But if that is to be our policy, we cannot apply it against Owen Carron and not against Ian Paisley.

Mr. Speaker, I am writing Secretary Haig to request the withdrawal of the Paisley visa. I have sent a "Dear Colleague" letter to the Members of this body, and I urge others join in this effort to prevent a travesty of America's foreign policy.

□ 1230

REPORT OF ACTIVITIES OF U.S. GOVERNMENT IN UNITED NATIONS AND AFFILIATED AGENCIES, CALENDAR YEAR 1980—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Foreign Affairs.

(For message, see proceedings of the Senate of December 7, 1981.)

19TH ANNNUAL REPORT ON EMPLOYMENT AND OCCUPATIONAL REQUIREMENTS, RESOURCES, USE AND TRAINING (CETA)—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Education and Labor.

To the Congress of the United States:

Pursuant to the requirements of Section 127(a) of the Comprehensive Employment and Training Act (CETA), as amended, I hereby transmit the 19th annual report pertaining to employment and occupational requirements, resources, use and training. The period covered by the report precedes my term of office.

RONALD REAGAN.

THE WHITE HOUSE, *December 8, 1981.*

CHUGACH REGION STUDY (ANILCA)—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER pro tempore laid before the House the following message from the President of the United States; which was read and, together with the accompanying papers, without objection, referred to the Committee on Interior and Insular Affairs.

To the Congress of the United States:

Pursuant to the provisions of Section 1430 of the Alaska National Interest Lands Conservation Act (ANILCA), I hereby transmit the Chugach Region Study. The participants to the study failed to agree upon a settlement of the land claims of Chugach Natives, Incorporated. However, the Chugach Natives, Incorporated, may elect to satisfy their land entitlements pursuant to existing law under Section 1429 of ANILCA, or pursuant to land ex-

changes in accordance with a federal proposal dated November 13, 1981.

RONALD REAGAN.

THE WHITE HOUSE, *December 8, 1981.*

PROVIDING FOR PRINTING OF BROCHURE ENTITLED "HOW OUR LAWS ARE MADE"

Mr. GAYDOS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the concurrent resolution (H. Con. Res. 106) entitled "Concurrent resolution to provide for the printing of the brochure entitled 'How Our Laws are Made'," with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the concurrent resolution.

The Clerk read the Senate amendment, as follows:

Page 2, after line 6, insert:

SEC. 2. There shall be printed for the use of the Senate fifty-two thousand additional copies of the document specified in section 1 of this concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mrs. MARTIN of Illinois. Mr. Speaker, reserving the right to object, would the gentleman explain the request briefly, but in a little greater degree?

Mr. GAYDOS. Mr. Speaker, if the gentlewoman will yield, this concurrent resolution provides for the printing of the brochure "How Our Laws Are Made" as a House document. On September 17 of this year, the House passed this concurrent resolution in a form which would provide copies of this document to Members of the House. The resolution did not provide for the distribution of any copies of this document to Senators. Accordingly, the Senate has passed this concurrent resolution with an amendment providing for the authorization of 52,000 additional copies of this document for the Senate. The amendment provides 500 copies for each Senator. This is the same number which the resolution provided for each Member of the House. The increased estimated cost from the Senate amendment is approximately $16,962.40, making the total cost of the concurrent resolution $98,946.61.

Mrs. MARTIN of Illinois. Mr. Speaker, further reserving the right to object, I thank the gentleman for his excellent explanation and again repeat that this is a bipartisan resolution supported by the entire committee.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

A motion to reconsider was laid on the table.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to the provisions of clause 5 of rule I, the Chair announces that he will postpone further proceedings today on each motion to suspend the rules and on each question of passing a joint resolution or agreeing to a conference report on which a recorded vote or the yeas and nays are ordered, or on which the vote is objected to under clause 4 of rule XV.

Such votes, if postponed, will be taken on Wednesday, December 9.

STATE AND LOCAL GOVERNMENT COST ESTIMATE ACT OF 1981

Mr. ZEFERETTI. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1465) to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution, as amended.

The Clerk read as follows:

H.R. 1465

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "State and Local Government Cost Estimate Act of 1981".

SEC. 2. (a) Section 403 of the Congressional Budget Act of 1974 is amended—

(1) by inserting "(a)" before "The";

(2) by striking out "and" after the semicolon in clause (1) of subsection (a) (as redesignated by clause (1) of this subsection);

(3) by inserting after clause (1) the following new clause:

"(2) an estimate of the cost which would be incurred by State and local governments in carrying out or complying with any significant bill or resolution in the fiscal year in which it is to become effective and in each of the four fiscal years following such fiscal year, together with the basis for each such estimate; and";

(4) by redesignating clause (2) of such subsection as clause (3);

(5) by striking out "(1)" in clause (3) of subsection (a) (as designating by clauses (1) and (4) of this subsection) and inserting in lieu thereof "(1) and (2)";

(6) by striking out "estimate" each place it appears in clause (3) of subsection (a) and in the last sentence of such subsection, and inserting in lieu thereof "estimates"; and

(7) by inserting at the end thereof the following new subsections:

"(b) For purposes of subsection (a)(2), the term 'local government' has the same meaning as in section 103 of the Intergovernmental Cooperation Act of 1968.

"(c) For purposes of subsection (a)(2), the term 'significant bill or resolution' is defined as any bill or resolution which in the judgment of the Director of the Congressional Budget Office is likely to result in an annual cost to State and local governments of $200,000,000 or more, or is likely to have exceptional fiscal consequences for a geographic region or a particular level of government.".

(b) The amendments made by subsection (a) shall apply with respect to bills or resolutions reported by committees of the House of Representatives and the Senate after September 30, 1982.

SEC. 3. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

SEC. 4. The authorization granted under the terms of this Act shall expire on September 30, 1987.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from New York (Mr. ZEFERETTI) will be recognized for 20 minutes, and the gentleman from Tennessee (Mr. QUILLEN) will be recognized for 20 minutes.

The Chair recognizes the gentleman from New York (Mr. ZEFERETTI).

Mr. ZEFERETTI. Mr. Speaker, I yield myself such time as I may consume.

Mr. ZEFERETTI. Mr. Speaker, briefly, H.R. 1465 if passed will amend section 403 of the Congressional Budget Act to require the Congressional Budget Office to prepare State and local government cost estimates for every significant bill or resolution reported by committees of the House and Senate. A measure will be considered significant if: First, It is likely to result in an annual cost to State and local governments of $200 million or more; or second, it is the considered opinion of the Congressional Budget Office that passage of a certain piece of legislation will have exceptional fiscal consequences for a geographic region or a level of government. To reflect a legitimate concern by the Congressional Budget Office in regard to startup time this measure shall apply to bills and resolutions reported after September 30, 1982, the beginning of fiscal year 1983. In addition, the bill includes a sunset provision which calls for the expiration of this measure on September 30, 1987. The bill authorizes the appropriation of funds necessary to carry out the provisions of the bill which according to CBO is about $700,000 annually.

The committee believes this minimal cost will be more than recouped by all levels of Government through the enhanced cost consciousness it will bring to congressional decisionmaking.

Further, I would like to point out that section 403 of the Budget Act requires the inclusion of cost estimates with bills only if the cost estimate is submitted in a timely manner to the requesting committee. It is in no way the intent of this measure to delay the reporting of legislation by a committee.

Mr. Speaker, this is one of the most important intergovernmental measures before the 97th Congress because it will emphasize the fiscal interrela-

tionships of nearly every Federal program. Over the past decade, Congress has mandated hundreds of programs and requirements upon States and localities, thereby generating costs to those governments in the billions of dollars. In our increasingly complex economy, changes in Federal programs, policies, and procedures can impose significant burdens on local governments, burdens that are often unexpected and usually unintended. H.R. 1465 will allow Congress to know beforehand what costs will be imposed on State and local governments to avoid the serious problems that we have encountered in the past.

Let me underscore that passage of this bill will in no way result in a further expenditure of funds or a significant increase in paperwork for State and local entities. In testimony before the Rules Committee representatives of State and local government organizations emphasized that data and information required by CBO in computing estimates is readily available and that any increase of paperwork would be minimal.

If we are going to enact legislation imposing significant costs on State and local governments we should be aware of those costs at the time we are considering the legislation not afterward. There has never been a better time than the present to gain support for this bill. We have all become acutely aware of the need to slow down the rising costs of Government. This legislation is an important step toward full disclosure of the cost of Federal policies. H.R. 1465 will provide an essential managerial oversight tool for Congress and provide a vehicle for determining the financial obligations placed on State and local governments in meeting national policy objectives.

Mr. Speaker, this measure has found broad support. It has received endorsements from virtually every recognized State and local government association in the country and has been cosponsored by 106 Members of the House. I urge the Members to vote favorably for its passage.

The SPEAKER pro tempore (Mr. FLIPPO). The Chair recognizes the gentleman from Tennessee (Mr. QUILLEN).

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from New York has ably explained the provisions of this bill. It is long overdue. It should be enacted into law, because the frustrations of local communities and the States throughout this Union have been great over the years.

The Congress mandates certain measures that must be carried out by the local governments and States without any cost estimate whatsoever. This measure would mandate the Congressional Budget Office to provide cost estimates on significant measures exceeding $200 million.

I think it is long overdue, and it should be enacted into law.

Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. Mr. Speaker, I rise in support of H.R. 1465, which would require the Congressional Budget Office to provide cost analyses of significant legislation, emphasizing the impact upon State and local governments.

The need for this action was never clearer than now, with our current focus on regulatory reform. We have found such reform necessary largely because too many times in the past, regulations have crippled governments that had no way of preparing for the onslaught. The villain was often not the regulation itself.

For example, section 504 of the Rehabilitation Act requires public buildings be made accessible to the handicapped. As worthwhile as such an aim is, unanticipated costs in the millions understandably create budgetary crises for even the most affluent cities. Being able to plan means not only smoother implementation of those regulations that are needed, but less expense in the long run, with less incidence of the type of emergencies that are running our State and local governments deeper into debt.

The President's story about Karen, the little girl hospitalized with viral encephalitis for close to the full 3 years of her life, further exemplifies the regulatory bind the Government has gotten itself into. You will recall that the hospital care cost between $12,000 and $14,000, even though doctors advised her family they could adequately take care of her at home for $2,500. Of last year's total medicaid cost of $16.8 billion, the CBO estimates 65 percent pays for institutionalization. Because there are thousands of others like Karen who are eligible for Government aid only if they do not go home, the price of needless expenditures due to arbitrary, unconsidered regulation is astronomical. A little foresight might have prevented present panic over health care costs.

Whether regulations are needed or, as in the last case, only prove detrimental, they often lead to budgetary surprises. And these are surprises we could do without.

The setting of regulatory guidelines is not the only way in which both Federal and non-Federal dollars are spent and spent again thanks to action taken without full preparation and advance notice. Our delay in setting appropriations let to a continuing resolution that State governments did not expect. We all understand the cost impact of special sessions on budgets already in trouble: Last minute adjustment of medicare and medicaid figures meant the California Legislature had to call a special session that cost the taxpayers additional tens of thousands.

Laws passed and even grants awarded with the purpose of aiding troubled cities, counties, and States may do more harm than good when no preparation is made for regulatory and other costs attached. How ironic that a locality may find itself having to refuse Federal help simply because it is unable to afford it.

No one can maintain a budget without having any idea of what expenditures will be. We cannot keep expecting States and localities to do so. And it is not merely a matter of consideration to offer projections, but, in the final analysis, it is money saved by all levels of government. The passage of the State and Local Government Cost Estimate Act was never before so critical. I urge my colleagues to vote in favor of it.

Mr. QUILLEN. Mr. Speaker, I reserve the balance of my time.

Mr. ZEFERETTI. Mr. Speaker, I yield 5 minutes to my colleague, the gentleman from New York (Mr. LUNDINE), the coauthor of the legislation.

Mr. LUNDINE. Mr. Speaker, I rise to express my strong support for H.R. 1465, the State and Local Government Cost Estimate Act of 1981. I wish to commend my distinguished colleague from New York (Mr. ZEFERETTI) and the members of the Committee on Rules for their leadership on behalf of this legislation.

I joined in sponsoring this legislation this year because I firmly believe that Congress has failed to assess the consequences of its actions on State and local governments. It has become clear that even minor changes in Federal programs and policies can impose significant fiscal burdens on States and localities—burdens that are often unexpected because Congress has had no means of assessing the cost of legislation on anything other than the Federal budget.

H.R. 1465 provides Congress with both the opportunity and the means to assess the broader costs and consequences of Federal legislation. It directs the Congressional Budget Office to prepare estimates of the potential costs State and local governments might incur in complying with legislation reported by congressional committees. This cost estimate process would permit Congress to identify the possible consequences and hidden costs of a bill or resolution before it is enacted into law.

H.R. 1465 is a response to the unprecedented expansion of Federal programs and controls during the 1970's. More than 150 new categorical aid programs were enacted during the decade, bringing the total number of such programs to over 500. Each of these programs has come with its own set of requirements, directives, and

overhead costs. Burdened by declining revenues and rising demand for public services, local officials have had little choice but to accept these requirements as the price of needed Federal assistance.

As a former city official, I am keenly aware of both the need for Federal assistance at the local level and the excessive costs that often accompany this assistance. In responding to the demands and directives of Federal agenices, local governments have had their traditional policy and funding priorities disrupted. Their operations are often so encumbered with the details of responding to Federal directives that many local jurisdictions lose their capacity to respond to the concerns of local citizens.

The net effect of this expansion of Federal activity has been to shift power away from local elected officials and into the hands of Federal bureaucrats.

All these developments, I should point out, do not predate my entry into Congress. Some of the most costly legislation, from the standpoint of local officials, has been enacted since early 1976. In many instances, I supported the legislation which contained these mandates and costs, largely because there was little, if any, means of assessing the costs the legislation would impose on State and local jurisdictions.

H.R. 1465 would help remedy this situation by providing State and local government cost estimates as part of the report on major bills or resolutions approved by House and Senate committees. Cost estimates would be required for any bill or resolution imposing an aggregate cost of State and local jurisdictions of at least $200 million annually or, in the judgment of CBO, having an "exceptional fiscal consequence" for a specific geographic region or a particular level of government.

The cost estimates would be similar in format to current Federal cost estimates and would include detailed explanations of the basis for any cost estimates provided. The cost estimate procedure provided in the legislation would be fully operable at the beginning of the 1983 fiscal year.

Mr. Speaker, we are considering this legislation at a critical time for State and local governments. States and localities have suffered a series of economic setbacks caused not only by substantial reductions in Federal assistance, but by rising voter resistance to tax increases and record high municipal borrowing costs.

State and local jurisdictions have already had to accept a substantial $13 billion reduction in Federal assistance, together with $2.3 billion in revenue losses as a result of the passage of the new tax legislation. Assistance programs to States and localities, which account for only 14 percent of total Federal spending, have had to absorb nearly 66 percent of the cuts in new budget authority for the current fiscal year.

State and local officials have been willing to accept this substantial share of the budget reductions enacted by Congress. However, the cumulative effect of reduced Federal aid, rising borrowing costs, and restricted tax revenues has begun to play havoc with local planning and local budgets. Recent studies show that more than 30 States will operate at a deficit this year, while most cities and towns continue to reduce basic services to limit further deterioration in their operating budgets.

Given such conditions among our State and local jurisdictions, it is imperative that Congress take every possible action to limit the number of fiscal burdens it imposes on States and localities. At a time when Federal assistance is being abruptly withdrawn, it would be irresponsible to continue imposing new costs and responsibilities on local budgets without even attempting to assess the magnitude of these costs.

It has become clear that Federal legislation cannot be considered in isolation. Federal objectives cannot be achieved, nor Federal spending reduced by merely shifting a greater burden of the costs to State and local government. The public's resistance to higher local taxes and increased Federal spending should be evidence enough to remind us that the cost of government, whether at the Federal, State, or local level, ultimately falls on the same taxpayers.

The cost estimate procedure provided in H.R. 1465 would permit Congress to identify, early in its deliberative process, the major consequences and hidden costs of proposed programs and policies. This can result, I believe, in the drafting of more responsible, less costly legislation and the rejection of proposals that impose excessive and unreasonable fiscal burdens on State and local governments.

I am certainly no advocate for a needless complication of the legislative process or for the creation of additional reports. I am convinced, however, that whatever time or expenditure is required to prepare these cost estimates will be more than offset by the savings that will invariably result from the enactment of less costly, more responsible legislation.

Thirty-five State legislatures currently employ some sytem for estimating the cost of State actions on local jurisdictions. In States where these systems have operated for a number of years, local officials are convinced the process has provided substantial savings to local governments and to taxpayers.

I think it time for Congress to adopt some of the practical, cost-saving measures that have been developed by State and local officials in response to rapidly changing economic conditions. This legislation offers an important step toward achieving the kind of fiscal responsibility the American people are now demanding of all levels of government.

I urge the House to adopt this needed legislation.

Mr. QUILLEN. Mr. Speaker, I yield 4 minutes to my colleague, the gentleman from Mississippi (Mr. LOTT.)

Mr. LOTT. Mr. Speaker, I am pleased to rise in support of H.R. 1465, the State and Local Government Cost Estimate Act, which I have cosponsored along with over 100 of my colleagues. At a time when the American citizens are asking for and receiving more power and responsibilities at the local and State levels, it is important that the Congress be able to assess correctly the impact of Federal legislation upon these non-Federal governmental units.

It makes sense that we, as national legislators, be given information concerning the costs which will be incurred by State and local governments in carrying out the laws which are being considered here in Washington. This bill would do just that by requiring the Congressional Budget Office to provide us with estimates for legislation which will impose significant requirements on State and local governments. The triggering device in this bill which will mandate such estimates from CBO will be a determination that a particular bill or resolution in question is likely to result in an annual aggregate cost to State and local governments of at least $200 million or is determined to have exceptional financial consequences for a specific region or level of government.

We in the Congress should have learned by now that nothing in life is ever free, and there will certainly be a cost to the Federal Treasury if we enact these new responsibilities for the Congressional Budget Office. CBO Director Alice Rivlin testified before the Committee on Rules in support of this measure but stated that its enactment would of course require additional staff in order to collect and analyze the data for making the necessary estimates. She further stated that her research had indicated such estimates would have been required for approximately 54 to 74 bills if this legislation had been in place during the 96th Congress. The total estimated outlays for fiscal years 1983 through 1986 as a result of this bill would be $3.2 million. In deciding whether to pass this bill, it is therefore important to ask whether even this relatively meager expenditure is justified. In my opin-

ion, the benefits of this legislation will far exceed the costs.

In order for CBO to make the necessary estimates involved in this legislation, certain information will have to be received from the various State and local governmental units. During committee consideration of this bill, I expressed concern that the bill itself might impose costly and time-consuming reporting requirements on States and localities. The testimony presented to the committee has convinced me that no such burdens will be imposed by this bill. Many States already have in place the capability to assess the potential impacts of Federal mandates upon their finances. These sources will no doubt prove most helpful to CBO in gathering information. However, in her testimony, Dr. Rivlin assured the committee that CBO will develop its own capability for these estimates without imposing any reporting requirements upon the governments which this bill is designed to help.

It is important to remember that this bill is supported by every significant State or local government group in the Nation, including the National Governors' Association, the Southern Governors Association, the National League of Cities, the National Association of Towns and Townships, and the Council of State Governments. In testimony presented to the committee, these organizations told of the tremendous burdens—often unintended—which have been imposed upon them by Federal legislative mandates.

A statement to the committee by Delegate Robert E. Washington of the Virginia General Assembly was, in my opinion, particularly appropriate. He pointed out that once a law is passed and the various implementing regulations are adopted, it is the taxpayers who are always left to pick up the tab. It makes no difference whether this federally mandated cost is imposed through the States or localities or on the Federal level. In the final tally, it still comes out of the people's earnings. Therefore, it is only fair that the total financial burden to the citizens, at every level, be assessed before additional responsiblities are imposed.

Delegate Washington gave two examples of Federal legislation which have had tremendous financial consequences to the States. The first program which he mentioned was medicaid, which required expenditures of almost $12 billion by the States in 1980. This program was adopted in 1965 with little debate and little consideration given to the enormous drain this would present to the various State treasuries. If H.R. 1465 had been in effect during the consideration of the medicaid authorization, the Congress would have been apprised of this impact. Perhaps the decision to proceed would still have been made, but at least the State governments would have been made aware of the financial commitment required by Washington. Another good example of legislation which mandated expensive requirements on the States is the Rehabilitations Act of 1973, which was certainly well intended but which entailed massive costs to the States, according to Delegate Washington.

I should mention that this bill contains a 5-year sunset provision. It will take effect on September 30, 1982, and will automatically terminate on September 30, 1987, unless the Congress takes affirmative steps to renew the legislation. As one who has long been an advocate of such oversight measures on a broader scale, I am delighted that such a provision is included in this bill. If in 1986 or 1987 we determine that this estimate procedure is useless or not cost effective, then the Congress can simply let it die and consider it an unprofitable experiment. If, however, as I expect, this legislation pays for itself many times over in savings to the taxpayers, then Congress can easily pass new legislation.

In conclusion, Mr. Speaker, I would simply state that, in this day of renewed emphasis on federalism, this legislation is necessary as a reminder of the far-reaching consequences of congressional actions. It is only fair that we begin to assess more closely the effects of our legislation upon the States and localities which must live under the laws. I urge the adoption of H.R. 1465.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to my colleague, the gentleman from Ohio (Mr. KINDNESS).

Mr. KINDNESS. Mr. Speaker, I was reminded of some testimony I gave before the Rules Committee in the last Congress concerning the predecessor of this legislation and took a look at what I said at that time in the testimony.

I said, "I am sure," speaking to the Rules Committee, "That you will hear, if you have not already, testimony about the cost impact of specific acts of Congress, like section 504 of the Rehabilitation Act of 1973, which will result in significant costs to State and local governments, particularly those with older subway systems where barrier-free retrofits will be very expensive."

Another obvious example would be the Refugee Act of 1980; that is, to the extent that it reflects this Nation's refugee policy.

Another example would be the Clean Air Act, its impact especially on those States which have to set up inspection and maintenance programs for motor vehicles.

Certainly there are other examples.

We would not expect this legislation, which I strongly support, to give us more accurate cost estimates. I think this will not lead us to be reluctant to enact legislation simply because we discover that it might impose or shift costs to State governments. At least I hope that would not be the result.

I do sense that some of the proponents of this legislation may see the Congressional Budget Office reports required by the legislation as a tool to lobby against legislation that would impose costs on State and local governments or shift costs currently borne by the Federal Government to the States. Such decisions will have to be made on a case-by-case basis, obviously.

I think our Governors, State legislators, and locally elected officials should expect to have more responsibility placed on their shoulders for the operation of programs whose benefits they seek and which are established by the Federal Government.

Again, these decisions have to be on a case-by-case basis.

I would urge support of the legislation.

Mr. ZEFERETTI. Mr. Speaker, I yield 5 minutes to my colleague, the gentleman from California (Mr. MINETA), a former mayor and also a coauthor of this legislation.

Mr. MINETA. Mr. Speaker, I am extremely pleased that the State and Local Government Cost Estimate Act is finally receiving House consideration. This proposal first received attention in the 95th Congress. At that time the House Budget Committee, of which I am a member, recommended that the Congressional Budget Act of 1974 be amended to require the Congressional Budget Office to prepare State and local government cost estimates for all bills and resolutions reported by congressional committees. I wish to commend my two colleagues from New York, Mr. ZEFERETTI and Mr. LUNDINE, for their perseverance in pursuit of passage of this legislation, and also to the members of the Rules Committee on both sides of the aisle who have reported out H.R. 1465.

Members of Congress have become increasingly concerned with the effects of Federal legislation on the fiscal situations of State and local governments. I know from my own experience as a mayor of a city that grew from 400,000 to 520,000 in population in my one term, oftentimes Federal mandates were found to be costly to States and localities who must devote many man-hours to meet federally imposed requirements for aid. By having the cost impact to State and local governments available at the time Congress is considering the legislation, an assessment can be made by Congress as to whether the requirements are unnecessarily burdensome or time consuming. In some cases Congress may decide to change the legislation to make requirements more realistic.

As communities try to cope with inflation, high interest rates, growing

demands for services, and dwindling resources, it is important to assess the impact which legislation will have on the State and local sectors of government as well as the Federal sector. We at the Federal level must be much more cognizant of the intergovernmental ramifications of our legislation.

Federal, State, and local governments have become increasingly interdependent. State and local governments are linked to the Federal Government by Federal mandates, by grants-in-aid, and by tax structures.

A 1979 inventory of Federal regulations conducted by the University of California—Riverside found 1,260 mandates to local governments. In 1980, 26 percent of State and local expenditures were funded by Federal grants. Furthermore, States are receiving greater portions of their revenues from personal and corporate income taxes which can be significantly affected by changes in Federal tax law.

Under the reconciliation bill passed by Congress in June, Federal grants were decreased by $7 billion. In addition to cutbacks in Federal aid, States and localities could see tax collections reduced by almost $2.5 billion in 1982 as a result of passage of the Economic Recovery Act of 1981. It would be irresponsible for the Federal Government to unknowingly impose additional fiscal burdens on States and localities at a time when their support is being drastically reduced.

Congress must know what the cost of legislation will be to States and localities. H.R. 1465 will provide this information routinely. The State and Local Government Cost Estimate Act amends the Congressional Budget Act of 1974 to require CBO to estimate the costs that will be incurred by State and local governments in complying with or carrying out significant legislation reported out by congressional committees. Under current law, CBO prepares estimates of costs to the Federal Government only. The time has come to extend the cost estimate requirement to State and local governments.

Mr. Speaker, I strongly urge my colleagues to support this legislation.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to my colleague, the gentleman from Nebraska (Mr. BEREUTER).

Mr. BEREUTER. I thank the gentleman for yielding.

Mr. Speaker, I rise to urge my colleagues to join me today in support of a most worthy measure, H.R. 1465. This bill, sponsored by Representatives ZEFERETTI, LUNDINE, and MINETA, would require the Congressional Budget Office to prepare "fiscal impact notes"; that is, cost estimates for all bills which impose an aggregate cost on State and local governments of at least $200 million. In the alternative, a cost estimate would be required if, in the view of the CBO Director, the proposed bill has "exceptional fiscal consequences" for a specific geographic region or a particular level of government. Such "fiscal impact notes" would be mandated effective October 1, 1982.

I can assure my colleagues that nearly all the State and local government officials in their districts will applaud them for supporting this measure. Too often in the past Congress has passed legislation seemingly without the necessary concern for the burdens which it might impose upon the State and local governments called upon to implement the legislation. Such insensitivity must stop.

Under strong pressure to keep down their own tax rates, the State and local governments simply cannot be asked by Congress to take on further financial responsibilities unless a strong public need can be shown and unless serious thought is given to the financial consequences of such a request. H.R. 1465 would be an important sign that Congress understands the serious fiscal conditions now confronting most of our State and local governmental units and the many burdens it has already placed upon them. We must show that Congress will be a good intergovernmental partner with them.

I strongly encourage my fellow Members of this body to support this worthwhile legislation.

Mr. ZEFERETTI. Mr. Speaker, I yield 2 minutes to my colleague, the gentleman from Connecticut (Mr. RATCHFORD).

Mr. RATCHFORD. Mr. Speaker, I rise in strong support of H.R. 1465, the State and Local Government Cost Estimate Act of 1981. I believe this legislation will create an important mechanism for evaluating the impact of Federal legislation, on State and local governments.

For a long time, the Federal Government has been concerned with enacting measures to cure social, economic, and civil ills. While most of this legislation has been adopted on very justifiable grounds, little attention has been paid to the cost of its implementation, particularly at the State and local level. The result of this benign neglect has been confusion, and mounting economic pressure at non-Federal levels of government, as officials there have sought to finance, and implement, Federal mandates with little warning or direction.

Fiscal and administrative resources are becoming more scarce at all levels of government, Mr. Speaker, and I believe it is our responsibility to examine carefully the full economic impact of the legislation we consider on the State and local governments. By requiring the Congressional Budget Office to prepare a fiscal evaluation of legislation reported by a congressional committee, which would impose increased costs of $200 million or more on State and local governments or which would have an exceptional impact on a particular geographic region or level of government, H.R. 1465 would provide Members of Congress with a good assessment of the overall impact of proposed legislation.

Furthermore, H.R. 1465 would give the Congress an opportunity to make adjustments in legislation, to ease the cost of its implementation before it is enacted. In this sense, H.R. 1465 would be a method of saving scarce public sector resources.

Mr. Speaker, during my 12-year tenure in the Connecticut State Legislature, the practice of assessing the impact of a bill on local municipalities became commonplace. Connecticut is now 1 of 35 States which requires such an evaluation of its actions. At at time when the Federal-State relationship is beginning to be shifted toward the States and municipalities I believe H.R. 1465 would be a prudent and appropriate means of checking the impact of legislation on States and localities. As a cosponsor of this measure, I would urge my colleagues to give H.R. 1465 their full support.

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Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, this is a worthwhile measure. As I said a moment ago, the local governments and the States have been bound by what we do without really knowing the cost, and although the estimates of the Congressional Budget Office are that the annual cost for making these estimates will be around $700,000, it will be money well spent. I urge the adoption of this measure.

Mr. Speaker, at this time I yield such time as he may consume to the gentleman from Wisconsin (Mr. GUNDERSON).

Mr. GUNDERSON. Mr. Speaker, I rise in strong support of H.R. 1465 that I have cosponsored along with 106 other Members of this body. As a former State legislator, I can certainly speak to the fact that even the most minor changes in Federal programs and policies have a significant impact on State and local revenues and spending.

That is why it is so important that the Congress have some idea of the consequences of their actions on State and local governments. Presently the Congress has no method for determining the cost of its actions on anything other than the Federal budget.

H.R. 1465 would change that by requiring the Congressional Budget Office to estimate the cost that would be incurred by State and local governments in complying with bills reported by House or Senate committees that,

in the judgment of the Director of the Congressional Budget Office, will have an aggregate cost of $200 million or more to State and local governments or that will have exceptional fiscal consequences to a particular geographical area or level of government.

Clearly, the Congress does not legislate in a vacuum and most of us recognize that fact. It is time that we actually have an analysis of the impact of important Federal legislation on State and local governments before we vote on it rather than hearing about its consequences after its enactment.

I, therefore, urge my colleagues to vote for H.R. 1465. A little forethought in the enactment of new Federal laws will improve the effectiveness of all levels of government.

Mr. ZEFERETTI. Mr. Speaker, I yield 3 minutes to the gentleman from South Carolina (Mr. DERRICK).

Mr. DERRICK. Mr. Speaker, I rise in strong support of H.R. 1465, the State and Local Government Cost Estimate Act of 1981.

The bill will provide us with an estimate of the costs to State and local governments to carry out proposed Federal programs. In a time when Americans are asking that Government spending at all levels be restrained, it is important to know the total costs—both Federal and non-Federal—of implementing legislative proposals.

Too often in the past, Congress has adopted legislation which require State and localities to provide new services without providing any or appropriate fiscal assistance. We have considered legislation without accurately recognizing the cost burden to State and local governments to comply with the bill's mandates.

One example is the Rehabilitation Act of 1973 which requires them to provide the handicapped with full access to Government activities and services, such as providing specially equipped buses and buildings. The act was adopted without having carefully analyzed the added costs to States and localities, which have run into the billions of dollars, and without having provided any funds.

This practice must stop. With all levels of government facing limited fiscal resources, we should know the total costs of a bill and the full effects of it on all levels of government before its adoption. We cannot expect a program to be fully and successfully implemented if the costs of the program exceed available fiscal resources.

Just last week 11 Governors met with the Democratic leadership of the other body and reiterated their support for attaching fiscal notes or estimates of these additional non-Federal Government costs to bills.

As chairman of the Budget Committee's task force on the budget process in the 95th Congress, which recommended that the Congressional Budget Office estimate the cost impact on State and local governments of reported bills, I believe this bill will move us closer to acquiring all the information we need to make a fully informed judgment on a legislative proposal. The bill makes sound budgetary sense. I urge my colleagues to adopt H.R. 1465.

● Mr. CRAIG. Mr. Speaker, each of us, far too often, have heard from our State and local officials about the cost impaction of compliance in carrying out major congressional actions. H.R. 1465, which this body will consider shortly, is a response to the unprecedented expansion of Federal programs during the 1970's, which has imposed significant fiscal and administrative burdens on State and local governments. Undoubtedly, many of these costs are unintended.

Because Congress presently has no means of determining the cost of legislation on anything other than the Federal budget, it has become clear that Federal legislation can no longer be considered in isolation. As we well know, Federal programs cannot be simplified, nor spending reduced by merely shifting a greater burden of the cost to States and their local governments. By amending the Congressional Budget Act of 1974, H.R. 1465 would permit Congress to identify the possible hidden costs and consequences of pending legislation before it is enacted into law. This bill establishes a format and guidelines for preparation of State and local government cost estimates similar to those which CBO currently uses for Federal cost estimates. This can result in the drafting of more responsible, less costly legislation.

At a time when there have been recent reductions in Federal aid to States and local governments, assessment of the impact of Federal legislation is timely. H.R. 1465 offers an important step toward achieving the kind of fiscal accountability that is not only needed, but that the American people are now asking of all levels of government. I am pleased to voice my support for H.R. 1465.●

● Mr. GILMAN. Mr. Speaker, as a cosponsor of H.R. 1465, the State and Local Government Cost Estimate Act of 1981, it is a pleasure to rise in its support, and to urge my colleagues to vote in support of this measure.

It is too easy for many of us to vote for new programs, or for changes in old programs, without fully appreciating the resulting costs imposed on State and local governments. These costs, sometimes called mandate millstones, may be imposed by relatively minor changes in the law, and in order to get a better handle on what costs might be imposed, it is necessary to have cost estimates prepared for each bill likely to have a sizable impact on State and local governments generally, or on the governments of certain specific geographical areas. This bill assigns that task to the Congressional Budget Office, which now prepares cost estimates, pursuant to the Congressional Budget Act, for most bills which are brought to the floor.

Mr. Speaker, permit me to take this opportunity to commend the chief sponsor of this legislation, the gentleman from New York (Mr. ZEFERETTI), and the cosponsors, the gentleman from New York (Mr. LUNDINE) and the gentleman from California (Mr. MINETA) who have helped shepherd the bill to the House floor. I am certain that the Congress will become more sensitive to the needs of States and localities through the operation of this bill and the ultimate beneficiaries will be the American people.●

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. ZEFERETTI) that the House suspend the rules and pass the bill, H.R. 1465, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

RECORD CARRIER COMPETITION ACT OF 1981

Mr. WIRTH. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 4927) to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a fully competitive marketplace in record carriage, and for other purposes, as amended.

The Clerk read as follows:

H.R. 4927

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be referred to as the "Record Carrier Competition Act of 1981".

COMPETITION AMONG RECORD CARRIERS

SEC. 2 Section 222 of the Communications Act of 1934 is amended to read as follows:

"COMPETITION AMONG RECORD CARRIERS

"SEC. 222. (a) For purposes of this section:

"(1) The term 'existing international record carrier' means any international record carrier which is eligible, on the date of the enactment of the Record Carrier Competition Act of 1981, to obtain record traffic from a record carrier in the United States for delivery outside the United States.

"(2) The term 'international record carrier' means any United States record carrier which derives a majority of its revenues during any calendar year from the provision of international record communications services between points of entry into or exit

from the United States and points outside the United States.

"(3) The term 'primary existing international record carrier' means any existing international record carrier which is engaged in the direct provision of record communications services between the United States and 4 or more continents.

"(4) The term 'record carrier' means a common carrier engaged in the offering for hire of any record communications service, including service on interstate network facilities between 2 points located in the same State. Such term does not include any common carrier which derives a majority of its revenues during any calendar year from the provision of services other than record communications service.

"(5) The terms 'record communications facility' and 'facility' mean any telecommunications facility or equipment designed or used primarily to provide any record communications service.

"(6) The term 'record communications service' means any telecommunications service which is designed or used primarily to transfer information which originates or terminates in written or graphic form.

"(b)(1) The Commission shall, to the maximum extent feasible, promote the development of fully competitive domestic and international markets in the provision of record communications service, so that the public may obtain record communications service and facilities (including terminal equipment) the variety and price of which are governed by a fully competitive marketplace. The Commission shall reduce the extent to which it regulates record carriers as the development of competition among record carriers replaces the need for regulation to protect the public.

"(2) In furtherance of the purposes of this section, the Commission shall assure that none of the costs of regulated or unregulated record communications services and facilities (including terminal equipment) are borne by the users of any other record communications services.

"(c)(1)(A) Each record carrier shall make available to any other record carrier, upon reasonable request, full interconnection with any record communications service or record communications facility operated by such record carrier. Such record communications service or facility shall be made available, through written agreement, upon terms and conditions which are just, fair, and reasonable, and which are otherwise consistent with the purposes of this section.

"(B)(i) If any record carrier engages both in the offering for hire of domestic record communications services and in the offering for hire of international record communications services, then such record carrier shall be treated as a separate domestic record carrier and a separate international record carrier for purposes of administering the interconnection requirements established in subparagraph (A).

"(ii) In any case in which such separate domestic record carrier furnishes interconnection to such separate international record carrier, any interconnection which such separate domestic record carrier furnishes to other international record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions.

"(iii) In any case in which such separate international record carrier furnishes interconnection to such separate domestic record carrier, any interconnection which such separate international record carrier furnishes to other domestic record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions.

"(iv)(I) Subject to the provisions of subclause (II), if a request for interconnection under subparagraph (A) is for the purpose of providing international record communications service, then the agreement entered into under subparagraph (A) shall require that the allocation of record communications service between points outside the United States and points of entry in the United States shall be based upon a pro rata share of record communications service between points of exit out of the United States and points outside the United States provided by the carrier making such request for interconnection.

"(II) The requirement established in subclause (I) shall not apply in any case in which the customer requesting any record communications service between a point outside the United States and a point of entry in the United States has the option to specify the international record carrier which will provide such record communications service.

"(2) If any request made by a record carrier under paragraph (1) will require an agreement under which any record communications service or record communications facility operated by one of the parties to such agreement will be used by any other party to such agreement, then such agreement shall establish a nondiscriminatory formula for the equitable allocation of revenues derived from such use between the parties to such agreement, except that each party to such agreement shall have the right to establish the total price charged by such party to the public for any such service which is originated by such party, consistent with the provisions of section 203. To the extent possible, and consistent with the provisions of paragraph (3)(B)(ii), the Commission shall require that such equitable allocation of revenues be based upon the relative costs of the record communications service or facility employed as a result of such agreement.

"(3)(A) The Commission, as soon as practicable (but not later than 15 days) after the date of the enactment of the Record Carrier Competition Act of 1981, shall convene a meeting between (i) all existing international record carriers; and (ii) any record carriers which the Commission determines would be parties to any agreement under paragraph (1). Such meeting shall be held for the purpose of negotiating the agreement required in paragraph (1). Representatives of the Commission shall attend such meeting for purposes of monitoring such negotiations.

"(B)(i) If—

"(I) any record carriers specified in subparagraph (A)(ii); and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

fail to enter into an agreement before the end of the 45-day period following the beginning of such meeting, then the Commission shall issue an interim or final order which establishes a just, fair, reasonable, and nondiscriminatory agreement which is consistent with the purposes of this section. Subject to the provisions of paragraph (4)(B), any such agreement established by the Commission shall be binding upon such parties.

"(ii) Such interim or final order shall be issued not later than 90 days after the date on which the Commission convenes the meeting under subparagraph (A). If—

"(I) any record carriers specified in subparagraph (A)(ii); and

"(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

reach an agreement which complies with the requirements of this section, and such agreement is entered into before the issuance of such order by the Commission under this subparagraph, then such agreement of the parties shall take effect and the Commission shall not be required to issue any such order.

"(C) Any record carrier which is not subject to the agreement entered into, or established by the Commission, under this paragraph may elect to be subject to the terms of such agreement upon furnishing written notice to the Commission and to all existing parties to such agreement.

"(D)(i) The agreement entered into, or established by the Commission, under this paragraph shall terminate at the end of the 3-year period following the effective date of such agreement, except that the Commission shall have authority to provide that such agreement shall continue in effect if the Commission determines that such continuation is necessary to carry out the purposes of this section.

"(ii) After the expiration of such agreement, in any case in which a record carrier seeking interconnection in accordance with paragraph (1) is unable to enter into an agreement for the provision of such interconnection, the Commission shall have authority to establish an agreement for such interconnection in accordance with the provisions of this section.

"(E) No United States record carrier shall have any authority to enforce any provision contained in an agreement for the provision of record communications service or facilities which is entered into or renewed after the date of the enactment of the Record Carrier Competition Act of 1981, if the Commission determines that such provision impedes the development or operation of competitive record communications service markets.

"(4)(A) The Commission shall have authority to vacate or modify any agreement entered into by any record carriers under this section if the Commission determines that such agreement is not consistent with the purposes of this section. During the 3-year period specified in paragraph (3)(D)(i), the Commission shall vacate or modify any such agreement under this subparagraph if the Commission determines that such agreement discriminates against any carrier.

"(B) In any case in which the Commission issues an interim or final order under paragraph (3)(B), the parties which are specified in subclauses (I) and (II) of paragraph (3)(B)(ii) and which are subject to such order shall have authority to supersede the application of such order by entering into an agreement which is consistent with the purposes of this section, except that any such agreement shall be subject to the authority of the Commission under subparagraph (A).

"(5) In any case in which a United States record carrier (other than an international record carrier) submits an application to the Commission for authority to provide international record communications, service, the Commission shall not have any authority to take any final action with respect to

such application until the end of the 120-day period following the date a written agreement is entered into between such record carrier and existing international record carriers under paragraph (3) (or following the effective date of any interim or final order issued by the Commission under paragraph (3)(B) with respect to such carriers). The limitation upon Commission authority established in this paragraph shall expire at the end of the 210-day period following the date of the enactment of the Record Carrier Competition Act of 1981.

"(d) Each record carrier shall be authorized to provide record communications service in the United States domestic market and in the international market. Any such carrier seeking to provide such service, directly or indirectly, shall submit an application to the Commission under section 214. The Commission shall act expeditiously upon any such application.".

COMMISSION OVERSIGHT OF DISTRIBUTION FORMULAS

SEC. 3. (a) Subject to the provisions of subsection (b), the Federal Communications Commission shall exercise its authority under the Communications Act of 1934 to continue its oversight of the establishment of just and reasonable distribution formulas for unrouted outbound telegraph traffic and the allocation of revenues with respect to such traffic, consistent with the purposes of section 222 of the Communications Act of 1934, as amended in section 2.

(b) The provisions of subsection (a) shall cease to have any force or effect at the end of the 1-year period beginning on the date of the enactment of this Act.

EFFECT OF AMENDMENT UPON CERTAIN CONTRACTS

SEC. 4. The amendment made in section 2 shall not affect the validity of the terms of any otherwise lawful contract relating to the distribution of outbound international record traffic between any domestic record carrier and any international record carrier if such contract was entered into before June 23, 1981.

The SPEAKER pro tempore. Pursuant to the rule, a second is not required on this motion.

The gentleman from Colorado (Mr. WIRTH) will be recognized for 20 minutes, and the gentleman from Texas (Mr. COLLINS) will be recognized for 20 minutes.

The Chair recognizes the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House is considering H.R. 4927, the Record Carrier Competition Act of 1981. Before I speak to the provisions of the legislation, let me take a moment to outline what I believe is truly a consensus bill.

For the past 5 or 6 years, there have been calls for the elimination of section 222. Several FCC Commissioners and Chairmen have endorsed eliminating 222; many in the industry have made similar recommendations. Yet there has never before been a vehicle for removing this section that was capable of moving through the Congress, because there was never a consensus on how a repeal should be implemented.

H.R. 4927 is that consensus vehicle. It was drafted by both the majority and minority, working together. It is supported by nearly every member of the Subcommittee on Telecommunications, Consumer Protection, and Finance. It was reported unanimously by both the subcommittee and full committee, and I hope it will be approved unanimously by the full House.

I would like to commend several members of the committee for their cooperation and assistance in drafting this bill and moving it through the legislative process. While all of the members of the Telecommunications Subcommittee were of enormous help and assistance, the ranking minority member of the full committee, Mr. BROYHILL of North Carolina, took a particular interest in putting together a legislative package that is fair and equitable to all concerned. In addition, the ranking member on the subcommittee, Mr. COLLINS of Texas, was enormously helpful as well. I would like to commend them and their colleagues on the other side for their efforts, and to thank them for helping to move this legislation along.

Mr. Speaker, this bill affects the so-called record communications market. Record communications are nonvoice communications, such as telegrams, telex service, and TWX service. In no way are the provisions of the legislation designed to affect high speed data transfers, which are competitive offerings.

Back during World War II, the Congress sanctioned a merger of two telegraph companies—the failing Postal Telegraph Service and the relatively healthy Western Union Co. This was done because of the Nation's dependence on telegraph services during wartime.

In order to protect against anticompetitive practices by the merged, monopoly carrier, Congress restricted the operations of that carrier to the offering of domestic services.

The international record market, which consists of companies offering record services between the United States and foreign countries, has historically been characterized by high prices. Some observers refer to it as a cartel. While it is clear that there is some competition between and among the various international record carriers (IRC's), it is equally clear that this competition is not particularly vigorous. And, while the FCC has attempted to regulate the rates these carriers charge the public, I think we all agree that competition does a far better job than does Government regulation. Thus, we have two industries—one domestic and one international. One is a monopoly; the other is characterized by an extremely low level of competition.

Ideally, this market should be restructured in such a way so as to end Western Union's monopoly in the domestic market, and provide for Western Union's entry into the international market in order to increase the level of competition among the IRC's.

The problem is, how do you get from here to there? Western Union would like to preserve its dominance domestically, and like to offer international services as well. The IRC's would like to keep Western Union out of their markets, at least until they are able to compete in the domestic marketplace. Interconnection arrangements, which are crucial in order to provide joint and through service, would be impossible to negotiate or impose, given these disincentives to ever solving the problems.

H.R. 4927, the bill we are considering today, attempts to deal with these disincentives in a constructive fashion. It provides for the interconnection between and among the various carriers, both in the domestic market and in the international market. It holds off the entry of Western Union into the international marketplace until these interconnection agreements are reached and are being implemented. It prevents Western Union from extending its domestic dominance into the international marketplace, while allowing it to compete.

Mr. Speaker, at this point in the RECORD I submit the section-by-section analysis of H.R. 4927, as follows:

SECTION-BY-SECTION ANALYSIS OF H.R. 4927

SHORT TITLE

Section 1 states that this bill is titled the "Record Carrier Competition Act of 1981."

COMPETITION AMONG RECORD CARRIERS

Section 2 repeals the existing Section 222 of the Communications Act of 1934 and substitutes a new Section 222. The new Section 222 articulates the goals established by the Congress by its enactment of H.R. 4927. In particular, the committee has instructed the Federal Communications Commission to promote the development of fully competitive domestic and international markets in the provision of record communication services. Further, the Commission is instructed to reduce regulation or forbear from regulating to the extent that market forces are sufficient to protect the public interest in obtaining record communication services.

In addition, the bill places a statutory prohibition on cross-subsidies between and among the various segments of record communication service. For example, cross subsidies between transmission charges and terminal equipment charges are prohibited.

The definitions are drafted to restrict the applicability of the legislation to what is commonly referred to as record communications services. These services are commonly provided by telegraph companies, and include telegraph, telex, and TWX service. The Committee does not intend that the provision of high speed data communications service be in any way affected by the passage of this legislation. Neither does the Committee intend to include services offered by such companies as the American Telephone and Telegraph Company (or any of its affiliates) or the Communications Satellite Corporation.

This section also confers an affirmative obligation upon every record communications carrier to interconnect with any other record communications carrier upon reasonable demand.

One of the Committee's concerns in removing the current dividing line between domestic and international record carriage was that such as erasure would increase the ability of foreign Postal, and Telephone, Telegraph authorities (PTT's) to influence the development of a competitive marketplace in the domestic United States. In order to reduce this leverage, the Committee has required that all carriers providing both international and domestic service treat each operation as separate corporations for the purposes of interconnection under the Act. This will ensure that any other carrier desiring to provide either domestic service or international service may assert its interconnection rights under the Act, and receive treatment that is identical to that which the carrier provides its own affiliated international or domestic operations, as the case may be. The Committee felt that a full separation requirement for international and domestic service was not required in this case, and that an unbundling of domestic and international tariffs would be sufficient to assure that other carriers were interconnected at fair rates, terms, and upon the same conditions.

This provision also helps to guarantee fair standards for interconnection.

Among other matters, the Committee intends that the agreement should provide for the preservation of the IRCs' existing direct access codes. These access codes enable customers using the Western Union telex/TWX system to direct-dial the overseas services of each IRC. Each IRC has invested substantial sums to promote customer use of these access codes. The Commission has recently found that access codes effectively constitute the IRCs' "business addresses," and the competitive relations among the IRCs are intimately linked with the existing codes.

The Committee is concerned with the apparent unwillingness of foreign PTT administrations to interconnect with new U.S. international record carriers. These arrangements are, however, outside the scope of the jurisdiction of the Congress.

Nevertheless, the Committee has constructed a method by which a U.S. carrier without an operating agreement can interconnect with another U.S. carrier with such an agreement, consistent with international law, treaties, and regulations, and thereby provide outbound international service.

However, international traffic originating in a foreign country destined for a customer in the United States presents different problems. For example, many countries assign U.S. bound traffic among U.S. carriers according to the amount of traffic each U.S. carrier brings into that particular country. To the extent that such an arrangement benefits the carrier with an interconnection agreement (because of an increase in traffic resulting from the use of its facilities by the interconnecting carrier lacking such an agreement) the Committee believes that this benefit should accrue to the responsible carrier, i.e., the carrier generating the outbound traffic. In other words, if a carrier's level of return traffic is increased due to an increased level of outbound traffic generated by another U.S. international record carrier, then this benefit should be passed along to the carrier that generated the increased level of traffic.

The Committee believes that in these situations, no free market exists, since traffic is assigned by the monopoly PTT. In order to correct this deficiency in a free market, the Committee has included a requirement that where countries assign U.S. bound traffic in this manner, a proportionate share be allocated by the U.S. carrier with the foreign agreement to the carrier responsible for the increased allocation.

The Committee intends that this provision will only affect the distribution of traffic between the point of interconnection with a foreign correspondent and the point of entry into the United States, that is, the purely international segment of these circuits.

Given the divisive history of the industry and the many prior confrontations between the domestic record carrier and the international record carriers, the Committee felt it was necessary to establish a mechanism to provide for joint and through service between and among connecting carriers. Accordingly, the Committee includes a mandate that the carriers connecting in order to provide joint and through service negotiate an arrangement by which the revenues derived from the provision of such service are allocated between and among the carriers. It is not the intention of the Committee that a carrier which is able to set its own rate for that joint and through service deny a connecting carrier its cost of interconnection, and carriage. However, the Committee does recognize that there are certain cost savings which are inherent in carrier-to-carrier interconnections (as opposed to customer-to-customer interconnections), and that some suitable discount for carrier-to-carrier interconnection will become part of the arrangement. This paragraph insures that the terminating carrier will recoup its costs through the allocation of revenues and permits the originating carrier to recover its costs by setting a rate to the public that is sufficient to cover its own costs plus its payment of the terminating carrier's revenue share. Paragraph (c)(2) of the new Section 222 also requires that the rates to the public must be filed in tariffs with the FCC and thus are subject to the full powers of the Commission to reject, suspend and investigate.

In the event that the carriers are unable to negotiate an agreement for the division of revenues within the timetable established by the bill, the FCC is empowered to prescribe a division rate that, to the extent possible, is cost based. The Committee's overriding concern, however, is that such prescription takes place within the timeframe established by the bill.

The timetable established by the bill for arriving at interconnection arrangement is short. The bill provides for a 45 day negotiating session under the aegis of the Commission, followed by a 45 day period during which the Commission may make its own determination of an appropriate division rate. In the event that the carriers are able to negotiate an agreement sometime between the 46th and 90th day, they will be able to submit such an agreement to the Commission and the Commission will be relieved of its responsibilities to proscribe a division rate.

In addition, the Committee has provided that new carriers who were not parties to the agreement will be able to receive the benefits of the agreement by notifying the Commission and all existing parties to the agreement.

The Committee believes that agreements meeting the requirements of subparagrpahs (c) (2) and (3) are necessary only for a transitional period. Accordingly, this paragraph provides a sunset provision, intended to limit the effectiveness of such agreements, whether arrived at through negotiations or pursuant to Commission orders, to a 3-year period. While paragraph 3(D) does give the Commission the power to extend such agreement if it finds, after full, trial-type hearings on the record, that such action is essential for the effectuation of a competitive marketplace. In any such proceeding, the burden of proof will be on the party that proposes a continuation of such arrangements.

In the event that a new entrant is interested in engaging in record communications competition following that 3-year period, the Commission retains its prescriptive powers and can order an interconnection and division rate upon request of the interconnecting carrier.

Subsection (e) of Section 2 prohibits any U.S. record carrier from enforcing any provision contained in an agreement for the provision of record communication service if the Commission determines that such provision impedes the development or operation of competitive record communications service markets. The intention of the Committee is that this prohibition extend only to interconnection agreements with foreign PTTs. As explained elsewhere, the Committee has created a mechanism whereby a new entrant may invoke its interconnection rights under this bill and establish a circuit (bearer or otherwise) to a foreign country by means of another carrier's facilities. The Committee is particularly concerned that the carrier providing the facilities or capacity under such an arrangement not be impeded from doing so by means of a term in an agreement with a PTT. The Committee's concern in this regard would be particularly great if these agreements were to prohibit the use of bearer circuits or other technological devices which enable competing carriers to enter the market without affecting the operational practices of the interconnecting PTT. The intention of the committee is not that U.S. carriers deceive foreign PTTs, but rather that the PTTs not be used as an excuse for constraining competition in the international record communications market.

Thus, the FCC could bar the enforcement of an agreement between a United States record carrier and a foreign administration if that agreement restricted the ability of other United States record carriers to send or receive traffic with that administration on a non-discriminatory basis, or limited the ability of other United States record carriers to receive return traffic to the United States from that foreign administration in proportion to the United States originated traffic which those other United States carrers may transmit to that country. This is designed to reduce the ability of monopoly foreign administrations to impede competition among United States record carriers and to "whipsaw" them. Nothing in this section shall affect any contract described in section 4 of the bill.

The Commission retains its overall authority under the Communications Act of 1934 as amended. In addition, however, the bill provides explicit authority for the Commission to vacate or modify any agreement entered into by any record carriers pursuant to this legislation if the Commission determines that the agreement is not a pro-competitive agreement that would foster the development of a fully competitive market-

place in the provision of record communications services.

In addition, there is a requirement that during the three-year period the negotiated agreement, the Commission must vacate or modify any agreement if the Commission determines that such an agreement discriminates against any carrier. This provision is designed to prevent physical discrimination. For example, if the points of interconnection specified in the agreement are located in cities where certain carriers do not have facilities, then the Commission would be required to modify that portion of the agreement. If the points of interconnection specified in the agreement were San Francisco and New York, when one of the major carriers currently interconnects in New York and Miami, then such discrimination is contrary to the intention of the Committee and such agreement should be vacated by the Commission accordingly.

This section also includes a 120 day moratorium on the entry of Western Union (the domestic carrier) into the international marketplace. This 120 day moratorium period is triggered by the agreement which is either entered into voluntarily by the various carriers or imposed by the Commission at the end of the 90 day timeframe. It is the Committee's intention that Western Union be permitted to go overseas at the end of this 120 day moratorium period, provided that the interconnection arrangements are being implemented as rapidly as possible. However, in the event that the Commission finds that the interconnection arrangements negotiated or entered into pursuant to the legislation are not, in fact, being implemented, it retains its normal authority to condition facilities construction permits (under Section 214 of the Act) in order to bring all carriers into compliance with the agreement.

Every record carrier is granted overall authority to provide record communications services in U.S. inter- and intrastate markets, and in all international markets. This is clearly a statement of Congressional intent that open entry into all markets be encouraged by the Commission. However, the Commission retains its normal facilities construction authorization authority, in order that the ability of the Commission to regulate these carriers not be undermined. It is clearly the intention of the Committee that all permits requested be promptly granted unless, as noted above, a carrier is not living up to its obligations under the Act.

OVERSIGHT OF DISTRIBUTION FORMULAS

Section 3 retains the current requirement of the Act that the Commission establish outbound distribution formulas for a one year period in order to accomplish an orderly transition.

EFFECT OF AMENDMENT ON CERTAIN CONTRACTS

Section 4 recognizes that in contemplation of the repeal of section 222, Western Union has entered into certain contracts with international record carriers with respect to the distribution of international record traffic originated on the Western Union domestic system. The Committee has no intention to affect the validity of the terms of those otherwise lawful contracts entered into prior to June 23, 1981, or otherwise extinguish the parties' contractual obligations concerning the distribution of outbound international record traffic. Nothing in Section 2 of this bill shall affect their validity. In the event that the agreements are challenged, their legality shall be determined by the courts on well-established issues of contract law, such as the intent of the parties and the nature of the consideration.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in brackets, new matter is printed in italic):

SECTION 222 OF THE COMMUNICATIONS ACT OF 1934

[CONSOLIDATIONS AND MERGERS OF TELEGRAPH CARRIERS

[SEC. 222. (a) As used in this section—

[(1) The term "consolidation or merger" includes the legal consolidation or merger of two or more corporations, and the acquisition by a corporation through purchase, lease, or in any other manner, of the whole or any part of the property, securities, facilities, services, or business of any other corporation or corporations, or of the control thereof, in exchange for its own securities, or otherwise.

[(2) The term "domestic telegraph carrier" means any common carrier by wire or radio, the major portion of whose traffic and revenues is derived from domestic telegraph operations; and such term includes a corporation owning or controlling any such common carrier.

[(3) The term "international telegraph carrier" means any common carrier by wire or radio the major portion of whose traffic and revenues is derived from international telegraph operations; and such term includes a corporation owning or controlling any such common carrier.

[(4) The term "consolidated or merged carrier" means any carrier by wire or radio which acquires or operates the properties and facilities unified and integrated by consolidation or merger.

[(5) The term "domestic telegraph operations" includes acceptance, transmission, reception, and delivery of record communication by wire or radio which either originate or terminate at points within the continental United States, Alaska, Canada, Saint Pierre-Miquelon, Mexico, or Newfoundland, and includes acceptance, transmission, reception, or delivery performed within the continental United States between points of origin within and points of exit from, and between points of entry into and points of destination within, the continental United States with respect to record communications by wire or radio which either originate or terminate outside the continental United States, Alaska, Canada, Saint Pierre-Miquelon, Mexico, and Newfoundland, and also includes the transmission within the continental United States of messages which both originate and terminate outside but transit through the continental United States: *Provided,* That nothing in this section shall prevent international telegraph carriers from accepting and delivering international telegraph messages in the cities which constitute gateways approved by the Commission as points of entrance into or exit from the continental United States, under regulations prescribed by the Commission, and the incidental transmission or reception of the same over its own or leased lines or circuits within the continental United States.

[(6) The term "international telegraph operations" includes acceptance, transmission, reception, and delivery of record communications by wire or radio which either originate or terminate at points outside the continental United States, Alaska, Canada, Saint Pierre-Miquelon, Mexico, and Newfoundland, but does not include acceptance, transmission, reception, and delivery performed within the continental United States between points of origin within and points of exit from, and between points of entry into, and points of destination within, the continental United States with respect to such communications, or the transmission within the continental United States of messages which both originate and terminate outside but transmit through the continental United States.

[(7) The terms "domestic telegraph properties" and "domestic telegraph facilities" means properties and facilities, respectively, used or to be used in domestic telegraph operations.

[(8) The term "employee" or "employees" (i) shall include any individual who is absent from active service because of furlough, illness, or leave of absence, except that there shall be no obligation upon the consolidated or merged carrier to reemploy any employee who is absent on furlough, except in accordance with the terms of his furlough, and (ii) shall not include any employee of any carrier which is a party to a consolidation or merger pursuant to this section to the extent that he is employed in any business which carrier continues to operate independently of the consolidation or merger.

[(9) The term "representative" includes any individual or labor organization.

[(10) The term "Continental United States" means the District of Columbia and the States of the Union.

[(b)(1) It shall be lawful, upon application to any approval by the Commission as hereinafter provided, for any two or more domestic telegraph carriers to effect a consolidation or merger; and for any domestic telegraph carrier, as a part of any such consolidation or merger or thereafter, to acquire all or any part of the domestic telegraph properties, domestic telegraph facilities, or domestic telegraph operations of any carrier which is not primarily a telegraph carrier: *Provided,* That, except as provided in paragraph (2) of this subsection, no domestic telegraph carrier shall effect a consolidation or merger with any international telegraph carrier, and no international telegraph carrier shall effect a consolidation or merger with any domestic telegraph carrier.

[(2) As a part of any such consolidation or merger, or thereafter upon application to and approval by the Commission as hereinafter provided, the consolidated or merged carrier may acquire all or any part of the domestic telegraph properties, domestic telegraph facilities, or domestic telegraph operations of any international telegraph carrier.

[(c)(1) Whenever any consolidation or merger is proposed under subsection (b) of this section, the telegraph carrier or telegraph carriers seeking authority therefor shall submit an application to the Commission, and thereupon the Commission shall order a public hearing to be held with respect to such application and shall give reasonable notice thereof, in writing, and an opportunity to be heard, to the Governor of each of the States in which any of the physical property involved in such proposed consolidation or merger is situated, to the Secretary of State, the Secretary of Defense, the Attorney General of the United States, representatives of employees where represented by bargaining representatives known to the Commission, and to such other per-

sons as the Commission may deem advisable. If, after such public hearing, the Commission finds that the proposed consolidation or merger, or an amended proposal for consolidation or merger, (1) is authorized by subsection (a) of this section, (2) conforms to all other applicable provisions of this section, (3) is in the public interest, the Commission shall enter an order approving and authorizing such consolidation or merger, and thereupon any law or laws making consolidations and mergers unlawful shall not apply to the proposed consolidation or merger. In finding whether any proposed consolidation or merger is in the public interest, the Commission shall give due consideration, among other things, to the financial soundness of the carrier resulting from such consolidation or merger.

[(2) Any proposed consolidation or merger of domestic telegraph carriers shall provide for the divestment of the international telegraph operations theretofore carried on by any party to the consolidation or merger, within a reasonable time to be fixed by the Commission, after the consideration for the property to be divested is found by the Commission to be commensurate with its value, and as soon as the legal obligations, if any, of the carrier to be so divested will permit. The Commission shall require at the time of the approval of such consolidation or merger that any such party exercise due diligence in bringing about such divestment as promptly as it reasonably can.

[(d) No proposed consolidation or merger of telegraph carriers pursuant to this section shall be approved by the Commission if, as a result of such consolidation or merger, more than one-fifth of the capital stock of any carrier which is subject to the jurisdiction of the Commission will be owned or controlled, or voted, directly or indirectly, (1) by any alien or the representative of any alien, (2) by any foreign government or the representative thereof, (3) by any corporation organized under the laws of any foreign government, or (4) by any corporation of which any officer or director is an alien, or of which more than one-fifth of the capital stock is owned or controlled, or voted, directly or indirectly, by any alien or the representative of any alien, by any foreign government or the representative thereof, or by any corporation organized under the laws of a foreign government.

[(e)(1) In the case of any consolidation or merger of telegraph carriers pursuant to this section, the consolidated or merged carrier shall, except as provided in paragraph (2) of this subsection, distribute among the international telegraph carriers, telegraph traffic by wire or radio destined to points without the continental United States, and divide the charges for such traffic, in accordance with such just, reasonable, and equitable formula in the public interest as the interested carriers shall agree upon and the Commission shall approve: *Provided, however,* That in case the interested carriers shall fail to agree upon a formula which the Commission approves as above provided, the Commission, after due notice and hearing, shall prescribe in its order approving and authorizing the proposed consolidation or merger a formula which it finds will be just, reasonable, equitable, and in the public interest, will be, so far as is consistent with the public interest, in accordance with the existing contractual rights of the carriers, and will effectuate the purposes of this subsection.

[(2) In the case of any consolidation or merger pursuant to this section of telegraph carriers which, immediately prior to such consolidation or merger, interchanged traffic with telegraph carriers in a contiguous foreign country, the consolidated or merged carrier shall distribute among such foreign telegraph carriers, telegraph traffic by wire or radio destined to points in such contiguous foreign country and shall divide the charges therefor, in accordance with such just, reasonable, and equitable formula in the public interest as the interested carriers shall agree upon and the Commission shall approve: *Provided, however,* That in case the interested carriers should fail to agree upon a formula which the Commission approves as above provided, the Commission, after due notice and hearing, shall prescribe in its order approving and authorizing the proposed consolidation or merger a formula which it finds will be just, reasonable, equitable, and in the public interest, will be, so far as is consistent with the public interest, in accordance with the existing contractual rights of the carriers, and will effectuate the purposes of this subsection. As used in this paragraph, the term "contiguous foreign country" means Canada, Mexico, or Newfoundland.

[(3) Whenever, upon a complaint or upon its own initiative, and after a full hearing, the Commission finds that any such distribution of telegraph traffic among telegraph carriers, or any such division of charges for such traffic, which is being made or which is proposed to be made, is or will be unjust, unreasonable, or inequitable, or not in the public interest, the Commission shall by order prescribe the distribution of such telegraph traffic, or the division of charges therefor, which will be just, reasonable, equitable, and in the public interest, and will be, so far as is consistent with the public interest, in accordance with the existing contractual rights of the carriers.

[(4) For the purposes of this subsection, the international telegraph operations of any domestic telegraph carrier shall be considered to be the operations of an independent international telegraph carrier, and the domestic telegraph operations of any international telegraph carrier shall be considered to be the operations of an independent domestic telegraph carrier.

[(f)(1) Each employee of any carrier which is a party to a consolidation or merger pursuant to this section who was employed by such carrier immediately preceding the approval of such consolidation or merger, and whose period of employment began on or before March 1, 1941, shall be employed by the carrier resulting from such consolidation or merger for a period of not less than four years from the date of the approval of such consolidation or merger, and during such period no such employee shall, without his consent, have his compensation reduced or be assigned to work which is inconsistent with his past training and experience in the telegraph industry.

[(2) If any employee of any carrier which is a party to any such consolidation or merger, who was employed by such carrier immediately preceding the approval of such consolidation or merger, and those periods of employment began after March 1, 1941, is discharged as a consequence of such consolidation or merger by the carrier resulting therefrom, within four years from the date of approval of the consolidation or merger, such carrier shall pay such employee at the time he is discharged severance pay in cash equal to the amount of salary or compensation he would have received during the full four-week period immediately preceding such discharge at the rate of compensation or salary payable to him during such period, multipled by the number of years he has been continuously employed immediately preceding such discharge by one or another of such carriers who were parties to such consolidation or merger, but in no case shall any such employee receive less severance pay than the amount of salary or compensation he would have received at such rate if he were employed during such full four-week period: *Provided, however,* That such severance pay shall not be required to be paid to any employee who is discharged after the expiration of a period, following the date of approval of the consolidation or merger, equal to the aggregate period during which such employee was in the employ, prior to such date of approval, of one or more of the carriers which are parties to the consolidation or merger.

[(3) For a period of four years after the date of approval of any such consolidation or merger, any employee of any carrier which is a party to such consolidation or merger who was such an employee on such date of approval, and who is discharged as a result of such consolidation or merger, shall have a preferential hiring and employment status for any position for which he is qualified by training and experience over any person who has not therefore been an employee of any such carrier.

[(4) If any employee is transferred from one community to another as a result of any such consolidation or merger, the carrier resulting therefrom shall pay, in addition to such employee's regular compensation as an employee of such carrier, the actual traveling expenses of such employee and his family, including the cost of packing, crating, drayage, and transportation of household goods and personal effects.

[(5) In the case of any consolidation or merger pursuant to this section, the consolidated or merger carrier shall accord to every employee or former employee, or representative or beneficiary of any employee or former employee, of any carrier which is a party to such consolidation or merger, the same pension, health, disability or death insurance benefits, as were provided for prior to the date of approval of the consolidation or merger, under any agreement or plan of any carrier which is a party to the consolidation or merger which covered the greatest number of the employees affected by the consolidation or merger; except that in any case in which, prior to the date of approval of the consolidation or merger, an individual has exercised his right of retirement, or any right to health, disability, or death insurance benefits has accrued, under any agreement or plan of any carrier which is a party to the consolidation or merger, pension, health, disability, or death insurance benefits, as the case may be, shall be accorded in conformity with the agreement or plan under which such individual exercised such right of retirement or under which such right to benefits accrued. For purposes of determining and according the rights and benefits specified in this paragraph, any period spent in the employ of the carrier of which such individual was an employee at the time of the consolidation or merger shall be considered to have been spent in the employ of the consolidated or merged carrier. The application for approval of any consolidation or merger under this section shall contain a guaranty by the proposed consolidated carrier that there will be no impairment of any of the rights or benefits specified in this paragraph.

[(6) Any employee who, since August 27, 1940, has left a position other than a temporary position, in the employ of any carrier which is a party to any such consolidation or merger, for the purpose of entering the military or naval forces of the United States, shall be considered to have been in the employ of such carrier during the time he is a member of such forces, and, upon making an application for employment, with the consolidated or merged carrier within forty days from the time he is relieved from service in any of such forces under honorable conditions, such former employee shall be employed by the consolidated or merged carrier and entitled to the benefits to which he would have been entitled if he had been employed by one of such carrier during all of such period of service with such forces; except that this paragraph shall not require the consolidated or merged carrier, in the case of any such individual, to pay compensation, or to accord health, disability, or death insurance benefits, for the period during which he was a member of such forces. If any such former employee is disabled and because of such disability is no longer qualified to perform the duties of his former position but otherwise meets the requirements for employment, he shall be given such available employment at an appropriate rate of compensation as he is able to perform and to which his service credit shall entitle him.

[(7) No employee of any carrier which is a party to any such consolidation or merger shall, without his consent, have his compensation reduced, or (except as provided in paragraph (2) and paragraph (8) of this subsection) be discharged or furloughed during the four-year period after the date of approval of such consolidation or merger. No such employee shall, without his consent, have his compensation reduced, or be discharged or furloughed, in contemplation of such consolidation and merger, during the six-month period immediately preceding such approval.

[(8) Nothing contained in this subsection shall be construed to prevent the discharge of any employee for insubordination, incompetency, or any other similar cause.

[(9) All employees of any carrier resulting from any such consolidation or merger, with respect to their hours of employment, shall retain the rights provided by any collective bargaining agreement in force and effect upon the date of approval of such consolidation or merger until such agreement is terminated, executed, or superseded. Notwithstanding any other provision of this Act, any agreement not prohibited by law pertaining to the protection of employees may hereafter be entered into by such consolidated or merged carrier and the duly authorized representative or representatives of its employees selected according to existing law.

[(10) For purposes of enforcing or protection of rights, privileges, and immunities granted or guaranteed under this subsection, the employees of any such consolidated or merged carrier shall be entitled to the same remedies as are provided by the National Labor Relations Act in the case of employees covered by that Act; and the National Labor Relations Board and the courts of the United States (including the courts of the District of Columbia) shall have jurisdiction and power to enforce and protect such rights, privileges, and immunities in the same manner as in the case of enforcement of the provisions of the National Labor Relations Act.

[(11) Nothing contained in this subsection shall apply to any employee of any carrier which is a party to any such consolidation or merger whose compensation is at the rate of more than $5,000 per annum.

[(12) Notwithstanding the provisions of paragraphs (1) and (7), the protection afforded therein for the period of four years from the date of approval of the consolidation or merger shall not, in the case of any particular employee, continue for a longer period, following such date of approval, than the aggregate period during which such employee was in the employ, prior to such date of approval, of one or more of the carriers which are parties to the consolidation or merger. As used in paragraphs (1), (2), and (7), the term "compensation" shall not include compensation attributable to overtime not guaranteed by collective bargaining agreements.

[(g)(1) The authority of any carrier to provide any service or operate any facilities which it is authorized to provide or operate on the date of enactment of this subsection shall not be altered solely by the inclusion of Hawaii within the definition of 'Continental United States', nor shall such inclusion restrict or impair any carrier's eligibility after the date of enactment of this subsection for new or additional authority.

[(2) Whenever, upon a complaint or upon its own initiative, and after opportunity for a hearing, the Commission finds that any charge, classification, regulation, or practice relating to intercarrier arrangements of any carrier serving Hawaii is or will be unjust, unreasonable, discriminatory, or not in the public interest, the Commission shall determine and prescribe what charge, classification, regulation, or practice, or such other remedy as is or will be just, reasonable, nondiscriminatory and in the public interest to be thereafter followed.]

Competition among record carriers

Sec. 222. (a) For purposes of this section:

(1) The term "existing international record carrier" means any international record carrier which is eligible, on the date of the enactment of the Record Carrier Competition Act of 1981, to obtain record traffic from a record carrier in the United States for delivery outside the United States.

(2) The term "international record carrier" means any United States record carrier which derives a majority of its revenues during any calendar year from the provision of international record communications services between points of entry into or exit from the United States and points outside the United States.

(3) The term "primary existing international record carrier" means any existing international record carrier which is engaged in the direct provision of record communications services between the United States and 4 or more continents.

(4) The term "record carrier" means a common carrier engaged in the offering for hire of any record communications service, including service on interstate network facilities between 2 points located in the same State. Such term does not include any common carrier which derives a majority of its revenues during any calendar year from the provision of services other than record communications service.

(5) The terms "record communications facility" and "facility" means any telecommunications facility or equipment designed or used primarily to provide any record communications service.

(6) "The term "record communications service" means any telecommunications service which is designed or used primarily to transfer information which originates or terminates in written or graphic form.

(b)(1) The Commission shall, to the maximum extent feasible, promote the development of fully competitive domestic and international markets in the provision of record communications service, so that the public may obtain record communications service and facilities (including terminal equipment) the variety and price of which are governed by a fully competitive marketplace. The Commission shall reduce the extent to which it regulates record carriers as the development of competition among record carriers replaces the need for regulation to protect the public.

(2) In furtherance of the purposes of this section, the Commission shall assure that none of the costs of regulated or unregulated record communications services and facilities (including terminal equipment) are borne by the users of any other record communications services.

(c)(1)(A) Each record carrier shall make available to any other record carrier, upon reasonable request, full interconnection with any record communications service or record communications facility operated by such record carrier. Such record communications service or facility shall be made available, through written agreement, upon terms and conditions which are just, fair, and reasonable, and which are otherwise consistent with the purposes of this section.

(B)(i) If any record carrier engages both in the offering for hire of domestic record communications services and in the offering for hire of international record communications services, then such record carrier shall be treated a separate domestic record carrier and a separate international record carrier for purposes of administering the interconnection requirements established in subparagraph (A).

(ii) In any case in which such separate domestic record carrier furnishes interconnection to such separate international record carrier, any interconnection which such separate domestic record carrier furnishes to other international record carriers shall be (I) equal in type and quality; and (II) made available at the same rates and upon the same terms and conditions.

(iii) In any case in which such separate international record carrier furnishes interconnection to such separate domestic record carrier, any interconnection which such separate international record carrier furnishes to other domestic record carriers shall be (I) equal in type and quality; and (II) make available at the same rates and upon the same terms and conditions.

(iv)(I) Subject to the provisions of subclause (II), if a request for interconnection under subparagraph (A) is for the purpose of providing international record communications service, then the agreement entered into under subparagraph (A) shall require that the allocation of record communications service between points outside the United States and points of entry in the United States shall be based upon a pro rata share of record communications service between points of exit out of the United States and points outside the United States provided by the carrier making such request for interconnection.

(II) The requirement established in subclause (I) shall not apply in any case in which the customer requesting any record communications service between a point outside the United States and a point of entry in the United States has the option to

specify the international record carrier which will provide such record communications service.

(2) If any request made by a record carrier under paragraph (1) will require an agreement under which any record communications service or record communications facility operated by one of the parties to such agreement will be used by any other party to such agreement, then such agreement shall establish a nondiscriminatory formula for the equitable allocation of revenues derived from such use between the parties to such agreement, except that each party to such agreement shall have the right to establish the total price charged by such party to the public for any such service which is originated by such party, consistent with the provisions of section 203. To the extent possible, and consistent with the provisions of paragraph (3)(B)(ii), the Commission shall require that such equitable allocation of revenues be based upon the relative costs of the record communications service or facility employed as a result of such agreement.

(3)(A) The Commission, as soon as practicable (but not later than 15 days) after the date of the enactment of the Record Carrier Competition Act of 1981, shall convene a meeting between (i) all existing international record carriers; and (ii) any record carriers which the Commission determines would be parties to any agreement under paragraph (1). Such meeting shall be held for the purpose of negotiating the agreement required in paragraph (1). Representatives of the Commission shall attend such meeting for purposes of monitoring such negotiations.

(B)(i) If—

(I) any record carriers specified in subparagraph (A)(ii); and (II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

fail to enter into an agreement before the end of the 45-day period following the beginning of such meeting, then the Commission shall issue an interim or final order which establishes a just, fair, reasonable, and nondiscriminatory agreement which is consistent with the purposes of this section. Subject to the provisions of paragraph (4)(B), any such agreement established by the Commission shall be binding upon such parties.

(ii) Such interim or final order shall be issued not later than 90 days after the date on which the Commission convenes the meeting under subparagraph (A). If—

(I) any record carriers specified in subparagraph (A)(ii); and

(II) a majority of the primary existing international record carriers involved in the meeting convened by the Commission under subparagraph (A);

reach an agreement which complies with the requirements of this section, and such agreement is entered into before the issuance of such order by the Commission under this subparagraph, then such agreement of the parties shall take effect and the Commission shall not be required to issue any such order.

(C) Any record carrier which is not subject to the agreement entered into, or established by the Commission, under this paragraph may elect to be subject to the terms of such agreement upon furnishing written notice to the Commission and to all existing parties to such agreement.

(D)(i) The agreement entered into, or established by the Commission, under this paragraph shall terminate at the end of the 3-year period following the effective date of such agreement, except that the Commission shall have authority to provide that such agreement shall continue in effect if the Commission determines that such continuation is necessary to carry out the purposes of this section.

(ii) After the expiration of such agreement, in any case in which a record carrier seeking interconnection in accordance with paragraph (1) is unable to enter into an agreement for the provision of such interconnection, the Commission shall have authority to establish an agreement for such interconnection in accordance with the provisions of this section.

(E) No United States record carrier shall have any authority to enforce any provision contained in an agreement for the provision of record communications service or facilities which is entered into or renewed after the date of the enactment of the Record Carrier Competition Act of 1981, if the Commission determines that such provision impedes the development or operation of competitive record communications service markets.

(4)(A) The Commission shall have authority to vacate or modify any agreement entered into by any record carriers under this section if the Commission determines that such agreement is not consistent with the purposes of this section. During the 3-year period specified in paragraph (3)(D)(i), the Commission shall vacate or modify any such agreement under this subparagraph if the Commission determines that such agreement discriminates against any carrier.

(B) In any case in which the Commission issues an interim or final order under paragraph (3)(B), the parties which are specified in subclauses (I) and (II) of paragraph (3)(B)(ii) and which are subject to such order shall have authority to supersede the application of such order by entering into an agreement which is consistent with the purposes of this section, except that any such agreement shall be subject to the authority of the Commission under subparagraph (A.)

(5) In any case in which a United States record carrier (other than an international record carrier) submits an application to the Commission for authority to provide international record communications service, the Commission shall not have any authority to take any final action with respect to such application until the end of the 120-day period following the date a written agreement is entered into between such record carrier and existing international record carriers under paraprah (3) (or following the effective date of any interim or final order issued by the Commission under paragraph (3)(B) with respect to such carriers). The limitation upon Commission authority established in this paragraph shall expire at the end of the 210-day period following the date of the enactment of the Record Carrier Competition Act of 1981.

(d) Each record carrier shall be authorized to provide record communications service in the United States domestic market and in the international market. Any such carrier seeking to provide such service, directly or indirectly, shall submit an application to the Commission under section 214. The Commission shall act expeditiously upon any such application.

Mr. Speaker, there are a number of procompetitive provisions of the legislation that I would like to outline for the Members of the House:

The bill contains a statutory prohibition against cross-subsidies. As was pointed out during the subcommittee's hearing, there is currently a problem of cross-subsidizing the provision of telex equipment—which is a competitive market—with revenues from transmission services. In other words, certain carriers are giving away equipment, and making up the difference by overcharging for transmission services. Such conduct would be outlawed by the bill.

The bill places an affirmative obligation upon the Federal Communications Commission to foster the development of a competitive marketplace. Currently, the Commission's only direction from the Congress is to act "in the public convenience and necessity." The language of H.R. 4927 helps to make that general guidance more specific, by requiring procompetitive regulation.

The bill mandates interconnections between and among carriers. These interconnection standards are the toughest considered by the Congress, and will help to assure that discrimination by carriers will not take place.

The bill contains provisions which will prevent foreign carriers—often owned or controlled by foreign governments—from affecting the development of competition in the United States. This is necessary because a foreign carrier could enter into a preferential agreement with one U.S.-based IRC, and give that carrier an unfair advantage in the domestic marketplace. H.R. 4927 includes provisions which will guarantee that this manipulation will not take place.

Finally, the bill provides for an un represented constituency: new entrants. One of the greatest bars to monopoly pricing is the threat of a new entrant undercutting prices. The committee's bill sets up a mechanism to insure that new entrants are able to get into the marketplace, and ends the ability to such entry to be artificially restricted.

Mr. Speaker, H.R. 4927 is a procompetitive bill—in fact, I think it is one of the most procompetitive bills ever passed by the Congress.

It is user-oriented legislation. By providing a procompetitive marketplace in the provision of record communications services, the legislation assures that consumers will get the products and services they want, at the lowest possible price.

This legislation is a consensus bill. It was reported unanimously both by the subcommittee and the full committee. I urge the passage of H.R. 4927, the Record Carrier Competition Act of 1981. I reserve the balance of my time.

Mr. COLLINS of Texas. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, section 222 of the Communications Act is in drastic need of reform. It artificially divides the record carrier market into internation-

al and domestic segments, and it prohibits the primary domestic service provider from offering international service.

Government-established market allocations is bad public policy. In the record industry, this bad policy has created a domestic monopoly and an international oligopoly.

H.R. 4927 is a procompetitive bill. It will permit entry by the domestic carriers into the international market, and the international carriers will be allowed to seek domestic business. The increased competition will benefit the users of the record services that are provided by these companies.

Just as important, H.R. 4927 will encourage new competitive entry into both the domestic and international arenas. The innovations that are sure to be provided by these new entrants will offer further benefits to the consumer.

The bill implements this procompetitive policy in a variety of ways. Most importantly, it mandates that all carriers permit their competitors to interconnect their transmission facilities. And it establishes a mechanism to insure that equal interconnection arrangements are in place within 210 days of enactment. Universal interconnection will benefit the customers of record services by promoting efficient investment decisions by carriers.

H.R. 4927 substantially amends section 222 of the Communications Act in order to foster the development of competition in the international and domestic record; that is, telex, telegram, telegraph markets.

Under section 222, Western Union Telegraph Co. (WU) is confined to the domestic record communications market. Because WU is prohibited by section 222 from expanding its domestic services into international markets, the FCC has been hesitant to authorize existing international record carriers (IRC's) to compete with WU domestically. As a result, the record carrier market is geographically cartelized. WU provides nearly 100 percent of the domestic services, and a handful of IRC's (RCA, WUI, ITT, TRT) provide the same kinds of services internationally.

In order to promote competition in both the domestic and international markets, H.R. 4927 provides as follows:

Instructs the FCC to authorize IRC's to offer domestic record service.

Establishes the principle that universal interconnection of record carrier networks is desirable in order to minimize duplicative network construction and unreasonably high charges for record services to the public.

Instructs the FCC to authorize WU to provide international record service within 120 days of the date that WU and the IRC's agree on interim interconnection arrangements. In no case, however, can the moratorium extend beyond 210 days.

Provides that interim interconnection arrangements will terminate after 3 years unless the FCC finds that a continuation is necessary to carry out the purposes of this section.

Guarantees that carriers which interconnect with another carrier in order to provide international service from the United States to an international point shall receive the same proportion of traffic coming from that international point into the United States that the interconnecting carrier generates on an outbound basis.

Prohibits enforcement of any agreement that impedes competition.

Instructs the FCC to reduce regulation as competition develops.

There are no authorizations contained in the bill.

Mr. Speaker, I urge passage of H.R. 4927.

Mr. WIRTH. Mr. Speaker, I thank the gentleman from Texas (Mr. COLLINS) for his comments and for his very able assistance on this consensus legislation, and I yield 4 minutes to the distinguished gentleman from Washington (Mr. SWIFT), who has also been one of the Members who really carried forward this very complicated and distinguished piece of legislation.

Mr. SWIFT. Mr. Speaker, I would like to compliment the chairman and the ranking minority member of the Subcommittee on Telecommunications.

This is an institution in which only things that do not work very well get the attention of either the press or the public and sometimes the membership itself. So when something works very well, when it goes through scrutiny and when a problem in solved in a bipartisan fashion, it is little noticed and never remembered very much at all.

The fact is that what we are discussing today is the solution of a problem that has been plaguing the Congress for a number of years, and no one has been able to quite find the key to unlock the conundrums that have existed in trying to draft this legislation.

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The chairman, with the active cooperation of the ranking minority member, arrived at a solution.

Often I am asked by my colleagues that do not follow closely communications legislation as to "Why are you fooling around in this area? Why are you trying to deal with a bill over there? Why are you trying to fix something that ain't broken?"

The fact is that a great deal of the comunications policy of this country that has worked very well for 30, 40, 50 years, no longer works because of radical changes that are being forced by new technology. It is nothing that we as policymakers have caused. But we as policymakers have to respond.

This is happening in virtually every field of communication. As a result, we are dealing with tremendously complex issues and trying to devise solutions that will neither stand in the way of new technology moving along nor, on the other hand, leave regulations in the way so that as we try to make those new technologies find a position in the marketplace, so that we can pursue their manifest destiny, if you will, that they will not be stopped in that pursuit either by regulatory agenices or statutes that are out of date. That is precisely the situation we find here with H.R. 4927. It is a situation in which it has been broke for a number of years now. There was a need to move into more competitive kinds of fields, both internationally and domestically.

Trying to determine how to do that was a problem that no one until now had been able to solve. We had here, aside from the ranking minority members' predilection toward large words like oligopoly, we have had tremendous cooperation. That cooperation has permitted the House of Representatives and the Communications Subcommittee thereof to come up with the solution to the problem that has otherwise resisted solution. It is perhaps wise that the membership, the press, and the public take note that this institution does function well sometimes, even though when it does so it is normally anonymously.

I return the balance of my time.

Mr. WIRTH. Mr. Speaker, I thank the gentleman from Washington and would say that this piece of legislation, as the gentleman from Washington described it, is a very, very complicated small piece of legislation but it pales by comparison with the larger endeavor the subcommittee is currently up to, which is the rewriting of the communications legislation, the Communications Act of 1934.

We hope that we have set the kind of standard here for open and clear process by which we build in incentives for competition and in which all members of the subcommittee were involved and that this will mark the character of the much larger endeavor of rewriting the Communications Act of 1934.

● Mr. MOFFETT. Mr. Speaker, the Energy and Commerce Committee has produced an important deregulatory proposal which deserves the unanimous support of all our colleagues. The Record Carrier Competition Act of 1981 modernizes the rules under which international and domestic record carriers operate in a manner which will stimulate competition in this important telecommunications market.

Prior to the maturation of the intercity telephone network, telegrams were the dominant form of long-dis-

tance communications. By the 1930's, however, long-distance phone service and airmail began to account for an ever-increasing share of the market. Phone and airplane service were not cheap, nor were they adequate substitutes for written (record) communications.

Let me describe the telegraph market, briefly: In the 1930's the domestic telegraph market was dominated by two carriers: Western Union, with a 66-percent share and Postal Telegraph with a 15-percent share. With the onset of the Great Depression, the American telegraph industry was particularly hard hit. Postal was on the ropes financially. It borrowed heavily from the Reconstruction Finance Corporation; it reorganized into bankruptcy in the 1940's; and, it was in extremis until Congress passed an amendment to the Federal Communications Act—section 222—which consolidated the domestic industry, presenting Western Union with an American monopoly.

In 1939, the Senate passed Senate Resolution 45, a bill requiring a study of the telegraph market. This study initiated legislation permitting Western Union to merge with Postal. One consequence of the merger involved a congressional policy decision with respect to Western Union's international operations. Fearing that the international operations, connected with WU's domestic monopoly, would place Western Union's competition at a competitive disadvantage. Thus, section 222 contained a prohibition against Western Union continuing international operations. Further, provisions were made to protect the pension rights of Postal's workers, and an antitrust waiver was granted clearing the way for the merger.

This left Western Union in sole control of the U.S. market and with four principal carriers—ITT, RCA, TRT, and, ultimately, Western Union International—now controlled by Xerox—as the dominant international record carriers (IRC's).

Since 1971, the FCC has attempted to foster competition in the domestic market. These rulemakings resulted in a January 25, 1979, decision in which the FCC determined that the Western Union domestic monopoly no longer served the public interest. Firms like Graphnet, ITT, and ATT now compete with Western Union. The FCC attempted to open things up in the international market for Western Union—but this move was struck down by the courts. They found that the prohibition contained against Western Union's participation was literal and absolute. Only an act of Congress could free Western Union; the Telecommunications Subcommittee bill does just that.

Unless this amendment is adopted, Western Union will continue to operate in an unfair posture with domestic carriers chipping away at its revenues; with Western Union locked out of lucrative foreign markets.

True deregulation will permit wide open competition in domestic and foreign traffic. Western Union's vice president Richard Hostetler, in pleading for this important revision, said the status quo is like "going down Niagara Falls in a barrel; down at the bottom somewhere there may be a placid pool, but meanwhile it's a rough ride."

Let us pass this bill and make meaningful competition a reality.●

● Mr. MARKEY. Mr. Speaker, as a cosponsor of this bill, I rise to voice my strong support and to commend the chairman of the subcommittee for very artfully negotiating this legislation.

I have a record on the Telecommunications Subcommittee of advocating competition in the telecommunications industry. I am proud to say that this is the first bill to emerge from this subcommittee that truly will foster a competitive environment.

I am proud that this subcommittee and the full Energy and Commerce Committee has shown its commitment to fair competition in the marketplace. We have before us today legislation that for the first time draws the link between deregulation and a compensating level of competition in the marketplace.

Let me point out what I consider to be a few of the bill's strongest points:

We have crafted legislation which provides for a group for which there is no powerful or well-financed lobby—new entrants into the record carrier industry. In this regard, this bill takes a tremendous step beyond just squaring off the vested interests of a cartel against a monopoly.

We have applied the spurs of competition to a technology which, until now, has fallen victim to monopoly complacency. My hope is that providers of record carrier service and new entrants into this industry will seek to advance this technology and will aggressively and creatively foster the development of new markets.

The interconnection provisions in this bill are solid. We have isolated bottlenecks and written the strongest interconnection standards ever seen at those bottlenecks. At the same time, however, we have avoided imposing burdensome costs and requirements at those bottlenecks.

Mr. Speaker, this is excellent legislation. I urge my colleagues to join me and the membership of the Telecommunications Subcommittee in strongly supporting this bill.●

● Mr. MARKS. Mr. Speaker, I speak today in support of H.R. 4927, which amends the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers. In addition, passage of this legislation will help to create a more fully competitive marketplace in record carriage, which will prove of benefit to both suppliers of this service and to users. I am proud to be an original cosponsor of this legislation and want to take this moment to compliment the distinguished chairman of the Subcommittee on Telecommunications, Consumer Protection, and Finance, TIM WIRTH, together with the equally distinguished ranking Republican member on the subcommittee, JAMES COLLINS, who worked together to answer the conflicting concerns that so separated the affected industries in the past in order to bring this legislation to the floor.

This is clearly a consensus bill which responds to the complex issues in the international record carrier business. It wisely takes into account industry concerns and suggestions while helping to create a more competitive environment.

Last, I wish to emphasize that my cosponsorship of this legislation is based in large part on the recognition that the users of record carrier services will be the ultimate beneficiaries of a more competitive and dynamic international communications industry.

Mr. COLLINS of Texas. Mr. Speaker, I have no further requests for time.

Mr. WIRTH. Mr. Speaker, I have no further requests for time.

The SPEAKER pro tempore (Mr. PATMAN). The question is on the motion offered by the gentleman from Colorado (Mr. WIRTH) that the House suspend the rules and pass the bill, H.R. 4927, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

Mr. WIRTH. Mr. Speaker, I ask unanimous consent that the Committee on Energy and Commerce be discharged from further consideration of the Senate bill (S. 271), to repeal section 222 of the Communications Act of 1934, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the Senate bill, as follows:

S. 271

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "International Record Carrier Competition Act of 1981".

SEC. 2. Section 222 of the Communications Act of 1934 is repealed.

SEC. 3. In addition to its responsibilities pursuant to the Communications Act of 1934, the Federal Communications Commission shall require domestic telegraph carriers to provide communications facilities to any international telegraph carrier which makes a reasonable request for such services or facilities upon terms and conditions which are just, reasonable, equitable, nondiscriminatory, and in the public interest.

SEC. 4. Nothing in the Communications Act of 1934 shall be construed to prohibit the entry of international record carriers into the domestic market, and the Federal Communications Commission is directed to act expeditiously upon all applications filed by international record carriers to provide domestic telex service pursuant to the Communications Act of 1934.

SEC. 5. The Federal Communications Commission shall exercise its authority under the Communications Act of 1934 to continue oversight over the establishment of just, reasonable, equitable, and nondiscriminatory distribution formulas for unrouted outbound telegraph or record traffic and the division of revenues. This provision shall cease to have any force or effect at the end of the three-year period beginning on the date of enactment of this Act.

SEC. 6. Notwithstanding any other provision of law, the Federal Communications Commission shall not be authorized to act upon any application to provide international telegraph or record service which is filed by a domestic telegraph carrier pursuant to the Communications Act of 1934 until one hundred twenty days after the date of enactment of this Act.

MOTION OFFERED BY MR. WIRTH

Mr. WIRTH. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. WIRTH moves to strike out all after the enacting clause of the Senate bill S. 271 and to insert in lieu thereof the provisions of the bill H.R. 4927, as passed by the House.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to amend the Communications Act of 1934 to eliminate certain provisions relating to consolidations or mergers of telegraph and record carriers and to create a fully competitive marketplace in record carriage, and for other purposes."

A motion to reconsider was laid on the table.

A similar House bill (H.R. 4927) was laid on the table.

REVITALIZATION OF THE PLEASURE CRUISE INDUSTRY

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 3782) to revitalize the pleasure cruise industry by clarifying and waiving certain restrictions in the Merchant Marine Act, 1936, and the Merchant Marine Act, 1920, to permit the entry of the steamship vessel *Oceanic Constitution* into the trade.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

H.R. 3782

Be it enacted by the Senate and House of representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 506 of the Merchant Marine Act, 1936 (46 U.S.C. 1156), section 27 of the Merchant Marine Act, 1920 (46 U.S.C. 883), and any other provision of law, the Secretary of the department in which the United States Coast Guard is operating shall cause the vessel Oceanic Constitution (official Coast Guard numbered 262027) to be documented as a vessel of the United States entitled to engage in the coastwise trade, so long as—

(1) the vessel is in compliance with all other requirements for vessels engaging in the coastwise trade,

(2) any rebuilding of the vessel or repair work constituting a rebuilding, accomplished after enactment of this Act, shall be effected within the United States, its territories (not including trust territories), or its possessions, except that the vessel shall not lose its coastwise privileges by reason of having work necessary to install bow thrusters in the vessel and to equip it with a marine sewer sanitation system performed outside the United States, its territories (not including the trust territories) or its possessions before the vessel engages in the coastwise trade following enactment of this Act,

(3) the vessel is owned by a citizen or citizens of the United States as defined in the applicable laws prescribing the qualifications for vessels to engage in the coastwise trade, and

(4) for hire carriage in such trade is limited to passengers, their accompanying baggage, and one thousand measurement tons of cargo, of forty cubic feet each, per annum in any coastwise trade: *Provided,* That for hire carriage of cargo in excess of the aforesaid one thousand tons shall be unlawful.

With the following committee amendment:

On page 2, strike lines 17 through 23 and insert "sessions,".

The committee amendment was agreed to.

The SPEAKER pro tempore. The gentleman from North Carolina (Mr. JONES) is recognized for 1 hour.

Mr. JONES of North Carolina. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in support of this legislation which would provide that the passenger vessel *Oceanic Constitution* be allowed to return to U.S. registry as a cruise ship eligible to engage in our Nation's coastwise trade.

Two years ago, this body sponsored legislation which granted to five vessels the privilege of entering the coastwise cruise trades of the United States. These five vessels had various legal disabilities to their entry into an activity dominated by foreign vessels. Among those five was a sister ship to the *Oceanic Constitution.* That ship is the *Oceanic Independence,* a vessel as the one before us today, built in the United States, but which for a short period of time was transferred to foreign registry and which had some conversion work performed in a foreign shipyard. The *Independence* has been a great success and has added both to the employment of U.S. seamen and to the economy of the Hawaiian Islands in which she operates. The owners of that vessel, by adding the *Oceanic Constitution* to the Hawaiian interisland service trades, would add between 300 and 400 jobs, further enhancing the economy of Hawaii, improve our balance of trade, provide a valuable vessel for potential defense needs and create an economically efficient passenger fleet operation. I cannot stress the importance of adding efficiency to our merchant marine, and this legislation would go a long way toward improving efficiency, adding to our productivity and to the economy and defense of our Nation.

I urge my colleagues to support this legislation.

AMENDMENT OFFERED BY MR. JONES OF NORTH CAROLINA

Mr. JONES of North Carolina. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. JONES of North Carolina: After section 1, add the following new section:

SEC. 2. The vessel shall lose the right conferred by section 1 of this Act to engage in the coastwise trade if, during the first twelve months of operation as a vessel of the United States, it operates on a route in the coastwise trade other than the intra-Hawaiian Islands trade."

Mr. JONES of North Carolina. Mr. Speaker, I yield to the gentleman from New York for an explanation of the amendment.

Mr. BIAGGI. Mr. Speaker, H.R. 3782 will continue the efforts of the Congress to revitalize the American passenger vessel industry. It follows the example of Public Law 96-111 and grants coastwise trading privileges to the vessel *Oceanic Constitution* by clarifying and waiving two statutory restrictions.

Under section 27 of the Merchant Marine Act of 1920, any vessel sold to foreign interests loses its coastwise trading privileges. Under section 506 of the Merchant Marine Act of 1936, a vessel for which a construction differential subsidy has been paid is barred from engaging in the coastwise trade.

The *Oceanic Constitution* is presently under foreign flag but was originally built as the SS *Constitution* for the now-defunct American Export Lines. The bill removes the restrictions imposed by the above sections and will help to expand and revitalize our once-proud U.S.-flag passenger fleet by returning a passenger vessel to U.S.-flag registry.

The vessel will be employed in the Hawaiian passenger cruise trade. Her sister ship, the *Oceanic Independence*, is employed on a weekly cruise service among the Hawaiian Islands—with accommodations for nearly 800 passengers. She is manned by 350 American seamen and is serviced by 100 shoreside personnel. The vessel's operations in the Hawaiian Islands have immeasurably added to the area's economic strength. The *Oceanic Constitution* should parallel these employment and economic benefits.

Other additional benefits include the use of U.S. shipyards to maintain and repair the vessel as required by the bill. For example, recently her sister ship, the *Oceanic Independence*, underwent extensive repairs in a west coast shipyard at a cost of over $1 million. Addition of this ship to the U.S. fleet will strengthen our Nation's military preparedness and help improve our balance of payments due to the increased flow of international tourist dollars.

In conclusion, I want to note that even those who spoke in opposition to the bill agreed that it would be of great benefit to the U.S. merchant marine by providing us with a second large passenger vessel under the U.S. flag. It would benefit maritime labor, American shipyards, and the related support industries that will share in keeping her operational.

Enactment of this legislation will not result in any unwarranted costs to the Government, nor any unusual administrative burdens involved in reflagging the *Oceanic Constitution* to U.S. registry. This legislation enjoys bipartisan support. It enjoys the support of the administration. I urge your support.

Mr. CARNEY. Mr. Speaker, if the gentleman will yield, 2 years ago, this House passed Public Law 96-41 which admitted five vessels to the coastwise privilege in an endeavor to revitalize the U.S.-flag operated cruise trade. This was done by waiving certain statutory restrictions in the Merchant Marine Act of 1920 and clarifying section 506 of the Merchant Marine Act of 1936. Today we propose to admit one more—the SS *Oceanic Constitution*—a ship which has been sitting in the Far East under Panamanian flag since it was sold at bankruptcy by the American Export Lines in 1974.

Of those earlier ships, only the *Independence*, sister ship of the *Constitution*, has actually returned to service. It has been operating at a profit for some months now. This ship requires a crew of 350 men—and already provides jobs ashore and afloat for some 800 Americans. The *Constitution* will provide another 700 to 750 jobs.

The benefits to our Nation are not limited to the jobs for our mariners. Each ship will carry 800 passengers on weekly cruises, to all of the five Hawaiian islands. Those 80,000 passengers each year include many European and Japanese visitors whose expenditures on the cruise and in the ports will improve the U.S. balance of trade.

But, most importantly, at a time when we are reappraising our military responsibilities throughout the world along with resources we have available to meet them, the almost instant availability of these ships to transport troops and technicians should not be overlooked. In most areas of concern to us and to our allies, airlift can do only part of the job. Indeed, there are some volatile places of concern to us in the world where our largest cargo plane cannot land on the available airstrips. We must take practical steps to have the means to deliver troops where they are needed. The Navy would like to have eight or nine ships the size of the *Constitution* available.

At no cost to the taxpayer, simply by granting coastwise privilege to a U.S.-built ship that was sold foreign—and being thereby banished forever under the 1920 law—the Congress can provide a significant increase in the well-being of this Nation. There is probably ample business for more ships in this trade. I would like to see this ship, and in time more, U.S.-flag ships paying their own way in the cruise trade.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from North Carolina (Mr. JONES).

The amendment was agreed to.

● Mr. HEFTEL. Mr. Speaker, I rise in support of H.R. 3782, to grant coastwide trading privileges to the passenger vessel *Oceanic Constitution*. I would like to compliment and thank Chairman JONES for his prompt and efficient consideration of this legislation.

This bill will allow the vessel *Ocenic Constitution* to engage in interisland passenger trade in Hawaii. A sister ship, the *Oceanic Independence*, is already operating an interisland cruise service in Hawaiian waters. This venture has been a tremendous success and has been a boon to the Hawaiian economy. Local residents and tourists alike have been enjoying the interisland cruises offered by the *Oceanic Independence*, which have added a new dimension to our tourism and transportation resources. An addition to this passenger fleet will serve to further expand our passenger trade and strengthen the maritime industry in Hawaii. The simple waivers provided in H.R. 3782 are an effective and inexpensive means of assisting an entire industry as well as our island economy in general. I am pleased to support his bill and I urge my colleagues to join with me in passing this legislation.●

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members who wish to do so may have 5 legislative days in which to revise and extend their remarks on the bill, H.R. 3782, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

Mr. UDALL. Mr. Speaker, pursuant to section 8(d)(5) of Public Law 94-586, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

PARLIAMENTARY INQUIRY

Mr. CORCORAN. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. CORCORAN. Mr. Speaker, is the pending motion before the House subject to a motion to postpone debate?

The SPEAKER. Under the statute governing the procedure of the House at this time, it is.

Mr. CORCORAN. Mr. Speaker, I have a further parliamentary inquiry.

The SPEAKER. The gentleman will state his parliamentary inquiry.

Mr. CORCORAN. Mr. Speaker, is that motion debatable?

The SPEAKER. The motion is not debatable.

PRIVILEGED MOTION OFFERED BY MR. CORCORAN

Mr. CORCORAN. Mr. Speaker, I offer a privileged motion.

The Clerk read as follows:

Mr. CORCORAN moves to postpone consideration of House Joint Resolution 341 until December 10, 1981.

The SPEAKER. The question is on the privileged motion offered by the gentleman from Illinois (Mr. CORCORAN).

The question was taken; and the Speaker announced that the noes appeared to have it.

Mr. CORCORAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 50, nays 270, not voting 113, as follows:

[Roll No. 337]

YEAS—50

Bedell	Gunderson	Petri
Bonior	Holland	Pursell
Brown (CO)	Hyde	Railsback
Burton, John	Jeffords	Rodino
Burton, Phillip	Kastenmeier	Rogers
Conyers	Kildee	Rosenthal
Corcoran	Leach	Seiberling
Coughlin	Lowry (WA)	Sensenbrenner
Courter	Markey	Skelton
Donnelly	Martin (IL)	Snowe
Downey	McDade	Stark
Edwards (CA)	Michel	Tauke
Ertel	Miller (CA)	Volkmer
Evans (IA)	Mitchell (MD)	Weaver
Florio	Mottl	Weiss
Gonzalez	O'Brien	Yates
Gradison	Ottinger	

NAYS—270

Addabbo	Dyson	Long (LA)
Akaka	Early	Long (MD)
Alexander	Eckart	Lott
Anderson	Edgar	Lowery (CA)
Annunzio	Edwards (AL)	Lujan
Archer	Edwards (OK)	Lundine
Aspin	Emerson	Lungren
Badham	English	Madigan
Bafalis	Erdahl	Marks
Bailey (MO)	Erlenborn	Marlenee
Barnard	Evans (DE)	Marriott
Barnes	Fascell	Martin (NC)
Bellenson	Fazio	Martin (NY)
Benedict	Fenwick	Mavroules
Benjamin	Findley	Mazzoli
Bennett	Fish	McCollum
Bereuter	Flippo	McCurdy
Bethune	Foley	McEwen
Bevill	Ford (TN)	McGrath
Biaggi	Forsythe	Mica
Bingham	Fountain	Mikulski
Bliley	Frenzel	Miller (OH)
Boggs	Frost	Mineta
Boland	Fuqua	Minish
Boner	Gaydos	Moakley
Bouquard	Gejdenson	Molinari
Bowen	Glickman	Mollohan
Brinkley	Goodling	Moore
Brooks	Gore	Moorhead
Broomfield	Gramm	Morrison
Brown (CA)	Gregg	Murphy
Burgener	Grisham	Myers
Butler	Hagedorn	Napier
Byron	Hall, Sam	Natcher
Campbell	Hamilton	Neal
Carney	Hammerschmidt	Nelligan
Chappell	Hansen (ID)	Nelson
Chappie	Hansen (UT)	Nowak
Cheney	Harkin	Oakar
Clausen	Hartnett	Oberstar
Clinger	Hatcher	Obey
Coats	Hefner	Oxley
Coelho	Hendon	Panetta
Coleman	Hightower	Parris
Collins (IL)	Hiler	Pashayan
Collins (TX)	Holt	Patman
Conte	Hopkins	Patterson
Craig	Hoyer	Paul
Crane, Daniel	Hubbard	Pease
Crane, Philip	Hughes	Pepper
D'Amours	Hunter	Peyser
Daniel, Dan	Hutto	Pickle
Daniel, R. W.	Ireland	Porter
Danielson	Johnston	Price
Dannemeyer	Jones (NC)	Pritchard
Daschle	Kazen	Quillen
Daub	Kemp	Rahall
Deckard	Kindness	Ratchford
DeNardis	Kramer	Regula
Derrick	LaFalce	Rhodes
Derwinski	Lagomarsino	Richmond
Dickinson	Leath	Ritter
Dicks	LeBoutillier	Roberts (KS)
Dingell	Lee	Roberts (SD)
Dorgan	Leland	Robinson
Dornan	Lent	Roe
Duncan	Lewis	Roemer
Dunn	Livingston	Rose
Dwyer	Loeffler	Roth
Roukema	Spence	Weber (MN)
Rousselot	Stangeland	Weber (OH)
Rudd	Stanton	White
Sabo	Staton	Whitehurst
Sawyer	Stenholm	Whitley
Scheuer	Stokes	Whittaker
Schneider	Stratton	Whitten
Schroeder	Studds	Williams (MT)
Shamansky	Stump	Williams (OH)
Shannon	Swift	Winn
Sharp	Synar	Wolf
Shaw	Taylor	Wortley
Shumway	Thomas	Wright
Shuster	Trible	Wyden
Smith (AL)	Udall	Wylie
Smith (IA)	Vander Jagt	Yatron
Smith (NE)	Vento	Young (AK)
Smith (NJ)	Walgren	Young (FL)
Smith (OR)	Walker	Young (MO)
Solarz	Wampler	Zablocki
Solomon	Watkins	Zeferetti

NOT VOTING—113

Albosta	Fithian	Matsui
Andrews	Foglietta	Mattox
Anthony	Ford (MI)	McClory
Applegate	Fowler	McCloskey
Ashbrook	Frank	McDonald
Atkinson	Garcia	McHugh
AuCoin	Gephardt	McKinney
Bailey (PA)	Gibbons	Mitchell (NY)
Beard	Gilman	Moffett
Blanchard	Gingrich	Montgomery
Bolling	Ginn	Murtha
Bonker	Goldwater	Nichols
Breaux	Gray	Perkins
Brodhead	Green	Rangel
Brown (OH)	Guarini	Reuss
Broyhill	Hall (OH)	Rinaldo
Carman	Hall, Ralph	Rostenkowski
Chisholm	Hance	Roybal
Clay	Hawkins	Russo
Conable	Heckler	Santini
Coyne, James	Heftel	Savage
Coyne, William	Hertel	Schulze
Crockett	Hillis	Schumer
Davis	Hollenbeck	Shelby
de la Garza	Horton	Siljander
Dellums	Howard	Simon
Dixon	Huckaby	Skeen
Dougherty	Jacobs	Smith (PA)
Dowdy	Jeffries	Snyder
Dreier	Jenkins	St Germain
Dymally	Jones (OK)	Tauzin
Emery	Jones (TN)	Traxler
Evans (GA)	Kogovsek	Washington
Evans (IN)	Lantos	Waxman
Fary	Latta	Wilson
Ferraro	Lehman	Wirth
Fiedler	Levitas	Wolpe
Fields	Luken	

□ 1330

Mrs. BOUQUARD and Mr. HANSEN of Idaho changed their votes from "yea" to "nay."

So the privileged motion was rejected.

The result of the vote was announced as above recorded.

□ 1345

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the joint resolution (H.J. Res. 341), with Mr. FUQUA in the chair.

The Clerk read the title of the joint resolution.

By unanimous consent, the first reading of the joint resolution was dispensed with.

Pursuant to section 8(d), clause (5), Public Law 94-586, the time will be controlled and divided between the gentleman from Arizona (Mr. UDALL), who will be recognized for 30 minutes, and the gentleman from Illinois (Mr. CORCORAN), who will be recognized for 30 minutes.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, back in 1977, President Carter submitted a law to the Congress which set up a method of choosing which one of three ways we were going to use to bring the natural gas from the Prudhoe Bay area in Alaska. In 1978 a choice was made for the overland route from Prudhoe Bay joining up with the Canadian segment up the McKenzie River Valley then on down with two legs into the United States.

Under that act, the President had the power, if he chose to use it, to submit to the Congress certain waivers of provisions of law.

Earlier this year President Reagan submitted to the House and to the Senate a package of waivers of law. Under the law as it now exists, the Senate took action on this on November 19 and by a vote of about 76 to 14 or something of that kind, approved the waiver package.

If the House approves the waiver package now before us, the waivers proposed by President Reagan will take effect. If we do not act in opposition to it, the waivers will not take place.

Mr. Chairman, I am a little ill at ease here today arguing to my colleagues to approve this package of waivers. I am generally found with the consumer federation and some of the consumer groups or issues of this kind, and I have not yet been selected as Exxon's man of the year as far as I can determine.

But it seems to me that the wise thing for our country to do is to approve this resolution, because we are dealing with a huge chunk of natural gas. This is something like 13 percent of all the natural gas reserves that we are dealing with in a known situation, now, and with further discoveries we may well be talking about a doubling of the natural gas reserves in this country.

The old utility concept that we have operated under for so many years was valid, and the central idea was that investors would put up money to build an electric plant, or another kind of utility, and once it was in being, and constructed and the consumers are getting gas or electricity, then the consumer begins to pay.

But this in an unusual hybrid situation, which involves a joint construction project, and two countries. The Canadians have gone to a great deal of trouble. We are not really in the situation ordinarily of some local utility asking for consumers to pay before they receive any of the product.

So I suggest that this is a big hybrid unusual kind of project somewhat similar perhaps to COMSAT where the old rule should not apply, and when we should modify the proven concepts that we generally use in utility situations.

The second major reason I favor the package of waivers is fairness to our neighbors in Canada. We twisted arms pretty hard to get the Canadian Government and some of their provincial governments to come along on this. Some of the provincial governments had to change the law. The settlement had to be made with the natives in the northern part of Canada, and if this project goes down, and there is a chance it will, if this project goes down I would rather not talk to the Canadians and say that we did not even give it a chance, that while the Senate was willing and the President was willing, that the House of Representatives was unwilling to give this project a last chance to put it together.

So, the outcome is in doubt. Some people think the project, even with these waivers, will not survive. I believe it will have a fighting chance and I therefore urge my colleagues to vote "yea" on the pending resolution.

Mr. Chairman, I reserve the balance of my time.

Mr. CORCORAN. Mr. Chairman, I yield myself 3 minutes.

Mr. Chairman, first of all, I want to apologize to my colleagues who may have been inconvenienced by the vote that was held just a few moments ago, but I thought it was essential that with a subject of this magnitude, with a public policy question of this proportion, we should have more time to consider this legislation. It seems to me that this is an issue of considerable substance, and the original intent of the Alaskan Natural Gas Transportation Act was that waivers ould be presented to the Congress for concurrence by the President in the event that there was some minor, technical problem with respect to a permit, a certificate of convenience, or some other decision on the part of an agency of the Federal Government under these expedited circumstances with only 1 hour of debate. This is reasonable for such minor issues but this is a major, substantive matter and we deserve more time to debate it. Furthermore everyone should at least be in town when we consider it.

Mr. Chairman, I realize a lot of Members would like to see this issue go away, but I think we ought to debate it and I think we ought to consider seriously what is contained in the proposition pending before the House. It seems to me that for us to have 1 hour of debate on a matter of this consequence and vote 2 or 3 days hence does not do justice to this House. That is the reason that I felt it was important that we try to postpone until next Thursday, December 10, in order to have the debate and the vote take place at the same time.

Mr. Chairman, I want to begin my part in the debate today on House Joint Resolution 341 by referring you and my colleagues in the House to portions of a memorandum from Chairman JOHN DINGELL, a colleague from Michigan, to me and other members of the Committee on Energy and Commerce, dated November 3, 1981. In that memorandum, as is so frequently the case with our distinguished colleague from Michigan, he has superbly framed the issues which confront us in this pending legislation.

He points out that the President has transmitted to the Congress a proposed waiver of various provisions of law to permit expedited construction of the Alaska Natural Gas Transportation System (ANGTS), pursuant to section 8g of the Alaska Natural Gas Transportation Act (ANGTA).

As the chairman says:

> The question facing the Congress at this time is not whether we will develop the Alaska gas resource for the benefit of the United States, or even whether the ANGTS project is the appropriate vehicle for doing so. These questions have already been answered through ANGTA.

He further points out that:

> Aside from the question of economics—whether the project with these waivers is viable and beneficial to consumers—the sole issues are whether this waiver package is necessary and appropriate. The advantages of the waiver process created in ANGTA are speed and simplicity. If we find that the need for the gas is sufficiently urgent, or that the provisions of law to be waived are relatively unimportant we may approve the President's package. Otherwise, we can only reject the package since we cannot amend it. Such action does not foreclose future consideration of an amended waiver package or of legislation to expedite the project.

Mr. Chairman, I refer to this memorandum because I think it raises for us the two tests, the two standards, the two basic questions we have to resolve in determining whether to support House Joint Resolution 341. They are: First, is the need for Alaska gas urgent? Second, are the provisions of law to be waived as provided in this resolution "relatively unimportant"? If your answer to these questions is in the affirmative, then one should vote in support of the resolution. If, on the other hand, the debate here today indicates that the answer to these questions is in the negative, then I would hope that the Members of the House would cast their votes against this resolution, despite other considerations to the contrary. Surely, with something as important as this issue and the controversy it has generated in recent weeks, I should think that every Member of the House would want to be recorded on the merits of this issue.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, in the gentleman's statement about debate for 1 hour and the gentleman's reference to only minor technical convenience or minor technical waivers will be offered, I do not find that anywhere in the law that was passed by this Congress. It says, in fact, any provision of law can apply.

I want to make the record very clear these waivers are in line with the law that this Congress acted on and so I want to make sure the gentleman's statement is not taken out of context.

Mr. CORCORAN. I think it is a question of judgment as to whether or not these waivers are unimportant. I think when we look at questions like producer ownership participation of the project, when we look at questions like regulatory certainty—that is a great euphemism if I ever heard one—and when we look at the several other provisions of law involved in this waiver package, most of our constituents would conclude as I have, that paying for something we may never get is indeed a very important matter.

Mr. MOTTL. Mr. Chairman, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from Ohio.

Mr. MOTTL. Mr. Chairman, I would like to compliment the gentleman from Illinois for his staunch opposition to these waivers and I would like to associate myself with his remarks that he is going to make now and subsequently.

I think this is potentially one of the biggest ripoffs for the consumers of the State of Ohio and the Midwest and other States that are going to receive this natural gas and having to prepay it and not even receive the gas.

□ 1400

So I would like to compliment the gentleman from Illinois and the gentleman from New York who have led the opposition. I would like to join them in the opposition and hope my colleagues in the House of Representatives will vote a resounding no to the resolution.

Mr. UDALL. Mr. Chairman, I yield 1 minute to the gentleman from Kentucky (Mr. HUBBARD).

Mr. HUBBARD. Mr. Chairman, as we debate House Joint Resolution 341, I believe it is important to keep the real issue in perspective. We cannot amend the waiver package or pick and

choose only those provisions we favor. Our sole decision is whether to approve the President's proposed waiver of law. I will vote for the resolution and urge my colleagues to join me.

We need the Alaskan natural gas. We are depleting our existing gas reserves faster than we are adding to them. The 26 trillion cubic feet of Alaskan gas represents 13 percent of the total U.S. reserves—the largest U.S. gasfield ever discovered—and it will assure a safe, secure, domestic source of energy in the years ahead. In addition, it will replace 400,000 to 600,000 barrels per day of imported OPEC oil and ease our balance of payments by $7 to $9 billion a year. Just as important, the availability of Alaskan gas will reduce the risk of future natural gas shortages—shortages such as those which closed factories and schools and caused severe economic hardship just a few years ago.

The United States has affirmed its commitment to Canada to build and complete the pipeline system in separate messages from two U.S. Presidents. In addition, Congress enacted a joint resolution in 1980 stating that the pipeline "enjoys the highest level of congressional support for its expeditious construction and completion * * *." It is time for the House to honor this commitment and approve the waiver package.

The Alaskan gas pipeline will be the largest privately financed construction project in history—approximately $40 billion—and will involve no Federal subsidy or loan guarantees. The waiver package is designed to clear away governmental obstacles to private financing and construction of the project. Without congressional approval of this waiver, private financing and construction of the pipeline cannot proceed.

There has never been a private venture of this magnitude. A $40 billion obligation is staggering and will require tremendous resources just to service the debt. The billing commencement waiver minimizes the exposure of consumers to charges before gas flows in the pipeline and even in the event prebilling is necessary it is a minimal amount—no more than $1.78 per household a month under the worst of circumstances. As a consumer I do not personally believe this is an unreasonable risk for me given the overall national benefit and the need for this secure, clean supply of energy.

Support for the waiver resolution is a vote to allow the private sector the opportunity to work out a financing package and to construct the pipeline. I urge all Members to vote for House Joint Resolution 341 and approve the President's proposed waiver of law.

Mr. CORCORAN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New Mexico (Mr. LUJAN).

Mr. LUJAN. Mr. Chairman, I rise today in support of approval of the Alaska natural gas pipeline waiver package requested by our President.

There is one aspect of this matter which I am particularly concerned about. It is our relationship with our longstanding ally, Canada. Over 5 years ago, the Canadian Government agreed to allow us to build 2,000 miles of this pipeline through their nation. The Canadian Parliament enacted legislation, the Northern Pipeline Act, providing for the construction of the pipeline. The Canadian National Energy Board certified the Canadian segment of this pipeline. The Canadian Government even established a separate agency, the Northern Pipeline Agency, to oversee the construction of the Canadian segment of this pipeline. Finally, Canadian pipeline companies agreed to construct the Canadian segment of this pipeline.

After all of those agreements had been reached, after all of those actions had been taken, various U.S. gas pipeline companies went back to Canada and asked for another favor. They requested that the power part of the pipeline system be hooked up to natural gas production facilities in Canada so that Canadian gas could be exported from Canada to the United States while waiting for the upper part of the pipeline system to be built through Alaska.

Once again, our friends in Canada agreed. They knew that we needed that Canadian gas. They knew that this was a one-sided agreement. And they knew that U.S. law precluded prebilling.

However, the President of the United States promised our friends in Canada that he would try to have that provision in the law waived. As a result of that promise, the lower segment of the pipeline is now delivering thousands of cubic feet of Canadian natural gas to our Western States. The eastern leg of the pipeline system is under construction and will be delivering thousands of cubic feet of Canadian natural gas to the rest of the Nation in less than a year.

Let me emphasize what I am concerned about. Our Government promised the Canadian Government and the Canadian pipeline companies that U.S. law would be changed to allow prebilling so that if the Canadian segment is fully completed, by a date to be set by our Federal Energy Regulatory Commission, the Canadian companies would begin collecting their full service costs even if other segments of the line have not been completed. This is a commitment our President made to one of our strongest, best, and longest standing friends.

I urge my colleagues to support this waiver package. I could discuss our national interest in tapping 13 percent of our total proven gas reserve. I could discuss the small chance of these prebilling provisions ever taking effect. I could discuss the fact that voting no on this waiver will kill this project right now. I could discuss the need to leave the economics question of whether or not to build the pipeline up to the private financial sector. But others will make those points in detail.

I want you to think back a few months ago when we had some hostages rotting in confinement in Iran. I remember who helped us. I remember who stuck their necks out for us when very few other nations gave a tinker's dam. These are our friends and we ought to honor our President's commitment to them.

Mr. SHARP. Mr. Chairman, I yield myself 4 minutes.

Mr. Chairman, I rise in support of the resolution. The House today will consider House Joint Resolution 341, the waiver of law proposed by the President, under procedures laid out in the Alaska Natural Gas Transportation Act, to facilitate the private financing of the Alaska gas pipeline. The resolution was favorably reported by the Energy and Commerce Committee and the Interior and Insular Affairs Committee.

The proposed pipeline will provide access to some 26 trillion cubic feet of gas reserves—about 13 percent of all proven reserves in the United States—and to an estimated 100 to 200 trillion cubic feet of additional potential reserves. Without question, the gas can supplement the declining reserves in the lower 48 States and help to meet the increasing demand for gas. In addition, Alaskan gas is a secure source of energy that will reduce our dependence on foreign oil and save billions of dollars spent for imports.

Mr. Chairman, this is a very difficult decision, but one that is vital to this project. The waiver proposal would not guarantee our access to this energy, but it would give the private financial community a clear chance to build this most expensive energy project of all time. By allowing this project to proceed, we will potentially add to our national security by promoting domestic energy, add strength to our economy by promoting the creation of thousands of jobs in private industry, and open an avenue to the enormous potential resources existing in the North. No alternative to this project has been shown to be cheaper, faster, or otherwise more in the national interest.

The waiver package before us is the result of the pipeline sponsors' determination that certain obstacles need to be removed if they are to be able to raise the private capital for the project. But it is also the result of extensive informal discussions among the administration and Members of both parties in the House and Senate. As a

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result of these discussions, the waiver package was substantially improved. The original package requested by the sponsors extensively changed existing laws and regulatory practice and clearly transferred excessive risk to gas consumers; the revised package before us today is far better for the consumer and more in accord with traditional regulatory practices.

Nonetheless, the proposed waiver package does create some potential risk for consumers, and it does depart from traditional regulatory practices. It does so in order to reduce, but by no means eliminate, risks to the investors who will finance this largest private construction project in history.

We are acting under strict deadlines, as a result of the expedited procedures established by the 1976 act. We have nevertheless established an extensive record. The committees aggressively sought the views of a wide variety of interests—State governments, utility commissions, industry, labor, consumer and other groups—both on the sponsors' original request and the President's package. We held 7 days of hearings and heard 63 witnesses from 52 organizations. We not only heard from project sponsors and supporters but expressly sought to hear from those who might oppose the pipeline or believe there may be an alternative way to build it or have access to Alaskan gas. No one who sought to testify was denied.

From this extensive record, I believe key points emerge:

First, it is highly unlikely, if not impossible, for the project to move forward next year, and perhaps for the indefinite future, without these waivers. Delay, of course, would be expensive, with 1 year's postponement of construction costing investors, and eventually gas consumers, an estimated $3 billion more.

Second, there are not now or likely to be soon other means of getting substantial supplies of Alaskan gas to the lower 48—certainly none that will be cheaper for gas users. In particular, our hearings examined various options for converting the gas to methanol, and none appeared feasible.

Third, there are conflicting claims about the economic viability of the pipeline. The range of estimated economic benefits to the Nation was broad. On balance, if you believe world oil prices are likely to continue to rise, you would probably agree with those who see this pipeline as a major economic plus for consumers. If you expect oil prices to remain level or drop, you would probably question the project's economic viability.

Fourth, and perhaps the telling factor in my own decision, the economic viability of the project will still be determined in the marketplace—as we intended when we passed ANGTA in 1976, and as we fully intend in supporting this waiver proposal. Although these waivers reduce the investors' risk somewhat, there should be no doubt of the substantial commitment that must be made by the sponsoring pipeline companies, the producers, and the financial institutions that will loan the needed money. For the consumers to begin to have to pay for the pipeline before gas is received—as the prebilling waiver theoretically allows—these private businessmen are going to have to determine that the pipeline is going to be completed—on time—and that the gas will be marketable, so that they can justify committing billions of their own money. In other words, there is still a market test of the worth of the project.

Fifth, when and if the project passes the market test and locates private sources to put the $40 billion dollars into constructing the line, there are several major hurdles it must yet cross. Our decision on this waiver is not the final Federal review of the project by any means. The Federal Energy Regulatory Commission, which must certify that a pipeline project is in the public convenience and necessity and that its proposed tariff, including any proposed billing commencement provision, is just and reasonable, must do so for this project as for any other. The waiver does not exempt this project from any of the standards that must normally be applied by FERC, and it is quite possible that the case made to the FERC concerning the economics of the project or the marketability of its delivered gas will not be strong enough to win FERC approval.

After the FERC's initial approval is won, there is an opportunity for court review. Assuming the project successfully negotiates that, the construction of the pipeline remains subject not only to the FERC disallowance of imprudent costs, but also to the oversight of the Office of the Federal Inspector for the Alaska Natural Gas Pipeline, a Federal watchdog office specifically set up by Congress to protect the consumer's interest in this project as it is constructed. The Federal inspector will be vigilant against cost overruns, must approve spending and building decisions, and must assist the project to save the time and deal with the problems that have caused cost overruns on other energy projects in the past. So while today's decision on the waiver is a crucial step in this process, it is by no means the last.

A sixth point to emerge from the hearings, or rather to be conspicuous by its absence, was any testimony from any witness suggesting that there is a viable legislative alternative to the waivers we are considering. Some Members have suggested that the waivers may not result in the necessary private financing, and they may prove right. But if the pipeline is too risky to investors even after the waiver is accepted, it is hard to conceive of an alternative which makes the project less risky to investors without also making it more risky to consumers.

Our vote tomorrow on this resolution will be in a sense another step on a road our Government is already traveling. From the passage of ANGTA by Congress in 1976 through the U.S. signature on an agreement with Canada pledging to "facilitate expeditious construction of the pipeline and seek all required legislative authority to remove any impediments" and the decision on the Alcan Highway route made by President Carter and ratified by Congress in 1977, and the joint congressional resolution in 1980 declaring that the project remains "an essential part of securing this Nation's energy future" and that it would be given "the highest level of congressional support for its expeditious construction and completion" to President Reagan's assurances to Canada in Ottawa this year, the U.S. Government has repeatedly showed its support for completion of this pipeline. As a result of these actions, and of confidence that the entire pipeline will be built, the Canadians have already constructed part of their segment of the pipeline. Gas is already flowing through this line to California, and will flow through the eastern leg to the Midwest within a few months.

The Canadian Government has committed itself fully to reliance on our national commitment. The Energy Minister has conceded to the opposition in Parliament that if the United States did not live up to its word on the pipeline construction, "It would be the greatest breach of faith committed by the United States on Canada in the last 200 years." Ian Watson, another Member of Parliament, stated:

> If the American Congress cannot be trusted on this by the Canadian Government and the Canadian Parliament, I am afraid it will never be trusted again, and the Americans are well aware of this * * * the relationship between Canada and the United States will change permanently * * *

In short, our relations with Canada—our closest neighbor and ally and an important energy supplier—are to some extent at stake in this vote.

Finally, I would stress that my own decision to support the waiver package was not made easily. I personally had reservations about two waivers in particular—the pre-billing and regulatory certainty provisions—and I believe that it might have been possible to improve them. But, as you know, we do not now have the option of amending the President's proposal, and I have concluded that the flaws and risks of the waivers do not outweight the almost certain result of their rejection; that is, failure to build the pipe-

line and bring Alaskan gas to the consumers.

In 1977, in Indiana and many other States, we had a major shortage of natural gas that closed our schools and factories, leaving thousands out of work or on part-time schedules. It taught us all a lesson about how costly the absence of adequate gas supplies can be. In making a decision on this resolution, we must weigh this risk of gas shortages, and the costs such shortages impose on everyone, against the risks the waiver may cause gas consumers to bear.

I also remember very well the desire for energy independence that stirred us as our citizens suffered the effects of the oil embargo and Iranian revolution. Now we have an opportunity to keep alive one of the major hopes for energy independence we cited so often then. To the extent we do not have Alaskan gas when we need it, the pressure will be increased on us to accept gas supplies from Algeria or other sources that may be both more costly and more risky.

Have the facts about our energy dependence and its risks really changed so radically in 2 years that we can justify saying no to this huge resource of domestic energy, available to us with a largely proven technology? I do not think so.

I am voting for this waiver package not because I think it is free of any problems. It is not. But in my mind the promise of the pipeline is sufficient to outweigh the problems with the waivers, and you cannot have one without the other.

Mr. Chairman, nobody pretends this is not a tough decision. It is complicated. It is difficult and it does involve risk to the consumers; but make no mistake about it, failure to go forward involves major risks to American consumers. The absence of energy supplies has been extremely costly to the American economy and to our national security. If we want to have in the future a secure supply of energy necessary for a vigorous economy, necessary for a strong national defense, we must be willing to make tough judgments and to make bold decisions, and the time to do that is right now.

Mr. CORCORAN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, one of the issues in this debate is the question of need, as I indicated earlier. Our friend, the gentleman from Indiana, has pointed to the fact that we have had curtailments in terms of gas usage, particularly in this last decade; but the situation has changed and it is on that basis that we ought to make our decision on this pending waiver package.

I would call to the attention of my colleagues numerous documents and analyses which support the notion that the growth in gas supplies is far different looking ahead to the next decade than we experienced in the last one. In fact, the U.S. Geological Survey recently showed that its earlier evaluation of 484 trillion cubic feet as of 1975 is no longer accurate. In February this year the U.S. Geological Survey pointed out that the mean estimate is now 594 trillion cubic feet of gas.

I could go on and on, and for those who would depend for their information on the Reader's Digest, I have with me the recent article entitled, "Bonanza! America Strikes Gas."

We do have the supplies, Mr. Chairman, and I would say that those who argue we need the gas down from Prudhoe Bay beginning in 1986 in order to supplement what we have and what we now are developing are simply ignoring the facts.

Mr. CORCORAN. Mr. Chairman, I yield 1 minute to the gentleman from Colorado (Mr. BROWN).

Mr. BROWN of Colorado. Mr. Chairman, this measure would add a gas conditioning plant to the pipeline project. In essence, we are taking a major enterprise out of the private sector and putting it and operating it as a public utility.

Now, I am one who would like to see this project completed and I am one who would like to see additional measures of gas and other oil reserves for this country; but I must tell you, this package is poorly framed. I believe it is a mistake. It is a mistake because it diminishes free enterprise. It is a mistake because the plant is inconsistent with our traditional concept of a public utility, and it is a mistake because it will remove a strong incentive for efficient management of the project.

I urge the rejection of this measure.

Mr. UDALL. Mr. Chairman, I yield 1 minute to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Chairman, I thank the gentleman for yielding.

As a member of the subcommittee that considered this, I was deeply concerned whether or not the adoption of this waiver package would militate against the No. 1 option this country has to establish energy independence, and that is to deregulate the price of natural gas.

I am satisfied that the adoption of this waiver package will not work against that policy objective. For that reason, I have concluded definitely it is in the public interest to approve this waiver package.

We are going to get about 5 percent of our supply from this pipeline when it is completed, and the melding price which that would cause from that 5 percent with the 95 percent of the gas that is available in the lower 48 is going to produce a price that is going to make this gas competitive with other sources of natural gas in our country.

We should never overlook the fact that no matter what we say here today, there is no Federal money involved in this project at all. We are merely modifying the law so that the backers of the project can go back to the banking community and determine if they can find the financing. I think we should do it.

Mr. SHARP. Mr. Chairman, I yield 3 minutes to the distinguished chairman of the Committee on Energy and Commerce, the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Chairman, I rise in support of House Joint Resolution 341, which would approve a waiver of certain laws to facilitate the construction of the Alaska Natural Gas Transportation System (ANGTS) pursuant to the provisions of the Alaska Natural Gas Transportation Act of 1976 (ANGTA).

The Committee on Energy and Commerce, with its sister committee, the Committee on Interior and Insular Affairs, has followed the development of the ANGTS project closely over the past 5 years. The distinguished chairman of the Subcommittee on Fossil and Synthetic Fuels, the gentleman from Indiana (Mr. SHARP) has provided great leadership in this matter. The Committee on Energy and Commerce played its appropriate role throughout this past year in the preparation of the waiver package. It held extensive hearings on the package submitted by the President, heard all the witnesses who asked to be heard, and solicited testimony to insure a complete record.

It is a measure of the thoroughness with which the committee studied the matter that every single argument now advanced by the opposition to the project is drawn from analyses and reports prepared by the committee staff. I must say the arguments against are compelling, but they are not sufficiently compelling. The committee considered all these arguments and voted 27 to 14 to approve the waiver package.

NEED FOR THE GAS

Conventional reserves in the lower 48 are declining. Prudhoe Bay represents more than 10 percent of proven U.S. reserves. Alaskan gas transported through ANGTS would be the equivalent of 400,000 barrels of oil per day, or total current imports from Libya.

ANGTS is the only means currently available to deliver Alaskan gas to the lower 48.

JUSTIFICATION FOR WAIVER PACKAGE

Beginning with the enactment of the Alaskan Natural Gas Transportation Act in 1976, the Congress and the Executive have repeatedly restated the commitment to facilitating private construction of the pipeline:

Alaskan Natural Gas Transportation Act.	Oct. 22, 1976.

Transit Pipeline Treaty (with Canada).	July 3, 1977.
Agreement on Principles (with Canada).	Sept. 20, 1977.
President's decision	Nov. 8, 1977.
Northern Pipeline Act (Canada).	Apr. 12, 1978.
Senate Concurrent Resolution 104.	June 27, 1980.
President's letter to Prime Minister.	July 18, 1980.

ANGTS cannot be privately financed without the approval of this waiver package.

It may be that even with this package, it will not be possible to arrange private financing for ANGTS, but this package represents a good faith effort to facilitate such financing and discharge our national commitments. If it fails to achieve its goal, the Nation has no further responsibility to pursue the private financing goal.

JUSTIFICATION FOR PREBILLING

Prebilling will only cover the debt and operating expenses of the sponsors, not their equity in the project, thus they have every reason to pursue construction and avoid a circumstance in which prebilling would be triggered.

Prebilling can occur only under most unusual and unlikely circumstances. It can only occur if one of three essential parts of the system—the processing plant, the Alaskan pipeline segment, or the Canadian segment—has been completed and one or both of the other segments is uncompleted after a date to be determined by the Federal Energy Regulatory Commission (FERC).

FERC has full discretion as to whether to allow prebilling and what amount may be prebilled. It also has congressional mandate to apply prebilling only to prudent expenditures.

Prebilling will cease when the unfinished segments of the line are completed and the line goes into operation. Since the sponsors will be unable to collect rate of return while the pipeline is uncompleted and not in operation it is very unlikely that the sponsors would arrange the financing necessary to commence construction, build enough of the pipeline to trigger the prebilling mechanism and then not pursue the line to completion and operation.

The committee has directed FERC to see that consumers, who are assuming additional risks through the prebilling provisions, are granted benefits commensurate with those risks by reducing the rate of return for sponsors and their financial backers proportionately to the reduction in the risk they are assuming.

DECONTROL OF NATURAL GAS

It is the judgment of the Committee on Energy and Commerce that the deregulation of Prudhoe Bay natural gas will deprive consumers of any economic benefits and shall be opposed.

USE OF AMERICAN STEEL

John McMillian, chairman of the board of partners sponsoring ANGTS, stated in a letter to the committee that he "intended to purchase and use, on a priority basis, American materials to the maximum extent feasible and practicable."

The committee intends to excercise continuing oversight to assure that that commitment is fulfilled.

PRODUCER PARTICIPATION

The waiver package does permit producers to participate in the project, but FERC may not agree to producer participation which is inconsistent with antitrust laws, restricts access of nonowner shippers, or restricts expansion of the capacity of the system.

The committee reluctantly accepted limited participation by producers as an essential element in developing a financeable package. It would look with disfavor on any additional change that would give Alaskan gas producers either individually or as a group majority ownership of the project.

REGULATORY CERTAINTY

The financial markets indicated an unwillingness to undertake the financing of the project unless they were assured of the terms governing the recovery of debt. Once FERC has issued its final certificate of convenience and necessity, it can only change the terms for such recovery upon request of the sponsors.

FERC can, however, disallow collection of "imprudently incurred" costs and can change the terms regarding the recovery of equity in the project, that is to say, the profit that the sponsors will be allowed to earn.

FUTURE FEDERAL AID OR OTHER ASSISTANCE

The administration has stated that it would submit no additional waiver or legislative requests in regard to this project.

It is the determination of this committee that enactment of the current waiver package fulfills the commitment to facilitate private development of this project and that no further action would be appropriate or desirable.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from Arizona (Mr. UDALL) has 8 minutes remaining, the gentleman from Indiana (Mr. SHARP) has 11 minutes remaining, and the gentleman from Illinois (Mr. CORCORAN) has 21 minutes remaining.

Mr. CORCORAN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I would just like to call to the attention of the House the comments contained in a memorandum from the distinguished chairman of the Committee on Energy and Commerce (Mr. DINGELL) to the members of that committee. In this memorandum to which he referred earlier in his observations there is a good deal more involved in the prebilling than simply the contingent liability involving interest and carrying charges. As a matter of fact, on page 14, the author of the memorandum points out this would include "debt service, principal, taxes, and operating expenses, which represents about 80 percent of the full cost of service."

In addition to that, in this memorandum there is reference to the involvement of the Canadian leg of the pipeline. And in that particular case there is also the potential liability that the consumers representing 60 percent of the gas consumers in this country would face with respect to the Canadian section. In that case, not only do we have all of these other elements, but we also have a return on equity factor which U.S. consumers will be paying to Canadian sponsors of this pipeline project.

Mr. Chairman, I yield 3 minutes to the gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Chairman, first of all, we need to understand why we are here today. We are here today because the Alaska natural gas pipeline has basically failed the market test. That is why we are here in the first place.

Now, the question before us is not the one that the proponents of this measure are propounding. They are suggesting to us that the issue we face is this: Should we or should we not build the Alaska natural gas pipeline. That is not the issue. The issue is, rather, who will bear the risk of financing the Alaska natural gas pipeline.

Now, under the provision that is before us, we are calling upon the consumers of natural gas and, ultimately in my judgment, the Federal Government, to provide the financing and bear the risk for the construction of this pipeline.

I would suggest to my colleagues that there are two other alternatives: The State of Alaska, which stands to profit very substantially from this pipeline; and the producers of the natural gas. And those we are not asking in this case to bear a substantially increased portion of the risk.

Now, what is the risk?

The risk, ladies and gentlemen, is basically this: As we look at the decontrol of natural gas, and we build in the cost of the construction of this pipeline, we are going to be talking about gas that will be selling for $13 to $20 per Mcf at the time it flows in 1987. Gas priced at that level could very well be noncompetitive, could not compete effectively with alternative sources of energy, including imported oil. Industries in this country are going to be in a position where they will be able to switch away from high-priced natural gas and go to alterna-

tive sources of energy. Since they constitute 40 percent of the consumers, that means that the remaining 60 percent of the consumers, primarily residential customers, will be forced not only to pay this high cost for the gas they receive, but then be forced to bear the total burden of the cost of the capital structure for delivering that gas.

Mr. BEDELL. Mr. Chairman, will the gentleman yield?

Mr. TAUKE. I yield to the gentleman from Iowa.

Mr. BEDELL. Mr. Chairman, I want to commend the gentleman for his statement.

Mr. Chairman, I rise in opposition to the proposed waivers of law for the Alaska natural gas transportation system (ANGTS). I want to make clear, however, that my opposition to these proposed waivers in no way reflects my opposition to the concept of transporting Alaskan natural gas to the lower 48 States. Indeed, I fully understand that the Prudhoe Bay area contains a tremendous amount of proven natural gas reserves—27 trillion cubic feet—that it holds the promise of containing much more—possibly 100 trillion cubic feet—and that access to these reserves appears critical to assuring a secure energy future for the United States.

Yet, I do not believe that the obvious merits of obtaining Alaskan natural gas requires that we approve any means of financing the transportation system without first asking if the proposed financing scheme could be improved upon. In my opinion, the financing package before us certainly could be improved, especially by seeking an alternative to the prebilling provision.

One of the major reasons for the approval of the Alaska natural gas transportation system in 1977 was the pledge by its sponsors that the system could be privately financed. In addition, the proponents of ANGTS claimed that the project could be completed at a cost of approximately $8 billion. Today, we are told that in fact the project cannot be privately financed and that the estimated cost is well over $50 billion.

Under the waiver provision allowing for prebilling, potential Alaskan natural gas consumers could be charged for costs associated with pipeline construction, operation, and debt financing prior to the completion of the entire pipeline system and before they receive any gas. Furthermore, although these charges could commence before the pipeline is completed, there is no guarantee that once billing begins that the pipeline will even be completed or that the natural gas which will flow through it will be marketable at a competitive price. Indeed, there is general agreement that the cost of the gas will be at least $15 to $18 per 1,000 cubic feet, and that the impact of accelerated or full decontrol of natural gas—a very uncertain factor at this point—could affect the economics of the project to a great degree.

Thus, there is the very real possibility that the potential consumers of the gas could be left holding the bill for the full cost of a pipeline which was abandoned short of completion or left idle because the gas which was supposed to flow through it was found to be unmarketable.

In a letter I received from the Iowa State Commerce Commission, the members of the commission stated that the effect of the pre-billing provision is "to shift the risk of the project from investors to present consumers with no assurance that they will ever receive any gas from the system. The reluctance of the financial community to invest sufficient funds in the project without the waiver package is an indication of its speculative nature." In expressing their concern about the waiver package, the commissioners noted that the burden of the project's failure would "fall heavily on those Iowans" who are currently served by a partner in the ANGTS project, and concluded by adding that "the risk they are being asked to assume is far out of proportion to the total benefits they will receive, if and when the system is completed."

Mr. Chairman, I, too, find it rather inconsistent that the proponents of the waiver package have contended that, on the one hand, the pipeline venture is so risky without approval of the prebilling provision that private capital cannot be secured, while on the other hand claiming that the risk is extremely small that consumers will have to be billed prematurely, or for more than about an additional $20 for 1 year. If in fact the pipeline is very likely to be completed on schedule and under budget, and the gas will be sold at competitive rates, then potential investors or financiers should be able to recognize the soundness of the project and be willing to lend it their support.

As one who has stated over the years that there is a role for our Federal Government to play in helping to assure our Nation's future energy supplies, I do not believe that we should simply abandon the idea of obtaining access to Alaskan natural gas reserves after disapproving this waiver proposal. Rather, if it is deemed that the availability of Alaskan natural gas is critical to securing our energy future—and the evidence points to that conclusion—then the U.S. Government should consider its possible role in guaranteeing the completion of the pipeline.

I urge the House to reject these proposed waivers and direct immediate and serious attention to looking at other alternatives for assuring access to Alaskan natural gas.

Mr. TAUKE. Mr. Chairman, I believe the residential consumers who cannot switch, therefore, will be forced to pay an extremely high cost for natural gas.

Now, some Members have suggested, "Well, this is OK. There will be no more waivers. The Federal Government is not being asked to participate." I suggest to my colleagues that they should not buy that argument, because when that extremely high cost for natural gas hits consumers, I submit to my colleagues that the Members of this Congress will be stumbling over one another to jump to the aid of consumers by having the Federal Government bail out this project ultimately.

I suggest to the Members that this is a vote on which we must be very careful. We must be careful that we do not transfer too high a cost, too much risk, to the consumers. We must be careful that we do not paint ourselves into a position where the Federal Government has to bail us out down the line.

Mr. CORCORAN. Mr. Chairman, I yield 1 minute to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Chairman, I wish to join with those in opposition to this legislation on these waivers, as one from a State where several years ago we had the construction-work-in-progress-idea approach, and we overwhelmingly, the whole State, by a vote of the people, overwhelmingly defeated it, for a similar purpose as this.

I think it has been said here before by others, this is one of the biggest potential ripoffs of the people of this country, is a true statement. I do not think it is an exaggeration at all.

I believe that the idea to make people pay for something they will never benefit from by imposition by the Government is just as bad as taxing people for something they will never receive a benefit from. What we are doing by act of Congress is giving FERC the power to tax and to use those tax moneys basically consumer, taxpayer, people having money, take that money and use it for private enterprise. I think it is the biggest ripoff, and I join others in opposition to it.

Mr. SHARP. Mr. Chairman, I yield 2 minutes to the gentleman from Washington (Mr. SWIFT).

Mr. SWIFT. Mr. Chairman, I would like to enter into a brief colloquy with the gentleman from Indiana (Mr. SHARP), the chairman of the subcommittee.

It is fairly clear, and it has been convincing to me, that Congress on two occasions, and at least two Presidents of the United States, have made commitments with regard to the Alaska natural gas pipeline to the Canadian Government. While some of the waivers in this package trouble me, it

seems to me that those commitments are the overriding reason that I must support this legislation.

But it also seems to me that we should make very clear to our Canadian neighbors that there is a point beyond which that commitment does not go, and certainly it is my feeling it should not extend at some future date to any kind of bailout, loan guarantees, or something of that nature.

I would appreciate the chairman's comments in that regard.

Mr. SHARP. If the gentleman will yield, the gentleman states, I think quite accurately, that this fulfills the obligations involved in any commitments that the U.S. Government has made or any representations made to the Canadian Government and the Canadian people with respect to this pipeline. The Canadian Government and the American Government have always agreed that the construction and success of this project would depend on the question of whether or not it could attract private financing.

The prebilling waiver satisfies this commitment with respect to the Canadian portion of the project in my estimation. We have also received testimony from the President's representatives, and we have received indications from the Canadian Government through the State Department that this does represent a complete discharge of the commitment, and no one can come back later and tell us that we are required by it to shell out taxpayers' dollars.

Mr. UDALL. Mr. Chairman, will the gentleman yield?

Mr. SWIFT. I yield to the gentleman from Arizona.

Mr. UDALL. Mr. Chairman, I want to associate myself with that, and I want to nail it down.

This is not a Government guarantee. This is not a loan guarantee. And it is not a precedent for one. You are going to have trouble with me if they come back with anything along those lines.

Mr. SHARP. Recouping my time, not only does this fulfill the obligations to Canada, but I share the gentleman's feeling. If this waiver proposal passes and the project does not attract private financing, we go back to the drawing boards. We do not start from the waiver and add to it if this project is not able to attract the private capital.

Mr. UDALL. There will not be any temptation to go back, if this falls apart. I think we have gone as far as we can.

Mr. SWIFT. I want to thank the chairman of the subcommittee and the chairman of the full Committee on the Interior for digging such a marvelously deep hole.

Mr. CORCORAN. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I am delighted to hear that some of our colleagues have decided to draw a line and say, "No more." I just wish they would have acted a little bit sooner. I wish they had the same concern for their own gas customers as they do for the Canadians.

I think our job is to represent the people here, from the United States, not from Canada.

With respect to those commitments in principle between President Carter and the Government of Canada, between President Reagan and the Government of Canada, the fact is that there never was any specificity about what was the obligation, about whether or not we would have to go into this kind of prebilling arrangement, or whether or not we would have to put the blinders on the 50 State regulatory agencies so that they could never have the opportunity, as they ordinarily do, to review the tariffs involved after a project has been started, after the gas has begun to flow, and to protect the public interest. That is why, while it may be facile for some of my colleagues to comment at this point in the debate on this concern about these particular problems, I think that what we should look at is the obligation that we have as Members of the U.S. Congress to take action which protects our people as a first priority. And the obligation we have is to make sure that no major hurdle to the construction of the pipeline would be the problem; however through this waiver package, which cannot be amended, we would go far beyond the original intent of such procedures to guarantee that in the event there is a default on any of the construction loans our citizens would have to pay off the debt. This is unprecedented and should be rejected by this House of Representatives.

Mr. Chairman, I yield 1 minute to the gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Chairman, I would first like to congratulate the leadership of the gentleman from Illinois on this very profound issue.

Simply put, there is real question whether consumers should be expected to carry the burden of corporate risks when, whatever the project's outcome, their only gain is likely to be skyrocketing utility bills. A free-enterprise society implies risk-taking by the entrepreneur, not the consumer. If Congress grants these waivers demanded by the energy industry, a novel precedent will be established. Consumers will be charged for gas they do not and may never receive. If these waivers are approved, incentives to hold down pipeline construction costs will be reduced, as will incentives to keep down the price of natural gas produced in the lower 48 States.

The transfer of wealth as well as people from energy-consuming to energy-producing States will be accelerated. In addition, the cost of production of products as diverse as corn, tractors, and backhoes will go up, thus undercutting America's competitive trade position abroad.

Approval of this waiver package is a classic special-interest issue which Congress has no business sanctioning. I urge its rejection.

Mr. UDALL. Mr. Chairman, I yield 2 minutes to the gentleman from Montana (Mr. WILLIAMS).

Mr. WILLIAMS of Montana. I thank the gentleman for yielding.

Mr. Chairman, we had a good hearing before the Committee on the Interior on this waiver request, and the vote in that committee was 32 to 9 in favor of the resolution. I tell my colleagues here in the House that I do not think there were any of the 32 members, including myself, who voted for this that really liked the waivers, but we did in the final analysis appreciate the reason for the requesting of the waivers.

Further, we know that this country either today or tomorrow or on December 8, 1987, will have a desperate need for Alaska natural gas. We know that without the waivers, this pipeline will either not be built or, as is more likely in my judgment, will eventually be built and will be more expensive on the consumers in that far distant day than would the result of the granting of these waivers now be on those same consumers.

If we scuttle this, we are breaking our word to our good and respected neighbors to the North, the Canadians.

Finally, if this House turns this down, if our Committee on the Interior would have turned it down, or the Committee on Energy and Commerce, then we would have been doing what the President and the Senate have refused to do, and that is, break our agreements with the Canadians and scuttle this project.

So I urge us to go ahead. But I urge one other thing on my colleagues here in the House.

Inasmuch as I really do not like these waivers, but do appreciate the necessity of them, I would urge caution on the Members of this House and the members of the appropriate committees.

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When pipeline companies next come to us and ask for the OK, the legislative OK to build their pipelines, we ought to tie them down tightly so that this foot-in-the-door financing will stop.

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Chairman, I have always regarded the relationship between employer and employee as a very sacred one, but in 1974 I was

faced with a decision to lay off a couple of hundred people because we did not have the gas to run the plant.

Now, price is an inconvenience, but the absence of gas is a disaster.

Most importantly, we seem to be arguing the question of urgency today. Well, unfortunately the question of urgency is beyond the control of the Congress of the United States. It is in the hands of what a lot of us refer to as "a bunch of crazies" in the Middle East, and it is time that we recognize we are never going to be in trouble because we have too much gas, but the converse can be terribly, terribly, disappointing.

Mr. CORCORAN. Mr. Chairman, I yield 1 minute to the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Chairman, no one would deny the urgency or the need for the Middle West, the East, or the South to have a supply of gas. But earlier this year many of us voted for a tax bill, a tax bill that we said gave true relief and would indeed begin to extend the entrepreneurial spirit and allow risk. We voted to cut back the rate of growth in Federal spending because we said it is inappropriate for the Government to be as involved as it is in the private sector.

To do these two things and then to look at this and say that in this case we will involve ourselves—because that is in effect what we are doing—is in error.

Mr. Chairman, given the cost of constructing this pipeline, certain waivers may be necessary, but the consortium building this pipeline is asking for more than the means to complete the project. The Congress today is being asked to subsidize this venture through a closet tax on gas users, while still assuring the consortium a profitable return. Gas consumers in my district could have their gas bill raised by as much as $1.50 per month to generate the $37 billion in consumer subsidies the consortium may seek.

In 1976, when the Congress first passed the Alaska Natural Gas Transportation Act, it was wisely decided that the pipeline should be built through private financing. Now we are being asked to open the door for future Government subsidization of this project. Prebilling is the first step toward direct Federal subsidies. If this pipeline should fail to be completed or be unable to deliver gas at a marketable price, the Federal Government will be under pressure to engage in a bailout to save the investment that was forced upon gas consumers.

Anyway you cut the cake, the prebilling in these waivers is nothing more than a tax on gas consumers to subsidize the energy companies. As we all know, the energy companies have not been standing in line in bankruptcy court lately. Asking gas consumers to finance their undertakings can only be termed as a ripoff.

We can waive laws to allow the energy companies to build this pipeline; and if the line is completed and can deliver natural gas at a marketable price, these companies will be able to bill the consumers who receive the gas and still make a profit. I will work to see this pipeline constructed and will support waivers to allow private financing. Forcing gas consumers to support this project financially, to assume the risk of this endeavor, is not private financing and is not worthy of passage by this body.

Mr. Chairman, if we do indeed need this gas—and indeed my State does—I would point out that the gas companies know it, and they can build the pipeline and then bill for the gas. It is inappropriate and wrong to go at this along the route that the committee has proposed, and I think we should all be voting in opposition to it.

The CHAIRMAN. The Chairman desires to inform the gentleman from Arizona (Mr. UDALL) that he has 7 minutes remaining, the gentleman from Indiana (Mr. SHARP) that he has 5 minutes remaining, and the gentleman from Illinois (Mr. CORCORAN) that he has 13 minutes remaining.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Chairman, I yield 2 minutes to the gentleman from Alaska (Mr. YOUNG).

Mr. SHARP. Mr. Chairman, I yield 1 minute to the gentleman from Alaska (Mr. YOUNG).

The CHAIRMAN. The gentleman from Alaska (Mr. YOUNG) is recognized for 3 minutes.

Mr. STANGELAND. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Minnesota.

Mr. STANGELAND. Mr. Chairman, I would like to express my support for this resolution. At the present time our Nation remains dangerously dependent on costly and historically unstable foreign energy sources. Completion of the Alaska natural gas pipeline system will aid efforts to increase production from domestic energy sources and reaffirm our commitment to greater energy independence, thus strengthening our national security.

One of the reported sticking points of the resolution's proposed waiver of legal obstacles to private financing of the pipeline is the potential effect on natural gas consumers. Opponents of the waiver argue that the consumer is going to have to shoulder the cost burden if private financing is approved. In my opinion this is a significant distortion of the facts.

First, the earliest possible date that the average residential consumer could begin to participate in the project's support would be November of 1986. That is the earliest date which could be set by the Federal Energy Regulatory Commission for completion and operation of the whole pipeline system. And even the setting of that date would not automatically enable distributors to bill consumers. Billing could begin prior to actual deliveries of gas from the system only after one or more project segments are actually complete and ready for operation. If, as expected, all three project segments are completed on schedule, no advance billing would take place.

Delay in completion of the project is unlikely thanks to extensive preconstruction engineering and design efforts in coordination with Federal regulatory authorities. In the unlikely event that some delay does occur, the effect on the average residential consumer's monthly gas bill would be limited to a range of from 32 cents to $1.78.

Still it is a fair question to ask why the consumer should carry any potential cost burden. What does the consumer get out of this project, if anything? What he gets is insurance against a much more serious risk than that of a slightly raised gas bill—that is the risk of a repeat of the gas shortages which occurred during the mid-1970's. The Alaska pipeline project will give natural gas consumers of the lower 48 States access to approximately 13 percent of total U.S. domestic gas reserves. Not only will this new access reduce the risk of future gas shortages, and our dependence on foreign energy sources, it will also help create new jobs for U.S. workers.

A vote in favor of this resolution, then, Mr. Chairman, is a vote for a more secure energy future, a vote for increased national security, and a vote for increased employment for our citizens. I urge my colleagues to vote a resounding "yes" for its passage.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I rise in support of House Joint Resolution 341 which approves the waiver of law to remove various regulatory obstacles to private financing of the Alaska natural gas transportation system, an important national energy project. There are compelling reasons to support the President's proposed waiver package which has implications on both domestic and foreign policy.

Natural gas is a very important factor in our national effort to reduce imports of foreign oil. Once the pipeline is completed, we will have access to the natural gas of Prudhoe Bay, Alaska, which contains the largest known reserves of natural gas in the United States. We still import more than 5 million barrels per day of crude oil and petroleum products. Therefore, we are still vulnerable to uncontrolla-

ble events in unstable regions of the world which presently supply our oil. By 1985, total U.S. gas supplies could be increased to allow displacement of over 2 million barrels of oil per day. The Alaska gas pipeline will have an initial capacity of 2 billion cubic feet of gas per day, and can be expanded to move as much as 3.2 billion cubic feet per day. This will displace nearly 400,000 barrels per day of imported oil, a savings of nearly $7 billion per year as well as a major reduction in our foreign petroleum dependence. Domestic natural gas supplies are very important in the near future if we are to displace foreign oil and make the United States more independent of OPEC.

As a member of the Foreign Affairs Committee, I would like to point out that the approval of the proposed waiver of law would also fulfill important U.S. commitments to Canada. In 1977, the United States and Canada signed a bilateral agreement under which both Governments pledged to facilitate expeditious and efficient construction of the pipeline and to seek all required legislative authority to remove any delays or impediments thereto. You may remember President Carter's letter to Prime Minister Trudeau in full support of the project, and also a special congressional resolution confirming that this pipeline enjoys the highest level of congressional support for its expeditious construction and completion. This administration, confirmed by President Reagan's telegram to Prime Minister Trudeau prior to his announcement in support of a waiver package, also believes this project is an important contribution to the energy security of North America, and is a symbol of United States-Canadian ability to work together cooperatively in the energy area for the benefit of both.

Canadian Government approval for the construction of, and export of Canadian gas through, the previously constructed portions of the Alaska natural gas pipeline was given in reliance on these commitments that the entire ANGTS project would be completed and that the Canadian sponsors would be permitted to commence billing for their segment of the pipeline upon its separate completion. This latter commitment was particularly important to Canada in view of the fact that the principal consumers of the Alaskan gas will be U.S. households and commercial industrial users.

Failure to meet these commitments by rejecting or failing to act on the waiver of law proposed by President Reagan could have serious repercussions on United States-Canadian relations in energy as well as other fields. Not only would it cast doubt on the reliability of U.S. international commitments, but also would be perceived abroad as signaling a weakening in American resolve to reduce our energy vulnerability.

Again, I urge my colleagues to vote in favor of the waiver package.

Mr. YOUNG of Alaska. Mr. Chairman, I thank the gentleman from California (Mr. LAGOMARSINO).

First, Mr. Chairman, I would like to compliment the gentleman from Indiana (Mr. SHARP) for his fine work on the subcommittee, and I wish to compliment the chairman of the full committee, the gentleman from Michigan (Mr. DINGELL), and the chairman of the Committee on Interior and Insular Affairs, the gentleman from Arizona (Mr. UDALL).

The merits of this package of waivers has been heard far and wide and in depth. Let us face facts. I say to my good friends that I have heard much about the consumer side of this issue. However, this is a consumer-oriented package of waivers. In return for bearing a small financial risk, consumers will benefit by receiving secure and economic source of U.S. fuel.

If we go back to the record of 1960, we see that on this same floor many of the same philosophies were expounded. Members were saying, "Let us help the consumers and lift the embargo on imported oil because this will help the consumers."

We saw what happened, and the people who are watching this program saw what happened. We immediately went from $1.74 to $13.74 for a barrel of oil in 2 months. Eventually, we went to $40 a barrel for crude oil. And I can tell my good friends that the same thing can happen to us in the natural gas field. If Congress does not act to increase supplies of American natural gas.

Yes, we have heard that there is a surplus of gas now. I say there is no surplus of gas. Gas can take the place of oil and can reduce our dangerous dependence on imported oil. Alaska has the gas, and we want to deliver it to the United States. It was not Alaska's decision to have it go through Canada. The pipeline route was the decision of the Congress and President Carter. There was a commitment at the time to the Canadians that we would build an interstate international line of supply of gas to the Midwest, the West, and the east coast.

This is what this package of waivers does. It gives the opportunity for the marketplace to finance the line. Approval of the waiver will allow private financial negotiations to continue. Private financing will complete this pipeline that will provide to the American people—and I say this without any reservation—120 years of supply of gas.

There is a new report by the National Petroleum Council that the estimated reserves on the Arctic Slope alone are 109 trillion cubic feet of natural gas. Think about that for a moment. That is four times the size if the Prudhoe Bay Reserve, which is the largest ever discovered in North America. The report also estimates there is 143 billion barrels of oil in Alaska.

We have the resources in Alaska. Alaskans are willing to participate in helping this Nation become energy independent. But I can tell the Members that if this waiver package does not pass, there will be no Alcan pipeline built today, tomorrow, or ever. The gas will be utilized, but it could well be delivered by LNG tankers to foreign markets. If Members from Midwestern States want to insure that Alaskan gas is shipped by pipeline to the Midwest, I recommend voting in favor of House Joint Resolution 341.

Now, we have looked at this package of waivers throughout the committee process. Each committee has come down on the side that private industry should have the opportunity to build this pipeline.

If, by some chance, so-called consumer advocates were to defeat this package, the consumers of natural gas and oil will suffer. Consumers will pay, pay, and pay again as that unsettled Mideast situation continues. There is too much trouble in that part of the world and too great of a chance that foreign suppliers could raise energy prices for this Congress to continue the Nation's gamble on the continued supply of foreign oil.

Mr. Chairman, prebilling is truly a red herring. When compared to the benefits which this pipeline could bring to all Americans. For this reason, I urge my colleagues to approve this waiver proposal and vote in favor of House Joint Resolution 341.

Mr. CORCORAN. Mr. Chairman, I yield such time as he may consume to the gentleman from Wyoming (Mr. CHENEY).

Mr. CHENEY. Mr. Chairman, I intend to vote for House Joint Resolution 341, the President's waiver package to permit construction of the Alaska natural gas transportation system—ANGTS. I urge my colleagues to do the same.

Approval of the waiver provisions requested by the President on October 15 is crucial if private financing is to be developed to build this essential link between the enormous natural gas reserves of Alaska, and consumers in the lower 48 States.

The waiver has been reviewed at length in both the Senate and the House. Both the House Interior Committee and the Energy and Commerce Committee held extensive hearings and examined in great detail all of the ramifications of the waiver request. Both committees voted overwhelmingly to approve the waiver package. The proposal has received similar favorable review in the Senate, which has already voted to approve it.

We are talking about huge amounts of natural gas which need to be made available to U.S. consumers. The pipeline will link consumers to Alaskan reserves estimated to exceed 100 trillion cubic feet. The initial capacity of the pipeline will render unnecessary the importation of an estimated 400,000 barrels per day of foreign oil. The pipeline could be expanded to replace as much as 600,000 barrels per day. Moreover, construction of the pipeline will create as many as 16,000 jobs for American workers and make available millions of dollars in private contracts for U.S. industry.

Approval of the waiver also will put the United States in the position of fulfilling commitments made by Congress and two Presidents to Canada. The United States and Canada are parties to a bilateral agreement under which both Governments pledged to remove any delays or impediments to the expeditious completion of the pipeline. This commitment has been reaffirmed by the Reagan administration and by the Congress in a special resolution stating that the pipeline "enjoys the highest level of congressional support for its expeditious construction and completion."

In short, the waiver proposal is necessary if the private sector is to be in a position to put together the necessary financing for construction of the pipeline. I hope it will be approved overwhelmingly by the House.

Mr. CORCORAN. Mr. Chairman, I yield 2 minutes to the gentleman from Indiana (Mr. COATS), a member of the committee.

Mr. COATS. Mr. Chairman, a lot of good reasons have been detailed today as to why we should support this waiver package. I think there are probably two prevailing reasons in my mind.

This perhaps represents the last chance to get the vast and valuable resources of natural gas from Alaska down to the lower 48 through private financing. Make no mistake about it, I think most experts would agree that at some point in this country's future we are going to want to use that natural gas in Alaska, but most of the people who have testified and the financial people who have testified before our committee indicated that if we are going to do it through private financing and not through taxpayer financing, through public debt or guarantees, we are going to have to do it now through waivers.

Second, I think another point that is very important is that this touches on our national security. A number of people again testified before our committee indicating that if OPEC shut down, it is going to have a devastating economic effect not only on the United States but on all of Western Europe. More than one President has indicated that our only option at that point would be military intervention.

I think it is compelling that we go after these domestic resources to give us one more option to OPEC oil, one more option and consideration to deal with in terms of the potential of OPEC blackmail that we have been facing, and one more option to respond to Colonel Qadhafi's Libyan oil connection.

Mr. CORCORAN. Mr. Chairman, I yield 1 minute to myself.

Mr. Chairman, there has throughout the debate been the attempt to describe particularly the prebilling waiver as a proposal that would make sure that there was private financing as opposed to something that would be taxpayer supported.

I would submit this overlooks what in fact prebilling does. In fact, what has happened is that the free market has rejected this particular financing proposal. The banks have looked at it, four of the largest banks in the United States, if not the world, and they have concluded that on a private financing basis they will not lend one penny to this project. They have said to the sponsors that if you do not get from the Congress and the Federal Government the authority to make the consumers of the gas, if indeed they ever get the gas, provide the collateral on this loan, then we will not support it. Only with the consumers as collateral on the credit will we put private money in this project.

This is far different from the ordinary way in which commercial ventures ought to proceed and by no stretch of the imagination can we call this a free-market solution to the financing for the Alaska natural gas pipeline project.

Mr. Chairman, I am pleased to yield 1 minute to the gentlewoman from Illinois (Mrs. COLLINS).

Mrs. COLLINS of Illinois. Mr. Chairman, I rise in opposition to this package.

In every respect this proposal is a betrayal of commitments made to the Congress and to the American people when the project was approved by Congress in 1977. It asks that consumers assume a burden of risk that no self-respecting banker will undertake. It does this without any guarantee that the gas will ever be delivered to consumers or that the price will be economical.

Just yesterday I chaired a field hearing of the Fossil and Synthetic Fuel Subcommittee on the impact of Federal energy assistance to low-income people in the Chicago, Ill. area. There I heard a lot of very sad stories from people in a city where 75 percent of their heating fuel comes from gas. Many of those people are hardship cases, many are not, but all of them are concerned about the high cost of gas to heat their homes and to use in other forms in their homes.

We also had people from the Department of Energy at our hearing who said it was an awful thing that people had to pay so much in order to be comfortable and that people who are ill faced the added hardship of high energy costs to have their houses cooled by electricity, and so forth. These consumers simply cannot be asked to bear the burden for the cost of this pipeline project.

It seems to me that those of us who are in Congress are faced with a very real responsibility and I have therefore labored hard over this package of waivers for the Alaska gas pipeline in an effort to be as openminded as possible on an issue of critical concern to the people of this Nation.

Unlike some of my colleagues who convinced that the waiver package was a bad deal because it looked like a bad deal, shut the door on the pipeline sponsors, I have tried to remain objective throughout this debate. After looking long and hard at two sides of this issue—the impact on consumers on the one hand and the impact on jobs on the other I am now convinced that this waiver package is not in the best interests of the American people.

I am fully aware of the argument that Alaskan gas will add to our Nation's supplies and thereby help to hold down the price. However, this, too, is an uncertain proposition for Alaskan gas is expensive and will remain so and, may therefore, add as much to cost as it will to supply.

This is assuming that Alaskan gas will be marketable at all—which it may not be.

Defenders of the prebilling provision claim that the risks of noncompletion or unmarketable gas are very low. If the risks are as small as they claim, why then do not the lenders assume the risks themselves in return for the enormous proceeds they will receive on repayment for their loans? It is, Mr. Chairman, because the lenders have no faith in the economic viability of this project that we are being presented with this waiver package in the first place.

Even with this unacceptable prebilling provision included, this waiver package fails to even accomplish the goal of assuring financing for the project, which is its ostensible purpose. Should this resolution be approved, the financial community tells us, several important issues would still remain to be negotiated, and perhaps other waivers requested before the necessary funding would be granted.

Mr. Chairman, we are told that it is only as a last resort that the consumer is being asked to assume the financial burden of this costly project—that all other sources of capital have been exhausted. I wish the committee had

taken a closer look at the financial contribution of the State of Alaska to the pipeline which so far stands at zero.

This is unfair, considering that Alaska stands to gain $20 billion in royalties from the sale of this gas. That comes to about $40,000 for each resident of a State which even now exempts its residents from paying income tax. This means that, in effect, consumers in Illinois and other gas-importing States are paying the income taxes for consumers in oil and gas producing States. We are in danger of becoming a nation divided between energy haves and have-nots, between hard-pressed consumers and a small band of OPEC-like producers, raking in billions in taxes on their oil, gas, and coal. It seems to me that one condition for the granting of these waivers should be an upfront investment by the State of Alaska equal at least to the risk being asked of consumers.

Mr. Chairman, there is a final issue over which I have agonized before reaching a conclusion on this waiver package. This is the contention made by the pipeline sponsors that significant numbers of jobs would be jeopardized—particularly in our Nation's depressed steel industry—should this pipeline project be derailed or delayed as a result of the defeat of this waiver package. It was only because of this consideration that I abstained when the committee voted out this resolution on November 19. In the interim, I have had a chance to look at this issue more closely and I am distressed to report that the optimistic projections of jobs that were made to me have not been substantiated by commitments on the part of the pipeline sponsors to the steel industry. Although I appreciate the sponsors' sincere intention to use American steel as much as possible—in the construction of the pipeline, decisions already made regarding the pipe diameter to be used and the method of financing—supplier credit—means that foreign steel companies would have a substantial advantage over U.S. firms in bidding for pipeline materials. Under these circumstances, I can see why the pipeline sponsors are unable to give the steel industry a commitment. But without such a commitment, I cannot find a good reason to support this waiver package.

I, therefore, urge my colleagues to join me in opposition to this waiver package and in support of an effort to develop a more equitable approach to financing the Alaskan pipeline.

Mr. CORCORAN. Mr. Chairman, I yield 2 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Chairman, first of all, the companies involved will have very little of their own capital in this venture. Investment tax credits and other depreciation allowances, with front-end loading on payments, will make sure that they receive their capital almost immediately and the consumer, therefore, will be bearing the full risk.

I say, let us make the free enterprise system work. Take all the fetters off and let the oil companies and the pipeline companies finance the venture entirely on their own, pledge their gas and oil reserves, and let them charge what they will for the gas, but let them bill it and sell it for what the market will pay.

There is no hurry to pass this legislation. The three senior vice presidents of the companies involved, Exxon, Arco, and Standard Oil of Ohio, have said they were reinjecting the gas into the field now and could do so indefinitely without loss.

There are alternatives as well. Building a methanol plant on barges at Prudhoe Bay and shipping the liquid methanol along the existing gas or oil pipeline would be one very good alternative that should be seriously considered.

Mr. CORCORAN. Mr. Chairman, I yield 1 minute to the gentleman from Illinois (Mr. O'BRIEN).

Mr. O'BRIEN. Mr. Chairman, I thank the gentleman for yielding me this time.

Mr. Chairman, it seems to me that in the wake of receiving hundreds of letters from my constituents relative to deregulation and apprehension over increases in their gas bills, what we are doing here is asking the consumer, without his consent and without any referendum to assume a risk that the oil companies and the financing institutions are not willing to assume. I think that is just bad law.

Mr. CORCORAN. Mr. Chairman, I yield 1 minute to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Chairman, I will try to be as brief as I can.

Mr. Chairman, if we tried to put this kind of a bill through the Baltimore City Council, the proponents of that bill would be run out of town on a rail. It is the most blatant anticonsumer bill I have seen in my 10 years or 11 years in the Congress, and yet somehow now we are going to manage to slide it on through.

I see that the majority leader is here, and I will leave before he speaks because I am aware of his persuasive powers.

This is a bad bill, and I say to the gentleman, "I am not even going to listen to you today, Mr. Majority Leader."

The other part of the problem is that the House is antiaffirmative action there, but there was an affirmative action program in this bill. I want the Members to read my remarks about how cleverly these companies are giving the impression that they are complying with affirmative action for minority businesses and are really boiling it altogether. What they are doing is setting up a list of those who have made contacts, and then they screen out those who have made contact, matching companies with capabilities against offers, but the net effect is that they will reduce the opportunities by 80 percent for minority businesses to participate.

Mr. Chairman, let us kill this turkey, please. Let us vote it down.

Mr. Chairman, today, I must rise in opposition to House Joint Resolution 341, waivers to the Alaska Natural Gas Transportation Act of 1976. My grave reservations about the measure before us can be divided into two areas: First, the consumer impact; and, second, the lack of adequate affirmative action programs for minority entrepreneurs.

The current administration has asked us to tighten our belts. As Federal programs are being cut we are being told that the worst is yet to come. Indeed, for once, I agree with the administration. Unemployment is moving upward from 8 percent. Investment in new housing is at a post-World War II low, putting the housing sector in a depression. The number of business failures in the United States has reached alarming levels; failures so far in 1981 are 42 percent higher than a comparable period in 1980, more than double the number in 1979, and more than 2½ times higher than in 1978. If the present trend continues, the number of failures recorded by Dun & Bradstreet will be the second highest since World War II. Net farm income in inflation-adjusted dollars will be approximately $7 billion this year according to the U.S. Department of Agriculture, the second year below $10 billion and the worst 2 years since the Great Depression. Likewise, consumer energy expenditures as a percent of all consumption have increased nearly 2 percent since 1978. In 1978, 7.9 percent of every consumer dollar was spent on energy and by 1980 this had increased to 9.8 percent. Despite these economic knives being slung at the consumers, the oil companies and the present administration are asking the buying public to assume the financial burden for a $4.3 billion gas conditioning plant for the natural gas pipeline project. According to one source, if the waivers are approved, residential consumers would pay more than $150 a year in increased gas bills starting in 1982. Mr. Chairman, this is a charge for a facility and service currently not in use and may not even be available by its projected 1987 completion date. While this is appalling, it should also be noted that if the pipeline project is abandoned, consumers will still be required to pay off the debt over a 20-year period.

If we take the worst case scenario that consumers would agree to assume

such a risky burden, it should be realized that a percentage of their expenses would not even be used to purchase supplies from American companies. The Alaska gas natural pipeline project is using steel pipes that not "one steel mill in the United States can make." How then can we move this country back to economic sufficiency and stability if the American dollar is not being spent on American products owned and produced in America?

Mr. Chairman, my opposition to House Joint Resolution 341 is founded on yet another element of deception by the gas pipeline companies and the present administration. In my 11 years in Congress, I have been a strong supporter of increasing public and private sector business opportunities for minority entrepreneurs. I was appalled with the level of minority business participation in the Alaskan oil pipeline project. Thus in 1976, I sought and received assurances from the natural gas pipeline companies and the administration that a yeoman's effort would be made to increase business opportunities for minorities, female and small business owners. Based on these assurances, I supported the 1976 legislation for the Alaska natural gas pipeline project.

I commend the administration and the pipeline company executives for their ability to utilize the correct phraseology to exhibit compliance with the affirmative action requirements of section 17 of the Alaska Natural Gas Transportation Act and condition 11 of the President's decision. Unfortunately, however, in recent months, I have received numerous complaints from minority entrepreneurs who have been unsuccessful in their bid to secure contracting opportunities with the gas pipeline companies. After a careful examination of the gas pipeline companies affirmative action plans, I can certainly understand these complaints. Section 34.8(c)(3) of the regulations implementing the Alaska Natural Gas Transportation Act, provides that the sponsors should consider the availability and capability of existing minority and female businesses in each procurement and contracting area. I submit that the sponsors have interpreted this requirement too narrowly. For example, the companies have utilized an "applicant flow" approach to ascertain contracting opportunities for minority business entrepreneurs (MBE's) and female business entrepreneurs (FBE's). Simply stated, "applicant flow" is based on the number of MBE and FBE firms expressing an interest in contracting opportunities. From this, the suppliers match potential procurement opportunities. After completing this stage, a goal is created. Thus, instead of MBE's receiving 10 percent of the total project cost ($40 billion) they are receiving 10 percent of a much lesser figure. For example, the projected cost of the Alaska segment in 1980 dollars is $7.05 billion, yet 32 percent of this figure has been excluded as having no opportunities for MBE's and FBE's. In a similar context, the certified cost of the northern border (prebuild) project is nearly $1.092 billion. The company has determined that nearly $893,525 should not be included in the base project cost for purposes of MBE/FBE goal determination. The contractable opportunities for MBE's and FBE's on the project, therefore, total approximately $200 million. The company has set a goal of 10 percent of this $200 million or $20 million for MBE participation. Mr. Chairman, this process is untenable and inconsistent with the mandate of providing for the maximum practicable opportunity for MBE/FBE participation as required in 43 CFR 34.8(c)(3)(i). Instead of summarily concluding that MBE/FBE entrepreneurs cannot perform certain contracting functions, the gas pipeline companies should be exploring innovative joint venturing concepts to expand MBE/FBE participation. Until such efforts are made, the percentage of awards of MBE's/FBE's that are presently being hailed as achievements, over and above the actual goals for such businesses, are no more than craftily conceived diversion strategies.

Mr. Chairman, earlier I stated some hard facts on the condition of this Nation's economy. The administration would like private industry to rally to the cause and rescue us from this quagmire. I, too, believe that the private business sector must begin to assume a more meaningful role in stabilizing our failing economy. I know that MBE's/FBE's are ready to do their share; however, their dreams cannot be fulfilled until barriers as I have just discussed are removed. Mr. Speaker, it is for these reasons that I urge my colleagues to vote against House Joint Resolution 341.

Mr. UDALL. Mr. Chairman, I yield 1 minute to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Chairman, first I would like to point out that there is an error in the dissenting views on page 35 of the committee report. It should read "1987 dollars" instead of "1978 dollars." As the author of the dissenting views, I figured that I had better correct that.

□ 1445

I rise in opposition to House Joint Resolution 341 which waives the statutory provisions of the Alaska Natural Gas Tranportation Act.

I think probably everything has been said before. But let me just point out a couple of things about this bill. There is absolutely nothing in these waivers that assures that 1 cubic foot of natural gas will ever move through that pipeline or that the necessary financing will ever be obtained. We have no assurance from the sponsors that they are going to be able to raise this money, even if these waivers are approved. So we ought to put on them now the conditions that will meet the objections that have been raised, the principal ones being, of course, that the consumers are going to pay an astronomical opening cost for gas, and they have to pay it even if no gas is delivered under the conditions of these waivers.

The waiver package has been prepared by pipeline sponsors and proposed by the administration on the claim that it is the only way to assure private financing to complete the pipeline. Private financing was one of the conditions to the project imposed by President Carter's decision in 1977 to permitting, and granting rights-of-way and other authorizations for its construction and completion.

Two other conditions to the project—that the gas conditioning plant not be a part of the project and that producers may not hold an equity share in the project—will go by the board if we approve this package. There is no assurance from the producers or sponsors of the pipeline that the condition of private financing will not be the next requirement to be waived. There is no guarantee that even with the approval of this waiver package that the necessary financing will be provided, or that the project will be completed as scheduled without any additional costs to the consumers or the taxpayers.

As one of the few members of the Interior Committee who sat through virtually every presentation by witnesses in the hearings held on this waiver package, I was shocked at the escalation of costs experienced in the project since Congress authorized the route in 1977. The original projection of costs at $13 billion has now escalated to $59 billion, including debt financing. This increase far exceeds the rate of inflation, yet project sponsors were at a loss to explain the source of the unforeseen and unplanned for cost increases that were not accounted for in the sponsors' original cost estimates. Had we known in 1977 what we know now about the costs of this project—which is the most expensive energy development project of its kind—I doubt very much that we would have approved the pipeline as the preferred way to transport the energy represented by our Alaskan gas reserves to the lower 48.

In these circumstances the Congress should be reevaluating the project and determining whether there are other feasible and more economical methods of bringing Alaska natural gas to the lower 48. Instead, we find ourselves

with our backs to the wall, hearing the parties who sold us the original plan argue that without this waiver package, there will be no way to develop Alaskan gas reserves for energy-short areas.

In fact, the hearings revealed a number of different options that are technically and economically feasible. One option, for example, proposes converting North Slope gas to methanol which could be delivered through the oil pipeline in the form of a premium liquid transportation fuel for less cost than the natural gas and with a lower loss of resource. Other alternatives have also been proposed which merit further consideration. But we have no opportunity to look beyond the proposal presented to us today.

Even more misleading is the implication that passage of the waiver package today assures the completion of the pipeline. In fact, there is nothing to guarantee that the Federal Energy Regulatory Commission will approve the sponsors' financing proposals, upon which the waiver package is based, or that the financing institutions will agree to lend funds even if FERC does certify the financing scheme—and I would reiterate that there is absolutely no guarantee that the Congress will not hear again from the pipeline sponsors to tell us that they need additional Federal assurances, in the form of loan guarantees or more direct assistance, to assure that the pipeline will be completed.

As it is, the consumers of natural gas have been enlisted by the pipeline sponsors to share the risk in the project. Under the prebilling provision in this package, consumers of natural gas—primarily those in the Midwest and on the west coast—could be billed for completed portions of the pipeline even if the project as a whole was not completed on a date certain, as set by FERC. The rate consumers would pay would be sufficient to cover producer debt and operation costs, and under the waiver package, the costs of the gas-conditioning plant which adds another $6 billion to the overall costs of the project.

Since the escalation of the cost will increase the price for delivered gas to the extent that it may not be marketable—$17.50 Mcf in 1987 dollars, delivery date 1987—consumers who are unable to switch to other types of energy will have to take the gas at that price. According to a Congressional Research Service study, the impact on industrial consumers would aggravate the problem for residential consumers since—

Most companies would either pass the increased cost to its customers through product price increases or more likely in many cases switch to a cheaper source of energy such as residual oil. If massive switching occurs in the industrial sector, then the average monthly cost to consumers in the residential and commercial sectors could skyrocket because the industrial sector was going to bear 50 percent of the consumer liability.

The prebilling provision makes consumers unwilling partners in the pipeline, paying higher costs without receiving any interest in or benefit from the pipeline other than the promise of receiving Alaska natural gas upon the pipeline's completion at extraordinarily high prices. The waivers do not require, as they should, that in return for being allowed to obtain equity ownership in the pipeline, they contribute their profits on gas at the wellhead to the extent necessary to keep the price of delivered gas competitive with other energy resources. Although the House Interior Committee report suggests to FERC that consumers' interest be considered in any final certificate that may be approved on the financing proposal, the nature of the procedure we are operating under in considering this package prevents us from putting conditions or requirements on producers or sponsors to assure timely completion of this project, and delivery of Alaska natural gas at reasonable and competitive prices.

Since we can only vote "yes" or "no," I urge my colleagues to vote "no." If we defeat this waiver package, then the Congress may spell out the conditions and limitations it wants on any waivers and invite sponsors and proponents to return with a package that assures delivery of this valuable national energy resource at reasonable cost to consumers.

Mr. CORCORAN. Mr. Chairman, I yield 2 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Chairman, I think the problem with this legislation is that we are being a little bit dishonest with the citizens of this country. You can tell that when politicians start inventing new words.

When the administration and the majority leader in the Senate got into a bind earlier this year and found they had to raise taxes, they talked about "revenue enhancement in out years." They thought that would fool the people in this country.

When we found out that construction work in progress is not popular with utility ratepayers, we now talk about "prebilling." When we found out that loan guarantees and taxpayer subsidies for the free enterprise system were not popular, we have invented "consumer underwriting."

The fact of the matter is that the Congress is mandating a new tax on the people of this country. At the same time, when we are about to have a $30 billion tax decrease in July of next year, we are coming along and taking perhaps $23 billion out of the pockets of the consumers of this country in this unwise legislation. When the Congress mandates that kind of action, that is a tax by any other name.

The point here is that there is another alternative, and I think the gentleman from Illinois (Mr. CORCORAN) should be commended for bringing this matter to the floor of the Congress. That is that the free market system, and it can work, but the special interests would just prefer it not to work.

The State of Alaska can put up additional revenues. The State of Alaska would just prefer not to put up additional revenues. That is certainly their right.

So what we have done is to turn to the consumers and mandate that they pay a cost, if this package goes through, because other people would prefer not to. We can deregulate the price of Alaska gas and the producers could have that gas and have the entire project. They are getting a 50-percent rate of return. In 2 years they will have their risk out of this project. In 4 years the risk of the pipeline companies will be out of this project.

But the consumers' risk, goes on for a 20-year period of time. I think it is very important we be up front with the consumers of this country and tell them exactly what we are doing. Let us quit inventing misleading phrases so that we will be more comfortable doing something we know is wrong.

I would like to insert several letters from the chairman of the California Public Utilities Commission, an editorial he wrote for today's Los Angeles Times, and an editorial from today's New York Times. This material emphasizes my point that this is a bad package of waivers which shifts all of the risk to the consumers and leaves all of the benefits with the owners of the pipeline. I urge my colleagues to defeat this resolution.

PUBLIC UTILITIES COMMISSION,
STATE OF CALIFORNIA,
San Francisco, August 12, 1981.

Hon. PHILLIP SHARP,
Chairman, Subcommittee on Fossil and Synthetic Fuels of the Committee on Energy and Commerce, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN SHARP: Thank you for your letters of July 10 and July 31, inviting our comments on the financial waiver package for the Alaska Natural Gas Transportation System (ANGTS). As you point out in your letter, California is directly impacted by this project. This week, the California Public Utilities Commission approved the purchase of Canadian gas transported through the so-called "Western Leg Prebuild" portion of the ANGTS. The purchase of this gas is a very real sacrifice on the part of California ratepayers as the gas is not required to meet high priority needs, yet, it will cost over $7 per Mcf. This is a price that cannot be absorbed by low priority customers with cheaper alternate fuel options. California distribution companies expect to purchase 20 percent of the Prudhoe Bay when the ANGTS is completed. Hence, the

California ratepayers will bear a signficant portion of the ANGTS costs.

The California Public Utilities Commission considered the matter of ANGTS sponsors' requests for certain waivers at its conference of August 4, 1981. This letter reports to you the position of the Commission on the various waivers requested.

The request from the ANGTS sponsors that the billing commencement date for the project be modified to provide for billing as each "segment" of the project is completed is unacceptable to this Commission. Our members have quite strong feelings on this issue. There are, of course, the obvious problems, as yet unresolved, of the delineation of a "segment" and of the procedures in the event of project failure. Prebilling also presents the problem of one group of ratepayers paying today for gas which, if it comes at all, will only be used by another set of ratepayers possibly a decade from now. The primary question, however, is the proper sharing of risk of noncompletion of the ANGTS. If those in the private financial markets believe the project is too risky to constitute a prudent investment, Congress cannot, in good conscience, transfer this risk to the prospective purchasers of Prudhoe Bay gas. If, in fact, the ANGTS cannot be privately financed, and if the Congress nevertheless concludes that project should be built for national security reasons, then the entire nation should share in the risk of non-completion of this project. Rather than certain ratepayers bearing the noncompletion risk through involuntary advance payments, I suggest that the project debt under those circumstances be guaranteed by the United States government. I recognize that there are philosophical objections to this concept. However, it can hardly be said that prebilling the ratepayers constitutes a reliance on market forces to determine the feasibility of the project.

Our Commission objects to several of the remaining waiver conditions, which while less onerous, also warrant comment. The request to waive Sections, 4, 5, 7, and 16 of the Natural Gas Act so that the Federal Energy Regulatory Commission would be precluded from questioning any future debt or operating expenses is a poor precedent and an unnecessary impediment to the regulatory process. It is a violation of the due process rights of those who may pay these expenses. The concern of the sponsors that the form of tariff not be modified over the life of the project can be addressed without foregoing the right of ratepayers to challenge an unreasonable expense claim.

It is the Commission's opinion that the inclusion of the gas conditioning plant in the approved transportation system violates the pricing concept enunciated in the Natural Gas Policy Act which established wellhead prices for pipeline quality gas. If Congress deems it necessary to charge the ratepayers for the conditioning plant then consideration must be given to their receiving a more equitable share of the value of the natural gas liquids extracted from the plant.

It is apparent that, because of the cost of the ANGTS, Prudhoe Bay gas can only be marketed on a rolled-in basis. Rolled-in pricing is not, however, the panacea some would suggest. Congress must take the additional step and make an effort to determine if Prudhoe Bay gas priced at $15 to $20 per Mcf in 1987 can be absorbed into a natural gas market that will be subsequently deregulated. The risk that rolled-in pricing might bring the average system price of many distribution companies above the price of alternate fuel must be added to the risk inherent in a modified billing commencement date when all of the sponsors' requested waivers are considered by Congress.

Certainly this Commission must consider this risk carefully. It will be difficult, if not impossible, for this Commission to authorize purchase of the gas by our distributing utilities should price or supply conditions make that gas unmarketable.

I look forward to your hearings of this matter.

Sincerely yours,

JOHN E. BRYSON,
President.

PUBLIC UTILITIES COMMISSION,
STATE OF CALIFORNIA,
San Francisco, November 5, 1981.

Hon. PHILLIP SHARP,
Chairman, Subcommittee on Fossil and Synthetic Fuels of the Committee on Energy and Commerce, House of Representatives, Washington, D.C.

DEAR CONGRESSMAN SHARP: On August 12, 1981, I wrote to you on behalf of the California Public Utilities Commission expressing this Commission's opposition to the request of the sponsors of the Alaska Natural Gas Transportation System (ANGTS) for certain waivers from the conditions incorporated in the approval for construction of the ANGTS. In particular, this Commission oppposed the sponsor's billing commencement date waiver because of the risk of noncompletion of the project that waiver places upon the gas consumer.

After reviewing the waiver package sent to Congress by President Reagan and the recent testimony presented before your committee on these waivers, the California Public Utilities Commission has concluded that the waivers should not be approved.

This position is based upon three interrelated factors. First, the billing commencement date waiver as proposed by the President, while more limited than the similar waiver proposed by the project sponsors, still does not comport with the spirit of private sector financing. If it is clear that the ANGTS cannot come to fruition on its own merits in the private sector market place and the project is determined to be in the national security interest, then we again call for federal loan guarantees. The taxpayers of the country all share in the benefits of a secure energy supply of this magnitude and should share in the project risks.

Second, the testimony before your committee made it abundantly clear that the waiver package before Congress, far from being the final step necessary to bringing the ANGTS to a reality, is only a beginning. The project sponsors, the producers and the banking community must negotiate the formulation of a financing plan. Witnesses from the banking community have indicated that acceptable debt assumption arrangements by the project sponsors and producers might be necessary in addition to a precompletion billing commencement date. In many cases, the portion of debt of the ANGTS attributable to individual sponsors is several times their total assets. It is likely that the sponsors will have to return to Congress at a later time for additional waivers. Neither Congress nor those charged with protecting the interests of the consumer should be required to consider these waivers on a piece-meal basis. The project sponsors must be made to determine the actual requirements of private sector financing and present those requirements to Congress in total so that an informed judgment can be made on the viability of the project.

Finally, the question of the marketability of the North Slope gas transported through the ANGTS is clearly an issue that has not been adequately studied. If the gas is not marketable, the waiver package becomes immaterial. The producers, the banking community witnesses and the representatives of the Federal Energy Regulatory Commission have all indicated that studies of the ANGTS gas supply with and without deregulation of natural gas prices must be made prior to final approval of the Alaska pipeline. The determination of marketability should also be made prior to Congressional approval of any waiver package for the ANGTS.

Sincerely yours,

JOHN E. BRYSON,
President.

[From the Los Angeles Times, Dec. 8, 1981]

TAXING CALIFORNIANS FOR A RISKY PIPELINE

(By John E. Bryson)

At the request of the coalition of oil companies, pipelines and utilities proposing to build the new Alaska natural-gas pipeline, President Reagan has asked Congress to waive certain legal conditions governing the project.

If Congress acquiesces—the Senate has already done so and the House is expected to vote this week—the result will be to shift much of the economic risk of this "largest privately financed construction project in history" to California's gas and electricity consumers.

The Alaska Natural Gas Transportation System, as the project is known, is designed to bring the rich deposits of natural gas on Alaska's North Slope south. Twenty percent of the supply is to be allocated to California.

The current project was selected in 1977 by President Jimmy Carter over two alternative proposals, in large part on the ground that this project was to be entirely privately financed. And, in fact, Reagan, not long after taking office, proclaimed his Administration's support for the pipeline only if it met the test of the marketplace by being built with private capital and without government support. Instead, however, the requested waivers are designed to protect the pipeline sponsors from normal marketplace risks.

The central question that is posed by the waiver package is who will bear the economic risks associated with the possibility that the project, to be built under extraordinarily difficult conditions in Alaska, is not completed or is delayed beyond the 1987 estimated completion date. Those are, of course, economic risks undertaken by the sponsors of any construction project. It is precisely those risks that force prospective project lenders to scrutinize the projects carefully and that drive project managers to exercise rigorous cost controls.

Under the waiver package, however, the economic risks of delay or noncompletion would be shifted away from the companies that are sponsoring the pipeline, and would be imposed on the customers of the utilities that will ultimately receive the gas. This mandated risk-assumption is an indirect and disguised means of providing government support, but the result is substantially the same as more direct means would be. It differs from direct government subsidies principally in that only the customers of certain utilities are stuck with the risk, and in that

the financial risk is open-ended, rather than being limited to a defined amount.

In fact, the pipeline project is, from another perspective, substantially more economically risky today than it was when proposed in 1977. At that time, all domestic gas prices were controlled, and the nation and California faced severe gas shortages. In 1978, however, Congress passed the Natural Gas Policy Act, which was intended to allow natural-gas prices to increase to market levels by 1985. And now the Reagan Administration is contemplating accelerated natural-gas price decontrol. As a result, natural-gas prices are going up, and current supplies meet and exceed demand.

The significance of these developments is that in 1987, when the Alaskan gas is scheduled to arrive, there is likely to be a much more ample supply than was previously contemplated, and no low-priced gas to offset the very high price of Alaskan gas. Thus, the utilities may not be able to "roll in" the Alaskan gas price to an overall gas utility rate that consumers will accept. If the price of natural gas exceeds that of oil, large consumers will simply substitute oil, leaving only those without the capability to switch, largely residential customers, to bear the total fixed costs of the natural-gas distribution system.

Market prices for oil and natural gas in 1987 are very difficult to predict, varying as they will with changes in supply, federal law and international conditions. But current estimates for the cost of Alaskan gas underscore concern as to its economic competitiveness.

The California Public Utilities Commission staff estimates that at a $40-billion total project cost, the Alaskan gas will cost $15.41 per million BTUs, assuming the project is completed in 1987. This compares with a projected average cost of gas to California utilities at that date of $9.07 per million BTUs. Depending on oil prices, this means that every California residential consumer would pay an extra $72 to $125 annually for the Alaskan gas.

The premium that California gas consumers pay for the Alaskan gas over the cost of other supply sources is, in effect, a tax. There may in fact be a valid argument for assessing such a tax. Access to the Alaskan natural gas would reduce U.S. dependence on foreign sources of both oil and gas. That dependence is a vulnerability affecting U.S. national security. Thus, it is entirely appropriate that Congress consider whether the national-security value of the Alaskan gas merits government support. But that question should be debated directly for what it is.

And, if the national-security interest justifies government support then the associated costs should be borne by all the nation's taxpayers, not just by Californians and other natural-gas consumers who happen to be along the pipeline's distribution route.

[From the New York Times, Dec. 8, 1981]

THE BIGGEST "PRIVATE" PROJECT EVER

It could turn out to be the biggest private construction project in history; it is already one of the biggest Congressional lobbying efforts.

A consortium of energy corporations wants to build a 4,800-mile pipeline to bring Alaskan natural gas to the lower 48 states. Congress approved the project four years ago on the assurance that private industry could do the job without further help from Government or natural gas users.

But now the consortium wants key provisions of the law waived, most notably the rules for recovering construction costs. To gain access to financial markets, the consortium argues, it must have permission to pass costs on to consumers long before the natural gas begins to flow.

The Senate agreed to these demands last month by a lopsided 75-19 margin. Now an army of lobbyists is pressuring the House to follow suit. We hope House members have the courage to hold the pipeline builders to their promise.

The Alaskan Arctic holds about 26 trillion cubic feet of natural gas, more than a tenth of America's proven reserves. But getting that gas to consumers is no small task. A pipeline linking the North Slope with California and the Midwest would cost an estimated $40 billion.

The Northwest Energy consortium's construction plan was chosen over competing proposals in 1977. But the consortium has been unable to find the private investors it originally thought would be willing to finance the project. So, with Reagan Administration support, Northwest wants Congress to waive key provisions of the 1977 law.

One of the requested waivers, to permit oil companies that own the natural gas also to own a piece of the pipeline, seems reasonable. Both the wellhead price of the gas and the pipeline transport cost are regulated; ordinary antitrust considerations don't really apply.

But the core issue is who should bear the loss if the project proves uneconomical.

One worry is that construction delays will add tens of billions to the final cost. That is just what happened to the Alaska oil pipeline. Another worry is that by the time the pipeline is finished, the gas would be so costly no one would want to buy it. Even with no construction cost overruns, the delivered cost of the gas in 1987 will be equivalent to oil at $120 a barrel, more than three times the present rate.

That explains why Northwest wants customers to start paying not when the gas starts to flow but when construction is supposed to be finished—perhaps years earlier. And it explains why the consortium wants Congress to include a multibillion-dollar plant needed to prepare the raw gas for transmission as part of the project.

Some amount of the financial risk might appropriately be borne by those who stand to benefit from the Alaskan gas. But the proposed waivers would go much further, effectively converting the pipeline into a "cost-plus" enterprise. It is hard to see why all the risk should fall on consumers.

Should the Alaska natural gas pipeline be built? The prize is tempting, but the price is daunting. If the people who know energy markets best—the oil companies and the financial institutions that back them—aren't willing to take a chance, then why should the public?

Mr. SHARP. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, we are operating under very limited time here and people have raised a number of very significant questions. I would urge my colleagues to read the committee report and the additional materials that I will now ask unanimous consent to place in the RECORD, which is a list of 12 questions that people have asked about this project, as well as answers to those questions.

TWELVE QUESTIONS AND ANSWERS ON THE WAIVER PROPOSAL, HOUSE JOINT RESOLUTION 341

1. Doesn't the waiver proposal lock consumers into multi-billion dollar payments whether or not the line is ever completed?

No. The pre-billing provision of the waiver proposal gives the Federal Energy Regulatory Commission the discretionary power to allow companies planning to move gas through the project to begin billing gas customers (1) only after a date selected by the FERC as reasonable for completion of the entire system (probably 1987), (2) only after full completion and testing of one or two or three basic segments of the line, (3) only for the debt service and related costs on the U.S. segments of the project, (4) only after billions of dollars of the sponsors' own risk capital has been invested without return until project completion, and (5) only for those costs prudently incurred and actually paid. All such payments serve to reduce the cost of service for the segment on which they occur, so that consumers would pay less after the line is completed.

The average residential U.S. gas consumer, should the project fail after completion of the two most expensive segments (the absolute worst case), would pay an average of only $11.20 per year (1982 dollars) during the twenty years required to discharge the debt in full—less than one dollar per month. Because the conditioning plant is currently excluded from the system, and President Carter's decision permits billing upon system completion, current law hypothetically allows the same result. (The figure of $150 per year per consumer starting in 1982 printed in the Washington Post has no basis in fact whatsoever.)

2. Is it true that the oil companies will receive a 50% rate of return on their investment in this project?

No, that is simply not true. The oil companies, like the other participants, will receive a rate of return which is regulated by the FERC and estimated to be about 17%. The memorandum that calculated the oft-cited 50% figure required two heroic and inappropriate assumptions in order to stretch to such an alarming figure. First, it assumed that all proceeds to producers from wellhead sales of their natural gas to be shipped through the pipeline should be considered profit on their pipeline investment, reasoning that without the pipeline the producers could not get any value for the gas. Second, it assumed that there were zero costs for developing this gas production, that all development costs for the gas should be deemed to have been covered by oil revenues.

3. Is it true that there won't be any American steel used on this huge project?

No, there have already been hundreds of thousands of tons of American steel purchased and there will clearly be much more. Two thirds of the steel already used has been American; more than a million tons, or 60% of the remaining steel to be purchased, is very likely to be American.

The only large portion not currently likely to be American is the pipeline steel for the Alaska segment, which no American company can currently manufacture. But the pipeline sponsors are attempting to help upgrade an American plant so that the difficult Arctic-grade specifications can be met with American pipe. If it can be done, this pipe, like the other steel needs, would be subject to the sponsors' public pledge to "purchase and use, on a priority basis, American-produced material to the maxi-

mum extent feasible and practicable, consistent with the requirements imposed upon us by the regulatory authorities."

4. Why hasn't the State of Alaska invested in this pipeline, since they have so much money from oil revenues?

The State of Alaska is currently considering taking such a highly unusual step. Investing public revenues in a private profit-making venture is not a step a state can take lightly, however great the state's own interest. The State of Alaska is aware that it represents one of the few remaining major sources of funding or credit which could assist to close the $10 billion gap in unfunded security for construction loans which will exist even if the waiver is approved.

5. Won't the gas delivered by this project be impossible to sell because of its high price?

The key variable is the price of foreign oil, which will determine the competitiveness of Alaskan gas. If oil prices rise as fast in the 80's as they did in the 70's, the gas produced from the pipeline may be a bargain even in its first years, when it is much higher-priced than it will be later.

In 1980 dollars, its first year price is estimated to be as high as $9.00 per Mcf, less than some deregulated high-cost gas has already sold for. (It should be noted that some much higher estimates have been heard in hearings and debate, but these are in 1987 dollars and assume high rates of inflation and interest.) Its average price in 1980 dollars over the twenty-year payback period of the investment will be between $4.50 and $5.00, which compares favorably with foreign oil at today's prices. The more oil prices rise, the more attractive this gas price will be.

If necessary, the actual prices passed through to consumers can be adjusted to be closer to this average through various regulatory and financing devices, and this will be done: the companies involved have no desire for an empty pipeline. The consumers, on the other hand, will profit from a full one economically, as well as in their continued access to nature's cleanest fuel.

6. Why can't anyone guarantee that passage of the waiver will guarantee financing and construction of the pipeline?

The pipeline has always been planned as a private sector project. The only effective ways to guarantee financing and construction of the project would be through Federal government or consumer guarantees, which the waiver proposal does not provide and which the sponsors do not seek. That the basic decision of whether to go or not go with this project is still that of the private financial markets is proven by the very fact that there are no guarantees that passage of the waiver proposal assures construction.

It is also proof of the fact that the waiver does not provide consumer guarantees, as some have alleged—if it did, financing and construction would be guaranteed. Instead, the testimony from financial experts and bankers is that the waiver proposal clears away some otherwise insuperable obstacles to private financing, and that they believe that there is a good chance of financing the project, but that the private capital market alone will make the key decision on the worth of this project, as it should, and as Congress has always intended.

7. Why should the project include the natural gas conditioning plant that the original decision required the producers to build?

The conditioning plant will perform functions necessary for transportation of the natural gas—separation of the carbon dioxide, chilling, compression, and removal of those liquids which would block the pipeline. The value of any liquids removed is fully credited to the project and thus to reducing consumers' costs.

If the plant were not included in the system, and producers were willing to construct it, current law would allow the costs for performing these functions to be added to the wellhead prices of gas, so consumers would pay them anyway. But the producers were not willing to pay the full costs of a facility that was required for a system they could not legally participate in.

8. Aren't the legal protections for consumers based on the Natural Gas Act stripped away by the waiver proposal?

The answer to this is an emphatic no. All the regulatory discretion that the FERC has initially in considering a new pipeline remains, and so does all the regulatory power that the FERC exercises during operation, with the sole exception that the FERC cannot change the tariff in a manner that impairs collection of sufficient revenues to meet the actual costs of the project's debt, taxes, and operation and maintenance expenses. The FERC has never changed a tariff in such a way, and probably never would, but concedes that it could, and the lenders of $21 billion are understandably reluctant to depend on the indefinite consistency of future Federal regulators even when that consistency is supported by commonsense.

9. Isn't this huge project, the most expensive ever built, certain to suffer a major cost overrun?

This project is very unlikely to experience a significant overrun as a result of detailed and complete cost estimates, verified more than once. Millions of dollars were spent on precise design and engineering work. The Federal Inspector's Office will check spending and building practices closely, and FERC will exclude any imprudent expenditures from the rate base. Expectable as well as highly unusual contingencies were all costed-out and accounted for within the project financing plan.

In addition, the rate of return mechanism has a special feature which rewards the builders for finishing under the estimated costs, and penalizes them for coming in over costs. Finally, the sponsors are attempting to finance privately a $3 billion overrun fund, if all other protections fail. All of these factors combine to make an overrun that could lead to pressure for additional consumer assistance extremely unlikely.

10. Can't we defeat the waiver package and still keep the project alive by passing legislation?

The legislative option is a last-minute proposal designed to defeat the waiver package without appearing to prevent construction of the pipeline.

Legislation clearly cannot be passed in the remaining days of this session, nor within the first few months of next year. In fact, no consensus exists, or is likely to develop, on the content of such legislation. Even if it does develop, next year's construction season would be lost, and $3 billion or more added to the project's cost.

Those suggesting a legislative alternative claim that passage of the waiver package may still not be sufficient to result in private financing of the pipeline. But it is difficult to understand how legislation could increase the incentive to private investors by reducing their risk without at the same time increasing the risk to gas consumers or to taxpayers.

No legislative option was considered during the lengthy discussions prior to submission of the waiver package; no witness during the Subcommittee's lengthy hearings suggested that a legislative solution would be timely; and legislation cannot be passed in time to prevent the $3 billion in extra cost to consumers that would be incurred by loss of the coming construction season.

11. Isn't there some way to satisfy our commitments to the Canadians other than by passing the waiver proposal?

Probably not. The waiver proposal has been presented by the Administration as the concrete fulfillment of our national commitment to Canada to clear away the obstacles to private financing of the line and to provide Canadian participants full security for their advance investments in our behalf. It is a full discharge of that commitment, even if the project cannot then find the private funds it requires. Congress joined in this commitment with a concurrent resolution passed in July 1980, for the explicit purpose of assuring the Canadians that they could trust us and authorize the pre-build.

Canada has relied on our national commitment to authorize the advance building of a section of the line, which is now complete, and to authorize greater gas exports. The government did so despite the assertions of the opposition party that the U.S. would renege and never build the portion of the project to Alaska. The Canadian Energy Minister has said that for us to fail now to clear the way for private financing of the remainder of this project "would be the greatest breach of faith committed by the United States on Canada in the last 200 years". Since we would be deluded to think that a legislative alternative can be put together in time to save this project, there is no reason Canada should think so either. Given the potential for political exploitation that such a failure on our part would create in Canada, adding momentum to nationalist and anti-American feelings already causing us problems, it might well be decades before an overland pipeline through Canada would be politically possible, should the current waiver proposal be defeated.

12. Won't the sponsors of this project come back again for more shifting of the risk of this investment to consumers if the current waiver package fails to attract financing?

The Administration and key Congressional participants in this process have made it absolutely clear to the sponsors that there is no interest in additional substantive waivers which deal with project economics. I would personally be unwilling to support any waiver proposal which sought to provide further shift of financial risks to consumers, and I doubt that President Reagan would change his mind and propose it.

CONSUMER PROTECTIONS

The waiver proposal does not adversely affect consumer protections for the following reasons:

1. The FERC retains discretion to decide upon what conditions it will issue final certificates of public convenience and necessity under the Natural Gas Act authorizing the construction and operation of the ANGTS. Before issuing such certificates the FERC must examine the financing plan, the project tariffs, marketing and marketability studies, and cost of service studies. The FERC must satisfy itself that the project will be economically viable, that Alaskan

gas will be marketable, that the financing plan and conforming tariffs are in the national and public interest, and that issuance of the certificates are not inconsistent with the standards of Section 7 of the Gas Act.

2. The FERC also must find that the initial ANGTS tariffs are just and reasonable under the statutory standards imposed by Section 4 of the Natural Gas Act.

3. Interested parties, including consumers and state public utility commissions, have the right to participate fully in any proceedings where the FERC considers the matters referenced above.

4. The FERC, after consulting with the Justice Department, must find that any agreement providing for a producer ownership interest in the Alaskan facilities of the ANGTS does not have any anticompetitive impacts. This finding must be consistent with ANGTA, the Natural Gas Act, and all antitrust laws.

5. The FERC must review and approve the contracts for the purchase of Prudhoe Bay natural gas.

6. The Federal Inspector will supervise construction to safeguard against inefficient or wasteful practices that could result in cost overruns and to help assure that the entire project is completed on time.

7. The Office of the Federal Inspector will coordinate with its Canadian counterpart, the Northern Pipeline Agency, to help ensure that the U.S. and Canadian facilities are completed at the same time.

8. The Federal Inspector will review the prudency of the ANGTS construction costs.

9. Billing for a segment cannot commence until after that segment is completed and the target date established by the FERC as the most likely date for the completion of the entire system has passed. Establishment of the target date will ensure that the sponsors do not deliberately complete one or two segments in advance of the other(s) in order to invoke billing commencement as soon as possible. Federal Inspector certification that a segment is complete ensures that an independent entity will certify that segment is complete.

10. Once the ANGTS becomes operational, the sponsors will be subject to the FERC's full jurisdiction under the Natural Gas Act, except that the FERC cannot take any action that would impair repayment of project debt or prohibit shippers from collecting such charges. The FERC otherwise retains the authority both to review ANGTS rates, either on its own or at the request of consumers or state public utility commissions, and the authority over any future rate increases filed by the sponsors, which increases must be found to be just and reasonable under the standards of the Natural Gas Act.

These are in addition to other consumer protections that are provided by law or are implicit in the operation of Federal regulatory and oversight agencies.

SUMMARY OF WAIVER PROPOSAL

The provisions of the waiver proposal can be summarized as follows:

1. It permits Alaska gas producers to participate in ownership of the Alaska pipeline segment and gas conditioning plant segment, provided that any agreement on producer participation may be approved by F.E.R.C. only after consideration of advice from the Attorney General and upon a finding by F.E.R.C. that the agreement will not (a) create or maintain a situation inconsistent with the antitrust laws, or (b) in and of itself create restrictions on access to the Alaska segment for nonowner shippers or restrictions on capacity expansion.

2. It includes the gas conditioning plant in the approved transportation system and in the final certificate to be issued for the system; and waives application of Section 5, Condition IV-2 of the President's Decision to the gas conditioning plant.

3. It allows F.E.R.C. to approve a tariff that will permit billing to commence and collection of rates and charges to begin and that will authorize recovery of all costs paid by purchasers of Alaska natural gas for transportation through the system pursuant to such tariffs prior to the flow of Alaska gas through the system; permits recovery of the full cost of service for the pipeline in Canada to commence upon completion and testing; and permits recovery of the actual operation and maintenance expenses, actual current taxes and amounts to service debt for the Alaska pipeline segment and gas conditioning segment.

4. It waives Section 7(c)(1)(B) of the Gas Act to the extent it can be construed to require the use of formal evidentiary hearings in proceedings related to applications for certificates authorizing the construction or operation of any segment of the approved system, provided that F.E.R.C. is not precluded from the use of formal hearings if it thinks they are necessary.

5. It waives Sections 4, 5, 7 and 16 of the Gas Act to the extent such sections would allow F.E.R.C. to change the provisions of any final rule or order approving (a) any tariff in any manner that would impair recovery of actual operation and maintenance expenses, actual current taxes, and amount needed to service debt, or (b) the recovery by purchasers of Alaska gas of all costs related to transportation of such gas pursuant to an approved tariff.

6. It permits Alaskan Northwest or its successor and any shipper of Alaska gas through the Alaska pipeline segment to be deemed a "natural gas company."

7. It waives Section 3 of the Natural Gas Act as it would apply to Alaska natural gas transported through the Alaska segment to the extent that any authorization would otherwise be required for (a) the exportation of Alaska gas to Canada (to the extent such gas is replaced by Canada downstream from the export), (b) the importation of gas from Canada (to the extent it is replaced by exports to Canada) and (c) the exportation from Alaska into Canada and importation from Canada into the lower 48 states of the U.S. of Alaska gas. Section 103 of the Energy Policy and Conservation Act would similarly be waived.

THE RELATIONSHIP OF THE WAIVER PROPOSAL TO PRESENT LAW

The proposed waiver of law is submitted by President Reagan in accordance with section 8(g) of the Alaskan Natural Gas Transportation Act of 1976 (ANGTA). That section provides that the President may propose waiver of any provision of law that he finds necessary to permit expeditious construction and initial operation of the approved transportation system selected in accordance with ANGTA.

The waiver proposal contains several parts, each of which waives the application of a specific element of the law (Natural Gas Act, Energy Policy and Conservation Act, and the Joint Resolution incorporating President Carter's Original Decision under ANGTA) governing the construction and initial operation of the pipeline.

The effects of the waiver of law are limited in the language of the proposed waiver by detailed conditions on its use. Any part of the present law not specifically and explicitly waived by the proposal would remain in full force and effect with regard to this project. The waiver would have no effect whatsoever on the law as it applies to projects other than the approved transportation system for Alaska natural gas.

In addition to the limitations on the wavier proposal which are included in its text, and the clarification provided by the synopsis of the proposal provided by the President, any ambiguities or questions of interpretation or limitation of effect have been answered by report language which should authoritatively guide later court review.

In accordance with ANGTA, the waiver proposal submitted by the President is not subject to amendment, but must be approved or rejected as submitted.

POINT OF ORDER

Mr. OTTINGER. Point of order, Mr. Chairman.

The CHAIRMAN. The gentleman will state his point of order.

Mr. OTTINGER. It is not proper in the Committee of the Whole to put in extraneous matter.

The CHAIRMAN. The Chair was about to rule that the gentleman would have to get that permission in the House.

Mr. SHARP. Mr. Chairman, let me just say I will be adding materials to the RECORD I trust in the House of Representatives, which I think will help to clarify for people some of the details that are being raised here today.

I think it is very important for us to remember that consumers in my own State and consumers, as the gentleman from North Carolina (Mr. JOHNSTON) pointed out, have paid dearly when this country has not been able to provide adequate supplies of energy. People have been out of work. People have seen their prices rise dramatically.

None of these decisions are cost-free, whether you are for this project or you are against this project. We need to make sure that in deciding this today that we weigh both the downside costs as well as the up-side costs of being for this project.

The best protection American consumers will ever have is having a surplus of energy supplies. That has always been the best in terms of being able to do the economic things we want, and also in terms of keeping energy costs down.

Mr. UDALL. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. WRIGHT).

Mr. SHARP. Mr. Chairman, I yield 3 additional minutes to the gentleman from Texas (Mr. WRIGHT).

The CHAIRMAN. The gentleman from Texas (Mr. WRIGHT) is recognized for 6 minutes.

Mr. WRIGHT. Mr. Chairman, I can scarcely believe that I have been hearing some of the things I have been lis-

tening to here on this House floor today. Sometimes I wonder how short our memories can be.

Twice in the last decade American consumers have been brought to their knees, literally forced to wait in mile-long lines, and have seen the gasoline prices doubled and, indeed, tripled because of our continued reliance upon foreign sources of energy and because of our unwillingness to do those hard things necessary to make this country of ours energy independent again.

This year, even in spite of all of the things we have done which have reduced the volume of our imports, we still are bleeding through the pores to the tune of $78 billion for foreign imported energy. Is that any service to the consumer?

The gravest disservice that we have performed to the American consumer has been through our dilatory tactics in not coming to grips with the necessity to make America energy independent again. Now we have one opportunity to do that, take one big step in that direction. This project will go a long way to replacing foreign energy supplies by making more of our own available to American consumers. Yet we sit around here and quibble in petty puerility about who is going to pay for it.

Of course, we know who is going to pay for it. If we do not have the gas, the American consumers are going to pay for that. Who is going to get the benefit of it? The Arabs and the other oil-producing nations.

At a time when some of our people are suggesting that we ought to cut off purchases from Libya as a means of demonstrating our disapproval of that government and its attitudes, let me raise this question: As brave as that sounds and as proper as the action might be under the circumstances, where do you propose that we get the energy to supplant that which we would no longer buy from Libya? This Alaskan source of our own natural gas reserve will supplant the energy equivalent of a little better than three-quarters of the amount that we are purchasing daily from Libya. Yet we sit here almost unbelievably as we quail and wonder aloud whether to do those things that can make it possible for private industry, not the Government, but private industry to perform the tasks that this country so desperately needs done in the interest of our consumers, in the interest of our national defense, in the interest of our production, in the interest of American jobs, and in the interest of America's supremacy in the world. We sit here and wonder and quarrel, and nit-pick about the price of gas to the consumers. Let me tell you, the price of gas to the consumers will inevitably be higher and higher and higher as our supplies are lesser, and our reserves are lesser and lesser and lesser.

The Russians are not stopping. They are spending government money to build approximately as long a pipeline from Siberia for the purpose of serving Western Europe, to make Western Europe more dependent upon the Soviet Union. Yet we sit here and hesitate.

Where is our resolve? We marched up this hill after each of those last two crises and vowed to do what is necessary to make the United States energy independent again. Where has that resolve gone?

My colleagues, this is one way that we can strike a blow for energy independence for the United States. We can make available to the American people American resources, and it is not going to cost the Government much of anything.

Delay will cost much more. It will cost more to America. It will cost more to the consumers. It will cost more to American production. It will cost more to American jobs. It will cost more to the American economy if we delay. Therefore, delay is the enemy of the consumer. Action is our duty today.

Mr. DINGELL. Mr. Chairman, will the gentleman yield?

Mr. WRIGHT. I yield to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. I thank the gentleman for yielding.

If there is delay, the cost to the consumer of delivery of this gas will skyrocket beyond belief. If the project cannot be constructed, the probability is that it will be found out and there will be no cost to the consumer. But delay is going to cost the consumers monstrous amounts of money.

Mr. WRIGHT. I thank the gentleman for that comment. I am reminded of what happened in 1941 when the Japanese cut off our supplies of natural rubber. We needed rubber if we were to win that struggle. We are in a struggle no less certain today than we were then. Though it is not a military struggle, it is a struggle for our survival as a people. It is the struggle for energy independence.

That day Franklin Roosevelt called Bernard Baruch and Bill Jeffers together and he said we must develop a synthetic rubber industry in this country. Nobody knew how to do it. But they did not sit around waiting and putting off action and quarreling about whether it was going to cost too much. They knew the need for it and they did it. And 3½ years later, when American and allied troops rolled into Berlin, we rolled on rubber tires made by a synthetic American rubber industry. And yes, I guess some people made some money off of it. I hope they did. But the American people gained victory from it.

That is what we will gain if we act resolutely today.

Mr. CORCORAN. Mr. Chairman, I yield 2 minutes to the distinguished gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. Mr. Chairman, you have just heard the eloquent rhetoric of the gentleman from Texas (Mr. WRIGHT). The question, however, is not whether we shall get the gas or not. There are other ways to get this resource, and I would go into that if we had a reasonable amount of time to debate this. The arguments against these waivers have been made eloquently by the gentleman from Illinois (Mr. CORCORAN), who has done just a fine job in this matter.

The fact of the matter is that the oil companies have used the energy crisis time and time and time again as an excuse to profiteer at the expense of the American people. The oil companies have gotten themselves absolved just recently in the tax bill from a large portion of the windfall profit tax. They have special provisions in the tax laws for royalty owners. They already get tax subsidies of something like $6 billion a year through depletion allowances, foreign tax credits, intangible drilling costs, and other special provisions. Now they come to us on a project that they deem to be uneconomic to finance themselves, and say deceptively that they do not want a Federal guarantee. We have been told by the good gentleman from Arizona (Mr. UDALL) and the gentleman from Indiana (Mr. SHARP) that they will not ask the Federal taxpayers to finance this project. Instead they support a consumer guarantee, and that is what you have here. You have a consumer guarantee.

These consumers, however, are the very same people as the taxpayers. It is the poor and middle-income people of this country that are going to be asked to finance the oil companies despite the record profits they have made. Do my colleagues know that 98 percent of the profit increases in the past 2 years consist of the oil companies' increases in profits, and that 40 percent of the entire manufacturing profits in the United States go into the hands of the oil companies?

We have here a situation in which they are unwilling to finance one of their direct responsibilities, a $4.5 billion processing plant.

They say put it on the books of the consumers. In point of fact, every single one of the people who has a financial interest in this project has been unwilling to put up the money. The oil companies are not willing to finance this project. The State of Alaska which stands to gain $20 billion from this project is not willing to put up their money for this project.

It is the American consumer that is being stuck with this. It is just outrageous.

At the subcommittee markup of this resolution there were many eloquent

statements concerning this waiver package.

Subcommittee members spoke about the unfairness of placing a substantial portion of the risk of noncompletion of the pipeline onto consumers through prebilling provisions. They spoke about the unnecessary shifting of the costs of the gas processing plant from the producers to the pipeline and its ratepayers. They spoke of the inequity of permitting producers to earn a 50-percent rate of return and other pipeline sponsors a 25-percent rate of return, according to the excellent committee staff analysis.

And those were the remarks of the supporters of the waivers.

The fact is that a large majority of this Congress knows that these waivers go too far. We know that prebilling places an enormous risk upon consumers. If it did not, the banks would not care about it.

We know that there is no justification for including the $5 billion processing plant in the pipeline's cost, when it should be the producers' responsibility.

We know that it is not right that the State of Alaska, which will receive royalties on the natural gas, has failed to commit a nickel to finance this project.

So why is there any question over these waivers? The answer is simply that some fear that a vote on the waivers is a vote on the pipeline. Indeed, we have been told by some that a negative vote is somehow reneging on our commitments to go forward on the project.

But that fear is unjustified. There is too much at stake for all involved for the project to be abruptly terminated. Furthermore, there is no assurance that even if we pass these waivers, the sponsors would not ask for more.

These waivers of law were not handed down from high and written in stone. They are the product of hard bargaining among the producers, pipelines, and the banks. And when none of them volunteered to take certain risks, or pay certain costs, provisions were written to shift these costs and risks to consumers—the one interest not represented at the bargaining table.

It is now our responsibility to act as their bargaining agent, and reject this package. I know we can do better.

This is another example of the administration's attempt to shield big money projects from the tests of the market. Prebilling permits banks to lend money they would not otherwise risk, because consumers will be forced to pay. This same kind of market insulation also occurred in the WPPSS plants in the Pacific Northwest where terrible overruns occurred. I would like to insert a CRS comparison between the financing of these two projects:

CONGRESSIONAL RESEARCH SERVICE,
Washington, D.C., November 30, 1981.

To: Subcommittee on Environment, Energy and Natural Resources, House Committee on Government Operations.

From: Carl E. Behrens, Specialist in Energy Policy, Environment and Natural Resources Policy Division.

Subject: WPPSS and ANGTS: Similarities in funding.

This memo is in response to your request for a discussion of increased costs and delays in large construction projects that may result when those who invest in or build the project are not immediately affected by such increases. In particular, you asked whether the delays and cost overruns in the 5-unit nuclear construction project of the Washington Public Power Supply System (WPPSS)—which have recently led to an agonizing reappraisal of that massive undertaking—carry a cautionary message for the proposed Alaska Natural Gas Transportation System (ANGTS).

The ANGTS waiver package now before the Congress (S.J. Res. 115, H.J. Res. 341) does include provisions which are similar, with some important exceptions, to the financing arrangements of the WPPSS project. To the extent that these arrangements have contributed to cost and delay problems at WPPSS, there is a potential that they might similarly affect the ANGTS project.

In ways that are detailed below, the WPPSS Board, which is responsible for financing, scheduling and contracting for the project, has been protected to a considerable degree from the short-term effects of its decisions. The result of this protection may have been that warning signals were not acted upon until the viability of the entire project was jeopardized.

The WPPSS experience indicates that large, capital-intensive projects have a potential for serious financial crisis when management decisions are not subject to timely review. Caution suggests that such projects be provided with careful oversight, and perhaps formal review authority, by entities which will eventually be responsible for the costs of the project.

Before discussing the similarities between the WPPSS project and the ANGTS waiver package, the differences should be mentioned. The technologies (nuclear versus gas pipeline), the location (Pacific Northwest versus North Central Canada), and the builders (a public utility consortium versus private gas utilities ties and oil companies) are all different. More important, perhaps, is the fact that the return on the equity investment in the ANGTS project will be higher if costs are kept under control ("incentive rate of return")—a feature that is not present in the complicated financing of the WPPSS nuclear project.

With these differences in mind, it is still possible to draw a parallel between the ANGTS waiver provision—that the costs of the project will be passed through to gas consumers before it is completed, or even if it is not finished—and several features of the WPPSS project.

It is a generally accepted conclusion that zeal in cost control is strongly affected by whether the person responsible for making decisions must pay their costs directly and fully. This phenomenon can be observed in a wide range of economic behavior, from business lunches and individual metering of electric power consumption to elective surgery and automatic fuel adjustment clauses. Among the features of both the WPPSS system and the ANGTS waiver package that tend to separate the decision-makers from the costs of their decisions are:

1. Pass-Through of Costs. Under the "net billing" arrangement between WPPSS and the Bonneville Power Administration for Units 1, 2 and most of 3, BPA has agreed to buy power produced by those units, and subtract the cost of the nuclear operation from its charges to WPPSS utilities for the power it supplies to them. Since BPA's rates to the WPPSS utilities are based on low-cost Federal hydropower, BPA is essentially responsible for the full cost of those nuclear units. BPA has not agreed to net billing for Units 4 and 5; until recently, however, there was a general assumption that it would need to buy the output of those plants as well, to meet the growing demand for power in the region. Even if this is not the case, the cost of Units 4 and 5 will be spread among the the 80-odd utilities that make up WPPSS, all of whom depend on the rather isolated Board to control costs and enforce schedules on contractors.

A similar system will exist if the waiver package is approved. The ANGTS costs will be effectively guaranteed by the consumer, if the pipeline is finished.

2. Rolled-In Costs. In the case of both the ANGTS project and the WPPSS nuclear plants, the cost of the product will be merged into the price of a larger pool of lower-cost resources, and sold to a very larger number of consumers. The result is that the effect on individual consumers of even very large cost overruns will be greatly diluted, thus minimizing potential reaction.

3. Take or Pay Contracts. For the WPPSS nuclear units, the costs of the projects will be passed through whether or not the project is completed. For ANGTS (under the waiver package), costs of segments of the project can be passed through to consumers before gas begins to flow.

All of these factors can have a strong negative effect on the efficiency of managing a major, capital-intensive project. Their importance as causes of the cost increases and delays, however, has been disputed.

One review of the critical situation at WPPSS has concluded that "WPPSS mismanagement has been the most significant cause of cost overruns and delays" that have sent the estimated cost of the 5 plants from $6.6 billion to $23.8 billion and delayed the scheduled start-up of the units by many months. It claimed that WPPSS management was responsible for inappropriate contracting, nonenforcement of contract terms, acceptance of delays by contractors, and inefficient and costly financing methods.[1] On the other hand, WPPSS management has argued that regulatory requirements and strikes have been major factors in the delays, which in turn have contributed to the major part of the cost increases, because of the high cost of capital. Nevertheless, the fact that the Supply System management could pass through the costs of the project to consumers, through the net billing arrangement, is a prominent feature of the crisis that has developed: a crisis that has left in doubt the completion of at least a major portion of the 5-unit system.

The most dangerous aspect of such arrangements appears to be the possibility that warning signals may not be acted upon until the viability of the entire project is

[1] Washington State. Senate. Committee on Energy and Utilities. Causes of cost overruns and schedule delays on the five WPPSS nuclear power plants. [Olympia] March 1, 1981.

jeopardized. In the case of WPPSS Units 1-3, Bonneville Power Administration was essentially committed to pay for the costs of the project, but did not have clear oversight of the management decisions by the WPPSS Board. It was only in the crisis of financing Units 4 and 5, when the availability of municipal bond money for the entire State of Washington was called into question, that vigorous management changes were adopted by WPPSS.

If a parallel can be drawn with the ANGTS project, it is that oversight and review authority by those responsible for bearing the costs of a large project may be an important ingredient in insuring its efficient and successful completion. The form such an oversight and executive review function might take needs further discussion. The major factor to be considered appears to be supplying enough authority to an entity with a direct interest in keeping costs under control, while preserving flexibility for the pipeline construction management to make timely and efficient decisions.

It is clear that these extraordinary procedures under which we are operating—1 hour of debate, no amendments—were never intended for this kind of sweeping waiver package.

Let us not be hustled by the take-it-or-leave-it hurry-up procedures we are operating under. The waiver package should be defeated.

I would also like to share with my colleagues an editorial from today's New York Times and an editorial from the November 23 Christian Science Monitor both of which oppose the waiver package:

[From the New York Times, Dec. 8, 1981]

THE BIGGEST "PRIVATE" PROJECT EVER

It could turn out to be the biggest private construction project in history; it is already one of the biggest Congressional lobbying efforts.

A consortium of energy corporations wants to build a 4,800-mile pipeline to bring Alaskan natural gas to the lower 48 states. Congress approved the project four years ago on the assurance that private industry could do the job without further help from Government or natural gas users.

But now the consortium wants key provisions of the law waived, most notably the rules for recovering construction costs. To gain access to financial markets, the consortium argues, it must have permission to pass costs on to consumers long before the natural gas begin to flow.

The Senate agreed to these demands last month by a lopsided 75-19 margin. Now an army of lobbyists is pressuring the House to follow suit. We hope House members have the courage to hold the pipeline builders to their promise.

The Alaskan Arctic holds about 26 trillion cubic feet of natural gas, more than a tenth of America's proven reserves. But getting that gas to consumers is no small task. A pipeline linking the North Slope with California and the Midwest would cost an estimated $40 billion.

The Northwest Energy consortium's construction plan was chosen over competing proposals in 1977. But the consortium has been unable to find the private investors it orginally thought would be willing to finance the project. So, with Reagan Administration support, Northwest wants Congress to waive key provisions of the 1977 law.

One of the requested waivers, to permit oil companies that own the natural gas also to own a piece of the pipeline, seems reasonable. Both the wellhead price of the gas and the pipeline transport cost are regulated; ordinary antitrust considerations don't really apply.

But the core issue is who should bear the loss if the project proves uneconomical.

One worry is that construction delays will add tens of billions to the final cost. That is just what happened to the Alaska oil pipeline. Another worry is that by the time the pipeline is finished, the gas would be so costly no one would want to buy it. Even with no construction cost overruns, the delivered cost of the gas in 1987 will be equivalent to oil at $120 a barrel, more than three times the present rate.

That explains why Northwest wants customers to start paying not when the gas starts to flow but when construction is supposed to be finished—perhaps years earlier. And it explains why the consortium wants Congress to include a multibillion-dollar plant needed to prepare the raw gas for transmission as part of the project.

Some amount of the financial risk might appropriately be borne by those who stand to benefit from the Alaskan gas. But the proposed waivers would go much further, effectively converting the pipeline into a "cost-plus" enterprise. It is hard to see why all the risk should fall on consumers.

Should the Alaska natural gas pipeline be built? The prize is tempting, but the price is daunting. If the people who know energy markets best—the oil companies and the financial institutions that back them—aren't willing to take a chance, then why should the public?

[From the Christian Science Monitor, Nov. 23, 1981]

BUT WHY SHOULD CUSTOMERS PAY FOR THE PIPELINE IN ADVANCE?

Whether deregulated or not, natural gas will have to be produced in sufficient quantity to play its part in the energy equation. But gas customers should not be expected to bear the risks of expensive new ventures by having to pay for them even if never completed.

This view was supported by Congress and the Carter administration when clearance was given for John McMillian's pipeline firm to build a line bringing Alaska's plentiful natural gas to the rest of the country. Now Mr. McMillian is seeking various waivers, including one that would permit customers to be billed if a single segment is constructed even though no gas flows and the project remains unfinished. The Reagan administration is going along with this proposed inequity, and so far three congressional committees have done so, too.

Congress as a whole ought to stand firm against the reported strenuous lobbying and stay with the original terms for private financing without consumer risk-sharing. Otherwise it is not hard to imagine the burden gradually being shifted to all taxpayers with requests for federal loan guarantees and then perhaps loans themselves.

For estimates on the costliest private construction project in history have already risen from $10 billion in 1977 to $40 billion or $50 billion now. Interest rates are high. Bankers are reluctant to take the risk of financing. Thus the effort to spread it to consumers, who can hardly help wondering if the pipeline is such a good idea when apparently it does not sell itself in the financial marketplace.

Ironically, the prospect of total decontrol of gas prices has been cited as a threat to the pipeline's economics. Even at $10 billion it was supposed to deliver gas at such high cost that it would be allowed to be blended for pricing purposes with low-priced controlled gas. That low-priced pool and its cushioning effect would presumably be eliminated if gas prices shoot up as expected under decontrol.

An acceptable environmental plan was eventually arrived at for the pipeline. Its economics must continue to be carefully scrutinized.

Electricity consumers in various states are all too familiar with being asked to pay costs of work in progress—or even canceled. The pipeline should not ask customers to pay, until they can turn on the gas.

□ 1500

Mr. UDALL, Mr. Chairman, I yield 30 seconds to my friend, the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Chairman, I would like to clarify one thing. Alaska's name has been taken in vain on this project. The State of Alaska is looking into financial participation in this project. To do so, the State must be sure of the conditions under which it is being asked to invest. One condition is congressional action on this waiver package. Alaska is the only State that I know of that provides energy to the lower 48 that has been asked to participate in the construction of a pipeline. So Alaska, as I said, wants to help; but if you do not approve this waiver package, there will be no help from Alaska. It will go LNG.

Mr. UDALL. Mr. Chairman, I yield 30 seconds to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Chairman, in 1976 Congress, in all of its infinite wisdom, established a law which authorized the President to select a route and contractor for the Alaska Natural Gas Transportation System and to impose certain regulatory conditions. This time, however, a mechanism was also included in the law to waive the regulatory provisions should they be found by the President to impair expeditious project completion. This is what President Reagan has done, and we are here today to give our stamp of approval to his actions.

Slightly over 100 years ago Americans mocked and ridiculed Secretary of State Seward for purchasing Alaska from the Russians. That buy may have turned out to be one of the answers to America's present energy problems. Alaska has proven gas reserves that total 26 trillion cubic feet—15 percent of all American reserves. Present estimates are that possible reserves could reach over 200 million cubic feet. With a decline in natural gas availability projected for 1990, failure to make this large reserve available to Americans could result in both an increase in the cost of energy and

an increase in our dependence on foreign energy supplies.

Close to one-third of this project has been completed—including the southern Canadian portion. The private sector, which is now expected to help the Government with the national economic recovery, is ready and willing to begin its share of the project. But the waivers are needed first to provide the framework which permits the sponsors to pursue private financing with a greater chance of success.

According to Southern California Gas & Electric, the cost of this project for each consumer family in my district will be under $30 a year. That is, $4 for the conditioning plant, $10 for the Alaska segment of the line, and $12 for our cost of the Canadian segment. This price rate will fluctuate somewhat between States. Mr. Chairman, this means that for a mere 10 cents a day, my constituents can invest in:

First, decreasing our dependence on foreign energy sources;

Second, provide jobs for thousands of Americans in States where the line is to be constructed; and

Third, insure an area of cooperation and good will between the United States and our neighbor to the north, Canada.

Can anyone here think of a better investment for half the price of a candy bar?

The private sector is counting on us, so is Alaska and Canada, and so are the present and future energy consumers of this Nation. House Joint Resolution 341 passed the other body on a vote of 75 to 19, and it passed our own Interior and Commerce Committees with bipartisan support by comfortable margins. I will vote in favor of the waivers—and I urge my colleagues to do likewise while keeping this thought in mind; is it not nice when so much good can be accomplished just by waiving some of Washington's regulations?

Mr. CORCORAN. Mr. Chairman, I yield 30 seconds to the gentleman from Michigan (Mr. KILDEE).

Mr. KILDEE. Mr. Chairman, I oppose this waiver.

The consumers are being asked to assume a risk which the bankers are not willing to assume.

A spokesman for the industry recently said, "The banks want both belts and suspenders for this one."

Now, the customers will be paying for this line even before they get gas, if they ever get gas. Now, this waiver format does not give this body the opportunity to attach any conditions to this. Vote no and we could come back with some conditions for it.

Mr. CORCORAN. Mr. Chairman, I yield the balance of my time to the gentleman from Iowa (Mr. HARKIN) with our apologies that we do not have any more time, which I tried to get earlier.

The CHAIRMAN. The gentleman from Iowa (Mr. HARKIN) is recognized for 30 seconds.

Mr. HARKIN. One hour of debate on an excise tax that is going to cost the American taxpayers $37 billion. One hour to debate that. Tomorrow we will take 10 hours to debate a silly foreign aid bill.

What is happening in the House of Representatives? As the gentleman from California (Mr. MILLER) said, we are getting wrapped up in all of this kind of rhetoric. It all boils down to this: You vote for this bill and you are voting or an excise tax, a $37 billion excise tax on the backs of the American consumers.

There is one difference: It is not going to the Government; it is going to the oil companies.

Do not be held hostage by Saudi Arabia, and do not be held hostage by the oil companies either.

● Mr. BROWN of Ohio. Mr. Chairman, in the report on House Joint Resolution 341, issued by the Committee on Energy and Commerce, the gentleman from North Carolina and I wrote separate views. In these remarks, we explain the process by which the text of the waiver was developed. It was a process that began on a note of "consensus building"—but ended, unfortunately, without a consensus. Having entered the negotiations with the hope of supporting the result, I have come to the conclusion that I cannot.

I will vote against the joint resolution on the waiver package. I do, however, support the construction of the Alaskan natural gas pipeline as in the national interest.

The vote on the waiver package is not, in fact, a vote on the project, We have already had that vote—in 1977 we made that choice and I supported it. In 1980, we reaffirmed that choice by adopting a sense of the Congress resolution. I supported that resolution as well.

The waiver package is an entirely different matter, and it is not in the national interest. The waiver package has been described as necessary to insure the financing of the project. But look closer.

Whether or not the project actually receives financing is a decision which bankers will make, not the Congress through this waiver package.

But what Congress will in fact decide, if we approve the waiver package, is the following:

Customers of the participating pipelines will absolve the sponsors of all liability for all debt on any segment or segments, once completed and tested.

Do customers necessarily receive gas? No. Do customers necessarily receive a totally complete pipeline? No. Customers do, however, receive a bill, so long as two events occur—

One, enough time passes that the "date certain" established by FERC pursuant to this waiver package as the projected completion date does occur. In other words, time must continue.

Two, any one of the three segments is completed and tested by or after that "date certain".

Therefore, customers of the participating pipelines will, solely by operation of the waiver package, that is, Federal law—be placed in the position of accepting the contingent liability for both the timely construction of the project and whether or not all three segments are ever completed.

What do the oil companies get under the "new deal" of the waiver package which they did not get before the waiver package?

They get an equity participation for having agreed to make loans to the pipeline consortium. They get something for their money, as they should.

What do the participating pipelines get under the "new deal" of the waiver package which they did not get before the waiver package?

They get the absolute assurance that, whatever the cost of the system turns out to be, they can pass that cost on to their customers—without necessarily delivering gas. And the pipelines receive an important change in regulation: the Federal Energy Regulatory Commission, established to regulate pipelines, will have no legal authority to amend or alter the passthrough of the costs if the waiver package is adopted. Additionally, there is a great deal of dispute over how much, if any, real authority remains to the State regulatory commissions to regulate the costs.

What do the banks get under the "new deal" of the waiver package which they did not get before the waiver package?

They get a far more creditworthy borrower as the pipeline consortium is backed by the customers of the participating pipelines. The pipeline consortium, even with the participation of major oil companies as partners, are not creditworthy enough. There is doubt as to whether even shifting the contingent liability to the customers by operation of Federal law will make them sufficiently worthy to acquire financing.

So, we see that each party—pipelines, oil companies, and bankers—received a benefit from the waiver package. The customers received no benefit solely due to the waiver package, but rather gave benefits.

The saddest fact is that the customers of the participating pipelines have not the foggiest idea about what their Government may be about to do with their money. Moreover, there is no as-

surance that the waiver package will result in the project being financed.

The waiver package need not have been drafted as it was. Had it conferred a benefit in exchange for the benefit given, I was prepared to support a change in law necessary to build a project in the national interest.

Unfortunately, the entire process of constructing the waiver package has been so one sided that I cannot endorse the package which resulted.

At this point, Mr. Chairman, I include in the RECORD a letter my colleague, the gentleman from North Carolina (Mr. BROYHILL) and I sent to the President on September 23.

COMMITTEE ON ENERGY AND COMMERCE,
Washington, D.C. September 23, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: On June 17, the partnership designated to construct and operate the Alaskan Natural Gas Transportation System requested that you recommend to the Congress several waivers of the law controlling the financing and regulation of the pipeline. Later in June, the Chairman of your Cabinet Council on Natural Resources and Environment, James G. Watt, graciously asked us, along with several of our colleagues, to work together in reviewing the various proposed waivers.

We share your commitment to moving ahead with this pipeline under private financing as the surest method to bring over 26 trillion cubic feet of natural gas to market in the lower 48 states. We have long agreed that this project is in the national interest and that its delay will add to its cost.

However, we are concerned that the project will not be "privately financed" if the waiver requests proposed by the sponsors are recommended by you and accepted by the Congress. Rather than securing the financing for the project's construction based on its value as the sole transporter of the Nation's single largest natural gas find, the sponsors are requesting a waiver of existing law to allow "pre-billing" the consumers in the lower 48 States prior to the project's completion and, in fact, whether or not, the project is ever completed. This proposed waiver would transfer the risk of noncompletion of the project to the consumers. Removing the risk to the entrepreneurs and transferring it to the consumers also removes, in our judgment, the necessary element for the project to be fairly termed as having "private" financing.

As we have stated several times before, we draw a distinction between the risk of delay and the risk of noncompletion. With a project of this historic size, some delay could be understandable. We are willing to discuss a variety of ways to reduce the eventual cost of the project by arranging some method by which the costs of delay can be borne during any construction delays.

We are unalterably and unequivocally opposed, however, to any waiver requests which would operate to transfer the risk of noncompletion to the consumer.

Under the general guidance of Secretary Watt, we have met several times with our colleagues in the House and in the Senate on this matter. We only wish we could report to you that we have reached a common understanding and a common position. Despite good faith efforts, we have been unable to do so.

We write this letter to you to share our thoughts, and to reaffirm our effort to continue working to reach a consensus on this most important project.

Sincerely,

CLARENCE J. BROWN,
Ranking Minority Member, Subcommittee on Fossil and Synthetic Fuels.
JAMES T. BROYHILL,
Ranking Minority Member, Committee on Energy and Commerce.●

● Mr. UDALL. Mr. Chairman, the waiver for the Alaska gas pipeline project, before us as House Joint Resolution 341, is a troubling issue on which people I respect can disagree. I am supporting the package today, however, and I urge my colleagues to support it, because the risks we take by approving the waivers is very small compared to the risk we take in rejecting it.

There is a great deal of agreement, even between supporters and opponents of the waiver package, as to the most problematic issues the package presents. First, if the waivers are passed, American consumers will bear a certain amount of the financial risk involved in a private-sector project. It is a fact that this project was approved by the Congress and President Carter explicitly with the understanding that no consumer risk or financial backing would be required. We are disappointed that the costs for the project have skyrocketed to a point where the approved financial package is no longer viable. But I think it is time, even for longstanding consumer advocates like myself, to take a new look at some creative financing approaches for expensive private projects, as we found we have had to swallow changes in order to continue financing of family homes.

This consumer financing scheme is about as cautious and low risk as anything I think we could come up with. That was not true of the proposal first brought to us by the project's sponsors and the banks. They had requested what is known as "construction-work-in-progress" billing. Consumers would have been paying money up front on the project during the years when risks were highest and benefits were furthest away. After months of discussion and negotiation, the sponsors agreed to reduce their request to the one before us today. Consumers are under no risk at all during the early and riskiest project years. Consumers will only begin paying on a tariff if at least one of three major segments is complete, but never before about 1987, by which time all three are highly likely to be ready to ship gas. If any one or two segments is completed and being charged to consumers, chances are very high that the rest of the pipeline will come on line soon afterward.

Because of the protections built into this billing procedure, consumers bear only a very limited kind of risk that they will have to pay only a certain increment of pipeline costs early. The chance of total project failure exists, but it is not substantial once it is over one-third constructed. Project benefits are not only substantial, but potentially tremendous.

The amount of gas to be gained through this project is in fact so enormous and vital that it can be argued that there is no reason to put consumers at risk at all. Opponents of the waiver package can say that alternative projects and alternative financing schemes do exist, and that we should pull out of even this limited public role and see what materializes in its place.

I agree that the potential represented by the possible hundreds of trillions of cubic feet of gas in the North Slope area will not be denied. If this project flops, the gas will get down here somehow, some time, in some form or another. But I submit, first, that however expensive gas from this pipeline will be, gas brought down under a different project will not be cheaper, and may be substantially more expensive. Alternatives to a pipeline have included submarine tankers under the polar icecap, and construction of liquified natural gas terminals in Alaska and on the coast of California. Such proposals strike me as quixotic and uncertain enough to make this system look pretty solid.

If all else failed, I imagine that the owners of the gas would find some way to finance a conventional pipeline. If history is our teacher, they might be back here seeking Federal loan guarantees, which I hope we will deny. More likely, the gas producers would become controlling owners of the pipeline and put up the staggering equity required, since Exxon and other major oil companies are the only imaginable sources of these amounts of credit outside of wealthy governments. Ironically, one of the objections to this waiver proposal is that it allows the gas producers to have a minority, noncontrolling equity interest in the project in return for their putting up some of the money needed. I submit that in terms of our antitrust concerns we are better off with this waiver package than without it.

I want to say a word about the importance of this proposal to our relations with Canada. We have had rocky relations with that country over time, but we always try to stick together because our economic security interests are of the greatest mutual consequence. The Canadians have cooperated with us consistently on this project, which is in their interest as well as ours, giving the full attention and support of their national and local governments to work out the necessary rights of way. In addressing some of

the same kinds of financing problems that the U.S. sponsors have confronted, the Canadian National Energy Board had to approve an unusual tariff for the pipeline in order for the project to go forward. The President of the United States, then President Carter, subsequently wrote to Prime Minister Trudeau pledging that he would seek the assistance of Congress and in other ways help assure that the tariff was carried through in this country. I believe we now have a responsibility in the Congress to act consistently with that commitment, made by one President, and reinforced by his successor when President Reagan proposed these waivers.

This waiver package is not a guarantee for the project or its financiers. The burden of risk still lies with the equity investors. The bankers and other lenders will be drawn from hundreds of institutions throughout the world. This project will be competing for funds with a pipeline in Europe being backed totally by Western European governments. Its sponsors will be seeking credit from lenders with little understanding of or familiarity with this kind of project, and with no particular patriotic reason for putting their money here rather than into a lower risk, faster return enterprise. From their perspective, lack of congressional support for the limited proposal before us today would have to speak poorly for the wisdom of investment in this pipeline. If the Alaska natural gas transportation system does not go forward, let it not be because the Congress failed to pledge some limited support on the part of American consumers and some extra certainty in the regulatory process. Let the primary decision for this project remain where is belongs, in the private sector.

For these reasons, I urge my colleagues to pass this waiver package. It is innovative, and it supports the project we envisioned when we enacted the Alaska Natural Gas Transportation Act. The project sponsors have come to us for assistance under a process anticipated by the act. With this package, we will fulfill our pledges to carry through the act and our commitments to Canada. And we will over the long term provide for American consumers a supply of natural gas that will many times over repay them for the participation required from them today.●

● Mr. MARKEY. Mr. Chairman, I rise today to state my opposition to House Joint Resolution 341, Alaska natural gas transportation system (ANGTS) waivers. I support the delivery of Alaskan natural gas to consumers in the lower 48 States via a trans-Canadian pipeline. I believe this must be achieved as quickly and economically as possible. However, if that goal is shared by a majority of my colleagues, as I believe it is, this package is not the answer.

The Congress has been sent a set of waivers of law which are purportedly necessary to expedite completion of the ANGTS project. In fact, the waivers are nothing more than a subsidy to the oil companies, pipeline sponsors, banks, and the State of Alaska at the expense of the American consumer. This fact is not at all surprising, since these groups have been the formulators of the waiver package. The American consumers—industries, commerical establishments, residences, and utilities—were not sitting at the bargaining table when this package of waivers was written. If the people who claim to know the energy markets best—the oil companies and the financial institutions that back them—are not willing to take a chance, then why should the public?

The waiver package simply goes too far in placing the consumer at risk for the potential delay or failure to complete the pipeline. The reasons why the waivers are inappropriate can be summarized as follows:

Under the "pre-billing" waivers, consumers could be saddled with paying tens of billions of dollars of the sponsors' debts, even if they receive no natural gas.

Under the provisions of the gas processing plant waivers, consumers will pick up the cost of the $4.5 billion plant in the pipeline tariff, although there is no guarantee that the value of natural gas liquids which are recovered will go to the benefit of consumers.

Consumers will be bearing the risk that the pipeline can market its natural gas—a true risk given the fact that the gas is estimated to cost $19.25 per Mcf in 1987 ($11.40 in 1982 dollars) and that the committee staff of the Energy and Commerce Committee found that the project will be "marginally non-economic."

The financial arrangements are so generous that if the project is successful, according to the committee staff's analysis, the sponsors will receive a 25-percent return on investment, and the producers will receive a 50-percent on their investment.

The choice of pipe size for the Alaskan and Canadian segments of ANGTS means that virtually all the steel used will come from non-American source.

The State of Alaska will receive over $20 billion from the sale of natural gas—equaling over $40,000 per Alaskan—while it has failed to commit 1 cent to the project.

There has never been a commitment to Canada to accept this package of waivers.

There are better alternatives to this set of waivers, and the Congress has a responsibility to enact them.

If the sponsors and Alaskan gas producers had evidenced more willingness to take risks—they have not—if the sponsors would promise to build the pipeline if this waiver package is approved—they have not—and if the sponsors would promise never to come back for more waivers or for financial support—they have not—the waiver package would be more acceptable. Even if the sponsors would promise to buy American steel for the U.S. portions of the pipeline—they have not—I would be more favorably disposed toward the package. However, the failure of the waiver package to address these concerns contributes to my conclusion that getting the natural gas out of Alaska for American consumers can be done faster and better by means other than adoption of this waiver package.

In conclusion, Mr. Chairman, I point out that while the American consumers look to us to spare no effort in procuring the added supplies of natural gas from Alaska as promptly as possible, they also look to us to protect their pocketbooks from unfair encroachments. Neither our Canadian friends nor the American consumer will be well served, if we merely add our seal of approval to a package that does not guarantee the capital to construct the pipeline and does not bind the sponsors to construct the pipeline. Therefore, Mr. Chairman, I urge my colleagues to join me in voting "no" on House Joint Resolution 341.

● Mr. GAYDOS. Mr. Chairman, if this package of waivers for the remaining leg of the Alcan natural gas pipeline could be amended, at this point I would be offering a buy American provision to apply the terms of the project agreement to our Canadian neighbors in the same ways and in the same spirit and for the same purpose that they have used on us.

Boy, did they use it.

On us.

But the package cannot be amended.

And the builders have pledged that American steelmakers will get a fair shake as suppliers of the required 1 million tons of steel are chosen.

By the way, Mr. Chairman, 1 million tons of steel equals 5,000 steelmaking jobs.

Nevertheless, our Canadian friends—and they are truly good neighbors in many ways—and some of our steel-dumping and tariff-invoking partners in world trade need to be forcefully told that Uncle Sucker is waking up.

Dumping—the practice of selling steel here below costs—by our European partners is at unprecedented levels and 80,000 Americans are out of work, or on short weeks, because of it.

And if it begins to appear the assuring party and the assured parties had different understandings of the assurances, as was the case with our Cana-

dian neighbors, the steel caucus and its 150 members will be back with something concrete.

For this reason I want to spread before the House and in the public record a discussion of the phrase "generally competitive terms"—that phrase is from the Canadian agreement—and some background on world steel conditions.

This pipeline, which these waivers are meant to bring about, is not an isolated piece of business.

It is one of the weights that daily is placed on a scale that will determine whether the workers and basic industries of the United States rise or fall.

Attitudes shown by this Congress in building the remaining portion of the pipeline will affect the whole of our industry and all of our workers.

Designed to tap 26 trillion cubic feet of our gas in Alaska and transport it here, the pipeline will have the potential of reducing oil consumption by 3.5 million barrels.

It is an important energy project.

But it is as important in what it says about trade and market accessibility and attitudes as it is to energy.

Administration to administration, Congress to Congress, this Nation has followed the classic and pure economic theories of openness while our partners have peppered the writ of free trade with asterisks and footnotes.

Our economy is taking on a truly classic look as a result.

The classic ruins of Pompei come to mind first.

In both cases an outside force dumped devastation on a people who were thriving.

In the case of the ancient city, it was volcanic ash.

In our case, it is steel.

But "dump" is the key word in either case.

At 4,800 miles, the Alcan pipeline is longer than the longest river in the world, the Nile.

It is a river of steel spanning major portions of the North American Continent to deliver natural gas to the west coast and the industrial heartland.

Still to be built is the 731-mile Alaskan portion and the things necessary to make it work: 1 million tons of steel, 5,000 steelworkers jobs. Major mileage also remains in the lower 48.

Nothing that big takes place in a vacuum, particularly when world steel conditions are as bad as they are today.

Conditions are so bad that our trading partners in the European Community—most of them nationalized or heavily subsidized—and our Canadian neighbors, who have an exceptionally understanding government, are flooding our big and rich market with steel to keep their mills running even at great losses.

Mr. Chairman, dumped steel accounted for about 25 percent of apparent U.S. supply in August.

In September, it was 20 percent.

In October—the most recent month for which figures are available—it was an estimated 22 percent.

For the year to date, it is about 18 percent.

Our Canadian partners spewed forth 16 percent of this flood that is threatening to drown the hoped-for reinvestment and reindustrialization.

Their shipments here are up about 35 percent this year.

We got from them 2.6 million tons, a little over 12,500 steelworking jobs lost to them.

The deluge of European imports, which corresponds directly with economic sluggishness in Europe, means that 60,000 American steelworkers are not working; they are laid off.

Another 20,000 are on short workweeks.

Kaiser Steel has announced it will quit making steel altogether.

And most of the remaining companies are so pressed they cannot gather the capital to modernize and become more efficient.

Why am I so critical of the Canadians in all of this, Mr. Chairman?

Well, the Canadian book of free trade and comparative advantage is so spotted with asterisks and footnotes that it looks as if it was seasoned on the floor of Mr. Trudeau's chicken coop.

Now, Mr. Chairman, I will give the House an enlargement of a couple of those asterisks and draw the focus down to the Alcan pipeline, which is our business today.

Canada has for years followed a policy called "Canadization" in its dealings with the world.

Explained simply, Canadization means the Government will do anything it can to strengthen and expand Canadian industry and to keep Canadians working.

Mr. Trudeau's new government is pledged to use Government procurement as a major instrument to stimulate industrial development, according to a recent study of Canadian practices done for the American Iron and Steel Institute.

The study found—and I quote it:

> The Canadian Government is centrally involved in decisions for public and private projects * * * with major capital improvements in the Canadian economy such as the construction of pipelines, power generation facilities and mining projects.

That is right, Mr. Chairman, they said pipelines, and that is the footnote on which I will focus—the Alcan pipeline, which is before us today.

First, the Governments of Canada and the United States agreed this pipeline would be built on generally competitive terms. That meant that companies in each would have a shot at business in the other—absent asterisks.

But the first asterisk behind the phrase "generally competitive" was the National Energy Board of Canada, and the required certificate for construction and operation.

The Board is specifically authorized under Canadian law to regard Canadian content as a relevant consideration in award of the certificate.

They requested such information from the three groups interested in the pipeline.

The winner promised 85 percent Canadian content.

And the National Energy Board's certificate was conditioned on delivery of 85 percent Canadian content.

Then there is the matter of pipe.

Experts tell me the Canadians make pipe by wrapping strips of steel in a spiral, much in the fashion used on cardboard to construct the core-tubes of toilet paper.

The spiral welds do not handle high pressure well, they say, so a larger diameter pipe was required to move the desired volume of gas—56-inch pipe to be precise.

And only the Canadians make this 56-inch pipe. Mark that asterisk 2.

So U.S. companies, which do make high-pressure pipe in diameters up to 48 inches, were shut out of about half the business on the Canadian half of this Nile River of steel.

Canadization handled the remainder—the parts requiring pipe of lesser diameter—more directly.

The Canadians place a 15-percent duty on our pipe, and they simply refused to waive it, and the charge made us uncompetitive.

By the way, our duty on Canadian pipe is 2.2 percent. Mark that asterisk 3.

We had assurances from the Canadians for competition.

We just did not define what kind of competition.

We through it was to be competition between producers.

Remaining to be built is the 731 miles in Alaska, and not 1 inch, not one valve, should be Canadian.

Neither should that 1 million tons, those 5,000 jobs, be built of steel sold below cost by nationalized and subsidized European steelmakers who want to milk our economy to avoid unemployment in theirs.

There are provisions in the waiver package that I do not like personally, but the Senate has approved it.

If American consumers—workers and manufacturers and businesses—are to be asked to make prepayment on this important energy project, certainly those billions of dollars ought not to be sent to the subsidized and state-owned counting houses of the dumping European nations.

About 40 percent of the eastern leg of this Nile-length project went to Japanese and Italian steelmakers.

Generally the Italian steel industry enjoys heavy Government support.

Our producers can make pipe in the proper sizes and grades, I am assured.

Furthermore, these waivers are meant to attract private investment, which has been standoffish.

We need to get moving on the pipeline because having the energy is like having the money in the bank. And we need the orders.

Therefore, I support these waivers even though there are provisions I do not like.

However, if the waivers do not attract investment and if a Federal loan guarantee is required, be assured that a buy American provision will be offered.

We will borrow the Canadian definition of "generally competitive."

You see, if you want other nations to understand you, you have to speak their language.●

Mr. HAGEDORN. Mr. Chairman, I would like to rise in opposition to House Joint Resolution 341, a resolution approving the waiver of law to expedite construction of the Alaskan natural gas transportation system.

Although I am extremely concerned about our country's energy dependence, and specifically that of the Midwest, I cannot in good conscience support waivers of Federal law that would impose an unprecedented tax upon consumers, requiring them to assume the costs of a project that may not even be completed.

It is my understanding that the Northwest Energy Co. would probably not be able to get additional financing if the waiver package we are voting on today to is not approved. Although we certainly need to look at the national interest of such a project, if bankers feel that large companies such as Arco and Exxon are not credit worthy in terms of financing such a project, why should the consumers have to bear the burden for such a risky endeavor?

Because Alaska contains 13 percent of U.S. proven reserves of natural gas, it is in public interest to provide a means to bring it to the lower 48 States. However, I believe that if the project is a national concern, then the Federal Government should provide loan guarantees for the project rather than shifting the burden to ratepayers.

The current sponsors of the project have mounted a massive campaign to change the terms of the proposal which they submitted and the Federal Government agreed to in 1977, over 4 years ago. If they are no longer willing to keep their part of the agreement, new participants should be found. However, a new plan should be carefully drawn, and Congress should be given more than the 60-day period to consider a legislative proposal which could cost the gas consumers over $30 billion.

Although Alaskan gas would significantly reduce U.S. vulnerability to disruptions in the world oil markets, we need to understand the economic ramifications which are being passed on to the consumer if such a bill is passed. There is no question that we need in some way to accommodate the energy needs of our country, and using the enormous energy potential of the State of Alaska will be necessary. Since passage of this waiver package is not a Federal guarantee that this important project can be financed, I sincerely believe we need to consider other legislative proposals to handle one of the largest construction projects ever attempted.●

● Mr. FRENZEL. Mr. Chairman, to reduce our excessive reliance on energy from foreign sources, the Alaskan gas reserves must be made accessible to the lower 48 States. We need the pipeline.

But, in my judgment, the prebilling feature of this waiver is outrageous. Therefore, I am obliged to cast a reluctant vote for a bill with which I am very uncomfortable.

Prebilling is wrong. It only means that the project's sponsors are unwilling to assume their share of the risk. Consumers will not only be obliged to shoulder a disproportionate share of the risk, but also they will have no assurances at all that they will ever receive the gas.

I am not convinced that FERC will be able to prevent financial abuses to the consumers. I do not believe there will be no billing before the pipeline is completed. Further, I foresee a need for Federal loan guarantees a couple years down the road.

Although I am opposed to prebilling, and am uncomfortable with the waiver package as it is written, I see no feasible alternatives to it. We must have the gas. We must maximize our national energy potential.

Despite my reservations, I have voted for the waiver. A chance to get expensive gas is better than no gas at all.●

● Mr. PETRI. Mr. Chairman, I rise in opposition to the proposed waivers of law for the Alaska Natural Gas Pipeline System. I oppose this legislation for one simple reason: It requires consumers to bear a portion of the risks associated with the project.

Under the proposed waivers, consumers of natural gas in most of the country will be forced to pay a large portion of the costs of the pipeline whether or not they ever receive a single cubic foot of gas through it. That simply is not right. If the pipeline is economically viable, it should be possible to obtain private financing for it from those who stand to make a profit from it. If private capital is not forthcoming, then the project must not be sufficiently attractive and should not be built.

Everyone agrees that the initial price of Alaska gas shipped through the pipeline will be very high—at least $9 a thousand cubic feet in 1980 dollars, versus an oil-equivalent price of $6 a thousand cubic feet in 1980. I suspect the real reason for forcing consumers to pay much of the cost of the line regardless of whether any gas is ever shipped is to insure that the gas will be sold at that high price. Since consumers will have to pay a large part of that $9 a thousand cubic feet in any case, the additional price they will have to pay to actually get the gas will be relatively low. Supporters of this setup justify it on the grounds that over the 20-year life of the Prudhoe Bay gas field, the cost of the gas will decline in real terms, so that the average price of the gas over the 20 years will actually be about $5 per thousand cubic feet. Thus they argue that although consumers are forced into this deal, in the long run it is a decent deal for them.

However, if it is true that this is such a good deal for consumers, it should be possible to sell the gas to distribution companies on the basis of 20-year contracts. We should not have to force consumers to take a good deal. The fact is that it may not be such a good deal after all. If energy prices in general do not rise over the next 25 years as fast as the project sponsors assume they will, then the fixed costs of the pipeline might still be too high to make economic sense 20 years from now, and the 20-year average price of the Alaska gas will not be a good deal at all. Or if the construction costs of the project are higher than anticipated, perhaps because of higher inflation than expected in the next 5 years, then the fixed costs of the pipeline will be higher than expected and again the 20-year average cost of the gas will be a worse deal.

Mr. Chairman, the simple fact is that this gas pipeline is a very risky project whose economics depend on a lot of assumptions about events over a period 25 years into the future. In fact, the risks are so great that private capital is not willing to bear them. So, what do the project sponsors do? They come to Congress asking us to shift those risks to our gas-consuming constituents, including little old ladies on fixed incomes and struggling small businesses, among others. It is a subsidy they are seeking, an insidious subsidy that they hope will be almost unnoticed and certainly not understood by the poor folks who are paying it. I submit that this is bad public policy, and I, for one, will not vote for it.●

● Mrs. SCHNEIDER. Mr. Chairman, I must rise in strong opposition to the resolution of waiver of Federal law relating to the Alaska natural gas pipeline.

This bill makes a mockery of the democratic process in several ways. First, we are allowed only 1 hour of

debate on a bill which will undoubtedly cost consumers billions of dollars. Second, no amendments are in order. Proponents will have you believe that this Nation's energy future rests on approval of this waiver. Not so. The Prudhoe Bay reserves represent one of this country's most precious resources. There is little question that this gas ought to be exploited, and certainly its use can help in reducing our crippling dependence on imported oil.

Unfortunately, we are not presented with a measure which allows for even decent methods for recovery. This bill will allow rich, multinational oil companies to bill their customers long before any gas is delivered. "Prebilling" is an unconscionable means of making the public, rather than those who will reap the huge profits, take the risk that the pipeline will not come on line.

Furthermore, the State of Alaska stands to make some $20 billion in severence taxes on Prudhoe Bay gas—that is $40,000 for every citizen of that State—without investing 1 cent. This measure only exacerbates the flow of capital from energy-consuming States to energy-producing States. To make hardworking natural gas consumers pay for a pipeline that will make the State of Alaska richer is to make a mockery of every principle of equity.

Mr. Chairman, the plain fact is that if this pipeline were such a good deal, private capital would be easily available, and private investors would rush to the breach. This resolution is on the floor today because the developer cannot live up to his promise to use private capital. There are solutions to this dilemma, but a multi-billion-dollar tax on consumers shouldn't be one of them. It will be a sad day for this House when we can be steamrollered like this.

In closing, I would like to share with my colleagues a transcript of Bill Moyers' commentary on the CBS Evening News last night. Mr. Moyers has given us a clear example of why most Americans think so poorly of their elected representatives.

BILL MOYERS COMMENTARY, CBS EVENING NEWS

BILL MOYERS. Dan, if you want to know why so many people are fed up with both political parties and have stopped voting, and if you have a strong stomach, I have a case in point.

JOHN MCMILLIAN [on the telephone]. What's the count?

MOYERS. It starts with this man. His name is John McMillian. He's chairman of Northwest Alaska Pipeline Company. Four years ago, the federal government gave him exclusive rights to build a big pipeline to bring gas all the way from Alaska to consumers in 42 states. He got that franchise on the condition that the pipeline would be built with private funds. But now John McMillian wants to change the rules. He says he's having trouble getting the banks to finance the project, and he wants consumers to put up the money—before the project is finished and whether or not a drop of gas is ever delivered. That's right—he wants the government to force consumers to be his investors, to assume the risks of stockholders without voting rights or dividends. Senator Howard Metzenbaum of Ohio is the only member of the Senate Energy and Natural Resources Committee to vote against the pipeline bill.

METZENBAUM. How could anybody possibly vote for such a piece of legislation? How can anybody go home and explain that to their own constituents? It's wrong. It's a bad deal.

MOYERS. Lest you think it's just a liberal Democrat eating sour grapes, listen to a conservative Republican—Congressman Tom Corcoran from Illinois.

CORCORAN. Here we have probably, potentially the greatest consumer rip-off in the history of the United States. Thirty-seven billion dollars—and in the debate on our committee, we heard very little from those same people who have been arguing for years and vociferously in behalf of the Consumer Protection Agency. I think they took a walk on this one, probably for political reasons.

MOYERS. No wonder John McMillian is smiling. The government is giving him what he wants—lock, stock and barrel, with very little public debate. How did he do it? Pretend you're John McMillian and you want the federal government to change the rules after the game has already started. First, you make friends with the president, because only the president can submit the resolution to undo the rules agreed upon four years ago. And naturally, you hire the public relations firm of Peter Hannaford, former partner of Mike Deaver, one of the president's inner circle. Hannaford, you'll remember, purchased the consulting firm owned by National Security Advisor Richard Allen.

But once you get the Republicans on your side, what about the Democrats? You need their leadership to win the public debate on your proposal. First you hire former Vice President Walter Mondale to be a consultant to your firm. Then you contribute $5,000 to the Committee for the Future of America, Mondale's political action committee. But one high-powered Democrat is not enough—not for a big job like this.

MCMILLIAN [to secretary]. Where's Bob?

SECRETARY. Strauss. I'll call him. He's in Washington. He just got in.

MOYERS. That's right—Robert Strauss, former chairman of the Democratic party, and an old friend of John McMillian's. Robert Strauss is also the former chairman of the Democratic party, and a man who knows how to wheel and deal in Congress. Want more clout? How about another firm: White, Fine and Verville—one of whom served as the chairman of the Federal Power Commission under President Johnson. And the law firm of Charles Manatt.

Charles Manatt, the current chairman of the Democratic Party? Yes, Charles Manatt. And all the while you spread money around. Just look at the contributions that John McMillian has made, in just the last four years.

METZENBAUM. We've seen a magnificent lobbying effort in connection with this bill. You couldn't hire some of the lobbyists that were hired in this instance, you couldn't have the impact that's been had in this instance, without spending a lot of money. And I would say to you that when you spread that kind of money around, you can be certain it's going to have an impact. It's going to provide access, it's going to provide votes.

MCMILLIAN [on the telephone]. All you guys are coming in to raise funds for this.

MOYERS. But if you were John McMillian, you don't stop with using your own money. You ask other companies with an interest in the pipeline legislation to put up, too. And they do—$80,000 showered on Congress since January alone.

METZENBAUM. Not long ago, one of my staffers called a staffer for another senator and said, "Is the senator going to be with us on this issue?" And the response was, "Oh, no. He couldn't be with you. He took a lot of money from the oil companies during his campaign." That actually happened.

MOYERS. And presto—your bill breezes through Congress under rules so unusual that debate was limited to only one hour. Yep: One hour to debate a project that will cost tens of billions of dollars.

CORCORAN. John McMillian is going to have a happy Christmas—and a lot of consumers for 20 years, in my judgment, are going to have to pay the price.

MOYERS. Shifting the burden of investment from corporations to consumers wasn't the only way to finance this project. But other alternatives were never considered, because John McMillian and the companies know the right people in the right place at the right price. So much for all that Republican talk about free enterprise. And so much for a Democratic Party controlled by lawyers and lobbyists, who have offered its soul to the company store. The two-party system is not only up for grabs—it's up for sale.●

● Mr. GREEN. Mr. Chairman, I support House Joint Resolution 341, a resolution to approve waivers of law relating to the Alaska Natural Gas Transport System (ANGTS). Though I was originally skeptical about the consumer prebilling financing mechanisms which can be considered by the Federal Energy Regulatory Commission (FERC) under the waivers, after careful review I feel the energy security created by the access to the huge reserves of natural gas in Alaska is important enough to warrant passage of the waivers.

The pipeline, which will originate at Prudhoe Bay in Alaska, will transport at least the equivalent of 400,000 barrels of oil per day. Natural gas is one of the cleanest, safest sources of energy available today, and to ignore this huge source of secure and environmentally sound fuel would be unreasonable. Though today we are facing a situation with abundant energy supplies, few of us can forget the natural gas shortfalls of only several years ago. Our current energy oversupplies should not blind us to the continuing energy vulnerability of this country. Indeed, the upturn in gas supplies from the lower 48 States is often referred to as the "gas bubble", in recognition of the prospect that it may well represent a temporary surge as the result of termination of Federal pricing policies that discouraged development of gas supplies for the interstate market.

The gas from Prudhoe Bay will be under the control of the United

States, meaning use of this gas will move us away from OPEC vulnerability and toward energy independence. Substituting the Prudhoe Bay gas for OPEC oil will lower our balance of payments by at least $7 billion in the first year the pipeline is in operation. A large, dependable supply of domestic energy will improve the balance of payments, and get us out from under OPEC domination.

This large supply of clean, Alaskan natural gas will almost certainly go untapped without approval of these waivers, because without the waivers, the project probably cannot be financed. No cheaper alternatives have been found, and delay of this project for even 1 year will add $3 billion to its cost. For all intents and purposes, failure to approve this package will result in failure to build ANGTS, and to achieve the measure of energy independence it will provide.

As I indicated earlier, the consumer prebilling portion of the waiver package is an unusual means of financing. I would stress that these waivers only give FERC the discretion to allow prebilling—they do not mandate prebilling. Under the waiver proposal, FERC could decide to allow prebilling to occur under the following circumstances: After a date selected by the FERC as a reasonable date for completion of the entire project—probably 1987; after completion and testing of at least one of the three basic segments of the pipeline; and after the project's sponsors have invested their risk capital without return. In the very worst, and highly unlikely scenario, in which the two most expensive portions of the pipeline were completed but the entire project failed, the average consumer would pay less than $1 per month to pay off the project's debt. In addition, prebilling will lower the actual project cost and the consumers' bills when the project is complete.

As I have pointed out, without the waivers, Alaskan natural gas will almost surely lie idle. I believe our country needs the environmentally sound fuel and the economic and energy security this pipeline will provide, and I support the waiver package.●

● Mr. BONKER. Mr. Chairman, the waivers of law for the Alaska natural gas transportation system set bad precedents and could encourage poor project management.

My opposition to these waivers does not mean I am opposed to the idea of transporting Alaska natural gas to the lower 48 States. I have supported in the past construction of a pipeline system to do that, and I still believe it should be built. However, these legal waivers are not the proper way to proceed.

In passing the Alaska Natural Gas Transportation Act, Congress specified that the project must obtain private financing. The ultimate test of its worth was left, as it should be, to the marketplace. That was a wise and proper judgment then; it remains so today.

The act also gave the President authority, which he has not exercised, to propose waivers of existing laws to expedite the project. Waivers are appropriate to simplify processes and procedures that could unnecessarily complicate and delay the project. Cutting redtape in that fashion is an excellent idea. It is inappropriate, however, to use that authority to waive substantive features of law and to set major precedents for Federal involvement in private energy transportation projects.

The proposed waivers also shield pipeline participants from some of the financial risk they would otherwise face. Full exposure to such risks helps hold pipeline owners, builders, and operators accountable for their actions and insure that sound, cost-effective work makes the pipeline the best possible deal for the consumers who must ultimately bear its cost.

My fellow Washington State residents and I are all too familiar with another large construction entity—the Washington Public Power Supply System—that commenced construction of five nuclear powerplants under circumstances that reduced the accountability of decisionmakers and shielded project participants from portions of the financial risks that such endeavors normally entail.

Waste, mismanagement, and general disarray now beset WPPSS, and its mammoth construction plan is in shambles. Costs have skyrocketed. Construction has stopped at two of the five plants, and their future is most uncertain. The State's voters, in the latest expression of frustration with the situation, simply stripped the agency of its independent authority to sell construction bonds.

As general debate on the waiver resolution noted, a Congressional Research Service analyst has concluded:

> The WPPSS experience indicates that large, capital-intensive projects have a potential for serious financial crisis when management decisions are not subject to timely review. Caution suggests that such projects be provided with careful oversight, and perhaps formal review authority, by entities which will eventually be responsible for the costs of the project.

These waivers of law move us in the wrong direction on the Alaska natural gas transportation system. However worthy their purpose may be, they are a bad idea.●

● Mr. SCHEUER. I will be voting today in support of House Joint Resolution 341. Our Nation, despite its commendable energy conservation efforts, remains dangerously dependent on foreign energy sources. At the present time, we still import 5 million barrels per day of crude oil and petroleum products. We are without a means of effectively opposing OPEC price increases, or reducing our vulnerability to the course of events in unstable regions of the world. Natural gas, and specifically Alaskan natural gas, is a very important part of our effort to reduce our dependence on imported foreign oil in general, and Persian Gulf oil in particular.

The natural gas of Prudhoe Bay, Alaska—26 trillion cubic feet of gas—represents 13 percent of total U.S. reserves, as well as additional potential reserves of 100 to 200 trillion cubic feet of natural gas. It is the largest gasfield discovered in the United States, and has the potential to replace 400,000 to 600,000 barrels per day of imported OPEC oil, an equivalent of our total current imports from Libya. We must not underestimate the role Alaskan natural gas can play in reducing our dependence on imports of foreign oil. For this reason, I am willing to put aside my reservations regarding the waiver package President Reagan has put before us.

The proposed waiver package does depart from traditional regulatory practices, allowing for the prebilling of consumers to permit the financing, through private means, of this $40 billion project. However, it has been made clear that these charges will not exceed $1.78 per household per month under the worst circumstances; a charge which does not seem excessive given the overall national benefit of this secure supply of energy.

We must not only consider how the success of this project will add to our national security by promoting energy independence; we must also consider how its failure, or even its costly delay, will effect our relations with Canada.

A failure on our part to approve this waiver package would be considered a gross breach of faith by the Canadian Government.

In response to commitments made by two Presidents, Canadian companies have undertaken the construction of their segment of the Alaska Natural Gas Pipeline System (ANGTS) with the understanding that they would be permitted to commence billing the American consumer at "full cost of service" as soon as their segment of the pipeline was completed.

Neither the Canadian Goverment nor Canadian firms can be expected to assume the financial losses which would accure to them if the American segments of the pipeline are not completed on schedule. The Canadians have already spent $680 million on the spurs of the ANGTS from Alberta, Canada, which are presently supplying our Western States, and soon will be supplying the Midwest, with significant amounts of Canadian natural gas. If we fail to facilitate the prompt com-

pletion of the ANGTS by approving this waiver package today, we risk jeopardizing our relationship with Canada, not only as a needed supplier of natural gas, but also as our close and supportive ally.●

● Mr. WALGREN. Mr. Chairman, I urge support for House Joint Resolution 341 despite the doubts expressed by some of my colleagues, because I believe access to Alaskan natural gas is important for the national interest. A stable supply of natural gas is essential for our economy—indeed our way of life. Such a supply is especially important for the economy of the Northeast and the future of industries like steelmaking that are essential to my part of the country. This resolution would waive certain laws affecting the construction and operation of the Alaska natural gas transportation system. Natural gas is used by many residential and industrial customers in western Pennsylvania, and I am keenly aware of how important a readily available supply of natural gas can be to the lives and livelihoods of millions of people.

In 1968, reserves of 9 billion barrels of crude oil and 26 trillion cubic feet of associated natural gas were discovered at Prudhoe Bay on the North Slope of Alaska. These 26 trillion cubic feet of natural gas represent about 13 percent of this Nation's reserves. The Alaska pipeline will transport over 2 billion cubic feet of gas per day to the lower 48 States. This will displace 400,000 barrels of imported oil per day. Displacement of imported oil could increase to 600,000 barrels per day. Thus, this pipeline will help guarantee a steady supply of natural gas and help rid us of our dangerous dependence on unstable foreign sources of energy. A stable supply strengthens our economic and strategic security and helps us avert shortages—which inevitably make consumers pay more for their heating and cooking bills.

SAFEGUARDS FOR THE GAS CUSTOMER

The issue of "prebilling" residential and industrial users before Alaska gas flows through the pipeline is an issue that demands special scrutiny to make sure that sonsumers do not assume an unjust burden in building the pipeline. I am convinced that there are sufficient safeguards against abuse of the prebilling features.

No charge can be assessed to the customers for any one of the three segments until it is completed and commissioned. This includes a determination by the Federal Energy Regulatory Commission that each segment in question is ready for operation. The corporate investors in each segment must bear any financial loss that may be associated with the noncompletion of that segment, not the consumers. It is extremely unlikely that any one segment would be completed but the others not completed.

The FERC has clearly stated its intention to bring about the completion of all three segments simultaneously and that gas will flow immediately thereafter. Thus, there is little possibility that consumers would be prebilled for a partially completed pipeline that faces long and expensive delays. At the same time, only when the entire system is completed and gas flows to customers can corporate investors earn a return on the equity they invested. Corporate equity will remain at risk until the gas flows. This risk will help guarantee the scheduled completion of the pipeline.

COMMITMENT TO CANADA MUST BE HONORED

Approval of the waiver package also will fulfill an important U.S. commitment to Canada to go forward with this project which will be of great benefit to both nations. This commitment will not only guarantee the successful completion of the Alaska pipeline but it will assure the Canadians that the United States is a reliable partner in energy and other fields. The United States has negotiated a treaty with the Canadians, a commitment which has been reaffirmed by the Congress by Senate approval of the treaty in 1977 and congressional approval of a resolution indicating continued support in 1980.

USE AMERICAN STEEL

It is my hope that the sponsors of the pipeline will use American steel in this project; and as a member of the Congressional Steel Caucus and a representative of a major steel-producing area, I would like to reiterate the views of the House Energy and Commerce Committee. In choosing to act favorably on the waiver package, the committee relied in part on the assurances of the Northwest Alaskan Pipeline Co., in their November 19 letter, that U.S.-produced steel will be used to the fullest extent possible. Mr. John McMillian, chairman and chief executive officer of the company wrote us as follows:

> I, and my partners in the Alaskan gas pipeline project, intend to purchase and use, on a priority basis, American-produced material to the maximum extent feasible and practicable, consistent with the requirements imposed upon us by the regulatory authorities. . . . I am confident that all of us, working together, can help create circumstances where our intent to purchase American steel can be achieved, in a manner totally consistent with our other obligations. To this end, I stand ready now, as I have in the past, to work diligently to ensure maximum participation by the American steel industry in providing material for the Alaskan Natural Gas Transportation System—both the pipeline and plant components.

Our committee intends to follow and to monitor the progress of the company in fulfilling this assurance.

The entire Alaska Natural Gas Transportation System will use 2.3 million tons of steel. With the American support for and investment in this massive project, it seems only appropriate to me to seek assurances that American steel will be used to the widest extent possible—particularly at a time when our steel industry has 60,000 steelworkers out of work and 20,000 people on short work weeks.

There are those who argue that this bill is a risky one, and I concede that there may be some risks. There are, in this legislative business, very few courses of action that do not have risks. A much larger risk, however, would be to become complacent about our energy supply. Embargoes and shortages—as we painfully learned in the not-so-distant past—can happen any time. A greater risk is to make ourselves vulnerable to abrupt and fickle circumstances that make us unable to heat our homes, prepare our meals, run our factories, and warm up our schools. I urge support of the resolution.●

● Mr. RATCHFORD. Mr. Chairman, I would like to offer my strong opposition to House Joint Resolution 341, a measure which would waive several provisions of the Alaska Natural Gas Transportation Act. I believe these waivers, if approved, would not only run counter to the current administration's laissez-faire energy policy, but would also ask the consumers to bear much of the risk and little of the benefit involved in financing and building the pipeline itself.

I do not intend to discourage the actual construction of the pipeline. The natural gas reserves in northern Alaska represent an estimated 13 percent of America's known reserves. The returns for the companies constructing the pipeline should be substantial. Why, then should residential and industrial users of natural gas be asked to finance the project before it is completed? If the potential return from the pipeline is as great as its advocates claim, why is the prebilling option deemed essential for construction?

The Northwest Alaska Pipeline was given the exclusive rights to build the pipeline from the Prudhoe Bay to bring gas to the lower 48 States, as long as the project was privately financed. The head of the pipeline consortium even told this body that Government and consumer support would not be necessary. Now, the builders want to change the rules in the middle of the game, to allow American gas consumers to be billed for pipeline gas before the gas is delivered. Of course, the consumers would have no say in the operations of the company, or the actual construction plans for the pipeline, even though they would become partners in the project once prebilling was started. In short, the users of the pipeline gas are being asked to assume the risks involved in building—and the risks are apparently many—without

enjoying any real return on their investment.

As far as the natural gas itself is concerned, I question whether it should be tapped at this time. The Alaskan reserve, once it is exhausted, cannot be replaced, and I do not think we will be in great need of this gas in the near future. My own State of Connecticut would benefit minimally from the project, as only one-quarter of 1 percent of the gas would be used in Connecticut. The additional cost per year to residential gas consumers due to prebilling, however, would be approximately $20. Furthermore, the high price tag on the pipeline—up to $50 billion, according to some analysts—could only drain already pressed financial markets of vital investment capital. Construction of the pipeline could mean less investment in domestic industry. I think it would only be fair to add the resulting lost of American jobs to the pipeline's price tag.

Mr. Chairman, I find this proposal, frankly, quite disturbing. The lobbying effort for it has been massive, and the other Chamber has already surrendered the rights of the consumer to the builders of this project. I hope my colleagues here today will recognize the injustice of this proposal, and leave the pipeline to succeed or fail on its own merits. The people of Connecticut, or any other State, should not be asked to subsidize this venture, and the Congress should not give in to this greedy proposal.●

● Mr. TRAXLER. Mr. Chairman, I oppose House Joint Resolution 341 which waives portions of existing law governing the financing and construction of the Alaska natural gas pipeline. This legislation places the financial risks of the pipeline in the laps of American consumers, with no guarantee that consumers will ever see even 1 cubic foot of this natural gas. This is a bad bill for gas users.

Under these waivers, the pipeline consortium will be able to bill their present consumers for the cost of constructing each of the three segments of the pipeline, regardless of whether the whole pipeline is ever completed. The first year costs to Michigan residential consumers for natural gas could be as much as $149, on top of their already growing bills, and it could raise the gas bills to industries by as much as $28,000 per year.

Natural gas users who live in outstate Michigan have just recently seen their gas bills go up by 50 percent, subjecting them to virtually the highest gas rates in the country. This tremendous increase resulted from an arrangement by one utility company to purchase expensive Algerian natural gas. To ask these consumers to help bear the financial risks of this $43 billion project, I believe, is unconscionable. Even if the pipeline is ever completed, the new gas is estimated to cost some $18 per thousand cubic feet, which is four times the average price today.

Furthermore, this legislation would limit the authority of the Federal Energy Regulatory Commission to adjust the project's rates or regulate its construction. It also eliminates public hearing requirements. This bill forces consumers to bear huge financial risks, and then provides no protection or recourse against exorbitant charges. Consumers are, in essence, being forced to invest in this pipeline company, but they receive no stock or voting rights in return for their investment.

The bottom line is that House Joint Resolution 341 is a subsidy to the big oil companies, pipeline sponsors, and banks. It is the biggest anticonsumer bill to come before the Congress, and it should be rejected as unfair and intolerable. For these reasons I am voting no.●

● Mr. MARRIOTT. Mr. Chairman, I rise in support of House Joint Resolution 341, the proposed waiver of law package submitted by President Reagan to remove certain regulatory obstacles to the private financing of the Alaskan natural gas pipeline.

With passage of the Alaskan Gas Transportation Act (ANGTA) of 1976, Congress made a clear statement to the effect that completion of the Alaska natural gas pipeline was in the national interest. In the intervening years, I have seen no new evidence suggesting a need to revise this statement. The Alaskan gas pipeline is still a key component in our efforts to meet our energy needs in a self-sufficient and less-costly manner.

The proven natural gas reserves located in the Prudhoe Bay region of Alaska are estimated to be 26 trillion cubic feet, or 13 percent of our domestic natural gas reserves. Furthermore, there are 100 trillion cubic feet in potential reserves in Alaska.

Although natural gas production in the lower 48 can be expected to increase under gas price deregulation, studies prepared for the pipeline consortia and energy projections made by the Department of Energy demonstrate that there will be a clear continuing need for natural gas by American consumers throughout the end of this century. Also, gas production in the lower 48 will not be sufficient to meet that need. Indeed, a shortfall will exist in the mid-1980's even with access to Alaskan natural gas.

Clearly, the proven gas reserves in Alaska are something we cannot ignore. The alternative to accessing Alaskan gas in a timely and efficient fashion is continuing dependence on the importation of foreign oil. The Alaskan gas which will be shipped through the proposed transportation system will initially be able to replace 400,000 barrels of oil per day. Ultimately, when the system is operating at full capacity, the gas will replace 600,000 barrels per day. The resulting savings in payments for foreign oil will be $7 billion in the first year alone, assuming a conservative 1987 price for oil of $50 a barrel.

With these facts before us, the question we must answer is not whether we must access the Alaskan natural gas but rather when and how. I believe the Alaskan natural gas pipeline will be the most efficient, economical, and safe method of transporting the natural gas from Alaska to the regions of the lower 48 where it is most needed.

It is true that the initial cost of Alaskan gas to the consumer will be high in the first years. Most assessments place the cost in the range of $9.20 to $9.35 per million Btu's in the early years. However, the effect of debt amortization over the 20-year life of the project will mean considerably lower gas prices for the consumer. Average costs, deflated to 1980 dollars, are projected to be in a range of $4.65 to $5.10 per million Btu's during the project life.

Certainly these cost figures will be highly competitive with the rising cost of oil and alternative energy forms at the end of this decade and through the next. In fact, the cost of natural gas shipped through the pipeline system works out to about one-half of the projected average Btu delivered cost of oil over the same period. And this does not figure in the cost of the continued purchase of foreign oil on our balance-of-trade sheet.

To those who are concerned that ultimately financial participation by the Federal Government will be required, let me be clear, this pipeline will be a privately financed project if it is to go forward.

There is no question; it is a massive project. If the decision is made eventually in the private sector to finance it, the gas pipeline will be the largest and most ambitious project to ever be financed privately. The pipeline will cross 4,800 miles of arctic and nonarctic terrain in the United States and Canada. It will provide at least 16,000 American jobs and will have the capacity to deliver between 2 billion and 3.2 billion cubic feet of natural gas per day. The total cost for completion of the project could run as high as $54 billion in 1987 dollars.

Is it not reasonable that the investment community and the pipeline participants would be sensitive to the regulatory climate and the many factors which have a bearing on the viability of the project as a whole? Certainly, the obstacles to private financing of such a project as this would be great, but not impossible, in an unregulated environment. However, present laws and regulations are so rigid and restrictive that any favorable decision by

the private sector is automatically precluded.

Regulations imposed by the Federal Government and Congress have molded the market and set conditions on any private financing arrangements which alter some very common business practices. For instance, in the matter of pre-billing, public utilities ordinarily pass on the cost of constructing nuclear facilities while construction is in process and no power is being delivered. The practice is common in business though it has never been a part of energy transportation financing procedures.

Nevertheless, acceptance of this waiver package still affords maximum protection to the consumer since there are strict limits placed on when and how pre-billing can begin, all subject to a Federal Energy Regulatory Commission (FERC) decision.

The package also does not decrease the risk to the pipeline participants but maintains a high incentive to complete the project, and to complete it on time. The transmission companies will have invested at least $8 billion, the oil and gas companies at least $9 billion. That is a total of $17 billion they stand to lose if the pipeline is never completed and gas never flows.

Therefore, I urge acceptance of this waiver package in order to allow the private sector to make a decision based on the true merits, costs, and risks of the Alaskan gas pipeline venture.●

Mr. UDALL. Mr. Chairman, I move that the Committee do now rise and report the joint resolution back to the House, with the recommendation that the joint resolution do pass.

The CHAIRMAN. The question is on the motion offered by the gentleman from Arizona (Mr. UDALL).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Chairman, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will advise the gentleman that the motion is not in order in the Committee of the Whole.

Mr. CORCORAN. Mr. Chairman, I withdraw my motion.

Mr. OTTINGER. Mr. Chairman, I ask for the yeas and nays.

The CHAIRMAN. The gentleman asks for a recorded vote.

Mr. OTTINGER. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count for a quorum.

Mr. CORCORAN. Mr. Chairman, I withdraw my motion.

The CHAIRMAN. Does the gentleman from New York (Mr. OTTINGER) insist upon his point of order?

PARLIAMENTARY INQUIRY

Mr. OTTINGER. Mr. Chairman, I have a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. OTTINGER. Mr. Chairman, if we do not establish a record vote at this time, will there be an opportunity in the House to get a record vote?

The CHAIRMAN. That is a decision for the Speaker to make at the proper time.

Mr. OTTINGER. Mr. Chairman, my question is: Do we have to establish the requirement for a record vote at this time?

The CHAIRMAN. The vote on final passage of the joint resolution is to be postponed until tomorrow. At that time, the gentleman will have an opportunity to request a recorded vote.

Mr. OTTINGER. Mr. Chairman, I withdraw my demand.

The CHAIRMAN. The gentleman withdraws his demand.

The motion offered by the gentleman from Arizona (Mr. UDALL) is agreed to.

Accordingly the Committee rose; and the Speaker, having resumed the Chair, Mr. FUQUA, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaskan Natural Gas Transportation Act, had directed him to report the joint resolution back to the House, with the recommendation that the joint resolution do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read a third time.

The SPEAKER. The question is on the passage of the joint resolution.

Mr. UDALL. Mr. Speaker, to keep a commitment I made to some of the opponents, I ask unanimous consent that further proceedings on this vote on final passage be continued until the day after tomorrow, Thursday, December 10.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

Mr. YOUNG of Alaska. Mr. Speaker, I object.

The SPEAKER. Objection is heard.

The question is on the passage of the joint resolution.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Pursuant to clause 5 of rule I, further proceedings on this question will be postponed.

The vote will be taken tomorrow, Wednesday, December 9, 1981.

Mr. OTTINGER. Mr. Speaker, I ask unanimous consent that when this is considered tomorrow, there be 10 minutes allotted for debate immediately prior to the vote, 5 minutes to be allotted to the proponents and 5 minutes allotted to the opponents.

My reason for doing this is that there was no opportunity for Members who may be voting tomorrow, who are not here, to hear the principal arguments, and I think, in fairness, at least 5 minutes on each side ought to be allotted.

Mr. JOHNSTON. Mr. Chairman, I object.

The SPEAKER. Objection is heard.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the debate on House Joint Resolution 341 just concluded, and that the Members have the right to include extraneous matter, such as the tables mentioned by the gentleman from Indiana (Mr. SHARP).

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

There was no objection.

PARLIAMENTARY INQUIRY

Mr. YOUNG of Alaska. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. YOUNG of Alaska. Mr. Speaker, referring to the vote tomorrow on the pipeline package waiver, is there any time certain on that, or will that be the first order of business?

The SPEAKER. Under the rules, it will be the first order of business.

Mr. YOUNG of Alaska. I thank the Chair.

CONFERENCE REPORT ON H.R. 3455, MILITARY CONSTRUCTION AUTHORIZATION ACT, 1982

Mr. BRINKLEY. Mr. Speaker, pursuant to the order of the House on December 7, 1981, I call up the conference report on the bill (H.R. 3455) to authorize certain construction at military installations for fiscal year 1982, and for other purposes, and ask unanimous consent that the statement of the managers be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read the statement.

(For conference and statement, see proceedings of the House of December 7, 1981.)

Mr. BRINKLEY (during the reading). Mr. Speaker, I ask unanimous consent that the statement be considered as read.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The SPEAKER. The gentleman from Georgia (Mr. BRINKLEY) will be recognized for 30 minutes, and the gentleman from Virginia (Mr. TRIBLE) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Georgia (Mr. BRINKLEY).

Mr. BRINKLEY. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, on June 4, the House passed H.R. 3455, the Military Construction Authorization Act for fiscal year 1982. As passed, the bill provided $6,987,497,000 for military construction and military family housing.

On November 5, 1981, the Senate considered the legislation, amended it by striking all language after the enacting clause and wrote a new bill. As passed by the Senate, H.R. 3455 provided new construction authority in the total amount of $6,489,403,000.

As a result of the conference on Friday, November 20, between the House and Senate on the differences in H.R. 3455, the conferees agreed to an adjusted total of $6,546,810,000.

This compromise is identical to the total amount requested by the Department of Defense in its adjusted request of October 9. It is $440,687,000 below the House figure and $57,407,000 above the Senate figure.

In all, there were over 200 differences between the House bill and the Senate amendment. The conference committee was able to resolve all of them. They involved adjustments to particular construction projects, respective House and Senate project and policy initiatives, and modification of certain authorities under which the military construction and family housing programs operate. I will not go into detail because House Report 97-362, the conference report on H.R. 3455, which appeared in the CONGRESSIONAL RECORD on Monday, December 7, 1981, explains the actions of the conference.

In reaching agreement, the conferees realize that a number of worthwhile projects have not been authorized for one reason or another. As the conference report notes, these projects are viewed as deserving top priority in the fiscal year 1983 military construction budget request.

As the Members know, however, the administration lowered its request for military construction. This action was taken after the House passed its bill. In conference, therefore, it was not possible to authorize all of the projects contained in both bills and remain within the administration's amended request of October 9. Faced with these budgetary constraints, the conferees sought to authorize as many high priority projects as possible that contribute to military readiness and modernization and to the well-being of U.S. military personnel and their families, both at home and abroad.

Turning to the action of the conference committee, I want to outline briefly the total authorization provided for various major construction items for the Department of Defense and military services:

[In millions]

Operational and training facilities	$1,153.1
Maintenance and production	505.0
Health care, housing, and community facilities	660.0
Energy conservation, pollution abatement, and occupational safety	250.6
NATO related construction, including infrastructure	885.0
Domestic family housing construction	110.1
Rapid Deployment Force construction	497.2
Guard and Reserve forces	280.0

With regard to the general provisions, there are several items in the conference report that I want to call to the attention of the Members:

First, community impact assistance. The conferees agreed to extend, modify and streamline the existing assistance program for areas affected by the east coast Trident submarine base construction program;

Second, Buy American. The conferees agreed to extend the application of the Buy American concept to the construction of facilities in support of the Rapid Deployment Force, including Diego Garcia. Recognizing that some latitude is required, the conferees agreed to permit contracting authorities certain flexibility in the construction contracts. However, the purpose of the provision is to enable US. firms to do as much of the work as possible since the United States is shouldering the total cost of the RDF effort; and

Third, standardization of military timber harvesting receipts. The conferees agreed to the provision that entitles States and local governments to receive 25 percent of net timber harvesting receipts from military installations for public school and public road purposes. This action is consistent with existing law as it applies to national forest lands. The provision is identical to the bill passed by the House on November 4 under suspension of the rules.

Mr. Speaker, this briefly summarizes the major actions of the conference. Time does not permit greater detailing but the conferees believe that the bill agreed to in conference is one that should meet the construction needs of the Military Establishment during fiscal year 1982. Therefore, Mr. Speaker, I urge adoption of the conference report on H.R. 3455.

□ 1515

Mr. TRIBLE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I wish to join my colleague from Georgia in support of the conference report on H.R. 3455, the Military Construction Authorization Act, 1982.

From a budgetary point of view, it is important to note that the conference settled on a total authorization figure which is exactly the amount requested by the administration. Within this total figure, adjustments in the individual services' construction requests were made by both the House and Senate. Wherever possible, the conference accepted those changes, recognizing they are necessary to improve the readiness and morale of our military forces. In short, it was a good give-and-take on the part of both Houses for the benefit of our men and women in uniform.

The conference emphasized the importance of improving the living and working conditions of our military personnel not only at home but in Europe where many facilities are outmoded and beyond economic repair. As a result, conferees added nearly $40 million in new authority for five new Army maintenance facilities and two barracks projects in Germany. These initiatives were possible because of the deletion of several construction projects associated with the reduction in the Roland missile program.

The conference also dealt with another European upgrade program known as the master restationing plan—MRP. The plan is designed to improve readiness by moving U.S. units in Germany closer to the eastern border to respond to an improved Warsaw Pact offense capability. At the same time, MRP will put our soldiers in new quarters and working places.

Two projects at Vilseck, Germany, were requested to begin implementation of MRP. The Senate had deferred the projects because the German Government has not responded to a United States request that MRP be funded by the host nation. The House approved the projects on the basis that while U.S. funding may have to be used in initial stages of MRP, the lack of a negotiated agreement with Germany on funding responsibility should not deprive U.S. soldiers of basic facility needs.

After considerable discussion, the conference agreed to authorize the Vilseck projects on a conditional basis. That is, the projects may not be started until the German Government begins earnest negotiations on funding participation of the restationing plan.

This compromise was taken because the proposed facilities at Vilseck also are needed for Army units being relocated to deploy new weapon systems that will be delivered into the field in the near future.

Mr. Speaker, this is a good bill and deserves the full support of the House. I urge the adoption of the conference report on H.R. 3455.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. BRINKLEY. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SAM B. HALL, JR.). Without objection, the previous question is ordered on the conference report.

There was no objection.

The conference report was agreed to.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BRINKLEY. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the conference report on H.R. 3455, the Military Construction Authorization Act of 1982.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

CONFERENCE REPORT ON S. 1098, AUTHORIZING APPROPRIATIONS TO THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. FUQUA. Mr. Speaker, I call up the conference report on the Senate bill (S. 1098) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. Pursuant to the rule, the conference report is considered as having been read.

(For conference report and statement, see proceedings of the House of November 20, 1981.)

The SPEAKER pro tempore. The gentleman from Florida (Mr. FUQUA) will be recognized for 30 minutes and the gentleman from New Jersey (Mr. HOLLENBECK) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Florida (Mr. FUQUA).

Mr. FUQUA. Mr. Speaker, I yield myself such time as I may consume.

Mr. FUQUA. Mr. Speaker, the committee of conference for the bill S. 1098, authorizing funds for the National Aeronautics and Space Administration for fiscal year 1982 has successfully concluded its work. The conference report before you includes the disposition of differences in 10 research and development program line items, in 1 construction of facility program line item, in the research and program management, as well as a number of language amendments.

The NASA original budget request for fiscal year 1982 was $6,725,700,000 and the revised March budget request totaled $6,122,200,000. The action of the House/Senate conference would authorize $6,172,200,000 which is $553.5 million less than the original request and $50 million more than the March revised request.

As my colleagues are aware, this has been an unusual year. This bill does not make any additional reductions as called for in the September transmittal. We understand that the agency is continuing to seek relief from the President regarding additional reductions and final decisions on how the September reductions would be implemented have been deferred until final decisions on the agency 1983 budget are reached.

The conference action before us represents a fair compromise between the action of the two Houses. The conference action is $50 million more than the House action and $50.7 million less than the Senate action. The conference action would restore House reductions to the Space Shuttle program to assure that the delivery schedule for the production orbiters are maintained. The conference action also provides for important augmentations for critical activities in the space science, applications, and aeronautics programs.

Mr. Speaker, NASA is the only agency I know of with a budget less than it had 15 years ago. Further, spending power of the agency is less than one-third of the agency's budget 15 years ago.

I am including in the record a summary of the action taken by the committee of conference.

I want to acknowledge the efforts of the House conferees on both sides of the aisle in completing this conference.

I urge the support of my colleagues for this conference report.

SUMMARY OF ADJUSTMENTS TO S. 1098—NASA FISCAL YEAR 1982 AUTHORIZATION

[In thousands of dollars]

	Budget request	Revised budget request	House action	Senate action	Committee of conference
Research and development:					
Space Shuttle	2,230,000	2,194,000	2,134,000	2,189,000	2,189,000
Space flight operations	1,043,000	910,900	903,900	914,900	907,900
Expendable launch vehicles	31,200	31,200	31,200	31,200	31,200
Physics and astronomy	451,400	325,400	350,400	333,400	333,400
Planetary exploration	256,100	215,300	215,200	215,300	215,300
Life sciences	49,200	43,500	49,200	43,500	43,500
Space applications	472,900	372,900	410,900	398,600	398,600
Technology utilization	14,600	4,600	12,600	12,600	12,600
Aeronautical research and technology	323,600	264,800	264,800	316,000	284,800
Space research and technology	141,000	125,300	129,300	130,300	129,300
Energy technology	4,400	0	2,000	0	0
Tracking and data acquisition	435,200	415,200	400,200	415,200	408,180
Total	5,452,600	4,903,100	4,903,700	5,000,000	4,953,780
Construction of facilities	136,800	104,800	104,120	104,800	104,120
Research and program management	1,136,300	1,114,300	1,114,300	1,118,100	1,114,300
Grand total	6,725,700	6,122,200	6,122,120	6,222,900	6,172,200

Mr. Speaker, I yield such time as he may consume to the gentleman from Alabama (Mr. FLIPPO).

Mr. FLIPPO. Mr. Speaker, I rise in support of the conference report of S. 1098. The conference report represent a fair compromise between the House and Senate with a split of the $100 million difference in the action of the two Houses. The funds provided will help assure a strong civil space program and supports the continuation of our planetary exploration program, as well as, continuation of the space telescope and Landsat D programs. The funds provided represent a balance of NASA's space transportation, space

science and applications, and aeronautics activities.

I urge adoption of this conference report.

Mr. HOLLENBECK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, it is my belief that the conference report for the fiscal year 1982 NASA authorization is a good compromise between the House and Senate. The final authorized figure is $6.17 billion.

The NASA authorization represents a good mix of research and development in space activities, and guarantees that we will have a strong civilian space program. The compromise does not represent any policy position changes, merely dollar value changes.

Language in the conference report supports a timely delivery of the Space Shuttle Orbiter, Atlantis, No. 104, and long-lead procurement of materials necessary for the most efficient production schedule for a fifth orbiter. The agreement also supports the development of the Centaur upper stage as the propulsive unit for planetary exploration programs, including the Galileo Mission to Jupiter and the Venus orbiting imaging radar.

Finally, the compromise authorized funding for space applications and technology utilizations at a level that will continue to guarantee a good return on our technology investment in areas such as medical spinoffs. These spinoffs have provided us with a number of NASA-derived products such as lightweight plastics, thermal blankets, artificial heart valves, and implantable automatic insulin injectors just to name a few.

The NASA aeronautical research and technology line item will provide funding for advanced turborprop and drop-fan research, advanced aircraft composites, high speed aircraft technology, and other areas of advance aeronautical R. & D.

I am satisfied with the compromise worked out between the House and Senate and urge my colleagues to support the measure before us.

● Mr. WINN. Mr. Speaker, the conference report for the fiscal year 1982 NASA authorization is a good compromise between the House and Senate since it generally divides the $100 million difference at the $50 million midpoint. As you may recall, the House authorized the amount requested by the administration while the Senate authorized $100 million more.

I personally do not condone any increase in the NASA budget over the administration's request. However, the $6.17 billion authorization figure is the best we can do.

There is language in the conference report that strongly supports the Space Shuttle, which will be the center for the space transportation system for well into the 1990's. There is also language in the report that supports a strong civilian space program with development of the Galileo mission to Jupiter, the Venus orbiting imaging radar, and the space telescope.

The budget represented in the conference report is well balanced between applied and basic research, and this will continue to contribute to maintaining a vital, healthy space program. I am satisfied with this compromise. It is a good piece of work that deserves the support of the House.●

Mr. FUQUA. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4700, PETROLEUM EMERGENCY AUTHORITY ACT OF 1981

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-365) on the resolution (H. Res. 288) providing for the consideration of the bill (H.R. 4700) to amend the Energy Policy and Conservation Act to authorize the President to control oil supplies and prices in the event of a severe petroleum supply interruption, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 4481, JUSTICE ASSISTANCE ACT OF 1981

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-366) on the resolution (H. Res. 289) providing for the consideration of the bill (H.R. 4481) to amend the Omnibus Crime Control and Safe Streets Act of 1968, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION WAIVING CERTAIN POINTS OF ORDER AGAINST H.R. 4559, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATIONS, 1981

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-367) on the resolution (H. Res. 290) waiving certain points of order against the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3566, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. MOAKLEY, from the Committee on Rules, submitted a privileged report (Rept. No. 97-368) on the resolution (H. Res. 291), providing for the consideration of the bill (H.R. 3566) to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes, which was referred to the House Calendar and ordered to be printed.

COAST GUARD AUTHORIZATION, FISCAL YEAR 1982

Mr. MOAKLEY. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 276 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H.R. Res. 276

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2559) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes, and the first reading of the bill shall be dispensed with. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries, the bill shall be read for amendments under the five-minute rule. It shall be in order to consider the amendment in the nature of a substitute recommended by the Committee on Merchant Marine and Fisheries now printed in the bill as an original bill for the purpose of amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any amendment adopted in the Committee of the Whole to the bill or to the committee amendment in the nature of a substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions. After the passage of H.R. 2559, it shall be in order to consider the bill S. 831 in the House, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 2559 as passed by the House.

The SPEAKER pro tempore (Mr. SAM B. HALL, JR.). The gentleman from Massachusetts (Mr. MOAKLEY) is recognized for 1 hour.

Mr. MOAKLEY. Mr. Speaker, I yield the usual 30 minutes to the gentleman from Mississippi (Mr. LOTT), and pend-

ing that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 276 is the rule providing for consideration of H.R. 2559, the Coast Guard authorization for fiscal year 1982.

The resolution provides for an open rule with 1 hour of general debate which will be equally divided and controlled by the chairman and ranking minority member of the Committee on Merchant Marine and Fisheries.

Mr. Speaker, the rule provides for consideration of the committee amendment in the nature of a substitute as an original bill for amendment and one motion to recommit with or without instructions.

Mr. Speaker, in addition to the usual provisions contained in an open rule, House Resolution 276 makes in order the consideration of S. 831 in the House, after passage of H.R. 2559. A motion to strike all language after the enacting clause of S. 831 and to insert the text of H.R. 2559, as passed by the House would then be in order.

This procedure will help to expedite passage of this important legislation.

Mr. Speaker, during the past 10 years, some 32 statutes have been enacted which have substantially increased the duties and responsibilities of the Coast Guard. Unfortunately, the budget of this important agency has not kept pace with its growing tasks. Unless the Congress provides sufficient funding, the functions performed by the Coast Guard such as the enforcement of laws and treaties, military preparedness, icebreaking, drug interdiction, port and vessel safety enforcement, and search and rescue operations, will be adversely affected.

Mr. Speaker, although not controversial, this bill does make significant and substantive changes to the legal role of the Coast Guard. Among them is the delegation of vessel inspection and documentation responsibilities to the American Bureau of Shipping and similar American classification societies. Such initiatives will do much to eliminate unnecessary duplication of effort and expenditure of Federal funds as well as to free Coast Guard personnel for its other essential missions.

Mr. Speaker, I wish to commend the efforts of the Merchant Marine Committee and particularly the Subcommittee on the Coast Guard and Navigation under the able leadership of the gentleman from Massachusetts (Mr. STUDDS). H.R. 2559 is a much needed piece of legislation which will allow the Coast Guard to perform the tasks and missions that it is currently assigned. I urge adoption of this rule to expedite its consideration.

□ 1530

Mr. LOTT. Mr. Speaker, I yield myself such time as I may consume.

Mr. LOTT. Mr. Speaker, the gentleman from Massachusetts has very aptly described this rule. It is a routine 1-hour open rule. There are no waivers of points of order and no restrictions on amendments.

The resolution does provide for the consideration of the Coast Guard authorization bill.

The bill authorizes some $100 million more than was requested by the administration. I must say, however, that the Coast Guard is one agency for which over the years the Congress has consistently held funding to a minimal level. As a result, there are a number of pressing needs which the Congress must meet if our Nation is to continue having an adequate Coast Guard.

I am sure there are going to be some amendments offered to reduce the authorization level, and I am sure each of us will follow the debate closely in order to determine the merits of such reductions. As a former member of the Coast Guard Subcommittee of the Merchant Marine and Fisheries Committee, I do want to state that on some occasions in the past we have been so tightfisted with the Coast Guard that their hands have been tied and their ability to accomplish their vital mission has perhaps been hampered.

I would urge my colleagues to adopt this rule without lengthy debate. I hope we can then pass a Coast Guard authorization bill which provides adequate funding for the important function it performs.

Mr. Speaker, I have no requests for time and I yield back the balance of my time.

Mr. MOAKLEY. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. JONES of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 2559) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from North Carolina (Mr. JONES).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 2559, with Mr. BRINKLEY in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from North Carolina (Mr. JONES) will be recognized for 30 minutes, and the gentleman from Alaska (Mr. YOUNG) will be recognized for 30 minutes.

The Chair recognizes the gentleman from North Carolina (Mr. JONES).

Mr. JONES of North Carolina. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in strong support of H.R. 2559, the Coast Guard authorization bill for fiscal 1982.

This bill was originally recommended by our Coast Guard and Navigation Subcommittee, chaired by the Honorable GERRY STUDDS of Massachusetts.

House bill 2559 authorizes a total of over $1.9 billion for fiscal year 1982: $1.45 billion is for operating expenses; $425 million for acquisition, construction, and improvement; $17.5 million for alteration of bridges; and $33 million for research and development.

The House bill is $61,778,000 under the comparable Senate bill, S. 831.

For good reason, both the House Merchant Marine and Fisheries Committee and the Senate Commerce, Science, and Transportation Committee have chosen to authorize more funds than those requested by the administration. The administration first requested just over $1.8 billion, which is $100,372,000 less than the House authorization bill; and it is $162,150,000 less than the Senate bill.

Mr. Chairman, the U.S. Coast Guard has compiled a proud record of serving this country's maritime safety needs since its inception in 1790. Today's Coast Guard conducts not only the traditional search and rescue operations, but also regulates ship construction, performs ship inspections, and overseas other vessel operations to assure the safety of life at sea. America should be proud of the fact that the international community acknowledges that our country has the highest standards for maritime safety in the world. This dedication to safety at sea encompasses not only crews, ships, and their cargos, but extends to the protection of our coastal States from port hazards, oil spills, and other hazardous materials.

In addition to its responsibilities insuring the well-being of life and property at sea, the Coast Guard plays a primary role in protecting our country from the importation of vast quantities of illegal drugs. As our maritime law enforcement officers, the Coast Guard expends endless hours interdicting drug traffic at sea. The unquestioned success of this program is seen not only in the number of vessels boarded and the amount of contraband seized, but also in the deterrent effect created by the Coast Guard's presence and authority in these coastal waters.

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Furthermore, the Coast Guard protects our valuable offshore fisheries resources from abuse by the foreign fishermen who are active within our 200-mile fishery conservation zone. The safeguarding of our valuable fisheries stocks requires the vigilance of well-trained Coast Guard patrols working day and night to enforce U.S. law.

The list of Coast Guard missions is seemingly endless. Enforcement of laws and treaties; protection of our coastline and merchant vessels in time of war, bridge safety, icebreaking, research and development, and navigational aids are all a part of our commitment to maritime safety. To fulfill this obligation, our country needs a strong Coast Guard.

Some may say that the levels in this authorization bill are higher than the figures contained in the Transportation appropriations bill which has now been reported from conference. I acknowledge that this authorization is higher than what is likely to be appropriated. However, the Merchant Marine and Fisheries Committee owes a responsibility to this Congress and the American public to state clearly what we believe is the lowest acceptable funding level for the Coast Guard. After comprehensive hearings, we have decided on the figures contained in this bill. Furthermore, there is a great deal of support for these authorization figures by committee members from both sides of the aisle. We would not be true to our responsibility as an authorizing committee if we were to reduce these figures today merely because the Appropriations Committee, faced with overall budget problems, has been forced to cut into the very core of the Coast Guard budget.

The Coast Guard has been seriously underfunded for many years, yet this superb organization has managed to carry out its missions to an amazing degree even despite insufficient financial resources. Yesterday was Pearl Harbor Day; in commemoration, the Coast Guard held a ceremony on Washington's waterfront abroad the Coast Guard cutter, the *Taney*. The *Taney* was a particularly appropriate scene for this commemoration because this vessel was on duty at Pearl Harbor on December 7, 1941, 40 years ago, when the Japanese planes attacked. It is a tribute to the resourcefulness and skill to those serving in the Coast Guard that the *Taney* can still perform as a part of the Coast Guard fleet. But it is a disgrace that the Coast Guard must still operate with vessels like the *Taney* which are over 40 years old. The *Taney* and the other similarly aged vessels vividly demonstrate the failure of past Congresses and past administrations to provide a minimally acceptable level of funding for the Coast Guard. Past Congresses and past administrations may have failed to provide the appropriations really needed by the Coast Guard, but this House should clearly state what is minimally needed by the Coast Guard and it can do so by passing H.R. 2559.

The Coast Guard authorization bill, H.R. 2559, which we are considering today, will establish the very minimum level of funds necessary to operate a reasonably capable U.S. Coast Guard. I urge you to give your wholehearted support to, and vote for passage of, H.R. 2559.

Mr. Chairman, I yield such time as he may consume to the chairman of the Coast Guard Subcommittee, the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. Mr. Chairman, H.R. 2559 authorizes funding for the U.S. Coast Guard for fiscal year 1982. The bill, itself, should be of little controversy, but the general subject of funding for the Coast Guard merits a good deal of discussion, indeed.

This bill authorizes funding for the Coast Guard at a level roughly $100 million, or 5 percent above that originally requested by the Reagan administration. It is also roughly 5 percent above the level in the Department of Transportation appropriations conference report for fiscal 1982.

We can talk specific numbers all day long, but the fact is that none of the numbers—those in this bill before us, those in the administration request, or those in the appropriations bill—are remotely sufficient to meet the genuine needs of the Coast Guard.

In recent years, Coast Guard responsibilities have increased continually due to new recreational and industrial activities within the marine environment, and an increased emphasis, mandated by the Congress, on fisheries and drug law enforcement operations. The U.S. Government and the American people turn to the Coast Guard for protection against illegal acts by foreign fishermen or drug smugglers; we expect the Coast Guard to operate and maintain the largest system of short- and long-range aids to navigation in the world; we depend on the Coast Guard for search and rescue assistance in time of maritime emergency; it is the Coast Guard which provides the last line of defense against major spills of oil or hazardous substances; it is the Coast Guard which is responsible for insuring the safe operation of our merchant fleet, and for regulating the operations of foreign flag vessels in U.S. waters; and it is the Coast Guard which provides icebreaking assistance to facilitate military operations, scientific research, and maritime commerce in both domestic and international waters. The Coast Guard has, in addition, played a significant role in every war and major U.S. military involvement since our quasi-war with pre-Napoleonic France in the 1790's.

The evidence is overwhelming that the Coast Guard is currently unable to adequately fulfill the responsibilities we have placed upon it, and that the situation will deteriorate further if assistance is not quickly forthcoming.

Consider, for example, that: The Coast Guard is achieving only one-fifth of its goal for interdicting the transport by sea of illegal drugs into the United States; the Coast Guard is well short of its goals for enforcing the 200-mile fishing limit; the search and rescue program entered the 1980's with roughly the same number of personnel dedicated to the mission which it had in 1970, despite a 70 percent increase in calls for assistance; performance of the aids to navigation mission has suffered from the age of buoy tenders, inability to obtain funds to replace vessels which have had to be retired, and inability to obtain other necessary spare equipment; the Coast Guard's marine environmental protection program is fulfilling only about 50 percent of its goals.

The Coast Guard is fulfilling only about 38 percent of its goal for military readiness training; the reported operational readiness of high-endurance cutters, as reported to the Department of Defense, has been declining steadily; due to lack of new procurement, to the retirement of aged cutters, and to the renovation of existing vessels, the Coast Guard will have significantly fewer high and medium endurance cutters available to it during the latter half of the 1980's than it has had at any time since before World War II; maintenance days for high- and medium-endurance cutters increased form 1976 to 1980 by 32 percent, indicating that the Government is deriving less and less benefit from existing Coast Guard vessels; In May 1981, the Coast Guard was forced to shut down 90 percent of its Pacific area drug law enforcement, 20 percent of its Pacific fisheries enforcement, and 60 percent of its Atlantic area fisheries enforcement due to a shortage of funds; numerous scheduled Coast Guard patrols have had to be canceled, delayed, or prematurely terminated due to vessel condition or maintenance problems; Coast Guard training, particularly in marine law enforcement, is seriously deficient; the administration's original budget request for the Coast Guard was 6 percent above the 1981 spending level, or less than 1981 spending adjusted for inflation; and the Office of Management and Budget has ordered a 20-percent cut, over 3 years, in the number of Coast Guard civilian personnel.

Despite its plethora of funding, equipment, training, and maintenance difficulties, the number of Coast Guard duties—already vastly expand-

ed as a result of legislation enacted during the 1970's—appears certain to increase further during the 1980's. In early October, the Coast Guard began what may become a long-term commitment in the Caribbean to interdict vessels carrying Haitians allegedly seeking illegal entry into the United States. In April, a joint Navy-Coast Guard task force recommended three new, and five expended, national-security-related duties for the Coast Guard. Accelerated offshore oil and gas exploration, particularly in the northwest Atlantic and off the Alaskan coast, will generate additional environmental, marine safety, and law enforcement demands. The possibility exists that the dumping at sea of a variety of industrial waste products and sewage sludge will increase, rather than decrease as previously anticipated, in the years ahead. There has been a dramatic increase in requests by foreign countries for training in Coast Guard-type missions and skills.

The seas, more and more, will become the arena of economic and military competition in the years ahead. The ocean environment will be subjected increasingly to conflicting industrial, scientific, and recreational demands. The Coast Guard's unique seagoing capabilities are likely to become progressively more valuable to the country in the future than they have been in years past.

H.R. 2559 provides a modest level of funding for the Coast Guard, the best that we felt we could obtain this year. If the authorization bill ultimately signed into law exceeds the appropriations bill, it is difficult to see how this bill will result in any harm to the Federal budget. It would also permit, moreover, consideration of a supplemental request for funds later in this fiscal year without any need for additional action by the authorizing committees.

I would also point out, in closing, that the Subcommittee on Coast Guard and Navigation has recently completed a report which contains an extensive series of recommendations with respect to virtually every aspect of Coast Guard operations and procedures. It is our intention to translate many of these recommendations into legislation for action early next year. These proposals are, very briefly, designed to dramatically improve the ability of the Coast Guard to carry out its basic seagoing missions; to improve the overall efficiency of the Coast Guard's use of the resources which it does have available; to relieve the Coast Guard of some of the responsibilities which are currently placed upon it by law, and to set out some guidelines to be considered with respect to the possible assessment of user fees against those in the public who make use of certain very specific Coast Guard services.

The bill before use today is important because it authorizes funding at a level which will at least permit the Coast Guard to continue to function through this fiscal year.

I do not anticipate any controversy over this legislation, and I urge prompt and favorable action on it by the House.

□ 1545

In closing, I would like to extend my personal thanks to the ranking minority member of the subcommittee, the gentleman from Alaska (Mr. YOUNG), and the chairman of the full committee, the gentleman from North Carolina (Mr. JONES). This has been a truly bipartisan effort to continue to keep the Coast Guard afloat in some very trying days. I appreciate the efforts of these gentlemen.

Mr. YOUNG of Alaska. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I do thank my chairman of the subcommittee, the gentleman from Massachusetts (Mr. STUDDS), who has done an excellent job on this, a bipartisan effort, with the chairman, the gentleman from North Carolina (Mr. JONES).

I rise in support of H.R. 2559, the Coast Guard authorization for fiscal year 1982. As you all know, this bill authorizes appropriations to the Coast Guard for fiscal year 1982 and contains certain provisions and amendments pertaining to the functions and management of the Coast Guard.

At the heart of H.R. 2559 are the four specific dollar amounts provided for operating expenses, capital improvements, bridge alterations, research and development. In addition, the bill authorizes the personnel strength in average student years for military training as well as supplemental authorizations for the fiscal year.

Mr. Chairman, as the chairman of the subcommittee said, I think it is time that this body recognizes that the Coast Guard has the most telling responsibility that concerns everyday citizens. The fact is that the Coast Guard has been charged with many responsibilities by this Congress, and we have not funded them adequately. I believe that H.R. 2559 does that, although it is not to the level I wished it would be.

As the Members of this body know, we have read many newspaper accounts of the increased traffic in drugs, and increased traffic in refugees from those impoverished countries. We have placed additional responsibilities upon the Coast Guard in those areas just recently, along with the increased responsibility for safety, and inspection of oil pollution and spills. In my State, the Coast Guard has the responsibility of patrolling the largest single coastline, more coastline than all the rest of the United States put together, and yet we are not adequately funding them.

Mr. Chairman, I can only say that this bill is an effort by the committee, myself, the chairman of the full committee, staff members and those people directly involved with the research. With the information we have obtained, we believe that H.R. 2559 is, in fact, the true compromise that we seek in funding the service that serves most Americans directly.

Mr. Chairman, at this time I would like to yield such time as he may consume to the gentleman from North Carolina (Mr. JOHNSTON).

Mr. JOHNSTON. Mr. Chairman, we have heard here quite eloquently how much increased responsibility has been borne by the Coast Guard in connection with its activities involving drug smugglers and others. But it concerns me that in an era of budget constraint, where we are asking the American people to cut back on their own spending, that the leadership of the Coast Guard has seen fit go to to a 4-day week for its own services. Now, there are millions of Americans who would like to have 3-day weekends, but the U.S. Coast Guard headquarters here in Washington operates on a 4-day week. Now, ostensibly they work a 10-hour day, but that is much less of an inconvenience than a 5-day week.

It is kind of hard for me to believe that spending another $100 million is going to replace the leadership that they should be providing by increased efforts against drug smuggling and other areas of responsibility. I suggest that perhaps we could also add to this bill the mandate on the part of the Coast Guard leadership that they comply with the same working rules that the other members of the working public have, the taxpayers who must pay this additional $100 million that apparently is indispensable, so that they can enjoy the same working hours as the people paying the taxes.

Mr. YOUNG of Alaska. Mr. Chairman, will the gentleman yield?

Mr. JOHNSTON. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. Mr. Chairman, I compliment the gentleman for bringing up this subject. Again, like the gentleman, I used to come from an area that is highly involved in the agricultural field. Before we condemn those 4-day weeks, 10 hours a day, my daddy used to have a saying, "If you got a field to cut, cut it, get the hay in, and then go fish." They are cutting and getting the hay in, and I say, let them go fish. If they are doing the work adequately, I have no objection too much to that 3-day weekend. I think we are stuck in this area, very frankly, if I may, with the idea that everybody has to work so many hours to get the job done. Let us get the job done. And I am sure with your bring-

ing this to our attention we are going to look into this problem. If they are not getting the job done on the headquarters level, we will have a long discussion with them, but overall, the rank and file, the men on the cruisers, on the inspections, on the problems facing this Nation, that man is putting in long, long, tedious hours. He is doing the job. He is underfunded, and he is inadequately supplied with the hardware that he needs. This bill will give him that.

So I do compliment the gentleman for bringing this up, but again, remember, if he is cutting the hay and putting it in the barn, let us not knock him too soon.

Mr. JOHNSTON. Perhaps if the leadership spent less time fishing, there would not be so much necessity to protect small craft on the coast of North Carolina and elsewhere. And I might add that my State does receive the benefit of a lot of Coast Guard services. I am not minimizing the thousands of hard-working people out there actually doing the work. I am just suggesting that the leadership should be by example, not edict. I think the leadership here in Washington, complying with those same long, arduous hours, would be an inspiration to the other people out manning the lighthouses and the small craft that go out and rescue distressed sailors. It would be an inspiration to them to know their leaders in Washington, "Fat City" as denominated by Donald Lambro, were also complying with the same work ethic.

Mr. YOUNG of Alaska. Mr. Chairman, I reserve the balance of my time.

Mr. JONES of North Carolina. Mr. Chairman, I yield 2 minutes to the chairman of the subcommittee, the gentleman from Massachusetts (Mr. STUDDS), for the purpose of enlightening my colleague.

Mr. STUDDS. Mr. Chairman, let me briefly respond to the gentleman from North Carolina.

I assume the gentleman's district is some distance from the coast. If the gentleman would like to offer an amendment to require all Coast Guard personnel to work a 40-hour week, the gentleman will cost the taxpayers three times the amount of money we now pay the Coast Guard.

The gentleman ought to know, and I suspect if he were a little nearer the coast he might know, the average Coast Guard personnel of a search and rescue station work approximately a 110-hour week. The gentleman ought to know that the flexitime, too, which he referred to, the fact that the headquarters personnel of the U.S. Coast Guard in Washington have been working until recently a 4-day week, is because this Congress mandated experiments in the Federal Executive Service with flexitime. They have always put in 40-hour weeks. They put in four 10-hour days instead of five 8-hour days because we ordered them to try that to see if it would work to conserve fuel in commuting. They have never worked less than 40 hours. The average Coast Guard person works about 2½ times that in a week.

I am sure the gentleman would not want that to reflect adversely upon the fishermen of North Carolina, whether they be pleasure fishermen or whether they be working fishermen whose lives are at stake 24 hours a day off the coast of North Carolina.

Mr. JOHNSTON. Mr. Chairman, will the gentleman yield?

Mr. STUDDS. I yield to the gentleman from North Carolina.

Mr. JOHNSTON. Mr. Chairman, I think if the gentleman would note, I directed my remarks specifically at the headquarters personnel here in Washington, and I suggest that perhaps then it is in order to amend this bill to eliminate the requirement of flexitime that is burdening the headquarters staff with only getting to go to work 4 days a week and permit them to work a 5-day week.

Mr. STUDDS. The gentleman's prayers have been answered, because that practice ceased 2 months ago. The headquarters staff is back on a 5-day week.

Mr. JOHNSTON. I thank the Chairman.

Mr. JONES of North Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from New Jersey (Mr. HUGHES).

Mr. HUGHES. Mr. Chairman, I want to commend my colleague from Massachusetts for, I think, straightening out the record relative to flexitime, because if anybody is at fault it would be the Congress for mandating that flexitime be experimented with at headquarters. But I can reinforce what my colleague from Massachusetts has said. The Coast Guard personnel put in twice the 40-hour week, from my own experience, and they do an absolutely outstanding job.

Mr. Chairman, I rise in support of H.R. 2559 as approved by the Merchant Marine and Fisheries Committee. As a member of the Subcommittee on Coast Guard and Navigation I have heard the testimony about the extensive cutbacks in Coast Guard operations elsewhere because of the administration's budget cuts in order to attempt to maintain the current drug interdiction effort in the Caribbean and Gulf of Mexico where so much smuggling takes place.

The Coast Guard has has to cut its drug interdiction efforts by 90 percent in the Pacific Ocean in order to staff the efforts on the Atlantic and gulf coasts.

The bill authorizes $319 million more than is requested by the administration. This amount is not an increase in the size of the Coast Guard, but allows it to maintain its current level of operations.

My Subcommittee on Crime took testimony about the relationship of the military to the drug interdiction effort in the Atlantic Ocean. The witnesses from the Department of Justice and Department of Defense agreed that the Coast Guard should continue to be the lead agency in stemming the flood tide in drugs that flows onto our shores everyday. But that testimony was based on evaluations of the current levels of Coast Guard's operation. The Coast Guard in coordination with the Drug Enforcement Administration believes that an effective level of interdiction of the drugs that come into the United States would be 75 percent. Their current rate of interdiction, given the employment of their resources to the maximum, is only 15 percent. This effort should not be allowed to deteriorate for want of adequate funds.

The Coast Guard is our Nation's only seagoing law enforcement agency. In the delicate international situation concerning fishing rights off our coasts and in interdicting dangerous drugs coming from foreign nations, the Coast Guard has demonstrated time and again the ability to fulfill its law enforcement mission effectively.

The Attorney General's Task Force on Violent Crime reported in August that there is a critical need for additional personnel for Federal law enforcement. This is not the time for cuts in law enforcement personnel. I urge my colleagues to support this bill.

Mr. JONES of North Carolina. Mr. Chairman, I yield 2 minutes to the gentleman from Hawaii (Mr. AKAKA).

Mr. AKAKA. I thank the chairman for yielding.

Mr. Chairman, I want to first off commend the subcommittee chairman, the gentleman from Massachusetts, GERRY STUDDS, and also the gentleman from Alaska, DON YOUNG, and the full committee chairman, the gentleman from North Carolina, Mr. JONES, for their work in bringing about a $100 million addition for the Coast Guard programs.

For two centuries now the Coast Guard has served our country well and has compiled an enviable history of safety of life and property on the sea, as well as enforcement of treaties, laws and regulations of our country. For us now to not provide adequate support financially to their seven missions would really be hurting the people of our country.

I stand here today to urge my colleagues to support this bill, H.R. 2559, and to assist the Coast Guard in providing adequate programs for our Nation. For us to know that GAO and OMB both sided in recent studies on the fact that our Coast Guard is underfunded and ill-prepared to perform

many vital duties is something that we must correct.

I thank the committee for correcting this by increasing the authorization by $100 million.

□ 1600

Mr. JONES of North Carolina. Mr. Chairman, I yield 1 minute to the gentleman from Massachusetts (Mr. STUDDS), the chairman of the subcommittee.

Mr. STUDDS. Mr. Chairman, I rise solely to correct a slight misstatement I made earlier in my remarks to the gentleman from North Carolina (Mr. JOHNSTON). I make a slight apology, approximately a 21- or 22-percent apology, I would say.

The Coast Guard's experiment with flexitime has been partially ended. Some of their headquarters personnel have gone back to a 5-day week; some remain on flexitime in a 4-day week.

It is my understanding that it is their plan by next spring all to go back to the regular 5-day week. It is also my understanding that the Department of Transportation appropriations conference report contains a provision which would require them to do so.

So while I stand with great fervor behind the spirit of my response to the gentleman, in that particular I was in error, and I apologize for that to him and would like the record to be corrected.

Mr. JOHNSTON. Mr. Chairman, if the gentleman will yield, I thank the gentleman from Massachusetts (Mr. STUDDS).

I think it is just incumbent that this organization, as well as all those that report directly or indirectly to us, set an example for the country to follow the effort of the country to restore our economic vitality.

Mr. STUDDS. Mr. Chairman, I will not quarrel with the gentleman about examples. I am not sure that it makes a difference how one divides the 40 hours as long as one puts in his 40 hours to the job.

I will also refrain from expressing my admiration for the example set by the new President of the United States with respect to hours.

Mr. YOUNG of Alaska. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to comment further. This is off the subject in a way, but before we get carried away with requiring people to work 8 to 5, et cetera, I think we ought to look at the total utilization of time and facilities within the District of Columbia area.

I think the concept was good, and in fact, I would encourage it more. All of us who have the disadvantage of living some distance from this great Capitol Building of the United States recognize that the roads are jammed and the energies that are used for approximately 2 hours in the morning and 2 hours in the evening and the rest of the time are ill used. That is uneconomical, it is wrong from the standpoint of fuel consumption, and it is wrong for mental capabilities. Before we start requiring this to occur, I think we ought to find out whether it is working and whether in fact they are putting in 40 hours a week—and that is the criteria—or whether in reality maybe we ought to expand it.

Mr. Chairman, along those lines again I urge the committee to support H.R. 2559. There will be some criticisms in the amendment stage, but it is the appropriate compromise that has been reached by this committee, and I strongly urge its passage.

Mr. JONES of North Carolina. Mr. Chairman, I yield myself such time as I may consume.

At this point, Mr. Chairman, I would like to commend the subcommittee chairman, the ranking minority member, and, more particularly, the staff who have worked diligently and hard to bring this legislation to us. As chairman of the committee, I extend to one and all my sincere thanks and appreciation.

Mr. Chairman, I have no further requests for time.

● Mr. BIAGGI. Mr. Chairman, I rise in support of H.R. 2559, a bill authorizing $1.9255 billion for the U.S. Coast Guard in fiscal year 1982.

I feel that I can speak with some expertise, having been chairman of the Coast Guard Subcommittee during three previous Congresses.

The Coast Guard's roles and missions are as diverse as the geographic area it serves. Let me give you just a partial, and very broad, list of the things the Coast Guard is doing for us every day:

Its most well-known service is the search and rescue mission it performs, but the service also enforces our fishery conservation laws, and our drug laws; it maintains the aids to navigation; protects the marine environment; conducts oceanographic research; and its newest mission, imposed only this year, calls upon the Coast Guard to interdict illegal Haitians attempting to reach our shores.

These activities touch all of us—from the Great Lakes to the Gulf of Mexico—from the east coast to Alaska—and on thousands of waterways in between. I strongly support this 12-percent increase from the fiscal year 1981 funding level—not because of parochial considerations, but because I know how important the Coast Guard is to the public—all the public.

We here in Congress have indicated our support for cutting unnecessary spending, but the emphasis must be placed on the word "unnecessary." What we have here are essential services that protect the health and safety of our people. The Coast Guard has done its part—and done it well. In fact, this rather small organization still provides the most efficient, cost-effective service the Government has to offer.

While I was chairman, and this past year under the very capable leadership of the gentleman from Massachusetts (Mr. STUDDS), the subcommittee dissected the operations of the Coast Guard. The conclusion has always been the same: The Coast Guard cannot continue to do all the things we have asked it to do without additional funding and personnel. We must make a choice: Whether to raise its funding level to meet its responsibilities or decrease its duties commensurate with the money we give it. We cannot have it both ways. There is a limit to the magic that the Coast Guard can work.

I hope that my colleagues will join me in supporting passage of this authorization bill.●

Mr. YOUNG of Alaska. Mr. Chairman, I yield back the balance of my time.

Mr. JONES of North Carolina. Mr. Chairman, I yield back the balance of my time, and I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. SAM B. HALL, JR.) having assumed the chair, Mr. BRINKLEY, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 2559) to authorize appropriations for the Coast Guard for fiscal year 1982, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the bill just under consideration.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

PERMISSION FOR COMMITTEE ON MERCHANT MARINE AND FISHERIES TO MEET ON TOMORROW DURING 5-MINUTE RULE

Mr. JONES of North Carolina. Mr. Speaker, I ask unanimous consent that the Committee on Merchant Marine and Fisheries be permitted to meet tomorrow, December 9, 1981, while the House is sitting under the 5-minute rule.

The SPEAKER pro tempore. Is their objection to the request of the gentleman from North Carolina?

There was no objection.

REPORT ON HOUSE CONCURRENT RESOLUTION 230, SECOND CONCURRENT RESOLUTION ON THE BUDGET FISCAL YEAR 1982

Mr. JONES of Oklahoma, from the Committee on the Budget, submitted a privileged report (Rept. No. 97-369) on the concurrent resolution (H. Con. Res. 230) reaffirming the congressional budget for the U.S. Government as set forth in the first concurrent resolution on the budget for the fiscal year 1982 (H. Con. Res. 115, 97th Congress), which was referred to the Union Calendar and ordered to be printed.

LEGISLATION GRANTING ICC AUTHORITY IN SETTLING DISPUTES ON BANKRUPT RAILROADS

(Mr. ROBERTS of Kansas asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ROBERTS of Kansas. Mr. Speaker, I am today introducing legislation along with seven of my colleagues to provide the Interstate Commerce Commission authority to serve the public interest in settling disputes between purchasers and trustees of bankrupt railroads. A similar bill was introduced in the Senate recently by Kansas Senators NANCY KASSEBAUM and BOB DOLE.

More than 2 years ago, Congress passed the Rock Island Transition Act to facilitate the transfer of essential bankrupt Rock Island assets to interested purchasers and shippers. However, efforts to make the transfer and keep trains rolling over the Rock Island tracks have been stymied repeatedly by the Rock Island trustee. Today, we are little closer to providing continued rail service for the breadbasket of our Nation. The reason? Quite simply, the trustee owes legal allegiance to the Rock Island and its creditors, not to the public interest. The ICC, in turn, has found itself blocked from protecting our public interest by buffering demands of the trustee and the needs of prospective buyers.

The core of the problem rests with the limitations of the ICC. If a prospective purchaser offers what it considers a fair price and the trustee holds out for an inflated price, there is no mechanism for a disinterested third party—in this case the ICC—to step in to represent the public interest by keeping the vital rail service operating until the matter can be settled fairly. As a result, we are in immediate danger of shutting down much of the former Rock Island track that is the Midwest's link to gulf markets.

Mr. Speaker, the consequences of this action are frightful. We will allow the Nation's breadbasket to be isolated from gulf export markets, damaging the economic stability of an important region and the country as a whole.

Alternate transportation for midwestern agricultural products would increase direct costs to producers by nearly 30 percent, if they can be found at all. Our producers, hard hit by skyrocketing costs and poor prices, simply cannot afford this. More than 58 percent of the Kansas wheat crop last year was shipped to the gulf for export. The situation is similar in other Midwestern States which are forced to depend on rail transportation to move agricultural commodities to the market. Export of these commodities contributes greatly to our Nation's balance of trade. To lose them would be disastrous to our economy.

For many years, Congress held that the public interest was served by adequate rail transportation. Because it did so, our rural areas came to depend on the railroads as the only means of economical transportation. But as our rail system began to deteriorate, we somehow lost sight of our public interest responsibility of providing continued service.

We are in a transition period in rail transportation. Bona fide purchasers have plans to continue moving goods over the bankrupt lines. The public interest will be well served if we assist that continuation of rail service.

In summary, this legislation is designed to protect producers, shippers and consumers. I am hopeful it will be considered quickly and favorably so that the ICC will have the tools to serve the public interest.

INDUSTRIAL REVENUE BONDS

(Mr. BOWEN asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BOWEN. Mr. Speaker, today I am introducing legislation which will preserve the tax-exempt industrial revenue bond (IRB) program by restoring it to its original purpose—creating and preserving jobs by promoting industrial development.

My State in 1936 pioneered the use of tax-exempt bonds to finance plant and equipment for industry. A part of Mississippi's broader effort to bring industrial development to a depressed agricultural economy, the State's bond legislation authorized local governments to issue bonds to finance the construction of manufacturing facilities for lease to private companies.

From the program's inception to the present, Mississippi has exercised careful control over the use of industrial revenue bonds, limiting their use to manufacturing, processing, and warehousing. Mississippi operates a model program. Each issue must be approved both by the local government, through the city council or the county board of supervisors, and by the State board of economic development. These bodies scrutinize each potential issue and do not hesitate to reject an issue if it does not substantially further the program's goals of stimulating economic development.

This carefully administered program has been absolutely crucial to the economic growth of my State. In the years 1979 and 1980 there were 117 projects financed with small issue IRB's in Mississippi. These projects represented a capital investment of $242,855,000, creating 9,055 new jobs with an estimated annual payroll of $106,486,000. The majority of these new jobs would not have been created if the plants could not be built with tax-exempt financing.

Other States have also recognized the value of these bonds in promoting economic growth. Currently 48 States allow some form of tax-exempt small-issue IRB's. Obviously, there is no inherent regional bias in the program as it now exists. Ten States follow Mississippi in allowing the bonds to be used solely for industrial or warehousing purposes.

Mr. Speaker, the future industrial and economic development of my State—like that of many others—is dependent on the availability of tax-exempt financing. This industrial development is itself necessary to the welfare of the State and its citizens. Historically, increased industrial development has proven to be the most successful method of stimulating the economy, reducing the national trade deficit, and creating jobs.

I am distressed that this important tool for industrial development is now in jeopardy. Earlier this year the Ways and Means Oversight Subcommittee issued a report recommending major changes in the IRB program. These proposals, particularly the requirement that IRB's be "sunset" by January 1, 1984, would be devastating to the program.

At the same time, the Reagan administration has suggested limiting IRB use as a method of revenue enhancement. Although the original discussion implied an elimination of these tax-exempt bonds, the Treasury Department now appears to be considering legislation that would force companies to choose between tax-exempt financing and the new accelerated depreciation provisions. Because of the cash-flow advantages of accelerated depreciation, most companies would probably use accelerated depreciation rather than IRB's. The result would be the practical elimination of tax-exempt financing for IRB's.

The Ways and Means Oversight Subcommittee expressed particular concern about the use of IRB financing for new retail outlets, such as

shopping centers, fast food restaurants, and chain discount stores. A recent study by the Congressional Budget Office confirms the widespread use of IRB's for these commercial ventures. These abuses of a program established to promote industrial development have prompted calls for reform—and even elimination—of the tax-exempt use of IRB's.

The legislation that I am introducing today helps meet both the Ways and Means Committee's concerns about IRB abuses and the administration's desire for reducing revenue losses. At the same time, my legislation would insure that this vital method of tax-exempt financing would continue to be available for industrial development.

My legislation has three principal components. First, it limits the tax exemption found in section 103 of the Internal Revenue Code to bonds for manufacturing, processing, and related warehousing. In the case of warehousing, the bill limits the exemption to those warehouse facilities which are used primarily for the storage and distribution of products manufactured or processed by the business entity that controls the warehouse.

This limitation returns industrial revenue bonds to their original purpose, financing industrial development. In so doing, it eliminates the potential abuses which have attracted so much attention and have jeopardized the entire IRB program. And, of course, by restricting the scope of eligible projects, the bill helps the administration limit tax revenue losses.

Let me say, Mr. Speaker, that I have supported and will continue to support tax-exempt financing for certain commercial projects in economically distressed areas. I do not feel, however, that an industrial development bond program is the proper vehicle for these commercial undertakings. As we now see, the current abuses in the commercial area are threatening the sound industrial use of the bonds. My bill eliminates this danger by restricting the industrial development exemption solely to industrial and related facilities.

Second, my legislation requires all eligible bonds to be authorized by a publicly elected body in a public proceeding after public notice of not less than 21 days. The hearings before the House Ways and Means Committee suggest the need for enhanced local responsibility for the issuing of IRB's as well as greater accountability to the public for these bond issues. My legislation meets this need.

The Oversight Subcommittee has recommended that each IRB issue be preceded by a public hearing. Although in theory the requirement of a public hearing is salutary, its practical effect causes me concern. Such a hearing could become a forum for an attack on the policies of a corporation rather than a discussion of the merits of the project. It could as well be used as a method for forcing a corporation to disclose to the public—and to competitors—confidential financial data. The result would be a reluctance on the part of many companies to proceed with plans for plants financed by IRB's.

Requiring each issue to be authorized by a publicly elected body in a public proceeding would hold local officials responsible for the tax-exempt projects that they approve. It would thus insure greater accountability to the public for those issues without requiring a potentially detrimental hearing. Of course, if the local authorities wanted to hold a hearing they would be free to do so. The provision that each authorization would be preceded by a 21-day notice alerts the public to pending issues and removes the possibility that the public might learn of controversial projects only after the bonds have been authorized.

The requirement should not mean the abolition of local, appointed industrial development agencies. They would continue to play an important role in planning and recommending bond issues. The final decision on whether to authorize an issue, however, would be the responsibility of the local elected officials. After the elected body had approved the issue, the agency could itself be the issuing entity. This would create greater accountability without causing local governments to encounter statutory or constitutional ceilings on indebtedness.

Finally, the bill establishes reporting requirements that will enable the Treasury Department and Congress to know the exact nature and extent of IRB use. As both the Oversight Subcommittee report and the CBO study note, very little information has been available on the extent to which tax-exempt IRB's have been issued by local governments.

The legislation requires that States report once a year to the Secretary of the Treasury on the use of IRB's within the State. The report to the Treasury must contain basic information about the issue, such as the name of the issuer, the amount and term of the bond, the interest rate, the date of issue, the type and description of the project financed, the location of the facility, and an estimate of the jobs to be created or maintained.

In order to provide stability and certainty in the tax-exempt bond market, the provisions of the bill would become effective 120 days after enactment. That will allow those planned issues which were already substantially completed at time of enactment to proceed.

Mr. Speaker, this legislation corrects the abuses in the program while it preserves the use of IRB's for their fundamental purpose—industrial development. I invite Members to join with me in support for this legislation.

The full text of this legislation follows:

H.R. 5126

A bill to amend section 103 of the Internal Revenue Code of 1954 with respect to the small-issue exemption

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 103(b)(6) of the Internal Revenue Code of 1954 (relating to interest on certain governmental obligations) is amended by adding the following new subparagraphs:

"(J) LIMITATION TO CERTAIN KINDS OF TRADE OR BUSINESS.—The exemption provided in this paragraph shall apply only to those obligations issued as part of an issue the proceeds of which are to be used, pursuant to the purposes of subparagraph (A), for the following kinds of trade or business: (i) manufacturing; (ii) processing; (iii) warehousing and distribution where the facilities are used principally for the storage or distribution of products manufactured or processed by the trade or business entity for whose benefit the obligations are issued.

"(K) PUBLIC NOTICE AND AUTHORIZATION.—No obligation shall qualify for the exemption provided in this paragraph unless that obligation shall have been properly authorized by a publicly elected body. All authorizations shall occur in public proceedings following reasonable public notice, such notice not to occur less than 21 days prior to the authorization. Any defect in any proceeding for the creation or election of such body shall not cause such obligation to be treated as failing to comply with the provisions of this subparagraph.

"(L) STATE REPORTING REQUIREMENTS.—Not later than February 15 of 1984 and of each subsequent calendar year, each state shall submit to the Secretary a report with respect to bonds issued during the preceding calendar year pursuant to this paragraph by the state or any political subdivision thereof. The Secretary may by regulations prescribe the manner in which such reports shall be submitted. The information to be submitted in such reports in respect of each bond issue shall consist of the following:

"(i) the name and address of the governmental unit,

"(ii) the date and aggregate face amount of the issue of obligations,

"(iii) the interest rate and term of the obligations,

"(iv) the name, address, and employer identification number of the principal users of the proceeds of the issue of obligations,

"(v) the type and description of the project financed with the proceeds of the issue of obligations (including the applicable Standard Industrial Classification (SIC Code),

"(vi) an estimate of the jobs to be created or retained as of the end of the third full year of operation of the facility being financed,

"(vii) the location of the land or property acquired, constructed, reconstructed or improved with the proceeds of the issue of obligations or with a prior issue which is redeemed by such issue, and

"(viii) the name and address of the initial bond purchaser.

Any report required to be submitted under this subparagraph shall be submitted by the

Governor of the state (or any department or agency of the state designated by the Governor for purposes of this subparagraph)."

(b) The amendments made by this Act shall apply to the obligations issued after 120 days after the date of enactment of this Act.

□ 1215

CONGRESS SHOULD ASSOCIATE ITSELF WITH PROTEST BY ANDREI SAKHOROV

(Mr. WIRTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WIRTH. Mr. Speaker, today I am introducing House Resolution 286 expressing the sense of the House that Congress associates itself with the hunger strike protest of Dr. Andrei Sakharov, the great Soviet dissident.

As you all know, Dr. Sakhorov and his wife, Yelena Bonner, undertook a hunger strike on November 22 on behalf of Liza Alekseyeva, Sakharov's stepson's wife. She has been refused permission to join her husband, Aleksei Semyenov, in the United States.

The Soviet Government by this action is including Sakharov's family members in its persecution of this tireless advocate of human rights. As a member of the U.S. Commission on Security and Cooperation in Europe, and as one who has had the great honor to meet Dr. Sakhorov, I view this action with grave concern. The Soviet Government is acting in direct violation of the Helsinki accords which include a provision allowing reunification of family members.

Mr. Speaker, Andrei Sakharov has exhausted all means of solving this problem short of the extremely dangerous personal step of embarking on a hunger strike. He has appealed for the help of his foreign friends, and we must offer that help to this great champion of freedom.

I ask the support of my colleagues in cosponsoring this resolution. It calls on Congress to associate itself with the hunger strike protest by Andrei Sakharov. It urges the Government of the Soviet Union to abide by its commitments by allowing this young woman to emigrate. And to further asks that Andrei Sakharov and Yelena Bonner be allowed to choose freely their place of residence.

Mr. Speaker, I believe that support of this resolution is the least we can do for a man who won the Nobel Peace Prize in 1975 for his "love of the truth and belief in the inviolability of human beings."

Mr. Speaker, one of the world's greatest crusaders for human rights and intellectual freedom is languishing today against his will in a Soviet hospital. Andrei Sakharov, the great physicist and leader of the Soviet dissident movement began a hunger strike on November 22 with his wife Yelena Bonner, and they are now apparently being held in a Russian hospital.

Mr. Speaker, Andrei Sakharov needs our help. His hunger strike—which threatens soon to become life-endangering—was prompted after all other means of redress failed. For the past 3½ years, since Sakharov's stepson, Aleksei Semyenov emigrated to the United States, Sakharov has worked to overcome the barriers which have prevented the young man's wife, Yelizaveta Alekseyeva, from emigrating to the United States to join him.

While it is for the sake of one young woman that Sakharov is fasting, in a larger sense he has taken this dangerous personal step on behalf of freedom-loving people everywhere. The cause is both a personal and a universal one. For Sakharov realizes that Yelizaveta Alekseyeva is being punished by being unable to emigrate simply because she is relted to Sakharov. His human rights activities for the sake of all people have resulted in an official impasse on her case.

This young woman is being punished because Andrei Sakharov—Nobel Peace Prize winner, brilliant physicist, tireless crusader for human rights and thus a perceived threat to the Soviet authorities—has refused to disappear silently from the world arena.

Already this extraordinary man has been subjected to relentless persecution, internal banishment, separation from his life's work and most forms of misery short of the deprivation of life itself. It is with this basic life force alone that Sakharov has a chance to exercise his will. This man, who developed the Soviet hydrogen bomb and then demanded that the Soviets stop testing nuclear weapons, who won the highest prizes of the state three times and then questioned the state about its intellectual tolerance has been put in what he has called a "gilded cage"—exile in Gorky. This man, winner of the Nobel Peace Prize, the youngest member ever elected to the Soviet Academy of Sciences, the man who could have lived in quiet comfort as a scientist, has been, because of his human rights activities, subjected to treatment we can scarcely imagine.

I was greatly honored to spend an evening with Andrei Sakharov during a visit to the Soviet Union in 1979. His vision and commitment to the freedom of people everywhere are profoundly inspiring. Now, as a member of the Commission on Security and Cooperation in Europe, I view with grave concern the violation of the Helsinki accords that this case represents.

And in this situation, we can make a difference. Sakharov wrote upon launching his strike, "I feel a wall of misunderstanding, indifference, and passivity around me." He appealed for help from concerned outsiders, while taking responsibility for the refusal of Soviet authorities to allow the emigration of Yelizaveta Alekseyeva simply because of her relationship to him.

We must offer the help he requests from us. Mr. Speaker, I am today introducing a resolution expressing the sense of the House of Representatives that the Congress associate itself fully and completely with the hunger strike protest by Andrei Sakharov and urge the Government of the Soviet Union to abide by its international commitments by permitting Yelizaveta Alekseyeva to emigrate, and to further allow Andrei Sakharov and Yelena Bonner freely to choose their place of residence. This courageous man, who has set an example for the world to follow, must not be left alone. His physical condition is deteriorating and the time is short.

Mr. Speaker, I insert Andrei Sakharov's own words be included in the RECORD, in a statement entitled "A Letter to My Foreign Colleagues." I also insert an article by prominent Soviet dissident Lev Kopelev, entitled "Sakharov: Why the Caged Bird Sings," which appeared in the December 6 Washington Post, in the RECORD at this point:

A LETTER TO MY FOREIGN COLLEAGUES

I have written frequently about my son Alyosha and his wife Liza Alekseyeva. After Alyosha's forced migration three and a half years ago, Liza became the hostage of my public activity. Violating their own international obligations, the Soviet authorities are not giving her permission to emigrate; they are persecuting her, threatening her with arrest, attempting to deprive her of hope and drive her to despair. In June, 1981, Alyosha and Liza affirmed their fidelity to each other by entering into marriage by proxy in accordance with the laws of the U.S.A. (the state of Montana). Although the Soviet authorities do not acknowledge the validity of such marriage,[1] it is, in any case, yet another affirmation of Alyosha's and Liza's deep desire to be together. According to the Helsinki Accord and other international documents signed by the USSR, such a desire is sufficient grounds for Liza to receive permission to emigrate.

I feel a direct responsibility for Liza and Alyosha's difficult fate and cannot take a calm attitude toward their years of suffering. That suffering has been entirely caused by their nearness to me, their confidence in me when I insisted that Alyosha emigrate thinking that Liza would be able to join him later on. I am ready to take responsibility for my own public and publicistic activities in accordance with the laws of the state and I demand an open trial. To use my son and his wife for revenge and to put pressure on me is unworthy, illegal, and intolerable.

[1] In fact, there is nothing in the Soviet law that may prevent the authorities from recognizing a proxy marriage. Moreover, according to the Soviet Matrimonial Code (article 32) "marriages between Soviet citizens and foreigners when contracted outside the USSR provided that the formal requirements established by law of the place of such contract are met are recognized as authentic (legal) in the USSR."

There can be no question of any contact with my Soviet colleagues nor of any scientific work while this tragedy of my loved ones continues. It is precisely in this matter that I need help most of all and where, at the same time, such help has the best chance of being meaningful.

Twice I have addressed requests for intervention to the Chairman of the Presidium of the Supreme Soviet, Leonid Brezhnev. In July, 1980 I sent him a telegram and in May, 1981 a letter. Neither my telegram nor my letter was answered. I assume that neither of my requests reached Brezhnev nor even his office but were blocked by the KGB which thought that, having deprived me of my three Hero of Socialist Labor and other awards, the Presidium of the Supreme Soviet of the USSR had, in that fashion, sanctioned any other illegal actions against me. It is precisely for that reason that I am asking my foreign friends to request the officials of their countries, upon contact with Brezhnev and other high-level Soviet leaders, to bring this problem to their attention and to work toward its resolution—this is the only method of breaking the KGB blockade. Unfortunately, I still have no evidence of any efforts in that direction.

A year ago I addressed a request to the President of the Academy of Sciences of the USSR, A. Alexandrov, and its Vice President E. Velikhov to defend me against hostage-taking, but I received no answer from them just as my repeated letters and telegrams to Velikhov received no answer.

In February, 1981 I wrote to Academician Ya. Zeldovich with whom I was connected by long years of co-work and by, I thought, friendly relations, and to Academician Yu. Khariton, the head of the Institute where I had worked for 18 years. In June, 1981 I addressed the same request for help in Liza's case to Academician P. Kapitsa and to Academician B. Kadomtsev who is working in controlled fusion. Ya. Zeldovich answered with a letter in which he categorically refused to help me, referring (I am convinced, without basis) to the shakiness of his own position supposedly revealed by his "not being allowed further than Hungary."[2] Zeldovich, and academician, like myself a three-time recipient of the Hero of Socialist Labor award, had (as I did) access to secret information but he was not involved in public or human rights activities. I did not ask him or the other academicians for public actions, only some quite words. Academicans Yu. Khariton, P. Kapitsa, B. Kadomtsev sent absolutely no replies to my letters. Zeldovich's answer and the position of other Soviet scientists has been a bitter disappointment to me, not only on the personal level but as a manifestation of a pernicious abandoning of responsibility and of the possibility of influencing events (I am not only speaking in connection with myself) and, at the same time, this was not done from considerations of principle but because of shamefully petty reasons.

I feel a wall of misunderstanding, indifference, and passivity around me. The tragedy of Liza and Alyosha continues and perhaps—if nothing changes—will last even longer. In this extreme position, after long and painful reflection, my wife, Elena Bonner, a veteran wounded in the Second World War, and I have made the decision to begin a hunger strike on November 22 to demand that Liza be given permission to emigrate from the USSR. In communicating this decision I hope that you will understand the motives behind this step we are taking, its inner necessity for us in this tragic situation. In the past I have been on hunger strike in support of prisoners of conscience in the USSR.[3] I consider the defense of our children just as rightful as the defense of other victims of injustice, but in this case it is precisely me and my public activities which have been the cause of human suffering. I also think that this step is a continuation of my many years of speaking out in defense of the right to freely choose one's country of residence, the lack of which in our country leads to many tragedies.

I am counting on your help.

ANDREI SAKHAROV.

[Translated by Richard Lourie.]

SAKHAROV: WHY THE CAGED BIRD SINGS

(By Lev Z. Kopelev)

(Lev Kopelev, a prominent Soviet dissident, was one of Andrei Sakharov's closest friends. Until the nuclear physicist was sent into "internal exile" in Gorky nearly two years ago, Kopelev and his wife spent a great deal of time with Sakharov and his wife, Elena Bonner, who are on a hunger strike. Soviet authorities put them into a Gorky hospital Friday. In this interview with Washington Post Staff Writer Robert G. Kaiser, Kopelev—now living in the West—describes little-known details of Sakharov's past, and explains his importance to the contemporary Soviet Union.)

Sakharov is for me and for our friends the personification of the best hopes that we have, the best hopes for Russia. He is a very unique, very extraordinary character. He is a genius as a scientist. He's a hero, a true hero, it's no exaggeration. But at the same time he's a very Russian character—I wouldn't say typical, but characteristic of the Russian character. His appearance as an activist in our country, in the world community, was a unique development. But at the same time it was the result of the evolution of Russian traditions.

To be more specific, who were Sakharov's ancestors? Where did Sakharov begin as a phenomenon? His ancestors on his father's side were priests, village priests. His great-great-grandfather was the priest in a little city, known as a good, decent, educated man. His grandfather, Ivan Nikolayevich Sakharov, was the first man in the family who was not a man of the church. He became a lawyer in Moscow, and at the beginning of this century he organized a society to oppose capital punishment. He was often in the House of Lev Tolstoy. And—it is almost an impossible coincidence for us—the first thing we ever did together, Andrei Dmitrivich and I, was a document opposing capital punishment, in the spring of 1972. He asked our government and the United Nations to forbid capital punishment for all time.

Andrei Dmitrivich's father was a well known physicist; the physics textbook he wrote was very popular. In our generation, we all learned physics in the last year of school from the book of Dmitri Sakharov.

His ancestors on his mother's side were officers. His great-grandfather was a young Greek freedom fighter who went to Russia and became an officer. In the war with Turks he became a general; his names was Sofiano.

One more thing: Dmitri Ivanovich Sakharov, the father of Andrei Dmitrivich, was not only a well known physicist, he was also a good musician. He graduated from one of the best music schools in Moscow, graduated with a gold medal. In the hard days of the civil war, he earned part of his living by giving music lessons.

That was Sakharov's childhood, in the house of humanists, very human very artistic. His grandmother, whom he very much loves still, read Pushkin to the children. His childhood was a childhood surrounded by music and verses and poetry—surrounded by very good people, very intelligent people. The traditions of the Russian intelligentsia were put into Sakharov's cradle. So he is a unique phenomenon, but also a very traditional phenomenon in the best sense of the word. This is a tradition of humanism, and of courage too, of duty and a sense of responsibility. But he is very modest, which is why only a few people know the real story of Sakharov.

The story began long before his name was known in Moscow and abroad. After the first test of the H-bomb, after the first test, Sakharov said, "This must also be the last test. The first must be also the last. And let us hope that it will be never used." And his chiefs, the marshals and the generals, were very angry that he would take such a position. Then, in '61 and '62, Sakharov demanded we stop testing atom bombs. We learned about it first from Khrushchev's memoirs published in your country. And when we then asked Sakharov about it, he said "Ah, yes, yes, there was something like that—I've almost forgotten it."

Then, in the Academy of Sciences, he protested against [Trofim D.] Lysnko, the man who Stalin made the chief of Soviet biology, of Marxist biology, who liquidated genetics in Russia. And Sakharov began his battle against Lysenko at a time when Lysenko was one of Khrushchev's best friends. Khrushchev protected Lysenko after Stalin died.

And Sakharov won the battle against Lysenko. It was in 1964, when one of Lysenko's assistants was a candidate for membership in the Academy of Sciences, and Sakharov spoke at the open meeting of the academy against him and demanded that the other members of the academy vote against this man who represented reaction in our science, reaction in our social life. And [Leonid] Ilyechov, the vice minister of foreign affairs now, who was then Khrushchev's ideological boss, asked, "Who is this kid?" And [Mstislav] Keldysh, the president, answered very loudly, "It is the father of our H-bomb." And it is well known that after Sakharov spoke, that man was not elected to the academy. And Khrushchev was so wild, so angry, he wanted to liquidate the academy. He said the academy was a relic of tsarism and capitalism. This was one of the things Khrushchev was reproached for at the time he was removed from power.

Most people who worked with Sakharov, most of his colleagues at the Academy of Sciences, the people who were connected with him when he was working for military purposes, couldn't then and cannot now understand what is the matter with a man who had such privileges. Three times hero of socialist labor! Do you know what that means?

The regulations of that prize say that his monument must be erected in Moscow two

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[2] Position that a person is holding in the soviet hierarchy is frequently described in terms of where he is allowed to travel: only inside the country, to Eastern Europe (Hungary, for example), or to "capitalist countries".

[3] Dr. Sakharov was on hunger-strike in 1974 during President Nixon's visit to Moscow demanding release of V. Bukovsky and other prisoners of conscience.

times! Because after the second golden star of socialist labor is received by someone, his statue must be erected in his home town. When soneone wins a third gold star, a statue must be erected in Moscow. Sakharov was born in Moscow, so under the rules, his statue must be erected twice in Moscow!

He received the highest prizes of the state three times—the Stalin Prize, the Lenin Prize, the State Prize. And no one knew until the last few years that he gave away most of his prizes, without any publicity, to cancer clinics. He gave away 127,000 rubles, almost 90 percent of all these prizes. I heard this for the first time from his relatives; he never said it himself.

So these people couldn't understand why such a rich man, such a privileged man, as a hero, as a triple hero of socialist labor, as a member of the academy, as a director of an institute, which he was until '68 or even later, who was guaranteed a privileged, quiet life, the opportunity to work as a scientist, why did he risk everything and begin a hopeless fight against the capricious use of power by the state?

And he suffered, he suffered the suffering of every man. I don't know if I can explain it, the soul of Sakharov who suffers for each suffering man. He loves his work, he loves his physics, he can't live without his physics. But when he got a phone call that someone was arrested or someone had been searched, he got up and got a taxi or a trolley—once he couldn't hire a taxi, but there was a big earthmover there which he hired to go to a man who had been searched.

They can't explain him, and people would say, "Oh, he is very strange, he is not quite normal." No, he is absolutely normal. And others said, "Oh, he is no longer interested in science." It is a lie; he is interested in science. We know how he works when he has a minute, an hour for working as scientist. Two times we were together in Sukhumi [a Soviet resort], When he worked from early morning until late in the afternoon, and nobody could disturb him. He did physical and mathematical research, and after lunch we could be together.

My wife and I twice heard his lectures on physics there in Sukhumi. He is a brilliant lecturer. Enthusiastic, and very easy to understand. We are not physicists, but we understood him. And he is very modest, because when he talked about his discoveries, he named everybody in Russia or in America or in Germany who had made such a discovery, from whom he had borrowed a certain opinion or interpretation. And when we asked him "What is your contribution?" he said, "Oh, it's mosaic. You see, it is a mosaic of stones, which was assembled, for the most part by other people."

But there was a man who heard the same lectures who understood physics much better than we both, and he said, "This mosaic is worth a Nobel Prize in physics, because it is a theory of the beginning of the world, of the physical genesis of the whole world."

Q: Why was he not arrested for so many years?

You see, to understand our system and to understand the men who rule our country, one must understand the meaning of *nomenklatura.* It is a special Russian word. It is the phenomenon of the differing importance of persons, something like what you call a "very important person," you see? In our system, everything is based on *nomenklatura*—different strata, different ranks. It is comparable to the Indian caste system, you see? And a [Soviet] VIP, a truly Very Important Person of the highest strata, of a higher rank—oh, you don't touch him so lightly.

In Stalin's times it was another thing. Stalin's society was absolutely pyramidal, with Stalin alone at the top, and everything under him vulnerable. Nobody could be sure that he wouldn't be arrested tomorrow, and killed the day after tomorrow. Now there is a new construction. It is still pyramidal, but not so sharp-edged, and more differentiated into various strata. The higher ranks, the higher strata, are almost above the rules and above the laws. And Sakharov was an international Very Important Person. And so he is classified in our *nomenklatura.* So they endured Sakharov's criticism. They tried to scare him, they threatened him in the worst way—not him personally, but his relatives, his grandchildren, his friends. He was scared in brutal form. Once, for example, two men came to his flat who called themselves Palestinian, who said that if he didn't stop his anti-Palestinian propaganda they would kill him. Or kill his grandchildren.

But for a long time they did not dare use other means against him. What happened last year, when they arrested him and exiled him to Gorky, was an act of despair on the part of the government. It is an example of how one man—one very ill, very weak man, who has already had two heart seizures—a very modest man, a very calm man—can be stronger than this superpower, with all its millions of soldiers and hundreds of thousands of policemen and millions of party members, with a whole apparatus of mass media. And he is stronger than this system of might.

So it was an act of despair that they arrested him and put him in Gorky. And it is only a little example of the whole relationship of forces that they use a detachment of policemen to watch Sakharov. A whole detachment of policemen, a special unit living in a special apartment just opposite his. And one policeman sits before his door day and night and nobody can come in without permission. And there is a special radio-jamming station for his flat, so-he can't listen to the radio. When he want to listen to the Voice of America or the BBC he must go with his little radio and walk in the park. And he is followed by agents. Once they lost him. The park is big and he was with his wife, and the agents lost them. And after 20 minutes or a half an hour, there came a helicopter, searching for them!

It is absurd, what they have done to him. And he is a great scientist. His life and his work should be the pride of the nation.

FEDERAL LAW ENFORCEMENT AGENCIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. SHAMANSKY) is recognized for 5 minutes.

● Mr. SHAMANSKY. Mr. Speaker, I rise today to express my concern over the grave plight of the Federal law enforcement agencies. These agencies are running out of funds essential to fulfilling their statutory duties.

Certain programs vital to the national security interest—such as Defense Department activities—have been spared budget reductions. I think that funds for the Federal law enforcement agencies also belong in this vital category.

According to the Washington Post, the Federal Drug Enforcement Agency (DEA) does not have the money to start new investigations. A Federal magistrate in Fort Lauderdale recently had to release a major drug offender because the New York DEA office did not have the money to send an agent to Florida to identify the suspect. If DEA's budget is cut by the proposed 12 percent, the agency would be forced to eliminate 10 percent of its personnel, DEA would have to close 24 of its small regional offices.

The Federal Bureau of Investigation is not in much better shape. A 6-percent cut in the FBI's budget would force that agency to fire over 1,000 employees, more than 5 percent of its total work force. The FBI would not be able to begin any new undercover operations in fiscal year 1982 against either organized or white-collar crime.

In addition, the FBI also would have to cut investigations into gambling, prostitution, arson for profit, gangland slayings, and pornography. Finally, there would be major reductions in training of agents, cuts in funds for fingerprint identification, and the FBI labs.

These budget cuts could imperil public safety. We cannot allow the Federal law-enforcement agencies to be crippled and the American public jeopardized. We should reverse these illogical and dangerous budget cuts.●

LEGISLATION TO PRESERVE THE YARDSTICK OF THE CPI

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. STARK) is recognized for 5 minutes.

● Mr. STARK. Mr. Speaker, today, I am introducing legislation to provide that if the executive branch makes notable changes in the way that the Consumer Price Index is calculated, that the Government also be required to calculate and publish for a 5-year period a CPI series based on the method of calculation in effect today.

I am doing this because the CPI has become a yardstick and such a widely used term of agreement in the private sector that if the Government were suddenly to change the calculation of the CPI, the terms and values of many contracts would be fundamentally altered. In contracts among businesses, between business and labor, between schools and teachers—throughout our society—the CPI is used as the standard for future rights and obligations. To suddenly change the basis on which the CPI is calculated would undermine the ground of those contracts and alter future rights.

By requiring that the present method of calculating the CPI be continued for a number of years, the Government would provide the information necessary for these contracts to be completed or would provide the time for them to be adjusted to the new system of CPI calculation.

I am concerned, Mr. Speaker, that the reports of the administration's review of the CPI may be the beginning of an effort to define away inflation. There are elements of "Animal Farm" in this, as the administration seeks to change the writing on the barn wall to disguise the true situation.

Nevertheless, I am reluctant to introduce legislation to ban changes in the CPI. The index is not perfect; consumer tastes change, the weights given to different items in the index must be continually adjusted, and so forth.

But if we do change the index, it is essential—for the private sector contracts and for the sake of the historical record—that the existing information base be continued for at least a few years.

I hope that this concept can be included in any legislation which may be adopted governing changes in the CPI system.●

TRICKLE DOWN ECONOMICS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. PEASE) is recognized for 15 minutes.

Mr. PEASE. Mr. Speaker, in the Atlantic Monthly of December 1981, David Stockman said a number of interesting things which most of us have read. One of the more fascinating of the quotes is as follows:

It's kind of hard to sell "trickle down", so the supply-side formula was the only way to get a tax policy that was really "trickle down". Supply-side is "trickle-down" theory.

President Reagan's budget director was entirely right when he candidly told a newspaper reporter last summer that the supply-side theory of tax cuts was a "Trojan horse" to skew tax reductions in favor of the wealthy in the belief that more money in the bank accounts of well-to-do Americans would eventually trickle down to help middle class and low-income Americans.

□ 1610

The tax bill which President Reagan triumphantly got through Congress last August will result in a $750 billion revenue loss to the U.S. Treasury over the next 5 years. Of that $750 billion in tax relief, 21 percent, or $155 billion, will go to corporations which in 1980 paid income taxes amounting to 12 percent of the total Federal Government receipts.

In other words, to start the trickle-down process, corporations will receive 21 percent of the benefits of the recent tax bill, even though they only pay 12 percent of total Government taxes now.

By 1986, when the tax bill is fully implemented, corporate income taxes as a share of total revenues are estimated to fall far below 12 percent, to as low as 8 percent, despite that figure being as high as 22 percent as recently as 1967.

In other words, the corporate share of taxes paid to operate our Government will have gone from 22 percent in 1967 to 12 percent now, to as low as 8 percent or below over the next 5 years.

Let us look at the picture for individual taxpayers; income taxes and social security taxes as a share of total budget receipts will actually rise over the next 5 years from 78 percent of all taxes paid to 83 percent of all taxes paid by 1986.

That does not sound like much of a tax cut. Of the $577 billion in tax relief which is due to go to individuals over the next 5 years, only 16 percent, or $18 billion, will go to the 63 percent of American taxpayers whose incomes are at $20,000 or below.

In other words, low and moderate income Americans earning $20,000 or less per year make up 63 percent of all of the taxpayers in the United States. They will get 16 percent of the tax cut.

On the other hand, it is instructive to note in light of David Stockman's comments about the trickle-down theory that the 4 percent of American taxpayers whose incomes exceed $50,000 a year will receive 32 percent of all of the tax relief in President Reagan's trickle-down bill.

Last summer when some of us brought these kinds of inequities to light, we were asked by the administration what could be fairer than an equal, across-the-board tax rate cut for everyone, a 10-percent cut in all brackets across the board. It turns out that with savings incentives added, the Reagan tax bill has some very unequal results. Figures from the congressional Joint Committee on Taxation make the case.

An American family of four with one wage earner and an income of $10,000 will enjoy a tax reduction of $12 or 3 percent in 1982. That is if you ignore inflation, bracket creep, and social security tax increases.

A similar family of four earning $20,000 annually will pay $176 less, or 9 percent less than they paid in 1981, a little better.

A family of four earning $50,000 per year will be able to take advantage not only of the rate cuts but also the savings incentives built into the Reagan tax package. That family will enjoy a tax reduction of 30 percent or $2,781.

So let us review those figures. The family that is getting $10,000 a year will enjoy a tax reduction of $12. A family earning $20,000 will enjoy a tax reduction of $176. A family earning $50,000 will enjoy a tax reduction of $2,781.

Percentage-wise that is 10 times as much tax relief for the $50,000 family as the $10,000 family will receive and three times as much as the $20,000 family will receive.

If the supply-side theory has been discredited as just a Trojan horse for the old trickle-down theory, who is to say that the trickle-down policy might not work. It does not seem that way, but maybe tax reductions for corporations and wealthy Americans really will somehow trickle down through the economy to help middle- and lower-income citizens.

Maybe, maybe, maybe, but I do not think that is what Americans thought they were getting when the tax bill passed this summer.

Mr. Speaker, I yield back the balance of my time.

DIABLO CANYON NUCLEAR POWERPLANT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

Mr. PANETTA. Mr. Speaker, as you know, the Diablo Canyon nuclear powerplant has been the subject of a great deal of controversy and attention, particularly in the wake of recent discoveries of many errors in its design and subsequent construction. I think it might be useful to review the recent history of this plant and my actions in its regard, as well as the actions taken by the Nuclear Regulatory Commission (NRC) to seek to resolve the problems at the plant.

HISTORY OF THE PLANT—CONTESTED ISSUES

The Nuclear Regulatory Commission (NRC) approved a low-power testing and fuel-loading license for the Diablo Canyon plant on September 21. This license provided Pacific Gas & Electric Co. (P.G. & E.) with the authority to load fuel and operate the reactor in unit 1 of the plant at low power. The five Commissioners on the NRC decided to approve the positive licensing decision already made by the Licensing Board, a lower board within the NRC, although significant questions regarding safety, seismic, and emergency-planning issues remained in the view of many persons acquainted with this matter. Although the NRC's vote was unanimous, two Commissioners filed additional comments expressing their concerns about the quality of the Licensing Board's review of the issues surrounding Diablo, and the entire Commission instructed the Licensing Board to reexamine two issues relating to the plant when it begins reviewing a decision regarding full power licensing.

While the decision regarding Diablo is essentially a regulatory decision, rather than a congressional decision, I have expressed my views to the NRC when I felt their analysis was lacking. In this case, I felt strongly that the full NRC—the five Commissioners with the ultimate responsibility for NRC decisions themselves—should undertake a full review of the Licensing Board's decision. Under procedures established by the NRC itself after the Three Mile Island accident, the NRC was required to undertake a comprehensive 60-day review of such decisions. Under new rules enacted by the NRC only recently, this review period was reduced to 10 days. I therefore contacted the NRC through letters and a telegram at various stages in the licensing process to express my hope that such a full review would be undertaken. Unfortunately, a full review was not granted by the Commission.

ERRORS DISCOVERED

I have also expressed my concerns to the NRC regarding critical issues of contention relating to seismic and emergency planning issues. For example, the NRC's own emergency planning regulations provide that no operating license be issued unless the NRC receives a finding from the Federal Emergency Management Agency (FEMA) on the adequacy of offsite emergency preparedness. The NRC does not have such a finding from FEMA, and has asked it to undertake its review now. In my view, if inadequate preparedness exists, steps should be taken to correct the situation before, not after, a license of any type—low or full power—is granted.

On September 27, notice of seismic analysis problems at Diablo Canyon was given to NRC resident inspectors at the plant. Five safety systems are potentially affected by the use of the wrong plans by engineers designing systems to insure the plant's safety in the event of an earthquake—the safety injection system, the component cooling water system, the steam generator blowdown system, the residual heat removal system, and the hydrogen recombining system. Each of these systems is essential in insuring the safe operation or shutdown of the reactor in the event of a seismic indient.

Subsequent to this intitial discovery, additional errors have been discovered at the plant—a total of 14 within the initial weeks following the initial discovery, and additional errors since that period. These errors also effect the seismic safety systems at the plant, in various ways.

Based on initial NRC staff inspections conducted at P.G. & E. and at the firm of URS/John Blume & Associates, one of the contractors for seismic work at Diablo, the NRC identified serious weaknesses in P.G. & E.'s quality assurance program. Specifically, the NRC found that:

First, the P.G. & E. quality assurance program did not appear to effectively exercise control over the review and approval of disign information passed to and received from Blume;

Second, the P.G. & E. quality assurance program did not appear to adequately control the distribution of design information from Blume within affected internal P.G. & E. design groups; and

Third, the P.G. & E. quality assurance program did not appear to define and implement adequate quality assurance procedures and controls over other service-related contracts.

CONGRESSIONAL HEARINGS

Due to the many concerns raised by these discoveries, I felt it was important that a public forum be made available for the airing of these issues. Particularly important, in my view, was ascertaining what the role of the NRC was and should have been in overseeing the quality assurance program at Diablo.

I urged Chairman UDALL of the Interior Committee's Subcommittee on Energy and the Environment, which has jurisdiction over nuclear oversight, to hold a congressional hearing to examine this issue. As you know, Chairman UDALL decided to hold such a hearing, to discuss quality assurance issues at Diablo and other nuclear plants with similar problems, and allowed me to sit as a temporary member of the subcommittee for the duration of the hearing.

At the hearing on November 19, discussion focused on the implications of the errors at the plant, the responsibility of the NRC to monitor the quality assurance programs which private companies or utilities establish, questions regarding the independence of the parties to the audit which must be done on the plant and the scope of such an audit, the disposition of the plant's license, and many other issues. The witnesses from the NRC, the Commissioners themselves, appeared in basic agreement that the NRC must do a better job of monitoring quality assurance at the plants it has licensed. In addition, the Commissioners generally met suggestions that an audit of the plant be performed by a company independent of P.G. & E. with agreement.

I felt that this hearing was successful in providing information to the public and the members of the committee regarding quality assurance problems at nuclear plants, and at Diablo in particular.

NRC ORDER

Shortly after their appearance at the hearing, the NRC Commissioners met to rule on actions to be taken regarding Diablo. As you know, the NRC issued an order suspending the low-power and fuel-loading license for Diablo pending the complete reverification of the seismic-related contract work which has been done for the plant. In addition, the NRC included a provision in the order allowing for the input of the State of California and the parties to Diablo litigation in the choice of an auditor for the plant and in determining the adequacy of any proposed reverification plan for its design.

The following is the text of the NRC's order:

ORDER SUSPENDING LICENSE

CLI-81-30

1. On September 21, 1981, the Nuclear Regulatory Commission ("Commission" or "NRC") authorized the NRC staff to issue a license to Pacific Gas and Electric Company ("PG&E") for fuel loading and the conduct of tests at up to 5% of rated power at the Diablo Canyon Nuclear Power Plant Unit 1, CLI-81-22, 14 NRC ——. On September 22, 1981, the NRC staff issued such a license. License No. DPR-76. In taking these actions the Commission found that it was in the public interest to allow effectiveness, and the NRC staff found that the applicant was in compliance with NRC regulations and construction permit requirements relevant to the licensed activity.

2. In late September 1981, in the course of responding to a special NRC request for information, an error in the seismic design of equipment and piping in the containment annulus of Diablo Canyon Unit 1 was detected by PG&E and reported to the NRC. PG&E committed to postpone loading of fuel until the matter was resolved satisfactorily and initiated a reanalysis of portions of the seismic design of the facility. As a result, a number of different additional errors were found. Based upon information supplied by PG&E, and recent NRC staff inspections conducted at the offices of PG&E and URS/John A. Blume and Associates ("Blume") in San Francisco, Report Nos. 59-275/81-29 and 50-323/81-18, the NRC staff identified serious weaknesses in PG&E's quality assurance program. More specifically:

a. the PG&E quality assurance program did not appear to effectively exercise control over the review and approval of design information passed to and received from Blume,

b. the PG&E quality assurance program did not appear to adequately control the distribution of design information from Blume within affected internal PG&E design groups, and

c. the PG&E quality assurance program did not appear to define and implement adequate quality assurance procedures and controls over other service-related contracts.

3. This new information indicates that, contrary to statements made in PG&E's operating license application, certain structures, systems, and components important to safety at the plant may not be properly designed to withstand the effects of earthquakes, and further indicates that violations of NRC's regulations in 10 CFR Part 50, Appendix B have occurred. Had this information been known to the Commission on or prior to September 22, 1981, Facility License No. DPR-76 would not have been issued until the questions raised had been resolved.

4. Accordingly, the Commission suspends PG&E's license to load fuel and conduct tests at up to 5% of rated power pending

satisfactory completion of the actions specified in attachment 1 to this Order. In furtherance of this, PG&E is hereby ordered to show cause pursuant to 10 CFR 2.202 and 50.100, why Facility License No. DPR-76 should not be suspended pending satisfactory completion of the actions specified in attachment 1, insofar as it authorizes fuel loading and other operation of Diablo Canyon Nuclear Power Plant Unit 1. Further, the Commission finds pursuant to 10 CFR 2.202(f) that, because it is now uncertain as to the extent which structures, systems, and components important to safety of fuel loading and testing at up to 5% of rated power will in fact withstand and effects of earthquakes, and because of the seriousness of the violations, the public hearth, safety and interest require that this Order be immediately effective. Within 20 days of the date of this Order, PG&E may file a written answer to the Order under oath or affirmation and may demand a hearing. The issues to be addressed in any answer or hearing shall be whether the matters specified in paragraphs 2 and 3 are true and whether, as a consequence, the license should have been suspended as provided in this paragraph.

A separate statement by Commissioner Roberts is attached.

It is so ordered.

CONCLUSION

I was pleased with the action which the Commission took regarding Diablo, as I feel it is a significant step toward insuring the safety of the citizens residing in the area around the Diablo Canyon site. In addition, the added emphasis which the NRC plans to place on monitoring quality assurance can only improve the safety of nuclear plants around the country.

At this point, I am hopeful that the NRC will follow through on its order in a careful manner, so the public can be assured that every possible step has been taken toward insuring that no further errors exist at Diablo, and that those which are found are eliminated.

A BILL TO SAVE UP TO $60 BILLION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. NEAL) is recognized for 5 minutes.

● Mr. NEAL. Mr. Speaker, when Congress passed the Economic Recovery Tax Act of 1981, in its haste to please the administration, it inflicted some serious damage on our tax system. It is now time to acknowledge the folly of this massive tax cut bill and to start repairing the damage.

As a first step toward our repentance and rehabilitation, we should repeal the tax cut bill's special leasing provisions, which constitute a "rent-a-deduction" scheme for big corporations.

This incredible loophole permits companies that earned no profits and thus have no Federal income tax liability to sell their unused tax deductions—such as investment credits and depreciation writeoffs—for cash to stronger companies that can use the tax breaks.

The administration estimated that these provisions would drain $27 billion from the Treasury over the next 5 years. But independent analysts, observing the headlong rush of companies to exploit this opportunity, now predict that the "rented deductions" could cost as much as $60 billion.

Mr. Speaker, this leasing of tax breaks is of no discernible value to our economy. It rewards weak, unprofitable enterprises, which are not succeeding in the marketplace, by giving them a way to raise cash. It permits successful, profit-earning companies to evade their fair share of Federal tax. The strong company pays the weak company only 20 percent of the value of the tax breaks purchased. All that is required is some perfunctory paperwork establishing an equipment leasing arrangement.

Obviously, this does little or nothing for our country's lagging productivity growth. To the contrary, it distorts the functioning of the market system, and provides a back-door method of using the taxpayers' money to prop up failing companies.

This horrendous idea did not originate in the Congress; in fact, neither the House nor the Senate held hearings on it. It turned up in the tax cut bill at the last moment, and the Congress, eager to give President Reagan what he wanted, went along with it.

When the absurdity of this "rent-a-deduction" plan became apparent some weeks later, no one seemed able to remember where it originated. Finally, the Secretary of the Treasury, Donald T. Regan, announced that his department would be proud to claim "paternity" for the tax break leasing idea. In fact, Secretary Regan said he was rather proud of his offspring.

No one has yet explained why an administration so vocal in its support of the free enterprise marketplace would offer us such a scheme.

In any case, Mr. Speaker, we should halt this abuse of the tax system before it goes any further. At a time when our country is expecting a budget deficit of over $300 billion over the next 3 years—largely because of a $288 billion revenue loss from the administration's tax bill—we cannot afford to give up billions for this kind of tax scheme. American business does need tax relief; it needs incentives to encourage job-creating investments. But business is granted quite adequate relief and incentives in other portions of the tax cut bill—at least another $130 billion over the next 5 years.

Enough is enough, Mr. Speaker. I am introducing legislation today that would repeal these pointless deduction-leasing provisions effective January 1, 1982. My bill is identical to S. 1896, introduced last week by Senators CLAIBORNE PELL and DALE BUMPERS.

I hope that our colleagues on the Ways and Means Committee will lead the way by getting a repeal measure before the House as soon as possible.●

NUCLEAR WASTE DISPOSAL

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. PRICE. Mr. Speaker, it is indeed encouraging to note the start of media recognition of the need to complete action in the Congress on legislation to set the rules on radioactive waste disposal. I am specifically referring to the editorial in the December 3 issue of the Washington Post. I am including the editorial at the close of my remarks for ready reference since it lays out the issues in a clear way.

As stated in the editorial, the basic technology for the solution of the nuclear waste problem is available. It is unfortunate, as also brought out in the editorial, we have too many committees with responsibilities in this area. The importance of the legislative solution of this problem is so great that it behooves us all to apply dedicated effort to reconcile the minor differences in approach and come up with an agreed-upon legislative policy. We must do this since this policy solution is holding up increased use of nuclear energy which is absolutely necessary to the solution of our energy dilemma.

The editorial I referred to follows:

[From the Washington Post, Dec. 3, 1981]

NUCLEAR DUMP

The lack of a nuclear waste disposal policy remains one of the chief bars to a healthy nuclear power industry. There is no imminent technological crisis—but after 20 years without a solution, the public, Wall Street and even the nuclear industry are all losing confidence that the problem will ever be solved. Without a waste policy, or even a realistic prospect of one, utilities are understandably reluctant to join those owning the growing pile of homeless radioactive waste.

There is no lack of waste disposal plans. What has held up congressional action before has been a surfeit of plans, and this year is turning out to be no exception. Three committees in the House and two in the Senate are arguing over different approaches. Workable compromises that were agreed to in the closing days of the last Congress have been abandoned. Whether the new ideas are better or worse, the fact that they are new guarantees further inaction.

Though Congress seems capable of arguing over the details forever, the outlines of a technologically sound and politically feasible program have been evident for some time. Nuclear waste disposal really involves two very different tasks: permanent disposal that will contain wastes safely for thousands of years, and interim storage until a permanent repository is ready. Permanent disposal has to be done right the first time. Therefore caution and exceedingly demanding safety standards—even perhaps unneces-

sary caution—are appropriate. Rules for interim storage can be much more flexible. Arguments over whether the federal government would be "bailing out" the nuclear industry by providing interim storage are beside the point and should be ignored so long as the industry bears the costs.

States must be given an important voice in the siting of waste disposal facilities. But since disposal is a national burden and responsibility, states should not be granted an outright veto. Last year's compromise—allowing a state to veto a site only if either the House or Senate can be persuaded to support the objection—was probably as good an answer as will be found.

Final disposal of civilan and defense nuclear wastes should be managed in a single program. This will not slow down bombmaking, because defense wastes can be kept in interim storage—as they have been for 35 years—indefinitely. Two separate programs would mean great duplication and expense, and ultimately accomplish nothing, since a defense program that does not meet the safety and licensing standards required for civilian wastes is unlikely ever to be politically acceptable.

Two years ago, President Carter proposed a comprehensive waste plan. It was immediately criticized by nuclear advocates as being much too cautious, and by nuclear opponents as too precipitous. Both sides pushed their own alternatives. Two years later nothing has been accomplished. Unless nuclear proponents and skeptics in Congress can put aside their differences in the name of their common interest—the national interest—in beginning a waste disposal program, the fate of the Carter plan, still a perfectly acceptable basis for proceeding, will be repeated again and again.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. JOHNSTON) to revise and extend their remarks and include extraneous material:)

Mr. EMERSON for 30 minutes, December 9.

Mr. COLLINS of Texas, for 30 minutes, December 9.

The following Members (at the request of Mr. AKAKA) to revise and extend their remarks and include extraneous material:)

Mr. WYDEN, for 5 minutes, today.

Mr. SHAMANSKY, for 5 minutes, today.

Mr. NELSON, for 5 minutes, today.

Mr. FORD of Michigan, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. STARK, for 5 minutes, today.

Mr. PEASE, for 15 minutes, today.

Mr. PANETTA, for 5 minutes, today.

Mr. NEAL, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. OTTINGER, and to include extraneous matter, during debate on House Joint Resolution 341 today.

Mr. SHARP, and to include extraneous matter, during debate on House Joint Resolution 341 today.

(The following Members (at the request of Mr. JOHNSTON) and to include extraneous matter:)

Mr. ROBERTS of South Dakota.

Mr. DAUB.

Mr. KEMP.

Mr. BROWN of Ohio.

Mr. GOODLING.

Mr. REGULA.

Mr. LAGOMARSINO.

Mr. RUDD.

Mr. COLLINS of Texas in two instances.

Mr. DERWINSKI in two instances.

Mr. NELLIGAN in two instances.

Mr. GINGRICH.

Mr. COURTER.

Mr. MARKS.

(The following Members (at the request of Mr. AKAKA) and to include extraneous matter:)

Mr. SOLARZ in two instances.

Mr. VENTO.

Mr. AUCOIN in two instances.

Mr. DYSON in 10 instances.

Mr. HOYER.

Mr. MCDONALD in 10 instances.

Mr. FARY.

Mr. YATRON.

Mr. OTTINGER.

Mr. MARKEY in two instances.

Mrs. SCHROEDER.

Mr. SMITH of Iowa.

Mr. RODINO in two instances.

Mr. GARCIA.

Mr. STARK in two instances.

Mr. SYNAR.

Mr. BONKER.

Ms. MIKULSKI.

Mr. HUBBARD.

Mr. SCHEUER.

Mr. IRELAND in three instances.

Mr. FORD of Michigan.

Mr. PANETTA.

Mr. ASPIN.

Mr. FOUNTAIN.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 10. An act to establish a Commission on More Effective Government, with the declared objective of improving the quality of government in the United States and of restoring public confidence in government at all levels, to the Committee on Government Operations.

ADJOURNMENT

Mr. AKAKA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 17 minutes p.m.) the House adjourned until tomorrow, Wednesday, December 9, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2650. A letter from the Under Secretary of Energy, transmitting notice of a delay until December 31 in submission of the next semiannual report on the alternative fuels production program, required by title II of Public Law 96-126; to the Committee on Appropriations.

2651. A letter from the Assistant Secretary of Defense (Manpower, Reserve Affairs, and Logistics), transmitting a report on the audit of the American Red Cross for the year ended June 30, 1981, pursuant to section 6 of the act of January 5, 1905; to the Committee on Armed Services.

2652. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Navy's proposed sale of certain defense equipment and services to Australia (Transmittal No. 82-10), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2653. A letter from the Director, Defense Security Assistance Agency, transmitting a report on the impact on U.S. readiness of the Air Force's proposed sale of certain defense equipment and services to Venezuela (Transmittal No. 82-12), pursuant to section 813 of Public Law 94-106; to the Committee on Armed Services.

2654. A letter from the Administrator, Energy Information Administration, Department of Energy, transmitting reports covering the month of August 1981 on petroleum market shares of refined petroleum products and retail gasoline, pursuant to section 4(c)(2)(A) of the Emergency Petroleum Allocation Act of 1973; to the Committee on Energy and Commerce.

2655. A letter from the Acting Vice President for Government Affairs, National Railroad Passenger Corporation, transmitting notice of a delay until late January or early February 1982, in submission of a report on the ratio of revenue to operating expense on all routes in Amtrak's basic system, pursuant to section 811 of Public Law 97-35; to the Committee on Energy and Commerce.

2656. A letter from the Assistant Secretary of State for Congressional Relations, transmitting revised notice of the transfer to economic support funds, and authorization for the furnishing of immediate assistance for an Organization of African Unity peacekeeping force in Chad, pursuant to section 614(a)(1) of the Foreign Assistance Act of 1961, as amended; to the Committee on Foreign Affairs.

2657. A letter from the Assistant Secretary of State for Congressional Relations, transmitting the text of International Labor Organization Recommendation No. 162, concerning older workers, pursuant to article 19 of the ILO Constitution (H. Doc. No. 97-118); to the Committee on Foreign Affairs and ordered to be printed.

2658. A letter from the Director, Defense Security Assistance Agency, transmitting notice of the Navy's intention to offer to sell certain defense equipment and services to Australia (Transmittal No. 82-10), pursuant to section 36(b) of the Arms Export Control Act; to the Committee on Foreign Affairs.

2659. A letter from the Secretary, Panama Canal Commission, transmitting notice of

two proposed new records systems, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2660. A letter from the Secretary of the Interior, transmitting the 10th annual report on the operation of the Colorado River, pursuant to section 404 of Public Law 90-537; to the Committee on Interior and Insular Affairs.

2661. A letter from the Chairman, U.S. Commission on Civil Rights, transmitting a report on affirmative action, pursuant to section 104(c) of Public Law 85-315; to the Committee on the Judiciary.

2662. A letter from the Acting Secretary of Transportation, transmitting a report on negotiated contracts for experimental, developmental, test or research work, or for industrial mobilization in the interest of the national defense, covering the period April 1 through September 30, 1981, pursuant to 10 U.S.C. 2304(e); to the Committee on Merchant Marine and Fisheries.

2663. A letter from the Adjutant General, United Spanish War Veterans, transmitting the proceedings of the stated convention of the 82d National Encampment, United Spanish War Veterans, Inc., held in Anaheim, Calif., September 20-25, 1980 (H. Doc. No. 97-119); to the Committee on Veterans' Affairs and ordered to be printed.

2664. A letter from the Under Secretary of Agriculture for International Affairs and Commodity Programs, transmitting the annual report for fiscal year 1980 on the food for peace program, pursuant to section 408(a) of the Agricultural Trade Development and Assistance Act of 1954, as amended; jointly, to the Committees on Foreign Affairs and Agriculture.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. FROST: Committee on Rules. House Resolution 288. Resolution providing for the consideration of H.R. 4700, a bill to amend the Energy Policy and Conservation Act to authorize the President to control oil supplies and prices in the event of a severe petroleum supply interruption, and for other purposes (Rept. No. 97-365). Referred to the House Calendar.

Mr. ZEFERETTI: Committee on Rules. House Resolution 289. Resolution providing for the consideration of H.R. 4481, a bill to amend the Omnibus Crime Control and Safe Streets Act of 1968, and for other purposes (Rept. No. 97-366). Referred to the House Calendar.

Mr. BEILENSON: Committee on Rules. House Resolution 290. Resolution waiving certain points of order against H.R. 4559, a bill making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes (Rept. No. 97-367). Referred to the House Calendar.

Mr. HALL of Ohio: Committee on Rules. House Resolution 291. Resolution providing for the consideration of H.R. 3566, to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes (Rept. No. 97-368). Referred to the House Calendar.

Mr. JONES of Oklahoma: Committee on the Budget. House Concurrent Resolution 230. Concurrent resolution reaffirming the Congressional Budget for the United States Government as set forth in the First Concurrent Resolution on the Budget for the fiscal year 1982 (H. Con. Res. 115, 97th Congress) (Rept. No. 97-369). Referred to the Committee of the Whole House on the State of the Union.

SUBSEQUENT ACTION ON A BILL SEQUENTIALLY REFERRED UNDER TIME LIMITATION

Under clause 5 of rule X, the following action was taken by the Speaker:

The bill (H.R. 4326) was referred to the Committee on Veterans' Affairs for a period ending not later than March 1, 1982, for consideration of such portions of the bill and amendment as fall within the jurisdiction of that committee under clause 1(u), Rule XI.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BINGHAM (for himself and Mr. HAMILTON) (by request):

H.R. 5125. A bill to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes; to the Committee on Foreign Affairs.

By Mr. BOWEN:

H.R. 5126. A bill to amend section 103 of the Internal Revenue Code of 1954 with respect to the small-issue exemption; to the Committee on Ways and Means.

By Mr. CAMPBELL:

H.R. 5127. A bill to incorporate the National Federation of Music Clubs; to the Committee on the Judiciary.

By Mr. SAM B. HALL, JR.:

H.R. 5128. A bill to amend section 1951 (commonly called the "Hobbs Act") of title 18 of the United States Code to modify the offense described in such section and to provide a defense to prosecutions for such offense; to the Committee on the Judiciary.

By Mr. HUGHES (for himself and Mr. RODINO):

H.R. 5129. A bill to amend title 18 of the United States Code to implement the Convention on the Physical Protection of Nuclear Material, and for other purposes; to the Committee on the Judiciary.

By Mr. KRAMER (for himself, Mr. WHITEHURST, Mr. SKELTON, and Mr. BEARD):

H.R. 5130. A bill to change the name of the U.S. Air Force to the U.S. Aerospace Force, to redefine the mission of the Aerospace Force, and to direct the Secretary of the Aerospace Force to report to Congress on the desirability of establishing a Space Command within the Aerospace Force; to the Committee on Armed Services.

By Mr. MOTTL:

H.R. 5131. A bill to amend the Internal Revenue Code of 1954 to repeal the special leasing rules added by the Economic Recovery Tax Act of 1981 which permit transfers of tax benefits; to the Committee on Ways and Means.

By Mr. NICHOLS (for himself, Mr. BEVILL, Mr. DICKINSON, Mr. EDWARDS of Alabama, Mr. FLIPPO, Mr. SHELBY, and Mr. SMITH of Alabama):

H.R. 5132. A bill to designate the lock and dam known as the Jones Bluff lock and dam, located on the Alabama River, as the "Robert F. Henry lock and dam"; to the Committee on Public Works and Transportation.

By Mr. OTTINGER (for himself, Mr. PEASE, Mr. BRODHEAD, and Ms. MIKULSKI):

H.R. 5133. A bill to establish domestic content requirements for motor vehicles sold in the United States, and for other purposes; to the Committee on Energy and Commerce.

By Mr. PATMAN:

H.R. 5134. A bill to provide that a certain amount of the revenues received by the United States under leases on the Outer Continental Shelf shall be used to acquire strategic and critical materials for the national defense stockpile; jointly, to the Committees on Armed Services, Interior and insular Affairs, and Rules.

By Mr. PATTERSON:

H.R. 5135. A bill to temporarily suspend the authority of the Depository Institutions Deregulation Committee; to the Committee on Banking, Finance and Urban Affairs.

H.R. 5136. A bill to restructure the Depository Institutions Deregulation Committee to insure the viability of depository institutions and preserve an important source of home financing; to the Committee on Banking, Finance and Urban Affairs.

By Mr. ROBERTS of Kansas (for himself, Mr. WHITTAKER, Mr. WINN, Mr. JEFFRIES, Mr. GLICKMAN, Mr. RAILSBACK, Mr. ENGLISH, and Mr. WATKINS):

H.R. 5137. A bill to amend the Milwaukee Railroad Restructuring Act to facilitate the purchase of lines of bankrupt rail carriers to provide for continued rail service, and for other purposes; to the Committee on Energy and Commerce.

By Mr. STARK:

H.R. 5138. A bill to provide for the extended availability of data from any superseded consumer price index by requiring the Secretary of Labor to continue to publish such superseded index for 60 months; to the Committee on Education and Labor.

By Mr. WON PAT (for himself, Mr. LAGOMARSINO, Mr. PHILLIP BURTON, Mr. CLAUSEN, Mr. DE LUGO, Mr. KILDEE, Mr. SUNIA, and Mr. SEIBERLING):

H.R. 5139. A bill to authorize appropriations for certain insular areas of the United States, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. WYDEN:

H.R. 5140. A bill to amend the Internal Revenue Code of 1954 to require that a retired employee be permitted to retain his investment in his employer's retirement plan by allowing the employee to delay the commencement of his benefit payments under the plan and to provide capital gain treatment for earnings attributable to voluntary employee contributions under such plans; to the Committee on Ways and Means.

By Mr. WYDEN (for himself, Mr. FOGLIETTA, and Mr. MARKEY):

H.R. 5141. A bill to prohibit the U.S. Government from importing oil extracted in Libya; to the Committee on Ways and Means.

By Mr. YATES:

H.R. 5142. A bill to amend the Internal Revenue Code of 1954 to repeal the special leasing rules added by the Economic Recovery Tax Act of 1981 which permit transfer of tax benefits; to the Committee on Ways and Means.

By Mr. FAUNTROY (for himself and Mr. CONYERS):

H. Con. Res. 231. Concurrent resolution to authorize the erection of certain structures at the west front of the Capitol in connection with a rally to be held on January 15, 1982, in commemoration of the birth of Dr. Martin Luther King, Jr.; to the Committee on House Administration.

By Mr. WIRTH (for himself, Mr. GOODLING, Mr. MARKEY, Mr. BOWEN, Mr. BINGHAM, Mr. RITTER, Mr. OTTINGER, Mr. SOLARZ, Mr. MOAKLEY, Mr. FISH, Mr. AKAKA, Mr. FORD of Michigan, Mr. LOWRY of Washington, Mrs. FENWICK, Mr. RATCHFORD, Mr. DWYER, Mr. FITHIAN, Mr. YATES, Mr. ALBOSTA, Mr. DENARDIS, Mr. AUCOIN, Mr. FASCELL, Mr. WEISS, Mr. BONKER, Mr. WOLPE, Mr. SOLOMON, and Mr. BRODHEAD):

H. Res. 286. Resolution expressing the sense of the House of Representatives that the Congress associates itself fully and completely with the hunger strike protest by Andrei Sakharov and urges the Government of the Soviet Union to abide by its commitments and to permit Yelizaveta Alekseyeva to emigrate; to the Committee on Foreign Affairs.

By Mr. WHITE:

H. Res. 287. Resolution to disapprove further production of Naval Petroleum Reserve No. 1 (Elk Hills) and Naval Petroleum Reserve No. 3 (Teapot Dome); to the Committee on Armed Services.

By Mr. MAVROULES:

H. Res. 292. Resolution expressing appreciation for assistance given to the people of Lynn, Mass. during the recent fire; to the Committee on Post Office and Civil Service.

MEMORIALS

Under clause 4 of rule XXII,

231. The SPEAKER presented a memorial of the Legislature of the State of Ohio, relative to the Mobil Corporation's attempt to acquire control of the Marathon Oil Co.; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Colorado:

H.R. 5143. A bill for the relief of Larry Land, Marie Land, Brian Land, Keith Land, Patricia Vandenberg, Lorri Vandenberg, James W. Land, Lois Land, Tamra Lee Land, Sandra Gay Land, Vincent James Land, Viola Hollenbaugh, William L. Phinney, Senior, Emily V. Phinney, Lora Phinney, and William L. Phinney, Junior; to the Committee on the Judiciary.

By Mr. MAZZOLI:

H. Res. 293. Resolution opposing the granting of permanent residence in the United States to certain aliens; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 1506: Mr. FRANK.
H.R. 1603: Mr. PARRIS.
H.R. 1854: Mr. ASPIN.
H.R. 1890: Mr. FORSYTHE, Mr. BARNARD, Mr. LANTOS, Mr. DOWNEY, Mr. EDGAR, Mr. HERTEL, Ms. OAKAR, Mr. COELHO, and Mr. HUGHES.
H.R. 1918: Mr. DAUB, Mr. HEFTEL, Mr. NAPIER, Mr. ECKART, Mr. LEE, Mr. DERRICK, and Mr. GOLDWATER.
H.R. 2036: Mr. DECKARD, Mr. MARRIOTT, and Mr. BLILEY.
H.R. 2102: Mr. SOLOMON.
H.R. 2280: Mr. HOWARD.
H.R. 2543: Mr. LUNDINE, Mr. LUNGREN, Mr. GUNDERSON, Mr. CORCORAN, Mr. ROBINSON, Mr. PATTERSON, Mr. RINALDO, Mr. SIMON, Ms. OAKAR, Mr. PEASE, Mr. GARCIA, Mr. HEFTEL, and Mr. BARNARD.
H.R. 2640: Mr. BAILEY of Pennsylvania.
H.R. 2857: Mr. SEIBERLING.
H.R. 2936: Mr. HILER.
H.R. 3269: Mr. FARY, Mr. ANNUNZIO, Mr. BETHUNE, Mr. PRICE, Mr. COELHO, Mr. NAPIER, and Mr. WILLIAMS of Ohio.
H.R. 3657: Mr. WALGREN and Mr. JAMES K. COYNE.
H.R. 3879: Mr. STRATTON.
H.R. 4351: Mr. GOODLING.
H.R. 4356: Mr. ROUSSELOT.
H.R. 4435: Mr. GEJDENSON.
H.R. 4619: Mr. BINGHAM.
H.R. 4620: Mr. BINGHAM, Mr. MADIGAN, Mr. FAZIO, Mr. DERWINSKI, Mr. HOWARD, Mr. BARNARD, Mr. CORRADA, Mr. RAILSBACK, Mr. JAMES K. COYNE, Mr. HYDE, and Mr. SILJANDER.
H.R. 4621: Mr. BINGHAM.
H.R. 4622: Mr. BINGHAM.
H.R. 4629: Mr. PEPPER, Mr. RINALDO, Mr. MINISH, Mr. RAHALL, Mr. MITCHELL of Maryland, Mr. DOUGHERTY, Mr. CORRADA, Mr. WEISS, and Mr. NEAL.
H.R. 4680: Mr. VENTO, Mr. DAN DANIEL, Mr. LONG of Maryland, Mr. MARTIN of North Carolina, Mr. LOWERY of California, Mr. JONES of North Carolina, Mr. DORNAN of California, Mr. BEILENSON, Mr. BADHAM, Mr. SHUMWAY, Mr. WEAVER, Mr. MATSUI, Mr. CHAPPELL, Mr. CLINGER, Mr. WILLIAMS of Montana, and Mr. JAMES K. COYNE.
H.R. 4684: Mr. LEBOUTILLIER, Mr. SANTINI, Mr. EMERSON, Mr. PAUL, and Mr. DREIER.
H.R. 4733: Mr. HANSEN of Idaho, Mr. KINDNESS, Mr. STENHOLM, Mr. GOODLING, Mr. O'BRIEN, Mr. JONES of Tennessee, Mr. DAVIS, Mr. WIRTH, Mr. DREIER Mr. MCKINNEY, Mr. JAMES K. COYNE, Mr. HUBBARD, Mr. MINETA, and Mr. LUKEN.
H.R. 4780: Mr. BLILEY.
H.R. 4781: Mr. BLILEY.
H.R. 4833: Mr. EDWARDS of Oklahoma, Mr. SAVAGE, and Mr. MCCOLLUM.
H.R. 4978: Mr. HOWARD.
H.R. 5004: Mr. ANTHONY, Mr. WHITEHURST, Mr. BUTLER, and Mr. WEBER of Ohio.
H.R. 5069: Mr. CORCORAN, Mr. STUMP, Mr. LEBOUTILLIER, Mr. PEPPER, Mr. DORNAN of California, Mr. MCDONALD, Mr. ROE, Mr. BADHAM, Mr. LUNGREN, Mr. TAUKE, Mr. BEILENSON, Mr. LOWERY of California, and Mr. WHITEHURST.
H.J. Res. 72: Mr. FOLEY, Mr. FORD of Tennessee, Mr. EMERY, Mr. ROBERTS of South Dakota, Mr. TAYLOR, Mr. LEBOUTILLIER, Mr. EDGAR, Mr. HANSEN of Idaho, Mr. HUGHES, Mr. BAILEY of Pennsylvania, Mr. MCCOLLUM, Ms. FERRARO, and Mr. MAZZOLI.
H.J. Res. 197: Mr. ANDREWS, Mr. BENEDICT, Mr. BRODHEAD, Mr. CARMAN, Mr. CARNEY, Mr. WILLIAM J. COYNE, Mr. ERDAHL, Mr. FARY, Mr. FROST, Mr. HARTNETT, Mr. LUKEN, Mr. MARTIN of New York, Mr. MCCLORY, Mr. MCCLOSKEY, Mr. MILLER of Ohio, Mr. MOLINARI, Mr. PICKLE, Mr. SHARP, Mr. SHAW, Mr. WIRTH, Mr. WYLIE, Mr. DUNN, Mr. HILER, Mr. KRAMER, Mr. EARLY, and Mr. DANNEMEYER.
H.J. Res. 314: Mr. AKAKA, Mr. ALEXANDER, Mr. ATKINSON, Mr. BAFALIS, Mr. BAILEY of Pennsylvania, Mr. BAILEY of Missouri, Mr. BOWEN, Mr. BONER of Tennessee, Mrs. BOUQUARD, Mr. BROOMFIELD, Mr. JOHN L. BURTON, Mr. BUTLER, Mr. BROWN of California, Mr. BRODHEAD, Mr. CARMAN, Mr. CHAPPELL, Mr. CHAPPIE, Mr. CLAUSEN, Mrs. COLLINS of Illinois, Mr. CONTE, Mr. CONYERS, Mr. COR CORAN, Mr. JAMES K. COYNE, Mr. DANIEL CRANE, Mr. PHILIP M. CRANE, Mr. DAN DANIEL, Mr. DASCHLE, Mr. DOWNEY, Mr. DAUB, Mr. DAVIS, Mr. DENARDIS, Mr. DYMALLY, Mr. ERTEL, Mr. EVANS of Georgia, Mr. EMERSON, Mr. FARY, Mr. FIELDS, Mr. FITHIAN, Mr. FLORIO, Mr. FOGLIETTA, Mr. FORD of Tennessee, Mr. GARCIA, Mr. GAYDOS, Mr. GILMAN, Mr. GINGRICH, Mr. GINN, Mr. GRISHAM, Mr. GUNDERSON, Mr. HAWKINS, Mr. HEFNER, Mr. HILLIS, Mr. HOLLAND, Mr. HOLLENBECK, Mr. HOYER, Mr. HUNTER, Mr. HYDE, Mr. JEFFORDS, Mr. JENKINS, Mr. KOGOVSEK, Mr. LENT, Mr. MCDADE, Mr. MATTOX, Mrs. MARTIN of Illinois, Ms. MIKULSKI, Mr. MINETA, Mr. MURTHA, Mr. PANETTA, Mr. PASHAYAN, Mr. PEPPER, Mr. PERKINS, Mr. PRICE, Mr. PRITCHARD, Mr. PURSELL, Mr. RATCHFORD, Mr. RODINO, Mr. ROBERTS of Kansas, Mr. RUDD, Mr. SABO, Mrs. SCHROEDER, Mr. SKELTON, Mr. SIMON, Mr. SMITH of Alabama, Mrs. SMITH of Nebraska, Mr. SNYDER, Mr. SPENCE, Mr. STANGELAND, Mr. TAUZIN, Mr. UDALL, Mr. WHITE, Mr. WILSON, Mr. WYLIE, Mr. YATRON, Mr. MCCURDY, and Mr. ZABLOCKI.
H.J. Res. 332: Mr. SHAW, Mr. ROBINSON, Mr. FROST, Mr. MARKS, Mr. FORD of Michigan, Mr. MADIGAN, Mr. MOLLOHAN, Mr. COATS, Mr. DYSON, Mr. GINN, Mr. MCGRATH, Mrs. HOLT, Mr. LEACH of Iowa, Mr. STENHOLM, Mr. NELLIGAN, Mr. CHAPPELL, Mr. MURPHY, Mrs. BOUQUARD, Mr. MINETA, Mr. CRAIG, Mr. BAILEY of Pennsylvania, Mr. OBERSTAR, Mr. BARNARD, Mrs. SNOWE, Mr. WAMPLER, Mr. SKELTON, Mr. BEREUTER, and Mr. TAUKE.
H.J. Res. 345: Mr. ADDABBO, Mr. ALEXANDER, Mr. ANNUNZIO, Mr. ARCHER, Mr. ASHBROOK, Mr. ATKINSON, Mr. BAFALIS, Mr. BAILEY of Pennsylvania, Mr. BARNARD, Mr. BARNES, Mr. BEARD, Mr. BENEDICT, Mr. BEVILL, Mr. BONER of Tennessee, Mr. BONIOR of Michigan, Mr. BONKER, Mr. BOWEN, Mr. BROWN of Colorado, Mr. CARMAN, Mr. CHAPPIE, Mr. CRAIG, Mr. DAN DANIEL, Mr. DECKARD, Mr. DE LA GARZA, Mr. DENARDIS, Mr. DICKS, Mr. DONNELLY, Mr. DUNCAN, Mr. DWYER, Mr. DYSON, Mr. FAUNTROY, Ms. FIEDLER, Mr. FIELDS, Mr. FOGLIETTA, Mr. FORD of Tennessee, Mr. FOWLER, Mr. GOLDWATER, Mr. GUNDERSON, Mr. HAGEDORN, Mr. HALL of Ohio, Mr. HANSEN of Utah, Mr. HATCHER, Mr. HAWKINS, Mr. HORTON, Mr. HUGHES, Mr. HYDE, Mr. IRELAND, Mr. KINDNESS, Mr. KOGOVSEK, Mr. LEBOUTILLIER, Mr. LEHMAN, Mr. LEWIS, Mr. LOWERY of California, Mr. LUKEN, Mr. MARKEY, Mr. MARKS, Mr. MARRIOTT, Mrs. MARTIN of Illinois, Mr. MATSUI, Mr. MAZZOLI, Mr. MCGRATH, Mr. MILLER of Ohio, Mr. MINETA, Mr. MOAKLEY, Mr. MOLINARI, Mr. MURPHY, Mr. NAPIER, Mr. NOWAK, Mr. OTTINGER, Mr. OXLEY, Mr. PEPPER, Mr. PORTER, Mr. PURSELL, Mr. RAHALL, Mr. RAILSBACK, Mr. ROBERTS of Kansas, Mr. ROTH, Mr. RUDD, Mr. SHAW, Mr. SHUMWAY, Mr. SILJANDER, Mr. SKEEN, Mr. SMITH of New Jersey, Mr. SMITH of Oregon, Mr. STENHOLM, Mr. VANDER JAGT, Mr. WAMPLER, Mr. WEAVER, Mr. WEBER of Ohio, Mr. WILSON, Mr. WINN, Mr. WOLPE, Mr. WRIGHT, and Mr. YOUNG of Missouri.
H.J. Res. 354: Mr. DAUB, Mr. RAHALL, Mr. FRENZEL, Mr. RICHMOND, Mr. BAILEY of Pennsylvania, Mr. GREGG, Mr. ATKINSON, Mr. HYDE, Mr. MINETA, Mr. GEJDENSON, Mr.

BONIOR of Michigan, Mr. WALKER, Mr. FUQUA, Mr. BROWN of California, Mr. PORTER, and Mr. GRADISON.

H. Con. Res. 178: Mr. DYSON, Mr. FOLEY, Mr. SCHULZE, Mr. DECKARD, Mr. COATS, and Mr. ALBOSTA.

H. Con. Res. 198: Mr. LEBOUTILLIER, Mr. EMERSON, Mr. PAUL, Mr. LUNGREN, and Mr. DREIER.

H. Con. Res. 219: Mr. WILLIAM J. COYNE, Mr. HUGHES, Mr. ERDAHL, Mr. LANTOS, Mr. OTTINGER, Mr. GOODLING, Mr. SCHUMER, Mr. RICHMOND, Mr. STRATTON, Mr. MATSUI, Mr. MCHUGH, Mr. WOLPE, Mr. BOWEN, Mr. DASCHLE, Mr. VANDER JAGT, Mr. GOLDWATER, Mr. GREEN, Mr. CONTE, Mr. SCHULZE, Mr. KILDEE, Mr. LAFALCE, Mr. FOGLIETTA, Mr. PEYSER, Mr. WINN, Mr. WHITEHURST, Mr. GEPHARDT, Mr. LUNGREN, Mr. KRAMER, Mr. WORTLEY, Mr. GEJDENSON, Mr. DAUB, Mr. MCGRATH, Mr. ERTEL, Mr. OXLEY, Mr. MARKEY, Mr. FRENZEL, Mr. HARKIN, Mr. JEFFORDS, Mr. BAILEY of Pennsylvania, Mr. MINETA, Mr. RITTER, and Mr. LAGOMARSINO.

H. Con. Res. 222: Mr. MOTTL and Mr. HATCHER.

H. Con. Res. 226: Mrs. SCHROEDER, Mr. CONTE, Mr. EDGAR, Ms. OAKAR, Mr. FARY, Mr. SIMON, Mr. DYMALLY, Mr. CROCKETT, Mr. FAUNTROY, Mr. FOGLIETTA, Mr. WEISS, Mr. ST GERMAIN, Mrs. CHISHOLM, Mr. LELAND, Mr. DELLUMS, Mr. MINETA, Ms. FERRARO, and Mr. LOWRY of Washington.

H. Res. 227: Mr. FAZIO, Mr. LOWRY of Washington, Mr. MORRISON, Mr. MILLER of California, Mr. WALGREN, Mr. WON PAT, Mr. HUGHES, Mr. PATTERSON, Mr. SEIBERLING, Mr. FOGLIETTA, and Mr. SAVAGE.

H. Res. 228: Mr. NEAL and Mr. TAUKE.

H. Res. 263: Mrs. FENWICK, Mr. DENARDIS, Mr. WHITEHURST, Mr. BARNARD, Mr. FORSYTHE, Mr. LIVINGSTON, Mr. GREGG, Mr. FRENZEL, Mr. JEFFRIES, Mr. EDGAR, and Mr. OXLEY.

H. Res. 264: Mr. JAMES K. COYNE, Mr. SILJANDER, and Mr. SCHUMER.

PETITIONS, ETC.

Under clause 1 of rule XXII,

296. The SPEAKER presented a petition of the Board of Directors, Automotive Engine Rebuilders Association, Glenview, Ill., relative to the President's economic recovery program; which was referred to the Committee on Government Operations.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 3566

By Mr. LUNGREN:

—Page 55, strike out line 2 and all that follows through line 16 on page 57; and redesignate sections 602 through 605 as sections 601 through 604, respectively.

By Mr. McCLOSKEY:

—Page 29, immediately after line 6, insert the following new section:

PROHIBITION ON MILITARY ASSISTANCE AND SALES TO ANY COUNTRY WHICH IS NOT A PARTY TO THE NUCLEAR NON-PROLIFERATION TREATY

SEC. 114. Chapter 3 of part III of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 671. PROHIBITION ON MILITARY ASSISTANCE AND SALES TO ANY COUNTRY WHICH IS NOT A PARTY TO THE NUCLEAR NON-PROLIFERATION TREATY.—No assistance may be provided under chapter 2, 5, or 6 of part II of this Act, no sales may be made, credits extended, or guaranties issued under chapter 2 or 2A of the Arms Export Control Act, and no licenses may be issued under section 38 of the Arms Export Control Act, with respect to any country which is not a party to the Treaty on the Non-Proliferation of Nuclear Weapons.".

H.R. 4559

By Mr. EDWARDS of Oklahoma:

—Page 4, Line 19, strike out "$850,000,000" and insert in lieu thereof "$520,000,000".

EXTENSIONS OF REMARKS

SERIOUS QUESTIONS ABOUT HOW COAL SLURRY PIPELINES AFFECT CONSUMERS

HON. EDWARD J. MARKEY
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. MARKEY. Mr. Speaker, for a number of years Congress has considered legislation to facilitate the building of coal slurry pipelines through the extraordinary provision of Federal eminent domain authority. Today the Interior Committee, on which I serve, voted 21-20 in favor of reporting the bill H.R. 4230, the Coal Pipeline Act of 1981. I did not support this measure, and I would like to inform my colleagues of some of the reasons for my position in opposition to this legislation.

Tens of thousands of pages of testimony have been dedicated to this subject, yet the Congress has yet to enact a single proposal bringing any proposed slurry line closer to reality. This legislation has been fraught with controversial and emotional issues ranging from scarce Western water resources, States rights, our Nation's need for energy independence, and its impact on a marginal railroad industry.

I believe, however, that perhaps the most critical issue has been overlooked—the impact of this legislation on the millions of energy consumers who could ultimately receive their electricity via a slurry line.

Both proponents and opponents of this bill share a similar objective: to provide our Nation with the lowest cost fuel possible and to lessen our dependence on foreign sources—a dependence that continues to threaten every aspect of our economy.

However, the bill as presently drafted, is nothing more than a consumer boondoggle.

If we adopt this proposal, we are doing nothing less than providing our explicit consent to potential runaway costs of millions of dollars which will undoubtedly be passed on to consumers. We are also tacitly approving the establishment of total vertical monopolies, to be controlled largely by the oil industry, which has a direct financial interest in our country's coal resources and coal companies.

It is a little known fact that those who propose to build slurry lines are relying almost solely on what are known as "take or pay" contracts with utilities who would receive the slurried coal. Taken to its extreme, the signing of these contracts locks utilities into specified payments over a number of years—whether or not the pipeline is finished or whether the utility receives any of the coal for which they contracted.

For the purpose of explanation, let us assume that New England Electric has signed a take or pay contract to receive 5 million tons of coal per year for 20 years at an initial price of $20 per ton. Obviously, the contract would include an escalation clause for the price of coal. On the basis of receiving this and other contracts, the slurry company would try to obtain sufficient financing to construct the line. Again, let us assume that one of a number of problems occur either during construction or operation of the line—tremendous unforseen cost overruns, technical and engineering problems, environmental constraints upon mining the coal to be transported, the inability of the slurry company to obtain all necessary permits, or a water shortage causes the supplying State to cut off the necessary water to slurry the coal—these are just a few.

Unfortunately, New England Electric might never receive any of the coal contracted for, or may only receive a limited amount of coal due to pipeline breaks or a lack of water to slurry the coal.

Even more unfortunately, this utility would still have to pay the full price of the contract while searching for alternate coal supplies. Under this particular scenario, New England Electric would be locked into payments of at least $20 million per year, on top of whatever they had to pay to secure another energy source to produce power.

Who bears the brunt of this problem? Out of whose pocket do you think the $20 million will come? Not the coal mine owners—not the pipeline developers—and for the most part not the utility.

These costs will be paid for by the individual consumers. In point of fact, they may well end up paying for electricity they will never use.

This leads me to another problem with the legislation. There is nothing in this bill to prevent slurry pipeline developers and the utilities they contract with from billing utility customers for the pipeline during its design and construction—before any fuel is delivered. I have never supported this kind of advanced billing—or construction works in progress as was approved by the Interior Committee during consideration of the waivers for the proposed Alaskan natural gas pipeline.

Slurry lines are basically an unproven technology fraught with numerous environmental and technical problems. I have a very serious fear that the individual residential customer, whose utility bills have skyrocketed these past few years, will suddenly bear an additional cost for fuel they are not receiving—and may never receive if the pipeline is not completed.

Mr. Speaker, I would like to raise another equally serious problem with this legislation, one that also portends disaster for the Nation's millions of electric consumers—the lack of any provision to limit the ownership of pipelines by those companies who own and mine the coal and the utilities who would receive the slurried fuel.

In 1979, then Assistant Attorney General for Anti-Trust Enforcement, John Shenefield, testified before the House on similar legislation, that the lack of such a provision was a serious deficiency in the legislation pending at that time. He testified that any person having an ownership interest in the coal to be mined and transported or similar interest on the receiving end, who also had more than a 5-percent interest in the pipeline could raise the question of control. More importantly, he stated that if such a person had more than a 15-percent interest in the pipeline, the Department of Justice would view this as de facto control and in probable violation of antitrust laws.

Without strict language regarding energy industry ownership or investment in such coal pipelines, we are doing nothing less than placing the American consumer at the mercy of a vertical monopoly, with the prospect of paying inflated and unreasonable prices for energy which at today's price from conventional sources is already eating away at the consumer's pocketbook.

Mr. Speaker, I am well aware of the fact that backers of coal slurry pipelines have argued that slurry lines will provide cheaper coal transportation than conventional means and thus benefit consumers.

I would like to point out, however, that even the President's Council of Economic Advisers does not buy this argument. They recently stated in the Cabinet Council on Natural Resources and Environment memorandum to the President, regarding this legislation, that:

> . . . transportation rates will not directly affect coal prices to users. They argue that coal will sell at the highest price possible, subject to competition from other fuels in the enduse markets. If transportation rates

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

drop, *it will simply increase the return to owners of coal mines.* (emphasis added)

I also realize that the Consumer Federation of America recently testified before the Interior Committee that they support this legislation because they hope it will result in cheaper transportation rates, and therefore, cheaper fuel costs to the consumer. If the President's Council of Economic Advisers is correct, their entire premise for supporting this bill is shot.

Moreover, under questioning, they also indicated support for ways to prevent the advance billing of consumers for pipelines under design or construction as well as for mechanisms to prevent vertical monopolies in pipeline ownership.

Yet there is nothing in this legislation that even begins to address these critical issues.

We all have a common interest and goal of trying to ameliorate our energy situation with regard to both supply and price. We all have a common interest in trying to ease the financial burden that spiraling energy costs have created for every one of our constituents.

Unfortunately, there is nothing in this legislation to ease that burden.

At best, this bill will only exacerbate the plight of the consumer. At its worst, it may create an unparalleled financial disaster for millions of consumers who may pay untold millions of dollars for energy they may never receive.●

TRIBUTE TO MYRTLE K. AYDELOTTE, R.N., P.H. D.

HON. NEAL SMITH

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. SMITH of Iowa. Mr. Speaker, I would like to take a few minutes to salute a fellow Iowan who retires this month after an illustrious career. Myrtle K. Aydelotte, a registered nurse and a Ph. D., has made an outstanding contribution to nursing practice, research and education, and to the improvement of health care for the people of this country.

A native of Van Meter, Iowa, she held many important posts in her home State. She has been director and dean of the State University of Iowa College of Nursing, chief of nursing research for the Veterans' Administration hospital in Iowa City, and professor in the College of Nursing and director of nursing for University of Iowa Hospitals and Clinics. She served a 4-year tour of duty in the Army Nurse Corps, culminating as chief nurse with the 52d Station Hospital. She is a member of the Institute of Medicine of the National Academy of Sciences and a fellow of the American Academy of Nursing. Throughout her career she has served as a consultant and participated in many studies and projects to improve and maintain the quality of nursing care. For the past 4-years, she has been executive director of the American Nurses Association, the national professional organization for registered nurses.

I commend Dr. Aydelotte for her great service to the nursing profession and to society and extend all good wishes to her on her retirement.●

THE CONTINUED ATTACK ON AMERICA'S CITIES

HON. ROBERT GARCIA

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. GARCIA. Mr. Speaker, once again an attack is about to be made on America's cities and towns. Even before the administration has its fiscal year 1982 budget completed, it has reloaded its cannons for another and even more merciless onslaught on our Nation's housing and community development programs.

For fiscal year 1982, the Department of Housing and Urban Development had the most funds of any Department cut, totaling nearly $13 billion. The combined impact of these and other urban cuts had been devastating. The U.S. Conference of Mayors reports that nearly two-thirds of America's cities are beginning to lay off workers, at a time, I might add when the national unemployment rate is soaring toward 10 percent. Before anyone is misled into thinking that these are "make-work" positions, let it be known that policemen and firemen are being laid off as well. Services are being drastically cut for all urban residents. Public transit fares are skyrocketing and economic and urban development plans are severely crippled. In New Orleans alone, we read that over 150,000 jobs over the next 3 years will be lost due to federally forced cutbacks in economic development initiatives.

While this is occurring, we are reading of the "wearing out of America," a nation with infrastructure problems so great that nearly one-half of local officials polled in 1980 viewed this problem as "critical" or "severe." In fact, our infrastructure is wearing out so fast that economic renewal is hampered and the Nation's urban economic base is being undermined.

No less a magazine than Business Week warned in a special report that urban decay threatens economic growth and that the President's economic recovery plan to "spur business investment could be jeopardized by a lack of vital State and local facilities."

The numbers are awesome. It is estimated that $625 billion is needed to maintain the noninterstate street system by 1990. Less than 50 percent of urban arterial roads are in good condition. In some areas, nearly 90 percent of the roads are in poor condition.

Twenty percent of the Nation's bridges are in need of repair with an estimated price tag of $30 billion. Likewise, the Nation's water and sewer systems are confronting massive renewal bills.

These problems are not restricted to the Northeast and Midwest, though my home city, New York, needs in excess of $40 billion just to rebuild its infrastructure, let alone expand and improve it. Cleveland needs over $1 billion to rebuild its public facilities. Even Dallas, a boom city in the Southwest, needs over $800 million to meet new water, sewer, and street demands.

While we confront this "America in ruins," the Nation's housing industry is in a depression, the worst since World War II. Not only are the poor unable to find a decent home but now the great middle class can no longer entertain the idea of purchasing a new home.

What has been the administration's response to this? The same that it has been for all other urban problems—cut the budget. They are prepared to eliminate the community development block grant and the urban development action grant, to disintegrate "Ginnie Mae," as well as FHA and VA mortgage programs and gut housing modernization and rehabilitation programs. For the poor, vouchers, valued at less than 50 percent of the value of current housing assistance are proposed.

Mr. Speaker, this reaction ignores the reality of urban America. We must move to assist our communities not try to eliminate them. Let the record show that as a member of the House Banking Committee, I will be working relentlessly to resist this unconscionable attack on America's urban future.●

GERMAN TOWNSHIP HIGH SCHOOL—75 YEARS

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. MURPHY. Mr. Speaker, this school year marks the 75th anniversary of German Township High School in McClellantown, Pa. The school, presently part of the Albert Gallatin Area School District, was first opened for the 1906–07 school year.

The first half of the 20th century saw the number of yearly graduates rise from a mere 8 students in 1909 to over 225 in the early 1940's when the large enrollment forced students to

attend half-day sessions. Despite today's declining enrollment, the school continues to offer a variety of curricula and to provide quality education to students from all faiths and ethnic backgrounds.

Over the years German Township has been able to point with pride to its graduates who have gone on to distinguish themselves in the fields of medicine, education, science, business, and politics.

German graduates have served their country, even to the point of sacrificing their lives in World War I, World War II, Korea, and Vietnam.

German Township High School offered one of the first commercial courses in southwestern Pennsylvania with many students traveling to take advantage of this addition to the school's curricula. In the late 1960's the Agency for International Development in Washington, D.C., commended the school for its excellent contribution to the manpower of their department.

The pursuit of excellence at German has always emphasized academic pursuits, but the school points with pride to its achievements in other fields as well.

German students can list among their extracurricular achievements State championships in forensics, wrestling, and track; W.P.I.A.L. championships in basketball and football; Buhl Planetarium science awards; and a variety of championships in various other competitions such as foreign language and mathematics contests.

The school mascot is "The Uhlans"—the name of an elite group of Prussian-German soldiers from the 19th century.

The school motto is "Scientia Potestas est" which means "Knowledge is Power." The administration, faculty, and students of German Township High School remain committed to the pursuit of knowledge as they carry on the traditions established by their predecessors from the previous 75 years.

I congratulate them on their anniversary and wish them continued success.●

BANKRUPTCY LAW REVISION

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. RODINO. Mr. Speaker, in the past year, all of us have been inundated with information by the consumer credit industry in America concerning revisions in the Bankruptcy Reform Act of 1978.

I call to your attention a column by Jane Bryant Quinn which appeared in the Washington Post of December 7, 1981. I particularly call your attention to the last paragraph of this article and restate my position that the Committee on the Judiciary does not intend to legislate on the basis of inflammatory assertions or hyperbole. I wish to again inform my colleagues that the Subcommittee on Monopolies and Commercial Law is planning and will hold extensive, detailed, and wide-ranging hearings on every aspect of consumer bankruptcies early in the 2d session of the 97th Congress. Those hearings will form the basis for our decisions on what changes, if any, should be made in the current law. Ms. Quinn's article follows:

[From the Washington Post, Dec. 7, 1981]

CREDIT INDUSTRY MEDIA HYPE PUSHES BANKRUPTCY LAW REVISION

(By Jane Bryant Quinn)

NEW YORK.—The consumer-credit industry wants to rewrite the federal law on personal bankruptcies, and is using tactics that would make a sailor blush.

News writers and broadcasters are being peppered with press releases, asserting that America has become a nation of debt dodgers.

Changes made two years ago in the bankruptcy law, the creditors say, have caused a huge increase in debt abuse—and they claim to have the data to prove it. A 1981 study done for the credit industry, by Purdue University's Credit Research Center, concludes that "nearly 40 percent of the Americans who filed for bankruptcy earlier this year could afford to pay half or or more of their nonmortgage debt."

But is that conclusion really sound? At the moment no one knows, because no independent researchers have seen the raw data. Purdue's Robert W. Johnson, who headed the study, says that the supporting material will be released in two volumes, one by early January and one in February or March. Until then, reporters have to go by the charts, tables and graphs that come with the press releases.

"As I went through (the charts), I had a feeling that I had seen this sort of thing before," says Vern Countryman, Harvard Law School professor and vice-chairman of the National Bankruptcy Conference, a nonprofit organization that studies bankruptcy law. "In World War Two, Air Force information officers in the field frequently compiled similar charts, tables and graphs for the edification of higher headquarters. And the people who compiled such displays had a very accurate description for what they were doing: 'If you don't have hard facts, give them eye-wash.' "

What bothers many bankruptcy judges, lawyers and other specialists in the field is that the Johnson study differs so much from many other findings. Philip Shuchman, a Rutgers University law professor, studied bankruptcies in the Hartford, Conn., area and concluded that only six out of 128 might have been able to pay any of their debts—a mere 4.6 percent, compared with Johnson's 40 percent. (Johnson's study made assumptions about the bankrupt's future income and debt-repayment behavior over the next five years, which Shuchman's study did not.)

There is no question that the number of personal bankruptcies rose last year. The source of the current dispute is whether the new federal law is to blame or whether the rise can be traced to economic factors.

States may opt out of part of the federal law and so far 32 of them have done so. Some states have more liberal bankruptcy rules than the federal government, and some more conservative rules. There is no information on whether states that switched to more liberal rules had a steeper rise in bankruptcies than states that did not, and Johnson's study did not address this issue.

Shuchman points out that business bankruptcies rose sharply last year, although no major changes were made in the business-bankruptcies law. This suggests, he says, that today's bankruptcies are rising chiefly from hard times.

Johnson told my associate, Virginia Wilson, that his data do not show "what percentage of bankruptcies are attributable to the new law, lawyer advertising, economic conditions or inflation." But then he goes on to say—although his study does not show it—that "it looks to me" as if "30 to 40 percent of the bankruptcies now are attributable to the new law." You can see from that statement that he's pulling some of his figures out of his hat.

Behind all this "Sturm and Drang" lies a possible rewrite of federal bankruptcy law, now under consideration in both houses of Congress. The credit industry is pushing two main changes:

That people should not be allowed to declare bankruptcy, regardless of their financial condition, if income projections show a likelihood that they could repay part of their debt.

That debtors on court-ordered payment plans should be forced to put all their disposable income for five years toward debt repayment, rather than three years, as is now usually the case.

Countryman calls these proposals a "mass peonage statute," casting courts in the role of bill-collectors for creditors, some of whom may be careless about lending money.

Many bankruptcy specialists agree that some technical adjustments ought to be made in the law. But they first want more time to study the effects of the changes Congress made in 1979. They don't think that Congress should legislate on the basis of inflammatory assertions contained in a credit-industry press release.●

MRS. DAISY MAINS OF ST. PAUL, MINN., IS 90

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. VENTO. Mr. Speaker, on December 9, Mrs. Daisy Mains of St. Paul, Minn., will be 90 years old. Daisy has had a life of accomplishment, and a life of triumph over adversity.

One of seven children in an immigrant family, Daisy taught in the St. Paul school system until her marriage to Alex Mains in 1920. Shortly after her marriage, she contracted rheumatic fever, and was left with a shortened leg.

After months of painful recuperation, she learned again to walk, and was able to resume an active and useful life. She returned to college, and in 1926, with a 4-year-old daugh-

ter in the audience, received her B.A. degree from the University of Minnesota.

While she continued to raise a family, Daisy began a career of voluntarism, which she pursued all her life. She has had key executive positions in the St. Paul Chapter of Hadassah, the Council of Jewish Women, and the St. Paul Jewish Community Center.

In 1972, Daisy, in recognition of her many and varied contributions to the St. Paul Jewish community in general and Jewish women's organizations in particular, was honored with the Israel Bond Festival's "Woman of Valor" Award. On this occasion, she was called "an exemplar to her children, grandchildren, her friends and to those who love her."

Mr. Speaker, Daisy Mains has truly been an inspiration to her two children, her five grandchildren, her two great grandchildren, and to all her family and the entire community of St. Paul. We hope this very special and courageous person will celebrate many more happy birthdays.●

A TRIBUTE TO AMERICA'S SENIOR CITIZENS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. SOLARZ. Mr. Speaker, I rise today to pay tribute to our Nation's senior citizens and particularly to the 2,200 delegates to the Third Conference on Aging, who gathered last week to consider solutions to the serious problems facing the 25 million Americans 65 years old and over. As a representative of more than 75,000 senior citizens in the 13th Congressional District in Brooklyn, I want to commend the efforts of these delegates, and of thousands of senior citizens around the Nation, to make this conference successful and to maintain support for the Government programs which help elderly Americans live happy, healthy, and dignified lives.

The first two White House Conferences on Aging were instrumental in focusing attention on the need for medicare legislation, indexing of social security benefits, and a series of programs in nutrition, employment, and social services created by the Older Americans Act. These measures have helped to decrease the proportion of the elderly population living in poverty from over 30 percent 20 years ago to less than 15 percent today, and to provide better meals, housing, health care, and social services to millions of senior citizens.

Despite these accomplishments, the elderly still confront extremely grave problems. Soaring inflation hurts the elderly, who must depend on fixed pensions and declining savings to meet their basic needs. The explosive rise in hospital costs hurts the elderly, who must depend on fixed pensions and declining savings to meet their basic needs. The explosive rise in hospital costs hurts the elderly, who are twice as likely to need hospitalization as the population at large. Rising crime rates are felt most by the elderly, who are particularly vulnerable and likely to be victimized. The deterioration and rising cost of mass transit most seriously limit the mobility of senior citizens, who are most likely to be unable to own and operate an automobile. Furthermore, the elderly are confronting an administration that believes the Nation lacks adequate resources to deal with the basic needs of the growing number of senior citizens.

Unfortunately, the action Congress has taken in recent weeks in amending the Older Americans Act is not completely reassuring to elderly Americans. The House and Senate strongly supported the continuation of the Older Americans Act programs but proposed funding for fiscal year 1982 at levels well below those I believe are necessary to fulfill this Nation's obligation to its senior citizens.

The House and Senate both voted overwhelmingly to continue Federal funding of services including: Transportation; legal and financial counseling; shopping assistance; multipurpose senior citizen centers; nursing home ombudsmen; meals at senior citizen centers; and Meals on Wheels. It also provides for the continuation of the community services employment program for 50,000 older Americans in part-time community service jobs.

Congress amended the act to allow State and area agencies more flexibility in allocating funds to serve the needs of the elderly. It also authorized programs I have long supported to protect the elderly from crime by funding the installation of security devices and personnel in senior citizens' residences and facilities. In addition, the House voted to establish a separate program under the act to allow home maintenance and repair services to be provided to senior citizens. It also stressed the need for increasing research and demonstration projects to develop improved approaches to promoting the well-being of the elderly.

As a cosponsor of these amendments, I am pleased my colleagues have supported the continuation and improvement of the Older Americans Act, but I urge them to resist administration efforts to fund inadequately these important Older Americans Act programs. So far, at the insistence of President Reagan, the House has proposed funding for the Older Americans Act that will not even allow these programs to keep pace with inflation and increasing need for services. The Senate has gone even further. It voted to institute for the first time a limit on the levels of assistance provided to the nutrition programs for the elderly in the form of surplus commodities or cash payments by the Department of Agriculture. This threatens the long-run funding levels for these important programs. It also increases the matching funds burden imposed on State and local governments with large numbers of senior citizens, and effectively penalizes States with high participation in the nutrition program.

In recognition of the just-ended White House Conference on Aging, this Congress should affirm that our commitment to the elderly of this country will not waiver in the face of pressure from the President to cut spending for social programs. The Congress needs to assure all senior citizens that their social security benefits are secure, and that the programs of the Older Americans Act will continue to serve effectively the needs of the elderly.

It would be a sad tribute to the delegates to this Conference and the elderly citizens they represent if the Congress fails to match the rhetoric of support for the elderly with funds adequate to carry out the goals of the Older Americans Act.●

THE McCARTY DECISION AND THE MILITARY SPOUSE

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mrs. SCHROEDER. Mr. Speaker, on June 26, 1981, the U.S. Supreme Court handed down a decision in McCarty against McCarty, which overturned the California Supreme Court decision that included the military retired pay in the division of community property in a divorce settlement.

The Supreme Court decision threw State domestic relations law into turmoil since it deprived the States of a tool traditionally used to equitably divide the property accumulated during a marriage. The McCarty decision insulated the military member and the member's retired pay from court action—in contrast with private sector pensions.

Since June 26 my office has received many calls from the Washington and district offices of Members because McCarty has been used as an excuse to terminate payments by military members to their divorced spouses, whether the payments were termed alimony, child support, or community property.

Because of the turmoil in the States, the Congress has been quick to look into the consequences of the McCarty decision. On September 22, the Senate Subcommittee on Manpower and Per-

sonnel, held hearings on the divorced spouse issue. Following the hearing, Senator ROGER JEPSEN, the chair of the subcommittee, introduced S. 1814.

The House Subcommittee on Military Personnel and Compensation today holds its second hearing on the military spouse issue to hear testimony on a number of bills that have been introduced on this subject, including H.R. 3039, which I introduced, H.R. 1711, introduced by Representative KENT HANCE, and H.R. 4902, introduced by Representative G. WILLIAM WHITEHURST.

I also commend to my colleagues an article printed in the New York Law Journal on July 31, 1981, which was written by Henry H. Foster, Professor of Law Emeritus of the New York University Law School and Doris Jonas Freed, chairperson of the American Bar Association's Family Law Section's Committee on Custody.

LAW AND THE FAMILY—MCCARTY V. MCCARTY: FAREWELL TO ALMS?

The Supreme Court's recent decision in *McCarty* v. *McCarty* deserves critical analysis. The majority opinion in this 6-3 decision was written by Justice Blackmun and it is noteworthy in several respects. In its Constitutional aspect, *McCarty* combines the Supremacy Clause and the pre-emption doctrine in a push into outer space, and, according to the dissent, to an "unprecedented extent." The practical result is the exclusion upon divorce of military spouses from a fair and equitable distribution of property they helped to acquire. The political consequence is an unwarranted intrusion by the Court into an area that it concedes is best left to the states.

McCarty also is of interest because of the odd couples found as bed fellows. Justice Blackmun was joined by the Chief Justice, and Justices White, Marshall, Powell and Stevens. Justice Rehnquist in dissent was joined by Justices Brennan and Stewart. It is a fair assumption that such a line-up must have been occasioned by extraordinary circumstances.

Those circumstances were a conflict between our fighting men (and women) and their spouses in the combat zone of matrimonial proceedings where the prize was a share of military retirement benefits. The majority, perhaps as an expression of civilian gratitude to the military, gave a bonus to our veterans in the form of an exclusion of military retirement pay from the marital or community "kitty" divisible upon divorce. The minority, on the other hand, distinguished between the martial and marital and held the bonus to be unwarranted.

More precisely, the majority held that if a Congressional intent to pre-empt state matrimonial law might be gleaned from the pertinent statutes by reading into them such a Congressional purpose, that was sufficient under the Supremacy Clause to tender nugatory any conflicting state law and public policy. Even negative inferences were utilized by the majority to reach the result they achieved. Moreover, in addition to the questionable techniques they employed, the majority also "swept under the rug" the test of pre-emption formulated two years earlier in *Hisquierdo* v. *Hisquierdo* by a different line-up of the same justices.

As Justice Rehnquist points out in forceful if not bitter language, the *Hisquierdo* test, that was slighted by the majority, required for pre-emption explicit statutory language and the doctrine was applicable where "Congress has 'positively required by direct enactment' that the state law be preempted." There is no such express declaration of Congressional intent in the pertinent statutes. For that matter, Justice Rehnquist in *Hisquierdo*, himself had to strain to find in a "spendthrift clause in the Railroad Retirement Act of 1974 the Congressional purpose his test required." Other competent jurists had been unable to find such a purpose. A fortiorari, the majority of state courts also had found no purpose to preempt, expressed with regard to military retirement pay, as distinguished from military disability, retirement pay which many, if not most courts have held to be separate property.

Although the majority in McCarty said that "We recognize that the plight of an ex-spouse of a retired service member is often a serious one", the contrived and artificial reasoning of Justice Blackmun's opinion belies any real concern. It may be doubted that the majority comprehends just how serious "the plight" of the ex-spouse may be, even though it is a reasonable assumption that, ordinarily, military retirement benefits are the largest assets accumulated during a service marriage. If such assets are insulated or immunized from distribution upon divorce, there can be no "equitable" (or "equal") division of the product of the marital partnership to which each contributed. The unfair result also is compounded because in Hisquierdo it was held that there could be no set-off against the pension benefits in the distribution of the remainder of the marital or community property. Mrs. Hisquierdo, in California, thus took only half of the left over community property, while Mr. Hisquierdo got to keep his pension and got half of the community as well. Colonel McCarty got a similar windfall and the same unjust enrichment.

It is not sufficient to note, as did the majority, that the ex-wife can be awarded alimony and if her ex-husband fails to pay it, the retirement pay once in his hands may be reached, and that garnishment may be available. Such an aside demonstrates an utter indifference to the difficulties in collection and enforcement of alimony or maintenance. Moreover, there are federal and state limitations on wage attachment, and one state, Texas, which has a large military and ex-military population, permits no garnishment. More important, most, if not all of the eminent justices appear to ignore the dramatic reforms and changes in American alimony and marital property law of the past decade.

Contemporary matrimonial law has reversed the pecking order of alimony and property distribution upon divorce. Whereas formerly, in common law property states, only jointly owned property was distributed upon divorce, and alimony often was utilized to make up for the inadequacies of an obsolete marital property law, the present situation is that "alimony" has become "maintenance" and it rests mainly on economic need and ability to pay, and may be only temporary, interim, or rehabilitative. Thus, both Hisquierdo and McCarty undermine and threaten the statutory structure devised in all but three or four states as the means for achieving economic justice upon divorce. The Supreme Court, apparently, has no inkling of the detriment to state Family Law its decisions have occasioned, and unless the Court is enlightened, there is the extreme peril that the spirit of Hisquierdo and McCarty may lead to the conclusion that all ERISA covered pensions must be taken out of the marital or community "kitty." There also is no recognition of the tax implications of the McCarty decision.

Immunization of the pensions of a few hundred divorcing railroad workers, or some thousands of divorcing military pensioners is one thing, but it is something else if the preemption doctrine is applied to pensions covered by ERISA. Such an extension of Hisquierdo and McCarty would completely demolish the marital property and alimony laws of every state.

It is also ironic that the Supreme Court continues to pay its respects to the venerable principle that divorce and alimony law is a matter for state concern and that the states are better equipped to deal with such problems, and yet at the same time it frustrates or negates carefully formulated state policy in this area of local concern. At a time when the present Administration espouses a return to state responsibility in the social welfare and other areas, the Supreme Court accelerates—needlessly—federal intervention and pre-emption in an area which it admits is pre-eminently one for state concern.

One might pause to ask, with regard to military retirement pay, what is the federal benefit Congress or the Court seeks to achieve, and what is the detriment incurred to states and citizens? We already have pointed out the detriment, i.e., the frustration and preclusion of economic justice for divorcing couples, but what is the supposed federal gain?

The "clear and substantial" federal interests the majority relied upon were: to permit a spousal interest in military retirement pay would reduce the amount Congress had determined was necessary for retired servicemen to live on, and would have the potential to interfere with Congressional goals of having an inducement for enlistment and reenlistment, and the encouragement of orderly promotion and a youthful military.

The above military parade of horribles is held to justify the concomitant unfairness and inequity visited upon military spouses when the family breaks up. The gratuitous assumption that Congress intended that the retired serviceman get his benefit intact and free of any family obligations overlooks the fact that Congress did not, as it did in other federal legislation, expressly say so. The "potentials" of interfering with enlistment and reenlistment are made out of the whole khaki. Who ever refused to enlist or reenlist because a spouse upon divorce might get a share of military retirement pay? Who ever refused a promotion or declined to retire because he or she might be faced with the same family obligations the rest of us may have to face?

The negative inferences the majority drew from recent Congressional measures to back up state alimony and marital property law are even more disconcerting. Instead of viewing Congressional amendment to the Social Security Act, Civil Service Act, and Foreign Service Act as expressing a Congressional intent to make recipients of federal funds subject to state alimony and marital property laws, the majority viewed legislative inaction in failing to make military retirement pay expressly subject to family obligations, to warrant the inference that preemption was intended. In the words of Justice Rehnquist "The most that the Court

can advance are vague implications from tangentially related enactments or Congress failure to act. The test announced in Hisquierdo established that this was not enough and so the critical language from that case must be swept under the rug." The concluding paragraph of the dissent also says:

"The very most that the Court establishes, therefore, is that the provision governing arrearages and annuities pre-empt California's community property law. There is no support for the leap from this narrow pre-emption to the conclusion that the community property laws are pre-empted so far as military retired pay in general is concerned. Such a jump is wholly inconsistent with this Court's previous pronouncements concerning a State's power to determine laws concerning marriage and property in the absence of Congress 'direct enactment' to the contrary . . ."

In human terms, the result in McCarty is that Mrs. McCarty is deprived of any interest she has under state law in Colonel McCarty's military retirement pay, even though she was his marital partner for 18 out of the 20 years it took him to qualify for that "personal entitlement." Financially, she loses the 45 percent of the Colonel's retirement pay that California had designated "quasi-community property." That loss may not be off-set in the allocation of other property, and presumably, the court may not grant her a disproportionate amount of maintenance to make up for it. The lesson is clear: the spouses of military personnel are not marital partners, rather, they are civilian casualties. And this is so even though no urgent necessity is shown by the majority for their rewriting of legislation where Congress did not care to speak. Economic detriment is imposed by The Supreme Court without any convincing showing of necessary or deserved benefit to service personnel. In terms of federal-state relationships, there is no paramount federal concern shown that justifies such a substantial intrusion into state law and policy.

We are also left with the troublesome thought that in the unreal world of divorce this constitutes a taking of property without due process of law and without the compensation which follows from an exercise of the powers of eminent domain. It is the law in all but a few states that there is a spousal interest in or a community ownership of pension benefits earned during the marriage. That interest or ownership is condemned by the Supreme Court in McCarty as a sop to the military without any showing of either necessity or convenience. The only way out of this mess is for Congress to enact a statute which provides in effect that unless a particular federal statute expressly proclaims pre-emption of state Family Law, the doctrine must be rejected in that area.●

CELEBRATE JOY BY VELMA S. DANIELS

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. IRELAND. Mr. Speaker, a constituent of mine, Velma Seawell Daniels, recently sent me a book which she wrote entitled "Celebrate Joy!" Velma in a unique way shows us how to enjoy the simple pleasures of the joys in life. She has proven to be an inspiration to all of us through her writing. I would like to share some of her thoughts with you regarding her daily discipline for feeling, sensing and celebrating.

1. I will make a schedule of everything I plan to do today—and I'll do my best to stick to it.
2. I will set aside a special time for study, meditation and prayer.
3. I will like today instead of re-living yesterday.
4. I will complete at least one disagreeable task today instead of putting it off.
5. I will adjust to unexpected circumstances and not let them disturb me.
6. I will go out of my way to do something for someone else—and tell no one about it.
7. I will count my blessings all day long in place of feeling sorry for myself or brooding over how nobody appreciates how hard I'm working.
8. I will show my self-respect by dressing as neatly and attractively as I can.
9. I will tend to my own business instead of telling other people how to run their affairs.
10. I will do my best to set a Christian example as Jesus asked me to do when he said, "Let your light so shine before men, that they may see your good works, and glorify your Father which is in heaven."●

TOO MUCH HASTE WITH NUCLEAR WASTE

HON. EDWARD J. MARKEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. MARKEY. Mr. Speaker, as House and Senate committees rush forward to forge a permanent solution for disposal of high-level nuclear wastes, the Energy Department has encountered an unexpected roadblock in its grand experiment for storage of the dangerous nuclear wastes generated by the military.

The Government has sunk $120 million into development of a 10-acre underground waste isolation pilot project near Carlsbad, N. Mex., a test facility that was to serve as a national model for the safe disposal of radioactive materials. Yet, when the agency began preliminary drillings late last month into the site's salt beds, it found it was preparing to bury nuclear wastes atop a pocket of brine that gushed 200 gallons of water a minute when struck by the test shafts. The future of the costly model project is now uncertain.

The discovery demonstrates with new clarity the importance of proceeding with great care and caution in our attempts to solve the nuclear waste dilemma. I ask that a copy of this article, which appeared in the New York Times of December 6, 1981, be reprinted in the RECORD.

The article follows:

[From the New York Times, Dec. 6, 1981]

WATER FIND PERILS ATOM WASTE SITE

ALBUQUERQUE, N.M., Dec. 5.—A test shaft sunk in the salt beds in the southeastern part of the state has struck water, casting doubt on a Federal Energy Department plan to bury nuclear wastes in the area, state officials say.

Under an agreement between the state and the department, low-level nuclear wastes generated by the military were to be stored in a 10-acre underground facility in the salt formations southeast of Carlsbad. The wastes are now stored at the Idaho National Engineering Laboratory, the Los Alamos Laboratories and at facilities in Rocky Flats, Colo., and Hanford, Wash.

Late last month drillers for the Energy Department, who sank several shafts to test the stability of the salt formation, struck a pocket of brine about 900 feet beneath the proposed nuclear waste storeroom and about 800 feet away, according to the deputy project manager, Roger Dintaman. He said the hole "flowed brine" at a rate of 200 gallons a minute and spurted 1.2 million gallons before it was capped this week.

New Mexico's Health and Environment Secretary, George Goldstein, said at a news conference Tuesday that the discovery was "very, very serious," and "could mean an end to the project." Mr. Goldstein is the chairman of the Governor's working group on the project, the Waste Isolation Pilot Project.,

An Energy Department spokesman, Ben McCarty, said it was too early to tell whether the department would halt the program or change the site. "As it stands now, there's been no change," he said "W.I.P.P. is still a viable program but we need to further evaluate to make sure the brine pockets don't threaten the integrity of the site."

Mr. Dintaman said that the Energy Department would conduct tests in the next few weeks to determine the depth, size and age of the reservoir and that it would be several months before the data could be evaluated.

While the state does not have a veto over the project, an agreement signed last summer by the Energy Department and the state provides for "consultation and cooperation" between the agency and the state.

The agreement was reached in July after Attorney General Jeff Bingaman of New Mexico sought an injunction to halt work on the project until state safety concerns were addressed.

The facility, in addition to storing low-level nuclear wastes, would be used for research into storage of high-level nuclear wastes generated by the military.

The Energy Department has spent $120 million on the Waste Isolation Pilot Project, and next week the department will be putting in its request to the Office of Management and Budget for 1983 funds for the project.

A budget office examiner for energy funds, Sandy Fucigna, said that it would take several months before the full implications of the brine discovery would be apparent. "But it's a good example of things that need to be fully studied before going on to a fuller commitment," she said.

A statewide coalition of antinuclear groups, the Coalition Against Radioactive Dumping, sued the Energy Department and the Department of Interior earlier this year on the ground that the two agencies had improperly withdrawn the site from the public domain. The project is on Bureau of Land Management land. On Aug. 28, Federal District Judge Juan Burciaga denied the group's request for a preliminary injunction.

On Thursday, Judge Burciaga also ruled against the Southwest Research and Information center, a local environmental group that had sued the Energy Department on the grounds that it was running an unscientific testing program and building the repository without congressional authorization.●

FAIR PRACTICES IN AUTOMOTIVE PRODUCTS ACT

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. OTTINGER. Mr. Speaker, today I am introducing the "Fair Practices in Automotive Products Act," a bill designed to increase the chances that millions of Americans will be able to stay on the job despite the devastating effects of high interest rates and the deepening recession.

The bill simply requires that cars sold in the United States meet a gradually increasing standard for the percentage of American-made parts in them. The text of the bill follows:

H.R. 5133

A bill to establish domestic content requirements for motor vehicles sold in the United States, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Fair Practices in Automotive Products Act".

DEFINITIONS

SEC. 2. As used in this Act—

(1) The term "automotive products" means motor vehicles and parts for motor vehicles.

(2) The term "domestic part" means any material or part used in manufacture of a motor vehicle if such material or part is produced in the United States or Canada.

(3) The term "added domestic value" means—

(A) the value of the labor and of the domestic parts used by a vehicle manufacturer in the production of automotive products in the United States that are, during a model year, either sold by that manufacturer in the United States or exported by that manufacturer to foreign countries other than Canada; plus

(B) the lesser of—

(i) the value of the labor and of the domestic parts used by that manufacturer in the production of automotive products in Canada that are sold by that manufacturer during such model year in the United States, or

(ii) the value of the labor and of the domestic parts used by that manufacturer in the production of automotive products in the United States that are exported by that manufacturer to Canada during such model year.

(4) The term "domestic content ratio" means, with respect to a vehicle manufacturer for any model year, the percentage determined by multiplying by 100 the factor obtained by dividing the added domestic value determined for that manufacturer for that model year under paragraph (3) by the aggregate of the production costs of all automotive products sold by that manufacturer in the United States during that model year. For purposes of the preceding sentence, the production cost of an automotive product is the wholesale price to dealers in the United States for that product as set forth in the vehicle manufacturer's official dealer price list that is in effect at the time the product is sold at wholesale.

(5) The term "model year" means a vehicle manufacturer's annual production period (as determined by the Secretary) which includes January 1 of a calendar year, or if a vehicle manufacturer does not have an annual production period, the calendar year. A model year shall be designated by the year in which January 1 occurs.

(6) The term "motor vehicle" means—

(A) any on-the-highway, four-wheeled or three-wheeled, passenger automobile; and

(B) any automobile truck having a gross vehicle weight of less than 10,000 pounds.

(7) The term "parts manufacturer" means a person engaged in the business of producing parts for motor vehicles.

(8) The term "Secretary" means the Secretary of Transportation.

(9) The term "vehicle manufacturer" means any person engaged in the business of producing motor vehicles for ultimate retail sale in the United States and includes as one entity all persons who control, are controlled by, or are in common control with, such person. The Secretary shall prescribe rules for determining, in such case in which—

(A) more than one person is the manufacturer of a make of motor vehicle, which person is to be treated as the vehicle manufacturer of such make for purposes of title I; and

(B) two vehicle manufacturers in join venture produce motor vehicles in the United States, the allocation of such vehicles among those manufacturers for the purposes of title I.

Such term also includes any predecessor or successor of such a vehicle manufacturer to the extent provided under rules which the Secretary shall prescribe.

TITLE I—DOMESTIC CONTENT REQUIREMENTS FOR MOTOR VEHICLES SEC. 101. CONTENT RATIOS FOR MODEL YEAR 1982 AND THEREAFTER.

For each model year beginning after June 30, 1982, the minimum domestic content ratio for a vehicle manufacturer shall not be less than that specified in the following tables:

Number of motor vehicles sold by manufacturer in the United States

[Minimum domestic content ratio]

	In percent
Model year 1983:	
Not over 100,000	0
Over 100,000 but not over 150,000	8.3
Over 150,000 but not over 200,000	16.7
Over 200,000 but not over 500,000	25
Over 500,000	30
Model year 1984:	
Not over 100,000	0
Over 100,000 but not over 150,000	16.7
Over 150,000 but not over 200,000	33.3
Over 200,000 but not over 500,000	50
Over 500,000	60
Each model year after model year 1984:	
Not over 100,000	0
Over 100,000 but not over 150,000	25
Over 150,000 but not over 200,000	50
Over 200,000 but not over 500,000	75
Over 500,000	90

REPORTING REQUIREMENTS

SEC. 102. (a) IN GENERAL.—Each vehicle manufacturer that produces more that 50,000 motor vehicles for sale in the United States during any model year after model year 1981 must provide such information to the Secretary regarding the production and sale of motor vehicles and automotive parts as the Secretary shall require for the purpose of administering this title.

(b) CONFIDENTIALITY OF INFORMATION.—All information submitted to the Secretary by a vehicle manufacturer in compliance with subsection (a) shall be confidential and shall not be disclosed except when required under court order. The Secretary shall, by regulation, prescribe such procedures as may be necessary to preserve such confidentiality, except that—

(1) the Secretary may release or make public any such information in any aggregate or summary statistical form which does not directly or indirectly disclose the identity or business operations of the manufacturer who submitted the information; and

(2) the Secretary shall release upon request any such information to the Congress or any committee thereof.

(c) ANNUAL REPORT.—As soon as practicable after the close of each model year after June 30, 1982, the Secretary shall prepare and make available to the public a report setting forth the domestic content ratio achieved by each vehicle manufacturer during such model year.

RULES AND REGULATIONS

SEC. 103. The Secretary shall prescribe such rules and regulations as are necessary or appropriate to carry out the provisions of this title.

PROHIBITED ACTS AND SANCTIONS

SEC. 104. (a) PROHIBITED ACTS.—It is unlawful for any vehicle manufacturer to violate any provision of this title or any rule or regulation issued pursuant to this title.

(b) SANCTIONS.—(1) If the Secretary finds, after notice and an opportunity for a hearing in accordance with section 554 of title 5, United States Code, that a vehicle manufacturer has knowingly committed an act prohibited by subsection (a)—

(A) the number of motor vehicles that may, during the model year after the model year in which such violation occurred, be entered by, or on behalf of, the manufacturer concerned may not exceed 75 percent of the number of motor vehicles that were entered by, or on behalf of, that manufacturer during the model year in which such violation occurred; and

(B) the parts for motor vehicles that may be entered by, or on behalf of, the manufacturer concerned during the model year after the model year in which such violation occurred may not exceed in aggregate dutiable value an amount equal to 75 percent of the aggregate dutiable value of parts for motor vehicles that were entered by, or on behalf of, that manufacturer during the model year in which such violation occurred.

(2) The Secretary shall determine, and certify to the Commissioner of Customs, the number of motor vehicles and the aggregate dutiable value of parts that may be entered during any year by, or on behalf of, a vehicle manufacturer to which paragraph (1) applies.

(3) For purposes of paragraphs (1) and (2), the term "entered" means entered, or withdrawn from warehouse for consumption, in the customs territory of the United States.

(4) Any vehicle manufacturer against whom import restrictions are imposed under paragraph (1) may obtain review thereof in the appropriate court of the United States by filing a notice of appeal in such court within 30 days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation or import restriction was found, as provided in section 2112 of title 28, United States Code. The findings and order of the Secretary shall be set aside by such court if they are not found to be supported by substantial evidence, as provided in section 706(2) of title 5, United States Code.

TITLE II—UNFAIR AND DECEPTIVE PRACTICES BY VEHICLE MANUFACTURERS

UNFAIR AND DECEPTIVE PRACTICES AGAINST PARTS MANUFACTURERS

SEC. 201. The refusal of a vehicle manufacturer to comply with the request of a parts manufacturer that the vehicle manufacturer—

(1) undertake prompt action—

(A) to determine whether parts produced in the United States by the parts manufacturer satisfy reasonable standards established by the vehicle manufacturer for use as replacement parts for motor vehicles produced by that vehicle manufacturer, and

(B) if the determination described in subparagraph (A) is affirmative, to notify its affiliated dealers of the determination; or

(2) furnish a letter stating that the parts manufacturer shall assume liability for all damages that may result from the use by consumers of parts made by the parts manufacturer as replacement parts in motor vehicles produced by that vehicle manufacturer;

shall be an unfair method of competition and a deceptive act or practice in commerce under the Federal Trade Commission Act (15 U.S.C. 41 et seq.).

FTC AUTHORITY

SEC. 202. The Federal Trade Commission shall have authority to exercise its rulemaking authority under section 18(a) of the Federal Trade Commission Act (15 U.S.C. 57a(a)) for the purpose of prescribing—

(1) interpretive rules and general statements of policy with respect to unfair methods of competition and deceptive acts or practices in commerce described in section 201; and

(2) rules which define with specificity acts or practices which are unfair methods of competition or deceptive acts or practices in commerce within the meaning of section 201.●

LIBYA'S MADMAN AND THE UNITED STATES

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. GOODLING. Mr. Speaker, Sunday's interview with Libyan leader Qadhafi on the television program "This Week With David Brinkley" was a demonstration of many things, both good and bad. On the one hand it demonstrated the American principle of free speech in which anyone may speak his mind, as well as this country's willingness to give a fair hearing of both sides of any argument. And on the other hand, the interview not only demonstrated but confirmed the personal instability and hypocrisy of Mu'ammar Qadhafi. This man who only weeks ago voiced jubilant praise for the brutal slaughter of Anwar Sadat, now claims that assassination is contrary to his character and behavior. This man who allowed our Embassy in his country to be burnt to the ground, whose jets have attacked our planes in international airspace and constantly spouts anti-American rhetoric claims that he wants good relations with the United States, but that the United States refuses to normalize relations with him. And most outrageous of all, this man, who finances terrorists and murderers the world over, dressed in the garb of an actor in a third rate horror movie, has the audacity to take advantage of American sense of fair play to slander the President of the United States. In doing so Qadhafi not only slandered the actual person who occupies the most important elective office in the world, but also the people who elected him. The words he used to describe our President: ignorant, silly, childish, and liar, were in truth a self-description. Qadhafi, by his own words, showed himself to be the madman I have long suspected him to be.

I would like to voice my approval of and agreement with the words of Senator DANIEL PATRICK MOYNIHAN in response to the ridiculous statements of that mad Middle Eastern tyrant that it is Qadhafi himself who is the liar and not the President of the United States. I further think that it is now time for a unilateral boycott of Libya, that all American companies should get out of there—if only for their own sakes. In closing, I would like to recall the words of George Will, speaking on yesterday's program in reference to Qadhfi's involvement with threats to the President's life: "We should send a short cryptic message to Libya, 'Reagan alive, or Qadhafi dead.' "●

COMMENDS THE OHIO PUBLIC EXPENDITURE COUNCIL

HON. CLARENCE J. BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BROWN of Ohio. Mr. Speaker, I am sure that all members of the Ohio delegation will want to join with me in commending the Ohio Public Expenditure Council on its 40th anniversary of service to the citizens of Ohio.

Since 1941, the Ohio Public Expenditure Council has distinguished itself as the premier fiscal watchdog in the State of Ohio. Conducting research in the areas of taxation and public expenditure at all levels of government, this unique organization has earned the respect and confidence of legislators, citizens groups, the media, and others seeking effective leadership and efficient allocation of public resources.

A privately financed, nonprofit and nonpartisan research organization, the Ohio Public Expenditure Council is a prolific source of statistical reports dealing with important trends in tax collections, aid from the Federal Government, expenditures in public schools, teachers' salaries, and other areas. The dissemination of these research reports has contributed greatly to increasing public awareness and the promoting of governmental efficiency at the State and local level. The Ohio Public Expenditure Council's consistent monitoring of these important measures has also provided Ohioans with a constructive historical outline which will prove invaluable in constructing solutions for future problems.

The policies and programs of the Ohio Public Expenditure Council are determined by a 30-member board of trustees elected by the membership. The board currently includes some of the finest industrial, financial, utility, and commercial leaders in the State of Ohio.

I offer my warm congratulations to executive director Charles Calhoun on the occasion of the Ohio Public Expenditure Council's 40th anniversary. Ohio's citizens and elected representatives in Washington, Columbus, and its local communities have been well served by this fine organization. On behalf of all Ohioans, I extend to the Ohio Public Expenditure Council our best wishes for many more years of continued service and our deep gratitude for a job well done in years past.●

AN INTERVIEW WITH SECRETARY JAMES WATT

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. McDONALD. Mr. Speaker, further to my recent comments in support of Secretary of the Interior James Watt, I commend to the attention of my colleagues the following interview conducted by Lee Edwards which appeared in the October 1981 issue of Conservative Digest.

CD: What would you like to be remembered for as Secretary of the Interior?

WATT. We are responsible for managing one-third of the nation's surface. And, as a consequence, we have stewardship responsibility for seeing that those lands are managed for America's short-term and long-

term benefit. Every decision that we make has to be measured in three ways: Will it improve our national security? Will it protect the environment? And, will it create jobs?

So as we address the park issues, the wildlife issues, energy, coal or whatever issues, we measure them in that context. As Secretary, I want to be remembered as one who had enough vision to exercise the commonsense judgment to provide for security, protection of the environment and creation of jobs that will not only benefit us right now in the early '80s but for the generations yet to come. It's a balancing act to see that these resources are used for these different periods of time.

CD: You mentioned that the federal government owns one-third of the nation's land. Is that too much?

WATT. We do not plan at this time or in the future to initiate a program to dispose of these lands. It's a question of stewardship, taking care of that which I am charged with caring for: one-third of the land. That's my responsibility and mission. I am not trying to dispose of any of the lands, except in small parcels of land where you can give them to local or state governments for public purposes, recreation, parks, hospitals, schools and the like. We are not going to have massive transfers of land to private or state governments.

CD: Are you satisfied with what you've done so far as Secretary of the Interior?

WATT. Yes, extremely satisfied. I am surprised and pleased at how quickly the career employee has responded to direction. The Reagan campaign promised repeatedly a series of actions. And so, when I came in, my responsibility was simply to implement what the President had promised. I didn't have to go out and start studies, commissions and advisory boards to see what we had to do. We knew what needed to be done for America. The President had been talking about it, and so we simply came in and quickly implemented a management-by-objective program and gave orders to the bureaucracy.

And boy, the special-interest groups squawked, but the career employees were so pleased to have someone tell them what to do that they did it. There are exceptions, but for the most part they are not philosophically biased.

I have selected a group of conservative people to staff this department, and we have been consistent with the Reagan philosophy. We have had an 18-month program to turn this department around and, candidly, we are far ahead of the program. I'm surprised at how rapidly we are moving.

I found that the programs that we deal with here were way out in left field. And our objective is to bring that pendulum down into the main line, where the intent of Congress was and the law is. We have had to make some decisions that could be interpreted as prodevelopment decisions, because indeed they are, but when you find everything in left field, you have to swing that pendulum more to the right. We've done that, and we're getting it where we needed to go, and the progress has been much more rapid than I expected it to be.

CD: Is that why there has been so much violent opposition, calls for your resignation and harsh rhetoric by environmentalist groups and political groups as well?

WATT. There has been a hostile reaction, but it has been by a very few people. We deal here, in the Department of Interior, with over 220 national special-interest groups. Of that number, fewer than 10 have come against me personally. And yet these groups have a special, almost cozy, relationship with the national media. If you just read what's written by the Washington press corps, you would feel that everybody in the environmental movement is against what we are doing. That is not the case at all. The groups that are opposing me personally, opposing my programs, are part of the 22 groups that in September 1980 opposed Ronald Reagan's election and came out for Carter.

It is important to note that they did two things: They came out for Carter and against Reagan. They campaigned aggressively against Reagan, and then when he was elected and appointed me, they all testified against me personally, and they have fought everything we have done.

Why did they do that? The reason is that these groups—and they are liberal groups, not real conservation groups—have lost their privileged access to positions of power in Washington. We have just shut the door. We told them: "You will have equal access with anybody else, and we are not going to give you the privileged keys to the front door, as you have had to the exclusion of everybody else." And they do not like it. I don't blame them. If you have privileged treatment, you hate to lose it.

And they have lost their special access not just to the Department of Interior, but also to the entire Reagan administration. Now they come in on an equal footing with everybody else, and they don't like it. They have also been able to raise a lot of money by trying to create a bogeyman, and they have enjoyed the headlines that they have gotten. But we have to believe as events unfold, the media will surely recognize what the truth is, and they will balance things out. If we didn't have that basic commitment to truth, we couldn't keep going.

CD: There has been much talk about leasing the Outer Continental Shelf for oil and gas drilling. What are the states saying? Are they for or against it?

WATT. The greatness of a nation is determined by how it manages its human resources and its natural resources. And President Reagan, through his revolution, has set a new priority for dealing with the human resources of America. The President has not addressed natural resources personally, but he has given me the charge to do so. We are to see to it that they are managed for the benefit of America so that we can retain a position of greatness and continue with that greatness. And in doing that, and in carrying out the mission of managing natural resources, you have to inventory and catalog to see what you have.

Now we have responsibility for over one-third of the surface of America. We don't know what amounts of strategic minerals we have. We don't have any idea how much energy we have—oil, gas or uranium. We have 1 billion acres of Outer Continental Shelf lands, and we don't know their value. We don't know the extent of their worth. And until we inventory and catalog those Outer Continental Shelf lands, we do not know the greatness or the potential greatness of America. So our first duty is to inventory and catalog the wealth of America so we can then make the allocation of resources to determine its greatness.

Now, we know from experience that there is great wealth in portions of the Gulf of Mexico, and the states of Florida, Alabama, Mississippi Louisiana and Texas are eager, extremely eager, to have us drill there. And, they do everything they can to get us to issue additional leases, because it stimulates the economy and creates jobs. It's good for America. And there is absolutely no degradation to the environment. It's failsafe.

In California, we have 3,507 wells drilled off the coast. This is a surprise to many, since Governor Brown acts as though drilling is a brand new intrusion. Three thousand of the 3,507 wells as drilled on state of California lands are within three miles from the shore. And great wealth has inured to the benefit of the state of California because of them. The other 507 well are off the coast of California beyond the 3 mile limit. So, California has benefited from the drilling. They encouraged it, and they continue to lease it. We've had one major spill in many years, in the Santa Barbara Channel off the coast of California. And now, within the last 90 days, California has commenced a process to allow drilling for oil and gas in the Santa Barbara Channel, and you don't hear a whisper about it.

So I suggest to you that the criticism and opposition to OCS development is not opposition to oil and gas activities, which are sought after in many years. There is no danger to the environment, as a practical matter. Opposition is political activity that has been carried out for different motives.

CD: What is the current status of your plan on these 1 billion acres in the Outer Continental Shelf?

WATT. What we are going to do is to pursue aggressively a program to allow those lands to be considered for lease in the next five years. Every one of those acres that is not needed for national defense or some other reason will be available for leasing. And we hope the government will be able to lease maybe 10 million acres a year to see what potential we have for oil and gas in those lands.

CD: Are you a part of the sagebrush rebellion, and if so, why?

WATT. The President and I call ourselves sagebrush rebels. We have done that because we believe that in America there should always be a spirit calling for freedom—a spirit that would defy the federal government's intruding on and abusing individual liberties.

In the last four years, this department managed the lands in an oppressive manner, without regard to state rights or governors or legislators or county governments or private users. They were so offensive in the arrogant way they managed this department that it caused the ranchers, miners, city folks, hunters and fishermen to just come unglued and fight that kind of Washington bureaucracy.

We have been here seven months now and have turned the department around. We have adopted a good neighbor policy. We have opened the lands up so people can go hunting and fishing, so they can enjoy the lands, so they can be used for the benefit of all Americans. And, as a consequence, the sagebrush rebellion is not a big issue anymore.

We have received phenomenal support from all the governors of the West with regard to this issue, with one exception—Jerry Brown. Most of these governors are Democrats, but they are fully supportive, because we have been so responsive to their needs. So, while I hope that there will always be this spirit of the sagebrush rebellion coming out of the hearts of anybody that will challenge Washington at any time, it is not now open warfare as it was in 1978–80. We've really defused it.

CD: You have been at the center of a political hurricane for seven months now. How do you relax, or don't you?

WATT. I haven't been able to yet. But my wife and I have got our kids back in college. They both go to Oral Roberts University. And we have tried to get away to the mountains. I spent a week in Alaska, and we are going west to have some time in Yellowstone and the Tetons. Just being with good people, I think, is the answer to finding a way to relax.

CD: Do you consider yourself a Westerner?

WATT. Very definitely. My heart's a Western heart. I was born and raised and educated there. There's a different attitude in Westerners—the desire for individuality and independence that I think can be snuffed out in other places.

CD: Would you recommend working in the federal government to your children?

WATT. Yes. Because government is to serve, and that's what we are to do, to serve one another. Government is to serve the individual, not to dictate or control that individual. And if people who are committed to service allow the government to be taken over by those who want to dominate, America loses its basic freedom.

Individual liberty, not government, should be the cornerstone of America. That's a challenge, and many people who are in Congress and the executive branch lose that perspective. And that's why the system has grown and become so all-encompassing and such a financial burden and wrong. And that is why President Reagan is changing, through a Reagan revolution, the goals and objectives of the federal system. Federalism is critical, for that reason.

CD: Do you have any regrets about having taken this job?

WATT. No. I have had to do what I've done and I have done it in the best way that I know how.●

CLARIFYING THE CURRENT STATUS OF SOCIAL SECURITY

HON. HAL DAUB

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. DAUB. Mr. Speaker, a great deal of confusion has surrounded the news of possible new social security financing. It has become a political football that some would use against the Reagan administration rather than to help provide solutions to the problems they helped to create. Four years ago, a Democrat controlled Congress promised that a huge payroll tax increase—$227 billion over 10 years—would keep the social security trust funds in the black, but the trust funds are already in trouble.

The social security funds are scheduled to go bankrupt in barely a year, but there is still no clear agreement on what will be done. On November 4 the Democratic-dominated House Ways and Means Committee killed a proposal for major long-term adjustments in the system that would have assured solvency for social security on a long-term basis.

These proposals were put forward by the Social Security Subcommittee Chairman, Democrat J. J. PICKLE and Republican BARBER CONABLE. Unfortunately, the vote in that committee was basically along party lines with the bill being rejected 18-14. In the uproar over the possible future changes in social security, many forget that the Democrats have suggested in the past that the retirement age for receiving full benefits be raised from 65 to 68 and the use of general revenue funds to bail the system out.

Even if the Pickle proposal had passed in committee, the House Speaker warned that he would never allow the bill to come to the House for a vote. With this type of attitude from the House leadership, it is obvious that they are willing to threaten the solvency of the social security system for political purposes.

Some people contend that interfund borrowing between the three trust funds for social security will keep the program solvent. In fact, all this will do is delay facing the real financial problems the system faces. Under the most optimistic economic conditions, interfund borrowing will avert a crisis until the 1990's; however, if unemployment continues to drain us of sufficient revenues and if the economy does not perform as well as is hoped, interfund borrowing could only be sufficient until 1984.

The result is that we are left with virtual guarantees that any cushion of revenue borrowing may provide in the short run will be used up by the time Congress is permitted by the House Democratic leadership to again consider long-term solutions. What this means is that any long-term solutions Congress may come up with at that time will, by necessity, be painful and abrupt, with no time to phase in any changes which may have to be made in the system's financial structure.

It is unfortunate that social security has become the partisan political issue that it has. The people to lose from this political toying with the system are the 36 million who now receive benefits and the 117 million people who pay taxes to support it.

The Democratic House leadership has not stated any valid reason for delaying these financing decisions. I would speculate that they are hoping to use it as a political issue in the next election and then blame the Republicans for the problems that they themselves created. I am fearful that this social security system will end up on the verge of bankruptcy and then we will be forced to take money from general revenues, thus making it a welfare program for the aging. This is something that both taxpayers and our older citizens do not want.

It is time that the Congress accepted its fiscal responsibility. The American people deserve better that they are receiving and they need assurance that the social security system will continue as an earned benefit program. The only way that this can be accomplished is if the entire Congress, in a bipartisan manner, works together to author a program that would put the social security program back on sound financial footing. No solution will be without sacrifice.

There are simple answers—just not easy ones. Either benefits must be changed, payroll taxes raised even further, or a combination of both. The administration's plan leaned more heavily to limiting benefits—particularly early retirement—while actually reducing the payroll tax. Because of its emphasis on benefit reductions; however, the plan was not well received. We must also consider that social security taxes have been raised by 840 percent since 1962 and may have reached the limit the public is willing to bear. For these reasons, the dilemma facing Congress is clear.

Hopefully, the House leadership will recognize its responsibility and allow social security financing bills to come to the floor for scrutiny, debate, and a vote. This is only fair to the constituents we all represent. Only then can we address the short- and long-term problems of the system, while at the same time keep faith with our retired Americans.●

CUTTING THE COAST GUARD BUDGET

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Ms. MIKULSKI. Mr. Speaker, I rise to voice my concern over the fact that the U.S. Coast Guard is currently facing an expansion of its statutory responsibilities and simultaneously a move to cut its budget and the number of people needed to carry out those responsibilities. We cannot logically expect the Coast Guard to discharge its duties safely and competently by reducing their already inadequate resources. Among these duties such as providing aids to navigation, insuring commercial and recreation vessel safety, and conducting search and rescue missions, we presently have a Coast Guard of brave men and women who are being asked to play a vital role in curtailing the epidemic rise in violent crime in this country.

Specifically, we are asking our Coast Guard to patrol our shores and to stem the flow of illegal drugs coming into this country from foreign sources. In essence, the Coast Guard is being asked to take on the immense task of combating this prime factor underlying the precipitous rise in violent crime—illicit trafficking in drugs.

The ultimate goal of the Coast Guard in this type of activity is to detect or deter 75 percent of the drugs smuggled into this country by sea. This goal is not realistic in the sense that it represents what the Coast Guard can do with its limited resources. Rather, it is the level of interdiction judged necessary to create a substantial negative economic impact on the drug smuggling industry as a whole.

According the Merchant Marine and Fisheries Committee oversight report on the U.S. Coast Guard, entitled "Semi Paratus," the overall additional cost associated with increased acquisition of equipment and increased operating time necessary to achieve the 75 percent goal is estimated by the Coast Guard to be $2.3 billion over a 10-year period.

While the current administration maintains that it is serious about launching a vigorous war on crime, it is gutting those resources necessary to carry out and win that war. Today we are voting on an authorization bill that underfunds this vital organization, and we face the prospect of even deeper cuts in Coast Guard resources. In this regard, Coast Guard Commandant John B. Hayes told the House Subcommittee on Coast Guard and Navigation, that if his agency were cut by 12 percent beyond the March budget proposal, it would have to halt its drive against drug smugglers.

If we plan to take a tough stance and declare war against the flow of drugs into this country and the attendant increase in violent crime, we must be prepared to adequately fund and equip those who risk their lives fighting this war.

Currently, due to the efforts of dedicated Coast Guard men and women, drug smuggling is a risky proposition. If we are to make this activity a no-win proposition, where admittedly the payoffs are substantial, we must make certain to fund adequately this vital organization.●

SCHOOL LUNCH PROGRAM

HON. FORTNEY H. (PETE) STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. STARK. Mr. Speaker, I would like to insert a letter I received from the clerk of the Hayward Unified School District Board of Education regarding cutbacks in the Federal school lunch program. A major concern facing Americans today is the well-being of our children. The Reagan administration budget forgot this priority and made a huge cut in child nutrition programs. The impact of these cuts is clearly spelled out in Ms. Gail Bunker's letter which follows:

As a member of Congress in the Bay Area, we thought you would be interested in the impact on our school district of cutbacks in the federal school lunch program. Although we have not decreased the size of portions nor compromised on nutrition, we have found it necessary to increase prices for our youngsters. In our experience, participation declines approximately one percent for each penny of price increase. In September of this year, participation declined 5 percent and, so far in October, we have experienced a decline of 18 percent in the total lunch count per day as compared to last year's figures. As you no doubt realize, declining participation by those able to pay threatens the very existence of the program.

We in Hayward are committed to providing nutritious meals to needy pupils and recognize the necessity of adequate nutrition for learning. At the same time, we are aware of pressure to keep shrinking resources in the classroom. We strongly urge you to continue to oppose cutbacks in federal education dollars, particularly in this necessary program.

Thank you for your continuing commitment to public education and for your able representation.●

SOME THOUGHTS ON EXPANDING PRIVATE SOCIAL SERVICES

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. GINGRICH. Mr. Speaker, in response to President Reagan's call for expanded volunteer efforts to meet our country's social needs, the editor of the Lutheran magazine, Mr. Walter A. Kortrey, has written a thoughtful and thought-provoking editorial on the subject. I commend Mr. Kortrey for his support for greater private initiatives. At this time, I wish to insert in the RECORD his editorial which appeared in the Lutheran of October 21, 1981.

The editorial follows:

SUPPLY-SIDE GIVING AND CARING

(By Walter A. Kortrey)

The letters that some readers write—the "vibrations" in many congregations and the pulse readings from pastors lead to an almost certain conclusion:—A substantial majority of Lutherans in the United States approve the budget cuts in social services resulting from the "supply-side" economic policy of the Reagan administration.

Are we equally supportive of the President's call for greater volunteer efforts and more personal financial sacrifice in behalf of local social services and human welfare programs?

In his televised address to the nation in September Reagan said, "We are launching a nationwide effort to encourage our citizens to join us in finding where need exists and then to organize volunteer programs to meet that need."

The need to which the President alluded is plain to see, as Floramae Geiser discovered in her interviews with Lutheran social services workers. The needs of people, especially at the low income level, are becoming more apparent every day as cuts in social services take effect.

A sheltered workshop for retarded youth and adults loses its funding. Productive work contracted by local industry is suspended and a young retarded person's sense of worth and responsibility is set back beyond recall.

A single, working mother in a low-income job is no longer entitled to food stamps or Medicare. Her local, low-cost child-care center closes down for lack of Comprehensive Employment Training Act (CETA) funding. Together these benefits made it possible for her to remain employed and feel truly needed. Her only alternative now is to quit working and become one of the truly needy on the stigmatized welfare roll.

Some of the needs of people will continue to be cared for through block grants and state-funded programs. As Reagan has said, "Government must continue to do its share, but I ask all of you as private citizens to join this effort too."

Most Lutherans will likely respond with enthusiastic affirmation. But we should recognize at the outset what the President's call really means. Such "supply-side benevolence" demands more than a 1 percent increase in each family's giving to the church. It calls for much more than an hour or two of unpaid busy work in the church basement. This stewardship program requires sacrificial giving and innovative volunteer efforts from individual members and congregations as a whole.

Are those of us who are now investing funds in tax-sheltered, high-interest savings accounts willing to put some of our money into services for poor people of our own communities?

Is every salaried worker among us willing to give each month's tax reduction, as small as it may seem, directly to the work of social services?

Will those who are employers consider the establishment of an employee-sharing program in which an employee is loaned at full pay to some special community service for six months or a year?

Are we ready to open our church and parish buildings to infant day-care, teen drug and emergency food supply centers?

Can we make church-owned properties available for temporary housing for displaced families and homeless vagrants?

Are we willing to enlist the whole congregation in social service work, joining with others in the community in the care of the poor and troubled?

Can the church fill the budget gap with supply-side compassion? Are we able? Perhaps it is too much to ask. But we must be willing to try, for if any have this world's goods and see brothers and sisters in need, yet close their hearts against them, how does God's love abide in them? Let us not love in word or speech or political rhetoric, but in deed and in truth.●

IN RECOGNITION OF SIOUX FALLS

HON. CLINT ROBERTS

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. ROBERTS of South Dakota. Mr. Speaker, the city of Sioux Falls, S. Dak., was recently awarded the second

place Clean Community System National Award from Keep America Beautiful. This is a great honor for my State's largest city, and I commend the efforts of the residents of Sioux Falls in keeping their city clean, uncongested, and environmentally safe. Sioux Falls should serve as an example to all other cities in the clean community program, and I ask my colleagues here today to join me in congratulating Sioux Falls on the this great honor.●

UNEMPLOYMENT REMAINS HIGH IN THE NORTHWEST

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BONKER. Mr. Speaker, I have just received the unemployment statistics from the State of Washington for the month of October, and the picture is bleak.

There are eight counties in the third district, which I represent, suffering from double-digit unemployment. Here are some figures for counties which I represent: Clallam, 15.7 percent; Clark, 8.5 percent; Cowlitz, 13.5 percent; Grays Harbor, 14.1 percent; Jefferson, 10.4 percent; Pacific, 13.9 percent; Mason, 15.9 percent; Lewis, 13.3 percent; Thurston, 10.6 percent; and Wahkiakum, 9.7 percent.

These depressing statistics are the direct result of the economic policy pursued by this administration which relies on high interest rates to curb inflation. The third district is heavily dependent on the wood products industry. A policy of high interest rates has a devasting effect on homebuilding—in turn, the wood products industry suffers.

The Western Wood Products Association has reported that 22,199 of the West's 102,000 sawmill employees—some 22 percent—were out of work as of November 20 because of poor market conditions. That is an increase in unemployment of 21 percent over the previous week.

An additional 40,306 workers, or 40 percent of the work force, had curtailed shifts. That compares with 33 percent the previous week.

The Association's survey showed that 222 of the 756 sawmills in 12 Western States were closed in the week of November 16-21, 10 more than during the preceding week. An additional 267 reported curtailed operations.

In Washington State, 4,378 of 20,218 sawmill workers were off the job and some 50 of 170 mills were closed.

Mr. Speaker, these figures demonstrate that the problem is not localized to the third district. It is affecting the entire West. We cannot allow the continuation of a policy that comes at the expense of an entire region of our Nation.●

PERCY L. GREAVES, JR., ON THE DAY OF INFAMY—PART II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. McDONALD. Mr. Speaker, yesterday I offered for the benefit of my colleagues and historians pursuing the truth, the first part of Mr. Greaves article on Pearl Harbor from the original manuscript, the edited version of which, later appeared in National Review on December 13, 1966. Today, I offer the conclusion of that manuscript. I think it fitting to raise the question 40 years after Pearl Harbor: Is it not ironic that today, both economically and militarily, our generation and generations to come, are paying both in lives and property, for the deliberate and calculated plans of so-called American leaders who made the "Day of Infamy" a sad chapter in the history of our Nation? Mr. Greaves conclusion follows:

THE DAY OF INFAMY—PART II

Actually, of course, the contest for China, for more than half a century, had been between the Western ideas of Japan and the Communist ideas of the Soviet Union. We decided China's future as early as June 1940 when we decided on war against Japan. Yet the Admiral tells us, "The administration and the heads of the armed forces, as we have seen, were doing their best to prevent or postpone a war with Japan. Roosevelt even sent a personal appeal to Hirohito on the evening of 6 December."

It is true that General Marshall and Admiral Stark did warn the President not to send Japan an ultimatum before we were ready. However, the President rejected there advice and sent an ultimatum on November 26th. Roosevelt's message to Hirohito was sent only after FDR has been alerted that the Japanese message which meant war was already on its way. The message to Hirohito was one for the record, after he knew there was no hope for peace.

Speaking of the decoded Japanese messages, the Admiral states: "the recipient, without taking notes, had to read these signals in the presence of the messenger, who returned them to Army or Navy Intelligence Office, where all copies but one were burned." Actually, of course, there was nothing to prevent these officials from making notes. At least one did. The so-called "messenger" was a top Army or Navy Intelligence officer who stood ready to supply any background or further explanation requested. On this point, the Intelligence Admiral in charge of these intercepts testified: "They might hold the book as long as they wished, or send for it to come back again, but in the interest of security, we did not like to send out individual copies for retention." Any neglect of these important messages by any recipient was a sign of rank incompetency.

On at least one occasion, early in 1941, the State Department was permitted to retain a copy of a message. This was when Under Secretary Sumner Welles informed the Soviet Embassy of a decoded message indicating Germany's intention to invade Russia. There are indications that a German spy in the Russian Embassy reported this information to Berlin. Shortly afterward, we decoded a message from Berlin to Tokyo indicating that we had read the Japanese message. Fortunately, the Japanese continued to use the PURPLE code all through the war and we continued to read Japanese messages right up to V.J. Day.

When the Admiral states that "all copies but one were burned," he is in serious error. Normally, four copies were kept—two in the Army files and two in the Navy files. In each case one set was filed by the Japanese serial number and another by the serial number assigned it by the Service filing it.

There are strong indications that copies of some of these intercepted messages were ordered to be destroyed shortly after December 7, 1941. They were missing from the files when sought in December 1943. Fortunately for the cause of truth a set was located and they were replaced in both the Navy and Army files.

When Secretary of the Navy Knox flew to Pearl Harbor on December 8, 1941, Under Secretary Forrestal became Acting Secretary of the Navy. Up to this point Forrestal had been chiefly concerned with production and had not been in on the intercepted Japanese messages. He requested and was brought a set of the key messages and apparently had them in his possession when file copies were destroyed. This set was later located in a Navy safe by an officer who duplicated them, placing copies in the proper files.

Here again, one could go on citing errors or omissions, but it would serve little purpose. What cannot be denied is that the Administration was responsible for the policies which took us into war contrary to the desires of the American people. That this was done stealthily is now admitted by even the Administration's henchmen.

After years spent studying the available information, the writer finds it clearly evident that the three men most responsible for the policies and programs which led to war and the heavy loss of life at Pearl Harbor were Secretary Henry L. Stimson, President Franklin D. Roosevelt, and his Chief of Staff, General George C. Marshall.

Mr. Stimson comes into the picture first. As President Taft's Secretary of War (1911-1913), he opposed Philippine independence. His intense opposition to independence led him to stress the possible Japanese conquest of a liberated Philippine Islands. He thus early adopted a deep anti-Japanese conviction. In 1926, he visited the Islands and, in 1928, was appointed the Governor General of the Philippines before becoming President Hoover's Secretary of State in 1929. Over the years, he devoted his efforts, with the help of Frank McCoy, to keeping the United States in the Orient as an opponent of Japan.

Japan was an island empire that operated largely like a factory. She imported food and raw materials for her teeming millions while exporting cheap finished goods to the mainland of Asia, primarily China. For decades, she strove to develop Manchuria and Northern China industrially by bringing a western form of civilization to that area. The Chinese poured into the Japanese-developed areas, largely to get away from the marauding war lords of central China.

Japan's leaders were divided. At home, there was a peace party and a war party—but Japan's main problem was the opposition of the Soviet Union. Communist infiltration and anti-capitalistic propaganda were difficult to overcome.

When, in 1931, Japan attempted to protect her Manchurian interests against the lawless activities of Communist-incited Chinese, Mr. Stimson, as Secretary of State, demanded American sanctions against Japan. President Hoover refused, saying sanctions meant war and the United States would not go to war over China. Secretary Stimson was no more successful in selling his policies to Great Britain. However, as noted above, General McCoy did help him sell these policies to the League of Nations, forcing Japan to face the Soviet Union alone in the Far East.

During the interregnum between the 1932 election and the March 4, 1933, inauguration, Mr. Stimson twice visited President-elect Roosevelt and had little difficulty in selling the President to be his anti-Japanese pro-Soviet policy. He did this despite the bitterness between the outgoing and incoming Presidents. Mr. Stimson, then retired to the sidelines until President Roosevelt, knowing his anti-Japanese feelings, appointed him Secretary of War in June 1940. In this position he advocated increasingly strong economic measures against Japan until finally, on July 28, 1941, all Japanese assets in the United States were frozen. He opposed all meaningful negotiations with the Japanese.

On November 25, 1941, he noted, "The question was how we should maneuver them into the position of firing the first shot without allowing too much danger to ourselves." Two days later, as mentioned below, he botched up the warning message to General Short, signing it "Marshall." As noted above, he played a role with the Roberts Commission. Still later, he tried to overturn the findings of the Army Pearl Harbor Board.

Franklin D. Roosevelt, as chief executive and Commander-in-Chief, has to take full responsibility for the measures that led to war and our lack of preparation for Pearl Harbor. His New Deal had not eliminated the unemployment which, by the end of 1938, was still close to ten millions. It was the war in Europe which put our men back to work at wages which New Deal laws permitted labor unions to demand but which American consumers could not or would not pay. However, our neutrality laws specified that the warring nations must pay "cash and carry" the goods they wanted.

On March 12, 1940, the President, at a White House conference discussing French and British demands for war materiel, stated, "These foreign orders mean prosperity in this country and we can't elect a Democratic Party unless we get prosperity and these orders are of the greatest importance. . . . Let's be perfectly frank." The Cabinet member noting this statement, added, "And he's right."

In June 1940, France fell. By this time England's gold was pretty well committed. If something was not soon done to keep the orders coming, millions of Americans would again be out of work.

The President then decided to run for an unprecedented third term. He invited two Republicans, Messrs. Stimson and Knox, to join his Cabinet. He urged aid for China and economic measures against Japan that would put that country into an economic straitjacket, from which her only escape was war or surrender. As time pressed, he decided on the "destroyer deal" to keep England afloat until after the election.

While the President was telling the electorate he was going to keep us out of war, his aides were telling Britain to be patient, her needs for more help would be met—but not until after Election Day. Not long after the votes were counted, the President announced what later became known as the Lend-Lease program. Congress enacted it and torpedoed our neutrality law with its "cash and carry" precautions.

Prosperity, the New Deal and the Democratic Party were saved.

Navy officials, with orders to shoot, reasoned that we were committed to war. If Congress wanted our "allies" to have this materiel it must be the Navy's duty to see that it reached them safely. Hitler's Navy was ordered not to shoot back. So we further tightened our sanctions against Japan until that nation had to sink or fight. The policies that produced this result were those sponsored and sought by Franklin D. Roosevelt.

Despite many Administration attempts to cover up the fact, the legal responsibility of General George C. Marshall for the actual losses at Pearl Harbor is quite clear. However, on his behalf it must be said that he knew that if he did not follow the wishes of his Commander-in-Chief, Franklin D. Roosevelt, he was through. He felt his allegiance was to the President and Commander-in-Chief. For him, Roosevelt was the United States government.

It must also be said that on several occasions Marshall joined the Chief of Naval Operations, Admiral Stark, in requesting the President send no ultimatum to Japan. They felt we could not be ready for war until February or March 1942. By that time they expected we would have sufficient B-17 bombers in the Philippines to defend the islands and to resist any movement of the Japanese to the south.

Then too, as Marshall and Stark told FDR, "War with Japan certainly will interrupt our transport of supplies to Siberia and probably will interrupt the process of aiding China." After consultation with each other, United States, British and Dutch authorities in the Far East agreed that joint military counteraction against Japan should be undertaken only in case Japan attacks or directly threatens United States, British or Dutch territories.

Our Intelligence knew that Japan needed oil badly and, if not permitted to buy it, must move to the Dutch East Indies to get it. In fact, our Intelligence people constructed and furnished the President a Japanese war schedule based on her need for various strategic materials.

The Army's responsibilities for Pearl Harbor were summed up by an Army General on October 31, 1941: "The mission of the Army on Oahu is to defend the Pearl Harbor Naval Base against all attacks by an enemy. The contribution to be made by the Hawaiian (Army) Air Force in carrying out this mission is: (1) to search for and destroy enemy surface craft within radius of action by bombardment aviation. (2) to detect, intercept and destroy enemy aircraft in the vicinity of Oahu by pursuit aviation."

At that time Lt. Gen. Short was in charge at Fort Shafter, Oahu. Through no fault of his, he did not have the planes or other materiel needed to defend the fleet. His immediate superior was General George C. Marshall, who passed on materiel sent the British, Chinese and Russians and who, in turn, reported to the Commander-in-Chief Franklin D. Roosevelt. Mr. Stimson, the Secretary of War, was not in the chain of command and knew little of the Army's responsibilities and capabilities.

Late in November 1941, on the plea of Marshall and Stark, a modus vivendi proposal was drafted for submission to Japan. It was a stop-gap measure to gain time while we got better prepared. It provided for three months of normal trade with Japan while negotiations continued. It had been approved by our "war cabinet" as well as most of our "Associated Powers." The first thing on November 27th, Mr. Stimson phoned Secretary of State Hull and learned, to his surprise, that the modus vivendi had been killed. Instead, an ultimatum had been sent to Japan placing the matter in the hands of the Army and Navy. He immediately called the White House and FDR confirmed the fact. Apparently, the decision not to send the modus vivendi was the result of a November 25th message from Owen Lattimore to Lauchlin Currie. Lattimore was then the American advisor to Chiang Kai Shek in China, and Laughlin Currie was an Administrative Assistant to the President. Lattimore felt Currie "should urgently advise the President" that a modus vivendi would undermine Chinese trust in America.

With this information confirmed and General Marshall out of town, Mr. Stimson got together with Admiral Stark and Marshall's chief of War Plans to draft a message to General MacArthur in the Philippines. Similar messages were also sent the Commanding Generals at the Canal Zone, West Coast and Hawaii. The one to General Short follows:

"Negotiations with Japan appear to be terminated to all practical purposes with only the barest possibilities that the Japanese Government might come back and offer to continue. Japanese future action unpredictable but hostile action possible at any moment. If hostilities cannot, repeat cannot, be avoided the United States desires that Japan commit the first overt act. This policy should not, repeat not, be construed as restricting you to a course of action that might jeopardize your defense. Prior to hostile Japanese action you are directed to undertake such reconnaissance and other measures as you deem necessary but these measures should be carried out so as not, repeat not, to alarm civilian population or disclose intent. Report measures taken. Should hostilities occur you will carry out the tasks assigned in Rainbow five so far as they pertain to Japan. Limit dissemination of this highly secret information to minimum essential officers."—Marshall

This is the famous "Do-Don't" message. Note that it was signed "Marshall," not "Stimson." Note also it asks Short to undertake "such reconnaissance" as he deemed "necessary." Actually, he did not have the planes to undertake reconnaissance because all available B-17s not given to the "Associated Powers" were being sent on to the Philippines. General Marshall knew this. Perhaps Mr. Stimson did not. Note also that it says, "Report measures taken."

Upon receipt of this message, General Short called a staff meeting before wiring back to Washington that afternoon:

"Report Department alerted to prevent sabotage. Liaison with Navy reurad four seven two twenty seventh."—Short

This reply was received in Washington on the morning of November 28th. It was initialed by Stimson and rubber-stamped by George C. Marshall.

Army rules and regulations, as promulgated by General Marshall, stated specifically that when a lower officer, on receipt of a communication, reports to his superior the measures taken, and the superior considers these measures incorrect or insufficient, it is then the duty of the superior officer to order a correction. Up until the time of the attack, General Marshall made no change in or comment on the sabotage alert.

The sabotage alert was designed to protect the Army installations from the large local Japanese population. For easy guarding, it provides for bunching the planes, tip to tip, and putting anti-aircraft ammunition underground. These were the conditions that existed at the time of the attack. This created a time-consuming process for getting planes into the air and firing the anti-aircraft guns. This alert was filed with and known to George C. Marshall, and it was his responsibility that it was never changed.

On behalf of General Short it should be pointed out that the next message from Washington, sent Army Intelligence, Hawaii, read:

Japanese negotiations have come to practical stalemate Stop Hostilities may ensue Stop Subversive activities may be expected Stop Inform Commanding General and Chief of Staff only MILES.

The following day, November 28, the Army Air Commander, General Hap Arnold, wired General Short:

"Attention Commanding General Hawaiian Air Force. That instructions substantially as follows be issued to all establishments and units under your control and command is desired: against those subversive activities within the field of investigative responsibility of the War Department (see paragraph three mid SR three zero dash five) the present critical situation demands that all precautions be taken at once. It is desired also that all additional measures necessary be initiated by you immediately to provide the following: protection of your personnel against subversive propaganda, protection of all activities against espionage, and protection against sabotage of your equipment, property and establishments. This does not repeat not authorize any illegal measures. Avoiding unnecessary alarm and publicity protective measure should be confined to those essential to security. It is also desired that on or before December five this year reports be submitted to the Chief Army Forces of all steps initiated by you to comply with these instructions."—Arnold

General Short understandably took these messages as confirmation that he was on the right alert. If he was not, Marshall should have said so. As the Army Manual states, "The Commander alone is responsible. . . . He cannot shift this responsibility to his staff or to subordinate commanders."

Much, much more could be written, but space does not permit. The story of Pearl Harbor is important today because it illustrates that those in political power tell the American public only what they want them to hear. The realities behind the scene are often far, far different. Men in political office are human beings like everyone else, subject to all the frailties of men—one of which is the desire to hide their mistakes. It is thus only human that politicians will use all the powers at their command to keep their mistakes from being made public.

The answer to this ever-growing problem is (1) reduce the power of the politicians, and (2) create an ever-alert opposition seeking to expose the errors of those in power. Every time a new party assumes office, it should conduct a thorough investigation of the previous administration, exposing all its errors to wide publicity. This might make those in power more cautious whenever they were tempted to abuse their power.

Unfortunately, President Eisenhower vetoed a Congressional investigation of the whole New Deal and the actions which took us into World War II. Thus, the errors of the Roosevelt Administration have never been properly exposed to the full glare of publicity. As a result, most Americans know only the apple-polishing reports of the "court historians" who live at the public trough, keeping pertinent information from "revisionists" seeking the whole unvarnished truth.●

THE REFUGEE PROBLEM THAT FACES OUR NATION

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. IRELAND. Mr. Speaker, I would like to bring the following editorial from KCMO radio in Kansas City, Mo., to the attention of my colleagues. I, too, would like to commend Congressman SKELTON for his efforts in helping to solve the refugee problem that faces our Nation.

MISSOURI CONGRESSMAN IKE SKELTON HAS THE RIGHT IDEA ABOUT THE REFUGEE PROBLEM IN THE UNITED STATES

Missouri Congressman Ike Skelton has brought to KCMO Radio's attention that U.S. Secretary of State Alexander Haig has not replied to an offer made by the government of Belize in January that it would welcome 1,000 refugees from Haiti and 1,000 from Vietnam to their country as long as they are willing to farm. Belize is a small country squished in between Guatemala and Mexico's Yucatan Peninsula. Belize won its independence from Britain on March 11th of this year. The country has three million acres of idle land and a population of only 145,000. The government of Belize is looking for farmers and pioneers to till the good, but untended land. Congressman Skelton says, "The United States has a serious refugee problem. We can't afford to sit on creative solutions. Good faith efforts, such as that offered by Belize, should be encouraged and recognized by the state department." KCMO Radio agrees. Refugees from Haiti have been streaming into the U.S. at a rate exceeding 1,000 per month and it is estimated that nearly 50,000 Haitians are now here illegally. And this past September alone, about 20,000 refugees from Southeast Asia entered the United States. Skelton's letter to Haig dated October 20th is cosigned by Congressman Wendell Bailey of Missouri, Larry Winn, Jr. of Kansas and eleven other U.S. Congressmen.

KCMO News/Talk 81 commends Congressman Ike Skelton and his fellow members of Congress for this action. We hope Secretary Haig will respond and will act positively to the Belize idea.

Reply comments are invited. Please direct them to: Editorial Director, KCMO Radio, 4500 Johnson Drive, Fairway, Kansas 66205.●

TRIBUTE TO GERALD SMITH

HON. JAMES A. COURTER

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. COURTER. Mr. Speaker, Police Chief Gerald Smith is retiring after 26 years of service to Roxbury Township. His friends and fellow policemen at Roxbury Police Department have asked that I say a few words to honor Chief Smith for his service to the community and for his dedication to duty.

Mr. Speaker, I am very pleased to have the opportunity to recognize this devoted and public-spirited civil servant.

After completing his tour of duty with the Armed Guard during World War II, Chief Smith returned to finish school and to marry his lovely wife, the former Rosalie Fetcho. Together, they moved from Pennsylvania to their present home in Roxbury Township, N.J., in 1951.

In 1955, Chief Smith joined the Roxbury Township Police Department, and after completing the training program, he was instated as a patrolman on September 15, 1955. During his distinguished career with the police force, Gerald Smith was promoted through the ranks of sergeant, lieutenant, captain, and finally to chief of police on January 1, 1978. Chief Smith is both respected and admired by his fellow officers. And, from all reports, Chief Smith was an effective and incisive administrator of the force.

Chief Smith is one of nine members of the Juvenile Conference Committee, a community institution for 20 years, which hears first offense cases of juveniles. The committee has the authority to take minor disciplinary action against most offenders as a deterrent to further violations of law.

As a member of the Roxbury Rotary Club and the recipient of the 1977 Roxbury Township Man of the Year Award, Chief Smith has contributed a great deal to the benefit of the community. It is with much pride that we commend Chief Smith upon his retirement from the Roxbury Township Police Department and we wish him well in the years ahead.●

LOSS OF CROPLAND TO AGRICULTURE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BROWN of California. Mr. Speaker, the loss of cropland to agriculture is of great concern to me. In a recent trip to my district in southern California, I had an opportunity to

meet with local groups actively involved in developing a program to preserve as much of the remaining agricultural land as possible. These people are not hesitant in their actions. Their sense of purpose is well grounded in reason and fact, and is widely shared throughout the community.

There is a simmering debate underway here in Washington over whether agricultural land conversion is a problem. This debate puzzles my constituents, although they have decided, in my judgment correctly, that the Federal Government's difficulties in making up its collective mind is not relevant to their efforts to protect farmland.

I would like to share with my colleagues two recent articles in the Los Angeles Times and Des Moines Register describing the lack of unanimity within the Reagan administration with regard to a Federal response to agricultural land conversion. After the articles, I include one of the White House memoranda referred to in the articles.

[From the Des Moines Register, Oct. 22, 1981]

HUD TRIES TO BLOCK CROPLAND-SAVING ORDER

(By George Anthan)

WASHINGTON, D.C.—Officials at the Department of Housing and Urban Development (HUD), which helps finance many land-gobbling housing and commerical developments, have been campaigning to block a presidential order designed to help save prime cropland.

Robert Gray, former director of the National Agricultural Lands Study (NALS) and now an official at the American Farmland Trust, and officials at the U.S. Department of Agriculture (USDA) say the efforts to derail the land preservation order are being led by Donald Hovde, a HUD undersecretary, and E. S. Savas, an assistant secretary.

Neither HUD official could be reached for comment. White House officials confirmed that HUD had "expressed reservations" over the proposed order, championed by Agriculture Secretary John Block.

HUD has been identified by the USDA and by other government studies as contributing to the steady drain of prime farmland to urban and other uses.

Block proposed last spring that President Reagan issue an executive order under which all federal agencies would be required to take potential land losses into account in pursuing their various activities. The USDA would be responsible for monitoring the performance of other departments.

BLOCK QUIZZED

The issue came up for discussion at a Cabinet council meeting on Sept. 10, and, by various accounts, Block was peppered with questions and criticisms, for which he was unprepared, by HUD officials and Martin Anderson, Reagan's domestic adviser.

Presidential orders in the Reagan administration go through a Cabinet screening process, starting with consideration by a Cabinet council—a sort of subcommittee of Cabinet members. It is at that stage, apparently, that HUD officials intend to block the land preservation order.

At the USDA, officials said Block will continue to press for the order, and that he will be more fully briefed before facing members of the Cabinet and their staff aides again.

The Cabinet council on food and agriculture, which includes Block, Secretary of State Alexander Haig and Commerce Secretary Malcolm Baldrige, had been sent a memorandum by its executive secretary, John McClaughry, outlining the pros and cons of a land preservation order.

NONFARM USES

The report notes that the recent NALS study showed the United States is losing some 3 million acres of land each year to non-farm uses, including 1 million acres of prime land.

"Federally assisted projects for housing, roads, water resource development, sewage treatment and other public works have contributed to conversion of agricultural land, not only because of the farmland that is actually used for such projects, but also because of the additional development that usually accompanies major public works programs," the White House memo says.

And the NALS report, for example, identified 90 federal programs that reduce availability of agricultural land.

"Those who manage these programs," the White House memo adds, "are not always aware of the consequences associated with the loss of agricultural land."

The memorandum, in listing the pros and cons of various actions, says that continuing a policy of non-involvement "implies administration's acceptance of market as last allocator of resources, puts burden of creating governmentwide agricultural land policy on Congress, avoids creation of new paperwork and administrative burdens, relieves fears of increased federal involvement in land use controls." This is under the "pro" category, arguing against an executive order.

But the memo also says that failure to act "could be viewed a administration's lack of interest in this issue" and that "administration will have to act anyway in response to Congress, better to seize the initiative."

The memo suggests that administration opposition to prime land preservation "would be poorly received by farm leadership in Congress" and would "fly in the face of broad support." Further, the memorandum says, opposition "would be adduced as more evidence of administration's anti-environmental policy."

PAST EFFORTS

The Agriculture Department began focusing on the land-loss issue in 1976, when former Secretary Earl Butz urged all other Federal agencies to use prime land only when no suitable alternative site was available. Former Secretary Bob Bergland in 1978 directed all USDA officials to avoid proposing or assisting activities likely to cause the loss of prime land.

Also in 1978, the USDA and the Council on Environmental Quality, along with 10 other federal agencies, established the National Agricultural Lands Study, which spent 18 months and $2.1 million examining the problem.

TEXAS EXAMPLE

The NALS provided details on how HUD policies have led to destruction of prime land, citing Harris County, Texas, as an example.

Harris County, which includes fast-growing Houston, covers 1.2 million acres, but fewer than 500,000 of these acres are in agricultural production.

In 1978, HUD participated financially in subdivisions that covered 13,000 acres, mostly prime. In 1979, HUD provided assistance to developments that converted 11,300 acres of prime food-producing land, and in 1980, three new HUD-backed subdivisions covered 4,786 acres of top-rated land.

David Myers, Harris County's soil conservationist, estimates that 80 percent of the remaining prime farmland in Harris County is owned or controlled by developers and land speculators.

HUD's involvement in the Harris County developments came despite charges from the Texas Department of Agriculture, the Texas State Soil and Water Conservation Board, the Texas Department of Water Resources and the USDA's Soil Conservation Service that the federal agency had not taken the land-loss issue into account.

HUD now is considering financial participation in Atlanta Suburbia Estates, a development of 14,000 housing units and covering 2,500 acres of prime farmland near Atlanta, Ga.

HUD contends the issue of prime farmland retention is not significant because the area of the subdivision already is owned by the developer and "it is unlikely that any of this land will ever be available for future agricultural use."

"This is a self-fulfilling prophecy if I ever heard one," responds Douglas Wheeler, also of the American Farmland Trust, a private organization that is trying to raise money to aid farmers who want to continue farming in areas where developers are paying high prices for land.

A summary of HUD's environmental impact statement about the development says the agency is "concerned about the significant amount of prime farmland that is lost nationwide each year." But the summary adds, "Unfortunately, HUD, like most federal agencies, is not mandated to protect prime farm lands."

TRULY AMAZING

Wheeler calls the HUD statement "truly amazing in its ignorance of the issue."

HUD officials participated in the NALS project, and Gray, the study's director, said agency representatives provided evidence that their department had contributed to urban sprawl and loss of farmland through involvement in rural developments that emphasized construction of single houses on large lots.

"Now, they take the tack that an executive order isn't needed and that their involvement is minimal," Gray said.

Senator Mark Hatfield (Rep., Ore.) has written to HUD Secretary Samuel Pierce saying the agency's stand on land losses is "distressing to me" and pointing out that the Senate Appropriations Committee, which he heads, has directed HUD to take steps to "reduce the trend of agricultural land conversion."

Pierce had replied to Hatfield that his department believes "it is important to establish a reasonable balance between agricultural and development goals" and that he prefers to "monitor the conversion issue carefully over the next few years."

[From the Los Angeles Times, Nov. 3, 1981]

FARMLAND PROTECTION PROPOSAL DIVIDES CABINET DEPARTMENTS; HUD HITS FREE MARKET RESTRAINTS

(By Larry Green and Lee May)

WASHINGTON.—An executive order proposed by the Agriculture Department as an effort to protect the nation's farmland is being opposed by the Department of Hous-

ing and Urban Development as a shackle on the free market.

The two Cabinet-level departments are in conflict on an order under which all federal agencies would be required to help protect agricultural land from conservation to other uses.

The proposed order is under review by an inter-agency Cabinet council, which includes HUD and the Agriculture Department. The proposal would add considerable weight to farmland-preservation provisions in a farm bill now before Congress.

The ditch that the proposal ploughs between Reagan Administration officials reveals the broader, deep-rooted conflict between urban and rural interests—between growers and builders.

PROGRAMS REDUCE FARMLAND

Earlier this year, the National Agricultural Lands Study, reporting on an inquiry ordered by former President Jimmy Carter, identified 90 federal programs that "reduce the availability of land for agricultural production." Singling out HUD, the report said the agency's programs had, for example contributed to the conversion of 29,000 acres of prime agricultural land from 1978 to 1980 in just one Texas county.

But in an internal memo prepared for its policy and research division HUD called the lands study "parochial" and said it offered "doomsday scenarios." HUD asserted that it "is concerned about the significant amount of prime farmland that is lost nationwide each year." But it added, "unfortunately HUD, like most other agencies, is not mandated to protect farmlands."

The order HUD is opposing would direct all federal agencies that finance or assist in construction and improvement projects to administer such programs so they "will not encourage the unnecessary and irreversible conversion of important farmland to nonagricultural uses." The Agricultural Department would monitor the agencies' compliance with the order.

Peter Ferrara, an official in HUD's development and research division, called the proposal "intervention in the marketplace. The market ought to be allocating the use of land." Ferrara added that there is "an awful lot of sentiment" within the Administration for that view.

Steve H. Hanke, senior economist in the President's Council of Economic Advisers, backed the HUD position, calling the Agricultural Lands Study "technically unsound."

However, Robert G. Halstead, a soil conservation service official at the Agricultural Department, said his agency is "committed" to gaining approval of the executive order. "We're trying to prevent a crisis," he said.

The dispute over the proposed order reached outside the cabinet when Sen. Mark O. Hatfield (R-Ore.) wrote HUD Secretary Samuel R. Pierce saying it was "distressing" to see HUD's opposition to the land study. Hatfield urged Pierce to help "protect this vital natural and strategic resource."

HOUSING A COMPELLING PRIORITY

Pierce wrote back, saying, "There are some circumstances in which the need for housing is a compelling priority, even if it results in the conversion of agricultural land." He added that he would rather see the land conversion issue monitored "over the next few years" to determine whether an executive order is needed.

Several sources on both sides of the controversy said they believed the Administration may drop the proposed order after Congress acts on the farm bill. That legislation, for the first time ever, calls on all federal agencies "to take steps to assure that the actions of the federal government do not cause U.S. agricultural land to be irreversibly converted to nonagricultural uses."

FOOD AND AGRICULTURE CABINET COUNCIL SECRETARIAT MEETING

Present: Steve Holloway, Commerce; Doug Reichley, DOT; Mike Kane, CEQ; Emily De Rocco, Interior; Ray Lett, USDA; Bob Halstead, USDA; Peter Ferrara, HUD; Bill Niskanen, CEA; Bill Hedeman, EPA; Ron Landis, OMB; John McClaughry, OPD; Burleigh Leonard, OPD.

Leonard summarized the changes proposed to tighten up the draft executive order prepared by OPD. Changes are as follows:

1. Coverage of executive order extends only to important farmland rather than to agricultural land;

2. Prospective federal actions affected by executive order are restricted to those that involve (a) undertaking, financing, or assisting construction and improvement projects; and (b) acquiring, managing, and disposing of federal lands and facilities. Permit and licenses issued by federal agencies are not included under the executive order;

3. USDA's responsibility under the executive order is limited to establishing criteria—rather than procedures—for identifying effects of federal programs on preservation of farmland.

4. In carrying out the provisions of the executive order, each federal agency shall proceed in a manner that complies with Executive Order No. 12291 of February 17, 1981, and shall utilize to the extent possible existing procedures such as those to implement the National Environmental Policy Act of 1969.

Leonard also outlined the provisions of the draft presidential memo on farmland conversion, stressing that they differed from the provisions of the executive order only in that federal agencies were being asked rather than ordered to implement them.

Hedeman suggested that it might be wise to add a clause asserting that the executive order would not serve as grounds for a court challenge.

Lett noted that the American Farm Bureau, National Association of Conservation Districts, and National Association of Counties supported the Senate's provisions on agricultural land conversion. He said it would be difficult politically for the Administration to oppose the thrust of the Senate language.

Niskanen advocated doing nothing until Congress forces the Administration to act and then to do only the minimum to comply with the law.

Leonard noted that the House language was preferable to the Senate version because it refrained from mandating changes in procedures and policy.

Hedeman recommended that the Senate provisions should be modified to include the tightening-up provisions incorporated in the draft executive order, regardless of what policy the Administration ultimately adopts with respect to farmland conversion. The Secretariat agreed to pursue amendments of this nature to the Senate bill. Leonard was requested to prepare appropriate language.

HUD, EPA, OMB, DOT, CEA, Interior, and Commerce favored doing nothing, except seeking the appropriate modifications of the Senate provisions on farmland conversion.

USDA and CEQ supported issuing an executive order, along the lines of the OPD draft, before Congress takes up floor consideration of the farm bill.●

THE TRADITIONAL SCHOOL: AN ALTERNATIVE TO FAILURE

HON. ELDON RUDD

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. RUDD. Mr. Speaker, a few weeks back in a luncheon with newspaper reporters, Education Secretary Terrel H. Bell outlined many of the problems, and solutions, to our troubled education system.

Dr. Bell cited the poor academic background and performance of our school's teachers—their lack of pay and the low standards for which most education majors are being subjected in college. The Secretary offered solutions: Higher admissions standards for education majors, competency exams for teacher graduates and students, cash bonuses and recognition for good teachers.

The Secretary's advice makes good sense for improving teacher morale and, hopefully, the quality of teaching in our local schools. But it will take more than upgraded salaries and teacher incentives to bring about the needed reform of the State and local education systems. From past and present experience, we do know one score: That the infusion of Federal funds, and along with it the resulting restrictions and Federal regulations, does very little in the way of providing our students with the basic academic skills.

And, while I share the Secretary's position that our local school boards are as responsible as just about anybody in not being attentive to academic quality as much as they are with school budgets and business affairs, I would like to suggest an intriguing concept that is being looked at by the Phoenix Union High School District in my State—the traditional school approach to learning.

This concept embodies all of the talk we have been hearing about the need to return to the old-fashioned attributes of basic education—meaning the ability to discipline oneself in the basics of reading, writing, history, social and physical sciences, classics, languages, mathematics, and other courses aimed at providing the student a broad understanding of the surrounding world.

The traditional school approach could be a salvation for the endangered public school system we are seeking to revive. The traditional school model would not be for every student—only those students who want to learn and who are willing to

set aside the thrills and frills of our modern educators for a solid education. According to Mrs. Mary Carr of Phoenix, who has been seeking notice of this idea for a few years, participants in the public traditional schools—whether faculty, students, administrators, or parents of students—would be required to sign a contract saying that each will abide by the terms of this approach. The terms of the traditional school would not be easy. Each student is required to take six courses per term and complete at least three homework assignments every week in each of the courses. The lunch break is 30 minutes, with no students leaving campus. Discipline will be fair but firm.

But of greater importance to this concept would be the involvement of all parties—students, teachers, parents, and administrators. All parties, by voluntarily agreeing to enter into the arrangement, would be encouraged to play an active part in the educational process.

Three public schools in California have already converted to this traditional concept with success. It is my understanding that both the students and teachers are solidly behind these schools in the areas where they have been instituted. School spirit and academic activism have replaced boredom and an overload of extracurricular frills.

Best of all, this is an approach that encourages local and family involvement rather than Federal Government intervention. The traditional school idea may not be the solution for every school, every community, or every student. Actually, the idea attempts to follow the path of our private schools, many of which already operate under under a structured learning program. But implanting the traditional school approach in some of our public schools offers a greater portion of our younger people the chance to achieve in a learning environment. This would not require the building of new facilities, or an influx of more tax dollars. All it requires is the willingness of our school boards to recognize the problems our educational system is plagued with and a willingness to try an idea that has been ignored in recent years. The traditional school concept is worthy of serious consideration.

For the benefit of my colleagues, I am inserting a reprint of the KPNX-TV, channel 12, editorial endorsing Mrs. Carr's initiatives:

EDITORIAL OPINION

Amidst all the agonizing, the Phoenix Union High School Board has had to do—closures, cutbacks, and all the rest—a constructive note has been sounded.

That note has to do with re-opening North High as a "Traditional School"—one which has all the old-fashioned attributes of basic education, reasonable enforcement of discipline, and the need for students to really apply themselves to the business of gaining an education.

The idea—advanced by board member, Mary Carr—has great appeal for all those who have been concerned with some of the directions—or non-directions—education has sometimes been taking.

For those young people—and there are a lot of them—who are serious about getting a solid education, the "Traditional School" holds out a lot of hope.

The North High Physical plant has enormous value, even now. Fill that plant with a constructive, traditional approach to the business of education, and that plant could become invaluable.●

MAYOR FERD L. HARRISON OF SCOTLAND NECK, N.C., ELECTED PRESIDENT OF NATIONAL LEAGUE OF CITIES

HON. L. H. FOUNTAIN

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. FOUNTAIN. Mr. Speaker, it gives me great pleasure to bring to the attention of my colleagues the election of a close friend and constituent, Ferd L. Harrison, to the presidency of the National League of Cities. He was chosen to head the league at its annual meeting in Detroit last week.

Ferd Harrison has served as mayor of Scotland Neck, N.C., continuously for the past 23 years. During his distinguished career as mayor, Ferd has been active in municipal affairs both in North Carolina and nationally. Before being elevated to the National League of Cities' highest post, he had served on its board of directors and as the league's vice president.

Anyone familiar with Ferd Harrison as a person and as a leader would not be surprised by his selection to head the Nation's largest municipal organization. What is surprising is that his town of Scotland Neck has a population of 2,970. This is the first time that an official of any small community has headed the National League of Cities.

I know that Mayor Harrison will do an outstanding job of leading the league during these difficult times for local governments. He will be especially valuable as a local government spokesman by bringing to the national level the perspective and values of our smaller communities which predominate in America. I wish Ferd the best of fortunes in his important and challenging new role.●

CONCERN OVER INDIVIDUAL LIBERTIES IN NICARAGUA

HON. GUS YATRON

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. YATRON. Mr. Speaker, the ongoing deterioration of human rights in Nicaragua under the Sandinista regime is a matter which warrants our careful and close attention. Shortly, we will be considering the foreign aid bill which includes economic assistance for this beleaguered Central American nation, and I believe that it is absolutely essential that we take into account the repressive political climate which has threatened all opportunities for the people of Nicaragua to participate in a pluralistic democracy.

I would like to share a copy of a letter cosigned by the majority of our colleagues on the House Foreign Affairs Committee and sent to the chairman of the Subcommittee on Human Rights and International Organizations which expresses our concern for the continual decline of individual liberties in Nicaragua.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., November 19, 1981.

Hon. DON BONKER,
Chairman, Subcommittee on Human Rights and International Organizations, Washington, D.C.

DEAR DON: We are appealing to you on behalf of Dr. Alejandro Bolanos G. of St. Charles, Missouri who has contacted us with respect to the recent imprisonment of his brother, Enrique Bolanos in Nicaragua. Enclosed please find a copy of his letter.

Apparently, Enrique Bolanos was arrested and incarcerated by Nicaraguan security police "simply for criticizing government policies" and was subjected to squalid prison conditions which directly contributed to his illness and hospitalization.

As members of the Foreign Affairs Committee, we are greatly concerned that political repression and human rights abuses of this nature will continue in Nicaragua, if not actively monitored by the Congress and various human rights organizations.

In your capacity as Chairman of the Subcommittee on Human Rights and International Organizations, we wish to bring this matter to your attention in hopes that the Subcommittee will review the case concerning Enrique Bolanos so that we may ascertain specifically what prompted the Nicaraguan authorities to act in this manner. Unfortunately, this is but the latest of disturbing events that have been taking place in Nicaragua which warrant our attention.

Thank you for your consideration on this critical issue.

Sincerely,

Gus Yatron, Dante B. Fascell, Stephen J. Solarz, Larry Winn, Jr., Jonathan B. Bingham, Millicent Fenwick, Edward J. Derwinski, Jim Leach, Joel Pritchard, Mervyn Dymally, William S. Broomfield, Olympia J. Snowe, John LeBoutillier, Benjamin A. Gilman, Howard Wolpe, Tom Lantos, Daniel

Mica, Andy Ireland, Michael D. Barnes, Robert J. Lagomarsino, Henry J. Hyde, Robert K. Dornan, Paul Findley.

ALEJANDRO BOLANOS G., M.D.,
St. Charles, Mo., November 9, 1981.

Congressman GUS YATRON,
Rayburn House Office Building,
Washington, D.C.

DEAR MR. YATRON: The recent imprisonment of my brother Enrique Bolanos in Nicaragua, and my sad experience at the Notre Dame Convent in St. Louis, have moved me to write this letter, begging for your help.

The enclosures explain in detail.

My circular to the Pastors and the documents in pages 3, 8 and 12 are exceptionally noteworthy.

Kindly keep in mind that two of my sons and three brothers, with their families, live in Nicaragua.

Your assistance to expose and wipe out the unfolding doom befalling our people who remain there, will earn our eternal gratitude.

Sincerely,

ALEJANDRO BOLANOS G., M.D.●

F. D. R.'S WATERGATE: PEARL HARBOR—PART II

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. McDONALD. Mr. Speaker, today I would like to continue this article by Percy L. Greaves, Jr., for both the benefit of my colleagues and interested historians. Yesterday Mr. Greaves ended with the first part of his article with the fact that our Hawaiian commanders never received the warning at Pearl Harbor that should have been sent by "flash" message. Such was not to be the case and thousands died, not only in Pearl Harbor, but adjoining military installations throughout the island of Oahu. I pointed out elsewhere, in another item on Pearl Harbor by Mr. Greaves in the CONGRESSIONAL RECORD, that we today are reaping the unfortunate results of that "Day of Infamy." I leave it to my colleagues to determine for themselves whether there ever had to be such a day. Part II follows:

NEEDLING JAPAN WITH THE FLEET

The Pacific Fleet had been sent out to Hawaii for its 1940 maneuvers, expecting to return shortly to the west coast. F.D.R. kept it there. Adm. Jo Richardson returned to Washington twice, advising that the Fleet be brought back to the west coast. He informed F.D.R. that it wasn't equipped for war, lacked adequate protection, and in case of war would have to return to the west coast to be properly fitted out. Admiral Richardson was relieved. All top Army and Navy officers were thus put on notice that their professional training and understanding must bow to the wishes of their amateur Commander in Chief who believed he was threatening the Japanese. Admiral Kimmel assumed command early in 1941. He spent all of 1941 training new men and requesting material needed for the defense of the Fleet. Needless to say he did not get it.

While the Fleet was in Pearl Harbor, it was the Army's duty to protect it. General Short had this assignment. He, too, requested materiel time and time again for the protection of the Fleet and of the Islands. Those in Washington thought it more important to give available supplies to the British, the Chinese, and the Russian Communists. As a consequence, Hawaii lacked the radar, reconnaissance planes, and antiaircraft guns it needed to protect the Fleet. The needs of others were considered more important than the safety of the needlessly exposed U.S. Fleet.

As November 1941 opened, Secretary of State Hull feared a tough stand with Japan might lead to war. He asked the advice of those in charge of the U.S. Army and Navy. Secretary of War Stimson, while anxious to go to war with Japan, wanted to put it off until at least February, by which time he thought he would have enough troops and planes in the Philippines to make short shrift of the Japanese, so he was willing to bid for time.

On November 3, 1941, the Joint Army and Navy Board, with 25 top Army, Navy, and Air Corps officers present, met behind closed doors. Its minutes show that it opened with a statement: that on August 17th the President had issued an ultimatum to Japan that it would be necessary for the United States to take action in case of further Japanese aggression. . . . Hull was of the opinion there was no use to issue any additional warnings to Japan, if we can't back them up and he desired to know if the military authorities would be prepared to support further warnings by the State Department. . . .

Admiral Ingersoll felt that the State Department was under the impression that Japan could be defeated in military action in a few weeks. General Marshall felt the information he had indicated the Japanese authorities might be expecting to decide upon the national policy by November 5th. He emphasized the danger of moving Army Air Forces away from the Philippines. . . . It was his belief that by the middle of December the Army Forces in the Philippines would be of an impressive strength and this of itself would have a deterrent effect on Japanese operations. . . . Until powerful U.S. forces had been built up in the Far East, it would take some very clever diplomacy to save the situation. . . . U.S. policy should be to make certain minor concessions which the Japanese could use in saving face. These concessions might be a relaxation on oil restrictions or on similar trade restrictions.

MILITARY OPPOSES SECOND ULTIMATUM

Following these discussions, the Board adopted a proposal that: the war and Navy Departments prepare a memorandum for the President, as a reply to the State Department's proposed policy in the Far Eastern situation. Among other things the memorandum would:

Oppose the issuance of an ultimatum to Japan. . . .

Advocate State Department action to put off hostilities with Japan as long as possible.

Suggest agreements with Japan to tide the situation over for the next several months.

Point out the effect and cost of a United States-Japanese war in the Far East on defense aid to Great Britain and other nations being aided by the United States.

Emphasize the existing limitations on shipping and the inability of the United States to engage in a Far Eastern offensive operation without the transfer of the major portion of shipping facilities from the Atlantic to the Pacific.

The next day top U.S. officials in Washington read a Tokyo message to the Japanese Ambassadors in Washington. It read, in part:

Relations between Japan and the United States have reached the edge and our people are losing confidence in ever adjusting them. . . .

Conditions . . . are so tense that no longer is procrastination possible, yet in our sincerity to maintain pacific relations . . . we have decided . . . to gamble once more . . . but this is our last effort. If we do not reach a quick accord . . . then, indeed will relations between our two nations be on the brink of chaos. I mean that the success or failure of the pending discussions will have an immense effect on the destiny of the Empire of Japan. In fact, we gamble the fate of our land on the throw of this die.

Then on November 5, 1941, Chief of Staff George C. Marshall and Chief of Naval Operations Harold R. Stark sent the President a joint "Estimate Concerning Far Eastern Situation." It read, in part:

The Secretary of State has requested advice as to the attitude this government should take toward a Japanese offensive against Kunming and the Burma Road. . . .

The question that the Chief of Naval Operations and the Chief of Staff have taken under consideration is whether or not the United States is justified in undertaking offensive military operations with U.S. forces against Japan to prevent her from severing the Burma Road. They consider that such operations, however well-disguised, will lead to war. . . .

The United States Fleet in the Pacific is inferior to the Japanese Fleet and cannot undertake an unlimited strategic offensive in the Western Pacific. . . . To do so, it would have to be strengthened by withdrawing practically all naval vessels from the Atlantic. . . .

The current plans for war against Japan in the Far East are to conduct defensive war in cooperation with the British and Dutch, for the defense of the Philippines and the British and Dutch East Indies. The Philippines are now being reinforced. The present combined naval, air and ground forces will make attack on the islands a hazardous undertaking. By about the middle of December, 1941, United States air and submarine strength in the Philippines will have become a positive threat to any Japanese operation south of Formosa. The U.S. Army air forces in the Philippines will have reached the projected strength by February or March 1942. The potency of this threat will have then increased to a point where it might well be a deciding factor in deterring Japan in operations in the areas south and west of the Philippines. By this time, additional British naval and air reinforcements to Singapore will have arrived. The general defensive strength of the entire southern areas against possible Japanese operation will then have reached impressive proportions. . . .

The Chief of Naval Operations and the Chief of Staff are in accord with the following conclusions:

(a) The basic military policies and strategy agreed to in the United States-British staff conversations remain sound. . . .

(b) War between the United States and Japan should be avoided while building up defensive forces in the Far East and until

such time as Japan attacks or directly threatens territories whose security to the United States is of great importance. Military action against Japan should be undertaken only in one or more of the following contingencies:

(1) A direct act of war by Japanese armed forces against the territory or mandated territory of the United States, the British Commonwealth or the Netherland East Indies;

(2) The movement of Japanese forces into Thailand to the west of 100° East or 10° North; or into the Portuguese Timor, New Caledonia, or the Loyalty Islands.

(c) If war with Japan cannot be avoided, it should follow the strategic lines of existing war plans; i.e., military operations should be primarily defensive, with the object of holding territory and weakening Japan's economic position.

(d) A Japanese advance against Kunming, . . . or an attack on Russia, would not justify intervention by the United States against Japan.

(e) All possible aid short of actual war should be extended to the Chinese Central Government.

(f) In case it is decided to undertake war against Japan, complete coordinated action in the diplomatic, economic, and military fields, should be undertaken in common by the United States, the British Commonwealth and the Netherlands East Indies.

The Chief of Naval Operations and the Chief of Staff . . . based on the above . . . recommend:

That the dispatch of United States armed forces for intervention against Japan in China be disapproved.

That material aid to China be accelerated consonant with the needs of Russia, Great Britain and our own forces.

That aid to the American volunteer group be continued and accelerated to the maximum practical extent.

That no ultimatum be delivered to Japan.

(Signed) G. C. Marshall, Chief of Staff and H.R. Stark, Chief of Naval Operations.

JAPANESE DEADLINES KNOWN

That same day top U.S. officials in Washington read a cable from Tokyo to their Washington representatives:

Because of various circumstances, it is absolutely necessary that all arrangements for the signing of this agreement be completed by the 25th of this month. I realize this is a difficult order, but under the circumstances it is an unavoidable one. Please understand this thoroughly and tackle the problem of saving the Japanese-United States relations from falling into a chaotic condition. Do so with great determination and with unstinted effort, I beg of you.

This information is to be kept strictly to yourself only.

Then on November 22, another message from Tokyo was coded and translated. It stated:

It is awfully hard for us to consider changing the date we set. . . . You should know this. However, I know you are working hard. Stick to your fixed policy and do your very best. Spare no efforts and try to bring about the solution we desire. There are reasons beyond your ability to guess why we wanted to settle Japanese-American relations by the 25th, but if within the next three or four days you can finish your conversations with the Americans; if the signing can be completed by the 29th (let me write it out—twenty ninth); if the pertinent notes can be exchanged; if we can get an understanding with Great Britain and the Netherlands and in short if everything can be finished we have decided to wait until that date. This time we mean it, that the deadline absolutely cannot be changed. After that things are automatically going to happen. Please take this into your careful consideration and work harder than you ever have before.

JAPAN SHOULD SHOOT FIRST

A November 25 meeting at the White House was recorded in Mr. Stimson's diary as follows:

The President brought up the event that we were likely to be attacked perhaps (as soon as) next Monday, for the Japanese are notorious for making an attack without warning, and the question was what we should do. The question was how we should maneuver them into the position of firing the first shot without allowing too much danger to ourselves. It was a difficult proposition. . . . I pointed out to the President that he had already taken the first steps towards an ultimatum in notifying Japan way back last summer that if she crossed the border into Thailand she was violating our safety and that therefore we had only to point out (to Japan) that to follow any such expedition was a violation of a warning we had already given.

Meanwhile, U.S. officials had prepared a proposed modus vivendi which would allow Japan to import her needs for 90 days, without adding to her stockpiles while negotiations were continued. This modus vivendi was approved by the British, the Dutch, the Australians, the Canadians and by the top U.S. people in Washington. It was to be offered Japan with some hopes that they might accept it and give the United States time to be ready in the Philippines.

Just as it was to be sent, the Communists stepped into the picture. (See the author's "The Real Infamy of Pearl Harbor" in the December 1974 issue of Southern Libertarian Review.) Owen Lattimore, then an advisor to Chiang Kai-shek, sent an objecting cable to Lauchlin Currie, a confidential advisor to Roosevelt. He apparently put similar pressure on Churchill and the Chinese and the Chinese Ambassador in Washington. The latter went to Harry Dexter White, who went to his chief, Secretary of the Treasury Morgenthau, who went to the White House with the story that this would be letting China down. Secretary Hull was called to the White House and it was decided to discard the modus vivendi and send an ultimatum which everyone knew Japan could not accept.

THE ARMY AND NAVY TAKE OVER

Secretary Stimson's diary for November 27, 1941, reads:

A very tense long day. News is coming in of a concentration and movement south by the Japanese of a large expeditionary force moving south from Shanghai and evidently headed toward Indochina, with a possibility of going to the Philippines or to Burma, or to the Burma Road, or to the Dutch East Indies, but probably a concentration to move over to Thailand and to hold a position from which they can attack Singapore when the moment arrives.

The first thing in the morning I called up Hull to find out what his finale had been with the Japanese—whether he had handed them the new proposal which we passed on 2 or 3 days ago or whether, as he suggested yesterday he would, he broke the whole matter off. . . . As he put it, "I have washed my hands of it and it is now in the hands of you and Knox—the Army and Navy." I then called up the President. The President gave me a little different view. He said they had ended up, but they had ended up with a magnificent statement prepared by Hull. . . .

Knox and Admiral Stark came over and confereed with me and General Gerow. Marshall is down at the maneuvers today and I feel his absence very much. There was a tendency, not unnatural, on the part of Stark and Gerow to seek for more time. I said that I was glad to have time but I didn't want it at any cost of humility on the part of the United States or of reopening the thing which would show a weakness on our part. The main question has been over the message we shall send to MacArthur.

A message was drafted and sent to MacArthur over the signature of Marshall, who was out of town. A similar message was sent to General Short in Hawaii as well as the commanders at the Panama Canal and on the West Coast. The Navy also sent a November 27 war-warning message to their top officers in the Far East with a copy to the top U.S. Navy man in London. It stated, in part:

The number and equipment of Japanese troops and the organization of naval task forces indicates an amphibious expedition against either the Philippines, Thai or Kra Peninsula or possibly Borneo. Execute an appropriate defensive deployment preparatory to carrying out the tasks assigned in WPL–46. . . .

The Army message directed General Short "to undertake such reconnaissance as you deem necessary but these measures should be carried out so as not, repeat not, to alarm civil population or disclose intent. Report measures taken. . . ."

PEARL HARBOR SITUATION

Upon its receipt, General Short called a meeting of his staff. They decided to go on the alert for sabotage. Accordingly he wired back to Washington: "Reurad 472 have alerted for sabotage liaison with the Navy."

This was received in Washington on the 27th and was initaled by both Stimson and Marshall. Under Army regulations then in effect, when an officer reported an action taken with which his superior was in disagreement, the superior officer was required to issue new orders. Marshall issued no further orders. Consequently Short remained on the sabotage alert right until the time of the attack. This called for bunching the planes and hiding the ammunition.

On November 28, G–2 Washington sent a message to G–2 Hawaii to be on the alert for sabotage. The Air Force Command in Washington sent a similar sabotage warning message to the Air Force Command in Hawaii. General Short took these messages as a confirmation of his sabotage alert. On the matter of reconnaissance, all but six of Short's B–17's had been ordered to the Philippine Islands. Consequently, he was unable to undertake any reconnaissance. Short knew this was known to Marshall. Unfortunately Stimson had sent the message over Marshall's signature.

Meanwhile, the top Washington people read a November 28 Tokyo message to their Washington Ambassadors which said in part:

You two Ambassadors have exerted superhuman efforts but, in spite of this the United States has gone ahead and presented this humiliating proposal. This was quite unexpected and extremely regrettable. The Imperial Government can by no means use it as a basis for negotiations. Therefore,

with a report of the view of the Imperial Government on this American proposal which I will send you in two or three days, the negotiations will be de facto ruptured. This is inevitable. However, I do not wish you to give the impression that the negotiations are broken off. Merely say to them that you are awaiting instructions and that, although the opinions of your government are not yet clear to you, to your own way of thinking the Imperial Government has always made just claims and has borne great sacrifices for the sake of peace in the Pacific. . . .

The following day Tokyo instructed their Washington representatives:

We wish you to make one more attempt verbally along the lines: The United States government has always taken a fair and judicial position and has formulated its policies in the full consideration of the claims of both sides.

However, the Imperial Government is at a loss to understand why it has now taken the attitude that the new proposals we have made cannot be made the basis of discussion, but instead have made new proposals which ignore actual conditions in East Asia and which greatly injure the prestige of the Imperial Government.

So the Ambassadors made another trip to the White House. This was reported in the press. The officers in Hawaii were thus led to believe that negotiations had been resumed.●

ELLIOTT STREET SCHOOL

HON. PETER W. RODINO, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. RODINO. Mr. Speaker, my home city of Newark will celebrate the 100th anniversary of a very important educational institution on December 10. Mayor Kenneth Gibson, County Executive Peter Shapiro, the members of the Newark Board of Education and numerous other public officials and private citizens will join in a daylong tribute to the Elliott Street School in Newark.

First established in 1881, this elementary school moved a few years later to its present site, which was then called Cottage Street. In 1914 the school took its name after Charles W. Elliott, past president of Harvard University. Not long after that the street was named after its most important building—a place of fundamental learning which helped to educate the children of Irish, Italian and more recently Hispanic immigrants. As its role has changed several times over the years—at one time it functioned as a center for visually impaired children, and then it became a school of music—it has remained a place of steady enlightenment for generations of Newarkers.

This Thursday Elliott Street School's principal John W. Hansen will lead the school's administrators, its 85 teachers and nearly 1,000 students in a special celebration of the school's past, present and future. Many of the children will present posters they constructed depicting various stages in Elliott Street School's history. Several former teachers, administrators and students of the school will return to remember the place which contributed to their lives.

The city of Newark is rightly proud of Elliott Street School and of the very active parent teachers association there headed by Helen Poch. But I believe the entire Nation has reason to share in our celebration—because Elliott Street represents the best of our educational traditions and I'm sure it will endure for many generations to come.●

A USEFUL REMINDER ABOUT THE ROLE OF TECHNOLOGY

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BROWN of California. Mr. Speaker, sometimes it is useful to step back and reflect on how modern technologies affect our lives, and even more important, our perceptions of our lives.

The San Bernardino Sun, a major paper in my congressional district, recently wrote a timely and thoughtful editorial on this subject. This editorial makes the important point that "technology only becomes undesirable if we develop, use, and maintain it blindly, failing to ask moral questions along the way."

I highly commend this editorial to my colleagues:

[From the San Bernardino Sun, Nov. 17, 1981]

MAKING TECHNOLOGICAL PROGRESS

Once again, the spacecraft Columbia has stirred the imagination of mankind.

Although its second flight was cut short, space shuttle officials say that Columbia came through its voyage so cleanly that its targeted return to space in four months looks solid. The era of reusable spacecraft clearly has dawned.

It is an obvious milestone in mankind's technical progress.

Such a significant point in development is a time for celebration and a time for sobriety—a time to be thankful for the accomplishments of our technology and a time to consider the relationship of man to his mechanical creations.

The very way of life that we Americans know today would have been impossible only a short time ago in terms of human history. Technological advancements that we take for granted, like water delivery systems, electricity, motor vehicles and refrigeration, make our lifestyles possible.

These benefits of technology are clear. Sometimes, however, we fail to consider how much technology affects even our very way of thinking.

It was thrilling on an autumn afternoon to turn thoughts away from such disheartening aspects of life as plant closings and inflation, and spend a few moments watching Columbia make its perfect landing.

Again, it is all accomplished through technology. Had such a craft as the Columbia existed two generations ago, it would have been impossible to have watched the landing as it happened. A generation before that, it would not even have been possible for most people to have heard the landing described as it happened.

Today, information flows faster and in more volume than ever before. That, in itself, illustrates the mixed blessings of technology.

Often, we hear people say, "There is so much bad news in the world today."

They have a point. The same technologies that brought news of the Columbia also brought news that 47 people died in Yucatan when a bull ring wall collapsed.

Mankind in the 20th century is not necessarily faced with more disaster, famine or pestilence than its forefathers, but it sometimes seems so because the details of the worst catastrophes can rapidly and graphically transmitted into one's living room.

In years gone by, people concerned themselves mainly with the triumphs or misfortunes of their immediate neighbors because the activities of most people beyond their neighborhood or town were unknown to them.

Today, the image of disaster in Yucatan can be transmitted to us as vividly as a fire down the block.

The problem in all this is that people often feel powerless and "small" in such a large sea of information. Then they lapse into apathy.

A more subtle, but equally severe, way that technology affects our thought patterns is its ability to blur entertainment and reality, fiction and non-fiction.

Most people in our youngest generation have, through television, seen fiction intertwined with non-fiction each day of their lives.

Do they find it hard to cope with ordinary reality when they are used to a fantasy world in which the worst war lasts and hour, or two, or three—when disease is conquered in an hour (with time out for commercials)?

The images shape our thought patterns. In politics, more and more people ask of a candidate not, "What is his philosophy? What does he stand for?" but "What image does he project?"

If we surrender human reason to technologically developed thought patterns, we can, of course, achieve preposterous results.

Do people deny Gerald Ford a term in the White House because they dislike his policies or because he reminds them of an aging Detective Wojohowicz

Does the public elect a man from Plains, Ga. because they expect him—like Jimmy Stewart in Mr. Smith Goes to Washington—to use homespun wisdom to set things straight on the Potomac? When he can't do that they throw him out.

Despite Ronald Reagan's strong and long identification with conservative causes, most major polls showed that people who voted for him last year did so not because he was "conservative," but because they "wanted a change"—some change, any change.

If the man from Death Valley Days doesn't deliver an entertaining change, what channel will the restless American public switch to next?

As we see from these illustrations of the effects of communications technology, technology cannot think for us. In appraising

the world, machines cannot substitute for the human mind. That is why technology cannot deliver mankind from all its problems.

Yet, some people with overwrought expectations overreact to that situation. They see a return to the horse and buggy era, if not the Sone Age, as desirable.

They are, of course, as radical in their way as are persons at the other end of the spectrum who expect us to push a button to solve our every problem.

It is important as we make technical progress, to maintain balanced expectations.

Technology is not a process that will deliver or rescue mankind from all its folly; nor is technology necessarily a process that has to magnify the folly of mankind to the point where it harms or destroys its creator.

Technology only becomes undesirable if we develop, use and maintain it blindly, failing to ask moral questions along the way.

If we ask such questions, always reminding ourselves that our technical creations are the servants, not the masters, of the needs of the human mind and spirit, then we always can make our times of technological breakthroughs times of celebration.●

STATE AND LOCAL GOVERNMENT COST ESTIMATE ACT

HON. BERKLEY BEDELL

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BEDELL. Mr. Speaker, the legislation we consider today is long overdue. H.R. 1465, the State and Local Government Cost Estimate Act of 1981, addresses the responsibility of the Federal Government to State and local governments that often fall prey to the consequences of major Federal mandates and conditions of Federal legislation. The rationale for this legislation is simple. Too often, legislation designed to affect national policy imposes burdensome costs on State and local governments that are unanticipated. Clearly, we must recognize our responsibility to address these possible costs before the legislation is enacted into law.

This legislation would require the Congressional Budget Office (CBO) to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with significant bills or resolutions reported by House and Senate committees.

At no other time in history has this legislation been more relevant. During the past year, the Congress has started to return control and has reduced Federal aid for a number of Federal programs to State and local governments. These actions will have significant consequences for State and local governments. If the Congress is to make sound decisions on these matters, we must understand and weigh the imposition of the financial burdens on States and localities.

The need for this legislation is documented by the widespread support it has received from the U.S. Conference of Mayors, the National Association of Counties, the National Conference of State Legislatures, the Council of State Governments, the National Governors Association, the Natonal League of Cities, and the National Association of Towns.

Mr. Chairman, it is time Congress address the fact that even minor changes in Federal programs and policies can have a significant impact on State and local revenues and spending. Enactment of this legislation will provide Members of Congress with this information.

Alice Rivlin, Director of CBO, summarized her agency's support of this legislation when she said,

CBO strongly supports the objective of bringing to the Congress attention the anticipated costs to State and local governments of carrying out proposed Federal programs. In some cases, the burden of Federal initiatives on State and local governments is very heavy and focusing only on Federal costs can be misleading. Estimating the nonfederal costs of such proposed action would inform the Congress of the concern of State and local governments. It would move us one step closer to assembling all the information a decisionmaker would need to make a fully informed judgment on legislative proposal.

Today, we recognize how important this information is to Members of Congress as our State and local governments are experiencing tighter and tighter budgets. State operating balances are expected to drop below 1.5 percent of expenditures in fiscal year 1982. This narrow operating margin indicates the difficulty that new, federally imposed costs could create for State governments. Furthermore, I have received dozens of letters from municipalities reflecting their concern with complying with federally imposed mandates considering their critical budget problems. As policymakers, it is irresponsible for us to be considering legislation without a full and complete understanding of the financial impact and any possible hidden costs of proposed legislation before it is enacted into law.

I wish to commend my colleagues, Congressmen ZEFERETTI, LUNDINE, and MINETA, for their leadership and expertise in drafting this legislation. Like these gentlemen, I support placing a sunset provision in this legislation to assure congressional oversight for the long-term effectiveness of this measure.

Mr. Speaker, 35 States have adopted similar legislation requiring fiscal notes for proposed legislation affecting local governments in their States. These States enacted this legislation since they recognize that fiscal notes were needed in drafting legislation affecting local governments. The Congress should settle for nothing less when we consider legislation that may impose excessive and unnecessary burdens on State and local governments.

Passage of this legislation is a critical and important first step in assuming the responsibility the Federal Government has to State and local governments. However, fiscal notes on proposed legislation will only alert Congress to part of the story. Legislation passed by the Congress often contains burdensome paperwork requirements. In far too many cases, reporting requirements inhibit realization of the maximum potential of these programs. Congress must recognize the magnitude of the paperwork problem and start to bring it under control.

This is why I have introduced H.R. 2440, the Paperwork Awareness Act of 1981. This legislation would require committee reports on proposed legislation to contain statements of the reporting and recordkeeping requirements which will be imposed on individuals, private industry, and State and local governments as a result of the enactment of such proposed legislation.

If we are to bring paperwork requirements under control, we must direct our attention at the source of the problem. Congress must acknowledge its role in the upward spiral of proliferating paperwork and take concrete steps to remedy it. To that end, my legislation would force Congress to consider the potential paperwork impact of proposed legislation at the time it is debating the merits of such a bill. And, in turn, it would hopefully serve to prevent paperwork and unnecessary redtape by creating a greater awareness within Congress of the paperwork problems.

Mr. Speaker, I am pleased to be a cosponsor of H.R. 1465 because I believe that it is an important step toward addressing the fiscal problems facing our State and local governments. But let us not stop with the passage of this legislation. I urge my colleagues to join me in support for H.R. 2440, the Paperwork Awareness Act. Together, these two measures will provide a viable mechanism for insuring regular assessments of Federal fiscal and paperwork assessments on our State and local governments.●

SEPARATE THE PEACE CORPS FROM ACTION

HON. DON BONKER

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BONKER. Mr. Speaker, I would like to take this opportunity to share with my distinguished colleagues, a letter to the Honorable CLEMENT ZABLOCKI, the chairman of the Committee on Foreign Affairs. This letter was written to Chairman ZABLOCKI from Rev. Theodore M. Hesburgh, the presi-

dent of the University of Notre Dame, and was released to me recently.

In his letter, Father Hesburgh discusses the Foreign Affairs Committee's work in separating the Peace Corps from the ACTION Agency, and urges the chairman to continue with the process until the Peace Corps has finally been restored its autonomous status.

The letter follows:

UNIVERSITY OF NOTRE DAME,
Notre Dame, Ind., November 12, 1981.

Hon. CLEMENT J. ZABLOCKI,
Rayburn Building,
Washington, D.C.

DEAR CLEM: It was good chatting with you Monday evening at the White House, and I would like to repeat to you the strong sentiments I expressed then on the issue of the Peace Corps and ACTION.

First, I want to congratulate you and your Committee for the fine work you have done in looking out for the Peace Corps' best interests. If it weren't for the Congress, especially for the House Foreign Affairs Committee, there would be little chance of undoing the administrative damage done to the Peace Corps by its absorption into ACTION.

Neither Democratic nor Republican administrations seem to have made the Peace Corps' unique and exciting mission a proper priority over the past ten years. You have, and, for that, we are all grateful.

Secondly, I would urge you not to allow anyone or anything to delay the affects of the important legislative actions you have taken with regard to separation of Peace Corps and ACTION. Separation must be done quickly and now, before more harm is done. To remove the Peace Corps from ACTION slowly would be like pulling a tooth over a six month period. It would be unnecessarily painful, and the patient could well bleed to death!

I write to you on this matter as one who, like you, was present at the creation of the Peace Corps. Notre Dame is proud to have been the first university ever to run a Peace Corps project overseas. I personally went to Chile and chose the institution the volunteers would be working with. We both recall the first ten years of the Corps—and the last ten—and we know from our experience that, for this feisty group of Americans dedicated to humanitarian service overseas, independence of extra layers of bureaucracy is necessary and most helpful.

Again, thanks for all you have done for the Peace Corps and foreign aid generally over these many years.

All best wishes.

Sincerely yours,

REV. THEODORE M. HESBURGH, C.S.C.,
President.●

CREATING INVESTMENT EQUITY

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. WYDEN. Mr. Speaker, I am introducing a bill today that creates investment equity for the average workingman and will reward him for investing in his own retirement. At the same time, this legislation, by giving an additional incentive to save, will help create more long-term capital that can be used for industrial expansion and job creation in our economy.

I think this bill represents a bargain we cannot afford to pass up.

The idea for this legislation came from Mr. Douglas Strain, owner of Electro Scientific Industries, an electronics plant in Beaverton, Oreg. Mr. Strain, who is an innovator in the field of laser technology and an advocate of policies that stimulate U.S. productivity, operates a pension program for his employees under ERISA. But Mr. Strain is concerned because tax laws discourage employees from contributing voluntarily to the pension trust fund.

He noted there were no tax shelter provisions. Employees who left for other jobs or who retired could not participate any longer in the pension program. Gains from employee contributions to the pension program are taxed as ordinary income.

There was no reason for an employee to place his hard-earned money in his company pension plan. He was better off to invest—or spend—his money elsewhere.

The loss, which does not get captured by a handy statistic, is the personal vested interest that employee could have had in his company. If he invested in a pension program that flourished or failed based on the productivity of the company, he would have an incentive to make a stronger contribution—not just to help out the boss, but to help out himself or herself.

The Economic Recovery Act of 1981 made headway in reducing the investment inequities that exist by permitting employees, under certain conditions, to shelter contributions to their company pension programs just as if they were Individual Retirement Accounts.

I support this provision. But I think we need to go two steps further.

My legislation would: First, permit an employee to continue to participate in the pension program after he or she retires; and second, treat gains from voluntary employee contributions to a pension program as capital gains, just as they would be treated if the money had been invested in securities.

With adoption of these two provisions, employees could save brokerage or commission fees and have a ready investment tool at their disposal. ERISA regulates the pension fund, so there is minimal danger of abuse.

Most important of all, investment equity would be established for working men and women, and a blow would be struck to encourage—in a very concrete way—increased productivity in the American workplace.

Following is the full text of my bill:

H.R. 5140

A bill to amend the Internal Revenue Code of 1954 to require that a retired employee be permitted to retain his investment in his employer's retirement plan by allowing the employee to delay the commencement of his benefit payments under the plan and to provide capital gain treatment for earnings attributable to voluntary employee contributions under such plans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. EMPLOYEES PERMITTED TO DELAY COMMENCEMENT OF BENEFIT PAYMENTS UNDER EMPLOYER RETIREMENT PLANS.

(a) IN GENERAL.—

(1) AMENDMENTS OF INTERNAL REVENUE CODE OF 1954.—Paragraph (14) of section 401(a) of the Internal Revenue Code of 1954 (relating to qualified pension, profit-sharing, stock bonus plans, etc.) is amended—

(A) by striking out ", unless the participant otherwise elects,",

(B) by inserting "(A)" after "(14)" and redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively, and

(C) by adding at the end thereof the following new subparagraph:

"(B)(i) A trust shall not constitute a qualified trust under this section unless the plan of which such trust is a part provides that each participant may elect that payments of benefits under the plan to the participant will begin later than the latest date under clause (i), (ii), or (iii) of subparagraph (A).

"(ii) For purposes of determining whether benefits payable under the plan with respect to the participant in the event of his death will be more than incidental, the election under clause (i) of this subparagraph shall not be taken into account."

(2) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Subsection (a) of section 206 of the Employee Retirement Income Security Act of 1974 is amended—

(A) by striking out "unless the participant otherwise elects,",

(B) by inserting "(1)" after "(a)" and by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively, and

(C) by adding at the end thereof the following new paragraph:

"(2)(A) Each pension plan shall provide that each participant may elect that payments of benefits under the plan to the participant will begin later than the latest date under subparagraph (A), (B), or (C) of paragraph (1).

"(B) For purposes of determining whether benefits payable under the plan with respect to the participant in the event of his death will be more than incidental, the election under subparagraph (A) of this paragraph shall not be taken into account."

(b) KEOGH PLANS.—Paragraph (9) of section 401(a) of the Internal Revenue Code of 1954 is amended by adding at the end thereof the following new sentence: "The first sentence of this paragraph shall not take into account employees who make the election under paragraph (14)(B)."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after the date of the enactment of this Act.

SEC. 2. CAPITAL GAINS TREATMENT FOR EARNINGS ATTRIBUTABLE TO VOLUNTARY EMPLOYEE CONTRIBUTIONS.

(a) ANNUITY PAYMENTS.—Section 72 of the Internal Revenue Code of 1954 (relating to annuities; certain proceeds of endowment and life insurance contracts) is amended by redesignating subsection (p) as subsection (q) and by inserting after subsection (o) the following new subsection:

"(p) EARNINGS ATTRIBUTABLE TO VOLUNTARY EMPLOYEE CONTRIBUTIONS.—

"(1) IN GENERAL.—They shall be treated as gain from the sale or exchange of a capital asset held for more than 1 year the qualified portion of any payment to which this section applies from an employer plan.

"(2) QUALIFIED PORTION.—For purposes of paragraph (1), the qualified portion of any payment is—

"(A) the amount of such payment includible in income under subsection (a), multiplied by

"(B) the fraction—

"(i) the numerator of which (determined as of the annuity starting date) is the earnings on voluntary employee contributions, and

"(ii) the denominator of which (determined as of such date) is the expected return under the contract reduced by the investment in the contract.

"(3) VOLUNTARY EMPLOYEE CONTRIBUTIONS.—For purposes of paragraph (2), the term 'voluntary employee contribution' means any employee contribution which is not a mandatory contribution (within the meaning of section 411(c)(2)(C)).

"(4) EMPLOYER PLAN DEFINED.—For purposes of paragraph (2), the term 'employer plan' means a plan described in section 401(a) which includes a trust exempt from tax under section 501(a)."

(b) LUMP-SUM PAYMENTS.—Paragraph (2) of section 402(a) of such Code (relating to taxability of beneficiary of employees' trust) is amended by inserting after the first sentence the following new sentence: "In no event shall the amount determined under the preceding sentence be less than the earnings on voluntary employee contributions (within the meaning of section 72(p)(3)) to the trust."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to payments made after the date of the enactment of this Act in taxable years ending after such date.●

GUGLIELMO MARCONI: FATHER OF MODERN RADIO COMMUNICATION

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BIAGGI. Mr. Speaker, today the air is filled with the communication befitting a highly industrialized society thanks to the genius and the dedication of a young Italian scientist who gave us the means for radio telecommunication. December 11 marks the 80th anniversary of Guglielmo Marconi's success in receiving the first transatlantic signal from Poldhu, in Cornwall, England. This success drove modern society straight into the "Radio Age" and gave us the means for wireless communication.

The entire world of science and engineering will be forever in Marconi's debt. His scholarship and his perseverance should be hailed by all Americans of Italian origin who look to their heritage with pride and inspiration. His contributions are but another example of the gifts Italian civilization has given to our society and the entire world.

Marconi's life and work typify his dedication to his science and to his dream of bringing wireless communication to the world. His early life was marked by strong opposition from his father in his scientific interests but support and encouragement from his mother and his brother. In his attic laboratory at the Villa Grifone, he began to pursue his dream of using Hertzian waves as a basis for communicating without wires.

At the age of 21, Marconi achieved transmission over a distance of 1.75 miles by using an earth and elevated aerial at both the transmitter and the receiver. By using an improved type of coherent—a glass tube filled with metal fillings—he was able to pass Morse code, which could be recorded on tape. This was in August of 1895. The following year, his proposals rejected by the Italian Government, he filed the first patent application for his system of telegraphy using Hertzian wires. British Patent No. 12039 was granted on June 2, 1896.

In 1897 Marconi established communication across the Bristol Channel, where Preece was experimenting with inductive methods. Comparison left no doubt about the superiority of Marconi's system which could transmit 8.7 miles. About this same time, Marconi helped establish The Wireless Telegraph and Signal Co. in England and by 1900, the company was named after the spirited young Italian—the first radio company in the world.

From the beginning of his work with Hertzian wires, Marconi knew of the value of wireless communication at sea. He used his wireless system to communicate with ships at sea in distress—another first—followed by communication across the English Channel in March of 1899.

The advances in the application of electromagnetic waves were accelerated in the beginning of this century. In 1901, the achievement which we will mark on December 11, was preceded earlier that year by a 198-mile Marconi transmission between the Isle of Wight and the Lizard. This was an appropriate prelude for his transatlantic experiment for which, at Poldhu in Cornwall, Vyvyan, Professors Fleming, Paget and Kemp—Marconi's professional colleagues—started to build the eastern terminal station. Marconi himself crossed the Atlantic in search of an appropriate site for the western station.

A triumphant Marconi proved to the world that he received this first signal from Poldhu in the form of three dots of the Morse code "S"—from 2,099 miles away. Thus, the hypothesis of Marconi proved without a doubt to be true—intercontinental wireless communication was possible.

This achievement marked only the beginning of what proved to be countless new and innovative applications of the Marconi wireless transmission. When the *Titanic* struck an iceberg and sank in 1912, though many were lost at sea, those who survived owe their lives to the speed with which wireless radio communicated their predicament to rescue teams. During World War I, Marconi's telegraphs proved invaluable to the Armed Forces and the merchant navy and assisted in the detection of enemy presence on land and at sea. Marconi himself was commissioned by the Italian Navy in 1916 to inspect and recommend improvements to mobile wireless stations behind the front.

His scientific successes continued all throughout his life as evidenced by the countless international honors he received. The most noted Marconi award was the joint awarding of the Nobel Prize for Physics, the Albert Medal of the Royal Society of Arts, the Kelvin Medal, and election to the presidency of the Italian Royal Academy and the Italian Scientific Research Council. In addition, he was made a Citizen of Rome, Senatore, Marchese, a Knight of the Order of Saint Anne and honorary Knight Grand Cross of the Royal Victorian Order.

Marconi's contribution to today's science of radio and telecommunications have not gone unnoticed as we mark the anniversary of his transmission on December 11. Both the city and State of New York have proclaimed December 11 as "Marconi Day" in honor of the life and work of this prominent Italian scientist whose theories were brought to everyday life with his dedication and talent.

The living tribute which remains to honor Marconi's life and work is the Marconi International Fellowship Program which commissions the work of young, promising scientists that has the potential to benefit all of mankind. Begun by Marconi's daughter, Gioia Marconi Braga, this fellowship program is commemorating this 80th anniversary with an exhibition on the life and work of Guglielmo Marconi. Sponsored jointly with the Center for Italian Studies at Columbia University, the month-long exhibit will begin with a lecture on December 11 in the rotunda of Columbia University's Low Library, where the exhibit is also housed.

This joint effort is possible through the efforts of Mrs. Braga, who earlier this year received the highest award

of the Italian Government—"Commander of the Order of Merit of the Republic of Italy"—for her work in promoting closer scientific and cultural ties between the Government of Italy and the United States. She is to be commended for her tireless dedication to insuring that the name of her distinguished father is kept in the forefront of the scientific and international communities.

As an Italo American, I look with pride to the achievements of Guglielmo Marconi and view this 80th anniversity as but another milestone in the achievements which our common heritage has given to all of mankind. It is an honor to note this scientific achievement which sprung from the many-sided genius of the Italian inventor, Guglielmo Marconi.●

THOUGHTS ON "REMEMBERING PEARL HARBOR"

HON. WILLIAM D. FORD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. FORD of Michigan. Mr. Speaker, the 40th anniversary of Japan's sneak attack on Pearl Harbor has come and gone with a brief flurry of newspaper articles and personal reminiscences.

Amid the welter of journalistic expression, two articles appeared which were especially disconcerting to me. One was on an Associated Press-NBC poll which revealed that one out of every six American adults does not know why Pearl Harbor is important to American history. Sixteen percent said they were not sure about it or incorrectly identified Pearl Harbor.

Even more disturbing was the fact that younger respondents were less likely to know why Pearl Harbor figures so importantly in our history. Only 7 of 10 understood its importance.

The other article is equally distressing. It reports the findings of a poll by the Japanese mass-circulation daily "Yomiuri Shimbun". That poll revealed that 80 percent of Japanese men and women in their twenties are unable to connect Pearl Harbor and the day that Franklin Roosevelt said would "live in infamy."

When the Japanese young people were asked what thoughts Pearl Harbor conjured in their minds, many said honeymoon trips to Hawaii that are now popular with Japanese newlyweds.

I wonder what the percentages will be a decade from now when we pause to reflect on the 50th anniversary of a deed that was to dramatically and permanently alter the course of world events? If present trends continue, it surely will be reduced.

Both nations will be the losers if we allow coming generations to forget the significance of that day—and its aftermath.

It should not be remembered, by either side, as a day of euphoric victory or humiliating defeat. Rather, it should remind us of two things: the futility of war and the inherent goodness of man.

From the ashes of that day came a world change for all eternity.

Ended was America's naive isolationism—a theretofore deeply rooted belief that we could close our eyes and minds to the struggles of the world.

The conflagration indeed reduced the Empire of Japan to rubble. But, for the sake of its future, Japan should not try to expunge this from the minds of its youth. It should mark, instead, the beginning of a new era that, with America's helping hand, raised Japan to astonishing industrial and cultural heights.

For either nation to allow their future generations to forget the cataclysmic events of 40 years ago is to deny them their heritage.

It is to deprive them of important lessons in history that will have permanent significance for just as long as there is a United States of America and an Empire of Japan.●

NO NEED FOR "US-AGAINST-THEMISM"

HON. JACK F. KEMP

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. KEMP. Mr. Speaker, I have long felt that labor and management have many shared interests, and that neither labor nor management benefits from policies that pit them against one another.

This is a point well worth remembering in the current economic climate. Increasingly, there is what William Safire calls an attitude of "us-against-themism" on the part of both management and labor. Some argue that in recent years labor has won excessive wages and benefits from industry and that now it is time to get some of them back. Others say that management is trying to scapegoat labor for its own failures in planning. Actually, both labor and management have been victimized by the effects of inflation, interest rates, and taxes over the past decade. No fruitful purpose is served by blaming either group or by trying to exact retribution.

The current air traffic controllers' dispute offers an opportunity for us to reaffirm the unity of purpose among labor, management, and Government. The President did not relish dismissing the air traffic controllers after their illegal strike on August 3, 1981; but his action was absolutely required, by both legal and moral considerations. Since that time, though, the air traffic controllers' union, PATCO, has been decertified and bankrupted; the dismissed air traffic controllers and their families have experienced serious financial and personal hardship; and the air carrier industry, operating at reduced capacity, is facing losses and layoffs. The situation is breeding an atmosphere of "us-against-themism."

President Reagan is to be commended for his recent flexibility in allowing controllers to apply for work in the Federal Government. True justice includes a healthy atmosphere of mercy; and I believe a resolution of the air traffic controllers' situation would be especially fitting in this holiday season.

The future of our Nation hinges on our understanding that all sectors of the economy have, ultimately, a common goal. The President himself espoused this all-embracing view when he declared, at the Republican Convention in 1980:

> We have to move ahead, but we're not going to leave anyone behind.

William Safire's recent essay, "Kirkland Comes to Call" offers a number of worthy insights into the air traffic controller dispute and the need for a humane resolution of it. I commend the article to my colleagues:

KIRKLAND COMES TO CALL

(By William Safire)

WASHINGTON.—On Wednesday of this week, a score of labor leaders will troop into the White House Cabinet Room at the invitation of the President.

If handled sensitively, this meeting of Lane Kirkland and his A.F.L.-C.I.O. cohorts with Mr. Reagan could begin to draw some of the poison out of the recession atmosphere; if botched—played strictly as an ego-massaging session, without White House preparation for negotiation—it will be viewed one day as a great opportunity lost.

Nobody suggests that a show of cordiality and respect, or even a flock of concessions, will win organized labor to Mr. Reagan's cause. Labor's wish list is Mr. Reagan's hit list; the two forces are natural political enemies. What the meeting will show both sides is the degree of implacability and the potential for cooperation.

The President will open the meeting warmly and say he's always ready to hear labor's concerns. Labor will respond respectfully and wait to hear what's on his mind, since he called the meeting. Mr. Reagan may twit Mr. Kirkland for not inviting him to the A.F.L.-C.I.O. convention, and Mr. Kirkland may say he is sorry that Republican Senate leader Howard Baker, who was invited, could not make it.

The first card to hit the table will be the 11,000 fired air controllers. If the President does not pick up that card, the rest of the meeting might as well be held on an ice floe.

Labor knows that Patco was crazy to strike illegally, and is well aware that most Americans approve of the President's ultimatum and stern action. Most union members resent the snotty controllers. But the

labor movement cannot tolerate the breaking of a union, followed by the refusal of the employer to accept the employees' surrender. If that is to be Mr. Reagan's unbudging position, then it will be war to the knife.

Fair surrender terms are no great secret. The faithless union would remain decertified. The instigators of the worst trouble would be permanently blackballed. Fewer than 5,000 controllers would be rehired, with the rest on a waiting list. Any of the rehirees who harassed a non-striker could be summarily dismissed.

With such an outcome, perhaps with loss of seniority and pay penalties piled on, nobody could doubt that the strikers suffered a disastrous defeat. Calvin Coolidge's Cabinet Room portrait would smile; Mr. Reagan's point would be unforgettably made.

But it is not in the spirit of American politics to go beyond that and to demand blood. If Mr. Reagan's victory is not accompanied by magnanimity, labor's defeat will be accompanied by defiance. The triumph over one elitist union will be transformed into a sustained rubbing of all organized labor's nose in the dirt. Healthy opposition will turn to unhealthy hostility.

Mr. Reagan never expects to turn to Mr. Kirkland for votes or campaign contributions, but he could use bipartisan support for the mining of Nicaragua's harbors, and will surely have to turn to labor for wage restraint and productivity councils when the recession begins to bite next year.

At that time, with the nation demanding reflation, the Reagan Presidency will succeed or fail on the way it reflates—if the recession-ending stimulation brings on a new inflation spree, Reaganomics would be forever discredited. The only way to avoid such disaster will be to enlist tripartite support for wage and price and entitlement restraint.

That is when he will exhort Mr. Kirkland to do his patriotic duty. And that is when Mr. Kirkland will suck on his Rooseveltian Tar-gard, recalling the meeting in the Cabinet Room of December 2, 1981.

It would be a disservice to our nation, as the President likes to say, for labor's recollection to be limited to a cold Reagan refusal to accept the air controllers' surrender. It would better serve the nation for labor leaders to recall a President with a little "give" in him, which led that day to normal dickering about the Reagan candidate to head the National Labor Relations Board, and a move in Congress to snatch from states their jurisdiction over picket-line violence.

What is this lust in the Reagan White House for total victory? Political conflict is not total war. The controllers' issue should not be decided on the need to teach the entire labor movement a lesson, even less on the convenience of the traveling public during the Christmas season—on the contrary, the decision to accept a surrender should be made in the realization that absolutism is absolutely the wrong way to run this country.

So often, historians search for the moment when disagreement turns to dislike, partisanship to incivility; here is the moment for Mr. Reagan to protect himself and his country from us-against-themism.

The President has done the right thing by inviting Kirkland & Company to the White House so soon after labor's leaders pointedly declined to invite Mr. Reagan to their convention. Now we shall see if he wants to insult them on his own turf or to show them he intends to be President of all the people.●

TEMPLE EMANU-EL OF CANARSIE SALUTES THE SWEDISH PEOPLE

HON. JAMES H. SCHEUER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. SCHEUER. Mr. Speaker, with the recent commemoration of the 40th year since the bombing of Pearl Harbor, we might well reflect upon those troubled times which left so many scars on our history.

Nazi occupation of Europe had turned the continent into a vast geographical trap from which few Jewish people could escape. The systematic annihilation of 6 million Jews resulted and will be remembered as the most horrifying time of the 20th century. History has revealed that heroic acts of salvation were tragically rare during this massacre.

Temple Emanu-el of the Canarsie section in the Brooklyn portion of my district has decided to commemorate the work of one nation who displayed that rare courage.

The Swedish nation was instrumental in rescuing countless European Jews from the hands of the Nazis. In an extraordinary operation involving the cooperation of the Swedish and Danish Governments, nearly 6,500 Danish Jews were hidden in the wake of an imminent German roundup in October 1943, and were subsequently given refuge in Sweden where they remained in safety until the end of the war. Later, by agreement with the Roosevelt administration, the Swedish Government sent their envoy, Raoul Wallenberg, into occupied Hungary to save the remaining members of the Hungarian Jewish community. The courageous Wallenberg spent 1944 printing and distributing Swedish passports to thousands of potential victims and went daily to deportation trains, bound for the death camps, and literally pulled people out of the clutches of the S.S. He purchased and rented scores of houses throughout the capital city of Budapest, equipping them with Swedish flags. This protected over 100,000 men, women, and children from the brutal onslaught of the S.S. and the local Fascist movement, the Arrow Cross.

The membership of Temple Emanu-el of Canarsie, led by its spiritual guide, my good friend, Rabbi A. Allen Block, has decided to salute the Swedish people by honoring His Excellency Anders I. Thurnborg, Swedish Ambassador to the United Nations. The ceremony will take place after their regular services on Friday evening, December 11. I wanted to share with my colleagues both the history of the noteworthy acts of the Swedish Government and the goodwill of the members of Temple Emanu-el of Canarsie.●

CROPLAND CONVERSION

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BROWN of California. Mr. Speaker, in a previous extension of remarks, I shared with my colleagues two articles and a White House memorandum describing the administration's ambivalence toward the problem of agricultural land loss. I want my colleagues to be aware of how this administration views the issue of cropland conversion. I also believe you will find disturbing the administration's apparent willingness to subvert in any fashion good faith efforts within both executive branch agencies and the Congress to fashion more meaningful Federal policies to assist in the protection of farmland.

The memorandum which appears below lays the groundwork for the administration's agricultural land protection policy. I want my colleagues to pay particular attention to section V where four options for action are spelled out, along with the pros and cons of each alternative. I will not steal the thunder of this remarkable memorandum, other than to tell you that the administration has apparently chosen the fourth option. Just for the record, the administration's choice of the fourth option had nothing to do with my sponsoring, as an amendment to the House farm bill, the agricultural land protection title contained in the Senate's farm bill.

THE WHITE HOUSE

Washington, August 14, 1981.

To: Cabinet Council on Food and Agriculture.

From: John McClaughry, Executive Secretary.

Re: Agricultural Land Conversion.

I. ISSUE

What should be the Administration's policy on the conversion of agricultural lands to nonagricultural uses?

II. BACKGROUND

A. Extent of agricultural land conversion

The National Agricultural Lands Study (NALS), initiated by the Carter Administration in 1979, estimates that the U.S. has 1,361 million acres of agricultural land which includes cropland, rangeland, forestland, and pastureland. The U.S. cropland base totals 540 million acres—413 million acres of land actually devoted to crops and 127 million acres of land with a high or medium potential for being converted to crops.

Congressional interest in preserving the country's agricultural productivity has led to various attempts to provide specific directives regarding the protection of farmland. The most significant congressional commitment on this issue to date is a provision in

the Surface Mining Control and Reclamation Act of 1977 that places special restrictions on the surface mining of prime farmland. A number of bills addressing the farmland conversion problem in a more comprehensive manner have been proposed, but not enacted, in the 95th, 96th, and 97th Congress.

Perhaps the most noteworthy event in the history of the Federal Government's involvement in the farmland conversion issue was the publication of the findings of the National Agricultural Lands Study (NALS) in January 1981. Under the co-chairmenship of USDA and CEQ and with the assistance and cooperation of ten other Federal agencies, the NALS staff spent 18 months and $2.1 million examining the nature, rate, extent, and causes of agricultural land conversion and evaluating the economic, environmental, and social consequences of conversion and methods used to restrain and retard conversion. From its research, NALS reached the following conclusion: "Agricultural land is converted to other uses in an incremental piece-by-piece fashion. Many of the effects are local but continued conversion of agricultural land at the current rate could have noteworthy national implications. The cumulative loss of cropland, in conjunction with other stresses on the U.S. agricultural system such as the growing demand for exports and rising energy costs, could seriously increase the economic and environmental costs of producing food and fiber in the United States during the next 20 years." (NALS Final Report, pp. 8-10)

III. ACTION FORCING EVENT

Public interest and expectation, stimulated by the publication of the NALS final report and the National Resource Inventory, by SCS, has prompted the Administration and the Senate and House Agriculture Committees to include agricultural land retention provisions in their respective versions of the 1981 farm bill (for summaries of the Administration, Senate, and House provisions see Tabs A, B, and C, respectively). The Senate provisions are regarded as the strongest in as much as they include certain mandatory requirements that could result in burdensome paperwork for federal agencies and unwarranted disruption of some federal programs. The Administration and House provisions, on the other hand, serve as mild encouragements for the Executive Branch to be sensitive to the farmland conversion issue.

It is believed that most Congressional attention will be directed at the commodity program provisions of the farm bill, thereby permitting the farmland retention provisions to slip through without much scrutiny. This could prove troublesome, especially if the Senate provisions are accepted in conference. There are indications that the House would be willing to recede to the Senate position on agricultural land conversion.

If the Administration wants to influence the thrust of the farm bill's farmland preservation provisions, it must develop a position on the issue and devise a strategy to implement its policy before Congressional action on the farm bill takes place in early to mid-September.

IV. SECRETARIAT CONSIDERATION

The Food and Agriculture Cabinet Council Secretariat has debated what to do about the farmland conversion issue for more than two months. The Secretariat has been unable to develop a concensus on: (1) The magnitude of the farmland conversion problem; (2) The causes of farmland conversion; (3) The extent to which federal programs and policies have contributed to the problem; (4) The appropriate role for the federal government to play in solving the problem; (5) The extent of the paperwork burden that may be generated by a federal solution; and

(6) The extent to which a federal commitment on the farmland conversion issue invites future federal actions and budget outlays.

The Secretariat has agreed to recommend to Senator Helms (Chairman of the Senate Agriculture Committee) adoption of proposed amendments to the Senate farm bill's agricultural land protection subtitle. Those amendments have been sent to the Hill (see TAB D for the text of the amendments and the accompanying letter to Helms).

V. OPTIONS

A. Continue present policy

Present policy essentially leaves it to the individual federal agency to decide to what extent it will reorient the implementation of its programs to minimize farmland conversion.

Pro

(1) Implies Administration's acceptance of market as best allocator of resources.

(2) Puts burden of creating a government-wide agricultural land policy on Congress.

(3) Avoids creation of new paperwork and administrative burdens.

(4) Relieves fears of increased federal involvement in land use controls.

Con

(1) Present policy already acknowledges to some extent that federal programs should not be used to facilitate farmland conversion; therefore continuing present policy does not imply complete reliance on market forces.

(2) Yields policy leadership to Congress.

(3) Could be viewed as Administration's lack of interest in this issue.

(4) Administration will have to act anyway in response to Congress; better to seize initiative.

B. Issue Executive order. (see tab E for proposed draft)

The proposed executive order would: (1) establish policy to minimize the extent to which federal programs and activities contribute to the conversion of farmland and to assure that federal programs are compatible with State, local, and private programs to protect farmland; (2) direct the Secretary of Agriculture to develop criteria for use by all agencies to assess the effects of their programs on farmland conversion; (3) direct each federal agency to apply the criteria and consider alternatives that could lessen adverse effects of its programs on farmland conversion; (4) direct each federal agency to review its programs, policies, and procedures to determine whether any provision thereof is inconsistent with this executive order and take corrective action where needed; (5) direct the Secretary of Agriculture to monitor the implementation of the executive order as well as the extent of farmland conversion nationwide; and (6) direct the Secretary of Agriculture to encourage local USDA offices to participate in community-based efforts to resolve farmland conversion problems.

Pro

(1) Administration would seize initiative on the issue.

(2) Most effective way to dramatize commitment to farmland protection.

(3) Would complement State, local, and private efforts and programs.

(4) Would encourage local problem solving and consensus building—a good model consistent with President's philosophy.

(5) Would have political appeal to environment—inclined individuals concerned about the issue of farmland conversions, including many members of Congress.

Con

(1) Would introduce new consideration—farmland protection—into operation of federal programs and activities; further interferes with market allocation of land.

(2) Executive order is overreaction to a relatively small problem of no immediate urgency.

(3) Imposes additional paperwork and administrative burden, contrary to Administration philosophy.

(4) Could produce interagency friction due to USDA's lead role and monitoring authority.

(5) Could encourage further action in direction of federal land use controls.

C. Issue Presidential memo (see tab F for proposed draft)

The provisions of the proposed presidential memo would track the provisions of the executive order; however, the provisions would be stated in the form of a request rather than a directive.

Pro

(1) Less forceful than executive order and thus less visible and controversial.

(2) Keeps Administration initiative on the issue.

(3) Less likely than executive order to cause interagency friction.

(4) Would minimize paperwork and administrative burden.

Con

(1) Like executive order, would introduce new consideration—farmland conversion—into operation of federal programs and activities; further interferes with market allocation of land.

(2) Would be viewed as weak response to the problem.

(3) Might contribute to uneven application of federal farmland conversion policy.

D. Oppose farm bill agricultural land protection provisions

This policy would seek deletion of relevant language in the House and Senate versions of the farm bill.

Pro

(1) Would strongly affirm marketplace as only legitimate allocation of land; disassociates Administration from the issue altogether.

(2) No threat of increased paperwork.

(3) Would allay any concern about further action in this area.

Con

(1) Inconsistent with farmland conversion provisions included in Administration's own farm bill; would constitute a reversal of position.

(2) Contravenes current USDA-EPA efforts to mitigate effects of their programs on agricultural land conversion.

(3) Would be poorly received by farm leadership in Congress; flies in face of broad support.

(4) Would be adduced as more evidence of Administration's anti-environment policy.●

THE MARVA COLLINS STORY

HON. WILLIAM (BILL) CLAY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. CLAY. Mr. Speaker, "The Marva Collins Story" sponsored by Hallmark Cards on CBS Television on Tuesday, December 1, 1981, portraying the life of Marva Collins was a timely, inspirational, and tastefully developed presentation. Mrs. Collins, through her founding of the Westside Preparatory School, has made a remarkable contribution to the power of education and opportunity for the dispossessed and excluded in our society; especially the children of suppressed and oppressed black Americans.

Mrs. Collins is to be commended for her perseverance, and strength of character in pursuing and demonstrating the educability of all children and youths. The continuance of the Westside Preparatory School is a tribute to her tenacity and unconquerable will. She has been able to get children, who had been previously labeled as not able to learn, to read and comprehend far beyond their expected performance.

In a larger sense, however, Mrs. Collins is a personification of every man and every woman. The fact of the matter is that in St. Louis, Chicago, Detroit, Baltimore, New York, and other large urban school districts, there are courageous and extraordinary teachers who demonstrate in the face of great adversity and opposition, a caring and commitment to black and minority children and youths. They, too, are national heroes and heroines who render superior service to this Nation's most precious resource—its children and youths.

The members of the Congressional Black Caucus took notice of this remarkable lady this past September through its award of the highly cherished George W. Collins Award. This award established by the Congressional Black Caucus gives recognition to an individual for his/her community service contribution. This award was conferred upon Mrs. Collins as a manifestation of the caucus' beliefs in her commitment to black children and youths in the community and her resolute belief in the emancipation of the hidden talents and strengths of black and minority youngsters.

I applaud the recognition which has come to Mrs. Collins. I applaud her stamina, determination, and fierce resolve to "keep on keeping on" because of her imperishable belief that a "mind is a terrible thing to waste."

I earnestly hope that "The Marva Collins Story" will be a prelude to other stories of the sacrificial and selfless contribution of the nameless heroes and heroines who man the Nation's public schools and keep human possibilities vibrant and alive.

CBS Television and Hallmark Cards, Inc., as sponsors of the "The Marva Collins Story" have rendered a distinctive and enduring contribution to our Nation. Each is deserving of a Nation's thanks and praise for "The Marva Collins Story."

It is also a source of inspiration that in the early years, when there were areas of difficulty that her loving and devoted husband and children remained steadfast and supportive of her endeavors. Her success, it can be said, it truly a family success.

Marva Collins represents a priceless contribution to the strength of the mind and belief that education will open doors to wondrous opportunities and I wish her Godspeed as she continues to extend truth and human enrichment to all children and youths.●

TEMPORARY STOP TO STOPGAPPING

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. HUBBARD. Mr. Speaker, the recent passage of the emergency continuing appropriations measure to fund Federal agencies through December 15 proved to be a trying process for both the legislative and executive branches of the Federal Government. Jack Paxton, editor of the Paducah Sun, the largest newspaper in my western Kentucky district, had some observations about the continuing resolution process in a recent column. I believe his remarks should be shared with my colleagues and I wish to do so at this time. The column follows:

[From the Paducah Sun]

TEMPORARY STOP TO STOPGAPPING

(By Jack Paxton)

For those who think President Reagan was engaging in theatrics, playing political chicken or any of the other unsubstantive things some congressmen charged him with when he shut down the government yesterday, one thing is worth pointing out: For all of fiscal 1981, which ended nearly two months ago, there were no appropriations bills, i.e., no real budgets, for federal health, education, welfare or labor operations. It was all stopgap stuff. Temporary "continuing resolutions" which wound up lasting all year.

Now Congress is in the second year of such jerry rigging and that is what Reagan finally decided to call a halt to yesterday. He only wanted, he said, something 50 states seem able to come up with every year, a budget.

Congress had voted yet another continuing resolution containing higher spending than Reagan had called for. It wasn't, it's true, for an entire year. It would only have continued until July 15th. But wait. That's only 2½ months shy of the end of a whole other fiscal year.

It was a plan to continue higher spending in certain areas while Congress could take its time in working out the "permanent" solution, meantime enabling it to head on out for Thanksgiving break. But the temporary solution was itself pretty permanent.

True, in this particular case "only" a few billion dollars were involved. But over the long term of many short-term resolutions, the job the president's been calling for just hasn't been done. The job of facing the fact we've been fiscally irresponsible and calling a halt. Setting a goal and moving toward it. Planning then acting.

The Congress has been fumbling and stopgapping a long time now. So the president helped it step away from one more temporary, higher-spending resolution. Though he did compromise by splitting the difference, twice.

This thing of the government not having money to operate after Congress missed one more deadline has always been something of a joke, a phony crisis.

Reagan changed that. He made the Congressmen face the music. He shut down the government.

It enraged Tip O'Neill and some others. They couldn't believe it. They called him names. They called him theatrical. They called him "great actor."

But they gave him, temporarily, what he wanted—or at least one-fourth of it, after his own double compromise.

But it was, still, temporary and December 15th could see another countdown to another showdown before another holiday.

One might think Congress would enter that session with a different attitude, having come out of this one looking pretty silly.

What made it look so? One man who backed words with action. The shock of those Congressmen could be an indication of how rare that's become in Washington.●

OIL PIPELINE REGULATORY REFORM

HON. MIKE SYNAR

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. SYNAR. Mr. Speaker, on September 15, 1981, I introduced, along with my colleague from Illinois (Mr. CORCORAN), legislation to provide for economic deregulation of the oil and oil pipeline industry. That bill, H.R. 4488, is currently pending before the House Energy and Commerce Subcommittee on Fossil and Synthetic Fuels. Mr. SHARP, the subcommittee chairman, has indicated his intention to hold hearings on the proposal early next year.

The industry association has brought to my attention a number of amendments which they would like to have considered in conjunction with the legislation. As a result, I am inserting the amendments in the CONGRESSIONAL RECORD, so that my colleagues might have an opportunity to study and consider them. Following are the proposed amendments to H.R. 4488:

PROPOSED AMENDMENTS TO H.R. 4488

On page 3, beginning on line 1, strike all of section 4 and insert in lieu thereof:

"SEC. 4. Those provisions of law which vested functions transferred by section 306 and 402(b) of the Department of Energy Organization Act, as those sections existed on the day before the enactment of this Act, are repealed to the extent those provisions of law vest authority to suspend, determine, or prescribe rates, or charges for the transportation of oil by pipeline.

"SEC. 5. (a) Except as otherwise expressly provided in this section, whenever in this section an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be a reference to a section or other provision of the Interstate Commerce Act.

(b) Paragraph (4) of Section 1 (49 U.S.C. 1(4)) is amended to read as follows:

"DUTY TO FURNISH TRANSPORTATION AND ESTABLISH THROUGH ROUTES: DIVISION OF JOINT RATES

"(4) It shall be the duty of every common carrier subject to this part to provide and furnish transportation upon reasonable request therefor, and to establish reasonable through routes with other such carriers. It shall be the duty of every such common carrier establishing through routes to provide reasonable facilities for operating such routes and to make reasonable rules and regulations with respect to their operation.".

(c) Paragraph (5)(a) of section 1 (49 U.S.C. 1(5)(a)) is repealed.

(d) Paragraph (4) of section 13 (49 U.S.C. 13(4)) is amended to read as follows:

"DUTY OF COMMISSION WHERE STATE REGULATIONS RESULT IN DISCRIMINATION

"(4) Whenever in any such investigation the Commission, after full hearing, finds that any such rate, charge, regulation, or practice causes any undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand and interstate or foreign commerce on the other hand, or any undue, unreasonable, or unjust discrimination against, or undue burden on, interstate or foreign commerce (which the Commission may find without a separation of interstate and intrastate property, revenues, and expenses, and without considering in totality the operations or results thereof of any carrier, or group or groups of carriers wholly within any State), which is hereby forbidden and declared to be unlawful, it shall (a) set aside such rate, charge, regulation or practice, and (b) in the case of a regulation or practice shall prescribe the regulation or practice thereafter to be observed, in such manner as, in its judgment, will remove such advantage, preference, prejudice, discrimination, or burden. Such regulations and practices shall be observed while in effect by the carriers parties to such proceeding affected thereby, the law of any State or decision or order of any State authority to the contrary notwithstanding.".

(e) Paragraph 1 of section 15 (49 U.S.C. 15(1)) is amended to read as follows:

"COMMISSION EMPOWERED TO DETERMINE AND PRESCRIBE REGULATIONS AND PRACTICES

"(1) Whenever, after full hearing, upon a complaint made as provided in section 13 of this part, or after full hearing under an order for investigation and hearing made by the Commission on its own initiative, either in extension of any pending complaint or without any complaint whatever, the Commission shall be of opinion that—

"(a) any individual or joint rate or charge whatsoever demanded, charged, or collected by any common carrier or carriers subject to this part for the transportation of oil is or will be unjustly discriminatory or unduly preferential or prejudicial under the provisions of this part; or

"(b) any individual or joint regulation, or practice whatsoever of such carrier or carriers subject to the provisions of this part, is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this part;

the Commission is authorized and empowered to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist and in the case of a regulation or practice to determine and prescribe what individual or joint regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall conform to and observe the regulation or practice so prescribed.".

(f) Paragraph (3) of section 15 (49 U.S.C. 15(3)) is amended to read as follows:

"ESTABLISHMENT OF THROUGH ROUTES

"(3) The Commission may, and it shall whenever deemed by it to be necessary or desirable in the public interest, after full hearing upon complaint or upon its own initiative without complaint, establish through routes applicable to transportation by carriers subject to this part and the terms and conditions under which such through routes shall be operated. If any tariff or schedule cancelling any through route without the consent of all carriers parties thereto or authorization by the Commission, is suspended by the Commission for investigation, the burden of proof shall be upon the carrier or carriers proposing such cancellation to show that it is consistent with the public interest, without regard to the provisions of paragraph (4) of this section.".

(g) Paragraph (6) of section 15 (49 U.S.C. 15(6)) is repealed.

(h) Paragraph (7) of section 15 (49 U.S.C. 15(7)) is amended to read as follows:

"HEARINGS ON NEW FILINGS; SUSPENSIONS

"(7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate or charge, or any new individual or joint regulation or practice affecting any rate or charge, the Commission shall have, and it is given, authority, either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning whether such rate or charge is unjustly discriminatory or unduly preferential or prejudicial or concerning the lawfulness of such regulation or practice; and pending a hearing concerning the lawfulness of a regulation or practice and the decision thereon the Commission, upon delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such regulation or practice and defer the use of such regulation or practice, but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the regulation or practice goes into effect, the Commission may make such order with respect to any new rate or charge, or new regulation or practice as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of regulation or practice shall go into effect at the end of such period. At any hearing involving a change in a rate or charge, or in a rule, regulation, or practice, the burden of proof shall be upon the complainant to show that the proposed changed rate or charge is unjustly discriminatory or unduly preferential or prejudicial or that the proposed rule, regulation, or practice is not just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.".

(i) Section 3 of chapter 573 of the Act of December 12, 1945 (49 U.S.C. 65a) is repealed.

"SEC. 6. No State or political subdivision thereof, and no interstate agency or other political agency of two or more States, shall review, prescribe, suspend, set aside, or in any manner regulate the rates or charges of any common carrier for transportation of oil by pipeline in interstate commerce or the regulations and practices pertaining to such transportation.

"SEC. 7. This Act, and the amendments made by this Act, shall take effect 60 days after the date of enactment of this Act."●

SUMMARY OF EARLY WARNINGS ON SPENDING BILLS

HON. LES ASPIN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. ASPIN. Mr. Speaker, today at the request of the Budget Committee I am inserting this week's Early Warning package into the CONGRESSIONAL RECORD. This week the House of Representatives is scheduled to consider one spending bill, the foreign assistance appropriation bill for fiscal year 1982. Three conference reports on appropriation bills are also included in this package; they may be brought to the floor, though they have not yet been scheduled. These are the HUD, Agriculture, and Transportation appropriation bills. The minimum benefits bill and the continuing resolution may also come to the floor, but there is no final agreement on these bills at this time, and therefore no cost estimate.

This package also contains brief summaries of the potential budget impact of authorization bills that are scheduled for floor action. These materials factually compare the total amount of spending provided or authorized by these bills with the assumptions for such spending that resulted from congressional approval of the first budget resolution for fiscal year 1982. The committee intends to

insert into the CONGRESSIONAL RECORD these staff analyses, and analyses of all other appropriations, entitlement, or revenue bills as they are scheduled for floor action. We hope to provide these "Early Warnings" to interested Members every Monday. I believe that it is very important for the House to have information that compares such bills to the budget resolution—achievement of the resolution spending targets is not likely to occur unless the Members are clearly aware of the budget impact of their votes.

EARLY WARNING HOUSE BUDGET COMMITTEE

HR 4559, FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION

This bill, plus prior action charged to this subcommittee, result in the subcommittee being below its targets for discretionary budget authority by $760 million and over its target for outlays by $198 million.

Staff analysis

Committee: Appropriations.

Subcommittee: Foreign Operations.

Chairman: Mr. Long (Maryland).

Ranking Minority Member: Mr. Kemp (New York).

Scheduled: Thursday, December 10, 1981.

I. Description of bill

The bill provides funding for U.S. foreign aid programs including contributions to multilateral development banks such as the World Bank and the Interamerican Development Bank; contributions to international organizations; bilateral development programs of the Agency for International Development; and military assistance. The bill also sets ceilings on the direct loan and loan guarantee programs of the Export-Import Bank.

The bill as a whole, plus the prior actions charged to this suballocation, would be $760 million below the 302(b) target for this subcommittee in budget authority and $122 million over the target in outlays. If mandatory amounts needed for pay supplementals are fully funded the subcommittee would be below its target by $751 million in budget authority and over the target by $130 million in outlays.

II. Comparison with target for discretionary appropriations action

Pursuant to the Budget Act and HBC scorekeeping, the subcommittee has two targets: one for discretionary programs and one for mandatory programs. Since the Appropriations Committee is bound by existing entitlement law, it generally cannot effectively change the amounts required for the funding of mandatory programs. Its target for discretionary programs is therefore the main focus for this Early Warning report. Further, if the conference report on this appropriation bill exceeds the target for discretionary budget authority, the bill will be subject to the "delayed enrollment" provision of Section 305 of the fiscal year 1982 First Budget Resolution. As shown on line 7 below, the bill plus discretionary amounts not yet considered is under its 302(b) target for discretionary budget authority by $760 million and over its outlays target by $198 million.

III. Summary table

[In millions of dollars]

	Budget authority	Outlays
The amounts shown below are only for discretionary 1982 spending in this bill:		
1. Discretionary amounts in bill	11,097	3,131
2. Prior action	125	125
3. Total action to date	11,222	3,256
4. 302(b) target	11,982	3,058
5. Over (+)/Under (−)	−760	+198
6. Amounts assumed but not yet considered		
7. Over (+)/Under (−)	−760	+198
The amounts shown below are only for mandatory appropriations included in this bill:		
8. Mandatory amounts in bill	32	32
9. Prior action		5,830
10. Total	32	5,862
11. 302(b) target	32	5,938
12. Over (+)/Under (−)		−76
13. Supplemental amounts needed	9	8
14. Over (+)/Under (−)	+9	−68

IV. Explanation of over/under

Despite the fact that the House Budget Committee is unable to give a definitive answer to the question of where a particular bill is over or under its 302(b) allocation, it does compare the items in a bill to the assumptions contained in the budget resolution. It is important to note that the line item assumptions in the budget resolution are not binding on a committee. A list of the major items which cause the subcommittee allocation to be exceeded are listed below.

Multinational Force and Observers (MFO). This item was requested by the President subsequent to passage of the First Budget Resolution for Fiscal Year 1982. While not funded in the foreign assistance bill the cost of the MFO ($125 million in budget authority and outlays) is charged to this suballocation.

Security assistance contingency funds. The bill does not appropriate the $350 million request by the administration for this purpose.

Military Assistance Program. The bill provides $200 million not requested by the administration for grant military assistance to Egypt ($100 million) and a number of other countries.

Foreign Military Credit Sales (FMS). The bill provides $650 million for FMS in lieu of the $1,482 million requested by the administration. The amounts in the bill are exclusively for Israel ($550 million) and for Egypt ($100 million).

Export-Import Bank. The bill sets the direct loan program limitation at $4.0 billion in lieu of the $4.4 billion requested by the administration. (NOTE. The President's September budget request sets the Export-Import Bank direct loan limitation at $3.9 billion).

V. Comparison with the President

This bill is below the President's September budget request for discretionary items by $565 million in budget authority and $183 million in outlays.

VI. Credit (In millions of dollars)

The budget resolution contains only nonbinding targets for credit program amounts. This is the first year that there has been a credit scorekeeping system. There is no 302(a) and 302(b) allocation for credit program annual limits. For comparative purposes only, the table below shows the bill and the first budget resolution assumptions.

	Direct loan obligations	Primary guarantee commitments	Secondary guarantee commitments
1. Credit program limits in the bill	5,621	11,747	
2. Programs assumed to be limited in the budget resolution but not acted on in the bill			
3. Credit programs not subject to limit			
4. Total in bill	5,621	11,747	
5. Budget resolution assumptions	6,882	11,043	
6. Over (+)/Under (−)	−1,261	+704	

The credit programs recommended in the bill are $1,261 million below the budget resolution assumption in direct loans but $704 million above the resolution in loan guarantees. The differences from the assumptions in the resolution result from the bill's treatment of credit programs for Foreign Military Credit Sales (FMS) and the Export-Import Bank. In both programs the bill reduces the estimates for direct loans but increases the amounts available under the loan guarantee programs.

VII. Amendments

None known at this time.

VIII. Definitions of terms in summary table, section III

Line 1. Discretionary amounts in bill: discretionary fiscal year 1982 appropriations in H.R. 4559.

Line 2. Prior action: Fiscal year 1982 budget authority and outlays were appropriated in the fiscal year 1982 Continuing Resolution for the Multilateral Force and Observers in the Sinai.

Line 3. Total action to date: Line 1 plus line 2.

Line 4. 302(b) target: The target for discretionary appropriations for this subcommittee set by the Appropriations Committee pursuant to the Budget Act.

Line 5. Over (+) or Under (−): Line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: no entry is made as this subcommittee has completed consideration of all the items assumed in the Resolution.

Line 7. Over (+) or Under (−): Line 5 minus line 6.

Line 8. Mandatory amount in bill: funding for mandatory programs (entitlements).

Line 9. Prior action: outlays from budget authority enacted for years prior to fiscal year 1982, plus any permanents assigned to the Appropriations Committee.

Line 10. Total: line 8 plus line 9.

Line 11. 302(b) target: The target for mandatory amounts for this subcommittee set by the Appropriations Committee. The target set by the Appropriations Committee includes the effect of assumed authorizing legislation that would change the level of mandatory programs.

Line 12. Over (+)/Under (−): line 10 minus line 11.

Line 13. Supplemental amounts needed: amounts assumed in the Budget Resolution for the October 1 pay raise.

Line 14. Over (+)/Under (−): line 12 plus 13.

H.R. 4034, FISCAL YEAR 1982 HUD-INDEPENDENT AGENCIES REVISED CONFERENCE REPORT

This bill is under its targets for discretionary budget authority and outlays as contained in the first budget resolution.

Staff analysis

Committee: Appropriations.

Subcommittee: HUD-Independent agencies.

Chairman: Mr. Boland (Massachusetts).

Ranking Minority Member: Mr. Green (New York).

Scheduled: Expected week of December 7.

I. Description of bill

This bill provides appropriations for HUD, the Environmental Protection Agency, NASA, the Veterans Administration, and several other smaller independent agencies.

The bill as a whole is under the 302(b) targets for this subcommittee by $4,046 million in budget authority and over by $76 million in outlays (the sum of lines 5 and 12 below). However, if amounts assumed in the Budget Resolution but not yet considered are added and mandatory programs are fully funded, the subcommittee could be under its target by $3,989 million in budget authority and over by $135 million in outlays (the sum of lines 7 and 14).

II. Comparison with target for discretionary appropriations action

Pursuant to the Budget Act and HBC scorekeeping, the subcommittee has two targets: one for discretionary programs and one for mandatory programs. Since the Appropriations Committee is bound by existing entitlement law, it generally cannot effectively change the amount required for the funding of mandatory programs. Its target for discretionary programs is therefore the main focus for this Early Warning report. Further, if the revised conference report on this appropriation bill exceeds the target for discretionary budget authority, the bill will be subject to the "delayed enrollment" provision of Section 305 of the fiscal year 1982 First Budget Resolution. As shown on line 7 below the bill plus discretionary amounts not yet considered is below the 302(b) target for discretionary action by $5,517 million in budget authority and by $260 million in outlays.

III. Sumary table

[In millions of dollars]

	Budget authority	Outlays
The amounts shown below are only for discretionary 1982 spending in this bill.[1]:		
1. Descretionary amounts in bill	43,267	19,133
2. Prior action		
3. Total	43,267	19,133
4. 302(b) target	48,910	19,491
5. Over(+)/Under(−)	−5,643	−358
6. Amounts assumed but not yet considered	126	98
7. Over(+)/Under(−)	−5,517	−260
The amounts shown below are only for mandatory appropriations included in this bill:		
8. Mandatory amounts in bill	17,092	14,359
9. Prior action		23,368
10. Total	17,092	37,727
11. 302(b) target	15,495	37,293
12. Over(+)/Under(−)+	+1,597	+434
13. Supplemental amounts needed	−69	−39
14. Over(+)/Under(−)	+1,528	+395

[1] In this display, General Revenue Sharing is scored as a discretionary program, consistent with the classification used by the Appropriations Committee in setting its 302(b) targets. GRS is fully funded, so this classification has no impact on whether the bill is under or over its targets.

IV. Explanation of over/under

The total of the 302(b) subdivisions made by the Appropriations Committee must equal the total amounts of the 302(a) allocation, but the asumptions which make up the subcommittee target need not be the same as the program assumptions that underlie the Budget Resolution. The specific assumptions behind the 302(b) target are not known—as a result, the specific programmatic reasons that the bill is over or under the subcommittee targets can not be precisely identified.

Although this bill is well within its 302(b) allocation for discretionary budget authority amounts, there are several differences from the budget resolution and the Omnibus Reconciliation bill, as passed by the House. The revised conference report would appropriate only $16.34 billion for new subsidized housing. This is $2.05 billion less than the House-passed reconciliation bill which would have supported an estimated 158,000 units. The bill would appropriate $1.16 billion for operating subsidies for public housing, $480 million less than the House-passed reconciliation bill would authorize. The bill would appropriate $3.456 billion for community development block grants and a separate $440 million for UDAG, contrary to the administration request. The total, however, for these two programs of $3.896 billion is $230 million above the September request by the administration for its new block grant.

For mandatory items, the revised conference report over funds veterans' programs compared to the First Budget Resolution assumptions. Civilian agency pay raises still remain to be funded, however. The Budget Committee estimates that $200 million in budget authority and outlays would be needed by this subcommittee for the pay raise. In combination, these factors result in this bill exceeding its targets for mandatory items by $1,528 million in budget authority and $395 million in outlays.

V. Comparison with the President

This bill is above the President's September revised request for discretionary items in this bill by $358 million in budget authority and over in outlays by $751 million.

VI. Comparison to Original Conference

The Senate has voted numerous amendments to the original HUD-Independent Agencies conference report, which the House had approved without amendment on September 15. The House must now respond to the Senate amendments. The Senate actions fall into two categories: 1) reductions in most of the discretionary programs to meet in part or in full the September reductions proposed by the President, and 2) increases in veterans' programs for items not previously considered and to reflect new higher estimates for mandatory items. The net effect of these two kinds of actions is a decrease of $331 million in budget authority and an increase of $657 million in outlays to the original conference report for this bill.

VII. Credit (In millions of dollars)

The Budget Resolution contains non-binding targets for credit program amounts. This is the first year that there has been a credit scorekeeping system. There is no 302(a) and 302(b) allocation for credit program annual limits. For comparative purposes only, the table below shows the revised conference report and First Budget Resolution.

	Direct loan obligations	Primary guarantee commitments	Secondary guarantee commitments
1. Credit program limits in the bill	7,577	40,981	68,250
2. Programs assumed to be limited in the budget resolution but not acted on in the bill			
3. Credit programs not subject to limit	−274	−2,297	
4. Total in bill	7,303	38,684	68,250
5. Budget resolution assumptions	8,720	38,082	69,542
6. Over (+)/Under (−)	−1,417	+602	−1,292

Within the Appropriation Committee the HUD-Independent Agencies subcommittee has taken the lead on annual credit program limits. This subcommittee, which has the largest credit program jurisdiction within Appropriations, has enacted annual limits for each account requested by the administration. The total limits proposed exceed the non-binding assumptions in the Budget Resolution for primary guarantees but are below the assumptions for direct loans and secondary guarantees. The main decrease in direct loans is a limit of $1.973 billion for GNMA mortgage purchase commitments in the March budget, for which the administration had requested $3.6 billion in anticipation of terminating the program in 1983. The increase in primary guarantees reflects a small increase in FHA mortgage insurance commitments over the Resolution assumptions. The decrease in secondary guarantees reflects, a $1.1 billion decrease in GNMA mortgage backed securities, down to $68.25 billion, from the Resolution assumptions.

VIII. Amendments

None known at this time.

IX. Definitions of terms in summary table, section III

Line 1. Discretionary amounts in bill: discretionary fiscal year 1982 appropriations in H.R. 2000.

Line 2. Prior action: the fiscal year 1982 budget authority and outlays for this subcommittee that were appropriated in prior bills.

Line 3. Total action to date: line 1 plus line 2.

Line 4. 302(b) target: the target for discretionary appropriations for this subcommittee set by the Appropriations Committee pursuant to the Budget Act.

Line 5. Over (+)/Under(−): line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: these are amounts assumed in the fiscal year 1982 Budget Resolution for which funding has been deferred by the Appropriations Committee, probably until next Spring's supplemental appropriation bill.

Line 7. Over (+)/Under(−): line 5 plus line 6.

Line 8. Mandatory amounts in bill: funding for mandatory programs (entitlements).

Line 9. Prior action: outlays from budget authority enacted for years prior to fiscal year 1982, plus any permanents assigned to the Appropriations Committee.

Line 10. Total: line 8 plus line 9.

Line 11. 302(b) target: the target for mandatory amounts for this subcommittee set by the Appropriations Committee. The target set by the Appropriations Committee includes the effect of assumed authorizing legislation that would change the level of mandatory programs.

Line 12. Over (+)/Under(−): line 10 minus line 11.

Line 13. Supplemental amounts needed: amounts for any new entitlement legislation

assumed in the Budget Resolution, for the October 1 pay raise, and to fund mandatory items in the bill at the level estimated in the Budget Resolution.

Line 14. Over (+)/Under(−): line 12 plus line 13.

CONFERENCE REPORT H.R. 4209, FISCAL YEAR 1982 DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES

This bill is under its targets for discretionary spending.

Staff analysis

Committee: Appropriations.
Subcommittee: Transportation.
Chairman: Mr. Benjamin (Indiana).
Ranking Minority Member: Mr. Coughlin (Pennsylvania).
Scheduled: Thursday, November 19, 1981.

I. Description of bill

This conference report provides funds for the Department of Transportation and related agencies for fiscal year 1982.

The conference report as a whole is under the 302(b) targets for this subcommittee by $1,056 million in budget authority and $145 million in outlays (the sum of lines 5 and 12 below). If amounts assumed in the budget resolution but not yet considered are added, and mandatory programs are fully funded, the subcommittee could be under its targets by $997 million in budget authority and $88 million in outlays (the sum of lines 7 and 14 below).

II. Comparison with target for discretionary appropriations action

Pursuant to the Budget Act and HBC scorekeeping, the subcommittee has two targets: one for discretionary programs and one for mandatory programs. Since the Appropriations Committee is bound by existing entitlement law, it generally cannot effectively change the amounts required for the funding of mandatory programs. Their target for discretionary programs is therefore the main focus for this Early Warning report. Further, if a conference report exceeds the target for discretionary budget authority, the bill will be subject to the "delayed enrollment" provision of Section 305 of the fiscal year 1982 First Budget Resolution. As shown on line 7 below, the conference report plus discretionary amounts not yet considered is below its 302(b) target for discretionary action by $1,064 million in budget authority and $252 million in outlays.

III. Summary Table

[In millions of dollars]

	Budget authority	Outlays
The amounts shown below are only for discretionary 1982 spending in this conference report:		
1. Discretionary amounts in conference report	10,268	6,458
2. Prior action		
3. Total action to date	10,268	6,458
4. 302(b) target	11,332	6,710
5. Over (+)/Under (−)	−1,064	−252
6. Amounts assumed but not yet considered		
7. Over (+)/Under (−)	−1,064	−252
The amounts shown below are only for mandatory appropriations included in this conference report:		
8. Mandatory amounts in conference report	345	332
9. Prior action	166	13,200
10. Total	511	13,532
11. 302(b) target	503	13,425
12. Over (+)/Under (−)	+8	+107
13. Supplemental amounts needed	59	57
14. Over (+)/Under (−)	+67	+164

IV. Explanation of over/under

Despite the fact that the House Budget Committee is unable to give a definitive answer to the question of where a particular bill is over or under its 302(b) allocation, it does compare the items in a bill to the assumptions contained in the budget resolution. It is important to note that the line-item assumptions in the budget resolution are not binding on a committee. Although within the totals assumed in the budget resolution for this conference report, the conference report makes several changes among funding priorities including:

A reduction of $500 million in budget authority and $400 million in outlays for the purchase of Consolidated Rail Corporation (ConRail) securities. The Committee anticipates that funds appropriated for operating expenses in fiscal year 1981 will be available to finance operations through fiscal year 1982.

An increase of $122 million in budget authority and $226 million in outlays for AMTRAK.

A decrease of $142 million in budget authority and $118 million in outlays for Urban Mass Transportation Administration (UMTA).

An increase of $125 million in budget authority and $21 million in outlays for interstate highway transfer grants.

A decrease of $215 million in budget authority and $32 million in outlays for the Appalachian highway system which is maintained in the Energy and Water Appropriation bill.

A decrease of $198 million in budget authority and $179 million in outlays in FAA operations.

For mandatory items, the conference report plus assumed "full funding" of mandatory items would be over its budget authority target largely because the target seems not to make an allowance for the civilian agencies pay raise that will become effective this October.

V. Comparison with the President (Discretionary amounts only)

This conference report is above the President's September request for discretionary items in the conference report by $844 million in budget authority and over by $633 million in outlays and below the President's March request by $489 million in budget authority and $151 million in outlays.

VI. Credit (In millions of dollars)

The budget resolution contains only nonbinding targets for credit program amounts. This is the first year that there has been a credit scorekeeping system. There is no 302(a) and 302(b) allocation for credit program annual limits. For comparative purposes only, the table below shows the conference report and the first budget resolution assumptions.

	Direct loan obligations	Primary guarantee commitments	Secondary guarantee commitments
1. Credit program limits in the conference report		445	3
2. Programs assumed to be limited in the budget resolution but not acted upon in the conference report			
3. Credit programs not subject to limit	291	−291	
4. Total in conference report	291	154	3
5. Budget resolution assumption	291	129	3
6. Over (+)/Under (−)		+25	

The Transportation Subcommittee total limitations proposed for guarantee programs (in this conference report) exceed the budget resolution by $25 million. The Transportation Subcommittee set limitations for guarantee programs that differed from the resolution as follows:

Aircraft purchase loan guarantees are limited to $175 million, $75 million above the resolution, but a 50 percent cut from the 1981 level. The Committee expressed concern that an abrupt termination of the program would adversely affect carriers which had made investments based on the availability of guarantees.

Railroad rehabilitation and improvement financing fund guarantees are limited to $270 million, $50 million below the resolution. The Committee noted that the largest pending loan guarantee application had been withdrawn.

VII. Amendments

None.

VIII. Definitions of terms in summary table, section III

Line 1. Discretionary amounts in bill: discretionary fiscal year 1982 appropriations in H.R. 4209.

Line 2. Prior action: the fiscal year 1982 budget authority and outlays for this committee that were appropriated in prior bills.

Line 3. Total action to date: line 1 plus line 2.

Line 4. 302(b) target: the target for discretionary appropriations set by the Appropriations Committee pursuant to the Budget Act.

Line 5. Over(+)/Under(−): line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: these are amounts assumed in the fiscal year 1982 Budget Resolution for which funding has been deferred by the Appropriations Committee, probably until next Spring's supplemental appropriation bill.

Line 7. Over(+)/Under(−): line 5 plus line 6.

Line 8. Mandatory amount in bill: funding for mandatory programs (entitlements).

Line 9. Prior action: outlays from budget authority enacted for years prior to fiscal year 1982, plus permanents and advance appropriations assigned to the Appropriations Committee.

Line 10. Total: line 8 plus line 9.

Line 11. 302(b) target: the target for mandatory amounts set by the Appropriations Committee. The target set by the Appropriations Committee includes the effect of assumed authorizing legislation that changes the level of mandatory programs.

Line 12. Over(+)/Under(−): line 10 minus line 11.

Line 13. Supplemental amounts needed: amounts for any new entitlement legislation assumed in the Budget Resolution, for the October 1 pay raise.

Line 14. Over(+)/Under(−): line 12 plus line 13.

CONFERENCE REPORT, H.R. 4119, FISCAL YEAR 1982 AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATIONS

The conference report is under its targets for discretionary budget authority by $971 million and discretionary outlays by $548 million. The subcommittee as a whole, if mandatory items are fully funded, is under its targets by $822 million in budget authority and $336 million in outlays.

Staff analysis

Committee: Appropriations.
Subcommittee: Agriculture.
Chairman: Mr. Whitten (Mississippi).
Ranking Minority Member: Mrs. Smith (Nebraska).
Scheduled: Expected week of December 7, 1981.

I. Description of conference report

This conference report provides funds for the Department of Agriculture for fiscal year 1982, and for related independent agencies.

The conference report as a whole is under the 302(b) targets for this subcommittee by $1,151 million in budget authority and $549 million in outlays (the sum of lines 5 and 12 below). If amounts assumed in the Budget Resolution but not yet considered are added, and mandatory programs are fully funded, the subcommittee could be under its targets by $822 million in budget authority and $336 million in outlays (the sum of lines 7 and 14).

II. Comparison with target for discretionary appropriations action

Pursuant to the Budget Act and HBC scorekeeping, the subcommittee has two targets: one for discretionary programs and one for mandatory programs. Since the Appropriations Committee is bound by existing entitlement law, it generally cannot effectively change the amounts required for the funding of mandatory programs. Its target for discretionary programs is therefore the main focus for this Early Warning report. Further, if the conference report on this appropriation bill exceeds the target for discretionary budget authority, the bill will be subject to the "delay enrollment" provision of Section 305 of the fiscal year 1982 First Budget Resolution. As shown on line 7 below, the conference report plus discretionary amounts not yet considered is under the 302(b) target for discretionary action by $971 million in budget authority and $548 million in outlays.

III. Summary table

[In millions of dollars]

	Budget authority	Outlays
The amounts shown below are only for discretionary 1982 spending in this conference report:		
1. Discretionary amounts in bill	20,041	15,366
2. Prior action	87	93
3. Total action to date	20,128	15,459
4. 302(b) target	21,481	16,148
5. Over (+)/Under (−)	−1,353	−689
6. Amounts assumed but not yet considered	382	141
7. Over (+)/Under (−)	−971	−548
The amounts shown below are only for mandatory appropriations included in this conference report:		
8. Mandatory amounts in bill	1,111	3,935
9. Prior action	2,233	365
10. Total	3,344	4,300
11. 302(b) target	3,142	4,160
12. Over (+)/Under (−)	+202	+140
13. Supplemental amounts needed	−53	72
14. Over (+)/Under(−)	+149	+212

IV. Explanation of over/under

The conference report is under the discretionary targets. The total of the 302(b) subdivisions made by the Appropriations Committee must equal the total amounts of the 302(a) allocation, but the assumptions which make up the subcommittee target need not be the same as the program assumptions that underlie the Budget Resolution. The specific assumptions behind the 302(b) targets are not known—as a result, the specific programmatic reasons that the conference report is under the subcommittee targets cannot be precisely identified.

The amounts assumed but not yet considered reflects the difference between the First Budget Resolution estimate of $10.633 billion in budget authority for the food stamp program in fiscal year 1982 and $10.293 billion included in the conference report. The $10.293 billion in the conference report includes $206 million for nutrition assistance to Puerto Rico. The conferees note, however, that the Administration has undertaken a complete review of all major entitlement programs and that legislation to amend the food stamp program will be submitted which may impact on the full funding needs of the program in fiscal year 1982. The conferees also agree that additional funds may be required to carry out the program as authorized and that such funds will be provided when an official request is received from the Administration. The House farm bill (H.R. 3603) which authorizes the food stamp program sets an authorization cap of $11.30 billion for fiscal year 1982 which is also the current estimate of full funding needed for the program in fiscal year 1982.

For mandatory items, the bill plus assumed "full funding" of mandatory items would be over its targets primarily because the targets seem not to make an allowance for the civilian agencies pay raise that became effective this October.

V. Comparison with the President (discretionary amounts only)

This bill is over the President's September requests for discretionary items in the conference report by $592 million in budget authority and $685 million in outlays.

VI. Credit (In millions of dollars)

The Budget Resolution contains non-binding targets for credit program amounts. This is the first year that there has been a credit scorekeeping system. There is no 302(a) and 302(b) allocation for credit program annual limits. For comparative purposes only, the table below shows the conference report and First Budget Resolution assumptions.

	Direct loan obligations	Primary guarantee commitments	Secondary guarantee commitments
1. Credit program limits in bill	10,205	[1] 7,131	
2. Programs assumed to be limited in the Resolution but not acted upon in bill			
3. Credit programs not subject to limit	6,736	−5,474	
4. Total in bill	16,941	1,657	
5. Budget Resolution assumption	13,747	−148	
6. Over (+)/Under (−)	+3,194	+1,805	

[1] This amount also includes $250 million for alcohol fuel production facilities loans which are provided for in the Continuing Resolution for Fiscal Year 1982 and thus, are not reflected in this conference report. The conference report assumes credit program limits of $6,881 million.

The major differences between the conference report and the first budget resolution occur in the following loan programs—short term export credit, agricultural credit insurance program, water and sewer, and the Rural Electrification Program (REA). The conference report sets a limit of $2,200 million on short-term export credit loans; although, it is unlikely that any of these direct loans will be made. The Budget Resolution reflected only $1.35 billion for direct disaster loans. The President's request reflected $1.6 billion for disaster loans of which $250 million were to be guaranteed loans. However, numerous fact sheets by the Administration indicated the Administration had intended the full $1.6 billion be allocated to direct loans. The bill also sets a limit of $375 million in direct loans for water and sewer facility loans. The Budget Resolution assumes a zero level. The conference report also provides a maximum limit of $1,425 million for Rural Electrification and Telephone Revolving Fund direct loans—$325 million more than the Budget Resolution.

The main increases in primary guaranteed loans result from the conference report allowing for $300 million in Industrial Development loans and the Continuing Resolution allowing $250 million for alcohol fuel production facilities loans. The Budget Resolution assumes zero levels of funding for both programs. The conference report also assumes a maximum limit on Rural Electrification and Telephone Revolving Fund guaranteed loans of $6,400 million—$1,255 million more than the Budget Resolution.

VII. Definitions of terms in summary table, section III

Line 1. Discretionary amounts in conference report: discretionary fiscal year 1982 appropriations in H.R. 4119.

Line 2. Prior action: the fiscal year 1982 budget authority and outlays for this subcommittee that were appropriated in prior bills.

Line 3. Total action to date: Line 1 plus line 2.

Line 4. 302(b) target: the target for discretionary appropriations for this subcommittee set by the Appropriations Committee pursuant to the Budget Act.

Line 5. Over (+)/Under (−): Line 3 minus line 4.

Line 6. Amounts assumed but not yet considered: these are amounts assumed in the fiscal year 1982 Budget Resolution for which funding has been deferred by the Appropriations Committee, probably until next Spring's supplemental appropriation bill.

Line 7. Over(+)/Under(−): line 5 plus line 6.

Line 8. Mandatory amounts in conference report: funding for mandatory programs (entitlements).

Line 9. Prior action: outlays from budget authority enacted for years prior to fiscal year 1982, plus any permanents assigned to the Appropriations Committee.

Line 10. Total: Line 8 plus Line 9.

Line 11. 302(b) target: the target for mandatory amounts for this subcommittee set by the Appropriations Committee. The target set by the Appropriations Committee includes the effect of assumed authorizing legislation that would change the level of mandatory programs.

Line 12. Over(+)/Under(−): Line 10 minus line 11.

Line 13. Supplemental amounts needed: amounts for any new entitlement legislation assumed in the Budget Resolution, for the October 1 pay raise, and to fund mandatory

items in the conference report at the level estimated in the Budget Resolution.

Line 14. Over(+)/Under(−): line 12 plus line 13.

SUMMARY OF AUTHORIZATION

H.R. 3782—REVITALIZATION OF THE PLEASURE CRUISE-PASSENGER VESSEL INDUSTRY

This bill has no budgetary impact; it is intended to allow the steamship vessel Oceanic Constitution into the pleasure cruise industry by changing current regulations and legal stipulations.

H.R.1465—STATE AND LOCAL GOVERNMENT COST ESTIMATE ACT

This bill amends the Budget Act so as to require the Congressional Budget Office to submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with every "significant" (above $200.0 million) bill or resolution. CBO estimates that the bill will require an additional $700.0 thousand in fiscal year 1983, $800.0 thousand in fiscal year 1984, $800.0 thousand in fiscal year 1985 and $900.0 thousand in fiscal year 1986. This money would be used for additional "computer time and personnel."

H.J. RES. 341—ALASKA NATURAL GAS PIPELINE WAIVERS

This resolution approves certain Presidentially-recommended waivers of law to help facilitate the financing and construction of the Alaska Natural Gas Pipeline. The resolution is subject to expedited voting procedures prescribed in the 1976 Alaska Natural Gas Transportation Act (ANGTA). It is estimated to have minimal budget impact.

H.R. 2559—COAST GUARD AUTHORIZATION—FISCAL YEAR 1982

This bill would authorize appropriations for the Coast Guard in fiscal year 1982 for various programs including $1,450 million for operations and maintenance, $425 million for facilities and equipment, $17.5 million for alteration of bridges and $33 million for research and development. The bill increases funding for operating expenses; acquisition, construction and improvements (ACI); and research and development over the President's March budget request by approximately $100 million. The operations and ACI budget accounts are above the 1981 actual amounts by $202 million in total. The bill also authorizes $88.8 million in supplemental funds for the operating account in fiscal year 1981. Compared to the President's September budget request the bill is over by $345 million of which $216 million is for operations and $120 million for ACI.

H.R. 4700—STANDBY PETROLEUM EMERGENCY AUTHORITY ACT OF 1981

This act authorizes special presidential authorities to be available in the event of an emergency. The bill is estimated to have minimal budget impact.

H.R. 3566—INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATIVE ACT OF 1981

H.R. 3566 authorizes appropriations for military and development assistance and provides legislative direction for U.S. foreign aid programs. It authorizes a number of programs which are included in the foreign assistance appropriations bill, and addresses the Food for Peace program levels which are included in the Agriculture appropriation bill.

Since H.R. 3566 in not a spending bill there are no specific assumptions in the budget resolution which address these foreign assistance authorization levels. However, since the first budget resolution made no change to the President's March budget request for International Affairs, it might be appropriate to compare H.R. 3566 with the President's request. A comparison with the President's March request, his September request, and the amounts authorized in H.R. 3566 is shown below.

Budget authority

[In millions of dollars]

President's March request	6,681
H.R. 3566	6,027
Amount below the resolution and the President's March request	−654
President's September request	5,728
H.R. 3566	6,027
Amount above the President's September request	+299

So the bill is $654 billion below the amount assumed in the resolution but $299 over the amounts in the President's September request.

Major difference from the President's request

The major difference between H.R. 3566 and the President's request is in the area of military assistance. The President had requested $1.5 billion for Foreign Military Credit Sales (FMS) in March and revised that request to $1.0 billion in September. The President's request included $500 million for Israel with the balance designated for a number of other recipients. H.R. 3566 provides only $550 million for FMS, all of it earmarked for Israel.

Other differences are in development assistance where H.R. 3566 authorizes $1.9 billion compared to the President's March request of $1.9 billion and his September request of $1.5 billion.●

WHO MURDERED FOUR AMERICAN WOMEN IN EL SALVADOR?

HON. JOE MOAKLEY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. MOAKLEY. Mr. Speaker, December 5 marked the first anniversary of the brutal murder of three nuns and a lay missionary in El Salvador. At the time, the Salvadoran Government claimed no responsibility for this inhumane act. Subsequent events, however, indicate that the Government did, in fact, share some of the responsibility. As we all found out last April, two Salvadoran National Guard soldiers, along with four others who were on patrol with them, murdered these four women.

What has the Salvadoran Government done to right this gross injustice? A special investigatory commission, headed by a Salvadoran army colonel, to look into the incident was formed and now appears to have been disbanded. Even President Jose Napoleon Duarte claims that any type of prosecution of those responsible is unlikely. In other words, nothing will happen.

And what of the actions on the part of the U.S. Government in regard to this matter? The sad truth is that we have done relatively little—save for a few symbolic and empty acts. The Reagan administration—it would appear—has chosen to ignore the murder of these four women and the murder of countless civilians in El Salvador. In fact, the administration has stepped up military aid to defend the Duarte military regime in order to preserve "self determination and freedom" in El Salvador.

Mr. Speaker, what a tragic deception this is. Duarte's brand of freedom means jail for anyone who has the audacity to tell the truth about what is going on in El Salvador. According to a recent report of the United Nations Human Rights Commission—an estimated 9,250 political murders were committed in the first 6 months of 1981.

The four women who were murdered in El Salvador were carrying out their religious convictions of aiding the poor and helpless. Let us remember them for their courage and determination in carrying the banner for social justice. And let us have the foresight and commonsense to not let their deaths have been in vain.●

CONDITIONING MILITARY SALES TO PROTECT U.S. CONSTITUTION AGAINST FOREIGN AGENTS

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. SOLARZ. Mr. Speaker, tomorrow, I am going to introduce an amendment, along with Congressmen PRITCHARD, COYNE, DYMALLY, LANTOS, LEACH, HYDE, and WALGREN. The amendment to the Foreign Assistance Act will condition military sales abroad on the President's ability to certify that foreign agents acting in our country are not engaged in a systematic campaign of harassment and intimidation against our citizens and their nationals in the United States.

This is not an attempt to enhance human rights in foreign countries. Our goal is to protect the constitutional rights of our people right here in the United States.

In July, a Carnegie-Mellon University professor was apparently murdered after a police interrogation on Taiwan. The Subcommittee on Asian and Pacific Affairs subsequently held a series of public hearings and FBI briefings which produced evidence that the murdered man was called into that Taiwan interrogation because of allegations gathered through foreign agent activity here in the United States. In fact, there is a systematic campaign of harassment and intimidation against people in our country who come from Taiwan, sometimes by holding their family members hostage in Taiwan to their conduct in the

United States, sometimes in other ways.

The result of this foreign agent harassment is that there is a freezing chill on the freedom to exercise constitutional guarantees for an entire class of people in the United States. Should they talk, meet, or petition our Government, they must fear reprisals. As mail pouring into our offices has indicated, the murder of the Carnegie-Mellon professor has intensified this fear of people from Taiwan about acting in our country as the U.S. Constitution permits.

Our choice is whether to permit foreign agents to undermine the Constitution of the United States of America. Obviously, we cannot permit this. Our duty is to uphold the Constitution and to see that its protections reach all our people.

The subcommittee's hearings and briefings discovered that ordinary laws pertaining to registration of foreign agents do not reach the problem. People who are intimidated and whose families are hostage on Tawian are too terrified to come forward with complaints, evidence, or public testimony.

Consequently, we have devised legislation which will persuade the authorities on Taiwan and elsewhere that it is in their own interest to end this intimidation of people in the United States. Under the terms of our legislation which we plan to offer as an amendment to the foreign aid bill, military sales will be conditioned on foreign authorities not acting to undermine our Constitution in our country, conditioned on those foreign authorities not engaging in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

This statute will not involve any new bureaucratic burdens. The executive branch already has a mechanism in place for annually determining whether such intimidation and harassment is going on in the United States.

At the same time, we do not want to single our Taiwan. If Libya or some other country also acts in such an outrageous, illegal manner in the United States, it too should not be permitted to buy weapons in the United States.

The legislation is narrowly drafted so it does not interfere with what occurs within other sovereign entities. It is not a human rights bill. What this legislation does is protect the constitutional rights of all people in our own country.

The text of the amendment follows:

AMENDMENT TO H.R. 3566, AS REPORTED, OFFERED BY MR. SOLARZ OF NEW YORK

Page 29, immediately after line 6, insert the following new section:

FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES

SEC. 114. Chapter 1 of the Arms Export Control Act is amended by adding at the end thereof the following new section:

"SEC. 6. FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES.—(a) After the date of enactment of this section, letters of offers may be issued, credits and guarantees may be extended, and export licenses may be issued under this Act during a fiscal year with respect to a foreign country only if the President has certified, during that fiscal year, to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate that the governing authorities of that country are not engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.●

A BUSINESSMAN'S COMMITMENT TO COMMUNITY SERVICE

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BIAGGI. Mr. Speaker, on October 27, 1981, I had the distinct honor of being awarded the Humanitarian Award for Leadership in Government from Albert Einstein College of Medicine. The other recipient of this prestigious honor was Mr. Roger O. Goldman, vice president of the Bronx-Westchester Mid-Hudson Region for Citibank of New York.

Mr. Goldman, in his acceptance speech, implores business leaders across the Nation to commit more of their time, resources, and energy into community service. More specifically, he said, "The health of a society and the health of its economy are interrelated and inseparable. Therefore, it makes sense for business in America to concern itself with society's well-being."

Mr. Goldman's speech is timely and significant for our contemplation and I now wish to insert it into the RECORD.

ENLIGHTENED SELF-INTEREST OF BUSINESS TO PROMOTE VITALITY OF SOCIETY

Mr. Chairman, Congressman Biaggi, Friends of Albert Einstein College of Medicine, ladies and gentlemen: I accept this award tonight on behalf of two groups of people.

The first group of people are people much like you, but with one important difference—someone close to them has insulin-dependent—also known as juvenile diabetes. This disease—the third leading cause of death by disease in the United States—is widely misunderstood. It's thought that insulin cures diabetes—it doesn't. It's thought that diabetes is a relatively benign disease—it's not. And today, hundreds of thousands of people in the United States, Canada, and in six other countries, have banded together under the banner of the Juvenile Diabetes Foundation, and they, in partnership with doctors working in great hospitals such as this around the world, will cure this damned disease.

Dr. Paul Lacey, one of the preeminent researchers in diabetes today, has said that there has been more done toward finding a cure for diabetes in the last 10 years than in the preceding 50, as a result of the Juvenile Diabetes Foundation's activities in fundraising and lobbying for research funds.

Now, let me talk about the second group of people.

There is considerable debate these days about the social obligations of business. Business leaders are today examining the question of the proper level of their noneconomic relationships with the society they serve economically. This, I think, is quite healthy and bodes well for the Nation.

While there is a good deal of talk about the social responsibilities of business, there is not much of a consensus about what they are or what they ought to be. You can find articulate advocates for a wide spectrum of viewpoints. At one end are those who sincerely believe that the only obligation of business to society is to make a profit, and that all else will flow from that.

At the opposite end are the enthusiasts who honestly think that business can, and should, solve all of society's problems.

In this dichotomy, as in all such issues, the truth lies somewhere about midway between those two poles.

Of course, making a fair profit comes first. Without accomplishment of that primary objective, all else fails. A recent statement from the Business Roundtable says it well: "If the bottom line is a minus, there is no plus for society."

But those who state this as a given, and then go on to theorize about business's other social obligations, miss an equally basic point: In a society overloaded with minuses, there can be no plus for business.

This corollary to the conventional wisdom is clearly and painfully illustrated these days in Poland. In that ancient and respected nation, we are witnessing an imminent collapse of the economy because the society on which it is based has been ravaged.

In short, the health of a society, and the health of its economy, are interrelated and inseparable. Therefore, it makes sense for business in America to concern itelf with society's well-being.

I am sure that few in this room would quarrel with that proposition. I am equally sure that, when we contemplate it, our minds turn to the situation in our own borough. All of us who do business in the Bronx want very much to see its social problems alleviated, not only to improve the quality of life for our neighbors, but as a means of enhancing the environment in which we do business.

Now you know one of the reasons why my associates and I are committed to community service. Another and equally compelling motive is the fact that we are normal human beings and we share an urge to help our fellowman. We do what we can to help solve social problems, not only because it is an obligation of business, but because we enjoy doing things for others who need help.

It is a temptation when analyzing business's social responsibility to be simplistic. One can say that it is in the best interest of business to help meet society's needs. But I think the proposition goes beyond that. I can think of at least three good reasons why business must become involved in, and a part of, the solution to social problems.

The first of these reasons is, of course, the one already cited: It is in the enlighted self-interest of business to promote the vitality of the society in which it operates—a flourishing economy in a languishing society is a contradiction in terms.

Secondly, I believe there are substantial internal values for the company that meas-

ures up to its social obligations. When it behaves as a responsible corporate citizen, a number of good things happen.

Its customers develop a new respect for the firm—assuming they are aware of its behavior—and this positive attitude is bound to rub off on the products or services it markets.

Its neighbors see the company in a new light, and their appreciation of it is enhanced. This strengthened prestige in its community serves the business well in a number of ways—in relations with local government, in attracting better job applicants, and in contact with the news media—to name only three.

Its shareholders (unless they are grinches) will be proud of their company for its efforts to strengthen the Nation while returning a reasonable yield on their investment.

And the reaction among its employees will be beneficial to the business in several ways. Their pride in their company as a responsible unit of society can only reinforce their attitudes toward their jobs. Their awareness that their company believes in social service will make them more ready to contribute their own time and money. And the impact of an environment of good citizenship should eventually be reflected in efficiency and productivity.

In fact, an imaginative company can, I believe, develop a definite business resource from its program to encourage employee participation in public service.

There are boundless opportunities to create incentives among employees to become involved; to set up effective recognition and reward programs, and to establish mechanisms to make contributing and volunteering easier.

And there is a third—and very cogent—reason why business should help to solve the Nation's social problems. This is the fact that a superb performance by business in meeting its responsibilities is certain to produce a beneficial ripple, a catalytic effect throughout the balance of society. It is often said that people in America look to business to lead the way. If that is so, and there is much evidence to support it, logic suggests that the American public will do a better job of attacking social challenges if business sets a good example.

About 9 out of 10 working people in the United States are employed in private business. Think what a huge pool of potential social problem solvers they represent, if only they could be motivated by examples set by their employers!

At the present time, business is setting a fairly good example in its discharge of social responsibilities. Respected industrial leaders are speaking out in support of stronger ties between business and society. Influential business organizations have issued declarations and guidelines on corporate responsibility. And 2 years ago, for the first time, the charitable contributions of business surpassed those of private foundations, traditionally the Nation's prime source of giving.

There is still, however, a lot of room for improvement. As long as only about one-fourth of all American corporations make any charitable contributions at all, we have our work cut out for us. And it isn't only corporate philanthrophy I'm thinking about. As I suggested earlier, contributions of manpower, of time, and of experience offer an invaluable means of channeling support from business to society's needs. In fact, I tend to agree with Rousseau, who understood the body politic better than most of us.

He said, "As soon as public service ceases to be the chief business of the citizens, and they would rather serve with their money than with their persons, the state is not far from its fall."

There is a good deal of casual talk these days about business making up the revenues lost to social programs through the administration's determined effort to balance the Federal budget. I think that society, as a whole, can bring off the switch from public to private funding of needed services over time, given the proper motivation and leadership. And I think that an enlightened business community can provide much of that leadership.

Others have said it before, and I have no qualms about saying it again this evening: It is time to paraphrase Calvin Coolidge and agree that "the business of business is America."

And so the second group of people who I represent in accepting this award are all of you—who work for Citibank and other companies—here in the Bronx and all over this country and who give money, but more importantly give your time, energy, and of yourselves to help make this borough, this city, and this Nation everything it can be.

I woke up this morning and I thought about the fact that I have a job where I can not only worry about business problems, but also work on improving the society in which business must operate in order to maximize profits. I play a role in helping to conquer a major disease; I have a family who is wonderfully supportive; I have a woman who I love and who loves me deeply, and I have the two greatest kids in the world. What more could a man ask for!

Thank you again for the great compliment you have paid to me. I shall try to deserve it.●

A NUCLEAR ENERGY ADVOCATE CAUTIONS AGAINST ABOLISHING DOE

HON. GEORGE E. BROWN, JR.

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BROWN of California. Mr. Speaker, the proposals by the Reagan administration to abolish the Department of Energy, slash energy conservation and solar energy programs, and boost nuclear energy programs have received considerable criticism from a variety of quarters. Recently, I came upon a well-reasoned argument against the excesses of the Reagan administration by one of nuclear power's best friends.

I highly commend the following editorial by Dr. David Rose, who is now a professor of nuclear engineering at MIT, to my colleagues.

[From the Christian Science Monitor, Nov. 20, 1981]

DOE Does Have a Role

(By David J. Rose)

American energy policy takes another lurch; again, in many ways, for the worse, thus confounding some opinions that surely the United States must already be at the bottom.

Agruments were made in the early to mid 1970s against forming a Department of Energy—for example, the danger of weakening other departments and agencies whose activities were naturally and intimately associated with energy use. Just as the old Atomic Energy Commission of the 1950–74 period failed to consider nuclear power in adequate context, so might DOE treat all energy.

Those arguments were germane (and unheeded) a decade ago. But now DOE has lived four years and debate should turn to how to make it responsive and effective, not just to demolish it in a fit of market-economic pique.

Consider solar energy and conservation. In 1972, one advisory committee to the National Science Foundation recomended, *inter alia*, that those programs then meagerly supported only by the National Science Foundation be substantially expanded. So it came to pass. Solar energy expenditures more than doubled annually for several years. To be sure, such rapid growth attracted some strange adherents; sometimes it seemed that anyone who could see the sun at midday could get federal support. But now that the solar program stands on its feet and starts to turn out good work, though much is still far from commercialization, it is in danger of being wiped out.

Even more with conservation: the Reagan administration now leaves it to the marketplace, thereby ignoring a basic imbalance. The supply sector, seemingly complex, is simple compared with all the energy end-use activities in society. The former is well organized to provide its service and receive its benefits now, while many of its broad social costs, such as environmental ones, fall on a poorly organized public, far in the future. On the other hand, rational and effective energy use—conservation, as it is called—involves a complex set of uses and behaviors, generally requires costs now, with larger public benefits later. Elaborations of that disparity have traditionally impeded conservation. Market forces aggravated the problem and government action must ameliorate it.

The industrial sector reduced its energy use per unit of dollar output in the period 1972–78 (corrected for inflation) by about one sixth. That performance has been cited as evidence that "conservation has taken hold" and, therefore, that either the government's program has been effective or that the market will do the job.

Closer inspection of the reductions shows something else: about 40 percent of it represents continuation of a trend extending back for decades toward higher industrial efficiency; another 40 percent is a shift from making things that require a lot of energy to those that require less, sometimes accomplished by economic hardship; only 20 percent seems to arise from new conservation technology. The signals are ambiguous and complex, adjectives abhorred in the search for simple answers.

Again, regarding conservation, the administration proposed to dismantle the outreach programs to state and local agencies, whereby technical and other assistance is made available for home energy audits and so forth. Considerable progress has been made here, but much remains to be done. One recent assessment states that "audit participants are not [yet] a cross-section of the general population: participants have higher incomes . . . probably have more energy-efficient homes. . . ." As with solar energy, just as these programs find their feet, the rug is pulled from beneath them.

On the supply side, rumors abound of coal being returned to the care of the Department of the Interior, a prior location where its languor and invisibility contributed to forming the Energy Research and Development Administration in 1974.

But all this is as nothing compared with ideas now being proferred about nuclear power. Apparently, under the delusion of providing a benefit to that beleaguered sector, certain major items are to be singled out for full federal funding, by an agency devoted to the task. That has made nuclear power stand out as a target of free-market advocates on the right, of antinuclear groups of many persuasions, and of those in the middle who fear simplistic solutions. Even that we might excuse as innocent delusion, but not this: to reprocess commercial spent fuel now in order to recover plutonium, apply the emerging laser isotope separation technology to extract the weapons-grade isotope plutonium-239, and use it to make nuclear bombs.

Such proposals seriously made, let alone adopted, would go far to destroy any base for believing in rational, peaceful civilian nuclear power and would not only signal to the rest of the world that proliferation of nuclear weapons is acceptable, but also suggest how best to do it from civilian spent fuel.

For years, many of us associated with energy in general and nuclear energy in particular have argued that the peaceful and the warlike atom were not necessarily connected. Nations intent on developing weapons could do so quite apart from any civilian programs and, in fact, would most likely take that separate route. Peaceful nuclear power, properly conceived and watched, could be a selective but substantial global good. Then we could turn to ameliorating fundamental, global economic and social disparities, thus removing reasons why people ever wanted to build bombs in the first place. But nowhere did we ever argue that nuclear power and nuclear weapons could not be joined.

In the Middle Ages, bronze could be used to cast church bells or cannons, and Pliny in the first century argued that iron, used for arrows and lances, should never have been discovered. Whether it is used for plows or swords is a matter of intent. In the present case, as before, the evil lies not inherently in the phenomenon of nuclear fission or any of the chemical elements, all of them part of creation, but in the nature of man who can choose to build toward heaven or toward hell.

To avoid more energy confusion, especially to avoid an inadvertent Armageddon, we need a more holistic and sensible discussion of these activities and the appropriate role of the government in them, not decisions based on too-narrow assessments.●

REMARKS OF THE PRESIDENT AT SIGNING OF ENERGY AND WATER APPROPRIATIONS BILL THE OVAL OFFICE

HON. TOM BEVILL

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BEVILL. Mr. Speaker, last Wednesday, December 2, the Washington Post carried a column by Rowland Evans and Robert Novak, entitled "Hill Plugs Gun Barrels with Pork", which was critical of the conference agreements on the Energy and Water Development Appropriations Act for 1982 (H.R. 4144).

The article's portrayal of the conference is so inaccurate and distorted and so full of journalistic license as to require my response. The implication was that the conferees, using trickery and deception, had agreed to "halve funds for nuclear warheads" and to apply these funds to water resource projects funded in the bill.

The facts are that the conference agreement, which this House approved on November 20, provided a major increase in the Department of Energy's atomic energy defense programs, from $3.7 billion in fiscal year 1981 to $4.7 billion in fiscal year 1982. It reflected a major decrease in the funding provided for the remaining programs, from $8.6 billion in fiscal year 1981 to $7.8 billion in fiscal year 1982.

The article's contentions are best refuted by the President's words in signing the bill on December 4. He cited it as a "model" bill which will strengthen the atomic energy defense programs of the Department of Energy while spending less for nondefense programs than in 1981. His remarks were as follows:

The PRESIDENT. Good morning. I am signing the first regular appropriations bill for 1982, the Energy and Water Development Appropriations Act. This bill should be a model for a responsible approach to reducing the budget deficits. It provides nearly three-fourths of the additional savings for 1982 that I requested, so, on behalf of the taxpayers, please accept my gratitude.

There are good reasons for these savings, why they were achieved, and those reasons are standing right here around me. The two Appropriations Committee Chairmen, Mark Hatfield and Tom Bevill and one of the ranking Minority Members, John Myers, all worked hard, well, and together. Under their leadership, along with the other ranking Minority Member, Senator Johnston, the Conference Committee agreed to a bill that actually provided less spending than either the House or the Senate version.

I think it is particularly important that spending for the non-defense programs in this bill is lower than in 1981. For example, water resources construction and maintenance is 5 percent below 1981, but funding for all essential needs has been maintained.

The bill provides funds for a number of initiatives of the administration and it will strengthen the atomic energy defense programs of the Department of Energy. The American people understand that every dollar we save of unnecessary spending means not only a lower deficit, but also a chance to expand the pool of capital needed by industry to modernize and keep abreast of new production methods, so we can create more jobs and new economic opportunity for the people we serve.●

THE 50TH ANNIVERSARY OF THE ORDINATION OF JOHN CARDINAL CODY

HON. JOHN G. FARY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. FARY. Mr. Speaker, December 8 marks the 50th anniversary of the ordination of His Eminence, John Cardinal Cody, Archbishop of Chicago. It is a rare occasion, indeed, that we commit ourselves to anything for 50 years, much less a vocation so selfless and challenging as the priesthood. I truly consider it an honor to be a church member in the Archdiocese of Chicago under the leadership of Cardinal Cody.

The cardinal is fortunate to be celebrating two other esteemed anniversaries this coming year: 15 years as a cardinal, 35 years as a bishop.

Cardinal Cody was born in St. Louis, Mo., 74 years ago and has ascended to the high levels within the church's heirarchy due to his dedication and his total spiritual commitment to God. The fruits of his endless labors have inured to everyone whom it was his responsibility to serve. The only reward that he seeks, I am sure the cardinal would say, is the pleasure of knowing he has carried Christ's Gospel to the people.

Mr. Speaker, I ask my colleagues to join me in offering warmest congratulations and prayers to this humble man and blessed spiritual leader, John Cardinal Cody. I offer the following summary of his life's service to the church, for the edification of all Members.

50 YEARS OF DEDICATED SERVICE, 15 IN CHICAGO

Archbishop John Cardinal Cody, 73, was appointed archbishop of Chicago on June 16, 1965, to minister to its Catholic population of 2½ million.

During his priesthood, Cardinal Cody has served under the Pontificates of Benedict XV, Pius XI, Pius XII, John XXIII, Paul VI, John Paul I and John Paul II.

Born Dec. 24, 1907, in St. Louis, Missouri, John Patrick Cody is the second son of Irish immigrants, Thomas J. and Mary Begley Cody.

Cardinal Cody studied at St. Louis Preparatory Seminary and at the age of 19 was assigned to continue studying for the priesthood at the North American College in Rome. He earned doctorates in philosophy and theology, the latter summa cum laude.

Following his ordination in 1931, Cardinal Cody spent a brief period in the United States, then returned to Rome where he was assistant to the rector of the North American College from 1932-34.

In 1933, Cardinal Cody also joined the staff of the Vatican Secretariat of State, then under Eugenio Cardinal Pacelli, later Pope Pius XII.

While teaching younger students their lessons in Latin, Cardinal Cody continued his own post-ordination studies, earning a doc-

torate in cannon law in 1938. That same year he returned to the United States to become secretary to Archbishop John Glennon, later Cardinal Glennon, of St. Louis, Missouri.

In 1940, Cardinal Cody became Chancellor and Vice Officialis of the Metropolitan Tribunal of St. Louis, posts he held for 10 years. During that time, he was awarded citations from the United States government for his wartime service in directing the three National Catholic Community Service Clubs, and from the Italian postwar government for his direction of Vatican relief work for Italian and German prisoners.

In 1943, Pope Pius XII named Cardinal Cody papal chamberlain, with the title of Very Reverend Monsignor, and in 1946 he was promoted to domestic prelate with the title Right Reverend Monsignor.

In 1947, Cardinal Cody was named Titular Bishop of Apollonia and Auxiliary to Archbishop Joseph E. Ritter of St. Louis. Cardinal Cody was named Coadjutor Bishop with right of succession to Bishop Charles H. LeBlond of St. Joseph, Missouri in 1953, and became Ordinary two years later following Bishop LeBlond's resignation.

In 1956, Cardinal Cody was transferred to the newly formed diocese of Kansas City-St. Joseph, Missouri, as Coadjutor Bishop with right of succession to Archbishop Edwin V. O'Hara. With the death of O'Hara, that same year, Cardinal Cody became ordinary, succeeding Archbishop O'Hara.

During his five years at Kansas City-St. Joseph, Cardinal Cody worked to modernize parochial schools, including the Seminary.

Pope John XXIII appointed him in 1958 to assist in the design of the forthcoming Vatican Council. In August 1960, he was named to the Commission on Seminaries and Studies for the Council. He also served as President-General on the National Catholic Educational Association for three years (1962-65).

During this time, he also served as a member of the Episcopal Committee of Priestly Formation of the National Conference of Catholic Bishops in the U.S.

Elected in 1964 to the Board of Trustees of the Catholic University of America, Washington, D.C., he served on that board for more than five years, also serving as a member of its Executive Committee.

He was Grand Chancellor of DePaul University, Chicago, for two years; and a member of the Board of Trustes of the Pontifical North American College in Rome for three years.

In 1961, Pope John XXIII named Cardinal Cody Titular Archbishop of Bostra, Arabia, and Coadjutor to Archbishop Joseph F. Rummel, New Orleans.

Following the latter's resignation in 1964, Cardinal Cody became Archbishop of New Orleans. As in St. Louis, he initiated improvements in parochial schools, both in teaching methods and building renovation; implemented liturgical changes as directed by the Second Vatican Council; developed the diocesan press, establishing an Archdiocesan newspaper of New Orleans, "The Clarion-Herald;" and carried forward racial integration in the schools and communities within his jurisdiction.

In 1965, Cardinal Cody was assigned by Pope Paul VI to the Archdiocese of Chicago, succeeding the late Albert Cardinal Meyer.

In Chicago, Cardinal Cody placed a priority on programs and system of benefits for the clergy. He established the Office of Religious Matters to provide information, spiritual and communications services and set up health and pension programs which are considered among the best in the country.

He founded the Office of the Laity in line with the directives of the Second Vatican Council, which placed a new emphasis on the role of the laity in the church and gave new importance to lay programs.

Still concerned with improving education, Cardinal Cody reorganized the Archdiocesan School Board; established parish school boards to involve parents in school administration; changed the structure of the Confraternity of Christian Doctrine to stress adult religious education and approved a special religious education and approved a special religious education division for the mentally retarded which has become a model for similar programs throughout the U.S.; and set up a program for handicapped children.

He has made major improvements in the Archdiocesan financial structure, introducing a uniform reporting system for all parishes, organizing offices for planning, research, and development, and publishing an annual report.

He has sought to improve the communications network by expanding the Office of Communications, creating the Catholic Television Network of Chicago and supporting the expansion of the Chicago Catholic.

In all, Cardinal Cody has instituted 20 new offices and reorganized several others to minister to the needs of the clergy, laity, youth, and handicapped; to develop an understanding of the liturgy and promote religious education; and to assist parishes and agencies in financial planning.

In 1967, Pope Paul VI named Archbishop Cody to the Cardinalate. As a Cardinal, Cody has held four official appointments in the Curia, the central governing office of the Vatican. He has served as a member of the Sacred Congregation for Divine Worship, the Prefectur for the Economic Affairs of the Holy See and Sacred Congregation for Seminaries and Catholic Education. He is a member of the Sacred Congregation for the Clergy.

Cardinal Cody is a member of the National Conference of Catholic Bishops, and has in the past served for a term as treasurer of this body and its administrative arm, the United States Catholic Conference. He was the first chairman of the Bishops Committee for Pro-Life Activities which began as an ad hoc committee and has since become a standing committee.

Cardinal Cody participated in two 1978 Conclaves: The first which elected Pope John Paul I, and the second which chose Pope John Paul II.●

WILMINGTON CHAMBER OF COMMERCE THANKS THEIR OUTGOING WOMAN'S DIVISION PRESIDENT, MRS. MAXINE ORSBURN

HON. GLENN M. ANDERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. ANDERSON. Mr. Speaker, on December 10, the Wilmington Chamber of Commerce will be honoring the president of the Woman's Division, Mrs. Maxine Orsburn, as she installs their new leader, Mrs. Lorraine Ornelas. I would like to join with the Wilmington Chamber not only to thank Mrs. Orsburn for her fine contribution as president, Woman's Division, for the last 2 years, but also to commend her for the many, many years of community service she has given to the harbor area.

Serving 2-year terms as secretary, as first vice president, and as president of the chamber's Woman's Division, Mrs. Orsburn has been the innovator, organizer, and dedicated participant in many projects. Under her leadership, the Woman's Division can boast of such accomplishments as hosting the chamber's 75th birthday celebration and numerous other social activities, providing open forums and films on crime and drug prevention with the Los Angeles Police Department, organizing the American Red Cross "Swim-a-Cross," and raising money for such worthy causes as the Banning High Scholarship Award and Christmas baskets for the poor.

Considering her affiliation with such an active organization involved in so many worthwhile projects, it hardly seems possible that Mrs. Orsburn would even have time in her schedule for anything else. However, her role in the community goes back to World War II when she served as a USO worker, and since that time has been an active member of the American Red Cross. The list of leadership and volunteer services goes on, highlighted by such responsibilities as disaster chairman for the Wilmington and Carson areas since 1965, former PTA president for the Wilmington Junior High School and subsequently for Banning High School, chairman of the Heart Association for 7 years, member of the American Cancer Society for 15 years, and chairman of the area's fundraising drive for 11 of those years. She has also given much of her time to the Church of Jesus Christ of Latter-day Saints in Wilmington, especially in the area of instruction for youth. Mrs. Orsburn has also served on the Mayor's Education and Advisory Board and the Community Crime Committee.

Mr. Speaker, it is obvious that not only the Wilmington Chamber of Commerce owes Mrs. Orsburn a round of thanks; I am sure the whole harbor area joins me and my wife, Lee, in recognizing the debt we owe to an individual who has given so much of herself that all of us might enjoy a better community. Her spirit of voluntarism is an inspiration to us all.

My wife, Lee, and I wish the very best in the years ahead to Mrs. Maxine Orsburn, her husband, Max, and their two children, Gay and Gary.●

BELATED BIRTHDAY WISHES FOR W. AVERELL HARRIMAN

HON. LEON E. PANETTA

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. PANETTA. Mr. Speaker, with some regret over being a month late with my remarks, I wish to extend belated congratulations to Averell Harriman on his 90th birthday.

W. Averell Harriman will be remembered as one of the great men of the 20th century. He has served his party, his State, and his Nation with the utmost distinction and selfless dedication. Presidents have relied upon his wisdom for decades on international issues, and his tremendous experience as a diplomat has been an invaluable resource for the Nation. On the issue that has dominated our foreign relations for more than 35 years, our relations with the Soviet Union, there simply was no more knowledgeable person.

Of course, Averell Harriman has been a giant on the domestic scene as well. He is probably best known for having served as Governor of New York, but he also served as Secretary of Commerce and he remains a force in Democratic Party politics.

But partisan politics means little in discussing a man like Averell Harriman. His experience, his skills, and his dedication have truly been a national resource, and I know all of my colleagues join me in wishing him not only a happy 90th birthday but also many more in the years to come.

Most importantly, let us hope that the ideas he has espoused—the need to pursue peace throughout the world, to maintain rationality in our foreign policy—will stay strong and will guide this country in the future. I certainly hope that Ambassador Harriman will continue to espouse those views, because they need to be repeated again and again. They will never become outdated.●

SOVIET GAS AND U.S. COAL

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BIAGGI. Mr. Speaker, the Soviet Union and West Germany have joined together to commence one of the most monumental projects ever undertaken by man. I am referring to the gas pipeline project to transport gas from the Urengoy gas field to Western Europe.

Recently, the Washington Post and U.S. News & World Report analyzed the potential strategic impact of this gas pipeline. The United States opposed the pipeline on the grounds that European reliance on Soviet gas could lead to Soviet use of natural gas as a weapon to force our allies in Europe to acquiesce to Soviet demands. Our position has been that increased steam coal exports from the United States could supply European energy needs.

Both the U.S. News & World Report and the Washington Post examined in detail the European response to this strategic argument. Our allies believe that they must diversify their sources of energy and that the Soviets have been reliable suppliers—not only of fossil fuels but also of other resources. The major concern within the administration is that European reliance on Soviet gas will decrease European independence; however, the issue of the role of the United States as a reliable energy source has not been addressed by the administration. If we hope to be perceived as a reliable source, we must act immediately to establish a steam coal export policy underpinning our commitment to assure our European allies a secure source of energy.

Only a firm policy to support our stated goal of European energy independence will convince our allies that increased reliance on the Soviet Union does not serve their long-term objectives. I hope the administration will act immediately to reassure our allies of our commitment to coal exportation.

I ask unanimous consent that the editorial "Security and Soviet Gas" from the November 25 Washington Post and the article "Russian Gas for Europe: A Dangerous Deal?" from the November 23, U.S. News & World Report be inserted in the RECORD.

SECURITY AND SOVIET GAS

The Soviet gas pipeline provides another illustration of the deep differences of political perspective between Americans and Western Europeans. A West German gas company has signed the crucial contract with the Soviets and—over the sharp remonstrances of the Reagan administration—this gigantic project will now get under way. The American objections are simple enough-West Germany's dependence on Soviet gas would increase, giving the Soviets a dangerous leverage—or so the U.S. State Department believes—on West German policy.

The German, and European, response is complex. While Germans need the gas, the Soviets need the return flow of deutschemarks and the things that they buy. Détente has always been based on the logic that trade can stabilize political relationships, and the Germans are deeply anxious to recommence progress toward greater détente. While the commercial aspects of this project are irrelevant to Americans, to Europeans the enormous contracts for steel tubing and the pumps are a compelling attraction in a time of high and rising unemployment.

Since Europe, unlike the United States, does not have large domestic reserves of gas and oil, Europeans argue with great force that their security must reside in diversification of sources. They have been buying both gas and oil from the Soviets for many years and have found them far more reliable as suppliers than, say Iran or Algeria.

Europe's chief source of gas, the Dutch sector of the North Sea, won't last forever. The Norwegians are being very cool and noncommittal about the future of their share of the North Sea gas. The Algerians have a lot of gas, but aren't currently selling much of it. An American project to import liquefied natural gas from Algeria collapsed, with huge losses, because the Algerians raised their prices. A European group has just completed a gas line from Algeria under the sea to Italy. But there's no gas flowing in the line because, again, Algeria has raised its price.

Europeans hope that the Soviet gas may make the Algerians a little less intransigent. They hope that the Dutch gas, and perhaps eventually Algerian gas, will diminish the value of the Soviet gas as a political weapon. More broadly, they feel themselves very vulnerable these days, and they want to keep lines open in as many directions as they can.

RUSSIAN GAS FOR EUROPE: A DANGEROUS DEAL?

BONN.—Ignoring U.S. opposition, President Leonid Brezhnev and Chancellor Helmut Schmidt are expected at their meetings in Bonn to stamp their formal seal of approval on a massive gas-pipeline project that could bind American allies in Western Europe ever more tightly to Soviet energy sources.

The plan to pump Siberian natural gas into European homes and factories shapes up as the biggest East-West commercial venture in history—and a financial bonanza for Moscow.

To be financed with Western capital and built with Western materials, the pipeline project could earn Moscow billions of dollars' worth of foreign exchange each year and provide fresh and much needed financing for the Soviet Union's shaky economy and its costly military expansion.

Agreement on the energy network, which eventually could extend 3,000 to 3,500 miles and link Siberian Russia with the English Channel, has been held up for months by disputes over the price Europeans will pay for the gas and the interest rates Moscow will be charged for financing.

But despite Soviet haggling, terms on financial arrangements finally were reached with a West German banking consortium just prior to the Brezhnev-Schmidt summit, and an accord on pricing seemed to be near.

The main U.S. argument against the project, advanced by President Reagan at the Western economic summit in Ottawa last July, is that the Europeans are inviting economic blackmail by the Kremlin and endangering Atlantic Alliance security by increasing their reliance on Soviet fuel. Says one Western diplomat in Moscow: "The Russians will use the 'gas weapon' when it suits them, turning off the supply spigot in time of crisis."

In a final effort to discourage the project, the United States came up with an alternative package for Europe, including increased American coal shipments, more natural gas from other sources and supplies of fuel for nuclear power plants.

The Europeans, however, have shown little interest in the U.S. proposal. The West Germans say that American coal is not a reliable or economical energy source for their industries, which run largely on gas or oil. Also, they say, nuclear energy raises legal

problems and fierce opposition from environmentalists. Besides, Germany already receives from the Soviet Union about half the enriched uranium it needs.

EXPANDING NETWORK

Most Western experts expect the pipeline to run in its initial stages from the Urengoy gas fields of northwestern Siberia through Czechoslovakia to Waidhaus in eastern West Germany, a distance of about 2,200 miles. In Germany, the pipeline would plug into an existing European grid, with gas distributed from there to France, Italy, Belgium, the Netherlands and Austria. Should further expansion be necessary, a line could be laid across West Germany into France.

Ultimately, gas fields in the Yamal Peninsula farther to the north of Urengoy could become part of the project. But because Yamal is totally undeveloped and is under permafrost conditions, costs would be very high and new technology would be needed.

Construction costs of the 56-inch-diameter pipeline and its pumping equipment are estimated at 10 to 12 billion dollars, a sum unprecedented in East-West commercial dealings. And there is no guarantee that the final price tag would not exceed that huge amount.

Pumping is expected to begin in 1985, with deliveries to expand with completion of a second parallel pipeline.

Predictions are that European nations involved eventually will double or even triple their consumption of Soviet natural gas. West Germany, for example, will take about 12 billion of the 40 billion cubic meters of Soviet gas to be pumped through the line each year. That would increase Russia's share of the West German gas market from 17 to 30 percent, or 5 percent to the country's total energy needs.

On a proportionate basis, experts say, other European customers will increase their use of Soviet gas even more than the Germans.

The payoff for Moscow: Estimated revenues of between 5 and 7.5 billion dollars per year, depending on pricing arrangements.

At first, those revenues would be plowed into repayment of the pipeline-financing loans. Later, they would fatten the Kremlin's treasury.

American criticism of the Soviet gas deal generates a barrage of counterarguments—including the assertion that Moscow has been a good business partner in the past. Says one Italian industrialist: "We've been importing Soviet oil for 20 years, and we've found the Russians to be perfectly reliable trading partners."

Europeans also argue that Moscow needs this lucrative deal more than Europe does and would be reluctant to cut off supplies even in an East-West crisis. Such a move would rob the Soviets of billions in foreign currency, disrupt development of their gas industry and ruin future trade prospects.

Also weakening the U.S. case is America's own record of trade with the Russians. Washington has been buying such strategic materials as enriched uranium from Moscow, and it recently approved the sale of 100 pipe-laying tractors to the Soviets.

The U.S. goal has been to either kill the project or to reduce its scope. But with that hope gone, the Americans now want to keep pressure on Western Europe so that it does not become overly dependent on Soviet energy.

But the prevailing view among Europeans is that Washington is making far too much of the pipeline issue. As they see it, the strategic risks involved are acceptable.

Assurance of sorts comes from Moscow. Says one Soviet official: "Yes, we can stop gas from going to Western Europe—but we would only do it 10 minutes before our tanks roll over the West German plain."●

TRIBUTE TO S. LOYAL FRISBIE

HON. ANDY IRELAND

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. IRELAND. Mr. Speaker, one of my constituents, S. Loyal Frisbie of Bartow, Fla., retired recently as editor and publisher of the Polk County Democract after a distinguished 50-year career in journalism. Although I am glad that he will be able to enjoy some well deserved leisure time with Louise, his wife of 44 years, residents of Bartow and Polk County will miss having him on the job full time.

Fortunately he will continue to write editorials and his weekly column, "Off My Chest." Residents of Bartow have been enjoying "Off My Chest" for more than 40 years, even including the time Frisbie served with the 75th Infantry Division in Europe in World War II.

For decades, residents of Bartow and southwest Polk County have relied on the Polk County Democrat as a voice of intelligence and reason in their community. In 1969 the Fort Meade Leader was added to the Frisbie journalism family.

Loyal Frisbie joined the Democrat staff August 31, 1931, the day of the paper's first edition. His first jobs were as an unpaid columnist, a printers devil, and in his own words a general flunkie. He became managing editor of the paper upon his graduation from Florida Southern College in 1937. He became editor in 1946, and publisher in 1964, following the death of his father.

In addition to putting out a reliable, readable, and distinguished newspaper, Loyal Frisbie served his community his profession, and his church in many other ways. He served as president of the Florida Press Association in 1947. He served as chairman of Bartow's centennial observance in 1951, and chairman of Bartow's national bicentennial celebration in 1976. He was named "Outstanding Citizen" of Bartow in 1954 by the Bartow Lions Club, and was elected president of the west coast chapter of Sigma Delta Chis, a journalism honorary, in 1955.

He was appointed by Florida Governor LeRoy Collins to serve on the Florida Committee on Training and Research in Mental Health in 1955, serving on that committee until 1966, including one term as chairman. He has served as chairman of the official board and as lay leader of the First United Methodist Church, and has taught an adult Sunday school class at that church since 1949.

Americans everywhere recognize how much a free and vigorous press has contributed to the greatness of our country. Loyal Frisbie has taken both the freedoms and responsibilities of the first amendment of our Constitution seriously in his long career. He has been conscientious, competent, and tireless in seeing that citizens of Bartow and Fort Meade have been served by an outstanding local newspaper. I salute him for his efforts. It is an honor and a pleasure to recognize Loyal Frisbie today, and to commend him to the House of Representatives.●

TAIWAN SHOULD GET JETS

HON. ROBERT J. LAGOMARSINO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. LAGOMARSINO. Mr. Speaker, in the continuing controversy over sale of sophistcated fighter aircraft for Taiwan, the Oxnard Press-Courier adds a convincing argument on why the United States should go ahead with the sale of advanced fighters. I urge my colleagues to give careful consideration to these views.

The article follows:

[From the Press-Courier, Nov. 19, 1981]

TAIWAN SHOULD GET JETS

The Chinese Nationalist government on Taiwan has been pressing Washington for permission to purchase advanced fighter aircraft since 1979. Predictably, the prospective sale has long since assumed a significance that is more political than military.

Taiwan desires a new arms deal with the United States partly as a tangible symbol of Washington's continued solicitude for the freedom and security of 18 million Chinese who have no desire to be swallowed up by the Communist mainland.

Peking officials, of course, oppose anything that would strengthen Taiwan's resistance to eventual assimilation, whether by persuasion, intimidation or the outright use of force.

The Carter administration and its successor under President Reagan, caught between conflicting pressures to preserve Taiwan's security and to improve relations with the People's Republic of China, repeatedly postponed a decision. The only signal that was sent to either Taiwan or Peking was one of vacillation—hardly a posture that could instill respect for American foreign policy.

That's why the time has come for Washington to reach a decision. Political considerations aside, Taiwan has a demonstrated need for new fighters to replace the aging F-5As and F-100s that now are the mainstays of the island's air defenses.

From Washington's standpoint, the ideal replacements would be the new F-5Es and F-5Gs that would significantly bolster Taiwan's air defense without posing even a symbolic threat to mainland China. Although Taiwan wants the more advanced F-16, the modernized F-5 models designed specifically for export to U.S. allies with limit-

ed defense budgets would be both acceptable and appropriate.

The sale of F-5Es and even an agreement permitting Taiwan to manufacture F-5Gs under license would be fully consistent with the security ties spelled out in the U.S.-Taiwan Relations Act, approved by Congress following the establishment of full diplomatic relations with Peking in 1979.

China will continue to oppose any sale of U.S. arms to Taiwan and may even threaten to cool its rapprochement with Washington. But China's leaders know what American policymakers ought to recognize as well: that the Sino-American courtship is based almost exclusively on mutual distrust of the Soviet Union.

Selling strictly defensive aircraft to Taiwan won't alter the superpower equation that has pushed China toward cooperation with the United States.

What an appropriate U.S.-Taiwan arms agreement would do is demonstrate to anxious American allies in Asia and elsewhere that Washington does not forget its friends. That is the kind of signal that even Peking may someday come to appreciate.●

McKINLEY HIGH SCHOOL WINS STATE FOOTBALL CHAMPIONSHIP

HON. RALPH REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. REGULA. Mr. Speaker, Canton, Ohio, largest city in the district I represent, is known throughout the Nation as the home of the Pro Football Hall of Fame.

Millions of Americans who follow the fortunes of their favorite teams are familiar with the Hall of Fame and its dramatic football-shaped entrance.

They probably are not aware, however, that it is located beside Fawcett Stadium, where McKinley Senior High School football teams play.

The McKinley Bulldogs were named after the Canton Bulldogs, the early pro team whose star player was the immortal Indian athlete Jim Thorpe.

Ever since those first days of football, Stark County, Ohio, has been a hotbed of football. The 87-year high school rivalry between the Bulldogs and the neighboring Massillon Tigers is one of the oldest in the Nation. Both teams have been recognized as State champions many times.

Only in the last 7 years has Ohio high school football been dominated by the fine teams from Cincinnati Moeller.

This year, however, the Bulldogs reasserted their supremacy and regained the high school football crown, defeating Cincinnati 13 to 0. It was the first loss for Cincinnati Moeller in 46 games and first shutout in 108 games. They previously had been defeated only once in 83 contests.

Needless to say, there was a state of euphoria in Canton after the Bulldogs' victory. Some 3,000 persons jammed Canton Memorial Civic Center for a giant rally following a parade through the city in tribute to the team which brought the State football championship back to Stark County. With its long history of outstanding football, Stark County is proud to be the home of the Ohio high school football champions and the Pro Football Hall of Fame.●

TRIBUTE TO CASIMIR PULASKI

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. NELLIGAN. Mr. Speaker, I would like to share with my colleagues a letter on the Polish hero, Casimir Pulaski, which recently appeared in the Sunday Independent of Wilkes-Barre, Pa. The letter was written by Ms. Marion Dunstan Karsten, who has written frequently on behalf of the Polish Heritage Society of Luzerne County and who has requested that I reprinted it in the CONGRESSIONAL RECORD.

In this letter, Ms. Karsten pays tribute to the courageous Polish leader who bravely organized American cavalry forces during the Revolutionary War. Pulaski's outstanding contributions led to his distinction as the "Father of the American Cavalry."

The Polish Heritage Society of Luzerne County recently erected a flag pole on the Luzerne County Courthouse grounds. In reprinting Ms. Karsten's letter, I want to pay tribute to the society's efforts to broaden public awareness of the outstanding contributions of Americans of Polish descent. The letter is as follows:

Casimir Pulaski gave the last drop of his blood for the American cause—Freedom!

Pulaski, born March 4, 1747 in Masovia, Poland, a province so peaceful that no one locked his doors at night, was the son of a wealthy landowner.

It was an old Polish saying that if a child cried loudly when baptized he was putting up strong resistance to the devil. And that's exactly what baby Pulaski did. Everyone agreed it was a very good omen.

A highlight of his youth was the encounter with a beggar hunched against the cookhouse door in the snow. In place of the customary "Good Morning", Pulaski politely said, "Let Jesus Christ be praised." Then pulling a gold coin out of his pocket, the lad handed it to the old man. Not wanting the beggar to thank him, he entered the kitchen and told the cook about the old man fallen in the snow.

The cook rushed out to look for the beggar. There was no one in sight. The spot, however, where the beggar had stood was clearly marked—although there were no footprints anywhere. The Pulaski family concluded that the beggar was truly Jesus Christ Himself.

As a young man Pulaski fought bitterly against the powers that destroyed the independence of his native Poland. Always, freedom remained the burning desire of his life. "I would rather live free, or die for liberty," was the gospel he lived by and the hymn his heart sang.

When newspapers in Europe carried stories about the Boston Tea Party and the plight of the American colonists, Casimir quickly decided to throw his weight on the side of the Americans.

The great question: How to get to America?

Marching under the American Flag, Pulaski played a major role throughout the Revolutionary War. At General George Washington's suggestion, Congress commissioned Pulaski as commander of calvary with the rank of brigadier general.

In 1778, Pulaski received permission to recruit his own corps of calvary and light infantry, which became known as Pulaski's Legion. His great victory at Charleston preceded the disaster of Savannah.

It was during the Battle of Savannah, now considered the turning point in the war, that Pulaski was mortally wounded. The best doctors were summoned to operate on him. But those wounds proved too great to mend. For two days he languished between consciousness and unconsciousness.

Too soon, death came to our Polish hero. The once stout heart of this valiant leader ceased to beat on October 11, 1779 aboard the Wasp.

Because his body was so consumed with gangrene, it was impossible to sail his remains to Charleston for burial. As his body was slipped over the side of the Wasp, "to a watery grave", with the ship's flag at half mast, all guns fired a final salute to a heroic figure.

Once a war is begun, Pulaski said, "To win you must seize the offensive."

Casimir Pulaski died as he lived, a hero!

Niech Bog Blogoslawy Wszystke Moje Polske Przyjaciele!●

BOLSHEVIK REVOLUTION REMEMBERED

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. BIAGGI. Mr. Speaker, for the people of our Nation last month was a time of thanksgiving, but for millions of people throughout the world under Soviet domination the month of November marked the 64th year of Communist rule in Russia. The Bolshevik Revolution, which emerged during the waning years of World War I, meant not only the birth of the world's first Communist government, but initiated a movement which has brought several other nations and peoples under Soviet oppression.

The nations of Czechoslovakia and Afghanistan, attempting to gain their basic rights of freedom, were brutally squashed by the Soviet Union's armed might. Now the people of Poland, despite threats of Soviet military intervention, are valiantly struggling to gain some of the rights we take for granted.

Thomas Jefferson, a man of the people and one of our Nation's greatest Presidents, said:

I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man. . . .

It is with this Jeffersonian spirit that I insert a recent declaration by the Congress of Russian Americans. This declaration should prompt us to champion for the God-given rights of every nation subject to or threatened by Soviet oppression.

CONGRESS OF RUSSIAN-AMERICANS, INC.,
Long Island City, N.Y.

On November 7th the rulers of the Soviet Union will celebrate the 64th anniversary of the "Great October Socialist Revolution". On this tragic anniversary of the Bolshevik takeover in Russia, the Congress of Russian Americans reiterates its continued concern for the condition and destiny of all people living under Communist rule. Sixty four years ago a tragedy occurred which scarred not only the Russian nation but also the entire free world: Lenin and his minority party overthrew the democratic Provisional Government of Russia. Two months later the Bolsheviks dissolved the freely elected Constituent Assembly, in which they had polled only 25 percent of the vote and renamed the nation the Union of Soviet Socialist Republics.

Despite the bitter struggle waged in the ensuing Civil War, which lasted more than three years and was followed by numerous peasant and worker uprisings against Communist domination, Lenin and his successors were able to consolidate their iron hold over the people that make up the USSR. Moreover, since World War II, Communist leaders have added to their empire most of Eastern Europe. This tyranny has caused millions of deaths and untold suffering in the prisons and concentration camps of the Gulag Archipelago, and has kept life at a subsistence level for most of the population.

The Soviet build-up of armaments in conjunction with foreign policy aimed at spreading the Communist system wherever possible has caused the threat of world war to hang over the United States and the free world for several decades. Furthermore, unsolicited Soviet meddling in the affairs of the developing nations continues to cause serious foreign policy problems faced by the United States and its allies.

For sixty four years Russian immigrants have repeatedly warned the world of the dangers of Communism. Too often they have been not only misunderstood, but even mistaken for Communists. As a result, the word "Russian" has ironically become synonymous with the words "Soviet" and "Communist". Moreover, despite being the first and foremost victim of Communism, the Russian nation is not even included on the list of captive nations.

Thus, in light of the ever-increasing threat of Communist domination we appeal to all people of good will to join us in condemning the inhuman and evil nature of Communism, reminding ourselves of all the people deprived of their basic human rights, defending those persecuted for their religious beliefs, and praying for the souls of the millions of victims of Communist terror in all captive nations.●

EXPLORING THE UNIVERSE STRETCHES THE IMAGINATION BUT BUDGET CUTS THREATEN

HON. RONNIE G. FLIPPO

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. FLIPPO. Mr. Speaker, the November 16, 1981 issue of U.S. News & World Report carried a cover story entitled, "Probing the Heavens—Any Real Value?" which I am hereby asking be published in the RECORD.

Despite the doubt expressed in the title, the article does a good job of describing the progress, excitement, and accomplishments of the Earth's astronomers. The article quite properly emphasizes the new knowledge we are gaining and the novel techniques being used, but it also mentions practical contributions that originated in the study of the Sun, the planets, and the stars. For example, studies of the atmosphere of Venus "alerted scientists to the danger of spoiling Earth's atmosphere with fluorocarbons from aerosol spray cans." Also, a study of stars, especially the Sun, "led to the first basic understanding of nuclear fusion" which now shows the potential of being a long-term energy source.

The irony is that such an article would be written just as this most fertile period of exploration of the universe is being threatened by drastic budget cuts. This golden age of astronomy may continue, but with dwindling U.S. participation. We may see the Europeans, the Japanese, and the Soviets push ahead of us.

Mr. Speaker, I deplore this. There are payoffs to be had from astronomy in the future, as there have been in the past. But perhaps the most important reason for probing the universe is that it stretches our imagination. It forces us to think about our place in the universe. It exercises our curiosity. Because of these new options, new frontiers are opened. We Americans have always been people of the frontier. As Daniel Boorstin has said "In America, exploration and growth have been synonymous. * * * The frontier which many have used as hallmark of our history has been simply another name for the boundaries of the unknown. Much of the greatness, the optimism, the energy and the boldness of our country has come from this peculiar way of growing. In fact, the people who built America were not afraid to plunge into the unknown. * * *"

Space scientists are pushing back this new frontier, the boundary of the unknown. And as we become more and more an information society, this frontier information and understanding will become more and more important.

Mr. Speaker, I commend this article to all Members. I believe if they read it they will begin to understand the fundamental importance of space and astonomy to our national well-being.

PROBING THE HEAVENS—ANY REAL VALUE?

(By Paul Recer)

Sometime in a not-too-distant century, a rocket-powered Mayflower will lift from this planetary speck and carry out into the universe a group of colonizing pioneers from the family of mankind.

Over the following centuries, their descendants will spread throughout the galaxy, settling on as-yet-undiscovered planets orbiting stars now only faintly seen from their ancestral home on Earth.

When historians write of this remarkable migration, they may well trace its origins to a scientific Camelot in the 20th century, a pathfinding era known even now as "the golden age of astronomy."

Such is the future viewed by many astronomers who are prompted in their predictions by one of the most remarkable periods of cosmic discovery ever.

In the last 20 years, astronomy has dramatically changed the human perception of the universe—and raised new questions about the past and the future of mankind.

Astronomers have discovered unsuspected phenomena such as quasars, pulsars, clouds of superheated gas, and black holes. They have identified the chemistry process in the birth of stars. Enough has been found to strengthen speculation about life beyond Earth, about the origin of the universe and about the life and death of stars.

Some of the findings already influence modern life. Atmospheric studies of Venus alerted scientists to the danger of spoiling Earth's atmosphere with fluorocarbons from spray cans, or with excess carbon dioxide from burning fossil fuels. Knowledge of the geology of other planets is helping scientists understand the geology of Earth and aiding in the search for minerals. A study of the stars led to the first basic understanding of nuclear fusion, which scientists now are trying to harness as a new energy source. Laser-reflecting mirrors on the moon are being used to improve earthquake prediction.

"It would not be hyperbole to describe this as the richest and most promising era in the history of astronomy," says Gary Mechler of the Kitt Peak National Observatory in Arizona. "It easily compares with the time when Galileo first pointed a telescope at the heavens."

American scientists are assembling a powerful new arsenal of stargazing instruments to continue this unprecedented study of the universe. Working with such tools, experts predict an even more stunning period of discovery in the two decades ahead.

TOOLS OF DISCOVERY

A mesh of engineering skill and scientific insight ushered in the golden age. Radio telescopes, studying cosmic radiation unseen by the eye, have discovered black holes, stars called pulsars that burn with intense energy, and vast clouds that may be the birthplaces of stars and galaxies. They also have found remnant echoes of the big bang that most scientists believe created the universe.

Optical-telescope views have been sharpened with electronics, enabling astronomers to study galaxies billions of light years away that were unseen until recently.

Astronomers have learned how to use computers to create models of the universe. Millions of years of the life history of stars can be compressed into a few minutes by

computer, allowing scientists to test theories of creation. The electronic brains also are used to scan millions of pictures, a laborious task once done by eye.

Satellites and sounding rockets carrying delicate sensors have probed parts of the invisible spectrum—such as X-rays, ultraviolet and gamma rays—and found that the universe teems with radiation.

Robot spacecraft have probed the surfaces of Jupiter, Saturn, Venus, and Mars, sending back pictures of awesome detail. Such views have shaped a new awareness of these planets—they are no longer just mysterious points of light in the nighttime sky but are considered true sisters to Earth, sharing the same sun and a similar history.

All of this has radically altered traditional concepts of the universe. No longer are the heavens considered majestically serene and unchanging. Instead, the cosmos is seen as a place of constant change and evolution, of exploding stars and whirling galaxies, of black holes so gravitationally powerful that they swallow even light. There are oceans of hot gas and clouds cooling, compressing and giving birth to new stars and galaxies.

A quickened perception of how the universe may have been created has emboldened scientists to search for life beyond our solar system. New stature has been lent to the questions: Is mankind alone in the universe? Is there life elsewhere? This has led to a search around other stars for planets where life might be possible.

Says Mechler: "The logic is statistically compelling that the universe teems with life. Finding life elsewhere could be the most profond discovery ever."

If life could arise on this planet, orbiting this sun, some scientists ask, why not on other planets orbiting some of the billions of other stars? The answer to this question may be years away because, despite centuries of studying the stars, mankind knows comparatively little.

"Presently there is a large measure of belief and a small number of facts," says Kitt Peak National Observatory Director Geoffrey Burbridge. "Some believe we've discovered the skeleton of the universe and are now looking at the flesh. Others say we lack even the skeleton as yet."

WHAT THE UNIVERSE MAY BECOME

Only a fraction of the visible universe has been studied in detail because of the immensity of the task and the vast, almost unimaginable, distances involved. Says Harlan Smith of McDonald Observatory in Texas: "The universe is so large that if you aren't an astronomer, it's almost impossible to grasp how big it is."

In the view of an astronomer, Earth is but a puny planet, circling a nondescript, middle-age star, the sun, in the outer suburbs of an ordinary galaxy—the Milky Way—in a universe of more than 100 billion galaxies.

Astronomy, unlike most other disciplines, is a spectator's science. Its specimens are bits of light or electromagnetic radiation caught on film as bright dots or as squiggles on a chart.

Typically, the data come from a star such as one in the Andromeda Galaxy. In a time before memory, such a star boiled in the heat of the continuous nuclear fury that slowly consumed it. Hydrogen atoms fused and energy exploded forth, some of it in the form of light.

A particle of such light, called a photon, burst from the star of the fastest of all speeds, 186,000 miles in a second. In one year, it streaked outward 6,000,000,000,000 (six trillion) miles. Its journey has only started.

The light continued to speed through time and space while Earth passed the area of dinosaurs, all the ages of man and countless seasons of change. For century after century, the light traveled on its speed unwavering. Finally, one dry and cloudless Arizona night, this messenger from a distant star flashed into the huge eye of a Kitt Peak telescope, bounced to a collector and was recorded electronically.

It was but one bit of light from one star in a universe of billions of galaxies, each with billions of stars. But to the knowing eye, it is a glimmer from primordial history. Each such light particle carries a part of the story of the life and death of a star—a star, perhaps, like the sun.

From such specks of light, and from bits of other stellar radiation, astronomers are slowly postulating a theory of how the universe came to be and to guess, perhaps, what eventually it will become.

"We have a broad outline now," says Burbridge. "But we're fuzzy at the beginning and the end." Smith agrees: "We have a very solid first-order understanding. There are still a lot of details to be filled in."

AHEAD: A MIRACULOUS TELESCOPE

The powerful array of new instruments will focus on gathering those details. Telescopes able to see a billion times more sharply than the naked eye are on the drawing boards. Radio telescopes sensitive to the barest whisper of the cosmos are already at work. A 750-million-dollar space telescope that will study stellar elements never before glimpsed is being prepared for a 1985 launch.

The space telescope now being built by the National Aeronautics and Space Administration may be the key tool of the new era. The computer-controlled instrument will be launched in 1985 by the space shuttle into a 310-mile-high orbit of Earth. This will put it far above the obscuring influence of the atmosphere—which gives twinkle to stars, but despair to astronomers.

"Up to now, astronomers have had a limited perspective of the stars," says NASA's David Morrison. "It is as if they are looking through a narrow and dirty window."

This murky problem will be eliminated when NASA launches what Morrison described as "the finest galactic telescope that has ever been built." The device will be a electronic observatory with a 94-inch reflector. Starlight will be collected by the reflector. This information will then be radioed to Earth in digital form and converted by computer into pictures. This technique is similar to that used recently by the Voyager spacecraft to study the planets Jupiter and Saturn.

Astronomers using the telescope will be able to view objects 50 times fainter and seven times more distant than is possible with any of the present Earthbound telescopes.

The space telescope will probe the chemistry of stars, searching for what may be a key in the evolution of the universe. It will use infrared instruments to study stellar clouds that many believe to be the birthplaces of the stars.

So powerful is the space telescope that it may answer a basic question: Are there planets beyond the solar system? None has been found, although astronomers believe they must exist by the billions. Answering this question would be a major first step toward possibly discovering alien life.

Experts believe the space telescope will remain a versatile tool for at least 15 years. Astronauts flying the space shuttle will be able to visit it to make repairs or to replace outdated instruments.

Land-based telescopes of radical new design are being planned by the University of California and the University of Texas. The instruments, the most powerful telescopes ever constructed, should be able to absorb light from stars 18 billion light years away, at the very edge of eternity.

The two universities have found novel ways to overcome a major problem with large telescopes. As telescopes increase in size, the curved mirrors used to focus light can weigh tons and become several feet thick. Such large mirrors can warp, causing distortions, and they are unwieldy.

The University of California is developing a telescope using 36 movable mirror tiles. They fit together to form a single focus of light. Each tile is backed by sensors and computer-driven actuators that keep the light in perfect focus. The result is a 400-inch reflector that, when completed, will be the largest in the world.

Smith is leading a University of Texas team that is developing a 300-inch flexible mirror of 4-inch-thick glass that will be supported by computer-driven pressure pads. The pads are designed to sharpen the focus and keep the glass sheet from shattering.

Both telescopes, costing 45 to 55 million dollars each, are to be built with donated funds. The instrument constructed in California will be installed on a mountain in Hawaii. The Texas telescope will join the McDonald Observatory array on a dry mountain in West Texas.

The massive telescopes will be able to fill in gaps in the known history of the universe.

"We'll be able to study galaxies we can't now see," says Thomas G. Barnes, the assistant director of McDonald. "We'll also see very faint, old stars. This will help astronomers to understand what happens at the end of a star's life. We know more about the first 5 or 10 minutes in the history of the universe than of the billions of years since."

MAN'S KEENEST EAR

On the plains of New Mexico, sprouting like metal mushrooms from a dry lake bed, is a series of 27 giant antennas. These are the antennas of the Very Large Array radio telescope, mankind's most sensitive ear tuned to the murmurs of the heavens.

The 78-million-dollar project, completed early this year, spreads in a Y-shaped design across 3,500 acres of desert. Two arms of the Y are 13 miles long and the short stem measures 11.8 miles.

Working together as a unit, the antennas gather the faint radio emissions beamed from every particle in the heavens. A computer sorts out the signals and makes meaning from the hiss and fuzz of a surprisingly noisy universe.

Radio astronomers interpreting such electronic noises have reshaped knowledge of the universe in the last 50 years and destroyed the notion that the heavens are quiet and serene.

They found in deep space oceans of fiery gases, churning with complex chemistry. They also found quasars, hot stars erupting with streams of enormous energy that can rise and fall within a matter of hours. Study of the spectra from these powerful energy sources on the outer reaches of the universe tell astronomers of the early chemical history of the cosmos, a key element in understanding its evolution.

Radio astronomers have also detected a faint sound filling all of space. It has been identified as the echo of the primordial explosion that gave birth to the universe.

The VLA, experts believe, will discover even more phenomena, including celestial events not envisioned now even by theoreticians. Though it has been operating just one year, the powerful instrument has already detected gas clouds streaming out from a small source at the center of the Earth's own Milky Way galaxy. Experts speculate that the source may be a black hole.

Such studies are adding to the cosmology of science, the theory of origins based on scientific findings.

BIGGEST BANG OF ALL

Many astronomers believe that, 15 to 20 billion years ago, all matter in the universe collapsed into a compact mass of very great density. This triggered an explosion, the big bang, and the matter expanded outward at great speed.

Particles, attracted to each other by gravity, slowly coalesced, forming into galaxies and stars, all of which continued to move outward, away from the big bang.

The sun, which is small by the standards of the universe, was a latecomer, forming only about 5 billion years ago. Loose matter orbiting the forming sun, it is believed, clumped to form Earth and its eight sister planets. Leftover material became asteroids, comets and moons.

If this understanding is correct, the sun will continue to shine for another 5 billion years. Then, its store of hydrogen depleted, it will explode into a red giant, sending out a spherical cloud of superheated gas as far as the orbit of Earth and burning the planet to a cinder.

Eventually, remnants of the sun will collapse inward to form a cooling star called a white dwarf.

Larger stars, it is believed, follow the same cycle, but, because of their immense amount of matter, become neutron stars or even black holes.

Some astronomers believe that the galaxies will keep expanding outward forever. But others suggest that the universe may go through cycles, expanding to a point and then collapsing until there is another big bang and the process starts over.

The death of the sun would mark the death of this planet, but many astronomers believe that by that time, some 5 billion years hence, mankind will have colonized distant, still undiscovered planets.

"If the human race survives the next 50 to 100 years," predicts astronomer Smith, "we will have spread out into the solar system. Over the next 10 million years after that, we will populate the entire Milky Way, a galaxy that is 100,000 light years across."

Such feats are far beyond the puny rockets of today, but engineers are tinkering already with new propulsion systems powered by nuclear energy or by streams of ions that would make such journeys possible.

STARGAZING PINCHED FOR FUNDS

Ironically, all these advances come at a time when a cutback in spending for science is touching astronomy.

The budget squeeze has turned off an effort to find intelligent life beyond this solar system. NASA spent 3 million dollars for a computer program to guide a search for radio signals from extraterrestrial intelligence. Before the program could be started, Senator William Proxmire (D-Wis.) sponsored legislation that cut off funds.

"There is not a scintilla of evidence that intelligent life exists beyond our solar system," explained Proxmire.

A NASA spokesman responded: "As late as 1491, there was not a scintilla of evidence that America existed."

Some of the cuts are even more painful to scientists.

NASA is concentrating funds on the space shuttle and has abandoned plans to send a probe to Halley's Comet, a spectacular celestial visitor that returns only once in 76 years. Japan, France and the Soviet Union are launching probes toward the comet in 1985, but the U.S. will not.

Even the highly successful Voyager 2 spacecraft, which stunned the world with pictures from Jupiter and Saturn, may be silenced. NASA officials may shut it down in order to keep within the reduced agency budget. This would mean mankind would lose a close-up look at the planets Uranus and Neptune, Voyager's next two targets.

Burbridge, Smith and others worry that the basic foundation of research also is eroding under the pressure of economics. The research staff at Kitt Peak, Ariz., which has the nation's largest collection of telescopes, has already been reduced by 10 percent in each of the last two years.

"This," says one astronomer, "cuts into the basic science, and that really hurts."

But many outside the science community believe the cuts are justified because of the faltering economy. Science, they say, should be trimmed back just as firmly as other parts of the federal budget.

There's immeasurable value in astronomy, believes Smith, but, he says, it takes vision to appreciate this.

"It promises the biggest payoffs for the human race, but these are not immediate," he says of astronomy. "The solar system, for instance, is our next great frontier for energy and materials. The value for the human race is incalculable."

Astronomy has another value, too—one far more difficult to define.

"It stretches the imagination," says Barnes. "It's what makes thinking, curious human beings different from monkeys. We can't stop because we wouldn't just stand still—we would slide back."●

SENATE—*Wednesday, December 9, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

God of our fathers, help our spirits to be attuned to the gracious spirit of this season. Keep us from emotions which would grieve the Holy Spirit who seeks to fill all of us with the measureless love of God. The Senate cannot escape its duty which involves disagreement, sometimes at deep levels, but, dear Lord, deliver us from disagreeable spirits. In respect for and appreciation of those who differ, help us in patience to find the way of truth in love. O God, fill this place, our offices, and homes with Thy love.

As we celebrate Chanukah, "Festival of Lights," and Christmas, the birth of Jesus, let the full meaning of these celebrations reach us. As Thou didst cause 1 day's supply of consecrated oil to keep the lamps burning for 8 days in the rededication of the Temple desecrated by Emperor Antiochus, make the light of the knowledge of Thyself glow in us. And let the glorious message of Christmas, "Glory to God in the highest, peace on Earth, good will toward men," infuse all of us with its fulfillment of the world's universal longing for peace.

In finishing the work to be done here Father, grant economy of time, and efficiency of process to the end of just legislation. In the name of Him whose advent into history promises salvation for all. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. Under the standing order, the acting majority leader is recognized.

THE JOURNAL

Mr. TOWER. Mr. President, I ask unanimous consent that the Journal of the proceedings be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

ORDER OF PROCEDURE

Mr. TOWER. Mr. President, are there any special orders?

The PRESIDENT pro tempore. There are no special orders.

Mr. TOWER. Mr. President, I reserve the remainder of my time.

TENNESSEE MINE EXPLOSION

Mr. BAKER. Mr. President, yesterday, 18,000 feet into a Tennessee mountainside, a mine shaft explosion took the lives of 13 miners, bringing the total of Appalachian mine fatalities to 24 in the last 6 days.

I want to extend my deepest sorrow and sympathy to the families and friends of the miners; trepidation and courage encircle this most dangerous profession, and it is perhaps all too tragic that an accident such as this serves as a reminder of the hazards involved.

Since the accident occurred, I have been in contact with Secretary of Labor Donovan, and Secretary of the Interior Watt. The mine has been officially closed and the Bureau of Mine Safety and Health Administration from the Department of Labor is coordinating an investigation into the cause of the explosion and the safety measures that existed in the region.

Secretary Watt and the Office of Energy and Minerals are prepared to move forward in the investigation as soon as the preliminary reports have been detailed.

The deceased were Larry Cooley, Danny Cooley (his brother), Jimmy Wayne Rogers, Roy White, Jackie Tate, Harvey Nolan, Charlie Myers, Gaylon Parsons, Darrell Rollins, Lee Grimes, Frankie Wilburn, Jacob Kilgore, and Ed French.

ORDER FOR TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. TOWER. Mr. President, I ask unanimous consent that there be a period for the transaction of routine morning business, not to extend beyond 9:30 a.m.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. TOWER. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

THE AMERICAN BAR ASSOCIATION: A WELCOME ALLY IN THE FIGHT FOR RATIFICATION OF THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, last Thursday, three very distinguished representatives of the American Bar Association appeared before the Senate Foreign Relations Committee to once again reaffirm the strong support of that organization for immediate ratification of the Genocide Convention.

As you know, Mr. President, the testimony of the prestigious American Bar Association is important. Important for two reasons:

First, the great weight that this body, the House, and every President has always accorded its views.

Second, the very fact that the Bar Association opposed this convention for many years and now has overwhelmingly changed its position and determined that their previous objections have simply not withstood the test of time.

The American Bar Association does not take such actions lightly. It has taken the ABA 26 years but now they are for it, and support it strongly.

As Senator Javits so movingly testified during those hearings:

> This, at one stroke, nullifies every legal argument made here on the Constitution, on extradition, on the power of the Congress, on implementing legislation, on trial in foreign courts, on the denial of constitutional processes . . . everything.

Mr. President, the support of the American Bar Association is a welcome ally to this struggle to move our country along the proper path, the path of justice.

The ABA has now made the Genocide Convention "a legislative goal of the highest importance to the Association." Is it not time to make it a legislative goal of the highest importance to the Senate?

Mr. President, I ask unanimous consent that the testimony of John Norton Moore, Thomas Buergenthal, and Bruno Bitker, one of my most prized and articulate constituents, be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

[Before the Committee on Foreign Relations, U.S. Senate]

STATEMENTS OF JOHN NORTON MOORE, THOMAS BUERGENTHAL, AND BRUNO BITKER

(In Support of Ratification of the Convention on the Prevention and Punishment of the Crime of Genocide, December 3, 1981) 1981)

Mr. Chairman and Members of the Committee:

My name is John Norton Moore, and I am honored to accept your invitation, on behalf of the American Bar Association President, to express the support of the 285,000-member ABA for immediate Senate advice and consent to ratification of the Convention on the Prevention and Punishment of the Crime of Genocide.

I appear today as the Divisional Vice-Chairman for Public International Law of the ABA's Section of International Law. I am the Walter Brown Professor of Law at the University of Virginia and direct that university's Center for Law and National Security. Accompanying me are two distinguished international law scholars and recognized experts on the Genocide Convention.

The Honorable Thomas Buergenthal is Dean of the Washington College of Law of The American University, is a Judge on the Inter-American Court of Human Rights and

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

serves as Chairman of the International Law Section's Committee on International Human Rights.

Mr. Bruno Bitker is a lawyer in Milwaukee, Wisconsin and is a member, and past chairman, of the Association's Standing Committee on World Order Under Law. Mr. Bitker is a leader, both within and without the Association, in the 32-year effort to ratify the Genocide Convention, and testified to that effect for the ABA before this Committee in 1977.

INTEREST OF THE AMERICAN BAR ASSOCIATION

Mr. Chairman, the ABA has concerned itself with this treaty for nearly as long as the Convention has been before the Senate. Some three months after the Convention was transmitted by President Truman to the Senate on June 16, 1949, for its advice and consent, the Association's House of Delegates resolved to oppose ratification of the treaty "as submitted" by the President. For over 20 years thereafter, various Association entities continued to study the constitutional issues raised by the Convention; a resolution in support of ratification was defeated in February 1970 by a 130–126 vote of our House of Delegates.

Subsequently, various ABA groups reviewed the understandings and declaration which were the basis for this Committee's approval of the Convention by voice vote early in 1973. These three understandings and a declaration fully resolved the constitutional concerns of the ABA. Consequently, in February 1976, the Association's House of Delegates by voice vote approved a resolution favoring ratification with the understanding and declaration recommended by this Committee.

Ratification of the Genocide Convention is now one of the legislative priorities of the ABA President, and as such is one of a handful of legislative goals of the highest importance to the Association. As Mr. Bitker told this Committee in 1977, "[C]ertainly nothing is more basic to the obligation the United States assumed when it ratified the U.N. Charter, than to outlaw mass murder of a national, ethnical, racial or religious group, as such, whether committed in time of peace or war . . . [United States'] failure to ratify borders on constituting a national disgrace." We urge this Committee, the Senate and our Government to end this period of national disgrace by promptly ratifying this Convention.

As lawyers, we think the legal profession has a unique role to play in this ratification process. In a May 1977 address to the 20th anniversary meeting of the Inter-American Bar Foundation, then-ABA President William B. Spann observed that the Association's Code of Professional Responsibility "makes it quite clear that a lawyer should not regard himself simply as a functionary of the legal system, but as one who must defend and develop it."[1] There is no more basic human right for which the legal system was established to defend, than the right of a human to live.

There are countries throughout the world whose governmental recognition of this right could be questioned. Mass slaughter of hundreds of thousands of citizens from identifiable ethnic or religious groups has repulsed the world in recent years. These events are evidence that genocide is a crime against mankind and one threatening the peace and security of the world, that it can only be prevented and punished through enforcement of recognized international law, and that the United States should be the leading force in the world officially to condemn this crime. To state our opposition to genocide, but to refrain from actively seeking to prevent it, is merely to sanction its perpetuation.

In February 1976 the ABA's policy-making House of Delegates adopted the following resolution by voice vote:

"*Be it Resolved*, That the American Bar Association favors the accession of the United States to the United Nations Convention on the Prevention and Punishment of the Crime of Genocide with the following Understandings and Declaration which have been approved by the Senate Committee on Foreign Relations:[2]

"1. That the U.S. Government understands and construes the words "intent to destroy, in whole or in part, national, ethnical, racial or religious group as such" appearing in article II to mean the intent to destroy a national, ethnical, racial or religious group by the acts specified in article II in such a manner as to affect a substantial part of the group concerned.

"2. That the U.S. Government understands and construes the word 'mental harm' appearing in article II(b) of this Convention to mean permanent impairment of mental faculties.

"3. That the U.S. Government understands and construes article VI of the Convention in accordance with the agreed language of the Report of the Legal Committee of the United Nations General Assembly that nothing in Article VI shall affect the right of any state to bring to trial before its own tribunals of any of its nationals for acts committed outside the state.

"4. That the U.S. Government declares that it will not deposit its instrument of ratification until after the implementing legislation referred to in article V has been enacted.

"*Be It Further Resolved*, That the President of the American Bar Association or his designee is hereby authorized to present the views of the Association as herein expressed before the appropriate committees of the Congress and other agencies of the Government of the United States."

The American Bar Association, through adoption of this policy, agrees with the Departments of State and Justice that the Convention, along with the recommended understandings and declaration, pose no constitutional obstacles to ratification. Were this not the case, the first stated purpose of the ABA—". . . to uphold and defend the Constitution of the United States . . ."—would prohibit us from supporting ratification, much less supporting it as strongly as we do.

What the convention provides—obligations of the United States

The Genocide Convention has established within the body of international law the intentional crime of mass destruction of people—of the whole or a substantial part of a national, ethnical, racial or religious group. Applicable in peacetime and during war, genocidal acts include intentional killing, causing of serious bodily or mental harm (understood by the United States to mean "permanent impairment of mental faculties"), inflicting living conditions so adverse as to intend to cause the group's destruction, imposing measures intended to prevent births within the group—thus destroying the group, and forcibly transferring children of the group to another group. Punishable acts include the actual commission of genocide, as well as conspiracy in, or direct and public incitement of, or attempt to commit genocide, or complicity in committing genocide.

Persons charged with any of these offenses whether public officials or private citizens shall be tried in the state where the offense was alleged to have occurred or before an international tribunal. No such international tribunal of competent jurisdiction exists; if one were established, the United States Congress would have to approve submitting to the new court's jurisdiction. One of the understandings approved by the Foreign Relations Committee, and endorsed by the ABA, would make clear that U.S. citizens could be tried in U.S. courts for genocidal acts committed abroad.

Furthermore, while the Convention provides that contracting parties shall grant extradition requests "in accordance with their laws and treaties in force" (Article VII), the Convention itself is not an extradition treaty. Since no current extradition treaties to which the U.S. is a party cover the crime of genocide, the U.S. would not be obligated to extradite U.S. citizens to a foreign country. Any future extradition treaty which might include the crime of genocide would, of course, be subject to the advise and consent power of the Senate. Each country would establish its own penalties to be imposed for convictions of the enumerated crimes.

A contracting party to the Convention may request appropriate U.N. entities to take action to assist in preventing or suppressing genocide (Article VIII). Also, the contracting parties will submit to the International Court of Justice disputes concerning the "interpretation, application or fulfillment" of the terms of the Convention (Article IX). This provision does not fall under the Connally amendment, by which the U.S. determines which cases are within the domestic jurisdiction of the U.S., and thus outside the court's jurisdiction. However, provisions comparable to Article IX for resolution of disputes by the International Court of Justice are included in such treaties as the Japanese Peace Treaty and the Antarctic Treaty, to which the U.S. is a party.

Finally, the United States has declared that it will not deposit its instrument of ratification following Senate approval until after enactment by Congress of implementing legislation.[3] Thus, the Genocide Convention is not a self-executing treaty, but rather one requiring the usual legislative approval of both Houses of Congress and the President.

Over the lengthy period of congressional debate over the meaning and possible adverse effects of the Convention's provisions, a number of recurring questions have been raised. For the benefit of the Committee, we attach to this statement nine of the most frequently asked questions, and our responses. To summarize the attached responses, the ABA simply finds no responsible support for various constitutional questions raised against the Convention.

To suggest that the protection against mass murder of a selected people is an improper subject of international concern, and thus without this nation's treaty power, is nonsense. Similarly, other legal issues concerning, for instance, the effect of voluntary birth control, the acts of soldiers in war-

[1] William B. Spann, "Lawyers and the Promotion of Human Rights in America", *The Legal Protection of Human Rights in the Western Hemisphere*, 22, Inter-American Bar Foundation (March 1978).

[2] *International Convention on the Prevention and Punishment of the Crime of Genocide*, Report on Executive O, 81st Congress, 1st Session (Ex. Report No. 93–5; March 6, 1973).

[3] See Ex. Report No. 93–5 for the text of proposed implementing legislation, pages 21–23, 93rd Congress, 1st Session (March 6, 1973).

time and the "incitement" language of Article III all have long ago been resolved in the context of U.S. domestic law or international law.

The fact that these legal issues are without merit is perhaps best substantiated by the testimony before this Committee in 1970 by then-Assistant Attorney General William H. Rehnquist:

"In 1950 some of the questions concerning Federal jurisdiction and the treaty power were considered somewhat novel. However, developments in the intervening years—the extensive use of the treaty power and the growth of Federal criminal jurisdiction—have, it seems, illuminated both these areas to the point where I believe I can safely say that the questions before the Committee and the Senate are more matters of policy than questions of legal power. Other witnesses in support of this treaty have, I believe, made this clear."

The Genocide Convention should be ratified now

The United States should ratify the Genocide Convention immediately because such an act would be a timely expression of this nation's unalterable commitment to the rule of law in international affairs, because it would strengthen our hand in the current conduct of foreign relations with allies and adversaries alike, and because it would place us in the company of 89 other nations—where we should have been long ago—in expressing our collective national repugnance to mass acts of murder of unspeakable proportions.

As a member nation of the United Nations, and as a signatory to the Helsinki Accords, among other agreements, the United States has demonstrated its leadership in seeking to bring more order to the peaceful relations among nations. The essence of this commitment is our devotion to an ordered existence governed by universally accepted rules and procedures—the rule of law. Since our own freedoms are assured through adherence to the rule of law—a concept by no means universally accepted throughout the world—our sovereignty is that much more enhanced through our efforts to expand the primacy of the rule of law in our relations with other nations. Ratification of the Genocide Convention furthers this cause.

It is clear to most observers that the Soviet Union and other nations with less regard for the type of freedoms we take for granted pose the most serious threat to our national interests. As Dean Buergenthal recently stated, the threat of the Soviet Union "is not only military or subversive, it is also ideological and it must therefore be confronted on the ideological level as well . . . A sound human rights policy provides the U.S. with an ideology that distinguishes us most clearly from the Soviet Union and seriously undercuts the ideological appeal of Communism."

However, our ideological hand is not strong in dealing with the Soviets when our criticism of their treatment of religious or ethnic groups prompts the question of why the United States has not ratified the Genocide Convention. In the terminology of legal equity, ratification of the Convention would bring us to the international negotiating table with "clean hands."

Finally, it is important to remember that this treaty is hardly a novel idea. It has been in force for some 30 years and is the law in the majority of the world. The United States was a leading participant in drafting the treaty and in advocating its importance. The crime of genocide surely is the most difficult for civilized people to comprehend, and the most shocking to the human conscience. The extent to which most of the rest of the world has signaled its horror of this crime by ratifying the Convention is both a measure of this country's humiliation at not being a signatory, and the strongest reason why ratification should wait no longer.

Mr. Chairman, we thank you for this opportunity to again urge ratification of this Convention, and will be pleased to respond to your questions.

Questions and Answers Concerning the Genocide Convention

I. Doesn't the Convention allow the United Nations to investigate United States domestic officials and thus subject our Government to to irresponsible charges of genocide in the world forum?

Article VIII which empowers a contracting party to call upon the competent organs of the United Nations "to take such action under the Charter . . . . as they consider appropriate for the powers of the United Nations. Genocide, involving mass murder on a broad scale, would violate not only the human rights provisions of the UN Charter but would normally involve a threat to the peace and therefore would clearly be within the powers of the UN to discuss. It need also be noted that article 2(7) of the UN Charter contains a proscription against intervention in matters which are essentially within the domestic jurisdiction of any state . . . ."

The argument that ratification of the Convention would subject the United States to irresponsible charges of genocide is without foundation. Ratification would not alter the present situation to our disadvantage. Spurious propaganda charges alleging genocide can be made by our enemies whether or not the United States is a party to the Convention. If anything, ratification would improve our position to rebut spurious charges by subjecting our behavior to a precise legal definition of genocide. Further, our failure to ratify in fact weakens the effectiveness of our replies.

II. Isn't it true that the Genocide Convention would allow United States POW's to be charged with Genocide by enemy nations?

An inference such as this overlooks the simple reality that such a charge may be made by the authorities of a state involved in a conflict with the United States with or without the Genocide Convention. There is nothing in the Genocide Convention that would provide warrant for charges by an enemy nation that our POW's are guilty of genocide. The existence of the Genocide Convention, and more importantly the ratification or rejection of the Convention by the United States, would have little effect on the treatment of American POW's. This was clear in the cases of American POW's held by North Viet Nam (where neither state was party to the Convention).

Their peril will not be increased by approval of the Convention while peril may be avoided for tens of millions by ratification of the Convention.

III. Wouldn't the Convention change the constitutional structure of the United States in that the United States lacks the constitutional power to make treaties in the human rights field because treatment by a State of its own nationals is a domestic matter and not properly the subject of an international agreement?

In the past, the power of the United States under the Constitution to make treaties in the human rights field has been questioned on the grounds that the treatment by a state of its nationals is a matter of domestic jurisdiction. This was one of the points raised in opposition to the Genocide Convention by the American Bar Association. However, the special Committee of Lawyers of the President's Commission for the Observance of Human Rights Year 1968 concluded after a survey of the constitutional issues involved and of the past treaty making practice of the United States that, "Treaties which deal with the rights of individuals within their own countries as a matter of international concern may be a proper exercise of the treaty-making power of the United States . . . ."

The Supreme Court declared in *Geofroy* v. *Riggs*, 133 U.S. 258, 267 (1890), that the treaty-making power may be exercised on any matter "which is properly the subject of negotiation with a foreign country". The United States is a party to numerous international agreements relating to the activities of its own citizens within the United States because those treaties deal with matters appropriate for international negotiation. Examples include treaties on narcotics, public health and nature conservation, and the Supplementary Convention on Slavery.

In the words of the Special Committee of Lawyers, of which retired Supreme Court Justice Tom C. Clark was chairman: "It may seem almost anachronistic that this question continues to be raised." This concern needs to be determined objectively in the light of the current interests of the United States in an interdependent world and contemporary concepts of international law—not on the basis of notions that may have been appropriate in a different historical time. In today's world the massive destruction of a racial, religious or national group in one country has an immediate impact on members of this group in other countries, stimulates demand for intervention and adversely affects international relations. As said by the Senate Foreign Relations Committee: "on both moral and practical grounds, the commission of genocide, involving as it must mass action, cannot help but be of concern to the community of nations".

IV. Isn't it true that the Genocide Convention would alter the balance of authority between the State and Federal government?

The Constitution, Article I, Section 8, specifically gives Congress the power to "define and punish . . . offenses against the law of Nations". The act of genocide is almost universally recognized in treaties, international custom, and the acts of international organizations as an offense against the law of nations. It is thus clearly within the power of Congress to outlaw the crime of genocide. Ratification of the Genocide convention will add no powers to those the Federal Government already possesses.

V. Wouldn't birth control offered on a voluntary basis be subject to attack as genocide?

This fear has no foundation. None of the five acts in the Convention definition is genocide unless "committed with intent to destroy in whole or in part" one of the named groups as such. Thus, basic to any charge of genocide is the element of intent. To avoid any misconceptions the United States ratification would be accompanied by an understanding that the intent required by the Convention be the intent to destroy one of the named groups "in such a manner as to affect a substantial part of the group concerned".

VI. Couldn't the convention result in the bringing of United States citizens to arrest and trial in foreign areas on charges of genocide?

The Convention does impose an obligation on the State in whose territory acts of genocide had been committed to try all per-

sons charged with committing genocide within that State. However, it is clear from the Convention's negotiating history that the Convention does not bar another State from trying before its own tribunals its nationals who had committed such acts outside the State. This theory of concurrent jurisdiction—jurisdiction based on the site of the alleged offense and jurisdiction based on the nationality of the offender—has been thoroughly explored. The United States government, however, has made it clear to the other contracting parties that it intends to construe the Convention so as to permit it to try its own nationals for punishable genocidal acts whether committed at home or abroad. This is recorded in the United States understanding that the United States Government "understands and construes Article VI . . . that nothing in Article VI shall affect the right of any State to bring to trial before its own tribunals any of its nationals for acts committed outside the State".

VII. Doesn't the convention open the possibility that United States Citizens can be extradited and subject to trial for genocide before a foreign tribunal without constitutional protections and benefits?

Ratification of the Convention would merely permit the adding on of one or more crimes—genocide—to the many crimes for which American citizens may already be extradited under existing extradition treaties. The Convention is not itself an extradition treaty. Neither United States law nor any of the U.S. extradition treaties at present cover genocide. Under the Convention extradition would take place only in accordance with laws and treaties in force. In any case, the United States does not grant extradition unless a prima facie case is established against the accused and unless the accused will be afforded by the requesting state the due process required by our Constitution. Such a treaty could be negotiated in the future with or without the Genocide Convention but it would need to be brought before the Senate for approval.

VIII. Isn't it true that ratification of the convention would subject United States citizens to trial before international penal tribunals?

No. It is unfortunate draftsmanship that Article VI of the Convention provides persons charged with genocide shall be tried "by such international tribunal as may have jurisdiction . . ." No such international tribunal presently exists and there is no negotiation to create one. If any such tribunal were established it would not have jurisdiction over United States nationals unless the United States agreed to such jurisdiction either in the form of the Senate's advise and consent to ratification of a treaty or by statute expressing its consent.

IX. Doesn't the provision in the Convention for settlement of disputes by the International Court of Justice unreasonably limit United States sovereignty?

The provision in the Convention is not a new one in the United States practice. The United States has become a party to many international agreements providing for reference to the International Court of Justice of disputes arising under such agreements, including the Japanese Peace Treaty, the Antarctic Treaty and the Statute of the International Atomic Energy Agency. This provision for the settlement of disputes over the interpretation of the Genocide Convention does not unreasonably limit our sovereignty.

A number of countries, notably the communist countries, have entered reservations to their ratifications stating that they do not accept compulsory reference to the International Court of Justice. The United Sates is thus placed in a position to invoke those countries reservations in its own behalf to defeat the court's jurisdiction in cases brought under the Convention by countries which have made such a reservation. Our interests are better served by having any charges of genocide against us considered in a less politically motivated forum like the International Court of Justice.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. KASTEN). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business not to extend beyond the hour of 9:30 a.m.

SECOND ANNIVERSARY OF THE SOVIET INVASION OF AFGHANISTAN

Mr. PERCY. Mr. President, December 26 marks the second anniversary of the Soviet invasion of Afghanistan. Many observers wondered at that time whether the Afghan people had the will to resist the might and ruthlessness of the Soviet military machine. Two years later it is absolutely clear that the Afghans do have the will to resist and that they will not give up the struggle. The Afghan freedom fighters in recent weeks have carried the battle to Kabul itself. Gunfire is heard every night.

It is equally clear that Soviet claims of Afghan support for a Soviet presence are false. The oppression of the people and the maintenance of security are being undertaken by the Soviet forces, because the Afghan people will not support the puppet regime of Babrak Kamal.

I pay the highest tribute to the Afghan freedom fighters and the Afghan people. The spirit of the Afghans is well illustrated in a recent article in the Christian Science Monitor by Theodore L. Eliot, Jr., dean of the Fletcher School of Law and Diplomacy at Tufts University. Dean Eliot was the U.S. Ambassador to Afghanistan from 1973–78.

I ask unanimous consent that Dean Eliot's article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE AGONY OF AFGHANISTAN

(By Theodore L. Eliot Jr.)

New reports of fighting in Afghanistan and Secretary Haig's attack at the United Nations on the continuing Soviet presence in that country serve as reminders that a cruel war is still in process there. It is truly a war of national liberation, pitting Afghan freedom fighters (when will the media stop calling them "rebels"?) against Soviet occupiers.

The face of Soviet imperialism is indeed cruel. There should be no mistake about that. Here are excerpts from letters this writer has received from Afghans who have recently fled their homeland:

One, a woman, writes:

"In Afghanistan every night was spent in anguish and without sleep. My husband and son had been carried away, so my daughter-in-law and daughter and I would spend the nights together alone—weeping.

"At no time has history borne witness to such cruelty. What transpires in Afghanistan today is nothing but the streaming of blood. There is not a single family that is left untouched by the slaughter.

"The heavy and light weapons reaching this country pour in like a flood, and they are carried in on gigantic Soviet planes. At night the troops pillage shops and houses.

"There are no young people left in Afghanistan. Every home is turned into a mourning place. Let me relate to you some of the doings of this bloodthirsty regime. One person was buried alive. Another was put in a coffin, and then the coffin was nailed tight and tarred from the outside. A third was thrown out of an airplane over the mountains. A fourth was placed in a sack and cast into the river. A fifth was electrocuted. And a sixth was clubbed to death. As I give you these accounts, my eyes are filled with tears wondering as to the means of which they disposed of my husband and son."

The other, a former high official:

"Since as you may already guess I will never accept the present situation in our motherland, no matter where I am I shall help the Afghan people to liberate themselves and their homeland from the clutches of the greedy bear and its hirelings. The Afghan people have decided to free themselves from the dirty paws of this beast who thinks and feels that anything inside its stomach is at peace and anything outside doesn't have a right to live.

"It is the duty of all conscientious humans to stop the world witnessing one of the worst tragedies of humanity—the extermination of a freedom-loving people by one of the hideous superpowers of all times."

These letters were written by two of the more than two million Afghans who have fled, mostly to live in refugee camps in Pakistan. Some of the Western-educated Afghans have reached Western Europe and the United States where they are beginning to rebuild their lives. Many Afghans reenter their country from Pakistan to join their compatriots in fighting the Soviets and the puppet regime of "President" Babrak Karmal.

All these Afghans need America's help. Those who reach US shores need jobs and counseling on the intricacies of American life. Those in Pakistan need humanitarian assistance, which is being provided through the United Nations and by private agencies. Those who are fighting need weapons which the US should help them obtain. It is not just a question of supporting them because they are fighting for their country's independence; they are also the front line of resistance to Soviet imperialism, protecting US interests in that region.

SAUDI DENIES OFFER OF AID TO OMAN

Mr. BOREN. Mr. President, on December 3, I expressed my grave concern about a report in the Washington Post that the Government of Saudi Arabia had offered $1.2 billion in aid to Oman if

Oman agrees to cancel an agreement to allow the United States access to its military facilities.

I was pleased to note in the same newspaper on December 5, a report that Saudi Information Minister Mohammed Abdul Yamani has denied the report. I attach a copy of the article in the Washington Post and ask that it be made a part of the RECORD at the conclusion of these remarks.

As I indicated earlier, I intend to continue to monitor our relationship with Saudi Arabia and other Middle Eastern governments very carefully. I hope that Saudi Arabia will actively encourage Oman's continued military cooperation with the United States. The statement by the Minister of Information is a welcome step in the right direction.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SAUDI DENIES OFFER MADE TO OMAN

Saudi Information Minister Mohammed Abdul Yamani has denied that Saudi Arabia offered $1.2 billion in aid to the sultanate of Oman if Oman agrees to cancel an agreement allowing the United States access to its military facilities, according to the official Saudi news agency.

The Washington Post reported Wednesday that such an offer to Oman was disclosed in an interview by a high Saudi government official in a position to know.

According to the Saudi news agency, Yamani denied the report "categorically and emphatically" Thursday and called such reports "mere fabrications which sought to harm the kingdom in particular and the gulf in general."

Yamani, according to the news agency, "pointed out that publishing such false reports is part of a biased campaign which the Western information media has recently renewed against the kingdom."

THE 56TH GENERAL ASSEMBLY OF THE UNION OF AMERICAN HEBREW CONGREGATIONS

Mr. KENNEDY. Mr. President, yesterday I was privileged to address the 56th General Assembly of the Union of American Hebrew Congregations, which is being held in Boston from December 3 to 8 under the theme of "Cherishing Faith: Affirming Freedom."

A true highlight of this very successful assembly was the message of Rabbi Alexander M. Schindler, president of the UAHC. His eloquent president's message is one more expression of the great leadership which Rabbi Schindler offers both to the American Jewish Community and to our Nation as a whole.

Compelling as it is comprehensive, Rabbi Schindler's message addresses the issues of Judaism and the American creed, economic injustice, threat to civil liberties, human rights, obsession with force, the Saudi "peace plan," the demons of anti-Semitism, the Jewishness of the Jewish State, and the State of the UAHC. It warns of the threats to the great interests and values of our nation and it offers a path to overcome these threats and to fulfill the vision of our forebearers.

Instead, these Founding Fathers saw America as another promised land, a New Israel, planted—with God's providential guidance—in a New World. Like Israel, America can never abandon the search for purpose. Both nations must be measured against moral absolutes, against the ideas and ideals that justify their existence.

So when we look at what is happening in America today we must look beyond the pragmatic and the political, the mundane and the material. It is necessary—as Americans and as Jews—to examine events from a moral perspective and ask how our government measures up to the American idea.

Mr. President, I commend to my colleagues Rabbi Schindler's important and inspiring president's message, and I ask unanimous consent that the full text appear at this point in the RECORD.

There being no objection, the text was ordered to be printed in the RECORD, as follows:

PRESIDENT'S MESSAGE

(Rabbi Alexander M. Schindler)

I am deeply grateful to Donald Day for his gracious words of introduction. Katanti mikol hachasadim! I really do not merit so much praise. I accept his words not as descriptive of my attainments, but rather as a prescription, a setting forth of those directions that I should take.

Donald himself has been an extraordinary Chairman of our board. He is diligent and wise. He is zealously devoted to our work. He articulates our needs and advocates our cause with a stately eloquence. In a word, he is an altogether worthy successor of those remarkable leaders of our movement who preceded him.

One of these leaders, the most senior of our living past chairmen, Emil N. Baar, sits on this bimah tonight as our very special guest of honor. He recently reached his ninetieth birthday, with a lucidity and sprightliness that would flatter anyone half his years. Oif unz alle gezogt! At the concluding session of our convention, he will receive the Maurice N. Eisendrath Award for service to the Reform Jewish community. We will have a chance then to rehearse the details of his manifold contributions toward the advancement of our mutual sacred cause. Suffice it to say now, that no one has served us more faithfully more selflessly, more productively. We salute him on this occasion, and we thank him for enabling us to begin and to end our Assembly on so grand and pleasing a note.

This is not the first time that we convene in Boston. We were last assembled here in 1948. Jacob Aronson chaired the proceedings then. Maurice N. Eisendrath was still only in the early years of his remarkable presidency. And Harry Truman sent a message which cheered the delegates.

The mood, understandably, was upbeat. America had attained world leadership and her future seemed limitless. Israel had just survived her Wars of Independence, and Jews everywhere took heart. Reform Judaism was on the advance; congregations were mushrooming, their members were multiplying; and the Union was on the eve of its historic move from Cincinnati to the capital city of Jewish life.

The promise, insofar as our own religious community is concerned, has been fulfilled if not exceeded. In 1948 slightly less than 800 delegates attended, and they represented a total of 370 congregations. Today, we are here 4000 strong, men and women, young and old; this is the largest Jewish assembly on the American scene. We represent 760 congregations now, and their cumulative rolls have long since passed the million member mark. We are a vital, vibrant movement, ever blending the old and the new, on the cutting edge of modern life, yet ever more deeply rooted in the Jewish tradition.

JUDAISM AND THE AMERICAN CREED

How appropriate it is that an assembly such as this should convene in this community. Our presence here symbolizes the linkage between the American idea and the faith of Israel both of which we embrace. Boston, after all, is the cradle of our country's creed. It is the source of so many of the ideas that inspired America—ideas that have much in common with Judaism. It was John Adams who wrote into the original constitution of Massachusetts, "A government of laws, and not of men." And where had the world heard that concept before? Justice for all, human dignity, life, liberty, the rule of law—these ideas live in the souls of all Jews, and all Americans.

At the root of the kinship between Judaism and the American creed is the conception of national purpose—that is to say, that there is a purpose, and idea, against which the nation measures itself.

Other nations worship and live by their own existence. No one seeks to understand the English or the French or the Brazilian idea of national selfhood; no one wonders about any theory that motivates or inspires those countries, or that gives shape and purpose to their doing. They exist, as facts of life, and that is enough. As Giambatista Vico, the first historian, put it: every nation enshrines itself as its own ideal or absolute principle. Its own national existence becomes the God it worships.

But that is not true for the Jewish people. We do not posit our own collective being as the ultimate absolute. "Israel," Martin Buber tells us, "experiences the absolute as that which Israel itself is not, and which it can never become . . . Israel knows only one absolute, God the Eternal."

Nor does America worship its own existence alone. America, like Israel, was founded on an idea—an idea that has animated the nation through every crisis, through two centuries of expansion and growth. America has not always lived up to that idea—but the very fact that we can say that—and that every aware American can understand what we mean—proves that the nation's actions and policies have always been measured against the ideals of its founding fathers.

Indeed, these Founding Fathers saw America as another promised land, a New Israel, planted—with God's providential guidance—in a New World. Like Israel, America can never abandon the search for purpose. Both nations must be measured against moral absolutes, against the ideas and ideals that justify their existence.

So when we look at what is happening in America today we must look beyond the pragmatic and the political, the mundane and the material. It is necessary—as Americans and as Jews—to examine events from a moral perspective and ask how our government measures up to the American idea.

Let me emphasize: it is a moral and not an ideological measure that we take. True enough, many of us are liberals by bent; our history of infliction has made us so. But we are not so hidebound in our ideology that we claim a patent on decency or a monopoly on the truth. We recognize conservatism to be a much needed balancing force. The welfare of the nation requires more than change and innovation. We need restraint as well as daring, the preservation of our values and not just the drastic reform of our flaws. Conservatism, true conservatism, holds

and deserves an essential place in our free society alongside genuine liberalism.

Thus, the election of a conservative government as such does not alarm us, nor does that new spirit of patriotism to which it has given birth. A nation that lacks in self respect lacks also the capacity for self-renewal. And so we welcome that sense of national pride that the Reagan administration has rekindled.

But because America is founded on the ethical ideal, and because we do measure ourselves against it, true patriotism in this land demands something more than Decatur's dictum, "our country right or worng." It requires us to strive to make our country right—and to ring the alarm when it is wrong.

It is in this spirit that I want to sound a few alarms tonight, because something is wrong in America.

As a nation we are in trouble.

Our economy is tottering—and the architect assigned to repair it confesses his design is flawed.

The war against poverty has become the war against the poor.

Our civil rights are under assault and the balance of power imbedded in our Constitution is threatened.

Our foreign policy makers fail to exert a moral leadership. Instead they look at the world through bomb-sights and frighten our allies with their casual talk about the possibility of a limited nuclear war.

We sell our most sophisticated weapon systems to lands of doubtful loyalty though doubtless wealth—and in the process we disparage our friends and unleash the demon of bigotry.

What has happened to us? Have we traded principle for petroleum? Is the gas in our tanks more precious than the spirit in our hearts? Have we lowered our eyes from the vision of liberty, equality and justice to the bottom line of corporate profits?

And are we as a nation forgetting that the pilgrims who settled this commonwealth, whose holiday we celebrated last week, and who inspired so much of America, came here essentially to escape religious hatred?

I prefer to think that it is not so. But I am concerned.

ECONOMIC INJUSTICE

I am concerned—I am more than concerned, I am outraged—by the injustice of President Reagan's economic policies—and by the hypocrisy that foisted them on the American public. For months we heard budget director David Stockman and the other "supply-side" gurus arguing forcefully, brilliantly—and successfully—for their new panaceas. Cut taxes, they said: the tax savings will stimulate the economy and increase government revenue. Cut spending and balance the budget, they said: that will control inflation. Only the Pentagon was to be saved from this rigid retrenchment. In fact it must be given more—more money and missiles to save the peace of the world. With a wave of their Laffer magic wand the supply-siders carried the day and the budget slashing began.

Seven hundred thousand families lost all or part of their welfare benefits.

Food stamps were taken from more than a million people.

A million and a half citizens out of work lost 13 weeks of unemployment benefits.

More than 400,000 households receiving aid to families with dependent children have been thrown out of the program entirely: hundreds of thousands more are getting less than they were.

The school lunch program—which eliminated hunger and gross malnutrition in America—was cut by 40 percent—a billion dollars.

In addition, we have seen cuts in Medicaid, in education and student assistance, in preventive medicine programs and legal aid and energy assistance and dozens of others. Who paid the price for Reaganomics? Listen to the Congressional Quarterly: "About $25 billion in cuts—some 70 percent of the budget savings . . . —were made in programs affecting the poor."

Now, these programs were not sacred: no economic program is. But they filled human needs—and human beings are sacred. To millions of the disadvantaged in our society, the programs that have fallen victim to Reaganomics gave hope, opportunity—and indeed, life; they provided a chance to share in the American dream and in the bounty of God's earth; they ensured survival and betterment and a chance to pursue happiness—and that is what any government, and especially the American government, is supposed to be all about.

While the poor tumble through the holes in the "social safety net" that was supposed to keep them from disaster, something or somebody is protecting the special interests of corporate America: western water projects, subsidies for Boeing and Westinghouse and the tobacco industry, Senate Majority Leader Howard Baker's pet nuclear project in Tennessee. And in the new tax law, which virtually eliminates the corporate income tax, somebody or something provided a bewildering network of loopholes and depletion allowances and special concessions for the wealthy. All pretense of justice vanished, and even David Stockman saw the folly of it: he tried, he says, to include in the tax bill a few provisions to tax the wealthy—"equity ornaments" he called them—but he failed.

No one could look at all this and avoid the suspicion that the whole program was designed specifically to help the rich at the expense of the poor. As a rational policy to stimulate the economy it seemed to have little chance of working. The behavior of Wall Street told us it wasn't working. The administration's call for further budget cuts in September told us it wasn't working. That was when Stockman tried to "zero out" the Job Corps, Medicaid, the Head Start Program. "Zero Out"—what a cold-blooded bookkeeper's phrase for a process that strangles human lives.

And we could not help wondering: Was the Pentagon budget kept intact and enlarged for reasons of state alone, or was the profit motive of the defense contractors at play?

But these were merely suspicions, and, hoping against hope, many of us reserved judgment. Maybe supply side economics would work. We hope it would. Maybe they did know what they were doing. At least, we thought, trying to be fair, the policy and the theory deserved a test.

And then, in the pages of Boston's great magazine. The Atlantic Monthly, we learned the appalling truth from David Stockman himself. Listen to the man: "We didn't think it all the way through . . . We didn't add up all the numbers . . . None of us really understands what's going on with all these numbers." That means, as he admits, that the whole exercise was based on unproved assumptions—which is another way of saying phony figures. When the computer at the Office of Management and Budget failed to provide helpful predictions, Stockman simply changed the computer. Reaganomics has revised basic arithmetic. Two and two no longer makes four; it adds up to the sum you need for political purposes!

Stockman again: "I've never believed that just cutting taxes alone will cause output and employment to expand." That means, as he admits, that he never had faith in supply-side theory. According to Stockman, the across-the-board tax cuts, supply side, Kemp-Roth—call it what you will—was simply a "Trojan horse" designed to reduce the taxes on the rich. The policy is nothing more than the old plutocratic argument that if you leave more money in the hands of the wealthy it will "trickle down" and help everybody. But the administration could not come right out and say that. "It's kind of hard to sell 'trickle down'," David Stockman told his interviewer, "so the supply side formula was the only way to get a tax policy that was really 'trickle down.'"

Afterwards, when he tried to climb down from his metaphor, Stockman called a Trojan horse merely "a wooden beast without a brain." A wooden beast without a soul would be more like it, but that is not the point. David Stockman was right the first time: a Trojan Horse is a symbol of deceit and betrayal.

Stockman's apostasy shatters all credibility for Reaganomics. Damned by its leading protagonist, stripped of its pretense, the administration's economic policy stands revealed for what it is: a gift to the wealthy, nothing else!

THREAT TO CIVIL LIBERTIES

Thus does the government of the rich, by the rich and for the rich go on its merry way, aware that its policies are a sham but determined to take as much from the system as it can before Congress and the rest of the nation wakes up.

And if Congress does wake up and does refuse to go along with the next round of budget cuts, what will President Reagan do? Quite simple—and very ominous. He has threatened to thwart Congress by impounding the moneys that it authorized. Does that sound familiar? Yes; shades of Richard Nixon.

The shades of Richard Nixon also shroud the more sensitive sphere of our rights and liberties, for only seven years after he resigned, the Trojan horsemen of the Reagan administration, have determined to strip away those safeguards against the abuse of presidential power that post-Watergate Court and Congress so wisely established.

If the Trojan horsemen have their way, the CIA will once more be spying on Americans, tapping our phones and reading our mail without court warrants—with the excuse that this is necessary to catch foreign agents or terrorists.

If the Trojan horsemen have their way FBI agents will again be permitted to infiltrate unpopular political groups and break the law if they find it convenient to do so.

If the Trojan horsemen have their way, government records of many kinds—and not just national security matters—will be exempted from the Freedom of Information Act, thus throwing a curtain of secrecy over the activities the Act was designed to reveal.

If the Trojan horsemen have their way, the Voting Rights Act will be truncated.

And finally, the Trojan horsemen are trying to saw off one leg of the stool on which our government sits. They want to take away from the federal courts all jurisdiction on abortion, school prayer and busing. Attorney General William Smith says that liberal, unelected Federal judges have "trespassed upon responsibilities our Constitutional system entrusted to legislators," and that it is time "to reverse this unhealthy flow of power." In other words, if you don't like the decisions of the Court, constrain it, circumvent it, cut away its power—and this from the chief law enforcement officer of our land.

But our federal courts were established by the Constitution as one of three co-equal branches of government and they guard the rights of all of us. The attempt to bar the courts from ruling on controversial issues

"could threaten our constitution, our separation of powers and our very system of government." That's not just my opinion: that's a quote from David Brink, president of the American Bar Association.

We must resist these threats to our basic liberties and make our country whole again. And so I call on you to pass—and, more important, to act upon—the resolution that the Commission on Social Action and the Board of Trustees has offered to you.

HUMAN RIGHTS

The need for brevity compels me to limit myself to but two comments concerning the administration's foreign policy—if indeed there is one.

The first relates to the notion that when it comes to human rights one can distinguish between totalitarian governments of the left and authoritarian governments of the right, that we must confront Communist governments that oppress their people but that it is quite proper to sell guns to anti-Communists who do the very same thing.

What nonsense this. Such a distinction is sheer sophistry. Do they really think that a prisoner tortured in a cell in Buenos Aires or Johannesburg or Guatemala somehow feels less pain than a prisoner in the archipelagos of Russia? We cannot divide these victims into two classes based on the ideology of their tormentors. All bigotry, all persecution is equally abhorrent.

So long as the U.S. continues to follow a double standard, its protestations on human rights will be ignored—particularly by the Soviet Union, which has locked in its Jewish population and harasses and persecutes those who want to emigrate. In 1979, a record number of 51,000 Soviet Jews were allowed to leave. Now the flow has become a trickle: only 400—a tenth of the people in this hall—departed in October of this year. Some 200,000 applications for exit visas are on file in Moscow; no one knows how many more Jews want to leave but do not apply because they know what the answer will be.

It is the Kremlin, of course, not the White House, that is trampling on the human rights of Soviet Jews. But the abrupt decline in Jewish emigration from the Soviet Union grimly reflects the tensions on the international scene. Soviet policy on Jewish emigration often fluctuates for mysterious reasons, but two facts are clear: The volume of emigration has never been high unless Jews and governments in the west were raising their voices to demand it; and emigration has always diminished when Soviet-American relations are strained.

On both counts, the Reagan policies have hurt the cause of Soviet Jewry. Demands that the rights of Jews be respected in the U.S.S.R. sound cynical coming from a country that wants to sell arms to Argentina. And where is the hope for the easing of tensions when our leaders speak casually of nuclear options?

AN OBSESSION WITH FORCE

Which brings me full square to the second foreign policy issue I wish to raise: The administration's obsession with force. Haig's hollow horsemen want to shoot first and ask questions afterward. They have but one motto: Produce weapons, sell weapons, preposition weapons. Trouble in the Middle East? Sell the Saudis planes. Revolution in Central America? Replace Soviet arms with ours. Pakistan producing the Bomb? Send them lots of conventional arms and they'll stay non-nuclear. And so it goes. . . .

So great is this obsession with force that the administration seems almost unable to deal with nations that don't want arms. Our ambassador to the United Nations, Jeanne Kirkpatrick, recently suggested to Costa Rica—the only Central American country without a military force—that it reorganize the army it happily abolished several decades ago.

Can such things be? And these were the people who used to criticize liberals for "throwing money" at social problems. Maybe so. But it's far and away better than throwing planes and missiles at every international trouble spot.

The most frightening aspect of this military policy is the escalation of the nuclear arms race by word and deed. President Reagan on at least two occasions has declared that the use of nuclear weapons in the field would not necessarily lead to all-out nuclear war. And General Haig asserted categorically that the detonation of a nuclear bomb as a "demonstration" of our seriousness is one of NATO's options.

There were denials, of course, and explanations. But still, the talk continues: About "first strike" and "second strike" capabilities, and how we will respond if our missiles are "taken out," and how only 35 million or so of us will be killed in the first round.

And there is talk about the neutron bomb—in a cool, casual, almost detached manner, as if it were just another marvelous technological gadget, like a video game or a home computer. The neutron bomb is the one, you will remember, that doesn't destroy tanks or buildings or things—it just kills people. How reassuring to know that our telescreens and Gucci loafers will survive us.

What kind of morbid, ghoulish imagination is it anyway that can describe such a weapon as "clean"? There is nothing "clean" about it, not about a device that can put a torch to civilization. There are no "possible limits" to a nuclear conflict. There is no "acceptable level" of radioactive poisoning. There is nothing "clean" whatsoever about maimed limbs and burned flesh and the whole dark butchery without a soul.

Now I am aware of the fact that several weeks ago President Reagan made a thoughtful speech on this subject and in an entirely new tone of voice indicated that he wants to decelerate the nuclear race and achieve an accord with the Russians.

But, as John B. Oakes has noted—he is, as you know, a contributing editor of the New York Times and through his membership in New York's Temple Emanu-El a member of this union—President Reagan's "bite is worse than his bark." It's what the administration does that counts, and not what it says.

Moreover, it cannot be overlooked that the President reacted to tremendous pressure from allied leaders and millions of anti-nuclear marchers in Europe. It is significant also that his speech was beamed live to Europe and that it was delivered on the eve of Brezhnev's visit to West Germany.

Therefore I am convinced that the pressure must be maintained, and I consequently call on this Assembly to give overwhelming approval to the Resolution on Arms Control before us. We must do everything we humanly can to make certain that the new beginning signaled in the Reagan speech will indeed become the policy of this land.

THE SAUDI PEACE PLAN

Despite this glimmer of hope for some sanity in our nuclear policy, we cannot forget the administration's tendency to solve international problems with armaments. We who are particularly attentive to the problems faced by Israel have seen a shocking example of that tendency in the fight over the AWACs and the airborne missiles that are being sold to Saudi Arabia. The confrontation Arab states now have been furnished with more arms and brandish more sophisticated weapons than NATO.

I am not going to rehash the controversy tonight. You all followed it and I am sure you were all as appalled as I was by the outcome and by the way that outcome was engineered.

How vain the illusion that we can somehow buy support for our policies by selling the Saudis arms! That didn't work three years ago when we sold those squardons of F–15s. They thanked us by taking in Idi Amin, denouncing the Camp David peace treaty and continuing to bankroll the P.L.O.

And how do they thank us this time? By coming up with a so-called "peace proposal" that would dismember the Jewish state. The document makes no reference to Security Council resolutions 242 and 338. It makes no call for negotiations. It demands that Israel withdraw from all territories occupied in 1967—and that word "all" was deliberately omitted from the Security Council resolution after the Six-Day War. The phony Saudi proposal insists on setting up a Palestinian state with East Jerusalem as its capital, and it declares that this should be brought about within a few months under the even-handed supervision of the United Nations.

The Administration would have us believe that the Saudi plan "implicitly" recognizes Israel, and that therefore it represents a forward step. But the Saudis stated categorically and emphatically that they do not imply recognition of Israel, so it is dangerous nonsense to find such an implication in their oblique verbiage about the right of states to live in peace. In the Arab lexicon, Israel is not a state, merely the "Zionist entity," an infidel, alien presence upon which to declare a holy war.

If the Saudis are ready to accept Israel, let them learn to pronounce its name. And let them strive for peace within the framework that has already established peaceful relations between Israel and her largest Arab neighbor. Let them do so, and we will bless their name as we now bless Anwar Sadat's memory.

It is true that the Administration has recently restated its commitment to Camp David, and that is encouraging. But we have felt the blows of those who prize oil over Jewish blood, and petrodollars over promises. And we are concerned lest our leaders begin to believe their own rhetoric about Saudi "moderation." The hardline Arabs may have rejected the Saudi plan last week—that makes the Saudis moderate, but only by comparison. Let the free world note that the Arab disagreement is merely over methods, not over goals—like two muggers arguing about whether to shoot their victim or cut his throat.

Therefore I call upon this Union to undertake a massive informational campaign—through ARZA, Kadima and its Commission on Social Action—a campaign that will make clear to our national leaders and our fellow citizens the true nature of Saudi intentions, a campaign that will remind our decision-makers that when promises are made to the only democratic state in the Middle East those promises must be kept.

THE DEMONS BENEATH THE AWACS

There was an equally serious, perhaps even more sinister consequence of the AWAC debate. I refer to those demons of anti-Semitism that it raised.

Everyone knew who was meant when the President stated that "it is not the business of other nations to make American foreign policy." Nixon made it explicit when he said, and I quote, "If it were not for the intense opposition by Begin and part of the American Jewish community, the AWACs sale would go through." This fact, Nixon added, "will greatly affect the consequences if the sale fails to go through." Then President Reagan promptly rewarded him by sending him to Cairo to represent us at Sadat's funeral.

All across the country, the demons were stirring. In Oregon, Senator Mark Hatfield, who voted against the sale, reported frankly that the debate had started a "resurgence of anti-Semitism." In Delaware, Senator Joseph Biden, another opponent, felt that supporters of the arms sale were making American Jews

"a scapegoat." Even Senator John Tower of Texas, who supported the President noted that anti-Semitism was running loose, and—in his fashion—he deplored it. "It shouldn't be raised to the level of public debate, but unfortunately I'm afraid it has been," Tower said.

New York Senator Daniel Patrick Moynihan, who opposed the sale, detected an ominous "pattern of argument"; those who favored the sale, he indicated, were predicting that anti-Semitism would increase if the deal was defeated. The argument apparently undermined the usually sound judgment of Maine Senator William Cohen, who is a Unitarian with a Jewish father: he switched at the last minute and voted for AWACs, saying it would be better for American jews to lose the contest than to suffer the consequences of winning.

Nearly a third of the letters received by Senators during the controversy criticized Israeli "interference" (even while a Saudi prince was in Washington—in a senate office supplied by Howard Baker, no less—openly lobbying for the sale), and more than seven percent of the mail was openly anti-Semitic. Senator David Durenberger of Minnesota was shocked: "I have never experienced anything like this in my life in terms of basic prejudice," he said.

Unfortunately, the strategy of subtly threatening Jews with a backlash if they don't keep their mouths shut is part of a larger pattern of rising anti-Semitism in the U.S. and the world. I was at the White House a couple of weeks ago, where President Reagan took a great deal of time to assure me and other Jewish leaders that he was not anti-Semitic. I believe him. But all Americans—not just Jewish Americans—are in trouble when the President of the United States has to do that.

He has to do it because anti-Semitism is alive and kicking in this land. The number of reported incidents mounts daily. Synagogues are defaced, cemeteries desecrated, religious schools vandalized, slanderous leaflets are distributed, and individuals are pelted with rocks. Telephones ring in the night, transmitting threats and messages of hate. So far, thank God, there have been no deaths and no serious injuries in North America. Although we have reason to be anxious on that score, too, when we learn that the KKK has set up paramilitary training grounds. I am convinced that the number of attacks on Jews and Jewish institutions is even greater than the number reported. Too many Jews dismiss such incidents as pranks, or hope that if ignored they will somehow go away. They will not go away and we might as well face up to it.

What a soothing narcotic this refrain of ours: "It can't happen again." About the only thing we dare say with assurance is that the six million kedoshim of Europe won't be killed again. They are dead and buried and incinerated and they can't be martyred again. This is all that we can say with full assurance.

Forgive me, my anger and my anguish make me wax hyperbolic. I do not suggest that we brace for a holocaust. God forbid. According to a recent study by the Yankelovich organization, the percentage of anti-Semitic Americans declined in the last two decades. I am merely pointing out that the breathing space we have had since World War II may have come to an end. The memory of the holocaust is fading. The sense of guilt has waned. Hatred of Jews is stirring again among the bigoted, and we had best be ready.

The hatred may turn even more rampant, as it already has in Europe, where the PLO, backed by Moscow, has formed a strange alliance with the radical right. It will certainly rise up again in this country whenever an issue like AWACS comes before us. Although fewer Americans are anti-Semitic, the Yankelovich study showed that more Americans see Jews as too powerful, and more Americans regard Jews as more loyal to Israel than to the U.S.

What should Jews do about the demons of anti-Semitism? We must speak up. Let us reject the counsel of timidity, let us scorn silent diplomacy. We must prevent a repetition of the silence, the passivity, the paralysis that gripped us two generations ago.

Jews in America must never fear to arouse the public against the hate-mongers, because the overwhelming majority of Americans will stand at our side—against bigotry and hate and for the American ideal. And we must never hesitate to state our views and vote our consciences: to knuckle under to the hate-mongers out of fear of what they might do is to give them the victory they seek—and they will come back for more, like any blackmailer.

We need not wage this struggle alone. We can reach out to form coalitions of decency with moderate Christian leaders, with civic leaders, with blacks and labor and the liberals and with conservatives too, true conservatives who are pledged to the preservation of the American ideal and not the riders of the Trojan horse.

It is interesting to note in this connection that our traditional alliances held during the AWACS battle. It was led by true and tested friends—the Kennedys, the Cranstons, the Packwoods. Labor was most supportive. Sixteen of 17 blacks voted against the sale, as did all the Hispanics in the House. In fact, these minorities did more for us than did the Jewish legislators, as a group.

My friend, Prime Minister Begin, may not be happy to hear this, but the Moral Majority did not fare as well. Their leader, Jerry Falwell, did sign an anti-AWAC ad, but that was all—no mail, no phone calls, no sermons in support of their public position. In fact, the higher the "Moral Majority rating" of a legislator, the more likely he was to approve of the arms sale.

And this is not surprising, either. The Yankelovich study found that anti-Semitism is intertwined with intolerance of any kind of diversity—the hallmarks of the supposedly "moral", self-proclaimed "majority." Today, the extremism of the radical right and the extremism represented by anti-Semitism are bound up together in a threat to American principles. We must not ignore it. We must not turn away from the fray. The future of the American ideal that we cherish, and our future as Jews within America, both depend on the outcome.

I therefore urge this Union to adopt the resolution on Right Wing Extremism—already approved by your Board on my recommendation—which cites the clear and present danger to the tradition of American pluralism, and which calls for a program to strengthen human rights and human dignity.

THE JEWISHNESS OF THE JEWISH STATE

As we measure America by its own ideals, we must judge Israel too by a moral yardstick. There is a Jewish idea, a Jewish ideal, which animates Israel and to which the nation must be true.

Let us confess that there are times when Israel, too, falls short of its aspiration. It scarcely yet resembles the pattern of our ideal vision. We know this, the Israelis know this too. There are qualms and there are doubts and many self-accusing lines need be spoken.

The Likud-Aguda coalition agreement assuredly gives occasion for such an *al chet*. It scarcely enhances Israel's ideal image. Quite the opposite is true. It besmirches the Zionist dream.

I refer particularly to that provision which seeks to amend the Law of Return. How dreadful a design! How wantonly destructive of Jewish unity!

At a meeting with Prime Minister Begin, Herman Schaalman, the new President of the Central Conference of American Rabbis properly pointed out that since the Knesset must amend this Law, Communists and Arabs who comprise the Knesset will determine just who is and is not a Jew. What an absurdity! What a perversion of the halachic process which this amendment presumes to serve!

How can this be? How can any Jewish leader after Auschwitz permit the institution of a "selection process" at Jerusalem's gates? That monster who stood at the gates of that infamous camp imposed the death sentence on our wretched brothers and sisters as they came tumbling out of their squalid boxcars; he did not ask: is your mother Jewish? Your father? Who converted you? He killed us all and as we died together we mean to live together.

We must make our collective voice heard on this issue. We will not accept a secondary status in Jewish life! We refuse to be beggars at Jerusalem's gates! We mean to fight for our full and equal rights—as Jews!

I therefore call on you to endorse the pertinent ARZA and Kadima resolution on this subject and also to urge our congregations to fully support the current membership drive of these organizations so that our struggle for pluralism in Israel can continue with an even greater force—until we prevail.

THE STATE OF OUR UNION

A little while ago, I spoke about the need for Jewish unity and for the vigorous assertion of our rights. There is something else we can do. It is what our fathers and mothers have always done in time of travail, and that is to sink our roots deep into the soil of the Torah, a soil more enduring than that of any country or continent. The Torah is our reason for being. It is the source of our strength for collective continuity.

Accordingly it is with no small measure of pride and satisfaction that I hold aloft this copy of the Union's Torah Commentary just completed. It is the crowning of a venture which began over seventeen years ago, when I was first appointed to the directorship of our Commission on Jewish Education in 1963. Scores of rabbis, scholars, and lay leaders were involved in its creation, but let it be noted that little of anything would have come to fruition without the energy, imagination and the prodigious labors of Rabbi Gunther Plaut, the gifted Rabbi Emeritus of Toronto's Holy Blossom Temple. We are all indebted to him for allowing us to reach this historic moment: the publication of the first Reform Commentary on the Five Books of Moses and the first Torah Commentary in the English language to be created in the 300 years of Jewish life on the American scene.

The Torah Commentary will be an invaluable tool for our educative endeavors. It can also give our pluralistic community a sense of ideological cohesion, providing the centripetal force that Reform Judaism requires to keep the periphery of our movement in touch with its center. Accordingly, it is my hope that the Torah Commentary will have a place in every Reform Jewish home, that it will be used in our classrooms, and above all it will find its way into every synagogue pew for use at worship services throughout the year.

Hopefully, many of you here will find the time to visit the Widener Library of Harvard University, where our exhibit of Polish Jewish art and artifacts is on display. This is another venture in which we can take pride. It has a worth not only in and of itself; the exhibit is but one element of a larger agreement, painstakingly concluded by Rabbi Philip Hiat, my special assistant, and the Polish authorities, that will give Jewish scholars throughout the world free access to all documents relating to

Jewish life in any of the state and diocesan libraries and archives of Poland.

These books and artifacts are brands plucked from the fire. By recovering them for the Jewish world, we recover our vanished, voiceless past. I hope that this Assembly will authorize us to pursue similar agreements with other Eastern European nations. All this is holy work, for it enables lips silenced by death to quiver anew with life.

Now I have frequently urged upon this movement the fashioning of synagogues into caring communities. The synagogue is not just a school or a place of worship or a setting where life-cycle functions can conveniently be performed. It must also be the home of Jews, responding with concern to the needs of all its members. We all have such needs—the widowed, the divorced, the afflicted, the discouraged—we all require sympathy, compassion, caring, and concern.

It is most gratifying that this concept has become a dominant theme of this Biennial and that we will be dealing with practical ways to encourage such a thrust in our congregations. I therefore call upon all UAHC congregations and afflicted bodies to translate these techniques into effective and ongoing programs that will enable our synagogues to be what they were meant to be: the love-guarded home of Jews.

One such problem for which we might be able to provide a collective response comes from those Jewish intermarriages in which divorce occurs. Increasingly, rabbis and lay leaders throughout the country have shared with me the anguish of a Jewish parent whose non-Jewish spouse has been given custody of the children and then refuses to continue to raise them as Jews.

But there are legal safeguards available for such children. Accordingly I seek your concurrence for the convening of a conference of jurists who will help us to prepare guidelines for the pre- and post-nuptial proceedings, and who will make themselves available, where necessary, for expert advice and testimony. The rights of these Jewish children must be protected. We must do everything we humanly can to make certain that they will be Jews, that they will be a part of our community and share the destiny of this people Israel.

There is another, more ambitious project to which I would like your assent. I refer to the creation by the UAHC of a full library of Jewish educational TV software. What I have in mind is to take the total corpus that we wish to transmit to future generations and transform it to the TV screen.

The preliminary explorations in this sphere, which our able Director of Education, Rabbi Syme, and the Chairman of the Union's TV Committee, William Hess, have made, assure us that we have the talents and resources needed for this task. At the very least we can videotape the best teachers in any grade and subject and thus help them to reach every Jewish classroom in our land. We can do better still, much better: teach Hebrew a la Sesame Street, present Jewish history in all its full sweep and power, and explore Jewish ideals and deepen their meaning by casting them in the context of great drama.

We have entered the age of the Electronic Revolution. We are riders on an electronic surf. We must lead the Jewish school into this new age and make it possible for Jewish education to harness this great and vital force.

Finally a word about Outreach. I am grateful for the outstanding work of the special task force on this subject, chaired by David Belin and populated by the best and brightest minds of our movement. And I call on this General Assembly to adopt this report in all of its several recommendations.

Let no one underestimate the scope of this projection. What we propose, in effect, is that we launch a massive effort to transform the attitude of an entire community, an entire generation, if you will, from a resigned, embarassed acquiescence into a determined, emphatic counter-action. What we propose here is that we stop bemoaning our fate, once and for all shake off the defensive stance born of a ghetto mentality and make Judaism a proud, yes, an assertive faith.

The stakes are exceedingly high. To the best of our knowledge there are some 35,000 Jewish intermarriages a year—that makes 70,000 adults and, given our miniscule birthrate, an additional 35,000 children minimally. The total is 100,000 souls up or down each year, or a swing of two million in a decade, or four million more or less Jews by the year 2000. All this out of our present population of just under six million. Aye, the stakes are exceedingly high. Our survival is at stake!

With all that, I am glad that the Baltimore Hebrew Congregation has determined to challenge the last provision of the Outreach report and thereby has sharpened our debate. Nothing would be more unfitting and hurtful than to have this report go by unseen and unconsidered. Its recommendations, after all, go to the very core of our collective being. Indeed, I made my proposals as dramatic as I did for this very reason. I meant to stimulate an impassioned debate. I want us to think about what we believe and how deeply we believe it.

Those of you who have read the full text of my proposals know that the suggestion about winning proselytes for Judaism was—and still is—circumspect and low key. I flatly ruled out travelling religious circuses and street-corner soap boxes. What I had in mind was precisely what the Outreach Task Force ultimately proposed: a well-considered, carefully constructed program of Information about Judaism to the general public.

To be sure, now, we have had such information programs before, but their tone was not what we need now. The effort of the past was essentially defensive—justifying our existence, assuring everyone that Jews are really no different, no less worthy than anyone else. The newer effort, I hope, will be assertive, unabashedly proclaiming that we are indeed different and that because we are we have something of worth to offer to the alienated and the rootless and to those who are seeking after truth.

Will our traditional interfaith alliances be impaired by such a decision? I scarcely think so! My proposals were widely circulated among leading Protestant and Catholic churchmen. Invariably those who have been our staunchest allies were also those who were most encouraging of my views. Fisher, Boyd, Cox, Baum, Berger—all were approving. Krister Stendhal, Dean of the Harvard University Divinity School, wrote: "Rabbi Schindler's analysis of the place and potential of such a mission is correct. I celebrate his perspective and proposals." Indeed, how could their response have been otherwise? All of these traditional allies of ours persist in their proseltyzing efforts. Then why should we abandon the fray.

I agree with Baltimore Hebrew that our present resources are not sufficient for the need. We cannot allow the outstanding document of the Task Force to remain a hollow gesture. Accordingly, I ask this Assembly to call upon the entire Reform movement to establish a fund outside the regular budget that will provide the resources needed for this far-reaching program.

There is no doubt in my mind that we will be able to muster the needed support. Indeed, I am proud to let you know that one in our midst, Mr. Bernard Rapoport of Waco, Texas has offered us a munificent challenge grant of $1,000,000—for this Fund. Tomorrow night we will honor him and his lovely wife Audre. I am heartened by the knowledge that he shares my vision, even as I am confident that many others will be captured by it.

To all this I must add that those educational materials which we will prepare with this fund—the pamphlets, and books and films—and the programs that we project will serve our over-all educative effort. The Outreach program is not just for Jews-by-Choice. It is for Jews-by-Birth as well.

During the discussion on this issue, next Monday, you will see a video-film of an interview with several Jews-by-Choice. Among these was a couple neither of whom was born as a Jew but who chose Judaism together. When they are asked to relate what experience in the conversion process was most disturbing to them, John, the husband, answered: "I was most bothered when born Jews said to me: Are you crazy? You needed this to become a Jew? And I began to wonder . . . if they don't know its there, maybe it isn't there!"

"If they don't know its there, maybe it isn't there!" Here is the essential challenge, for in lacking a mission we are suspect of also lacking the message.

But we do have a message, my friends. Let us not doubt it or fail to proclaim it. We have so very much to offer. Judaism celebrates life and not death. It teaches free will, not surrender of the body and the soul to another human being. The Jew prays directly to his God, not through an intermediary. Judaism is a religion of hope and not despair. It insists that humankind and society are perfectible. Moreover, we offer more than a disembodied faith system. We are a people of faith, a caring community of Jews. In other words, we have an enormous amount of wisdom and experience, of warmth and love, to offer to our troubled world, and we Jews ought to be proud to speak about it frankly, freely, and with dignity.

Now I am painfully aware that much of what I had to say tonight was disheartening. Would that it could have been otherwise. I would have preferred to echo the hope-filled mood that prevailed when last we assembled here in Boston. For that matter, I would have liked to resurrect Harry Truman—but, alas, resurrection is indigenous to the soil of Israel and not to the soil of America. And so we must face grim reality as it is.

But this must not dispirit us. Pessimism is a waste of time, a kind of "intellectual treason," and we must avoid it at all costs. If we fail or fall back it is not because we are weak or because others have stood in our way but because we have denied our own potentialities. Our world is what we make of it.

Look back and see. We have been guilty of flaws and failures. But we have also pursued excellence and created an occasional splash of grandeur. Sure it is tough to be a Jew. S'is allemol schwer tsu zain a Yid. But it is not as tough now as it was 40 years ago in Germany—or 90 years ago in Russia—or 500 years ago in Spain. We have come a long way, in the Diaspora and in the Return. What we have already achieved gives promise of what we can do.

So look ahead with me and see what I see:

I see our young people in our schools, fascinated by the electronic marvels that unlock the world, learning how to manage and utilize what is new while simultaneously discovering the rich wisdom and soul-satisfying beauty of our faith.

I see them then as young adults, reaching out to their communities, giving of the warmth of our heritage, demonstrating what it means to be a Jew. And I see Judaism enriched and strengthened by the ideas and energy of those who choose to join its ranks.

I see an Israel flourishing in the true fulfillment of the Zionist dream, at peace with its neighbors, blending its skills and intellect with the talents and capabilities of other peoples living in the cradle of civilization, so that all can be nourished by the wealth of God's good earth.

I see an America that pursues its national

purpose, that acts firmly on the moral principles that gave it birth, that once more provides hope and leadership to the world—not because it has more guns or more steel or more wealth than other nations but because it has more faith in life, liberty, justice and the well-being of humankind.

Are these dreams? One could call them that. But Joseph was called a dreamer. Herzl was a dreamer. Martin Luther King had a dream. Our grandparents crossing the Atlantic in steerage were dreamers. Two hundred years ago the British thought Jefferson was a dreamer.

They were dreamers all, but doers as well. It was the dreamer within them that saw what the cynics and pessimists can never see: that the beginning point for a better world is the belief that it is possible. Our dreams can come true. Let us therefore dream—and let us go forward.

RECOMMENDATIONS OF THE PRESIDENT TO THE 56TH UAHC GENERAL ASSEMBLY

1. I call upon this General Assembly to approve and vigorously to implement the vital resolutions submitted by the Commission on Social Action, particularly those dealing with the urgent issues of economic justice on the American scene, threats to civil liberties, and Nuclear Arms Control.

2. I call upon this General Assembly to approve the following resolution on Peace in the Middle East:

(a) We continue to cherish the Camp David Accords as an historic and magnificent break-through for peace, and we maintain our profound conviction that the Camp David process is the only viable avenue for the achievement of peace in the Mid-East.

(b) We deplore the widespread and uncritical flirtation with the so-called Saudi plan for peace. The document makes no reference to Security Council resolution 242 and 338. It utters no call for negotiations. Rather, it is a take it or leave it ultimatum that would impose a PLO state on Israel's borders, with its capital in Jerusalem. It is a prescription for war, not peace.

(c) We are deeply concerned about the sophisticated arms and equipment, including AWACS, which the United States has agreed to supply to Saudi Arabia. We regard this lavish and reckless arsenal of arms as a serious menace to the security of Israel and to the arms balance of the area. We believe it is contrary to American interests, and we call upon the President and the Congress to take effective measures to safeguard Israel's qualitative edge through strategic cooperation between stable democratic allies.

(d) We call upon this Union—through ARZA, KADIMA, and its Commission on Social Action—to mount a massive educational effort to safeguard Israel's security, welfare, and safety in a dangerous period in which many nations seem willing to sacrifice the only democratic state in the Middle East to the exigencies and temptations of oil and petrodollars.

3. I endorse the resolution on Israel and the Prophetic Vision, submitted by ARZA and KADIMA, our rapidly growing Reform Zionist movements.

I further call upon this constituency to support their drive aimed to achieve a membership of 100,000 for the forthcoming World Zionist Congress.

4. I am delighted that the UAHC Board of Trustees has approved my recommendation, made at its November 23, 1980 meeting, regarding Right-Wing Extremism and I therefore call on this General Assembly to accept its recommendation on this score.

5. The publication of the UAHC Torah Commentary represents an historic contribution to a living and growing Jewish faith. I therefore call upon our congregations to make full use of this exceptional resource by making it available in the pews, using it for adult education and urging every Jewish family to make it the centerpiece of their home libraries.

6. In order to lead the Jewish school into the new age of electronic education, I recommend that the UAHC:

(a) Identify members of our UAHC congregations who are professionals involved in all phases of television production to solicit their counsel and assistance.

(b) Develop a clear set of priorities for that which we hope to offer to our people, akin to the new UAHC Curriculum for Jewish education; including programs for children and adults, liturgy, music, classic literature, the best of our rich and unique Jewish heritage.

(c) Produce our own library of UAHC television programs and acquire rights to existing programs of Jewish content to add to our collection.

(d) Develop an international distribution system of our programs, so that we might supply national broadcast networks and their affiliates, cable ssytems and their program suppliers, synagogues, camps, schools and homes with the very best of Jewish programs.

(e) Assist UAHC congregations in the production of their own programs, through the creation of sample scripts and formats.

(f) Aggressively solicit the charitable gifts required for production, acquisitions and purchase of air time when necessary, to ensure a Jewish presence in the medium of television.

7. We are deeply grateful that the UAHC, through the devoted and far-seeing efforts of Rabbi Philip Hiat, has been able to gather for exhibition at this Biennial, and subsequently in prominent museums throughout the country, some extraordinary fragments of the treasure of historic Polish Jewish life—Art and Artifacts—Lost and Rediscovered. We are gratified by the agreements reached with the Polish authorities and we encourage efforts by Rabbi Hiat and his associates to pursue similar agreements with other countries where such brands plucked from the fire may be found.

8. I have frequently urged upon this movement the development in every synagogue of a caring community, with attention to the emotional and personal needs of the individual members. Not only the widows, the widowers, the single parents, the divorced, the ill, and the elderly, but all of us have needs that require sympathy, compassion, caring, and individual concern. It is most gratifying that this concept has become one of the major themes of this Biennial and that we will be dealing with practical ways to organize such a program in the congregation. I call upon all UAHC congregations and affiliated bodies to translate these techniques into effective and ongoing programs to make our synagogues deeply human and caring communities.

9. We must protect the rights of children issuing from Jewish intermarriages in which a divorce occurs. Increasingly, rabbis and lay leaders throughout the country have shared with me the anguish of Jewish parents whose non-Jewish spouses have been given custody of the children and then refuse to continue to rear them as Jews. But there are legal safeguards available for such children.

Accordingly, I seek the concurrence of this General Assembly for the convening of a conference of legal experts who will help us to prepare guidelines for pre and post-nuptual proceedings, and who will make themselves available where necessary for authoritative advice and testimony.

10. In recognition of the outstanding work of the Task Force on Reform Jewish Outreach, chaired by David Belin and populated by the best and brightest minds of our movement. I call upon this General Assembly to adopt the Task Force Report and its several recommendations. So that the acceptance of this outstanding document not be a hollow gesture, I urge this Assembly to call upon the entire Reform movement to establish a fund which will provide sufficient resources to implement this far-reaching, forward thinking program.

PROPER INTERPRETATION OF CERTAIN PROVISIONS IN S. 898, THE TELECOMMUNICATIONS COMPETITION AND DEREGULATION ACT OF 1981

Mr. THURMOND. Mr. President, on October 7, 1981, the distinguished Senator from Ohio obtained unanimous consent to add some explanatory remarks to the record regarding an amendment to S. 898, the Telecommunications Competition and Deregulation Act of 1981, introduced by myself and the distinguished Senator from Nevada on October 6, 1981, entitled "Interconnection and Pricing of Exchange Access." Included in those remarks was the statement that "It (the amendment) is not intended to affect current payments being made pursuant to the separations and settlements procedures for A.T. & T. or the payments for access by other carriers under the ENFIA agreement."

I would like to clarify that this reference to affecting the payments for access by other carriers is not intended as an expression of approval of the terms of that agreement. Indeed, after the expiration of the current ENFIA agreement in March of 1982, it is intended that the requirement of equality in the amendment will be controlling, except that the existing separations and settlements agreements shall not be affected.

Also, section 229(e) of S. 898, as amended, permits A.T. & T. and its patent licensees to limit the terms of their patent license and "grantback" patent licenses, respectively, to a term of 5 years. I would like to clarify that this subsection is intended to create a mechanism for the renegotiation after 5 years of royalty rates for any patent license granted by A.T. & T. under section X of the final judgment prescribed in section 229(a) (the 1956 consent decree) and for any patent license granted back to A.T. & T. in accordance with section X of the consent decree.

Nothing in section 229(e), however, modifies the underlying obligation of A.T. & T. and its affiliates to grant patent licenses pursuant to the terms of section X of such judgment for the full term of the patent and any renewals thereof (and at royalty rates established as specified in section X), but such arrangements can now be through a succession of 5-year licenses.

Thus, where A.T. & T. elects to issue a patent license for an initial period of 5 years, it is intended that A.T. & T. and the licensee will begin negotiations for a consecutive license before the initial licensing term expires, so that, while the royalty rates may change, there should be no hiatus between license terms.

In making these clarifying remarks,

I would emphasize that I have consulted with Senator PACKWOOD and he is in full accordance with my understanding of these provisions.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

SECOND CONGRESSIONAL BUDGET RESOLUTION

The PRESIDING OFFICER. Under the previous order, the hour of 9:30 a.m. having arrived, the Senate will now resume consideration of Senate Concurrent Resolution 50, which the clerk will state by title.

The legislative clerk read as follows:

A concurrent resolution (S. Con. Res. 50) re-affirming the congressional budget for the United States Government for the fiscal years 1982, 1983, and 1984.

The Senate resumed consideration of Senate Concurrent Resolution 50.

Mr. DOMENICI. Mr. President, I yield as much time to the distinguished Senator from Colorado as he desires.

Mr. ARMSTRONG. Mr. President, I thank the Senator from New Mexico for yielding and I congratulate him on his leadership on this most difficult issue.

I associate myself with the remarks which he presented to the Senate yesterday. I hope that every one of our colleagues will pay close attention to the observations which he has made not only in his statement in the Chamber yesterday but also with particular reference to the report of the Committee on the Budget and the separate views of the chairman, Mr. DOMENICI, because these views are remarkable for their candor and the directness with which they address the Nation's fiscal problems.

So my appreciation is heartfelt to the Senator not only for his courtesy to me but also for his leadership.

Twenty-five years from now how will things be in this country? Will things be better, about the same, or somewhat worse?

That is a question which I put recently to a group of high school students at Langley High School in McLean, Va., and there ensued a lively discussion. Some of the students pointed out that we are facing an energy crisis and that probably that would cause a deterioration in our standard of living. Others expressed concern about the disposal of nuclear waste, economic problems, the threat of war with the Soviet Union, and various other issues which they thought really signaled bad times ahead.

Others of the students suggested more optimistic trends and basically thought things would be better a few years from now.

But one young lady stopped the discussion dead in its tracks when she said: "Wait a minute, Senator. How things will be 25 years from now really depends upon what kind of leadership this country gets."

That young lady was right, and yet I sometimes sense that even those of us who are privileged to be leaders, to be Members of the Senate, and those who serve our country in other positions of leadership have forgotten that upon our leadership hinges the future of our country.

I do not happen to believe in political predestination. I do not think how things are going to turn out next year or 5 years or 20 years from now are already ordained. I think it depends on the decisions which we, as Members of the Senate, make in this body today and every day, but particularly as we deal with this budget resolution.

The Senate expresses its leadership and its vision of the future of America in a great many different ways. But, perhaps, in no other instrument do we express in such a comprehensive way our vision of what the future of this country ought to be as we do in a budget resolution.

A year ago President Reagan was elected to office promising to cut taxes, increase defense spending, and balance the budget. Over the years the notion of balancing the budget had gradually taken root in the hearts and minds of the people of this country. They had gradually come to see, at the urging of economists and many people who ran for office and just from their everyday experience in observing what happens through the excesses of Federal spending, that there is a direct cause-and-effect relationship between budget deficits by the Federal Government and the cost of living, what economists call inflation.

So by the time Mr. Reagan took office earlier this year, about 10 months ago, public opinion polls showed massive, overwhelming support for the notion of balancing the Federal budget. Some polls showed 2-to-1 majorities of the country favored such a move, and many other public opinion polls showed as high as 85 percent of American voters thought it was important to balance Federal outlays with revenues, and to do so for the first time in a generation.

This sentiment and mood as Congress convened in January was reflected among Senators and also among our counterparts in the other body. This summer we passed a massive tax cut, a $750 billion reduction in taxes to be paid by the American people, a tax cut which affects in a favorable and, I think, equitable manner every taxpayer in this country; we reduced marginal income tax rates and provided needed and long overdue incentives to the business sector through tax reductions and, at almost the same time, under the leadership of the Budget Committee we passed a historic budget reconciliation bill which reduced Federal spending by $35.2 billion, and did it in a parliamentary procedure which had simply not been used on that scale before, although it had been tested a year earlier.

So when we went home for the August recess, Mr. President, a lot of people thought there had been a basic change in the direction that Congress and the Nation were moving, and somehow after a generation of wandering around in a fiscal quagmire that Members of Congress were prepared to take the high ground and make the tough decisions necessary to put this Nation's economy back in shape.

Somehow when we came back from the August recess that sense of purpose and dedication, that sense that a basic change in direction had occurred, had begun to evaporate.

Now, just a few weeks later the goal of a balanced budget seems to be receding. The budget process is in a shambles, and those of us who see ourselves as championing the cause of fiscal discipline are on the defensive.

Mr. President, we are all eager to act upon this resolution and then to get on with the long overdue recess of this session of the Congress. But I think before we act we ought to reflect not only on what we are about to do but on where we have been, and we ought to ask ourselves particularly in the light of news in the morning paper whether or not it is really important to balance the budget and, if so, why is it important.

Do budget deficits really matter or is this just some kind of myth or folklore that has grown up over the last 2 or 3 decades? We might also ask ourselves why it seems that the wheels are coming off the budget process? Is it important that we do something about it and, if so, can we do anything about it?

Yesterday the Senator from South Carolina made a remarkable speech to the Senate. He addressed a nearly empty Chamber, and now the Senator from Colorado does the same, but I personally hope that many of our colleagues will be motivated to read the remarks of the Senator from South Carolina and his recitation of the efforts of his party to cut Federal spending and to achieve a balanced budget or at least to move in that direction.

The Senator from South Carolina is a formidable leader and certainly one of the foremost orators of our time. I am skeptical, I must say, that he will be able to persuade the people of this country of the basic accuracy of the portrayal which he put before the Senate yesterday. The notion that somehow it has been the dedication of his party to balance the budget and cut spending simply does not square up with my recollection of how things have been, not to say, Mr. President, that in every instance members of his party have been fiscally irresponsible and members of my party have been unswervingly fiscally responsible.

But the general thrust of politics in this country for the last 25 years has been more or less the opposite of what I understood the Senator from South Carolina to be suggesting. In general, the main concern of his party has been to identify needs in this country among various constituent groups, and then to create and fund programs to serve those needs.

The main preoccupation of my party has been to propose ways to operate the Federal Government in a more economical manner and to restrain the growth of Federal spending.

Obviously, Mr. President, there has been a great overlap between these two functions. There have been Members on my side of the aisle who have perceived urgent and worthy needs in the country and have proposed new Federal programs, and there have certainly been Members on his side of the aisle, including the Senator from South Carolina himself, who have shown great leadership in trying to restrain this growth in Federal spending. But, by and large, the two parties, the party fracture line, if I may express it that way, on spending issues has been that the Democrats have favored more spending for the last 25 or 30 years, and Republicans, by and large, have favored less.

So I found it quite extraordinary that the Senator from South Carolina would make such a point yesterday of highlighting those efforts of his party to restrain Federal spending. Frankly, his views are views which I do not think are going to wash. My party has not been in control of either House of Congress for about a quarter of a century, and in that time many economic changes have occurred in America.

For example, since the last time prior to this year that the Republican Party was in control of either the House or the Senate, the gross national product measured in constant dollars has increased about 150 percent. Personal income in this country has risen about 100 percent. Unfortunately, in the same period of time inflation has increased 1,000 percent. Does anybody in the Chamber recall what the rate of increase in the Consumer Price Index was the last time that members of my party were in control of either the House or the Senate?

Well, I looked it up overnight, and it was exactly 1.2 percent. In the period since my party last controlled this Chamber I would say to the Senator from South Carolina that the value of money has depreciated to the point where by the time we got back in control of one Chamber it took $3 to buy what $1 would have bought 25 years earlier. In those days, the last time Republicans had a chance to run things around here, mortgage loans were at about 5 percent and the prime rate was in that same range.

Federal spending, interestingly enough, in those days, the last time Republicans had control of either the House or the Senate, was running at the rate of $70 billion. By the time we got our next turn at bat it was running at the rate of $700 billion.

I want to emphasize again I do not think that that 10-fold increase rests only at the doorstep of the Democratic Party. But when the Senator from South Carolina makes such a great point of trying to rewrite history to show that his party has been leading the way toward fiscal responsibility, I think somebody needs to set the record straight.

I think it is also important to recall that during this period of enormous spending there was also an enormous, a massive, an unprecedented increase in taxes paid by individuals and corporations in this country, and yet despite that tax increase it still was not enough to keep up with the tremendous unparalleled rate of spending. So, in consequence, the national debt, which was $270 billion, rose to more than $1 trillion.

Mr. President, the Senator from South Carolina also made a great point of suggesting that President Reagan's program has failed. I think I am recalling accurately his observation that the President has won many battles but he is losing the war.

Frankly, I am greatly upset by the notion that somehow if Ronald Reagan has not been able to untangle in 10 months, with some time out to recuperate at the hospital, he has not been able to untangle in 10 months what took us 25 years to get into, that somehow he is a failure.

Now, again, I am not suggesting that, in many instances, my party was not an accomplice to the fiscal crimes of the last quarter century. But I would just remind the Senator from South Carolina that every program which is now running out of control, every one of these entitlement programs, every one of the appropriation programs, the huge increase in the national debt, all of these things were approved during the quarter of a century when his party controlled both Houses of the Congress. And the notion that the President has failed because he has not got this thing completely straightened out in 10 months simply will not wash.

We have made some progress. When President Reagan took office in January, the prime rate was, as I recall it, about 21½ percent. It is down about 6 points in 10 months, not entirely, I will admit, due to the wisdom of the President's policies but also due to some other factors beyond his control.

The mortgage rates have declined somewhat. The latest increases in the consumer price levels, although still far too high for my peace of mind and comfort, have declined out of the double digit range for the first time in some months. We are making some progress.

But I think the important thing, in the context of the Senator's remarks to this body last night, is that the President at no time has promised overnight results. In fact, on every occasion that I can recall, the President has been careful to make it clear that he thinks we are engaged in a lengthy process.

On the first day, indeed, in the very first hour that he was President of the United States, Mr. Reagan said this in his inaugural address:

> We must act today in order to preserve tomorrow. And let there be no misunderstanding—we're going to begin to act beginning today.
>
> The economic ills we suffer have come upon us over several decades.
>
> They will not go away in days, weeks or months, but they will go away.

This theme, that we are engaged in a lengthy, drawn-out struggle to set right processes and conditions which were a long time going wrong, has been repeated by the President over and over again.

On February 18, in his address before the joint session of Congress, he said,

> True, it'll take time for the favorable effects of our proposals to be felt. So we must begin now. The people are watching and waiting. They don't demand miracles. They do expect us to act.

And again on April 28, in an address before a joint session, he said:

> Because of the extent of our economy's sickness, we know that the cure will not come quickly, and that even with our package, progress will come in inches and feet, not in miles.

On September 24, in a televised address to the Nation, the President said:

> But let me be the first to say that our problems won't suddenly disappear next week, next month or next year. We're just starting down a road that I believe will lead us out of the economic swamp we've been in so long. It'll take time for the effect of the tax rate deduction to be felt in increased savings, productivity and new jobs. It will also take time for the deficits which have brought us to near runaway inflation and ruinous interest rates. The important thing now is to hold a firm, steady course.

And, again, on October 1, the President said in a news conference:

"Our programs won't be instantaneous. The mistakes of four decades can't be turned around in eight months."

Mr. President, the idea that the President's program is not working because it has not produced a miracle in 10 months simply does not make sense.

Now, perhaps the Senator from South Carolina and others can convince the American public that his party has a good record on economic matters over the last quarter century. I doubt it. But, frankly, that is not the real issue. Nor, I would say to my colleagues on the Republican side of the aisle, will we gain anything by going back over the last 25 years and showing all the times that we voted not to increase spending or not to increase the debt or all the times when our fiscal policies, if they had been adopted, would have been better than what in fact were adopted by the longtime majority party in this Chamber. Because I do not think the American people care anything about what happened in the past, whether it is the Senator from South Carolina's version of the past of my version of the past.

I think the only thing the people of this country care about is the future. And that is where we ought to focus our attention.

Demosthenes, the great Athenian statesman, was asked why the citizenry of Athens failed to rally against the dictatorship of Philip of Macedon in 341 B.C. Demosthenes blamed the leaders for failing to tell the truth to the people: They did not dare to ask the citizenry to make the sacrifices as they had so valiantly in the past.

He said:

> If you analyze the problem correctly, you will conclude that the critical problem is chiefly due to those who try to please the citizens rather than tell them what they need too hear.

Mr. President, it is my purpose this morning to put in the RECORD what I think the people of this country need to hear, not necessarily what anyone will especially want to hear, although I hope it will not be displeasing to them, but because I think more important than anything is for us to be utterly frank with the people of this country. And that is the reason why, at the outset, I rose to compliment the chairman of the Budget Committee, Mr. DOMENICI, for the remarkable candor of the committee report

which accompanies this budget resolution.

During the consideration of this budget resolution, I came to this conclusion: if we do not get Federal spending under control, this country is going to go through the wringer, and there is no two ways about it.

As we listened to various economists, we heard different projections of what different budget deficits might result under different sets of economic assumptions. We were told that, on the optimistic side, without changes in the underlying programs, the legal assumptions on which we based our projections, the budget deficits of up to $260 billion might occur in the next 3 years.

The Senator from South Carolina and some others thought that even that large estimate was too low and that the deficit might rise to $395 billion or more.

This week, in both the Wall Street Journal and the Washington Post, even these stupendous estimated budget deficits were eclipsed when it was projected that deficits would rise even higher than the highest numbers which had been suggested to the Budget Committee.

Mr. President, I send to the desk at this time two articles, one from the Monday December 7, Wall Street Journal and another from the December 8 Washington Post, and ask that they be printed in full at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ARMSTRONG. If we permit the deficits which are projected in these two articles, or any of the other projections which have been reported to the committee and the public, to occur, we are going to have agonizing pain throughout our economy.

Now I do not just mean economic pain in the sense of some sort of abstraction which will just be a blip on the economist's chart, but I mean a human tragedy of enormous proportions. Interest rates, which have been falling, and which I personally expect to fall for several more months, in my view cannot continue to fall, and in fact will turn around and go the other way, if we let a deficit of this size occur; or even if the Congress sends the signal to the credit markets that we are going to permit such a deficit to occur.

If we let a deficit of this magnitude, or anything even approaching this scale of $260, $300, $350, or $400 billion, occur over the next 3 years, inflation, which has at last dropped below the double-digit rate of increase, is bound to rise again.

What that translates into in human terms is young couples who cannot buy houses, businesses that will be driven to the wall and into bankruptcy, millions of people thrown out of jobs, and the kind of economic malaise which is simply inconsistent with the idea of America as a land of rising opportunity.

Mr. President, I said a moment ago that I am not an economic predestinationist. I do not think we have to let this happen. It will happen if we fail to act. But if we have the wisdom and the courage to take the steps that are necessary at an early date, we can head off this kind of disaster.

Unfortunately, as we seek to do so, we must also recognize that the budget and the appropriations process are in a shambles. The chairman of the Budget Committee, Mr. DOMENICI, has described the resolution which we now consider as not meaningful.

Senator HOLLINGS has used the word "sham" to describe this budget resolution, and exactly the same word, interestingly enough, has been used by the chairman of the Budget Committee in the House, Mr. JONES.

I think that is an accurate characterization.

Here we are on the 8th of December and we are still operating on a continuing resolution even though we are far into the new fiscal year, and a continuing resolution, I note, which was adopted in a chaotic atmosphere in the middle of the night and at a time when nobody really knew what was going on.

A few of the regular appropriations bills have at long last been enacted, but in looking at the status of appropriations bills printed in our calendar of business I note that those few which have already been enacted were for the most part, with one exception, I believe, sent to the President for his signature long after the start of the fiscal year.

The country has been treated to a spectacle of economists, staffers, Senators, and Representatives squabbling over budget estimates. In addition to everything else, we have, without any real control, more than $800 billion in the pipeline which will spend out at an undetermined rate of outlay.

Mr. President, it is not my purpose this morning to criticize but to advocate what I believe is the only solution to the economic problems facing our country. That is, that we must restrain Federal spending, that we must do so immediately, and that we must balance the budget.

You can imagine, therefore, my surprise, indeed my shock, when I read on the front page of this morning's newspaper that one of the top advisers of the administration, Mr. William Niskanen, a member of the Council of Economic Advisers, says, in effect, that "It doesn't matter whether or not we balance the budget. There is no direct or indirect connection between deficits and inflation."

I ask my colleagues, if this is not a remarkable turn of events. Here we have the Senator from South Carolina, and others of his party, trying to lead his party onto the high ground of fiscal responsibility, and I think with great success in doing so, bringing many Members of his party who over a quarter of a century have been reluctant to give primary emphasis to balancing the budget as a major objective of national policy, and at the same time this is happening we are getting signals out of this administration which came into office on the theme of fiscal responsibility suddenly deciding that they were not serious about it after all.

I will tell my colleagues this: If the notions expressed by this member of the Council of Economic Advisers takes root within this administration and becomes the policy of this administration, then this country is going to go through the wringer. And, incidentally, in my view, it will be the death knell of the Republican Party.

I do not say that with any pleasure. I do not think what happens to the Republican Party is of prime importance, but I do say I love my party. It has made a great contribution to the intellectual and political life of America. I would regret very much if we would become associated with ideas which would make it impossible for us to survive as a viable, governing party in this country. I think that is exactly the kind of idea which Mr. Niskanen is advocating.

Fortunately, I think it is unlikely that the President, or others in positions of responsibility within the administration, will take seriously or adopt Mr. Niskanen's unusual idea.

There are few Members of either party, I think, in this Chamber, who agree that deficits do not matter. In checking, personally, with some of the most distinguished economists of this country, my staff and I have discovered that there is little support for this idea. Purely by coincidence within the last 10 days we have canvassed a number of the thought leaders within the economics profession to seek their ideas about how the economy will perform in 1982 and to obtain their recommendations for fiscal and monetary policy.

I did not know that this article was going to appear in the paper this morning or that someone in a position of responsibility would make such a breathtaking departure from past economic thinking. But in view of it, I would like to share what we have discovered in talking to persons within the economic profession whose judgment I respect.

Paul McCracken, who is a professor at the University of Michigan and as we all know is a former chairman of the Council of Economic Advisers, says that the basic task of Congress is to cut spending.

Otto Eckstein, the founder and president of Data Resources, suggests that the need of our economy at the present time is for massive budget cuts. According to Dr. Eckstein, supply siders in the administration saying that deficits do not matter sound like primitive Keynesians. Deficits, according to Eckstein, are a major obstacle to economic growth in the early eighties.

Alan Greenspan, who also served with distinction in the Ford administration as a member of the Council of Economic Advisers and who, of course, is a prominent and highly respected private economic adviser, says that for Congress the primary task is to cut spending as a percentage of gross national product, and to continually reduce Federal deficits.

Paul Volcker, as you know, has testified repeatedly before many committees of the House and Senate and the thrust, the main gist, of his statement has been, over and over again, that monetary policy cannot do the job alone, that it has to be complemented by fiscal policy.

Of $180 billion in savings in the United States this year, deficits will take up $80 billion according to Dr. Volcker. His conclusion, which I share, is that deficits do matter.

What about Wall Street? Well, my staff talked to Brian Fabri, an economist with Solomon Bros. His recommendation: Cut the growth of Government spending. Wall Street, he says, "will sit up and take notice if cuts are made across the board in entitlement programs."

The same general opinion is expressed by Gary Wenglowski, chief economist for Goldman, Sachs, and others with whom we have talked in various banking and stock institutions on Wall Street.

I think that is the essence of good policy at this point. There are a lot of ways to shade the details, but the real issue is whether or not we are ready to bite the bullet on Federal spending. It will not be easy. I do not suggest that, however necessary it is, it is going to be fun. In fact, when I first saw the so-called Domenici plan, which is reported in the committee report in Mr. DOMENICI's separate views beginning on page 10, I was appalled. When I first saw what Senator DOMENICI was proposing. I said to myself, "This thing is political poison. If a bunch of Republicans get behind a plan like this, there is no telling what kind of political consequences it is going to have for our party."

That was my first reaction. What he was seeking to do, and what 10 of the 12 Republican members of the Republican committee ultimately voted to do, was literally, without precedent, at least in my experience, to suggest that we were going to cut by half the massive projected deficits of the next 3 years by freezing appropriated accounts for a 2-year period, forcing those appropriated account programs to absorb inflation within their operations. He was proposing to require that many of the entitlement programs, the so-called sacred cows, absorb the first 3 percent of inflation each year. And he was suggesting some revenue enhancements.

I have never been entirely comfortable with the term "revenue enhancements" because to me a tax increase is a tax increase by any other name.

When I first looked at that, frankly, I thought the chairman had sort of gone around the bend, that he had been out in the hot Sun too long. But the more I looked at it the more I realized that the program that he advocated is exactly what we need, though perhaps not in final detail. There are many ways we could arrive at the same goal, but the main thrust of what Senator DOMENICI tried to get through the committee is absolutely correct, in my opinion. I still think it would be very difficult, politically. I do not back away from that for a minute. When you start talking about freezing appropriated accounts and taking an absorption factor into the entitlement programs, you are talking about something that could be excruciating politically.

But I must say this: However tough that is going to be, it will be a lot easier than the alternative of letting the deficits occur with all the ramifications of inflation, high interest rates, unemployment, a collapsing stock market, a sagging bond market, the flight of the dollar, stagnation, and negative growth in economic productivity.

I do not think we can explain that and I do not think, if we let this country go through the wringer, that is good politics, either. So, Mr. President, after looking at it a long time, I concluded that what Senator DOMENICI was trying to do was exactly right; that we ought to take a look at these programs, hopefully with a surgical scalpel rather than a meat ax, and find some places where we can save some money on the scale that he suggested, reducing by at least half the projected deficits of the next 3 years.

I do not think there should be any sacred cows. My friends in the Senate all know that I think we have been spending too little for defense. I still feel that way. Yet I suggested, as the Senator from New Mexico suggested, a reduction of nearly $30 billion in defense spending over the next 3 years; not because I do not think we need an even faster increase in defense, but because I am convinced we would undermine the defense capacity of our country if we wreck our economy. And I think that is what we are going to do if we do not get the budget under control, and, second, if we do not make the budget cuts set out in the program of the Senator from New Mexico.

(Mr. D'AMATO assumed the chair.)

Mr. ARMSTRONG. Mr. President, on the tax side, I am frankly loath to tinker around with the tax program in any way. I am not ready to support nor has anybody suggested that we retreat an inch from the basic tax reductions, accelerated recovery, and so on. I think that is a great program, the finest I have seen in the 3 years I have been in the Senate. But there is some room to go back and close some loopholes and find some places where perhaps we acted too hastily, perhaps some excise taxes that have not been raised in a generation, some user fees, some of the items that were included in the President's original $22 billion package of so-called revenue enhancements, which he sent to the Congress first in March and then renewed his reqeust for in September.

Then, when I looked at the amount, the $48 billion that the Senator from New Mexico was proposing to increase, and measured it against the $750 billion tax cut that we had given the people of this country, it did not seem to me an unreasonable thing to include such a change in the revenue picture as a part of the overall package. It is just a moderation and a minor moderation of a very large tax reduction.

I think it is also important to realize, when people start talking about how tough it will be to enact a program along the lines that Senator DOMENICI and most of the Republican members of the Budget Committee favored, that even with these cuts, we are not talking about actually spending less in 1983 than we did in 1982, nor less in 1984 than we did in 1983. We are talking about moderating the rate of increase, slowing down the rate of increase.

Even with the cuts which we are talking about here, we would spend, in 1984, $800 billion. A decade ago, we were spending more at the level of less than $300 billion. An increase of $500 billion in 19, 11, or 12 years is nothing to be sneezed at. Even so, it will not be easy.

To those who say such spending cuts and restraint in the entitlement programs are an impossible dream, I want to ask this question: How bad do things have to get before we get off the idea of business as usual in this country? How many savings and loans have to go under, how many car dealers, how many builders and small business firms and farmers have to go bankrupt? How high does the unemployment rate have to go? How much inflation do we have to suffer, what does the interest rate have to rise to before we are willing to attack the problem at its source?

Interestingly enough, the reluctance in some quarters here, in official Washington, is not matched by the people at home. In Hershey, Pa., in San Diego, Calif., in Pueblo, Colo., and in a lot of other places I have been in the last couple of weeks, I have heard over and over again, whatever you do, stick to your guns and get the budget cuts through and do it now.

Mr. President, this anecdotal report of my own travels is supported by survey data by a number of pollsters. NBC has done a poll, Market Opinion Research has done a number of polls on this question.

If you ask people, is it important to cut Federal spending and balance the budget, no matter how you ask the question, a majority comes back and says yes.

If you start by asking people, do you think you will personally be hurt by such budget cuts, a certain number of the people say, yes, we think we will be hurt. It is instructive of the American spirit that even among such people who believe that they will be personally hurt by the budget cuts, a plurality says, "Go ahead and make the cuts anyway, because it is for the good of the country."

Mr. President, I do not think the question is whether it can be done. I think these cuts must be done. I think we should act on the proposal which Senator DOMENICI laid before the Budget Committee now, today, this morning. I have done everything I can think of to try get this body to support Senator DOMENICI in that effort. I did everything I could think of to get the President to support that effort, and I think he made a dreadful mistake by declining to do so. I shall predict to my colleagues right now that when he comes with his January budget message, it is going to look very much like the proposal we could have passed now. My only reservation is this: I think we could pass this plan with support from the White House today. Whether that will be possible in January remains to be seen.

Mr. President, the awful part of it is that if the President sends his message

up here, say, on the 15th, 20th, or 25th of January—that this may be too late. I am beginning to hear a lot of rumors from downtown that maybe his message is not going to get here on time; it may be delayed. But assuming it is on time and gets here on the 20th of January, we shall be here for 5 or 6 days, a couple of weeks, maybe, then we go out for the Lincoln Day recess. By the time we get back and get recovered from that and do a little housekeeping, it will be the 1st of March. If we follow the normal course, we shall fiddle around with hearings and foot-dragging and what not, and it will be summer before we even start to act on the floor on whatever the President sends up, which I still think will look very much like the plan we should be adopting now before we recess for Christmas. I hope I am wrong about that and I hope we can move more rapidly, but that is the concern I feel.

EXHIBIT 1

[From the Wall Street Journal, Dec. 7, 1981]

ADMINISTRATION PUTS '82 DEFICIT AT $109.1 BILLION

(By Kenneth H. Bacon and Rich Jaroslovsky)

WASHINGTON.—New Reagan administration calculations project budget deficits of $109.1 billion in the current fiscal year, $152.3 billion in fiscal 1983 and $162 billion in fiscal 1984, given current budget and economic trends.

These preliminary figures reflect a new economic forecast President Reagan received Friday from his advisers. Both the forecast and the budget estimates may change before the administration completes work on the new budget it must send Congress early next year. But the deficit figures, which don't include additional budget cuts Mr. Reagan hopes to achieve over the next few years, are far wider than the administration has conceded previously.

Last September, officials estimated a $43.1 billion deficit in the current year, which began Oct. 1. More recently, White House officials have said that figure could swell to $80 billion.

The new projections for this year is based on an administration forecast that nominal gross national product, the nation's output of goods and services measured in current prices, will increase 7.9 percent in the 1982 calendar year. That would be the lowest rate of nominal growth, which determines tax receipts, since 1970; the low projection reflects both the recession and an expected slowdown in the inflation rate.

ADVISERS DISAGREE

Some of Mr. Reagan's advisers complain that the forecast, produced by the Council of Economic Advisers and the Office of Management and Budget, is too pessimistic. They maintain that the forecast fails to reflect the stimulative effect on the economy of next year's tax cuts. They also charge that the whopping deficit projections are designed to force Mr. Reagan to abandon his opposition to increasing taxes or to reducing planned increases in defense spending.

Many of the President's senior advisers, including budget director David Stockman and chief of staff James Baker, believe tax increases are needed to hold down the deficit and prevent another surge in interest rates.

Mr. Reagan "has got 95% of the White House staff telling him he has to raise taxes," one aide said. But at his economic-review meeting last Friday, the President said he still opposes increasing taxes to offset the $283 billion of personal and business tax cuts through 1984 that Congress has enacted.

Similarly, there is little evidence the President would slow his planned defense buildup. "At every Cabinet meeting, there's grumbling about Defense getting more while other agencies are cut," a top Pentagon official said. "But we see no sign the President's wavering." Top White House officials, who last summer conducted a long, unsuccessful campaign for bigger defense cuts, so far haven't indicated they have the appetite to renew the battle.

NONDEFENSE CUTS SOUGHT

Instead, the President is telling aides to concentrate on finding sweeping nondefense spending cuts. "The marching orders from the Oval Office are to produce a bare bones budget," one adviser said of the fiscal 1983 document due next month.

White House officials acknowledge the immense political difficulties of such a strategy; even some friendly Republican legislators are becoming increasingly uncomfortable with the size and scope of the Reagan budget efforts. And many White House officials say the economy must start showing signs of improvement before the 1982 elections to avoid a major political defeat.

On that score, the administration's latest economic forecast contains bittersweet news. For 1982, the projection shows slow growth, rising interest rates and high unemployment.

[From the Washington Post, Dec. 8, 1981]

1982 DEFICIT JUMPS TO $109 BILLION IN REAGAN ESTIMATES

(By John M. Berry)

Without new spending cuts or tax increases the federal budget deficit will hit $109 billion this year, $152 billion in 1983 and $162 billion in 1984, according to the Reagan administration's latest internal estimates.

These figures, which are sure to intensify the forthcoming fights over budget cuts for fiscal 1983, are far higher than previous estimates by the administration but in line with predictions of several private economic forecasters.

Deputy White House press secretary Larry Speakes yesterday called the new numbers merely "working assumptions at a staff level" and "highly preliminary," saying they had not been presented to the president.

But other sources said President Reagan was given the new bad news from his economic and budget advisers last Friday.

Reagan was said to have resisted any suggestion that he try to reduce the projected deficits by not increasing defense spending as much as planned or by proposing major tax increases. Instead, the president again indicated he wants further spending cuts in non-defense programs other than Social Security, sources said.

A White House official said he does not expect Reagan to reverse himself on this. The military buildup remains the president's first priority and stimulating economic activity through tax cuts intended to increase private incentives is the second, the official said. Reducing the deficit takes a back seat to these goals, he indicated. Reagan has already acknowledged that he will not redeem his campaign promise of a balanced budget by fiscal 1984.

Less than three months ago Reagan urged Congress to approve $16 billion worth of additional spending cuts and tax increases in order to reduce the prospective 1982 deficit from an estimated $59 billion to $43 billion. In what may be a sign of the budget-cutting troubles to come, he has now retreated and agreed to accept only about $4 billion of these deficit-reducing actions.

The 1982 deficit estimate has risen mainly, however, not from any congressional recalcitrance but because the economy has dropped so swiftly into recession. Reagan's advisers told him they expect the recession to end by spring, but only after the economy drops at about a 5 percent annual rate this quarter and a 0.5 percent rate in the first quarter of 1982.

By the third quarter of next year, the economy is expected to be bouncing back strongly, with real output rising at more than a 5-percent rate—a recovery that is supposed to continue unabated through 1983 and 1984, under this new scenario.

One administration economist, however, cautioned that the recession could be somewhat deeper and last somewhat longer than allowed for in the new estimates. Moreover, he said, the looked-for growth rate of more than 5 percent in 1983 and 1984 is "not a forecast but a policy target."

Inflation, meanwhile, is supposed to abate, with the gross national product deflator, the broadest of inflation indices, rising 7.7 percent in 1982, 5.5 percent in 1983 and 4.4 percent in 1984.

Unemployment, 8.4 percent in November, will rise above 9 percent before declining, according to the forecast. Nine percent is the post-World War II record.

Economists generally believe a deficit in the $100 billion range can be financed in 1982 without a surge in interest rates, because the recession is cutting deeply into private credit demand. But if the deficits persist at such a level once the recovery is under way—and the Federal Reserve continues to restrict growth of the money supply to hold down inflation—interest rates could climb above their previous highs, the economists warned.

Administration officials were upset that their detailed forecast had been leaked to the press.

"These are internal planning numbers," declared Lawrence Kudlow, chief economist of the Office of Management and Budget. "They are unadjusted, unscrubbed and have virtually no meaning in their present form. It's a shame the numbers got out."

Kudlow said the numbers are misleading because they include no allowance for any policy recommendations Reagan may make in January. Kudlow declined to discuss the forecast itself.

There will be little Reagan can recommend that would change the 1982 budget outlook substantially.

All along, the administration has assumed there would be further non-defense spending cuts for 1983 and 1984. In fact, some were proposed in September, along with a few minor tax increases. The significance of the new administration figures for the later years is the magnitude of the cuts that would have to be made in a recession and election year to reduce the deficit to manageable size.

Not only Congress is likely to resist deep further cuts. Even within the administration, Cabinet officers this week are appealing slashes in their 1983 budgets ordered up by OMB. The new estimates could strengthen OMB's hand in resisting these appeals.

EXHIBIT 2

[From the Human Events, Dec. 5, 1981]

MILTON FRIEDMAN ON REAGANOMICS

Q. Prof. Friedman, are you satisfied with what the Administration is doing to turn the economy around?

A. I don't believe the problem for this government is turn the economy around in the short run. I think the problem is to change the trend that our society has been following for the past three or four decades towards greater and greater centralization and more and more government control. From this point of view, I believe that President Reagan's program is the only program that has a chance of "turning the economy around." As to the short term, the Reagan Administration ought to be completely unconcerned about it.

Q. Well, do you think a less centralized government is conducive to a more productive economy?

A. Why is the economy becoming less and less productive? In large measure because,

first, government has absorbed an ever larger fraction of our total resources; second, government has imposed extensive regulation upon the productive sector of the economy; and, third, government, by causing inflation, has produced an incentive for individuals to put their savings into nonproductive assets rather than into productive investment.

The only way to enable the economy to become more productive is to eliminate these obstacles to the inherent strength of the American economy. The Reagan proposals have four basic elements: lower marginal tax rates, lower government spending, less regulation and a restrained and stable monetary policy. Those are the essential steps necessary to release the inherent productivity of the American economy.

Q. What would you have him do now? Do you think he has done enough or do you feel much more needs to be done?

A. First, in the area of regulation, the President has a good deal of administrative authority and there he has moved very rapidly and very effectively. The elimination of price controls on crude oil was a major positive step. It is interesting to note, incidentally, that at the time there were screams and cries all over that immediate deregulation was going to mean higher oil and gasoline prices, and it would have very adverse effects. It has had no adverse effect. On the contrary, it has had a very favorable effect but you don't read anything in the newspapers about it.

Q. Can you mention a few of the favorable effects?

A. We've had the highest rate of oil drilling in this country in history. Oil drilling has gone up very sharply; something like 80 per cent of all the drilling being done in the world is being done in the United States. In addition, there has been an increase, rather than a decrease, in supplies of crude oil both domestically and around the world so that gasoline prices have come down relative to inflation. Indeed, gasoline prices in many parts of the United States are now lower even without allowing for inflation than they were when President Reagan eliminated the controls on the price of crude oil.

Similarly, President Reagan has moved to derail a host of regulations which poured out in the last days of the Carter Administration. Just recently, the Department of Transportation eliminated the requirement for airbags; the Department of Education has eliminated the regulation for multilingual instruction. You can go down the line. There has been a real change. In this area I believe that we have made very real progress.

So far as taxes and spending are concerned, I would have liked to see a larger tax cut, I would have liked to see a larger spending cut, but I believe you have to give President Reagan, and, of course, Dave Stockman as well, enormous credit for having achieved what they did in the House and in the Senate.

With respect to the present pressure to raise taxes, it would be an enormous mistake to do so. It's fascinating to note who are the most vociferous proponents of higher taxes now.

Here are liberal members of the House and the Senate, and I may say all the Democratic economists and hangers-on, who have suddenly become born-again budget balancers. Where were they in the past 20-odd years when deficits were going up very rapidly, when taxes, spending and inflation were soaring?

The reason they are born-again budget-balancers and are now talking about raising taxes is not because they've fundamentally changed their views, but because they recognize that the most effective way to hold down government spending is to hold down government revenues. They are talking as if their concern is to enact higher taxes in order to keep budget deficits down. Their real motive is to keep taxes up so that the government can resume big spending programs as soon as the present public drive for lower taxes and spending passes.

If the real honest-to-goodness fiscal conservatives fall for that line, they will prove that they have learned absolutely nothing from the history of the past 30 years and they ought to have their heads examined.

We've made progress in these areas, but we haven't gone as far as I would like to go. We need to keep pressure on, and the way to keep pressure on is to cut taxes, keep revenues down. I want to expand on that later, in particular, about a constitutional amendment to limit government spending.

With respect to the fourth plank, monetary policy, this remains the weakest link of all because the President has essentially no power in this area. He has a good deal of administrative power about regulation. He has no direct power on the budget and taxes, but he has a good deal of influence on the Congress. The Federal Reserve is an independent body and is not subject to the President's control. His only power is to make appointments to the Board. He will not have an appointment to make until next year. Monetary policy has, however, been responsive in the past to political pressure, and no doubt will be again. Unfortunately, if we look at what has been happening in this area, the results are very mixed.

Q. How so?

A. Since Oct. 6, 1979, when the Fed announced that it would give greater stress to controlling the monetary aggregates rather than the interest rates, actual performance has worsened in an important respect. Since Oct. 6, 1979, ups and downs in the rate of monetary growth have become both more frequent and larger.

We have been on something like 10- or 12-week cycles: 10 or 12 weeks of rapidly growing monetary aggregates, 10 or 12 weeks of much slower growth or actual decline, 10 or 12 weeks of rapid growth, and so on. This erratic pattern of monetary growth has been accompanied by an erratic pattern of interest rates and also by an erratic pattern of economic activity—and I believe that the monetary gyrations have been the source of the gyrations in interest rates and economic activity.

Q. You have been quoted recently as saying if the Federal Reserve cannot do better than what it has been doing, it ought to be terminated. Did you mean that literally?

A. Of course. I have been in favor of abolishing the Federal Reserve System for as long as I can remember.

Q. Then how will the money supply be controlled?

A. There are various alternatives. One alternative is simply a directive from Congress that the monetary base shall rise at 3 to 5 per cent a year, to be carried out by a bureau in the Treasury Department—which need consist of only a few clerks. There are lots of other alternatives. After all, the nation got along until 1913 without a Federal Reserve System. However, I want to go back and finish the point about monetary performance, because the question about what institution controls the money supply is really a separate one.

One aspect of monetary performance is these highly erratic ups and downs. On the other hand, the average rate of monetary growth has been relatively stable for the past three to four years. That is why we have had some decline in the rate of inflation, because monetary growth has been lower in the past three or four years than it was the two or three years before that.

It takes a long time for changes in monetary growth to have their effect on inflation. More recently, in the past four or five months there have been some signs that monetary growth is slowing down. However, in my opinion, the problem in this area is not that monetary growth has been too low, as so many people are saying. On the contrary, if anything, it has been too high. But its overall pattern has been obscured by the highly erratic character of monetary growth, so no statement about recent average behavior deserves much confidence.

Q. Have you ever agreed with the way Federal Reserve policy is implemented? Has it ever performed in the way you thought it should?

A. Seldom, but that doesn't mean it isn't possible for them to achieve their own targets and eliminate the gyrations. Lots of people have never done what you or I believe that they are capable of doing.

Let me call your attention to an article that was written 10 years or so ago, under the title of "A Self-Fulfilling Prophecy." The author, George Kaufman, was at the time employed by the Federal Reserve Bank in Chicago. He is now a professor at Loyola University in Chicago. The essence of his article was that Federal Reserve officials claim repeatedly that they cannot control the money supply; and they have been making that into a self-fulfilling prophecy by the changes in regulations and procedures they adopt.

There are procedures readily and directly available to the Fed that would enable them to do a great deal better than they have done. These procedures are supported by almost every monetary specialist outside the Federal Reserve System, and the great majority of those within the Federal Reserve System.

Q. Can you mention any of them that our readers would understand?

A. The simplest, and the one that would be most important right now, is to eliminate lagged reserve requirements, which were imposed in 1968, and which by 1970 were demonstrated to be doing more harm than good.

A second measure that the Federal Reserve could take is to link its discount rate to a market rate. A third measure it could take would be to stop the kind of churning in the market that it now engages in. If any private securities broker with whom you had an account churned your accounts the way the Federal Reserve churns the government's accounts, I can assure you that securities broker would be hauled up for fraudulent conduct.

During the course of 1980, the Federal Reserve added $4.5 billion net to its portfolio of government securities. In acquiring that $4.5 billion, it made close to $2 trillion worth of transactions—or more than $350 of gross transactions for each dollar of net purchases.

There's no productive function served by such transactions that I can see. All it does is to provide a select group of New York security dealers with large commissions, and a select group of Federal Reserve employes with very intense activity. But it doesn't contribute to monetary stability and it would be a great improvement if that were largely eliminated.

I could go on. There are also reserve requirement changes you can make, there are all sorts of changes that have been proposed. And I want to emphasize these are not idiosyncratic proposals by one Milton Friedman. Some of them may have been at one time, but as of the moment, they would be backed by almost every economist you can name. If you examine the reports of the Shadow Open Market Committee, they talk about the desirability of enhancing the credibility of the Federal Reserve by having it adopt these or similar measures.

Q. Let's get back to the idea of spending cuts. Do you feel that the Reagan Administration must make bigger spending cuts if

it is ever going to get the budget under control?

A. The tendency for fiscal conservatives is to look just at the deficit, and that is a mistake. The real burden on the American people is what the government is spending. The thing to keep your eye on is total spending, total outlay, as a percentage of national income. In order to reduce that percentage, of course, we must have more cuts. So far spending as a fraction of income has not been reduced at all. It has simply been prevented from increasing as much as it otherwise might.

Q. Doesn't the Administration have to go after the entitlement programs? The biggest entitlement program is Social Security, but the fact is the Administration has delayed dealing with it until at least 1983. It just seems from what you're saying and from the fact that the taxes keep going up under Social Security that this is a prime target that the government must control.

A. Right, but you have to distinguish between government process as a whole and the specific actions of the Reagan Administration. Congress, you must recall, strongly balked at Social Security reform proposed by President Reagan. What I have in mind is as follows: If we can keep our eye on holding down taxes, not accepting any of these tax increase proposals that people are mentioning, government spending can be controlled.

Q. Are you opposed to the excise tax increases proposed by the Administration?

A. Absolutely. I am in favor of cutting taxes at any time under any pretense for any reason in almost any way. There are better and worse tax cuts, of course, but the most important thing to keep your eye on is cutting taxes. The only way we are really going to discipline government, keep government spending down, is by keeping down the amount of money they get from taxes. There is no other way to do it.

What I'm trying to say is that we should hold the line and not allow taxes to go up. It was a great victory to get indexation after four years, a great victory to have a three-year tax package and not a one-year or a two-year cut. If we can hold the line on that, the pressure on Congress to cut spending will be irresistible. And President Reagan will not have to do all the work.

Q. But the argument is that unless there are some tax hikes, the deficit will be high, and a huge deficit will cause the government to borrow heavily and this government borrowing will have a "crowding out" effect, leaving less money for private investors.

A. Of course there's a crowding out effect, but the crowding out effect relates not simply to the deficit, but to the whole budget. Taxes, not just borrowing used to cover the deficit, crowd out private spending on both consumption and investment. What crowds out private spending is the more than 40 percent of our total annual resources that is now being spent by the federal, state and local governments.

What's important is the size of total spending. Suppose you eliminated the deficit by increasing taxes. That would crowd out private investment just as much as government borrowing. That's the crucial point. Total government spending, moreover, is understated by the amount reported as government outlays. That fact that you have to spend several hundred dollars on your automobile for equipment mandated by the federal government is a form of government spending too.

Government spending has been going up not only in open and direct ways, but also in indirect, concealed ways. Overemphasis on whether government spending is financed by above-board taxes or concealed taxes in the form of borrowing or inflation tends to divert attention from the basic issue which is to reduce the government drain upon the economy's resources.

Q. From what you are saying about how tax cuts will reduce government revenues, it seems to me that you do not at all buy the supply-side arguments that lower marginal tax rates will, in fact, increase government revenues.

A. Lower marginal tax rates will have some effect in the direction of increasing revenue. However, my objective is to reduce revenues in order to reduce spending. Hence if the effect of a given tax-rate reduction were so large as to produce larger total revenues, my conclusion would be that tax rates had not been reduced enough.

A fuller analysis would have to be much more detailed because I believe that the effect on revenue of cutting rates differs widely from one specific tax to another, and would be distributed over a long period of time. Moreover, a cut in tax rates that is not accompanied by a cut in total spending is not really a reduction in taxes at all. It is simply a shift from one kind of taxes to another—from open to hidden taxes.

All in all, I believe that many so-called supply-siders have done their own cause a disservice by overstating the beneficial effect of tax rate cuts without a cut in spending, as well as the speed with which any tax cut—even with a cut in spending—would produce beneficial effects. There are no instant, miracle cures—neither tax cuts nor gold standards—for problems that have accumulated for decades.

Q. Some supply-side advocates and, in particular, Jude Wanniski, have claimed that your brand of monetarism has somehow been ruinous to such countries as England and Israel. How do you respond to this?

A. I take it that, if Jude Wanniski is ill, his physician prescribes the proper medicine, but Jude refuses to take it and as a result does not recover, he holds his physician responsible. I am responsible for the advice I gave to Israeli officials on my last visit there more than four years ago. That advice was good then and is good now. I am not responsible for the disastrous inflation that has occurred because they have followed very different policies than those I favored.

The same goes for Britain. I admire Mrs. Thatcher; her announced policy was and is splendid. However, she has not been able to carry out the policy: Taxes and spending have gone up, not down, there has been little if any decline in government regulation and ownership, and monetary growth, though probably lowered substantially on average, has been highly erratic.

It is interesting in one major respect—the freeing of foreign exchange transactions from controls—in which both countries have followed a policy that I have long favored (not, of course, because I favored or advised it), the actual results have been excellent, and there has been little if any pressure to reverse course.

Q. There has been this debate between yourself and the new school of supply-siders on a variety of issues. One of the points made is that you had once said you thought that the gold standard had served the American people well, but you're opposed to it now.

A. Yes, it did serve the nation well.

Q. Do you still hold that opinion?

A. Of course I do. If you could restore the conditions under which it operated, you could restore the gold standard. Those conditions included a federal government that was spending 3 per cent of the national income.

Q. You think that is what it comes down to?

A. Of course.

Q. We have to wait until then?

A No, we don't have to wait. Let me talk directly about gold Most people who are yelling and screaming about a gold standard do not want a gold standard. What they want is government price-fixing of gold, which is a very different thing from an honest-to-God gold standard. A real gold standard is one in which people use gold for money.

There is nothing today to prevent a private gold standard from emerging. Any individual who prefers to use gold as money rather than paper is free to do so. There are privately minted gold coins as well as gold coins minted and sold by South Africa, Mexico and other countries. There is even a corporation in Kansas City, the Gold Standard Corp., that offers people deposits denominated in gold and allows them to draw checks on those deposits and transfer them to other people. Those arrangements could become much more widespread if people preferred them to using paper dollars.

There is nothing to prevent people today from writing long-term contracts expressed in ounces of gold instead of dollars. The fact is that those arrangements have not developed.

What is occurring now with many of these people who are talking about a gold standard is what often happens. People who believe that the market is not performing as they think the market ought to perform are running to government to get what the market isn't going to give them. If they had real confidence in the market, they wouldn't be asking government to peg the price of gold. They would be fostering and promoting the development of a private gold standard.

Q. What did we have up until 1947?

A. Up to 1914 we did not have quite as extreme a gold standard as I described, but almost. All currency, bank deposits, etc., were immediately convertible into gold. You could bring gold into the Treasury and get gold certificates or other forms of U.S. money. You could take gold certificates or other forms of U.S. money into the Treasury and get gold. You could go to any bank and say that you wanted to convert your dollars into gold and they would give you a specified amount of gold. So, in effect, the money that was circulated was a receipt for specified amounts of gold, and that was true internationally as well as domestically.

When the Federal Reserve System was established in 1914, it was never intended to have the kind of power it now has. That's purely accidental. The System was established in the belief that this kind of a gold standard would continue. The Federal Reserve's role was simply to facilitate the conversion of deposits into currency to prevent banking panics. That was to be its fundamental role.

The Federal Reserve was transformed into something it was never intended to be by World War I, which essentially ended the international gold standard. As a result, it changed the character of the American gold standard.

Prior to 1914, an outflow of gold led to a reduction in the quantity of money and to a tightening up in the country until prices came down to a level at which gold stopped flowing out. An inflow of gold meant an expansion of the quanity of money and higher prices until that stopped.

For example, from 1896 to 1914 prices went up about 35 to 40 per cent because of the flood of gold from South Africa. After 1918, gold inflows and outflows had no such effect. They were, as the language went, sterilized by the Federal Reserve System, and the only thing that was happening with gold was that the United States was pegging the price of gold—just as it has pegged the price of wheat or tobacco or cotton. Gold was not serving a basic monetary function. So, in my opinion, anything like a real gold standard ended in 1914.

Q. But the federal government set the price of gold before 1914, didn't it?

A. In one sense, yes, in another not. It is more accurate to say that the dollar was defined as a certain number of grains of

gold, so that gold, as it were, set the price of the dollar.

Q. Why can't we return to that kind of standard today?

A. Let me note that even before 1918, gold was a fair-weather standard. In 1862, when the Civil War was raging, and the gold standard made it difficult to finance war expenses by inflation, the standard was abandoned and prices more than doubled in three or four years. In World War I, prices again doubled, but this time the U.S. did not formally have to abandon gold, because almost all the other countries did. Today, with government playing so much larger a role than it did then, you can be sure the standard would be far more fragile, far more subject to manipulation.

In addition, gold really makes sense only as an international standard, not as a domestic standard. How are you going to go about getting all the other countries in the world to go along with you? The reason they don't want to go along with you and the reason we shall not do so is because even the weak kind of discipline gold imposed before 1914 is only possible if the government plays a relatively small role in the economic and financial structure, and if the public at large backs it sufficiently strongly so that a government is forced to stick with it. As I have already noted, whenever that kind of a gold standard has gotten in the way of something the government seriously wanted to do, it has been dropped.

Technically, we were supposedly on gold from 1929 to 1933. During much of that period, gold was flowing in and our gold stock increased. By classical gold standard rules that should have led to an increase in the quantity of money. But the quantity of money declined by one-third from 1929 to 1933.

Q. Because of the sterilization process?

A. Right. And because of the policies being followed by the Federal Reserve. Simply adopting the words "gold standard" is not going to do anything.

Q. What about the standard we had at least through '71, bad as it may have been, or as pseudo as it may have been?

A. That was terrible.

Q. Let me just ask the question, though. Arthur Laffer predicted that the result of going off the gold standard in '71 would be double-digit inflation. Wasn't he correct?

A. The question is which is the horse and which is the cart. He argues the same way in an article he has in the Wall Street Journal in which he says as soon as we went off the gold standard in 1862, prices doubled in the next three or four years. He does not mention the fact that 1862 was the middle of the Civil War. And he dismisses the fact that under the gold standard prices doubled during World War I. You can't have it both ways.

The reason we formally closed the gold window was because of the inflation that had been going on. The closing of the gold window didn't cause the inflation; this is like saying wet streets cause rain.

Q. But the inflation rate in 1971 was about 4 or 5 per cent.

A. Hold on—the important point is that it was as low as 4 or 5 per cent because we had been selling gold around the world. If you have a gold standard and you're promoting an inflation, the first effect will be a loss of gold. It won't be rising prices. It was precisely because we were shipping so much gold abroad that prices were only rising at 4 to 5 per cent.

Let me make one more point. There are a few people who are in favor of a real honest-to-God gold standard. That's true of Congressman Ron Paul (R.-Tex.), for example. He doesn't want the kind of gold standard Art Laffer's talking about. He wants a real one.

Q. Even Laffer's can be suspended, I understand.

A. All of them can be suspended, some probably more easily than others. But you talk to somebody like Ron Paul and ask him what he thinks about many of the most prominent gold standard proposals that have been discussed.

Q. Let's talk about high interest rates. It's clear that this Administration is very afraid of their impact, and the fact is there are many voices in the Administration, if not the President himself, talking about doing all the things that you say shouldn't be done, such as rolling back the tax cuts, for they think that will bring the rates down.

A. It would be a very great mistake for the Reagan Administration to allow pressure from Wall Street to divert it from the policies that President Reagan committed his Administration to follow when he took office and that are the only policies that can remedy our longstanding problems. After all, Wall Street is a very shortsighted place. It doesn't have a long view. It's the only place that's even more shortsighted than Washington.

Q. I noticed in one of your columns you had suggested that one of the reasons the rates are high is that the federal government comes in and floats these long-term bonds at very high interest rates.

A. In order to float them, it must pay very high interest rates. It should not at the moment be issuing any long-term securities at fixed rates.

Q. You think the long-term bonds are pushing the interest rates up?

A. No. I'm saying something very different. By accepting the market judgment and floating the securities at these rates, the Treasury is saying it doesn't really believe interest rates are going to come down. If it really believed that, would it be selling 30-year bonds at interest rates of 13 or 16 per cent, rates that imply something like 10 to 12 percent inflation on the average over the period?

Q. You don't think it also helps to keep the interest rates up when the Treasury floats very high interest rates.

A. You must separate two issues. The fact that it is telling the market that it doesn't really believe what the Administration is saying helps to keep interest rates up. The direct action of borrowing at those rates is also helping to keep long rates up. But my concern is much less with the direct effect of long-term borrowing on the market than with the indirect effect through the mixed signals which the Administration is giving.

Q. In one of your solutions, you mention that the Treasury should index government securities. Could you elaborate a bit?

A. Indexing securities is simply application to a bond of the principle we use in the cost-of-living adjustments for wages and other things.

The Treasury would say we're going to issue a promise to pay a thousand dollars 10 years from today if prices 10 years from now are what they are now. However, we are going to adjust the amount we pay you depending on the inflation rate. So we are actually going to pay you a thousand dollars 10 years from now multiplied by the ratio of prices then and prices now. If prices are the same then as now you will get a thousand dollars. If prices are double, you will get two thousand. If they're triple, you'll get three thousand.

In other words, you will get back an amount of money that has the same purchasing power as the face amount of the bond's debt. In addition, we will pay you each year an interest coupon of 3 percent which will be similarly adjusted, year by year, to inflation.

A $1,000 bond would receive $30 in interest the first year. If prices go up 10 percent in the next year, you would get $33 in interest and so on, the coupon being adjusted annually by the cost of living. In that way, anyone who acquired such a security would have a commitment from the Treasury to receive interest and principal in purchasing power rather than as now in dollars.

I may say that securities of this kind have been issued by other countries—Great Britain has issued some, Canada has issued some, lots of countries have issued them. It's not a new thing that I'm proposing. Moreover, it's something that economists generally in this country have been in favor of for something like 25 years. Indeed, even earlier. During World War II there were proposals for this kind of a security.

Q. Is there any interest within the Administration?

A. I have no idea. If you issued such a security, it would fulfill several purposes. So far as cost to the Treasury is concerned, my view is that, if you were to auction off such a security, it would be so attractive to people that it would sell for well above par value.

That is to say, if you were to offer a thousand-dollar bond on these terms, people would bid $1,100, $1,200 in order to get one because there is no other instrument available to people of moderate incomes that would be as effective a hedge against inflation.

There is no other way you can get inflation protection that would be remotely as good as this. So that actually the cost to the taxpayers might end up being negative in real terms. In the second place, it would provide an asset for private financial intermediaries who could also then issue properly hedged securities.

For example, a savings and loan association by purchasing these bonds could offer its depositors inflation-adjusted accounts; insurance companies could offer inflation-adjusted insurance, and so on.

Q. Would this put pressure on the Congress and the Administration to hold down government spending?

A. It would reduce the pressure.

Q. Reduce the pressure?

A. Yes. From that point of view, it would be a disadvantage because it would make the deficit look smaller.

Q. But shouldn't there be pressure in the long term? The Administration and the Congress would realize, wouldn't they, that these securities would only save the government money if the inflation rate were kept low?

A. I'm talking about the short term. Right now, there is something like $700 billion of federal debt in the hands of the public. We are now paying something like $80 or $90 billion in interest. At a 3 per cent rate you'd be paying $20 billion. You would wipe out the recorded budget deficit. So, for the short term, a purchasing power security would reduce the pressure to cut spending.

The effect of this proposal is that the Treasury would be honest. It would be saying, we are not going to gyp you in the future the way we've gypped you in the past. And if the Administration failed to hold down inflation or some subsequent administration imposes inflation, at least the people who purchased these securities would not take it in the neck.

Q. Seeing the President do the kinds of things he has been doing, why hasn't the market responded more favorably?

A. It would if it believed that he was going to continue to be successful.

Q. In other words, you're saying that basically investors just have doubted whether he is going to be successful.

A. Absolutely, and with good reason. If you and I observe that there are already

signs of backsliding within the Administration, and we're strong proponents of this Administration, the public at large is going to see that same backsliding as well. The public wants results, not talk. You cannot talk interest rates down. You cannot talk inflation down. You have to act. And the actions that are most important are to carry on with those basic policies—deregulation, cutting tax rates, cutting spending, steady monetary growth.

Q. Should he come up with some new plan?

A. No, the plans he has come up with are fine. He ought to continue them. But there is something else that can be done.

As we all recognize, it was a tremendous fight to get what reforms he has come up with through the Congress. You cannot keep on doing that year after year. Maybe he can get one or two more victories along the way. But we need to pin those down. The most effective way to do it, in my opinion, is through a constitutional amendment that would limit government spending.

As you know, President Reagan was the pioneer in this area with his proposal in California in 1973 for what was then called Proposition 1, which would have put a constitutional limit on spending by the state of California government. You also know that there has been a nationwide movement to try to get such an amendment at the federal level.

Most recently the Senate Judiciary Committee has reported out a Joint Resolution [SJR 58] proposing a Balanced Budget and Tax Limitation Amendment. It already has 51 sponsors in the Senate. It is the first time, ever, that an amendment of this kind has been reported out of a Senate committee, much less having majority support in the Senate. It needs a two-thirds majority, of course, to be voted out of Congress and passed along to the states for ratification.

In my opinion, getting that amendment through would be the most effective further step that could be taken in order to pin down these victories and to pave the way for the future because it would establish upper limits to what government could spend. It would, therefore, prevent what is otherwise likely to happen in a year or two, or in the next administration—the merry-go-round we've been on will start moving again and government spending will once again get out of control.

Q. What do you feel are the critical aspects of this amendment?

A. The amendment has two important provisions. The first is that Congress when it enacts a budget must enact a balanced budget. It must enact a statement in which projected receipts exceed projected expenditures. And the President and the Congress are required by the amendment to take every measure they can to keep spending within the limit set. The second provision is that tax receipts may not go up from one year to the next by more than the percentage increase in national income.

The first provision requires spending to be less than taxes, and the second one limits the amount by which taxes can go up. The amount by which spending can go up is therefore also limited. It's a very good amendment in my opinion, one which deserves widespread support and which has a very, very real possibility of being enacted. If you can get 16 more sponsors in the Senate, it could be voted out within the next few months. It would then come up in the House in an election year when every House member is up for re-election. They would have a hard time voting against it. If it ever got out of the House and Senate, three-quarters of the states would adopt it like wildfire.

Mr. DOMENICI. Will the Senator yield for an observation?

Mr. ARMSTRONG. Mr. President, I am very happy to yield, of course.

Mr. DOMENICI. First, Mr. President, I thank the Senator for his remarks on this point. I think they are absolutely right on the mark. But I am hearing reaction to my statement and the Senator's that goes something like this: You have already recited the pluses. Interest is coming down. Obviously, inflation is coming down. I did not hear the report this morning—we were already in session—but I assume there will be good news on the inflation side. So, some are saying that we should just leave everything alone and in 4 or 5 months everything is going to be OK.

It seems to me that anyone who believes that would have to believe that what we do in the future will not matter after we start recovering from this recession. Mind you, we are going to recover from this recession. This American economy is such that when it goes through one of these, it recovers. And it will recover admirably, in my opinion, because the personal tax cuts and business cuts are in place at the right time.

Quite by accident in this country, instead of a big spending spree, we have an excellent and exciting tax package in place. But it seems to me that these opponents of additional fiscal policy changes must be saying that a $100 billion deficit in 1982, which we are not going to be able to do much about—I hope it is less, but let us use that—and maybe $150 or $160 billion in 1983 and maybe $150 to $160 billion in 1984—simply do not matter. They believe that this recovery we are going to experience is going to maintain itself with inflation coming down and interest coming down notwithstanding those kinds of outyear deficits.

Does the Senator agree with me that this is the issue? I do not believe that can be a reality. I do not think that the money markets of this country can respond to that kind of picture with great enthusiasm in terms of inflation expectations, which is the basic predicate upon which interest rate charges are established. Are they going to go long term on any commitments to build America? Are we going to have long-term commitments for housing?

It appears to me that those who relied in the past on the Government to reduce inflation have found that the only way to come out with a million dollars from the bond market is to start with $2 million. That is precisely the attitude that is going to cause them to be, at the minimum, skeptical and, at the worst, to assume that inflation is going back up. They are not going to contemplate the best of interest; they are going to be skeptical. And, it will be the worst of interest.

Will the Senator address that in his way and tell the Senate whether he thinks I am right in terms of the short-lived positive on our economic front unless we do something about those deficits?

Mr. ARMSTRONG. The Senator is absolutely correct, in my judgment.

The notion that somehow we can have stable or declining interest rates in the face of these massive deficits is preposterous. There is no way in America that we can have deficits approaching, let alone actually reaching, the levels which have been projected by responsible officials or even rising deficits and hold interest rates down. The only place in the world where that could happen, in my judgment, is on Fantasy Island.

I guarantee that if Wall Street really comes to believe—and by "Wall Street" I do not mean just one street on Manhattan Island. I mean on 17th Street in Denver and Main Street in Lamar, Colo., and everyplace where people decide whether they are going to save and invest and create new job opportunities. If the idea becomes prevalent that we are going to permit such deficits, interest rates will go back up to levels higher than anything we have seen thus far. So the Senator is correct.

The issue is whether we are going to have a vigorous, growing, prosperous economy, which absolutely requires lower interest rates, or whether we are going to have stagnation, unemployment, and high interest rates.

Mr. DOMENICI. Mr. President, will the Senator yield for a further observation?

Mr. ARMSTRONG. I yield.

Mr. DOMENICI. The Senator has talked about the statement on the front page of the Washington Post, attributable to some of our President's economic advisers, which I interpret to mean that a balanced budget does not matter. In fact, that is a most incredible statement. I will paraphrase it: There is no direct or indirect relationship between deficits and inflation, which leads to the conclusion that a balanced budget does not make any difference.

Does the Senator recall the second effort we had to produce an appropriation bill a couple of weeks ago in which the President asked that we save $4 billion? We got into a discussion, here on the floor and in the House, that they had already saved $2 billion, so why should we bother with the additional $2 billion? What is $2 billion?

The point of it was that those who argued that way said the deficit is so big in 1982 that we should not be down here piddling around with $4 billion.

I want to tell the Senator what $4 billion is in reference to States such as ours. Four billion dollars is close to all the taxes that all the people of my State pay. It is 400,000 taxpayers paying $5,000 each. That is $2 billion. For $4 billion, it is $10,000 per taxpayer, or 800,000 taxpayers.

Mr. ARMSTRONG. $4 billion, then. must be the total of New Mexico and Colorado taxpayers.

Mr. DOMENICI. The point is that the only argument against it was that it does not matter.

What chance do we have to bring fiscal discipline in votes here and in the House when that argument, which I just repeated, is made about $2 billion? What chance do we have to get hard votes, when the economic advisers of the President are saying, "Don't worry about a balanced budget?"

It appears to me that we are going to hear that argument repeat itself in the next 2 or 3 years on every effort to restrain Federal spending, every time we

come here singly with a bill that will save half a billion dollars, an entitlement change that will save $350 million, a series of appropriation cuts that will save $750 million.

Can you not hear the argument: "Don't worry about that. After all, why cut the programs I'm interested in? We're not ever going to get a balanced budget."

You do not get balanced budgets in efforts to cut $50 billion and $60 billion. You get it in votes that occur every day. You get it in exercising fiscal restraint for the small bills as well as the large ones. You get it in the way the Senator has described here—no sacred cows. If there are no sacred cows, it means a whole bunch of hard votes. These votes are not going to take place.

Sooner or later, this President and his advisers, if they do not think we can do it by 1984, had better give us a game plan that says when we can. We should have that.

We know that there will be an error margin, based upon economics. In this kind of economy, it can be off $25 billion or $30 billion. Does the Senator recall during reconciliation the tough votes—$50 million, $60 million, $80 million, and $100 million in areas of functions? We won. There will never be those kinds of votes unless Senator THURMOND can get up and Senator DOLE can get up—and what did they say? At that point, we were moving in the direction of fiscal responsibility, a Presidential plan that would lead to a balanced budget. That caused those kinds of votes to prevail.

I submit that there is more to the goal of a balanced budget than pure theoretical economics. There is the practical effect of restraint or no restraint in these two democratic bodies that have to make the hard votes.

I would appreciate it greatly if the Senator from Colorado would give the Senate the benefit of his opinion in that regard.

Mr. ARMSTRONG. The Senator from New Mexico has summed up admirably the point at which theory ends and where the practical begins.

What we are talking about, if we are going to straighten out this thing, is guts and leadership, not just economic theory. I could not agree more with the Senator.

Mr. SYMMS. Mr. President, will the Senator yield?

Mr. ARMSTRONG. I yield.

Mr. SYMMS. Mr. President, Senator DOMENICI, our chairman, is certainly one of the finest Senators I have ever seen, and I commend him for the job he has been doing as chairman of the Budget Committee and for the points he has been making.

I say to the Senator from Colorado that that is the finest speech I have heard on this floor about the situation with respect to the Federal budget and how it affects our economy. I think the Senator from Colorado is speaking commonsense. The man on the street understands this.

Mr. President, I ask unanimous consent to have printed in the RECORD at the conclusion of Senator ARMSTRONG's remarks, to add to the articles he put in the RECORD, an article by Milton Friedman on Reaganomics, published in "Human Events" of December 5, 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2 earlier in the RECORD.)

Mr. SYMMS. Mr. President, the Senator from Colorado mentioned that he had been calling economists. I have been doing the same, talking to various economists, some of whom the Senator mentioned. One he did not mention was Dr. Friedman. He referred me to this article in our discussion.

I make the point that something is happening in the Senate under the leadership of the Senate Judiciary Committee and Senator HATCH that would solve the problem, and that is Senate Joint Resolution 58, which proposes a balanced budget and tax limitation. It has 51 sponsors. I believe that it takes 67 Senators to pass it.

I will quote Dr. Friedman. He says:

> The amendment has two important provisions. The first is that Congress when it enacts a budget must enact a balanced budget. It must enact a statement in which projected receipts exceed projected expenditures. And the President and the Congress are required by the amendment to take every measure they can to keep spending within the limit set. The second provision is that tax receipts may not go up from one year to the next by more than the percentage increase in national income.
>
> The first provision requires spending to be less than taxes, and the second one limits the amount by which taxes can go up.

I refer back to the beginning of Dr. Friedman's article, and I discussed this at great length with him. I will quote Dr. Friedman, because I do not want to pass criticism or impugn the motives of any of our colleagues. I am not saying this to any of my colleagues who are or are not in the Chamber. He said, in 1981:

> Here are liberal members of the House and the Senate, and I may say all the Democratic economists and hangers-on, who have suddenly become born-again budget balancers. Where were they in the past 20-odd years when deficits were going up very rapidly, when taxes, spending and inflation were soaring?
>
> The reason they are born-again budget-balancers and are now talking about raising taxes is not because they've fundamentally changed their views, but because they recognize that the most effective way to hold down government spending is to hold down government revenues.

I might say that when I looked at the Domenici plan I was appalled because it calls for revenue enhancement. I have to say it is the best game in town that I have seen so far as far as trying to get a handle on the Federal deficit.

They are talking as if their concern is to enact higher taxes in order to keep budget deficits down. Their real motive is to keep taxes up so that Government can resume big spending programs as soon as the present public drive for lower taxes and spending passes.

Then Dr. Freedman goes on and has something to say about the real honest-to-goodness conservatives, such as Senator ARMSTRONG.

I think if there is anyone in this Chamber who qualifies as an honest-to-goodness conservative, it would be my good friend from Colorado, and I am proud of him for it, and I hope I can have the same qualifications some day in the future.

If the real honest-to-goodness fiscal conservatives fall for that line, they will prove that they have learned absolutely nothing from the history of the past 30 years and they ought to have their heads examined.

It is obvious that Dr. Milton Freedman is not running for office and he does not have the problem that Senator ARMSTRONG is aware of if we are going to keep a consensus heading in the direction that Ronald Reagan was elected under so we can in fact save this country.

He goes on and says:

> We've made progress in these areas, but we haven't gone as far as I like to go.

And so forth.

This article also goes into the monetary aspect, the necessity to restore sound monetary policy so that people will have confidence in the dollar in the future so there will not be this constant pressure for lenders of money to charge a high enough interest rate to cover the rate of inflation, and that is one of the problems we face today.

But I commend the Senator from Colorado for his remarks. I am very disappointed that this budget of 1981 is coming to a close. In my opinion, we have passed up a window of opportunity that was there in March and April 1981 where we should have made the cuts.

Senator HOLLINGS talked about it early in the year, that we should start on the entitlement programs, that that is where we should have cut first. We did not.

The window of opportunity is still going to be here come January or February. It is not too late. There still is hope for the future, but I think it is absolutely getting very close to the wire, whether or not Congress, Republicans, and Democrats alike, are going to be able to demonstrate to the American people that we have the personal courage and commitment to restore a sound basis for real economic growth in the future of this country and to bring about stability of the dollar and a sound stable economy which will in fact make opportunities for more and more Americans so that they will have an opportunity to get into the action of the private economy, to get into the action of a better standard of living, and of the American dream, and look forward to real upward mobility for each and every single American.

I think if we fail to do this in the next year or so it may be that we will not get another chance.

If I understood the Senator from Colorado, that is what he is saying.

It is not going to be as easy to do in 1982 as it would have been in 1981, but the Senator from Colorado and the Senator from Idaho, and others, did all we could to try to make this point to the President, to the Secretary of the Treasury, to the Office of Management and Budget Director, and we made our case at every single juncture. I do not know what more we can do.

I would personally vote to freeze all accounts in order to head off this dis-

aster because I agree with the Senator from Colorado. The American people will suffer much more if we fail to act than if we do nothing and allow this to continue on because it will literally cause personal human tragedy unimaginable for the people of the generation that we are from because they have not seen what can happen if we have massive debt liquidations, if we have massive unemployment, if we have massive lack of the productive uses of the industries that we have in this country, and it would be a tragedy if the American people do not get the change that they think they voted for in 1981.

I hope that those friends of ours and people at the White House are not going to believe thatwe can have some kind of a utopian scheme and produce our way out of this without making some substantial historic changes in the expectations that people have come to expect from what the Federal Government and the taxes from taxing the producing sector of the economy can pay for.

I yield back to the Senator from Colorado.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator yield?

Mr. ARMSTRONG. Mr. President, I know the Senator from Virginia is on his feet. I am glad to yield to him. Before I do so, I wish to express to my friend from Idaho my utmost appreciation for his friendship and for the generosity of his observations about my remarks, but more than that for the contribution that he makes to the intellectual life of this body, and then for something else which some Members of this body may not be aware of, and that is the fact that over the years he has been unswerving in his devotion to the cause about which he has just spoken.

I can recall so often when he and I served together in the other body when we were not winning, and we were not losing by respectable margins. We were just fighting what seemed to be a hopeless battle, and I cannot recall one instance in that struggle, long before it became fashionable to fight for a cause like a balanced budget, where he ever lost his sense of optimism and faith in the future of this country and good sense and good humor.

I congratulate him and thank him for his friendship.

I have one additional point to make which will take me 1 additional minute. I am glad to yield first to the Senator from Virginia or then go ahead and complete my remarks and then yield the floor.

Mr. HARRY F. BYRD, JR. Mr. President, the Senator from Colorado may complete his remarks first.

Mr. ARMSTRONG. I am happy to do that and shall do so quickly.

Mr. President, I have spoken at greater length already than I had intended to, so I shall close quickly.

I discussed what I think needs to happen. I wish to conclude by saying why I think it will happen. I think we are going to succeed in balancing the Federal budget by 1984. I think we are, in fact, going to realize the impossible dream. I think we are going to restrain spending. I think we are going to get the uncontrollables under control. I think we are going to restrain the growth of appropriated accounts. And here is why.

It is precisely because the most responsible and forward-looking leaders of both parties, including specifically the Senator from South Carolina, have begun to see this as a major national priority.

The Senator from South Carolina and other members of his party have been advocating this course as a minority within their own party for some time. But I begin to sense that there is now within both parties a consensus that the best course for America and the wisest and most productive course politically is a healthy competition between the two parties of how best to balance the budget.

I suggest to the Senate that there is quite a different political agenda than we have ever seen before in this country, at least in my life. Always before, the political game has been competition between the two parties as to who can find or create new needs in the country to be served by new Federal programs with new Federal spending.

What we have now is an entirely different situation. There is much disagreement about where the cuts should be made. There is much disagreement as to how fast we should go or where we should restrain. But there is a conviction, nonetheless, in both parties, and a growing consensus that we should balance the budget, that it is important, that deficits do matter, that the economic life and well-being of the country require a much different approach to managing the Nation's financial affairs than we have had in the last two or three decades.

I do not know whether or not my party can win in that kind of a competition.

I must say I am concerned that we see an article like this coming out from the highest places within my party, and it disturbs me very much that at the very moment when the Democrats have adopted virtually whole cloth the Republican notion of fiscal responsibility, that our party is undergoing some kind of a malevolent metamorphosis and is changing its mind.

I do not think that is going to happen. I for one do not propose to let it happen, and before this day is over I believe that Members of both parties in this Chamber will have a chance to vote on an amendment which will put clearly in perspective the issue of do we think deficits are important, do we intend to balance the budget.

Mr. GORTON. Mr. President, will the Senator from Colorado yield for a question?

Mr. ARMSTRONG. Yes, of course.

Mr. GORTON. As has been the case ever since I began my service in this body, the Senator from Colorado has stated more eloquently than I can a position which I have increasingly come to share. My respect for him is boundless. His logic and his dedication to the cause of fiscal responsibility are exceeded by no one in this Chamber, although shared by many.

I have been disturbed, as he has, by a seeming change in some of the advisers to this administration and, most particularly, by the news which we have received this morning from one of the members of the Council on Economic Advisers, that the budget deficits, even in the area of more than $100 billion a year over an extended period of time, do not matter.

As I understand that argument it derives from the proposition that in a worldwide economy the United States is a relatively modest contributor to overall worldwide deficits and to borrowing and that, therefore, rather than this $100 billion of deficits displacing $100 billion which might otherwise be loaned in the private economy for the sustaining and for the growth of that economy, that somehow or other it will come from outside of that area and, perhaps, from outside of this country entirely.

It seems to me—and I would like the comments of the Senator from Colorado on this proposition—that if the logical extension of that philosophy is that we need have no taxes at all or relatively few taxes if we can safely and without adversely affecting our economy or rate of inflation borrow $100 billion, then why can we not borrow $200 billion or $400 billion or perhaps even $700 billion?

It seems to me when one looks at that logical extension, the fallaciousness of the argument with which we are now being presented becomes apparent. To the best of my ability to analyze the situation, it seems to me that is exactly the set of economic policies which are followed by many of the weakest of the Third World nations which borrow and borrow and then because they cannot repay their borrowings, borrow to repay those borrowings.

We are now faced, in connection with our relationship with the Government of Poland, with exactly that situation in which a nation which has borrowed because it refused to pay for its capital growth now finds itself unable to repay those borrowings, and we have to roll over those debts. But sooner or later, of course, that leads to a totally stagnant economy.

It seems to me it is the ruination of those nations which have engaged in that practice in the past. Does the Senator from Colorado agree? Is there any possibility that we can simply borrow $100 billion to $150 billion a year at a deficit of that amount without its having an adverse effect on our economy?

Mr. ARMSTRONG. Mr. President, what the Senator from Washington has described is the Fantasy Island theory of economic growth. It cannot happen anywhere except in Fantasy Island that you can have these big deficits and not have an economic disaster.

Mr. President, I am going to yield the floor and yield it to the Senator from Virginia. I just wanted to point out that the statement the Senator from Washington has made illustrates the rare quality of insight which he has brought to the deliberations of the Budget Committee. It is very unusual for a first-year Member of this body to master the intricacies and the details of the budget process and to assume a position of leadership on an issue of this kind.

It is exactly the kind of insight he has shown that has enabled our friend from

Washington to do so, and I thank him for his contribution to this debate and for the extraordinary leadership he has shown on the committee. I am very pleased to yield to the Senator from Virginia.

Mr. HARRY F. BYRD, JR. Mr. President, will the Senator from Colorado yield?

Mr. ARMSTRONG. I yield.

Mr. HARRY F. BYRD, JR. The Senator from Colorado has made a magnificent presentation to the Senate of the very severe, difficult financial problem facing the Government of the United States.

I was impressed equally last evening with the speech delivered in the Senate by the distinguished chairman of the Budget Committee, the Senator from New Mexico, in which he detailed the problem facing the Government of the United States in regard to its financial matters.

The able Senator from South Carolina (Mr. HOLLINGS) made a splendid address to the Senate last evening on this same subject. While the Senator from South Carolina on the one hand, and the Senator from New Mexico did not and the Senator from Colorado on the other, did not take precisely the same views on everything, each of those three able and outstanding Senators emphasized the vital importance of a balanced budget.

Today I find it very disheartening, very discouraging to read that the Council of Economic Advisers to the President of the United States has taken a totally contrary point of view.

In the debate this morning the name of only one member of that three-member council was mentioned, and that was Mr. William Niskanen. But he was not the only one who took that view yesterday. Dr. Murray Wiedenbaum said this:

> It is untrue that deficits mean Government cannot get its fiscal house in order.

Does this mean that the Reagan administration is changing its whole philosophy?

As I have understood the policy of the Reagan administration during the 10 months it has been here—and I have been, I think I can accurately say, a strong supporter of the Reagan administration—but I have been under the distinct impression that the Reagan administration feels it is vitally important to balance the budget.

As a matter of fact, the President committed himself to a balanced budget in 1984, and that was one of the major factors, in my judgment, that brought about his election over Jimmy Carter.

Until this point I have been convinced that the Reagan administration felt that a balanced budget is essential, felt that the continued accumulated and accelerated deficits of the Federal Government are a major cause, if not the major cause, of inflation, and that the accelerated and accumulated deficits of the Federal Government are a major cause, if not the major cause, of the high interest rates which are afflicting this country at this time.

So I find it very discouraging when the top economic advisers to the President of the United States make such statements as they made yesterday.

It seems to me the statements are not only doing the administration a disservice, but it also shows a total lack of comprehension of the way the Congress works.

To say that the deficits have no connection with inflation seems to me to be totally absurd.

What is lacking so much—and I have said this many times in recent years, and I was not referring to this administration—but what is lacking so much in Washington, D.C., is sound commonsense. I do not see any commonsense in what the Council of Economic Advisers said yesterday.

Take one interesting thought. Mr. Niskanen says:

> We should have a new perspective, that the Nation should be prepared to accept a deficit of $60 billion-plus.

Well, that is not a new perspective. The Nation has been operating under deficit financing for more than 20 years. There is nothing new about that. President Reagan has asserted many times, and I agree, that accumulated deficits are a major cause of our economic problems.

Then Niskanen goes on to say that:

> The Nation would do better to look at the net worth of the federal government, which has increased from $20 billion to $250 billion despite deficits in 14 of the last 15 years.

So he is saying the more deficits we create, the greater the worth of the Federal Government; the more inflation we have the better it is for the Federal Government. Well, that is probably correct when one realizes that for every 1 percentage point of inflation the Government gains 1.6 percent in revenue.

What about the individual citizen?

What about the small businessman, the farmer, the elderly, the retired, and those living on a fixed income? What does inflation do to them? It does not increase their standard of living.

What about the young people whose future we are mortgaging—and who cannot buy homes because of high interest rates.

I say the views expressed yesterday by the President's Council of Economic Advisors is pure bunk. They should be quickly repudiated by the President—and I urge him to do so.

What such talk by his economic advisers is going to do—and the distinguished chairman of the Budget Committee alluded to it earlier—what that is going to do is to invite Congress to go farther and farther along the course of deficit financing.

Mr. METZENBAUM. Will the Senator from Virginia yield for a question?

Mr. GORTON. Parliamentary inquiry, Mr. President.

Mr. HARRY F. BYRD, JR. I cannot yield for a question. I have no right to yield for a question.

The PRESIDING OFFICER. The Senator from Washington controls the time and has yielded to the Senator from Virginia.

Mr. METZENBAUM. What are the time limits that we are under?

The PRESIDING OFFICER. Fifteen hours, to be equally divided. The Senator from South Carolina has 6½ hours remaining.

Mr. HARRY F. BYRD, JR. I would like a little more time to wind up my remarks.

Mr. HOLLINGS. Certainly. No one is calling time on the Senator.

Mr. GORTON. It seems to me that if the Senator is being asked to yield for a question by the Senator from Ohio, the time should be charged on the other side.

Mr. HOLLINGS. I yield that time to the distinguished Senator from Virginia. We have plenty of time.

Mr. HARRY F. BYRD, JR. I am glad to yield to the Senator from Ohio.

Mr. METZENBAUM. I totally agree with the remarks of the Senator from Virginia as an indication that suddenly the whole ball game has changed. I ask whether or not, it is to his surprise, since it would appear that those who have been the strongest advocates of this whole new concept of economics, including Representative KEMP, who told us some months ago that the Republicans no longer worship the shrine of a balanced budget, that now coming from a person such as JACK KEMP it seems to me an indication that some of the leaders in the Congress who have been talking about a balanced budget before they took on the leadership role have now switched signals and we find now that, at the White House, that that also has become a reality.

I just inquire of my friend from Virginia whether or not we have not seen this whole crowd that came into office and claimed that they were going to give us a balanced budget, whether they have found that their programs and their policies have not worked and they have overstepped their bounds and now they are trying to sell the country on a totally new concept that somehow a balanced budget is totally unimportant in order to get inflation down and to bring our Nation's economy around?

Mr. HARRY F. BYRD, JR. So far as I know, the Congressman from New York, Mr. KEMP, does not speak for the administration. He may, but to my knowledge he does not.

Now, whether the Council of Economic Advisers—not just one, but two and probably the third; I am not clear as to the position of the third one—whether that represents the thinking of the administration at this point, I have no way of knowing, and I do not know whether anyone else in the Chamber has any way of knowing.

But, unless these views are repudiated, unless these very foolish views expressed yesterday are repudiated, I assume we would have to feel that they do represent the thinking of the administration.

I hope, however, that they do not. I hope they represent only the thinking of three economists, probably very brilliant individuals, but, in my judgment, doing a great disservice to our Nation when they tell the American people and tell the Congress of the United States to pile on the deficits, pile on the deficits;

as a matter of fact, their logic is, it helps, it does not hurt our country.

That goes totally contrary to what this Congress and this Senate, under the leadership of the Republican Party, has been attempting to do. I have been supporting them in it right down the line. For the past 10 months, this Congress has been told time and time again by the leadership and by the administration that we must cut spending. It was cut by $35 billion. I supported that. I am prepared to support additional cuts.

It was asserted time and time again by the administration that we must get Federal spending under control; that we must balance the budget. Now, all of a sudden, these three high ranking administration officials say: "Oh, no, deficit spending is fine; we need at least $60 billion deficits; and just remember inflation increases the value of Government property."

I ask this: How foolish can this Government get? It invites liberals in the Congress to seek more and more spending and higher and higher deficits.

Mr. METZENBAUM. Is it not a fact that, not only in support of that posture that the Senator heard the Republicans say that for the last 10 months, but, as a matter of fact, have they not been saying just about the same thing for the last 18 years while he served in the Senate?

Mr. HARRY F. BYRD, JR. They have condemned Federal deficits. And I have applauded them for having said that and I join with them in saying that.

I believe very deeply that this country was rendered a great disservice by the Democratic Congresses in the past, by Democratic Presidents in the past, and by some Republican Presidents in the past, for huge accelerated and accumulated deficits in this country. This country is now paying the price for it in the form of inflation, high interest rates, unemployment, and recession.

The Reagan administration was elected on the assumption that it would go in the opposite direction and, up until today, every indication has been that it is in the firm, consistent policy of the administration to get Federal spending under control and to bring about a balanced budget.

Mr. JOHNSTON. Will the Senator yield?

Mr. HARRY F. BYRD, JR. I yield to the Senator from Louisiana.

Mr. JOHNSTON. I thank the distinguished Senator. Would the Senator tell me under whose administration the highest budget deficit in history, up to this year, occurred

Mr. HARRY F. BYRD, JR. President Ford.

Mr. JOHNSTON. Does the Senator find it curious at all that, under the great budget balancer, President Reagan, we now are going to be facing the biggest deficit in history, not only the biggest in nominal dollars but in real dollars or by whatever measure you want to take?

Mr. HARRY F. BYRD, JR. I have not been willing to concede that. I must say that these statements yesterday cause me to move a little closer to conceding it. Up to this point, I am not willing to concede that.

I am convinced that we can get this spending under control if there is a will on the part of the Congress and on the part of the administration.

What worries me is that those statements yesterday indicate that there is a total lack of will now on the part of certain key people in the administration to control spending and to bring about a balanced budget.

Mr. JOHNSTON. As the Senator suggests, there is not only a lack of will but there is now almost a resigned smile, the countenance of acceptance, as they say that it is not a bad thing, "Not only do we not worship at the shrine of a balanced budget any more, but it increases the value of Federal assets by 10 times over. Think how good that is."

The Senator finds that rather curious?

Mr. HARRY F. BYRD, JR. I find that very curious. I find it astonishing. I find it ridiculous. But there it is, with the statements they made yesterday.

Most of us in this Chamber in the last 10 months have voted many very difficult votes. We have voted to reduce spending in certain areas where we were not totally happy about so voting.

But the real motivating factor was that the opportunity seemed to be present to bring about a balanced budget.

I am convinced, regardless of what these so-called experts said yesterday, that it is essential to get Government spending under control and to proceed quickly toward a balanced budget. That is why it is so discouraging to me to hear people like Dr. Weidenbaum say, "It is untrue that deficits mean Government cannot get its fiscal house in order." He may be brilliant but he has little knowledge of how the Congress works.

What that is going to mean is that the 535 Members of the Congress will say, "Look, let us add $1 billion here, let us add $2 billion there, let us add more billions. What difference does it make whether we have an $80 billion deficit or whatever deficit we have? The Council of Economic Advisers say, that it is a good thing to have deficits, that deficits and inflation increase the value of Government assets."

How will you hold down spending that way? There is no way you can do it. It is an open invitation to the entire Congress to go on a spending spree. My experience with Congress is that it does not need an invitation. It has been on a spending spree for years and years and years.

All this does—this silly talk by the Council of Economic Advisers—is make matters worse in an institution which historically likes to spend money and which favors deficit spending.

The whole history of the Congress in the last 20 years has been one of deficit spending. Deficit spending is a bonanza for politicians.

It is a bonanza for politicians because politicians can vote for all of the funds wanted by the various pressure groups and then say, "Look, we do not have to worry about a balanced budget. All we need to do is to add it to the debt. Nobody is going to pay the debt anyway—and President Reagan's top officials say it is good for the country and for the Government."

Mr. JOHNSTON. Will the Senator yield for another question?

Mr. HARRY F. BYRD, JR. I yield.

Mr. JOHNSTON. This recession has been called a Ford, Carter, Reagan, recession, caused by the three of them in that order, recognizing that part of the recession is caused by the hangover left by President Carter. Do you think it is accurate that it is caused by those three in that order?

Mr. HARRY F. BYRD, JR. No, I do not. I do not, for this reason: President Reagan inherited most of the problems that he has in a financial way. These people last night may contribute to his problems, but he inherited most of them. I lay the blame on the previous Congresses of the United States, and I lay the blame also on the Carter administration.

Up to this point, I do not call it a Reagan recession because I feel that most of the problems he is faced with have been inherited. But I do believe that if he does not repudiate what these top economic officials of his own administration said yesterday that he is going to find himself—and our country—in even greater difficulties than now.

Mr. JOHNSTON. Will the Senator yield me some time?

Mr. HOLLINGS. I am trying to yield back the floor, Mr. President. The distinguished majority manager desires some time now and then I wanted to yield to the Senator from Ohio.

The PRESIDING OFFICER (Mr. ANDREWS). Does the Senator from Washington seek the floor?

Mr. GORTON. The Senator from Oregon will yield such time as he desires to the Senator from Wisconsin.

Mr. KASTEN. I thank the Senator for yielding. I want to assure the Senator from Virginia and others that this afternoon there will be an amendment that will put the Senate on record against this kind of talk that the Senator is so eloquently campaigning against. Those of us on the Budget Committee put this amendment together yesterday. The necessity for it is even greater today after reading the front page of the paper. This Senate will be committed to a balanced budget. I congratulate the Senator for his comments.

Mr. HARRY F. BYRD, JR. I thank the Senator. Will the Senator yield for a question?

Mr. KASTEN. I yield.

Mr. HARRY F. BYRD, JR. I know the Senator feels strongly as to the need for a balanced budget and the amendment he is addressing is along that line. Does the Senator from Wisconsin feel that it would be wise on the part of the administration to make clear that these individuals, Weidenbaum and the others in that group, are not speaking for the administration and do not reflect a change in the philosophy of the administration?

Mr. KASTEN. I would hope that the administration would make that clear. I also hope that the President, very

quickly, or at least in his January budget message will once more reaffirm the necessity of working toward a balanced budget as part of our effort to curtail inflation and get this economy under control. I think that will be the sense of what the Senate is going to vote for this afternoon as well.

Mr. HARRY F. BYRD, JR. I hope the President will not wait until January to repudiate these statements of yesterday. I think by that time great damage will have been done.

Mr. KASTEN. I agree with the Senator.

Mr. President, I support this resolution which reaffirms the budget that we passed last spring. To my knowledge, this is the first time that Congress will merely reaffirm the goals of the first budget resolution, without accounting for technical and economic changes which have occurred during the year. As all of us know, there have been significant changes in the past few months that would warrant a revised second budget resolution.

This resolution is the result of a great deal of disagreement within Congress and the Budget Committee over the course of action necessary to bring Federal spending under control.

During committee deliberations on the budget, we were presented with several plans, the most significant of which was offered by our distinguished chairman, Senator DOMENICI. Though the Domenici plan contained two provisions that I opposed, it presented a positive course of action that would lead to a balanced budget in 1984.

That continues to be the direction that I believe most Members of the U.S. Senate want to follow.

The Domenici plan established a limit to the large increases in entitlement programs, which comprise 60 to 65 percent of the Federal budget, and it addressed the largest increases in the defense budget. I voted for the Domenici proposal, which unfortunately failed by a vote of 10 to 12.

The law requires that Congress pass a second budget resolution. We on the Senate Budget Committee, therefore, approved this resolution as the only possible course of action. Though the committee intends this resolution to be a pro forma measure until recommendations from the President are received and enacted, I am disappointed with this outcome.

Next year, when we begin deliberations on a revised version of the budget resolution, I hope that there will be sufficient grounds for a consensus.

I am pleased that Senator DOMENICI also referred to this consensus, or an emerging consensus, in his remarks in the committee report. I think we can reach this consensus without deep cuts in revenue sharing and without some of the large tax increases that were thought necessary in the Domenici plan. We have all been working for economic recovery, as outlined by the President earlier this year. Of the four basic components of his plan, the principle of new federalism was an innovative step in setting Federal spending priorities. This is evident in the numerous block grant provisions the President sent to us in his original plan for economic recovery. General revenue sharing is the definitive block grant, and I would not like to see it funded at a lower level.

I am also opposed to balancing the budget with large tax increases. The productivity-oriented tax cuts we enacted this past summer are the cutting edge of the Reagan economic recovery program. A move to increase revenues would scuttle the tax cut when we need it the most. Thanks to 25 years of big spending and taxing policies, our economy declined to the point that we had double-digit inflation, rising unemployment, and declining productivity. Though we are making progress in the battle to bring inflation and interest rates down, we have not had the opportunity to turn around the debilitating economic policies of the past two and a half decades. Raising taxes now in order to pay for the big-spending practices of the past will not reverse this trend.

I hope and I believe that this resolution will not be our final action on the fiscal 1982 budget. Once we receive the President's plans for the next phase in the budget process, we must incorporate these details into the budget. If we are to solve our deficit problems, we must reevaluate our spending priorities for the next 3 years. No meaningful spending reductions can occur until we seriously examine both entitlements and defense to make sure that we are fulfilling our obligations as efficiently as possible. I am firmly committed to making the President's economic plan work, and I look forward to revising this resolution according to his guidelines and our guidelines in the future.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I yield to the Senator from Ohio (Mr. METZENBAUM).

Mr. METZENBAUM. Mr. President, I ask the Senator from South Carolina to yield such time as I need.

Mr. HOLLINGS. Yes, Mr. President.

Mr. METZENBAUM. Mr. President, we now see an interesting development on the floor of the U.S. Senate in Washington. We see what has been reported in the papers this morning which indicates that Republican policy seems to be changing very rapidly. But I do not think it is any great surprise to any of us, because I think it is pretty clear that the road is getting rough and the Republicans are in disarray.

Today, we are dealing with a pro forma second budget resolution—not a meaningful resolution, not a significant resolution—for the simple reason that the Republican majority on the Senate Committee on the Budget was unable to come to any agreement on how to proceed.

I believe that is very significant, because until now, we have heard about the Reagan administration's successes. We have watched the reconciliation bill and the tax bill sail through Congress exactly as the administration requested. Now the Republicans are confused.

The best evidence of their confusion is to be found in the Budget Committee's own report in connection with this resolution, because one need only look at the summary on page 3, where they say that the actions of the committee on the second concurrent resolution for fiscal year 1982 were hampered by two factors outside the committee's control: One, unusual delays in the appropriation process that led to a continuing resolution and the enactment of only 1 of the 13 appropriation bills at the time of the Budget Committee markup.

That, in and of itself, does not state all of the facts, because the Democrats in this Congress have been prepared and have moved forward the appropriation bills in the House. Many of them are ready for action in the Senate, and they have not been brought to the floor.

The most important part of the report, Mr. President, is to be found in the second item: "The administration's unwillingness"—the administration's willingness—"to support any of the three fiscal plans debated by the committee or to recommend any alternative."

There, I believe, is the crux of the issue, Mr. President. The administration was not prepared to tell the Budget Committee what they wanted. They were not prepared to say, "This is our program," or "That is our program." As a consequence, we find an administration—that came into power pledged to balancing a budget, pledged to setting the eocnomy right again, pledged to bringing down inflation rates, interest rates, and not increasing unemployment—failing in all three sectors.

Now we learn that they no longer believe that a balanced budget is even an important factor, as indicated by the morning's paper. Mr. President, we read in the newspapers this week that the administration is now projecting a budget deficit in fiscal year 1982 of at least $109 billion, $152 billion in fiscal year 1983, and $162 billion in fiscal year 1984. The spokespersons for the administration are saying, well, that really does not matter any more, because the net worth of the Government is going to go up; is not inflation great? It helps increase our net worth.

This from a Republican administration that campaigned on the theme of balancing the budget.

Mr. President, I have not been in the U.S. Senate as long as many Members of this body, but I have been here long enough to know that there has been a consistent and constant hue and cry—"Balance the budget, balance the budget, balance the budget, balance the budget." And, "Oh, you Democrats, you just will not balance the budget."

The fact is, the Republicans have fallen flat on their faces. They have fallen flat on their faces, because anybody who could add 2 and 2 could understand that you could not increase defense spending by billions of dollars, cut taxes by billions of dollars, far more than anybody ever possibly envisioned, and then balance the budget at the same time. The numbers should not surprise anyone in Congress, and, most certainly, they do not surprise Members of the Senate Committee on the Budget.

Indeed, it is exactly this hard fact—

$423 billion in deficits—that caused the Republican majority in the committee to split among themselves. Republicans are finally coming to realize that supply side economics, trickle down economics, is not working, did not work for Calvin Coolidge, did not work for Herbert Hoover, is not working for Margaret Thatcher, and is not working for Ronald Reagan and the people of America. But now the Republicans must deal with the problems they have created—not inherited, but created.

They say, "Well, we are sorry, the budget isn't getting in balance because there is a depression and we did not anticipate there would be a depression." Well, if you make a depression, why should you not anticipate it, if you are responsible leaders of our Nation? Obviously, the Republicans cannot allow the deficits of over $100 billion each year to occur without taking action. Either they must increase taxes or they must slash virtually every Government program, from transportation to food stamps to education to aid for the cities, to water projects, nuclear subsidies, railroad retirement benefits, agricultural programs, black lung benefits, unemployment programs, job training, school lunches. Every program in the Government, including defense expenditures, is subject to cuts.

Faced with this dilemma, huge budget deficits of $100 billion for the next 3 years against major revenue increases and spending cuts, what did the Republican majority agree to do? They came up with a momentous decision.

They thought about it, they brought the Budget Committee together, they recessed the Budget Committee, they brought them together again, they continued for day after day after day, and we in the minority—we waited. We waited while the lightning was going through the sky. We were waiting for the thunder.

Finally, they came back with their great decision: They decided to do nothing. Nothing. That is why we have a pro forma resolution. The pro forma resolution fails to meet our obligations as Members of the Senate.

So now we sit and wait to see how the Reagan administration will deal with this problem, a problem of its own making.

Mr. President, I can not emphasize this point enough. We are not dealing with something that just happened. We are not dealing with a problem inherited from Jimmy Carter. We are dealing with a major economic problem that the administration created by the very success of its own supply side program.

Let us not confuse the issue. Everything that the President of the United States wanted, he got from this Congress. Whatever program he enunciated, the Members of Congress stood up and saluted. They said, "Yes, sir, Mr. President, whatever you say, Mr. President. You are going to save the Nation's economy."

Many of us on the Democratic side warned long ago that this would be the result. I refer my colleagues to the additional views filed when the first budget resolution was approved by the Senate Budget Committee in May and to remarks made during debate on the floor

I suggest that the Members of this body read the words stated by the ranking minority member of the Budget Committee, the distinguished Senator from South Carolina. He said it would happen. He spelled it out in the English language. Nobody paid any attention; nobody cared what the minority had to say.

When we debated the first budget resolution conference report on the Senate floor in May, I said it was full of holes.

I said the budget plan was like a bad check that would bounce at the bank. That is now happening. The only problem is that the bank where it is bouncing is in trouble in keeping its doors open.

I said the budget plan was a ruse. It was a fake. It was hocus-pocus. I said it then. I was right then. Everything I said is exactly as was indicated at that point.

During the same period of time, the Washington Post editorialized:

> By its decision to use the stretched, bent and slightly fake figures in this budget, Congress is steering itself toward serious trouble next fall. . . .
>
> At that point, Congress will find the practice of systematic understatement much more difficult to maintain.
>
> Then Congress will feel another kind of temptation—to throw up its hands, declare that the performance of the economy has been unexpectedly poor, and announce that the budget is out of control. This kind of theater is not helpful to public confidence in the budget process.

I do not always agree with the Washington Post, but in this instance they were 1,000 percent on target. When they said, "Congress will feel another kind of temptation to throw up its hands, declare that the performance of the economy has been unexpectedly poor, and announce that the budget is out of control," they stated it exactly as it is at this moment. That is exactly what the administration is now saying.

Democrats have offered alternatives, both during the first budget resolution and the second budget resolution.

During markup of the second budget resolution, I offered a proposal that would reduce deficits in fiscal year 1984 by a total amount of $162 billion—compared to a total of $160 billion in the Domenici mark. But my proposal did not attack entitlements. It did not attack needed programs funded by the Government. It did reduce funds for water projects by 25 percent. Those are the water projects all of which are located west of the Mississippi River and have sort of been put into an enclave of protectionism by the Reagan administration. It did reduce funds for tobacco by one-half and for peanuts.

In that connection, it is rather interesting to see some of those on the other side of the aisle working so hard in connection with the tobacco support program. After all, that was a New Deal program.

I find it very interesting to see some of my friends on the other side of the aisle, some of those conservative Members who are good friends of mine, from places such as North Carolina—the distinguished Senator JESSE HELMS—fighting so hard for the tobacco support program, which was created by the New Deal. I find this very conservative Member of the Senate standing on the floor and battling hard to preserve that New Deal program.

Also, there are those who fight for sugar protection and peanuts. I am amazed to see those people, who talk so much about Government getting out of business people's hair, depending on the Government to save their own economy.

My proposal did reduce funds for the Clinch River breeder reactor. It did reduce funds for the Defense Department, not by cutting any of the programs for the Defense Department, but by requiring the Defense Department to use competitive bidding, which it failed to do in 90 percent of the cases. However, none of those programs has been cut.

Instead, my budget proposal would save $50 billion by eliminating wasteful tax loopholes. In that regard, I am pleased to see that the Senate Finance Committee has already announced a decision to reconsider the leasing provision of the new tax bill, which will cost the Treasury far more than the $26.7 billion originally estimated. In fact, I believe the revenue loss could be well over $50 billion by 1986.

I commend the distinguished chairman of the Finance Committee for setting up the hearing for tomorrow. I hope the Finance Committee will move to explore other loopholes that presently exist in the law, so that there should be fairness, equity, and justice in the tax laws and so that we might pick up some of the tax revenuee we are losing, without increasing taxes.

Mr. President, supply-side economics is dead. It is not a viable theory. I do not believe it ever was. It was, as Stockman pointed out, a "Trojan Horse in order to reduce the tax rates of those in the higher brackets."

The Atlantic Monthly article in December should be required reading for every official. David Stockman confirmed at an early date that we would face huge deficits. What did he do? When the figures came out of the computer and indicated how big the deficits would be, David Stockman again proved that he is a very brilliant young man.

What he did was figure out a new way to handle it. He put new figures into the computer and, presto, everything came out smelling roses. If you put garbage into the computer, you get garbage out. When you put wrong figures in, you are going to get the wrong figures out. That is exactly what happened, so that Mr. Stockman might come before Congress with his Trojan Horse proposal, indicating why we in the Budget Committee and we in Congress should be supporting supply-side economics.

Now the Republicans on the Senate Budget Committee—who swallowed those numbers hook, line and sinker—have taken a different tack. Their answer is to do nothing, except to watch unemployment and our national debt grow out of control.

Mr. President, we can balance the

budget. We can be equitable. We do not need to slash every entitlement and every spending program in the Government.

I will vote against this pro forma second budget resolution. It does not meet the responsibility of the Budget Committee to Congress and to the American people.

Mr. President, any Member of this body who sees fit to read the proposal that is before us today will know that it is a whole lot of nothing, will know that we are not living up to our statutory responsibilities with respect to the budget, and will know that we are voting for a meaningless piece of paper. It will mean that we are not biting the bullet. It will mean that we are not willing to meet the challenge. It will mean that the budgetary process has gone by the boards.

And if we accept this proposal as it is before us today, I predict without any fear of contradiction that this will be the forerunner of similar resolutions that will come before Congress year in and year out, and we will have effectively destroyed the budget process.

A vote for the resolution is a vote to destroy the process. A vote against it is to say that we in Congress should meet our statutory responsibility.

Mr. President, I thank the distinguished Senator from South Carolina for having yielded me the time.

Mr. HOLLINGS. I thank the distinguished Senator.

The PRESIDING OFFICER. Who yields time?

Mr. QUAYLE. Mr. President, I yield myself such time as I may consume.

Mr. President, I am very interested in the debate where we have a bipartisan coalition concerned about deficits.

We have everyone who is now for a balanced budget and a reduction in the deficit, and I can say that we will certainly get that opportunity next year to continue that rhetoric and hopefully place that rhetoric into actual law.

Mr. President, we all await the January message of the President. I am convinced, as others, that to get a handle on the projected deficits the President is going to have to do a number of things.

One, there has to be entitlement reform. There has to be discussion on the entitlement program.

Two, revenues have to be discussed. A good starting point might be, as the Senator who sits in the chair right now has talked about time and time again, to look at the original Reagan tax proposal that was submitted to this Congress, the original revenues that were projected by this administration, not the ones that we ended up with. No. We ended up with this tax leasing provision that was not debated, and I am not going to say it was done in the dark of the night. It was done in the open. It had discussion in the committees, but it was never debated fully with any degree of knowledge of what we were doing. Yet it is estimated that it will yield over a 5-year period of time about $30 billion.

Furthermore, it is estimated that by 1984 or 1985 about 50 percent of the corporations of the country will not be paying any income tax. I find that rather shocking. I do not believe that we have debated the elimination of the corporate income tax. I do not tend to deny that it is not a debatable issue, but we have not debated it and we are not going to do it by tax leasing provisions or accelerated depreciation and a back-door mechanism. It should be debated up front. I find it very disturbing that this potential exists.

Furthermore, as we scrutinize the Government for waste, fraud, and abuse, the Pentagon must fall in that same category.

Mr. President, I wish to conclude my remarks by talking about the budget process itself. I have the greatest deal of respect for the chairman of the Budget Committee, the ranking minority member of the Budget Committee, and the members who serve on the Budget Committee.

But I have become convinced that the budget process on an annual basis that we have now simply will not work. It is broken. It needs to be fixed. An annual budget process of $700 billion every year is simply too much on an annual basis for this Congress to handle.

I also say that the annual appropriation process in doing it every year is also broken and needs to be fixed.

We are debating today the second budget resolution. The second budget resolution was supposed to have been adopted on September 15, according to the Budget Act. It is now December 9 and we are going to pass this only about 2 months late. It is already admitted that it is not really a substantive second budget resolution but a technical one.

Later on this week we are going to debate the continuing resolution. It is going to be the 10th continuing resolution we have had in the last 4 years. I think the last time that Congress acted and passed all appropriations bills was in 1977. We have been operating on a continuing resolution since 1979. This is the 10th time in the last 4 years, and that is not any way to operate a government.

So I hope that as we look at the budget and we discuss the deficits we also might look at the process that gives us these results that no one apparently likes and perhaps admit that it is the process that leads us to these unpleasant and unwelcome results that we now find ourselves debating.

The U.S. Congress has presented us with another revival of the budgetary passion play known as the continuing resolution—the parliamentary maneuver of voting to spend money without going through the vital process of closely examining the programs for which that money is earmarked. As of this date, not a single permanent appropriation bill has been sent to the President. By the time Congress adjourns for the year, it will have passed a continuing resolution of about $400 billion, together with a technical second budget resolution and called it quits.

This stands as a public admission that the Federal fiscal process is in dire need of change.

The Federal Government will spend close to $700 billion during the current fiscal year. Congress is supposed to determine how every dollar is spent. Operating with pretty much the same appropriation and authorization structures we have had since the passage of the 1921 Budget and Accounting Act when Federal outlays totaled slightly over $5 billion, it has become apparent that Congress can no longer annually handle a budget 140 times larger.

Instead of a 1-year budget cycle, I propose we adopt a 2-year cycle which would provide a more realistic calendar for reviewing the Federal budget—the numbers as well as the underlying programs.

The advantages of moving to a 2-year cycle become clear if we examine the record of Congress in dealing with the annual budget under current law.

The current Budget Act first had full effect in fiscal year 1976. Since that time we have accumulated deficits of over $300 billion—30 percent of the total deficits we have accumulated since 1789. Over the past 3 years six concurrent budget resolutions should have been adopted by specified dates. Those targets were made only once, and never in the last five tries.

In 3 of the last 5 years there have been revisions to the second resolution—in effect a third budget resolution and in 1977 there was a revision of the revision.

Last year the Congress had to return in a rare lame duck session to pass its second budget resolution, and this year we will pass a one-sentence resolution which reaffirms the first budget resolution.

In the face of all of this confusion and missed deadlines, the accomplishments of Budget Director David Stockman and Senate Budget Chairman PETE DOMENICI are all the more significant.

In August, President Reagan signed into law the Omnibus Budget Reconciliation Act of 1981. This law, after 2 months of deliberations and debate, revised more than 200 Federal programs and cut about $35 billion from the budget in 1982, and $130 billion over a 3-year period.

When the Budget Act was written, reconciliation was supposed to be nothing more than a technical readjustment of appropriations to bring the budget books into balance.

By moving reconciliation to the first budget resolution, rather than following the second budget resolution, it became the driving force behind all of the massive changes we have seen this year.

Because of the overwhelming task of dealing with a budget in the hundreds of billions on an annual basis, the Congress has, over the past several years, developed procedures by which the legislative branch's ability to control Federal spending has been effectively reduced. These include:

Operation by continuing resolution;

Growth of 0-budget spending;

Growth in entitlement spending; and

Growth in tax expenditures.

Since 1976, only once have all appropriations bills been enacted by the beginning of the fiscal year, fiscal year 1977. Even in that year, however, a continuing

resolution was needed to fund some Government programs. Over the past 5 years, 10 continuing resolutions have had to be enacted, including the present one.

A continuing resolution merely continues funding at current levels. A new program must go through the regular authorization and appropriation procedure. A continuing resolution only applies to existing programs. The primary danger in government by continuing resolution lies in the fact that the Congress essentially gives up its oversight and review function. It becomes a Xerox machine for the executive branch, merely duplicating existing data—without the ability to make savings, corrections, or additions.

Continuing resolutions permit the continuation of all programs, even those for which authorization has expired. This year, for instance, the Federal Election Commission and the Legal Services Corporation will be funded without any current authorization.

Loans and loan guarantee programs which are, for the most part, not included in the Federal budget, amounted to over $100 billion in fiscal year 1980. Direct loans and guarantees more than doubled between 1976 and 1980 compared to a 58-percent increase in overall Federal spending. Congress is only now beginning to consider bringing credit activities on-budget.

Entitlements now amount to over half the Federal budget. These are programs which provide recipients with benefits because of certain specific characteristics—age, income, disability, and so forth. Congress has made spending for such programs generally automatic, funding them through permanent appropriations which are not reviewed in the regular annual process.

Also completely outside of budget scrutiny and the regular legislative process are the tax breaks the Congress has granted to many different types of organizations and classes of individuals. The revenue loss due to these breaks—known as "loopholes" in the real world and known as tax expenditures in the Government—was over $200 billion in fiscal year 1981.

A 2-year budget process would provide a solution to many of the vexing problems of the current process. In a 2-year cycle congressional committees would have time for effective review of legislative proposals, either additions to existing programs or deletions from them. The authorizing committees are hardly part of the budget process as it is now operating. Under the law the authorizing committees are supposed to have concluded their work by March 15. That gives them just 2 months after Congress has convened and has received the President's budget message. That is obviously not enough time to examine the validity of each of the $700 billion in the budget.

In a 2-year budget cycle, authorizing committees would have a full year for hearings, evaluation, and review. Their estimates of the worth of the program and the amount of money needed to continue those programs would be more credible than the current practice of funding programs ad infinitum.

Similarly, under a 2-year cycle the Appropriations Committees would have the time to more carefully examine the number of dollars committed to the budget and the balance between programs.

Under a 2-year cycle Congress could begin to bring the offbudget spending under control and address the issues of entitlements and revenue losses due to tax expenditures.

The ability of the Congress ever to gain control of the budget is in serious doubt. The weight of prior-year obligations and automatic expenditures built into the budget is causing us to drown in a sea of increasing deficits.

In the second year of a 2-year cycle, Congress could see the results of its first-year decisions and make midcourse corrections as necessary.

Most importantly, Congress would have the time to legislate. A 1-year budget cycle leaves no time for that.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I will put a few things in the RECORD momentarily. I understand that the distinguished Senator from Colorado will be on his way to the Chamber to present his amendment.

Mr. President, there has been great reference to the morning news and the front page article entitled "Reagan Aides Abandon GOP Stance on Deficits," by Hobart Rowen.

I ask unanimous consent to have printed in the RECORD that article in its entirety.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

REAGAN AIDES ABANDON GOP STANCE ON DEFICITS

(By Hobart Rowen)

President Reagan's top economic advisers yesterday abandoned the traditional Republican stance that government deficits are the main cause of inflation, warning that it would be a "disaster" if any basic change were made in the President's economic policy.

William A. Niskanen, a member of the Council of Economic Advisers, stunned a conference sponsored by the American Enterprise Institute by arguing that "in general, concern about the [federal] deficit has been misplaced.

"There is no direct or indirect connection between deficits and inflation," he said.

This new administration pitch was received by the AEI's conservative establishment with only a slightly camouflaged sense of shock.

Herbert Stein, President Nixon's chief economic adviser and chairman of yesterday's session, retorted: "It seems to me that President Reagan is the only member of the administration who believes that deficits are inflationary."

Niskanen's remarks came as the administration is being buffeted by controversy over leaked budget estimates showing $100 billion-plus deficits annually for the next three years.

Calling for "a new perspective" on the budget, Niskanen suggested that instead of a goal of a balanced budget, the nation "should be prepared to accept a deficit of $60 billion-plus ... for the current policy horizon" to prevent a contraction in "the net worth of the federal government."

He added that, in an inflationary environment, one of the side effects is that the value of the government's financial and physical assets increases.

Thus, he said, the nation would do better "to look at the net worth of the federal government," which has increased from $20 billion to $250 billion, despite deficits in 14 of the last 15 years.

Ironically, the new GOP stance defends and explains budget deficits in much the same way the Democrats did in years when they were in office and trying unsuccessfully to balance the budget.

Out of office, GOP stressed the concept of "fiscal integrity," meaning an effort to align expenditures with receipts. Now, Democrats are using the same ploy, to Reagan's discomfiture.

Stein urged Council of Economic Advisers Chairman Murray Weidenbaum, who was present for the discussion, to come up "with some relevant [deficit] number that serves as an inhibition on the political process."

But Weidenbaum declined, inferentially supporting Niskanen's thesis by saying the real "underlying concern" is to slow the growth of government spending, leading to a gradual reduction in the size of deficits.

In a prepared statement, Weidenbaum said that more important than the absolute size of the deficit is the expectation that between now and 1984 the red ink will decline as a percentage of the gross national product.

Weidenbaum said that some loopholes or "tax expenditures" may be changed to bring in more revenue, but "at the present time, and for some considerable time in the future, the basic tax decisions appear to be behind us."

Jerry Jordan, the third member of the Council of Economic Advisers present at yesterday's unique public session, predicted that interest rates and inflation will continue their downward course.

Jordan also said that the raw budget deficits numbers that had been leaked to the press "are not in any way a forecast of what is going to happen."

The AEI's William J. Fellner, a former member of the White House economic council, told Weidenbaum and Niskanen that he was not too concerned about the fiscal 1982 deficit. "But I think that something like $160 billion for fiscal 1984 is worrisome . . . and something should be done about it.

Niskanen, however, said, "It is preferable to tolerate deficits of these magnitudes either to reinflating [the economy] or to raise taxes. Other things being equal, I would like to see lower deficits, too, but other things are not equal."

He said that in looking back at Reagan campaign documents, elimination of the deficit "was not billed as an important feature of the program."

Niskanen urged the assembled economists to think about federal budgets as if they were business or family budgets, with due attention to "the uses" to which the monies are put. He presented a series of charts showing relationships between deficits and inflation, deficits and money growth, and deficits and interest rates over the last 15 years, all of which challenged conventional wisdom.

For example, he said that the relationship between deficits and inflation is "about as empty as can be perceived" because inflation had varied widely with roughly the same deficits.

He rejected the widely held belief that budget deficits "crowd out" private borrowers from access to funds in financial markets by boosting interest rates.

This theory has an air of plausibility, he said, but "is just not supported by the evidence." He said his finding has been confirmed by a number of economists, and "it has surprised us and others."

What actually happens, he postulated, is that in a world where real international interest rates are similar, there may be a worldwide crowding out if total deficits get too big.

But there is not necessarily a relationship

between the deficit in one country and crowding out in that country, he said.

Niskanen admitted that his message represented relatively new views for him, but said that they had been developed before coming to the Council of Economic Advisers this year, and were not a cover-up for the bulging deficits being anticipated by the Reagan administration.

Mr. HOLLINGS. So we may refer to that article.

There is another article, but there is no use to put the complete article in the RECORD.

I note from that particular article:

President Reagan's top economic advisers yesterday abandoned the traditional Republican stance that government deficits are the main cause of inflation, warning that it would be a "disaster" if any basic change were made in the president's economic policy.

William A. Niskanen, a member of the Council of Economic Advisers, stunned a conference sponsored by the American Enterprise Institute by arguing that "in general, concern about the [federal] deficit has been misplaced.

Still quoting:

"There is no direct or indirect connection between deficits and inflation," he said.

Further down in the article:

This new administration pitch was received by the AEI's conservative establishment with only a slightly camouflaged sense of shock.

Herbert Stein, President Nixon's chief economic adviser and chairman of yesterday's session, retorted: "It seems to me that President Reagan is the only member of the administration who believes that deficits are inflationary."

And then over in the next column quoting from the article:

Thus, he said, the nation would do better "to look at the net worth of the federal government," which has increased from $20 billion to $250 billion, despite deficits in 14 of the last 15 years.

I never heard such economic nonsense in my life. We are supposed to go home happy. The Main Streets are closing down, the savings and loans are going broke, the housing industry is totally shaken and bankrupt, small farms are closing up for the first time, as is the auto industry, everything except we in Washington. I wonder why, I was wondering yesterday afternoon why, we have not seen the farmers on their march to Washington?

I noticed when they were in less trouble the tractors were all lined up around here, tractors from North Dakota and South Carolina. They had driven their tractors the whole way. They wanted results. Today we do not see the farmers. I do not know what happened to them, but this ought to get the farmers' attention. Maybe that will warm them up.

Let them come in from Indiana and see what is going on because if they have got that kind of fuzzy thinking that you ought to be happy when inflation increases the net worth of your property—that is like the home we live in—and I bought one for $63,000 which is now appraised at $240,000, and I could not afford to sell it because I could not afford to buy another one, but I am supposed to be happy with that. Well, that does not help you pay the tax bill on it.

The basic tax decisions—that is what really worries me, that is why I await the Armstrong amendment because Senator ARMSTRONG, on the one hand, is critical of Weidenbaum but, on the other hand, but he also wanted to emphasize that the basic tax decisions are behind us. The Armstrong amendment would reaffirm those tax decisions. There could not be any doubt in anyone's mind as to what has caused Reaganomics to abort, it is not the spending cut, not the regulations cut, not the defense policy but rather the outrageously large and inflationary across-the-board tax cut and the "gimmes" in there for oil and for leasing of tax credits, as the distinguished manager, the Senator from Indiana, has just pointed out. But they say it is behind us, and Senator ARMSTRONG from Colorado—and I wish he would come back because other people wanted to come here and comment, and I wanted to comment when he is present—he wants to reaffirm that.

Weidenbaum and Niskanen say they are not too concerned about the fiscal 1982 deficit. But Mr. Fellner, a former member of the White House Economic Council, said:

But I think that something like $160 billion for fiscal 1984 is worrisome and something should be done about it.

Is that not the mildest bunch of malarkey I have ever read? "Gets worrisome." We worried, you remember the year before last, over the 1979 deficit. They keep chastising President Carter. Carter proposed a deficit of only $27 billion, and he had a legacy of higher deficits from Ford of $66 billion, he brought the deficit down to $27 billion. He had it at least headed in the right direction.

The Senator from Colorado says no one expected President Reagan to get it straightened out in a few months period. No, we did not. But we did not expect him to straighten it out by increasing the deficit, having increase upon increase upon increase for his entire 4-year term, and say, "Not too concerned and don't worry about it."

"Elimination of the deficit," says Niskanen, "was not billed as an important feature of the program."

That follows a statement which was made and which I quoted yesterday in an article entitled "Balanced Budget" where the President said, "I cannot come to town" et cetera. * * * I now know who is writing that for President Reagan. It is Niskanen. That is who his writer is now. We also remember JACK KEMP's statement, "We do not worship at the shrine of the balanced budget."

I know they do not let Stockman write anymore. They are cooling that act.

I see my distinguished colleague who was disturbed about Stockman, and we can discuss that because when we hear that Stockman went to the White House and was put in the woodshed that was another act for us. President Reagan knows a B actor when he sees one, and he knows an A actor, and of course there were only two who were in the room. But my guess would be that the President said, "David, you really did snow them."

"That is the best act we have ever had in this town all year long. We know what the act is. We know what the play is. You have told the truth now in your Atlantic Monthly article to Bill Greider. That is the best act we have ever seen, and if you can go out and look a little chastised and talk about the woodshed, you keep it on because you can really manipulate these figures and fool those fools over in the Congress better than any we have had, that is an asset in this town. So we are going to keep you on."

Now they are putting on all the public relations acts they can think of, while they are closing down the Government. I cannot imagine why we are advertising Libya. You do not make light of a threat on the President's life, but you certainly do not make headlines. I have been in the intelligence game before. If you are seriously concerned, you take all the precautions, but you do not make the threats and everything else like that public. You have blown that particular operation. Now they will cool it until the headline man is covered, and then we have another particular story that has taken over the front page. If that crowd in Libya is serious they will come back, they will come back. The better way to treat it is without any publicity, just take your precautions and get off of national TV threatening each other, which only seems to keep it current and keep it going.

Mr. President, there is another reference to our friend Stockman and deficits here, too, from Evans and Novak. I enjoyed that particular statement, and I quote from that article which says:

The Reagan administration since August has maintained what is described in internal memos as "an entente cordiale" with Volcker.

We have gone from détente to entente. You Republicans are fascinating. We had 8 years of your détente. Now we are going to entente, and we are going broke both ways.

Blaming budget deficits for high interest rates and attendant economic misery, Budget Director David Stockman has led the drive against criticizing Volcker's Fed.

Then, of course, I think there is another little article around where they are now having good shows about it:

After trading puns and one-liners with fellow Republicans, Budget Director David A. Stockman reaffirmed his allegiance to the Reagan economic program—

That is supposed to be news now that you can get your own crowd together. They never have gotten the Secretary of State on board. He is headed in one direction and the President another. That has happened all year long economically and domestically insofar as policy is concerned. We have the Director of the Office of Management and Budget vowing allegiance to the President's domestic program, and I have quoted:

After trading puns and one-liners with fellow Republicans, Budget Director David A. Stockman reaffirmed his allegiance to the Reagan economic program in his first public speech since taking administration policy to task in a magazine article.

No one, not even David Stockman, took exception to any of the quotes from that

article. It was all on tape. We Democrats, you know, have a weakness for women and whisky. You Republicans have got a weakness for tape recorders. Every time you see one you want to get up and whisper and cuddle up in it and tell us all we know, so we know what the truth is.

So when he takes that allegiance what he is saying is "We are going to have a play come on for 1983." In fact, that is why we are here. We would have had, I say to the distinguished Senator who is presiding now, who is on the Budget Committee (Mr. ANDREWS), a resolution, but the President of the United States said, "Don't do anything until January," and as a result we have got a pro forma, sham resolution, because we cannot get the votes, we cannot get anything done until he says, "Let's go."

Now he has got his main actor to take over the main role again because when he says he reaffirms his allegiance, he really says, "I am ready for my act again in 1982."

To continue:

Meanwhile, Arthur Laffer, the University of Southern California economist whose "supply-side" theories are at the heart of President Reagan's program, said in Los Angeles that Stockman duped him on how the administration would implement his theories. Stockman's actions in the past several months, Laffer said, indicate the Budget Director is not a true supply-side economist.

Further down the page, I might add one other thought:

Laffer, in a magazine interview in California, said he was "frankly shocked" by Stockman's comments in the magazine piece. "It's clear he doesn't understand the concept."

But, in the first paragraph, he has pledged to enact his particular toe dance and trip across the stage with a soft-shoe number over here and a little toe over here and a little song over there and a statistic there. And we will have that performance back in town while they all recede from the goal of a balanced budget.

We were told of a new theory of national expectations—I would correct the Senator from Colorado. He said he did not want to change it around; that the program was not going to work for a long time. On the contrary, the administration said that business would see the oncoming turnaround and supply side working in increased revenues which would far exceed the tax losses and, seeing that, they would begin to invest and they would begin to retool, they would begin to hire employees and begin to increase their productivity. The philosophy of rational expectations. And that was to take effect in August, and unfortunately did. And it does today, on the morning of December 9, for the headline in the business section is "Stock Market Slumps Amid Deficit Worries."

Now, they are not worried about the deficits this year the article says. But the article shows $150 billion in 1983 and $162 billion in 1984.

If they cannot, under a conservative President, elected to balance the budget and bring the Government under control, they must be dismayed here at this Christmastime. Business is going broke and they have lost their leadership. And they are saying, "Don't worry. Deficits don't cause inflation at all. It doesn't cause high interest rates. You should be happy that the net worth of Government is increased by inflation." That is what they are saying now at the Council of Economic Advisers. This is frightening, downright frightening.

Mr. President, the Senator from Colorado is not here. If they want to just have a quorum call, I can put my remarks in later. I did not want to waste the time. I wanted to comment on a few things when they come to the floor relative to the budget itself and the particular resolution.

I yield to the distinguished Senator from Minnesota.

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. HOLLINGS. Excuse me. I yield to the distinguished Senator from Mississippi. I did not realize he was here. I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I thank the Senator. I want to refer to an extraneous matter. It is the only chance I will have today to get to it. For that purpose, I ask unanimous consent that I may proceed for 3 minutes on an extraneous matter.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The remarks of Mr. STENNIS at this point are printed under Statements on Introduced Bills and Joint Resolutions.)

The PRESIDING OFFICER. The Senator from Minnesota.

Mr. BOSCHWITZ. I thank the distinguished Senator from Mississippi. I am in accord with the amendment that would restrict the Government spending. I even find myself in accord this morning with the distinguished Senator from South Carolina, who made a second long and impassioned speech on the budget, following the one he made last evening.

I must say I am as dismayed as he that some economists on the Council of Economic Advisers now feel that deficits suddenly should be cast in a different light and that the net value of the Government somehow increases the more you spend. I suppose the more you spend and the greater the rate of inflation, the more the value of some of the Government's real estate becomes and, in a rather roundabout way, we are increasing the net value of Government.

I certainly do not agree with that. I certainly do not agree that the continuation of deficits is going to lead to a stable economy. I just think that the Council of Economic Advisers, with whom I will have a discussion when I leave the floor, are finding ways to justify some of the predicaments they find themselves in, which is the typical approach here in Washington, at least as I find it. But I must say my approach has not changed.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator is aware this will be charged against the time.

Mr. BOSCHWITZ. I ask unanimous consent that the time for the quorum call be charged equally against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GORTON). Without objection, it is so ordered.

Mr. JOHNSTON. Mr. President, I yield myself such time as I may require.

Mr. President, the Senate will sometime this afternoon be called upon to make a choice between the resolution as it presently exists and an amended version which will incorporate the language to be offered by Senator ARMSTRONG.

Mr. President, when both of these resolutions are boiled down, what they basically say is this: The resolution as presently constituted says, in effect, that it is the President who must lead; it is the President who must send down the plan, and the Congress stands ready to follow the President's lead.

On the other hand, the Armstrong resolution says, in effect, it is the duty of Congress to lead and the Congress should get about its business.

Mr. President, the resolution, as it presently stands, incorporates language which I proposed in the Senate Budget Committee. It is not precisely the language that I had proposed, but it carries that essential thrust, that the President should lead.

Mr. President, I think history has shown, the history of 1980, that we cannot move in this Senate without the leadership of the President. When I say history has shown that, it is an experience proven time and time again.

For example, Mr. President, on Thursday, April 9, we met in the Senate Budget Committee to consider the assumptions and the numbers as proposed by the administration. After having debated those matters and having considered them in great detail, the Senate Budget Committee, in a bipartisan effort, rejected that budget resolution as unrealistic, rejected the assumptions as being, if not voodoo economics, totally unrealistic and they were not going to come about.

I believe the distinguished Presiding Officer may have voted with me and a number of others, a clear majority, in turning that down.

So the Senate Budget Committee, with a majority of Republicans being members of that committee, turned down the first budget resolution.

Well, that was April 9, Mr. President. Shortly thereafter we went on the Easter recess. In the meantime, the great communicator had communicated and there was a drastic turnaround on the Senate Budget Committee. In effect, the message was this: "I have been elected President of the United States. I am entitled to get my program passed. The election is over. The election results are in. Here we are 2 or 3 months after that election, into the first term. I am entitled to get the program passed."

The Congress responded and passed the program.

The point is, Mr. President, that it

was the President who led and it was the President who got the program passed.

When it came to the entitlements program a little later on in the year, Mr. President, the distinguished Senator from South Carolina (Mr. HOLLINGS), together with a majority of the Budget Committee, recognized that in order to get that budget balanced, to begin real movement in that direction, we were going to have to take some action on entitlements. So the Senate Budget Committee voted as part of the reconciliation that we would reduce the growth rate in entitlements to the lower of the consumer price index or the wage index.

Mr. President, that seemed eminently fair at the time to members of the Budget Committee, who pointed out that people who are retired should not have their benefits increased at any more rapid rate than those who are paying the bill. In that spirit, the Budget Committee, with a clear majority, passed it to the Senate floor. The Senate floor, in turn, passed it and it was ready to be submitted to the House.

But in the meantime, Mr. President, the President of the United States had to be convinced. So a delegation—I was not there but perhaps the distinguished Presiding Officer was there—went to talk to the President. I know the distinguished chairman of the Budget Committee was there. They tried to talk the President into taking that cut, which, if I recall the figures correctly, would have amounted in fiscal year 1984, by the then assumptions, to something like $6 billion a year. In any event, it involved a megabuck cut.

It involved a tremendous approach toward the balanced budget. But the President of the United States turned that down and when he turned it down, the Senate, of course, immediately fell in line.

Mr. President, there is example after example, when it comes to economics, of the President of the United States leading and the Congress—certainly, at least, the Senate—following. On the question of the tax program, Mr. President, there were many of us who felt that we ought to have a trigger. I can well recall that a group of moderately conservative Democrats met with the President in the Cabinet Room, met with the President and Mr. Regan, and I brought up the question myself.

I said, "Mr. President, I think we ought to have tax relief, but I am seriously concerned about these economic assumptions and why can't we have some linkage, some connection between the performance of the economy on the one hand and the kicking in of the second and third year of the tax reductions?"

The President said, "No, we cannot do that. All the economists say, all my economic advisers say that unless you have the full-blown program, it is not going to work."

Secretary Regan chimed in at that point and said, "Look, Wall Street demands the full 3-year program in order to make it work."

When the Reagan-Regan duo had finished their statement about the necessity for having the full 3-year program, my colleague, Senator LONG of Louisiana, said, "Mr. President, I don't know about these assumptions, but I do know this: If these figures don't work out, if the deficit is a great deal higher than you and Mr. Regan think, and if Laffer economics doesn't pan out, then you, Mr. President, are going to be the first one asking us to rescind this tax decrease."

That made perfect sense to me at the time, Mr. President, so I was convinced again that the President of the United States deserved the chance to have his program and that he needed to lead.

Well, Mr. President, we have now the President's program. It is the President's program, if not 100 percent, then closer to 100 percent than any economic program that I have seen confected here in the Congress in my 9 years, and about as close to 100 percent of an economic program as any President ever has a right to expect. I think it is very clear, Mr. President, that we are not going to be able to lead here in the Senate on economic matters without some leadership from the President.

Indeed, the distinguished chairman of the Committee on the Budget (Mr. DOMENICI) had a plan put together at the first of our last meeting which would have made substantial progress toward a balanced budget. I think he had reason to expect that he would get the support in that endeavor of a number of us on the Democratic side who have voted with him and with other Members of the other side of the aisle when it comes to cutting the budget and making progress toward a balanced budget. But it was at the request of the President that Senator DOMENICI finally withdrew those efforts, because it was the President of the United States who stated that he did not want any major initiative entered into in that budget resolution. Rather, he wished to wait until January 15.

It is, for that reason, Mr. President, a recognition of the reality of who leads and who follows, a recognition of the reality of the fact that we have on the floor of the Senate the tightest discipline as far as a party is concerned that I have seen in 9 years and about as tight discipline as I know of in this century. I say that admiringly, that the Republicans are able to turn out 53 votes for almost any effort. That is legitimate, that is proper, but that is also a fact of life.

So, Mr. President, for us to say now, at the 11th hour, after the Republicans have already rejected, in the Budget Committee, a plan to cut the budget, after that has already been rejected in the Budget Committee, to come in now on the floor and say, "Well, let's lead in the Congress, let's anticipate the President, let's ignore the President's expressed wishes of not taking any major initiatives, ignore the President's expressed wishes of waiting until the January 15 budget to make any initiatives." I think is an effort which is totally doomed to failure.

Mr. President, I am not particularly happy with this resolution as it is presently drawn. I frankly do not know whether I shall vote for it on the ground that it preserves the budget process or vote against it in the sense that I think the overall economic approach of this resolution and of this Congress and of this administration is very quickly falling into disrepute and into a shambles. It is very clear, Mr. President, that we are going to have the largest deficit in the history of the United States in nominal dollars, in real dollars. That is to be followed next year by still another record deficit and still another deficit the year after that, with, as yet, no realistic plans to curb the trend.

We have a lot of rhetoric, Mr. President. We have a lot of play acting. We have contrived emergencies, as we had with the last veto, going through the charade of the Republican Senate sending to the Republican President a bill which he says is irresponsible so that he can veto it and go through the motions of shutting the Government down. I do not know how my colleagues felt, Mr. President, but as someone who has supported this President on the tough votes—spending cuts, tax cuts, AWACS, and all the rest—I was offended by that, because it represents trying to fool somebody.

This President should not engage, should not lower himself to not just play acting but what amounts to dissembling, what amounts to—I do not want to use too strong a word, but it is very clear, Mr. President, that it is trying to divert the attention of the American people from the real facts.

If we are going to save this economy, if we are going to turn around these excessive budgets, we are going to have to do two things. We are going to have to return to the old time religion of balanced budgets. A balanced budget at this point by 1984 may be impossible now. It is certainly impossible without some major changes on the part of the administration.

Second, Mr. President, it is going to take a bipartisan national show of unanimity in facing up to the very great sacrifices that are going to be needed. The thing that upset me so much about the last veto and going through that contrived crisis was that it was a very partisan approach to a very serious problem, that it sought to take a temporary advantage out of a contrived and theatrical type of crisis.

Mr. President, I hope we can begin to come back to the old-time religion. It seems to me that the first step in doing that is to play straight and to recognize facts as facts.

It seems to me that the Armstrong amendment, by calling on Congress to lead when Congress—or at least the Senate—has indicated that it is going to wait for the President is really fooling ourselves and is doomed to failure. So I hope the Senate will not follow in that course.

Mr. President, I yield the floor.

Mr. BOREN. Mr. President, I am shocked and dismayed by the continued statements coming from the administration to the effect that the goal of a balanced budget is being abandoned. The President first indicated that balancing the budget by 1984 was not an exact goal. That was followed by statements by Secretary of the Treasury Donald Regan who counseled Americans to be ready to accept more deficits.

Murray Weidenbaum, the Chairman of the Council of Economic Advisers, has been explaining that the absolute size of the deficit is not important.

Today the most astounding statements of all were reported in the morning press. They came from a member of the President's Council of Economic Advisers, William A. Niskanen, who said:

There is no direct or indirect connection between deficits and inflation.

In my opinion, any so-called economist who does not have better sense than to make such a statement should be fired from the Council.

He called for a "new perspective" on the budget, and said the Nation should be prepared to accept budget deficits in the range of $60 billion for the foreseeable future.

All of these statements come on the heels of projected deficits of more than $100 billion for next year and even higher for 1984. The administration is letting down the American people in abandoning the balanced budget. Even more than tax relief, the American people want the budget balanced and want the Government to live within its means. In a recent questionnaire response, 70 percent of the people of my State said they were willing to do whatever was necessary to balance the budget.

When the Government, because of the $1 trillion national debt, has to borrow 40 percent of the available credit in the country, forcing interest rates sky high, any child can see that deficits impact upon inflation and the health of the economy.

Try telling the farmer or the small businessman, who are on the verge of bankruptcy because of high interest rates and a cost-price squeeze, that big deficits do not matter. Try telling it to the homebuilder, or the young couple trying to buy a home.

My criticism of the administration is not partisan. I was just as critical of the last administration for abandoning the balanced budget. The abandonment was undoubtedly one of the reasons for the election result in 1980. The people were trying to send the Congress and the President a message. It said, simply, "Hold the line on spending and balance the budget."

For the last 2 years I have served as a cochairman of the Senate Balance-the-Budget Coalition. This group has been working for adoption of a constitutional budget balancing provision, just as we have in my home State of Oklahoma. Congress has not restrained itself. The administration now is sending a message which appears to toss in the towel. It is the wrong signal at the wrong time.

It is clear that a constitutional amendment is necessary. Senate Joint Resolution 58 was reported by the Judiciary Committee in July. It is now before the Senate. I am a cosponsor of this amendment. Except in time of war or an emergency declared by three-fifths of both Houses of Congress, it mandates a balanced budget.

It is time to act. It appears to be the only way left to keep faith with the American people.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, I suggest the absence of a quorum, with the time to be charged against both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 772

Mr. DOMENICI. Mr. President, I send to the desk an unprinted amendment on behalf of myself and Senators DOLE, HATFIELD, BAKER, MCCLURE, ARMSTRONG, KASSEBAUM, BOSCHWITZ, GRASSLEY, GORTON, and ANDREWS.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI), for himself and others, proposes an unprinted amendment numbered 772:

At the end of the resolution, add the following:

SEC. 3. Further, it is the sense of the Senate that prompt Congressional action is required to bring interest rates down, decrease unemployment, decrease substantially inflation and to balance the budget in fiscal year 1984; therefore the Senate directs the Budget Committee to report no later than March 31, 1982 a combined Revised Second Concurrent Resolution on the Budget for fiscal year 1982 and a proposed First Resolution on the Budget for fiscal year 1983, which resolution shall also contain a budget for fiscal year 1984 that shall balance revenues and outlays.

"Further, it is the sense of the Senate that Federal outlays be reduced and the Federal budget be balanced through spending reductions in all parts of the budget, including entitlement programs, and revenue increases achieved other than through changes in the Accelerated Cost Recovery System or the individual rate reductions recently enacted in the Economic Recovery Tax Act; and

"Further, it is the sense of the Senate that the plan to be submitted by the committee should be a balanced plan which provides for Federal outlays no greater than twenty and one-half percent of Gross National Product in fiscal year 1984."

Mr. DOMENICI. I yield myself 10 minutes.

First, Mr. President, I wish to thank Senators who have helped us draft and perfect this sense-of-the-Senate resolution. I read the names of the cosponsors, but, in particular I thank Senator ARMSTRONG and Senator GORTON for their work in preparing this sense-of-the-Senate resolution. I should like to make a couple of points.

First, this is an addition to the resolution, by adding a new section, section 3, and it is a sense-of-the-Senate resolution. It in no way will blind Congress. But it seemed to a number of us—and that is obvious from the cosponsors—that the U.S. Senate ought to indicate how it sees the next 3 or 4 years and what it expects by way of a response to the present fiscal problems facing our country.

While it was not expected, it is obvious that for about 3 hours today, the discussion has focused on excessive deficits. It is obvious that reports today in the media indicate that perhaps the White House—or at least some of the major economic advisers to the President—are saying what some on the floor have interpreted to mean that deficits do not matter.

It is sort of ironic that all that discussion occurred. As I indicated, it was not planned; but that 3 hours of excellent discussion lays a good groundwork for this sense-of-the-Senate resolution.

Senators should not vote for this resolution if they believe that deficits do not matter. Senators should not vote for it if they think there are major sacred cows—untouchable areas—within the expenditure side of the budget and the revenue side; except that I think this resolution, quite properly, on the revenue side takes the position that individual tax cuts as passed by this Congress, the 25-percent individual tax cuts, obviously are good for the American economy, and those general depreciation allowances are good for all American business. While we go about looking for ways of raising the revenue base, this sense-of-the-Senate says we should not dislodge those.

Mr. President, likewise, no one should vote for this resolution if he or she thinks it does not matter what level of expenditure we are at when we balance the budget, because we have recently gone through that kind of exercise in this country. While the Carter administration failed to balance the budget it did in fact raise the gross expenditure level and the average increase in expenditure level in 4 successive years. It caused that side of the equation to grow in both respects, to the highest level in the history of the Republic, while, on the other hand, taxes were growing at the highest rate and to the highest level in the history of the Republic.

So this sense-of-the-Senate resolution is saying we cannot continue that way even if our goal is admirable, to wit, a balanced budget. It says we must continue this process of ratcheting down—no sacred cows—all parts of the budget. We continue that so that when we get to a balanced budget, we have changed the percentage of the expenditures of our Nation as a percent of the GNP from that highest point in history, approaching 23 percent, to no more than 20.5 percent. We are on the way to that. And I say that the proposal that I offered that lost in the Budget Committee, would have moved it down to about 19.6 percent of GNP.

Mr. President, I know that there are many who will argue that we do not need to do this; that it is just a sense-of-the Senate resolution. There are some who will argue that the resolution which is before the Senate said this was the President's responsibility and that we were urging that he take this kind of action and take it quickly.

Mr. President, let me say there is a time when we just cannot escape the responsibility, at least, to indicate our collective sense, and that is what this is, that it is our desire. It is obvious the cosponsors of this are supporters of the

President and we hope that when the President submits his budget it will move in this direction. We have no reason to believe at this point that it will not. Some noises and some declarations of late would obviously cause us some concern. But we feel that we should butress the good intentions and aspirations of the White House with reference to a balanced budget, with reference to making whatever changes are necessary in the direction and course of our fiscal policy, to effect this.

We think it is our responsibility to let it be known that we think the way to get a sound American economy, to get inflation and interest down and to have the kind of growth that will permit us to employ our people and to continue to strengthen our military capabilities as we have committed, requires that we move in this direction. A good strong start was made in the reconciliation bill—$35 billion off the growth in 1982, maybe $130 or $132 billion if appropriations follows the Reconciliation Act authorization levels for the next 3 years. And we feel that significant, positive movement on the tax side has occurred, particularly in those areas of general tax relief to the American wage earner, and the general relief to American business large and small.

Mr. President, those of us who are cosponsors know that this does not make the job of preparing that budget next year any easier. We know that it is not binding. We know that many, many courageous acts by this institution are going to be required if this kind of planning is going to be adopted and implemented. But as we close this year, and I would say a successful year for the budget process, many of us feel we do not want to perform that last somewhat procedural act of adopting this resolution that is pending before the Senate without indicating our collective desires and asking that this institution, the Senate, adopt this amendment and that it be used as the guideline for the committees of the Senate and in particular for the Budget Committee as it begins deliberation next year.

We hope also that it will indicate for the White House and those who are helping the President prepare his budget that we feel rather strongly about some very basic premises that are articulated in this amendment—in the goal of a balanced budget and in the desire that that not be achieved by raising taxes, but rather primarily by continuing on a path of diminishing the growth of expenditures.

In addition, this amendment says we are not going to get there by taking the appropriated accounts of this Government and continually attempting to balance budgets by cutting them. It says across all parts of, and I might say it also means that we have to take another look at the 1983 and 1984 military increases. Then quite specifically, as articulated over and over of late, it gives a little bit of encouragement to the President to look at entitlements and it says for those who vote for it that we are cognizant of the fact that those too must be addressed.

We are not laying out or assuming any specific approach for reducing growth of entitlements. We are not saying that each and every single entitlement program must be taken into account and the growth curtailed, but we are saying we cannot get where we want to be without looking at those also and curtailing their growth. That growth has been inordinate not only in terms of percentage of the budget but when we look at their historic evolution it is almost incredible that with interest we now have well over 50 percent of the budget consisting of entitlements. I know the American people do not like us to continue to use that word "uncontrollable" but it really means that unless Congress is willing to change substantive law, cost of these programs continue to grow. We do not vote on those entitlement programs every year. We vote on appropriations every year but those others we just add up estimates based upon the economics that are going on in the marketplace to see how much they cost.

So, Mr. President, I am pleased to introduce this sense-of-the-Senate resolution, I thank those who are cosponsors, and I apologize to any Members who would want to be on it. I have not had time to circulate it, but certainly if there are others who want to join it we will ask unanimous consent that they be made cosponsors if they desire.

With that I yield the floor.

The PRESIDING OFFICER. The Senator from South Carolina.

Mr. HOLLINGS. Mr. President, let me yield myself as much time as is necessary, and later I will yield to our distinguished colleague from Wisconsin.

I go, Mr. President, first to the comments made earlier—I have been trying to yield to my colleagues on this side because I appreciate their interest and their statements and the overriding concern we have relative to deficits. But my colleague from Colorado, I have been waiting his return, to correct the record—I have never contented that the Democratic Party did not spend too much money, and I have resisted that within my own party.

I think we have got to observe and learn from history: For one, the perception of events is not necessarily the case and the characterization, for example, of the Midwest, Colorado, of reclamation and water projects being boondoggles. This is a perception, and it will always come as a perception.

They put on a program the other day on 60 Minutes. The distinguished President Jimmy Carter came to town without an understanding or sense of history, and immediately he thought it would be politically astute to characterize the magnificent Midwest developments in reclamation and water projects as boondoggles and turkeys.

The fact of the matter is the Midwest was a desert area in the beginning of the century, but over a 75-year period, under Republican and Democratic Governors and administrations, they developed reclamation, dams, water projects that enhanced the soil and produced an agricultural farm product that now exceeds $9 billion a year.

It struck me, as a Senator who was not really participating generally in water projects, that here in 1 year the foresight of so-called boondoggles, turkeys, pork barrel, and log rolling had paid for itself in 1 year. So you have got to look more objectively and historically.

With respect to the national posture, our Democratic Party has been the sensitive one, it has been the creative one, it has brought forward these health programs, social security, social advancement, the new frontier, the great society, and they have been well-conceived. Some were heaped one upon another in too extravagant a fashion and they have all been cut back. That is what I was trying to emphasize. Your party has got sort of a kidney stone, Senator, you are going to have to pass. You have not found out how to tell your President what is so wrong with his program. When you learn that, you will learn the fallacy of your amendment.

What has caused the deficits is the extravagant and outrageous revenue hemorrhage of the individual across-the-board tax cut. Yet you say continue it.

Now, to quote one of your fearless Republican leaders, John Mitchell, he said, "Watch what we do, not what we say."

Oh, yes, this is a sense-of-the-Senate resolution, a nice placebo which everybody can corral, and we can get up and have the man of credibility—and I do not say that lightly because the Senator from New Mexico, the chairman of our Budget Committee, has got nothing but credibility, and I can emphasize that, and I have the greatest respect for him. He has done an outstanding job under the circumstances as our chairman, and I would like to follow it.

I love the man, so I would not disparage or criticize him in any fashion, but I have to criticize his resolution because it is a placebo. It addresses the other point made by the Senator from Colorado. The Senator from Colorado—I am just trying to correct the record here relative to Democrats—If you would understand, like President Carter should have understood, your section in reclamation and water projects that served so well and had really been a fine investment, perhaps you would understand that while I have been in a minority for certain years within the Democratic Party, we have been a very visible minority standing for fiscal responsibility. Fortunately or unfortunately, every time I attract one of these new industries to South Carolina I am attracting more Republicans. Every time I succeed in getting jobs, when I bring in the Du Ponts and look around, they are Republicans.

When I bring in Cincinnati Millicron, they are Republicans. I can just go on right down the list. When I bring in General Electric what I have done is brought in massive groups of Republicans. We love them. We get along fine. But that does not make it Republican policy of South Carolina. It has been the Democratic policy of South Carolina to balance the budget, and those of all the States in the Sunbelt.

So those in the business field reflect

the worries here in the morning paper "Stock Market Slumps Amid Deficit Worries." That is the business leadership. They are not voting for the Reagan deficits. They are voting for those Sunbelt Democratic States with their balanced budgets. That is my point.

If you want to argue on a national basis, let us look at the facts. Harry Truman balanced the budget for 4 years, The distinguished Senator from Virginia talked too casually. He talked about 20 years of Democratic Congresses. Let us take that 10-year period of the sixties. The cumulative deficit of the sixties was only $57.7 billion, less than the 1-year deficit this year.

The New Frontier, the Great Society, add up all the budget deficits for the entire 10 years, $57.7 billion for the entire 10-year period of the New Frontier and the Great Society.

And, if you please, who last balanced the budget? Not a Republican President, but a Democratic President, Lyndon Baines Johnson of Texas.

Who, if we are going to make certain the record about fiscal matters, had the greatest deficit? Gerald Ford. Who made supply side work? John Kennedy.

So let us appreciate what Democrats have done nationally, Senator, and do not just sit around here, because that is what they told in Colorado. You have now come to town and you have got to earn the national record and to do that you must understand what the Kennedy's and what the Lyndon Johnson's and what the Harry Truman's have done. In turn you must recognize what you are doing because you are greasing the skids here in this town today to accept large deficits. No, not you as individual Senators. That is what you are trying to say. The Senator from New Mexico said supporters of the President. They are not supporting the President on these deficits. That is what he says.

He said "I did not come to town to balance the budget." Senator DOMENICI, Senator DOLE, Senator HATFIELD, Senator BAKER, Senator MCCLURE, Senator ARMSTRONG, Senator KASSEBAUM, Senator BOSCHWITZ, Senator GRASSLEY, Senator GORTON, Senator ANDREWS, they did. I have heard them. They are trying to bring fiscal responsibility, and the administration is not supporting it. I commend you for it.

But let us move on to the second observation of the Senator from Colorado about Demosthenes as he was talking to some group. He said, "The leader did not ask for sacrifice, that they did not tell the people what they needed to hear." Is that not President Reagan's fault?

Why does he not say, "Look, you cannot do it all at one time. I cannot give you all of those across-the-board tax cuts."

Do not quote Kennedy and then adulterate the Kennedy supply side program. He phased it in, and under different circumstances. It worked. The circumstance was 1¼ percent inflation from 1959 to 1964. We have had a 10 percent inflation rate for the preceding 5 years here today under President Reagan, and the President ought to say so. "It is going to be more difficult for me, and I cannot give you all the goodies. I cannot give you this 10 percent tax cut in 1983 and another 10 percent in 1984." Why? Because the Government cannot afford it. And why can they not afford it? Well, Senator BOSCHWITZ, David Stockman said you cannot afford it.

And where does he say that? That is the most interesting thing. Everybody has a lot of interest in Stockman's Trojan Horse and his remarks about the hogs groveling at the trough. But let us see what Stockman said when he really started to try to cut spending and get this balanced budget. And I will quote from the article that was inserted. I do not want to have to read the whole article and put it in the RECORD, of course. We are trying to save money today. This is an economy day.

I put together a list of twenty social programs that have to be zeroed out completely, like Job Corps, Head Start, women and children's feeding programs, on and on. And another twenty-five that have to be cut by 50 percent: general revenue sharing, CETA manpower training, et cetera, et cetera. And then huge bites that would have to be taken out of Social Security. I mean really fierce, blood-and-guts stuff—widows' benefits and orphans' benefits, things like that. And still it didn't add up to $40 billion.

Now, our problem, I say to the Senator, keeps growing because we did not act fast enough. The President said do nothing. And so, yes, we had a deficit projection of $42.5 billion in September and by the end of September it had gone to $59 billion. By the middle of December it was $109 billion, and it continues to grow.

So we were trying to say "move" when you all were saying, "Wait, the program has not had a chance." The program was working. That was our trouble.

But with all of those programs, you cannot get it just from spending cuts. If you do not like me to quote the authority who has been put in disrepute, Mr. Stockman, then let us go to one that certainly to me is the greatest of all editorialists, George Will.

In his column in the middle of September, entitled "The Retreat on Defense," he says:

The fact that his tax cuts were wise did not alter the fact that America is undertaxed.

Can you imagine that? I met this distinguished gentleman when he came as the assistant to the Senator from Colorado, a great State, Gordon Allott.

I continue quoting. "The fact that his tax cuts"—you remember this gentleman. He had the first interview with President Reagan. He was one of the early-on supporters of President Reagan. I, perhaps, am George Will's greatest admirer. I start to write him a letter every time I read a column the gentleman writes. It is a most stimulating experience to follow him.

The fact that his tax cuts were wise does not alter the fact that America is undertaxed—especially in light of the conservatives' agenda. The tax cuts were actually tax-limitation measures, counteracting tax increases imposed by inflation.

I could go on further. But he concludes:

The public sector needs more resources than the revenue system currently will provide.

Now, that is not the wild spending Democrats described by my distinguished colleague from Colorado but, on the contrary, none other and better than George Will himself.

You mislead. What you should be doing is coming here and telling the truth. Where is that resolution? Go down that resolution and you can see exactly what it says.

It starts out:

Further, it is the sense of the Senate that prompt Congressional action is required to bring interest rates down, decrease unemployment, decrease substantially inflation and to balance the budget in fiscal year 1984;

Everyone can agree on that—

therefore the Senate directs the Budget Committee to report no later than March 31, 1982—

Well, we are supposed to pass it by April 15 in the Senate. I do not mind an accelerated program. I would be glad to cooperate with the distinguished chairman, Senator DOMENICI.

March 31, 1982 a combined Revised Second Concurrent Resolution on the budget—

I do not know how we are going to get a combined revised second concurrent resolution, because it will be, really, a third resolution, the first one for 1983—

for fiscal year 1982 and a proposed First Resolution on the budget for fiscal year 1983, which resolution shall also contain a budget for fiscal year 1984 that shall balance revenues and outlays.

Now, the distinguished Senator from New Mexico says no one should vote for it if deficits do not matter.

Well, so far, so good on his particular resolution. But here is where he upsets the applecart.

Further, it is the sense of the Senate that Federal outlays be reduced and the Federal budget be balanced through—

How?

spending reductions in all parts of the budget, including entitlement programs, and revenue increases achieved other than through changes in the Accelerated Cost Recovery System or the individual rate reductions recently enacted in the Economic Recovery Tax Act.

There was the difference between the Senator from New Mexico and the Senator from South Carolina as we debated with the distinguished presiding officer in the Budget Committee. The Senator from New Mexico is wedded to the aborted Reaganomics. He will not give up. He will not give in. He will not admit to it. It gets worse and worse and worse and worse.

Look at what he is recommending. Where is that list of five potential tax increases? You will see who is realistic. I wish I could print a paper. I sure would run an ad on the front page.

It was the Democrats in July, Mr. President, who came here and said, "We will forego individual income tax cuts until 1983. We will not have those until 1983, paid in 1984. It would give time for supplyside to work."

President Kennedy phased in his investment tax business cuts in 1962 and then gave the individual tax cuts in 1964. We knew that experience. We were cautioned about it. And the Democrats

voted, the majority of them. It was my amendment. Many of the others on the other side of the aisle said, "You are right, but the White House word is that this is a White House vote." And I had a solid phalange against me. And they said we never presented an alternative. Nonsense.

But Democrats, a majority of Democrats in this Chamber the middle of this past year could see the dilemma of December. That is exactly where we are right at this minute.

Mr. President, if anything else, we realize that you would have to as Demosthenes said, and as Adlai Stevenson said it even better, "Talk sense to the American people." And we were talking sense and we were talking realism and we were trying to help. But you would not listen and you still do not listen. You have an impediment in your speech. You talk about balanced budgets, but you insist on the thing that gives you the deficits. That is what is wrong with this resolution.

Here is what the Senator from New Mexico's list contained. Eliminate industrial development bonds. Try to get that by. Hospital bonds; exclusion of interest on student loan bonds. Try to pass that. Try to pass the so-called tax expenditures, State and local sales tax reductions. That is a double taxation if you do not give them that deduction. Do you think that is going to pass the majority of the House and the Senate? Absolutely not. State and local personal property tax deduction.

All of those things are listed down here. Employer health insurance limitation. This is the list.

Mr. President, I ask unanimous consent that this list, Potential Tax Policy Changes, Income Tax and Business, be printed in the RECORD at this point.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

POTENTIAL TAX POLICY CHANGES[1]

Income tax	Fiscal year— 1982	1983	1984	Total
Individuals:				
Consumer interest deduction (excluding $1,500 of auto)[2]	0.9	6.2	6.5	13.6
Employer health insurance limitation[3]	2.6	4.2	5.6	12.4
Increase self-employment tax[3]	.9	4.5	5.0	10.4
Tax half social security income above $20,000 for singles and $25,000 for couples		2.2	2.8	5.0
$5,000 home mortgage interest limitation	2.7	5.4	6.8	14.9
$10,000 home mortgage interest limitation	(.8)	(1.0)	(1.2)	(3.0)
Interest and dividend withholding	3.5	2.6	2.5	8.6
Tax all unemployment compensation		2.2	2.0	4.2
Student exemption[2]	.4	1.1	1.1	2.6
Casualty deduction[2]	.3	.8	.9	2.0
15 percent floor on medical expense	.4	2.6	2.6	5.6
State and local sales tax deduction[2]	.7	4.8	5.2	10.7
State and local sales tax deduction[3]	.7	4.8	5.2	10.7
State and local personal property tax deduction[2]	.2	.6	.6	1.4
Total, individual[4]	12.6	37.2	41.6	91.4

Income tax	Fiscal year— 1982	1983	1984	Total
Business:				
DISC (including recapture)[2]	.7	2.0	2.8	5.5
Industrial development bonds	.3	.6	1.0	1.9
Pollution control bonds	.1	.2	.3	.6
Hospital bonds	.1	2.	.3	.6
Exclusion of interest on student loan bonds	.1	.2	.2	.5
Foreign tax credit	.6	.4	.5	1.5
Capital gains—Timber[2]	.3	.7	.9	1.9
Capital gains—Coal and iron ore	.1	.1	.1	.3
Deferral of tax on shipping companies	.1	.1	.1	.3
Island possessions[2]	.6	1.3	1.4	3.3
50 percent limit on business meals and entertainment	.8	1.9	1.9	4.6
Total business[4]	3.8	7.7	9.5	21.0
Total, individuals and business[4]	16.4	44.9	51.1	112.4

[1] Assuming a Jan. 1, 1982, effective date.
[2] Repeal.
[3] Includes social security receipts.
[4] These totals are shown despite the fact that these estimates are not additive. Repealing all of those provisions would create "interactions" which alter the total.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that another list of potential excise tax increases, again from the budget markup documents, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

POTENTIAL EXCISE TAX INCREASES[1]
[In billions of dollars]

	Fiscal year— 1982	1983	1984
Gasoline (8¢/gal)	1.9	2.5	2.3
Telephone (4 percent)	.8	1.5	1.7
Cigarettes (16¢/pack)	1.2	1.8	1.8
Liquor ($21/gal.)	1.2	2.1	2.3
Beer ($18/bbl) and wine (34¢/gal)	.9	1.3	1.3
Total	6.0	9.2	9.4

[1] All tax increases shown above are double the present law rates and assume a Jan. 1, 1982, effective date.

BACKGROUND ON EXCISE TAXES

The Federal Government has instituted excise taxes during every major war since 1791. Liquor and tobacco excises have continued without interruption since the Civil War. In 1932, the Federal Government imposed many new excises including a gasoline and a telephone tax. Previously gasoline taxes had been exclusively a state revenue source. With a few brief exceptions, the telephone tax has remained at 10 percent from 1932 until 1973 when it was reduced by one percent a year through 1980. It will remain at two percent through 1982 and one percent through 1985, after which it is scheduled to expire. The liquor tax of $10.50 per gallon and the cigarette tax of 8 cents per pack have been unchanged since November 1, 1951. The gasoline tax has remained at 4 cents per gallon since October 1, 1959. If these taxes were raised to be the same percentage of the retail price as when they were last changed, the liquor tax would be $18 per gallon, the cigarette tax would be 23 cents per pack, and the gasoline tax would be 17 cents per gallon.

REVENUE—6

Mr. HOLLINGS. Gasoline excise tax, telephone excise tax, cigarette, liquor and beer.

The main objection, of course, is that the States have been relying on these sources of revenue. Look at the morning cartoons. You have given them the block grants, like dropping a block of granite on the toes of State and local governments. You have given them added responsibility, but now you want to take away the resources. Everyone is willing to vote for more taxes, more taxes on liquor, more taxes on cigarettes. Anyone can say, "Well, I voted on the liquor problem and the cigarette problem." You can talk a long time on that. I do not see the gasoline tax going up. Maybe a majority will vote for it.

Certainly you cannot, Mr. President, if you look at the loss.

Let us get the schedule of the personal tax and find out what the real problem is on the personal tax and the corporate tax.

I have a chart here. If you will look at that so-called Economic Recovery Tax Act, the tax act that he says should not be disturbed with respect to the individual tax cuts including the estate and gift taxes. Over the 4-year period this amounts to a loss of $218 billion.

Now, Mr. President, $218.3 billion.

On the matter of the business taxes, the accelerated depreciation amounts to $24 billion.

So you have $218 billion versus $24 billion. If you add in the leasing provision and oil that is an additional $35 billion.

Mr. President, I ask unanimous consent that this one sheet, the estimated revenue effects of H.R. 4242, be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

III. ESTIMATED REVENUE EFFECTS OF H.R. 4242

TABLE 1.—SUMMARY OF ESTIMATED REVENUE EFFECTS OF H.R. 4242, FISCAL YEARS 1981–86
[In millions of dollars]

Provision	1981	1982	1983	1984	1985	1986
Individual income tax provisions	—39	—26,929	—71,098	—114,684	—148,684	—196,143
Business tax cut provisions	—1,562	—10,657	—18,599	—28,275	—39,269	—54,468
Energy tax provisions		—1,320	—1,742	—2,242	—2,837	—3,619
Savings incentive provisions		—247	—1,797	—4,208	—5,740	—8,375
Estate and gift tax provisions		—204	—2,114	—3,218	—4,248	—5,568
Tax straddles provisions	37	623	327	273	249	229
Administrative provisions		1,182	2,048	1,856	718	592
Miscellaneous provisions	—1	—104	243	535	53	—275
Total revenue effect	—1,565	—37,656	—92,732	—149,963	—199,311	—267,627

Mr. HOLLINGS. You will see exactly where the trouble is coming from. This year the business taxes are $10 billion, in 1983 they are $18 billion, in 1984, where we have a $150 billion loss in revenue, the business side is only $28 billion.

So where are you going to talk sacrifice and sense to the American people? You can put in all of these pretty words. You can quote Demosthenes, or you can talk about a balanced budget. But it is not what you state; it is what you do, says John Mitchell.

What do they finally do? They come to another thing, which is really the provision of the Senator from Colorado. He is adamant about this. Here is a sense of the Senate that the plan to be submitted by the committee should be a balanced plan which provides for Federal outlays no greater than 20.5 percent of the gross national product in fiscal year 1984.

Mr. President, the size of Government in relation to the GNP is a fanciful argument, just as they are trying to make fanciful arguments with the deficit. We have heard that before. We finally started comparing it.

I would like to bring down the size of Government, period. Compare the experience of the United States and Germany. But you cannot consider and compare Germany and the United States unless you take their provisional governments along with their national, and our State and local governments along with our national. Let us look at it. In the United States the percent of the GNP as represented by total Government expenditures is 34 percent. We have only the 1978 figures, the most recent we could bring. That is with a 10-percent inflation rate. Germany is 45 percent of the GNP with a 6-percent inflation rate.

Mark Twain says there are three kinds of liars. There are liars, there are damn liars, and there are statistics. I have found working on the Budget Committee that you can get any kind of percentage nonsense and give yourselves all the pats on the back on what you are trying to do. but it is not your percentage and not your rhetoric. It is what you do.

We had an opportunity. If the Senator from New Mexico had his way and I had my way, we were going into it seriously and we were going into entitlements. We were packaging, you might say, a solution. I could say there was no question in my mind that in doing so it was going to be tough. It was not going to be just a sense of the Senate. It was going to be a binding resolution, not a placebo to put on the land to get a few votes and tell everybody, "I want something that says I am a fiscal conservative when I go back home to run for reelection. This is not a concern for substance. They could care less whether they are headed for a balanced budget or headed for the park."

So percentage-wise, I voted, and percentage-wise, this is how I looked. As long as I got the language in there I can go back home and tell them this is what I did.

Well, that is fine but that is not adequate and they know it.

The resolution is a sham and the amendment is a sham, Mr. President.

(Mr. DOMENICI addressed the Chair.)

The PRESIDING OFFICER (Mr. WARNER). The Senator from New Mexico.

UP AMENDMENT NO. 772, AS MODIFIED

Mr. DOMENICI. Mr. President, I send a modification of my amendment to the desk.

The PRESIDING OFFICER. The amendment will be so modified.

The amendment, as modified, is as follows:

At the end of the resolution, add the following:

"SEC. 3. Further, it is the sense of the Senate that prompt Congressional action is required to bring interest rates down, decrease unemployment, decrease substantially inflation and to balance the budget in fiscal year 1984; therefore, it is the sense of the Senate that the Budget Committee report no later than March 31, 1982 a combined Revised Second Concurrent Resolution on the Budget for fiscal year 1982 and a proposed First Resolution on the Budget for fiscal year 1983, which resolution shall also contain a budget for fiscal year 1984 that shall balance revenues and outlays.

"Further, it is the sense of the Senate that Federal outlays be reduced and the Federal budget be balanced through spending reductions in all parts of the budget, including entitlement programs, and revenue increases achieved other than through changes in the Accelerated Cost Recovery System or the individual rate reductions recently enacted in the Economy Recovery Tax Act; and

"Further, it is the sense of the Senate that the plan to be submitted by the committee should be a balanced plan which provides for Federal outlays no greater than twenty and one-half percent of the Gross National Product in fiscal year 1984."

Mr. DOMENICI. Mr. President, I rise not to explain those five or six word changes. They are self-explanatory. But I just want to make two observations:

One, I appreciate the kindness of the words of the distinguished Senator, to whom I reciprocate. He said he had great respect for me. I say the same to him. I also want to thank him for explaining his speech of last night. I want to say that until about 2 minutes before he finished, I did not intend to take the floor again, but I will acknowledge that I walked to his desk and wrote just two words, and they said, "Very good." I now want the record to reflect that I said that.

I am pleased that the Senator has indicated that he was really not talking about the main stream of the Democratic Party as such in terms of the activities that he described. I think he was quite careful. Where he was doing that, he indicated that. Where he was talking about positions that he has taken or that he and others have taken, moving toward a more fiscally responsible national budget, he indicated the same. Today he has again repeated that.

Let me just say a couple of things, Mr. President.

At some point in his remarks, the Senator asked the rhetorical question of what did we do. I do want to say that on the fiscal side, pertaining to the growth in Federal Government, the answer is we did a lot. And I think the Senator knows that. I want to just make sure that everybody understands that, principally because we had a bipartisan Budget Committee with many bipartisan votes here on the Senate side. I do not speak for the House. We took 3 or 4 months and voted the most significant restraint on the growth in the Federal Government in the history of the Republic when we put in place that $35.2 billion in fiscal year 1982 reductions. We had the courage to change many authorization levels so that it would be more difficult to appropriate in the out-years.

I do not think we ought to let it pass without saying that is what we did for certain.

Now, Mr. President, just a couple of brief responses with reference to the personal tax cuts and the general business depreciation.

I truly believe, Mr. President, that when this President took office and when this Congress began responding on the spending restraint side and the tax cut side, it did right on the 25-percent personal tax cut and the general business cut. While I greatly respect and admire the distinguished Senator from South Carolina, I really believe that, when you look at the tax code of this country, this sense-of-the-Senate resolution saying, "Leave those alone but look in that Tax Code and to other places to seek equity in the tax policies of this Nation," clearly draws a clear distinction for this body. Those who do not think that is so can vote against this. Those who do ought to vote for it.

Many Senators feel that the individual rate reductions were more than justified, given the fact that inflation was causing bracket creep for the average man and woman who works and, by itself, had caused the largest increases per annum in collective taxation in the history of the Republic without one word in the Tax Code being changed. There are those of us who feel that individual rate reductions ought to be left alone and that we ought to look elsewhere for increased revenues. And there are plenty of "elsewheres" to look, I tell you.

In fact, the distinguished Senator from South Carolina, himself, introduced yesterday a rather remarkable chart on tax expenditures—legitimate loopholes. He compared it quite appropriately with how much money we spend to defend America, as I recall. It was astounding to see that in the last decade, including years when we wanted to increase our military and, indeed, including years ahead—1982, 1983, and 1984—when everybody agrees that the military is going to increase substantially—what did it show? That the legitimate tax loopholes outstripped what we were going to spend for the entire defense of our Nation.

That is where we ought to look, along with the user fees that have been recommended by President after President and we put a little tiny pinch of those in place in the last 3 years. And, yes, if we have to, perhaps to appropriately fund our responsibility in the area of revenue sharing, to help our cities and States and localities, yes, we ought to consider some of the excise taxes, national in nature,

that have not been looked at for 10, 20, or 30 years.

We do not have to raise that revenue base an astronomical amount in order to move dramatically toward balance. Under the scenario that I gave to the Budget Committee granted—with changing economic times, it might not work out to balance—but I say it would reduce the deficit by $100 billion in 1984, and we only had to find something over $48 billion in increased revenues over a 3-year period.

So I firmly believe that if we are going to have the kind of economic growth that we all want—sustained, permanent, not the ups and downs and zig-zags of the past 10 or 15 years—that personal tax cuts and that increased depreciation allowances for business ought to remain intact. If I did not, I would not have put it in this resolution.

If I just wanted those who are going to implement the sense of this amendment next year to just take that Economic Recovery Tax Act apart or trigger it or delay it or massacre it, I would not be sponsoring this amendment. In fact, I would not be part of it.

So, Mr. President, I think there is a significant difference in what we feel ought to happen for America and how we ought to get it there.

Mr. President, I acknowledge to my good friend from South Carolina that statistics and percentages are very dangerous. But I submit that there is not a lot of relevance between the percent of GNP in West Germany and their inflation if you do not include, at our national level, not only the national taxation but also the cities', the States', and add it all up. I do not have that at my fingertips, but I would surmise that that has been growing at an astronomical rate. We cannot affect State and local costs here, but I think that, surely, over the last decade, the combination of local, State, and Federal expenditures as a part of our national fiscal policy has been growing at an astronomical rate. In fact, the growth rate may be as high as or exceed that of any of the free industrial nations in the world.

With that, Mr. President, I want to say that I hope we vote on this amendment. I hope it is taken seriously. I have no misgivings. It is not automatic and it can be ignored. But I think it gives us an opportunity to go on record as to where we want this country to go.

Mr. President, I would be pleased to yield to the distinguished Senator from Colorado. Would he indicate, because there are others who want to speak, about how long he wants the Senator to yield?

Mr. HOLLINGS. Will the Senator yield for a question?

Mr. DOMENICI. Surely; then I shall yield to the Senator from Colorado.

Mr. HOLLINGS. Mr. President, I think this question will bring into focus our differences.

What does the distinguished Senator believe to be the reason that the Reagan program, Reaganomics—passed and signed in August—has gone awry?

Mr. DOMENICI. If the Senator will recall the concern that I had in committee in presenting my alternative budget, and if he will look at the real important part of this amendment, this sense of the Senate resolution, that the focus is on 1983 and 1984. So my primary concern is to prevent a recurrence of rampant inflation and high interest rates when we begin the recovery from the recession we are in.

Mr. President, I am not directing this at trying to have a major and instant fix of the recession. Rather, I am optimistic that we are going to recover. I see today that inflation is down again, interest is coming down. I think that is going to continue. But I am concerned that, as soon as the recovery gets underway, the economy is going to languish after a while because of those extremely large deficits in 1983, 1984, and 1985. That is my first point.

I believe the recession that we are in now is caused by past policies coupled with a monetary policy that I believe we had to follow if we were going to get inflation under control. I think that one of the prime reasons for inflation was, of recent years, our tendency to cover our deficits by monetizing them through periods of very loose money. I concur that we could not continue that much longer. With the piling up of policy mistakes, the predicted recession that was expected to occur over the last 3 or 4 years—and all economists said it would—has finally occurred.

I do not believe we are going to cure it with this resolution or with a budget in 1983, 1984, and 1985 that is consistent with it, Mr. President. But I do believe we can change the expectation of deficits, which will have a significant impact. Once those inflationary and high interest rates resulting therefrom get down, they are apt to remain down. That is the basic reason that I am doing it, my general feelings on how we got to where we are and what it will take to keep us on a correct course for the future.

Mr. BRADLEY. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. I promised to yield to the Senator from Colorado, but I yield.

Mr. BRADLEY. Would the Senator, after that very strong support for a very tight monetary policy, be in favor of the recent shift in monetary policy at the Fed, a gradual lightening up of the pressure? Would he be in favor of that?

Mr. DOMENICI. Yes.

Mr. BRADLEY. He would be?

Mr. DOMENICI. What they have done, to my understanding, basically, with reference to the money supply itself, there has not been any significant change other than, apparently, they are trying harder to meet their own targets. With reference to the discount rate, I favor the gradual reduction they have put into this, and I hope it continues.

Mr. BRADLEY. Why does the Senator favor that?

Mr. DOMENICI. It is obvious that the economic indicators justify it. Inflation is coming down. There is some indication that saving is up. When we add those together, we obviously have reached the point where that is justified. But let me add that the primary responsibility, not for 1982 but for 1983 and 1984, is on the fiscal side and it rests on both Congress and the President.

I believe we can get monetary and fiscal policies back in a muddle, though. The Federal Reserve is now taking into account that we have made significant reduction in Government expenditures, but they are not going to just sit there. Unless we make some more spending cuts and revenue changes, we will be back in a muddle.

Mr. BRADLEY. The Senator does not perceive that we are falling back into the old trap of lightening up on monetary policy too soon? He does not feel that this simply sets the stage for another amount of inflation?

Mr. DOMENICI. I certainly do not.

Mr. BRADLEY. He does not?

Mr. DOMENICI. No, I do not.

Mr. BRADLEY. Does the Senator agree with the Presidential Adviser who said—it is covered on the front page of the Washington Post today—that in an inflationary environment, one of the side effects is that the value of the Government's financial and physical assets increases? He said that the net worth of the Federal Government is increased $20 billion with inflation.

Does the Senator have any comment about that?

Mr. DOMENICI. I have not been very kind today as to what they have had to say, as reported on the front page of the Washington Post; and I do not take very kindly to that remark, either. I do not think it has much relevance to the problem.

Mr. BRADLEY. Was the Senator at the White House meeting this morning?

Mr. DOMENICI. No, I was not.

Mr. BRADLEY. Does the Senator know whether the President has stated his view that some deficits are critical to our economic game plan?

Mr. DOMENICI. I do not.

Mr. BRADLEY. Is it the Senator's expectation that he has, or are we going to declare a victory with a $109 billion deficit?

Mr. DOMENICI. I have learned that when this President wants to let the people of this country know what his policies are, he is perfectly capable of doing it, and I assume he will.

Mr. BRADLEY. But the Senator does not expect him to achieve that?

Mr. DOMENICI. We will all have to wait and see. I do not know any more than the Senator from New Jersey.

Mr. BRADLEY. So that we will either have a balanced budget or we will have continued tax cuts that have been enacted, but we are not going to change. We could have both the tax cuts and the balanced budget.

Mr. DOMENICI. I did not say that. The Senator heard my answer. I said that I do not know. I assume that some very serious deliberations are taking place.

If they are not taking the 1983, 1984, and 1985 budgets seriously, I would be amazed. I believe the deficits projected would cause them to take it seriously and to take a good look at the fact that we must increase revenues in some way and that we must also cut the growth in the expenditure side.

Mr. BRADLEY. One final question. I know the other Senator is waiting.

Does the Senator agree with the statement offered yesterday by the representative of the administration in which he said that the crowding out of private borrowers theory is not supported by any evidence?

Mr. DOMENICI. I do not agree at all. In fact, there is a statement today by one of the President's advisers that indicates there is no relationship, direct or indirect.

Mr. BRADLEY. That is what I am referring to, in the Washington Post.

Mr. DOMENICI. But my recollection is that that article said "inflation."

Mr. BRADLEY. No. Mr. Niskanen said that the relationship between deficits and inflation is "about as empty as can be perceived" because inflation had varied widely with roughly the same deficits.

It goes on to say:

He rejected the widely held belief that budget deficits "crowd out" private borrowers from access to funds in financial markets by boosting interest rates.

This theory has an air of plausibility, he said, but "is just not supported by the evidence."

The Senator says he does not agree with that. Is that correct?

Mr. DOMENICI. When I was responding previously, I did not respond to the entire article.

On the front section of the article, the recap, the reference to direct and indirect, related only to inflation. I was going to say that it would be interesting to know what that spokesman thought about the effects on interest rates, but I assume he has answered it by saying that he does not think it had an effect on interest rates, either, which is what the Senator from New Jersey described in reading his words.

I really cannot believe that. It would be interesting to find out from whence that information comes.

As I understand it, if we have a $200 billion deficit—and we have to borrow money to pay for it, along with some portion of the trillion dollars that is already out there that is debt, too—if we have only $400 or $500 billion or so of savings that is available, it would be very interesting to find out why there is no crowding out, when the Federal Government's requirement is a mandatory one. The Federal Government is not like the private sector. Private businesses can quit growing and quit borrowing and not buy. The Federal Government must pay its bills and it must pay the going rate.

Mr. BRADLEY. The Senator's argument would be perfectly correct if we lived in a closed economy, which we do not.

Niskanen's point is that it does not crowd out, because we are in an internationally open economy and it could be possible to finance our deficit out of the pockets of the Japanese or the Germans, if there were a mechanism to do so. I think that is his point. The fallacy with that is that there is no mechanism to do so, to date.

Mr. DOMENICI. That is right.

I think the Senator from New Jersey had somebody covering a hearing where a distinguished economist from Stanford appeared, as I recall, and made the same argument. But, obviously, there is a response in those markets, too that makes it very difficult unless you have a mechanism to take advantage of it.

I have not studied the issuance of that kind of bond. It may be one of the mechanisms referred to. So I will stand on my answer, based on tradition and the way we do things. I think the crowding out is indeed there and that the adviser to the President is mistaken.

I am pleased to yield to the Senator from Colorado.

Mr. ARMSTRONG. I thank the Senator for yielding.

Mr. President, I am really intrigued by the willingness of the Senator from South Carolina to continue the discussion as to which party has the better record on the subject of fiscal responsibility.

I am not going to continue at great length, except to note what Demosthenes once recalled about a miner from Fairplay, Colo., who went to the Taber opera house to see his first ballet. After this grizzled old fellow from the mountains of Colorado had watched the performance of these young ladies dancing on their toes for an hour or so, someone said, "How did you like it?"

His response was, "Well, I guess it's all right, but couldn't they just get taller girls?" [Laughter.]

The Senator from South Carolina has pointed out that Sun Belt Democrats have been very fiscally responsible throughout; and the Senator from Colorado, in his opening remarks, made exactly that point. I saluted the Senator from South Carolina and others within his party who have been fighting from a minority position within their party to bring the National Democratic Party to a position of fiscal responsibility. I even recall how the Senator from New Mexico, the Senator from Idaho, and the Senator from Colorado fought the same battle a few years ago within our party, and we have won it.

Our party stands clearly for a balanced budget, as we are going to see this afternoon.

I think that the Senator from South Carolina and other Sun Belt Democrats are going to win that battle within their party also and that a new consensus has emerged in this country that we have to balance the budget. There is some disagreement, as I mentioned earlier, about how to get there, but I think it is a healthy thing and healthy competition.

Mr. President, for the purposes of my remarks today I include within the Sun Belt the State of Wisconsin because I see one of the foremost budget balancers in this Senate, the Senator from Wisconsin (Mr. PROXMIRE) in the Chamber.

The question is not what has happened in the past. I wish to just note before I get off this issue that if the Senator from South Carolina wants to go back and argue the past and argue that during that 25-year period when his party controlled both Houses of Congress it was fiscally responsible to increase Federal spending from $70 billion, which is what it was when our party had control of one House or the other, to $700 billion, that is his prerogative. If he thinks running the national debt from $100 billion to $1 trillion is fiscally responsible, he is entitled to do that. If he wishes to say it does not matter which party controls Congress, that it really is a question of who was in the White House, as he has asserted, then I suppose I could point out what happened during the last 4 years of the Carter administration when interest rates went from about 4.78 percent when President Ford left office to around 21 percent when President Reagan took over 4 years later.

But I still think, and I said this at the outset and I did not introduce this question—the Senator from South Carolina raised it—it is his desire to reposition his party as the party of fiscal responsibility. I think that is great. I think the attempt to do that is worthy, and it is that kind of healthy competition to see which party can put itself forward most clearly as being devoted to getting Federal spending under control and balancing the budget in order to control inflation and interest rates that will benefit this country, and it is markedly different from the political agenda of the past few decades.

So it is the future I wish to talk about and I only wish to say that in all of the observations I made this morning about a balanced budget, about the need to restrain and control Federal spending, I was suggesting exactly the course of action which is advocated by the amendment now offered under the sponsorship of my colleagues, Mr. DOMENICI, Mr. HATFIELD, Mr. DOLE, the majority leader, Mr. BAKER, and others.

This amendment gives expression to the concerns which so many of us have raised.

Mr. President, I ask unanimous consent that the Senator from Georgia (Mr. MATTINGLY) and the Senator from Iowa (Mr. JEPSEN) be added as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ARMSTRONG. I think it is a very simple question. Those of us who wish to balance the budget and are prepared to say so to do will vote for the amendment. Those who do not will be like the toe dancers stretching to somehow perform our task. There will be some who will say, "The way to balance the budget is to raise taxes," and again we will be like toe dancers. We will be straining to somehow get taxes up to the level required to reach Federal outlays.

Mr. President, that is not the answer. The answer is so well set forth by the amendment now pending. I see no reason that it should be controversial. I hope it will be resoundingly adopted by the Senate.

Mr. HOLLINGS. Mr. President, I yield such time as necessary to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank my good friend from South Carolina.

I agree very much with what he said today. I do, however, disagree with him on this amendment. I support the

amendment. I think the amendment makes sense. After all, what does the amendment do? It provides that the Budget Committee is directing itself, in effect, that they should report no later than March 31, 1982, a combined revised second concurrent resolution on the budget for fiscal year 1982 and proposed first resolution of the budget for 1983 and also a balanced budget for fiscal 1984, something that I have wanted for a long time and I think other Members of the Senate on both sides of the aisle have called for.

It also provides for a reduction in spending, Federal outlays as a percentage of the gross national product to 20.5 percent. That would be extremely painful, very difficult to achieve, but I think it is something that would certainly be in the national interest.

It is true, and I think the Senator from South Carolina makes an excellent point, that the problem here is that they would exclude any changes in the accelerated cost recovery system or the individual rate reductions in taxes, and I understand the Senator's argument here. I hope that they would not be excluded. They should be included as a possibility for achieving this very, very difficult goal.

But I think it is much better that we have this affirmation from the Senate, this message that we are going to give the Budget Committee, to come forward and give us details on how we can balance the budget in 1984.

For this Nation to get back on the track of reasonable interest rates and long-run price stability we must get a grip on exploding deficits. The administration has taken another look at the deficit projections. They now know they will exceed anything the country has endured to date. They recognize that they flow inevitably from receding business activity as well as from a failure to cut Federal spending as much as Congress cut taxes. Until recently the administration expressed strong determination to reduce deficits and balance the budget at least by 1984.

But now the administration has backed away from that determination. Now they accept the inevitability of a record-shattering deficit this year and even bigger deficits in ensuing years. And they do not even accept this inevitability with regret. They now contend that the size of the national debt, the enormous and rising deficits, will have little or no effect on either inflation or the high level of interest rates.

Mr. President, I think we should remind ourselves of what President Reagan said on January 23, 1981 in his inaugural address. This was his indictment of his predecessor. He said:

> For decades we have piled deficit upon deficit, mortgaging our future and our children's future for the temporary convenience of the present. To continue this long trend is to guarantee tremendous social, cultural, political, and economic upheavals.

This was President Reagan in his inaugural address. He went on to say:

> You and I, as individuals, can, by borrowing, live beyond our means, but for only a limited period of time. Why, then, should we think that collectively, as a nation, we're not bound by that same limitation? We must act today in order to preserve tomorrow. And let there be no misunderstanding—we are going to begin to act, beginning today.

That is about as clear and affirmative a pledge as I have heard any President deliver in an inaugural address.

I thought very highly of that address because it was not simply rhetoric. It was not just talking about the beauties of our country. It was a specific commitment, as firm and clear a message as one could get, an indictment of what has gone on in the past, and a commitment that we are going to start, as he said, today.

Mr. President, it seems that with the positions taken by the top economic advisers of the President that have been disclosed on the first page of the newspaper this morning and over the last several weeks, the statements by the President that he does not expect us to be able to balance the budget in 1984, we are now facing abject surrender. They have thrown in the towel, tossed in the sponge, raised that white flag of surrender, and they are marching forthrightly backward.

This has to be the reversal of the decade. Talk about pivoting on a dime and reversing everything you stand for. This not only walks out on the conservative economic gospel in this country, it leaves the administration standing out there all alone naked as a jay bird without a fig leaf of a principle to cling to.

What does this administration stand for? They have already given us the first trillion dollar national debt in our history. They argued, with some conviction, that the previous administrations had piled up most of that debt and had left a momentum that prevented this administration to stop it and come up short of the trillion dollar figure in their first year in office. Some could accept that argument. I could not. And now they acknowledge that the country will sink far deeper into debt, that the Federal Government will borrow from the credit markets as never before, but that in some magical way this explosion of borrowing will not drive interest rates back up as soon as the country resumes recovery next year. Can anyone buy that?

Can anyone soberly argue that this country can run a trillion dollar plus national debt, increase the deficit by a hundred billion dollars more or less each year and not suffer outrageous interest rates when the private economy resumes its recovery and expansion? With the Federal Government demanding hundreds of billions of dollars of additional credit each year, of course, home builders and auto makers and farm implement dealers and small businessmen who must borrow to stay alive will face stiflingly high interest rates just as soon as their business begins to recover. Such a conclusion does not take any massive economic analysis. First it is obvious commonsense.

Second, Mr. President, we have two, not one but two, case studies establishing this. We went through exactly that ordeal in late 1979 when demand for Government credit first pushed interest rates up and then choked off the recovery in the early months of 1980. We saw it happen again, when the recession of the second quarter of 1980 pulled interest rates down, until summer and fall when business began to recover, only to run into another, a second, outrageous run-up in interest rates conspicuously fueled by mammoth Government borrowing—coinciding with the recovery.

So we have just gone through an all-time high in interest rates that has once again pushed us into a recession with 9 million Americans out of work. Interest rates have indeed fallen. Inflation has moderated. But in view of the obvious commonsense result of enormous Government borrowing—far bigger than ever before on the horizon, can anyone now doubt what will happen to our economy, later this year if and when we begin a recovery of business and the private sector starts to borrow.

We know the combination of huge Federal Government borrowing and expanding private borrowing will once again drive interest rates through the roof. Now certainly the Federal Reserve could ease up on credit. They could pour more credit into the system, and the result? Obviously, with more credit inflationary pressures would increase. Can anyone really doubt that? And on the basis of past experience, interest rates would also rise as the money supply increased—in anticipation of higher inflation. That interest rate behavior has been steady.

When Volcker, Chairman Volcker, appeared before the Banking Committee, I specifically asked him could he, in fact, follow any policy today that would reduce interest rates? He said, "No." That was the Chairman of the Federal Reserve Board, and I think he is right. If he did increase the credit supply, the supply of credit so that the price of credit or interest would technically begin to fall, what happens? What happened in the past is, that so concerns the financial community because they know that means inflation, that they do not buy bonds, they do not follow a behavior that would bring interest rates down, and the result is that interest rates rise in spite of the fact that credit has increased.

Mr. President, this budget resolution marks a sad day in the economic history of this country. The administration has failed to give the leadership necessary for the Congress to really develop confidence in their fiscal policy. So we find ourselves facing the prospect of more rapidly rising prices, skyrocketing interest rates and no effective policy in place to combat either one.

I shall vote for this resolution because it does two things: It does reaffirm restraint on Government spending. And it does call on the President to work with the Congress to balance the budget and establish a responsible fiscal policy.

I shall vote for the amendment because it provides further restraint in 1983 and 1984 and calls for a balanced budget in the latter year; and because it also calls for cuts in Federal outlays by a painful—and believe me this will be painful—but necessary 3 percent of GNP, so we will go down from 23½ to 20½ percent of gross national product.

It is an ambitious and difficult and challenging agenda that this amendment represents, and it is going to be extremely hard to live up to.

I hope we get reports along the way on how we are moving in that direction. But I think it certainly is in the right direction, and it does put restraint on the majority. So here is one Democrat who is going to support it.

Mr. President, I thank my good friend and I yield the floor.

The PRESIDING OFFICER. The Senator from Washington.

Mr. GORTON. Mr. President, I yield myself such time as I may require.

I should like to thank the Senator from Wisconsin for his eloquent statement and for his courageous support of an amendment of which I am a cosponsor.

I should also like to thank the Senator from South Carolina and the Senator from Ohio (Mr. METZENBAUM), the Senator from Louisiana (Mr. JOHNSTON) for eloquent statements about the fiscal condition in which we find ourselves today and, most particularly, of course, the distinguished chairman of the Budget Committee (Mr. DOMENICI), and Senator ARMSTRONG from Colorado for the careful crafting of an amendment which will make meaningful a second budget resolution which, without them, would have no meaning, which is simply an anachronism and an attempt to defer until some time next year problems which we recognize today and should begin to solve today.

The Senator from South Carolina has been particularly eloquent. He would be regarded, if he were a historian, as a revisionist historian, I suspect. Only his eloquence could make President Johnson a fiscal conservative. Only his eloquence could ignore the fact that budgets under the Presidency of Gerald Ford were caused by a Congress which from time to time even overrode the vetoes of that President in an attempt, a vain attempt, to create a greater degree of fiscal responsibility than was the case at that time.

But I do join with the Senator from Colorado (Mr. ARMSTRONG) in expressing the hope and the belief that we are now going to have a broader and more bipartisan consensus for a conservative economic regime, for the necessity of balancing the budget in order to create a strong, growing and vibrant economy, in order to keep down permanently the rate of inflation, and to reduce and to keep down permanently rates of interest than have been present in this body or in this entire Congress for many, many years.

I wish to say, speaking on my own behalf and, I suspect on behalf of many other Members of this body on both sides of the aisle, that I repudiate the theory expressed by Mr. Niskanen as a member of the Council of Economic Advisers in the newspapers this morning to the point that deficits do not really matter or are only relatively—have only a relatively minor impact, if any, on budget deficits.

If that distinguished scholar is correct, and budget deficits do not matter, it is very difficult to determine either the need or the justification for the very difficult votes that have been taken in this body over the course of the last 10 months directed at reducing the growth in Federal spending.

If the flag about which we are asked to rally is that of a $100 billion deficit, I submit that there will be few rallying around that flag.

We have all of us, Republicans and Democrats alike, justified difficult votes on some individual programs in the budget which, taken individually, were highly justified. Because we recognized, because we were willing to tell our constituents, that it was necessary to reduce the rate of growth in these programs for the overall better health of the American economy, in order to reduce interest rates, in order to reduce inflation, in order to provide for more growth if, in fact, those deficits make that difference, that justification is gone, and, I suspect, that you will find a Congress with relatively little dedication or devotion to a reduction in programs which have a great deal of political and, for that matter, social and economic popularity.

Of course, it is my thesis that Mr. Niskanen is, in fact, not right but wrong.

As the Senator from Colorado has said, as the Senator from South Carolina has said, balanced budgets do matter. If we are to continue to reduce the rate of inflation, if we are to return interest rates to a level at which people can borrow money for constructive economic purposes in our society, we must, of necessity, retain our commitment to a balanced budget in the reasonably foreseeable future. We must reduce the role of the Federal Government as a competitor in credit markets with the private sector of our economy.

It is, however, because of this attitude, evidenced by at least some of those providing economic advice to the President, that the resolution of the Senator from Louisiana, Mr. JOHNSTON, which is a part of the second budget resolution, is inadequate.

We do, indeed, wish for the guidance from the President which that resolution seeks. We must, however, provide a significant portion of that leadership ourselves here in this body. And it is that leadership which this amendment seeks to cause to move into place. Obviously, a sense-of-the-Senate resolution is not binding.

Equally obvious, however, is the proposition that a sense-of-the-Senate resolution, proposed by the chairman of the Budget Committee, the chairman of the Finance Committee, the majority leader, and the members on the majority side of the Senate Budget Committee is more than a meaningless exercise. It is very likely to light the way of that committee's actions early during the course of the next year. It is also very likely to carry a message to the adimnistration that we believe that the economic policies with which it began are the policies which should be followed to their appropriate conclusion.

For that reason, I should like to ask the Senator from South Carolina, the Senator from Ohio, the Senator from Louisiana, and the other Senators from the minority side who have spoken on this issue, to reconsider their opposition to this amendment.

The Senator from South Carolina was almost certainly correct in characterizing this second budget resolution unamended as a sham. It will not be a sham, however, if the amendment proposed by the chairman of the Senate Budget Committee is adopted. In fact, while I was Presiding Officer a little more than an hour ago it seemed to me that the Senator from South Carolina agreed in every respect, save one, with what is contained in this amendment. That single area of disagreement was in the protection of the individual income tax cuts which have already been put in place by action of the Congress in July of last year.

I think it vital for the Members of this body to remember that those income tax cuts to take place over three successive years are modest indeed when compared with the effect of inaction in the field of tax policy in the administration and in this Congress during the course of the last 4 or 5 years, an inaction which drove up the real income tax rates for all practical purposes to every working American and many retired Americans as well. The 5 percent tax cut which took effect on October 1 of this year probably does not even balance the effect of inflation during the course of 1981. And the 10 percent cut which will take place on July 1 of next year will do little more than to balance the effects of inflation during the course of next year.

If we should be taking any additional action on personal income tax cuts, it should probably be to move forward to March or to April the tax cut scheduled for 1982, rather than to defer it or to reduce it.

Generally speaking, even the most liberal of economists believes that during a recession individual income taxes should be cut. We have, fortunately, taken that action in advance of a recession and the recession will be less serious because of that action.

Necessary revenues to give us the promise of a balanced budget within the reasonably foreseeable future are available in the excesses of the tax cut of last year and in other areas of unjustified tax expenditures, in a reduction or repeal of the tax leasing provisions, in the reconsideration of some of the elements of the reductions in the excess profit tax, and in a number of other unexamined tax expenditure areas which have come into the Tax Code over the course of the last 5 years, 10 years or two decades. And not until all of those avenues have been totally exhausted should any consideration be rendered to the individual income tax cuts which were the centerpiece of last July's tax reduction effort.

Essentially, this resolution asks for sacrifices on the part of all of the people of the United States in order to create a secure, stable, and a growing economy. Cuts will be necessary in the area of the growth of national defense expenditures. Reexamination of all of the entitlement programs will be an absolute necessity. In all probability, a freeze on the growth of those discretionary programs which were the subject of almost all of the cuts earlier this year will be a necessity. And significant increases in revenues will be

a necessity in order to balance the budget, in order to control inflation, and in order to lower interest rates.

Such a program, however, asks for relatively equal and well-spread sacrifices on the part of all elements of this society and economy. They will, therefore, be accepted by the American people. And I would hope that the Senator from South Carolina and others would join with them.

Mr. President, I now yield 5 minutes to the Senator from Kansas.

Mr. DOLE. I think the Senator from New York has been waiting before me.

Mr. BRADLEY. Mr. President, I am pleased to yield 15 minutes to the Senator from New York.

(Mr. COHEN assumed the Chair.)

Mr. MOYNIHAN. Mr. President, there cannot have been, in recent times, a session as exceptional as we have had today in the Senate. U.S. Senators, collectively and individually, are encountering something known as economics. This encounter is occurring about at the level taught in Economics 101. It is amazing the impact it has had on the majority to learn from their own economists what all respectable economists in this country and throughout the world have known, and to discover that the primitive propositions with which this administration and its party won the last election are not believed by the professional economists in that party. Why this discovery had to wait for a conference at the American Enterprise Institute before the majority would believe it, I do not know.

We have been saying it in the Budget Committee month after month, throughout this last year. It is an elemental fact about our economic situation. It is, indeed, a crisis, as the amendment before us says. What is the nature of the crisis?

Mr. President, it can be stated very simply. You have to return to 1919 to find as brief a period of recovery between recessions as was the most recent one. We had just four quarters of recovery from the end of the last recession to the beginning of this one. And when you go back to 1919, you confront very disturbed times in the economies of this country and the world—with huge steel strikes and Europe collapsed—indeed, the record in this period led to serious anxiety about the course of economic and political events in the aftermath of the next world war, the second.

You must return to this period to find an economic failure like the present one. And this one was brought on by the majority's political commitments to an untenable, indefensible and now abandoned economics.

What was the proposition? It was essentially a policy at war with itself. On the one hand, the administration embraced the nostrum of the Laffer curve, cocktail napkin economics that offered the classic free lunch that politicians somehow cannot resist. It said that any level of revenue may be obtained at two rates of taxation—one high, one low. Across the Nation, over cocktails, chief executives were asked which did they prefer, the high or the low; with astonishing unanimity they chose the low.

The idea was to tap a huge reservoir of money for presumed savings and investing by cutting revenues, so that cutting tax rates would not, in fact, cut tax revenues.

Simultaneously, the Federal Reserve pursued a tightly restrictive monetary policy, bringing the Nation the highest interest rates in history. These policies were at war with themselves, and inevitably when you are at war with yourself, all the casualties are your own.

This recession was brought about by the incompetence of the people in the administration managing economic policy. They know it. They confess it. Mr. Stockman confessed it to all.

Now when we learn how easily they renounce their old beliefs, we remember they almost drove the Nation into a constitutional amendment, writing an algebraic formula to balance the budget into the Constitution, all for the political purposes of a party, a segment of that party.

Now, the administration's economic theory, by the account of their own top economic advisers, all turns out to be true. It never was true, and the shock on the other side of the aisle, and on this one too, to learn that, may shake one's confidence in this body. I would much prefer the President to know that this body realized that it was all smoke and all voodoo, in the Vice President's phrase, than to learn how appalled they are to encounter the reality that nobody else ever believed in.

Mr. President, there is one small detail I would like to bring to the attention of the body, though I do not think it will have any impact whatever on it.

I am glad to see that we are at least this far, having realized how primitive is the conception of the Laffer curve. But when its defenders began to sense their failure, they began to bring forward the proposition of the gold standard, as the hitherto-unread small print in their whole economic proposition.

If you read an airline ticket, you will find a clause about how much insurance will be paid on your baggage, quoted in gold francs. The gold franc, the supply-siders now say, is at the foundation of the Laffer curve.

There was a marvelous editorial in the Washington Post this morning, titled "The Flat Earth Commission." Columbus' discovery, one might say, has shaken the confidence of the U.S. Senate. The "Flat Earth" article begins, "The U.S. Gold Commission, a national embarrassment, will meet again this week." It is no embarrassment, I suppose, alongside these people's other beliefs.

I ask unanimous consent that that editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE FLAT EARTH COMMISSION

The U.S. Gold Commission, a national embarrassment, will meet again this week to continue its wandering debate over the desirability of returning to the gold standard. The idea is, of course, absurd. The Reagan administration needs to consider the damage that this strange proceeding is doing to the country's reputation abroad, where the folkways of American politics are not well understood. It's as though a Cabinet-level committee were meeting every few weeks to consider whether the world may not be flat after all, and to explore the possible implications of a finding of flatness.

This strange endeavor originated in the struggle last year to get through Congress a badly needed increase of the American quota in the International Monetary Fund. Sen. Jesse Helms of North Carolina offered a floor amendment establishing the gold commission; the bill's hard-pressed managers accepted it in the hope of encouraging a little more support, or at least a little less hostility, from the part of the political spectrum that Sen. Helms so ably represents. The Republican platform's veiled reference to a gold standard gave the commission a new meaning after Mr. Reagan's election.

Most Americans understand that a gold standard is entertained seriously by only the smallest minorities of American businessmen, bankers, economists and politicians. But the sight of this roomful of eminent people, sitting around a table headed by the Secretary of the Treasury to discuss the subject with at least a semblance of serious purpose, is enough to stir those recurring fears in financial circles abroad that the Americans are losing their marbles.

The proposal is to tie the value of the American dollar to a metal that fluctuates wildly in price, that has industrial uses strongly affecting its value and that is mainly produced by two countries—the Soviet Union and South Africa—that are no particular friends of this one. It is remarkable that the same people who won't trust the Russians across the street on any issue of weapons control, or trade, or natural gas deliveries to Western Europe, nevertheless are ready to assure you that, on gold, the Russians can be relied upon to be responsible.

The world has had a lot of experience with gold-based currency, and for good reason has abandoned it. A gold standard is a primitive device, promising the very opposite of the monetary stability that its sponsors advertise.

Mr. MOYNIHAN. Some months ago I spoke to the United Press International's annual executive meeting in New York, on the subject of the gold standard as the new cure for the problems of the Laffer curve and the administration's program. It certainly cures one problem. Given the incompetence with which this administration has carried forward fiscal and monetary policy, it is a case for turning over our economic destiny to South Africa and the Soviet Union, the world's largest gold producers, as well as to Saudi Arabia, if we should somehow return to gold.

I gave an oration entitled, "Please Do Not Crucify 93.01 Percent of Mankind on a Cross of Gold and Other Thoughts."

I ask unanimous consent that those remarks be printed in the RECORD at this point.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

PLEASE DO NOT CRUCIFY 93.01 PERCENT OF MANKIND ON A CROSS OF GOLD AND OTHER THOUGHTS

Here in New York we are enjoying one of our recurrent Shavian revivals, and it may not be inappropriate to open these remarks by recalling the father-and-son scene from Major Barbara in which Undershaft, the munitions manufacturer, presses his idle and useless son on how the youth plans to make a living. One option after another is dis-

carded, as the boy knows nothing of the subject. Finally, in exasperation, the father asks: "Is there anything you know?" To which the young man replies that he knows the difference between right and wrong. Well, the father declares, if you know nothing more than the difference between right and wrong, you shall have to be a journalist.

I am asked to speak of the Administration's economic program, and do not wonder that journalists should be intrigued, for not in a generation has there been such a stir in the United States over economic doctrine, nor yet so much assertion that new theories are right and old theories wrong.

Our new doctrine has been labeled, and most effectively so, "supply side economics". It comes, as new beliefs so often do, at a time of evident crisis in old beliefs, more specifically of the evident inability of older doctrines to account for new realities.

This change has come suddenly, and without warning. The period roughly approximating the third quarter of the twentieth century was for mankind generally, and especially the nations of "the west," the most prosperous period in the history of the race. Never, for such a sustained period, has there been so much wealth, so much liberty, so much, yes, peace. Then the prosperity—specifically, the growth in economic product—leveled off. We are now in the latest of a succession of recessions which have kept American GNP about flat since 1978. Last year, for the first time in the history of the economic series in question, the real incomes of Americans declined.

This crisis has produced numerous explanations of the variety which economists call "structural," which is a way of saying things are truly out of joint, and our way of going about them must change. Supply side economics calls for removing the restraints on production—the supply as against the traditional Keynesian demand side of the equation—through reducing the inhibitions on production which Government imposes by taxes, regulations, and other measures.

Obviously there is much to say for such a proposition, although as yet, but little to report. The Carter Administration—and during those years, the Congress—committed itself to a general program, of "deregulation" which the present administration proposes to continue. Given a little time there will be results on this front. But in the meantime all attention has turned to what I am going to call a "heresy" of supply side economics, the peculiar proposition that tax cuts, no matter how great, more or less automatically replenish themselves, with no cost to revenue. This is the famous Laffer curve. It holds, to be specific, that any given level of revenue can be obtained at two levels of taxation, one high, one low.

I have no inside knowledge, but I hypothesize that several years ago a poll was taken of prominent business executives: What level of taxes would they prefer, always remembering that it made no matter, high or low? Evidently a substantial majority picked low. In any event, at a critical point in the formation of the present administration this peculiar subset of beliefs was adopted. It was stated most succinctly by the President, then a candidate, in Flint, Michigan on May 17, 1980:

"We would use the increased revenues the Federal government would get from this tax decrease to rebuild our defense capabilities."

Indeed, a kind of role reversal took place. Of a sudden Republicans were going about expounding the theories of professors of economics, while Democrats grumbled that in the real world of running a government theory wouldn't get you far.

No doubt. But it got this particular faction of the G.O.P. to the White House. (Not to be unkind, there were Republicans who referred to it all as "smoke and mirrors",—even "voodoo.") Scarcely a half year later we had the largest tax cut in history: pursued no doubt in part out of sheer joy of battle, but with a measure of the true believer's conviction that no harm can come to the faithful.

The tax cut was and remains simply too large to make sense as genuine supply side economics. Let me give you two examples, one familiar by now, one perhaps less so.

First, because the revenues are not going to be replenished at anything like the levels expected, we face a decade of huge and possibly growing deficits. Last March, in this City, when events were not out of control, I pleaded that the FY 82 deficit, for example, would be at least $60 billion and that the new administration should not take it too much to heart. It would not be their fault if they would only see it as inevitable. The reply was that of the true believer: Nothing is impossiibe to faith. The deficit would be $42.5 billion. Period. Wall Street evidently expects that now it will be $80 billion.

The numbers for FY 1984 are stunning. Estimated Revenues, according to the Congressional Budget Office, will be $748 billion. Three items—National Defense, $261 billion; Benefits to Individuals, $393 billion; and Interest on the Public Debt, $86 billion—account for $740 billion, leaving $8 billion for all the rest of government. (The administration estimates revenues of $758 billion, which would leave $18 billion for the rest of government.) A former member of the Council of Economic Advisers has suggested to me privately that the FY 84 deficit will be in the range of $150 billion to $200 billion.

At another part of the spectrum let me suggest an unintended, but potentially devastating impact on the "supply side" of the tax bill. We have all but eliminated the corporate income tax, thereby much reducing the cost of capital. But, alas, the heavy Social Security Payroll tax remains, and will grow for the rest of this decade under already enacted tax schedules. This means the cost of labor must grow. A shearing effect is bound to take place, with ever more capital intensive activity, and possibly higher levels of unemployment. Or so I would think. This is something we can enquire into, and as a member of the Finance Committee I surely mean to do so. But it is bad supply side economics, even if no one intended it as such.

Now all this has not escaped the advocates of supply side economics within administration circles. Huge deficits, in the absence of high savings rates, must displace private capital and thereby lower the investment rate. By late spring we were told that the administration, or its party, does not "worship any longer at the shrine of a balanced budget." But this was inherently unlikely. This morning in the Washington Post we learn what is more likely, that Mr. Stockman had counted on the Democratic Majority in the House of Representatives to restrain the size of the tax cut. But that is behind us. Ahead, as the New York Daily News comments this morning is the gold standard.

Specifically, the special group of "supply siders" that has most influenced the Administration's economics is now putting it out that the small print, you might say, of their manifesto decrees that the Laffer curve only works if the nation is on the gold standard. In fairness, this was always a feature of their literature, but its salience comes only in the aftermath of the revenue debacle. Hence, The Economist writes, there is: the suspicion that the sudden enthusiasms for gold provides a convenient escape route for those whose huge tax cuts are more likely to bust the budget than to usher in a new era of economic growth. (September 19, 1981)

At this point, or so it seems to me, a certain intellectual duty rests with the opposition, which is to say the Democratic party. Everyone—the administration, the Congress, the public—is trying to think through the puzzlement of recent economic developments. None of us has any final answers, and none of us, so far as I am concerned, has any right to be mad at anybody else. The administration is still new, still learning. Just yesterday our fellow New Yorker, the respected Secretary of the Treasury Donald T. Regan told the Washington Post that the Federal Reserve should loosen its tight-money policies. "In this flat period, or indeed if it later determined that this is a recession . . .," he put it, "the Fed has to go countercyclical rather 'than procyclical. . . ." Now this would scarcely represent the presumed orthodoxy of the administration not four weeks ago. But we are all trying to learn, and a measure of tolerance is to be expected of all.

There is a difference, however, between tolerance of new ideas and indifference to them.

I happen to think that some of us, myself included, were derelict in a duty we should have known we had in the late 1970s to challenge the more bizarre nostrums—the heresies, if you will allow my term—of the supply side school. We could have done so. But they had gained such plausibility—note the evasion: I mean such popularity—that we did not. We assured ourselves that in any event, such propositions would never get anywhere.

I suggest that we can make amends—if at all—only by giving a good thump this very moment to the idea of a return to the gold standard.

First of all, what is the idea? It has little to do with gold. It has much to do with the curious aversion to government of the new radicals. I put it some weeks ago that these folk are to conservatives as anarchists are to liberals. Yesterday George Will, a genuine conservative, noted a disposition of many such radicals to fear their own government more than the government of the Soviet Union! The idea behind the gold standard is to restore financial stability by taking the creation of money out of the hands of government. For many of its advocates that in itself is enough.

What are the problems this would present? (Here I would wish to acknowledge my debt to Professor Robert Gilpin without in any way implicating him in my views.)

The problems are twofold.

First is the problem of negotiating a "re-entry rate." What will be the dollar price of an ounce of gold? With literally hundreds of billions of dollars in various forms floating about in the world, what price will be high enough to persuade the holders of such dollars not to exchange them for bullion? What price will be high enough, for example, to persuade Saudi Arabia that it would prefer to have its wealth in time deposits in Manhattan rather than in real treasure right there in Riyadh? If the price is high enough does that not, by the automatic responses which are said to be the virtue of the gold standard, mean a sharp contraction of the money supply, and deflation, and depression?

It is not much in fashion any longer to invoke Maynard Keynes, but that is just what happened in Britain when it returned to the gold standard after World War I, as the great economist explained at the time in his short volume, "The Economic Consequences of Mr. Churchill."

I note in passing that any re-entry price, indeed any return to the gold standard, would have to be negotiated with Europe, Japan, and OPEC.

If that does not put an end to the matter, let me present the second set of problems. Seventy-seven percent of the gold produced in the world comes from the Soviet Union and South Africa. To return to the gold standard means to put our money supply in the hands of two of the most hateful regimes on earth. Period

If yet further argument is needed, economic historians could be of help. There is a myth of the gold standard and Nineteenth Century Europe, most of it wrong. The standard really only existed from 1870 to 1915. It was put in place by the Bank of England at a time when the British could do such things. And, if I may add, its regime corresponds precisely to the period when Britain lost its industrial supremacy in the world. This was the period when William Jennings Bryan flourished, the same sport had been made of him in recent years. But there was a profound truth to his concerns. No economy can grow unless the supply of money grows. If the supply of money is defined as supply of a narrowly held, closely controlled metal, the rest of us suffer.

Together, the Soviet Union, South Africa, and Saudi Arabia make up some 6.99 percent of the world's population. Let us forthwith resolve not to crucify the remaining 93.01 percent of mankind on a cross of gold.

The administration would do well to put the soonest possible end to the discussion. Henry S. Reuss, Chairman of the Joint Economic Committee has warned against the use of the Gold Commission to advance "cranky economic ideas." This is just the reputation the administration ought most to fear, and in which it is most in danger if the gold talk continues.

Population of the Soviet Union, 265,750,000.

Population of South Africa, 23,500,000.

Population of Saudi Arabia 8,350,000.

Total Population of U.S.S.R. & Saudi Arabia & South Africa, 297,600,000.

Estimated World Population, 4,258,000,000.

Saudi Arabia, South Africa, and the Soviet Union together comprise approximately 6.99 percent of total World Population.

WORLD GOLD PRODUCTION

(1980 Statistics from the U.S. Bureau of Mines)

Total World Gold Production: 38,882,381 Troy oz.

Soviet Union Gold Production: 8,300,000 Troy oz.

South Africa Gold Production: 21,669,468 Troy oz.

The Soviet Union and South Africa together account for approximately 77.08 percent of World Gold production.

Mr. MOYNIHAN. Mr. President, now I refer to the specifics of this resolution, which really ought to command the close attention of this body. Again, we confront a primitive level of economic understanding concerning on the one hand, the accuracy of our estimates of the gross national product, in a $4 trillion range and on the other, what precisely could be said to constitute the budget.

Can you imagine the Supreme Court having to decide, what is a budget? And can you imagine what one would do if someone comes along and says, "The estimate for the GNP is off by 3.7 percent," which comes to $198 billion?

Anyhow, we have a notion. They lead us to believe we know, at least, what the GNP is; and if you do not start there, you are not qualified to discuss the subject. Of course, if you are here in this body, you can talk about anything.

Our resolution says that the budget in 1984 will be 20.5 percent of GNP. Right—20.5 percent of GNP. This is to be mandated and we have the absolute figures, so we know exactly where the arcs are and what the altitudes are.

First of all, Mr. President, let me say that in the midsession review of the 1982 budget, the administration projected a gross national product in 1984 of $4,097 billion. All right? We have that, down to the decimal point. That is a habit we have gotten into. It is perfectly good practice, if you do not take it too religiously, if you do not invest your faith in America in the truth of the estimates. It is $4,097 billion.

Now, Mr. President, 20.5 percent of that comes to $839.3 billion.

Mr. President, does anybody realize that 20.5 percent of GNP in 1984 will constitute a $91 billion increase in the administration's projected spending for the 1984 budget? And, Mr. President, we have the right to ask, is this a secret effort by the GOP to add another $91 billion to an already bloated budget? Is that their plan?

Will there be no response?

I repeat. I will speak quietly; 20.5 percent of GNP in 1984, as projected by the administration, is $91 billion more than the budget projected by the administration. Is this an attempt to increase the budget?

Second, Mr. President, can we not go to the first budget resolution, our own figures?

The first budget resolution, to which this resolution refers, projects an even larger GNP. Those were the days when Mr. Stockman was telling us 5.2 percent growth per year, forever. The GNP for 1984 is projected, under the first resolution, at $4,135 billion and 20.5 percent of this would be $847.7 billion, or $100 billion more than the administration projects in Federal spending in 1984.

I suppose we deal with a majority incapable of embarrassment, or certainly reluctant of reply. But now that I am willing to stand here on the floor until some Member representing the majority, perhaps having received a phone call from OMB—I am willing to wait for the phone call—will say if there is anything the matter with the data I have presented—which shows that 20.5 percent of the administration's projected GNP will increase in spending in 1984 by $91 billion, projected spending; or alternately, 20.5 percent of 1984 GNP as projected under the first budget resolution, which we are now to reaffirm, will constitute a $100 billion increase in spending? Pending that, I am prepared to read from the Bible; or I can repeat my "Do not crucify 93.1 percent of mankind on a cross of gold" speech. Or better yet, there is an interesting article by Rudolph Penner of the American Enterprise Institute, that appeared in the New York Times of last Sunday on "Why has supply side economics failed to capture the hearts of academicians, when politicians seem to find it irresistible?"

I repeat, Mr. President: We have two sets of economic assumptions in front of us. One is the current GNP projections by the administration and, second, we have the projection, somewhat larger, from the first budget resolution. One adds $91 billion in spending by 1984; the other adds $100 billion in spending. Which of the ladies and gentlemen opposite will tell me, which is it? Do they want a $91-billion increase in 1984 or is it $100 billion in 1984?

And what do I hear? I hear silence. Silence. An uncharacteristic silence.

Mr. BRADLEY. Will the Senator yield?

Mr. MOYNIHAN. Yes, Mr. President.

Mr. BRADLEY. The Senator does not understand there is a glass partition here.

The PRESIDING OFFICER. The 15 minutes yielded to the Senator from New York have expired.

Mr. MOYNIHAN. Will the distinguished manager of the bill yield me 10 minutes in the hope that we might get an answer?

Mr. BRADLEY. Mr. President, how much time remains?

The PRESIDING OFFICER. Six minutes, 45 seconds remain on the amendment.

Mr. BRADLEY. I yield the Senator another 5 minutes.

Mr. MOYNIHAN. It may be that we shall get an answer.

May I repeat for those who are in the hearing of this Chamber, or elsewhere—I see the distinguished chairman of the committee is on the floor.

Mr. President, we have before us or we have available to us two projections of GNP by 1984. One is the present administration's projection of $4,094 trillion. The other is the first budget resolution estimate, repeated here, of $4.-135,000,000,0000.

May I say to my friends in the gallery—although we are not supposed to address them—that I do not think we should get in the habit of speaking of tenths of trillions. I think for the moment, we shall speak of trillions and then add billions. That is four trillion, one hundred thirty-five billion, no million dollars.

Now, 20.5 percent of either of these figures yields respectively an increase in spending above the administration's projected budget of $91 billion and an increase in spending above the projected budget of $100 billion. Which is it that my friend, and he is my friend, on the other side of the aisle prefers? I am fearful that they are setting a trap for us, a trap of an outrageous growth in Federal expenditures that innocently, we might have unwittingly agreed to.

I am here. I await. But I hear silence.

Tick, tick, tick. I have only 5 minutes, 3 minutes.

Mr. President, I respectfully ask the Chair to inform me how much time I have remaining.

The PRESIDING OFFICER. There are 4 minutes, 45 seconds remaining.

Mr. MOYNIHAN. Four minutes, forty-five seconds.

The PRESIDING OFFICER. Of which the Senator has 2 mintues, 40 seconds.

Mr. MOYNIHAN. Very little time. I say to the Chair, I shall remove my wristwatch. Tick, tick, tick, tick, tick, tick——

Mr. DOMENICI. Is the Senator going to run out of time?

Mr. MOYNIHAN. I have 2 minutes remaining to save the Republic. [Laughter.] Tick. Tick. which is it, another $91 billion in the budget or another $100 billion in the budget, that's going to slip through? Tick, tick. Find that person who picked 20.5 percent of the

GNP, and did such a grievous disservice to the mumbo-jumbo we go through here. Mumbo-jumbo must be done with a certain element of precision. It must never be found out. If you pull aside the curtains in the "land of Oz," my God, there is old Frank—what was his name?

Mr. HOLLINGS. Frank Morgan.

Mr. MOYNIHAN. Frank Morgan, that is it.

Mr. HOLLINGS. Blowing out the smoke.

Mr. MOYNIHAN. The idea that GNP is something so precisely estimatable that it can be put in law—to think that is to believe what any beginning statistician knows is not so. Then, in addition to mix up your proportions, so that you find yourself asking for a huge increase in your budget—when are we going to grow serious in this body?

If we cannot learn economics, perhaps we can at least observe silence on the subject. If we talk about a budget, what we appropriate, let us hope it all works out well. But this pretense of "Macroeconomic Man," it partakes of the primitive in the face of the unfathomable. Just like the cocktail napkin economics of the Laffer curve.

Mr. DOMENICI. That is awful, Senator.

Mr. MOYNIHAN. We are doing a disservice to the Nation. We are pretending to know things that we do not know. If they are known by anybody, they are not known by us.

Mr. DOMENICI. I shall be happy to answer, Mr. President, but time has run out.

Mr. MOYNIHAN. Mr. President, I observe the distinguished chairman, who is my friend and my ally. I have said what I had to say. I have asked the question: Which is it? Is this new budget creature to be $91 billion or $100 billion bigger, through this mystical union of the GOP with its ancestral beliefs?

Mr. DOMENICI. Mr. President, after the momentous——

The PRESIDING OFFICER. The time has expired. Who yields time?

Mr. DOMENICI. Mr. President, I yield myself 1 minute. Then I promised to yield to the Senator from Kansas.

Mr. HOLLINGS. How many more minutes do we have, Mr. President?

The PRESIDING OFFICER. One minute, forty-five seconds.

Mr. DOMENICI. Mr. President, I say to the Senator, since I am going to give him a momentous answer, I hope he will listen attentively. The answer is neither. We do not even estimate that it will be as high as either of those. It is probably going to be less. But let me just say to the Senator, it is well known that we do not know the precise size of our GNP until we look back after the year has finished. We look back and there is some precision at that point. Obviously, all we can do in the meantime is estimate.

Mr. MOYNIHAN. If I may yield for a question. You do not know in advance what it will be, you say, but you will precisely prescribe what the desired proportion of that, which you do not know, should be. That is almost as good as Arthur Laffer.

Mr. DOMENICI. No. If the Senator will read it, it says "not more than."

So I offer to the Senator that if he is concerned about the size, he can come in with "less than," and he will be a budget saver; he will be cutting, if that concerns him.

Mr. MOYNIHAN. I am concerned.

Are there criminal penalties for failure in this matter? If you put up a budget of 20.9 of GNP, and GNP is something lower than you thought, and therefore the budget comes in at 20.6, is it to be 10 years or $10,000?

Mr. DOMENICI. Nobody is going to go to jail if that happens.

Mr. MOYNIHAN. I think we should know that.

Mr. DOMENICI. Let me suggest that there are some proposals pending in the Senate that would give us a way of using an average GNP with a plus or minus that has been tested over the last 10 years and, strangely enough, it has come out quite close to actual GNP. I will share that formula with the Senator from New York.

Mr. MOYNIHAN. I cannot say what the Senator has in mind. Can the Senator tell me what that theory is?

Mr. DOMENICI. I yield 5 minutes to the Senator from Kansas.

Mr. DOLE. Mr. President, the Senator from Kansas arrived late. Fortunately, I did not miss anything. [Laughter.]

I should like to talk about the amendment. I agree with its general purpose.

I must say, as a subcommittee chairman of the Budget Committee and chairman of the Finance Committee, that I have some different point of view when it comes to revenues and entitlements and what the budget resolution next year may specifically set forth. However, I do believe that the amendment is on the right track. Having served on the Budget Committee, I can understand the frustration of the distingiushed Senator from New York or anyone else who serves on the Budget Committee.

It happened that, through a mistake, when my colleague Senator KASSEBAUM came to the Senate, I was on the Budget Committee and she was also placed on the Budget Committee. The rule permits only one Member per State from the same political party to be on the committee. Being the gentleman I am, I stepped aside and let Senator KASSEBAUM have the seat on the Budget Committee, and I know she has thanked me for that a number of times. [Laughter.]

So I can understand the frustration not only of a member of the Budget Committee but also of the chairman and the ranking Democrat on the committee.

I do believe that the President has not abandoned his goal of a balanced budget. I read some of the statements this morning in the paper, the only paper we have, and I read it with care. I have not spoken to those who made the statements, but I suggest that President Reagan is still on course toward eliminating the deficit. He is still going to put pressure on Congress, and it will be up to us as to whether or not we finally balance the budget in 1984 or 1985 or whenever.

I am ready to do my share in the Finance Committee, but I need help. There are 20 members on my committee. I know I can count on the distinguished Senator from New York. He has been consistent in his efforts to cut Federal spending.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

Mr. DOLE. For an answer.

Mr. MOYNIHAN. The Senator can count on me to defend social security, which this amendment means to gut. Reduce entitlements, it says, "Rip it out." I shall be clear on that, as I shall be with the Senator in the future. I hope very much he will not lend the name of the chairman of our Finance Committee to a resolution by the Budget Committee to dismantle social security. I thought we settled that in May.

Mr. DOLE. I read that very carefully, I say to the Senator from New York. I am counting on the Senator from New York. I am not certain on what issue, but I am counting on him for something. [Laughter.]

We are all counting on each other around here, and we hope to be able to balance the budget one of these days.

I am a little puzzled to get all this expert economic advice from someone on the other side of the aisle, since they were in control for 26 years, and we just recently found ourselves passing the trillion dollar debt mark. I must say that, in the past, some of the numbers have been less than accurate, some have been very flexible, and maybe we have not understood basic economics for the past 26 years.

I have confidence in my distinguished chairman, Senator DOMENICI. He has been on the job only 10 months, and look at what he has done to the budget. In fact, we are looking at what he has done in 10 short months to the budget. [Laughter.]

Some of us on other committees are looking more closely each day. But I suggest that he is on the right track—the right track, you understand. It seems to me that that is the right course to follow.

We are going to do what we can to support the Budget Committee. We need their help, and they need our help.

We do not want to give up in the Finance Committee and be totally overridden by the efforts of the Budget Committee. We believe that the tax bill should stay as it is. Perhaps, if there are technical problems or abuses, they should be addressed. I do not see any reason to defer any portion of the tax cut. Some have suggested that we speed it up. I do not think that is necessary, either.

Generally, I think this is a good amendment. I am certain that we can count on strong bipartisan support for this amendment and others like it that may be offered.

Mr. President, I am pleased to cosponsor the modification proposed by the chairman of the Budget Committee, along with Senator HATFIELD and others. The amendment accomplishes two worthwhile objectives: It reaffirms our goal of a thriving economy, with lower inflation, more jobs, and a budget in balance by 1984. It also states our conviction that achieving those goals is a shared

responsibility of Congress and the President. Without the diligent cooperation of the Congress, no President, no matter how conscientious and determined, can successfully grapple with all our economic problems.

The budget resolution as reported by the Budget Committee already expresses our sense that the President should plan to deal with the problems of high interest rates, unemployment, inflation, and budget deficits. This amendment adds more force to that declaration by further expressing our sense that Congress should, by next spring, undertake to set out a plan to accomplish these same objectives. Our hope, of course, is that we will work together with the President. But by adopting this amendment we show our appreciation of the fact that both we and the President must move promptly to stem the doubts about our ability to follow through on the economy.

The President has his work cut out for him as he prepares the 1983 budget. Congress has its work cut out for it too, in disposing of the President's proposals or offering meaningful alternatives. That is what this amendment is all about, and I hope it will be accepted.

Mr. President, the amendment also makes a significant point in setting forth how we ought to go about eradicating the deficit. The amendment stresses that to balance the budget, we should further reduce spending in discretionary programs, modify entitlement programs to achieve further savings, and tap new revenue sources, including improving the efficiency of the income tax. This fairly reflects our order of priorities: Keep the pressure on to reduce spending, with no exemption for any area of the budget—then provide for increased revenues where necessary to bring the deficit into a reasonable range, and hopefully into balance.

The amendment also makes it clear that revenue increases should not come from tampering with the individual tax rate cuts and accelerated cost recovery provisions enacted as part of the Economic Recovery Tax Act. Those provisions are the key to economic recovery and the kind of growth we must have to meet our national needs without excessive deficit financing. They also represent a commitment we have made to the American people. We will find additional revenues when we must, but we recognize that it would be self-defeating to do so by shutting off the engine of economic recovery. We must adhere to the basic course we have set out on, and this amendment recognizes that fact.

I thank the distinguished chairman, Senator DOMENICI, and other cosponsors of this amendment. I again thank the Senator from New York.

I might add that I have answered the question he asked me last Friday. I sent him a letter today.

Mr. MOYNIHAN. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MOYNIHAN. Will the distinguished chairman yield me 1 minute?

Mr. ROBERT C. BYRD. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a suficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. Mr. President, I yield such time from the resolution as the Senator from New York may need.

Mr. MOYNIHAN. I thank the Senator from South Carolina.

Mr. President, I point out to the chairman of the Committee on Finance what was reported in this morning's press about yesterday's meeting at the American Enterprise Institute. He spoke about the management of our economy in recent years.

Mr. Niskanen, a distinguished economist, a member of the President's Council of Economic Advisers, and formerly the chief economist for the Ford Motor Co., suggested looking at what the Nation has done in the last 15 years. He said that a net worth concept is an interesting and useful concept. He said, "Look at the net worth of the Federal Government," which has increased from $20 billion to $250 billion, despite deficits in 14 of the last 15 years.

He is saying that the Democratic Congress, with some aid from Republican administrations from time to time, increased our net worth from $20 billion to $250 billion. It cannot be billion; it should be trillion. It does not matter. These are all numbers. No one understands it, it is so big, anyway. [Laughter.]

A trillion minutes ago, St. Peter was 14 years dead. That gives you an idea of what a trillion is like.

This Republican economist has said that a brilliant job has been done until recently, and I find that interesting. It must be called cognitive disonance, that there are so few persons on the opposite side of the aisle. You can get over it. Well, some do. Some, however, go around confused for every thereafter.

The fact is that as we confront economic reality, we find that the politically inspired propositions from the other side of the aisle have brought about a sharp and unnecessary recession and have placed prospects for a balanced budget out of consideration for at least the next 5 years.

It will not happen. They will not be able to do it. They have been told by their own people that they cannot do it. All they can do now, is to lurch back upon the hopeless symbolism of a sense-of-the-Senate resolution.

In the proposal, the only way they can do it, the only way it can be done, and the essence of this resolution—the mean, political kernel—is that it will be done by taking out that part of the budget including entitlement programs, meaning social security.

The Senator from Kansas said that he read over the last weekened the speech the President gave to the White House Conference on Aging last Tuesday, in which he pledged that there will be no cuts in social security. And here they are already, insinuating these cuts in their sense-of-the-Senate resolution.

Mr. President, I hope this matter is rejected. It would be better, more merciful, if it were withdrawn.

The PRESIDING OFFICER. Who yields time?

Mr. HOLLINGS. Mr. President, how much time do we have on the amendment?

The PRESIDING OFFICER. One minute and 46 seconds on the amendment.

Mr. HOLLINGS. Mr. President, I will yield back the remainder of my time, but I will make one statement to clarify the record with respect to this Senator's opposition to the amendment. We look upon this as an amendment not to balance the budget but rather to reestablish the devastating, extravagant tax cuts that caused the revenue hemorrhage which aborted Reagonomics.

When I asked the distinguished chairman what went awry in August with Reagonomics, he started telling me about the earlier years and the history of the Democratic Party. Everyone knows that what went wrong was not the spending cuts the massive individual income tax cut, especially in 1983, and 1984 coupled with indexing beginning in 1985. That is why the headline in the morning paper reads "Stock Market Slumps Amid Deficit Worries."

When we presented our alternative on July 22, the majority of Democrats were not against individual tax cuts and they were not against business tax cuts. On the contrary, we provided for both. We believe in both. But we said first have the business tax cuts similar to the Kennedy program back in 1962, and later come along with the individual tax cuts. We should not take this resolution and call for a balanced budget yet exclude the very cause of the unbalancing, namely, the exorbitant and outrageous Kemp-Roth tax cut. If we are not able to face that problem we should not pass resolutions saying otherwise.

The PRESIDING OFFICER. The time on the amendment has expired.

Mr. HOLLINGS. The Senator from Louisiana wanted to be recognized.

UP AMENDMENT NO. 773

Mr. JOHNSTON. Mr. President, I send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Louisiana (Mr. JOHNSTON), for himself, Mr. ROBERT C. BYRD, Mr. BUMPERS, Mr. METZENBAUM, and Mr. BENTSEN, proposes an unprinted amendment numbered 733.

Strike all after the words, in the first line of the amendment, "it is the sense of the Senate that" and insert in lieu thereof: "to achieve these economic goals, after receiving the President's plan cited above, but no later than April 15, 1982, the Budget Committee should report a Budget Resolution which shall achieve these same goals of reduced unemployment and inflation, and a balanced federal budget for fiscal year 1984."

Mr. JOHNSTON. Mr. President, what this amendment does is basically two things.

First of all, it reaffirms and recommits this Senate to the balanced budget. The

Armstrong-Domenici or Domenici-Armstrong amendment to which this is appended also makes that commitment. It is a curious thing that both sides of the aisle in this Senate should feel called upon to make that commitment, but in light of the morning newspaper where the administration has withdrawn from that commitment it seems important that we do so.

This amendment is submitted by myself, by the distinguished Democratic leader, Mr. ROBERT BYRD, along with Senator BENTSEN, Senator METZENBAUM, and Senator BUMPERS, and I think it is safe to say that it represents a broad spectrum of opinion on this side of the aisle that we recommit ourselves, to the balanced budget. Indeed, this resolution calls for coming up with a budget resolution from the Budget Committee by April 15 of next year which will contain a balanced budget for fiscal year 1984. Our commitment to that is clear, according to this amendment, and I hope that we will make clear in what we do in the Senate that we have that commitment.

It differs from the pending amendment in two very important and two very critical respects.

First of all, our amendment differs in the emphasis that we put on Presidential responsibility. Our amendment makes it clear that the Budget Committee acts only after the President's budget is submitted on January 15. Why should we feel it so important to make the distinction between Presidential responsibility and congressional responsibility? Why should I feel it necessary here to underline that pecking order, to try to place in proper priority where the President's responsibility lies and where ours lies? The answer is that since this President has been in office it has been his economic program which has passed. He has come as close to 100-percent success with the passage of his economic program as any President that I have ever seen, certainly since I have been in the Senate some 9 years in length.

So, Mr. President, we feel that to underline the President's responsibility to submit his plan is important. Three times—in fact more than three times, but three times come clearly to mind—the President has had one view of the economic situation and Congress has had another, the Senate has had another, and the President has prevailed. First of all, in the first budget resolution on April 9 the President asked for the resolution to pass. The Budget Committee turned it down, feeling that his economic assumptions were unrealistic, that they would not come about, that the figures were, to use the Vice President's words, voodoo economics, and by bipartisan coalition on both sides of the aisle that first budget resolution was defeated on April 9. But because the President asked for that resolution to be passed over the Easter recess, the Budget Committee came back and passed it.

Again on the entitlements program the Budget Committee passed, and then the Senate passed, an amendment which would have cut the entitlement programs rate of increase down to the lower of the consumer price index or the wage index. The President examined that work of the Senate, rejected it, and the Senate very quickly fell in line.

The same thing is true on the second budget resolution where the distinguished Senator from New Mexico (Mr. DOMENICI) proposed a plan to the Budget Committee members which would have substantially cut spending and substantially reduced the size of the deficit. The President indicated that he did not want to take any action until he submitted his budget on January 15.

So, Mr. President, what we do here is recognize the part of the President, that the President has indeed assumed a responsibility and indeed has a responsibility to come up with his plan. The President cannot have it both ways. He cannot fault Congress for doing it wrong and yet fail to propose a plan. So what we are saying is, "You, Mr. President, propose that plan," and we emphasize in our amendment that there is Presidential responsibility.

One of the curious things and one of the interesting things about the Greider article in the Atlantic about Mr. Stockman was that paragraph on the next-to-the-last page which points out that Mr. Stockman recommends that the President begin to blame Congress, and indeed it was only 2 days later when the President began in his press conference to blame Congress, saying that the cause of the recession was the fact that the tax cut was not enacted early enough in the year and that he caved in to Congress on that issue and that that was the cause of the recession.

Mr. President, we all have our opinions about what the cause of the recession is. But the cause of the recession is not the fact that the President did not get his program enacted here on the floor of the Senate or indeed in Congress because, whatever program there is, is the President's plan, and in 1982 I suspect that whatever economic plan there is will probably also be the President's plan. At least, we should have the opportunity and indeed we will, and we insist on the Democratic side that we see that program and that we follow the President's lead.

Now, Mr. President, the second way in which this differs from the Domenici-Armstrong amendment—and this is a very important and crucial difference—is in the way in which the balanced budget is to be achieved. Our amendment does not direct the Budget Committee or the Congress what to cut or what to increase or what tax to suspend. We leave no directions there because we recognize that that is a very difficult exercise which must be engaged in, first, after we see the President's budget and, second, after we weigh the various priorities.

But, Mr. President, the Domenici-Armstrong amendment does have specific directions as to how that should be achieved. What it says is that we should cut all parts of the budget:

> It is the sense of the Senate that outlays be reduced and the Federal budget be balanced through spending reductions in all parts of the budget.

I emphasize that it says "all parts of the budget." This includes defense, it must include defense, because defense is some 25 to 30 percent of the budget.

Second, it includes explicitly entitlements. What are the entitlements? The entitlements are medicare, which the President has pledged not to cut; it inincludes medicaid and food stamps, which have already been cut, of course. It includes the retirement programs, and it includes most conspicuously social security.

So, Mr. President, if you want to commit yourself to cut social security as well as the retirement programs, because that is precisely what this amendment says, then vote for the amendment and vote against the Johnston amendment. If you want to leave some flexibility as to how that budget should be balanced, then vote for the Johnston amendment. It is just as simple and as clear as that, Mr. President, because it says "through spending reductions in all parts of the budget, including entitlement programs."

I am not trying to pick something out and use it unfairly in this argument, Mr. President, because it is explicitly said.

If Congress, if the Senate, wants to place a great amount of distance between it and the President, then you should vote for this, for the Domenici amendment and against the Johnston amendment because the President has said not once but many times that he is against cuts in social security. He has gotten on national television and has said, in effect, "I do not know where these rumors came from about the cuts in social security. Let me reiterate my solemn promise to the senior citizens of this country that I will not cut social security."

Here it is, Mr. President. Do not say that you are for cutting entitlements and not for cutting social security because where is the fairness in cutting a retirement check, which is fully taxable, and not cutting social security which is not taxable?

What this means is all parts of the budget, including entitlements, which it explicitly says, and that must mean cuts in social security.

Mr. McCLURE. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON. Yes, indeed.

Mr. McCLURE. I want to be sure that I understand what the Senator is saying. Is the Senator indicating that we can balance the budget without dealing with the entitlement question or is the Senator saying he intends to cut entitlement programs including social security?

Mr. JOHNSTON. I am saying the budget can be balanced without cutting social security, yes.

Mr. McCLURE. Is the Senator saying the budget can be balanced without touching entitlements?

Mr. JOHNSTON. I do not know what would have to be cut. I think a tax cut of some hundreds of billions of dollars in scope ought to be looked at. I think a tax program that has been a bubble bath of subsidies for some of the richest companies in the country—for example, Occidental Petroleum, which made almost $1 billion this year, gets a special tax

break, and I do not know why we cannot look at that kind of thing, and maybe this resolution says we ought to look at that kind of thing. But I am willing to say we ought to look at that without doing violence to what the President has promised.

I mean we have already tried that once in the Budget Committee. We came up with a reduction in the amount of increase in entitlement programs, and the President said he would have no part of that.

Mr. McCLURE. Mr. President, will the Senator yield for a further question?

Mr. JOHNSTON. Yes, indeed.

Mr. McCLURE. I appreciate what the Senator has said. I told the Senator from South Carolina that I applauded his statement when he alone on the floor of the Senate was talking about the necessity to revise the size of growth, the indexing of growth, in the social security program. He should have had a lot of us up here standing alongside of him at that time. I appreciate what the Senator said. But I was not quite certain whether the Senator was criticizing the Domenici resolution here on the basis of it was asking for the entitlement cuts or because it was not, and I just wanted to be sure.

Mr. JOHNSTON. Let me be clear.

Mr. BAKER. Mr. President, at some point will the Senater yield to me so that I can try to get a unanimous-consent request in the works and see if we can get a schedule for the remainder of this day?

Mr. JOHNSTON. Yes; if the Senator will get someone else's time because I have limited time.

Mr. HOLLINGS. We yielded time on the resolution for this.

Mr. BAKER. I will ask the manager on this side to give me time.

Mr. JOHNSTON. I will yield for that purpose.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I would like to inquire of the managers of the resolution and the amendments and most particularly of the minority leader if there is some possibility now of gaining a unanimous-consent agreement that would reduce the time allowed under the statute on these amendments, debate on the resolution, and getting to final passage of this resolution in the early hours of this afternoon?

Mr. ROBERT C. BYRD. Mr. President, if I may respond, I would like to see the vote on the resolution begin at 3:45 p.m., an hour from now.

Mr. DOMENICI. Oh the base resolution?

Mr. ROBERT C. BYRD. On the base resolution.

Mr. BAKER. That would be eminently satisfactory to me. We have two amendments to deal with. I wonder if the Senator from West Virginia, the minority leader, would consider a request, if I put it, locating the time between now and 3:45 equally between—has the time expired on the underlying amendment?

Mr. DOMENICI. Yes.

Mr. BAKER. On the Johnston amendment, except for 20 minutes to be equally divided on the resolution itself, and the vote to occur—will there be a rollcall vote request on the Johnston amendment?

Mr. JOHNSTON. Yes, Mr. President.

Mr. BAKER. Then to provide that the rollcall vote on that occur no later than 10 minutes past 3, and that——

Mr. ROBERT C. BYRD. This would work, two 10 minute back-to-back rollcall votes.

Mr. BAKER. We will make it a 15-minute and then a 10-minute vote to begin at 5 minutes after 3.

Then, have the debate for 10 minutes on the resolution itself, and the vote on the resolution to occur at 3:45.

Mr. ROBERT C. BYRD. I was not counting on any time on the resolution. I thought we had already debated the resolution.

Mr. BAKER. Mr. President, I am willing to withdraw that request or omit that part of the request.

Let me put this unanimous-consent request then: Mr. President, I ask unanimous consent that the vote on the Johnston amendment or in relation to the Johnston amendment occur at 5 minutes past 3, and that it be a 15-minute rollcall; that immediately after the disposition of the vote on the Johnston amendment that the vote occur on the Domenici amendment, and that would be without intervening debate, motion, point of order, and that would be a 10-minute vote; that no other amendments be in order, Mr. President, and that the vote on the resolution then occur at the expiration of the time for the vote.

The PRESIDING OFFICER. Is there objection?

Mr. BAKER. And that the intervening time remaining for debate on the Johnston amendment be divided equally.

Mr. JOHNSTON. Mr. President, I wonder if we will be able to get an up or down vote on both of these amendments?

Mr. HOLLINGS. Oh, yes.

Mr. JOHNSTON. Will we get an up or down vote and no motion to table?

Mr. DOMENICI. If we can work this out, no tabling.

Mr. BAKER. I am willing to do that if we can work out this agreement, there will be no tabling vote.

Mr. President, that would then put the rollcall on final passage at 3:30 instead of 3:45.

Mr. ROBERT C. BYRD. Mr. President, if I understand it, the vote on the Johnston amendment would begin at 10 after 3. That would be a 15-minute rollcall vote. The vote would then recur on the Domenici amendment, and that would be a 10-minute vote, which would put us then at 25 until 4. Then the vote would recur on the resolution, a 10-minute rollcall, and that would begin at 3:45.

Mr. BAKER. Yes. I make that request, Mr. President.

Mr. ROBERT C. BYRD. I have no objection, providing the distinguished majority leader will indicate that there will be votes on the Johnston amendment.

Mr. BAKER. Mr. President, if this is granted, I will subsequently make another unanimous-consent request that a vote be on each amendment and on the resolution itself and no tabling motion be in order.

Mr. ROBERT C. BYRD. Will the Senator include that in his request?

Mr. BAKER. I include that.

The PRESIDING OFFICER. Will the majority leader state the unanimous-consent request again?

Mr. BAKER. Mr. President, at 3:10 p.m., a vote will occur on the Johnston amendment, the time between now and 3:10 to be equally divided between the sponsors of the amendment and the distinguished manager of the resolution on the majority side; that that vote be on the amendment itself with no tabling motion to be in order; and that that vote be a 15-minute rollcall vote.

At the end of that time, that a vote occur on the Domenici amendment, on the amendment itself, with no motion to table in order and without intervening debate, point of order, or motion; and that that rollcall vote be 10 minutes in length. That following immediately after the disposition of the Domenici amendment, and with no other amendment being in order, that a vote occur on the resolution itself, and that no tabling motion would be in order.

Mr. President, I am going to make that a 15-minute rollcall, since that will be the final determination.

Mr. ROBERT C. BYRD. That is agreeable with me. Would the distinguished majority leader also insist on regular order when the time periods are up?

Mr. BAKER. I can assure the minority leader that I will do that.

The PRESIDING OFFICER. Is there objection?

Mr. McCLURE. Mr. President, reserving the right to object, and I will not object, but that will get us to the final vote at 3:35?

Mr. ROBERT C. BYRD. 3:45.

Mr. McCLURE. There is 10 minutes unaccounted for.

Mr. BAKER. From 3:10, a 15-minute vote makes it 3:25, then a 10-minute vote would make it 3:35; 3:35 would be the beginning of the vote on the resolution; 3:35, instead of 3:45.

Mr. ROBERT C. BYRD. Mr. President, I respectfully disagree. The vote begins at 3:10 and would end at 3:25. The second vote would begin at 3:25 and would end at 3:35. The third vote would begin at 3:35. That is correct.

The PRESIDING OFFICER. Is there objection? If not, the motion is agreed to.

Several Senators addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

Mr. DOMENICI. Would the Senator from Louisiana yield for a unanimous-consent request on the yeas and nays?

Mr. JOHNSTON. Yes.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on the final passage.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. DOMENICI. Mr. President, I ask for the yeas and nays on the Johnston perfecting amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and navs were ordered.

Mr. JOHNSTON. Mr. President, I yield myself 1 minute.

Briefly, to sum up, Mr. President, the three main points about this amendment are, first, it reaffirms the commitment to the balanced budget in fiscal year 1984. Second, it emphasizes Presidential responsibility. A Senate that has been cut off at the pass in what it wanted to do in its economic policy by a President who wanted to do something else and who, without exception this year, has prevailed, is entitled at least to see the President's hand, to see his leadership before we act. And we emphasize that.

Finally, and most importantly, Mr. President, we do not tell the Senate how to achieve the balanced budget, because the Domenici-Armstrong amendment makes it absolutely mandatory that you cut both defense, social security, retirement, medicare—in effect, the entitlement programs. It guarantees that the kind of budget we get balanced will be regressive rather than progressive. Mr. President, we should not commit ourselves to that in advance. I yield the floor.

Mr. HOLLINGS. Mr. President, I yield 3 minutes to the distinguished Senator from Oklahoma.

Mr. BOREN. Mr. President, I thank my colleague from South Carolina. I wish to commend the Senator from Louisiana for this amendment. I ask unanimous consent that I may be added as a cosponsor of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOREN. Mr. President, I think the Senator from Louisiana has put his finger exactly on what the critical issue is here. Both are expressions favoring a balanced budget. It is absolutely imperative. I think, at this time that the Senate reaffirm its support for balancing the budget particularly at a time when the administration is sounding a signal of retreat on the whole question of balancing the budget and we are getting mixed signals in which spokesman after spokesman from the administration appear to be tossing in the towel on the goal of balancing the budget.

But how we balance the budget is extremely important. I am one of those who supported across-the-board tax reductions and supported consistently spending reductions as they have come before this body for consideration. However, it is one thing to favor across-the-board income tax reductions and another thing to say that we are going to turn around, after making those reductions, and pass a whole series of regressive tax increases on the average working people of this country.

How can we possibly defend that proposition? How can we possibly say that it is fair, for example, to provide tax relief, the majority of which goes to those who are most affluent—and I realize they pay most of the taxes. I have been in favor of across-the-board relief. But if we substitute, after making an across-the-board relief, a whole new series of taxes which fall primarily on those who cannot afford to pay them, there is no standard of fairness that could be met by such a policy that I have seen of the trial balloons that have been sent up, such as doing away with the right of taxpayers to deduct their interest payments on home mortgages, new excise taxes on essential services like telephone service, for example, and proposals of federally instituted sales taxes which would fall most heavily on those that could less afford it.

I would say it would be a cruel hoax on the American people to tell them that they are going to have across-the-board tax relief, to say, on the one hand, that we are giving you tax relief and to take it back with the other and to have the average American working person end up with a much heavier tax burden on him than he had before.

I think that the amendment that was originally before us holds that out as a very real possibility. It is something that should never be allowed. I commend the Senator from Louisiana for offering an amendment which would move us toward balancing the budget without having that kind of policy to follow.

The PRESIDING OFFICER. Who yields time?

THE BALANCED BUDGET—WHOM ARE WE TO BELIEVE?

Mr. ROBERT C. BYRD. Mr. President, I rise in strong support of the amendment offered by my good friend, Senator JOHNSTON. This amendment is far superior to the offering of my colleagues on the other side of the aisle. The Johnston amendment is not a vague call designed to stir a little favorable news reporting. It recognizes the truth that this administration has had its way with Congress, and is likely to continue to win the battles of the budget in the immediate future.

Importantly, the language of the Johnston amendment does not call for the drastic cuts in social security and defense that would be required to meet the dictates of the Domenici amendment. Those cuts would devastate our attempts to provide a secure national defense, and would strip our Nation's elderly people of promises made to them in years past.

Mr. President, there are many other aspects of the amendment offered by my good friend from New Mexico that trouble me. The amendment offered by the distinguished Senator from New Mexico (Mr. DOMENICI) which is cosponsored by the distinguished majority leader (Mr. BAKER), and many other Senators from the other side of the aisle, is in shocking contrast to the new program advocated at the other end of Pennsylvania Avenue, in the White House.

Even more amazing, this is exactly the type of amendment offered so many times in the Senate when the other side of the aisle was in the minority. I guess it is hard to break 26-year habits and to act like a majority party, but, the sponsors of the Domenici amendment are now in the majority in the Senate. They control the Budget Committee.

If they want to have a budget along the lines of the Domenici amendment, why did not they write it in the Budget Committee?

The sponsors of the Domenici amendment are saying two things. They are saying that the budget should be balanced by making further deep cuts in social security and defense spending. My colleagues must be honest with the American people and tell them—this amendment is directed at further deep cuts in social security and defense spending. Second, they are saying that they have lost faith in the administration's ability to balance the budget in fiscal year 1984.

On November 18, the sponsors of this amendment and every other Member from the other side of the aisle except two, voted to table my amendment to the second continuing appropriations resolution. That amendment included a sense of the Senate provision calling on the administration to submit a balanced budget for fiscal year 1984, and to identify all the details with respect to budget cuts and tax increases required to achieve such a balanced budget. Unfortunately, my amendment was tabled on a party line vote. The sponsors of the Domenici amendment did not want to support a reasonable proposal calling on the leader of their party to take the actions he promised to take during the 1980 Presidential campaign, and many, many times since.

Yet here they are now, with a much more radical amendment, but one that does not even mention the administration. It is clear the sponsors of this amendment have lost faith in the ability of the President and his budget team to live up to their campaign promises of a balanced budget by fiscal year 1984.

I guess it should come as no surprise that our distinguished colleagues have lost faith in the President's program. All one has to do is read this morning's edition of the Washington Post to understand their alarm. The article, entitled "Reagan Aides Abandon GOP Stance on Deficits" represents a rather astonishing admission on the part of the Republican party in the White House. William A. Niskanen, a member of the President's Council of Economic Advisers, shocked an economic conference yesterday when he said:

> In general, concern about the (federal) deficit has been misplaced.

and,

> There is no direct or indirect connection between deficits and inflation.

This is in direct contrast to the administration's line during the recent budget and tax fights.

On February 5, 1981, President Reagan told a nationwide television audience that:

> We know now that inflation results from all that deficit spending.

Which Republican party are we supposed to believe? Do they now have information they didn't have during the campaign last year, or during the tax-cutting orgy this summer?

In August, the administration was hailing a major congressional victory by passing the President's budget cutting program intact. Yet, August and September brought bad economic news. The economy was not responding to "the Plan's" projections. Although the administration would not admit it, the economy could not tolerate the strain of the

huge tax cut and historically high interest rates. Wall Street did not believe the administration's plan would work, and the stock market began a steep slide.

Obviously shaken by events, the President, on September 24, 1981, spoke for the fourth time this year to the American people about the economy. He outlined yet another round of budget cuts, which he sought to justify by the rising deficit for fiscal year 1982. The President's prescription for further belt-tightening included an additional 12 percent cut in discretionary spending, a reduction in force of 75,000 Federal employees, the dismantling of the Departments of Energy and Education, and a wholesale revision of entitlement programs—the so-called "social safety net." All of this was framed within the context of eliminating waste, fraud and abuse and getting the economy moving again.

Democrats were surprised by several of the President's remarks in his September 24 address to the Nation. He stated his program was not working yet, "because it didn't begin until October 1," despite his administration's earlier claims that the American people should immediately feel the benefits of his massive budget and tax cuts.

Even the President appeared to be losing faith in his own program. He emphatically told the American people that the latest round of budget cuts would not be the last round, and backed off the administration's earlier proclamation of victory by stating in his address:

> In the euphoria after our budget bill was approved this summer, we didn't point out immediately that while we did get most of what we'd asked for, most isn't all. Some of the savings in our proposal were not approved. . . .

According to the factsheet distributed with his address, the largest cut he was denied was in his social security reforms that called for slashing benefits by $88 billion over the next 5 years. What the Democrats fought to deny the President last summer, the Republicans in the Senate now seek to assure through the Domenici amendment. Social security cuts will have to be made if the program outlined by the amendment is carried out. The fine hand of David Stockman is clear in all this.

In his September address to the Nation, the President asked the Congress to enact $17.5 billion in additional cuts for domestic programs during fiscal year 1982, above what he had requested in March. While the administration accused its detractors of not giving its program a chance, the President himself did not give his program a chance before he came back to the Congress for additional cuts.

Now, we have this amendment offered by our distinguished colleagues on the other side of the aisle. Have they lost confidence in the President's program? What they are saying with their amendment is that they do not believe the administration can deliver a program which would balance the budget by fiscal year 1984. They have given up on the administration. I understand that, but what I do not understand is why they are now giving themselves vague directions. They are in control of the Senate and if they believe in the actions this amendment proposes, then let them submit it in legislative language. Since they are the majority party, this type of charade makes no sense at all.

What we are seeing are two Republican Parties. The Republican Party in the Senate has, over the decades, pressed for a balanced budget. On the other end of Pennsylvania Avenue we see a Republican Party that says it is a myth that deficit spending causes inflation or that deficit spending crowds private borrowers out of the financial markets.

All the while, throughout this session of Congress our colleagues on the other side of the aisle marched like lemmings over the cliff—in lockstep with David Stockman and the White House. They did not heed the warnings of the Democrats that the President's program with Kemp-Roth as a centerpiece would not rejuvenate the economy and result in a balanced budget by fiscal year 1984. Now that it is in place, they are saying it will not work.

I hope all Senators will support the amendment offered by my good friend Senator JOHNSTON, myself, and others, and vote down the Domenici amendment.

Mr. DOMENICI. Mr. President, I yield myself 2 minutes.

Mr. President, there is a difference between the two proposals. There is no doubt about that. I guess one might say that they are both sense-of-the-Senate resolutions, but the similarity stops there. The Domenici amendment says specifically that there is no way to get where we have to go unless we examine every aspect of the American budget that is contributing to the inordinately large deficits, that no part is a sacred cow, that we treat every part of it as being open to cuts. You have to divide the American budget into four parts and there is no way out.

The military—and we are not ashamed to include it when we say all parts. If we are really going to move toward a balanced budget, the growth of defense spending must also be subject to restraint. This resolution says take a look at that.

Then the entitlements—a great many programs, some indexed one way, some increasing in other ways. We are saying you cannot get there without looking at those and reducing their growth.

Mr. JOHNSTON. Will the Senator yield on that point?

Mr. DOMENICI. I yield myself an additional minute and then I would be pleased to yield shortly.

There is no way to get where we have to go unless we are willing to say that the growth of entitlements, somehow or other, must be cut.

Then we are saying the discretionary appropriations, yes, those we vote on every year, we have to in some way curtail their growth. We are not saying to go into each and every program, but we have to limit—and perhaps eliminate—the growth.

Last but not least, holding harmless the personal tax cuts and the general depreciation schedule, those, indeed, are sacred in my view. If there is anything sacred, those are sacred, as indicated in this resolution, because they are needed to improve the economy.

But we are saying the rest of the tax code is available for changes to improve equity and raising the tax base.

Those who vote for the Domenici amendment are not ashamed to say you cannot do it any other way. If you want a sense-of-the-Senate resolution that really says nothing other than, "We want a balanced budget," vote for Senator JOHNSTON's amendment. If you want one that really lends direction both to the President and the Senate, vote for the Domenici-Baker leadership amendment.

Mr. JOHNSTON. Will the Senator yield on my time?

Mr. DOMENICI. I yield.

Mr. JOHNSTON. As the Senator knows, under his leadership the Senate previously tried a cut in entitlements. The President vetoed that. Since then, the President has recommitted himself any number of times to no cuts in social security. He has been on national TV and has said that.

Does the Senator think that the President is going to change his mind and now propose cuts in social security, or does the Senator propose to pass this kind of legislation over the President's objection?

Mr. DOMENICI. Let me respond first, on my time, that if I am ever privileged to speak for the President, there will not be anyone in doubt because I will say that I am. I am not speaking for him in this resolution or my amendment. I have made this eminently clear here today. In fact, a significant portion of this amendment is directed in an opposite way, against some of the rhetoric coming from the economic advisers to the President. They do not speak for the President either. We will find out sometime in January what he will say.

I am saying, and those who cosponsor this with me are saying, that we cannot get to a balanced budget unless the entitlements are curtailed; that the growth in them must be in some way altered. If you want to call that a cut, you call it a cut. I am saying when entitlements are growing at 11 percent, when medicare is growing at 17 to 19 percent, you are not going to get to a balanced budget without in some way reforming those.

Mr. JOHNSTON. Did not the President call it a cut and did not the President promise to be against it?

Mr. DOMENICI. Again, we are at the point where we can go back and forth here today on what the President thinks and what he does not think. This is a genuine effort, in this Senator's opinion, joined by many responsible Senators, to be realistic.

We have been talking here today about truthfulness; both sides have been talking about it. The Domenici amendment acknowledge the realities that surround the budget of the United States, if you want to get to a balance in 1984. It is that simple and there is no question about it.

I yield to the Senator from Colorado. I do not have a lot of time but I will be glad to yield to other Senators whatever time is left over.

Mr. ARMSTRONG. I thank the Senator for yielding to me. I shall be very brief. I fully support his position in this matter. I urge the Senate to vote down the Johnston amendment and then to vote for the Domenici amendment. I do so not because the amendment of the Senator from Louisiana is poor, but simply because the amendment it seeks to supersede is much better.

The Domenici amendment makes it clear that there are no sacred cows in the budget. It makes it clear that we are serious about the notion of balancing the budget, that it is not just a pious hope.

It also says there is a way to balance the budget, that it is not to be lowered by raising taxes but by lowering expenditures until they are no more than 20.5 percent of gross national product. I think that is the right way. I think it is consistent with sound policy and the economic future of the country. Again, I urge defeat of the Johnston amendment and passage of the Domenici amendment.

Mr. BUMPERS. Will the Senator from New Mexico yield for a question?

Mr. DOMENICI. At this point I would have to yield on the time of Senator JOHNSTON.

Mr. JOHNSTON. How much time have I remaining, Mr. President?

The PRESIDING OFFICER (Mr. SPECTER). Four minutes and 19 seconds.

Mr. JOHNSTON. I yield 1 minute to the Senator from Arkansas.

Mr. BUMPERS. I want to ask the Senator from New Mexico a very simple question. On March 31 the makeup of the Budget Committee will be exactly the same as it is right now. If the deficit is not higher, we are still going to be faced with a projected cumulative deficit of $423 billion. That will be over twice as big a budget deficit in the 3 years of the Reagan administration as we had in 4 years under President Carter. What I want to ask is, what is the Budget Committee going to know on March 31 that it does not know right now? Why was this not put in this budget resolution right now?

Mr. DOMENICI. Since the question contained a little bit of editorializing, I am glad I yielded on the time of Senator JOHNSTON. I would answer in this way: The record of the committee is wide open on this subject. We tried to produce a substantive resolution but it was generally felt that——

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. DOMENICI. I yield 30 seconds on my time.

The President has not yet had an opportunity to present a full budget. He has not because when he took office there was not enough time. The committee decided, after considerable debate, that we should wait to see the President's budget before we move ahead with details and programatic policy changes in a recommended budget resolution. It is that simple. In February and March we will know what he is proposing. In addition, we will know what the economy looks like with a little more certainty.

Mr. BUMPERS. You are waiting for the President. Is that a good reason to vote for the substitute amendment? We are saying to wait until the President comes in and make his pitch.

Mr. DOMENICI. We are not saying that until he makes his pitch this Senate is willing to go along with anything proposed, but, rather, that these are the items that must be considered.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CRANSTON. May I ask for 30 seconds?

Mr. JOHNSTON. I yield 30 seconds to the Senator from California.

Mr. CRANSTON. Mr. President, the congressional budget process, which this body enacted with high hope as a part of the Congressional Budget and Anti-Impoundment Act of 1974, has gone through several strange convolutions in its last few cycles.

None, however, is stranger than the action of the Budget Committee majority in producing the document we have before us which is a pro forma attempt to meet the requirement of a second budget resolution for fiscal year 1982. This represents the waste, fraud, and abuse of the budget process.

Now, in no way do I wish anything I have to say to appear derogatory to the distinguished Senator from New Mexico (Mr. DOMENICI), who has the unhappy honor of managing this resolution on the floor of the Senate.

I believe he has done a truly remarkable job of attempting to make a coherent defense of the worst set of fiscal policies I have seen come forward during the 13 years I have served in the Senate.

I commented at length on the overly optimistic economic assumptions and concealed huge deficits represented by the first concurrent resolution for fiscal year 1982, as I voted against both the passage of the resolution and adoption of the conference report after a House-Senate conference, the principal function of which was to clean up some of the most grevious technical errors resulting from adoption by the other body of the Gramm-Latta substitute.

At the time, I said that I would continue to vote "no" until the misconceived priorities, the flawed and radical economic theory, and the deficit-prone, irresponsible and inequitable fiscal policy, was changed.

Nothing that has happened since, Mr. President, has given me the slightest inclination to alter that position.

Everything that has happened since—

The revelations of David Stockman;

The "updated" economic assumptions of the administration.

The slide of the economy into a rapidly deepening and broadening recession;

The unemployment of 19 million Americans;

The failure of Reaganomics to win the faith of those on whom its once slim chance of success depended;

The increasing cries of pain from the poor, the aged. the handicapped, our cities, and State governments, our educational and transportation systems, and many, many others, as the Stockman meat-axe increasingly takes its toll—while the very rich benefit:

None of these things, Mr. President, alters in one iota my original assessment that this policy is leading us to economic disaster.

Needless to say, I will vote against this resolution.

But before I do, I want to comment on the strange behavior of my colleagues across the aisle, who seem to have given up both the substance and now even the pretense of their independence.

I watched with some amusement the other night in this body when the Senate considered House Joint Resolution 357, the since-vetoed continuing resolution, while many of my Republican colleagues announced they would vote for a resolution they described in nothing but disparaging terms, in order to give the President a chance to veto it and throw the government into an expensive crisis which could easily have been avoided.

It is regrettable, indeed, that some Republicans have apparently totally abdicated their responsibilities in order to follow the instructions of the White House.

When the White House says "Jump!", my Republican colleagues say "How high?" and then get caught in the air when the estimates change.

But the procedure before us, Mr. President, further extends the same principle of total deference to the White House.

In the absence of an instruction from the White House—and despite a statutory responsibility—my Republican colleagues are suddenly paralyzed.

And so they do nothing, and call it something.

Everyone now understands that the first budget resolution was wrong in its projections.

The committee report revises its numbers to reflect the latest estimates that the White House has been willing to accept.

But even these are hopelessly optimistic, Mr. President, as bad as they are.

Reaganomics is aggravating this recession, and unless these policies are changed, they will continue to make things worse.

Instead, we have here a still optimistic set of economic projections—as depressing as the litany recited in the resolution now is.

Just as the Republican majority of the Senate insisted on passing a resolution so the President could veto it, they now want to adopt a totally meaningless budget resolution so that the President will be able to continue to claim that the Democratic Congress is not acting responsibly.

The President has a working majority in both Houses. He will not in the long run convince the people that what is not so is so. And this charade will not fool the people.

But I will not be an accomplice to this attempt to avoid our responsibilities. I will continue to vote "no."

Mr. DOMENICI. How much time remains to the Senator from New Mexico?

The PRESIDING OFFICER. Two minutes, 14 seconds.

Mr. DOMENICI. I yield the remaining time to Senator MCCLURE.

Mr. McCLURE. I appreciate the opportunity to comment, not as a member of the Budget Committee, but perhaps as one of the few who have participated in this debate who is not. I used to be a member of that committee and I very much appreciated the opportunity to work on it. I think I appreciated the opportunity to the point where I am not on it right now. But that is another question.

I am concerned, however, that the statement has been made that the problem we confront, the recession we are in now, is the result of Reagan economic policies. Let me put it very bluntly. We have had an accumulated problem, which has accumulated over a number of administrations, over a number of Congresses, over a number of years. We have accumulated a $1 trillion deficit on which we are paying record high interest rates and we have accumulated a whole series of statutes passed by the Congress and accepted by various Presidents in the past that have built an increased spending path in many of these programs.

I asked the question a moment ago whether it was possible to balance the budget without addressing the entitlements question. I think there is no one in this Chamber who thinks it can be done, no one.

The statement was made a while ago that we have to curtail the growth of the appropriated accounts. Let me tell you that it has already been curtailed. The Appropriations Committee has cut appropriations, as the Senator from Louisiana knows. Those appropriations are going down at an annual rate of nearly 8 percent a year, on the average, while the entitlements are growing on the average of 16 percent a year.

You cannot have it both ways. If you are not willing to address entitlements, you cannot balance the budget. We all know that.

I understand there is a little bit of pique here that the President of the United States has not yet done that. I share that. I have been urging him for a year to address those questions and to assist us and to support the good Senator from South Carolina when, as I said earlier, we should have all been standing up here shoulder-to-shoulder with him talking about the problems that confront the social security system because the Senator was dead right. He was right then and the fact remains we have not solved that problem.

But let us not say that this recession has been induced by Reaganomics. It has not been. It is the accumulation of past policies.

The PRESIDING OFFICER. The time of the Senator has expired.

The Senator from Louisiana.

Mr. JOHNSTON. How much time have I remaining?

The PRESIDING OFFICER. Two minutes, 15 seconds.

Mr. JOHNSTON. Mr. President, let me draw up the difference between the two amendments.

The point has been made time and time again on that side of the aisle that the budget cannot be balanced unless you cut entitlements. I would dispute that, Mr. President. There are a number of ways to balance this budget—reexamine the tax cut or, who knows, Mr. President, the Kemp-Roth dividend could arrive at long last. I do not expect that it will, but, indeed, if the assumptions of the Reagan budget would come to pass, if those assumptions would come to pass, we could indeed balance this budget. That is a possibility—not a very strong one. We could also do some things like deregulate natural gas, which would be a large revenue producer and which I have repeatedly urged.

But, Mr. President, the Senate has already tried to cut entitlements and the President of the United States has said "no." The President repeatedly reiterated his commitment not to cut social security. What my amendment does, Mr. President, is not exempt any part of the budget. We do not exempt any part under my amendment. What we say is balance the budget and look at the whole thing.

What the Domenici amendment does is exempt personal income tax cuts, but it does not exempt social security. It specifically urges cuts in entitlements, which means that it specifically urges cuts in social security.

There could not be a more clear distinction between these two amendments, Mr. President. Both are for the balanced budget, but one says do it at the expense explicitly of social security, retirement programs, medicare, medicaid, and food stamps. The other says balance the budget but, first, let us hear from the President—who, in the past, has cut the Senate off at least three times this year in what it wanted to do.

Nobody here doubts that the President of the United States, at least up to this point, has had his way with economic policy. The distinguished Senator from Idaho says that this recession was all caused by Carteromics, if that is the word. Mr. President, I have not praised President Carter's economic program. I differed with it on occasion.

Mr. McCLURE. Will the Senator yield very briefly?

Mr. JOHNSTON. Yes.

Mr. McCLURE. Mr. President, I did not say it was Carteromics.

The PRESIDING OFFICER. All time has expired.

STATEMENTS ON SECOND CONGRESSIONAL BUDGET RESOLUTION

Mr. DOLE. Mr. President, the pending resolution represents the conclusion of the budget process for this year. That process has been marked by more drama and more real achievement than in any other year since the Budget Act was signed into law. At the same time, the inconclusive nature of this second budget resolution demonstrates how much work there is yet to be done.

As we all know, this resolution does not attempt to revise the 1982 budget in light of economic events since last spring—particularly the recession we are now in, or the less optimistic forecasts for the year ahead that are now being made. Instead, we are reaffirming the first budget resolution and the spending reductions made pursuant to its mandate. No additional modifications of fiscal policy for fiscal year 1982 are being suggested at this time.

Mr. President, the practical reason why we are simply reaffirming the first resolution is that it is difficult to get agreement on major new fiscal changes late in the legislative year: Particularly in a legislative year that already has seen hard-fought battles over domestic policy, resulting in the most decisive shift in direction we have seen in decades.

THE NEXT STEP

Mr. President, we do have to comply with the Budget Act, even where there is no firm consensus on making changes in the 1982 budget. That is why the present resolution is before us. The lack of a consensus at this point is no reflection on the efforts of those Members who worked long and hard to forge an agreement. The distinguished chairman of the Budget Committee, Senator DOMENICI, made every effort to set out a fiscal plan we could agree on. His plan was narrowly defeated during deliberations by the Senate Budget Committee earlier this fall. However, the options outlined by Chairman DOMENICI in the Budget Committee during its consideration of the second resolution will be highly relevant to our budget planning in the year ahead. Our work is just beginning.

What we must not forget is that the direction we have pursued so far is the right one. Tax rates needed to be lower; depreciation allowances had to be more realistic in light of inflation; the Federal budget needed, and still needs, reform, reduction, and constant reevaluation. The deficit projections that are now surfacing are cause for serious concern, and we must deal with them. But we ought to reflect on what kind of projection we would be facing had we continued the Carter administration policy of a perpetually expanding tax burden, high inflation and interest rates, and a growing Federal presence in all aspects of the economy.

A JOINT EFFORT

Mr. President, there is plenty of credit to share for what we have accomplished so far. There is also plenty of blame to go around for our failure to go even further. The President has taken the lead on solving our economic problems—Congress has followed that lead with some enthusiasm. Future progress also depends on a sustained, cooperative effort between the President and Congress to maintain a firm grip on the budget. Attempts to blame the projected deficits on the President or the Congress alone do nothing to advance that effort. We in Congress have our responsibilities, just as the President has his.

The point is that, if our economic plans need modification as we go along, we must be prepared to make those modifications in the interest of maintaining the momentum for the President's program of lower spending levels, fairer and more productive tax levels, and reduced Federal regulation. We have just affirmed the President's commitment to a major defense buildup by approving the defense appropriations bill.

We agree on the need for a stronger defense. But no one can expect the Pentagon budget to remain free from scrutiny in future years as we proceed to reform Federal spending. Similarly, Federal entitlement programs can and will be addressed: Their rate of growth cannot exceed our ability to pay without dragging down the economy as a whole.

These issues, and the matter of increasing revenues in the outyears, are matters we must deal with in the coming year. The language of this resolution reported by the Budget Committee reflects these realities, as it should. But there can be no turning back. Our course is set, and if it has been somewhat bumpy of late, that is all the more reason to put all our efforts toward consolidating the progress already made and moving ahead next year.

Mr. HATCH. Mr. President, I find that I cannot support the second concurrent resolution on the budget being considered by the Senate today. As a long-term advocate of the budget control process, it is difficult for me to watch within a few short years the reduction of the process to a mere legislative requirement, a requirement to be fulfilled today by a hollow gesture. It is an empty gesture made all the more empty by the knowledge that every Member is aware that the projections contained by this document are bogus. And this pretense at budgetary control comes at a time when Federal entitlements programs are as out of control as they ever have been.

This Nation will not be fooled by this charade in the guise of a control mechanism. The credit markets will not misunderstand that the Congress does not have the will or discipline to enforce budgetary control. The Budget Committee itself has failed to support its chairman in his courageous attempt to control the rapidly growing entitlements costs in the out-year budgets. If the committee really seeks the leadership it requests of the President in this resolution, I suggest that it review its own treatment, or nontreatment, of the almost unending stream of entitlements programs which the Congress has created.

I ask that the Members of this Chamber consider the magnitude of this problem and its recent aggravation. For example, the uncontrollability of many programs, although certainly well-intended and worthwhile programs, has been encouraged by the automatic indexing that has become popular in recent years. Note that in 1970 only 3 percent of the Federal budget was automatically indexed, but by 1981 over 30 percent of the budget responded to the growth of automatic increases which the Congress has endorsed. The annual percentage growth of many of these programs is beyond any imaginably responsible rate. The black lung trust fund is growing at almost 20 percent; medicare at 15.7 percent each year; and the guaranteed student loan program is projected to grow an unbelievable 45.7 percent rate between 1977 and 1984—that is, doubling in size every 1½ years.

The last 6 months have given new proof to the uncontrollability of the Federal budget. Well over three-quarters of the Federal budget now under consideration by this body is considered uncontrollable in one way or another. Yet this resolution pretends that no control is necessary. In the end, each dollar spent by the Federal Government represents a burden on the economy. Whether this burden is imposed through tax collections or borrowing in the capital markets, this barrier to economic growth is a real consideration which the Senate must address in its budget resolutions. There is a limited pool of resources available for all purposes in our economy, and it must be cautiously allocated between the private and public sectors, or the incentive to private sector growth will not be sufficient to carry all of the Nation's needs in future years.

In addition to the massive borrowing and taxation which uncontrolled spending creates, the Federal Government removes resources from the Nation's private capital markets through its guaranteed loan programs. The various types of credit assistance conducted by the Federal Government constitute no less a burden on our economy than Government expenditures. The Federal participation rates in domestic credit markets have increased from 29 percent from 1970 to 1974 to an estimated 41 percent in 1982. The second concurrent resolution as presently constituted takes no initiative in bringing the massive off-budget credit activities of the Federal Government under control.

While I will continue to be a supporter of the congressional budget process, I will have to part company with the majority of my colleagues on the Budget Committee today and vote against this resolution. This process is only viable so long as we recognize the need for realism in making estimates of spending outlays, and finally we must recognize that there is at any given moment only a finite pool of resources to be allocated between the public and private sectors. This resolution does not establish any control over the priorities between the two sectors which is so necessary if the Nation's economy is to continue to grow.

Mr. BRADLEY. Mr. President, the second budget resolution is a sham. It is based on economic assumptions divorced from reality.

The administration refuses to recognize and base its budget proposals on the new economic circumstances—circumstances largely brought about by its belief that massive tax cuts can be employed to balance the Federal budget; and that monetary policy should be the main instrument in the fight against inflation.

If we adopt this sham, we will resolve nothing. We will not make real choices. We will not set real budget targets or real revenue floors. We will not work with real economic assumptions about growth, employment, interest rates as they are now or will be in the foreseeable future. We will resolve only to remain unresolved about the budget—to stay in a state of "budget irresolution."

Let us take a look at the economic assumptions underlying this budget resolution.

Like its predecessor, this resolution projects 4.2 percent real economic growth for the 1982 fiscal year. The reality is that growth fell to 0.6 percent in the last quarter of fiscal 1981 and most forecasters, including the President's Council of Economic Advisers and the OMB, expect growth to plummet to negative 5 percent during the first quarter of the 1982 fiscal year. Can this be a basis for over 4 percent economic growth over the fiscal year? No, of course not. Even OMB, with its numbers wizardry, cannot make the numbers come out that way anymore. It has been reported that OMB is projecting a mere 0.2 percent growth for calendar 1982. Data Resources is projecting 0.6 percent.

The same story applies to unemployment. This resolution assumes that fiscal 1982 will see a 7.2-percent unemployment rate. Unemployment already has gone to 8.4 percent and many economists believe it will rise above 9 percent. As we know, the rule of thumb is that every 1-percent rise in unemployment creates some $29 billion in combined revenue loss and increased spending.

And even with prospects for a recession, the resolution's projection of a 10.5-percent interest rate on 91-day Treasury notes is probably optimistic. DRI projects the Federal funds rate, also a short-term rate, will be 12.6 percent in calendar 1982.

But the most telling defect in this resolution is its deficit projection. Contrary to what is happening before our very eyes, it assumes a fiscal 1982 deficit of some $37 billion and a balanced budget by fiscal 1984. Now, as we all read in this morning's papers, not even the administration is clinging to these hopeless figures any more. The report presented to the President by the CEA and the OMB anticipate a budget deficit of $109.1 billion for fiscal year 1982, $152.3 billion for fiscal year 1983 and a whopping $162 billion for fiscal year 1984, the year in which the budget was to be balanced.

Indeed, the second paragraph of this budget resolution is a sense of the Senate clause that states that current economic forecasts put the deficits in the ranges of $76 to $92 billion for fiscal year 1982, $96 to $136 billion for fiscal year 1983 and $103 to $165 billion for fiscal year 1984. This directly contradicts the first paragraph which reaffirms for purposes of Budget Act requirements a budget resolution that anticipates a balanced budget in 1984.

The resolution and the report that accompanies it seems to directly repudiate the President's supply-side economic program. The resolution calls on the President to submit a plan to bring down interest rates, decrease unemployment, decrease inflation and balance the budget in 1984. The President believes he already has such a plan—one that he proposed in January and which the Republicans have put into place.

Yet the resolution before us recognizes record-high deficits, historically high interest rates and devastation to small businesses, farmers, and the housing and automobile industries. It also recognizes an unemployment rate of over 8 percent

and rising, a recession that could last for months, an economic crisis, so severe that solutions must be found immediately, and clearly calls on the President for a new plan. I am pleased to see at least an acknowledgment that the old plan has not and will not work.

This is the one good thing the resolution does.

But it is not enough to persuade me to vote for it. Legislation must be enacted with a sense of reality. It is time to wake up from the supply-side dream. Rejecting this resolution may be a harsh, but necessary jolt.

● Mr. ROTH. Mr. President, down through the years my voting record against unnecessary Federal spending speaks for itself. But although the goals of the amendments before the Senate are laudable, I cannot support them.

The most important thing that we as a Congress and as a nation can do to improve our economy and balance the budget is to stay on a steady course. Our most important goal must be to develop long-term policies to provide a vigorous economy that will lead to more jobs. The President's economic package will do this. But it has only been in effect for a few short months. It must have time to take effect.

At the present time, we are paying the price for decades of big Federal spending. We already have taken enormous steps this year to reduce Federal spending, steps that virtually no one thought possible at this time last year.

We have more to do, that goes without saying. But our efforts to balance the budget must be carried out in a steady and reasoned way. If the current projections are correct, it does not appear at this time that the Federal budget can be balanced by 1984 without what I would consider Draconian actions. For example, the Domenici-Armstrong amendment speaks of cuts in entitlement programs. I have and will continue to support reasonable reductions in some entitlement programs. But I remain opposed to any reductions in old age pensions under social security. In fact, this amendment opens the door to social security benefit cuts and this in itself is reason enough to oppose the amendment.

Further, the Domenici-Armstrong amendment raises the specter of increased taxes. While I would support closing some special interest loopholes, the amendment appears to mandate major tax increases on working Americans in the near future.

Mr. President, I do want to say, however, that I am very pleased that the amendment does recognize that defense must share the burden in budget cutting. I have often said that we must apply the same scrutiny to defense as we do to other programs.

The most important thing to remember if we are to cure our economic ills is that a budget not in balance is only a symptom of an unhealthy economy. If we simply take the drastic measures necessary to balance the budget in the time specified by this amendment, we risk doing great harm to many individual citizens and to the economy as a whole. A balanced budget is a goal which I have strongly supported in the past and which I continue to support. However, it must be balanced as part of a coherent economic policy.●

○ Mr. CHILES. Mr. President, I voted to report this budget resolution out of committee, but without recommending that it pass, because we need to have a second budget resolution in place. Otherwise, we would have to waive the Budget Act in order for Congress to adjourn. I do not believe that this budget resolution yet gives the American people a realistic picture of what shape the budget and economy are in. The economy is in bad shape; the budget is in awful shape. At least this resolution admits that the package of tax and spending cuts, proposed by the President and passed by Congress, will produce Federal deficits as high as $165 billion by 1984.

This situation must be reversed. We must enact a fair and balanced package of revisions on both the tax and spending sides of the budget to reduce those huge deficits. As long as the Nation's businessmen and credit markets see deficits that are massive and are getting larger every year, then interest rates are going to stay high. High interest rates have driven the Nation into a recession, and they will choke off a recovery.

It is for this reason that I was particularly distressed to see in this morning's papers that the President's economic advisers now say that Federal deficits do not count; that Federal deficits do not hurt inflation, and do not hurt the economy.

Well, that just does not make any sense to me and it does not make any sense to the American people.

We have laws of supply and demand for credit, just as for anything else. And if the Federal Government has to borrow to pay its deficits, then that adds substantially to the demand for credit.

Yet if we are going to avoid future inflation, the Federal Reserve cannot just roll the printing presses to pay for the deficits. If the Fed resists fueling inflation by monetizing the deficits, then interest rates are going to go up. So running massive deficits gives you one or another evil, high inflation or high interest rates. In some cases you get both inflation and recession. After you run those deficits you have to pay the bill as interest on the national debt.

The deficits projected in this resolution—$92 billion for 1982, $136 billion for 1983, and $165 billion for 1984—will add $393 billion to the national debt in just 3 years. Over the last 200 years, the national debt has added up to the awful figure of $1 trillion. But these projected deficits would increase the national debt by almost 40 percent in just 3 years. By 1984, the extra interest on the national debt would be $43 billion a year. The extra interest cost for the 3 years would be about $89 billion. And that is on top of what we are already paying for the national debt built up over the last 200 years.

It is clear that deficits do make a difference. They hurt the economy and they mortgage the future.

I, therefore, hope that we can get this behind us and start back into a course of fiscal responsibility. I hope the President will reject and repudiate the views of his advisers that Federal deficits do not matter. I hope that Congress will exercise its constitutional responsibility to set taxes and spending, and put them back into balance.●

● Mr. BIDEN. Mr. President, under the economic conditions that exist in our country today, I cannot support the effort to reaffirm the first budget resolution as a workable fiscal plan for the Federal Government. Since the first budget resolution was adopted, the economy has stumbled and fallen and budget deficits spiraled out of control. To pretend that things have not happened since last May is to hide from reality. To say that a document promising a balanced budget in fiscal year 1984, but without any plan for reaching it, is a usable fiscal plan borders on the deceitful.

This budget that is before us does not contain adequate funding for the Federal Government for the next year. Everyone acknowledges that it will have to be revised. Its estimates of deficits hide the sorry truth. The budget is based on assumptions about economic performance that are leftovers from the once-touted powers of supply-side economics. These assumptions were never workable and they are wholly invalid now.

But these are facts that must be apparent to every Member of the Senate. All of my reasons for opposing this budget are spelled out in my minority views in the report that accompanied this budget and I will simply submit these views at the end of my comments here.

Mr. President, our inability to formulate a sound budget policy—an inability clearly demonstrated by our actions here today—raises very serious questions—questions about what has been happening here in Washington in the last year and questions about what is going to happen next year. The fact of real significance is that the President's economic recovery program has failed to achieve its most important objective, a balanced budget. It has failed to bring the record deficits of the last decade under control. Equally significant is that there is no longer any program to solve our fiscal and economic problems that appear to command a majority in this body. Think of it. The Senate Budget Committee is unable—in its own words—

> Despite 5 intensive days of debate on three fiscal policy plans for fiscal years 1982–84, to produce a majority vote for a course of action to reduce deficits during the next 3 years.

And the administration has never even managed to deliver any details concerning half of the President's September budget recommendations to the Congress.

Mr. President, the fact is that we have been engaged for almost a year now, in a budget exercise that has not worked and bears little promise of ever achieving its highly advertised results. What is more, the American people—not just the financial markets—have figured out that the budget cannot be balanced under the kind of program that was presented in February as an economic recovery program. The reason it is not working

is not anything Congress has done, because—and it is all in the record—the President got everything he asked for in the budget. So it is not a case of the Congress or Wall Street declaring that the President's program is not working because Congress did not give him what he wanted.

Even before his program went into effect on October 1, the President came back to Congress saying, in effect, that he needed more budget changes, that his originial estimates were wrong.

Many of us in Congress were not surprised. Earlier this year, in fact, I had twice joined Senator HOLLINGS in an effort to put the administration's program back on track. The objective was to hold Federal revenues at a workable level until the budget could be balanced. It was not a complete answer, but it was a realistic move that might have saved the program. We tried to amend the budget resolution and we tried to amend the tax rreduction bill. And we got 14 votes one time and 26 votes the other.

The trouble was that the train had left the station. The stampede was on.

Now, keep in mind that I supported budget cuts of the size the President wanted. I disagreed about some budget priorities, but when I lost on those specific issues, I voted for all the cuts on final passage, because I believed we had to cut the budget.

The President got everything he asked for in that budget.

But Wall Street is not going to change its mind, and the numbers underscore the refusal. The Federal budget is more than $700 billion. Of that budget $188 billion is devoted to defense. The President says he not going to reduce that, and I happen to agree with him about that. Next, there is an $35 billion bill for interest on the national debt. That is not a negotiable item. It is there, it is part of the budget, and it has to be paid.

There is also $285 billion set aside for the social safety net that the President proclaimed and for other retirement programs—such programs as social securitv, medical care, veteran's programs, basic unemployment benefits, and pension benefits. That leaves roughly $165 billion.

When the President offered his economic program, he said the budget deficit the first year would be $45 billion, that the next year's deficit would be $23 billion, and that the budget would be balanced the year after that.

But the real numbers did not confirm that forecast, and I said so months ago. I predicted that the first-year deficit would be $60 billion or more, and $60 billion in each of the remaining 2 years. That is the perspective in which we must regard what happened next.

What happened was that the President had to acknowledge, even before his program went into effect, that the first-year deficit was going to be $60 billion. The problem was the unrealistically optimistic assumptions the administration insisted on making about the direction the economy was going to take, despite the arguments a number of us in the Congress tried to call to their attention. What we have—continued inflation, continued high interest rates, and the onset of a recession, all contributing to reduced economic activity, reduced revenues, and increased costs of Government—should have been allowed for in those assumptions. There were ample signs to suggest caution.

So, although the President told us he would not need to come back for more budget adjustments, and although Congress gave him the spending reductions he asked for—the President has already returned asking for new cuts in fiscal year 1982, and telling us that in the next years many more billions must be cut from the budget than were ever anticipated.

Federal expenditures are already headed down, as they should be. From 23 percent of the gross national product in 1981, CBO estimates they will fall to 20 percent in 1984. The trouble is that the tax bill has reduced revenues to about 19 percent of GNP. Now, it does not take a mathematical wizard to figure out that as long as revenues are locked in below spending, there are going to be deficits. Like the deteriorating economy, that should have been apparent to the administration all along.

Wall Street caught on to that in a hurry, and it was not a partisan judgment. During their working hours, the Wall Street managers are not Republican, Democrat, or Independent; they simply react to facts and figures. So while the President is saying he has to cut $80 billion, Wall Street says he is going to have to cut $100 or $150 billion. And Wall Street is more nearly right.

But whatever the figure, it is not going to be easy. The President says he will cut only $13 billion from defense over the next 3 years. He also says he is not going to touch social security. And he cannot do anything about interest on the national debt. The only target left is that $165 billion that goes for everything else—from flood insurance, to highways, to law enforcement, to food stamps—everything.

But no one really believes we can go in and cut Federal law enforcement by half beyond what we have already cut, cut highway construction in half, cut all the rest of the programs that make up that $165 billion. Even if we eliminate programs like food stamps, we would still have to cut every other service of the Federal Government. Nobody believes we can do that.

Wall Street does not believe we can do that, and Wall Street's right.

Think about it. If we cut 50 percent of every Federal program beyond those held harmless, either local taxes are going through the roof—or we will have to start shutting down the schools, shutting down highway construction and maintenance, shutting down a whole wide range of Government services we all depend on. Just imagine what the effect will be on local taxes and local services of eliminating $2.3 billion in Federal revenue-sharing money that has been going to local governments.

So Wall Street is saying there is no way the President can get the deficit down, unless he goes at revenues, or unless he drastically cuts defense, or unless he cuts social security. And, in fact, there is not any way.

That leaves me, as a Member of the Senate and the Budget Committee, with one of three choices: One, I vote to cut those remaining programs by a minimum of 50 percent—and not just welfare programs, but programs that serve middle-income taxpayers, that serve businessmen, that make it possible for children from middle-income families to go to college, that keep our highway system operating, and so on—basic, broad-based services of our Government.

Or I can vote to cut the defense budget by $80 billion. But we have waited so long to begin rebuilding our Defense Establishment that such a cut would be simply outrageous. It would not be in our national interest.

Or we can go after social security. But I will not do that and not just because senior citizens object, as they do. The fact is that our elder citizens are in trouble. They are not buying luxuries with those social security checks; they are barely making it. So I am not going to vote to cut social security.

Then what is left? Revenues. For example, we could make one simple change. We could reinstate the windfall profit tax back at the level from which we cut it in August, when we gave the oil industry a break of $5 billion over 3 years. That is almost half of what we plan to cut from the Defense Department over the next 3 years. That is the kind of thing we are going to have to look at, because what we are doing now simply makes no sense.

We are still between a rock and a hard place.

The Fed is not going to radically reduce interest rates, by manipulating the money supply, it knows if it does, inflation is going to soar again—and the only thing worse than high interest rates is a democracy trying to deal with inflation of 20 to 25 percent. Think what that would do to the confidence of this Nation.

And keep in mind that it was not JOE BIDEN or the Democrats in Congress who announced that the President's economic program was failing. We made our case last summer, we lost and we kept our peace to give the President's program a chance. The first people to announce that the President's program was a failure were his oldest allies, the business community. And the next announcement of that failure was made by the President himself.

The program is not working, and it is going to need adjustment.

Mr. President, the newspapers are carrying a budget story which, if correct, is the last nail in the coffin of this so-called economic program—and of this budget resolution. It reported that the administration is projecting a deficit for this year of $109 billion—with $152 billion in fiscal year 1983 and $162 billion in fiscal year 1984. That surely makes our action here today in "reaffirming a balanced budget" a meaningless exercise. But it also shows how thoroughly once again, we have failed to meet the challenge of establishing a sound budget policy.

As these latest figures make clear, the

President's economic program will not work unless there are some adjustments to it—and a refusal to adjust it will make it clear that the ideologues in the Reagan administration have taken over, that the pragmatists no longer have any influence. And there we have a whole new agenda—an agenda to repeal the obligations of Government—that the administration has hidden behind its economic program.

But that hidden agenda does not answer to the mandate of the 1980 election.

Make no mistake about it, there was such a mandate. The economy had stagnated under the Carter administration. Federal spending was out of hand. It was time for a change. That is what the 1980 election was all about.

But there was not any mandate to cut revenues so much more than expenditures that the Federal deficit would balloon to new record levels. There was not any mandate to defer rebuilding our defenses or to start trimming away at social security. There was not any mandate to eliminate the Federal Government's essential services and throw an unbearable burden on local governments and local taxes. And there certainly was not any mandate to repeal the obligations of Government to its citizens.

So, Mr. President, as we stand here today considering this intellectually and fiscally bankrupt budget, I look with great trepidation to the future. The President's program, as it stands, cannot meet the needs of the country and the legitimate aspirations of its people. Yet all that we hear about are more draconian cuts that will indeed cancel the progress made in this country in the last 50 years. We have been given clear evidence this year that the administration's approach to budget policy does not work. To refuse to learn that lesson, to continue to preach even more of the same, courts disaster.

The minority views of Senator BIDEN follow:

MINORITY VIEWS OF SENATOR BIDEN

I cannot accept the Second Budget Resolution that the Committee has reported to the Senate. It appears to be a sham, meant to deceive the American people as to the seriousness of economic conditions in the country today. But sham or not, it is the budget which will guide the Federal Government for the next several months—and it is woefully inadequate. It does not provide the funding the Federal Government needs to conduct its business. It does not provide adequate funds for national defense. There is not sufficient funding for fighting crime. It is not an adequate budget for the education or health needs of the country. And it does not fully fund social security. I cannot agree to such a spending plan.

There is absolutely no validity to the estimates that are used as to where our economy is going in the next year. The economic assumptions are leftovers from the days last spring when magical powers were attributed to supply side economics. Those days are gone, but the Budget Committee chooses to ignore it. The Chairman of the President's Council of Economic Advisers sees only 1 percent real growth in GNP in 1982—but the Committee bravely continues its forecasts of 4.2 percent. The Committee projects the unemployment rate at 7.2 percent but the Administration thinks it will be 9 percent.

Such estimating not only conceals the true sickness of the economy, it also conceals the disease that is racking our budget. This "budget" says that the Federal deficit will be $37.65 billion in FY 1982. Nobody really believes it will be that low, not even the President. Yet that figure carefully conceals estimates of deficits ranging from $59 billion to $92 billion. In FY 1984, we can expect a deficit of up to $165 billion.

Last February the President proposed a program for economic recovery. It affirmed that "expectations play an important role in determining economic activity, inflation, and interest rates." It then went on to say that "As a result of the policies set forth here, our economy's productive capacity is expected to grow significantly faster than could be achieved with a continuation of past policies. Specifically, real economic activity is projected to recover from the 1980–81 period of weakness and move to a 4- to 5-percent annual growth path through 1986 . . ." It then said further that ". . . the economic environment could improve even more rapidly than envisioned in these assumptions." Well, expectations did not work, the economy is weaker than before, and budget deficits have soared.

This fall, the President finally agreed that his program was not working as expected and, on September 24, proposed a new program—the so-called fall offensive. But the offensive has never started. Although the President said he would make proposals that would narrow the deficit by $16 billion, Congress still has no specifics on major portions of that package, and apparently will not have until 1982.

During the delays since September, the situation has deteriorated to the point where there may be no "good" solution to putting a budget in place. But to pretend that nothing has happened since last spring, to pretend that the budget will still be balanced in FY 1984, to pretend that the economy is surging forward when in fact it has fallen to its knees, is destructive of sound fiscal practices, to say nothing of just plain honesty in budgeting. The fact that this budget proposal is reported "without recommendation" simply makes matters worse. For if the Budget Committee, with its background and experience cannot make a recommendation on this budget, then how can it expect the Senate to adopt it?

First we must disclose the problems in our economy, not hide them as this Resolution proposes to do. Then we must seek a new course of action, not the bankruptcy of the fall offensive, but new proposals to deal with high unemployment, high interest rates, and high inflation. I am disturbed by recent press reports that a "solution" being considered by the Administration is to "cap" Federal spending. That is the budgetary equivalent to repealing progress for a year. It is not only unwise, it cannot be done.

I have voted against this Resolution because it does not provide adequately for funding critical Federal activities and because it seeks to hide the desperate situation in which we find ourselves. If the budget process survives such shoddy treatment, we will have to try again next year. I hope that this time we will not promise America a quick and easy solution such as that promised last spring.●

● Mr. HART. Mr. President, for the first time since passage of the Congressional Budget and Impoundment Act of 1974, the second concurrent resolution does not reflect changes which have occurred in the economy since passage of the first resolution. Rather it rubberstamps decisions made 8 months ago under very different economic conditions.

I voted against the first concurrent budget resolution for fiscal year 1982 in committee and on the Senate floor last May, and I am even more opposed to reaffirming it as the vehicle for the binding second resolution. It contains completely unrealistic economic assumptions and irresponsible tax and expenditure policies.

The administration's own figures show Federal budget deficits could reach $109 billion this year, and over $300 billion in 1983 and 1984 combined. Simple acceptance of this first resolution will delay Senate consideration of responsible fiscal actions necessary to bring the budget under control and reduce interest rates. And, I view reconfirmation of this resolution not as a way to preserve the integrity of the congressional budget process, but as a further diminution of its integrity.

In May, I voted against "the promise of illusory budget cuts and rosy economic assumptions * * * against a program of continued deficits, heavy Government borrowing, high interest rates, and continued inflation." Now, 8 months later, it is even clearer that these are the consequences of the economic program set out in the first concurrent resolution.

Worse, the economy likely is sliding into its deepest recession since the 1930's. Eight and one-half percent of the labor force is out of work—over 9 million workers, the largest number since the Great Depression. Housing starts in October plunged to the lowest level on record. Automobile sales, retail sales, machine tool orders, and investment plans have all shown the poorest performance in years. And the economic news is bound to get much worse before the recession is over.

We will not end this recession until we get interest rates down to more reasonable levels and keep them down. While rates have declined a bit recently, they are still high enough to choke off automobile and housing sales and to discourage productivity-improving investment. And rates are sure to rise again at the first sign of improvement in the economy. This is because there remains the specter of massive Federal deficits draining funds from the capital market for years to come.

We must bring these future deficits under control now. The only way to do this is to defer the scheduled reductions in personal income tax rates. A delay of the scheduled 10-percent cuts in personal income taxes for 2 years would cut the cumulative 3-year deficits by $112 billion—or roughly one-half of the deficit currently projected based on the first budget resolution. Tax cuts would still be forthcoming, but at a time when our fiscal house is in better order.

More and more prominent economists, businessmen, and policymakers are calling for delaying the tax cuts until the budget deficits are under better control. Now Congress should move immediately to take this act of fiscal responsibility. Waiting until next spring only risks another burst in interest rates that will squelch any possibility for economic recovery.

Finally, a pro forma adoption of the first concurrent resolution is not only bad economic policy; it is yet another act of corruption of the congressional budget process. Congress adopted in the Congressional Budget Act of 1974 a set

of procedures intended to "assure effective Congressional control over the budgetary process." While we have made some progress in the past 7 years in bringing discipline to the budget process, several recent events have reversed this trend. And we are now in danger of losing our congressional prerogatives in a sea of economic distortions.

The congressional budget process has been corrupted this year by at least three conscious decisions on the part of Congress to acquiesce almost unquestionably to administration demands.

First, acceptance of the administration's false economic assumptions: Last spring, Congress adopted a budget resolution which significantly underestimated the cost of Federal programs by relying on a set of projections about economic growth, unemployment, and inflation which it had every reason to believe was wrong. For the first time in 7 years, Congress rejected the economic projections of the Congressional Budget Office and substituted an economic forecast close to the uniquely optimistic Reagan administration projections. By abandoning CBO's mainstream forecast, the size of the 1982–84 deficit was magically shrunk by $41.6 billion, disguising the real deficit of the Reagan tax cut and reducing the size of the spending cut needed to balance the budget by 1984.

Second, phony budget figures: Unable, even on the basis of the wishful thinking economic forecast, to identify budget savings sufficient to balance the budget by 1984, Congress inserted in the first budget resolution $63.1 billion in unidentified savings. These savings were used to reduce the deficit shown in the budget, but were left to be made by some more imaginative or perhaps more courageous Congress at some future date. These unidentified budget reductions totaled $62.1 billion in 1983 and 1984.

Third, surrender to the executive branch: The congressional budget process appears to have given up its independence from the administration. In the first resolution debate, for example, the House rejected its budget committee's advice altogether and substituted the Gramm-Latta amendment. That amendment had been slapped together so hastily at OMB that, as passed by the House, it contained the name and phone number of one of the OMB budget examiners who wrote it. In addition, the Senate committee's decision—adopted by the Congress in the first resolution—to reduce authorization levels as part of the reconciliation process, was a gratuitous and wholly unnecessary invasion of the authorization/appropriations process.

Now, the Budget Committee has bowed once more to the administration, by adopting a pro forma second resolution, which merely restates the inaccurate figures of the first resolution. Under this unprecedented plan, Congress will wait for the President to tell it what to do in his January budget before adopting the revised resolution. We are in this position on the second concurrent resolution because the administration failed to meet its leadership responsibility to work with the committee this fall to formulate an acceptable set of economic assumptions and a set of tax and spending programs demonstrating fiscal responsibility. Now, Congress is quietly acquiescing to administration demands.

These actions destroy the credibility of the Congress. No wonder Wall Street is so nervous. No wonder Main Street is so cynical and distrustful of politicians.

My vote against reconfirmation of the first concurrent resolution is not only a vote against its substance, it is a vote against this further corruption of the congressional budget process.●

● Mr. LEAHY. Mr. President, I will vote against the second concurrent budget resolution for 1982 which has been reported without recommendation by the Senate Budget Committee.

The reaffirmation of the spending and revenue levels and the budget deficit projections contained in the first concurrent resolution for 1982 is entirely unjustifiable. It represents little more than a hollow gesture that we wish the economic miracles once promised by the proponents of Reaganomics had in fact come true.

There are two sections of the resolution which are accurate. The first is the budget deficit projection which would total more than $350 billion over the next 3 years. The second is the sense of the Congress statement that the President must exercise greater leadership and offer more direct guidance in the development of congressional plans to cope with high interest rates, unemployment and inflation, and to bring the budget into balance by 1984.

Mr. President, I shall submit for the RECORD that section 2 of Senate Concurrent Resolution 50.

Yesterday news reports that the Reagan administration now acknowledges budget deficits in the range of $109 billion in 1982, $152 billion in 1983, and $162 billion in 1984 came as no surprise to me. Unless the Reagan administration and its supporters in Congress soon admit the failing of their current economic policies, I fear next year's economic news will make the current period of high unemployment, interest rates, and inflation look like one of prosperity by comparison.

Section 2 of Senate Concurrent Resolution 50 follows:

S. CON. RES. 50—SEC. 2

SEC. 2. It is the sense of the Congress that—

Whereas the current budget projections are for large deficits in the range of $76,000,000,000 to $92,000,000,000 in fiscal year 1982; in the range of $96,000,000,000 to $136,000,000,000 in fiscal year 1983; and in the range of $103,000,000,000 to $165,000,000,000 in the fiscal year 1984; and

Whereas these large deficits are a primary cause of the historically high interest rates now prevailing; and

Whereas these interest rates are bringing many small businessmen, the automobile industry, farmers, and the housing sector near collapse; and

Whereas the unemployment rate has reached 8 per centum and is likely to increase further; and

Whereas the economy has entered into a recession which could last for many months:

Now therefore it is the sense of the Congress that the economic crisis now facing the American people is so severe that solutions must be found immediately; and

Further, it is the sense of the Congress that the President should submit a plan as soon as possible, to bring interest rates down, to decrease unemployment, to decrease substantially inflation, and to balance the budget in fiscal year 1984; and

Further, it is the sense of the Congress that Presidential guidance and leadership is essential to reach these goals.●

● Mr. GLENN. Mr. President, on May 12 of this year, when the Senate voted on the first concurrent resolution on the budget, I cast a "nay" vote because the resolution was flawed. It was flawed because of its reliance upon overly optimistic assumptions with regard to interest rates, the rate of inflation, and other economic factors. It was flawed because it assumed a personal tax cut that amounted to an experiment based more on hunch than on experience. And it was flawed because its alleged target of a balanced budget by fiscal year 1984 was predicated upon future, unidentified budget cuts—a reliance which gave rise to the magic asterisk jokes that abounded around Washington earlier this year.

But, Mr. President, there is a difference now. While jokes were made about the first concurrent resolution, Senate Concurrent Resolution 50, now before us, is itself a joke. It is a charade. It is a sham. And worse yet, it makes a joke of the budget process itself.

The flaws that made the first concurrent resolution unacceptable to me in May now have been compounded by this second, supposedly binding resolution. We now know that the assumptions upon which the first concurrent resolution were based were wrong, wrong, wrong. And if you doubt that, take a look at the administration's latest estimates concerning the Federal deficit: $109 billion this year, $152 billion next year, and $162 billion in 1984. Some deficits, some assumptions.

Mr. President, I realize that the Committee on the Budget opted to present the Senate with a pro forma resolution so as to preserve the fiction of a working budget process and to allow the Congress to adjourn sine die. But for my part, I cannot vote to reaffirm a resolution which, inadequate in May, has become unconscionable in December.●

Mr. FORD. Mr. President, I feel constrained to make a few pro forma comments about our second budget resolution.

As my colleagues know, I have frequently in the recent past called attention to the disastrous consequences of inadequate time and inordinate haste in dealing with budget matters.

The Senate will, I fear, shortly add further evidence to the growing proof of the necessity now for a 2-year budget cycle. We are about to approve a measure which is seriously flawed and lacking because of the unrealistic time constraints of the 1-year budget cycle. The budget committee report on Senate Concurrent Resolution 50 states on page 4:

Thus the Committee voted to report a pro forma resolution that simply reaffirms the first concurrent resolution for FY 1982, which was adopted by the Congress on May 21, 1981. [And] . . . represents our best effort to force a stop-gap measure in response to

a problem that the committee finds intractable at this time.

In my opinion, it simply is not possible for the Budget Committee and Congress to act on a substantive second budget resolution, as required by the 1974 Congressional Budget and Impoundment and Control Act. There is not enough time allowed in the current congressional budget process for us to make the appropriate revisions of the first budget resolution.

The Senate is being asked here today to pretend that we have lived up to our responsibilities and done our work.

We are being asked to adopt, in the words of the committee's chairman, "a pro forma resolution." A resolution without substance which was reported out of the Senate Budget Committee without recommendation.

Well, Mr. President, this Senator will not be a part of such actions. I do not believe the problem will be solved by pretending that it does not exist.

As I have said on numerous occasions, the existing decisionmaking processes of both the executive and legislative branches frustrate good budgeting and good government. The current annual appropriation process constitutes one of the most formidable barriers to good analysis and decisionmaking on the important spending issues.

In the past, when our country was smaller and our problems were fewer and simpler, it was possible and we succeeded in making all the necessary budget decisions in both the executive and legislative branches of Government on an annual basis. For some time now that has not been possible, and we have had to live with hastily considered annual appropriations bills and all too often, continuing resolutions with virtually no time for careful and thoughtful review.

I hope that Congress will recognize the problem, and decide that the time for action is now.

Let me focus attention on a particularly frightening proposal of Senators ARMSTRONG, SYMMS, and GORTON, who, in the committee report, said:

> As soon as the President sends us his budget plan, we must enact a multi-year resolution that implements his program. We cannot wait for a leisurely set of hearings, committee mark-up, and delayed floor action. We must move quickly and keep the pressure on for early Congressional action on additional budget savings and entitlement reform.

Mr. President, no one in this body wants more than this Senator to find additional budget savings. I am committed to a balanced budget.

In my opinion, however, a balanced budget cannot be accomplished if Congress merely abdicates its budget and appropriation authority and responsibility and simply transfers them to the President. Rather, we must immediately proceed to consider and adopt a 2-year budget and appropriation cycle, and release the Government from its impossible time restraints.

Again, I urge my colleagues to join me in requesting early hearings on S. 1683, the bill that will, when enacted, establish a system of biennial budgeting.

Mr. MITCHELL. Mr. President, I rise in opposition to Senate Concurrent Resolution 50, the second concurrent budget resolution.

I believe that the American people deserve more than a "pro forma" budget resolution. We face many serious economic problems, and merely reaffirming the first budget resolution sends the unfortunate message that the Congress is unable to come to grips with these problems and to devise appropriate solutions.

High interest rates, which were not anticipated at all in the first resolution, have taken a heavy toll on credit-sensitive sectors such as housing and autos. Recently, we have had some relief from high interest rates, but only at the expense of a recession.

There are no guarantees that interest rates will not rise sharply once the economy begins a recovery. Those affected by high credit costs and those who have lost their jobs because of the recession expect more from the Congress than a reaffirmation of a budget policy that is not responsive to current economic priorities.

I voted for the first budget resolution, in spite of many reservations I had about specific elements of the spending and tax policies implicit in that resolution. I voted for the resolution because I thought it moved us in the right direction, toward reduced levels of Federal spending and taxes and toward a balanced budget.

Yet circumstances have clearly changed since the first budget resolution was approved. The Budget Act provides for a second budget resolution so that we can react to changing economic conditions by adjusting Federal budget policies. Yet the resolution before us proposes to ignore the financial hardships facing many of our Nation's households and businesses.

Passage of Senate Concurrent Resolution 50 would undermine confidence in the ability of Congress to cope with our budget and economic problems. An examination of the first resolution shows how unrealistic this "pro forma" resolution really is. For example, the first resolution contemplates a deficit in fiscal year 1982 of under $40 billion, while a current White House estimate places the fiscal year 1982 deficit at over $100 billion. Most economists predict that unemployment will top 9 percent, but this resolution assumes only 7.2-percent unemployment.

Many participants in this debate have acknowledged the lack of substance in this resolution, but have argued that its passage is necessary to comply with the requirements of the Budget Act.

Yet the timetable and deadlines included in the act should not be regarded as ends in themselves, but rather as a means to arrive at a consensus on economic policy. Congress would be reneging on its responsibilities in the budget process if it does not make a greater effort in devising a budget policy that reflects current realities.

● Mr. LEVIN. Mr. President, I would like to take this opportunity to state my opposition to the amendment offered by the chairman of the Budget Committee. This is a tempting amendment because there are parts of it which are impossible to disagree with. I, too, want to bring down interest rates. I, too, want to decrease unemployment. I, too, want to bring down inflation.

But, then, in fine sounding language the amendment goes on to read:

> Further, it is the sense of the Senate that Federal outlays be reduced and the Federal budget be brought into balance through spending reductions in all parts of the budget, including entitlement programs, and revenue increases achieved other than through changes in the Accelerated Cost Recovery System or the individual rate reductions recently enacted in the Economic Recovery Tax Act.

What this means is that the amendment proposes cutting social security and medicare and medicaid and food stamps and a host of other programs in order that we preserve the tax cuts for the wealthiest people in society.

This stands any notion of equity on its head and provides further confirmation, as if further confirmation was needed, that the whole thrust of the Republican program is to make the rich richer and let middle-income families and the poor fend for themselves.

One thing which this amendment has going for it, however, is that it does away with the notion of the Trojan Horse.

Rather, it states right up front that tax breaks for the wealthy are the new scared cows and social security and medicare are fair game for budget cutters.

Mr. President, I want to reduce the deficit. I will not, as the administration apparently wants to do, go unphased by $150 billion deficits. But I will not support a program which reduces the deficit by increasing the burdens on those people and regions of the country which can least afford it. The road to a healthy economy will mean sacrifice, but this sacrifice must be equitably shared. This amendment simply does not meet this standard of basic fairness.●

Mr. PELL. Mr. President, I am voting against the second concurrent budget resolution for fiscal year 1982. The purpose of the budget resolution, under law, is to establish the basic fiscal policy for the U.S. Government for the following year.

This resolution fails to establish any real spending, tax, or deficit policy for our Government. Because of disagreements within the Senate Budget Committee, and the failure of the administration to present an up-to-date realistic economic plan, the Budget Committee has presented, without recommendation, a "pro forma" budget resolution that simply reaffirms the first budget resolution adopted in May.

I was one of 20 Senators who voted against the first budget resolution in May. Events since that time have only reinforced my conviction that the first budget resolution was faulty, unrealistic and ill-conceived. For that reason I shall not vote now to reaffirm a budget resolution which I opposed in May.

In voting against the first budget resolution in May, I noted that the resolution assumed both rapid economic growth and a sharp decrease in inflation during the coming year. At that time I said:

Building a Federal budget on a foundation that assumes rapid economic growth and a simultaneous sharp decrease in inflation is like building a house of cards.

Even a breeze of economic reality will collapse this fragile structure, and out of the debris will arise another huge Federal government deficit.

During the past 6 months, Mr. President, the administration's economic house of cards has been struck, not by a breeze but a hurricane of economic reality. Instead of rapid economic growth, we are sliding deeper and deeper into a severe economic recession.

Instead of a $37 billion Federal deficit, as projected in the May budget resolution, the administration now says the 1982 budget deficit will be more than $100 billion.

This ballooning Federal Government deficit is not the result of the follies of past administrations. The growing Federal Government debt is the result of an economic recession caused entirely by the administration's tight money, high interest rate policies. The deficit is the result of a tax cut proposed by the administration and adopted by the Congress that was entirely too big.

The first concurrent budget resolution adopted in May did not face economic realities. The second concurrent budget resolution we are now considering does not face economic realities.

The American people are now facing the economic realities of increasing unemployment, continued high interest rates, business bankruptcies, and, instead of rapid economic growth, a declining gross national product.

It is time that the administration and the Congress also face economic realities, and fashion a Government fiscal policy based on the real world and not wishful thinking, or untried and untested economic theories.

Mr. DODD. Mr. President, I am voting against this so-called second concurrent budget resolution. I do so, Mr. President, because it manages to be, at the same time, a surrender, an abdication, and a travesty. Those are strong words—but the proof of them is loud and clear and unmistakable in the text of the resolution before us.

The surrender, Mr. President, is its admission that Reagonomics has failed. In conceding approaching deficits of literally hundreds of billion of dollars, unemployment rates we have not experienced since the Great Depression, a recession likely to last for months at a minimum, and near collapse for much of the American small business, farming, housing, and automobile industries, this resolution demonstrates that the wrongheaded policies of the current administration have no chance of success.

In fact the resolution calls for the Budget Committee to submit a new plan of recovery—a blatant, if tacit, admission that what we have now simply cannot work.

If that surrender were accompanied by a willingness to confront reality and undo some of the mistakes the Senate has ratified this year, it might be worth supporting. But this resolution is a pronouncement that we abdicate that responsibility.

Instead it merely expresses the pious wish that the President and the Budget Committee come up with plans for dealing with the disastrous shape of the economy. Wishing, Mr. President, will not make it so.

Finally, this resolution is a travesty—a grotesque parody of reality. In reaffirming the figures for budget authority, anticipated revenues, a projection of the public debt, and so forth that appeared in the first budget concurrent resolution, we give technical endorsement to a view of the world that not even the most fanatical supply-side true believer gazing at the rosiest possible scenario would confuse with reality. Those numbers are now stone-age fossils with no spark of life or meaning.

Frankly, Mr. President, for the Senate to pass this resolution would be to abuse the budget process one more time in a year when it has been employed to pervert our priorities, severely weaken important congressional institutions, and corrupt the American economy. Let me review this year's record to show why that is the case.

Mr. President, if we hope to put discussion of Senate Concurrent Resolution 50, the second budget resolution for fiscal year 1982, in its proper perspective, I believe we should begin at the beginning. By the beginning, I mean the extraordinary shift of fiscal priorities advocated by candidate Reagan and passed intact and signed into law by President Reagan.

During his campaign, and later after he was inaugurated, the President submitted a "program for economic recovery" consisting of four general points. As the President's February 18, 1981 message describes it, that program consists of:

A budget reform plan to cut the rate of growth in Federal sepnding;

A series of proposals to reduce personal income tax rates by 10 percent a year over 3 years and to create jobs by accelerating depreciation for business investment in plant equipment;

A far-reaching program in regulatory relief; and

In cooperation with the Federal Reserve Board, a new commitment to a monetary policy that will restore a stable currency and healthy financial markets.

The President writes:

Taken together, I believe these proposals will put the nation on a fundamentally different course—a course leading to less inflation, more growth, and a brighter future for all of our citizens.

If Congress adopted this economic program, the February message stated we could look forward to a glorious revival of American economic strength. Real gross national product would grow by 4.2 percent in 1982, 5 percent in 1983, 4.5 percent in 1984, and so on. Budget deficits would fall steadily and dramatically—to 45 billion in 1982, 23 billion in 1983, and we would have a surplus of 0.5 billion in 1984.

Unemployment would also fall steadily and dramatically, to 7.2 percent in 1982, 6.6 percent in 1983, 6.4 percent in 1984, 6 percent in 1985 and 5.6 percent in 1986.

In addition to rapid growth and declining unemployment—some skeptics might say in spite of such growth and declining unemployment—inflation would also fall steadily and dramatically. The Consumer Price Index would increase by 8.3 percent in 1982, down from the predicted 11.1 percent in 1981, 6.2 percent in 1983, 5.5 percent in 1984, 4.7 percent in 1985, and 4.2 percent in 1986.

In short, adoption of this program would achieve truly miraculous results.

Productivity would increase sharply. Real incomes grow. Standards of living would rise. The value of the dollar overseas would be enhanced, interest rates would drop, international financial markets would stabilize, and the global economy itself would enter a new era of noninflationary growth.

Truly a miracle. Economic Nirvana.

Now that the objectives of the program were made clear, the time came to implement the game plan to secure adoption of this program. Administration spokesmen, such as the director of the Office of Management and Budget, Secretary of the Treasury, the chairman and members of the Council of Economic Advisers, and others, presented the administration's case skillfully, eloquently, and in most cases, persuasively.

Moreover, the timetable for completion of the budget process was changed. Reconciliation, first used during the Carter administration as a means to achieve savings after passage of the second budget resolution, was "fast-tracked" onto the floor before consideration of the first budget resolution, the authorizations process and the appropriations process. The saving required by the Omnibus Reconciliation Act of 1981 were unprecedented—over $140 billion over a 3½-year period—and placed effective limits on what could be spent in not just 1 year, but over 3 years.

In mandating these savings, the Reconciliation Act went far beyond mere numbers and included substantive changes in the law governing such expenditures—a responsibility normally held by the authorizing committees. The result was effective emasculation of the authorizing committees and their subjugation to the decisions of OMB and the Budget Committees.

Later on during the budget process, during the appropriations process, it eventually became clear that the inability of Congress to simultaneously adhere to the limits posed by reconciliation, and, therefore, the first budget resolution, and satisfy each Member's priorities would require passage of a continuing resolution simply to keep the Government in full operation. Continuing resolutions are nothing new—it has been observed by some that the deadlock has become something of an annual custom. However, this year the situation took on new dimensions. After late-night last-minute sessions, and despite apparent assurances to the majority's leadership that the continuous resolution conference report for fiscal year 1982 provided an acceptable degree of spending restraint, the President proceeded to veto the conference report. Why? The conference report saved $400 million more than the Senate version which the administration claimed was acceptable only a few days earlier.

The answer was that the administration was not interested in the actual savings per se, but rather the priorities reflected in that resolution. Specifically, the administration's reservations, as expressed in the OMB Director's talking points on the continuing resolution, pertained to their view that too much was being spent domestically and too little was being spent on foreign assistance.

Despite these reservations, the President went on nationwide airways and announced that he was going to veto the continuing resolution, and thereby shut down much of the Federal Government temporarily because this free-spending Congress could not get its act together.

Even more amazing was the rationale used by Members of the majority party who voted for the conference report. They claimed that they were going to support it because it was so bad that they could not wait for the President to veto it.

So now we have a continuing resolution in force through December 15, by which we must repeat this charade in order to pass a resolution that, hopefully, will keep the Government Operating through fiscal year 1982.

So much for the appropriations process and committee.

And today, we are considering passage of Senate Concurrent Resolution 50, the second concurrent resolution on the budget for fiscal year 1982. This resolution is two pages, count them, two pages long, contains absolutely no specifics, and is inherently contradictory. There are two sections in Senate Concurrent Resolution 50. Section 1 merely reaffirms the first budget resolution, House Concurrent Resolution 115, 97th Congress, which is based on economic assumptions clearly refuted in the first finding at section 2. That finding acknowledges projected deficits in the range of $76 to $92 billion for fiscal year 1982, $96 to $136 billion in 1983, and $103 to $165 billion in 1984.

The first budget resolution, in contrast, differed little from the administration's original assumptions in its projection of future deficits—$37.6 billion in 1982, $19.1 billion in 1983, and a $1.05 billion surplus in 1984.

I must oppose Senate Concurrent Resolution 50 for a number of reasons.

First, it represents a clear abdication of budgetary responsibility on the part of the Budget Committees and the Senate as a whole. By failing to acknowledge the fantastic nature of the assumptions in the first budget resolution and motions, and make the appropriate corrections, this resolution continues the dramatic departure from economic reality begun in February.

Second, the priorities implicit in passage of this resolution are by definition the same as those embodied in the first concurrent resolution. Too much cut from housing, infrastructure, and other useful programs, not enough cut in waste in both the civilian and military sectors. If citizens should be adequately housed, our cities revitalized, our transportation systems maintained, and our children nurtured, Congress should not ratify these priorities.

Third, it compromises the integrity of the budget process itself. In passing reconciliation, we undercut the authorizing committees. In falling back on the continuing resolution, we negated the efforts of the appropriations committees. And now, we seem to be finishing the job by neutralizing the Budget Committee.

Given this sequence of events, just what role does our committee system have left to fulfill? If we continue along the path, the American people may very well ask why Congress even bothers with a budget process. The Congressional Budget Act of 1974 was passed, in large measure, as a response to usurpation of power by the executive branch. By adopting that act, Congress stated that it could, and should, exercise responsibility and control over the budget.

This year, despite marathon hearings on proposed drastic revisions in all areas, we wind up with a continuing resolution which rendered all of those efforts useless and a second budget resolution, the substance of which ignores everything that has happened since passage of the first budget resolution nearly 7 months ago.

Despite the glorious prospects held out by the administration as a national reward for passage of its economic program, signs point to a considerably different future.

Interest rates, instead of falling, rose after adoption of the program. Only recently, when it became clear that a recession, with rising unemployment, would reduce credit demand sharply, did interest rates begin to fall off.

The administration's early predictions of declining deficits and a balanced budget in 1984 have fallen by the wayside, and now, the administration has reversed course and stated that concern about deficits which, by its own estimates, will exceed $160 billion in 1984, is "misplaced." Whatever happened to "crowding out"? Does the administration not believe that Government borrowing in credit markets adds to interest rates and inflation? Do they not believe that large deficits will worsen the scarcity and cost of credit to smaller businesses, farmers, homebuilders, homebuyers, and every one else who depends on credit? Has the President swung full circle on his earlier and often stated belief that the Government has "lived beyond its means" for too long?

Does the President realize that his own administration's deficits will increase, by nearly half, the size of the 200-year-old, trillion dollar national debt accumulated to date?

I hope that the administration is able to answer these questions not only with words, but with actions that will prove beneficial to all Americans and truly move us toward those attractive goals so clearly and eloquently described in its February message.

Mr. CHAFEE. Mr. President, I am supporting the amendment by the Budget Committee chairman, Senator DOMENICI, because I believe it moves us in the right direction, toward a more coherent and balanced budget plan for fiscal years 1982 and beyond.

I share the chairman's disappointment that his committee was unable to provide the Senate with such a plan at this time, in spite of his determined leadership and the leadership of Senator HOLLINGS, the ranking member. They are to be commended, however, for focusing the Senate's attention on the need for further spending restraint and the elimination of tax loopholes.

I don't think anyone would disagree that Congress should take prompt action to deal with our continuing economic problems. The fact is that we have been taking action all year long—very timely and dramatic action—to begin the process of untangling our Federal budget mess and strengthening our economy through tax cuts. The naked truth is that this job has only just begun, and the most difficult tasks are still ahead.

Clearly, the pressure is still on for further budget cuts in 1983 and 1984. It is my belief that defense spending will have to bear its fair share of the cuts. Mr. President, "fair share" means a lot more than the paltry 1 percent defense spending slowdown proposed by the administration in September.

Federal spending for fiscal year 1984 has already been reduced an estimated $50 billion through congressional action this year. Limiting the budget to 20½ percent of GNP, as called for in the Domenici amendment, will require additional cuts of about $40 billion. I do not believe that our domestic programs can absorb those cuts alone, and I would urge the administration to recognize that achieving this goal will require a hard look at unnecessary and extravagant military spending.

To hold our domestic programs, from food stamps to social security, accountable, for waste and abuse, while letting the military budget go unscrutinized, is unfair to the American people.

In addition, I support the notion set forth in this amendment that revenues wil be raised, where needed, to help fill the budget gap in 1983 and 1984. I disagree, however, with the language exempting certain business tax breaks from congressional review.

It is highly possible that the combination accelerated cost recovery and certainly the leasing provisions of the 1981 Tax Act will have to be examined for abuses and unintended effects. There are, of course, many areas in the so-called "tax expenditure" budget that can be tightened to provide revenue.

The Congressional Budget Office has estimated that by 1984 special deductions, credits and exclusions in the tax code will amount to over $350 billion. In the last 3 years, this part of the budget has ballooned by an average of almost 23 percent annually, compared to direct spending increases of 13.6 percent a year.

The only way Congress can afford to provide tax rate cuts for all Americans, Mr. President, is if we can make some progress toward closing the loopholes enjoyed by only a few.

I believe that the budget and tax cutting legislation now in place is going in the right direction. We should not be afraid to correct our course where it becomes necessary, but above all, we must not be afraid to continue this diffi-

cult process of bringing our Federal spending and taxing programs into proper balance.

VOTE ON JOHNSTON UP AMENDMENT NO. 773

The PRESIDING OFFICER. Under the previous order, the hour of 3:10 p.m. having arrived, the question is on agreeing to the Johnston amendment, No. 773.

The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 45, nays 52, as follows:

[Rollcall Vote No. 463 Leg.]

YEAS—45

Baucus	Eagleton	Metzenbaum
Bentsen	Exon	Mitchell
Biden	Ford	Moynihan
Boren	Glenn	Nunn
Bradley	Hart	Pell
Bumpers	Heflin	Pryor
Burdick	Hollings	Randolph
Byrd, Harry F., Jr.	Inouye	Riegle
Byrd, Robert C.	Jackson	Sarbanes
Cannon	Johnston	Sasser
Chiles	Kennedy	Stennis
Cranston	Leahy	Tsongas
DeConcini	Levin	Williams
Dixon	Long	Zorinsky
Dodd	Matsunaga	
	Melcher	

NAYS—52

Abdnor	Hatch	Percy
Andrews	Hatfield	Pressler
Armstrong	Hawkins	Proxmire
Baker	Hayakawa	Quayle
Boschwitz	Heinz	Roth
Chafee	Helms	Rudman
Cochran	Humphrey	Schmitt
Cohen	Jepsen	Simpson
D'Amato	Kassebaum	Specter
Danforth	Kasten	Stafford
Denton	Laxalt	Stevens
Dole	Lugar	Symms
Domenici	Mathias	Thurmond
Durenberger	Mattingly	Tower
East	McClure	Wallop
Garn	Murkowski	Warner
Gorton	Nickles	
Grassley	Packwood	

NOT VOTING—3

Goldwater	Huddleston	Weicker

So Mr. JOHNSTON's amendment (UP No. 773) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ARMSTRONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON DOMENICI UP AMENDMENT NO. 772, AS MODIFIED

The PRESIDING OFFICER. Under the previous order the question now is on agreeing to the amendment of the Senator from New Mexico (UP amendment No. 772) as modified.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) is necessarily absent.

The PRESIDING OFFICER. Is there any other Senator in the Chamber who wishes to vote?

The result was announced—yeas 50, nays 47, as follows:

[Rollcall Vote No. 464 Leg.]

YEAS—50

Abdnor	Garn	Murkowski
Andrews	Gorton	Nickles
Armstrong	Grassley	Percy
Baker	Hatch	Pressler
Boschwitz	Hatfield	Proxmire
Byrd, Harry F., Jr.	Hawkins	Quayle
Chafee	Hayakawa	Rudman
Cochran	Helms	Schmitt
Cohen	Humphrey	Simpson
D'Amato	Jepsen	Specter
Danforth	Kassebaum	Stafford
Denton	Kasten	Stevens
Dole	Laxalt	Symms
Domenici	Lugar	Thurmond
Durenberger	Mathias	Tower
East	Mattingly	Wallop
	McClure	Warner

NAYS—47

Baucus	Ford	Mitchell
Bentsen	Glenn	Moynihan
Biden	Hart	Nunn
Boren	Heflin	Packwood
Bradley	Heinz	Pell
Bumpers	Hollings	Pryor
Burdick	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Cannon	Johnston	Roth
Chiles	Kennedy	Sarbanes
Cranston	Leahy	Sasser
DeConcini	Levin	Stennis
Dixon	Long	Tsongas
Dodd	Matsunaga	Williams
Eagleton	Melcher	Zorinsky
Exon	Metzenbaum	

NOT VOTING—3

Goldwater	Huddleston	Weicker

So Mr. DOMENICI's amendment (UP No. 772), as modified, was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. ARMSTRONG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON SECOND CONGRESSIONAL BUDGET RESOLUTION, AS AMENDED

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the resolution, as amended. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Kentucky (Mr. HUDDLESTON) is necessarily absent.

The PRESIDING OFFICER (Mr. EAST). Are there any other Senators wishing to vote?

The result was announced—yeas 49, nays 48, as follows:

[Rollcall Vote No. 465 Leg.]

YEAS—49

Abdnor	D'Amato	Hawkins
Andrews	Danforth	Hayakawa
Armstrong	Denton	Heinz
Baker	Dole	Helms
Boschwitz	Domenici	Jepsen
Byrd, Harry F., Jr.	Durenberger	Kassebaum
Chafee	East	Kasten
Cochran	Garn	Laxalt
Cohen	Gorton	Lugar
	Hatfield	Mathias
Mattingly	Proxmire	Stevens
McClure	Quayle	Symms
Murkowski	Rudman	Thurmond
Nickles	Schmitt	Tower
Packwood	Simpson	Wallop
Percy	Specter	Warner
Pressler	Stafford	

NAYS—48

Baucus	Ford	Melcher
Bentsen	Glenn	Metzenbaum
Biden	Grassley	Mitchell
Boren	Hart	Moynihan
Bradley	Hatch	Nunn
Bumpers	Heflin	Pell
Burdick	Hollings	Pryor
Byrd, Robert C.	Humphrey	Randolph
Cannon	Inouye	Riegle
Chiles	Jackson	Roth
Cranston	Johnston	Sarbanes
DeConcini	Kennedy	Sasser
Dixon	Leahy	Stennis
Dodd	Levin	Tsongas
Eagleton	Long	Williams
Exon	Matsunaga	Zorinsky

NOT VOTING—3

Goldwater	Huddleston	Weicker

So the resolution (S. Con. Res. 50), as amended, was agreed to as follows:

S. CON. RES. 50

Resolved by the Senate (the House of Representatives concurring), That pursuant to section 310(a) of the Congressional Budget Act of 1974, the concurrent resolution on the budget most recently agreed to with respect to the fiscal year 1982 (H. Con. Res. 115, Ninety-seventh Congress) is hereby reaffirmed.

SEC. 2. It is the sense of the Congress that—

Whereas the current budget projections as for large deficits in the range of $76,000,000,000 to $92,000,000,000 in fiscal year 1982; in the range of $96,000,000,000 to $136,000,000,000 in fiscal year 1983; and in the range of $103,000,000,000 to $165,000,000,000 in the fiscal year 1984; and

Whereas these large deficits are a primary cause of the historically high interest rates now prevailing; and

Whereas these interest rates are bringing many small businessmen, the automobile industry, farmers, and the housing sector near collapse; and

Whereas the unemployment rate has reached 8 per centum and is likely to increase further; and

Whereas the economy has entered into a recession which could last for many months:

Now therefore it is the sense of the Congress that the economic crisis now facing the American people is so severe that solutions must be found immediately; and

Further, it is the sense of the Congress that the President should submit a plan as soon as possible, to bring interest rates down, to decrease unemployment, to decrease substantially inflation, and to balance the budget in fiscal year 1984; and

Further, it is the sense of the Congress that Presidential guidance and leadership is essential to reach these goals.

SEC. 3. Further, it is the sense of the Senate that prompt congressional action is required to bring interest rates down, decrease unemployment, decrease substantially inflation, and to balance the budget in fiscal year 1984; therefore, it is the sense of the Senate that the Budget Committee report no later than March 31, 1982, a combined revised second concurrent resolution on the budget for fiscal year 1982 and a proposed first resolution on the budget for fiscal year 1983, which resolution shall also contain a budget for fiscal year 1984 that shall balance revenues and outlays;

Further, it is the sense of the Senate that Federal outlays be reduced and the Federal budget be balanced through spending reductions in all parts of the budget, including entitlement programs, and revenue increases achieved other than through changes in the accelerated cost recovery system or the individual rate reductions recently enacted in the Economic Recovery Tax Act; and

Further, it is the sense of the Senate that the plan to be submitted by the committee should be a balanced plan which provides for Federal outlays no greater than 20½ per centum of gross national product in fiscal year 1984.

Mr. DOMENICI. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BAKER. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, could we have order in the Chamber?

The PRESIDING OFFICER. The Senate will be in order. The majority leader has the floor. He is entitled to be heard.

ORDER OF PROCEDURE

FARM BILL CONFERENCE REPORT

Mr. BAKER. Mr. President, I had hoped that we would be able to reach the farm bill conference report, which has now been completed and on which the Senate acts first, sometime later this afternoon. It appears now that, because of clerical requirements, that will not be possible. I would like to let my colleagues know that it will be the intention of the leadership on this side to ask the Senate to turn to the consideration of the farm bill conference report sometime in the morning. We have not yet agreed on a convening hour or a time to proceed to that measure, but I would expect that on tomorrow we would take up, first, the farm bill conference report, and then, after that, the Department of Justice authorization bill.

Mr. President, this afternoon, I believe that the unfinished business would be the State, Justice, Commerce appropriations bill.

The PRESIDING OFFICER. The Senator is correct.

UNANIMOUS-CONSENT REQUEST—H.R. 4121

Mr. BAKER. Mr. President, I now ask unanimous consent that after the unfinished business is laid before the Senate, it may be temporarily displaced and the Senate proceed to the consideration of calendar order 276, H.R. 4121, the Treasury, Postal Service, and General Government Appropriations Act, 1982.

Mr. FORD. Mr. President, reserving the right to object, what is the request of the majority leader?

Mr. BAKER. That we let the Chair lay before the Senate the unfinished business, to be immediately displaced in favor of the Treasury, Postal Service, and General Government Appropriations Act, 1982, H.R. 4121.

Mr. FORD. Mr. President, I have to object.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Mr. President, I would note that as far as I can ascertain, one of the principal areas of disagreement on this measure will not be asserted, that is, any significant change in the Federal Election Commission or the laws related to it. Indeed, I know of no FEC amendments to be offered.

Could I inquire of the Senator from Kentucky, who has a special interest in this field, if that reassurance from me would alter his views on this subject?

Mr. FORD. I say to the distinguished majority leader, who always has the ability to get my attention in the shortest amount of time, that statement has just gotten my attention, but I would like to reserve my right to object for a few moments. Give me a few moments before I agree to that request.

Mr. BAKER. That is a reasonable request, Mr. President. In view of that statement by the Senator from Kentucky, I withdraw my unanimous-consent request.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. BAKER. Mr. President, I ask the Chair to lay before the Senate the unfinished business.

The PRESIDING OFFICER. The Senate will resume consideration of the unfinished business, which the clerk will state by title.

The bill clerk read as follows:

A bill (H.R. 4169) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The Senate resumed the consideration of the bill.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have one item of business which I understand is important to transact.

Could I inquire of the minority leader if it would be possible for him to clear the nominations of W. Proctor Scarboro and Ralph Ball to be members of the Federal Farm Credit Board? If it is possible to do so, I would hope to proceed to that item momentarily.

Mr. ROBERT C. BYRD. Mr. President, there is no objection on this side.

Mr. BAKER. I thank the minority leader.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now go into executive session for the purpose of considering the nominations of W. Proctor Scarboro and Ralph Ball to be members of the Federal Farm Credit Board, which nominations were reported by the Agriculture Committee earlier today.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL FARM CREDIT BOARD

The PRESIDING OFFICER. The nomination will be stated.

The assistant legislative clerk read the nomination of W. Proctor Scarboro to be a member of the Federal Farm Credit Board.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. HELMS. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The assistant legislative clerk read the nomination of Ralph Ball to be a member of the Federal Farm Credit Board.

The PRESIDING OFFICER. Without objection, the nomination is considered and confirmed.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. HELMS. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATION SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I yield the floor.

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1982

The Senate continued with the consideration of the bill.

Mr. HELMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HELMS. What is the pending business before the Senate?

The PRESIDING OFFICER. The pending business is H.R. 4169. The pending question is the amendment offered by the Senator from Connecticut (Mr. WEICKER).

CLOTURE MOTION

Mr. HELMS. Mr. President, I send a cloture motion to the desk.

The PRESIDING OFFICER. The cloture motion having been presented under rule XXII, the Chair directs the clerk to read the motion.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the bill (H.R. 4169) Commerce, Justice, State, Appropriations.

Jesse Helms, Paul Laxalt, Orrin G. Hatch, S. I. Hayakawa, James A. McClure, John Warner, Don Nickles, James Abdnor, Charles Grassley, John P. East, Richard G. Lugar, Peter V. Domenici, Mack Mattingly, Bob Dole, Steven Symms, and David Boren.

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. RUDMAN). Without objection, it is so ordered.

The majority leader.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I have consulted at some length with the minority leader and others on the schedule for the balance of the day and tomorrow. In a moment, I intend to ask the Senate to turn to consideration of Senate Resolution 218, the Melcher school lunch resolution. After we complete that, Mr. President, I expect that only routine business will be transacted for the balance of the day. I would expect, however, that there will be a rollcall vote on the Melcher resolution.

Tomorrow, Mr. President, I expect that the Senate will be asked to turn to the Department of Justice authorizatiion bill. I shall have a further request to make in a few moments, as soon as the exact language of the request that I shall propound has been reduced to writing.

NUTRITIONAL GOALS IN THE SCHOOL LUNCH PROGRAM

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of Senate Resolution 218, the Melcher school lunch resolution.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A Senate resolution (S. Res. 218) retaining nutritional goals in the school lunch program.

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Agriculture, Nutrition, and Forestry, with amendments, as follows:

On page 1, beginning on line 1, strike "regulations for";

On page 1, beginning on line 3, strike "in effect as of September 25, 1981,";

Mr. BAKER. Mr. President, I ask unanimous consent that there be 20 minutes equally divided for debate on this resolution and that no amendments other than the amendments with which the resolution was reported be in order.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. There is no objection, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, the control of the time will be in the usual form. On this side, it will be by the distinguished chairman of the Committee on Agriculture or his designee.

Mr. MELCHER. Mr. President, I ask for the yeas and nays on the resolution.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MELCHER. Mr. President, I ask unanimous consent that Senators ZORINSKY, DIXON, and PELL be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I urge the Senate to adopt unanimously Senate Resolution 218.

This resolution was unanimously reported from the Committee on Agriculture, Nutrition, and Forestry. It is straight-forward. It says that despite the budget cuts made this year—despite the belt tightening that is going on in Washington and at the local level—the Senate of the United States believes it is essential to retain the goal that each school lunch provide children with one-third of the recommended dietary allowances of nutrients for children, as established by the National Academy of Sciences.

The maintenance of the goal does not affect Federal funding. There are many types of nutritious food to meet the goal. The variety of foods available to the local schools that are nutritious can be used.

Since 1946, the National School Lunch Act has required that lunches offered by schools participating in the national school lunch program meet minimum nutritional standards prescribed by the Secretary of Agriculture. In World War II, so many young men were rejected for military service that the Nation responded with a need for a child nutrition conscience. Part of that conscience consensus was the enactment of the school lunch program.

Since the inception of the program, Mr. President, the Secretary has applied the theory that the lunches should aim to provide, over a period of time, approximately one-third of the recommended dietary allowances (RDA) for children as specified by the National Academy of Sciences. The determination of the goal of one-third RDA was simply derived from the assumption that lunch, as one of the three daily meals should contribute approximately one-third of the daily food intake requirements. That goal was and is valid. It is not just a dream, it is attainable and we must not abandon it. We have achieved much—the Field Foundation study found that malnutrition has been largely eradicated. The child nutrition programs—principally the school lunch program—brought this into reality. Let us not abandon this success for coming generations of children.

To assist school personnel in planning menus that meet the program's nutritional goal, the Department of Agriculture established by regulation Federal patterns that specified minimum quantity requirements for the five basic food components of a meal (meat and meat alternates, vegetables, fruit, bread and bread alternates, and milk). The patterns have, over the years, been revised to reflect new nutritional knowledge. The Department has, in reviewing the revising regulations in the past, expressly recognized that nutritional needs of children vary, and accordingly, that the minimum requirements must provide flexibility to school personnel providing meals under the lunch program. Most recently the Department revised meal pattern requirements in 1980 to bring them in line with revisions in the RDA. But to lower the goal now in basic nutrition language is just "pap." There is an abundance of food—indeed a variety of foods available at low cost to schools to meet the needs and continue the goal.

Since 1946, Congress has felt it was important that America's schoolchildren receive the nutrition they need in their school lunches, in order to promote educational achievement. The two have always gone together. A hungry child without adequate nutrition will not learn up to his or her capacity.

Earlier this year, President Reagan proposed $1.9 billion in child nutrition budget cuts. Congress enacted $1.5 billion in reductions, which is a 35-percent cut in Federal contributions.

Even as modified from the President's proposals, the child nutrition cuts enacted by Congress were too deep. They have resulted in parents and children across the Nation paying significantly higher prices for less food.

USDA's proposed regulations of September 4 were an attempt to lower the costs of producing a school lunch. Many school lunch administrators fear that the cost of lunches will be so high that there will be a wholesale dropout from the program by middle-income children.

While some parts of these regulations were helpful, they went much too far.

The regulations had no nutritional basis. They were proposed only to cut costs. They were inconsistent with section 818 of the Omnibus Budget Reconciliation Act of 1981, which requires that cost savings be achieved "without impairing the nutritional value of such meals."

The regulations undermined public confidence in the nutritional value of the school lunch program. USDA admits in its regulations that the changes in crediting guidelines—such as counting ketchup and relish as vegetables—will not achieve significant savings. If this is the case, why undermine public credibility in the program? And one of the basic missions of the program—nutrition education—will be undermined.

The regulations would have cut milk portions standards so that growing children would only get three-fourths of a glass of milk. Particularly with the elimination of the special milk program this year, many children may get only 4 to 6 ounces of milk in an entire school day.

The regulations had a particularly harsh effect on poor children. Studies show that poor children receive one-third to one-half of their daily nutrients from the school lunch. If portions are cut as proposed, these children will not be able to make up for the loss—especially given the deep cuts in food stamps and AFDC which have been enacted.

The regulations would have made future cuts in the school lunch programs easier to justify because the nutritional foundation of the program would have been shaken.

OMB Director David Stockman did us a favor. By taking the regulations to the public press and scandalizing them, he effectively killed them.

But I do not think for a minute that Mr. Stockman has suddenly become a friend of the program. To the contrary, he has said on more than one occasion that he has plans for more cuts in the program. I think we have already cut too much.

I have done a survey of the effects on the school lunch program in Montana as a result of the cuts we have made in the program this year. That survey shows 15- to 25-percent decrease in student participation, and one school district has had a 40-percent drop.

The reduction in participation in my State is attributed directly to the reduction in Federal support—that is, in the funding—and the resulting increases in the prices of meals.

The Federal Government has reimbursed the school district for all lunches served and the reimbursement has been more for the free and reduced lunches for poor children, but the successful financing of the school lunch program in Montana has depended on the paying child—that is, the children who pay the full amount and are from middle- or upper-income families.

Meals served to these children were reimbursed during the 1980–81 school year at the rate of 18.5 cents per lunch in cash and 16 cents in commodities. This school year, lunches for the nonneedy are being reimbursed at the rate of 10.5 cents in cash and 11 cents in commodities. That is a 13-cent drop in reimbursement from 34.5 cents to 21.5 cents. As we all know, food costs are higher than they were last year.

The schools not only had to come up with funds to make up for the loss of the 13 cents, but they also had to make up for increased costs because of inflation. Schools in the past have provided assistance from general fund budgets but more and more school districts are finding it difficult to provide supplementary funds for the lunch program because of demands on the general fund budget from other areas.

Consequently, the paying family has had to pick up the increased costs. Increases in meal costs for this school year have ranged mainly 15 to 20 cents a meal. But Missoula Elementary reported only a 10-cent increase, apparently counting on a district subsidy of $140,000 from a mill levy and the addition of another school district which lowered fixed costs. Great Falls Elementary and High School costs to paying children increased 30 cents per meal and Ronan-Pablo 25 cents.

Another influence on the participation has been the more restrictive formula used for determining if children qualify for free or reduced price meals.

Traditionally, the major participants in the school lunch have been children from middle-income families. These families are finding it more and more difficult to come up with the additional 15 to 20 cents a lunch ticket.

Parents with children in the rural Ronan-Pablo schools have been informed by school officials that more students must take part in the school lunch program or they will lose it.

In a memo to parents, superintendent of schools, K. William Henry, said the program ended the 1980–81 school year with a $7,500 deficit. The board of trustees placed $13,612 in general fund tax moneys into the program to cover the deficit and to help with this year's program but the program is still not solvent. At an October 8 board meeting the trustees decided to pay another $20,356 in general funds into the program.

Federal reimbursement and commodity shipments have been reduced and student participation has fallen by 25 percent.

Henry wrote:

> The story is simply that this cannot go on. The payments are endangering the General Fund Account. . . . School lunch is not a principal function of a school, but rather an auxiliary service. As an auxiliary service it must not be allowed to endanger the school's principal function.

The cost to the child of the reduced price meals was raised by Congress from 20 cents for the last school year to 40 cents for this year.

In the State's largest city, Billings, prices to children for meals increased by 20 cents and the average meals served per day has decreased from 10,000 last year to 7,000 this year. A school official told us that another significant price rise will put their program out of business.

In Great Falls, 60,000 population, where Anaconda closed its copper refinery operation a year ago and threw 500 out of work, meal prices went up 30 cents. Participation is down from 8,300 last year to 6,700 this year.

In Butte, where the Anaconda Co. is the largest employer and is suffering from lower copper prices, meal prices increased 20 cents this year over last. School officials called the situation touch and go, explaining that the program will have to be closed down if it does not pay its own way. They said efficiency can only accomplish so much and there is a point beyond which nothing more can be achieved.

Bozeman, home of Montana State University, increased its prices this year by 15 cents a meal. School authorities said they will need more commodities to keep costs down. They said parents grumbled at the increase, but there has been no loss of participation.

Wolf Point on the Fort Peck Indian Reservation, by a split vote of its trustees, kept its paying meal prices the same and also its reduced price meals. It subsidizes its program from other funds and says it will need continued Federal support.

In nearby Anaconda, which lost 1,200 jobs last year due to the Anaconda smelter closure, elementary and high school students pay the same meal costs as last year, 60 cents and $1 respectively. District officials said they will try to continue the high school program through this school year although participation is down by 40 percent.

The idea of substituting catsup and relish for vegetables, cutting down on milk portions and one piece of bread without butter or margarine does not make any sense. It assures that the nutritional value of the lunches will be nowhere near 30 percent of recommended daily allowances, and it means that the quality of the lunches will be so poor—so tasteless, that more and more paying students will be driven from the program.

The American School Food Service Association, an organization of school lunch directors and child nutritionists, has found in a survey of its members that 400 schools have pulled out of the program because of Federal cutbacks.

I think it is time that we say through this resolution that in the area of child nutrition we have cut back as far as we are going to go. There is no justification to further deteriorate the Federal school lunch program by lowering our national Government's commitment to the school lunch program. There is, I repeat, an abundance of food with nutritional values that meet nutritional requirements of our Nation's school children.

I think we need to send Mr. Stockman the message that the Senate is not going to seek economic recovery at the expense of healthy school children.

It gets to the point where the option is taken to drop out of the school lunch program and either carry a sack lunch or pick up a sandwich from a nearby fast food chain. That, in effect, is a harmful increase in the cost, for a less number of school lunches. We hope to reverse that. But the most important thing we can do is to assure all the parents of school children where the school lunch is being offered that it is going to be a nutritious meal, that it is based on solid nutrition values, and that those values are not going to be lost.

I think it is imperative that the Senate speak very clearly—and I hope unanimously—on this point: That we would like to retain that goal as set for the school lunch program ever since its inception in 1946, to provide one-third of the daily nutritional requirements of school children in the program.

Mr. President, while the regulations as proposed on September 4 have been withdrawn, and very wisely so, I feel that the uproar that was caused by the proposal that catsup could be counted as a vegetable, that it was all right to have the quantity of milk reduced from 8 ounces to 6 ounces, that small portions of food would be served, has really jolted the confidence of the parents of schoolchildren where school lunches are served.

Simply, what we are hoping to do with the adoption of Senate Resolution 218 is to reassure the American public at large, and particularly the parents of schoolchildren, that school lunches are indeed going to remain, with the nutritional values, the same goal we have had all through the program; that we are not going to reduce the nutrition in the lunch or the variety of foods available at local schools. They will be given the opportunity, through new regulations to be proposed by the Department, to make

sure that some of the burdensome paperwork that has added cost to the school lunch program, which must be borne by the local school district and the local schools themselves—that those burdensome paperwork regulations will be reduced, and there will be greater flexibility in that regard, and, therefore some cost savings. However, we do not want to make those cost savings when it comes to the basic nutritional requirements of the lunch itself.

Senate Resolution 218 is an expression of maintaining that strong position and I urge the adoption of the resolution.

The PRESIDING OFFICER. The time of the Senator from Montana under the unanimous-consent agreement has expired.

The Senator from North Carolina is recognized.

Mr. HELMS. Mr. President, I thank the Chair for recognizing me.

Mr. President, this resolution was reported out of the Committee on Agriculture, Nutrition, and Forestry unanimously.

It reiterates the goal currently in effect for the school lunch program that meals should seek to provide over a period of time one-third of the recommended dietary allowance for children as established by the National Academy of Sciences.

The distinguished Senator from Montana has discussed the nature of this legislation, and I commend him for advocating it, and I support it.

Mr. LEAHY. Mr. President, I rise in support of Senate Resolution 218, which would retain the longstanding nutritional goal of the national school lunch program. That goal, which has been in effect since 1946, is to provide one-third of the recommended dietary allowances of nutrients for children as established by the National Academy of Sciences.

It is unfortunate that such a resolution is necessary this year. However, given the major school lunch reductions proposed by the President and enacted by Congress, and the ill-conceived regulations on school lunch meal patterns that were subsequently issued by USDA, it is important that we reaffirm today that Congress has no intention of diluting the important mission of the school lunch program.

Let me stress that this resolution does not mean that no changes can be made in school lunch regulations. It does mean, however, that any changes proposed must be consistent with the directives included in the Omnibus Budget Reconciliation Act (Public Law 97–35) and its accompanying report. This means that the proposed changes must achieve savings "without impairing the nutritional value of such meals." It also means that, "before the Secretary changes current meal pattern requirements, he shall exhaust all alternatives for lowering local program costs."

Mr. President, I would think there are ways to provide State and local school lunch administrators with greater flexibility to cut costs, without undermining the nutritional integrity of the school lunch program. The regulations proposed September 4 subjected the program to ridicule. By allowing condiments to be classified as vegetables and cutting milk portion sizes, they undermined public confidence in the program.

I hope this resolution will be a major step toward restoring public faith in the program.

Mr. HELMS. Mr. President, is there a time limitation on this resolution?

The PRESIDING OFFICER. Yes, there is. The Senator from North Carolina has 8 minutes and 50 seconds remaining, and the yeas and nays have been ordered previously.

Mr. HELMS. I thank the Chair.

I am prepared to yield back the remainder of my time if the Senator from Montana wishes to do so and have a vote.

Mr. MELCHER. Mr. President, I am prepared for the vote.

I thank the distinguished chairman.

Mr. HELMS. Mr. President, just one moment.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HELMS. Mr. President, have the committee amendments been agreed to?

The PRESIDING OFFICER. The committee amendments have not been agreed to.

Mr. HELMS. I call up the first committee amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

On page 1, beginning on line 1, strike "regulations for";

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HELMS. I believe there is another committee amendment.

The PRESIDING OFFICER. The committee amendment will be stated.

The legislative clerk read as follows:

On page 1, beginning on line 3, strike "in effect as of September 25, 1981,";

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. HELMS. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the resolution, as amended.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the role.

Mr. STEVENS. I announce that the Senator from Minnesota (Mr. DURENBERGER), the Senator from Arizona (Mr. GOLDWATER), and the Senator from Connecticut (Mr. WEICKER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from New Jersey (Mr. BRADLEY), the Senator from Ohio (Mr. GLENN), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Michigan (Mr. LEVIN), and the Senator from New York (Mr. MOYNIHAN) are necessarily absent.

The PRESIDING OFFICER (Mr. RUDMAN). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 92, nays 0, as follows:

[Rollcall Vote No. 466 Leg.]

YEAS—92

Abdnor	Ford	Mitchell
Andrews	Garn	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Bentsen	Hatch	Pell
Biden	Hatfield	Percy
Boren	Hawkins	Pressler
Boschwitz	Hayakawa	Proxmire
Bumpers	Heflin	Pryor
Burdick	Heinz	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Hollings	Riegle
Byrd, Robert C.	Humphrey	Roth
Cannon	Inouye	Rudman
Chafee	Jackson	Sarbanes
Chiles	Jepsen	Sasser
Cochran	Johnston	Schmitt
Cohen	Kassebaum	Simpson
Cranston	Kasten	Specter
D'Amato	Kennedy	Stafford
Danforth	Laxalt	Stennis
DeConcini	Leahy	Stevens
Denton	Long	Symms
Dixon	Lugar	Thurmond
Dodd	Mathias	Tower
Dole	Matsunaga	Tsongas
Domenici	Mattingly	Wallop
Eagleton	McClure	Warner
East	Melcher	Williams
Exon	Metzenbaum	Zorinsky

NOT VOTING—8

Bradley	Goldwater	Moynihan
Durenberger	Huddleston	Weicker
Glenn	Levin	

So the resolution (S. Res. 218), as amended, was agreed to as follows:

S. RES. 218

Resolved, That it is the sense of the Senate that the school lunch program under the National School Lunch Act will retain the goal of providing one-third of the recommended dietary allowances of nutrients for children as established by the National Academy of Sciences.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, to extend not past the hour of 6:30 p.m., in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

FEDERAL COURTS IMPROVEMENT ACT OF 1981

Mr. DOLE. Mr. President, yesterday the Senate considered and acted favorably upon S. 1700, the Federal Courts Improvement Act of 1981. At the time of final passage, there was uncertainty as to the exact language of unprinted amendment No. 766 offered by the distinguished Senator from Iowa (Mr. GRASSLEY) as it was incorporated into unprinted amendment No. 771. As it turned out, the difference in language between the two versions of the bill was trivial and did not affect the substance of the provision at all. In the process,

however, the Senate concluded its business before this determination could be made. Therefore, at the request of the distinguished majority leader, further engrossing of the bill was suspended until the matter was clarified. Therefore, Mr. President, I ask unanimous consent the engrossing of S. 1700, the Senate amendments to the House bill, H.R. 4482, be completed forthwith.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOLE. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOLE. Will that take care of the matter?

The PRESIDING OFFICER. The Senator is correct.

THE DEBATE OVER FOREIGN ASSISTANCE

Mr. HATFIELD. Mr. President, it is unfortunate that the issue of foreign assistance has become a point of controversy in the current budget debate. The House and Senate Appropriations Committees have both recommended spending levels for foreign aid that are extremely close. Contrary to some reports, the recommended amounts do not represent an increase in foreign aid. In November, the Senate approved cuts of more than $1 billion in foreign aid, and voted to cut almost $2 billion from the level of foreign aid requested by the Carter administration last January.

Senator KASTEN, who is chairman of the Senate Foreign Operations Appropriations Subcommittee, has done an excellent job in cutting the foreign aid budget down to size, and in guiding his bill through the legislative process. In an editorial printed in the Baltimore Sun last Saturday, the distinguished Senator from Wisconsin offered a concise, well-written explanation of the current foreign aid debate. I ask that the article be printed in the RECORD at this time, and I urge my colleagues in both Houses to carefully consider his approach to the question of foreign aid.

The article follows:

[From the Baltimore Sun, December 5, 1981]

FOREIGN AID BATTLE

(By ROBERT W. KASTEN, Jr.)

Should the U.S. cut off military aid to Egypt, so soon after the death of Anwar Sadat?

Does it make sense to cut aid to Israel, and endanger implementation of the Camp David peace accords?

Do we really want to cut security assistance so deeply that we lose access to our military bases in the Philippines, Spain, Greece, Turkey, Somalia, Thailand, Kenya and Oman?

Is this the right time for a 30 percent cut in the Export-Import Bank, which helps American businesses compete in world markets and creates jobs here at home?

The answer to each of the above is, of course, an emphatic "no." Yet this is what many Democrats in Congress are proposing, as they attempt to win political points in a year-end budget battle with the president.

On September 24, President Reagan asked for a 12 percent reduction in spending for discretionary domestic programs, in an effort to keep the federal budget under control. He also asked for a $1 billion cut in foreign aid, and a $2 billion cut in defense. A month and a half later, it was clear that Congress would go along with the cuts in foreign aid and defense, but was having trouble cutting the full $8.5 billion from domestic programs. Mr. Reagan then said he would sign a bill that cut just half as much. When Congress cut only $2 billion, "a half of a half of a loaf," Mr. Reagan vetoed the spending resolution, and asked Congress to try again.

How did our foreign aid program become a pawn in the budget game? It all started when some congressmen decided to put an unrealistically low level for foreign aid in the year-end spending bill. Then they spread $2 billion in "savings" over those domestic programs Mr. Reagan wanted to cut, and declared that they had achieved the $4 billion budget reduction goal.

This spending ploy did not fool the president, and it will not fool the American people.

The American people will not stand idly by if Congress undercuts our allies and threatens the movement toward peace in the Middle East. Eventually, Congress will have to add the $2 billion back in.

The president will not sign a spending bill until Congress makes at least half of the domestic cuts he requested. Foreign aid and defense have already met his mark.

This budget sleight-of-hand will not work, and what is worse, it threatens to destroy the bipartisan foreign aid coalition that has existed in Congress since World War II.

For the past 40 years, Congress has endeavored to approach foreign aid in a bipartisan manner. Arthur Vandenberg, Walter George, and Henry Cabot Lodge led the way, arguing that foreign policy, to be effective, must have the support of the entire U.S. government, including the legislative branch.

If only a few members of Congress were trying to make political points off the foreign aid issue, there would be little reason for concern. What has happened, however, is that nearly every Democratic leader in Congress has taken to echoing the foreign aid versus domestic spending line: the speaker of the House, the majority leader of the House, the minority leader of the Senate, and the assistant minority leader of the Senate. The adoption of such a stance by these former supporters of a non-partisan foreign policy is regrettable. Even if other short-term goals unrelated to foreign aid are served, these actions are liable to do permanent damage to U.S. foreign assistance efforts throughout the 1980s.

There is still time to correct this situation. Congress has to pass a new spending bill by December 15. Between now and then, there is plenty of time to reflect on the effect such a partisan approach will have on our foreign aid program. If Congress adopts the Democratic level for foreign aid (the lowest since fiscal year 1977), many of the programs either started or strongly supported by the previous administration, and which directly affect peace in the Middle East and elsewhere in the world, are in real jeopardy.

Now is the time for reflection on a course of action which, though it may have short-term political benefits, will surely do our foreign policy, and our bipartisan foreign policy tradition, irreparable harm.

PROPOSED CUTS IN FEDERAL EDUCATION FUNDING

Mr. SASSER. Mr. President, recent press reports indicate that the Office of Management and Budget is proposing severe cuts in Federal education funding—cuts which could have a dramatic impact on the quality of education in Tennessee and throughout the Nation.

These proposed cuts represent a serious departure from current levels of support for Tennessee students and local education districts.

The press reports indicate that OMB is proposing a 57-percent cut in basic educational opportunity grants, the so-called Pell Grants for college students. Funding for local school districts through title I of the Elementary and Secondary Education Act would be cut in half. Support for vocational and adult education would be reduced 37 percent, funding for the new education block grants would be cut 40 percent.

Mr. President, these cuts go too far. Cuts of this magnitude promise to inflict serious hardship on every family of the Nation. Either the quality of education will suffer or State and local governments will be forced to enact large property tax increases to compensate for the cuts.

The Director of the Office of Management and Budget has indicated that the administration just looks at the numbers in making budgetary decisions. All too often the OMB bureaucrats fail to look at the people behind the numbers.

They fail to realize that a 57-percent cut in the Pell grant program could mean the difference between going to college or not for hundreds of thousands of young Americans.

They fail to realize that a 50-percent cut in title I funding will inflict severe dislocations in the school budgets of 14,000 school districts across the Nation.

They fail to realize that a 37-percent cut in adult and vocational education will mean that these successful programs may no longer be available to thousands of our citizens seeking to improve their education and earning capacity.

Mr. President, these cuts are not just numbers on a computer printout. These cuts affect the American public—the great middle class of this Nation.

This Congress has supported most of the cuts recommended by the President in fiscal year 1982. We will soon enact a further $4 billion cut in domestic spending when the Congress considers the continuing resolution. I think all of us agree that the waste and fat in Federal spending should be eliminated. But the OMB proposed cuts in fiscal year 1983 education programs go far beyond cuts aimed at reducing waste and fat. These cuts go to the very heart of some vital and necessary programs—programs which have the support of the American people.

Mr. President, every American is willing to share the burden inflicted by Federal budget cuts—but only if the cuts are fair and equitable.

These proposed cuts in education assistance to students and State and local governments are neither fair nor equitable.

I urge the President to turn down this ill-advised OMB proposal when he makes his final decision on the fiscal year 1983 budget request.

Mr. President, if the OMB proposal is approved by the administration my State of Tennessee will lose more than $65 million in current benefits.

Tennessee school districts would lose $29.8 million in title I funds alone.

Tennessee college students would lose

$31.6 million under the Pell grant program—the equivalent of 34,300 students.

Funding for adult and vocational education programs would be reduced $3.7 million.

Mr. President, I ask unanimous consent that two tables outlining the impact of some of these cuts on the four major metropolitan areas of Tennessee be placed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Local education district cuts—Title I

District:	Amount
Memphis	$6,200,000
Nashville	2,100,000
Knoxville	1,500,000
Chattanooga	1,400,000
Subtotal	11,200,000
State total	29,800,000

Pell grant cuts

District:	Amount	Students Affected
Memphis	$6,400,000	6,900
Nashville	6,000,000	6,500
Knoxville	3,900,000	4,200
Chattanooga	2,700,000	2,900
Subtotal	19,000,000	20,500
State total	31,600,000	34,300

Mr. President, education policy decisions properly belong with State and local governments. But it is unrealistic to believe that State and local governments alone can provide the financial resources to provide a quality education for this Nation's children. Assistance from the Federal Government is necessary if we are to maintain high standards in our Nation's learning institutions.

Funding for education is a proper investment of budgetary resources and a necessary investment in the future of this Nation.

If the OMB proposals are approved by the administration, thousands of Tennessee students could be denied the opportunity for a decent education.

If the administration seeks to merely shift the financial burden of government from the Federal sector to State and local governments, it should consult with State and local governments to see if the tax base exists for such a shift. In Tennessee, local financial resources do not exist. Large tax increases will be necessitated because the Federal Government will not provide a fair share of funding for vital programs.

The Congress joined the President in enacting a tax cut aimed at stimulating growth and jobs in this Nation. But unjustified deep cuts in programs, such as education, will mean that local and State taxes will be increased and the stimulative effect of the Federal tax cut will be drastically reduced. Shifting the tax burden to the local and State level will help retard the economic recovery so vitally needed.

Mr. President, I ask unanimous consent that a table outlining the impact of the proposed cut for Pell grants and title I in each State be printed in the RECORD.

Mr. President, I urge my colleagues to join me in urging the administration to provide a more realistic level of funding for education in fiscal year 1983 than that proposed by the Office of Management and Budget.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

OMB proposed educational cuts in fiscal year 1982

[Estimated in thousands]

State:	Pell grant cuts	Title I cuts
Alabama	$29,100	$32,900
Alaska	700	2,600
Arizona	14,300	12,300
Arkansas	15,000	18,700
California	87,800	106,500
Colorado	8,500	11,500
Connecticut	11,700	11,600
Delaware	3,100	3,200
District of Columbia	6,000	7,000
Florida	47,600	39,000
Georgia	26,200	35,500
Hawaii	2,400	4,900
Idaho	5,000	2,900
Illinois	55,200	53,700
Indiana	30,100	16,500
Iowa	18,600	11,900
Kansas	16,100	9,500
Kentucky	23,600	25,000
Louisiana	25,700	37,400
Maine	8,400	4,600
Maryland	18,800	21,600
Massachusetts	49,200	23,600
Michigan	53,600	52,600
Minnesota	32,000	18,300
Mississippi	22,000	31,500
Missouri	25,900	22,500
Montana	4,900	4,200
Nebraska	11,200	7,200
Nevada	1,600	1,500
New Hampshire	6,000	1,900
New Jersey	35,000	32,300
New Mexico	9,000	10,300
New York	210,900	121,500
North Carolina	36,800	38,000
North Dakota	5,200	3,600
Ohio	50,500	38,100
Oklahoma	16,700	13,900
Oregon	14,700	11,200
Pennsylvania	91,200	56,900
Rhode Island	8,800	4,300
South Carolina	21,600	25,000
South Dakota	6,900	4,200
Tennessee	31,600	29,800
Texas	59,700	78,300
Utah	9,600	4,100
Vermont	4,600	2,100
Virginia	24,500	29,000
Washington	16,500	14,100
West Virginia	9,500	13,300
Wisconsin	26,900	20,500
Wyoming	1,600	1,700

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ROTH, from the Committee on Governmental Affairs, without amendment:

H.R. 4431. A bill to provide for the designation of the E. Michael Roll Post Office.

By Mr. DOMENICI, from the Committee on the Budget, without amendment:

S. Res. 249. A resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 3484.

ORDER FOR STAR PRINT—S. 1080

Mr. STEVENS. Mr. President, I ask unanimous consent that the report on S. 1080 be star printed to reflect the changes which I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. ROTH, from the Committee on Governmental Affairs:

Ronald P. Wertheim, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years.

By Mr. HELMS, from the Committee on Agriculture, Nutrition, and Forestry:

Ralph Ball, of Kansas, to be a Member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1987; and

W. Proctor Scarboro, of North Carolina, to be a Member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1987.

(The above nominations were reported from the Committee on Agriculture, Nutrition, and Forestry, with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. HATCH, from the Committee on Labor and Human Resources:

Lilla Burt Cummings Tower, of Texas, to be Director of the Institute for Museum Services.

(The above nomination was reported from the Committee on Labor and Human Resources, with the recommendation that it be confirmed, subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

By Mr. GARN, from the Committee on Banking, Housing, and Urban Affairs:

C. T. Conover, of California, to be Comptroller of the Currency for a term of five years.

By Mr. PERCY, from the Committee on Foreign Relations:

Milan D. Bish, of Nebraska, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America

to the Commonwealth of Dominica and Ambassador Extraordinary and Plenipotentiary of the United States of America to Antigua and Barbuda:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Milan D. Bish.

Post: Ambassador to Barbados.

Contributions, amount, date, and donee:

1. Self, and spouse, $500 each, 1979 and 1980, Nebraska Governor Club (Nebraska Republican Party).

Kenneth Lee Brown, of California, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the People's Republic of the Congo:

Contributions are to be reported for the period begining on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: Kenneth L. Brown.

Post: Ambassador to the Congo.

Contributions, amount, date, and donee.

1. Self, none.

2. Spouse, none.

3. Children and spouses: names, Kai Brown, Craig Brown, none.

4. Parents names, Roy Brown Juanita Brown, none.

5. Grandparents, deceased.

6. Brothers and spouses names, Gilbert Brown, Robin Brown, none.

7. Sisters and spouses, names, Elaine Flory, Art Flory, none.

Francis Terry McNamara, of Vermont, a Career Member of the Senior Foreign Service, Class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Gabonese Republic, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Republic of Sao Tome and Principe:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Francis Terry McNamara.

Post, Libreville.

Contributions, amount, date, and donee:

1. Self, none.

2. Spouse, none.

3. Children and spouses, none.

4. Parents, none.

5. Grandparents, deceased.

6. Brothers and spouses, none as far as I am aware.

John Hathaway Reed, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Socialist Republic of Sri Lanka, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Maldives.

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee: John Hathaway Reed.

Post: Ambassador to Sri Lanka.

(Month, day, year)

Contribution (if not, write none), amount, date, and donee:

1. Self John H. Reed.

Amount, date, and donee:

$100, April 30, 1980, Dawson Mathis.

$25, June, 29, 1980, Charles Bass.

$100, August 1, 1980, Maine Republican Committee.

$65, September 20, 1980, Olympia Snowe.

$10, October 21, 1980, Olympia Snowe.

$125, October 18, 1979, Connally Committee.

$50, July 15, 1979, Maine Republican Committee.

$50, December 16, 1979, Baker Committee.

$100, February 19, 1978, Maine Republican Committee.

$100, August 6, 1978, William Cohen.

$20, September 13, 1978, Olympia Snowe.

$100, July 16, 1977, David Emery.

$15, January 12, 1977, Republican National Committee.

$100, June 11, 1977, William Cohen.

$100, September 9, 1977, David Emery.

2. Spouse, Cora D. Reed, none.

3. Children and spouses names, Ruth and Gerald Duford, none. Cheryl D. Reed, none.

4. Parents names, Eva S. Reed, none.

5. Grandparents names, deceased.

6. Brothers and spouses names, Mr. and Mrs. Walter M. Reed, Jr.

Amount, date, and donee:

$100, September 16, 1980, Olympia Snowe.

$200, September 15, 1978, William Cohen.

$100, October 1, 1978, David Emery.

$100, September 18, 1978, Olympia Snowe.

7. Sisters and spouses names, Mr. and Mrs. Arthur J. Mraz.

Amount, date, and donee:

$25, October 15, 1980, Olympia Snowe.

$25, September 20, 1978, William Cohen.

Gerald E. Thomas, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Cooperative Republic of Guyana:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Gerald Eustis Thomas.

Post, ambassador.

Contributions, amount, date, and donee:

1. Self, none.

2. Spouse, none.

3. Children and spouses, none.

4. Parents' names, none.

5. Grandparents, Leila L. Thomas (not living).

6. Brothers' and spouses' names, Robert Irving (brother) (none), wife—Louis, none; Vincent Earl (brother), none, no wife.

Walter Leon Cutler, of Maryland, a Career Member of the Senior Foreign Service, Class of Career Minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Tunisia:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Walter Leon Cutler.

Post, ambassador to Tunisia.

Contributions, amount, date, and donee:

1. Self, none.

2. Spouse, Isabel K. Cutler, none.

3. Children and spouses names, Allen B. Cutler, Thomas A. Cutler, Frederika Brookfield (step daughter), none.

4. Parents names, Mrs. Leon A. Bradley (mother), none.

5. Grandparents, deceased, none.

6. Brothers and spouses, none.

7. Sisters and spouses names, Sally D. Cutler, none.

Franklin S. Forsberg, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sweden:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Franklin S. Forsberg.

Post, U.S. Ambassador to Sweden.

Contributions, amount, date, and donee:

1. Self. The total contributions for each of the last four calendar years and the year ending to date have not exceeded in any year the sum of $1,000, and these contributions were divided among local, state and national political contributions. To the best of my knowledge, this includes all members of group 1 through 7.

POLITICAL CONTRIBUTIONS
[Supplement]

1976:

December 15—Women's National Republican Club, $52.65.

1977:

January 20—Women's National Republican Club, $62.50.

June 3—Women's National Republican Club, $62.50.

December 20—Women's National Republican Club, $28.16.

1978:

May 3—Greenwich Women's Republican Club, $6.

October 21—Republican National Committee, $100.

1979:

June 4—Women's National Republican Club, $6.

September 24—Connally Committee, $100.

1980:

April 30—N.C.P.A.C., $25.

May 23—Republican National Committee, $100.

June 16—Greenwich Women's Republican Club, $6.

1981:

January 12—Connecticut Republicans, $50.

January 23—Republican National Committee, $100.

February 23—Greenwich Republican Party, $100.

April 21—The Congressional Club, $25.

April 27—Citizens for Marriott (Utah), $25.

May 12—Republican National Committee, $25.

May 29—Jeff Bell—New Jersey, $12.50.

August 7—G.O.P. Victory Fund, $25.

September 9—Republican Presidential Task Force, $120.

September 26—Republican Presidential Task Force, $120.

October 8—1981 G.O.P. Victory Fund, $50.

Mark Evans Austad, of Arizona, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Norway:

Contributions are to be reported for the period beginning on the first day of the fourth calendar year preceding the calendar year of the nomination and ending on the date of the nomination.

Nominee, Mark Evans Austad.

Post, Ambassador, Norway.

Nominated, July 29, 1981.

Contributions, amount, date, and donee:

1. Self, $400, 1980, (Connally for Pres.).

2. Spouse, $50, 1980, Republican Party.

Myer Rashish, of the District of Columbia, to be United States Alternate Governor of the International Bank for Reconstruction and Development for a term of five years; United States Alternate Governor of the Inter-American Development Bank for a term of five years; United States Alternate Governor of the Asian Development Bank; and United States Alternate Governor of the African Development Fund;

Thomas O. Enders, of Connecticut, to be a Member of the Board of Directors of the Inter-American Foundation for a term expiring September 20, 1984;

M. Peter McPherson, of Maryland, to be a Member of the Board of Directors of the Inter-American Foundation for the remainder of the term expiring September 20, 1986;

Frank Shakespeare, of Connecticut, to be a member of the Board for International Broadcasting for a term expiring May 20, 1983;

Carlos Salman, of Florida, to be a Member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring December 17, 1982;

The following-named Career Members of the Senior Foreign Service, Class of Career Minister, for the personal rank of Career Ambassador in recognition of especially distinguished service over a sustained period:

Alfred Leroy Atherton, Jr., of Florida.

Arthur W. Hummel, Jr., of Maryland.

Walter J. Stoessel, Jr., of the District of Columbia.

Mr. PERCY. Mr. President, I also report from the Committee on Foreign Relations two nomination lists in the Foreign Service which have previously appeared in the CONGRESSIONAL RECORD of December 1, 1981, and ask, to save the expense of reprinting them on the Executive Calendar, that they lie on the Secretary's desk for the information of Senators.

Ex. O, 96-2 and Treaty Doc. 97-17. Tax Convention (and proposed protocol) with the Government of Jamaica (Ex. Rept. No. 97-40).

Ex. N, 96-1, Ex. O. 96-1, and Treaty Doc. 97-4. Three Protocols relating to technical amendments to the Convention on International Civil Aviation (the "Chicago Convention" of 1944) (Ex. Rept. No. 97-41).

JOINT REFERRAL OF A BILL

Mr. STEVENS. Mr. President, I ask unanimous consent that a bill introduced today by Senator HATCH entitled "the Comprehensive Smoking Prevention Education Act of 1981" be jointly referred to the Committee on Labor and Human Resources and the Committee on Commerce, Science, and Transportation.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Mr. MATSUNAGA:

S. 1923. A bill to amend the Internal Revenue Code of 1954 to provide that certain provisions relating to annual accrual method of accounting for corporations engaged in farming be extended to corporate joint ventures, and for other purposes; to the Committee on Finance.

By Mr. DECONCINI:

S. 1924. A bill to amend title 18 of the United States Code to revise and improve the laws controlling false identification crimes; to the Committee on the Judiciary.

By Mr. METZENBAUM (for himself, Mr. KENNEDY, Mr. PROXMIRE and Mr. LEVIN):

S. 1925. A bill to amend the Clayton Act to promote American energy independence by encouraging the investment of oil company profits into an expansion of energy resources, and to inhibit the diversion of such profits into nonenergy-increasing acquisitions, and for other purposes; to the Committee on the Judiciary.

By Mr. METZENBAUM (for himself, Mr. RIEGLE, Mr. PROXMIRE, and Mr. LEVIN):

S. 1926. A bill to impose a moratorium on certain acquisitions of domestic petroleum companies by major international energy concerns; to the Committee on the Judiciary.

By Mr. METZENBAUM (for himself and Mr. PROXMIRE):

S. 1927. A bill to preserve the diversity and independence of American business; to the Committee on the Judiciary.

By Mr. DANFORTH (for himself and Mr. HARRY F. BYRD JR.):

S. 1928. A bill to clarify the income tax treatment of amounts realized by certain regulated public utilities in settlement of damages under contracts for the purchase of fuel; to the Committee on Finance.

By Mr. HATCH (for himself and Mr. PACKWOOD):

S. 1929. A bill to amend the Public Health Services Act and the Federal Cigarette Labeling and Advertizing Act to increase the availability to the American public of information on the health consequences of smoking and thereby improve informed choice, and for other purposes; to the Committee on Commerce, Science, and Transportation and the Committee on Labor and Human Resources, jointly, by unanimous consent.

By Mr. STENNIS:

S.J. Res. 132. A joint resolution to require the Federal Government to end deficit financing; to the Committee on the Judiciary.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. MATSUNAGA:

S. 1923. A bill to amend the Internal Revenue Code of 1954 to provide that certain provisions relating to annual accrual method of accounting for corporations engaged in farming be extended to corporate joint ventures, and for other purposes; to the Committee on Finance.

ACCRUAL METHOD OF ACCOUNTING FOR CORPORATIONS ENGAGED IN FARMING

Mr. MATSUNGA. Mr. President, I am today introducing a bill to amend section 447(g) of the Internal Revenue Code, pertaining to the annual accrual method of accounting. In 1976 when I proposed the current law, I limited the provision to corporations. This limitation was intended to preclude any tax abuse of the annual accrual method of accounting by individuals in a tax shelter arrangement. As provided in the Tax Reform Act of 1976, the annual accrual method of accounting may be used by corporations only.

As later events have shown, I had overlooked the need to include corporate joint ventures. Under current law, while corporations are permitted to use the annual accrual method of accounting, corporations acting in joint venture are not.

My bill would amend the law to permit corporate joint ventures to utilize the annual accrual method of accounting. In line with the antitax abuse provision in the original provision, which I proposed, the annual accrual method of accounting would remain unavailable for individuals, personal holding companies, or closely held corporations. Mr. President, I urge the early adoption of this corrective legislation.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1923

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 447(g) of the Internal Revenue Code of 1954 (relating to certain annual accrual accounting methods) is amended—

(1) by inserting "or qualified partnership" after "corporation" each place it appears in paragraph (1), and

(2) by adding at the end thereof the following new paragraph:

"(4) Qualified partnership defined.—For purposes of this subsection, the term 'qualified partnership' means a partnership each of the partners of which is a corporation other than—

"(A) an electing small business corporation (within the meaning of section 1371 (b)), or

"(B) a personal holding company (within the meaning of section 542(a))."

(b) Paragraph (3) of section 447(g) of such Code (relating to certain reorganizations) is amended to read as follows:

"(3) Certain nonrecognition transfers.—For purposes of this subsection, if—

"(A) a corporation acquired substantially all the assets of a farming trade or business from another corporation in a transaction in which no gain or loss was recognized to the transferor or transferee corporation, or

"(B) a qualified partnership acquired substantially all the assets of a farming trade or business from one of its partners in a transaction to which section 721 applies, the transferee corporation or qualified partnership shall be deemed to have computed its taxable income on an annual accrual method of accounting during the period for which the transferor corporation or partnership computed its taxable income from such trade or business on an annual accrual method."

(c) The amendments made by the section shall apply to taxable years beginning after December 31, 1981.

By Mr. DECONCINI:

S. 1924. A bill to amend title 18 of the United States Code to revise and improve the laws controlling false identification crimes; to the Committee on the Judiciary.

FALSE IDENTIFICATION CRIME CONTROL ACT OF 1981

Mr. DECONCINI. Mr. President, today I am introducing a bill that would substantially aid law enforcement in many different areas. The bill would make illegal:

First, the use of false identification to obtain any Federal identification:

Sceond, traveling in, or using interstate commerce to obtain State false identification;

Third, the production, sale, transmission or possession of any Federal identification document or any State document with the intent to use it to obtain a false Federal identification; and

Fourth, traveling in or using interstate commerce to transmit a false identification or a document to be used in violation of Federal or State statute.

The bill incorporates the recommendations of the Federal Advisory Committee on False Identification which carefully studied the false identity problem and concluded in 1976 that:

The criminal use of false identification is a multibillion dollar national problem. . . . The exploding use of false identification must be stopped.

False identification is relied upon by the large drug rings which account for an estimated 80 percent of the narcotics

entering the country; by perpetrators of check, credit card and securities frauds; by individuals engaging in various frauds against the Government; by escaped prisoners and fugitives from justice; by illegal immigrants; and by common criminals committing offenses ranging from confidence games to burglary.

This bill would add two new sections to chapter 47 of title 18 United States Code. Proposed section 1028(a) would prohibit the use or supply of identification or documentation known either to be false or to evidence the birth, identity, or entry into the United States of a person other than the person intended to be documented thereby for the purpose of obtaining any official document or paper of the United States.

Proposed section 1028(b) would prohibit travel in or use of the facilities of interstate or foreign commerce or of the mails to transmit or deliver such false information or documentation for the purpose of obtaining any document or paper of a State. Punishment for a violation of section 1028 would be a fine of up to $10,000, or imprisonment of up to 5 years, or both.

Proposed section 1029 consists of three subsections. Subsection (a) would prohibit the fabrication, forgery, counterfeiting, alteration or unlawful use for profit of an official document or paper of the United States or of any State for the purpose of obtaining any other official document or paper of the United States. Section 1029(a) would also punish the sale, transfer or other delivery for profit of a false document of the United States or of any State knowing it to be intended for use in obtaining an official document of the United States.

Section 1029(b) would reach knowing travel in or use of the faciilties of interstate or foreign commerce, or use of the mails to move any false document of the United States or of any receipt, possession, or use of such false documents with the intent to defraud. Like section 1028, a violation of any of the provisions of section 1029 would be punishable by a fine of up to $10,000 or imprisonment of up to 5 years or both.

These new provisions of criminal law would give law enforcement officials effective new weapons with which to combat false identification crimes. Existing Federal statutes are ineffective as most identification documents are issued and regulated by the State. Many State laws punish only the use of a false identification document thereby leaving law enforcement officials without any way to proceed until an offense utilizing the false identification document has been completed.

Further, although the problem of false identification is national in scope, the individual States are powerless to protect any but their own identification documents and are unable to control counterfeiting or criminal use of their own documents when such acts are carried out beyond their own borders.

The penalty prescribed for violation of the provisions of the bill reflects the general penalty in the current title 18, United States Code, for similar offenses, which is a maximum term of imprisonment for 5 years and/or a fine ranging from $5,000 to $10,000. This is the penalty set forth under 18 U.S.C. 1001 for making a false statement in a matter within the jurisdiction of a Federal agency, under 18 U.S.C. 1002 for possessing false papers with intent to enable another to obtain money from the United States, under 18 U.S.C. 1423 for misuse of fraudulently obtained evidence of citizenship or naturalization, and under 8 U.S.C. 1306 for counterfeiting an alien registration card.

The third section of the bill would exempt from the coverage of the measure any technical violations arising from: First, the protection by Federal law enforcement officials of witnesses pursuant to the Organized Crime Control Act of 1970; and second, authorized investigative and intelligence activities carried out by agents of Federal, State, and local governments.

In regard to the first exemption, the organized crime witness protection program is authorized by law and often requires relocation and establishment of new identities for witnesses and their families to prevent reprisals by organized crime syndicates. With respect to the investigative and intelligence exception, undercover law enforcement activities sometimes require temporary use of identification documents by Government agents, particularly when law enforcement operations involve sophisticated organized crime syndicates and narcotics rings.

Mr. President, this legislation is identical to legislation introduced in the House by Representative HYDE, H.R. 352.

I ask unanimous consent that the bill, as introduced, be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1924

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "False Identification Crime Control Act of 1981".

SEC. 2. Chapter 47 of title 18, United States Code, is amended by adding at the end thereof the following new sections:

"§ 1028. Use of false documents or false use of official documents to obtain official identification

"(a) Whoever, for the purpose of obtaining for himself or another any official documents or paper of the United States, or any agency or department thereof, involving an element of identification, knowingly uses or supplies false information, false or falsified documentation, or any document or paper evidencing or purporting to evidence the birth or identity or entry into the United States of any individual other than the individual officially intended to be documented thereby, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(b) Whoever, for the purpose of obtaining for himself or another, any official document or paper of any State (including any political subdivision thereof) or any agency or department thereof, involving an element of identification, travels in interstate or foreign commerce or knowingly utilizes or causes to be utilized any facility in interstate or foreign commerce including the mail, to send, transport, transmit, carry, deliver, or otherwise move in interstate or foreign commerce any false information, false or falsified documentation, or any document or paper evidencing or purporting to evidence the birth or identity or entry into the United States of any individual other than the individual officially intended to be documented thereby, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"§ 1029. Production, sale, transmission, or possession of false documents to be used, or sale, transmission, or possession of official documents used or intended to be used falsely as official identification or in obtaining official identification

"(a) Whoever, for a monetary or other consideration—

"(1) falsely makes, forges, counterfeits, or alters, or uses in violation of a Federal or State statute, or a regulation, rule, or order issued pursuant thereto, any official document or paper of the United States, or any agency or department thereof, involving an element of identification;

"(2) falsely makes, forges, counterfeits, or alters, or uses in violation of a Federal or State statute, or a regulation, rule, or order issued pursuant thereto, any official document or paper of any State (including any political subdivision thereof), or any agency or department thereof, involving an element of identification, knowing that such document or paper of the United States, or any agency or department thereof, involving an element of identification; or

"(3) sells, transfers, or otherwise delivers any such document or paper of the United States or of any State knowing such document or paper to have been so made, forged, counterfeited, or altered or is being or is intended to be used to obtain an official document of the United States, involving an element of identification; shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(b) Whoever travels in interstate or foreign commerce or utilizes or causes to be utilized any facility in interstate or foreign commerce, including the mail, to send, transmit, carry, deliver, or otherwise move in interstate or foreign commerce any document or paper purporting to be an official document or paper of the United States or any State (including any political subdivision thereof), or any agency or department thereof, involving an element of identification knowing that such document or paper has been falsely made, forged, counterfeited, or altered, or is being or is intended to be used in violation of a Federal or State statute, or a regulation, rule, or order issued pursuant thereto, shall be fined not more than $10,000, or imprisoned not more than five years, or both.

"(c) Whoever, with the intent to defraud, receives, possesses, uses, furnishes, or attempts to receive, possess, use, or furnish to another, any false, forged, counterfeited, or altered document or paper purporting to be of the United States, or any agency or department thereof, or of any State (or any political subdivision thereof) knowing that such document or paper is being used or is intended for use in obtaining any official document or paper of the United States, or any agency or department thereof, involving an element of identification, shall be fined not more than $10,000, or imprisoned not more than five years, or both.".

SEC. 3. Nothing contained in this Act shall apply to any action taken pursuant to the provision of title V of the Organized Crime Control Act of 1970, or of any regulation, rule, or order issued pursuant thereto, or to authorized investigative or intelligence agencies. Nor shall anything in this Act apply to the otherwise lawful use by the recipient of identity documents received pursuant to the provisions of title V of the Organized Crime Control Act of 1970, or of any regulation, rule, or order issued pursuant thereto, or received in connection with authorized investi-

gative or intelligence activities of law enforcement or intelligence agencies.

SEC. 4. The analysis of chapter 47 of title 18, United States Code, is amended by adding at the end thereof the following new items:

"1028. Use of false documents or false use of official documents to obtain official identification.

"1029. Production, sale, transmission, or possession, of false documents to be used, or sale, transmission, or possession, of official documents used or intended to be used falsely as official identification, or in obtaining official identification.".

By Mr. METZENBAUM (for himself, Mr. KENNEDY, Mr. PROXMIRE, and Mr. LEVIN):

S. 1925. A bill to amend the Clayton Act to promote American energy independence by encouraging the investment of oil company profits into an expansion of energy resources, and to inhibit the diversion of such profits into nonenergy-increasing acquisitions, and for other purposes; to the Committee on the Judiciary.

By Mr. METZENBAUM (for himself, Mr. RIEGLE, Mr. PROXMIRE, and Mr. LEVIN):

S. 1926. A bill to impose a moratorium on certain acquisitions of domestic petroleum companies by major international energy concerns; to the Committee on the Judiciary.

By Mr. METZENBAUM (for himself and Mr. PROXMIRE):

S. 1927. A bill to preserve the diversity and independence of American business; to the Committee on the Judiciary.

ENERGY ANTIMERGER LEGISLATION

● Mr. METZENBAUM. Mr. President, the merger mania continues. The Mobil attempt to swallow the Marathon Oil Corp. of Findlay, Ohio, is just the most recent and most prominent of what is a virtual tidal wave of acquisitions, takeovers, and merger agreements.

The figures alone are startling. They show a vast and increasing number of corporate devourings rarely matched in American history since the 1920's. In the first 9 months of 1981, acquisitions were a third more than in the first 9 months of 1980—the 1981 total so far is 1,807. The prices for those acquisitions totaled $60 billion, already more than the $44.3 billion for all of 1980—and that does not include the huge Marathon struggle where $6 to $8 billion may be involved before it is over.

We have had merger waves in the past, many of them. But in many ways, this is among the most ominous in many decades. Today we have whales swallowing not little fish that may be easily replaceable, but other huge companies. Consider the major fortune 500-level companies that have disappeared: Conoco, Kennecott, St. Joe Minerals, National Airlines, Bache & Co., Dean Witter, Reliance Electric, Marcor—the list is long and will certainly get longer.

What does all this do for the Nation? Absolutely nothing. At best, it rearranges cash and debts; at worst, it ties up huge amounts of scarce debt and equity capital.

The most worrisome aspects of the recent merger madness by far are the attempts by major international energy companies to acquire middle-sized, domestic oil companies that have been vigorous competitors in the marketplace. Such takeovers must be stopped immediately. They threaten competition. They add to the concentration of domestic energy resources in the hands of gigantic multinational companies. And they add nothing to domestic energy production.

The international oil giants already account for 42 percent of all of the profits among the fortune 500. Now they want to use those profits to buy up their domestic competitors—independent, productive companies. Not only does this lessen competition in the marketplace, it means vast resources are being spent on investments that produce no new energy. Apparently these international oil monoliths would prefer to explore for oil on the floor of the New York Stock Exchange, rather than in the riskier world of the oilfields. And the sad fact for the American consumer—individual and industrial alike—is that this means new petroleum reserves will be left in the ground undiscovered and undeveloped. Competition will be destroyed and our energy needs will go unmet.

The first bill I am introducing today meets this most direct threat. It places a 9-month moratorium on acquisitions by the top eight international oil companies of more than 5 percent of the stock of any "mid-size" domestic petroleum company. The companies to which this bar applies would be Exxon, Mobile, Texaco, Socal, Gulf, Shell, Sohio, and Standard of Indiana. The target companies protected from acquisition for this 9-month period would be such "mid-size" domestic companies as Arco, Marathon, Union, Sun, Phillips, Cities Service, and Getty. Injunctive relief would be available for violations. During the 9-month moratorium period, the Secretary of Energy in consultation with Cabinet officials from Treasury, Interior, Commerce, Justice, and the Federal Trade Commission, would be instructed to evaluate the economic and competitive impact of these acquisitions as well as the implications such acquisitions have for the availability of domestic energy supplies and our Nation's energy independence. The bill requires DOE to submit its Cabinet-level report to Congress 2 months prior to the expiration of the moratorium to give us adequate time for review.

In addition to the immediate moratorium relief, the second bill I am introducing today will insure that the windfall that all major oil companies are receiving from decontrol is spent on energy production and not on nonproductive acquisitions. The bill is similar to legislation reported by the Judiciary Committee last Congress.

It would prevent the major oil companies from diverting their vast resources into unproductive acquisitions. Specifically, for a period of 10 years, it would forbid the top 18 oil companies from purchasing nonenergy companies with assets of more than $100 million, and from purchasing other energy-related companies with assets of $250 million or more unless such purchase would enhance competition or promote energy production. It is the least intrusive way of channeling the immense resources of this Nation's oil companies away from nonproductive investments and into energy investments.

There is no doubt that efforts such as these to redirect oil company investments must be made. This Nation faces an energy crisis of immense proportions. It is clear who the true winners and losers are in this crisis. Money is being transferred from the hands of the American consumer to the pockets of the largest, most profitable, most powerful corporations in the world. While the poor have to choose between eating or staying warm, the oil industry pockets immense windfalls, earned through the exercise of monopoly power by foreign oil cartels. While those already scraping for an existence have to scrape even more in order to maintain their meager livelihood, oil companies already bloated with enormous cash flows and exceptional profits, grow richer. The major oil companies have been described as "great cash flow machines" expected to "float into the early 1980's on a sea of cash."

The Nation's oil companies are in a unique position to do something about this energy crisis. They have the expertise and experience. And unquestionably they have the resources.

Not only do oil companies have the resources to deal with the energy crisis, they have an obligation as well to do something about the problem. Oil companies have led a privileged existence in our economy. They have been the beneficiaries of countless special favors from oil depletion allowances to tax writeoffs for intangible drilling costs to foreign tax credits and now to decontrol.

The tax privileges alone have been so bountiful that major oil companies often have effective tax rates anywhere from 1 percent to 7 or 8 percent. A family of four that earns $7,400 pays twice that. Imagine, a family just above the official poverty line pays at a tax rate twice that of Exxon, Mobil, Gulf, Sohio, Texaco, and the rest.

The oil companies have the ability—and the obligation—to do something about the energy crisis. But if experience is any guide, they will use the windfalls they reap from decontrol for their own corporate aggrandizement, often wasting many, many billions on fiascos.

Mobil's $1.5 billion acquisition of Montgomery Ward, what Forbes called "an also-ran department store;" Exxon's acquisition of Reliance Electric, for $1.2 billion, that Fortune labeled "a $600 million bath." and now Mobil's attempts to swallow first Conoco and then Marathon. These are, I fear, just the tip of the iceberg. There is every reason to expect this acquisition trend to continue—in fact, to escalate—especially given the hands-off attitude of the current administration toward such acquisitions.

"Don't leave anything sitting around on a table or we'll buy it," joked one oil man with humor that sounds a little grim to the rest of us. One investment analyst has predicted that:

By the late 80's we would expect close to one-quarter of the listed resource-chemical

companies to be merged or acquired by big oil companies. We would anticipate that two or three of the top ten timber-owning companies would be bid for. We would expect at least a quarter of the larger nonferrous (copper, lead, zinc, silver and gold) mining companies . . . to be bought out by the oil companies.

These acquisitions do not produce more energy. Nor do they contribute anything to the growth of our economy. They create no new jobs and no new productive capacity. They simply transfer control of this Nation's corporations to the oil companies.

As Marathon Chairman Harold Hoopman put it:

Everybody in the United States who suffered through the energy shortage has got to ask this administration and Congress whether this kind of acquisition is going to increase the Nation's oil reserves by a single barrel. How much oil might Mobil find with the $5 billion they're offering for Marathon? If they'd taken the money they spent for Marcor and used it in their oil exploration program, they might have found enough reserves on their own that they wouldn't need ours now. Just when the public was beginning to get a better understanding of oil industry economics, Mobil, with its high-handed arrogance, seems to be trying to set back public attitudes to the days of the standard oil trust.

At a time when we face a severe crisis in energy and when the oil companies have both the ability and the obligation to contribute to a solution to the crisis, we cannot permit them to divert their resources to their own corporate aggrandizement. The second bill should help stem the flow of oil company capital into investments that contribute nothing to solving our Nation's energy problems.

Let me add that the FTC's action yesterday makes these bills of even greater importance. Yesterday, the Commission voted unanimously to challenge the Mobil-Marathon merger for violating the antimerger law. But Chairman James Miller and Commissioner David Clanton added a condition that they would not object to a merger that did not include Marathon's downstream operations.

This is confusing and astonishing. It is a green light to the oil industry to go ahead with any huge merger that does not obviously and flagrantly violate the antitrust laws. As the Wall Street Journal put it:

The FTC action also may suggest to Mobil or other oil companies that the Federal Government isn't totally opposed to mergers within the petroleum industry. The vote implies that, from the FTC's standpoint, a combination of the major U.S. oil companies may be permissible provided the two don't overlap in domestic refining and marketing. That's a ruling Mobil has sought since it attempted to acquire Conoco Inc. last summer.

Indeed, Chairman Miller and Commissioner Clanton might well have permitted the entire acquisition if Judge Manos had not condemned the merger of the downstream operations.

This is yet another example of this administration's unilateral rewrite of the antitrust laws. No prior administration, whether Republican or Democrat, would announce that the second largest oil company can acquire most of the 16th largest, both in the top Fortune 20.

And Mobil, with true arrogance, has hinted that if it cannot get Marathon directly, it will buy United States Steel. Is this what we decontrolled gasoline prices for, handing over consumer billions to the oil companies?

But the merger problem does go beyond the oil industry, vital as that is. The merger frenzy has seized all sectors of our economy.

To deal with that large problem, I am introducing a third bill, which is a modified version of a bill introduced several years ago. The bill creates a presumption against huge mergers unless it can be shown that they improve competition or general efficiency. These guidelines will apply regardless of whether the merger is vertical, horizontal, or conglomerate.

Until just recently, most mergers have been conglomerate. Clear court cases and enforcement policies have discouraged most big horizontal and vertical mergers. According to the FTC, 90 percent of 1979 mergers have been conglomerate.

It is these mergers which do the least good for the economy. Our major needs are improved productivity, innovation, efficiency. Originally, we heard a great deal from merger proponents about the many efficiencies and "synergy" that these mergers would produce. Aggressive, dynamic management would take over sleepy ailing companies and bring them up to speed.

It has not worked out that way. Many of these conglomerates have turned out to be duds of the worst kind. Exxon has had two real messes: Its reliance acquisition about which we were promised so much in the way of energy savings has turned out to be a major fiasco; its acquisition of word processing and office equipment have turned out almost as bad—just this week, it was announced that they will cut 1,100 employees because that division is doing so badly. Mobil has seen hundreds of millions go down the drain with Montgomery Ward, described by Forbes as "Mobil's monkey," an "also ran department store chain," and a "pretty mediocre business." These oil giants can, of course, afford to lose such huge sums but is it good for the country to squander such scarce capital?

The oil companies have not had a monopoly on merger messes: For example, Youngstown Sheet & Tube was bought by Lykes in 1969. Lykes, a shipbuilding company, did not know the steel business. It milked Youngstown for its large cash flow and then closed the plant in 1977, throwing thousands of steelworkers out of their jobs. Arco not only lost money on Anaconda, but it also shifted its processing operations to Japan, taking jobs away from American workers.

The Wall Street Journal recently quoted expert estimates that one-third of mergers are "failures," and 7 out of 10 "don't meet expectations." And just a few weeks ago, the New York Times summed up developments this way:

Corporate chieftains . . . once argued that, when building a corporate empire, bigness and diversity were better. It was thought that ownership of a batch of unrelated businesses could protect a company against the vicissitudes of the economic cycle, with one business' upturn annuling another's downturn. In addition, it was thought that the acquired companies would perform better than they could alone because they could draw on the parent's superior financial muscle and business expertise.

But after a decade, these theories have come unraveled. The economy has proved it can push a widely diversified company into a slump as readily as a one-market company, and conglomerate executives have found it more difficult than they at first thought to become experts in dozens of lines of business.

The reasons for these failures are not hard to discover: They include the short-term perspectives of many of today's corporate managers; an interest in empire building; a failure to realize that running a complex business takes more than "portfolio management" strategies.

And who gets hurt? Shareholders, employees, the Nation as a whole.

These huge conglomerate mergers raise another very serious worry. I should like to read something written this August under the title "The Political Danger of New Mega-Corporations":

The merger mania that is producing gigantic corporations has disturbing political implications as well as strictly economic consequences.

The awesome economic power of the mega-corporations translates directly into enormous political power concentrated in the hands of a few top managers. How can Government or any other element of society effectively make the remote managers of the mega-corporations accountable for the use of their power?

. . . [T]he development of mega-corporations with immense political clout—and an increasing willingness to use it—is fraught with danger for the Nation's political system. For the profit imperative that drives the managers of the mega-corporations doesn't necessarily coincide with the national interest.

Who wrote this? Not HOWARD METZENBAUM or Michael Pertschuk but Norman C. Miller, chief of the Washington Bureau of the Wall Street Journal.

Where are the antitrust laws in all of this? Unfortunately, not very visible. The lower courts have uniformly rebuffed almost all efforts to stop these huge conglomerations where there are not obvious substantial vertical or horizontal impacts. And though most horizontal and vertical mergers of any size have been blocked until now by clear and still applicable Supreme Court decisions so that until now, there have been relatively few, Assistant Attorney General Baxter and FTC Chief James C. Miller have made it clear that there is a new ball game: The law is not what the Supreme Court says it is, but what Messrs. Baxter and Miller think it should be.

As a result, according to investment analysts, mergers are being proposed that would never even have been considered before: DuPont-Conoco and Mobil-Marathon are just two of the most notorious examples.

I have elsewhere discussed my dismay and outrage at the Baxter-Miller

rewrite of the antitrust laws, at their flouting of both the congressional will and judicial decisions. Thanks to the bipartisan tradition supporting our antitrust laws, I have not been alone in my reaction—many Senators on both sides of the aisle share my views and joined me in supporting an amendment to the State, Justice, and Commerce appropriations bill that will send a message to Messrs. Baxter and Miller that the law should be obeyed.

That will do nothing, however, with respect to conglomerate mergers, and some new legislation is necessary. A few years ago, I cosponsored a bill that would ban all conglomerate mergers over $2 billion and would ban somewhat smaller mergers unless procompetitive results or efficiencies could be demonstrated.

Matters are now much worse than they were then—the merger wave has accelerated as the companies involved have become more and more brazen.

I am therefore introducing a bill that presumptively bans all huge mergers unless the parties can demonstrate efficiencies, benefits to competition, or a spinoff of a comparable company. To make sure only the largest companies are affected, I have raised the threshold to a half billion.

Mr. President, the time to act is now. Unless we do, our free enterprise system will become a mere historical novelty.●

By Mr. DANFORTH (for himself and Mr. HARRY F. BYRD, JR.):

S. 1928. A bill to clarify the income tax treatment of amounts realized by certain regulated public utilities in settlement of damages under contracts for the purchase of fuel; to the Committee on Finance.

M.D.L. 235 SETTLEMENT DISCOUNTS TAX ACT OF 1981

● Mr. DANFORTH. Mr. President, today I am introducing legislation designed to correct what I feel is an improper interpretation of our Nation's revenue laws. During the late 1960's and early 1970's, a number of electric utilities throughout the country entered into long-term contracts with Westinghouse Electric Corp. ("Westinghouse") under which Westinghouse agreed to supply nuclear fuel for the average price of $8 to $10 per pound. Two of these utilities, Kansas City Power & Light and Union Electric are constituents of mine.

Westinghouse did not have enough uranium to cover its contractual commitments and it planned to fulfill its obligations through a combination of purchases from other sources and its own production. When the market price of uranium rose to over $25 per pound, Westinghouse refused to perform the fuel supply contracts, arguing that it was excused by reason of commercial impracticability. Litigation followed and the court determined that Westinghouse was not excused. During the pendency of those suits, the price of uranium increased to over $40 per pound. The suits were resolved by a number of settlement agreements.

The settlements were intended to place the utilities in substantially the same position as if the supply contracts had been performed. However, because the amounts involved in the settlements were so great, the obligations of Westinghouse as to time and method of performance were modified to assure its financial ability to perform. Under the various agreements, utilities will receive cash, the right to receive certain goods and services at a discount in the future, and the right to receive uranium at a discount in the future. Some of these settlements will take many years to complete.

The Internal Revenue Service has taken the position that the future discounts are fully subject to tax in the year of settlement. Although there is authority that would indicate the discounts do not result in any tax consequences until property is acquired at a discount, the IRS has concluded that by virtue of entering into a settlement, a utility has acquired an option which is taxable. The IRS contends that even though a utility may decide never to acquire any property or services from Westinghouse at a discount, it is nonetheless taxable because it has exchanged one contract right for another (an option).

I believe the IRS is mistaken, and this proposal would correct that mistake. When the utilities entered into these settlements, they did not believe that they were entering into taxable transactions. In their view, these settlements did not constitute a taxable event since they did not involve a material change from the parties' performance specified under the supply contracts.

The settlements made no substantive change in the performance rights of the parties under the original contracts in the event of default. The changes made by the settlements related to the timing and method of obtaining certain uranium and of obtaining reimbursement for amounts paid for uranium in excess of the original contract price.

The utilities did not sell or dispose of their rights under the original contracts, or in any way anticipate or realize their value. They insisted that Westinghouse perform under those contracts and they sought that performance in court and throughout the settlement process.

The settlement provides for performance due under the original contracts, modified only to the extent of spreading Westinghouse's performance into the future and adjusting the provisions to cure Westinghouse's default. The settlements do not involve any material change in the performance of the parties from that specified under the original contracts in the event of default. I simply do not believe that these settlements constitute taxable events.

The legislation I am introducing today provides that the discounts arising from the Westinghouse litigation are not taxable in the year of settlement. Instead, when property is acquired at a discount, its basis will be the price paid, not fair market value.

It is also worth noting that the practical effect of the position adopted by the IRS is to raise the cost of electricity to customers of the affected utilities. These utilities have no additional cash or property in their possession as a result of their acquisition of these so-called "options" yet they will be required to come up with cash to pay the IRS. This means they will have to borrow money to pay the tax and the cost of financing this payment will be passed on to ratepayers. I do not believe that ratepayers should be penalized in a situation such as this.

Finally, I want to make it clear that the legislation I am introducing today deals only with the discount portion of the settlement. Other aspects of the settlement, such as cash payments, remain subject to current interpretation of the law.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1928

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "M.D.L. 235 Settlement Discounts Tax Act of 1981."

SEC. 2. EXCLUSION FROM INCOME AND REDUCTION OF COST.

No amount attributable to any discount or other form of price reduction on any property or services provided for under a qualified fuel settlement shall be included in gross income. For all purposes of the Internal Revenue Code of 1954, such a discount or other form of price reduction shall be excluded from the cost of the property or services to which it relates.

SEC. 3. DEFINITION.

A "qualified fuel settlement" is a settlement of, or judgment rendered in, contracts litigation involving Westinghouse Electric Corporation, which litigation was a part of M.D.L. Docket No. 235 (E.D.Va.), Civil Action No. 75–0514–R (E.D.Va.), or Gen. Docket No. 75–23978 (Pa. Ct. C.P., Allegheny County).

SEC. 4. EFFECTIVE DATE.

This Act shall apply to the taxable year in which the taxpayer obtains a qualified fuel settlement and to all subsequent taxable years.●

● Mr. HARRY F. BYRD, JR. Mr. President, I am pleased to join with Senator DANFORTH in cosponsoring this measure which will assist over 55 million users of electric utility services throughout the country.

The legislation stems from the difference of opinion between the Internal Revenue Service and the utilities over the way in which proceeds from the settlement of the uranium litigation are to be taxed.

In the late 1960's and early 1970's, many electric utilities throughout the Nation began development programs to utilize nuclear fuel as an energy source.

These utilities, as part of their long-term planning, entered into fuel contracts to provide for a steady future supply of this fuel.

The Westinghouse Corp. was a major supplier of this uranium and many of these contracts were with this company.

However, the price which the parties agreed upon for the uranium fuel later proved to be low. As a result, Westinghouse refused to deliver the nuclear fuel and the matter became a subject of court proceedings.

As a result of these proceedings, the parties agreed to settle their differences.

The legislation which Senator DANFORTH and I are introducing will clarify the tax treatment of this utility settlement.

In brief, the settlement involved several elements. First, the utilities will be required to pay Westinghouse a higher price for future purchases of uranium than had originally been agreed upon in the earlier contracts.

In exchange, Westinghouse agreed to provide the utilities with a certain amount of cash and to permit the utilities to purchase equipment and services at a discount from the market price. However, these discounts are contingent upon the utilities actually purchasing the equipment, and, to the extent to which utilities will make these purchases is not certain.

Furthermore, these future purchases may stretch out for many years into the future.

The total value of the settlement including cash and future discounts is estimated to be approximately $1.8 billion.

In reviewing the settlement, the Internal Revenue Service has taken the position that both the cash and the value of future goods and services are to be included as income and taxed to the utilities in the year of settlement. The IRS has conceded that the settlement proceeds could be used to reduce the basis or cost in uranium which the utilities had to purchase from other sources when Westinghouse defaulted.

The legislation which Senator DANFORTH and I are introducing deals with the taxation of the future discounts on equipment and services, and establishes that the price reductions on uranium will not be taxed as income.

The IRS is treating the discounts on equipment and services as if they were the equivalent of cash.

The facts are certainly different.

To take advantage of the discounts, the utilities will have to purchase from Westinghouse equipment and services. If the purchases are not made, the discounts are of little value to the utilities. The discounts will be of little immediate benefit.

General principles of tax law require payment of taxes when income is received. This gives taxpayers sufficient cash to pay the tax.

The position of the IRS is contrary to this principle. The IRS wants the utilities to pay a tax on discounts, which may or may not be utilized in the future. Yet, these discounts produce no immediate cash to pay the tax. This means that the monthly bills of consumers will be used to pay taxes on equipment and services which the utilities do not have and may never have.

This legislation would eliminate the proposed tax on future discounts.

Instead, these items will be treated just like any other purchase which the taxpayer makes. The cost of the purchase will be the taxpayer's basis for depreciation and the investment tax credit, if applicable.

While there are approximately 30 electric utilities throughout the country which are affected by this legislation, the ultimate beneficiaries will be the consumers, since utility rates, as established by public utility commissions, are based upon costs, including taxes. They will not be required to pay a tax on something which they may never receive.

Because the IRS' claim is questionable, and because of the difficulties in valuing the future discount which the utilities may never use, it is very difficult to arrive at a precise estimate of the tax revenue loss. In fact, if the utilities were to litigate the IRS' position and prevail, which is likely, there would be no tax loss at all.

I support this legislation as a matter of fairness, with the intent that the consumers be the ultimate beneficiary.

For the record, according to the Edison Electric Institute, the following taxpaying utilities are involved in the Westinghouse uranium settlement:

Alabama Power Company.
Central South West. Corp.
Central Power and Light Co.
Public Service Co. of Oklahoma.
Southwestern Electric Power Co.
West Texas Utilities Company.
Consolidated Edison Company of N.Y.
Duquesne Light Company.
Florida Power & Light Company.
Houston Lighting and Power Company.
Kansas City Power and Light Company.
Kansas Gas and Electric Company.
Long Island Lighting Company.
Northeast Utilities.
Connecticut Light and Power Company.
Hartford Electric Light Company.
Holyoke Water Power Company.
Western Massachusetts Electric Company.
Ohio Edison Company.
Pennsylvania Power & Light Company.
South Carolina Electric & Gas Company.
Texas Utilities Company.
Dallas Power & Light Company.
Texas Electric Service Company.
Texas Power & Light Company.
Union Electric Company.
Missouri Edison Company.
Missouri Power & Light Company.
Missouri Utilities Company.
Virginia Electric and Power Company.
Wisconsin Electric Power Company.
Northeast Utilities as agent:
Central Maine Power Company.
Central Vermont Public Service Corp.
Eastern Utilities Associates.
Fitchburg Gas and Electric Company.
New England Electric System.
Public Service Company of New Hampshire.
United Illuminating Company.●

By Mr. HATCH (for himself and Mr. PACKWOOD):

S. 1929. A bill to amend the Public Health Service Act and the Federal Cigarette Labeling and Advertising Act to increase the availability to the American public of information on the health consequences of smoking and thereby improve informed choice, and for other purposes; by unanimous consent, referred jointly to the Committee on Labor and Human Resources and the Committee on Commerce, Science, and Transportation.

COMPREHENSIVE SMOKING PREVENTION EDUCATION ACT OF 1981

● Mr. HATCH. Mr. President, I am joining my colleague, Senator BOB PACKWOOD of Oregon, today in introducing the Comprehensive Smoking Prevention Education Act of 1981. This legislation is directed at one of our Nation's premier public health problems—the smoking of cigarettes. The harmful effects of smoking have been firmly established, and yet recent studies indicate a large percentage of our population do not have enough information about the health risks of smoking.

Tragically, the public at large is unaware that 300,000 Americans die each year from diseases directly related to cigarette smoking, and that 10 million more suffer from chronic illnesses caused by smoking. As dramatic as these figures are, they do not begin to illustrate the human suffering and sorrow, nor the extraordinary cost of health care and lost productivity related to smoking.

The legislation that Senator PACKWOOD and I are introducing today is designed to inform our citizens about the specific health risks of smoking. I have no intention of legislating health, or telling people how to live their lives. If a person chooses to smoke, that is his or her business. But that choice should be an informed choice, that decision should be made with an awareness of the consequences. Therefore, this legislation is a major new effort to educate citizens about the health effects of smoking.

We will require the Department of Health and Human Services to continue the activities currently conducted in the Office of Smoking and Health—that is to coordinate all research and educational activities related to tobacco and health within the Federal Government and private sector, and to disseminate this information to the public.

We will require two things of the tobacco companies: First, to replace the current single warning label on cigarette packages and advertisements with five new health warnings, specifying different health hazards of smoking; and second to divulge to the Federal Trade Commission and the Department of Health and Human Services the content and quality of chemical additives used in the manufacture of cigarettes. The reason for this latter requirement is the concern that these chemicals themselves may be cancer-causing agents. The Federal Trade Commission and the Department of Health and Human Services will not be permitted to make public these chemical additive lists but will be in a position to evaluate generally whether this is an area for public concern.

Simply stated, the goal of this bill is to replace ignorance and misunderstanding with knowledge. This bill has been enthusiastically endorsed by the American Heart Association, the American Cancer Society, and the American Lung Association. This legislation is similar to a bill introduced last month by Congressman WAXMAN in the House of Representatives.

It has been over a decade since the first Surgeon General Report on Smoking and Health. That report stimulated a great effort in health education and much has been accomplished to make the public aware of the dangers of cigarette smoking. But obviously, there is much yet to be done. Therefore, I am pleased to join with Senator PACKWOOD, chairman of the Commerce Committee in the Senate, in sponsoring a new major

public health effort—a national educational program in smoking prevention. Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1929

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Comprehensive Smoking Prevention Education Act of 1981".

FINDINGS

SEC. 2. The Congress finds that—

(1) cigarette smoking is the largest preventable cause of illness and premature death in the United States, and is associated with the unnecessary deaths of over 300,000 Americans annually;

(2) smoking is the primary cause of lung cancer and emphysema in the United States, and is associated with other cancers;

(3) heart disease accounts for nearly one-half of the deaths in the United States, and one-third of the deaths attributable to heart disease are associated with smoking;

(4) the risks of miscarriage, stillbirths, premature births, and child weight deficiencies for pregnant women who smoke are higher than for pregnant women who do not smoke;

(5) certain occupational hazards, in conjunction with smoking, increase substantially the risk of disease and death; and

(6) present Federal, State, and private initiatives have been insufficient in conveying to the American public the information contained in clauses (1) through (5) of this section and other information regarding smoking.

PURPOSE

SEC. 3. It is the purpose of this Act to provide a new strategy to educate and provide information to the American public that will allow individuals to make informed decisions concerning smoking.

SMOKING RESEARCH, EDUCATION, AND INFORMATION

SEC. 4. (a) Title XVII of the Public Health Service Act is amended by adding at the end thereof the following new section:

"SMOKING AND HEALTH

"SEC. 1711. (a) The Secretary shall establish and carry out a program to inform the public of the dangers to health from cigarette smoking. In carrying out such program, the Secretary shall—

"(1) coordinate all activities of the Department which relate to smoking and its effects on health, including research and demonstration projects and educational activities;

"(2) through the Interagency Committee on Smoking and Health established under subsection (b), coordinate the activities referred to in clause (1) of this subsection with all other activities of the Federal Government which relate to smoking and its effects on health;

"(3) through the Interagency Committee on Smoking and Health established under subsection (b), coordinate the activities of the Federal Government referred to in clauses (1) and (2) of this subsection with similar activities in the private sector;

"(4) conduct research and develop new methods for informing the public of the effects of smoking on health, either independently or in conjunction with the private sector, for use in a national effort;

"(5) collect, analyze, and disseminate information, studies, and other data related to smoking and its effects on health;

"(6) make available, through specific publications and bibliographic and reference materials, information on research efforts relating to smoking and its effects on health; and

"(7) undertake any other additional informational and research activities which the Secretary determines necessary and appropriate.

In carrying out the requirements of this subsection, the Secretary shall seek to develop methods of communication with Federal, State, and local entities, as well as with the private sector.

"(b)(1) To carry out the activities described in clauses (2) and (3) of subsection (a), there is established an Interagency Committee on Smoking and Health. The Committee shall be composed of—

"(A) representatives from appropriate institutes and agencies of the Department, which may include the National Heart, Lung, and Blood Institute, the National Cancer Institute, the National Institute on Child Health and Development, the Health Services Administration, the Health Resources Administration and the Center for Disease Control; and

"(B) at least one representative from the Federal Trade Commission, the Department of Education, the Department of Labor, and any other Federal agency designated by the Secretary.

"(2) The Committee shall meet at least four times each year.

"(c) The Secretary shall transmit a report to Congress not later than January 1 of each year which shall contain—

"(1) current information on the effects of smoking on health;

"(2) an overview and assessment of Federal activities undertaken to inform the public of the effects of smoking on health;

"(3) information regarding the activities of the private sector with respect to the effects of smoking on health; and

"(4) such recommendations for legislation as the Secretary may consider appropriate.".

(b) Section 8 of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1337) is amended by striking out subsection (a) and by striking out "(b)" before "The Federal Trade Commission".

CIGARETTE LABELING

SEC. 5. Section 4 of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1333) is amended to read as follows:

"LABELING

"SEC. 4. (a)(1) It shall be unlawful for any person to manufacture, import, or package for sale or distribution within the United States, or advertise any cigarettes, the package or advertisement for which fails to bear one of the following statements:

"(A) 'Cigarette Smoking is Dangerous to Your Health. For Information on the Specific Health Consequences of Smoking, Write: Surgeon General, U.S. Public Health Service, Washington, D.C., 20281.'.

"(B) 'WARNING: The Surgeon General has Determined that Cigarette Smoking Causes Emphysema, Lung Cancer, and Other Cancers.'.

"(C) 'WARNING: The Surgeon General has Determined that Cigarette Smoking Causes Heart Disease.'.

"(D) 'WARNING: The Surgeon General has Determined that Cigarette Smoking by Pregnant Women May Result in Miscarriage, Premature Births, or Child Weight Deficiencies.'.

"(E) 'SMOKERS: No Matter How Long You Have Smoked, Quitting Now Greatly Reduces The Risks To Your Health.'.

"(2) The labeling statements specified in paragraph (1) of this subsection shall be rotated on the packages of each brand of cigarettes and the advertisements for each brand of cigarettes in a manner that assures that each of such labeling statements appears an equal number of times on each brand of cigarettes and all such advertisements within the fifteen-month period beginning on the effective date of this subsection and each succeeding fifteen-month period.

"(3) Any labeling statement required under this subsection shall be located in a conspicuous place on every cigarette package and in each advertisement for cigarettes, and shall appear in conspicuous and legible type in contrast by typography, layout, or color with all other printed material on the package or advertisement.

"(4) In accordance with the provisions of section 553 of title 5, United States Code, the Federal Trade Commission shall establish by rule a system to ensure that labeling statements required under this subsection are rotated in accordance with the provisions of paragraph (2) of this subsection, and that at any time each of the five labeling statements appears on at least 15 percent of all cigarette packages and advertising.

"(b)(1) It shall be unlawful for any person to manufacture, import, or package for sale or distribution within the United States any cigarettes, the package of which fails to disclose the level of—

"(A) tar;

"(B) nicotine; and

"(C) carbon monoxide,

contained in such cigarettes.

"(2) Such tar, nicotine, and carbon monoxide levels shall be based on the results of the most recent tests of cigarettes by the Federal Trade Commission. The Federal Trade Commission shall perform such tests at least on an annual basis.

"(c)(1) It shall be unlawful for any person to manufacture, import, or package for sale or distribution within the United States any cigarettes unless such person has provided to the Federal Trade Commission and the Department of Health and Human Services a complete list of each chemical additive used in the manufacture of such cigarettes and the quantity of such additive.

"(2) The Federal Trade Commission and the Department of Health and Human Services and any officer or employee thereof shall not disclose to any person outside the Commission or the Department any information received pursuant to paragraph (1).

"(3) For purposes of section 552(b)(4) of title 5, United States Code, and section 1905 of title 18, United States Code, any information received by the Federal Trade Commission and the Department of Health and Human Services pursuant to paragraph (1) shall be considered to be a trade secret.".

PREEMPTION

SEC. 6. Section 5(a) of the Federal Cigarette Labeling and Advertising Act (15 U.S.C. 1324(a)) is amended—

(1) by striking out "statement" each place it appears and inserting in lieu thereof "statements"; and

(2) by inserting before the period the following: "or in any cigarette advertising".

EFFECTIVE DATE

SEC. 7. (a) Except as provided in subsection (b), the provisions of this Act shall take effect on the date of enactment.

(b) The amendments made by sections 5 and 6 of this Act shall take effect upon the expiration of the one-year period beginning on the date of the enactment of this Act. During such one-year period, the Federal Trade Commission shall promulgate such regulations as may be necessary to implement the amendments made by sections 5 and 6 on their effective date.●

● Mr. PACKWOOD. Mr. President, I am pleased to join with my colleague, Senator HATCH, in introducing the "Comprehensive Smoking Prevention and Education Act of 1981." This legislation is long overdue.

Since 1964, when the first Surgeon General's report on smoking and health was issued, more and more scientific evi-

dence has become available linking cigarette smoking with numerous diseases and disabilities, including lung cancer, heart disease, emphysema, miscarriages, and cancers of the larynx, oral cavity, esophagus, bladder, and kidney.

Each year, in the United States, there are over 300,000 smoking-related deaths, and millions of others suffer some debilitative effects from smoking. Put in a different way, more than one out of every seven deaths in this country is smoking-related. It has been estimated that a person smoking two or more packs per day decreases his life expectancy by more than 8 years, and a pack-a-day smoker by 6 years.

I am particularly concerned with the high risk presented to pregnant women and with smoking by America's youth. The Surgeon General's Report on Smoking and Women highlighted the effects of smoking during pregnancy on the fetus and the newborn child, the development of lung cancer in women and the interaction between smoking and birth control pills. Smoking during pregnancy appears to increase significantly the risks of stillbirth, miscarriages, and premature delivery, and women who take birth control pills and smoke are more likely to suffer a heart attack or stroke than women who do not smoke.

In addition to the individual hardships suffered by smokers and their families, cigarette smoking is a major economic burden, not only on the health care system, but also on the national economy. Recently compiled data shows that health care costs due to smoking result in expenditures of over $13 billion annually and that lost productivity due to cigarette smoking costs this country an estimated $23 billion annually. With over 50 million people smoking cigarettes in this country, and with the sale of cigarettes totaling over 30 billion packages, it is clear that we continue to face a serious health hazard.

The legislation which Senator HATCH and I are introducing today is primarily educational. It is designed to provide the American public with more information about the health hazards of cigarette smoking, so that they may make an informed choice as to whether or not to smoke.

Earlier this year, the staff of the Federal Trade Commission issued a comprehensive report on cigarette smoking and advertising. The report noted that even if it could be assumed that every consumer is aware that smoking is hazardous, the evidence indicates that many consumers do not have enough information about the health risks of smoking in order to know how dangerous smoking is, that is, what is the nature and extent of the health risk of smoking. Over 30 percent of the public is unaware of the relationship between smoking and heart disease. Nearly 50 percent of all women do not know that smoking during pregnancy increases the risk of stillbirth and miscarriage. Approximately 30 percent of those polled do not know about the relationship between smoking, birth control pills and the risk of heart attack.

The legislation we are introducing today is designed to fill the information gap.

First, it would require that the Secretary of the Department of Health and Human Services implement a national smoking education program, coordinating the activities of various Federal agencies and private health organizations with an interest in smoking and health.

This legislation would require that the Secretary make an annual report to the Congress on the status of smoking and health in the United States and include any necessary legislative recommendations.

Second, the legislation would change the present warning labels on cigarette packages and printed cigarette advertisements. Cigarette packages and advertisements would be required to carry one of five different labels that would be regularly rotated. The new labels would replace the present warning label that has been shown to be too broad to convey a useful and reliable message. The new labels would give more specific information about smoking-related diseases, such as lung cancer, emphysema, heart disease, and miscarriages.

I am pleased to note that the concepts in this legislation have already been endorsed by such organizations as the American Heart Association, the American Lung Association, the American Cancer Society, the American Academy of Pediatrics, the American College of Preventative Medicine, and the American Public Health Association. They were also endorsed by the recently held National Conference on Smoking or Health. Other cosponsors of the conference also endorsing the legislation include the American Nurses Association, the American Hospital Association, the March of Dimes, the American Dental Association, the American College of Chest Physicians and the American School Health Association.

Mr. President, this legislation presents an excellent opportunity to develop a new partnership between Federal and private agencies to insure that the smoking message reaches the American people. By combining our energies into one concerted strategy, we stand a greater chance of reaching the most people with the scarce resources at our disposal. At stake is our Nation's health and well-being, and that is certainly more than worth the effort.

I urge my colleagues on both sides of the aisle to support this important legislation.●

By Mr. STENNIS:

S.J. Res. 132. Joint resolution to require the Federal Government to end deficit financing; to the Committee on the Judiciary.

SOUND FISCAL CONSTITUTIONAL AMENDMENT

Mr. STENNIS. Mr. President, I am today introducing a joint resolution proposing a constitutional amendment which would require the Government to terminate deficit financing and operate on a sound fiscal plan. This joint resolution is identical with Senate Joint Resolution 6 which I introduced in 1978.

This proposed constitutional amendment is clear, simple, and workable. It mandates the Congress to balance the budget every year, but it goes further; it has a built-in self-enforcing provision.

Under the amendment, the President would be required within 20 days after the close of the fiscal year to determine whether there is a deficit and, if so, the amount of it. It would then be required that a surtax be levied for the calendar year following the year in which the deficit occurred in an amount sufficient to cover the deficit. I emphasize that, under the amendment, neither the Congress nor the President would be authorized or empowered to levy the surtax; it would automatically be imposed under the authority of the constitutional amendment.

In short, the amendment would be self-executing. No discretion on the part of anyone would be involved. If expenditures exceeded revenues, a surtax would have to be levied for the following calendar year to balance the budget. This would be a simple mathematical computation and no judgmental decision by either the Congress or the President would be required.

The sole exception from the requirement for a balanced budget would be that it could be set aside by a three-fourths vote of all Members of each House in case of grave national emergency. This would be a proper and necessary safety valve available in such cases as a state of declared war or a serious national depression.

Unfortunately, Mr. President, the Budget Control Act which we passed in 1974 has not been sufficient to control and prevent Federal deficit spending. It is clear that the discipline of a constitutional amendment is required. It does not overstate the case to say that complete and utter disaster can happen if we follow the same fiscal course that we have followed for the last 30 years and if we fail to bring Federal spending under control.

I do not propose to burden the RECORD with a mass of facts and figures. I would point out, however, that the Federal Government has run a budget deficit in 19 of the past 20 years and in 42 of the past 50 years. Deficit spending has continued during good times and bad.

In addition, at the end of fiscal year 1970, the total national debt of the United States stood at $383 billion. Now, just 11 years later, it is over $1 trillion. The first $100 billion budget in the history of the Nation occurred as recently as 1962. Just 20 years later, the fiscal 1982 budget is over $700 billion.

President Reagan's economic program, as approved by the Congress earlier, has cut Federal outlays by $36.5 billion in fiscal year 1982, $47 billion in fiscal year 1983, and $55.8 billion in fiscal year 1984. Notwithstanding this, the administration now estimates, according to reports in the newspapers, that there will be a deficit of $109 billion in 1982, $152 billion in 1983, and $162 billion in 1984. This assumes no additional spending cuts and no tax increases.

Our governmental and economic systems cannot permanently endure with national fiscal policies that pile deficits upon huge deficits and debt upon huge debt, and one inflationary load on top of another.

There are two additional major points

involved. The first is that the responsible legislator must have a built-in shield to protect him or her from the immediate and excessive demands of one pressure group after another for a continuation, with increases at times, in the benefits that are received by various groups. The second and more important principle is that the taxpayer must have protection from the growing demands of various groups that exert their pressure on the legislative Members for a continuation of the benefits, and indeed increases therein, that are already established in the laws in the form of so-called entitlements. If this protection is not provided in some form for the taxpayer as well as the chosen representatives of the people, then the system of representative Government will quickly and surely fail.

The best figure I can get on the present situation is that we now have over 65 million citizens who are entitled to a monthly payment or stipend of some amount under our present provisions of law. This is approximately one-third of our population, and is convincing proof that the demands for change and corrections are at hand.

Mr. President, without enlarging on the facts or trying to give a lot of figures and testimony here, I justs want to refer to the necessity of such a step being taken now. This is no reflection on the Budget Control Act, which has served a fine purpose, but I do not believe it is sufficient to meet our situation in the years ahead.

We are faced with these ever-changing but mounting figures. In spite of a lot of good-faith effort to hold down this budget, we have these mounting figures of the deficits. More of it was disclosed in yesterday's paper and even more in this morning's paper. I will not try to delineate all those matters now.

But this amendment would be self-operating. Immediately after a fiscal year has closed, there would be a calculation made to determine the amount of this deficit, if any. And if it does exist, then there is a provision for a surtax to apply.

Now, I did not originate that part of the idea, Mr. President. It has been debated before. To me, it has just a whole lot of commonsense and sound judgment in it.

I do feel this: There has to be some kind of a holding hand on the Congress to keep it from submitting, yielding, to the pressure or whatever other name you may call it, that piles up here year after year, creating these demands on the Federal Treasury.

In addition, there must be some kind of a barrier erected to protect the elected legislators, the Members of Congress, to protect them under our elective system; not trying to save an individual, but to save the system; to protect them from these growing demands that naturally mount with the passage of time that finally become burdensome. We are in such a situation now, but by no means am I suggesting that we cannot get cut. I think that we can get out under the terms of our system.

But, looking to the future, I think a constitutional amendment of this type is necessary. I introduce it now, along with the other ideas that are newer about meeting the situation.

I ask unanimous consent that the joint resolution be printed in the RECORD.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 132

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, (two-thirds of each House concurring therein), That the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years after its submission to the States for ratification:

"ARTICLE —

"SECTION 1. In exercising its powers under article I of the Constitution, and in particular its powers to lay and collect taxes, duties, imposts, and excises and to enact laws making appropriations, the Congress shall seek to assure that the total outlays of the Government during any fiscal year do not exceed the total receipts of the Government during such fiscal year.

"SEC. 2. No later than the twentieth day after the close of each fiscal year, the President shall—

"(1) ascertain the total receipts of the Governments during such fiscal year, not including any receipts derived from the issuance of bonds, notes, or other obligations of the United States, and not including any receipts from any income tax surtax imposed under this article;

"(2) ascertain the total outlays of the Government during such fiscal year, not including any outlays for the redemption of bonds, notes, or other obligations of the United States; and

"(3) if the total receipts described in paragraph (1) are less than the total outlays described in paragraph (2), determine the percentage rate of income tax surtax, to be imposed as provided in section 3, which is necessary to provide an additional amount of revenue equal to the amount by which such total receipts are less than such total outlays, and transmit to the Congress, by special message, the rate of income tax surtax so determined.

"SEC. 3. Subject to the provisions of section 4, an income tax surtax, at the rate determined and transmitted by the President under section 2—

"(1) shall be effective for the calendar year following the close of the fiscal year with respect to which the determination was made, or for so much of such calendar year for which such surtax is not suspended under section 4, and

"(2) shall apply, as an additional income tax for the period for which it is in effect, with respect to the income tax liability of each taxpayer which is attributable to the portion or portions of such taxpayer's taxable year or years which fall within such period.

The income tax liability attributable to a portion of a taxable year falling within a period shall be based upon the ratio of the number of days in the taxable year within such period to the total number of days in the taxable year.

"SEC. 4. In the case of a grave national emergency declared by Congress (including a state of war formally declared by Congress), the income tax surtax which would otherwise be in effect for a calendar year under section 3 may be suspended for such year, or a portion thereof, by a concurrent resolution, agreed to by a rollcall vote of three-fourths of all Members of each House of Congress, with such resolution providing the period of time, if less than the whole calendar year, during which such surtax is to be suspended.

"SEC. 5. This article shall apply with respect to the first fiscal year beginning after the ratification of this article and each succeeding fiscal year.

"SEC. 6. The Congress shall have power to enforce this article by appropriate legislation."

ADDITIONAL COSPONSORS

S. 101

At the request of Mr. DECONCINI, the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 101, a bill to amend title 18 of the United States Code to define and limit the exclusionary rule in Federal criminal proceedings.

S. 1131

At the request of Mr. DANFORTH, the Senator from Virginia (Mr. WARNER) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1339

At the request of Mr. HEFLIN, the Senator from Oklahoma (Mr. BOREN) was added as a cosponsor of S. 1339, a bill to amend title 18 of the United States Code to prohibit the robbery of a controlled substance from a pharmacy.

S. 1532

At the request of Mr. HEFLIN, the Senator from South Carolina (Mr. HOLLINGS) was added as a cosponsor of S. 1532, a bill to amend the Federal Rules of Criminal Procedure and the Federal Rules of Civil Procedure with respect to examination of prospective jurors.

S. 1595

At the request of Mr. INOUYE, the Senator from Mississippi (Mr. COCHRAN), and the Senator from Nevada (Mr. CANNON) were added as cosponsors of S. 1595, a bill to provide for the designation of income tax payments to the U.S. Olympic development fund.

S. 1625

At the request of Mr. MOYNIHAN, the Senator from Indiana (Mr. LUGAR) was added as a cosponsor of S. 1625, a bill to authorize the President of the United States to present on behalf of Congress a specially struck gold medal to the widow of Roy Wilkins.

S. 1735

At the request of Mr. ANDREWS, the Senator from Minnesota (Mr. DURENBERGER) was added as a cosponsor of S. 1735, a bill to provide for the use and distribution of funds awarded the Pembina Chippewa Indians in dockets numbered 113, 191, 221, and 246 of the Court of Claims.

S. 1758

At the request of Mr. DECONCINI, the Senator from Kentucky (Mr. HUDDLESTON), the Senator from South Carolina (Mr. HOLLINGS), the Senator from Utah (Mr. GARN), and the Senator from Ohio (Mr. METZENBAUM) were added as cosponsors of S. 1758, a bill to amend title 17 of the United States Code to exempt the private noncommercial recording of

copyrighted works on video recorders from copyright infringement.

SENATE JOINT RESOLUTION 117

At the request of Mr. BOREN, the Senator from North Dakota (Mr. BURDICK) was added as a cosponsor of Senate Joint Resolution 117, a joint resolution to authorize and request the President to designate the week of January 17, 1982, through January 23, 1982, as "National Jaycee Week."

SENATE JOINT RESOLUTION 130

At the request of Mr. WARNER, the Senator from Georgia (Mr. MATTINGLY), and the Senator from Mississippi (Mr. COCHRAN) were added as cosponsors of Senate Joint Resolution 130, a joint resolution designating February 22, 1982, the 250th anniversary of the birth of George Washington, a "Day of National Celebration."

SENATE CONCURRENT RESOLUTION 33

At the request of Mr. PRESSLER, the Senator from Colorado (Mr. ARMSTRONG), the Senator from West Virginia (Mr. RANDOLPH), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Concurrent Resolution 33, a concurrent resolution disapproving the Federal Trade Commission trade regulation rule relating to the sale of used motor vehicles.

SENATE RESOLUTION 218

At the request of Mr. MELCHER, the Senator from Illinois (Mr. DIXON), and the Senator from Rhode Island (Mr. PELL) were added as cosponsors of Senate Resolution 218, a resolution retaining nutritional goals in the school lunch program.

SENATE RESOLUTION 253

At the request of Mr. DOLE, the Senator from Minnesota (Mr. BOSCHWITZ) was added as a cosponsor of Senate Resolution 253, a resolution expressing the sense of the Senate on "National Circle K Week."

AMENDMENTS SUBMITTED FOR PRINTING

UNIFORM VEHICLE STANDARDS ACT OF 1981

AMENDMENT NO. 654

(Ordered to be printed and referred to the Committee on Commerce, Science, and Transportation.)

Mr. PRESSLER submitted an amendment intended to be proposed by him to the bill (S. 1402) to establish uniform national standards for the continued regulation, by the several States, of commercial motor vehicle width and length on interstate highways.

STUDY ON IMPLEMENTATION OF SPECIAL TRUCK LENGTHS

● Mr. PRESSLER. Mr. President, I rise today to offer an amendment to S. 1402, the Uniform Vehicle Standards Act of 1981, which is currently being considered in the Senate Commerce, Science, and Transportation Committee.

My amendment would direct the Department of Transportation to conduct a study on the possibility of national implementation of a special class of longer-combination commercial motor vehicles, commonly known as "turnpike doubles" and "western triples." Currently over a dozen States, including my home State of South Dakota, have programs which allow these longer combinations but there is no hard data compiled on a national scale concerning this particular vehicle configuration. My amendment proposes a study that would designate a limited national network of highways suitable for these vehicles. This study would document the economic and productivity benefits as well as the potential fuel savings and the previous safety record of these vehicles. The amendment would require that the future use of such vehicles remain in line with the single- and tandem-axle weight limits imposed by existing statute. The amendment also directs DOT not to designate highways which, because of design limitations or other factors, would not be able to accommodate these larger combinations.

Mr. President, I would like to take a moment to discuss the operation of longer combination vehicles in my home State of South Dakota. This program, called the "Long-Run Program," began in May, 1978. The South Dakota Department of Transportation allows the use of twin 45-foot trailer combinations on the east-west and north-south interstate highways in South Dakota. This particular combination, called the "turnpike double," operates under a single-trip, special license situation.

The South Dakota "Long-Run Program" has achieved a remarkable degree of success. One South Dakota company, over a 3-year period, has reached a 47-percent fuel savings while, at the same time, avoided any employee lay-offs due to the longer combination use. In fact, in many cases, the financial savings resulting from the use of turnpike doubles has allowed South Dakota trucking companies to maintain its service to smaller rural communities at reasonable rates. This is surely an important consideration to those of us representing States which have lost transportation service due to deregulation.

The safety record of these vehicles in South Dakota is admirable. Our "Long-Run Program" has only had four accidents in 3 years. In fact, the potential for accidents on South Dakota's interstates is greatly reduced since there are fewer trucks on the road. Jim Anton, the South Dakota Department of Transportation engineer who monitors this program, has indicated that the South Dakota experiment has been a great success for both truckers and shippers.

Some concern has been expressed about possible highway surface damage from these longer combinations. However, overall weight of the truckload on turnpike doubles and western triples is spread over more axles; therefore, axle loading on longer combinations is frequently less than on many traditional 18-wheelers.

The purpose of my amendment is to direct the Department of Transportation to study these longer-combination vehicles to determine whether the safety, productivity and energy factors justify a national system. Certainly, there are some legitimate questions to be answered. My amendment would provide the objective data on which Congress can make an intelligent and reasoned decision.●

EFFECTS ON COMMERCE OF ACQUISITIONS OF DOMESTIC OIL COMPANIES BY MAJOR INTERNATIONAL ENERGY CONCERNS

AMENDMENT NO. 655

(Ordered to be printed and referred to the Committee on Commerce, Science, and Transportation.)

Mr. CANNON (for himself and Mr. PACKWOOD) submitted an amendment intended to be proposed by them to the bill (S. 1916) to amend the Federal Trade Commission Improvements Act of 1980 to provide for an evaluation by the Federal Trade Commission of the effects on interstate commerce and on consumers of acquisitions of domestic petroleum companies by major international energy concerns, and for other purposes.

INCREASING EFFECTIVENESS OF REQUIRED STUDY

● Mr. CANNON. Mr. President, on December 4, 1981, Senator PACKWOOD and I introduced legislation requiring the Federal Trade Commission to study the effects on interstate commerce and the consumer of acquisitions of domestic petroleum companies by major international concerns. We believed that the necessity for such a study had been made clear by the recent events surrounding the hostile attempt by the giant Mobil Oil Corp. to gain approval for their proposed acquisition of Marathon Oil Co. The study is particularly important due to the probability that a wave of other mergers in the industry will occur if this merger is approved.

Today, Senator PACKWOOD and I are submitting an amendment to S. 1916 to place a 1-year moratorium on the acquisition of over 5 percent of the voting securities or more than $10 million of the assets of a domestic petroleum company by a major international energy concern. The House and Senate Commerce Committees are jointly conducting a hearing on the Mobil-Marathon merger on December 14, 1981, to examine the latest developments in the proposed merger as well as to consider S. 1916 and the amendment we are introducing today. At that time, we will consider any suggestions for amending the bill.

Congress would benefit from the information provided from the study required by S. 1916. A moratorium on additional mergers and acquisitions in the industry during the time of the study is important in order for Congress to understand the market as it now exists before further concentration occurs. Congress has the responsibility to evaluate the overall picture of the industry and market within which it operates to determine if our antitrust laws are adequate or if other public policy concerns dictate the need for additional legislation.●

NOTICE OF HEARINGS

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. COHEN. Mr. President, I would like to announce for the information of

the Senate and the public the scheduling of two public hearings before the Senate Select Committee on Indian Affairs.

Both hearings are oversight hearings and will be held in Billings, Mont., on December 21, 1981, in the city hall courtroom at 27th Street and 3d Avenue North. The first hearing will begin at 10:30 a.m. and testimony is invited regarding the impact of fiscal year 1982 budget reductions in Indian Health Service funded and operated programs on Billings and Aberdeen IHS area Indian tribes. The second hearing will begin at 2 p.m. and testimony is invited regarding the Federal Indian housing programs, particularly the critical problems occurring in those Indian housing authorities that are under the jurisdiction of HUD's Denver Region VIII Office.

For further information regarding the health hearing, you may wish to contact Jo Jo Hunt of the committee staff. For further information regarding the housing hearing, you may wish to contact Virginia Boylan of the committee staff. Both Ms. Hunt and Ms. Boylan may be reached at 224–2251. Those wishing to testify or who wish to submit a written statement for the hearing record should write to the Senate Select Committee on Indian Affairs, 6317 Dirksen Senate Office Building, Washington, D.C. 20510.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. ARMSTRONG. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Wednesday, December 9, at 10 a.m., to consider farm credit nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INDIAN AFFAIRS

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs be authorized to meet during the session of the Senate on Wednesday, December 9, at 9:30 a.m., to hold a hearing on S. 1890, a bill authorizing the Secretary of the Interior to disburse trust funds of the Lac Courte Oreilles Tribe, and a general oversight hearing on Indian aging issues.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON ENERGY, NUCLEAR PROLIFERATION, AND GOVERNMENT PROCESSES

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Energy, Nuclear Proliferation, and Government Processes, of the Committee on Governmental Affairs, be authorized to meet during the session of the Senate on Thursday, December 10, at 10 a.m., to discuss the possibility of de facto dismantlement of the Department of Education functions.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON BUSINESS, TRADE AND TOURISM

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Business, Trade and Tourism of the Committee on Commerce, Science, and Transportation, be authorized to meet during the session of the Senate on Friday, December 11, at 2:30 p.m. to hold a hearing on the nomination of Peter McCoy to be Under Secretary of Commerce for Travel and Tourism.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON LABOR

Mr. STEVENS. Mr. President, I ask unanimous consent that the Subcommittee on Labor, of the Committee on Labor, and Human Resources, be authorized to meet during the session of the Senate on Monday, December 14, to discuss S. 1922, the Black Lung Benefits and Revenue Amendments of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

SMALL BUSINESS INNOVATION RESEARCH ACT OF 1981

● Mrs. HAWKINS. Mr. President, yesterday the Senate passed S. 881, the Small Business Innovation Research Act of 1981. As a cosponsor of this Act, I would like to make the following observations.

S. 881 is an important piece of legislation for two different reasons. At the practical level, this act insures that Small Business will receive more Federal R. & D. research contracts in the future. Small businesses are now wrongly frequently ignored by Federal agencies when they let R. & D. contracts. By requiring that Federal agencies with R. & D. budgets in excess of $100 million give at least 1 percent of their contracts to small businesses, a first step is taken toward making the allocation of such contracts equitable.

Presently, over 97 percent of all businesses are considered to be small, and their 55 percent of the workforce produces 43 percent of GNP. Furthermore, Prof. David Birch of M.I.T. has found that 86 percent of all new jobs are created by small businesses, and a significant percentage of these new jobs flow directly from innovations produced by them previously. Given the pressing need to create millions of new jobs in the years ahead, providing small businesses with more opportunities to innovate appears to be a cost effective way to do so. It is clear that requiring 1 percent of R. & D. contracts to be given to small businesses is not unreasonable given these impressive statistics. I only question whether a 1-percent standard is enough.

The second reason why S. 881 is important is that it codifies a changing attitude in the Congress and the country toward small businesses. While small businesses form the backbone of American enterprise, they also perform many important social goals at the same time.

Historically, employment in your own small business has been considered an especially appropriate way for men and women unfavored by birth to advance economically. The personal financial risks were great, but the benefits from success were great, too. High risks coupled with high potential rewards seemed logical to a Nation started years ago by European entreprenuers.

Futhermore, Americans retained their suspicions of large commercial enterprises, fearing the potential for monopoly and the increased possibility for an undesirable concentration of political power they created. Small businesses were praised because of their ability to keep our economy competitive and to insure political pluralism.

Yet, in recent times these lessons appeared to have been forgotten. Federal regulators have written rules without taking their special impact on small business into account.

For example, the same change in a standard manufacturing process mandated by a Washington regulator weakens businesses with lower volume more than it does ones with higher volumes and is more likely to cause their deaths. When the dollar costs of imposed changes do not rise rapidly with volume, the unit costs of smaller manufacturers go up more quickly than those of large manufacturers. The result is increased market shares for large companies.

To prevent this from happening, regulators should not have imposed inflexible standards across entire industries without first adjusting their impact on firms of different sizes. The same criticism applies to an enlarged paperwork burden caused by enlarged regulatory reporting requirements.

In 1974, indifference to the plight of small business probably reached its height when the Senate Committee on Committees recommended that the Select Committee on Small Business be disbanded.

Fortunately, attitudes are changing toward small businesses. The Reagan administration and the Congress are now working actively to undo the damage caused by years of Government indifference. S. 881 fully reflects these more positive attitudes toward smaller enterprises and is far past due.●

A FAREWELL TO TOMMY CORCORAN

● Mr. MOYNIHAN. Mr. President, we parted company this morning with Thomas Gardiner Corcoran, one of this capital's most splendid characters and one of the founders of the modern American state.

Tommy believed fervently in the goodness of government and its ability to do great works in the name of all the people. He crafted, carefully, the tools we used to build compassionate and effective government during the last half century and he was never ashamed of the fact that his knowledge of the law made him an excellent representative of clients from all walks of life.

This morning, in a simple but profoundly moving Mass to his memory, many spoke of his wit, his forthrightness, and his undeniable Irish charm. Though it was a moment, perhaps, of same sadness, the sparkle of his personality will always leave us chuckling and the memory of what he meant to our Government, to the New Deal, and to history, will never lapse.

The principal oration was delivered by Jim Rowe, Tom Corcoran's law partner these past 35 years, and one who expressed so eloquently the loss we all feel and the things about Tommy Corcoran we will remember most.

Mr. President, it was my honor to serve, along with several of my colleagues in this Chamber, as an honorary pallbearer at Tommy Corcoran's farewell and I

would like to share with the Senate the thoughts of the Washington Post, which editorialized this morning on the meaning of his passing, as well as the inspired comments of Jim Rowe. I ask that the text of the article and the text of Mr. Rowe's remarks be printed at this point in the RECORD.

The material follows:

[From the Washington Post, Dec. 9, 1981]

THOMAS GARDINER CORCORAN

If ever there was in "this gorgeous town" a disarmingly affable broker of political influence who enjoyed the mix of public service, ideas and friendships, it was Thomas G. (Tommy) Corcoran. Mr. Corcoran, who died here Sunday at the age of 80, was a principal strategist, insider and tireless point man for the New Deal revolution during some of its most perilous and interesting times. And "Tommy the Cork," as Franklin D. Roosevelt fondly referred to him, reveled in the role of lawyer-lobbyist (or "entrepreneur," as Mr. Corcoran would put it) in the high circles of all three branches of government.

What Mr. Corcoran knew and marketed so well was "what the government likes and does not like," an insight he mastered firsthand and marketed with great skill. With New Deal architect, White House teammate and longtime friend Benjamin V. Cohen, Mr. Corcoran became an invaluable administration figure and presidential counselor. It was this expertise that he later employed as a lawyer to seek and deliver results on behalf of major corporations that were doing business with the government.

His success in the private sector was a direct sequel to his influential role as engineer-designer of truly revolutionary policies. After all, it was the Corcoran-Cohen duo—known as the "hot-dog boys," an allusion to their mentor, Felix Frankfurter—that collaborated on the big acts, the enduring measures of the New Deal: the Securities and Exchange Commission Act, the Public Utilities Holding Company Act, the Federal Housing Administration Act, the Tennessee Valley Authority and the Wage and Hour Law. In the process, Mr. Corcoran also succeeded in attracting scores of highly capable, dedicated people to government service and important positions from which they were to make substantial contributions to public policy.

If critics had problems with Mr. Corcoran's later transition to private practice in government circles, neither he nor his clients did. Many of the very people who had damned him as a policy-maker were to find him a useful colleague and attorney in those later years, and he found these marriages of mutual interests rewarding in the fullest senses. With his infectious Irish humor and quick repartee, Mr. Corcoran delighted friends, legal adversaries and himself while gliding through the halls and offices of government.

"When I walk down the corridors of the Federal Power Commission," he once explained with a grin to a House subcommittee that was looking into his activities, "it's right down the main aisle . . . in broad daylight, with a brass band behind me." And that is how those who knew Tommy the Cork suspect he has just left their company.

THOMAS GARDINER CORCORAN—1900–1981

(Remarks by James H. Rowe, Jr.)

I thought he would live forever. The son of a Yankee Puritan mother and an Irish father, he inherited from one the persistent driving diligence and from the other the imagination and irresistible ebullience and gaiety that carried him throughout his life. His incredible energy was fearful to behold. A few weeks ago he said to his doctor that he had often found himself tired recently and he wondered why. Dr. Abernethy said, "It goes with the territory once you're 80"; and he is said to have replied, "Not with my territory, it doesn't!"

He was a New Hampshire mountaineer and a football player. It took him some years to become varsity center at Brown because of his size—but he made it. He was a downhill skier, indifferent at best if one looks back on his broken ankles and legs—but he skied. He was a first-rate scholar when he wished to be, valedictorian of his class, a Phi Beta Kappa, and on the Harvard Law Review. He was secretary to Justice Oliver Wendell Holmes of the Supreme Court: There was no greater kudo for a young lawyer in the nation.

He was a great advocate at the bar, a brief writer of excellence and a superb intellectual persuader of men. He was an unparalleled legislative draftsman. Except for Franklin Roosevelt himself, he and Ben Cohen—Corcoran and Cohen—were a huge part of the New Deal. They were the generals and captains of their young armies. The New Deal legislation which has remained on the statute books for almost a half century are testaments to them both. Together they were much stronger than just adding them one to one. They had all through the government during those New Deal years scores and scores of youthful juniors awaiting their orders. Ben was the idea man, the visionary, the man of wisdom. Tom was the quarterback, the strategist, the persuader.

Since Sunday, my phone has been ringing from all over the country as members of this now thin gray line of the New Deal mourn one of their own.

With the possible exception of the Founding Fathers, there was never before and certainly has not been since, the excitement, the intellectuality, the excellence, or the sense of accomplishment that existed in the New Deal. It is remembered by the hundreds, even thousands of the young men and women who flocked to Washington to serve under such leaders as Roosevelt and those Braintrusters.

Quoting his old master, Justice Holmes—as Tom loved to do—who was then speaking of his old Civil War comrades, but whose words because of Tom and Ben—Corcoran and Cohen—also apply to the New Dealers:

"Through our great good fortune, in our youth our hearts were touched with fire."[1]

Tom was, of course, himself a man for heroes. He had great ones like F.D.R. and Oliver Wendell Holmes. General Claire Chennault who led the American Flying Tigers in China against the Japanese was another. Tom supplied the General with men and material and took on that war "over the hump" against the Japanese as his own personal war.

As a private lawyer, he treated his clients the way he would himself. Once he took them on as clients they were his cause. I remember a conversation years ago with his old close friend, the late Ben Sonnenberg, the famous New York public relations man. I ran into him somewhere on Cape Cod and he asked: "How's Tommy?" I said, "About the same." He said, "You know, Tommy has one great failing. I do a great deal of work these days for the cigarette companies and they are all dreadfully fearing the cancer attack on cigarettes. I never forget that it is they who have cancer, not me. But Tommy always gets cancer along with his clients."

It was, I feel, a valid point. He was indeed a last-ditch fighting crusader for those clients even though some of us felt occasionally that some of them didn't deserve it. But Tom always did.

Essentially, he had the soul of a schoolmaster. When Peggy died, almost a quarter of a century ago, he became mother as well as father to his children. He kept an acerb eye on their studies. They had to excel in their studies; they also had to do everything else well. They all took all kinds of lessons in golf, in tennis, dancing, fencing, riding, whatever. I often thought that if he ordered all of them out into the field, handed each a bow and arrow and directed them to put the arrow through a target at 100 paces, everyone of them would have done it with ease. He said at least 1,000 times to them and at least 100 times to me that he could give his children only one thing, the ability to take care of themselves in an unstable, difficult, and dangerous world. And proudly he produced three lawyers, two doctors, and one landscape architect.

Last Sunday, at his family's request, I called Lady Bird Johnson, widow of the President. She said immediately: "A large part of my life is gone—a sparkling, glittering part."

He was always the most generous man I have ever known. Yesterday, I called an eminent New England judge, a law school classmate of his. He said only—"He was the most generous man I ever met. If you have the time I will give you chapter and verse." I said, "Judge, I have the time but I don't need the chapter and verse. I first met him in 1934 when he was instrumental in getting me the clerkship with Oliver Wendell Holmes. I have been his law partner almost thirty-five years and I learned about his generosity long ago."

Once more I remember the words of his hero, Justice Holmes—about what Holmes, almost a century ago, had said about an old lawyer friend of his own.

"When a great tree falls, we are surprised to see how meagre the landscape seems without it. So when a great man dies. . . .[2]"●

[1] Mr. Justice Holmes, Memorial Day address, 1884.

[2] Oliver Wendell Holmes on Sidney Bartlett, Boston, March 23, 1889.

REMARKS OF WILLIAM JOSEPHSON, PRESIDENT, THE PEACE CORPS INSTITUTE

● Mr. BRADLEY. Mr. President, Senators should have the opportunity to read the remarks of William Josephson, president, the Peace Corps Institute, at the Peace Corps Bay Area Conference, Stanford University, on November 7, 1981. The address contains many thoughts that all of us should contemplate. I submit the text of Mr. Josephson's remarks for the RECORD.

The remarks follow:

REMARKS OF WILLIAM JOSEPHSON

Over Christmas and New Year 1960–1961 Warren W. Wiggins, who later became first Associate Director for Program Development and (overseas) Operations and then Deputy Director of the Peace Corps, and I wrote a paper on what we called the National Peace Corps. Warren later called it "The Towering Task" from a passage in President Kennedy's inaugural address.

Sargent Shriver tells the story about how he was reading briefing papers on the proposed Peace Corps in his Mayflower Hotel room one night, and he came across "The Towering Task". He says that he fired off a telegram to Warren and myself asking us to be at the Mayflower Hotel the next morning, that Warren and I walked into a subcabinet level meeting attended by many of the foreign and domestic policy luminaries of those days, that in front of each of these solons was a copy of "The Towering Task," and that Sarge began the meeting by saying that of all of the things he had read about the Peace Corps this was the best.

The only problem with this story is that, except for Warren's and my writing "The Towering Task," much of it probably is not true. I know that it's not true of me, because I was out of town. Warren once told me what he thought was the true

story. But Sarge's story is so good I have forgotten what the true story is.

Actually the Peace Corps was low on Wiggins' and my priorities then.

We were deeply concerned with the future of the foreign aid program where we both worked and wrote a paper on how it should be reorganized.

We were also deeply concerned about the situation in Viet Nam and wrote a paper about that and highlighted the situation by stopping all foreign aid dependent travel to Viet Nam in December, 1960.

Everywhere we went, our papers were pushed aside. The new frontiersmen kept asking us what we thought of the Peace Corps. We told them that we thought it was a silly idea.

Then just before Christmas, Wiggins came to me and said, "Look, if we're to go anywhere with this new administration, we have to provide a product to meet its demand. We can't continue to go around selling a product for which we have to generate a demand". Wiggins then thought of himself as an economist. "Everyone asks us about the Peace Corps. We have to write about the Peace Corps".

I shook my head doubtfully and said, "Okay, but you have to promise me one thing. No matter what, we will never let any volunteer do anything except teach English".

Wiggins promised. We wrote "The Towering Task". Somehow it found its way to Shriver. Somehow Shriver found us, and the Peace Corps was off and running.

I tell this story as an introduction to your request that I speak here today about The Peace Corps Institute and the future of the Peace Corps. I have not spoken or written publicly about the Peace Corps in 20 years, so it is about time. Let's hope that I prove more accurate than I did last time.

The Peace Corps Institute was formed about this time last year:

(1) to enhance, support, and supplement the purposes of the Peace Corps and other volunteer service groups in the United States in their efforts to provide assistance to developing nations;

(2) to promote understanding among the people of the United States of international development issues and of the peoples of the developing world, and of the efforts and activities of the Peace Corps and other volunteer groups in helping the peoples of the developing nations meet their basic needs;

(3) to solicit the support of individual citizens, particularly volunteers who have served abroad, and of public and private groups, organizations, agencies, and corporations in furtherance of the purposes.

So far we have had two major projects. The first is publication of the first directory of the names, addresses and other biographical information of former Peace Corps volunteers and staff, now more than 80,000 strong. Sometime during the Nixon administration after the Peace Corps was merged with ACTION, something happened to the names and addresses of former volunteers and staff. When, in 1980, Peace Corps Director Dick Celeste conceived of the idea of trying to recreate this information, the Peace Corps could come up with only about 20,000 reasonably current names and addresses. With these, and with the cooperation of College & University Press, The Peace Corps Institute has gone through a process of using those 20,000 names and addresses to locate as many former Peace Corps volunteers and staff as we could.

Their response and cooperation has been extraordinary. The directory, when it is published later this year, should contain about 40,000 current names and addresses which will be organized alphabetically, geographically and by country of service.

It also may be possible to locate a good portion of the missing 40,000. The Peace Corps has the names, dates and countries of service for all its volunteers. I have asked CUP if its computer could make lists of the missing volunteers and send them to those volunteers, whose names and addresses we have, who served in the same countries at the same time. They would be requested to help us locate the missing. I hope that CUP will like the idea of publishing a volume two to the directory with the missing names and that, therefore, we will come close to approximating the Peace Corps population universe.

Thereafter, the Institute plans to up-date the directory every five years. So, the next one should be out in 1986, in time for the 25th anniversary about which much later.

The second project of The Institute was the planning, funding and holding of the Second National Conference of Returned Peace Corps Volunteers and Staff in Washington on June 19 and 20. At Peace Corps Director Celeste's suggestion, we had begun planning it in the Fall of 1980, but the election intervened, and Celeste's plans changed. I felt we had to wait until the new administration was in place and a new director of the Peace Corps was appointed.

The new Director is, of course, Mrs. Loret Miller Ruppe of Michigan. When I first met her on February 24, we agreed that within two weeks she had to decide whether or not the Conference was go or no go. She decided go. We went.

Never have I attended a conference where the quality of each of the eight plenary session speeches was so high. Copies of those speeches and tapes of them should be available here.

Never have I attended a conference with such a common spirit and sense of dedication to shared values.

What next for The Institute? The nearly unanimous demand of those who attended the Conference was for an information medium for the Peace Corps family of volunteers and staff, present and former, not only about the Peace Corps and its current issues but about United States and global policies with respect to the developing countries.

The Board of Directors of The Institute has authorized the officers and staff to explore a serious, professional newsletter, primarily for Peace Corps volunteers and staff, about these matters and about what present and former volunteers and staff can do about them in the United States and overseas. Obviously, completion of the directory is crucial to such an effort.

The utility to the Peace Corps of such a link could be enormous. For example, if the Peace Corps is separated from ACTION, about which more later, it will have to hit the ground running with respect to its own recruitment and public information. Former volunteers and staff could play critical roles.

One of the casualties of the 1970's was the International Secretariat for Volunteer Service. It served as a clearinghouse among the countries with international volunteer programs as well as those with domestic voluntary service programs. The Peace Corps Institute is considering how to renew those links.

A scholar, Gary May, has come to The Institute with a request for cooperation in his effort to write a thoughtful book about the foreign experiences of former Peace Corps volunteers and staff using, to the maximum extent possible, journals and other writings of and interviews with former volunteers and staff.

From this idea has come the notion of an anthology of pictures and writing about the Peace Corps which could be published in time for the 25th anniversary.

Another scholar, Gerry Rice, who is about to publish a book on the political history of the early Peace Corps and who has just published a pamphlet history of the first twenty years, wants to do a comprehensive Peace Corps bibliography. I think it should also include materials on national and international voluntary service.

For the 25th anniversary I have a notion of a Third Conference, this one not national but international—in keeping with the Global 2000 theme of this gathering. Such a conference could be planned with greater former volunteer and staff participation and could include representatives of those countries that have international or domestic voluntary service organizations, as well as representations of receiving nations.

President Reagan, in an October 5, 1981 speech to the National Alliance of Business talked at length about individual voluntary action throughout the United States:

"We seek to provide as much support for voluntarism without federalizing as possible. Today, I am announcing the creation of a Presidential Task Force on Private Sector Initiatives, comprised of 35 leaders from corporations, foundations, and voluntary and religious organizations. Its purpose will be to promote private sector leadership and responsibility for solving public needs and to recommend ways of fostering greater public/private partnerships.

"I have asked Bill Verity, the Chairman of Armco Steel, to chair the task force and act as my personal representative in expanding private sector initiatives and in recognizing outstanding examples of corporate and community efforts.

"I'm instructing the Cabinet to review agency procedures and regulations and identify barriers to private sector involvement. We want to deregulate community service. For example, mothers and grandmothers have been taking care of children for thousands of years without special college training. Why is it that certain states prohibit anyone without a college degree in early childhood education from operating a day-care facility?

"Voluntarism is an essential part of our plan to give the government back to the people. I believe the people are anxious for this responsibility. I believe they want to be enlisted in this cause. We have an unprecedented opportunity in America in the days ahead to build on our past traditions and the raw resources within our people. We can show the world how to construct a social system more humane, more compassionate, and more effective in meeting its members needs than any ever known."

I have suggested to Mrs. Ruppe that the Peace Corps, as the United States Government's largest volunteer program, and The Peace Corps Institute present our ideas to this task force as soon as it is constituted.

As time goes by, Peace Corps and The Peace Corps Institute will develop more programs. Your ideas and suggestions are earnestly solicited and will always be welcome.

So much for The Institute. Now something about the future of the Peace Corps.

During the past year, there has also been more political controversy about the Peace Corps than at any time in my memory.

President Reagan's nomination of Thomas R. Pauken, a former Viet Nam military intelligence officer, provoked opposition in the Senate. Indeed, as an individual, I testified before the Foreign Relations Committee against his confirmation—but not against Mr. Pauken himself whom I have never met and do not know—because of its violation of the historic policy of separation of the Peace Corps from United States intelligence personnel and activities.

As a result of Mr. Pauken's appointment, the movement to separate the Peace Corps from ACTION, which had been dormant since 1979, has renewed. The Senate has several times voted provisions which would accomplish this. Procedural snarls in the House, which for a time threatened to prevent these

efforts from coming to fruition at this session, seem to have been surmounted. I hope we can look forward to a statutorily independent Peace Corps in 1982.

Here I have to confess my culpability again. In 1979, Director Celeste asked me to draft an Executive Order which would restore to the Peace Corps within ACTION the same measure of autonomy it had within the Department of State from 1961 to 1966. I did so, and in so doing undercut the movement, led by Representative Don Bonker of Washington State and my fellow now Peace Corps Institute director, former Peace Corps volunteer Tom Scanlon, for statutory autonomy. It shows you how easy it is to be a good lawyer, a good Democrat, a good soldier, and wrong yet again.

The House version of another bill pending in the Congress, the proposed Intelligence Identities Protection Act, would not exempt the Peace Corps from the President's authority to require any United States government agency to provide intelligence cover.

Again as an individual, I have worked to persuade the Senate to provide such a statutory exemption. The Senate Judiciary Committee has voted 11 to 7, with Republicans Bob Dole of Kansas, Charles McC., Mathias, Jr. of Maryland and Arlen Specter of Pennsylvania adding their decisive votes to those of the Democratic members, to make the necessary statutory exemption. However, the Senate bill must survive Senate debate, the House must accept the Peace Corps' exemption in conference, and the President must sign the bill. But at least we are on the way for the first time to seeing incorporated in law one of the three legs of policy separating the Peace Corps from the intelligence.

The other two legs—that the Peace Corps should not enroll as volunteers or staff anyone who has had an intelligence connection nor should the intelligence agencies utilize former volunteers or staff until a very appreciable lapse of time after their Peace Corps service—remain subject to Executive Branch agency discretion. I have suggested to Senator Moynihan of New York, Vice Chairman of the Senate Committee on Intelligence, that the administration's reconsideration of the executive order regarding intelligence direction provides an opportunity for the President authoritatively to codify all these policies.

Throughout all these efforts, the chief source of leadership and support in the Senate has been California's Alan Cranston, the minority whip. Everyone in the Peace Corps owes Alan an enormous debt, and I particularly hope those of you who live in California will express to him your regards and thanks.

If the Peace Corps can get out from under ACTION, much work needs to be done. It has no recruitment and little public information capability of its own. ACTION has RIF-ed or tried to RIF many recruiters as well as the former volunteer services office.

Notwithstanding all this political turmoil, the Peace Corps continues. Today, there are about 5,000 volunteers serving overseas in 57 countries.

Valuable as it may be, this is not the Peace Corps that "The Towering Task" foresaw. Wiggins and Josephson rejected the notion that the Peace Corps should:

"Proceed cautiously, start with small pilot projects, don't make mistakes, limit the program to 1,000 or 2,000 for a beginning (some say a few hundred), don't let this experiment get out of hand—in other words, find out the appropriate dimensions of the program by cautious exploration."

We argued that a small program would be more likely to fail than a larger one. It would simply not be significant enough to capture the required attention either at home or abroad. Moreover, even if after four years 50 countries each received 100 volunteers, their contribution could be negligible. Finally, we argued that a small program would provide insufficient opportunity for Americans to serve and insufficient numbers of Americans with grass roots overseas experience to return to enrich the life of the United States.

Thus, from March 1, 1961, to 1966 the maximum number of Peace Corps volunteers in service at any one time grew from zero to more than 15,000 in 69 countries.

Mrs. Ruppe tells me that foreign government ambassadors and other officials, assistant secretary of state after assistant secretary, American ambassador after American ambassador tell her time and time again that they could use more volunteers and use them well.

Nor have I any question that the same spirit and commitment that animated you still animates many hundreds and thousands who would volunteer and serve if the opportunity presented itself in a concrete fashion. For example, Senator Hatch of Utah in arguing unsuccessfully on the Senate floor for the retention of the Peace Corps in ACTION cited statistics which show a rise in Peace Corps service inquiries and applications:

	Fiscal year 1978	Fiscal year 1981
Applications	13,661	[1] 15,622
Nominations	7,987	8,382
WATS Line inquiries	37,902	[2] 53,917

[1] The applications received are as of Sept. 30, 1981.

[2] The WATS Line inquiries data is as of Sept. 30, 1981.

Yet, Budget Director David Stockman has proposed a 12 percent fiscal 1983 budget cut even though the constant dollar value of the current Peace Corps budget is equivalent to its 1963 budget.

According to Mrs. Ruppe, who is vigorously opposing the proposed reduction, it would require the Peace Corps to withdraw from fourteen more countries. It has already withdrawn from Colombia, the Ivory Coast, Korea and Nicaragua. It plans to withdraw from Chile.

Thus, we are at or approaching a Peace Corps of the size that Wiggins and Josephson twenty years ago thought insufficiently significant.

In the United States, today and for the foreseeable future, about two million men and women come of age each year. Annual military manpower needs, now met on a voluntary basis, are for about 400,000.

A Peace Corps of 5,000 os offering service opportunities to 2,500 or so a year, about one in 600 of the million and a half or so remaining after the military's needs are met.

In "The Towering Task", Wiggins and Josephson said that a Peace Corps that offered places only to one out of 600 or even in the proportion that the size of a 5,000 person Peace Corps bore to the number of college graduates in the annual population cohort was ". . . an insufficient number to produce a[n] . . . impact [foreign or domestic] of great enough importance to be a major justification for a National Peace Corps".

I believe that even more firmly today. If the overseas demand is there and the desire for service is here, budgetary limitations should not constrain the natural growth of the Peace Corps, not even should its cost approach that of some major weapons system.

Wiggins, in a speech at Notre Dame's 20th Anniversary Peace Corps Celebration on March 5, 1981, deplored the fact that, "Today nearly all of the initial structural characteristics of the Peace Corps are the same as in 1961. But the context in which the Peace Corps is and will be operating is radically different." In his characteristically creative way, he specified radical new approaches, which time does not permit me here to describe in detail, rather than to ". . . see another two decades of more of the same with the same countries . . . and less and less relevance to the world of the 1980s and 1990s."

Maurice Albertson of Colorado State University and Andrew Rice, who worked on the 1959–60 Congressionally sponsored Point IV Youth Corps study which was one of the precursors of the Peace Corps, also have a substantial proposal circulating for a comprehensive evaluation of the Peace Corps in time for its 25th anniversary.

I think that the Albertson/Rice proposal should look more forward than backwards. We need to know not only what the Peace Corps is or has been but what it can be and what it should be. We need a good survey of what foreign countries needs for foreign volunteer manpower will be over the next decade. We need to know what skills they will require and how they can best utilize those skills. We need to confirm the Gallup Poll's findings that Americans in overwhelming numbers still desire voluntary service notwithstanding the Peace Corps' present recruitment statistics. We need to know what those Americans want to do, where they want to do it, when they want to do it and how they want to do it.

We need to relate these efforts to the similar efforts going on in our sister nations who have their own foreign or domestic voluntary service programs.

We need to pay attention to what is the right vehicle for the principal United States voluntary service effort. In February 1961, I wrote a memorandum suggesting that some quasi governmental or even nongovernmental form might ultimately prove to be the best vehicle for the Peace Corps. I used the structure of the American Red Cross as a model.

We then decided that the Peace Corps had to start as a government agency like any other, and I think that was the right political judgment at that time.

Now I think that that judgment needs to be reevaluated, if not by Albertson and Rice, then by all of us.

Representative Bonker obviously thinks so too. He has reintroduced his bill to make the Peace Corps a government corporation insulated from the Executive Branch by a representative board.

Representative Leach of Iowa has introduced a bill calling for a Peace Corps Academy.

In this context, the effort to move the Peace Corps out of ACTION and into independence from any other government agency is an obvious step in a necessary direction.

Against this backdrop, it is ironic and disheartening, that, while the President speaks of expanding the opportunities for voluntary service, the Office of Management and Budget persists in its efforts to abolish two of this country's three federally-sponsored voluntary service programs, the Young Adult Conservation Corps and VISTA, as well as substantially reduce the Peace Corps' budget as I described above.

The Peace Corps, in my mind, has always been linked with broader notions of national training and service, voluntary certainly and perhaps even compulsory.

The October 1981 National Service Newsletter reports a July 5, 1981 Gallup Poll that public support for compulsory national service, at least for men, had reached its highest level since 1969. The public now supports mandatory one year service 71 percent to 24 percent. This is roughly the percentage of support in 1969. By 1970 support had fallen to 58 percent to 25 percent. Public support reached its low point of 60 percent to 33 percent in 1979, although even then voluntary national service was strongly fa-

vored by four out of five 13–18 year olds and five out of six 18–24 year olds. California's Representative Paul McCloskey has long supported a national service act, which he has introduced in the House, and he recently spoke on this subject at the 60th American Assembly Conference on Military Service in the United States sponsored by Columbia University.

Senator Sam Nunn of Georgia told the Wall Street Journal on August 19 that he also planned to introduce national service legislation.

My friend, Senator Bill Bradley of New Jersey, also revived the idea to applause in a speech at Washington University on September 6, 1981.

Even the current Attorney General's Task Force on Violent Crime said on August 17, 1981 in its final report:

". . . we suggest that some form of national public service might be appropriate as a means to provide a portion of the structure now lacking in many young people's lives. . . . In this regard . . . we do urge the Attorney General to initiate a study of the feasibility of establishing such a national service program, including an examination of the issue relating to whether it should be compulsory or voluntary and the costs associated with such an undertaking."

Two former Defense Department officials, Richard Danzig and James Lacy, have persuaded the Ford Foundation to spend a (very) little money on the feasibility of a detailed study of the costs and benefits of national service. That full study has not yet been funded, but funded it should be.

So I leave you at the end of this review of where we have been and where we are now with this challenge. Ideas that are very near and dear to all of us are very much in the air. How they will become manifest and when they will become manifest depends more than anything else on what we here and our colleagues across the country who have served in the Peace Corps do with them.

What we need most is to have a vision, to see all of these efforts as part of a worldwide "caring" impulse, to use a participle repeatedly used by Shriver in his Second National Peace Corps Conference speech.

Those of you who attended the Second National Conference of Former Peace Corps Volunteers and Staff at Howard University in June may remember the final paragraphs of Sargent Shriver's remarkable conference closing speech. In calling for caring involvement and action by all of us, he said:

"The task is immense! Warren Wiggins and Bill Josephson twenty years ago called it—'the towering task'. Well, my friends, in 1981, 'the towering task' still towers before us; but, thank God, we still have the Corps of Peace—that body of human beings who know and have known, that America's destiny is not to be policeman of the world, monarch of the world, Caesar, Imperator, Rex, or Deus. But servant—servant of people, servant of peace, saviors of humanity.

"It's a big task; but it's fun; it's joy; it's the true pursuit of happiness! May you all grow young in the achievement of it.

"Volunteer!!"●

PRODUCTIVITY AND STRUCTURAL CHANGE

● Mr. HART. Mr. President, America's productivity slowdown underlies the recent decline in our living standards, makes it harder to prevent inflationary wage and price increases, and diminishes the international competitiveness of American products and services. Arnold Packer, in a thoughtful study commissioned by the Center for Democratic Policy entitled "Productivity and Structural Change," concludes that employment shifts among industries account for a significant amount of the recent productivity decline.

Packer recommends that the United States adopt a highly activist policy—akin to the science and space efforts of the sixties—designed to assist the U.S. private sector in meeting worldwide needs in energy, food, health, and education/training. Packer believes that this approach would have considerable benefits to the U.S. economy, too. They would increase U.S. productivity and increase the Nation's supply of high productivity, high wage jobs.

This study represents a creative alternative approach to solving our productivity problem. I ask that it be printed in the RECORD.

The study referred to follows:

PRODUCTIVITY AND STRUCTURAL CHANGE

(By Arnold Packer)

GENERAL PRODUCTIVITY POLICIES

In 1973 oil prices exploded and productivity growth disappeared from the American economic scene. The disappearance of the miracle elixir has been blamed for our lost international competitiveness, our incapacity to combat inflation, and the end to the rising standard of living for the average American. A plethora of cures—supply side economics, business tax cuts, and a reduction in the size of government—has been prescribed. Unfortunately the policy debate is clouded by inexact definitions and imprecise measurements. The causes of productivity growth and of its disappearance are unknown. There is even considerable confusion concerning what a resumption in productivity growth implies for the average American.

Mainstream American economists do not believe that much can be done explicitly to alter productivity performance. The conventional advice is to maintain stable growth, encourage investment through tight fiscal policy and easy monetary policy (so that interest rates can be kept low), reduce business taxes, increase incentives to save, and control government spending. Reducing government regulation and other harassment is also endorsed. Except for the fiscal/monetary mix (and that exception is as big as a rhinoceros and twice as ugly) most of these recommendations have been accepted by the public and carried through with a vengeance by the Administration.

More liberal mainstream economists also endorse adequate training and apprenticeship programs and support for research. Some advocate improvements in infrastructure—education, transportation, and other services (water, sewer, etc.)—or special programs to help the adjustment process such as training and relocation instead of income maintenance for those laid off in contracting industries. Most economists recommend against subsidizing loser industries (and thus criticized the recent tax legislation that allows losing firms to sell their tax losses) and advocate keeping our international competitors honest via GATT and similar monitoring devices.

This author agrees with most of the above. This paper, however, argues that, in addition, the United States can improve productivity most effectively by helping create winner industries while solving national and/or international problems. As will be shown in the concluding section this is quite different from their subsidizing losers—inefficient "lemon socialism"—or "picking" winners—which the private sector can clearly do better than the government.

The paper is organized as follows: the next section defines the concept and discusses measurement issues. Following that is a section on the importance of productivity growth. Next, the paper describes the problem: we feel productivity growth is not what it should be, but compared to what? U.S. productivity growth is compared first to the performance of other countries and then to our own pre-1973 experience. The second half of the paper is more directly policy-related and more controversial. A case is made that new industries cause productivity-increasing structural change; that governments—ours and others—can and do help create high-productivity industries; and, finally, that the U.S. should seek to create industries that simultaneously solve public problems (e.g., energy shortages or world hunger) and provide high-productivity employment.

PRODUCTIVITY DEFINITIONS AND MEASUREMENT

It is best to begin with definitions. The standard, to which most of the published numbers refer, is output per hour worked or labor productivity. On the basis of this definition the U.S. passed through a golden era of productivity growth in the period from 1947 to 1965. During that period U.S. productivity growth (for the private business sector) was higher by half (at 3.1 percent annually) than it had been during the 25 years prior to World War II (2 percent annually). From 1965 to 1973, productivity growth fell to a little better than the prewar standard (to 2.4 percent annually). Since 1973, the average rate of gain in output per hour worked in the United States has been only 0.6 percent per year. As a result, productivity growth over the postwar quarter century—1947 to 1982—will have been little different from that experienced during the prewar quarter century. Before trying to understand why the golden performance tarnished and then disappeared, it is well to consider some of the measurement issues. These issues are much more than quibbles among technicians. They disguise many of the conceptual and philosophical questions that lie beneath conclusions about the diagnosis of, and solution to, the productivity problem.

Productivity is conventionally defined as output divided by hours worked. One measurement issue is the restriction of the denominator to labor input. Capital and raw materials—especially energy—are also important inputs to the production process. (Measures of total factor productivity are also available but infrequently used.) The price of both of these non-labor inputs has increased rapidly in recent years. A change in the production process that conserves on capital and energy and expends additional labor should not necessarily be defined as undesirable. There are some observers—such as Dale Jorgenson at Harvard—who believe that this substitution is the reason for reduced growth in measured labor productivity. In particular, they believe that the increase in energy prices which began in 1973 has led to attempts to conserve on that input by using more labor.

A second issue with the denominator is the restriction to hours worked in the market economy. Consider the following paradox. If a group of workers becomes unemployed (say, in a recession) the group's output naturally falls. Common sense tells us that these workers' real net productivity will diminish also, even if they find some useful activity to pursue at home. As far as the official calculations are concerned, however, the unemployed persons are no longer relevant, since the denominator only counts paid hours. If the laid-off workers were those whose productivity was below average, then the measured average productivity of those still working will automatically increase. Or, conversely, if additional workers entering the labor force have relatively low productivity, then the new entrants will drag down the average. If productivity were to be defined as output divided by hours potentially workable

then productivity growth would have measured close to zero since 1973, since the unemployment rate went up from 4 to 7 percent or higher.

Another, more significant, issue is obscured because the statistics limit the definition to hours worked in the market economy. Nancy Barrett of American University believes that this definition masks an important trend. Many observers have pointed to the changing demographics of the labor force as one of the reasons for the initial productivity slowdown. In recent years, as women have left unpaid housework, many have taken relatively low-paid, low-productivity work in the market economy. The change in their employment status has thus tended to drag down he average productivity of the work force as conventionally measured. Even though the real net productivity of these female workers in general went up, their employment in the market caused a decline in average productivity because of the measurement process.

Measuring output, the numerator in the producivity ratio, is not straightforward either. The output measure has all the problems of the measure of Gross National Product (GNP). Expenditures that solve air, water, and noise pollution problems are counted as equivalent to expenditures that degrade the environment. To the extent that the country's efforts have been directed to environmental or safety goals, it is not surprising that measured labor productivity has not grown as rapidly as when the environment was considered a free good for all to exploit.

Changes in quality and product performance cause other difficulties in finding unambiguous measures of output. This year's auto is not quite the same as last year's; even the quality of steel varies from year to year. And these are the easy questions. How does one account for quality in services or construction? These issues, now mostly the purview of technicians, structure our view of productivity. From a policy point of view, they suggest that looking at overall productivity is not as fruitful as looking at productivity on a sector-by-sector basis. Improving the productivity of the insurance or medical care industries is very different from improving productivity in manufacturing.

WHAT DOES PRODUCTIVITY GROWTH PROVIDE?

Politicians, business, and the general public "know" that productivity growth is important. How else will U.S. products compete overseas, inflation be subdued, and living standards increase? What, however, is the connection between productivity growth and these goals?

Adoption of floating exchange rates in 1971 meant that productivity became a less important criterion of export competitiveness. International trade competitiveness depends on wages and exchange rates as well as on productivity. If labor costs at General Motors were to increase 5 percent faster than those of Toyota, but the dollar were to fall 5 percent relative to the yen, then the relative prices of Chevrolets and Toyotas would remain unchanged. When all three factors—productivty, wages, and exchange rates—are considered, unit labor costs in manufacturing in the United States rose less than in all other industrial countries between 1960 and 1979. Productivty, however, is a major determinant of the relative value of currencies.

A decade ago the relationship between productivity growth and inflation was easy to describe. Like many other things, unfortunately, the relationship is more complicated in the 1980s than it was in the simoler days of the early 1960s. In the 1960s, when oil prices and interest rates were stable, prices increased about as fast as unit labor costs. If wages went up 5 percent a year and productivity grew by 3 percent a year, the difference—of 2 percent a year in unit labor costs—would generally be equal to the overall rate of inflation. If productivity grew by 4 percent and wage increases remained at 5 percent, inflation could be halved.

In recent years, when inflation has been in the 10 percent range—and oil prices and interest rates were gyrating rapidly—the arithmetic has been very different. Increasing productivity by an additional one percent has not been nearly as important as a change in OPEC politics in determining the U.S. inflation rate. Unit labor costs and inflation are not synonymous when nonlabor costs like oil, food, and interest rates become so important. In fact, the inflation since 1973, at least, has not been caused by wages; instead, labor has borne a disproportionate share of the burden. Finally, one percent productivity improvement is clearly less significant when inflation is 10 percent rather than 2 percent.

In the long run, however, productivity growth may be an important counter to the otherwise intractable inflation problem we face. This long-run relationship exists because of the linkage between productivity growth and improved living standards.

Let us examine this linkage. Assume in what follows that non-labor costs behave similarly to labor costs so that the increase in unit labor cost is equal to the inflation rate. Unit labor cost increases are also equal to the difference between increases in compensation and increases in productivity. Now, increases in unit labor costs—and, thus, inflation—can be zero if compensation increases are equal to productivity. This is true if, for example, wages go up by, say, three percent, but they are fully offset by a three percent productivity increase. Unit labor costs are unchanged and there is zero inflation. Note that the increase in real (inflation-corrected) compensation is also three percent. The average worker's standard of living has increased by three percent, or the same as productivity. Now, let wages go up five percent and productivity increases remain at three percent. Now unit labor costs, and thus inflation under the assumed equality, will increase by two ptrcent (five percent wages minus three percent productivity). Note again that real compensation still increases by three percent (five percent wages minus two percent inflation) or the same as productivity.

Thus, productivity growth, other things being equal, will determine whether workers are going to find themselves winning or losing in the real battle against inflation. With productivity growth, workers can generally keep ahead of inflation irrespective of whatever that inflation rate may be. If productivity growth is three percent, and if the inflation rate is two percent, average wage rate increases of five percent and a three percent increase in purchasing power are likely. If productivity growth remains at three percent, but inflation climbs to 10 percent, average wage rate increases of 13 percent and the same 3 percent increase in purchasing power are likely. If productivity is falling, however, then the average wage rate increase will fall behind inflation. This relationship—between real (i.e., inflation-corrected) compensation and productivity growth—is irrespective of the inflation rate and will hold true even if there is no inflation or falling prices.

Many believe that inflation can never be cured without wage restraint, or alternatively stated, by holding wage increases close to productivity increases. Labor frequently demands that future wages at least keep up with past inflation, and the result is like the problem of a dog chasing its tail or a "wage-price spiral." This spiral may never be broken unless productivity increases. Declining productivity—and wages falling behind inflation—will lead workers to demand higher and higher wages, which in turn result in higher prices, and make futile the attempt to catch up. Increasing productivity—and an increasing standard of living—could slow the wage-price spiral. If an incomes policy, or wage restraint, is necessary to cure inflation, then productivity growth, and an increase in real compensation, will be required to get the labor union support needed to make such a policy possible.

Despite the vagaries of measurement, the intricate connections between cause and effect, and other mysteries, the need for productivity growth is relatively clear. Productivity gains are necessary if President Reagan wants a different answer in 1984 to the question he asked in 1980, "Are you better off now than you were four years ago?"

INTERNATIONAL COMPARISONS

Any search for villains and remedies to the productivity growth disappearance inevitably leads to international comparisons. Is the U.S. doing better or worse than its competitors? To minimize confusion, it is important to keep in mind the difference between productivity levels—in which the U.S. is still doing better than anybody else—and changes in productivity—in which we are doing worse than anybody. In 1980, the United States' overall efficiency, as measured by gross domestic product per employed person, was 8 percent higher than Canada's, about 10 percent higher than that of France, Germany, and the Benelux countries, 30 percent above the Japanese, and 40 percent greater than the Italians or British.

The more rapid rate of growth in other countries, however, is closing the gap, in some cases quite rapidly. In 1960, for example, our output per worker was four times greater than that of the Japanese. During the last twenty years the U.S. productivity growth rate has been substantially less than that of most other countries. It was even less than that of the British; only half as great as most of Europe's; and thirty percent of the Japanese growth rate. By the end of the current decade, unless things change dramatically, we are likely to be one of a very large number of nations with similar productivity.

International comparisons are imprecise because of the problems of comparing output among countries. Comparing even items that are traded—such as autos—is difficult. How many Toyotas is a Cadillac worth? That depends on relative prices, but relative prices depend on exchange rates. (And prices depend on material as well as labor costs.) Exchange rates, however, move in volatile fashion and in response to changes in interest rates and other factors. The problem of comparing non-traded services (e.g., medical services) is even greater. In addition, there are problems of data quality and differences in the composition of GNP. Getting a solid base for comparison is therefore quite difficult.

The comparisons made above use the cost of buying a market basket of goods rather than volatile exchange rates to compare the output of various countries. Comparisons using exchange rates made the U.S. situation look worse up until the recent increase in the dollar's value. For example, when the dollar was at its nadir in 1977, comparisons in the popular press showed the U.S. behind a number of countries in output per worker. The apparent loss in leadership disappears if a more stable output measure is used.

THE PRODUCTIVITY GROWTH SLOWDOWN

International comparisons are one way to know the U.S. has a productivity problem. Another is to compare the recent productivity slowdown with an earlier period. It is most useful to compare the 1948–65 "golden age," when productivity grew by 3.1 percent annually, with the 1973–80 "slowdown" period when growth was only 0.6 percent

annually. The table on the next page does that for the private business economy and for thirteen sectors within it. As shown in the table, manufacturing productivity increased an average of 1.3 percent per year in the slowdown, somewhat less than half its growth in the golden age.

Why the overall slowdawn? The most frequently-offered answers are government regulations, the erosion of the work ethic, the reduction in investment as a share of GNP, and the increased proportion of less-experienced workers as women and the baby-boom children entered the labor force in increasing numbers. If these were the reasons for the productivity slowdown, however, then the fall-off in productivity growth should have been pervasive. However, the productivity slowdown was less in manufacturing (57 percent), which should have been most adversely affected by the factors most often cited, than in the overall economy (80 percent). For example, the manufacturing sector should have been especially hit by the burden of government regulation. (Utilities and mining did, however, perform poorly.) Similarly, an investment shortfall, or the lack of an experienced work force, should have had as much of an effect on manufacturing as any other sector. So would the disappearance of the work ethic. Some of the obvious answers, moreover, are incorrect. For example, there is little evidence of a lessening of the work ethic in the absenteeism or labor turnover data. Also, gross investment has not declined as a share of GNP; there has been, however, a decline in investment growth relative to labor force growth.

A great deal has been made of the productivity slowdown in mining. And, indeed, the 4.3 percent average annual increase in mining productivity during the golden age reversed during the slowdown to a 4.8 percent annual decrease. This reversal accounts for almost one-tenth of the total slowdown between the golden and slowdown periods. Many blame this on regulation in the coal mining industry, but only 15 percent of the change in performance in the mining sector came from a reduction in coal mining productivity; most of it—83 percent—came from poor productivity performance in the oil and gas industry. That slowdown, moreover, is more likely to be the result of the increased price of oil and natural gas than of any other factor. The increased price makes it profitable to drill and develop wells that require much more manpower per barrel (offshore wells, for example). Even the reduction in coal mining productivity could have been caused in part by the higher energy prices that make marginal mines economical once again.

If the conventional clues are not the answer then who, or what, is the culprit of purloined productivity? Sherlock Holmes solved one of his most famous cases by noting that the dog did not bark. What did not happen was a more instructive clue than the more obvious, but misleading, evidence. What did not happen in the productivity case was beneficial "structural" change.

PRIVATE BUSINESS ECONOMY AND COMPONENT SECTORS PRODUCTIVITY GROWTH RATES BY SECTOR, SELECTED PERIODS

[In percent]

	Growth rates: Average annual rates of change		Contributions to productivity growth slowdown by sectors average annual rates of change	
	1948–65	1973–80	Percentage points	Percent of total slowdown
Private business	3.1	0.6		
Mining	4.3	−4.8	0.20	8.0
Manufacturing	3.0	1.3		
Durable	(2.6)	(1.1)	.29	11.6
Nondurable	(3.3)	(1.6)	.20	8.0
Transportation	2.4	.5	.11	4.4
Communication	5.5	5.9	−.11	−4.4
Utilities	6.3	.7	.11	4.4
Trade	2.7	.5		
Wholesale	(3.1)	(−.3)	.24	9.6
Retail	(2.5)	(.7)	.24	9.6
Government enterprises	−.8	.8	−.4	−1.6
Agriculture	5.5	3.7	.16	6.4
Construction	2.6	−2.9	.36	14.4
Finance, insurance, and real estate	1.2	−.3	.17	6.8
Services	1.5	−.3	.18	7.2
Slowdown within sectors			2.11	84.4
Slowdown in shift effect			.39	15.6
Change in interaction term			.0	
Total slowdown			2.50	100.0

Source: Bureau of Labor Statistics, U.S. Department of Labor, October 1981.

STRUCTURAL CHANGE AND PRODUCTIVITY GROWTH

Productivity growth is often understood as a phenomenon by which the same goods and services are produced more efficiently each year. According to the traditional explanation, rolling mills get bigger, or furnaces are improved, and more tons of steel are produced per working hour. Or machine shop workers acquire the training necessary to turn out more products per hour. This "process improvement" arises from gradual increases in the quality and quantity of the capital stock, managerial capacity, and the quality of the labor force.

Process improvement, however, cannot be the only explanation for productivity growth. Changes in economic structure are also significant. A major cause of productivity growth is the shift of labor to the production of wholly new products or very different ways of making old products, resulting in much higher total productivity. These productivity increases occur not because someone works harder, or uses more capital to produce the same kind of steel, but because many workers are able to move from low-productivity—and usually low-wage—activity to higher productivity jobs.

The most frequent example of productivity-increasing structural change is a move from farming to manufacturing. This shift occurred as the U.S. and Western Europe industrialized and it is the reason for the dramatic growth rates in parts of the developing world today.

Over the very long term structural change tends to play a larger part in productivity growth than does pure process improvement. Certainly it was structural change—at least as much as process improvement in preindustrial manufacturing, trade, and agriculture—that changed the world's economy during the last 250 years. In the 1909–60 period overall U.S. productivity grew more rapidly (2.4 percent per year) than either farm or non-farm productivity (both at 2.1 percent) because workers were able to shift from agriculture to the high-productivity sectors. A substantial portion of the 2.1 percent non-farm productivity growth came from making products in 1960 that did not even exist in 1909.

In 1929, agricultural and manufacturing employment were almost equal. Between 1926 and 1965, agricultural employment fell by 58 percent while employment in manufacturing increased by 68 percent. In part, this shift undoubtedly was enhanced by growing agricultural productivity "pushing" workers out. The driving force, however, was the "pull" from manufacturing. Economic theory suggests, and correlation analysis confirms, that relatively high-productivity sectors tend to have relatively high levels of compensation (although wage differences among sectors are smaller than differences in the corresponding productivity levels). Workers in low-productivity, low-compensation sectors will seek employment in the higher-productivity, higher-compensation sectors.

The shift out of agriculture increased productivity significantly because farmers could find work in higher-productivity, higher-wage industries. Otherwise, the shift effect could have been negative as workers would have been forced to accept lower-productivity, lower-wage jobs. The pull of new opportunities was the motivating force to produce a much higher overall productivity level.

During most of our history, and especially in the golden age, workers were absorbed by the high-productivity sectors because those sectors grew rapidly in terms of both output and employment. The wage differential helped bring about structural change that increased productivity. In a full-employment vibrant economy, the dynamic is a one-way street. Workers want higher compensation; higher productivity provides the higher compensation; and the sectoral shift raises average productivity.

In a stagnant economy, however, things work differently. Productivity increases can "push" workers out of their occupations, either to unemployment or to lower-wage, lower-productivity jobs. Many observers believe that future structural shifts will lower average productivity because the U.S. is becoming a service economy or because the shift out of agriculture is exhausted. But that is another way of saying the economy is stagnant. Workers will obviously leave low-wage, low-productivity jobs in the service sector the same way they left similar agricultural employment (or lower-productivity jobs in the household sector) if better jobs are available. The problem is to bring about the availability of better jobs.

This line of reasoning is supported by the data. The figures in the right-most column of the table on page 24 show the contribution of each of the 13 sectors to the slowdown between 1948–65 and 1973–80 (e.g., 8 percent to mining, 11.6 percent to durable manufacturing). These only add up to 85 percent; the rest is a result of shifts among

the 13 sectors. Indeed, the reduction in the shift variable accounted for almost one-sixth of the slowdown. This was more significant than the productivity changes within any of the thirteen sectors.

Further evidence of the lack of structural change might be disclosed by further investigation of individual sectors, such as retail trade, in which previous structural change may have ceased. As shown in the table, almost one-tenth (9.6 percent) of the slowdown in overall productivity occurred in the retail trade sector. Productivity growth in the retail trade sector fell from 2.5 percent annually in the 1948 to 1965 period to 0.7 percent in the 1973–80 period.

Although the productivity in the retail trade sector may relate to the extension of working hours to accommodate families where both parents work all day, and the trend back to specialty stores, these trends in hours or store size hardly seem significant enough to have accounted for the dramatic slowdown that has been experienced. An alternative explanation is that something may have happened in the earlier period that is not happening now.

In the 1950s and 1960s the predominant form of U.S. retail food business changed from small "Mom and Pop" stores to major supermarkets. This restructuring created a new industry, and brought about substantial productivity increases. It is not that today's supermarket is any less productive than that of the 1960s. It is that the shift from small stores to supermarkets has ended, thus slowing the productivity growth rate. In 1958 almost a third (31 percent) of the workers in the retail trade industry were proprietors, partners or family members. In the 1958–68 decade the proportion fell by 13 percentage points to 18 percent. The decline in the 1973–78 period was only 3 percentage points, less than half the rate of the earlier period.

Like the absenteeism and turnover data, the retail trade story suggests that a deterioration in the work ethic is not fundamental to the productivity slowdown. Surely Mom and Pop worked as hard as the average supermarket clerk. Productivity did not grow so rapidly in the golden age because workers worked harder, but because superior organization and equipment gave them the opportunity to "work smarter" and to be more productive. Analogously, the slow productivity growth that we see today is not the result of any reduction of work effort, but of the lack of new opportunities to "work smarter."

Is productivity a function of what workers are willing to do, and therefore diminishing because the work ethic is eroding? Or is productivity more a function of what workers are permitted to do and eroding because our economy is not generating enough good jobs that allow people to rise to their potential? The answer to this question is crucial to solving the mystery of where productivity has gone and what policies are necessary to re-establish its growth. If you choose opportunities, then you need to reject the supply siders' emphasis on tax incentives for individuals and search for solutions dedicated to structural change in the U.S. economy. The search is difficult because the United States has not ever had a structural policy.

INTERNATIONAL LESSONS

Productivity performance in the postwar period in Japan and Germany suggests that we might be able to learn from these two countries. Productivity in Japan grew more than three times as rapidly as ours in the 1950–78 period. Despite a slowdown in the current decade which halved its earlier improvement rate, Japan's productivity in 1970–78 increased almost twice as fast as ours.

From all reports, the Japanese have been conscientiously restructuring their economy and intend to continue to do so. Their government recently announced a multimillion dollar program to develop software for their own computer industry. The Japanese Government, in consortium with industrial investors, intends to inject $70 billion into the computer industry during the 1975–85 decade and become the world's dominant computer power.* Japan is also actively restructuring its shipbuilding industry. Not only is this an attempt to expand the Japanese export markets but it is an attempt to shift their economy away from low-wage, low-productivity jobs to higher-wage, higher-productivity employment.

The German productivity increase has been more than twice as rapid as ours over the 1950–78 period and in the current decade. It is interesting to see how the Germans have restructured their apparel industry. Restructuring did not necessarily mean a smaller apparel industry, but one that makes a different line of products. They have permitted shirt-making and other low-wage activities to flee to Hong Kong, Singapore, and other Asian areas while Germany has moved into a high-style industry that can support high-wage jobs.

The Germans are actively examining the structure of their economy, convinced that they are going to have to adapt to profound changes in the world economy. One such change is the growth in the manufacturing capacity of the developing world. The Germans expect to export machinery and blueprints for machinery—high productivity activities requiring a skilled labor force. They anticipate that some of the machinery and blueprints will be used by the less-developed countries to produce products which Germany will no longer be able to produce competitively.

Another profound change expected by many Japanese and Europeans is the widespread use of microprocessing or highly automated factories. The Japanese experience with robots is well known. The German government and industry representatives are discussing technology changes with their labor unions in an attempt to persuade labor to accommodate and benefit from the transition rather than to resist it and make the transition more difficult. The Japanese are promoting information industries that economize on land, on energy, and on low-wage, unskilled labor and create good jobs for well-trained workers. This follows earlier five-year plans which first emphasized light manufacturing and then heavy industry. The important lesson is that those countries with the higher productivity growth rates are thinking about the structure of their economies. They are guiding the structural change with a view to producing high-productivity employment of their future workers.

POLICY POSSIBILITIES

If productivity growth is generated by new and growing high-productivity industries, as well as by process improvement of existing activities, what can be done to encourage this phenomenon in the United States? It is not the U.S. tradition to "pick winners" on a commercial basis, as other countries might. It is traditionally American, however, to "create winners"—in the private sector—in the achievement of national goals. We built our commercial aircraft industry in pursuit of national defense. Defense and space programs financed the early stages of the computer industry. The need for small, lightweight computers in our space program helped spawn the microprocessing industry. Because agriculture was a national priority, the government financed the Agricultural Research and Extension Service which, in turn, helped make U.S. agriculture so efficient. Leaving the job exclusively to market forces and Johnny Appleseed would be a less effective way of changing agricultural technology. Even the automobile and supermarket industries were, in part, a result of government transportation programs.

Thus, the United States stimulated new, high-productivity industries in the pursuit of national goals for defense, space, agriculture and transportation. This success can be repeated by addressing new problems. The world is short of energy and food. Better health systems and more effective education and training would benefit many. The U.S. has a comparative advantage in these fields. We are the technological leaders in energy equipment. Our expertise in growing, processing, and distributing food is unparalleled. U.S. pharmaceuticals and medical equipment set the standard. The universality of English, our technological edge in microcomputers and audiovisual equipment, and our experience with computer-based education make the United States the potential world leader in the export of education and training equipment and materials. Policies designed to assist the U.S. private sector in meeting worldwide needs in energy, food, health, and education/training would increase U.S. exports and, in the case of food and energy, reduce inflationary pressures on scarce resources. Successfully carried out, these policies would also increase the supply of high-productivity, high-wage jobs in the U.S., and, thereby increase U.S. productivity.

As an example of how to make these ideas more concrete, consider the following. The U.S. government could establish a program called "The U.S. Private Sector in the Solution of World Problems." The program would be financed by setting aside a small portion of the funds allocated to military assistance, foreign assistance, agriculture, education, training, health, and energy. The program would subsidize research and development, pilot programs, feasibility studies, and similar activities by private sectors firms directed to one of the following problems:

1. Literacy, education and training; 2. Hunger; 3. Energy; and 4. Health.

Criteria for selecting projects would include the contribution to solving the problem in the United States and the developing world; contribution to U.S. security (by, for example, increasing the political stability in the Middle East or Caribbean; contribution to lessening inflationary pressures on scarce materials (e.g., energy or food; and the creation of high-productivity, high-wage jobs in the U.S. private sector. It is these "public goods" aspects of the proposed projects that justify the public expenditure—the benefits of a successful outcome far exceed the profit that can be captured by any firm.

The following are some examples of what such a program might fund. The U.S. is a leader in genetic engineering, a science that can transform agriculture. Potential sales for seeds seedlings, and breed animals, and the infrastructure required to produce the new crop or livestock is enormous. These sales will yield profits and employment domestically and reduce food prices and hunger worldwide. A national program could provide support for the research and development here, and pilot programs and feasibility studies overseas. Similar efforts could support the markets for storage devices (the loss of crops between field and marketplace in the developing world frequently exceeds 20 percent) and food distribution equipment.

We have a comparative edge in oil and gas drilling equipment. Assistance could be used for coal mining equipment, solar devices, or biomass equipment that transform agricultural wastage (e.g., rice hulls or coconut husks) to energy. Obviously, analysis of market size, opportunity, and competition has to be done; and the government could help finance the private sector to do it.

In health, the U.S. private sector might sell

*See Christopher Evans, *The Micro Millenium*, Washington Square Press, 1979.

anything from a complete turn-key project for a hospital, diagnostic center, or pharmaceutical manufacturing facility to X-ray equipment or a do-it-yourself kit to check blood pressure or pregnancy. Concessionary financing to developing countries for the large projects, or the purchase of the small items would be appropriate—if a successful purchase or sale would lead to further unsubsidized sales from the U.S.

Education and training in the U.S. are likely to undergo a revolution in the next two decades as courseware is developed for proliferating microcomputers and associated audio visual equipment such as videodiscs. Hastening the educational revolution will hasten the resulting productivity increases and reduced public expenditures in this country. The market overseas, moreover, is enormous. Federal expenditures for courseware development, pilot programs, feasibility and demonstrations are well justified.

The mechanics of a program is not the important question. Instead, the following business-like inquiry should be made: Are there domestic or international needs that the U.S. economy can better meet than it does now? Will meeting these needs produce profits, high productivity, jobs *and* public benefits also? If so, what forms of assistance will assist (but not supplant) private market forces?

Increased productivity, in its most meaningful form, means enabling workers to come close to their potential economic contribution. Productivity is clearly diminished when unemployment and under-employment soar, at the same time that human needs for food, health, education, and energy persist. Yet that has been the story of the post-1973 era in the United States and most of Europe.

The United States, in the spirit of private enterprise, must identify needs it can fill and take the steps necessary to meet them. These steps will likely combine the efficiency of private enterprise and the incentives that the federal government can provide. The program suggested above, "The U.S. Private Sector in the Solution of World Problems," is one way it could be done. The ultimate question is whether we have the vision and will to do it.●

CRIMINALS DISGUISED AS REFUGEES

● Mr. EAST. Mr. President, we need to regain control of our borders. For almost a decade the problem of illegal immigration has been "out of control" to use the phrase of former INS Commissioner Leonard Chapman. According to the Attorney General, illegal aliens are now coming at the rate of 1½ to 2 million per year.

Are we going to wait until foreign terrorists begin to practice their bloody trade here before we make the needed reforms to allow proper screening of entrants? Some evidence is already available indicating that unfriendly foreign governments are sending in agents. Without question they are dumping common criminals on our shores as an article in yesterday's Washington Post demonstrates. We must remain generous to genuine refugees, but proper screening is necessary before any foreigner is allowed to enter our country. I ask that the story entitled "America's New Bandidos: Flotilla Toughs" be printed in the RECORD.

The article follows:

[From the Washington Post, Dec. 8, 1981]

AMERICA'S NEW BANDIDOS: FLOTILLA TOUGHS

(By Joyce Wadler)

NEW YORK.—The argument in the Nine Fifty Lounge, in the Fort Apache section of the Bronx, had been noisy and nearly violent. In the beginning, Ramon Batista Carrelero, a Cuban refugee who came to this country in the 1980 Freedom Flotilla, had served as a peacemaker.

When his friend Ramon Pena pulled a knife on the manager, Carrelero helped take it away. When Pena went to the car and returned with a machete, Carrelero dragged his friend out.

But at 1 in the morning, when the two returned, the situation changed. Carrelero, who, in the manner of many Cuban toughs, has a tattoo between thumb and forefinger, was carrying a .32-caliber pistol. Pena had a 12-gauge shotgun.

The crime that followed would be described by the judge who passed sentence as the most vicious he'd seen in 45 years of practicing law.

Carrelero, according to seven witnesses, put a gun to the head of a patron with whom he had been arguing earlier, pulled the trigger and killed him without speaking a word. Pena yelled at the manager that he said he'd return, then shot the manager in the chest. The manager fell behind the bar, where Carrelero knelt beside him. "Jose," he said in English. "Can you hear me?" Then he spat at him, though they were friends, kicked him, put the .32 to his head and shot him.

One more man, according to court testimony, died by Carrelero's hand that night: a patron, unknown to Carralero, who had run to hide under a table when the shooting broke out. Carrelero spotted him, reached beneath the table, put a gun to the man's head and squeezed the trigger. Eight days later, the man died.

Sentencing Carrelero last week, Bronx County Supreme Court Justice Jack Rosenberg gave him consecutive sentences totaling 75 years to life. He also made a sarcastic comment regarding the Freedom Flotilla, thanking Fidel Castro for his "generosity" in dumping "this caliber person on our shores."

There is bitterness in the Bronx—and in New York City—regarding the flotilla these days.

In the last year, according to police, there have been an estimated 1,000 arrests in New York City of Cubans who came to this country in the Mariel, Cuba-to-Key West boat flotilla of the spring of 1980.

There were claims at that time that many of these refugees were criminals—that Castro was emptying his prisons into the boats at Mariel. There were counterclaims that the former prisoners were being held for political crimes, or for minor infractions of the law.

But it seems clear that the boats also carried violent criminals, and many of them have migrated to New York.

They came to this country, in many cases, bearing the tattoos with which they were marked in prison or which they gave themselves. They came with their own jailhouse religion and, according to police, with a penchant for high-caliber weapons and amazing bravado. And if their records were unavailable to U.S. officials when they entered the country, they are becoming known now.

"They seem to be the dregs of Cuban society, the sweepings of jails and streets," says police Lt. James McGowan, who with Lt. John Decker heads a special intelligence unit devoted to Cuban boat criminals in the Bronx.

"We got the cream of the Cuban refugees right after the revolution," says Det. Andy Lugo of the squad. "This time Castro kind of evened the score—he sent us all the garbage."

Lugo is a native New Yorker of Puerto Rican extraction, out of East Harlem, who because of his fluency in Spanish was assigned early on to aid in Cuban arrests.

One of these, out of a neighboring precinct, involved a 32-year-old boat person—a Marielista—named Guillermo Valdez. According to police, Valdez arrived in New York in August. Between then and late December he built up an arrest record in New York City alone that included accusations of a half-dozen armed stickups.

In nearby New Jersey, according to police, Valdez and another man, Juan Castro, robbed four homes. In one of those robberies, a husband and wife were handcuffed to their bed, and the wife allegedly was raped, in the presence of her husband, by Castro. A few days later Castro and Valdez allegedly hit a small bodega, Mi Preferida, on West 174th Street, in the Bronx. The owner, William Belin, had worked two jobs to open his grocery, and had been robbed two months earlier. He was working, that night, with his 15-year-old nephew, Adolfo.

Adolfo remembers the night clearly. Two men burst in. "Esto es un asalto," they shouted. His uncle gave them $200, but they thought there was more. They shot Adolfo's uncle repeatedly as he lay beside Adolfo on the floor. They shot Adolfo, too. Adolfo remembers that his uncle seemed to be sleeping, and died after the ambulance came. This week, Valdez goes to trial, charged with homicide.

Considering crimes of this nature, in what is already the most beleaguered borough in New York, seems to heighten Lugo's disgust.

"Letting these guys in was like Custer calling for more Indians," he and the men in his squad like to say.

Lugo and detectives Bill Modesto, Donald Benderoth and John Tracy have been working the Marielistas for about a year now. Tracy, who speaks no Spanish, is the inside man, compiling the records and pictures and getting cranky with the Feds because they give him no information; Modesto, Benderoth and Lugo often work undercover, roaming around the Bronx streets, checking the "boat houses"—often abandoned buildings—where the Cuban bandidos, as the police refer to them, congregate.

There is one Manhattan bar, they say, known by name in Cuban prisons. The newcomers go there to shape up for jobs, to find work, perhaps as a hit man, perhaps as an enforcer. Arrested, the cops note, the bandidos are extremely tough.

"We have no wedge with these guys; I had one guy in here, covered with scars, they must have beat him just for drill," says Benderoth, a lanky Irish cop, who, for his intensive course in Spanish, still has more Cagney than Castro in his accent.

"One guy told us there was nothing we could do to them" that hadn't been done in Cuba, says Lugo, "Stubborn to the end . . . one thing they learned early, people don't do anything here; they just rip you off, they don't worry about being seen. . . . One says, 'Great country, 20 people around and you never have to worry about witnesses.' . . . It's so much easier for them to commit crimes here; in Castro's Cuba they were picked up before they could commit a crime. . . ."

In Cuba, says Benderoth, "They got the Big Brother. CDR—the Council for the Defense of the Revolution—like blockwatchers—they hear you're up to something—no trial, no nothing, you stay in jail. . . . We had one guy, went to jail for four years for taking a bribe to fix a ball game . . . all he did was drop the ball. . . . These other guys, these bandidos, the decent Cubans have a name for them. . . ."

"Gusanos," says Lugo. "Worms."

Members of the squad have not concerned themselves much with the backgrounds of the men they arrest, primarily, they say, because it is a waste of energy. The Cubans they arrest came to this country without records, and they say attempts to obtain records have been frustrating.

"You can't get anything from the federal government," says Tracy. "You call them up and you get, 'Privileged information.' I called up this guy at one of the [refugee] camps—said he was a Federal Protective Services agent, I never even heard of them. The guy on my level, he was terrific, said he'd get back to me. Talks to the guy above him, gets

back to me, says, 'Forget it,' I don't know if they know anything either."

Nor does the team waste much time on a man's background, unless they have a good indication he can be used as an informant. They're not social workers, they say; they have no interest in which camp a man was detained at or what he did in Cuba. And anyway, the stories they get are all the same.

"No delincuente," says Benderoth, as the others laugh. "Not a delinquent—funny expression, you don't hear a Puerto Rican saying that. Always the same line. They were political prisoners, they didn't like Castro, they didn't want to go into the army—they all know where Angola is. . . ."

There is, police say, no background available on these men, and for this reason they have organized their own central system: arrest sheets of Cubans from around the area, including sections of New Jersey; photos of the suspects, augmented by surveillance shots. They have begun to learn about *Santerismo*, the jailhouse religion practiced by many *bandidos*—a religion in which a *bandido* will often go to a priestess, or *madrina* before a crime for strength or cleansing.

They have begun to identify the earmarks of a *Marielista* crime; the tendency of the *Marielistas* to carry out crimes in loosely organized groups, the high-caliber weapons, the brazenness of many of the crimes. In one recent stickup, they laugh, a Cuban gang of eight drove a U-Haul truck up to an appliance store in Yonkers—with six or seven witnesses in the store—and spent an hour stealing $100,000 worth of goods. They sold the goods to a fence for $3,000.

"They got the nerve," says Tracy. "They got the muscle. If they get the organization, watch out."

The *bandidos*, the cops say, often carry their criminal past with them. They may be tattooed, in the area between the thumb or forefinger, or on the inner lip. This may be a brand given to them in prison, it may be a mark they gave themselves, a badge of machismo. "Vive," a young Cuban, arrested in a shootout, has tattooed in his inner lip. He says it was the name of his girlfriend. Asked if the tattooing hurt, he shrugs.

Questioning the prisoners now, the cops check tattoos as part of the routine, a next step after looking up the nose to see if the man is a cocaine user—simple enough to deduce. Federal drug enforcement agents have supplied the Bronx cops with a run-down of which tattoos signify what—the cross for the supplier, the heart with word *"madre"* running through for execution—but so far, the detectives in the Bronx have seen only a few of those, and are uncertain of their significance.

They have, however, noted other tattoos. A common one is Santa Barbara, pictured with a crown and a snake, or San Lazaro, the patron saint of dogs, often pictured with a crutch and a dog. These tattoos follow the jailhouse religion of *Santerismo* or *Abaqua*—a bastardization, Benderoth thinks of Catholicism and the African gods.

Detectives Lugo and Modesto are sometimes able to infiltrate and had planned some months ago to attend a Santerismo rite in New Jersey, a holiday in honor of Santa Barbara in which animals were to have been offered. The rite never happened. A fight broke out in the building, the police were called, and the participants thought better of the idea. They had their reasons. The devout, in a cleansing ritual, bring not only themselves to be blessed, but their weapons as well. Police in such instances, are not welcome.

In another instance, however, Lugo and Modesto were luckier. Investigating a homicide, they came upon a madrina on Willis Avenue. There was a statue of San Lazaro in the middle of the room, the remains of chickens and other small animals under the sink.

The apartment, the cops say, was like a flophouse, with mattresses on the floors. There were easily 35 men in the room. The madrina told police she had sponsored 70 Cuban refugees, all former prisoners in Cuba, because they had no place to go. One man had already given the police another version of the story. The woman had taken them in, he said, for a price. Some paid $15 a week, others up to $30.

This, the police feel, is not uncommon—their information, from the street, is that many "godfathers" sponsored numbers of people for less than egalitarian reasons.

"We had a guy in Newark who sponsored 35 people," says Tracy. "His own little gang, we think. You sponsor them, get a piece of the action. If your thing is selling drugs, they get a piece of the drugs; if your thing is stickups, they get a piece of the stickup."

The business of the man in Newark, the police believe, was drugs. He is now deceased. He was shot in Newark by a man who his two sons had been seen shooting at in the Bronx. Four days after his death, one of his sons allegedly stuck up a pawn shop in Harrisburg, Pa., to raise funds for his funeral.

In the shootout with police that followed one son died. Nobody claimed the body. It was noted that the body was tattooed: "Te" on one eyelid, "Vi" on the other. Te vi is Spanish for "I saw you." Police informants have said that the man and his son were bandidos in Havana, and bandidos here.

"Bad guys," says Modesto. "Bad guys."

The question is how did so many "bad guys"—presumably screened by the government—manage to gain entrance to the community?

The Immigration and Naturalization Service refers questions to the Justice Department or the Office of Refugee Resettlement. The Justice Department refers back to INS. INS suggests the Federal Protective Service which, they say, was responsible for internal security at the refugee camps. FPS spokesmen say their agency was only one of several enforcement groups there.

The most straightforward explanation of what happened seems to come from Justice Department spokesman Art Brill, who says, in so many words, that sorting out criminals, in a population without records, was an impossible task.

"You have to remember what happened was very unprecedent, unexpected and explosive," he says, "They came over without portfolio, without any records under their arms, that's what made the whole blasted process so difficult in the beginning. There was an attempt to screen the criminals from the rest of the Cubans . . . but how do you do that; I dare you to line 100 Cubans without record books and pick out the three or four criminals; it's very, very difficult."

That brings it down to specifics, to perhaps say, Ramon Batista Carrelero, currently in Sing-Sing serving his sentence of 75 years to life. He was sponsored, he says, by a Pablo Macite, of the Bronx. Macite, speaking through an interpreter, said he had known Carrelero in Cuba, as a young man, when they had cut cane together. Carrelero had come to America on the flotilla with Macite's son.

Macite knew Carrelero had been in prison in Cuba, but he did not know why. Carrelero had been a good worker in Cuba, a good man, good to his father and mother. Later, Macite speaks to his son and says that Carrelero was in prison because he stole food.

In prison, in an interview, Carrelero, who had been convicted of shooting three men in a bar, tells the same story. He went to prison because he stole food for his family, that was his only crime. For this crime, he was sentenced to 15 years. He served the 15 years. In June, 1980, the guards came to the prison and took some of them out and he went on a boat to Florida.

He is a large, beefy man, with a small tattoo between the thumb and forefinger of one hand. The tattoo, he says, signifies nothing.

Carrelero insists he has had no life of crime. He had no gun. He never shot three men. He never shot anyone. There were 18 to 20 people in the bar that night, he says; the police have confused him with someone else. He says he was a victim of the system in Cuba, and it is the same here—the Bronx district attorney is out to get him and other Cubans.

"Yo soy una victima del sistema," Carrelero says, again and again. "I am a victim of the system." ●

FINANCIAL INTEGRITY: ANTIDOTE TO FRAUD, WASTE, AND ABUSE

● Mr. SASSER. Mr. President, today the Governmental Affairs Committee unanimously approved S. 864, the Financial Integrity Act of 1981.

I commend Senator EAGLETON for offering this bill, and I am pleased to be an original cosponsor of this measure.

The General Accounting Office and prominent private groups such as the American Institute of Certified Public Accountants are unanimous in their opinion that this legislation will help in our war against fraud, waste, and abuse.

Thousands of cases of fraudulent and wasteful spending are reported every year, many of them reported through the GAO fraud hot-line which GAO instituted at my urging some 3 years ago.

S. 864 puts the spotlight on the program managers in the Federal Government to get their houses in order. It requires them to set up annual reports on internal management and administrative controls systems that can help reduce fraud and waste.

Most importantly this bill provides for a uniform system of internal management and administrative controls for all Government agencies to be set up pursuant to accounting standards promulgated by the GAO.

The General Accounting Office has been and will always be the best fiscal watchdog we have to guard against Government waste. So let us pass this bill and give GAO and OMB the tools for the accounting procedures that will help us better uncover and root out wasteful spending practices.●

AMERICA'S PRODUCTIVITY CHALLENGE

● Mr. HART. Mr. President, today business, labor, and public officials face a great challenge not only to bring the American economy out of its current dismal state of simultaneous recession and rampant inflation, but to assure economic prosperity and security over the long run. Improving our productivity will be a key factor determining our longer-run prospects. According to Howard Samuels, we can take some steps today that will both improve our short-

run situation and raise productivity in the future.

In his study, "America's Productivity Challenge," commissioned by the Center for Democratic Policy, Samuels calls for aggressive action on a number of fronts. These include: Deemphasizing monetary policy's role as the principal anti-inflation weapon; introducing a productivity-based incomes policy; strengthening Government support of small businesses; consideration of a consumption tax; establishing a national investment finance institution to direct credit to high-productivity industries; and convening special commissions to evaluate our education and training systems and recommend steps to strengthen research and development. These suggestions merit careful consideration, and I ask consent that this study be printed in the RECORD.

The study referred to follows:

AMERICA'S PRODUCTIVITY CHALLENGE

(By Howard J. Samuels)

THE OVERALL CHALLENGE

By virtually every measure, the major industrial democracies have witnessed a steady decline in economic performance in the years since 1973. Real annual economic growth has fallen 40 percent or more below the levels registered from 1969 to 1973. Even more dramatic declines have been charted by the Economic Performance Index, defined as real economic growth rate divided by the combined rates of unemployment and inflation.

The political impact of nearly a decade of inflation, soaring interest rates, and diminished real growth is evident across the industrial West. We are in the midst of a new era of sometimes reckless economic experimentation and social ferment. In Britain and the United States, Thatcherism and Reaganomics have turned the national economies into laboratories of laissez-faire. Unemployment in England is worse now than it has been since the Great Depression—and this has ignited violent demonstrations by a generation which proclaims that is has "no future." In France, a new socialist government is attempting to counter the trend by taking an unprecedented role in the functioning of industry and finance.

Productivity plays perhaps the most important role in generating real economic growth. Gains in productivity are the key to any improvement in a people's living standards. That is because a nation's output is equal to total hours worked times the productivity of those hours.

Today, we face an ominous trend of productivity decline in the United States. From World War II to the middle 1960s, our productivity increased 3 percent per year. From 1965 to 1972 the increase fell to 2 percent and then dropped to 1 percent through 1977. From 1978 to 1980, it actually fell. No better results are expected in 1981. The average American worker will have lost efficiency in the last three years. The result, of course, is a reduced standard of living for Americans.

Although Japan and the Federal Republic of Germany (FRG) are now encountering some of the same problems as the United States as their post-war-built economies mature, they are still outperforming us. By far the most startling performance is that of Japan. If Japan's productivity gains since 1960 were to continue unabated through the 1990s, Japan, with almost no natural resources and half our population, could surpass the United States in Gross National Product. In 1981 alone, Japan will register 2–3 times the United States' growth rate with half our inflation.

That does not mean that the United States' economy has not grown at all in recent years. But most of our real economic growth in the past decade has flowed from increased hours worked—not increased output per worker hour. These added work-hours are largely a result of a huge influx of women into our work force, and the growth in numbers of younger workers brought about by maturing of the baby boom generation. These trends will not continue into the 1980s.

Unless we improve productivity, our leadership as a world economic power is threatened. America's current radical political shifts and sharpened social tensions are direct results of the public's increasing economic frustration and the failure of the government's efforts to allay it. What policy makers finally must confront is that the real key to social and political stability is real economic growth and that it cannot come without increases in both productivity and hours worked.

ECONOMIC PERFORMANCE INDEX, 1960–73 AND 1974–80

1960–73		1974–80	
Japan	145.9	Japan	37.8
West Germany	123.9	West Germany	29.0
France	85.5	France	18.0
Italy	67.7	Canada	16.5
Canada	64.2	Sweden	15.3
Sweden	55.6	United States	15.2
United States	50.4	Italy	13.4
United Kingdom	43.1	United Kingdom	2.2

Source: New York Stock Exchange.

This paper will evaluate the Reagan economic plans and their probable effect on productivity. It will present basic policy changes essential for both short and long-term productivity improvement. It will also discuss a range of issues that too often have been neglected in most examinations of productivity. In particular, it will focus on two fundamental factors that have been virtually ignored in our public policy and debate. These two elements—human capital and human behavior (entrepreneurial development and management)—may be the most underrated elements of our failure to boost productivity.

ELEMENTS OF PRODUCTIVITY

Years ago, "productivity" conjured up little more than the image of accelerated assembly lines and Taylorist efforts to maximize human efficiency. Today there is a new view. In its 1979 publication, "Reaching a Higher Standard of Living," The New York Stock Exchange correctly outlined the elements that enhance productivity. Productivity increases, the publication argued, when people:

Are better trained, educated and motivated;

Have better working environments;

Are in better health;

Have more efficient machinery and equipment to work with;

Develop new products and technology;

Shift to more efficient from less efficient industries;

Manage more effectively.

The failure of federal economic policy to encourage these sorts of productivity improvements effectively did not begin with the Reagan inauguration. However, the economic policies drafted by the present administration promise, if continued, to accelerate the decline in United States productivity.

INFLATION—IS IT A COST OR DEMAND PROBLEM

In essence, most economists would agree that inflation stems from one of two causes: rising costs, such as those imposed on energy by OPEC, interest rates and unit-labor-cost increases, or excess demand for scare resources, such as the demand generated by the simultaneous guns-and-butter policies of the Great Society-Vietnam War period. Unless we can agree on which of these factors is most significant in our current inflation, we are hardly likely to agree on policies that could spur non-inflationary growth. A wrong diagnosis could lead to a cure worse than the disease. The evidence is now mounting that the Federal Reserve and the Reagan Administration assume, incorrectly, that our inflation is essentially caused by excess demand fueled by government spending. Thus the Administration has strapped the economy into a high-interest, tight-money straightjacket.

Perhaps this strict monetary policy can wring out our present inflation. But if it is pursued as at present it will cause a major recession, or worse—and it will reduce inflation only temporarily.

As we found in 1970, 1974 and 1980, after a series of recessions caused by a tight-money policy, inflation resumed its climb.

But what if our inflation is not caused by demand? What if increased unit labor costs (wages increasing more than productivity) and high interest levies are the principal cause of our 1981 inflation? If so, we are flirting with stagnation and possibly a deep and lasting recession by continuing to cut more deeply into demand. It is time to consider that cost may be the problem and examine the remarkable correlation between rising prices on the consumer index and increases in unit labor cost.

For several years running, wages in the United States have been rising by 8–9 percent per year, with little or no increase in productivity. That gap, between wage increases and negligible productivity gains, produces a unit labor cost increase that results, almost directly, in an 8–9 percent increase in price. Paradoxically though, the real income of American workers after inflation did not grow—but actually fell—in 1979 and 1980. Working people's drive for better wages is understandable but, in the absence of productivity gains, the added labor costs are passed on by both the private and public sectors in the form of price hikes. No more dramatic example exists than the recent price increases announced by General Motors for its 1982 models. This depressed industry, which lost $468 million in the second quarter of 1981, raised prices not because of excessive demand (indeed sales continue to slump) but because its costs had risen. Indeed, if wages go up 9 percent this year, and productivity stagnates, we will have a 9 percent increase in labor costs. Worse still, the tight-money policies of the Federal Reserve simply will add an additional burden by boosting the cost of borrowed money. To meet these higher costs, industry must either reduce profits or push up prices.

There is ample data to show the chronic insensitivity of wages and prices to monetary and fiscal policy. Even when there is slack on our economy, wage and price increases are virtually built into the political and economic systems. In recent years, wage increases have been stopped only by the threat of bankruptcy (Chrysler and Pan Am for example). But wage reductions negotiated at the point of a gun are no solution for the American economy. The solution to the cost-related inflation challenge is a national policy that relates wage increases to real productivity improvement. Equitably forging such a policy requires a new consensus, led by an activist President, among labor, management and government. Such a coalition in fact, is at the base of Japan's economic miracle. It has also been a key component in the generally successful battle against inflation waged by the FRG. By contrast, Reagan economic policy appears based on the idea that a simple partnership between government and certain business sectors—neglect-

ing labor—will somehow miraculously provide less inflation and healthier economic growth.

PRODUCTIVITY AND "HUMAN CAPITAL"

While there is now a consensus that we need to invest more in machinery and technology, we have somehow forgotten the value of investing in people's education and earning capacity. We have neglected the economic role of brain power. As Nobel Laureate economist Theodore Schultz stated, "The rate of return on education has tended over time to exceed the rate of return on physical capital."

The urgency of upgrading our human resources is more evident than ever as the United States' economy shifts toward service professions and high-technology industries. We are already experiencing a critical shortage of highly skilled people. Almost 25 percent of our youth (50 percent in some cities) are not finishing high school. Young people who cannot read a classified job advertisement have literally no productive future in our economy. At the same time the Soviet Union, our political competitor, and Japan, our economic competitor, are sharply stepping up both spending and educational standards to maximize the potential of their youth. With half our population, Japan now graduates more engineers than the United States.

America, sadly, is moving in the opposite direction. Inflation-battered taxpayers are willing to accept reduced government support for education. Federal aid is being scaled back severely. The cities with the greatest need to educate their deprived youth—New York, Detroit, Cleveland, Chicago and others—are being stripped of the resources necessary to make their school systems work.

To some degree, public alienation from support for education is understandable. Many of our schools are badly managed and many are failing to teach basic skills. But curing educational ills by budget cuts is akin to treating anemia by bleeding the patient. Whatever else we do, if we cut enough support from our schools we will suffer a slow-motion national disaster that will make long-term gains in productivity impossible.

Programs to improve the education and skills of people are an investment in the future of the nation, not just a debit on the current budget. This nation's task is not to short-change our schools or training programs but to find methods and resources to improve them.

PRODUCTIVITY AND CAPITAL FORMATION

The United States must also increase the percentage of its GNP devoted to capital investment. While from the 1960s to the late 1970s the U.S. increased the percentage of its GNP going into plant and equipment from 9.5 percent to 11 percent, that rate has barely kept pace with the growth of the workforce. Because of the large increase in the workforce, we have not kept up with the investment needed per individual worker. If we are serious about addressing this problem, we must for an extended period increase the percent of our GNP going to capital investment. That means shifting a large part of our national output from consumption to investment. This will require several years and some politically-difficult sacrifices to accomplish.

First, we need policies to increase saving—the basis of all investment. Although the numbers are not directly comparable, Americans' savings are barely 5 percent of their GNP compared to 15 percent in the FRG and 20 percent in Japan. But Reagan's large personal tax reduction is a seriously flawed approach to the objective of increased investment. That is because the decision on whether to save or consume those tax expenditures is essentially left to the beneficiaries. The program, in short, is all carrot and no stick. If we really want to use tax policy to increase savings, we must develop an equitable tax targeted to reduce consumption. The Kemp-Roth tax bill, because it was not so targeted, will actually promote private consumption.

Second, to be successful, the nation's savings must end up in more and better productive equipment, not in consumer and government debt. Accelerated depreciation for corporate investments and increased incentives for pension savings are helpful steps and enjoyed bipartisan support in Congress. But the intent of such programs—stimulating productive investment—will be negated if skyscraping interest rates continue. Business investment is severely discouraged by a monetary policy that allows long periods of once-unthinkable 15–20 percent interest rates. Sinking scarce capital into new plants and equipment requires an extraordinary degree of risk-taking when the company treasurer can easily guarantee a high rate of return from investments in virtually risk-less financial instruments. In addition, capital investment is discouraged in a sluggish economy with 7 million workers and 20 percent of its productive capacity lying idle.

The contradictions of tight-money and President Reagan's "supply-side" desire to stimulate investment are already evident in the skepticism with which the world's stock exchanges have greeted these policies. Wealthy individuals and businessmen who publicly support Reaganomics are failing to show confidence in its viability when it comes to putting their own money on the line.

PRODUCTIVITY AND TECHNOLOGY

Perhaps the single most important source of productivity growth has been the application of new technologies, which accounted for more than half of America's productivity growth from 1948–1977. One of the greatest threats to this source of economic gain is the decline in spending for research and development (R&D) and new capital equipment. In the mid 1960s, approximately 3 percent of the GNP was devoted to R&D; since then the proportion has dropped to 2.2 percent. As a result, our "stock" of technical know-how is growing less rapidly, while foreign competitors sharply step up their own R&D expenditures. Far from reversing this trend, the Reagan Administration has launched an ideologically-motivated assault on our government's role in both the development of new technologies and the support of basic research. We are assured that the private sector alone will do this task, but the truth is that government has traditionally funded about 50 percent of technical research in America. Indeed, our most successful worldwide products all were initially launched with government-supported technology grants or subsidies: agribusiness, aerospace, micro-processors, the commercial airplane.

Generally, federal support of R&D has been targeted either to the capital-intensive defense industry or to highly-visible prestige programs such as the Apollo space program. For too long we have neglected the civilian sector of our economy. The Japanese have not made the same mistake. Recently, for instance, the Japanese government announced a huge new program of technical and financial support for the domestic micro-processor industry. If present trends continue, this sort of government aid could enable Japan's private sector to secure industrial supremacy in yet another field pioneered by Americans. In the face of such competition, laissez-faire economic ideology seems incredibly naive. We must be more alert to what our world competitors are doing to develop new technologies and be creative in acting ourselves to provide government help to American businesses that have taken the lead in developing new major industries.

PRODUCTIVITY AND THE ENTREPRENEUR

In order that new technology be applied and result in productivity gains, there must be an entrepreneur/"risk-taker" to put the technology to work. Ironically, Japanese executives are emerging as the world's premier risk-takers—often applying American innovation. This is because there is an enormous difference between management's strategic and short-term profit orientations. Japan's industrial structure tends to encourage the long view, while large American businesses tend to focus on the next quarter's bottom line. Because of their dependence on Wall Street financing, American corporations are reluctant to undertake strategic risk-taking for the future if it cuts into current profits. But by neglecting to develop long-term investment strategies, many of America's major corporations have effectively abdicated both their responsibilities to our economy as a whole and to themselves.

By contrast, for decades now, small and medium-size enterprises have been leaders in innovations, applied technologies and job-creation. Indeed, between 1969 and 1976, small businesses, not large corporations, accounted for virtually all of the growth in private sector employment in this country. A National Science Foundation study has concluded that small businesses produce 24 times the innovation per federal research dollar that large firms do.

We need policies designed to focus specifically on the needs of small and medium-size entrepreneurial business. With the exception of the capital-gains reduction, the recently-passed business tax package mainly helps large enterprises. Of the new business tax cuts, nearly 80 percent will accrue to 1,700 firms with more than $250 million in assets. Big oil alone received $70 billion. In addition, the record interest rates that accompany the Federal Reserve's restrictive monetary policies are shutting small business out of the normal borrowing market. To reverse this, we must target further corporate tax reductions to small and medium-size business, consider a special investment credit for individual risk-takers, and change monetary policy.

Many small businesses also need managerial help, coordinated guidance in dealing with government, and assistance in tapping the potential of world markets.

PRODUCTIVITY AND MANAGEMENT

The quickest improvement in productivity can come from improved management of our present resources. America is no longer the management leader of the world—and much of that decline is the responsibility of private industry. Experience of over a decade of productivity consulting indicates that the adoption of more efficient management techniques can improve private sector productivity by a minimum of 10–20 percent without any additional capital spending on technical innovation. The responsibility for meeting this objective, of course, lies with private business. Once again, the example of Japan is instructive.

American studies of the Japanese auto industry show Japan outperforming us in all areas of quality, cost control, planning, employee relations and management. They also show that this is being accomplished with American technology and often with American equipment. Donald E. Petersen, the president of Ford Motor Company, put it in proper perspective when he repeated Pogo's phrase that "we have met the enemy and he is us."

Workers today demand opportunities to contribute to the improvement and quality of their workplaces and products. They want a sense of dignity in their work. Japanese management techniques treat the worker as a company's most important asset and earn his or her contribution to their joint success. Transferring this approach to American workers, many Japanese companies are now operating successfully in the United States.

In some cases, such as Sony's California TV assembly plant, they are reaching the productivity and quality standards achieved in Japan. It thus appears that America's productivity decline is more a management than a worker failure.

Fortunately, American industry is beginning to react. It is studying Japanese techniques and adopting "quality circles" and other productivity-enhancing techniques. But the resistance to change is immense. It will require reeducation and retraining of middle and lower management, communicating goals not only from top to bottom but also from bottom to top—that is, from workers to management.

Workers should be heard and their constructive suggestions applied. They must be given concrete indications that they will participate in the rewards of improved productivity and quality. A wholly new relationship between the work force and management should be developed, one that serves the long-term interests of both. Management must prove that job security, better wages and job satisfaction for workers are goals to which it is genuinely committed. This type of change in American management's relationship with labor may be the most important short-term improvement in productivity available to our nation. Unfortunately, most managers of our major corporations have risen on the basis of financial expertise, not technical mastery or skill in relating to workers. They are more skilled at planning acquisitions, bond offers or accounting changes than at examining the process of production or the state of worker morale. American business, in short, needs a new type of productivity-oriented management.

PRODUCTIVITY, THE ENVIRONMENT AND THE WORKPLACE

Over the past decade, public action has required private enterprise to accept new standards of safety and environmental quality—but often with unnecessary bureaucratic obstacles and costs. There is no question that many rules and regulations can be simplified and that the cost-benefit ratio of regulations should be carefully weighted. It remains to be seen whether the deregulation initiatives taken by both Presidents Carter and Reagan will speed or actually delay the achievement of cleaner air and water and safer work environments. But there is good reason to doubt that these objectives can be met without strong government leadership. Indeed, the Reagan Administration, under the guise of reducing government regulation and cutting costs, has launched an assault on federal occupational safety and health regulation, chopping the budgets and jurisdictions of virtually every government agency charged with maintaining the quality of the environment or of the workplace. This policy may produce some transitory gains in corporate profits, but it is likely in the long run to erode, rather than enhance, productivity.

PRODUCTIVITY AND INDUSTRIAL CHANGE

This is one of America's most complex economic issues. Changes in technical patterns and worldwide trade have fundamentally altered the way employment opportunities in our nation develop. Today, the Sunbelt is attracting educated and mobile workers. The poor and unskilled, on the other hand, tend to be immobilized in less efficient industries or unemployed in the depressed regions of the North and Midwest.

The changing job market requires more, rather than less, federal leadership, in the form of efforts to spur job creation in areas where unemployment will continue to exist. Many people are simply not mobile. When job opportunities disappear around them, they are driven to the margin of bare survival. In such cases or regional structural unemployment, government must encourage the development of jobs where people actually live. There are regional economic disincentives that must be overcome. But they can be. After decades of decline in its shoe and textile industries, for example, Massachusetts' economy has shifted to a boom in applied electronics. That painful transition could have been both eased and speeded up by government leadership. The adoption of Reagan economics, however, will encourage inflationary over-employment in some parts of our nation, while other regions sink into the equivalent of depression. Forty percent youth unemployment in the ghettos of this nation's older cities is already the key contributor there to crime and drug abuse.

POLICIES FOR PRODUCTIVITY

Stagnant or declining productivity confronts the United States with a slow-motion crisis that threatens our world leadership and economic well-being. Reversing our drift into decline will not be easy. We, as a nation, require a wide-ranging and complex series of reforms to meet the productivity challenge. The process will demand short-term sacrifices and trade-offs, often involving other cherished programs. But we must begin.

We must consider a new series of basic policies, leaving exact details open for debate. In doing so, we should outline the responsibilities of various branches of the federal government, labor and business.

The Federal Reserve Board: Abandon monetarism

In the name of an economic theory, monetarism, the Federal Reserve Board has clamped down hard on the growth of America's supply of money. By doing so, it has driven interest rates sky-high. That sort of monetary discipline is appropriate when consumer and industrial demand are soaring out of control. But soaring demand is not America's problem now. The Fed's policies are in fact cancelling any impacts of the recent business tax reductions and are hobbling broad sectors of the economy.

We should discard the fallacy that tight money alone will cure our inflation. America's inflation today is rooted in rising costs, not excess demand, and tight money only worsens the problem. We will not see the sort of enterprise, risk-taking and economic growth that the Administration has promised so long as the Federal Reserve unnecessarily applies harsh reins on the money supply.

The Federal Reserve must abandon its present course and allow money growth to balance economic supply and demand while the nation moves on to evolve real cures to our inflation problem.

The President: Develop an incomes policy

The United States should end the recurrent, cost-escalating drama in which both the private and public sectors and labor unions negotiate new wage levels every few years with little regard for productivity. We should move instead to develop a consensus among labor, business and government that links wages and benefits to gains in per-hour output. That consensus could be a beginning in creating the necessary new atmosphere and decreasing the distant and adverse relations which exist among labor, business and government. No one can lead the search for this sort of new social contract except the President himself. Nor can any understanding be achieved without the full involvement or organized labor. The President must initiate the development of a productivity-based national incomes policy and maintain an active role in shaping it.

The President has a number of policy options available—including a negotiated consensus, a tax-based incomes policy and/or a temporary wage-price freeze. The continuing failure to make an effort in this direction leaves one of the principal roots of our inflation and productivity problems festering and untreated. Achieving a labor-business-government consensus on a link between productivity and compensation would ease inflationary pressures in the short term and lay the groundwork for equally vital long-term actions to boost productivity.

The President: Education and training

No action is more fundamental than improving the performance of America's educational and job-training systems. These sectors represent our most important economic investment as a nation and our neglect of them may be the most serious error of recent decades. To improve productivity, we need to recognize that funds well-spent on "human capital" are the only assurance of growth in our future.

The President should appoint and support a highly-qualified bipartisan body to examine the failing of our educational and training systems and suggest institutional and financial remedies. The panel's goal should be no less than to present the nation with policies to ensure that America's workforce remains the most highly educated and trained in the world for the rest of this century.

The panel should include representation from all levels of government and all parts of the private sector. It should recognize the huge retraining needs of both the private and the public sectors.

The President and Congress: Help innovative smaller businesses

Small and medium-size businesses have accounted for nearly all of America's job growth and much of its technical innovation for more than a decade. They are generally the risk-takers and entrepreneurs. The President and Congress should acknowledge that contribution to our economy by:

Revising the corporate tax structure to reduce taxes on small and medium-sized corporations. This will not only enable smaller companies to grow more rapidly on retained earnings, but discourage uneconomic mergers,

Substantially strengthening the Small Business Administration both by infusing more funds and enhancing the SBA's role as a source of management expertise and marketing aid,

Weighing still-greater tax incentives for individual and venture capital groups that invest in the development of new businesses.

The President and Congress: Encourage technical innovation

Basic scientific research is too vital to this nation's future to become a political football. Instead of cutting back on federal funds for science, the Administration should reverse course. Tomorrow's industries are born in today's laboratories and trimming back basic research is a short-sighted, false economy. Because the benefits of basic research and development are general, because they can be a long time in producing, and because they fundamentally rely on the quality and creativity of the nation's total pool of scientists and engineers, there is no question but that there has to be significant public involvement in developing research and development.

Under the joint auspices of the National Academy of Sciences and National Academy of Engineering a National Commission on Research and Development should be convened. The commission should critically review the state of current R&D efforts, and should make recommendations to Congress and the President within a year about programs to enhance these activities significantly.

The President and Congress: A new tax policy

It is becoming ever more clear that continuing along the path charted by the Kemp-Roth tax cut program will create the largest government deficits in American history, adding to our inflation and keeping interest rates intolerably high. The iceberg is

in sight now and there is still time to change course.

We must develop a new and more equitable tax policy. Its aim should be to turn this country away from consumption and toward investment in productive industry. Some of the incentives in the Reagan tax policy are useful and should be retained, but the program is full of new, expensive loopholes of dubious value, tailored for such special interests as the oil industry, real estate, and leasing companies. Major parts of the 1981 tax bill are fiscally and economically flawed.

The rationale for the proposed tax reforms goes far beyond budget-balancing. America needs to direct its energy to investments that will enhance our capacity to compete in the world. By failing to provide the revenues needed to reduce the federal budget deficit and by failing to channel its tax breaks toward truly productive investment, the current Administration has been profoundly irresponsible. It has falsely pretended that America can have it all painlessly: personal tax cuts and a balanced budget; increasing military expenditures and an intact social safety net; tight money and an investment boom.

The Kemp-Roth personal tax cut should be limited to their initial, 1981 levels. New tax incentives should be offered to innovative, competitive sectors. Pentagon budget increases should be restrained. And serious consideration should be given to adoption of a progressive consumption tax to replace or supplement the present personal income tax.

The President and Congress: A new Government institution for economic growth

Productivity also improves when people shift to more efficient from less efficient industries.

The Japanese have successfully moved much of their labor force in the past few decades from labor-intensive to technical, investment-oriented jobs. Government leadership was required to support private-sector investment in new civilian opportunities. It will be hard to compete without a U.S. structure to accomplish the same ends here.

Despite the obvious risk of moving government more actively into private-sector support, it must be done. Laissez-faire economics neglects the facts of competing government institutions in other nations. It neglects the growing effects of world trade. It neglects the economic opportunity of encouraging private job development in areas of the nation suffering long-term unemployment problems.

We must create a national financial institution to support development of new civilian, private-sector industrial opportunities. Although it could be structured in a number of different ways, this "National Development Bank" should have several basic features.

First, its primary purpose should be to direct capital to those industries which are growing, and to those which promise significant productivity improvement as a result of their borrowing.

Second, it should be prepared to finance reasonably high-risk projects, but only if their projected rate of return is sufficient to cover the actual costs of capital.

Finally, this institution should be organized as a public-private entity, with effective participation of labor, management and government in determining criteria for its accountability and priorities.

The President and Congress: Productivity of government and non-profit sector

Almost 25 percent of our work force generally lacks both the competitive motivation or the managerial skill to improve productivity. That includes the 17 percent of our work force in government (over 80 percent in state and local government) and 8 percent in our health and non-profit sectors. They cannot be neglected in a national goal of improved productivity.

This is an enormous and complicated challenge which has been a subject of national debate for the past decade. State and local governments have been where the real growth of government has taken place in the past two decades. For instance, the State of New York and its localities now have almost as many public employees as the federal government (one million), net of defense and Postal Service workers.

These institutions will not reform themselves. The federal government must bite the bullet and require management improvement at all levels of the public and private sector that receive federal financial support. For instance, requiring state and local governments to adopt standard accrual accounting, civil-service reform, work standards relating work to time, and middle-management deevlopment are all part of needed action.

Major efforts should be made to identify and disseminate effective-productivity-enhancing innovation in the provision of public and other non-profit services. Open-ended, cost-plus public contracts and reimbursement systems should be discouraged, if not prohibited, and use of incentive contracting should be expanded.

Labor and Business: Time for Self-examination

Government is not the only sector of our society that must re-examine its role in the quest for greater productivity. Business and labor also must weigh their roles in contributing to—and, one hopes, reversing—America's deepening stagnation.

In its commitment to job security and wage and benefit gains, for example, labor often has sanctioned work rules and practices that damage productivity. Some labor spokesmen consistently deny any relation between rising unit labor costs and inflation. This is no longer a tenable stance. In its own long-term interest, the American labor movement must be willing to cooperate actively in linking wages and benefits to productivity gains. At the local level, labor leaders must realize the common interests of their members and the managements they work for in enhancing productivity. In return, labor has a right to expect that both government and business will be sensitive to the human and economic needs of its members and that union leaders will not face expulsion from the councils of power.

American business, in many ways, has far more to answer for regarding this nation's economic malaise and productivity slump. The chief executive officers of major American companies, after all, are vastly more powerful within their own realms than even the White House is at the federal level. The leadership of American business has made an enormous contribution to our first 200 years of growth. But it has failed to adjust to change. Our present generation of chief executive officers is more oriented toward finance, mergers and Wall Street than to getting things done in the trenches of its organizations. Many major-company CEO's are neither good managers nor creative risk-takers.

American business must accept the fact that its chief executive officers are performing badly by the standards needed in our present economy.

In recent years the trends toward "professional management," able to apply its skills interchangeably in any number of disparate industries, have increased the nation's supply of MBA's and near-term managers adept at producing favorable bottom-line results (and personal bonuses and profit-sharing) in the ensuing quarter. But they have not produced major-company leaders skilled as entrepreneurs, as managers of people as well as data, or as advocates of the long view.

In smaller and/or private companies—or in major companies run by individuals or families holding a major share of common stock ownership—one is more likely to see the latter qualities.

Our systems and theories of business education need overhaul. Large-minded leaders are in short supply; small-minded technicians are in oversupply. Boards of directors of publicly-held companies also must pay far more active roles in insisting that long-term, as well as immediate, considerations are brought to bear on decisions—particularly involving allocations of capital—for which they share responsibility. They also must take seriously their responsibilities in selecting their CEO's on criteria pertinent to a new competitive environment.

American industry badly needs new leadership combining the vision and drive of the old-time entrepreneurs with the skills and sensitivities necessary to working in modern-day partnership with labor and government—and in relating constructively to its own work force.

This paper proposes many active steps by government toward bringing about improvements in productivity and, thus, a better life for our people. But it also emphasizes that both business and labor must, as others in society, be prepared 1) to recognize their own responsibilities for such improvements, and 2) be willing to make near-term sacrifices for the long-term good.

The United States is at an economic (and, thus, political and social) crossroads. In the next 10 years we either will reassert ourselves in a competitive world economy or, alternately, see our major industries shrink and disappear, leaving us as net exporters only of renewable farm and forest products and a few high-technology items such as jet aircraft. Should the latter happen, we would become less prosperous, less secure and less free. As noted earlier in this paper, the iceberg is in sight now—and there is still time to change course. But unless conscious decisions are made today to change course, the inevitable collision will take place and there will not be enough lifeboats to go around.●

A LITIGATION SOCIETY

● Mr. EAST. Mr. President, I would like to share with my colleagues an important article from the summer, 1981, issue of the Wilson Quarterly entitled "A Litigation Society." The author, A. E. Dick Howard, one of America's leading constitutional law scholars, was a Rhodes Scholar at Oxford and later a law clerk to Supreme Court Justice Hugo L. Black. He served as the chief architect of the new Virginia Constitution and now holds the White Burkett Miller chair of law and public affairs at the University of Virginia.

An American ideal has always been to resolve problems informally through consensus or by means of the elective process. In his article Professor Howard shows how litigation, with its imposition of rigid rules on a losing party, has begun to displace and erode these traditional processes of reaching agreement. He offers useful insight into several problems that Congress needs to address: The problem of courts which have departed from their constitutional role as interpreters of the law and have become makers and enforcers of the law, and the problems of a citizenry that turns too readily to an adversarial system of law instead of relying on the democratic sys-

tem for solutions to its problems. Professor Howard then makes constructive suggestions as to how to reverse these unhealthy trends and avoid our becoming a "litigation society." Congress needs to examine not just the courts but the whole legal system in the light of Professor Howard's findings.

Mr. President, I ask that this article be printed in the RECORD.

The article follows:

A LITIGATION SOCIETY?

(By A. E. Dick Howard)

Our colonial forebears would be struck dumb by the explosion of law and litigation in 20th-century America. When John Locke drafted the Carolina colony's constitution in 1669, he included the provision, "It shall be a base and vile thing to plead for money or reward." Yet today the cost of legal services accounts for two percent of America's gross national product, more than the entire steel industry.

There are now more than 574,000 lawyers in America, twice as many as there were just 20 years ago. Law school enrollments have gone up 187 percent in the same period. Already we have one lawyer for every 400 people (compared to one doctor for every 500), or three times as many lawyers per capita as England and 20 times as many as Japan.

"We may well be on our way to being overrun by hordes of lawyers, hungry as locusts, and brigades of judges in numbers never before contemplated," Chief Justice Warren Burger observed not long ago. In 1960, the country's federal district court judges faced about 59,000 civil cases; in 1980, the number was 185 percent higher—over 168,000. During the same two decades, the number of cases taken to the federal appellate courts jumped from 3,899 to 23,200—an increase of 495 percent. State courts have faced a similar surge of litigation. The caseload of state appellate courts has grown at an annual rate of at least 11 percent for the past two decades.

Almost every week, someone seems to discover another creative way to turn a dispute into a lawsuit. Actor Lee Marvin could hardly have expected that in parting with his live-in girlfriend, he would also be parting with the $104,000 that a California court awarded her. Yet once the "palimony" precedent was set in April 1979, lawyers across the country began "Marvinizing" similar cases, and many more former roommates found themselves reunited—in court. In April 1981, a homosexual "palimony" suit was filed against Billie Jean King, the professional tennis star. Of late, the itch to litigate has approached the absurd: In 1977, a group of irate Washington Redskins' football fans filed suit in federal court to overturn a referee's call that had given a game to the St. Louis Cardinals. Trial magazine has run articles on "The Sports Spectator as Plaintiff" and "A Guide to Referees' Rights." Even clergymen have been advised to take out malpractice insurance.

We are witnessing the peculiar "legalization" of American life—the tendency to react to a problem by enacting a law or by bringing a lawsuit. To be sure, this preoccupation with the law is nothing new. Thomas Paine long ago declared that "in America the law is king." We have always been among the most litigious people on earth. But during the past decade or two, the trend toward relying on law and litigation—especially toward going to court over even minor issues—seems to have taken on epidemic proportions. What forces are at work?

The sheer growth of government activity is one factor. The federal government is involved in more aspects of our lives than ever before. Regulation has grown at a record pace. Seven new watchdog agencies were created by Congress in the last decade alone.[1] From 1970 to 1980, the Federal Register, which publishes new regulations, grew from a hefty 10,000 pages annually to almost 80,000. To get some idea of what this means, consider the University of Colorado study that found that a hamburger, from its start as part of a steer on the hoof to its arrival at the frying pan, is in theory affected by nearly 41,000 state and federal regulations.

Increased regulation spawns increased litigation. The regulatory agencies have set up additional procedures to adjudicate disputed rulings; there are now more than 1,100 administrative judges who do nothing but hear arguments on everything from water pollution to Social Security benefits. (After this procedure, of course, the plaintiff can still appeal to the federal courts.) Not surprisingly, these increasingly byzantine proceedings have helped to make Washington, D.C., a boom town for lawyers. Since its establishment in 1972, Washington's bar association has more than tripled in size and now boasts 35,000 members. That is equivalent to five percent of the capital's total population (although many of the lawyers live in the suburbs).

No less significant is the rise of the public-interest law firm. There are now at least 125 of these—most were created during the early 1970s—but their impact is far greater than their number would indicate. Their main purpose is to litigate, to petition the courts to enforce and extend laws and regulations in far-reaching cases. As Ralph Nader put it: "Our institutions [are] serving special interest groups at the expense of voiceless citizens and consumers. A primary goal of our work is to build countervailing forces on behalf of citizens."

RIGHTING WRONGS

Public-interest firms have gone to court in a number of famous cases. Construction of the Alaska oil pipeline, for example, was delayed for four years while environmental issues were argued in the courts. When construction began in 1974, the pipeline had been significantly redesigned and rerouted to take into account many of the environmental factors that the public-interest firms had raised. In recent years, a new kind of public-interest firm has sprung up to pursue a "conservative" notion of the public interest. These firms (there are now 10 of them) go to court on a wide range of issues, from challenging environmental regulations to trying to extend corporations' "free speech" rights. (James Watt, former president of one of these firms, the Mountain States Legal Foundation, is now secretary of the U.S. Department of Interior.)

Another aspect of the law's increasing pervasiveness has been the growth of legal-aid organizations. The Supreme Court led the way for this development by ruling in Gideon v. Wainwright (1963) that in felony cases a criminal defendant must be provided with legal counsel if he cannot afford it himself. The Court's decision (since extended to misdemeanor cases) soon led to the creation of legal-aid services funded by state and local governments, bar associations, and universities.

For its part, the Johnson administration established the Legal Services Program (now called the Legal Services Corporation) to provide help to the poor in civil cases, involving landlords, welfare agencies, and the like. Today, with a budget of $321 million, 6,000 Legal Services lawyers provide representation to the poor in all 50 states plus Puerto Rico, the Virgin Islands, Guam, and Micronesia.[2] Corporations, by contrast, deducted $24 billion in legal expenses from their taxable income in 1977.

The sheer volume of new laws and litigation is only part of the story. There has also been a change in character. Litigation has become an outlet for political claims that in an earlier time would normally have been resolved by elections or by votes in legislatures. Tocqueville long ago noted that "there is hardly a political question in the United States which does not sooner or later turn into a judicial one." The developments of the past two decades have given new meaning to his observation.

In 1963, the Warren Court declared that litigation by the National Association for the Advancement of Colored People was more than simply a technique for resolving private differences. It was "a form of political expression." Under the conditions of modern government, the Court said, "litigation may well be the sole practicable avenue open to a minority to petition for redress of grievances."

SWEEPING REMEDIES

The success of blacks in seeking judicial remedies for racial discrimination quickly inspired imitation by virtually any group that failed to have its way through the normal political process. Spokesmen for voting blocs that claimed to be underrepresented, inmates of mental hospitals, and women have all dispatched lawyers to court to do battle. The United States is witnessing a "rights explosion," as more and more litigants persuade the courts to view abuses or privations as constitutional issues.

In a traditional lawsuit, a judge settles a dispute between private individuals about private rights (e.g., a quarrel over the location of a boundary line between two neighbors). But now, the courts are more willing to consider issues as matters of public or constitutional law. Today, the dispute is likely to be between a broad class of people, such as prisoners claiming cruel and unusual punishment, and some public authority (a state prison administration). The typical vehicle is the class-action suit, filed, perhaps, by a public-interest law firm.

As critics of "judicial activism" point out, the courts have also been more willing than ever before to fashion sweeping remedies. The examples are legion: court-ordered busing, reapportionment of voting districts, affirmative action, and many more. In a famous 1976 Alabama case, Pugh v. Locke, federal judge Frank Johnson ruled that, regardless of cost, the state must build new and better prisons and that it must provide 60 square feet of living space per prisoner, three "wholesome and nutritious" meals a day, and a variety of recreational and social services.

Indeed, judges (especially those on the federal bench) often wind up managing public institutions themselves in order to carry out the reforms they have mandated. In 1974, federal district court judge Arthur Garrity ordered Boston's schools desegregated and began to supervise the process. But he has become increasingly involved in the day-to-day affairs of the school system and now par-

[1] The Environmental Protection Agency, Consumer Product Safety Commission, Federal Election Commission, Occupational Safety and Health Administration, National Transportation Safety Board, Federal Energy Commission, and the National Highway Traffic Safety Administration.

[2] At this writing, the White House has asked Congress to dismantle the corporation. Apparently, the Reagan administration is unhappy with class-action lawsuits that have won court-mandated changes in state and federal policies affecting the poor, such as the level of Medicaid payments. Such suits constitute about two percent of the Legal Services case load. The administration wants to leave the provision of legal services to the states' discretion, making funding available to them through a block-grant program.

ticipates in making decisions on such matters as the hiring and firing of teachers.

The rationale for judicial intervention is sometimes less than precise. Judge David L. Bazelon of the Washington, D.C., federal appeals court has said that his test for intervening is: "Does it make you sick?" Other judges have sought to curb the judicial appetite. Referring to a lawsuit challenging a local school system's restriction on the length of boys' hair, Justice Hugo Black wrote in 1971 that he could not imagine that the Constitution "imposes on the United States courts the burden of supervising the length of hair that public school students should wear."

But the judiciary is expanding its reach into ever more aspects of our daily lives, forcing elected officials and state institutions to undertake reforms it thinks are necessary. Harvard's Nathan Glazer has warned against the emergence of an "imperial judiciary." How far the trend will go depends heavily on judges themselves. As Justice Harlan F. Stone once observed, "While unconstitutional exercise of power by the executive and legislative branches is subject to judicial restraint, the only check upon our own exercise of power is our own sense of self-restraint."

Judicial activism is often associated with the Supreme Court under Chief Justice Earl Warren from 1953 to 1969. "In that time," wrote the New York Time's Anthony Lewis, "the Supreme Court . . . brought about more social change than most Congresses and most Presidents." Many observers thought that the Burger Court—with four of its justices appointed by President Nixon—would veer away from such activism. The Burger Court has indeed taken a "hands-off" attitude toward some issues, such as school dress codes and "gay" rights.

A HISTORY OF ACTIVISM

More striking, however, is the new ground that the Burger Court has occupied. It declared a woman's constitutional right to have an abortion in its Roe and Doe decisions (1973), invalidated all then-existing state capital punishment laws with Furman v. Georgia (1972), and opened the doors to a flood of sex discrimination cases. In other fields, it extended the Warren Court's principles. With regard to school busing, for example, the Burger Court approved the first big city busing plan and made it easier for plaintiffs to show de jure segregation. All in all, the Court is today more of a center for the resolution of social issues than it has ever been before.

Judicial activism is not an invention of the modern Supreme Court; judges in the early decades of this century used the due process clause to protect business from social and economic welfare legislation, overturning such measures as minimum wage and child-labor laws and some New Deal legislation as well. In his famous dissent from the Court's Lochner decision (1905), Justice Oliver Wendell Holmes, Jr. objected that in striking down New York State's law limiting working hours for bakers, the Court was imposing its own social and economic views. "The Fourteenth Amendment," he wrote, "does not enact Mr. Herbert Spencer's Social Statics."

NEW IDEAS

Traditionally, the courts considered all governmental actions valid unless proved otherwise. With its decision in Brown v. Board of Education (1954), the Warren Court embarked on the development of a judicial rationale that allowed it to view certain kinds of governmental actions as presumptively suspicious. This means that courts could overrule government actions much more easily. Far from repudiating this approach, the Burger Court has made generous use of it in carving out a zone of "personal autonomy" rights in abortion and contraception cases. Now, government has to prove a "compelling state interest" to avoid having its laws in these matters overturned by the courts.

Reinforcing the trend toward greater judical intervention are changing ideas about the nature and function of law. In earlier times, law and mortality were one. Law, it was believed, was rooted in a society's common ethos—its religion, its customs, its folkways. Under a regime of "natural" law, judges did not "make" law, they "discovered" it. Thus, the creative role of judges was, at least in theory, significantly limited.

The insights of positivism and legal realism—two powerful forces in American thinking about law—have shattered the old unity between law and morality. In positivist theory, law comes from the deliberate human decisions, with certain ends in mind, and is not simply the reflection of society's values. Between 1811 and 1817, Jeremy Bentham, the English philosopher and reformer, campaigned to have the United States adopt a unified code of laws and discard the common law, which had slowly evolved under the old English system. A single code drawn up by a purposeful legislature, he believed, would do more to reveal the intent and thrust of law. Legal realism, another influential movement, emphasizes the role of the judge in interpreting and extending the law.[1] The late Justice William O. Douglas, in his willingness to reinterpret constitutional law in light of contemporary values, was strongly influenced by this movement. Both notions embody a view of the law as purposeful and result-oriented.

When the law is no longer viewed as the reflection of some immutable verity, the courtroom becomes a place to seek simple tactical advantage, not necessarily justice. One can go to court on the slightest pretext. If one has the resources—deep pockets and skilled counsel—delay may be as good as a final decision. More than one litigant has filed motion after motion, hoping simply to wear the other side down. Of such calculation is much litigation made.

THE DECLINE OF COMMUNITY

The growing number of lawyers and lawsuits, the displays of judicial activism, and the "judicialization" of an ever widening variety of issues are trends that reflect, in turn, fundamental shifts in American attitudes toward authority and in our sense of community. Beginning in the 1960s, opinion polls have marked a continuing decline in public confidence in the leadership of virtually every major public and private institution. The Catholic Church's teachings on birth control, for example, are ignored by the majority of American Catholics. College students today would scoff at the notion that their college should serve as a kind of substitute parent, as it did only 20 years ago. In every sphere of life—family, school, church, politics—there is more confrontation and less accommodation than ever before. Consensus on basic values seems, in the modern world, increasingly elusive.

The decline of a sense of community carries with it a more atomistic attitude toward public policy—more emphasis on legal formalities and procedure, less place for the informal, non-legal resolution of issues. In such a climate, adversarial relations replace trust, and the sense of community is further diminished. Yale's former president, Kingman Brewster, once said that a university is "a community of goodwill and of loyalty more than it is a regime of laws." Today, that phrase sounds more hopeful than descriptive. Few university activities—from admissions to student discipline, from faculty hiring to the operation of student newspapers—do not now give rise to legal issues. Caution, not collegiality, is the watchword on today's university campus.

Our increasing reliance on law and litigation to resolve conflicts has far-reaching implications. The more we litigate and the more judges intervene in our affairs, the more our shared values and elective political processes are undermined. As Justice Felix Frankfurter wrote in warning of the "inherently oligarchical powers" of judicial review, "Such an assertion of judicial power deflects responsibility from those on whom in a democratic society it ultimately rests—the people."

Courts that make rules for universities, prisons, welfare agencies or other bodies take on the functions of legislatures. But courts are afflicted with a kind of tunnel vision. A judge is not in a position—nor does he have the warrant—to balance competing political and economic interests as legislators are accustomed to doing. Yet he can order heavy expenditures of public funds to carry out his decisions, and that means either that taxpayers will pay more or that other public projects will get less.

Similarly, in our rush to regulate and litigate, we are eroding the informal processes and traditions of compromise so vital to the functioning of our society. We are both setting up rigid rules and inviting controversy on the smallest matters. An army unit that has to go "by the book" all the time soon becomes demoralized; so, eventually, will a society.

What steps can be taken to de-emphasize the role of law in America? In public policy, deregulation of some industries, such as trucking and airlines, is one avenue. In other areas, simpler and fewer regulations might get the job done as effectively with less need for litigation and confrontation. Some states have experimented with laws designed to cut down on the need for experimented with laws designed to cut down on the need for lawsuits. Massachusetts and New York, for instance, have enacted no-fault insurance statutes (which guarantee damage payments no matter who is at fault) in an attempt to reduce the number of automobile negligence cases.

The courts themselves can be improved; year after year, Chief Justice Burger has called for court reform. In a speech this year, he said that the growing burden of litigation could be met by more judges, the adoption of better office and support systems by the courts, improved procedures. "The most important single ingredient," he said, is "the service of dedicated judges and supporting personnel in the courts." Former Attorney General Griffin Bell has urged more vigorous enforcement of an existing rule that requires an attorney's affidavit that there is "good ground" for any filing in a federal legal proceeding and that it is "not interposed for delay."

The signs that we must get to work on these reforms are all around us. In California, desperate litigants have invoked a long-forgotten "rent-a-judge" law to bypass the state's clogged court system. The law provides that the parties to a suit can hire their own judge (usually a retired jurist, but the law doesn't require a law degree).

Many suggested remedies require closer scrutiny. For example, some reformers have called for the creation of intermediate appellate courts to ease the congestion. But creating more courts is like building more highways: It simply encourages traffic. And other proposals may have little real prospect of success. For one thing, almost every move to "de-legalize" runs squarely into the opposition of a well-organized group that benefits from leaving things as they are. Oppo-

[1] In the United States, several legal scholars were responsible for advancing legal realism. Jerome Frank's Law and the Modern Mind (1930) and Karl Llewellyn's Bramble Bush (1951) were particularly influential works.

nents of no-fault insurance, led by lawyers loath to abolish jury trials in auto accident cases, say that they have a political constituency "that exceeds even that of the AFL–CIO."

A LITTLE PRUNING

Much can, and should, be done by judges, lawyers, and politicians to slow the pace of the legalizing of America. At the same time, we should not be blind to the gains that have been made precisely because of increased recourse to the courts. It is hard to imagine that a nation dedicated to principles of justice would want to go back to the days when minorities were largely shut out of the legal system or when, because of poverty, a deserving citizen could not have his fair day in court. The courts can also serve as a useful "safety valve" if a minority's fundamental rights are consistently ignored by the majority in the political process. It is unlikely that we would want to confer untrammeled discretionary power on police, prosecutors, and bureaucrats, and it is surely no abuse of the law to curb air and water pollution.

But it is clear that we have gone too far in many cases. Some selective pruning is in order. A little less than 200 years ago, Alexander Hamilton sought to reassure an America worried about the powers given the federal government in the new Constitution. He wrote in The Federalist that the judiciary would be "the weakest of the three departments of power." The judiciary, he said, "has no influence over the sword or the purse; no direction either of the strength or of the wealth of the society; and can take no active resolution whatever. It may truly be said to have neither Force nor Will, but merely judgment." We have come a long way from that concept of judicial power.

A judiciary that single-handedly undertakes the systematic reform of a democratic society exceeds its appointed task. In America, resolving problems informally through consensus or in the elective process ought still to be the ideal; judicial intervention ought to be the exception, not the norm. We cannot go back to a simpler time. But we can begin working to restore the primacy of compromise in building a better society—an undertaking that cannot succeed on the basis of laws and court judgments alone.●

THE MILCON CONFERENCE REPORT

● Mr. HART. Mr. President, I strongly supported the conference report on the military construction authorization bill and thank my colleagues for supporting it.

I congratulate my colleague, the distinguished President pro tempore of the Senate (Mr. THURMOND) for his handling of this bill. As chairman of the Military Construction Subcommittee during the 96th Congress, I am familiar with the complexities of this bill and I can personally appreciate the fine job Senator THURMOND has done. The capital construction projects in this bill touch every facet of our defense effort—from evolving strategic programs to the replacement of mobilization assets.

Among the many important provisions in this bill, a few are of particular importance to my own State of Colorado. First, the legislation includes an authorization for the acquisition of 244,000 acres of rangeland in southern Colorado for mechanized maneuver training by the 4th Infantry Division (MECH) now stationed at Fort Carson, Colo. The Army has indicated this additional land is essential to effectively train personnel in maneuver tactics.

Second, the legislation also includes a provision to require the Army to adhere to all environmental mitigation measures, including those regarding salinity, outlined in the environmental impact statement on the proposed land acquisition.

Third, the legislation includes a provision to allow local governments whose jurisdiction encompasses the expansion area to receive certain payments by the Secretary of the Interior to compensate for lost tax revenues.

Unfortunately, the conference did not agree to a provision which the Senate had included in its bill to grant private landowners who are willing to sell land to the Army a 24-month deferral of capital gains taxes. The Rules of the House of Representatives prevented us from including this provision in the conference report, since it involved an amendment to the Tax Code. Before this session ends, however, I intend to introduce this as a separate piece of legislation. I have been given assurances by Senator THURMOND and the chairman of the House Military Construction Subcommittee that this measure will be considered and acted on expeditiously.●

METRIC CONVERSION

● Mr. EAST. Mr. President, on October 27, I introduced S. 1778, a bill to repeal the Metric Conversion Act of 1975. This bill is identical to one introduced in the House by Congressman ELDON RUDD, and is designed to save American taxpayers a fair amount of money and inconvenience.

I know of no good reason why the Federal Government should be prodding us to adopt the metric system. Every effort in that direction has been met with widespread public resistance. Furthermore, the most common arguments in favor of going metric—that the world is already 90-percent metric, and that our ability to compete abroad is hampered by our refusal to conform—simply do not bear close scrutiny.

The metric system is something less than ubiquitous in today's world. Gold is marketed by the ounce, not the gram, business machine paper is inch-sized everywhere, and more than 80 percent of the world's aircraft conforms to American standards. These are only a few examples that might be cited. It is also worth noting that exports to this country of clothes, shoes, and many other items are sized in inches instead of centimeters.

Would conversion to the metric system boost our economy by helping us to compete abroad? There is little evidence to support the notion. The estimated costs of conversion are staggering, and many small businesses in this country would be unable to meet them. At the same time, simply converting to metrics would not cancel the comparative wage advantage enjoyed by most of our competitors, nor would it eliminate the wide range of tariff and non-tariff barriers erected by them against our exports.

The metric system has been a legal system of weights and measures in this country since it was so designated by act of Congress in 1866. It is not without its advantages—particularly in scientific research. But I can see no reason why the Federal Government should be promoting its wider use or why taxpayers should be obliged to spend $2.7 million a year on a Metric Conversion Board.

My bill represents nothing more than another modest effort toward getting the Federal Government off the backs of our people.●

BUSINESS AGAINST ADMINISTRATION BUDGET CUTS

● Mr. HART. Mr. President, in a speech last month, J. Richard Munro, the president of Time, Inc., presented what might be called the business case against the administration's budget cuts. He expressed concern that harsh and inequitable cuts in social spending could jeopardize economic recovery in the long run.

Mr. Munro points out that budget cuts fall most heavily on the elderly, the disabled, the working poor. He is particularly concerned about their impact on children. Although none of the cuts, taken alone, is large, together they may wipe out that slim margin between a few comforts and being plain miserable.

In Mr. Munro's view, these cuts should concern the business community for two reasons. First, public support for badly-needed investment and productivity incentives will weaken if the administration's economic program comes to be seen as a luxurious safety net for the wealthy—a safety net purchased at the expense of the poor. And second, the spending cuts lessen our children's chance for good nutrition, adequate health care, training, education—all of which are vital if today's children are to become tomorrow's productive workers.

While urging a greater corporate commitment to solving human problems, Mr. Munro also believes business should push for changes in the administration's economic program. He calls on his colleagues to fight to restore funding for effective social programs. And he believes we must bring the tax cuts down to a more reasonable level if we are to cure our economy.

Mr. President, I hope my colleagues will carefully consider Mr. Munro's views as we consider the next round of budget cuts, and I ask permission that his remarks be inserted in the RECORD at this point.

The remarks follow:

REMARKS BY J. RICHARD MUNRO

Thanks very much for the kind introduction, and good afternoon ladies and gentlemen.

As a Time Inc.-er, I am glad to be here at the Union League Club. Our founder, Henry Luce, was a lifelong and active Republican in the tradition of your fellow Union Leaguer, Teddy Roosevelt.

As a young man, Henry Luce idolized Roosevelt, and, like him, he believed that the Republican Party and American business had an all-important social responsibility. Luce once said—and I quote—"our greatness lies not merely in the marvels we have achieved—it lies in the fact that we have achieved them not for the few but for the many."

In keeping with that spirit, I'd like to talk today about the Reagan Administration's

budget, and how I think it falls short in both serving human needs and economic efficiency. Incidentally, these are my personal opinions, not necessarily those of our editors.

I know that business executives are not supposed to disapprove of the Administration's spending program. Polls show support among us hovering around 90 percent. That's a phenomenal vote of confidence.

Let me quickly add that I support the new policies that promote growth, new investment, and greater productivity. For too long, we were putting too little aside for future needs. Our competitive edge has dulled, and something clearly needed to be done.

Yet in the rush to fight inflation and stimulate investment, I fear that we have cut too deeply—that we have put too high a burden on the poor and elderly—and that we are jeopardizing the long-term goals of this program and the interests of business.

I am especially concerned about the cuts in social spending. They have gone too far, too fast. And too few of us understand their impact.

Most of us probably have found comfort in the notion that the cuts were marginal—just shaving a few percentage points off a $722 billion budget—and that the cuts fall equally on everyone.

The cuts are anything but even-handed—and the effects are far from marginal—as the numbers show. About 70 percent of the 1982 cuts now in place come from programs affecting the poor.

You can go down the line—education at all levels—jobs and training programs—Medicaid—housing aid—food stamps—school nutrition—support for poor families with children—energy assistance—unemployment insurance—and numerous other social services.

Every one of these received major spending cuts—adding up to $25 billion of the $35 billion total cut from the budget this summer.

That doesn't include $13 billion in more cuts just proposed—and the $100 billion in cuts projected for 1984. Although those cuts are mostly unspecified, programs for the poor will again be on the chopping block.

Combined with tax cuts that benefit mostly higher-income people, this program adds up to a major redistribution of money in our society—from the lower end to the upper end of the scale,

Despite Administration assurances, the truly needy will have to cut back family budgets that simply can't be stretched any more.

The truly needy include the elderly and disabled poor. But the group that concerns me most is children—in families headed by a woman.

Let me tell you about them. One out of six of all American children—about 10 million—lives in poverty today. One out of four of all children will need welfare support at some time before growing up.

About one out of six of all children has no regular source of medical care, and one out of three has never seen a dentist.

Among black children, two out of five are poor.

Under the new budget, they are losing a little here and a little there—not too much taken one by one. But when the losses total several hundred dollars this year per family—with even greater losses next year and the next—that will have a great impact on their lives.

In short, the truly needy will be even needier when this budget cut reaches them. There will be less for that slim margin between a few comforts and being plain miserable.

We should also be concerned about the working poor—people earning at or around the minimum wage.

The budget cuts fell especially hard on them. And—ironic for an Administration concerned about over-taxation—they penalize millions of people who want to begin or continue fulltime jobs.

If a welfare mother perseveres and gets a paying job now—she's likely to lose food stamps, Medicaid, rent subsidies, income assistance checks entirely—and have to seek day care without government help. The amount she would earn above welfare benefits can be taxed away, in effect, at marginal rates often more than 100 percent.

For millions of working poor, the message is you're better off financially—your kids are better off—if you stay on welfare.

Probably many will continue to seek jobs and work anyway, because the work ethic is still strong in this country. But this budget has just built one more barrier for them to overcome.

We should also be concerned about the many social services—government and privately run—being cut severely under this budget.

In Fairfield County, my wife and I are active in the Juvenile Diabetes Foundation. It's just been hit by Federal budget cuts that sharply reduce its research program—a program making real progress in funding the cure for diabetes—the nation's third largest killer.

Actually, I think we can probably raise money locally to replace some of the loss. But what about similar organizations in the rest of the country—with no access to corporate contributions or well-funded local governments? How will they maintain services?

Plainly, many of them—especially those in low-income states and communities—have nowhere else to turn. They will simply close down completely or operate at half-speed.

Rather than give you a laundry list of other examples, let me sum up:

The budget cuts are leaving serious and immediate human needs unmet. And if the budget cuts continue as scheduled, the problems of the poor will worsen intolerably.

As business executives, I don't think we should stand by and let this happen.

Let me suggest why.

On a practical level, let's consider the opportunity cost of letting the cuts go through. This year, we have the chance to restore business incentives for greater investment and productivity. The President, the Congress, and—most important—the public are behind us.

Yet this public support will vanish if the burdens of this program remain so uneven—if people think that the rich and big business get all the breaks—and if the promised surge of prosperity pays off only for those already well off.

So far, inflation has come down significantly. Lower energy and food costs have led this improvement. In fact, without rising interest costs, inflation would have gone down much more rapidly.

Yet the other economic developments so far have been excruciatingly-prolonged high interest rates—unemployment at 8½ million and expected to climb—and the second recession in as many years.

While we can talk about the need for patience until the long-term benefits arrive, the next election is a year away—close to the bottom of what appears to be a deep recession—at the very time the budget cuts put more holes in the "safety net" for people.

Also, while the economy declines, big business mergers are taking place with the subtlety and grace of dinosaurs mating—safety, health, consumer, and environmental protections are weakening—civil rights enforcement is taking a giant step backward—and the share of taxes paid by corporations drops significantly.

That's not a scenario designed to build confidence in the current program. Consequently, in the next election, people may decide that they're not getting the changes they really wanted. And it'll be another generation before we get a similar chance to enact business incentives.

George Will wrote in a recent column that programs like social security spring from Americans' acceptance of "the ethic of common provision." He went on to say that President Reagan—quote—"must convince Americans that his conservatism is compatible with that ethic—that there can be conservatism with a kindly face."

Besides the political effects, let's consider the economic effects. Remember that, in a few years, the children of today will be our employees—adding, we hope, to our bottom line. On a larger scale, we want them to produce, earn, spend, save, pay taxes.

Because of the end of the baby boom, there will be far fewer of them available. And we can already read projections of labor shortages later in this decade—especially in skilled labor. Budget cuts in training and education will worsen that problem.

Consider also Social Security: there are three workers today for every beneficiary. In 30 years, there will be two—when the children of today should be in their prime working years.

Out of economic necessity, we can't afford to let the productive potential of any of today's children languish because of our neglect.

More than ever, they are vital to our future, and we should help them get the best possible start in life. That means good schools, good nutrition, health care, housing, stable homes—all the things we want for our own children.

Yet we're moving in the opposite direction now and in the foreseeable future. That disturbs me, and I think it should disturb each of you.

Let me make a modest proposal:

First, let's look to our own businesses for some of the solutions.

We can take up some slack by increasing corporate contributions to organizations that can help with these human problems. Time Inc. set an eventual goal of contributing five percent of pretax profits. Next year, we will pass the two percent mark. The average for all corporations now is one percent.

We could also look at the way we hire and train employees. Maybe we could take more risks in hiring young people, provide training in basic skills, or help with day-care services.

Certainly, we can—and should—aggressively pursue our own affirmative action programs. Just because federal enforcement has slowed down doesn't let us off the hook.

Second, let's work with our friends in Washington to restore some of the social spending cuts.

I don't mean a return to the status quo. There were programs and agencies that needed cuts or even elimination. But let's sustain programs that helped people find and keep work—that gave children a better start in life—that helped the elderly and disabled.

And if we want to look for areas to cut, let's start with the trillion-and-a-half dollars for defense in the next five years. We're seeing at the Pentagon a classic case of throwing money at a problem—with too little strategy or forethought.

Third and finally, let's work to bring the tax cuts to a more reasonable level.

We could moderate the deficit considerably by paring down individual tax cuts and some of the special interest cuts, such as windfall profits exemptions.

With revenues plunging because of the tax cut and a worsening recession, deeper spending cuts remind me of the futile efforts 50 years ago to balance the budget. The policies under Herbert Hoover only added to the deepening depression.

I can't help but think that curing inflation depends on a healthy, growing economy. Today's approach—deliberately inducing two recessions in a row—reminds me instead of the old medical practice of leeching.

There must be a better way to cure inflation, and I think we should help find it.

These proposals aren't the final answer, I'm sure. But I think they make better sense than what we're doing now.

It's not enough to depend on a rising tide lifting all boats. The reality is that for most of the poor and elderly, that won't be much help.

A booming private economy—built with money withheld from vital social programs won't help someone who's too old or young for the job market, who can't find decent day care for their children, who has no job skills, or who's sick or disabled.

And if many of them will be helped in the long run—what do they do in the meantime?

Harry Luce once said that the business of business is America—that as executives and citizens we should help advance human progress.

Three years ago, in Yankee Stadium, Pope John Paul II said something similar:

"Nowhere does Christ condemn the mere possession of earthly goods as such. Instead, he pronounces very harsh words against those who use their possessions . . . without attention to the needs of others. . . . In light of the parable of Christ, riches and freedom create a special responsibility . . . a special obligation."

As business leaders, I think we have a special responsibility—and that calls on us to help correct the excesses of this budget and put us back on the path toward human progress.

I again thank you for inviting me here today. I thank you for your attention, and I wish you well.●

FTC ACTION ON MOBIL-MARATHON MERGER

● Mr. METZENBAUM. Mr. President, the Federal Trade Commission action on the Mobil-Marathon merger is confusing and dismaying. While all four members agree that in its present version, a Mobil acquisition of Marathon would violate the antitrust laws, Chairman James Miller and Commissioner Clanton seem to think, however, that if the merger excludes domestic refining and marketing, it would be permissible.

The latter action is truly outrageous. It sends a clear signal to the oil and other industries that except for the grossest kind of obvious violation—in this case already condemned judicially—a horizontal merger of the kind long considered illegal, is now permissible. It is yet another example of this administration trying to rewrite the antitrust laws to a policy of "anything goes." Indeed, Chairman Miller and his ally might well have allowed the merger in its entirety but for the prior judicial determination by Judge Manos holding it illegal.

The competitive free enterprise system in America is truly in jeopardy if these kinds of decisions continue to be made by the top antitrust officials.●

COOLIDGE AND THE HISTORIANS

● Mr. EAST. Mr. President, the myth that Calvin Coolidge was a failure as Chief Executive has proved a durable one. Despite evidence to the contrary, Coolidge is still supposed to have been lazy, humorless, smug, and incompetent, flinthearted toward the poor and sycophantic toward the rich.

One might expect that President Reagan's open admiration of the man would spark a reappraisal of his career. Instead, the President's critics have preferred to repeat the old canards for the purpose of making unflattering comparisons.

These individuals would do better to investigate the accuracy of their material. As a former professor of political science, I know how rare it is for scholars to check each others' footnotes. The practice is not unknown, however, and occasionally the results are startling. The fall issue of American Scholar contains just such an example of academic police work.

In a beautifully crafted essay, Dr. Thomas Silver builds a convincing case for the proposition that "Silent Cal" has been basely slandered by liberal academics. Dr. Silver does not claim that Coolidge was in reality a statesman of the first water, but he does establish that our most ridiculed Chief Executive was a decent and dignified man, as learned as any President since, intensely patriotic, and possessed of a profoundly democratic soul. His detractors have never allowed him that.

Yet there is more. Coolidge was also a man who believed passionately that every dollar carelessly wasted by Government made the lives of our citizens the more meager, since it is they who must bear the cost of Government. He consistently put that belief into practice, and enjoyed considerable popularity as a result. There is no question that had he been so inclined, he could have easily won another term in 1928.

Calvin Coolidge deserves better treatment from the historians than he has thus far received. I ask that the complete text of Dr. Silver's essay be reprinted in the RECORD.

Tho essay follows:

COOLIDGE AND THE HISTORIANS

(By Thomas B. Silver)

Think back upon a decade of upheaval in American history. The country's youngest president, having succeeded a conservative Republican and having sounded a clarion call to the progressive forces in the country, is now gone forever from the presidency. An activist Democratic president skillfully shepherds legislation through Congress, but wolfish war follows close on the heels of domestic reform. Radical protests against the system, and a few bombings, ignite national hysteria. The president retires in bitterness, soon to die. His Republican successor at first holds forth the hope of restoring the national composure, but he is replaced by his vice-president after a truncated term marred by economic dislocation and executive scandal unprecedented in American history.

Would it pass understanding if the new president set aside his clarion so that he might speak softly to his countrymen? As there are times during the nation's history that require its citizens to summon up their last reserves of daring and courage, are there not other times that call for the exercise of moderation and sobriety? Does not prudence comprehend all of the virtues?

Imagine a statesman ascending to the presidency after a decade of war, national hysteria, recession, and scandal. Imagine that the next five years are characterized by peace, national calm, unprecedented inflation-free prosperity, and rigid executive integrity. Would not the citizens bestow their gratitude upon the statesman who presided over such a time? And if it is true, as a famous political scientist once said, that we approach the subject of prudence by studying those to whom we attribute it, would not such a statesman be worthy of the attention of our political scientists and political historians?

When I wrote at the outset of this article about a decade of upheaval in American history, I had in mind the period from the first administration of Woodrow Wilson to the death of President Harding. During the five years following the decade 1914 to 1923, President Calvin Coolidge won the admiration and gratitude of the American people. His three predecessors had begun their terms full of hope for the future, and had ended them, respectively, in defeat, repudiation, and death. Coolidge inherited the leadership of his party and his country near a trough in their fortunes, and by the day of his retirement had brought them to a crest which neither would see again for a generation. The hallmarks of the years preceding Coolidge were war and depression; the hallmarks of the years following were depression and war. The hallmarks of the Coolidge era were prosperity and peace.

President Coolidge has not, however, won the admiration and gratitude of our political scientists and political historians. "The fact is that no historians write favorably about the twelve-year Republican interregnum compared with the Progressive Era that preceded it and the New Deal that followed." This statement is hardly less true today than it was when Basil Rauch wrote it twenty years ago. In 1962, Arthur Schlesinger, Sr., published the results of a poll in which seventy-five American historians ranked thirty-one of the U.S. presidents. The average rank of the three Republican presidents of the twenties was twenty-sixth out of thirty-one. The average rank of their immediate predecessor and their two New Deal successors (who coincidentally were the first three Democratic presidents of the twentieth century) was fifth out of thirty-one.

Most historians write briefly about the thirtieth president, Calvin Coolidge, and they reach similar conclusions expressed in similar words. A standard account of Coolidge and the politics of the Roaring Twenties may be found in the vastly popular Pocket History of the United States by Allan Nevins and Henry Steele Commager, two of America's most distinguished historians. Nevins and Commager state that Presidents Harding and Coolidge pursued a dual policy of laissez-faire capitalism and government subsidies to private enterprise. Whether one or the other approach was used in a particular case depended upon whether or not it would help business.

In the domestic arena, the Harding administration inaugurated the reign of "normalcy"—and Harding's idea of normalcy was a return to the good old days of Mark Hanna and McKinley. This was not, as is sometimes supposed, pure laissez faire, but rather a felicitous combination of two policies—one, freedom of private enterprise from governmental restraint, and the other, generous subsidies to private enterprise. Government withdrew from business, but business moved in and shaped most government policies.

In the Commager and Nevins account, the obverse of concern for business was indif-

ference toward other groups in society—especially disadvantaged groups.

Concern for equality of opportunity would have come with better grace had the Harding and Coolidge administrations shown a sincere and sustained interest in the welfare of labor and farmer groups. But these administrations were interested only in the "businessman" and their conception of business was a narrow one. Neither the farmers nor the workingman shared the piping prosperity of the twenties. There was a brief but sharp break in farm prices in 1921; by the mid-twenties a gradual decline set in and continued without interruption until the operation of the New Deal reforms became effective.

Yet in the face of this situation the Harding and Coolidge administrations, so eager to place the government at the disposal of business, evinced an attitude of indifference to the farming interests.

Calvin Coolidge, seen through the eyes of most historians, is no more agreeable in his person than he is in his policies. Nevins and Commager deride him as "a thoroughly limited politician, dour and unimaginative, thrifty of words and ideas, devoted to the maintenance of the status quo, and morbidly suspicious of liberalism in any form."

A similar portrait of Coolidge may be found in The Oxford History of the American People by Samuel Eliot Morison. This book is one of the most popular contemporary surveys of American history. In July 1965, after its first eleven weeks on the best-seller list, the Oxford History had already sold sixty thousand copies in hardback. Two hundred fifty thousand more were printed for the Book-of-the-Month Club, and it has since been widely read in paperback as well. Morison had a reputation (and deservedly so) as one of the finest historians of this century. What did all of those readers learn from Morison about Calvin Coolidge? If they made it to page 933 of the Oxford History, they learned that Coolidge, the second of the three "inept" Republican presidents of the twenties, was mean, thin-lipped, little, mediocre, parsimonious, not as bright as people thought, dour, unimaginative, abstemious, frugal, unpretentious, taciturn, an admirer of wealthy men, reactionary, a cynical doubter of the progressive movement, and democratic only by habit not by conviction. As president, Coolidge exalted inactivity. He took it easy in the White House with a long nap every afternoon. He maintained his feeble health by riding on a mechanical horse. On the positive side, Coolidge had a moral integrity that was lacking in Harding.

The Oxford History, as it happens, ends with a description of another president from Massachusetts, John F. Kennedy.

President Kennedy was remarkable not only for his courage and wisdom in meeting the challenges of our day; he chose to take the most important steps ever made by a President of the United States to foster literature and the arts. . . . He did his best to impart to the public his respect for excellence and dislike of mediocrity.

He and Jackie "were the first presidential couple within the memory of White House gardeners to care about the flower gardens." They surrounded themselves with "gay, active, intelligent people." "At the same time they were an image of the typical American family, frolicking with their children and taking pleasure trips to the country." "Everything that the Kennedys did was done with grace, elegance, and style, and it all seemed natural, not forced." "The memory of that bright, vivid personality, that great gentleman whose every act and appearance appealed to our pride and gave us fresh pride in ourselves and our country, will live in us for a long, long time." The Oxford History ends with the score of Camelot: "Ask every person if he's heard the story; and tell it strong and clear if he has not: That once there was a fleeting wisp of glory—called Camelot."

The high duty of the historian, as opposed to the politician, is to eschew caricature in the name of truth. He wishes to see, and to present, things as they are. This is particularly difficult in the writing of recent history because the historian's own political passions are likely to be engaged. The conscientious historian, therefore, takes special care to draw his heroes and villains true to life. Such care is perhaps more evident in our own times than it was formerly, given the professionalization of history. In the writing of history, writes Arthur Schlesinger, Jr., "our taste today is more fastidious, our canons of scholarship more rigorous, our partialities more contained, our diagnosis more complex, our judgment more tolerant."

When it comes to Calvin Coolidge, though, one wonders whether Schlesinger's description of contemporary historiography holds true. Coolidge has been subjected to more ridicule perhaps than any other president in American history. His policies are regarded by most historians as beneath contempt. The passages quoted above from Nevins, Commager, and Morison are far from objective. And by objective I do not mean value-free. No one is asserting that historians should be neutral toward men and policies. On the contrary, the duty of the historian, like that of the politician or the citizen, is to take sides. But the historian is in a more fortunate situation than is the politician. The historian is not caught in the rush and uncertainty of great events; he is not compelled to strive for immediate political victories or advantages; he is free of the successful politician's necessary deferrence to the opinions of his constituents. The historian is to the politician much as the judge is to the lawyer. They both takes sides, but the lawyer takes one side from the outset and strives with all his might to make it prevail, while the judge takes sides only after giving a fair and full hearing to all parties involved. Has Calvin Coolidge had such a hearing from our leading historians?

Perhaps the most memorable historical sketch of Calvin Coolidge is to be found in "The Crisis of the Old Order," the first volume in Arthur Schlesinger's "Age of Roosevelt." Coolidge is interesting to Schlesinger less in himself than as a symbol of American conservatism more generally. Schlesinger understands twentieth-century American conservatism as rigid ideological opposition to the moderate and pragmatic tradition of liberal reform in America.

According to Schlesinger, such progress as is possible in a democracy is smoothest when it issues from a creative tension between a right and a left whose tempers are empirical rather than ideological, whose goals and expectations are moderate, and whose love of the common good is strong. But the story of American conservatism, he believes, has too often been the story of rigid, ideologically motivated opposition to change. American conservatism is a dam without sluices thrown across the river of history. Moreover, the conservative ideology reflects the mentality of the possessing class in America. Schlesinger deplores the acquisitive character of American conservatism and its tendency to promote the interests of businessmen and the rich at the expense of the common good.

These two themes—the curse of ideology and the curse of acquisitiveness—are vividly personified, in The Crisis of the Old Order, in the characterizations of Herbert Hoover and Calvin Coolidge, the spokesmen for an idea whose time had gone. In Schlesinger's view, Hoover was a tragic figure in American conservatism, and Coolidge a comic one. Hoover was, or became, an ideologue, who did not sufficiently understand that all ideas must be scrutinized regularly to see whether they have outlived their usefulness. Progress in politics—to the extent that it is possible—depends upon the shattering of complacency. If we make it our business to challenge our own complacency unceasingly, then we shall perhaps avoid the trauma of having events challenge it for us. This was the trauma and the tragedy of Herbert Hoover, a man of high ideals, flawed by his self-righteousness and cast down by events.

The tragic figure of Hoover contrasts with the comic figure of Calvin Coolidge, the smugly self-righteous little man of low ideals. Coolidge transformed the dollar into the Almighty Dollar and worshipped unceasingly at its altar. Schlesinger's discussion of the political thought and the personality of Calvin Coolidge covers about three pages of The Crisis of the Old Order. It follows a quotation from Dwight Morrow in which Coolidge is described as the man of character America needed in the oily wake of Teapot Dome. Schlesinger is interested, in the face of that claim, to see what kind of man Coolidge was. He adduces the testimony of three witnesses (aside from a brief remark by the British ambassador) to show us what Coolidge was like. The first is Arthur Vandenberg, who tells us that Coolidge was "unimpressive" as vice-president. The second is William Allen White, whose testimony is taken from a letter in which White compares Coolidge to old Scrooge. The final witness is Ike Hoover, the White House usher, who tells all about Coolidge's odd and distasteful personal habits. One might wish that Schlesinger had canvassed a somewhat wider sample of Coolidge's contemporaries, but we must work with what we have been given.

Schlesinger begins his depiction of Coolidge's political career thus:

Entering law and politics in Massachusetts, he had always been competent, taciturn, and safe. The Boston police strike gave him as governor an accidental reputation for swift decision and made him Vice-President. But he had had little impact on Washington. According to a young Republican editor in Michigan named Arthur H. Vandenberg, Coolidge was "so unimpressive" that he would probably have been denied renomination.

This tightly written little paragraph, unflattering to Coolidge, suggests to the reader the following chain of events: An unimpressive governor by accident became vice-president, and an unimpressive vice-president by the accident of death became president. The reader is not surprised then to be told, a bit later, that the man who was unimpressive as governor and vice-president proved to be unimpressive as president. ("As President, he dedicated himself to inactivity.")

The reader may or may not be aware that Schlesinger is simply repeating the standard interpretation of Coolidge's career offered a half-century ago by Coolidge's political enemies. But what reasons has the reader been given for accepting this interpretation? There are two. First, the reputation Governor Coolidge acquired to the contrary during the Boston police strike was "accidental." Second, Arthur Vandenberg said that Coolidge was an "unimpressive" vice-president.

Let us first take notice of the adjective "accidental." Schlesinger uses it—in the face of contrary opinion—to debunk Coolidge and to establish one of the links in his chain. But the adjective in fact stands there in utter isolation, undocumented, undefended, and unexplained either in the text or in the footnotes. Is this not a curious way for a historian to treat a pivotal and hotly debated episode in a president's career. However that may be, the careful reader will be aware at this point in Schlesinger's narrative that he has only the historian's own opinion as the basis for calling Coolidge's reputation accidental.

The truth is that the Coolidge we see in

Schlesinger's passing reference to the police strike is a straw man. Coolidge's reputation was not for "swift" decision but rather for firm and courageous decision. Coolidge himself, in his autobiography, notes that he did not act as swiftly as he was inclined to at the outset of the strike. But in his commitment to certain principles, including the principle of rule by law, he was absolutely unwavering before, during, and after the strike. It was this, not the speed of his actions, which made him a national hero.

Coolidge was far from being a Lincoln, but he did possess something of Lincoln's genius for persuasively compressing reams of argument into a sentence. Thus when challenged by Samuel Gompers, Governor Coolidge electrified the nation with his words: "There is no right to strike against the public safety by any body, any where, any time." Coolidge's initial watchfulness, his decisive intervention, and his moral firmness in speech and deed were fixtures of his conduct, then and always. In this sense his nomination for vice-president was by no means accidental.

All we are left with, then, aside from Schlesinger's own opinion, is the opinion of Arthur Vandenberg, who said that Coolidge was unimpressive as vice-president. Never mind that vice-presidents typically have little impact on Washington. Never mind that the foothold of vice-presidents is notoriously insecure. Never mind that this is simply one man's opinion. Let us assume, with Schlesinger, that Arthur Vandenberg's opinion of Coolidge is worth hearing.

It happens that Schlesinger likes to get his character witnesses into the witness-box and out again with dispatch. More often than not he is loathe to quote even as much as a single sentence from his source; he prefers to quote phrases or snippets. In the present example, we are left with the phrase "so unimpressive" ringing in our ears. But this technique sometimes fails to capture the full flavor of a more extensive quotation. Vandenberg actually had more to say about Coolidge than comes across in Schlesinger's account. In his book, The Trail of a Tradition, Vandenberg wrote:

"Death put its tragic hand upon President Harding before his work was done. Succeeding him came a quiet, modest, unperturbable New Englander who—while so unimpressive as Vice-President that he probably would have been denied re-nomination even for second place, had his chief survived—has captured the well-nigh universal imagination of the people in his unruffled, common sense dependabilities in the higher station which he now occupies in his own right. The character of President Calvin Coolidge partakes the atmosphere of those granite hills that gave him birth. He never shirks a rendezvous with duty. He came to maturity in a sector of the nation which not only is rich in intimate tradition, but also believes in keeping green the laurel of these patriotic memories. It is inevitable that all worthy tradition in his keeping shall be safe. It is certain that the trail will not wander while his compass points the onward press."

One wonders what induced Schlesinger to reach into this garish heap of accolades and pluck out the single parenthetical fleck of dung with which to besmirch Coolidge. Professor Schlesinger's selectivity puts him in the role of a prosecutor who wrenches one damaging remark out of a witness's mouth and then shuts him up before he can say anything else. But now that the first witness for the prosecution has been cross-examined, let us call in the next.

In the very next paragraph Schlesinger continues to quote fragments.

His speeches offered his social philosophy in dry pellets of aphorism. "The chief business of the American people," he said, "is business." But, for Coolidge, business was more than business; it was a religion; and to it he committed all the passion of his arid nature. "The man who builds a factory," he wrote, "builds a temple . . . The man who works there worships there." He felt these things with a fierce intensity. William Allen White, who knew him well, called him a mystic, a whirling dervish of business, as persuaded of the divine character of wealth as Lincoln had been of the divine character of man, "crazy about it, sincerely, genuinely, terribly crazy."

"William Allen White, who knew him well. . . ." This fine phrase lends authority to Mr. White's opinions and justifies Schlesinger in citing them. He knew him well. In fact, White had not been an intimate of Coolidge before he became president. "I met him," says White, "in the White House in December, 1924." This was a mere fifteen months before White wrote the letter that Schlesinger quotes, during which time White and Coolidge met only twice more, and on one of those occasions they had only a brief chat. But aside from the spurious fact that White knew Coolidge well, what reasons are we given for respecting his opinions about Coolidge?

Suppose that a historian were to write a short sketch of the ideas and personality of, say, Franklin Roosevelt. Suppose that he quoted from someone (there were many) who believed that Mr. Roosevelt was "unimpressive" before he became president. Suppose that he then quoted from someone who disliked Roosevelt (there were many) in order to document his vices (for example, he was an adulterer) and his eccentricities (for example, he was superstitious). Suppose that the historian then concluded, after a few out-of-context snippets from Roosevelt's social philosophy, with the following (authentic) quotation from William Allen White, who knew him well ("my old friend Bill White," as FDR once called him).

He is in no sense democratic. Neither is he a free spirit. He is a bound and chained patrician who must give benevolences and issue commands—and not work with those who are trying to achieve a better social order. I think he has a God complex. Once in ancient Egypt a ruler hired his parrot to cry, "Hano is God!" all day long. It seems to me that Roosevelt with his court and his astrologers and jesters is making Hano's mistake.

Apparently Roosevelt was as persuaded of the divine character of himself as Coolidge was of the divine character of wealth! What would Arthur Schlesinger, winner of the Bancroft Award, winner of the Pulitzer Prize, consecrated to the historian's classical ideal of objectivity, say about such a sketch? What would anyone say?

Let us take a moment to examine White's view of Coolidge, since it is White's biography of Coolidge, more than any other, that has molded subsequent opinion about the man. In writing to a friend, White compared Coolidge to old Scrooge: "I didn't expect you to like the Coolidge book, and yet I do think the old man is a mystic. Old Scrooge was a mystic. He had faith in the divine character of wealth as much as Lincoln had in the divine character of man. He and Coolidge both believe that Commerce is a sacrosanct matter."

Scrooge, of course, was the mean-spirited miser who loved money for its own sake. Thus White, in his book "Calvin Coolidge: The Man Who Is President," describes Coolidge as follows: "But one can be a mystic, indeed one can be as fanatic as a dervish or a dreamer and still believe in the mysticism which justifies business for its own sake. Coolidge exalts the ideals of the peddler, the horse trader, the captain of industry."

Coolidge has "a mystic faith in the righteousness of a swap." Coolidge "believes in the power of the esoteric and mystical qualities of business to produce a happy people." Coolidge has "faith in the Divine ordination of wealth to rule the world and promote civilized progress. . . ." Schlesinger follows White: Coolidge worshipped business; business for him was a religion; Coolidge fanatically consecrated himself to the prestige of the business community. And are not White and Schlesinger supported by Coolidge's own words? "The chief business of the American people is business." What more needs to be said?

Perhaps the first thing that needs to be said is that this aphorism, much ridiculed and much maligned, is the precise truth. America is a commercial republic. Now, just as fifty years ago, the principal activity of the American people is business. This is not to say—and Coolidge never said—that business is the highest activity in America, or that it ought to be pursued for its own sake, or that it will automatically secure for us the good life. Coolidge seems to be Coolidge the Philistine only because White and Schlesinger will not let him get a word in edgewise. Let him here speak for himself, as he did in his book "Foundations of the Republic":

"After all, the chief business of the American people is business. They are profoundly concerned with producing, buying, selling, investing and prospering in the world. I am strongly of the opinion that the great majority of people will always find these are moving impulses of our life. . . . Wealth is the product of industry, ambition, character and untiring effort. In all experience, the accumulation of wealth means the multiplication of schools, the increase of knowledge, the dissemination of intelligence, the encouragement of science, the broadening of outlook, the expansion of liberties, the widening of culture. Of course, the accumulation of wealth cannot be justified as the chief end of existence. But we are compelled to recognize it is a means to well-nigh every desirable achievement. So long as wealth is made the means and not the end, we need not greatly fear it."

Coolidge's attitude toward money-making and wealth is the commonsensical one—namely, that wealth is justified only as a means to higher ends: hospitals, schools, museums, et cetera. William Allen White would have us believe that Coolidge thought justice "in some occult way" would be "secreted" from the activity of the peddler and the captain of industry. This is false. Coolidge's clear position was that wealth cannot be accumulated or preserved, in the long run, outside of a framework provided by liberal culture and the more mundane virtues—for example, "the homely fundamental virtue" of economy. Culture and virtue produce wealth; wealth does not produce them. Wealth is merely a necessary, not a sufficient, condition for progress. But wealth does provide, in its turn, the leisure and the wherewithal to pursue, for instance, a liberal education, which is among the noblest ends of man.

The common sense of the matter is illustrated perfectly by Coolidge's own background. Many a God-fearing man of sturdy character, in Coolidge's experience, had scratched a living and a little more out of the soil in order to send his son to school, where the young man could add to the virtues of character those of intellect. There is nothing esoteric or mystical about this process at all. Nor were these mere Coolidgean platitudes, issuing from the mouth but not the heart. Coolidge himself was as well educated as any president elected since. Even as an adult he would spend evenings translating Cicero and Dante from the original into English. (The mind simply balks when requested to produce the image of LBJ, Nixon, or Ford hunched over their Dante.) On many occasions Coolidge wrote movingly about the poetry of Homer and Shakespeare and the Bible. He was, as well, a competent and facile writer of English prose, a fact attested to by many of his contemporaries, in-

cluding H. L. Mencken and Charles and Mary Beard, but ignored by most recent historians. His prose is not inferior to that of any of his successors, nor is it inferior to that of most of those historians who pass him off as a Philistine, a boorish celebrant of acquisitiveness. Far from exalting the ideals of the captain of industry, Coolidge again and again lamented that America was "falling away from this ideal" of a liberal education.

Great captains of industry who have aroused the wonder of the world by their financial success would not have been captains at all had it not been for the generations of liberal culture in the past and the existence all about them of a society permeated, inspired, and led by the liberal culture of the present. If it were possible to strike out that factor from present existence, he would find all the value of his great possessions diminish to the vanishing point, and he himself would be but a barbarian among barbarians.

The blessings of a free republic, including the promotion of literature and the arts, are not to be required of for gain or profit, though without them all gain and all profit would pass away. They will not be found in the teachings devoted exclusively to commercialism, though without them commerce would not exist. These are the higher things of life. Their teaching has come to us from the classics. If they are to be maintained they will find their support in the institutions of the liberal arts. When we are drawing away from them we are drawing away from the path of security and progress."

But let us return to Schlesinger's narrative. In the final paragraph of his review of Coolidge's social philosophy, he makes four assertions about Coolidge. Each is "documented" with a short phrase or sentence from Coolidge himself, but in no case—except the last—do the quotations justify the charges.

As he worshipped business, so he detested government. "If the Federal Government should go out of existence, the common run of people would not detect the difference in the affairs of their daily life for a considerable length of time." The federal government justified itself only as it served business. "The law that builds up the people is the law that builds up industry. And the chief way by which the federal government could serve business was to diminish itself; "the Government can do more to remedy the economic ills of the people by a system of rigid economy in public expenditure that can be accomplished through any other action." Economy was his self-confessed obsession; it was "idealism in its most practical form"; it was the "full test of our national character."

It is a wary reader indeed who will not surrender to the drift of this last sentence. Coolidge does not say that economy is idealism in its only form, or its purest form, or its highest form; it is merely idealism in its most mundane, practical form. In context, Coolidge's aphorism is both perfectly clear and perfectly true:

I favor the policy of economy, not because I wish to save money, but because I wish to save people. The men and women of this country who toil are the ones who bear the cost of the Government. Every dollar that we carelessly waste means that their life will be so much the more meager. Every dollar that we save means that their life will be so much the more abundant. Economy is idealism in its most practical form.

If Coolidge had said, as Schlesinger states, that economy "was the 'full test of our national character.'" then he might justly be accused of an obsession with economy. But Coolidge did not say that. He said that economy was "a full test of our national character." Only by this small distortion can Schlesinger prove that Coolidge had a self-confessed obsession with economy. It is necessary also for Schlesinger to omit the continuation of the president's remarks: "I would not be misunderstood. I am not advocating parsimony. I want to be liberal. Public service is entitled to a suitable reward."

But "at this time and under present circumstances," said Coolidge, economy is important. He regarded it as a manifestation of the virtue of self-control, which lies at the heart of self-government. Perhaps this idea was so incomprehensible to Schlesinger in 1957 that he could not do justice to it. But the fact that economy is a full test of our national character, and hence of self-government, is a commonplace, a platitude, in the year 1981. That there are other, and greater, tests of national character was, of course, known to Coolidge, and is nothing to the point.

"The federal government justified itself only as it served business," Schlesinger charges Coolidge with believing. Before proceeding to an analysis of this charge, the reader should be cautioned. When Coolidge speaks of business he usually does not wish to be understood as speaking of a separate class with distinct interests. He usually means "the work of the world" or the commercial enterprise as a whole. "Business" for him was an all-inclusive term that included labor, farmers, businessmen, et cetera. If one does not know this, one is liable to be misled by fragmentary quotations.

Calvin Coolidge never said that the federal government justified itself only as it served "business." Schlesinger attributes this sentiment to Coolidge on the basis of the following quotation: "The law that builds up the people is the law that builds up industry." The reader may be interested to know that Schlesinger, despite his attachment to scholarly rigor, does not bother to tell us where to find this remark by Coolidge, a remark which taken out of context might as well be a Delphic oracle, for all the meaning it imparts. It happens that the remark is taken from a speech delivered in 1916 and reprinted in Coolidge's book "Have Faith in Massachusetts" (1919) and the "federal government" is not explicitly mentioned. Moreover, the "law" to which Coolidge refers is not federal legislation, or any positive law whatsoever, but economic and social "law." There is nothing whatever in the speech about the federal government serving business. In fact, the only reference at all in the speech to the federal government is an oblique one in which Coolidge, having deplored that under the influence of prosperity "men came to think that prosperity was the chief end of man and grew arrogant in the use of its power," defends the anti-trust laws.

They are sound in theory. Their assemblances of wealth are broken up because they were assembled for an unlawful purpose. It is the purpose that is condemned. You men who represent our industries can see that there is the same right to disperse unlawful assembling of wealth or power that there is to disperse a mob that has met to lynch or riot.

Schlesinger, far from exerting himself to master his own partisan passions, has dug up an obscure sentence from Coolidge, has refused to tell his readers where he got it, has used it to prove something that it does not prove either by itself or in its original context, and has ignored an explicit assertion by Coolidge—not that the federal government exists only to serve business, but that the government exists in part to regulate, to check, and to discipline business.

Schlesinger's Coolidge is a man who sometimes advocated a laissez faire attitude toward government, so as to give business a free rein, and who sometimes advocated special government privileges for business—the tariff, for example. The unifying motivation for this two-faced Coolidge, that which makes his political career a consistent whole, is his devotion to business. As Schlesinger put it in his book The Vital Center: "The Progressive bolt left the plutocracy in unchallenged control of Republicanism. Never in American history have any administrations served the business community so faithfully—one might say so obsequiously—as the Republican administrations of Harding, Coolidge, and Hoover." Schlesinger defines plutocracy as "a possessing class founded, not upon the complex values of status which arise in a stable and independent society, but on the naked accumulation of money." Coolidge's presidency, therefore, was in the service of the naked accumulation of money.

Schlesinger has every right to make this argument. He is free to try to prove that Coolidge was a conscious or unconscious hypocrite, that he said one thing and did another. But he is not free to assert that Coolidge articulated his political principles as Schlesinger articulates them. Coolidge never claimed to be the servant of the business class or the plutocracy. He was not "crazy" about wealth. He never claimed to worship business, or to detest government, or to believe that government exists only to serve business. Schlesinger splices quotations, he changes words, he quotes out of context, he offers up irrelevant bits and pieces—all this to condemn Coolidge out of Coolidge's own mouth. But the real Calvin Coolidge is not the man we see after he has been filtered through the imagination of our historians. Schlesinger would have us believe that business was running the country in the twenties and that agriculture, labor, and other groups were outside the orbit of the business classes. Here is Schlesinger's Coolidge confirming this analysis in The Crisis of the Old Order:

"Never before, here or anywhere else," added the Wall Street Journal, "has a government been so completely fused with business." From his side, Calvin Coolidge confirmed the alliance. "This is a business country," he said, ". . . and it wants a business government."

Why is the ellipsis there? Why did Schlesinger quote only a single sentence from the president? Was it from a desire to make his diagnosis more complex? Here is the real Coolidge:

This is a business country, pre-eminent in all kinds of business, industrial *and* agricultural, and it wants a business government.

I do *not* mean by that a government *by* business, nor a government *for* business, but do mean a government that will *understand* business. I mean a government able to establish the best possible relations between the *people* in their business capacity and the people in their social capacity. (Italics mine.)

Did Coolidge himself ever say that government and business were "fused" or that they had formed an "alliance"? The following is a sample of his thoughts on that very possibility:

When we contemplate the enormous power, autocratic and uncontrolled, which would have been created by joining the authority of government with the influence of business, we can better appreciate the wisdom of the fathers in their wise dispensation which made Washington the political center of the country and left New York to develop into its business center.

When government comes unduly under the influence of business, the tendency is to develop an administration which closes the door of opportunity; becomes narrow and selfish in its outlook, and results in oligarchy. When government enters the field of business with its great resources, it has a tendency to extravagance and inefficiency, but, having the power to crush all competitors, likewise closes the door of opportunity and results in monopoly.

Call Coolidge a hypocrite, if you think you

can prove it, but do not ascribe to him sentiments which he never uttered.

"As he worshipped business, so he detested government." The quotation from Coolidge that allegedly proves this assertion is as follows: "If the Federal Government should go out of existence, the common run of people would not detect the difference in the affairs of their daily life for a considerable length of time." Where in this sentence is there anything about detesting government? On its face, the sentence fails to accomplish the task Schlesinger assigns it. Coolidge is simply stating a fact—namely, that under the federal system (as it then stood) the states were more intimately involved with the daily affairs of the people than was the federal government. In context this is obvious, but once again Schlesinger fails to supply us with the context, and once again he conveniently fails to footnote the quotation, so that the reader might consider the context for himself.

The States are the sheet anchors of our institutions. If the Federal Government should go out of existence, the common run of people would not detect the difference in the affairs of their daily life for a considerable length of time. But if the authority of the States were struck down disorder approaching chaos would be upon us in twenty-four hours.

To say that certain governmental powers are best exercised at the state or local level may be wrong, but it is surely not the equivalent of detesting government as such. Moreover, speaking of the states as "the sheet anchors of our institutions," Coolidge implies that the federal government is the main anchor of those institutions.

During his political service in Massachusetts, Coolidge was not a member of the Old Guard; he was a mild progressive. He was by no means a rigid ideological opponent of government. He did believe, when president, that prudence required strong emphasis upon economy and tax reduction in the aftermath of World War I. But as a prudent man he also knew that other circumstances might justify opposite policies.

Schlesinger, not content merely to set forth Coolidge's political opinions, proceeded from the issues to a presentation of Coolidge's character: "As President, he dedicated himself to inactivity. 'No other President in my time,' said the White House usher, 'ever slept so much.' In his dozen or so waking hours, he did as little as possible."

The White House usher had said that Coolidge slept an average of eleven hours a day. Schlesinger amends this to a "dozen or so." But Schlesinger also implies that one can tell how hard Coolidge worked ("he dedicated himself to inactivity") on the basis of how long he slept. This conclusion, however, does not emerge from the account given by the White House usher. The usher says that Coolidge could be found in the Executive Office three or four times a day on Sundays and holidays, and he confirms Coolidge's claim that we worked there in the evenings as well. (Woodrow Wilson, in contrast, never worked on Saturday or Sunday, and before the war he never worked more than three or four hours a day.) But why didn't Schlesinger seize on this opportunity to quote William Allen White, who knew Coolidge well? White said that Coolidge at fifty-nine looked like a man of seventy. "The impact of his Presidential responsibilities had weighted him down." White quoted Mrs. Coolidge: "The death of our younger son was a severe shock and the zest of living never was the same to him afterward." Others have speculated that Coolidge, who never enjoyed robust health, long suffered from a heart condition that drained his strength. Whatever the cause, Coolidge aged greatly during his presidency. If he had chosen to serve another term, he would have died in office. It goes without saying that most historians, despite these facts, depict Coolidge as a man who for five years hibernated in the White House.

President Coolidge carried himself with dignity. He had the reputation of a man of character. William Allen White has set down some of his impressions of Mr. Coolidge:

Here was a shy man . . . here was a kindly man, grateful and sentimental . . . here was a trained mind; a studious, competent man, tenacious of facts, and capable of coordinating them into a hypothesis that made truth as he saw it . . . here was a man whose social graces were not formal, but were based upon an instinctive desire to be pleasant rather than punctilious . . . here was a gentle and loyal friend.

In the following description of Coolidge by Schlesinger, which is based largely upon the observations of the White House usher, are any of Coolidge's admirable traits in evidence? Or is not the whole effect of the paragraph to strip Coolidge of whatever dignity he possessed, to reveal him as mean, eccentric, and ridiculous?

The main social events at the White House in Coolidge's time were his breakfast: pancakes with Vermont maple syrup, served promptly at eight, his large white collies wandering about the room or licking the sugar out of the bottom of his coffee cup. On other mornings, he ate breakfast in his bedroom while a valet rubbed his head with vaseline. When his faith was not involved, he watched life with a quizzical air. His humor was mordant and unpredictable. His eyes sometimes shone with the peculiar gleam of a parrot about to give someone a tweak; and then deadly remarks snapped out of compressed lips; or, in a mood of aimless mischief, he might play unfunny practical jokes on the Secret Service men. He could be irascible and nasty, straining all the understanding of his gracious wife. In the memory of the White House usher, Theodore Roosevelt in his worst rage was placid compared with Coolidge.

"The main social events at the White House. . . ." One suspects this is supposed to be a joke. If so, it is as unfunny as some of Coolidge's pranks. Needless to say, the main social events at the Coolidge White House were the usual ones, and the Coolidges were the hosts for a glamorous succession of notables, from the Queen of England to the Queen of Rumania, from the Prince of Wales to Charles Lindbergh. As for Coolidge's humor, it was the opinion of William Allen White that Coolidge had a fine sense of humor. If Schlesinger may cite the White House usher, certainly it ought to be permitted to cite the White House maid!

I used to ask Mama if the President were really as stern and sour-faced as he looked in pictures, and she would assure me that he was not.

"That's just his way, and he has the public fooled," she said, "but he has the best sense of humor and makes more people laugh than any of the other Presidents I've known."

Humor, no doubt, is one of those subjects upon which opinions can differ. Coolidge's practical jokes, for example, may not be to everyone's taste, though they were surely less juvenile and less sadistic than, say, pushing someone in full evening dress into a swimming pool. It all depends on your point of view.

"He could be irascible and nasty, straining all the understanding of his gracious wife." This is one of my favorite lines in Schlesingers entire corpus, but not just because it gives an especially flat glimpse of cardboard Coolidge. Rather, it is one of those marvelous criticisms which, as stated, might apply equally well to every married man in the history of the world.

But William Allen White presents another side to Coolidge's relation to his wife:

Here is a flash into the heart of Calvin Coolidge, irritable probably, peevish sometimes, not above the petty cruelties of a repressed and sublimated inner wrath, but still always loyal, always deeply affectionate and through it all profoundly devoted. In the various loyalties of Calvin Coolidge, and he had many and they were strong, none was more beautiful than his loyalty to this woman.

"In the memory of the White House usher. . . ." At long last we begin to weary of this usher. If Coolidge had been president in distant antiquity, if the records of that age had been lost, if this book by the White House usher were the only surviving record of that age, would we not regret the sparseness of the historical record, and would we not exercise great caution in our judgment of Coolidge? What could be said of a historian who, having at his disposal a diverse cache of documents from that distant age, chose to ignore them, and instead based his portrait of Coolidge upon the churlish recollections of the White House usher?

Throughout his career Schlesinger has inveighed against the intrusion of ideology into the political consciousness. Ideology, he contends, is unfaithful to the richness and diversity of the political phenomena. But what is Schlesinger himself if not the incarnation of ideology? American conservatism, he tells us again and again, is typically animated by selfish, shortsighted, anti-social greed. American history is the continuing struggle between the plutocrats—the forces of darkness—and the people.

To the non-ideologue it is unclear at first how Calvin Coolidge would fit into such a cramped interpretation. Whatever the ultimate merits of his political opinions and policies, Coolidge was a decent and dignified man, as learned as any president since, intensely patriotic, and possessed of a profoundly democratic soul. The people elected him to office every time save one that he presented himself for their judgment. The people elected him president by an enormous majority.

But if the man does not readily fit into a cast-iron interpretation of American history, he certainly will after Procrustes is through with him. A bit of chopping, a bit of stretching, and Coolidge appears as a mean little Philistine, a high priest of the golden calf, a willing tool of the plutocracy, a whirling dervish of business, a bleak fanatic, arid, smug, self-centered and self-satisfied, irascible and nasty.

As such at least he appears in the pages of a prize-winning historian.●

LATE PAYMENTS SHOULD BE ENDED NOW

● Mr. SASSER. Mr. President, I am pleased to support S. 1131, the Delinquent Payments Act of 1981, which was unanimously reported by the Governmental Affairs Committee today. I am an original cosponsor of this measure, which builds on legislation that I introduced—S. 30, the Late Payments Act of 1981—on the 1st day of the 97th Congress.

Late payments are a national disgrace and should be stopped forthwith.

Mr. President, recently I participated in the Governmental Affairs Committee hearing on legislation (S. 1249) that we have approved, to help us collect our delinquent debts.

Right now we have $34 billion in delinquent debt. This is outrageous, and the American people expect us to have that debt repaid.

But by the same token, it is imperative that the Federal Government also set an example by paying its debts on time.

While most businesses pay their bills

when they are due, the last GAO report on the subject indicates that the Federal Government is late in paying its bills some 40 percent of the time. That is a 40-percent delinquency rate that is intolerable. It is especially intolerable in light of the fact that Executive directives under both the Carter and the Reagan administrations direct Government agencies to pay their bills no later than 30 days from receipt of a proper invoice.

GAO in a letter to David Stockman on October 8, 1981, indicates that Government contractors may be losing some $150 million annually as a result of late payments.

The Federal Government cannot continue this practice of late and slow payments. Let us approve this measure now as we seek to improve Government debt collection and debt payments policies.●

NATIONAL ORGANIZATIONS ENDORSING S. 1655

● Mr. HART. Mr. President, unfortunately, the December 2, 1981, RECORD contains an incomplete list of the 40 national organizations that have publicly endorsed S. 1655. This proposal, introduced September 23, 1981, reduces the tax deduction for business meals and entertainment by 30 percent and earmarks the savings for the national school lunch program.

These organizations represent over 5 million educators, consumers, laborers, and nutritionists. Their endorsement substantially strengthens the case for S. 1655.

I request the complete list be reprinted in the RECORD at this point:

NATIONAL ORGANIZATIONS ENDORSING S. 1655

Agricultural Marketing Project.
American Federation of State, County and Municipal Employees (AFSCME).
Americans for Democratic Action (ADA).
Association for Community Organizations for Reform Now (ACORN).
Bread for the World.
Bridge, Inc.
Center for Community Change.
Center for Science and the Public Interest (CSPI).
The Children's Foundation.
Communication Workers of America.
Community Nutrition Institute.
Congress Watch.
Consumer Coalition for Health.
Consumer Federation of America.
Consumer's Union.
The Cooperative League of America.
Delta Sigma Theta Sorority.
Friends Committee on National Legislation.
Food Research Action Committee (FRAC).
International Task Force on U.S. Food Policy.
Maryland Food Committee.
National Anti-Hunger Coalition.
National Association of Community Action Agency Executive Directors.
National Catholic Conference for Interracial Justice.
National Education Association (NEA).
National Farmers' Union (NFU).
National Hook-up of Black Women.
National Sharecroppers' Fund.
National Urban League.
Project on Food Assistance and Poverty.
American School Food Service Association (ASFSA).
National Association of Social Workers.
Working Group on Domestic Hunger and Poverty.
National Council of Churches.
Mennonities Central Committee.
United Cement, Lime, Gypsum and Allied Workers International Union, AFL–CIO.
Department of Human Welfare, United Methodist Church.
United Telegraph Workers, AFL–CIO.
Women's Legal Defense Fund.
World Hunger Education Service.
Women, U.S.A.●

NOTICE OF DETERMINATION BY THE SELECT COMMITEE ON ETHICS

● Mr. WALLOP. Mr. President, it is required by paragraph 4 of rule 35 that I place in the CONGRESSIONAL RECORD this notice of a Senate employee who proposes to participate in a program, the principal objective of which is educational, sponsored by a foreign government or a foreign educational or charitable organization involving travel to a foreign country paid for by that foreign government or organization.

The Select Committee on Ethics has received a request for a determination under rule 35 which would permit Mr. Don Massey, a member of the staff of the Committee on Appropriations, to participate in a program sponsored by a foreign educational organization, Tamkang University School of American Studies in Taipai, Taiwan, from January 3 to 11, 1982.

The committee has determined that participation by Mr. Massey in the program in Taiwan, at the expense of Tamkang University, to discuss matters of mutual interest and international relations, is in the interests of the Senate and the United States.●

BANKING REFORM LEGISLATION

● Mr. GARN. Mr. President, today I am announcing that the Banking Committee will continue its efforts next year to report out banking reform legislation. In the spring, the Banking Committee held 7 days of hearings on the condition of financial institutions.

On October 7, I introduced S. 1720 to place the controversial issues on the top of the table. The specific recommendations contained in S. 1720 were never set in concrete—they were a focal point for vigorous discussion on the serious problems confronting the Nation's financial industry. Eight days of hearings were held on S. 1720 in which all interested sectors presented their views on the proposed legislation. Banks, thrifts, securities firms, realtors, homebuilders, consumers, and virtually every interested group had their views presented.

After the hearings, the discussions continued in earnest. The result has been a historic developing consensus among interest groups. The American Bankers Association and the U.S. League have come a very long way toward bridging the gap between their traditional positions on Federal regulation of the financial industry. The U.S. League has agreed to a phaseout of the interest rate differential they enjoy over commercial banks coupled with a phase in of significant asset powers for thrifts.

I believe there is significant common ground in the modified positions of the ABA and the U.S. League. Over the next few weeks we will continue to foster ongoing discussions between other interested groups and enlist the participation of as many concerned parties as possible.

Mr. HEINZ. From our conversations, it is my understanding that the Banking Committee will not consider the regulator's bill this year. Does the present condition of the thrifts require any immediate action on this bill separately?

Mr. GARN. My consultations with Federal regulators and the members of the Banking Committee led to the conclusion that current conditions do not make it necessary to consider the bill—essentially an emergency, stopgap measure, apart from the rest of S. 1720. We will continue to monitor the situation very closely, but the condition of those financial institutions which could be affected by the regulators bill, particularly those in New York, appears to be manageable.

Senator ALFONSE D'AMATO, who is and has been actively involved in these discussions, as well as the New York Superintendent of Banks, Muriel Siebert, have concurred in this assessment. Thus, the Banking Committee will not consider the regulators bill this year.

Our efforts will be focused on continuing the momentum for S. 1720, a bill which provides for long-term structural changes which would reduce the need for such emergency solutions in the future. In this regard Senator ALFONSE D'AMATO, chairman of the Securities Subcommittee, will hold hearings on Treasury Secretary Donald Regan's proposal to allow holding companies to establish bank securities affiliates to underwrite mutual fund activities and revenue bonds. If the momentum for S. 1720 continues, I am confident that the Senate will pass and send to the House very early next year a modified version of S. 1720 which will begin to modernize laws governing the financial industry and enable it to perform well as we near the 21st century.●

WHY RADIO DEREGULATION WILL WORK

● Mr. SCHMITT. Mr. President, competition in radio is the best regulator. Technological advances in the broadcasting industry have prompted the industry and consumers to demand these necessary changes.

Twenty years ago there were fewer than 1,000 commercial FM stations in the United States; today there are more than 3,000; 9,000 FM stations exist today, compared with only 4,000 a decade ago.

The resurgence of the radio industry is the subject of a recent article in the TWA Ambassador. I ask that this article be printed in the RECORD:

The article follows:

MEDIUM: HOT

(By William J. Reynolds)

Twenty-five or thirty years ago, when the one-eyed monster began taking up permanent residence in the living rooms of most Americans, our previous faithful compan-

ion—radio—was shunted aside. After all, what competition could tinny, crackling sound waves offer to the compelling, flickering images of even minuscule TV screens? Radio drama—one of the mainstays of that medium—seemed old and tired and vaguely ludicrous compared to video plays. Likewise game shows, musical shows, variety shows and just about anything else you'd care to think of: television did it better and fresher. And when the audience went video, so, naturally, did the advertisers—taking their checkbooks with them. Eventually, all that seemed left for the medium was to jockey discs (and Dick Clark even did that successfully on television): there were always records, and with that radio could survive.

Survive, but not thrive. Radio schlepped along gamely, knowing that home stereo produced better sounds and television produced better—well, everything, but knowing too that people would always want something to listen to in the car and at the beach. And radio, at least, was something.

Until very recently, that's the way things stood, with radio as the bastard cousin, so to speak, of the fifth estate, the electronic medium. But then a couple things happened. The first thing was that FM radio started to emerge. The second was that TV time became too expensive for many advertisers to buy much of.

The emergence of FM radio, it may be fairly said, revitalized the industry. Ten or fifteen years ago, FM was a toy, something for college communications-students to tinker with. Twenty years ago there were fewer than 1,000 commercial FM stations in the U.S.; today there are more than 3,000. The main reason for this is sound quality: FM stereo can compete successfully with your record player or tape deck, and that was what serious listeners had found lacking in AM radio. In 1976, according to Business Week, 59.1 per cent of radio listeners tuned in to AM stations, by last year, only 43.9 per cent did so. Thanks largely to the growth of FM, there are close to 9,000 radio stations in America today, while a little more than a decade ago there were only about 4,000.

Those figures indicate that AM radio hasn't been exactly idle. In fact, decisions made by the Federal Communications Commission earlier this year may lead to the eventual licensing of up to 700 new AM stations to replace 25 "clear channel" 50,000-watt stations originally licensed to reach remote parts of the country. And with stereo AM a possibility that may become a reality before much longer, competition will only become hotter.

Of course, there would be no heat of competition—no "rebirth" of radio at all—if not for the fuel provided by advertising dollars. Most of radio's recent success story is written in dollar signs and traceable to the escalating costs of TV advertising in a time of frequent economic recessions. That caused many advertisers to rethink their media mix, and the result was a healthy inoculalooking at networks," says Ben Hoberman. tion of revenue for radio, particularly the networks: "The networks have grown because of the way advertising agencies are "They are using radio in a similar way to the way they used to buy television time. So the radio networks are in at the planning process, whereas before they were kind of left out until all the TV buys were made. The result, according to Hoberman, is that radio sales this year will probably exceed $4 billion for the first time ever.

Besides lower rates, advertisers are attracted to radio's great ability to target audiences, particularly the 25- to 54-year-olds that advertisers are most interested in reaching. Most stations, after all, are locally owned. The number of listeners is tiny compared to that of television viewers, but radio targets specific audiences, as opposed to TV's scattergun approach. Even radio networks—with which, Ben Hoberman says, only about half of U.S. stations are affiliated—are much narrower in scope than is most television. For instance, NBCs second network, The Source, is aimed specifically at 18- to 34-year-old men. The Source has done so well in the two years since its inauguration that similar attempts are being concocted by others: this past July ABC Radio Networks and ABC Radio Entertainment announced plans for a total of four new networks to join ABC's existing four Contemporary, FM, Entertainment and information—next year, one of which will aim for the same audience NBC has attracted to The Source. At about the time ABC made its announcement, CBS Radio revealed plans to form a second network, this one too aimed at young adults.

Through their affiliates, networks can achieve the same narrow focus that local stations have, and reach large segments of the listening public at the same time. Consequently, radio is one of the fastest growing advertising media: network billings in 1980 increased some 23 per cent, to $157 million. "Radio provides a lot of tonnage to advertisers," says ABC's Hoberman, "because you find individual networks having, say a minimum of 200 to 250 affiliates." Small wonder it is that the old networks—the "big four," ABC, CBS, Mutual and NBC—are dusting themselves off and coming back aggressively, and that new networks are constantly forming.

At the same time, radio is moving away from its records-only days. AM radio in particular is moving away from music as its mainstay, with some stations returning to that which many believe radio handles best: news. All-news stations first became popular in the Sixties, though advertisers were not immediately convinced of the potential. Eventually, however, they came to realize—or to remember—that radio's unique flexibility and speed make it a natural news medium. "If there's a coup or an earthquake, all you need is a reporter in a telephone booth," Morley Safer told Next magazine. "You don't need photographers, camera crews or a platoon of producers."

Perhaps the best example—and certainly the most popular—of how well radio can handle news is National Public Radio's All Things Considered. Though not strictly an all-news program (true to its name, ATC deals with more than headlines, and even with the news of the day eschews plain fact-reporting in favor of analysis and interpretation), the award-winning 90-minute daily broadcast has demonstrated that the medium can indeed handle the news with extreme competence—and that there's plenty of room left over for fun and innovation.

Even more popular than all-news radio—and just as economical—is all-talk radio. KABC-AM, ABC's Los Angeles station, claims to have been the first no-music-at-all station in America, having started chattering away in 1960. On a national level, Mutual's The Larry King Show is heard every night from midnight until 5:30 A.M. over some 236 stations across the country. As a response to King's popularity, one of the two new networks that ABC will unleash upon an unsuspecting world next year will be talk programming, originating from KABC and broadcast via satellite.

Talk radio has been a godsend for AM in particular, which saw so much of its audience eroded by FM because of the latter's stereo sound quality. Talk shows don't require stereo separation. And radio doesn't share television's fear of "talking heads"; on radio there are no heads, only voices and ideas.

Ideas in radio as well as on it. The medium's potential at least through the Eighties looks promising in the extreme. "We are at an exciting time in radio's history," says Hoberman. "I have felt more changes taking place in our industry than I have ever felt, and I've been in the business for over 40 years." One of those changes, satellite technology, will link networks to affiliates more closely than before, allowing simultaneous programming of greater sound quality for less money than traditional land (telephone) lines. New networks and features aimed at specific groups of listeners—doctors, blacks, business people, sports enthusiasts and more—will make radio increasingly attractive to advertisers who want to be sure their messages—and their ad dollars—aren't being wasted on the wrong demographic groups.

The medium that was "dead" three decades ago has been reborn, revitalized—reinvented, even. On the following pages, some of the people behind the regeneration of radio talk about radio's unique qualities, radio's singular potential and impact, radio's future—and their own role in radio.

Garrison Keillor's voice is a deep, measured, thoughtfully slow breath that somehow seems none too sure of itself when called upon to sing the few lines of Keillor's theme music: "Well, look who's comin' through the door. I think we met somewhere before. Hello, love—hello, love. . . ."

But the voice, no less carefully paced, gains confidence once the ordeal is finished and it can do what it does best—just talk to the folks:

"Well, hello, everybody and welcome to A Prairie Home Companion, coming to you live from the World Theater in downtown St. Paul and brought to you by your friends in Lake Wobegon, Minnesota, including those Powdermilk Biscuits—ahhh, they're tasty and expeditious."

Actually, Garrison Keillor's Peabody Award-winning brainchild is—and since 1974 has been—brought to you by Minnesota Public Radio; since May 1980, 100-odd National Public Radio stations have distributed the two-hour-long show to listeners beyond Minnesota. None of this makes any difference to the devotees of the show. As far as they're concerned, Lake Wobegon exists somewhere out there on the prairie; no less real are the show's other "sponsors": Ralph's Pretty Good Grocery ("If you can't find it at Ralph's you can probably get along without it"), Jack's Auto Repair ("All the tracks lead to Jack's"), the Sidetrack Tap and all the rest. Lake Wobegon is Everytown, "the little town that time forgot, that the decades cannot improve," according to the man who founded it over ten years ago. If over-enthusiastic motorists cause rural traffic jams looking for it on spring days, well, that pretty much speaks for itself.

But A Prairie Home Companion is more than a weekly recounting of the trials of Lake Wobegon's residents. It's a curious and catchy amalgam of folk music, ethnic music, blues and jazz and Western swing, comedy and—let's be honest—schmaltz, held together by the thread of its 39-year-old creator's gentle satire, born in his own Minnesota small-town upbringing, raised in the pages of The Atlantic Monthly and The New Yorker, which regularly publish Keillor's fiction. If that—and the appeal of that—seems elusive to one who hasn't heard the broadcast, it's no less so to the one who broadcasts it. Asked to describe A Prairie Home Companion, Keillor answers with a long pause. Followed by a helpless admission: "Well, that is a problem.

"I think you have to get the word 'live' in there. I think that's real important to what the show is." Another pause—Keillor pauses a lot, as if afraid of being misunderstood. "I think the word 'variety' has to go in there, just to suggest the format—you know, that it is not a concert. It's a live variety show. And it's done from a stage, in front of an audience, which is also important.

"And if you want to go farther than that, you could get in there the fact that it's a family radio show. I haven't any idea what that means, but the connotation is accurate."

The show has been compared to such old-time variety broadcasts as Louisiana Hayride and The Sunset Valley Barn Dance, and Keillor readily admits that it's "very loosely" patterned after them. In fact, the idea for A Prairie Home Companion resulted from a trip he made to see The Grand Ole Opry for a New Yorker assignment. "I thought that it was a good radio show," Keillor recalls. "Not just one that people would attend to see, but one that actually sounded good on a radio receiver." That was in March 1974; in July A Prairie Home Companion made its debut.

After a few ill-populated broadcasts, word of the show and its tall, softspoken writer-host spread, requiring a larger auditorium that is now, every Saturday, packed. What accounts for this success? "Lord, I wish I could tell you, I really do," says Keillor. "I think it's an honest, straightforward question, but the truth is that from a listener's standpoint I know less about the show than anybody else. Because I don't get a chance to share it. I've listened to as much as I can from backstage, but, see, I'm never in the position of being able to hear it as a radio show, sitting at home and listening to it come over the radio. Even if I could, it would still be a show that I am involved in, and so I couldn't tell you."

Be that as it may, the listener knows: Keillor is the small-town boy who made good by not forgetting his small-town lessons, whether to praise them or parody them. Even the city-slickest of us likes to see the local boy win the game, get the girl—or send a dream out into the ether every Saturday night.

Sanford Ungar still feels a little like the new kid in school, though it's almost two years since he came full-time to National Public Radio's award-winning daily news and information program, All Things Considered. Part of the reason is that Ungar's co-host on the show, Susan Stamberg, has been with ATC (as it's warmly referred to) almost since its beginning more than ten years ago. Next to that, who wouldn't feel like the new kid?

Part of the reason, too, is probably that Ungar's background, unlike so many of his NPR colleagues', is not in broadcasting. Ungar had done some radio before coming to ATC in March 1980, "but not anything that really counts. When I was working for UPI in Paris in the late Sixties I did some radio stuff—you could get an extra five dollars every time you did a radio spot." Obviously, the 36-year-old journalist's credentials lie elsewhere: as a correspondent for United Press International and Newsweek; as Washington editor of The Atlantic; as the managing editor of Foreign Policy; as the author of three books.

Susan Stamberg's history, on the other hand, includes far more radio experience than her co-host's: after brief stints as editorial assistant with The New Republic and Daedalus, Stamberg joined WAMU-FM in Washington, D.C. There she served as producer and host of a news magazine, Kaleidoscope, and acted as the station's program director and general manager. Stamberg came to NPR in 1971 as a tape editor. Shortly thereafter she pinch-hit as host of the infant All Things Considered; three months later she became the first woman ever to permanently anchor a national network news show.

As different as their histories are Ungar's and Stamberg's on-air deliveries. Ungar seems the thoughtful, reserved, intellectual analyst; Stamberg the chatty, sharp, curious questioner. If you had to appear before the IRS, you'd want Ungar with you; if you were shopping for a new car, you'd take Stamberg along.

The combination of the two and their different backgrounds and approaches is a decided boon to ATC. After all, when you consider all things, it helps to have a number of vantage points. Then too, the show's structure lends itself well to separate, even disparate, styles. The 90-minute broadcast is divided into three 30-minute segments. Within the segments are contained fifteen to twenty feature stories, 2 to 6 minutes in length (a special feature will run 15 to 30 minutes). In addition are regular newscasts; economic reports; profiles and interviews; science and health reports; human interest features and stories on the arts.

None of these is anywhere near as boring as the label might make it sound. Robert Krulwich's economics reports, for instance, are far more likely to take the form of an opera ("Rato Interesso," perhaps the most famous of all the operas dealing with interest rates) or a game show ("Gimme Shelter!," which is about what you'd expect) than a monotonous reading of the Dow Jones Industrials. The object in all of ATC's reporting is to find the human bits in every story. That, and to have some fun.

The latter point is an important one, according to Ungar: "One of the messages of the program is that it's all right to feel worried and grave and serious and to laugh in the same half-hour. Some things make you feel one way and others make you feel another, and the normal human mind junctions that way." "I'm in the news business—news is what brought me here, not arts reporting," he says. "But I love that combination, that shifting."

So, apparently, does everyone else at ATC. "The show's designed to be an amalgam of culture and 'hard news,'" explains Christopher Koch, who joined ATC in 1979 and last month left the executive producer's slot to handle other NPR projects.

Bob Edwards is a newsman, and more than that, a radio newsman, dedicated to his profession. Dedicated in the extreme, you might say: every weekday morning at about three o'clock Edwards arrives at the Washington, D.C., studios of National Public Radio. That gives him time to prepare for the two-hour-long news and information program that will be broadcast—via 200-odd NPR affiliates—to those of us who get to sleep a little longer: Edwards is the host of NPR's Morning Edition. ¶ Morning Edition, two years old this month, is a unique approach to radio news reporting—to electronic news reporting, for that matter. Certainly in length, but also in approach. The show is divided into eight segments per hour: newscasts; news and background features; news headlines, business and arts features; weather; and sports. The mix is successful enough to have prompted more than one reviewer to quip that the best TV morning show is in fact on the radio.

Such compliments must be especially pleasing to Edwards, since the radio has always been his primary interest. "My brother was—and is—five years older than me," the 39-year-old newsman says, "so I felt in a way like an only child, since we didn't play that much together as kids. And my companion during the day, long before I went to school, was this big Zenith radio from somewhere in the 1930's." From the time he was three years old, Edwards explains, "I always wanted to be the voice inside that big box."

Edwards came to Washington, D.C., after serving in the army—during which he worked in the military radio and TV network—and came to National Public Radio in 1974, having earned an M.A. in broadcast journalism along the way. From the perspective of one who has spent virtually his entire life with the medium, Edwards sees nothing peculiar about the "rediscovery" of radio: "The listeners didn't go away," he says. "What went away were the big shows, and they went to television because that's where the advertisers put their dollars and that's where the networks chose to put their emphasis. Radio became mostly disc jockeys spinning records all across the country. That pretty much stayed that way—the main focus of radio—until this 'revolution' they talk about." The revolution, in turn, came about because of radio satellite transmission. "You can reach anyplace you want to go with ground dishes," says Edwards, "which aren't really that expensive. So networks are booming."

That "boom," isn't without disadvantages, in Edwards' view: "In news, it's kind of sad what's happened. We used to say that radio news had been reduced to five-minute newscasts on the hour from the networks. Now it seems that on these 'young adult' networks the news is getting even shorter. You have two- and three-minute newscasts—and when they say two- and three-minute newscasts they're not talking two and three minutes of news, because you've got to get commercials in there.

"I hate to toot our horn so much, but when you're serious about news, you've got to come here. What we really do is background, we do analysis, we do more of the why and the how than the who, what, where and when. 'John shot Joe' is your basic story in a newscast. We want to know why, what happened, what's the consequence of John shooting Joe?"

That kind of analysis could easily become deadly dull. On Morning Edition that doesn't happen, largely thanks to an imaginative approach to the material and to the medium itself: "We try to employ lots of sounds, music and what we call production: lots of voices and interesting mixes," Edwards explains. "It's an old cliché among us that 'the pictures are better on radio.' There's something to that. You're thinking more."

Don Imus is a success story times two. In 1971, not yet three years in radio, Imus was hired by NBC Radio to fill the important "morning drive" slot on its New York City affiliate, WNBC-AM. Over the next few years Imus's outrageous humor and general unpredictability helped establish him as one of the top disc jockeys in that market. But all good success stories require things not be too easy for the hero: in 1977 NBC let Imus go. "I didn't get fired 'cause I wasn't any good," Imus says now. "I got fired 'cause I was just real difficult to get along with." So difficult that no one in New York would gamble on him, despite the hefty revenues he was worth. It was back to Cleveland—where he'd been when NBC called—for a two-year exile until Opportunity knocked again: NBC had kept an eye (or rather an ear) on Imus and, convinced he was now a better risk, hired him back in 1979. Today, Don Imus is again the top-rated jock in New York.

His vehicle is Imus in the Morning, a somewhat maniacal melange of music, humor, news and whatever else moves Imus and his newsman-partner, Charles McCord. "It's Saturday Night Live in the morning," says Imus. "That's about as best I can describe it." In effect, it's a parody of a radio show, brimming with Imus's insane characters.

For instance, Geraldo Santana Banana, the show's "general manager." "I'd always wondered how come radio stations always had general managers who did the editorials," Imus says, "and the editorials are always about friends of theirs who have construction companies. So we have our own general manager who takes positions on things. Ludicrous positions." Like urging listeners to help the poor by buying them Maseratis. Like summing up his stand on AWACS: "Who cares?!"

There is, naturally, a traffic report, replete with inopportune fade-outs, from the Skychopper-66: "Okay, Don, we're high atop the . . . bridge and now we're flying up to . . . southbound on I- . . . and we'll be . . . in a couple minutes. Ten-four!" Of course there are sponsors: Steve's Weaves, for instance, the hair-restoration experts who've found that rhesus monkeys' hair most closely resembles human hair, so. . . .

And then there's the news. "We've always done our version of the news: 'Imus in Washington,' we modestly call it. And we make the news up, just like the other guys do," Imus says. There is also legitimate news supplied by Charles McCord. Imus is quick to credit McCord with a share of his success, and when the jock was rehired in 1977, it was with the understanding that McCord would be there, too.

Imus and McCord have teamed up on a number of writing ventures, from Imus's novel, God's Other Son (Simon and Schuster), to a screenplay deal with Paramount. But Imus insists that books, movies and whatever else comes along are just sidelines: radio is what he does for a living. "It's about the only live medium other than Broadway," he says, explaining its appeal to him. "It's a one-on-one medium. So I approach it as if I'm talking to one person, as opposed to a 'Hi, folks!' kind of thing." Imus is also drawn to radio's entertainment potential. "When you talk about the revitalization of radio, you're probably talking about the days when it was really entertaining. I think it best does that. I mean, most people get their news from television, don't they?" he adds with a laugh.

But as much fun as the job is, it's still hard work: Imus claims he and McCord devote as much time to writing the show as goes into a television show. "What we do is a real high-energy thing," he acknowledges. "I analogize it to throwing a fastball all the time. And I'm 41 now, so one of these days I'm going to have to come up with a knuckler." If the past is any indicator of the future, he will.

Larry King is perhaps the ultimate creature of the night. Next to Batman, at least, King's business hours are midnight to 5:30, five nights a week. But his activities are far from furtive: during those hours King conducts the country's only nationwide all-night interview and phone-in radio show, The Larry King Show. And every night an estimated three million night owls tune in, via some 250 stations of the Mutual Broadcasting System, to hear the 47-year-old, 25-year radio veteran conduct what has been termed a "national town hall."

That, King thinks, is accurate, and at least part of the reason for the show's success. "The popularity of this talk-show concept is understandable," says King. "It brings you famous people, interesting people, controversial people. Your opportunity not only to listen to them being interviewed, but to respond with phone calls—talking to them. That's something only radio can do." He laughs. "It wouldn't make good television—three, four hours watching someone answer telephones."

That it makes good radio is the result of several elements in combination. First, the format: King spends his first three hours interviewing the likes of Edward Kennedy, Frank Sinatra, O. J. Simpson, Itzhak Perlman, Mel Brooks and Miss Piggy, during which time listeners phone in (at their expense) to cross-examine. The final hours of the show are "Open Phone America," a diverse, nationwide free-for-all conversation: "You want to talk about politics, sports, religion, ethics, morals or what have you," King's deep rasp will vibrate over the radio speakers. "If what-have-you is the topic, please tell us what you have." Then it's Tuscumbia, Alabama, or Dubuque, Iowa, or St. Louis, Missouri, calling to talk about government or racism or the World Series.

Of course the format wouldn't work with a poor host: King is viewed as one of the best interviewers around. His approach, he says, is the "tell-me-about-yourself" method. "Then I just let the questions come out as they may." He neither prepares questions in advance, nor will he read a book someone's coming on to promote. Thus, he says, he's on the same plane as his listeners, to whom his commitment is complete. "I have a responsibility to bring listeners interesting people as guests," he says. "I have a responsibility to inform you, to be well-read, well-versed on many topics, have the ability to interview people as wide and varied as a senator and a baseball manager; to be able to cull from them information; to handle phone calls well so it's appealing to you the listener."

And this points up the third important component of the show; the audience. King acknowledges the "fringe person" as one hazard of live phone-in shows, but he insists it isn't a problem for him. "Every guest who appears on our show will say—and it's a high compliment—that they get the best calls on our show. We don't get drunks. We don't get people calling in with long-winded personal problems." Why not? King thinks part of the reason is that the broadcast is national; part that calling Washington, D.C., is a sobering thought. Part of it, he says, is simply that his listeners are intelligent, brighter than he expected when he started the show.

Most of all, however, credit goes to King, who is adamant about who runs the show. "When a caller comes on I'm like an editor, and I have to force that caller to get to the point and not drone on." King is a master of the short goodbye. At any time, only a seven-second delay separates him from disaster—at the very least, embarrassment.

Which would seem to make for a nerve-wracking night. "It's a rough haul," he concedes. "Five hours is tough, but you've got to fill the night. You can't leave at 3:00 A.M.—what's the station going to do? They're very difficult hours.

"But," he adds emphatically, "the show is a great deal of fun to do. Tonight I'm going to meet someone interesting. I'm going to get the opportunity to ask questions of him. People from all over the country are going to call in. And that's exciting."

Studs Terkel, despite having spent most of his 69 years observing almost every facet of human endeavor, remains fascinated by it all—except, perhaps, golf. "What can you possibly say about golf?" he demands in the raspy voice that is his trademark.

If there were anything to say, Terkel would find it. Every weekday morning at ten o'clock, Chicago tunes to WFMT-FM to hear what Terkel and his guests have to say. In the broad sense, Terkel's is a talk show, but listeners will notice the distinct absence of diet-book authors and the presence of anybody—or any topic—that intrigues the show's host. ¶ Terkel's guests are a diverse lot; old jazz musicians discussing their out-of-fashion records; photographer Gordon Parks schlepping around his novel; or a fledgling journalist and a Polish-American woman just back from her homeland. The guests share only what Terkel calls "juiciness"—in other words, passion.

"I might interview no one," says Terkel. "I consider the show my hour, and I do with it what I wish. Tomorrow I might decide to read a short story by Ring Lardner or Chekhov. I might play jazz. If I pick up the paper on the bus and it says it's so-and-so's birthday, then I might do a show on him."

But Terkel's forte is interviewing, though he insists that he is "having conversation": "An interview starts with a list of questions. I start with a memory from a person's childhood, or if he's written a book, I read the book and mark it up. One thing then leads to another. Unless I'm drunk, what I do involves listening. And this give and take.

"Jazz has influenced me, because, see, I was a jazz disc jockey for many years. Jazz is the art of improvisation. There's a beginning, a middle and an end to it, but you're improvising as well as creating. That's what I do, in a conversational framework. A phrase comes up, and I'll go off from it.

Terkel's love of discourse dates from his boyhood, when his mother ran a hotel on Chicago's Near North Side and Studs frequented the lobby. "I heard the talk among the lodgers. One guy would be drunk; another would be trying to get a girl up to his room. The talk dealt with frailty, and I learned that vulnerability's interesting."

More interesting than the law, which Terkel abandoned after graduating from the University of Chicago Law School. During the Depression, he wrote radio scripts, then made a career of playing gangsters on soap operas. Briefly in the early '50s, he emceed a television talk show, but the McCarthy era saw him blacklisted for his left-leaning past. He got on the air on WFMT in 1952 by calling the classically oriented station to claim what he felt was his birthright: spinning Woody Guthrie records. He was hired to play jazz, blues and folk music. The interviews began a few years later.

In time, the radio interviews led to critically acclaimed books: Division Street: America: Hard Times: An Oral History of the Great Depression and American Dreams: Lost and Found. The books are collections of taped talks with common people, with some kingpins thrown in for good measure.

"What I'm looking for in all this are people who are themselves. I'd rather be with a crazy Klansman than a cool computer type. I can't stand dullards, who come on with clichés about the brotherhood of man. People who are mouthing something bore me. I'm too old to take that anymore."●

FTC USED CAR RULE

● Mr. PRESSLER. Mr. President, recently there was indication in the press that a special assistant to the President for consumer affairs has indicated that the administration supported the Federal Trade Commission's regulation of used cars.

Indeed, I spoke personally to President Reagan this week and have received the following letter which clearly indicates that Mrs. Knauer's letter expressed her own position on the rule and was not the administration position.

I ask that this letter and attached material be printed at this point.

The material follows:

OFFICE OF MANAGEMENT AND BUDGET,
Washington, D.C., December 8, 1981.

Hon. LARRY PRESSLER,
U.S. Senate,
Washington, D.C.

DEAR SENATOR PRESSLER: This is in response to your inquiry whether the December 1st letter from Virginia H. Knauer to Congressman James J. Fiorio, supporting the Federal Trade Commission's proposed "trade regulation rule" on the sale of used motor vehicles, stated the Administration's position on the FTC rule. Mrs. Knauer's letter expressed her own personal opinion on the rule and was not an Administration position.

Under Executive Order 12291, President Reagan has required that Federal regulations, to the extent permitted by law, must be based upon evidence that their consequences will be economically beneficial. The Office of Management and Budget is responsible for reviewing regulatory proposals for consistency with the economic principles set forth in the Order. Independent agencies such as the FTC, however, are exempt from the review requirement, and so we have not had occasion to review the proposal to regulate the sale of used motor vehicles. While we believe that such review would have been entirely appropriate, both as a matter of policy and of the constitutional separation of powers, this question is currently a subject of debate in the various regulatory reform bills now before the Congress.

I can say, however, that the paperwork burden this rule would impose has been a matter of some concern to us. Under the Paperwork Reduction Act of 1980, Congress has given us explicit responsibility for overseeing the paperwork costs of the policies of independent agencies; we intend to exercise this responsibility in the case of the used car rule and in all cases involving new paperwork burdens. In October I wrote to Chairman James C. Miller III of the FTC, setting forth our views on the paperwork aspects of the rule, and I recently received a reply from Chairman Miller. Both letters are attached for your information.

I hope this letter is a satisfactory response to your concerns.

Sincerely,

CHRISTOPHER DEMUTH,
Administrator for Information and Regulatory Affairs.

OCTOBER 14, 1981.

Hon. JAMES C. MILLER III,
Chairman, Federal Trade Commission, Washington, D.C.

DEAR JIM: On Friday, August 14, 1981, the FTC published a final rule in the Federal Register, which directed used car dealers to post stickers on the side windows of all used cars offered for sale. The rule sets forth specific requirements for the color, type style and size, capitalization, punctuation, wording and content of the notices.

As you know, the Paperwork Reduction Act of 1980 gives OMB the responsibility for approving all paperwork burdens imposed by Federal agencies. We believe that the used car regulation imposes a substantial paperwork burden on used car dealers, who must disclose the required information to potential customers and maintain those records until the car is sold. Industry estimates run as high as 13,500,000 hours for the burden of complying with this regulation. For that reason, I am particularly concerned that the FTC did not include this as an item in its Information Collection Budget or submit it to OMB for review under the Paperwork Reduction Act. As you are aware, under the Act, individuals may not be forced to comply with any covered information collection requirement after December 31, 1981 unless it has been approved by OMB.

Therefore, I suggest that the FTC submit the paperwork burden imposed by the used car rule to OMB for review. If my staff or I can be of any help in preparing the request, please let me know.

Sincerely,

CHRISTOPHER DEMUTH,
Administrator for Information and Regulatory Affairs.

FEDERAL TRADE COMMISSION,
Washington, D.C., November 20, 1981.

Hon. CHRISTOPHER DEMUTH,
Administrator for Information and Regulatory Affairs, Office of Management and Budget, Washington, D.C.

DEAR CHRIS: This is in response to your letter of October 14, 1981, regarding the applicability of the Paperwork Reduction Act of 1980 to the Commission's Trade Regulation Rule Concerning the Sale of Used Motor Vehicles ("Used Car Rule").

The Rule has been submitted to Congress for review in accordance with Section 21 of the Federal Trade Commission Improvements Act of 1980, 15 U.S.C. § 57a–1. As you may know, at least for now I am not participating in matters relating to the Used Car Rule because it was promulgated prior to my arrival here. Your letter raises generic issues relevant to projects other than the Used Car Rule, however, and I am pleased to respond.

The Rule requires that dealers post a window sticker on used cars offered for sale to consumers that identifies the car, notes the warranty coverage offered (if any), and indicates dealer knowledge regarding possible defects. All of the information supplied is already in the dealer's possession. There is no obligation to maintain copies of the sticker, only an obligation to provide the sticker to the purchaser. The used car sticker appears to be, in essence, a label.

Your letter expresses concern that the Commission did not submit the Used Car Rule for OMB review under the Paperwork Reduction Act or include it in its Information Collection Budget. I understand that, before promulgating the Uesd Car Rule last summer, the Commission determined that the Rule did not contain an information collection requirement subject to OMB review under the Act. Although earlier versions of the Rule required retention of the stickers by dealers, the Commission eliminated such requirements before it issued the final Used Car Rule.

In analyzing whether the Rule fell within the Paperwork Reduction Act, my colleagues examined the statute, deciding that the "burden" defined in sections 3501, 3502(4), and 3507(a)(1)(B) is the burden of providing information to a federal agency or of retaining information for review by a federal agency. The Commission also concluded that because information on the window sticker need not be retained for Commission use, the posting of the window sticker does not constitute a "recordkeeping requirement," which the Act defines as a "requirement imposed by an agency on persons to maintain specified records."

The Commission's decision that the window sticker was not subject to the Act was made after discussions with the Commission's former desk officer at OMB and other OMB personnel. In those discussions, the FTC staff was never informed that OMB considered the Used Car Rule to be covered by the Paperwork Reduction Act. Indeed, to the contrary, those conversations led the FTC staff to conclude that labeling requirements of the sort included in the Used Car Rule are not covered by the Act.

Nevertheless, your letter raises interesting and important issues that merit further discussion. The Used Car Rule undoubtedly imposes some burden, but the question is whether it imposes a burden of the sort that Congress addressed in the Paperwork Reduction Act. The Act seems to be concerned with that part of the regulatory burden created by the necessity to provide information to the government or to maintain information for the government's use. Thus, it is not clear that Congress intended labels designed merely to provide information to the consuming public to fall under the Act.

Consider also possible ramifications of extending the Act's reach to labels. Would drug labels be covered? What about labels on cans of vegetables? (An interesting contrast is that in the case of both drug and vegetable-can labeling the vendor must secure the information needed and make sure that ingredients reflect what is reflected on the label whereas the Used Car Rule merely requires the seller to indicate information already known.)

Having said all of that, I do feel confident that we can satisfactorily resolve this matter. We must work closely with you in achieving the important goals of the Paperwork Reduction Act. I suggest that we have our respective staffs discuss the issues concerning the Paperwork Reduction Act that have arisen in the context of the Used Car Rule.

Sincerely yours,

JAMES C. MILLER III,
Chairman.

Mr. President, it is likely that the Senate Commerce Committee will report Senate Concurrent Resolution 33 to the Senate floor tomorrow. I wish to make the point clear that I do not oppose some regulation of the used car market.

The consumer should be protected in the areas of safety and serviceability. However, the present FTC proposal is poorly drafted and overly broad in scope. It should be understood that this proposed rule has three parts. The first two, which are reasonable, provide for:

First, a prohibition against misrepresentation on the part of the dealer of any known defects; and

Second, the requirement that the dealer make clear any details regarding warranties, or if no warranty is being offered to so state.

The third portion of the rule, however, would require the merchant to affirmatively inform the buyer of suspected defects in 52 prescribed areas. This ruling in effect requires a complete examination of the entire automobile—a costly procedure.

I believe there is a consensus that dealers should not be permitted to misrepresent the quality of the automobile sold and that it is reasonable to require that a dealer fully disclose the term of his warranty and his responsibility to provide repairs.

To those who question about safety defects, it should be noted that present law, as adopted by all States, provides recourse. Under the provisions of the Uniform Commercial Code, the buyer is protected under the principle of implied warranty—that any items bought from a merchant are good for ordinary use.

Thus, the storied unsuspecting little old lady has recourse if the wheel falls off her car. This is the type of defect that the dealer should have known about before the sale. Under the terms of such an implied warranty doctrine, most dealers—if they wish to stay in business without lawsuits—will look for the safety hazards and obvious serviceability defects.

Thus, many of the problems which this proposed rule seeks to address already have remedies. Indeed, many States have individual inspection laws. Because of the $10,000 fine involved in the proposed regulations, it would appear that a dealer, to be safe, would thoroughly examine automobiles whether or not they suspected defects in any of the 52 required areas. The costs of such inspections, estimated to be about $150 per vehicle, will of course be passed on to the consumer.

Additionally, great cost will be borne by the Government in hiring personnel in the FTC to screen claimants from individuals around the country and to prosecute their cases if meritorious.

Mr. President, I believe that regulations of this nature, if required, could be conducted more economically at the State level. Nevertheless, should it be determined that a uniform national regulation is imperative, a matter of this magnitude should be dealt with by Congress.

Congress has the ability to responsibly veto this proposed regulation, and I am hopeful that my colleagues will carefully consider all of these points before voting on this matter.●

ORDERS FOR THURSDAY

RECESS UNTIL 10 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 10 o'clock a.m. on tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS ON TOMORROW

Mr BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, there is a brief period for the transaction of routine morning business, to extend not past the hour of 11 o'clock a.m., in which Senators may speak for not more than 5 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR BENTSEN ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order, the Senator from Texas (Mr. BENTSEN) be recognized under a special order for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF CONFERENCE REPORT—H.R. 4119

Mr. BAKER. Mr. President, I ask unanimous consent that at the hour of 11 a.m., the Senate proceed to the consideration of the farm bill conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONSIDERATION OF S. 951

Mr. BAKER. Mr. President, I ask unanimous consent that after the disposition of the farm bill conference report, and no earlier than 12 noon tomorrow, the Senate resume consideration of the Department of Justice authorization bill.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, and I will not object, that is the unfinished business, is it not?

The PRESIDING OFFICER. It is. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I say parenthetically that under this order a vote on cloture would occur automatically at 1 o'clock on the motion previously entered on the Johnston amendment.

ORDER TO HOLD CONTINUING RESOLUTION AT THE DESK

Mr. BAKER. Mr. President, I ask unanimous consent that when the continuing resolution making appropriations for agencies and departments of Government is received from the House of Representatives, that it be held at the desk and that on Thursday, the 10th, or at any time thereafter, the majority leader, after consulting with the minority, be authorized to proceed to its consideration.

Mr. ROBERT C. BYRD. Mr. President, there is no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER RESTRICTING CLOTURE MOTIONS

Mr. BAKER. Mr. President, I ask unanimous consent that any successful cloture motion during the remainder of the 97th Congress, 1st session, not be deemed to prevent proceeding to the consideration of any privileged matter.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object——

Mr. BAKER. Or the continuing resolution.

Mr. ROBERT C. BYRD. Will the distinguished majority leader confine that to the continuing resolution at this point, the continuing resolution and the adjournment resolution at this point?

Mr. BAKER. Yes, Mr. President, I will revise my request so that it only concerns the consideration of the continuing resolution and the adjournment resolution.

Mr. ROBERT C. BYRD. And to broaden that to include conference reports.

Mr. BAKER. All right. I add that—conference reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE ON TOMORROW

Mr. BAKER. Mr. President, I would hope that on tomorrow it would possible, after consulting with the minority leader, to arrange as well for further consideration of remaining appropriation bills and other matters that may yet be dealt with in this session of the Senate.

ORDER RESTRICTING USE OF CALL FOR REGULAR ORDER

Mr. BAKER. Mr. President, I have one final request.

I ask unanimous consent that no call for regular order serve to take down the continuing resolution, a conference report, or the adjournment resolution.

Mr. ROBERT C. BYRD. I have no objection.

Mr. BAKER. I thank the minority leader, and I thank all Senators.

EXECUTIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate go into executive session to consider nominations commencing on page 2 of the Executive Calendar beginning with the judiciary, and that we specifically set aside at this moment Calendar Order 530, the U.S. district judge for the District of Wisconsin, awaiting a member.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. STEVENS. Mr. President, I ask that the nominations be considered en bloc and be confirmed en bloc, and that Members who wish to address any particular nomination may have their statements submitted at the appropriate place in the RECORD.

Mr. PROXMIRE. Will the Senator yield?

Mr. STEVENS. I have set aside the Wisconsin matter for the convenience of the Senator from Wisconsin.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The nominations considered and confirmed en bloc are as follows:

THE JUDICIARY

Ralph K. Winter, Jr., of Connecticut, to be U.S. circuit judge for the second circuit.

Alvin I. Krenzler, of Ohio, to be U.S. district judge for the northern district of Ohio.

Israel Leo Glasser, of New York, to be U.S. district judge for the eastern district of New York.

J. Owen Forrester, of Georgia, to be U.S. district judge for the northern district of Georgia.

Sam A. Crow, of Kansas, to be U.S. district judge for the district of Kansas.

DEPARTMENT OF JUSTICE

John Robert Byrnes, of Wisconsin, to be U.S. attorney for the western district of Wisconsin.

Hinton R. Pierce, of Georgia, to be U.S. attorney for the southern district of Georgia.

Robert G. Ulrich, of Missouri, to be U.S. attorney for the western district of Missouri.

Byron H. Dunbar, of Montana, to be U.S. attorney for the district of Montana.

Joe B. Brown, of Tennessee, to be U.S. attorney for the middle district of Tennessee.

Christopher K. Barnes, of Ohio, to be U.S. attorney for the southern district of Ohio.

Joseph S. Cage, Jr., of Louisiana, to be U.S. attorney for the western district of Louisiana.

Gene S. Anderson, of Washington, to be U.S. attorney for the western district of Washington.

David A. Faber, of West Virginia, to be U.S. attorney for the southern district of West Virginia.

Frederick N. Falk, of Wisconsin, to be U.S. marshal for the western district of Wisconsin.

John W. Roberts, of Arizona, to be U.S. mashal for the district of Arizona.

Warren D. Stump, of Iowa, to be U.S. marshal for the southern district of Iowa.

Kenneth L. Pekarek, of Kansas, to be U.S. marshal for the district of Kansas.

Robert L. Pavlak, Sr., of Minnesota, to be U.S. marshal for the district of Minnesota.

Lee Koury, of Missouri, to be U.S. marshal for the western district of Missouri.

Kenneth B. Muir, of North Dakota, to be U.S. marshal for the district of North Dakota.

John R. Kendall, of Michigan, to be U.S. marshal for the western district of Michigan.

James P. Jonker, of Iowa, to be U.S. marshal for the northern district of Iowa.

Wallace L. McLendon, of Florida, to be U.S. marshal for the northern district of Florida.

William I. Berryhill, Jr., of North Carolina, to be U.S. marshal for the eastern district of North Carolina.

Wayne D. Beaman, of Virginia, to be U.S. marshal for the western district of Virginia.

STATEMENT ON THE CONFIRMATION OF GENE S. ANDERSON, OF WASHINGTON TO BE U.S. ATTORNEY FOR THE WESTERN DISTRICT OF WASHINGTON

● Mr. GORTON. Mr. President, I am very pleased that President Reagan has nominated, and the Senate has confirmed today Gene Anderson to be U.S. attorney for the western district of Washington State.

Gene has been chief deputy prosecuting attorney in the King County (Seattle) prosecutors office. He has directed the highly effective fraud division since its inception in 1972. He has also served as assistant U.S. attorney in the Justice Department, as a lawyer with the Na-

tional Labor Relations Board, and as a captain in the USAR Judge Advocate General's Corps.

Gene is a brilliant attorney, a dedicated and tireless public servant; one who has the proven ability to handle this new task. He brings expertise to this position which will greatly benefit the citizens of the State of Washington.

I thank the Senate and the President who have seen fit to appoint Gene Anderson as the U.S. attorney for the western district of Washington.●

Mr. STEVENS. I wish to ask the Chair specifically for a voice vote on Calendar No. 556 and all other nominations I have mentioned on pages 2, 3, and 4 of those confirmed en bloc pursuant to the request. We have set aside Calendar No. 530 temporarily.

DEPARTMENT OF LABOR

The PRESIDING OFFICER. The clerk will state the nomination No. 556.

The assistant legislative clerk read the nomination of William Coskrey Plowden, Jr., of South Carolina, to be Assistant Secretary of Labor for Veterans' Employment.

Mr. THURMOND. Mr. President, I rise in strong support of the confirmation of Col. William C. Plowden, Jr., of South Carolina, who is President Reagan's nominee for the position of Assistant Secretary of Labor for Veterans' Employment.

The nomination of Colonel Plowden is one of the best which has come before the Senate and I know of no man who is better qualified than Colonel Plowden to perform the great responsibilities which confront the person who accepts this position of vital importance.

Mr. President, the Assistant Secretary for Veterans' Employment is responsible for coordinating and administering the Labor Department programs that are designed to meet the employment needs of our country's veterans. In these times of high unemployment among veterans, it is especially important to have a man in this position who is familiar with the current program and with the needs of veterans. As State director of the veterans' employment service in South Carolina, Colonel Plowden has developed an expertise in these programs. His experience and dedication to employment opportunities for all veterans will make him an ideal Assistant Secretary of Labor for Veterans' Employment.

Mr. President, Colonel Plowden is a veteran of World War II. He served as a lieutenant colonel with the U.S. Army and continued his military service in the Army Reserve, retiring in 1965 as a colonel.

Colonel Plowden has rendered outstanding service to the American Legion and has served in many local, State, and national capacities including a term as South Carolina Department Commander. He is also a member of the Veterans of Foreign Wars, the Disabled American Veterans, the Military Order of the World Wars, and the Reserve Officers Association.

Mr. President, I believe that Colonel Plowden will be an excellent Assistant Secretary for Veterans' Employment and I urge the Senate to confirm him today.

Mr. HATCH. Mr. President, I am very pleased that the President has nominated Mr. William Plowden to be Assistant Secretary of Labor for Veterans' Employment. In Mr. Plowden, the President has found a highly qualified individual to oversee a vital component of our Nation's employment and training program. The mission of the Veterans' Employment Service is to insure that the Department provides effective job placement, counseling, and training services to veterans and other eligible persons through existing programs. Many of these programs, of course, involve the direct participation of State agencies, veterans organizations, and the employer community. A decorated veteran himself, Mr. Plowden will be able to relate to all sectors quite effectively. He is well known and respected among the various veterans' groups. And equally important, he has served as State director of veterans' employment in South Carolina.

I think we all must recognize that Mr. Plowden faces a tremendous challenge. He must work within the constraints of a modest budget, which may face reductions in the future. Moreover, our economy is undergoing a significant change, with unemployment rising. These factors combine to make the job of placing and counseling our Nation's veterans more vital and perhaps, at times, more difficult. Mr. Plowden is up to the task, and we certainly stand ready to give him every assistance.

The PRESIDING OFFICER. The question is on the confirmation of the nomination. All in favor will say aye. Those opposed?

The ayes appear to have it. The ayes do have it.

The nomination is confirmed.

Mr. STEVENS. Mr. President, I ask unanimous consent that at this time it be in order to reconsider en bloc all the nominations confirmed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. STEVENS. I move to reconsider the vote, Mr. President.

Mr. THURMOND. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmations of those nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE JUDICIARY

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate consider the nomination of John C. Shabaz of Wisconsin to be U.S. district judge for the western district of Wisconsin.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the nomination.

The assistant legislative clerk read the nomination of John C. Shabaz, of Wisconsin, to be U.S. district judge for the western district of Wisconsin.

JOHN C. SHABAZ SHOULD NOT BE CONFIRMED AS FEDERAL DISTRICT JUDGE

Mr. PROXMIRE. Mr. President, I oppose the nomination of John C. Shabaz for the position of U.S. district judge for the western district of Wisconsin.

Let me emphasize at the outset that I believe Mr. Shabaz has shown competence, intelligence, and ability as a Republican leader in the Wisconsin State Assembly. But, in my view, this is not enough to qualify him for the important position of Federal judge for the western district of Wisconsin.

Briefly, here are the reasons why I oppose the Shabaz nomination.

First, Mr. Shabaz does not reside in the western district of Wisconsin. He is, instead, a resident of New Berlin, Wis., which is in the eastern district of Wisconsin.

I realize that it is not a requirement of Federal law that a judicial nominee live in the district of his or her appointment. But, as Congressman KASTENMEIER has pointed out in a letter to Senator KASTEN, "this has long been the tradition in Wisconsin."

For example, all the current Federal district court judges in Wisconsin were appointed from the same districts where they sit as judges.

Breaking the pattern and the practice in this case would reflect adversely on all the outstanding lawyers, judges, and law professors who now reside in the western district of Wisconsin. We have an abundance of legal talent in the western district. To resort to an outsider for this key judicial post is unwise and unwarranted.

I should point out, too, that the last time an attempt was made in Wisconsin to appoint an outsider to the Federal district bench, the outcome was a failure. "Residency" was a significant issue in the unsuccessful effort to appoint Sheboygan attorney David Rabinovitz to a western district Federal judgeship in the 1960's.

Mr. President, I might say there has been a real furor in the western district of my State on the part of lawyers and judges, who feel deeply insulted at the fact that none of them was considered well enough qualified to be appointed to this position and Mr. Shabaz was appointed instead. This district includes some of the most eminent judges and lawyers that we have ever had in the State of Wisconsin. It includes the University of Wisconsin, it includes a number of important cities. That whole section of the State feels very much put out with this nomination.

Second, Mr. Shabaz has no judicial experience. In my view, before anyone—including Mr. Shabaz—is considered for an appointment to the Federal bench, that person ideally should have some testing as a judge. Serving, for example, as a circuit court judge in Wisconsin would provide highly desirable experience and training before moving up to a Federal judgeship. Again, Mr. Shabaz does not have that background, and, therefore, fails to measure up to that important standard.

It is true that some of the other judges now serving have not had judicial experi-

ence either, but they have been attorneys general, they have been Governor of the State, they have had other responsibilities that have given them very broad experience, or they have had a very strong experience as lawyers, handling litigation of the kind that would come before the Federal court.

Third, Mr. Shabaz does not have other experience that is sufficiently relevant and extensive to qualify him for the position of U.S. district judge for the western district.

The focus of Mr. Shabaz' career as a lawyer has been a "neighborhood law practice." What does this involve? It deals primarily with the issues that confront ordinary citizens in their everyday lives. I have in mind, for instance, providing legal assistance in probate matters, buying or selling real estate, or domestic relations.

That kind of law practice is important, most definitely, Mr. President. Lawyers engaged in a career of this nature are providing valuable service to people who need help in resolving the most common legal problems facing them in their daily lives.

But this kind of law practice typically involves very little litigation of the type that one must rule on as a Federal district judge.

In short, the nature of Mr. Shabaz' law practice, while filling a useful function in society, has engaged him in the type of cases that are generally remote from those that would come before him as a Federal district judge.

Not only is the nature of Mr. Shabaz' law practice substantially unrelated to the kinds of cases he would have to rule on as a Federal judge, but, too, the simple fact is that Mr. Shabaz has devoted relatively little time to even that practice.

Mr. Shabaz graduated from law school in 1957 and then spent 7 years in full-time law practice—again, of the "neighborhood" variety. In 1964, he was elected to the Wisconsin State Assembly. At that point, therefore, he became a part-time lawyer.

In 1969, Mr. Shabaz was elected to the first of his leadership posts in the assembly, and he has continued to hold leadership positions ever since. Obviously, this has meant even less available time for his law practice.

So, Mr. President, the main arena of Mr. Shabaz' professional career has been the Wisconsin State legislature, not his law office.

By his own choice, Mr. Shabaz has pursued a career primarily in politics, not law.

Finally, Mr. President, I want to bring to the Senate's attention the views contained in a minority report subscribed to by 7 members of the 15-member Federal Judicial Nominating Commission for the western district of Wisconsin.

By way of background, let me point out that Senator KASTEN appointed seven members of this Commission, I appointed three members, the State Bar of Wisconsin appointed four members, and the dean of the Law School of the University of Wisconsin at Madison was the other member.

The Commission was established in order to:

First, assist the U.S. Senators from Wisconsin in faithfully fulfilling their constitutional and statutory obligation to provide advice and consent to the President in appointing Federal district judges and U.S. attorneys;

Second, help insure that qualified, conscientious, and dedicated individuals be appointed to serve the public in these positions; and

Third, protect and preserve the independence and integrity of the legal process.

The Commission's minority report was prepared and signed by the four Commission members who were designated by the State Bar of Wisconsin. My three appointees to the Commission concurred in and signed the minority report.

The minority report was very interesting. Mr. President, the essence of the minority report is that certain Commission members—namely, those appointed by Senator KASTEN—did not adhere to appropriate procedures during the selection process, and, therefore, to quote the report, "such actions should negate the nomination of Mr. Shabaz."

In quoting from the report, I should point out that the report was submitted on a confidential basis to the president of the State Bar of Wisconsin, Senator KASTEN, and myself. But it was subsequently reprinted in full in the Wisconsin press, so a further partial reproduction in the RECORD in no way violates that initial request for confidentiality. The "leaking" of the report to the Wisconsin press, I should make clear, was not done through or with the approval or assistance of my office.

Mr. President, at this point, I simply want to quote two key passages from the minority report.

On page 2, the position of the minority report is set forth in these terms:

> The position of this Report is that the integrity of the selection process was, in this situation, subverted by the concerted action of seven Commission members, the Kasten appointees, who succeeded in turning the result of the Commission's designation into a political spoils system benefitting their pre-selected candidate, John Shabaz.

The minority report then goes on to detail how the Kasten appointees went about the business of insuring that Mr. Shabaz would be a Commission designee.

Following this bill of particulars about the approach utilized by the Kasten appointees to the Commission, the minority report reached this conclusion:

> In that the tactics and preference of the Shabaz bloc were determined before the facts ascertained by the Commission's investigation and interview process were even available, these members made a farce out of the function of the Commission, and certainly impugned the integrity of its results. It is the position of this Report that such actions border on scandal as being a fraud on the selection process. Obviously, such actions should negate the nomination of Mr. Shabaz, as the tactics used to obtain his designation make such designation a sham. Being apprised of these facts, it should be clear that neither Senator can in good conscience rely upon the Commission's designation of Mr. Shabaz.

Mr. President, I think it is important, too, that I share with my colleagues those portions of the Commission's minority report dealing with Mr. Shabaz' qualifications for this judgeship.

On page 2 of the report, this statement appears:

> Mr. Shabaz is far less qualified than all of the other successful candidates.

And on page 5, the minority report states:

> In seeking the best qualified candidates the Commission initially agreed that extensive trial experience is a critical factor. It is the position of this Report, based upon the collective experience of the Commission's lawyer members, that a part time practitioner simply cannot, and in this case did not, develop the skills, experience and other qualifications to even approach a favorable comparison with the other four nominees.

These were the bar association members, Mr. President, all lawyers, who joined with the people I appointed who came to that conclusion.

So, Mr. President, for all the reasons that I have outlined in this statement, I strongly oppose the nomination of John C. Shabaz for the position of U.S. district judge for the western district of Wisconsin.

Let me add this final word. I am grateful that the Senate will act promptly on this nomination, one way or the other, up or down. The western district of Wisconsin is a heavily overworked Federal judicial district, so we need additional help as soon as possible.

The PRESIDING OFFICER (Mr. GRASSLEY). The Senator from Wisconsin (Mr. KASTEN).

Mr. KASTEN. Mr. President, I support this nomination.

President Reagan has nominated John Shabaz to fill the current vacancy in the western district in Wisconsin. I have known and respected Mr. Shabaz for many years. We served together in the Wisconsin legislature and I have carefully watched his contribution to State government in Wisconsin and the outstanding public service he has provided.

Mr. Shabaz attended the University of Wisconsin at Madison and received his law degree from Marquette University. He practiced law full time and then was elected to the Wisconsin State Assembly in 1964 and has served as minority leader since 1973. He has had a significant hand in most important pieces of legislation emerging from Wisconsin's legislature during the last decade.

Wisconsin legislators serve on a part-time basis and Mr. Shabaz has maintained an active general law practice—including a good deal of trial work.

For many years, Mr. Shabaz has been thoroughly exposed to not only the interpretation of the law, but also to the formulation of the law. He is an articulate lawyer and legislator and I know he will perform most effectively on the bench. He is an individual of high integrity.

Mr. Shabaz has not only been recommended by Republican Party officials in Wisconsin, but it also is the unanimous choice of the Republicans in our congressional delegation. He has the support of Wisconsin Gov. Lee Dreyfus as well as every Republican in the Wisconsin State Assembly and all but one Republi-

can in the State Senate. But praise for the Shabaz nomination has not been limited to just Republicans.

The Democratic speaker of the Wisconsin State Assembly, the deputy speaker, and the Democratic majority floor leader have all spoken out favorably on Mr. Shabaz' behalf. Many sitting circuit judges in Wisconsin have written to me and to the President in support of Mr. Shabaz. Again, the support has been bipartisan. The judges have included a former Democratic district attorney from Milwaukee and a former Democratic legislator and assembly floor leader.

I should like to comment on a few of the questions that have been raised concerning John Shabaz' nomination.

Mr. Shabaz, if confirmed, will fill a vacancy in the western district in Wisconsin—that is in Madison. He resides about 90 miles away—closer to Milwaukee. Although it is true that most often judges are selected from within the districts where they reside, there is nothing in the statute that requires an appointee to be a resident of the district where the vacancy exists.

Also, Mr. Shabaz has been spending several days a week in Madison as a legislator—doing his legislative work—for more than 15 years. If confirmed, Mr. Shabaz will move his family to Madison where he has a home purchase pending.

Mr. Shabaz' lack of experience on the bench has been brought into question. Lower court experience can be helpful, but the many years of active law practice, including a good deal of trial work—as well as his extensive legislative experience—have more than adequately prepared him for service on the district court bench. The individual Mr. Shabaz is replacing had not served on the bench prior to appointment. Of the five Federal district judges who currently serve in Wisconsin, only two came to their positions having been a judge at a lower level.

It has been suggested that Mr. Shabaz's law practice has not exposed him to the type of litigation that would adequately prepare him for service on the Federal bench. That is not the case. Since graduating from law school in 1957, Mr. Shabaz has been involved in a wide variety of legal work. The American Bar Association carefully reviewed his qualifications and its standing committee on the judiciary unanimously found him qualified to assume this position.

Wisconsin's highest ranking jurist, Bruce F. Belfuss, chief justice of the Wisconsin Supreme Court, has written the Judiciary Committee concerning John Shabaz's judicial temperament and qualifications. In his letter he says:

It is my personal belief that Mr. Shabaz will make an outstanding federal district judge. His aptitude and experience in law, together with his reputation for hard work . . . and what I believe to be a good temperament will well qualify him for this position.

Finally, I want to comment on the problems with the Merit Selection Panel. The panel was asked to forward the names of the five "best qualified" candidates.

Evidently what happened was that panel members at certain points in the process tended to vote along party lines. The selection process was not harmonious and considerable confusion did result. A "minority report" was submitted by a number of the members of the selection panel.

It is my understanding that 14 of the 15 panel members attended the session where the 5 "best qualified" were to be selected. As they went through the list of possible nominees, they were able to get a majority vote on only two candidates. Three other candidates, including Mr. Shabaz, I am told, received seven votes each. Because of the impasse, and because of the need to send forward five names, the panel, by majority vote, passed a motion sending forward the names of two individuals who received more than a majority and three who received seven votes each.

Frankly, the Merit Selection Panel in this case did not work very well, but Mr. Shabaz was one of the five names that was submitted to us from the merit selection group.

John Shabaz brings excellent credentials to the Federal bench. He will, I believe, be an outstanding judge, and I respectfully urge favorable consideration of him by the Senate.

The PRESIDING OFFICER. The question is on the confirmation of the nomination.

The nomination was confirmed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the nomination was confirmed.

Mr. CRANSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

BUDGET ACT WAIVER

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Resolution 249, waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of H.R. 3484.

There being no objection, the resolution was considered and agreed to, as follows:

S. RES. 249

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of H.R. 3484, the George Washington Commemorative Coin Act. Such waiver is necessary to permit consideration of an additional fiscal year 1982 authorization of appropriations for the Department of the Treasury to carry out the purposes of H.R. 3484. Such waiver is necessary as H.R. 3484 was sent to the Senate on May 19, 1981; and therefore was not reported by May 15, 1981, as required by section 402(a) of the Congressional Budget Act of 1974.

GEORGE WASHINGTON COMMEMORATIVE COIN ACT

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 389, H.R. 3484, the George Washington Commemorative Coin Act.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (H.R. 3484) to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington.

The bill was considered, ordered to a third reading, read a third time, and passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. McCLURE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

OLYMPIC COIN ACT OF 1981

Mr. STEVENS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 364, S. 1230, the Olympic Coin Act of 1981.

The PRESIDING OFFICER. The bill will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1230) to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Banking, Housing, and Urban Affairs with an amendment to strike out all after the enacting clause, and insert the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Olympic Coin Act of 1981".

PURPOSES

SEC. 2. The purposes of this Act are—

(1) to provide for the minting of commemorative coins to honor and commemorate the 1984 Los Angeles Olympic Games; and

(2) to help finance those games and amateur athletics without the use of tax revenues in recognition of the importance and national significance of the Olympics and of amateur athletics.

AUTHORIZATION FOR MINTING

SEC. 3. (a) Notwithstanding any other provision of law, the Secretary of the Treasury shall mint—

(1) not more than 25,000,000 copper-nickel clad alloy coins with a face value of one dollar, a total weight of 22.68 grams, and a diameter of 38.1 millimeters;

(2) not more than 22,400,000 silver coins with a face value of ten dollars, a total weight of 26.73 grams, and a diameter of 38.1 millimeters and consisting of an alloy which shall contain 925 parts per 1,000 of pure silver and 75 parts per 1,000 of copper;

(3) not more than 2,400,000 gold coins with

a face value of fifty dollars, a total weight of 4.18 grams, and a diameter of 18 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold, 30 parts per 1,000 of silver, and 70 parts per 1,000 of copper; and

(4) not more than 1,600,000 gold goins with a face value of one hundred dollars, a total weight of 8.36 grams, and a diameter of 21.6 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold, 30 parts per 1,000 of silver, and 70 parts per 1,000 of copper.

(b) The coins minted pursuant to subsection (a) shall have an aggregate face value which is not more than $425,000,000.

(c) The coins authorized by this Act shall bear—

(1) a designation of the face value of the coin;

(2) an inscription of the year the coin was minted or issued; and

(3) an inscription of the words "LIBERTY", "IN GOD WE TRUST", "UNITED STATES OF AMERICA", and "E PLURIBUS UNUM".

(d) The designs of coins authorized by this Act shall be determined by the Secretary of the Treasury, in consultation with the Los Angeles Olympic Organizing Committee, and shall be emblematic of the Olympics, United States participation in the Olympics, United States athletes, and other symbols consistent with the purposes of this Act. All coins minted under this Act shall have a common reverse design.

(e) All coins authorized by this Act shall be legal tender for all charges, debts, and taxes.

(f) No coins shall be minted or issued pursuant to this Act after December 31, 1984.

MINTING SPECIFICATIONS

SEC. 4. (a) (1) The one dollar coins authorized by this Act shall be issued in a single design and shall be of brilliant-uncirculated quality.

(2) The ten dollar coins authorized by this Act shall be issued in four series for each series and shall be of brilliant-uncirculated and proof qualities.

(3) The fifty dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(4) The one hundred dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(b) (1) The Secretary of the Treasury shall obtain gold and silver for the coins authorized by this Act pursuant to his authority under existing law.

(2) Section 202 of the Bank Holding Company Amendments of 1970 (31 U.S.C. 391 note) is amended by striking out the last sentence.

SALE AND DELIVERY

SEC. 5. (a) All coins minted pursuant to this Act shall be delivered as requested by the Los Angeles Olympic Organizing Committee for distribution and sale to the public in accordance with the terms of the implementation agreement provided for by section 8 of this Act.

(b The Secretary of the Treasury shall begin delivery of the one dollar coins authorized by this Act not later than January 1, 1984. The Secretary of the Treasury shall begin delivery of the four series of ten, fifty, and one hundred dollar coins authorized by this Act not later than July 1, 1982, for the first series of each such coin; not later than January 1, 1983, for the second series of each such coin; not later than July 1, 1983, for the third series of each such coin; and not later than January 1, 1984, for the fourth series of each such coin.

PRICE

SEC. 6. The Secretary of the Treasury shall furnish the coins authorized by this Act to the Los Angeles Olympic Organizing Committee at a price agreed to pursuant to the implementation agreement provided for by section 8 of this Act, which price shall be equal to the greater of—

(1) the face value of such coins; or

(2) the amount calculated by the Secretary of the Treasury to include all costs of manufacture, plus a surcharge of 15 per centum of such costs of manufacture;

except that the cost of the gold and silver used in minting the coins shall be excluded from the cost of manufacture for the purpose of calculating the surcharge. Amounts received pursuant to this section shall be deposited in the Treasury as miscellaneous receipts.

PROCEEDS

SEC. 7. All of the proceeds received by the Los Angeles Olympic Organizing Committee from the commercial sale of the coins authorized by this Act shall be used for the purpose of staging and promoting the 1984 Los Angeles Olympic Games and assisting the United States Olympic Committee and amateur athletics.

IMPLEMENTATION AGREEMENT

SEC. 8. (a) Except as provided in subsection (d), notwithstanding any other provision of law and without regard to otherwise applicable statutory or regulatory requirements, the Secretary of the Treasury shall enter into an agreement with the Los Angeles Olympic Organizing Committee which shall provide for the implementation of the purposes of this Act and which shall include, but not be limited to, agreement on—

(1) the amounts to be advanced pursuant to section 9 of this Act;

(2) the price and schedule of payments for the coins;

(3) the number of each type of coin to be minted, and schedules and other provisions for the delivery of the coins;

(4) the design of the coins;

(5) the quality and tolerance of the coins;

(6) the proportions of proof and brilliant-uncirculated ten, fifty, and one hundred dollar coins; and

(7) the guidelines which shall govern the arrangements between the Los Angeles Olympic Organizing Committee and the organization chosen by the Los Angeles Olympic Organizing Committee to be responsible for the marketing and distribution of the coins, which guidelines shall provide for (A) proper and equitable distribution of the coins; (B) accurate and otherwise appropriate advertising materials to be used in promoting the coins; and (C) wholesale and retail price ranges of the coins.

(b) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall ensure that the minting of coins authorized by this Act shall result in no net cost to the United States Government.

(c) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall be concluded within ninety days of the date of enactment of this Act.

(d) If the Secretary of the Treasury finds that such action is necessary or appropriate and in the best interests of the United States, the Secretary may terminate the implementation agreement and cease minting and delivery of the coins authorized by this Act, upon the occurrence of either of the following events:

(1) the Los Angeles Olympic Organizing Committee materially breaches the terms of the implementation agreement, or

(2) any person or organization which enters into a contract or agreement with the Los Angeles Olympic Organizing Committee providing for the marketing or distribution of the coins authorized by this Act materially breaches the terms of such contract or agreement.

FUNDING

SEC. 9. The Secretary of the Treasury is authorized to receive from the Los Angeles Olympic Organizing Committee and disburse such sums as are necessary to carry out the provisions of this Act. Such funds are to be deposited in a trust fund which shall be subject to and administered in accordance with the provisions of section 20 of the Permanent Appropriations Repeal Act, as amended (31 U.S.C. 725s), to be used solely for the purpose of carrying out the provisions of this Act. Any sums advanced pursuant to this section shall be deducted from the amount the Los Angeles Olympic Organizing Committee is required to pay the Secretary of the Treasury for the coins authorized by this Act.

REPORTS AND USE OF FUNDS

SEC. 10. (a) The Secretary of the Treasury shall prepare and submit to the Congress such reports quarterly concerning the sale of the coins authorized hereunder as the Secretary shall deem advisable.

(b) Funds received by the Los Angeles Olympic Organizing Committee pursuant to the provisions of this Act shall be used by the Los Angeles Olympic Organizing Committee only for the purposes of this Act.

(c) The Comptroller General of the United States shall have the right to examine all books, records, documents, and other data relating to the use of coins or funds made available pursuant to this Act of (1) the Los Angeles Olympic Organizing Committee, (2) the United States Olympic Committee, and (3) any person or organization with which the Los Angeles Olympic Organizing Committee enters into a contract for the marketing or distribution of coins minted under this Act.

GOLD MEDALLION ACT AMENDMENTS

SEC. 11. Section 406 of the American Arts Gold Medallion Act is amended by adding at the end thereof the following:

"(d) Not later than sixty days after the date of enactment of this subsection, the Secretary of the Treasury shall provide for bulk sales of gold medallions struck under the authority of this title to be made to the general public and to dealers through the Department of the Treasury and, if appropriate, the facilities of the Federal Reserve System and the commercial banking system. The Secretary shall make such bulk sales at a reasonable discount to reflect the lower handling costs of such sales.".

Mr. STEVENS. Mr. President, I yield to the Senator from Utah (Mr. GARN).

UP AMENDMENT NO. 774

Mr. GARN. Mr. President, I have a substitute amendment at the desk to S. 1230, a bill which authorizes the Secretary of the Treasury to mint special coins commemorating the 1984 Olympic games to be held in Los Angeles, Calif. These amendments are cosponsored by Senators CRANSTON and HEINZ. I call up the amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Utah (Mr. GARN) proposes an unprinted amendment numbered 774.

Mr. GARN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SHORT TITLE

SECTION 1. This Act may be cited as the "Olympic Coin Act of 1981".

PURPOSES

SEC. 2. The purposes of this Act are—

(1) to provide for the minting of commemorative coins to honor and commemorate the 1984 Los Angeles Olympic Games; and

(2) to help finance those games and amateur athletics without the use of tax revenues in recognition of the importance and national significance of the Olympics and of amateur athletics.

AUTHORIZATION FOR MINTING

SEC. 3. (a) Notwithstanding any other provision of law, the Secretary of the Treasury shall mint—

(1) not more than 25,000,000 copper-nickel clad alloy coins with a face value of one dollar, a total weight of 22.68 grams, and a diameter of 38.1 millimeters;

(2) not more than 22,400,000 silver coins with a face value of ten dollars, a total weight of 33.625 grams, and a diameter of 38.1 millimeters and consisting of an alloy which shall contain 925 parts per 1,000 of pure silver and 75 parts per 1,000 of copper;

(3) not more than 2,400,000 gold coins with a face value of fifty dollars, a total weight of 4.937 grams, and a diameter of 19.0 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold, and 100 parts per 1,000 of silver and copper in such proportions as shall be determined by the Secretary of the Treasury; and

(4) not more than 1,600,000 gold coins with a face value of one hundred dollars, a total weight of 9.874 grams, and a diameter of 23.00 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold, and 100 parts per 1,000 of silver and copper in such proportions as shall be determined by the Secretary of the Treasury.

(b) The coins minted pursuant to subsection (a) shall have an aggregate face value which is not more than $425,000,000.

(c) The coins authorized by this Act shall bear—

(1) a designation of the face value of the coin;

(2) an inscription of the year the coin was minted or issued; and

(3) an inscription of the words "LIBERTY", "IN GOD WE TRUST", "UNITED STATES OF AMERICA", and "E PLURIBUS UNUM".

(d) The designs of coins authorized by this Act shall be determined by the Secretary of the Treasury, in consultation with the Los Angeles Olympic Organizing Committee, and shall be emblematic of the Olympics, United States participation in the Olympics, United States athletes, and other symbols consistent with the purposes of this Act. All coins minted under this Act shall have a common reverse design.

(e) All coins authorized by this Act shall be legal tender for all charges, debts, and taxes.

(f) No coins shall be minted or issued pursuant to this Act after December 31, 1984.

MINTING SPECIFICATIONS

SEC. 4. (a) (1) The one dollar coins authorized by this Act shall be issued in a single design and shall be of brilliant-uncirculated quality.

(2) The ten dollar coins authorized by this Act shall be issued in four series with four designs for each series and shall be of brilliant-uncirculated and proof qualities.

(3) The fifty dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(4) The one hundred dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant-uncirculated and proof qualities.

(b) The Secretary of the Treasury may reduce the number of designs for each series of coins specified in subsection (a) if such reduction will not reduce—

(1) the estimated net proceeds to the Los Angeles Olympic Organizing Committee of the sale of such coins, and

(2) below $50,000,000 the net proceeds of such sale guaranteed to the Los Angeles Olympic Organizing Committee;

except that this subsection (b) shall not apply if the coins are marketed pursuant to the existing marketing agreement, as defined in section 8(a), if the existing marketing agreement has not been modified pursuant to section 8(e).

(c) (1) The Secretary of the Treasury shall obtain gold and silver for the coins authorized by this Act pursuant to his authority under existing law.

(2) Section 202 of the Bank Holding Company Amendments of 1970 (31 U.S.C. 391 note) is amended by striking out the last sentence.

SALE AND DELIVERY

SEC. 5. (a) All coins minted pursuant to this Act shall be delivered as requested by the Los Angeles Olympic Organizing Committee for distribution and sale to the public in accordance with the terms of the implementation agreement provided for by section 9 of this Act.

(b) The Secretary of the Treasury shall begin delivery of the one dollar coins authorized by this Act not later than January 1, 1984. The Secretary of the Treasury shall begin delivery of the four series of ten, fifty, and one hundred dollar coins authorized by this Act not later than July 1, 1982, for the first series of each such coin; not later than January 1, 1983, for the second series of each such coin; not later than July 1, 1983, for the third series of each such coin; and not later than January 1, 1984, for the fourth series of each such coin.

PRICE

SEC. 6. The Secretary of the Treasury shall furnish the coins authorized by this Act to the Los Angeles Olympic Organizing Committee at a price agreed to pursuant to the implementation agreement provided for by section 9 of this Act, which price shall be equal to the greater of—

(1) the face value plus manufacturing and engraving costs; or

(2) the market price of the metal plus strip and blank fabrication charges, plus manufacturing and engraving costs, including a 15 per centum surcharge.

The cost of metals and strip and blank fabrication charges shall be excluded from the cost for the purpose of calculating the surcharge. Amounts received pursuant to this section shall be deposited into the Treasury after reimbursements have been made for the Mint's appropriation and bullion fund costs.

PROCEEDS

SEC. 7. All of the proceeds received by the Los Angeles Olympic Organizing Committee from the commercial sale of the coins authorized by this Act shall be used for the purpose of staging and promoting the 1984 Los Angeles Olympic Games and assisting the United States Olympic Committee and amateur athletics.

MARKETING AGREEMENT

SEC. 8. (a) As used in this section—

(1) the term "coins" shall mean all the coins minted under this Act;

(2) the term "marketing organization" shall mean a firm or joint venture which proposes to purchase coins from the Los Angeles Olympic Organizing Committee and resell such coins to the public;

(3) the term "marketing agreement" shall mean a contract for the marketing of coins;

(4) the term "existing marketing agreement" shall mean a marketing agreement between the Los Angeles Olympic Organizing Committee and a marketing organization which is in existence on the effective date of this Act; and

(5) the term "existing marketing organization" shall mean the marketing organization which is a party to the existing marketing agreement.

(b) As promptly as practicable after the effective date of this Act, the Los Angeles Olympic Organizing Committee shall invite, in accordance with procedures specified by the Secretary of the Treasury, proposals from marketing organizations for an exclusive, worldwide marketing agreement.

(c) Within 45 days after the effective date of this Act, the Los Angeles Olympic Organizing Committee shall (1) consider all proposals received from marketing organizations pursuant to subsection (b) of this section, (2) compare such proposals to the existing marketing agreement, and (3) initially select, subject to the provisions of subsection (e) of this section, a marketing organization (which may be the existing marketing organization under its existing marketing agreement) for the marketing of the coins.

(d) In selecting a marketing organization pursuant to subsection (c) of this section, the Los Angeles Olympic Organizing Committee, in consultation with the Secretary of the Treasury, shall select the marketing organization which offers the most favorable terms for the marketing of the coins, considering factors including, but not limited to, the following:

(1) the financial resources and coin marketing experience of the marketing organization;

(2) the estimated net proceeds to the Los Angeles Olympic Organizing Committee from sale of the coins;

(3) the commitment of the marketing organizations to guarantee to the Los Angeles Olympic Organizing Committee proceeds from the sale of the coins in an amount not less than $50,000,000;

(4) the terms and conditions for the marketing of the coins, including, but not limited to (A) proper and equitable distribution of the coins, (B) accurate and otherwise appropriate advertising materials to be used in promoting the coins; and (C) wholesale and retail price ranges of the coins; and

(5) the commitment of the marketing organization to provide to the Los Angeles Olympic Organizing Committee, upon execution and delivery of a marketing agreement, a sum equal to the advance royalty fee paid to the Los Angeles Olympic Organizing Committee by the existing marketing organization, the amount of such sum to be certified to the Secretary of the Treasury by the Los Angeles Olympic Organizing Committee.

(e) If the marketing organization initially selected by the Los Angeles Olympic Organizing Committee under subsection (c) of this section is not the existing marketing organization, then such existing marketing organization shall have not more than 10 days after notice of such initial selection to agree to modify the existing marketing agreement. If within such 10-day period, the Los Angeles Olympic Organizing Committee, in consultation with the Secretary of the Treasury, concludes that the existing marketing agreement, as so modified, offers terms to the Los Angeles Olympic Organizing Committee more favorable than those offered by the marketing organization initially selected, then the existing marketing organization shall be selected to market the coins.

(f) No provisions of law of the United States Government governing procurement or public contracts shall be applicable to the selection of a marketing organization under this Act.

IMPLEMENTATION AGREEMENT

SEC. 9. (a) Except as provided in subsection (d), notwithstanding any other provision of law and without regard to otherwise applicable statutory or regulatory requirements, the Secretary of the Treasury shall enter into an agreement with the Los Angeles Olympic Organizing Committee which shall provide for the implementation of the

purposes of this Act and which shall include, but not be limited to, agreement on—

(1) the amounts to be advanced pursuant to section 10 of this Act;

(2) the price and schedule of payments for the coins;

(3) the number of each type of coin to be minted, and schedules and other provisions for the delivery of the coins;

(4) the design of the coins;

(5) the quality and tolerance of the coins; and

(6) the proportions of proof and brilliant-uncirculated ten, fifty, and one hundred dollar coins.

(b) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall ensure that the minting of coins authorized by this Act shall result in no net cost to the United States Government.

(c) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall be concluded within ninety days of the date of enactment of this Act.

(d) The Secretary of the Treasury may not enter into an implementation agreement with the Los Angeles Olympic Organizing Committee unless the Secretary finds that the Los Angeles Olympic Organizing Committee has made its selection of a marketing organization pursuant to section 8 hereof.

(e) If the Secretary of the Treasury finds that such action is necessary or appropriate and in the best interests of the United States, the Secretary may terminate the implementation agreement and cease minting and delivery of the coins authorized by this Act, upon the occurrence of either of the following events:

(1) the Los Angeles Olympic Organizing Committee materially breaches the terms of the implementation agreement, or

(2) any person or organization which enters into a contract or agreement with the Los Angeles Olympic Organizing Committee providing for the marketing or distribution of the coins authorized by this Act materially breaches the terms of such contract or agreement.

FUNDING

SEC. 10. The Secretary of the Treasury is authorized to receive from the Los Angeles Olympic Organizing Committee and disburse such sums as are necessary to carry out the provisions of this Act. Such funds are to be deposited in a trust fund which shall be subject to and administered in accordance with the provisions of section 20 of the Permanent Appropriations Repeal Act, as amended (31 U.S.C. 725s), to be used solely for the purpose of carrying out the provisions of this Act. Any sums advanced pursuant to this section shall be deducted from the amount the Los Angeles Olympic Organizing Committee is required to pay the Secretary of the Treasury for the coins authorized by this Act.

REPORTS AND USE OF FUNDS

SEC. 11. (a) The Secretary of the Treasury shall prepare and submit to the Congress such reports quarterly concerning the sale of the coins authorized hereunder as the Secretary shall deem advisable.

(b) Funds received by the Los Angeles Olympic Organizing Committee pursuant to the provisions of this Act shall be used by the Los Angeles Olympic Organizing Committee only for the purposes of this Act.

(c) The Comptroller General of the United States shall have the right to examine all books, records, documents, and other data relating to the use of coins or funds made available pursuant to this Act of (1) the Los Angeles Olympic Organizing Committee, (2) the United States Olympic Committee, and (3) any person or organization with which the Los Angeles Olympic Organizing Committee enters into a contract for the marketing or distribution of coins minted under this Act.

RELATION TO OTHER LAWS

SEC. 12. In carrying out the provisions of the Act, the Secretary of the Treasury shall not be subject to any provision of law of the United States governing procurement or public contracts.

GOLD MEDALLION ACT AMENDMENT

SEC. 13. Section 406 of the American Arts Gold Medallion Act is amended by adding at the end thereof the following:

"(d) No later than 60 days after the date of enactment of this subsection, the Secretary of the Treasury shall provide for sales of gold medallions struck under the authority of this title to be made to the general public through dealers, and if appropriate, through the Department of the Treasury. The Secretary shall make bulk sales at a reasonable discount to reflect the lower handling costs of such sales, at a price to be determined by the Secretary.".

Mr. GARN. Mr. President, when S. 1230 was reported out of the Committee on Banking, Housing and Urban Affairs, several provisions were modified to accomodate numerous concerns expressed by the Department of the Treasury. The bill, which has been cosponsored by 23 Members of the Senate, has been awaiting floor action to provide representatives of the Los Angeles Olympic Organizing Committee and the Secretary of the Treasury with additional time to reach agreement on further amending language which would satisfy all of the parties. One of the provisions contained in this substitute amendment closely follows a proposal presented by Senator HEINZ during the markup of S. 1230, and which he withdrew, reserving his right to offer it on the floor.

The substitute amendment proposed today does not affect the essential coinage program envisioned in the legislation reported by the Banking Committee. They do provide, however, additional safeguards sought by the Department of the Treasury, and they also require that bids for marketing the coins be reopened.

Specifically, one modification would allow the Treasury to reduce the number of designs for each series of coins if there is a new successful bidder. Another requires new bids to be solicited and a decision made as the most suitable organization to market the coins, and criteria are established for its selection. A third change relates to size and weight of the various coins which meet specifications of the U.S. Mint.

Finally, the amendment provides that the Secretary of the Treasury may not implement the provisions of the act unless he is satisfied that the selection process was conducted in accordance with these criteria. There is also a technical change to clarify the price paid for the coins by the LAOOC to the Treasury.

Mr. President, I would also like to note that the Congressional Budget Office has estimated, based on information provided by the Bureau of the Mint, that enactment of S. 1230 would result in costs to the Federal Government of $119 million in fiscal year 1982, $254 million in fiscal year 1983, and $124 million in fiscal year 1984. However, these costs would be more than offset by receipts from the Los Angeles Olympic Organizing Committee, with the net budget impact of the legislation, according to CBO, being savings of $0.7 million in fiscal year 1982, $1.7 million in fiscal year 1983, and $0.8 million in fiscal year 1984.

Mr. President, I would like to bring the Senators' attention to the fact that S. 1230 does not authorize the enactment of new budget authority to cover the costs incurred by the Government. The committee intends that the implementation agreement negotiated by the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee require that the Olympic Organizing Committee provide funds to cover the costs of the minting of any coins commemorating the Los Angeles Olympic games in advance of the minting operations.

Mr. President, this substitute amendment has been carefully worked out with the Secretary of the Treasury and represents changes that the Government believes are essential, and I urge its adoption.

Mr. CRANSTON. Mr. President, today, the Senate has an excellent opportunity to assist the U.S. Olympic movement without any expenditure of the taxpayer's funds. The Olympic Coin Act of 1980, S. 1230, will greatly enhance the effort of both the Los Angeles Olympic Organizing Committee (LAOOC) and the U.S. Olympic Committee (USOC) by providing a continuing source of funds to train Olympic athletes and stage the coming Olympic games.

I was pleased to introduce S. 1230 on May 20, 1981, along with the distinguished chairman of the Senate Banking Committee, JAKE GARN, and Senators HAYAKAWA, RIEGLE, HEINZ, STEVENS, LAXALT, and TOWER. Since the bill's introduction, Senators SCHMITT, PROXMIRE, LEVIN, LEAHY, CHAFEE, HART, LUGAR, DURENBERGER, JACKSON, SIMPSON, KASSEBAUM, INOUYE, HOLLINGS, and CANNON have joined as cosponsors. The Banking Committee held hearings on S. 1230 on Tuesday, July 14, and the bill was unanimously reported to the full Senate on October 30, 1981.

S. 1230 authorizes the Secretary of the Treasury to mint coins commemorative of the 1984 summer Olympic games to be held in Los Angeles. The bill also authorizes the Secretary to enter into a contract with the Los Angeles Olympic Organizing Committee which will be in charge of marketing the coins worldwide, through its agents.

The bill requires the minting of up to 25 million $1 coins, 22.4 million $10 silver coins, 2.4 million $50 gold coins, and 1.6 million $100 gold coins. However, the coins issued would not have an aggregate face value greater than $425 million. The coins would be legal tender and must comply with all appropriate Federal statutes governing U.S. currency.

The legislation allows the LAOOC to select the coin marketers as its agents for the coin program. This group will have control over most aspects of the marketing program for the Olympic coins. However, the Federal Government will maintain significant control over the number, design, advertising, sales price, and disbursement of these coins.

The total cost of manufacturing the coins will be paid to the Treasury by the Los Angeles Olympic Organizing Com-

mittee. The LAOOC will pay either the face value of the coins or an amount calculated by Treasury to include all manufacturing costs, plus a 15-percent surcharge of those costs, whichever is greater. According to the Congressional Budget Office's cost estimate the Federal Government could make $3.2 million by 1984.

S. 1230 has been significantly altered since it was first introduced. Several amendments were made to the bill in committee to incorporate technical changes suggested by Treasury, to limit the scope of this ambitious program, and to insure accountability to the Federal Government on the part of the LAOOC and its marketers. The number of coins authorized has been reduced by 25 percent and the number of designs has been reduced from 29 to 25.

Senator GARN and I were concerned about the accountability of the LAOOC and its marketers to the Federal Government. The bill provides that the Secretary of the Treasury must enter into a contract with the LAOOC to carry out the marketing of the Olympic coins. The Secretary will be able to negotiate in that contract such terms as necessary, protecting the interest of the Government.

The Secretary of the Treasury is also directed to promulgate guidelines governing the distribution, advertising, and wholesale and retail price ranges of the coins. This, along with the authority to negotiate terms in the contract with the LAOOC, should provide the Secretary with significant control over the program. Additionally, if the Secretary finds that the LAOOC or its marketers materially breach the terms of the contract, then the Secretary may terminate the coin program.

In order to determine if the coin program is operating smoothly the bill authorizes the Secretary of Treasury to make quarterly reports to Congress describing the progress of the program. Likewise, the Government Accounting Office is authorized to audit the books, records, documents, and other data relating to the use of the Olympic coins or funds made available from this bill to the USOC, the LAOOC, and its marketers and distributors.

I am pleased to be a cosponsor of an additional amendment offered by Senators GARN and HEINZ designed to address the U.S. Treasury's concern that the marketer's had been selected by the LAOOC prior to the Senate taking up S. 1230. This amendment allows the LAOOC to ask for new bids from prospective marketers. It must designate who the marketer will be within 45 days after the enactment of this legislation.

The new bids should be submitted as promptly as practicable for review by the LAOOC, which should be within several weeks after enactment of S. 1230. The Secretary is empowered to limit the design of the coins if a marketer is selected that does not propose to market a multidesign coin program. At the committee, I objected to an amendment similar to this on the basis that the bid of the present marketers, Lazard-Freres, Occidental Petroleum and the Franklin mint would be prejudiced. This amendment cures my concern about prejudice because the existing coin group will have the opportunity to bid over any new bids submitted.

It is essential that we pass this measure before the Christmas recess or the program will lose the first issue of coins scheduled for delivery not later than July 1, 1982, thereby seriously endangering the financial returns to the LAOOC from the coin program. In the rush to adjournment I implore my colleague to cooperate fully. In that regard I am pleased to note that about 100 of our colleagues in the House of Representatives—including the entire California delegation—are cosponsors of this legislation. I hope that after this is passed in the Senate that our friends in the House will expedite consideration of the bill so that the President will have the opportunity to sign it this year.

Mr. HEINZ. Mr. President, I support this package of amendments to S. 1230, the Olympic Coin Act. I do so because it is my belief that these amendments will correct several deficiencies in the process by which the exclusive marketing rights to the coins have been awarded.

As a strong supporter of the Olympics, I am pleased to join in endorsing this proposal, which I feel makes a genuine effort to accommodate those of us who have expressed concern over the bidding process employed by the Los Angeles Olympic Organizing Committee.

Mr. President, the Olympic coin program proposed in S. 1230, is intended to generate revenue through the sale of commemorative coins in order to help finance the 1984 Olympic games in Los Angeles. The bill would both continue the international tradition of having the Olympic host country mint and sell Olympic commemorative coins and it would provide financial assistance to the LAOOC without cost to the Treasury.

The 1984 Los Angeles Olympics is certainly worthy of any assistance we can provide. The Olympic has become a unique symbol of the brotherhood among nations and the spirit of international camaraderie. As such, the 1984 Olympiad will be a national, historic occasion which deserves the honor of being the first event since 1952 for which a commemorative coin has been issued in our country.

The 1984 Los Angeles Olympics should have a coin program not only because it provides revenue for the games, but also because it allows the people of the United States and throughout the world to support the Olympics financially, and to do so on a voluntary basis.

During the Banking Committee hearings on S. 1230, a number of questions arose about the way in which the contracts for marketing and distributing the coins were bid by the LAOOC. Because of these uncertainties, I expressed several concerns about the absence of any provision in S. 1230 to insure that a sufficiently competitive bidding process was used in granting the exclusive rights to market the Olympic coins.

During markup of S. 1230 in the Banking Committee, I therefore introduced an amendment that would have established basic criteria for bidding on the marketing and distribution functions of the Olympic coin program in order to erase any doubts about whether the process for granting the Olympic coin contracts was competitive. I subsequently withdrew this amendment from further consideration in committee so that the LAOOC would have a chance to respond to questions I raised over the process they used to bid the coin program.

Most of the substance of my original amendment has been included in the package of amendments now before us. The amendment will meet my goal of establishing a precise method for bidding on the marketing and distribution functions of the proposed coin program. It will require the LAOOC to rebid the coin contract while preserving the right of the coin group now slated to market the coins to match the best offer made. Furthermore, the amendment stipulates that the LAOOC must invite proposals from marketing organizations in accordance with procedures specified by the Secretary of the Treasury. This will insure that all interested parties are duly considered by the LAOOC.

The amendment also provides for certain guidelines which must be followed by the LAOOC in selecting the best bid. These guidelines will insure that a capable organization is chosen—one that has the financial resources to undertake such a substantial project, the reputation for reliability, the confidence of our Federal Government, and the ability to provide a lucrative return to the organizers of the Olympics.

Mr. President, these protections are vital to operating a successful program. The LAOOC is ultimately to be responsible, both in this country and abroad, for the sale of nothing less than U.S. legal tender, in the form of coins. This is an enormous responsibility and at stake are hundreds of millions of dollars for the LAOOC, for the U.S. Olympic Committee, and for the coin group selected to market the coins. As the proposed Olympic coins will be U.S. currency, Congress has an affirmative obligation to insure that any monopoly to market these special issues is granted fairly and openly.

Mr. President, this package of amendments is supported by both the Treasury Department and the Los Angeles Olympic Committee. These two groups have worked diligently to strike a compromise which is acceptable to both their organizations and the bill's congressional supporters. They are to be commended for an effective agreement that embodies the principal modifications needed to make the proposed coin program successful.

Mr. President, I urge the adoption of this amendment and the other amendments in the package as they are a positive step toward forging an agreement between various opinions about the best method for raising revenues for the Olympics. It is my expectation that with the adoption of this amendment, the Olympic coin program will prove to be a credit to the Olympics, a significant financial boost to the LAOOC, and a pleasant reflection on the U.S. Government.

Mr. HAYAKAWA. Mr. President, I am pleased to be an original cosponsor of the Olympic Coin Act of 1981. When the city of Los Angeles hosts the Olympics in 1984 it will be a great honor for all Americans.

The United States will become the first country to host the Summer Olympic Games three times—two of which have been held in Los Angeles.

The Olympics can provide many benefits to the city and its residents through the increased tax revenues and product sales. However, we have learned from the experience of others—namely, Montreal and Lake Placid—that debts incurred by the Olympic Games can be staggering.

For this reason, I was pleased, as were many Los Angeles citizens, that the contract with the International Olympic Committee was signed by the Los Angeles Olympic Organizing Committee and not the city of Los Angeles. Liability will rest with the Los Angeles Olympic Organizing Committee and the U.S. Olympic Committee and thereby insulate Los Angeles from any debt.

As I have said, the cost of putting on a successful Olympics will be very high. For example, the Montreal games, the last summer games, cost over $1 billion. The Los Angeles Summer Olympics could, however, become the most expensive if only because of inflation.

This bill is sorely needed by the Los Angeles Olympic Organizing Committee and amateur athletes throughout the country as a source of income. The Los Angeles Olympic Organizing Committee has refrained from asking for Government funds and will not receive any. These games will be the first in history which do not receive direct or indirect Government financing. But, currently, the only sources of income for the games are from granting licenses and merchandising rights to the emblem of the Olympics, the sale of broadcast rights, and the sale of admission tickets to the events.

The organizing committee has worked hard to minimize costs and insure that these games do not become the most expensive in history. They are using existing facilities instead of constructing new ones, and are eliminating waste and unnecessary expenses in other areas. But lowering costs to reach current income levels will eventually harm the final quality of the games.

I do not believe the American taxpayer should be burdened with the responsibility for lack of sufficient funding or possible debt any more than the Los Angeles taxpayer. But the organizing committee and the U.S. Olympic Committee need our help to insure they will be able to present the best possible Olympics to the world. The Olympic Coin Act will enable us to aid in this endeavor without any cost to the taxpayer.

The Secretary of the Treasury will enter into an agreement with the Los Angeles Olympic Organizing Committee to mint legal tender commemorative coins which will then be bought by the committee. The coin designs will honor the Olympics and its athletes, and will be decided upon by the Secretary in consultation with the organizing committee. They will then be sold to the committee at a price which will provide a profit to the Treasury.

In order to insure that no appropriations are required, the organizing committee will advance the cost of the required metals and the cost of production to the Treasury.

The coins will then be sold worldwide by the organizing committee at prices substantially above face value. Therefore, it is unlikely the coins will be circulated as currency.

The assets obtained from the coin sales would be a significant source of revenue for the organizing committee, the U.S. Olympic Committee and U.S. amateur athletics. The revenues will be shared by the two committees and will be used to put on and promote the 1984 summer games and to prepare our athletes. Any surplus would then be used by the USOC and other amateur sports organizations.

Since 1964 every country hosting the summer Olympic games has issued commemorative coins. I believe it would be a mistake for the United States to discontinue this tradition. The coin program will not only commemorate the games and show the pride of the United States in being selected to host the games again, but it will also provide badly needed funding to the Los Angeles Olympic Organizing Committee, the U.S. Olympic Committee, and amateur athletes.

I hope my colleagues will agree with me that the 1984 summer olympics and our athletes deserve our strong support and vote for the passage of this bill.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 774) was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The committee amendment, as amended, was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1230

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled.

SHORT TITLE

SECTION 1. This Act may be cited as the "Olympic Coin Act of 1981".

PURPOSES

SEC. 2. The purposes of this Act are—

(1) to provide for the minting of commemorative coins to honor and commemorate the 1984 Los Angeles Olympic Games; and

(2) to help finance those games and amateur athletics without the use of tax revenues in recognition of the importance and national significance of the Olympics and of amateur athletics.

AUTHORIZATION FOR MINTING

SEC. 3. (a) Notwithstanding any other provision of law, the Secretary of the Treasury shall mint—

(1) not more than 25,000,000 copper-nickel clad alloy coins with a face value of one dollar, a total weight of 22.68 grams, and a diameter of 38.1 millimeters;

(2) not more than 22,400,000 silver coins with a face value of ten dollars, a total weight of 33.625 grams, and a diameter of 38.1 millimeters and consisting of an alloy which shall contain 925 parts per 1,000 of pure silver and 75 parts per 1,000 of copper.

(3) not more than 2,400,000 gold coins with a face value of fifty dollars, a total weight of 4.937 grams, and a diameter of 19.0 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold, and 100 parts per 1,000 of silver and copper in such proportions as shall be determined by the Secretary of the Treasury; and

(4) not more than 1,600,000 gold coins with a face value of one hundred dollars, a total weight of 9.874 grams, and a diameter of 23.00 millimeters and consisting of an alloy which shall contain 900 parts per 1,000 of pure gold, and 100 parts per 1,000 of silver and copper in such proportions as shall be determined by the Secretary of the Treasury.

(b) The coins minted pursuant to subsection (a) shall have an aggregate face value which is not more than $425,000,000.

(c) The coins authorized by this Act shall bear—

(1) a designation of the face value of the coin;

(2) an inscription of the year the coin was minted or issued; and

(3) an inscription of the words "LIBERTY", "IN GOD WE TRUST", "UNITED STATES OF AMERICA", and "E PLURIBUS UNUM".

(d) The designs of coins authorized by this Act shall be determined by the Secretary of the Treasury, in consultation with the Los Angeles Olympic Organizing Committee, and shall be emblematic of the Olympics, United States participation in the Olympics, United States athletes, and other symbols consistent with the purposes of this Act. All coins minted under this Act shall have a common reverse design.

(e) All coins authorized by this Act shall be legal tender for all charges, debts, and taxes.

(f) No coins shall be minted or issued pursuant to this Act after December 31, 1984.

MINTING SPECIFICATIONS

SEC. 4. (a)(1) The one dollar coins authorized by this Act shall be issued in a single design and shall be of brilliant—uncirculated quality.

(2) The ten dollar coins authorized by this Act shall be issued in four series with four designs for each series and shall be of brilliant—uncirculated and proof qualities.

(3) The fifty dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant—uncirculated and proof qualities.

(4) The one hundred dollar coins authorized by this Act shall be issued in four series with a different design for each series and shall be of brilliant—uncirculated and proof qualities.

(b) The Secretary of the Treasury may reduce the number of designs for each series of coins specified in subsection (a) if such reduction will not reduce—

(1) the estimated net proceeds to the Los Angeles Olympic Organizing Committee of the sale of such coins, and

(2) below $50,000,000 the net proceeds of such sale guaranteed to the Los Angeles Olympic Organizing Committee;

except that this subsection (b) shall not apply if the coins are marketed pursuant to the existing marketing agreement, as defined in section 8(a), if the existing marketing agreement has not been modified pursuant to section 8(e).

(c)(1) The Secretary of the Treasury shall obtain gold and silver for the coins authorized by this Act pursuant to his authority under existing law.

(2) Section 202 of the Bank Holding Company Amendments of 1970 (31 U.S.C. 391 note) is amended by striking out the last sentence.

SALE AND DELIVERY

SEC. 5. (a) All coins minted pursuant to this Act shall be delivered as requested by the Los Angeles Olympic Organizing Committee for distribution and sale to the public in accordance with the terms of the implementation agreement provided for by section 9 of this Act.

(b) The Secretary of the Treasury shall begin delivery of the one dollar coins authorized by this Act not later than January 1,

1984. The Secretary of the Treasury shall begin delivery of the four series of ten, fifty, and one hundred dollar coins authorized by this Act not later than July 1, 1982, for the first series of each such coin; not later than January 1, 1983, for the second series of each such coin; not later than July 1, 1983, for the third series of each such coin; and not later than January 1, 1984, for the fourth series of each such coin.

PRICE

SEC. 6. The Secretary of the Treasury shall furnish the coins authorized by this Act to the Los Angeles Olympic Organizing Committee at a price agreed to pursuant to the implementation agreement provided for by section 9 of this Act, which price shall be equal to the greater of—

(1) the face value plus manufacturing and engraving costs; or

(2) the market price of the metal plus strip and blank fabrication charges, plus manufacturing and engraving costs, including a 15 per centum surcharge.

The cost of metals and strip and blank fabrication charges shall be excluded from the cost for the purpose of calculating the surcharge. Amounts received pursuant to this section shall be deposited into the Treasury after reimbursements have been made for the Mint's appropriation and bullion fund costs.

PROCEEDS

SEC. 7. All of the proceeds received by the Los Angeles Olympic Organizing Committee from the commercial sale of the coins authorized by this Act shall be used for the purpose of staging and promoting the 1984 Los Angeles Olympic Games and assisting the United States Olympic Committee and amateur athletics.

MARKETING AGREEMENT

SEC. 8. (a) As used in this section—

(1) the term "coins" shall mean all the coins minted under this Act;

(2) the term "marketing organization" shall mean a firm or joint venture which proposes to purchase coins from the Los Angeles Olympic Organizing Committee and resell such coins to the public;

(3) the term "marketing agreement" shall mean a contract for the marketing of coins;

(4) the term "existing marketing agreement" shall mean a marketing agreement between the Los Angeles Olympic Organizing Committee and a marketing organization which is in existence on the effective date of this Act; and

(5) the term "existing marketing organization" shall mean the marketing organization which is a party to the existing marketing agreement.

(b) As promptly as practicable after the effective date of this Act, the Los Angeles Olympic Organizing Committee shall invite, in accordance with procedures specified by the Secretary of the Treasury, proposals from marketing organizations for an exclusive, worldwide marketing agreement.

(c) Within 45 days after the effective date of this Act, the Los Angeles Olympic Organizing Committee shall (1) consider all proposals received from marketing organizations pursuant to subsection (b) of this section, (2) compare such proposals to the existing marketing agreement, and (3) initially select, subject to the provisions of subsection (e) of this section, a marketing organization (which may be the existing marketing organization under its existing marketing agreement) for the marketing of the coins.

(d) In selecting a marketing organization pursuant to subsection (c) of this section, the Los Angeles Olympic Organizing Committee, in consultation with the Secretary of the Treasury, shall select the marketing organization which offers the most favorable terms for the marketing of the coins, considering factors including, but not limited to, the following:

(1) the financial resources and coin marketing experience of the marketing organization;

(2) the estimated net proceeds to the Los Angeles Olympic Organizing Committee from sale of the coins;

(3) the commitment of the marketing organizations to guarantee to the Los Angeles Olympic Organizing Committee proceeds from the sale of the coins in an amount not less than $50,000,000;

(4) the terms and conditions for the marketing of the coins, including, but not limited to (A) proper and equitable distribution of the coins, (B) accurate and otherwise appropriate advertising materials to be used in promoting the coins; and (C) wholesale and retail price ranges of the coins; and

(5) the commitment of the marketing organization to provide to the Los Angeles Olympic Organizing Committee, upon execution and delivery of a marketing agreement, a sum equal to the advance royalty fee paid to the Los Angeles Olympic Organizing Committee by the existing marketing organization, the amount of such sum to be certified to the Secretary of the Treasury by the Los Angeles Olympic Organizing Committee.

(e) If the marketing organization initially selected by the Los Angeles Olympic Organizing Committee under subsection (c) of this section is not the existing marketing organization, then such existing marketing organization shall have not more than 10 days after notice of such initial selection to agree to modify the existing marketing agreement. If within such 10-day period, the Los Angeles Olympic Organizing Committee, in consultation with the Secretary of the Treasury, concludes that the existing marketing agreement, as so modified, offers terms to the Los Angeles Olympic Organizing Committee more favorable than those offered by the marketing organization initially selected, then the existing marketing organization shall be selected to market the coins.

(f) No provisions of law of the United States Government governing procurement or public contracts shall be applicable to the selection of a marketing organization under this Act.

IMPLEMENTATION AGREEMENT

SEC. 9. (a) Except as provided in subsection (d), notwithstanding any other provision of law and without regard to otherwise applicable statutory or regulatory requirements, the Secretary of the Treasury shall enter into an agreement with the Los Angeles Olympic Organizing Committee which shall provide for the implementation of the purposes of this Act and which shall include, but not be limited to, agreement on—

(1) the amounts to be advanced pursuant to section 10 of this Act;

(2) the price and schedule of payments for the coins;

(3) the number of each type of coin to be minted, and schedules and other provisions for the delivery of the coins;

(4) the design of the coins;

(5) the quality and tolerance of the coins; and

(6) the proportions of proof and brilliant-uncirculated ten, fifty, and one hundred dollar coins.

(b) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall ensure that the minting of coins authorized by this Act shall result in no net cost to the United States Government.

(c) The agreement between the Secretary of the Treasury and the Los Angeles Olympic Organizing Committee shall be concluded within ninety days of the date of enactment of this Act.

(d) The Secretary of the Treasury may not enter into an implementation agreement with the Los Angeles Olympic Organizing Committee unless the Secretary finds that the Los Angeles Olympic Organizing Committee has made its selection of a marketing organization pursuant to section 8 hereof.

(e) If the Secretary of the Treasury finds that such action is necessary or appropriate and in the best interests of the United States the Secretary may terminate the implementation agreement and cease minting and delivery of the coins authorized by this Act, upon the occurrence of either of the following events:

(1) the Los Angeles Olympic Organizing Committee materially breaches the terms of the implementation agreement, or

(2) any person or organization which enters into a contract or agreement with the Los Angeles Olympic Organizing Committee providing for the marketing or distribution of the coins authorized by this Act materially breaches the terms of such contract or agreement.

FUNDING

SEC. 10. The Secretary of the Treasury is authorized to receive from the Los Angeles Olympic Organizing Committee and disburse such sums as are necessary to carry out the provisions of this Act. Such funds are to be deposited in a trust fund which shall be subject to and administered in accordance with the provisions of section 20 of the Permanent Appropriations Repeal Act, as amended (31 U.S.C. 725s), to be used solely for the purpose of carrying out the provisions of this Act. Any sums advanced pursuant to this section shall be deducted from the amount the Los Angeles Olympic Organizing Committee is required to pay the Secretary of the Treasury for the coins authorized by this Act.

REPORTS AND USE OF FUNDS

SEC. 11. (a) The Secretary of the Treasury shall prepare and submit to the Congress such reports quarterly concerning the sale of the coins authorized hereunder as the Secretary shall deem advisable.

(b) Funds received by the Los Angeles Olympic Organizing Committee pursuant to the provisions of this Act shall be used by the Los Angeles Olympic Organizing Committee only for the purposes of this Act.

(c) The Comptroller General of the United States shall have the right to examine all books, records, documents, and other data relating to the use of coins or funds made available pursuant to this Act of (1) the Los Angeles Olympic Organizing Committee, (2) the United States Olympic Committee, and (3) any person or organization with which the Los Angeles Olympic Organizing Committee enters into a contract for the marketing or distribution of coins minted under this Act.

RELATION TO OTHER LAWS

SEC. 12. In carrying out the provisions of this Act, the Secretary of the Treasury shall not be subject to any provisions of law of the United States governing procurement.

GOLD MEDALLION ACT AMENDMENT

SEC. 13. Section 406 of the American Arts Gold Medallion Act is amended by adding at the end thereof the following:

"(d) No later than 60 days after the date of enactment of this subsection, the Secretary of the Treasury shall provide for sales of gold medallions struck under the authority of this title to be made to the general public through dealers, and if appropriate, through the Department of the Treasury. The Secretary shall make bulk sales at a reasonable discount to reflect the lower handling costs of such sales, at a price to be determined by the Secretary.".

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. GARN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

RECESS UNTIL 10 A.M. TOMORROW

Mr. STEVENS. Mr. President, there is an order for convening tomorrow morning.

The PRESIDING OFFICER. At 10 a.m.

Mr. STEVENS. I ask unanimous consent that the Senate stand in recess in accordance with the previous order.

There being no objection, the Senate, at 6:26 p.m., recessed until tomorrow, Thursday, December 10, 1981, at 10 a.m.

NOMINATIONS

Executive nominations received by the Senate December 9, 1981:

DEPARTMENT OF JUSTICE

Stephen S. Trott, of California, to be U.S. attorney for the central district of California for the term of 4 years vice Andrea M. Sheridan Ordin, term expired.

IN THE ARMY

The following-named officer for appointment in the Regular Army of the United States to the grade indicated under the provisions of title 10, United States Code, sections 601(c)(2) and 624:

To be permanent major general

Lt. Gen. William Joseph Hilsman, [redacted] Army of the United States (brigadier general, U.S. Army).

The following-named officer to be placed on the retired list in the grade indicated under the provisions of title 10, United States Code, section 1370:

To be general

Gen. Robert Morin Shoemaker, [redacted] (age 57), Army of the United States (major general, U.S. Army).

CONFIRMATIONS

Executive nominations confirmed by the Senate December 9, 1981:

FARM CREDIT ADMINISTRATION

Ralph Ball, of Kansas, to be a member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1987.

W. Proctor Scarboro, of North Carolina, to be a member of the Federal Farm Credit Board, Farm Credit Administration, for a term expiring March 31, 1987.

DEPARTMENT OF LABOR

William Coskrey Plowden, Jr., of South Carolina, to be Assistant Secretary of Labor for Veterans' Employment.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

THE JUDICIARY

Ralph K. Winter, Jr., of Connecticut, to be U.S. circuit judge for the second circuit.

John C. Shabaz, of Wisconsin, to be U.S. district judge for the western district of Wisconsin.

Alvin I. Krenzler, of Ohio, to be U.S. district judge for the northern district of Ohio.

Israel Leo Glasser, of New York, to be U.S. district judge for the eastern district of New York.

J. Owen Forrester, of Georgia, to be U.S. district judge for the northern district of Georgia.

Sam A. Crow, of Kansas, to be U.S. district judge for the district of Kansas.

DEPARTMENT OF JUSTICE

John Robert Byrnes, of Wisconsin, to be U.S. attorney for the western district of Wisconsin for the term of 4 years.

Hinton R. Pierce, of Georgia, to be U.S. attorney for the southern district of Georgia for the term of 4 years.

Robert G. Ulrich, of Missouri, to be U.S. attorney for the western district of Missouri for the term of 4 years.

Byron H. Dunbar, of Montana, to be U.S. attorney for the district of Montana for the term of 4 years.

Joe B. Brown, of Tennessee, to be U.S. attorney for the middle district of Tennessee for the term of 4 years.

Christopher K. Barnes, of Ohio, to be U.S. attorney for the southern district of Ohio for the term of 4 years.

Joseph S. Cage, Jr., of Louisiana, to be U.S. attorney for the western district of Louisiana for the term of 4 years.

Gene S. Anderson, of Washington, to be U.S. attorney for the western district of Washington for the term of 4 years.

David A. Faber, of West Virginia, to be U.S. attorney for the southern district of West Virginia for the term of 4 years.

Frederick N. Falk, of Wisconsin, to be U.S. Marshal for the western district of Wisconsin for the term of 4 years.

John W. Roberts, of Arizona, to be U.S. Marshal for the district of Arizona for the term of 4 years.

Warren D. Stump, of Iowa, to be U.S. Marshal for the southern district of Iowa for the term of 4 years.

Kenneth L. Pekarek, of Kansas, to be U.S. Marshal for the district of Kansas for the term of 4 years.

Robert L. Paviak, Sr., of Minnesota, to be U.S. Marshal for the district of Minnesota for the term of 4 years.

Lee Koury, of Missouri, to be U.S. Marshal for the western district of Missouri for the term of 4 years.

Kenneth B. Muir, of North Dakota, to be U.S. Marshal for the district of North Dakota for the term of 4 years.

John R. Kendall, of Michigan, to be U.S. Marshal for the western district of Michigan for the term of 4 years.

James P. Jonker, of Iowa, to be U.S. Marshal for the northern district of Iowa for the term of 4 years.

Wallace L. McLendon, of Florida, to be U.S. Marshal for the northern district of Florida for the term of 4 years.

William I. Berryhill, Jr., of North Carolina, to be U.S. Marshal for the eastern district of North Carolina for the term of 4 years.

Wayne D. Beaman, of Virginia, to be U.S. Marshal for the western district of Virginia for the term of 4 years.

HOUSE OF REPRESENTATIVES—*Wednesday, December 9, 1981*

The House met at 10 a.m.

The Reverend Dr. Ralph A. Bohlmann, president, the Lutheran Church, Missouri Synod, St. Louis, Mo., offered the following prayer:

Almighty and everlasting God, *"whose eyes keep watch on the nations"* (Psalm 67: 7), help us to heed your promise: *"Blessed is the nation whose God is the Lord."* (Psalm 33: 12).

We thank You for all the benefits You have showered upon this Nation and its leaders. With confidence in Your continued grace we are bold to implore Your continual blessing.

In these days of turmoil and unrest, in a world too often plagued by angry greed and crippling fear, we implore You to guide and sustain us and the leaders of the nations that righteousness, peace, and justice may flourish in our land and everywhere prevail; through Your Son, Jesus Christ, our Lord. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. CORCORAN. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 348, nays 16, answered "present" 1, not voting 68, as follows:

[Roll No. 338]

YEAS—348

Addabbo	Aspin	Bennett
Akaka	Badham	Bereuter
Albosta	Bafalis	Bethune
Alexander	Bailey (MO)	Bevill
Anderson	Bailey (PA)	Biaggi
Andrews	Barnard	Bingham
Annunzio	Bedell	Blanchard
Anthony	Beilenson	Bliley
Archer	Benedict	Boland
Ashbrook	Benjamin	Boner
Bonior	Glickman	McCurdy
Bonker	Gonzalez	McDonald
Bouquard	Goodling	McEwen
Bowen	Gore	McGrath
Breaux	Gradison	McHugh
Brinkley	Gramm	McKinney
Brooks	Gray	Mica
Brown (CA)	Gregg	Mikulski
Brown (CO)	Grisham	Mineta
Brown (OH)	Guarini	Minish
Broyhill	Gunderson	Mitchell (NY)
Burton, John	Hagedorn	Moakley
Burton, Phillip	Hall, Ralph	Moffett
Campbell	Hamilton	Molinari
Carman	Hammerschmidt	Mollohan
Carney	Hance	Montgomery
Chappie	Hansen (ID)	Moore
Clausen	Hansen (UT)	Moorhead
Clinger	Hartnett	Morrison
Coats	Hatcher	Mottl
Coleman	Hawkins	Murphy
Collins (IL)	Heckler	Murtha
Collins (TX)	Hefner	Myers
Conable	Heftel	Napier
Conyers	Hendon	Natcher
Corcoran	Hertel	Nelligan
Courter	Hightower	Nelson
Coyne, James	Hiler	Nowak
Coyne, William	Hillis	O'Brien
Craig	Holland	Oakar
Crane, Daniel	Hollenbeck	Oberstar
Crockett	Holt	Obey
D'Amours	Hopkins	Oxley
Daniel, Dan	Horton	Panetta
Daniel, R. W.	Hoyer	Parris
Danielson	Hubbard	Pashayan
Dannemeyer	Huckaby	Patman
Daschle	Hughes	Patterson
Daub	Hunter	Paul
Davis	Hyde	Pease
de la Garza	Ireland	Perkins
Deckard	Jeffords	Petri
DeNardis	Jeffries	Peyser
Derwinski	Jenkins	Pickle
Dicks	Jones (OK)	Porter
Dingell	Jones (TN)	Price
Dixon	Kastenmeier	Pritchard
Dorgan	Kazen	Pursell
Dornan	Kildee	Rahall
Dowdy	Kindness	Railsback
Downey	Kogovsek	Rangel
Duncan	Kramer	Ratchford
Dunn	LaFalce	Regula
Dwyer	Lagomarsino	Reuss
Dyson	Lantos	Rhodes
Early	Latta	Richmond
Eckart	Leach	Ritter
Edwards (CA)	Leath	Roberts (KS)
Edwards (OK)	LeBoutillier	Roberts (SD)
Emery	Lehman	Robinson
English	Leland	Rodino
Erdahl	Lent	Roe
Erlenborn	Levitas	Roemer
Ertel	Lewis	Rogers
Evans (GA)	Livingston	Rose
Evans (IN)	Loeffler	Rosenthal
Fazio	Long (LA)	Rostenkowski
Fenwick	Long (MD)	Roth
Ferraro	Lowery (CA)	Roukema
Fiedler	Lowry (WA)	Roybal
Fields	Lujan	Rudd
Findley	Luken	Russo
Fish	Lundine	Savage
Flippo	Lungren	Sawyer
Foglietta	Markey	Scheuer
Foley	Marks	Schneider
Ford (TN)	Marlenee	Schulze
Frank	Marriott	Schumer
Frenzel	Martin (IL)	Seiberling
Frost	Martin (NY)	Sensenbrenner
Fuqua	Matsui	Shamansky
Gaydos	Mattox	Shannon
Gibbons	Mazzoli	Sharp
Gilman	McClory	Shaw
Gingrich	McCollum	Shelby
Shumway	Stratton	Weiss
Shuster	Studds	White
Siljander	Stump	Whitehurst
Simon	Swift	Whitley
Skeen	Synar	Whittaker
Skelton	Tauke	Williams (OH)
Smith (AL)	Tauzin	Wilson
Smith (IA)	Taylor	Winn
Smith (NE)	Thomas	Wirth
Smith (NJ)	Traxler	Wolf
Smith (OR)	Trible	Wolpe
Smith (PA)	Udall	Wortley
Snowe	Vento	Wyden
Snyder	Volkmer	Wylie
Solarz	Walgren	Yates
Solomon	Washington	Yatron
Spence	Watkins	Young (AK)
Stangeland	Waxman	Young (FL)
Stanton	Weaver	Young (MO)
Staton	Weber (MN)	Zablocki
Stenholm	Weber (OH)	Zeferetti

NAYS—16

Barnes	Forsythe	Rousselot
Coughlin	Gejdenson	Sabo
Dickinson	Harkin	Schroeder
Dreier	Jacobs	Walker
Emerson	Johnston	
Evans (IA)	Miller (OH)	

ANSWERED "PRESENT"—1

Ottinger

NOT VOTING—68

Applegate	Edgar	Madigan
Atkinson	Edwards (AL)	Martin (NC)
AuCoin	Evans (DE)	Mavroules
Beard	Fary	McCloskey
Boggs	Fascell	McDade
Bolling	Fithian	Michel
Brodhead	Florio	Miller (CA)
Broomfield	Ford (MI)	Mitchell (MD)
Burgener	Fountain	Neal
Butler	Fowler	Nichols
Byron	Garcia	Pepper
Chappell	Gephardt	Quillen
Cheney	Ginn	Rinaldo
Chisholm	Goldwater	Santini
Clay	Green	St Germain
Coelho	Hall (OH)	Stark
Conte	Hall, Sam	Stokes
Crane, Philip	Howard	Vander Jagt
Dellums	Hutto	Wampler
Derrick	Jones (NC)	Whitten
Donnelly	Kemp	Williams (MT)
Dougherty	Lee	Wright
Dymally	Lott	

□ 1015

Mr. SABO changed his vote from "yea" to "nay."

So the Journal was approved.

The result of the vote was announced as above recorded.

A MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3455) entitled "An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes."

The message also announced that the Senate insists upon its amendment

to the bill (H.R. 3567) entitled "An act to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HEINZ, Mr. GARN, Mr. ARMSTRONG, Mr. PROXMIRE, and Mr. DIXON, to be the conferees on the part of the Senate.

DR. RALPH BOHLMANN

(Mr. YOUNG of Missouri asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Missouri. Mr. Speaker, I would like to compliment the gentleman from California (Mr. DANNEMEYER), who is the official host this morning for our chaplain.

Dr. Ralph Bohlmann was born in Palisade, Nebr., on February 20, 1932, the son of Reverend and Mrs. Arthur E. Bohlmann. He graduated in 1956 from Concordia Seminary, St. Louis.

Dr. Bohlmann was graduated from St. Johns College in Winfield, Kans., in 1951. He was a Fulbright scholar at Heidelberg University in Germany. He earned a doctor of philosophy degree from Yale University.

His first pastorate was at Mount Olive Lutheran Church in Des Moines, Iowa, from 1958 to 1960.

In 1960 he became professor of systematic theology at St. Louis Seminary. In 1975 he was chosen president of the seminary.

In 1981, he was elected president of the Lutheran Church Missouri Synod. He is married to Patricia McCleary. They have two children, Paul Alan, 21, and Lynn Marie, 18.

So, it is my pleasure to introduce today, to the House, Dr. Ralph Bohlmann from St. Louis, Mo.

ALASKA NATURAL GAS PIPELINE

(Mr. MOFFETT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MOFFETT. Mr. Speaker, I think many of us have had discussions about this pipeline that we are going to be voting on shortly, and I have talked to many of the people involved with the pipeline and I basically lean in the direction of saying that the pipeline is a good idea and that the role for Alaskan natural gas is a good one, but, we are having one vote on one package only here with no opportunity for change, no opportunity for amendments. If we have any confidence in our own ability as a creative group of people, if we think we can create and fashion and mold, it seems to me we should try and craft a solution later on, hopefully soon, which would insure construction of the pipeline in a manner which would provide consumer equity.

The fact is that instead of giving consumers protection commensurate with those offered the companies, this package actually reduces consumer participation in the project.

For that reason I think it should be rejected.

As one who participated in and supported the Alaska Natural Gas Transportation Act of 1976, I am fully aware of the important contribution that Alaskan natural gas will play in our energy future. Consumers of this Nation will certainly benefit from a secure source of supply, and we need to look at all energy technologies to insure the availability of that supply. Indeed, one of the concerns of many is that the waiver package we are debating does not guarantee that the pipeline will be built.

Nor is my opposition to the waiver package based on a belief that there should be no Government role in energy, that private industry alone can handle the problem. I have long held the belief that private efforts need to be augmented through Government programs and support in order to solve our energy problems in an expeditious and fair fashion. It is perhaps ironic that those who espoused free-market solutions during debates on funding for conservation and renewable energy programs are now supporting Government intrusion in this instance. I can only hope that their recent recognition of flaws in total reliance on the market will carry over into next year's budget debates.

My concerns over the waiver package lie with the treatment afforded consumers. In their testimony, the producers involved in the project—Exxon, Sohio, and Arco—noted that they would not invest in the pipeline without receiving equity ownership. This allows then not only to share in the profits of the pipeline but to have a right to information and a say in the management practices of the project. As a further sweetener to the companies' involvement, the gas-conditioning plant is to be included in the rate base, a very rare occurrence which could increase the cost of the project to consumers by 20 percent.

I understand the companies' desires in this regard. If I were going to invest capital in a project I would want similar treatment. But this waiver package goes further, raising the cost of the project to consumers and committing their funds to guarantee the project. Instead of giving consumers' protections commensurate with those afforded the companies, however, this package actually reduces consumers' participation in the project. The profits from the sale of natural gas liquids from the conditioning plant, now paid for by consumers, is not distributed to the ratepayers. The evidentiary hearing requirement is eliminated, although the most important debate is yet to occur at FERC: whether the project is economically and technically feasible and whether the gas will be marketable. States and localities could be limited in their ability to question rates and insure that consumers pay the lowest rates available. After the final certificate is signed, FERC will be able to raise prices to consumers but not lower them, even should circumstances warrant it.

There is a legitimate question whether we in Congress should be committing the limited financial resources of our constituents to guarantee a project which may not be able to fullfill its purpose of delivering marketable natural gas. But if we do make that decision, I think we have the responsibility to insure that consumers will not bear the risk without greater assurances of sharing the rewards.

DEFICITS AND INFLATION—THE ADMINISTRATION HAS RENOUNCED ITS DOCTRINE

(Mr. LEVITAS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEVITAS. Mr. Speaker, this morning I read in the newspaper the following statement, and I quote:

> In general, concern about the deficit has been misplaced. There is no direct or indirect connection between deficits and inflation.

Now, Mr. Speaker, that is not John Maynard Keynes speaking, that is William A. Niskanen, a member of President Reagan's Council of Economic Advisers.

I cannot believe my eyes and ears. That is like Saint Paul getting waylaid on the way to Damascus. You are telling American children that Santa Claus does not exist 2 weeks before Christmas. I cannot believe this denial of an almost religious-economic doctrine that we have convinced a majority of the American people to believe in.

Hundreds of my constituents have written me over the years expressing their acceptance of this doctrine. They say, "Inflation is caused by Federal deficits. Balance the budget!" Now they are hearing spokesmen for the party that has successfully sold this doctrine saying it is not true.

What will these spokesmen say to my constituents who have been misled by them? What will these citizen believers now say about budget deficits and inflation.

It seems to me that this would make Dave Stockman's Trojan horse very small. This apostacy is the fifth horse of the Apocalypse. Deficits and inflation have no connection, say President

Reagan's top economic advisers. I cannot believe it.

I suggest that they either renounce it or resign.

TWENTY-FOUR MINERS DIE AS SAFETY CUTS PEND

(Mr. GAYDOS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GAYDOS. Mr. Speaker, the appropriations we are now laboring to make acceptable for the administration include cuts for the Mine Safety and Health Administration, and within the last week 24 coal miners have been killed and 2 have been seriously injured.

Twenty-one died within a 2-day span.

These cuts—and the possibility for further cuts—for the Mine Safety and Health Administration (MSHA) are bad moves in the cause of miner safety and effective Government.

MSHA was fully funded in 1980, and worker deaths fell to a 10-year low that year.

Coal mining deaths in 1980 were very near a 10-year low.

MSHA has reduced coal mining deaths by 48 percent since it was established.

But three miners died in a Burgoo, W. Va., rockfall last week and two were seriously injured.

Monday, eight men were killed in an explosion in a Topmost, Ky., mine.

And Tuesday, 13 died in a mine explosion at Palmer, Tenn.

The cuts made by Congress may very well have hampered an agency that has shown itself to be highly effective in the cause of worker safety.

We should have been discussing ways to make MSHA more effective, and making judgments based on effectiveness, rather than responding to untried economic theory.

WHAT HAS BECOME OF GOP ORTHODOXY?

(Mr. PEASE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEASE. Mr. Speaker, our colleague from New York (Mr. KEMP) once considered a high priest of fiscal responsibility, shocked the civilized world early this year when he revealed that Republicans no longer worship at the shrine of a balanced budget.

Now it appears that the Reagan administration plans to knock down the shrine altogether so there will no longer be a balanced budget shrine not to worship at.

The Washington Post reports today the remarks of William A. Niskanen, a member of President Reagan's Council of Economic Advisers, before the conservative American Enterprise Institute.

Mr. Niskanen reportedly told the AEI that "there is no direct or indirect connection between deficits and inflation."

He said the American people should be prepared to accept $60-plus billion deficits "for the current policy horizon"—which I gather means the forseeable future.

What has become of GOP orthodoxy?

ALASKA GAS PIPELINE

(Mr. OTTINGER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. OTTINGER. Mr. Speaker, I would like to express my concern about the procedure under which we are to consider today the largest private project ever considered and the transfer of the burden of the financing of that project from the industry to consumers.

This matter was scheduled so that the debate would take place yesterday when there were no votes and many Members were absent, the vote to take place the first thing today.

When I asked unanimous consent that there be merely 5 minutes on each side so that we could debate this issue before Members voted today, the gentleman from North Carolina (Mr. JOHNSTON), objected.

I will renew that request today because of the magnitude of this project and the fact that it is an outrage. The energy crisis is being used once more as an excuse for trying to enrich the oil company profits. In fact, not only is this whole project to be included in a package to be financed by consumers, but a $4½ billion gas processing plant, which in the ordinary course of things the oil industry ought to finance and would finance, is thrown into the package so that the consumers even have to finance that.

I am entirely for the gas pipeline. We can devise new waivers legislatively that would do justice, but this package of waivers simply smells and ought to be rejected.

□ 1030

ALASKA GAS PIPELINE IS IN CONSUMER INTEREST

(Mr. GLICKMAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GLICKMAN. Mr. Speaker, I rise in support of passing the waiver on the gas pipeline, but I think what we have to do is look at this issue in terms of our overall energy needs. The fact is even though we have a temporary oil glut right now, we are still vulnerable to energy blackmail.

I thought my colleagues might be interested in what Sheik Yamani said at the University of Saudi Arabia just recently, and I quote him:

> As a result of the Saudi production and pricing policy many major companies have been reluctant to implement their energy substitution projects. This is in the interest of the Arab cause in that it restores the importance of oil.

Nobody in this Congress said that. Sheik Yamani said that. He was very explicit, and did not try to hide his feelings about the United States developing nonpetroleum resources.

I guess what I kind of tend to believe is developing a North American energy alternative is in the national interest and in the consumer's interest.

Let us face it, except for petroleum, there is only one thing that we have got that will provide us an energy cushion for the next 25 and 30 years, that is natural gas. It will not last forever, but it will provide a cushion. It is good not only in terms of a substitute for a variety of conventional uses of petroleum, but perhaps most importantly, it is good for the transportation sector, and particularly automobiles.

Now, the consumer issue has been raised in opposition to the waiver. In my judgment, that is a strawman issue. Without the waiver, the pipeline will not be built, gas will not be available, and jobs will be lost.

I urge my colleagues not to be lulled into believing that the energy crisis is over because we have a current, but temporary glut of OPEC supplied petroleum.

DO DEFICITS REALLY HAVE ANY IMPACT ON INFLATION?

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks).

Mr. VOLKMER. Mr. Speaker, I, too, wish to join with the gentleman from Georgia and the gentleman from Ohio in being astounded this morning at the article in the Washington Post whereby William A. Niskanen is quoted as saying that deficits do not really have any impact on inflation and they are not adverse to our economic condition.

As one who has joined with the gentleman from California and others for a period of years in trying to get a constitutional amendment to balance the budget because we do believe that those deficits have an adverse effect upon our economy, I am quite astounded at this statement. I am a Democrat and am astounded; I can see how one from the other party who perhaps for 40 years has preached with religious zeal that deficits are adverse to our economic conditions and are inflationary and then to hear this statement of heresay is unbelievable.

As the gentleman from Georgia says, it is like learning for the first time that there is no Santa Claus.

I, too, join with the gentleman from Georgia requesting that President Reagan publicly refute this statement and fire the gentleman and get new economic advisers.

FARM EQUITY

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. ALEXANDER. Mr. Speaker, this week the executive board of the Farm Credit Administration is meeting in Washington. On the agenda is the consideration of the subject of farm equity, which is judged to be at its lowest level since 1934.

There are also reports that the farm credit community anticipates the highest level of bankruptcies in recent history, the result of back-to-back economic disaster years caused by a record heat wave drought in 1980 and the depression prices in 1981.

Yesterday, the House and Senate conferees on the farm bill reached agreement after weeks of protracted debate. The result they have produced is disappointing to all interested in the future of American agriculture.

But this disappointment is overshadowed by the disaster looming in agriculture due to the collapse of agricultural prices. As anyone who follows the grain markets can attest, farm commodity prices are in a free-fall situation. Soybean prices, for instance, have declined 40 cents more per bushel just this week and the same relative declines are evident in wheat, corn, oats, rice, and all the other products produced by U.S. farmers.

At the same time, our farmers are facing the deadline for paying back billions of dollars in production loans and loans borrowed to cover losses from past years produced by drought and other natural disasters. In my State of Arkansas alone, the Farmers Home Administration has loaned out $910 million to farmers and those loans begin to come due January 1982.

The Small Business Administration has also loaned hundreds of millions of dollars in farm loans in my State and those are coming due as well.

The other major farm lenders, particularly the Production Credit Associations operated through the Farm Credit Administration, have also loaned many millions of dollars to farmers who may not be able to repay those loans due to low farm prices.

We already know that the Reagan administration is pursuing an agressive policy of farmer debt collection that, considering this year's depressed markets and last year's weather-caused short harvests, is pushing our farmers ever nearer the brink of bankruptcy.

Our farmers have been forced into an economic corner. Many of them have nowhere to go from here but into liquidation or bankruptcy if our Government fails to show more reason and understanding in dealing with debt collection.

I have written to Secretary of Agriculture John Block and to Michael Cardenas, Administrator of the Small Business Administration, requesting that these two Reagan administration officials use their existing legal power to instruct their loan program personnel to follow a policy of deferring farm loan principal and interest collection for at least 6 months to a year. Such a policy would give our farmers a reasonable opportunity for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. This is in the best interests of our farmers, all our taxpayers, and all our consumers.

I have written a similar letter to Donald E. Wilkinson, Governor of the Farm Credit Administration, asking that the intermediate credit banks also consider adopting a policy of deferring farm debt collection for the same kind of period. It is my belief that our farmers and the Nation as a whole will benefit greatly from such a common policy on farm loan collection in this time of farm crop price depression.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small and medium-sized farmer operations to be forced into liquidation or bankruptcy and their lands to be absorbed into ever larger farming operations, purchased by United States or foreign corporations to which farm production is not a principal interest or acquired by the Federal Government.

DECEMBER 4, 1981.

Hon. JOHN R. BLOCK,
Secretary of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: As you are aware, our Arkansas farmers have been pushed into an economic corner by back-to-back economic disaster years. In 1980 a drought-heat wave combination blasted our farmers' prospects for a good harvest and prosperity. This year despite abundant harvests their prospects for economic recovery are severely reduced as a result of high interest stimulated production costs increases and farmgate price depression. Our farmers have no place to go from this economic corner in which they are trapped if our government fails to demonstrate reason and understanding.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small and medium-sized farmer operations to be forced into liquidation or bankruptcy and their lands to be absorbed into ever larger farming operations, purchased by U.S. or foreign corporations to which farm production is not a principal interest or acquired by the federal government. Yet, at this time it appears that the Administration's deliberate course of aggressive farm loan collection without adequate consideration for the economic impact of last year's drought-heat wave and this year's depressed markets is forcing farmers ever nearer the brink of bankruptcy.

I, therefore, urge you to exercise your legal authority to instruct state and county Farmers Home Administration offices to follow a policy of deferring collections on farm loan interest and principal for a period of at least six months to a year in order to give our farmers a reasonable opportunity to achieve a better position for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. This is in the best interest of our farmers, all taxpayers, all consumers and USDA.

This recommendation, as you know, is consistent with the position taken by the House/Senate conferees on H.R. 4119, the Agriculture, Rural Development and Related Agencies Appropriations, Fiscal Year 1982, as stated on page 17 of House Report No. 97-313.

With kindest regards, I am

Sincerely,

BILL ALEXANDER,
Member of Congress.

DECEMBER 4, 1981.

MR. MICHAEL CARDENAS,
Administrator, Small Business Administration, Washington, D.C.

DEAR MR. CARDENAS: As you are aware, our Arkansas farmers have been pushed into an economic corner by back-to-back economic disaster years. In 1980 a drought-heat wave combination blasted our farmers' prospects for a good harvest and prosperity. This year despite a good harvest their prospects for economic recovery are severely reduced as a result of high interest rate stimulated production cost increases and farmgate price depression. Our farmers have no place to go from this economic corner in which they are trapped if our government fails to demonstrate reason and understanding.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small and medium-sized farmer operations to be forced into liquidation or bankruptcy and their land to be absorbed into ever larger farming operations, purchased by U.S. and foreign corporations to which farm production is not a principal interest or acquired by the federal government. Yet, at this time, it appears that the Administration's deliberate course of aggressive farm loan collection without adequate consideration for the economic impact of last year's drought-heat wave and this year's depressed markets is forcing farmers ever nearer the brink of bankruptcy. This is particularly true in the South and Southwest where SBA has placed special emphasis on farm debt collection.

I therefore, urge you to exercise your legal authority to instruct state SBA offices to follow a policy of deferring collections on farm loan interest and principal for a period of at least six months to a year in order to give our farmers a reasonable opportunity

to achieve a better position for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. This is in the best interests of our farmers, all taxpayers, all consumers, and SBA.

With kindest regards, I am

Sincerely,

BILL ALEXANDER,
Member of Congress.

DECEMBER 4, 1981.

Mr. DONALD WILKINSON,
Governor, Farm Credit Administration, Washington, D.C.

DEAR GOVERNOR WILKINSON: As you are aware, our Arkansas Farmers have been pushed into an economic corner by back-to-back economic disaster years. In 1980 a drought-heat wave combination blasted our farmers' prospects for a good harvest and prosperity. This year despite good harvests their prospects for economic recovery are severely reduced as a result of high interest rate stimulated production cost increases and farmgate price depression. Our farmers have no place to go from this economic corner in which they are trapped if our government and private sector agricultural lending institutions fail to demonstrate reason and understanding.

It is in the highest national interest that our farmers have a reasonable opportunity to recover economically and remain in the business of agriculture. It is against our highest national interest for thousands of small- and medium-sized farmer operations to be forced into liquidation or bankruptcy and their lands to be absorbed into ever larger farming operations, purchased by U.S. and foreign corporations to which farm production is not a principal interest or acquired by the federal government.

I have written to Secretary of Agriculture John Block and to Michael Cardenas, Administrator of the Small Business Administration, urging them to use their legal authority to bring about deferral for at least six months to a year of collections on farm loan interest and principal in order to give our farmers a reasonable opportunity to achieve a better position for marketing their crops profitably and improving their chances of repaying their outstanding indebtedness while remaining in farming. I am enclosing copies of these letters for your information.

I realize that the Farm Credit System and the Intermediate Credit Banks are private entities. But, since your primary function is providing agricultural credit and since I am convinced that it is in the best interests of our farmers, all taxpayer, all consumers and the Farm Credit System to have a common policy of moratorium on collection of farm loan principal and interest, I urge that you use your influence as Governor to bring about the implementation of such a policy within the Farm Credit System.

With kindest regards, I am

Sincerely,

BILL ALEXANDER,
Member of Congress.

Enclosures.

CONGRESSMAN VENTO INTRODUCES RESOLUTION EXPRESSING HOUSE SUPPORT FOR FULL FUNDING OF RAILROAD RETIREMENT DUAL BENEFITS ACCOUNT

(Mr. VENTO asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VENTO. Mr. Speaker, I am today introducing a resolution expressing House support for full funding of the railroad retirement dual benefits account.

I am joined in sponsoring the resolution by the gentleman from New Jersey (Mr. FLORIO), the chairman of the Subcommittee on Commerce, Transportation, and Tourism; the gentleman from Florida (Mr. PEPPER), the chairman of the House Select Committee on Aging, and 12 other distinguished Members, on a bipartisan basis.

My resolution will put the House on record in opposition to the cuts in the retirement benefits experienced by 400,000 railroad retirees starting October 1 this year.

It expresses House support for an appropriation adequate to keep the commitments that we have made to railroad retirees. As most of us are aware, the stopgap spending resolutions have fallen $90 million short of meeting that need. It is the first time in the last 7 years that we have not met that particular responsibility.

While sometimes this benefit has been called a windfall, it simply is not the case. The dual benefit is the result of legislation passed by Congress to coordinate pension benefits paid to individuals under the independent railroad retirement and social security programs. The 1974 Railroad Retirement Act coordinated the two systems and began the process of phasing out dual benefits. However, Congress protected those already eligible for both benefit payments by grandfathering them in and providing that the cost of the dual benefits be paid out of general revenues.

I believe the situation with the railroad retirement dual benefit is similar to that of the social security minimum benefit. In both cases, retirees have been stripped of legitimately earned benefits which they have every right to receive. The House has twice expressed its strong opposition to the repeal of the minimum benefit. I think Congress should take the same action to bar stripping of legitimately earned dual benefits from railroad retirees.

I hope the House will go on record in support of this resolution and keep our commitment to the railroad retirees.

ANNUAL SURVEY OF WORLD MILITARY AND SOCIAL EXPENDITURES

(Mr. SEIBERLING asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SEIBERLING. Mr. Speaker, there is being distributed to each of the Members' offices a copy of the "Annual Survey of World Military and Social Expenditures 1981," prepared by Ruth Sivard, which is a compilation of what each country in the world is spending on military, on health, on nutrition, on education, and similar programs. It is a real eye opener. I call your attention to it. It is particularly pertinent now that we are about to take up the foreign aid bill. As Ms. Sivard points out, world military expenditures, which are now running at the annual rate of $550 billion, exceed the annual income of the 2 billion people who live in the world's poorest countries. This compares to only $25 billion in foreign economic aid from the developed countries to the less developed countries.

In addition, it brings out the way that we are crippling our productivity and our economic strength through a tremendous excess of military expenditures. There is a little chart on page 19 of the survey that shows that the country which of all the industrial Western countries has the lowest military expenditures as a percent of GNP, has the highest rate of productivity growth; that is Japan. The country that has the lowest productivity growth and has the highest military expenditures as a percent of GNP is the United States.

Very illuminating. I urge each of my colleagues to make use of his or her copy of the survey in evaluating our Nation's budget priorities and policies and, in particular, whether they are helping or improving our ability to bring about a more humane and stable world.

WAIVERS FOR ALASKA GAS PIPELINE

(Mr. BEDELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BEDELL. Mr. Speaker, we will soon be voting in regard to the waiver proposal on the natural gas pipeline.

I am very concerned about our energy problems. I think we need to be concerned about how we solve those problems; but at least here in America we have tended to believe that we should depend upon the free market and we should consider the risks and therefore we should make those decisions accordingly.

I hope that we realize that if we do pass this legislation, we are saying that that risk will all be borne by the American consumer. It is being offered because of the fact that the pipelines could not get adequate financing from regular financial institutions and what we are doing is saying on this particular opportunity to help with our energy problem, there will be no risk involved for those who are going to try to use this pipeline.

I believe that we need to move forward in regard to the renewable energy resources that are available, the opportunity we have to develop those resources, and if we are going to do so then we certainly have to make these determinations in a fair manner, as we have always made other determinations in our economy.

THE ALASKA PIPELINE EXCISE TAX

(Mr. HARKIN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HARKIN. Mr. Speaker and fellow Members, today we will be voting on what I call and what your constituents are going to be calling the Alaska pipeline excise tax. Make no mistake about it, paint it in any kind of language you want, it is an excise tax on the consumers of America. The only difference is that it is not going to the Government. It is going to the oil companies, but the Government is going to require that you pay it.

Now, Exxon says that they cannot get financing unless we have the waivers. Why not? Because they are only willing to offer what they call project financing. That means that none of the assets of Exxon except for what they put into the project are risked; so they risk nothing. They make the profit.

Alaska is going to make $20 billion. They do not put in a dime.

This is nothing more than a twisted excise tax that this Congress is levying on the people of this country amounting to over $30 billion.

It is a tax and no kind of manipulation of the English language is going to change that one essential fact. It is an excise tax that the Government is going to require your constituents to pay to the oil companies.

RIDICULOUS WAIVERS FOR ALASKA PIPELINE

(Mrs. SCHROEDER asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. SCHROEDER. Mr. Speaker, I join others in asking Members to vote against House Joint Resolution 341. I think this resolution is really ridiculous. Much has already been said about the pipeline waiver package this morning. I want to add my voice to those who are saying that this package is unconscionable in asking people to bear this added cost and asking them to believe that Exxon cannot pay. It is very hard to allege Exxon could not get the financing with a straight face. I find it incredible that they were able to come up here and with a straight face say that you consumers have really got to help Exxon or the pipeline will not be built.

I hope everyone here will vote against House Joint Resolution 341.

FREE ENTERPRISE APPARENTLY DOES NOT WORK FOR BIGGEST BENEFICIARIES OF THE FREE ENTERPRISE SYSTEM

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, all year we have been told what difficult times we are in and how this Government cannot provide giveaways to anyone, whether it is the needy or the very needy or business people or whatever, and yet here we are with the biggest businesses in the world, the oil and gas companies, and all the rules and all the strictures are out. Our taxpayers, as ratepayers and consumers, are now going to be required to provide perhaps as much as $40 billion worth of payments to big oil and big gas because free enterprise apparently does not work for the biggest beneficiaries of the free enterprise system.

I would hope that we have the courage to stand up for our constituents and for the people of America and defeat this resolution providing for a waiver of law pursuant to the Alaksa Natural Gas Transportation Act, when it comes to a vote within the next half hour or so.

COMPLETION OF THE ALASKAN NATURAL GAS PIPELINE IS IN THE NATIONAL INTEREST

(Mr. MARRIOTT asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARRIOTT. Mr. Speaker, I rise in support of House Joint Resolution 341, the proposed waiver of law package submitted by President Reagan to remove certain regulatory obstacles to the private financing of the Alaskan natural gas pipeline.

With passage of the Alaskan Gas Transportation Act (ANGTA) of 1976, Congress made a clear statement to the effect that completion of the Alaska natural gas pipeline was in the national interest. In the intervening years, I have seen no new evidence suggesting a need to revise this statement. The Alaskan gas pipeline is still a key component in our efforts to meet our energy needs in a self-sufficient and less-costly manner.

The proven natural gas reserves located in the Prudhoe Bay region of Alaska are estimated to be 26 trillion cubic feet, or 13 percent of our domestic natural gas reserves. Furthermore, there are 100 trillion cubic feet in potential reserves in Alaska.

Although natural gas production in the lower 48 can be expected to increase under gas price deregulation, studies prepared for the pipeline consortia and energy projections made by the Department of Energy demonstrate that there will be a clear continuing need for natural gas by American consumers throughout the end of this century. Also, gas production in the lower 48 will not be sufficient to meet that need. Indeed, a shortfall will exist in the mid-1980's even with access to Alaskan natural gas.

Clearly, the proven gas reserves in Alaska are something we cannot ignore. The alternative to accessing Alaskan gas in a timely and efficient fashion is continuing dependence on the importation of foreign oil. The Alaskan gas which will be shipped through the proposed transportation system will initially be able to replace 400,000 barrels of oil per day. Ultimately, when the system is operating at full capacity, the gas will replace 600,000 barrels per day. The resulting savings in payments for foreign oil will be $7 billion in the first year alone, assuming a conservative 1987 price for oil of $50 a barrel.

With these facts before us, the question we must answer is not whether we must access the Alaskan natural gas but rather when and how. I believe the Alaskan natural gas pipeline will be the most efficient, economical, and safe method of transporting the natural gas from Alaska to the regions of the lower 48 where it is most needed.

It is true that the initial cost of Alaskan gas to the consumer will be high in the first years. Most assessments place the cost in the range of $9.20 to $9.35 per million Btu's in the early years. However, the effect of debt amortization over the 20 year life of the project will mean considerably lower gas prices for the consumer. Average costs, deflated to 1980 dollars, are projected to be in a range of $4.65 to $5.10 per million Btu's during the project life.

Certainly these cost figures will be highly competitive with the rising cost of oil and alternative energy forms at the end of this decade and through the next. In fact, the cost of natural gas shipped through the pipeline system works out to about one half of the projected average Btu delivered cost of oil over the same period. And this does not figure in the cost of the continued purchase of foreign oil on our balance of trade sheet.

To those who are concerned that ultimately financial participation by the Federal Government will be required, let me be clear, this pipeline will be a privately financed project if it is to go forward.

There is no question; it is a massive project. If the decision is made eventually in the private sector to finance it, the gas pipeline will be the largest and most ambitious project to ever be financed privately. The pipeline will

cross 4,800 miles of Arctic and non-Arctic terrain in the United States and Canada. It will provide at least 16,000 American jobs and will have the capacity to deliver between 2 billion and 3.2 billion cubic feet of natural gas per day. The total cost for completion of the project could run as high as $54 billion in 1987 dollars.

Is it not reasonable that the investment community and the pipeline participants would be sensitive to the regulatory climate and the many factors which have a bearing on the viability of the project as a whole? Certainly, the obstacles to private financing of such a project as this would be great, but not impossible, in an unregulated environment. However, present laws and regulations are so rigid and restrictive that any favorable decision by the private sector is automatically precluded.

Regulations imposed by the Federal Government and Congress have molded the market and set conditions on any private financing arrangements which alter some very common business practices. For instance, in the matter of prebilling, public utilities ordinarily pass on the cost of constructing nuclear facilities while construction is in process and no power is being delivered. The practice is common in business though it has never been a part of energy transportation financing procedures.

Nevertheless, acceptance of this waiver package still affords maximum protection to the consumer since there are strict limits placed on when and how prebilling can begin, all subject to a Federal Energy Regulatory Commission (FERC) decision.

The package also does not decrease the risk to the pipeline participants but maintains a high incentive to complete the project, and to complete it on time. The transmission companies will have invested at least $8 billion, the oil and gas companies at least $9 billion. That is a total of $17 billion they stand to lose if the pipeline is never completed and gas never flows.

Therefore, I urge acceptance of this waiver package in order to allow the private sector to make a decision based on the true merits, costs, and risks of the Alaskan gas pipeline venture.

● Mr. MILLER of Ohio. Mr. Speaker, I support the Alaska natural gas pipeline waivers of law, because I firmly believe that access to Alaskan natural gas is essential to this Nation's economy, security, and way of life. We are now virtually at the mercy of foreign oil-producing countries. Everything that we can do to get our country out of this situation is of benefit to each and every American. A stable supply of natural gas is essential to our national interest.

We desperately need this Alaskan natural gas. Approximately 15 percent of our proven natural gas reserves are at Prudhoe Bay in Alaska. This represents some 26 trillion cubic feet of gas. If we have disruptions in natural gas supplies, as we did a few years ago, Ohio and other parts of the country could experience again cold factories, cold schools, and cold homes. I do not believe that the people of this Nation want to risk this sort of natural gas disruption and its dire consequences again.

Consumers will benefit from the completion of the Alaska natural gas pipeline. If we can supply enough of our own energy needs by utilizing our own natural resources, we can look forward to the possibility of world energy prices coming down. Moreover, this Alaska project will give us an amount of energy equivalent to the Libyan imports of oil which we are receiving today. Think of the value of diminishing our reliance on foreign oil from OPEC countries. Americans should work toward reducing our vulnerability to the whims of the foreign oil producers. Bringing natural gas from Alaska will aid in achieving this goal.

The provision in this bill which deals with the prebilling of customers has been misrepresented by opponents of the waiver package. I am convinced that this provision contains sufficient safeguards for consumers so that they will not assume an unjust burden in this pipeline project. The prebilling provision applies only to three segments of the project: The Canadian pipeline segment, the Alaskan pipeline segment, and the gas-conditioning plant on the North Slope. No charge could be billed on a segment until that segment is completed. The Federal Energy Regulatory Commission has the discretionary power to allow companies planning to move gas through the system to begin billing customers. If the FERC chooses to allow the prebilling of customers, if the FERC's projected completion date—probably 1987—has passed, and if at least one segment of the pipeline is completed, then there could be a billing of customers to allow the payment of some of the costs of constructing the completed segment. Customers would pay only those costs which are prudent expenditures subject to the scrutiny of the FERC and the Office of the Federal Inspector of the Alaska Pipeline.

The FERC has made clear its intention to bring about the completion of all three segments simultaneously and to see that gas will flow immediately thereafter. Thus, it is unlikely that customers would be prebilled for an incomplete pipeline. Moreover, only when the entire system is complete and customers are receiving gas can corporate investors earn a return on the equity they invested. Corporate equity will remain at risk until the pipeline is completed, thus providing incentive for investors to bring about the completion of the project.

There are those who say that these waivers contain some risks. Indeed, some risks do exist for investors, consumers, and for all Americans. But, the greatest risk we face today is becoming complacent about our energy supplies. We must not let ourselves become more vulnerable to abrupt changes in our energy supplies which could make us unable to heat our homes and run our factories. This project is a step in the direction of insuring that all Americans receive the benefits of a natural gas pipeline system delivering a vital source of energy, and because it will move this country closer to the goal of becoming energy independent.●

ALASKA NATURAL GAS PIPELINE

(Mr. BROWN of Ohio asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BROWN of Ohio. Mr. Speaker, the waiver of law on the Alaska natural gas pipeline is no technical document, but rather a fundamental change in the regulation of the pipeline system.

The "prebilling" waiver provision would authorize the pipeline system partnership (not the oil companies, Naderites) to send bills to the consumers of the participating 10 natural gas pipelines before the entire system is built and capable of transporting gas, whether or not it ever delivers gas, and even if it is never completed. Moreover, by removing the legal authority of the Federal Energy Regulatory Commission to regulate the charges passed on to consumers, the "regulatory certainty waiver" provision would lock in the ability of the pipeline system to bill consumers in advance for its payments to its bankers for both principal and interest on the project, even if the system is never completed.

The gas may never find a market, even if the system is completed. The estimate for the cost of this gas, delivered to Chicago, is roughly $18 per thousand cubic feet in 1987 dollars, or roughly $11 in 1982 dollars.

Why should consumers be forced to build such an expensive source of natural gas when natural gas is available in the lower 48 States at prices far below this level?

A better way to deal with the delivery of gas from Alaska is through the legislation cosponsored by Mr. CORCORAN and myself and our colleagues Mr. BROYHILL and Mr. DANNEMEYER, H.R. 4980. This legislation is an alternative to the highly defective waiver package. It would permit the three companies which own the natural gas at the Prudhoe Bay field and the State of Alaska, which owns a 12.5-percent royalty interest in the gas, to build the gas pipeline financed upon the deregu-

lated value of the gas itself. At full value, the natural gas in this field is worth an estimated $280 billion over the life of the reserve. Those are the assets upon which true private financing can be obtained.

□ 1045

THE ALASKA NATURAL GAS PIPELINE HANDOUT

(Mr. BETHUNE asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BETHUNE. Mr. Speaker, a lot of Members feel, and a lot of people feel, that Government spending and lending are slowing down. Well, do not bet on it. And the Alaska natural gas pipeline handout proves my point.

This case proves that spending and lending is alive and well.

Now, this may not be a Federal grant, and it may not be a Federal spending program in the conventional sense; it may not be a loan guarantee, or it may not be an interest subsidy in the usual sense. It is not the usual way that we do business. But however you slice it, the Alaska natural gas pipeline deal is corporate welfare just as surely as if you pass a tax increase and hand it out to these very needy corporate interests.

I do not know about the other Members in the House, but I cannot go for it. This gas deal stinks.

IS ALASKA NATURAL GAS NEEDED NOW?

(Mr. CORCORAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, later on today we are going to be voting on this Alaska natural gas pipeline question. One of the issues that has been raised is that we need the gas now. Well, there is no question about the fact that we need the gas, but that is not the issue before the House. The question is: When do we need it? I would argue that we do not need it commencing in 1986.

Let me just call to the attention of my colleagues, as I did yesterday in the debate, the fact that all of the numbers on the increase in gas supplies are in the affirmative and are positive. In fact, in the Midwest, which concerns me most of all, our gas pipeline local distribution companies have a glut of gas. In fact, they are being forced, on a take-or-pay basis, to pay for gas whether they take it or not.

It just seems to me, Mr. Speaker, that we have to recognize that the justification for this particular unprecedented waiver package has not been made. The current situation is that we have a surplus, and in the near term we have a surplus and we do not need the supplemental supplies from the Prudhoe Bay region until about 1995. On a free-market basis, the companies involved would not begin to construct the pipeline until then and we should not through a Government subsidy of power and privilege to a few individuals with enormous political clout force them to do what the free market would reject until the timing was economically better.

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 1301 AND H.R. 1302

Mr. JOHNSTON. Mr. Speaker, I ask unanimous consent that I be allowed to withdraw my name as a cosponsor of H.R. 1301 and H.R. 1302.

The SPEAKER pro tempore (Mr. HOYER). Is there objection to the request of the gentleman from North Carolina?

There was no objection.

A NATURAL GAS PIPELINE EXCISE TAX

(Mrs. MARTIN of Illinois asked and was given permission to address the House for 1 minute.)

Mrs. MARTIN of Illinois. Mr. Speaker, one of the other Members suggested that this was and excise tax on the consumer. It may not be, economically speaking, specifically an excise tax, but I think that is an interesting analogy. Excise taxes traditionally are on things like sable coats, lovely hand-rolled cigars, or the Cutty Sark that some of us occasionally enjoy. But this will be an excise tax on that luxury, that thing we can all do without, an excise tax on the old who still occasionally need heat in their homes and apartments. It is a tax on those who could not afford to pay it, and yet cannot afford to do without it.

We should not approve these waivers and move ahead with a bill that makes more rational provisions for constructing this pipeline.

DAIRY PRICE SUPPORTS

(Mr. GUNDERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GUNDERSON. Mr. Speaker, on October 1 of this year the farm bill as we know it in this country expired. We are now in mid-December and find that only yesterday evening a conference committee finally concluded its work on a farm bill. Unfortunately, while I commend the members of the conference committee from the House of Representatives for their tenacity, I wish it had lasted a couple of days longer.

We only need look at a couple of the major issues facing us on that question. One of those happens to be the dairy price supports, which the administration, since day one, has been trying to use as a symbol. Under their proposal, finally adopted in conference committee, we are going to find that from October 1, 1980, until October 1, 1983, over a 3-year period there will only be a 15-cent increase in the total price of milk. Certainly we have an overproduction problem and we need to deal with it. But I took this same position in the well when we considered the April 1 adjustment, to say simply reducing the price at a time of increasing costs of production will only increase total production.

We now face a bigger question about the structure of the American family farm. The conference proposal will force many family farms out of existence, as only the large corporate farms, through economies of scale, will be able to survive.

We truly are at a crossroads in this country, not just economically. And I hope we set the proper course by rejecting the conference report on the farm bill.

I thank the Speaker.

NO VISA FOR IAN PAISLEY

(Mrs. FENWICK asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. FENWICK. Mr. Speaker, as far as the pipeline is concerned, I would like to associate myself with the remarks of the gentleman from Ohio (Mr. BROWN). I think he said far more, far better, than I could.

I have another point I would like to bring to the attention of the House, and that is to urge my colleagues to join in a letter to the State Department requesting that no visa be given to Mr. Ian Paisley, who is now apparently preparing to come to these shores. Mr. Paisley's recent actions and speeches in Northern Ireland, I think, make it very undesirable for him to come here.

The State Department denied a visa to Mr. Owen Carron; I think a similar action would be appropriate here. In Mr. Paisley, we do not have one who proposes reconciliation, one who applauds the efforts of the Anglo-Irish Council which has been set up by Prime Minister Fitzgerald and Prime Minister Thatcher. We do not have here, in other words, a person who seeks peace, and I think that it would be wise for the State Department to deny the visa.

FOREIGN ASSISTANCE HELPS AMERICAN WORLD LEADERSHIP

(Mr. LEACH of Iowa asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. LEACH of Iowa. Mr. Speaker, the action we take on the foreign assistance bill before us today will have

a profound effect on the standing of U.S. leadership in the world community. Friends and foes alike will be looking for a signal as to whether the United States intends to return to a "fortress America" mentality or whether a constructive bipartisan relationship can be established between the Executive and Congress to underline and bolster our premier leadership role in the quest for world peace, prosperity, and security.

At issue in this bill are such questions as whether the United States ought to exercise its role in the world primarily through economic or military assistance—whether our leadership is best symbolized by arms merchants or the Peace Corps. While all of us recognize the need for security assistance to our friends and allies threatened with Communist aggression, it should be clear that the type of activity symbolized by the Peace Corps can often be a more effective—and far less expensive—way of helping developing nations to achieve true security and prosperity. In this regard the House Foreign Affairs Committee has sought to upgrade the Peace Corps by reestablishing its identity as an independent agency. I would hope any effort this afternoon to cut back Peace Corps funding or reestablish ACTION's administrative mantle can be defeated.

Also at issue is the question of whether U.S. aid policy should be dominated by bilateral assistance to beleaguered friendly governments at the expense of more broadly based assistance through multilateral agencies. While bilateral economic support for friends in need serves our national interest in important ways, I would urge that no reductions be made in funding for multilateral programs aimed at establishing a more peaceful and secure world environment by addressing such central problems as hunger and agricultural development.

President Reagan has indicated his strong intent to pursue a responsible and positive role in the search for world peace through arms control initiatives. It is now time for Congress to demonstrate its commitment to the pursuit of peace and human betterment by approving this foreign assistance program. No better signal could be given of the U.S. intent to remain a world leader.

CHANGING THE RULES AGAIN

(Mr. ASHBROOK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ASHBROOK. Mr. Speaker, in listening to all the debate on the Pipeline Act, it has a kind of familiar ring to it.

I wonder if this project was devised in the District of Columbia. I have sat on this floor for 20 years and watched what I call the sticky paper routine. They say they are going to build the Kennedy Center, the Metro, the Visitors' Center, the stadium. They get us stuck. Then they come back and want to change the rules. It has happened time and time again. We should reject these revisionist contracts and it is this principle involved whether taxpayers' money is involved or not.

The same thing with the military. I am about as promilitary as one can get. Time and time again they go down the track, know what the rules are, and come back to us and say, "We are not going to finish this project unless you change the rules." Public works often has the same tune. Get it started small and come back with your revisions.

It is the old Br'er Rabbit story: You get thrown in the briar patch, and the stucker you get, the stucker you get, the stucker you get. We should learn not to get into this sticky paper syndrome. This pipeline deal has that same smell.

I do not like that type of deal. I am sure the taxpayers do not either.

MORE CORPORATE HANDOUTS

(Mr. MARKEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MARKEY. Mr. Speaker, I rise to state my unequivocal opposition to the Alaska natural gas transportation system waiver. This is nothing more than a subsidy for the oil companies, sponsors, and lenders who are responsible for bringing this package before the Congress. If the people who supposedly know energy markets best—the oil companies and the financial institutions that back them—are not willing to take a chance, then why should the public?

If we vote for this waiver package, we are exposing our constituents to the risk of being shareholders in this enterprise without granting them the equity interest or the votes to protect that interest. If the sponsors and Alaska natural gas producers had evidenced more willingness to take risks—they have not—or if they would promise never to come back to Congress for more waivers of financial support—they have not—then this package might be more acceptable. However, you have not heard the end of this project. They will be back before this body for more corporate handouts, and on that day, I promise my colleagues that the results will be far different than today.

ALASKA NATURAL GAS IS A BARGAIN

(Mr. SHARP asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. SHARP. Mr. Speaker, I rise in support of the waiver package. A good many things have been said, and I would hope that people would go beyond the debate and look at the record that was developed when we solicited the opinion of virtually every organization in this country—consumer, labor, and business—on this issue, because it is a complex one.

We had 7 days of hearings, 63 witnesses. We had to urge people to come in to testify against this because the reality is nobody in that hearing and nobody yet on this House floor has come up with a legislative alternative or a practical alternative in the marketplace that will get the consumers of the lower 48 States this gas on a sure basis or get this gas more cheaply for the consumer or get this gas with less risk to the consumer. Nobody has come forth with anything that has gotten anything like a consensus or gotten any kind of expert opinion behind it.

Second, Mr. Speaker, I want to point out that what we are talking about is a 20-year deal for the American consumer of gas at between $4 per Mcf and $5.50 per Mcf. That is a good bargain over the next 20 years as far as anyone can see on energy supplies. Right now some of our consumers are paying for natural gas from the lower 48 at $7 and $9 per Mcf.

Mr. Speaker, this is a good bargain for the consumers.

SHAME ON THE PRESS

(Mr. YOUNG of Alaska asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. YOUNG of Alaska. Mr. Speaker, I want to compliment the gentleman from Indiana (Mr. SHARP). It is a good buy. We are talking about 20 years at $4.95 per Mcf. I said yesterday there is over 100 years of gas supplies in the United States. This Nation needs that gas supply.

It is unfortunate there have been many misnomers pronounced on this floor, and especially by CBS News last night, Mr. Moyers' program. If you think there is freedom of press in the United States, I want to tell you there is no freedom of the press. They print one side of the issue, never contact anybody else on the other side, never tried to participate as far as the Ralph Nader group goes, in the hearings to give us some alternatives, ideas, suggestions. Then they come out with the cheap shot. The press should be ashamed of itself. They should come to both sides of the issue and hear both sides and let the American people make up their minds, with both sides fairly presented, not one side, as last

night. I think they should be ashamed.

ALASKA NATURAL GAS PIPELINE WAIVERS ARE NECESSARY

(Mr. BINGHAM asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. BINGHAM. Mr. Speaker, I rise in support of this waiver package which would remove Federal obstacles to completion of the Alaska natural gas pipeline system. I am convinced that these waivers are necessary if the people of the United States are ever going to have access to the Alaska gas reserves which constitute 13 percent of this Nation's gas supply. That gas could replace 400 to 600,000 barrels of imported oil a day, and perhaps much more.

For me, access to the Alaska gas outweighs those considerations which might argue against approval of the waiver package. Our present energy situation is a precarious one, as it has been since 1973. Despite all the rhetoric, little has been done to make this Nation less vulnerable to foreign oil boycotts. At this time we could last 30 days, at best, if OPEC decided to cut off our oil supply.

The effects of this unnatural dependence are all around us. It can be seen in the continued U.S. economic relationship with Libya's Qadhafi—despite the administration's belief that the Libyan colonel is plotting the assassination of American leaders. It can be seen in the sale of AWACS to Saudi Arabia and in the administration's determination to find merit in the anti-Israel Saudi peace plan. It can be seen in the administration's extreme solicitousness toward every oil-rich state in the Middle East. Let us be honest with ourselves. The United States is beholden to Arab States—both moderate and radical—because those nations have the oil this Nation needs.

It is a situation that must not continue. The Alaskan gas supply could serve as America's trump card the next time OPEC moves to cut off exports to the United States. I do not argue that 400,000 barrels a day would eliminate our need for foreign oil. But it would make a major contribution to our domestic energy supply, one that we cannot afford to throw away.

Unfortunately rejection of this waiver package would delay completion of the gas pipeline and perhaps kill it altogether. The pipeline's sponsors have informed the President and the Congress that they will not be able to obtain private financing for the pipeline's construction unless several provisions of law are waived. The sponsors are not asking for Federal loan guarantees or Federal aid in completing the project. They are asking for the cooperation of Congress and of consumers in general in their effort to complete the largest project of its kind in history.

The most controversial waiver concerns when consumers would begin to pay for the pipeline. Under the existing law ratepayers would not begin paying until the pipeline is finished. The waiver proposed in this package gives the Federal Energy Regulatory Commission (FERC) the discretionary power to allow companies to begin billing gas customers after a date selected as reasonable for completion of the entire system and after full completion of one or two of the three basic segments of the line. The prebilling assessment could be applied only to cover debt service—not the investors equity. Despite all this, there are those who are claiming that prebilling would be used to milk the consumer who would pay whether or not the project was ever completed. It is, of course, remotely possible that the project would fail after completion of the first two segments. Should that happen, consumers would be stuck paying an additional $11 per year for 20 years—less than $1 per month. The sponsors of the project, however, would lose as much as $8 billion. I hardly think that they will casually do that.

Another argument made against the waiver package—and, in essence, against completion of the pipeline—is that the Alaskan gas will be so expensive that consumers billed for the gas will be paying exorbitant prices. It is true that initially the price of Alaskan gas will be high—as high as $7.40 to $9 per million cubic feet. But that will only be in the first year. In subsequent years the price of the gas will drop and will quickly become comparable with the prevailing oil price or lower. But most important, the Alaskan gas is American gas. Even a slightly more expensive domestic gas supply is preferable to Middle East oil or liquefied Algerian gas. Just think of the irony if we abandon our own Alaskan gas and, in its place, increase our purchase of gas from Algeria. I do not want to see that happen and I do not believe that most Americans want that to happen either.

Accordingly, I am supporting this waiver package. I do so knowing that the package has been attacked as a boon to the producers. But I ask the critics just what they would propose we do. Under our system the only way that we will get that gas flowing is through private investment and private enterprise. Investors will benefit. But so, I believe, will the general public. In the long run, Alaskan gas will mean more and cheaper fuel and less reliance on unstable foreign sources. A vote for this package is a vote for American energy independence. A vote against it is shortsighted and must be predicated on the unfounded prayer that OPEC will never again cut off our supplies. I say that we must build this pipeline.

ALASKA NATURAL GAS PIPELINE WAIVERS ARE IN NATIONAL INTEREST

(Mr. DANNEMEYER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DANNEMEYER. Mr. Speaker, I serve on the Committee on Energy and Commerce. I heard all of the testimony relating to the waivers that we are going to be voting on shortly. I rise in support of those waivers.

I hesitated for a long time in concluding what was in the public interest on what to do with my vote. I concluded that it is in the national interest that this pipeline be built and that this waiver package be adopted.

One of the reasons that I have heard why we should vote against it is that our Democrat colleagues have received rather large financial contributions from the proponents of the package.

□ 1100

Well, maybe that is true; even if it is, the Democrats need help, too. Independent of this claim, the point is that the national interest requires that we have the use of this gas from this pipeline as quickly and as expeditiously as possible. We are talking about a proposed percentage of 5 percent of our national gas supplies in 1986. This will get this Nation on the road to energy independence, and I think it is the only posture for us to take.

I hope the Members will support the waiver package.

ALASKA NATURAL GAS TRANSPORTATION ACT WAIVER SUPPORTED

(Mr. RITTER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. RITTER. Mr. Speaker, I, too, serve on the House Energy and Commerce Committee, and I must say that up until the day of the final vote of the package I was undecided, and I listened very carefully to both sides. I was and remain concerned about the impact of this legislation on consumers and jobs in the Lehigh Valley of Pennsylvania.

I was particularly concerned with the "prebilling" issue, that is, prebilling the consumer before the gas actually starts to flow if and possibly when there is a difference between the completion date proposed and the completion date actual.

In the midst of the world political rhetoric of the last couple of days, I think it would be helpful to think about just what prebilling means. It is

only in a situation where the billing agent for a product is a public utility that it becomes a problem at all. The fact is that in any production process where the private sector is producing a product for the future and investing today to produce that product in the future, their present price structure reflects the need to produce in the future.

This is basically what prebilling is about for natural gas as well and if it was not a public utility involved on the billing end, there would not be such a fuss.

GAS PIPELINE WAIVER OPPOSED

(Mrs. COLLINS of Illinois asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Mrs. COLLINS of Illinois. Mr. Speaker, I am saddened by the fact that so many people take the prebilling lightly. I see prebilling as just another way of shafting the consumer.

I have here an editorial from the Chicago Sun-Times of Wednesday, November 25, which raises the question of why, in the United States of America, we have the Federal Government encouraging the use of waivers to further enrich the oil industry. By pushing for this waiver package, the Federal Government is not only helping to create a massive shift of wealth from the Midwest and Northeast, as this editorial points out, it is helping to create an American OPEC. That is exactly what the oil industry has become, an OPEC consisting of a small number of fuel-producing States who are raking in millions from taxes on their oil and gas and coal. In Illinois we are collecting $785 per person in taxes. On the other hand Alaska which is not putting up a dime for this pipeline is going to collect $7,000 per person from oil and gas taxes alone.

To quote the Sun-Times editorial further, "that windfall will come from money drained from people in States like Illinois."

That is just one of many reasons why I urge my colleagues to vote down this boondoggle.

Mr. CORCORAN. Mr. Speaker, will the gentlewoman yield?

Mrs. COLLINS of Illinois. I yield to my colleague.

Mr. CORCORAN. Mr. Speaker, I thank the gentlewoman for yielding, and I would like to associate myself with her remarks.

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

The SPEAKER pro tempore. Pursuant to clause 5, rule I, the unfinished business is the question of the passage of the joint resolution (H.J. Res. 341) providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act, on which the yeas and nays are ordered, on which further proceedings were postponed on Tuesday, December 8, 1981.

The Clerk read the title of the joint resolution.

Mr. OTTINGER. Mr. Speaker, I ask unanimous consent that there be 20 minutes debate on this immediately prior to the vote on the joint resolution presently being considered. As the Members can see, this is an issue of tremendous controversy, and only 1 minute was allowed for the proponents.

I am asking unanimous consent that each side have 10 minutes to present its point of view.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

Mr. YOUNG of Alaska. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

The question is on the passage of House Joint Resolution 341.

The vote was taken by electronic device and there were—yeas 233, nays 173, answered "present" 1, not voting 26, as follows:

[Roll No. 339]

YEAS—233

Akaka	Dixon	Hubbard
Albosta	Dornan	Huckaby
Alexander	Dowdy	Hunter
Anderson	Dreier	Hutto
Anthony	Duncan	Ireland
Archer	Edwards (AL)	Jeffries
Atkinson	Edwards (OK)	Jenkins
Badham	Emerson	Johnston
Bafalis	English	Jones (NC)
Bailey (MO)	Erlenborn	Jones (OK)
Bailey (PA)	Evans (DE)	Jones (TN)
Barnard	Evans (IN)	Kazen
Benedict	Fazio	Kindness
Benjamin	Ferraro	Kogovsek
Bennett	Fiedler	Kramer
Bereuter	Fields	Lagomarsino
Bevill	Flippo	Lantos
Bingham	Foley	Leath
Bliley	Ford (MI)	LeBoutillier
Boner	Forsythe	Lehman
Bouquard	Frenzel	Leland
Bowen	Frost	Lent
Breaux	Fuqua	Lewis
Brinkley	Gaydos	Livingston
Brooks	Gephardt	Loeffler
Brown (CA)	Gibbons	Long (LA)
Burgener	Gingrich	Lott
Byron	Glickman	Lowery (CA)
Campbell	Goodling	Lowry (WA)
Carman	Gore	Lujan
Chappell	Gramm	Luken
Chappie	Green	Lungren
Cheney	Grisham	Madigan
Clausen	Hall, Ralph	Marks
Clinger	Hall, Sam	Marlenee
Coats	Hamilton	Marriott
Coelho	Hammerschmidt	Martin (NC)
Collins (TX)	Hance	Martin (NY)
Conable	Hansen (ID)	Mattox
Coughlin	Hansen (UT)	McClory
Courter	Hartnett	McCollum
Coyne, James	Hawkins	McCurdy
Coyne, William	Heftel	McDade
Daniel, R. W.	Hendon	McDonald
Dannemeyer	Hightower	McEwen
Daschle	Hiler	McHugh
Daub	Hillis	McKinney
de la Garza	Holland	Mikulski
Dickinson	Holt	Miller (OH)
Dicks	Hoyer	Mineta
Molinari	Robinson	Stump
Montgomery	Roemer	Swift
Moore	Rose	Synar
Moorhead	Rousselot	Tauzin
Morrison	Rudd	Thomas
Murphy	Sabo	Trible
Murtha	Scheuer	Udall
Myers	Schulze	Vander Jagt
Napier	Schumer	Vento
Nelligan	Sharp	Walgren
Nelson	Shaw	Walker
Oberstar	Shelby	Watkins
Panetta	Shumway	White
Pashayan	Shuster	Whitehurst
Patman	Siljander	Whitley
Patterson	Skeen	Whittaker
Paul	Skelton	Williams (MT)
Pickle	Smith (AL)	Wilson
Porter	Smith (NE)	Winn
Pritchard	Smith (NJ)	Wortley
Quillen	Smith (OR)	Wright
Rahall	Smith (PA)	Yatron
Reuss	Solarz	Young (AK)
Rhodes	Solomon	Young (FL)
Rinaldo	Stangeland	Young (MO)
Ritter	Staton	Zablocki
Roberts (KS)	Stenholm	Zeferetti
Roberts (SD)	Stratton	

NAYS—173

Addabbo	Fenwick	Ottinger
Andrews	Findley	Oxley
Annunzio	Fish	Parris
Ashbrook	Florio	Pease
Aspin	Foglietta	Perkins
Barnes	Ford (TN)	Petri
Bedell	Fountain	Peyser
Beilenson	Fowler	Price
Bethune	Frank	Pursell
Biaggi	Gejdenson	Railsback
Blanchard	Gilman	Rangel
Boland	Gonzalez	Ratchford
Bonior	Gradison	Regula
Bonker	Gray	Richmond
Brodhead	Gregg	Rodino
Broomfield	Guarini	Roe
Brown (CO)	Gunderson	Rogers
Brown (OH)	Hagedorn	Rosenthal
Broyhill	Harkin	Rostenkowski
Burton, John	Hatcher	Roth
Burton, Phillip	Heckler	Roukema
Carney	Hefner	Roybal
Chisholm	Hertel	Russo
Clay	Hollenbeck	Savage
Coleman	Hopkins	Sawyer
Collins (IL)	Horton	Schneider
Conte	Hughes	Schroeder
Conyers	Hyde	Seiberling
Corcoran	Jacobs	Sensenbrenner
Crane, Daniel	Jeffords	Shamansky
Crane, Philip	Kastenmeier	Shannon
Crockett	Kemp	Simon
D'Amours	Kildee	Smith (IA)
Daniel, Dan	LaFalce	Snowe
Danielson	Latta	Snyder
Davis	Leach	Spence
Deckard	Lee	St Germain
Dellums	Levitas	Stanton
DeNardis	Long (MD)	Studds
Derrick	Markey	Tauke
Derwinski	Martin (IL)	Taylor
Donnelly	Matsui	Traxler
Dorgan	Mavroules	Volkmer
Dougherty	Mazzoli	Wampler
Downey	McGrath	Washington
Dunn	Mica	Waxman
Dwyer	Michel	Weaver
Dyson	Minish	Weber (MN)
Early	Mitchell (MD)	Weber (OH)
Eckart	Mitchell (NY)	Weiss
Edgar	Moffett	Whitten
Edwards (CA)	Mollohan	Williams (OH)
Emery	Mottl	Wirth
Erdahl	Natcher	Wolpe
Ertel	Neal	Wyden
Evans (GA)	O'Brien	Wylie
Evans (IA)	Oakar	Yates
Fascell	Obey	

ANSWERED "PRESENT"—1

Wolf

NOT VOTING—26

Applegate	Beard	Bolling
AuCoin	Boggs	Butler

Craig	Goldwater	Nichols
Dingell	Hall (OH)	Nowak
Dymally	Howard	Pepper
Fary	Lundine	Santini
Fithian	McCloskey	Stark
Garcia	Miller (CA)	Stokes
Ginn	Moakley	

□ 1115

The Clerk announced the following pairs:

On this vote:

Mr. Dymally for, with Mr. Miller of California against.

Mr. Pepper for, with Mr. AuCoin against.

Mrs. Boggs for, with Mr. Stark against.

Mr. Santini for, with Mr. Fary against.

Mr. Goldwater for, with Mr. Garcia against.

Until further notice:

Mr. Applegate with Mr. Fithian.

Mr. Ginn with Mr. Beard.

Mr. Dingell with Mr. Butler.

Mr. Hall of Ohio with Mr. McCloskey.

Mr. Howard with Mr. Lundine.

Mr. Moakley with Mr. Stokes.

Mr. Nichols with Mr. Nowak.

Mr. SMITH of Pennsylvania and Mr. FORD of Michigan changed their votes from "nay" to "yea."

Mr. HUGHES and Mr. DAN DANIEL changed their votes from "yea" to "nay."

So the joint resolution was passed.

The result of the vote was announced as above recorded.

Mr. UDALL. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate joint resolution (S.J. Res. 115) to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976, a measure identical to the joint resolution just passed, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Arizona?

Mr. CORCORAN. Mr. Speaker, reserving the right to object, under my reservation I would like to inquire of the distinguished gentleman from Arizona (Mr. UDALL) what he proposes to do and whether or not he could explain to us why he proposes to do this.

Mr. UDALL. Mr. Speaker, if the gentleman will yield, this is the traditional, regular, and normal procedure. We have a Senate joint resolution which is identical to our joint resolution. It has already passed the Senate. That Senate joint resolution is before us now awaiting action.

I am simply asking to take the Senate joint resolution and pass it in lieu of the House joint resolution so there will be action by both bodies on the same matter.

Mr. CORCORAN. Mr. Speaker, under my reservation let me just respond by saying that ordinarily I would not object to this kind of request, but I think that under the circumstances we have not been afforded in the House the kind of appropriate opportunity for debate and consideration that I think would be deserving of this kind of public policy question.

On that basis, Mr. Speaker, I object.

The SPEAKER. Objection is heard.

PERMISSION FOR COMMITTEE ON GOVERNMENT OPERATIONS TO HAVE UNTIL MIDNIGHT, FRIDAY, DECEMBER 11, 1981, TO FILE SUNDRY REPORTS

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight, Friday, December 11, 1981, to file sundry oversight reports approved by the full committee on December 8, 1981.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

PERMISSION TO FILE CONFERENCE REPORT ON S. 884, AGRICULTURE AND FOOD ACT OF 1981

Mr. DE LA GARZA. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

[The conference report (H. Rept. No. 97-377) will appear in the RECORD of December 10, 1981.]

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. BEILENSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 291 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 291

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3566) to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes, the first reading of the bill shall be dispensed with, and all points of order against the bill for failure to comply with the provisions of clause 5, rule XXI are hereby waived. After general debate, which shall be confined to the bill and shall continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be considered for amendment under the five-minute rule by titles instead of by sections, and each title shall be considered as having been read. It shall be in order at any time while the bill is being considered for amendment under the five-minute rule for the chairman of the Committee on Foreign Affairs to move to limit debate on the pending portion of the bill and to provide in said motion for the allocation of time under the limitation on the pending portion of the bill, or on amendments, or on amendments to amendments, thereo. It shall also be in order at any time while the bill is being considered for amendment under the five-minute rule for the chairman of the Committee on Foreign Affairs to move that the remainder of the bill, or any title thereof, be considered as having been read and open to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of H.R. 3566, it shall be in order to consider the bill S. 1196 in the House, and it shall then be in order in the House to move to strike out all after the enacting clause of the said Senate bill and to insert in lieu thereof the provisions contained in H.R. 3566 as passed by the House.

The SPEAKER. The gentleman from California (Mr. BEILENSON) is recognized for 1 hour.

Mr. BEILENSON. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Arizona (Mr. RHODES) for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 291 is an open rule providing for the consideration of H.R. 3566, the International Security and Development Cooperation Act of 1981.

The rule provides for 1 hour of general debate to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs.

In order to expedite consideration of the bill, the rule states that the bill shall be read for amendment under the 5-minute rule by titles instead of by sections. Each title shall be considered as having been read. House Resolution 291 further provides for one motion to recommit.

The rule further waives all points of order against the bill for failure to comply with the provisions of clause 5, rule XXI, which prohibit appropriations in a legislative bill. This waiver is necessary because section 202, section 309(b), and section 601(c)(3) of H.R. 3566 contain provisions that would constitute appropriations in a legislative bill.

It should be noted that the rule provides that it shall be in order at any time while the bill is being considered for amendment under the 5-minute rule for the chairman of the Committee on Foreign Affairs to move to limit

debate on the pending portion of the bill and to provide in that motion for the allocation of time under the limitation on the pending portion of the bill or on amendments or on amendments to amendments, thereto.

The rule also states that it shall be in order at any time while the bill is being considered for amendment under the 5-minute rule for the chairman of the Committee on Foreign Affairs to move that the remainder of the bill, or any title thereof, be considered as having been read and open to amendment.

The effect of these two provisions is to allow the chairman of the Committee on Foreign Affairs to move to limit debate on that portion of the bill which is pending consideration. Since the rule provides that the bill is to be read by titles for amendment, the motion to limit debate would be by title, with the limitation affecting all amendments and amendments to amendments for the title pending. In his motion, the chairman of the Foreign Affairs Committee also would specify the allocation of time.

In other words, it is conceivable, although unlikely, that a motion to limit debate could be made on each of the seven titles of the bill. Such motion naturally would be subject to a majority vote.

The rule further would allow the Foreign Affairs Committee chairman to move at any time during consideration of the bill for amendment that the remainder of the bill be considered as having been read and open to amendment. If such a motion were agreed to by majority vote, the chairman of the Foreign Affairs Committee then could move to limit debate on the remainder of the bill and any amendments or amendments to amendments, and specify the allocation of time.

Although the procedure outlined in the rule is somewhat unusual, the objective of these provisions is to permit the chairman of the Foreign Affairs Committee to expedite floor consideration of H.R. 3566. The bill contains seven titles and is 75 pages long. Since the chairman of the Committee on Foreign Affairs has expressed the hope that consideration of this authorization measure can be completed in 1 day, the Committee on Rules has sought to provide him with the procedural tools to make possible the most expeditious consideration of H.R. 3566.

The Rules Committee was mindful of the length of floor time consumed during consideration of foreign assistance authorization legislation in recent years, the target date for adjournment of this session of Congress, and the other important legislation scheduled for full House consideration prior to adjournment. The committee believed that the authorities granted to the chairman of the Foreign Affairs Committee under this rule would facilitate prompt House action on H.R. 3566. At the same time, since the chairman's motions would be subject to the approval of the Committee of the Whole, the element of fairness would be preserved.

House Resolution 291 additionally provides that upon the passage of H.R. 3566, it shall be in order to consider the bill S. 1196 in the House, and it shall then be in order to move to strike out all after the enacting clause and to insert in lieu thereof the provisions contained in H.R. 3566 as passed by the House. This will help to facilitate a conference with the other body on the foreign assistance authorization legislation.

Mr. Speaker, the principal purpose of H.R. 3566 is to authorize appropriations for fiscal year 1982 and for fiscal year 1983 for certain international security and economic assistance programs. The administration is seeking a foreign aid authorization measure, and this bill is the product of bipartisan cooperation.

I urge my colleagues to adopt this rule, so that the House can consider this important legislation.

□ 1130

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the gentleman from California has accurately and thoroughly explained the provisions of the rule which provides for consideration of the International Security and Development Act, H.R. 3566.

The so-called foreign assistance program has been operating for at least 2 years now without any appropriation or really any authorization except that which comes from continuing resolutions. I think it is high time that the House and the other body act to put this program under an authorization and under an appropriation in the usual form.

As the gentleman stated, this resolution grants an open rule with 1 hour of general debate. All points of order against the bill for failure to comply with the provisions of clause 5, rule XXI—appropriations in a legislative bill—are waived by the rule. The bill is to be read for amendment by titles instead of sections, with each title considered as having been read.

The rule also provides one motion to recommit. After passage of the bill it will be in order to consider S. 1196, and a motion to strike out all after the enacting clause and insert in lieu thereof the language contained in H.R. 3566 as passed by the House.

There are two additional provisions in this bill which are unusual in a procedural sense and should be noted by the House.

The first of these provisions makes in order a motion by the chairman of the Foreign Affairs Committee to limit debate on the pending portion of the bill or an amendment, and to provide for the allocation of time under such limitation. As the Speaker and Members know, the usual form is for a limitation on the time on an amendment to be imposed and the Chair then records the names of those people standing at the time the request was made, and the time which is available is divided equally amongst those standing.

As I understand this limitation, it will not be that way at all; rather, the time will be apportioned by the chairman of the Foreign Affairs Committee.

During the Rules Committee hearing on this rule I asked the chairman of the Foreign Affairs Committee what his intentions were with regard to the allocation of time. He assured me and the members of the Rules Committee that it would be his intention to apportion time in such a way as to be fair to all concerned, not only to the minority but also to the opponents as well as the proponents of the pending amendment. With such assurances stated for the record, the Rules Committee reported the rule with these provisions to facilitate thorough yet timely consideration of the bill. And again, it was made abundantly clear that the time under any limited debate was to be allocated equitably to both proponents and opponents of any amendment.

The second provision makes in order a motion by the chairman of the Foreign Affairs Committee, at any time while the bill is being considered for amendment, to have the remainder of the bill or title considered as having been read and open to amendment. This, too, is somewhat unusual.

While I do not like this method of procedure, and I would hope it would not be adopted often, because of the time constraints at the end of the session and the need for a foreign aid authorization, I have no intention of opposing the rule.

Mr. WALKER. Mr. Speaker, will the gentleman yield?

Mr. RHODES. I yield to the gentleman from Pennsylvania.

Mr. WALKER. I thank the gentleman for yielding.

Do I understand that the chairman will be able to set the time under this without asking unanimous consent of the House for a limitation of time?

Mr. RHODES. It is my understanding that the chairman could do so by moving that all time on an amendment or amendments thereto be closed at a certain time or after a certain number of minutes and that he then would have the option of apportioning the remaining time.

Mr. WALKER. But it would eliminate the unanimous consent request

that normally is used in matters of this type?

Mr. RHODES. It would make the unanimous consent request unnecessary. Presumably the chairman would ask unanimous consent and if objection were heard he would then be in a position to move.

Mr. WALKER. If the gentleman would yield further, I wonder has this procedure ever been used before in the House. I am not aware in the time I have been here that we have ever had a rule that specifically allows a chairman to impose limits on debate. Is this something that is totally new? Are we setting a new precedent here?

Mr. RHODES. As far as I know, this procedure has never been followed. That is the reason I made the proviso I did; namely, that while I will not object to the procedure at this particular time and in this particular circumstance, if this device is employed I believe the use of such procedure in the future warrants careful scrutiny.

Mr. WALKER. If the gentleman will yield further, I thank him for pointing this out. I agree with him. I think it is a rather disturbing precedent. However, I come to a different conclusion from the gentleman. I will oppose the rule based upon this language because I think it is a precedent that would ill serve us on some other bills that will come before this House in the future.

It may well be that on this particular bill at this particular time there is some merit in the suggestion, but I am disturbed that we may be setting a precedent here for future debate.

I thank the gentleman for pointing it out to the House.

Mr. RHODES. It would be my hope that the gentleman from Pennsylvania would not oppose the rule. I think if there is a vote on the rule it would be unnecessary and might give the impression that the substantive legislation is under attack. Usually when there is a large vote against the rule, it appears as if the subject matter is under attack. Therefore, though I am sure the gentleman will do what he feels his conscience demands that he do, it would be my hope that he would not ask for a vote on this rule, but let his objection to the procedure be made a part of the RECORD.

Mr. Speaker, it would be my hope that the rule would be adopted so we may proceed to consideration of the bill.

I have no further requests for time and I reserve the balance of my time.

Mr. BEILENSON. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore (Mr. BENNETT). The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. WALKER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 250, nays 151, not voting 32, as follows:

[Roll No. 340]

YEAS—250

Addabbo	Fields	McHugh
Akaka	Findley	Mica
Albosta	Flippo	Mikulski
Alexander	Florio	Mineta
Anderson	Foglietta	Minish
Annunzio	Foley	Mitchell (NY)
Anthony	Ford (TN)	Moakley
Aspin	Fountain	Mollohan
Atkinson	Frank	Moore
Bailey (PA)	Frenzel	Morrison
Barnes	Frost	Mottl
Bedell	Fuqua	Murphy
Beilenson	Gaydos	Murtha
Benjamin	Gejdenson	Natcher
Bennett	Gephardt	Nelson
Bevill	Gibbons	Nowak
Biaggi	Gilman	O'Brien
Bingham	Glickman	Oakar
Blanchard	Gonzalez	Oberstar
Boland	Gore	Obey
Boner	Gray	Ottinger
Bonker	Green	Oxley
Bowen	Guarini	Panetta
Breaux	Hall, Sam	Pashayan
Brodhead	Hamilton	Patterson
Brooks	Hance	Pease
Broomfield	Harkin	Perkins
Brown (CA)	Hatcher	Peyser
Burgener	Hawkins	Pickle
Burton, John	Heckler	Price
Burton, Phillip	Heftel	Pritchard
Byron	Hertel	Pursell
Carman	Hillis	Quillen
Chappell	Hollenbeck	Rangel
Cheney	Holt	Ratchford
Chisholm	Horton	Reuss
Clausen	Hoyer	Rhodes
Clay	Hughes	Richmond
Coelho	Hutto	Rinaldo
Collins (IL)	Hyde	Robinson
Conable	Jeffords	Rodino
Conte	Kastenmeier	Roe
Conyers	Kemp	Rogers
Courter	Kildee	Rose
Coyne, William	Kogovsek	Rostenkowski
Daniel, Dan	LaFalce	Roth
Danielson	Lagomarsino	Roukema
Daschle	Lantos	Roybal
de la Garza	Latta	Rudd
Dellums	Leach	Russo
DeNardis	Leath	Sabo
Derrick	Lehman	Santini
Derwinski	Leland	Savage
Dicks	Lent	Sawyer
Dingell	Levitas	Scheuer
Dixon	Lewis	Schneider
Dorgan	Livingston	Schulze
Dougherty	Long (LA)	Schumer
Downey	Long (MD)	Seiberling
Dwyer	Lowry (WA)	Shamansky
Early	Lujan	Shannon
Eckart	Luken	Sharp
Edgar	Lundine	Shelby
Edwards (AL)	Madigan	Simon
Edwards (CA)	Markey	Skelton
Erdahl	Marks	Smith (IA)
Ertel	Marlenee	Smith (NJ)
Evans (IN)	Matsui	Smith (PA)
Fary	Mattox	Snowe
Fascell	Mavroules	Solarz
Fazio	Mazzoli	St Germain
Fenwick	McCurdy	Stangeland
Ferraro	McEwen	Stanton
Stark	Wampler	Wortley
Stratton	Washington	Wright
Studds	Waxman	Wyden
Swift	Weaver	Yates
Synar	Weber (OH)	Yatron
Tauzin	Williams (MT)	Young (FL)
Traxler	Williams (OH)	Young (MO)
Udall	Wilson	Zablocki
Vander Jagt	Winn	Zeferetti
Volkmer	Wirth	
Walgren	Wolpe	

NAYS—151

Andrews	Fish	Myers
Archer	Fowler	Napier
Ashbrook	Gingrich	Neal
Badham	Goodling	Nelligan
Bafalis	Gradison	Parris
Bailey (MO)	Gramm	Patman
Barnard	Gregg	Paul
Beard	Grisham	Petri
Benedict	Gunderson	Porter
Bereuter	Hagedorn	Rahall
Bethune	Hall, Ralph	Railsback
Bliley	Hammerschmidt	Regula
Bouquard	Hansen (ID)	Ritter
Brinkley	Hansen (UT)	Roberts (KS)
Brown (CO)	Hefner	Roberts (SD)
Brown (OH)	Hendon	Roemer
Broyhill	Hightower	Rousselot
Campbell	Hiler	Schroeder
Carney	Holland	Sensenbrenner
Chappie	Hopkins	Shaw
Clinger	Hubbard	Shumway
Coats	Huckaby	Shuster
Coleman	Hunter	Siljander
Collins (TX)	Jacobs	Skeen
Corcoran	Jeffries	Smith (AL)
Coughlin	Jenkins	Smith (NE)
Coyne, James	Johnston	Smith (OR)
Craig	Jones (NC)	Snyder
Crane, Daniel	Jones (OK)	Solomon
Crane, Philip	Jones (TN)	Spence
D'Amours	Kazen	Staton
Daniel, R. W.	Kramer	Stenholm
Dannemeyer	LeBoutillier	Stump
Daub	Lee	Tauke
Davis	Loeffler	Taylor
Dickinson	Lowery (CA)	Thomas
Donnelly	Lungren	Trible
Dornan	Marriott	Vento
Dowdy	Martin (IL)	Walker
Dreier	Martin (NC)	Watkins
Duncan	Martin (NY)	Weber (MN)
Dunn	McClory	Weiss
Dyson	McCollum	Whitehurst
Edwards (OK)	McDade	Whitley
Emerson	McDonald	Whittaker
Emery	McGrath	Whitten
English	McKinney	Wolf
Erlenborn	Miller (OH)	Wylie
Evans (DE)	Molinari	Young (AK)
Evans (IA)	Montgomery	
Fiedler	Moorhead	

NOT VOTING—32

Applegate	Ford (MI)	McCloskey
AuCoin	Forsythe	Michel
Boggs	Garcia	Miller (CA)
Bolling	Ginn	Mitchell (MD)
Bonior	Goldwater	Moffett
Butler	Hall (OH)	Nichols
Crockett	Hartnett	Pepper
Deckard	Howard	Rosenthal
Dymally	Ireland	Stokes
Evans (GA)	Kindness	White
Fithian	Lott	

□ 1145

The Clerk announced the following pairs:

Mrs. Boggs with Mr. Lott.
Mr. AuCoin with Mr. Kindness.
Mr. Bonior of Michigan with Mr. McCloskey.
Mr. Dymally with Mr. White.
Mr. Howard with Mr. Fithian.
Mr. Applegate with Mr. Nichols.
Mr. Ford of Michigan with Mr. Ginn.
Mr. Evans of Georgia with Mr. Goldwater.
Mr. Garcia with Mr. Stokes.
Mr. Pepper with Mr. Moffett.

Mr. Miller of California with Mr. Mitchell of Maryland.
Mr. Michel with Mr. Ireland.
Mr. Rosenthal with Mr. Butler.
Mr. Hall of Ohio with Mr. Hartnett.
Mr. Deckard with Mr. Crockett.

Mr. SILJANDER changed his vote from "yea" to "nay."

Mr. HANCE changed his vote from "nay" to "yea."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1200

Mr. ZABLOCKI. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3566) to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3566, with Mr. LEVITAS in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from Wisconsin (Mr. ZABLOCKI) will be recognized for 30 minutes, and the gentleman from Michigan (Mr. BROOMFIELD) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. ZABLOCKI).

Mr. ZABLOCKI. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, my opening remarks this morning will be quite brief, as I am hopeful that we can move into consideration of amendments as soon as possible and be able to complete action by the end of the day.

The bill before the Committee of the Whole House, H.R. 3566, is a 2-year authorization for the conduct of the President's international security and development cooperation programs. It authorizes funding for military assistance, economic support fund, development assistance, the Peace Corps, and other programs.

It is a bill vital for the implementation of U.S. foreign policy objectives, for U.S. national security and economic interests abroad. That is why the President is urgently asking for its passage.

The committee consideration of the proposed foreign assistance program was undertaken with the current budget belt-tightening uppermost in mind. Therefore, the total authorized of $6 billion is $654 million below President Reagan's original request.

However, the President's second budget revision is now $300 million below the committee recommendation, and I anticipate the offering of an amendment to reduce the bottom line to the President's latest budget request of $5,727 billion if that is deemed appropriate during consideration of this bill.

I will sketch several of the major elements of the bill: The figure for military assistance is considerably below the President's request even with his second revision. However, the committee bill would not deny the President his proposed program. In fact, program levels would generally be the same as those requested by the President. What the committee did to lower the military assistance figure was actually in keeping with the President's desire to reduce Government spending. We changed the mix of military assistance to allow greater use of combined grant and guarantees instead of direct credits, thereby easing the burden placed on the U.S. taxpayer. We did this by adopting a one-quarter grant, three-quarter FMS loan guarantee formula instead of the original administration approach of putting all the arms sales financing into FMS direct credits.

The committee adopted policy language on military assistance to El Salvador which conditions that assistance on progress on implementation of certain policies, all of which are supported by the Duarte government and the U.S. Government.

The committee did not originally act on the administration's request to change the Symington amendment in order to provide assistance to Pakistan. We said we would be prepared to deal with the issue only upon the presentation of a comprehensive assistance package. That proposal has not been presented. The committee met on this matter yesterday. A committee amendment has been prepared which will be offered.

Mr. Chairman, the provisions of this bill represent a careful balance of U.S. political, economic, security, and humanitarian interests around the world. These issues overlap. Our humanitarian interest in feeding a child today provides the basis for his productive contribution to the political and economic stability of his nation—and the world—in the future. The immediate security provided by military assistance in this bill will help make this possible.

Clearly, the programs authorized here are in the vital interests of the United States. Security assistance helps not just the security of our friends and allies, but that of the United States. Economic assistance not only improves living standards and stability abroad, but also stimulates markets for American goods. And, of course, most of this so-called foreign aid is spent for goods produced by American industry and workers right here in the United States.

This is a bipartisan bill. It was approved in committee by voice vote with widespread sponsorship on both sides of the aisle. The President has contacted the leadership and Members urging its passage. I would like to commend and thank the distinguished minority leader, Mr. MICHEL, for his thoughtful letter in support of this bill, and also the dear colleague letter from representatives of the Republican Study Committee. We have received expressions of support from many other groups as well.

President Reagan has written me in behalf of this legislation. The President's letter concludes:

At a time of international turbulence and uncertainty in many parts of the world, it is imperative that we have sufficient leeway to respond both to the challenges of aggression and to the opportunities for peace. No one doubts that we are ready to meet the former. Prompt passage of this legislation will demonstrate that we are prepared for the latter as well. I hope I can count on your support.

I ask unanimous consent to place the entire text of the President's letter in the RECORD and I urge my colleagues to support the legislation before us.

The letter follows:

THE WHITE HOUSE,
WASHINGTON, D.C.,
December 8, 1981.

Hon. CLEMENT J. ZABLOCKI,
Chairman, Committee on Foreign Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: The foreign assistance legislation which the House of Representatives will consider this week is a requisite element of our foreign policy. Over the years, our country's programs of security and development assistance have attracted bipartisan support, as expressions of both our national interest and America's humanitarian ideals.

This Administration has worked to improve certain aspects of those programs and to strike a reasonable balance between them. As some forms of assistance have had more success than others, our efforts have been to revise or redirect, enlarge or reduce, so as to be cost-effective while meeting our vital commitments abroad.

In the months ahead, I will welcome a continuing collaboration with the Congress in reviewing our foreign assistance budget to ascertain if there are areas in which prudent savings can be achieved without impairing the conduct of our international relations. For the immediate future, however, it is critical that our foreign assistance efforts not be eroded or delayed.

The pending legislation should provide needed flexibility for the conduct of foreign affairs. It represents a carefully balanced approach to economic and security assistance. At a time of international turbulence and uncertainty in many parts of the world,

it is imperative that we have sufficient leeway to respond both to the challenges of aggression and to the opportunities for peace. No one doubts that we are ready to meet the former. Prompt passage of this legislation will demonstrate that we are prepared for the latter as well.

I hope I can count on your support.

Sincerely,

RONALD REAGAN.

Mr. BROOMFIELD. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, we have before us today H.R. 3566, the International Security and Development Cooperation Act of 1981. I wish to be very direct as to what this bill does and does not represent. First, let me say that it does not represent a giveaway program to the Third World. It does not represent a transfer program that takes resources from the productive and gives it to the unproductive. Let us not make any mistake about it. This bill is an essential tool of our foreign policy and has provisions that directly enhance our national security.

I will not ask my colleagues to sit through a section-by-section analysis with me at this time. Indeed, I hope that all Members have read the committee report which covers the matter in more detail. I do, however, wish to draw the attention of my colleagues, especially those on this side of the aisle, to the most significant aspects of the bill.

I said that this bill is vital to our national security. The first title of the bill is called Military and Related Assistance and Sales. The provisions under this title, requested by the President in consultation with the Department of Defense and the Department of State, directly assist our friends and allies abroad in strengthening their own military against outside aggression, and help to cement our relationship with them.

Let us be clear on this point. We are not talking about countries of marginal interest to the United States. This bill would authorize military sales and assistance to friends, such as Israel, Egypt, Greece, Turkey, and Korea. Furthermore, recognizing the improved human rights situation in Argentina and El Salvador, the bill allows us to give modest assistance to those nations on a conditional basis. If we are to counter subversion by the Soviet Union and its proxies in vital points throughout the world, then we must authorize the necessary programs that will help our friends to help themselves.

Not only will the bill directly contribute to the peace process in the Middle East by providing assistance to Israel and Egypt, and strengthen NATO's southern flank by assisting Greece and Turkey, it will also enhance the President's flexibility in responding to military crises by authorizing a special defense acquisition fund. It will allow the Secretary of Defense to procure high-demand foreign military sales items in advance, in order to expedite deliveries for sales and assistance already approved by, or notified to Congress. Also, the establishment of this fund will help address U.S. defense readiness problems sometimes resulting from such urgent foreign requests for American military equipment.

The bill contains many other titles that deal with economic and development assistance in a manner that directly furthers U.S. national interests. Again, let us not confuse the issues. The moderate amount of economic assistance that we are providing is not money thrown down the drain. To the contrary, by providing assistance to bolster the economic strength of other countries, we are revitalizing their capacity to grow. A healthy economy, with stable employment, is the surest way I know to counter unrest which may threaten a country. Economic aid is not merely symbolic of our commitment to meet basic human needs. This assistance helps create the very foundations of stability that make future military problems less likely. The dollar we spend today to promote agricultural development and effective use of national resources may well obviate the need to spend far greater amounts of money later to counter insurgency and radical ideology.

Finally, in looking at this authorization bill, we must remember that we are not only deriving long-term benefits from our assistance, but that we are creating thousands of jobs in the United States as well. Approximately 70 percent of the assistance we give to foreign nations is used to purchase U.S. products and services. It has been estimated that some 450,000 jobs created in the United States are represented by this bill. Moreover, to the extent that our assistance causes additional stimulus to foreign economies, even more U.S. jobs will be created to take advantage of increased export opportunities. At present, 40 percent of our exports go to developing countries. This represents an immense number of jobs throughout America.

The International Security and Development Cooperation Act forms a vital link between our traditional diplomatic efforts around the globe, and our goal of developing an improved military posture for the United States. We have done a lot to support the President over the last year. We have made large budget and tax cuts to reinvigorate the economy. We have authorized additional funding to insure our strategic and conventional defense. And now we have the duty to meet our obligations in another important area. Having made ourselves strong at home, and made ourselves strong on the battlefield, we must also insure that our allies do not falter for lack of assistance. We should not fool ourselves on this score. If we do not help provide for stability in foreign countries, then our own security is in jeopardy.

President Reagan is strongly behind this bill. You will recall that during the recent budget debate, he asked that foreign aid be among those items excluded from further cuts. He knows that our tanks, planes, and nuclear weapons can only defend us so far, and only in certain situations. If we allow discontent to grow in foreign countries favorably disposed toward the United States, then we will leave open the opportunity for Soviet alined insurgents to take advantage of discontent.

In the long run, foreign economies will stagnate, military equipment will not be available to counter insurgency, friendly governments will fall, strategic resources vital to U.S. industry and defense will be under radical control, and our own national security will be endangered.

If we wish to avoid playing the role of international policeman at a later date, and if we wish to avoid stretching our resources so thin to put out brush fires in every corner of the world in the future, then we must assist those nations friendly toward the United States right now. The President's bill provides the proper mix of military and economic assistance. It maintains our position of leadership in the world, and fits into the President's comprehensive strategy for addressing problems abroad. I strongly encourage all of my colleagues to endorse this bill.

At this point I would like to share with my colleagues the following letter from President Reagan in strong support of this legislation.

THE WHITE HOUSE,
Washington, December 8, 1981.

Hon. WILLIAM S. BROOMFIELD,
House of Representatives,
Washington, D.C.

DEAR BILL: The foreign assistance legislation which the House of Representatives will consider this week is a requisite element of our foreign policy. Over the years, our country's programs of security and development assistance have attracted bipartisan support, as expressions of both our national interest and America's humanitarian ideals.

This Administration has worked to improve certain aspects of those programs and to strike a reasonable balance between them. As some forms of assistance have had more success than others, our efforts have been to revise or redirect, enlarge or reduce, so as to be cost-effective while meeting our vital commitments abroad.

In the months ahead, I will welcome a continuing collaboration with the Congress in reviewing our foreign assistance budget to ascertain if there are areas in which prudent savings can be achieved without impairing the conduct of our international relations. For the immediate future, however, it is critical that our foreign assistance efforts not be eroded or delayed.

The pending legislation should provide needed flexibility for the conduct of foreign

affairs. It represents a carefully balanced approach to economic and security assistance. At a time of international turbulence and uncertainty in many parts of the world, it is imperative that we have sufficient leeway to respond both to the challenges of aggression and to the opportunities for peace. No one doubts that we are ready to meet the former. Prompt passage of this legislation will demonstrate that we are prepared for the latter as well.

I hope I can count on your support.

Sincerely,

RONALD REAGAN.

□ 1215

Mr. ZABLOCKI. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. Mr. Chairman, the foreign aid authorization bill we are considering today represents a major improvement over the proposal originally presented to the Committee on Foreign Affairs by the administration. The bill is by no means without serious defects, however, and any significant weakening of the legislation during its consideration on the House floor will cause me, and I hope many others, to oppose its passage.

There is, first of all, the matter of El Salvador. The Bingham-Solarz language, included in the bill, was approved by an overwhelming 26 to 7 bipartisan vote of the committee.

I question the sufficiency of this language, not because it is poorly drafted or without substance, but instead because it will depend for its effectiveness on the good faith of this administration, and on the willingness of our President and our Secretary of State to tell the truth to the American people about the course of events in El Salvador. My experience this year, based on the handling of the investigation into the killing of the nuns, on the so-called white paper fiasco of last spring, on the administration's feverish effort to convince the public that program toward democracy in El Salvador is now being made, and on the administration's continuing refusal to acknowledge the breadth of military involvement in atrocities committed against the Salvadoran people, causes me to doubt very much whether the Binghan-Solarz language will, if enacted, be implemented in good faith.

The Binghan-Solarz language—as it now stands—represents the very least which Congress can and should do to make sure that the funds of U.S. taxpayers will be utilized for purposes consistent with the ideals and values of the American people. Any weakening in this provision—either now or in conference—should cause those concerned about U.S. military assistance to El Salvador, to withdraw their support for this bill.

A second point I would like to make, very briefly, concerns Guatemala. No specific reference is made in this bill to Guatemala, because the administration has not proposed military sales or assistance to that country. I do not believe that any specific reference to Guatemala is necessary.

Present law provides that neither arms sales nor assistance may be granted to nations whose governments are consistent gross violators of internationally recognized human rights. Guatemala is such a country, and the Reagan administration, in recently voting to oppose an international economic development loan to Guatemala, has admitted this fact.

Therefore, unless the administration is willing to mock our foreign assistance laws either by ignoring them, or by inventing some sort of rationale which would trigger the emergency exception provisions in the law, no U.S. military sales or assistance can be sent to Guatemala. Such sales or assistance would, I repeat, be clearly illegal under present law.

The third point I would like to make is simply to state that U.S. economic assistance to Central America and the Caribbean is terribly inadequate. Even Costa Rica, the most deserving and democractic nation in the region, is being denied sufficient help. For this, I do not blame the State Department. I can only blame those of us in Congress who shrink from the task of explaining to our constituents the U.S. national interest in a respectable foreign aid program.

I submit that it is an act of extraordinary small-mindedness to vote against economic aid programs and then to pretend that Fidel Castro, rather than poverty and economic crisis, is the major cause of political unrest in Central America.

Finally, I note, with concern, that the legislation before us provides for a 2-year authorization now, rather than 1.

I am very skeptical about whether the Foreign Affairs Committee will be able to fulfill its responsibilities for examining the foreign assistance proposals of the administration for fiscal year 1983 when funds for that program are being authorized now, in this legislation.

Only my faith in the assurances and the leadership of Chairman Zablocki prevent me from offering an amendment to reduce the scope of this bill to a single year.

Mr. Chairman, in sum, this bill is not perfect. It is not even generous. It is, most charitably, barely adequate to fulfill our responsibilities both to the national security of our own Nation and as a nation of human beings in a world of extraordinary want.

It seems to me, therefore, that Members of this House ought to realize that the American people are neither so small minded, or so ignorant, or so self-centered as to not understand, and understand far more easily than sometimes we ourselves do, the compelling necessity, both as human beings and in our own self-interest, for the adoption of decent foreign aid legislation.

I would ask Members to support the bill.

Mr. BROOMFIELD. Mr. Chairman, I yield 4 minutes to the distinguished gentleman from California (Mr. LAGOMARSINO), a member of our committee.

Mr. LAGOMARSINO. Mr. Chairman, I rise today in support of the International Security and Development Act of 1981. My support for this bill marks a significant change from past years. President Reagan and his administration have developed a program for military and economic assistance which I believe must be advanced if the United States is to play a responsible role in international security affairs. This is a different foreign assistance bill. It supports a different—and in my opinion—a more realistic, consistent foreign policy.

Over the past 10 years there has been, in my opinion, unrestrained growth in foreign aid, particularly in the amount designated for multilateral institutions where the United States—especially the Congress—has insufficient say on how our money is to be used. The Reagan administration has wisely cut the annual increase in requests for foreign aid and has appropriately changed the priorities for our assistance. The emphasis on military security assistance is well placed; without security from outside aggression, economic development has no meaning.

Increased military aid is in the interests not only of our allies but also our own Nation. By offering the assistance which enables other countries to defend themselves we increase the probability of our not having to become directly involved in the military defense of their country. The potential trouble spots in the world have made increased military assistance a necessity. Soviet threats to the eastern flank of NATO and to Pakistan are serious as is the threat to the Middle East and North Africa.

Externally inspired subversion and terrorist activity in Latin America cannot be ignored. The examples in Central America are painfully obvious and represent a wider threat to the region that must be resisted.

By stressing military assistance, I do now wish to understate the value of economic aid for promoting development. A successful, growing, free-market economy for a developing nation is an essential ingredient to its security. It is in the United States interest to promote that growth and thereby promote not only security for that country but also partnership which can benefit us by way of trade and investment opportunities. The Reagan administration has emphasized the role of the private sector in assistance to developing countries, and

I firmly believe that is an essential ingredient to success in the overall U.S. foreign assistance policy.

One other important change in the President's approach merits attention. His emphasis on quiet diplomacy to achieve change in areas sensitive to our relations with certain allies, particularly on human rights issues, will have, in my view, much greater chance of accomplishing the goals than completely relying on public denunciations.

The goals of foreign military and economic aid must be balanced with our own domestic priorities. I believe the President's proposal strikes a responsible and balanced approach and reflects the overall goal of curbing the growth of Government spending. I support the President on this initiative and urge my colleagues to do likewise.

Mr. ZABLOCKI. Mr. Chairman, I yield 3 minutes to the gentleman from Maryland (Mr. BARNES).

Mr. BARNES. I want to join the distinguished chairman of the committee in voicing support for the International Security and Development Cooperation Act of 1981. I have always thought of the foreign aid bill as being extremely important to our national security. I am gratified to hear some of our colleagues on the other side, who have been subjected to the persuasive powers of the President and Secretary of State, beginning to voice the same sentiment.

The bill provides funds for military assistance, economic support, and development assistance for countries around the world. I personally believe the bill does not promote the interests of the United States as effectively as it could. I believe we need to devote far more to the economic side if we want to make a real contribution to the creation of a world in which we can be more secure. All I can say is that we achieved the best compromise we could between fiscal constraint and the requirements of our security, and between military and economic aid.

Mr. Chairman, 800 million people on this Earth daily face the worst aspects of poverty: Hunger and malnutrition, lack of adequate shelter, and the knowledge that they have no future. This situation is a blot on the conscience of mankind. But it is something else as well: A clear and present danger to the national security of the United States. We see all around us the fruits of the despair in which a quarter of the world's population lives: Violence, terrorism, instability, revolution. Every year events in the poor and unstable parts of the world seem to impinge more on our daily lives.

What is our response to this? Mr. Chairman, our response is scandalous. The United States ranks 15th among the 17 major aid donors in terms of percentage of gross national product devoted to international development. In our own backyard, Mexico and Venezuela each give more aid to the Caribbean, through their joint oil facility, than does the United States—and that is in absolute terms.

I am not arguing the question of whether we are giving our fair share. The question I am raising is whether we are making an adequate investment in the future of our country, by working for a world of peace, stability, and well-being in which we can be secure. Most Americans think we are doing far more than we in fact do in this regard. The fact is that most other developed countries are pursuing their national interest in international development more aggressively than we are.

The bill we are about to consider would authorize the absolute minimum we can responsibly devote to this area. I have the honor of chairing the Subcommittee on Inter-American Affairs, and I want to point out just some of the ways this bill contributes to our security right here in our own hemisphere.

The bill would authorize funds for our efforts to support the Duarte government in El Salvador. I have been a critic of the administration's policies in El Salvador, but I believe that the language in the bill will insure that the funds authorized for El Salvador are used constructively to support development, democracy, and a political solution in El Salvador.

Under the bill, $25 million in economic support funds would be made available for Costa Rica—an old friend and democratic ally in Central America. This is far too little, but at least it is a symbol of our support for Costa Rica's efforts to prevent its country from succumbing to terrorism and instability.

The bill would authorize funds for Jamaica, a country that is attempting to recover from a period of economic mismanagement through an emphasis on private enterprise.

The bill would authorize funds for Haiti in an attempt to help that country deal with the refugee problem that affects us so severely.

The bill would support the democratic process in the Dominican Republic, Ecuador, Honduras, and Peru. All of these are fragile democracies with long traditions of instability and military rule. Surely it is in our interest to devote the minimal resources in this bill to further the development of sister democracies in our hemisphere.

Mr. Chairman, these are just some of the ways in which this bill is in our interest. It represents our hope of being a positive force in Latin America. It gives the President the tools he needs not just to respond to current crises, but to look down the road and help solve problems before they explode. It helps provide means by which the poor can help themselves, the starving can feed themselves, and the weak can defend themselves. It provides our answer to the extremists of the right and the left who seek to create a hemisphere and a world unfriendly to us. It provides our help to those who share our beliefs.

Mr. Chairman, I hope and expect that the House will act today to protect our interests by approving this bill.

□ 1230

Mr. BROOMFIELD. Mr. Chairman, I yield 1 minute to the gentleman from Wyoming (Mr. CHENEY).

Mr. CHENEY. Mr. Chairman, I rise, as chairman of the House Republican Policy Committee, in support of the President's foreign assistance program.

I think it is extremely important that we give the President the tools he needs to pursue America's interests around the world.

Mr. Chairman, less than 1 year ago this Nation began taking its first steps out of an era of grave international danger.

For 4 years, the American people watched while the international prestige of the United States declined at what seemed to be an ever-increasing pace. For 4 years, the American people saw their security threatened by the Carter administration's precipitous military cutbacks in a world filled with enemies, as well as friends, of this Nation.

We paid the price of those foolish policies. We paid it in Tehran, as we watched Americans held hostage and our Government was unable to take effective action to free them. We paid the price, as did the Afghan people, as we watched planeloads of Russian troops occupy that vital link between the Soviet Union and the Indian subcontinent. We paid the price in Africa and throughout the Caribbean basin, as we watched Cuban surrogates export violence and seek to impose Soviet control over nations throughout the world.

The American people watched that process, sensed that danger, and voted for President Reagan and change last year. That change has begun—but we continue to pay the price for those disastrous 4 years of foreign and military policy. And we will continue to pay that price for some time to come, as we pay more now to overcome the mistakes of the past, and as we continue to confront dangers that could have been lessened had we pursued more sensible policies during those 4 unfortunate years.

Part of that price tag must be confronted today. We have before us President Reagan's foreign security assistance authorization legislation for the 1982 fiscal year.

There are those who argue that in a time of economic trouble, in a time of budget cutbacks, we cannot afford such a package.

The truth is, Mr. Speaker, that after 4 years of those misguided Carter administration foreign and military policies, we cannot afford not to adopt President Reagan's foreign security assistance proposals.

Many of those who oppose this legislation argue that we must vote it down because of its cost. But any analysis must conclude that this is a lean budget, completely consistent with the President's economic program, and that it cannot be cut further in the face of that era of neglect.

Money spent to rebuild America's international stature after 4 corrosive years, to strengthen our military stance after 4 years of cutbacks, to bolster our friends faced with threats in an unfriendly world, is money well and wisely spent. For those reasons alone, we cannot afford not to pass this bill.

But there is another, equally important reason to adopt this legislation.

If we reject President Reagan's plans, we do not simply go back to the drawing boards. Later this week we will vote on the continuing appropriations bill for fiscal 1982. That bill contains language dealing with foreign security assistance.

If we do not act on this legislation, the continuing appropriations bill will simply continue in place President Carter's programs in this field. Continued will be all the problems they contain and dangers they have created for the American people.

The American people told their Government that they want change. Continuing Carter administration policies is no alternative at all. President Reagan has done his best to set about making those changes.

President Reagan's proposals reduce proposed Carter administration foreign security assistance budget for 1982 by $1.8 billion. And they shift the emphasis of those programs as well.

Under President Reagan, military security programs will grow from 49 percent of the fiscal 1982 foreign assistance program to 63 percent. At the same time, bilateral development assistance programs will shrink from 28 to 23 percent of the total foreign security assistance budget. American contributions to multilateral development banks will be cut from 23 percent of the budget to just 14 percent, under President Reagan's legislation.

Those military security programs add to the prospects for Mideast peace, protect our access to the oil resources along the Persian Gulf, and strengthen the southern flank of Europe from interference by outside interests.

At a time when Libya clearly intends to pursue its reckless course in international affairs, the military security aspects of these programs will help other North African countries resist those pressures, while laying the groundwork for effective development of the U.S. rapid deployment force.

And these programs will aid nations in the Caribbean basin forestall economic collapse and resist continued Cuban subversion throughout the Western Hemisphere.

President Reagan has sent Congress crucial military security legislation in the foreign security assistance authorization and appropriations bills for fiscal 1982. They are bills we cannot afford to reject.

These are military security bills. In sending them to us, President Reagan has set a course that will bring this country back from 4 years of foreign policy drift and military cutbacks. Now the world is watching to see whether Congress will back him up, and give the American people the programs and protection they clearly need—and want.

Mr. Chairman, the House Republican policy committee, of which I am chairman, has strongly supported President Reagan's foreign security assistance authorizations and appropriations legislation. The full text of the official policy statement follows:

Improved economic stability in the world means increased military security for the United States. For that reason, the House Republican Policy Committee supports adoption of proposed foreign assistance authorization and appropriations acts for fiscal 1982.

One year ago, concerned with a continuing, four-year program of weakening America's defense posture, the American people voted overwhelmingly for a return to traditional policies of security through strength and stability growing out of a healthy economy.

President Reagan's foreign assistance programs, expressed in H.R. 3556, the foreign aid authorizations for fiscal 1982, and H.R. 4559, the foreign assistance appropriations for fiscal 1982, meet both those goals.

They are fully consistent with the overall budget programs for the administration, aimed at restoring economic vitality by cutting government spending and taxes, slowing inflation and providing increased investment capital for American business—and for American working men and women.

The consequences of these bills reach far beyond the domestic economy, however. House votes on this legislation will be closely watched by our friends and enemies alike as they confront our new administration in its efforts to reverse those four years of military decline and foreign policy vacillation. These bills are a crucial factor in that fight.

If the United States is going to protect itself in facing world threats, it has to be able to provide assistance to its allies threatened by Soviet or Soviet-sponsored aggression.

If the world is to believe that the United States is committed to peace and stability in the Mideast, we must continue to provide military assistance to both Israel and Egypt. If the United States is to provide that assistance to friends confronting threats to their very existence, we must give the President increased freedom to act in foreign affairs. If tensions between nations are to be eased, we must continue to provide financial assistance to countries in need, under tight management controls.

If enemies and friends alike are going to listen to this new message from the American people, they must believe our President when he speaks. Congress must speak clearly and understandably on behalf of the American people and our President.

The House Republican Policy Committee supports adoption of the pending foreign assistance authorization and appropriations bills for fiscal 1982.

Mr. BROOMFIELD. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. LEWIS).

Mr. LEWIS. Mr. Chairman, I rise in support of the measure before us today. It is not, I would like my colleagues to know, the first time I have supported foreign assistance measures here on the floor.

I would wish first to express my appreciation to the chairman of the committee, the gentleman from Wisconsin (Mr. ZABLOCKI), and to my colleague, the gentleman from Michigan (Mr. BROOMFIELD), for the very difficult task they carry forth in dealing with this most sensitive subject area.

Mr. Chairman, I would like the House to share with me a bit of my own reaction in the short time that I have served on the Subcommittee on Foreign Operations and have had there the opportunity to listen to the dialog that runs forth in this House relative to the field of foreign assistance.

It seems to me, Mr. Chairman, that we have gone through a very significant adjustment in recent years. Following the days of Vietnam, there is little question that much of America wanted us to withdraw from the world. There is little doubt at all that the people would hope that we could build a wall around the country, solve our domestic problems, and let the rest of the world's difficulties go away.

Well, Mr. Chairman and my colleagues, if there were any positive results from circumstances such as those we faced with OPEC, from circumstances and experiences we had as a result of our problems in Iran, certainly it is a reality that the positive side of that coin is that once again Americans of all political persuasions were forced to take a look again and to recognize that America must play a role in the world. We cannot simply turn our backs and hope that those problems will go away.

Mr. Chairman and my colleagues, I am very concerned about the level of rhetoric that normally takes place, not just on this floor but within our committees. There has been a growing tendency on one side of the aisle for people to tend to knee jerk and suggest that the way to solve problems is to throw money at those problems. On

the other side of the aisle there has also been a tendency to knee jerk, that is, to say "Let us not throw any money anywhere outside of problems here at home."

It seems to me that it is about time for us to recognize that the problems of the people of the world are not going to be solved by our rhetoric. It is critical that we, on a bipartisan basis, recognize the need for America to lead once again. Without the assistance of leadership in this House, Democrat and Republican alike, it is not likely that we are going to be able to establish and develop a reasonable, long-term, balanced foreign policy. This measure is an attempt to move in that direction.

I personally am convinced that the makeup of this committee reflects a desire to develop a balanced foreign policy.

The bill before us is a reasonable bill. I cannot tell you that I can go back to my district easily and suggest to my people that we should be spending billions of dollars overseas. They do not want to spend that money. But the facts of life are that we can afford to do nothing else.

It is time for us to recognize that we are living in a shrinking world, a shrinking world that has almost a billion people on the edge of starvation. Unless America is willing to directly play a role in dealing with that, then indeed I would suggest somewhere down the line we are going to have to pay a very serious price ourselves. It is time that America led, and with that leadership is a need for responsibility here in this House.

Mr. ZABLOCKI. Mr. Chairman, I yield 4 minutes to the gentleman from Michigan (Mr. BONIOR).

Mr. BONIOR of Michigan. I thank the chairman.

Mr. Chairman, in recent months, the Reagan administration has again displayed the shortsightedness of its Central American policy. In so doing, it has alienated the United States not only from the people of Central America but from the values that are our own national heritage.

Instead of building on the themes of self-determination, social justice, and respect for human rights, the administration has defined our relationship to the region as an east-west struggle, ignoring the north-south question of economic development, and clouding our commitment to individual freedom. It has articulated a policy in largely negative terms, emphasizing the ideologies we object to, rather than the principles we stand for.

Nowhere has this been more apparent than in the administration's failure to focus attention on the problems underlying the crisis in Guatemala. The administration seems blind to the atrocities committed by a brutally repressive regime.

Earlier this year, Amnesty International reported that nearly 5,000 Guatemalans have been seized without warrant and killed since Gen. Lucas Garcia became President in 1978.

Thousands more have disappeared or been tortured.

Entire villages have been destroyed by the Army and Air Force in the name of "pacification."

Scores of journalists, teachers, students and trade union leaders have been killed or exiled.

The Catholic Church has been a special target of attack as the military seeks to remove those who could bear international witness to its reign of terror.

According to Amnesty International and the Organization of American States, the selection of victims and the development of forces are not carried out by illegal paramilitary troops, as the Government claims, but by the Government itself.

In choosing to define unrest in this area as part of an east-west conflict, the administration has ignored both this internal persecution and abject economic conditions: An illiteracy rate estimated to be 55 percent, an infant mortality rate among the highest in the western hemisphere, high levels of unemployment, an average income of $900 a year, and a gross distortion of land and resource ownership.

The emphasis on ideology which has prevented American policymakers from perceiving the harsh political and economic conditions of Guatemala have left them incapable of perceiving the United States' long-term interest in the country. The violence, the fear, the poverty of the rural areas have spawned an indigenous opposition to the Government, and are even driving the traditionally passive indians to guerrilla resistance movements. Meanwhile, the Reagan administration is preoccupied with the possibility of Cuban or Soviet support for the insurgents.

The state Department does not ask why these indigenous movements develop, or why they may be inclined to accept foreign guidance. Instead, it seeks an accommodation with the Guatemalan Government. In order to maintain stability at the expense of human rights and justice, even as the country is tottering on the edge of civil war.

Recently, the Reagan administration has hung its hopes for a political solution in Guatemala, as in El Salvador, on the elections scheduled for March 1982. Yet the history of Guatemala, the extent of political repression and the longstanding reluctance of the majority of the population to participate in a political process they do not trust, indicate that these elections will be a mere facade of democracy.

For 30 years, Guatemalan elections have been controlled by the military, and ridden with fraud. There has been only one civilian President since 1954.

In the past decade, political opponents of the left and center have been ruthlessly eliminated. During the campaign for the 1980 municipal elections, six leaders of left-of-center parties were assassinated. In the last year, 76 Christian Democratic Party leaders have been murdered. That party has threatened to boycott the election if repression by rightwing death squads is not ended, and if legal reforms guaranteeing the vote are not implemented. In the face of continuing political violence and limited political competition, the people of Guatemala are unlikely to break their chronic pattern of absenteeism in order to vote in elections where the leading candidate, Gen. Anibal Guevara, is the handpicked choice of the military.

The administration's efforts to buttress the status quo in Guatemala have brought it to the point of contemplating a renewal of military aid. Although request for Guatemalan military assistance was not made in this budget, the administration seems to be pursuing a more subtle strategy. Earlier this year, the administration agreed to the sale of $3.2 million worth of trucks and jeeps to the Guatemalan Government, after moving these items from a list of police and military equipment barred from being sold to nations that violated human rights. There is also talk of the possible sale of $1.7 million in helicopter spare parts to the Guatemalan Government. Such actions do not constitute a constructive policy of quiet diplomacy that will give the United States leverage on the human rights issue; they will only succeed in providing the means to trample the human rights, dignity, and aspirations of the Guatemalan people.

Let me conclude by urging this body to search for a broader vision of policy for Central America, one based upon the principles that we have so fervently guarded for 200 years. John Kennedy intimated that people struggling against repression looked to the United States as a model when he said,

> Whenever a local patriot emerges in Asia, the Middle East, Africa, or Latin America to give form and focus to the forces of ferment, he most often quotes the great watchwords we once proclaimed to the world: The watchwords of personal and national liberty, of the natural equality of all souls, of the dignity of labor, of economic development broadly shared.

It is time that we reclaim our own watchwords and make them once again the hallmark of our foreign policy.

Mr. BROOMFIELD. Mr. Chairman, I have no further requests at this time.

□ 1245

Mr. ZABLOCKI. Mr. Chairman, I yield 2 minutes to the gentleman from Iowa (Mr. HARKIN).

Mr. HARKIN. Mr. Chairman, I rise today to talk about the country of Chile. Chile is not the object of any specific section of the bill, nor do I expect there will be any amendments. But there is legislation in the Senate bill which would end the prohibition against military transfers to the Government of Chile. Our bill, if passed, will go to conference with the present law intact. I strongly believe the U.S. Congress should not retreat from that position.

The worst excesses in Chile are over. When the legislation was passed in 1976, we had just seen thousands, if not tens of thousands, of people killed in the wake of the military takeover in 1973. There were still about 5,000 political prisoners. To this day 1,500 people, most of whom disappeared during the very bad years of 1973-76, have not been accounted for.

There has been change. There are only about 200 cases of long-term detention and there have been no recent cases of disappearances.

But does that mean the human rights picture is good? It does not. Has there been sufficient change to warrant lifting the arms prohibition? Again, I think not.

Chile is a country where politics is dead, trade unions have been trampled, and the press has been muzzled. President Pinochet recently said,

In this country, not a leaf moves unless I move it.

How is this political silence maintained? It is maintained by a systematic policy of violations of the integrity of the person. Before the Banking Committee on July 23, 1981, Amnesty International characterized the situation in the following way:

Since 1979, there was a marked deterioration in the human rights situation in Chile. From the detailed reports received by Amnesty International, a consistent pattern emerges: arbitrary detention, political imprisonment and killings, and systematic torture.

The purpose of all the violations is intimidation. The most common form at present is torture during short-term detentions. Chilean law allows the authorities to hold the detainees incommunicado for up to 20 days. It is during this period that torture most often occurs.

The Church-supported Vicarate of Solidarity has reported that there have been 735 political arrests this year. So far this year, 46 prisoners have declared in open court that they were tortured while awaiting trial by military tribunals. The total figures we do not know; many torture victims do not come forward.

What we do know is what Amnesty International recently concluded:

From 1973 until now (July 1981), it appears that torture has consistently been an official policy of the Chilean government.

Furthermore, a year ago a group of Catholic bishops issued a statement excommunicating torturers, and for a month afterward there appeared to be a perceptible decline in physical abuse of prisoners. But unfortunately it did not last and torture remains a definite policy pursued by the highest authorities in Chile and implemented by the security forces.

At the end of 1980, a group of lawyers submitted a petition to the Supreme Court of Chile in which they outlined the kinds of torture which had been practiced on 130 people who had come to them:

Particular mention is made of long periods of immobility and silence (so that eventually the prisoner loses control of his body and of any sense of time or space), observation of torture by other detainees; punches and kicks; obscene insults and harassment, especially in the case of women; beating and jumping on the victim; slapping the ears with the flat of the hand (leading to violent headaches and loss of balance); electric shocks applied to the most sensitive parts of the naked body with the victim stretched out and bound to a metal rack; suspension upside down with the prisoner's body hanging in the fetal position, with the wrists bound to the ankles and a rough stick thrust into the space between knees and arms to support the body (the victim is held in this so-called "parrot" position for a very long time while electric shocks are applied to sensitive parts of the body); insertion of a water ejector into the mouth and nostrils until the prisoner begins to choke; suspension of the prisoner by the wrists, nude, after which he is beaten with wet bags (which produce no black and blue bruises); sexual violence and rape; "water torture" (slow dripping of water onto the head of a completely immobilized person).

Torture of this kind continues in 1981.

I dealt at length with the question of torture. I have done so because it is particularly serious in Chile. But its motivation is also grotesque. The Chilean Government tortures people almost solely for the purpose of intimidating the Chilean people. People are tortured while being detained 20 days or less and then released to tell the story to their friends and relatives.

All the other violations serve the same purpose. The Chilean Government banishes politically active people to remote areas of the country, usually for 3 months or longer. In most cases, the banished ones are allowed only the clothes on their backs and must fend for themselves in finding food and shelter.

Finally, let me bring to your attention a situation which is perhaps unique in the world. All over the world people are fleeing repressive regimes. In this hemisphere, we have seen this in the countries of Argentina, El Salvador, Cuba, Haiti, and Guatemala. But in the case of Chile, thousands of people who want to return home are banned from doing so. An estimated 80,000 people are on a list compiled by the Government barring their reentry into Chile.

The people on this list, called listados, have never been convicted or even accused of a crime. In August—3 days after Ambassador Jeane Kirkpatrick had what she called a very pleasant tea with President Pinochet—Jaime Castillo, the president of the Chilean Human Rights Commission, was expelled from the country. Castillo, an outspoken anti-Communist who also believed in human rights, had what President Pinochet called an attitude which the Government cannot tolerate.

There are those who will say that we must be evenhanded with respect to Chile and Argentina. This bill does conditionally lift the ban on arms to Argentina. Now I believe that is a mistake. It is true that important changes have taken place in Argentina, but I believe we should wait a year to insure that the more moderate course is not reversed.

The point is, however, that we see dramatic differences between Chile and Argentina. In Chile, politics is dead; political parties have no role. In Argentina, the political parties operate openly despite a legal ban. In Chile, the press is silent. In Argentina, the press talks about the disappeared and military rule is increasingly criticized in the open. In Argentina, there are very infrequent reports of torture. In Chile, it is commonplace and I believe official Government policy. In summary, the people of Argentina, while still cautious, are no longer intimidated by the Government. The people of Chile, on the other hand, languish under severe repression and are intimidated.

I would like to insert into the RECORD at this point articles by Stephen Kinzer of the Boston Globe which point out these very important differences.

PINOCHET MILITARY REGIME KEEPS TIGHT GRIP ON CHILE

(By Stephen Kinzer)

SANTIAGO, CHILE.—Eight years after he seized power in a military coup, Chilean President Augusto Pinochet Ugarte has consolidated an authoritarian regime that is among the harshest in Latin America.

Though scattered acts of terrorism continue, Gen. Pinochet is in firm control of a country in which all active opposition is forbidden. In an interview last month he said he would not permit any increase in personal freedom because "democracy cannot shelter doctrines whose purpose is to destroy democracy."

The heavy repression which aroused worldwide indignation during the months immediately following Pinochet's 1973 coup has substantially diminished. Though there are no reliable figures, thousands of persons are believed to have been killed by military police between 1973 and 1975.

Today, Pinochet's strongest weapon is a less common one: mass exile for his oppo-

nents. An estimated 80,000 Chileans are on a list compiled by the government of people forbidden to return home. They include persons in three categories: those who fled the country immediately after the coup, those who were subsequently expelled, and those who traveled abroad normally only to find that their names had been "listed" while they were away.

Despite repeated pleas from abroad and from acitivists within Chile, Pinochet has made it quite clear that these exiles will not be allowed into the country. Those expelled from the country this year include four former government ministers, none of them known for leftist sympathies. Jaime Castillo Velasco, for example, was a vociferous anti-communist and former Sen. Andres Zaldivar was a principal organizer of opposition to the leftist regime of the late president Salvador Allende Gossens. Both had criticized Pincohet's human rights policy, however.

Last month, the government forbade a popular Chilean folk-singing group called Illapu to return home after a tour of Europe. Members of the group, which is known for its protest songs, were accused by Minister of the Interior Segio Fernandez of being "Marxist activists who have participated in a campaign to defame Chile."

The pattern of thousands of citizens trying to return home but being banned from doing so is a sharp contrast to other Latin countries under military rule. In nations like Argentina, Uruguay and Guatemala, a key problem is that so many persons want to leave, not that they want to come back home.

"The Chilean has extraordinarily deep roots in his country," said Jaime Esponda, a lawyer who concentrates on human rights cases. "The people on this list have never been convicted or even accused of any crime. I don't know of any other country in the world where the president can permanently exile tens of thousands of people without any legal proceeding."

The Pinochet regime marks the first sustained curtailment of personal liberties Chile has known since it became independent early in the 19th century. In a country where regular elections were a well-established tradition, Pinochet has announced that he will remain in power at least until 1989, with an option to remain until 1997 if his military colleagues agree.

Green-uniformed police are still visible everywhere in Santiago, but they no longer carry the automatic rifles that were omnipresent a few years ago. The sense of permanent fear that hung in the air in the mid-1970s has largely evaporated. Yet civil rights are sharply circumscribed and arbitary arrest and imprisonment continue.

Under the new Chilean constitution, approved in a national plebiscite last year, the government has unusually broad powers to suppress any "person or group that propagates doctrines which attack the family, propose violence or support a concept of society that is totalitarian or based on class struggle."

According to the church-backed Vicarate of Solidarity, there have been 735 political arrests in Chile so far this year, a slight decrease from 1980. Most of the detainees were released after short terms in captivity.

About two thirds of those arrested in recent months are either students, labor leaders or human rights activists, according to diplomatic sources. Among them are a former government minister arrested for "criticizing the government" in a public speech and five university students charged with "trying to disturb public order" after a small campus demonstration.

Torture is a continuing concern here, especially among Catholic leaders. Last December, a group of bishops issued a statement excommunicating torturers, and for a month afterward there appeared to be a perceptible decline in physical abuse of prisoners. But that decline was only temporary; so far this year, 46 prisoners have declared in open court that they were tortured while awaiting trial by military tribunals.

"Torture has consistently been an official policy of the Chilean government," declared the human rights group Amnesty international in a report issued last July. "The practice of torture is . . . a definite official policy pursued by the highest authorities in Chile and implemented by the security forces."

Political freedom is more limited in Chile than in any other South American country. Political parties are banned and substantive criticism of government policy is forbidden. Moderate civilians such as former president Eduardo Frei, a Christian Democrat who supported the 1973 military coup, refuse to give interviews for fear their comments will cause them trouble.

The press operates under tight censorship. The afternoon daily Las Ultimas Noticias, part of a strongly pro-Pinochet chain, was recently reprimanded for publishing an account of a terrorist attack on a train in southern Chile.

Trade unions have perhaps suffered the most from the policies of the Pinochet government. Though unions exist, they can include only workers at a single factory and may not form industry-wide federations. Strikes are limited to 60 days, after which all strikers may be fired.

Arrests and physical abuse have touched only a small segment of the population still in Chile, however, and opposition to the regime is far from unanimous. Many ordinary Chileans, recalling the turmoil and near-chaos of the two years before Pinochet seized power, say they are grateful for the "law and order" he has imposed.

CHILE SHUTS CASE ON LETELIER

(By Stephen Kinzer)

SANTIAGO, CHILE.—The military government of Chile has permanently closed its investigation of the 1976 killing of opposition leader Orlando Letelier in Washington. American officials say the Letelier killing is no longer an obstacle to improved U.S.-Chilean relations.

Last month, in a startling turnabout, the United States Senate voted to repeal the so-called Kennedy Amendment, which prohibits military sales to Chile. As recently as midsummer, Washington specialists said they doubted the amendment would be repealed because feeling over the Letelier case was still running high. Letelier had been well known around Washington from his days as foreign minister and ambassador to the United States under the Marxist government of the late President Salvador Allende Gossens.

Capitol Hill sources said the move was part of the general trend toward closer ties between the two nations, which had previously been all but frozen due to controversy that followed the Letelier killing.

Michael Townley, an agent of the Chilean secret police who is now serving a prison term in the United States after confessing to the Letelier assassination, has testified that he was ordered to kill Letelier by high-ranking Chilean leaders. When Chile refused to extradite or try those leaders two years ago, the United States sharply curtailed its ties to Chile. Economic aid was all but suspended, loans were frozen and the American ambassador was temporarily recalled in protest.

But although federal arrest warrants are still outstanding in the United States against three Chilean military officers, the Reagan Administration has offered a hand of friendship to the military government of Gen. Augusto Pinochet Ugarte. Tangible evidence of the change in attitude came last month during the UNITAS 81 naval maneuvers, in which Chilean and America warships participated in a week of joint maneuvers in the South Pacific. The United States had refused to join such maneuvers until this year, citing Chile's decision not to extradite or prosecute the men accused of masterminding the Letelier murder.

Diplomatic sources in Santiago say that President Ronald Reagan is about to replace US Ambassador to Chile George Landau, a career diplomat who has been praised by human rights activists here. His replacement will likely be James Theberge, a conservative strategic planner and former ambassador to Nicaragua.

Chile's Ambassador to Washington, Enrique Valenzuela Blanquier, returned to Santiago unexpectedly recently, reportedly to brief Gen. Pinochet on the rapidly improving attitude the White House has been taking toward Chile. He told reporters upon his arrival here that relations between the two countries have reached "a very good level" and added: "The Reagan Administration has made a very favorable change in our relations, as may be seen right now with the joint exercises of the Chilean and American armed forces."

Early in his Administration, Reagan announced that the United States would no longer block Export-Import Bank loans to Chile, a practice begun in November 1979 after it became clear that the Letelier case was not being vigorously pursued. Last February, the United States voted against a United Nations resolution that authorized an investigation of alleged human rights violations in Chile.

But observers here trace the real improvement in relations to the much-publicized August visit of Jeane Kirkpatrick, the American Ambassador to the United Nations. Kirkpatrick had what she called "a very pleasant tea" with President Pinochet, making her the first Cabinet-level US official ever to meet with the Chilean leader. Later, she was quoted as saying that the Letelier case was "not inconvenient enough to prevent the U.S. from completely normalizing its relations with Chile."

Three days after Kirkpatrick left Santiago, Pinochet expelled the Letelier family's lawyer, Jaime Castillo Velasco, from the country. He complained that Castillo was taking "an attitude which the government cannot tolerate."

A few weeks ago, a Chilean military tribunal upheld a lower court decision absolving the three officers accused of planning the Letelier murder. Under Chilean law, they cannot ever be brought back to trial. Among them is the retired chief of Chile's secret police, Gen. Manuel Contreras Sepulveda.

Finally, I would like to discuss briefly the case of Orlando Letelier. Mr. Letelier, a Chilean Ambassador to the United States, and Ronnie Karpen Moffett were assassinated on September 21, 1976. The United States still

has outstanding requests to the Chilean Government to extradite three former Chilean officials including the former head of the Chilean secret police for their involvement in this international terrorist crime. The Chilean Government has refused to extradite them.

We keep hearing and reading statements like the following:

Mr. Letelier was himself an agent of terrorists. He was an agent of the Cuban Government working within the United States with a terrorist network for the overthrow of a friendly government to the United States.

These claims are simply not true. They have never been true. It is time to set the record straight. In a note put in the FBI file in connection with a letter sent to our former colleague, the Honorable William Cotter, by FBI Director Clarence Kelly, the FBI commented on the accusations by columnist Jeffery Hart that "Letelier was a Communist agent." The note concluded:

A thorough review and evaluation of the contents of Letelier's brief case fails to substantiate these allegations.

The report filed by the field agent on December 21, 1976, is even clearer; and this was based on extensive investigations. The field agent concluded:

The FBI is at the present time not in the possession of any information developed from investigation in this matter which indicates that Letelier is or ever has been an intelligence asset of the Cuban Government.

Mr. Chairman, the assassination of this man, a Chilean patriot, along with his American colleague on the streets of Washington, remains one of the great crimes of this century. It was a crime plotted and ordered by officials within the Chilean Government. That Government's stonewalling of the request for extradition is another reason to maintain the arms ban.

I would like to have inserted in the RECORD at this point the two reports from the FBI.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., June 21, 1977.

CONGRESSIONAL LIAISON OFFICE,
Federal Bureau of Investigation, J. Edgar Hoover Building, Washington, D.C.

SIR: The attached communication is sent for your consideration. Please investigate the statements contained therein and forward me the necessary information for reply, returning the enclosed correspondence with your answer.

Yours truly,

WILLIAM R. COTTER,
Member of Congress.

Enclosure.

CONGRESSIONAL AFFAIRS OFFICE,
MR. R. K. MCHARGUE,
Washington, D.C., July 8, 1977.

Hon. WILLIAM R. COTTER,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN COTTER: Reference is made to your communication of June 21, 1977, wherein you request this Bureau to investigate statements contained in a newspaper article which you enclosed. This enclosure is being returned to you as you requested.

Orlando Letelier was formerly the Chilean Ambassador to the United States for the Salvador Allende Government. As such, the Federal Bureau of Investigation (FBI) is investigating his death under the Act for the Protection of Foreign Officials.

This matter is receiving extensive investigation by the FBI and also by the Metropolitan Police Department of Washington, D.C. The results of our investigation are being furnished to the Criminal Division of the Department of Justice.

In view of the fact that Letelier's death is currently under investigation, I regret that I am unable to comment on the allegations made in the enclosure to your letter.

Sincerely yours,

CLARENCE M. KELLEY,
Director.

Enclosure.

NOTE.—Referenced enclosure appears to be a newspaper column by syndicated columnist Jeffrey Hart. It is entitled "Letelier's Embarrassing Brief Case." In summary, the article states that Letelier was a communist agent and that the contents of his brief case proves this fact. The brief case referred to was in Letelier's possession at the time of his death. The documents in the brief case have been reviewed by the FBI and subsequently returned to Letelier's widow, who thereafter turned them over to the Institute for Policy Studies (IPS), Letelier's former employer. The contents of Letelier's brief case have been the subject of numerous articles by other syndicated columnists. The enclosed column of Hart's follows the same general idea of the earlier editorial columns, which is that Letelier was being paid by the Cuban Government and that he was engaged in communist activities.

As reported earlier, a thorough review and evaluation of the contents of Letelier's brief case fails to substantiate these allegations.

[VIA AIRTEL]

To: Director, FBI (185-789).
From: SAC, WFO (185-425) (P).
Subject: Chilbom, PFO—murder, EIO, OOJ (OO:WFO).
Re Buteletype to WFO, 12/21/76.

Referenced Bureau teletype requested WFO to prepare for CIA an LHM concerning the possible connections of Orlando Letelier to include additionally any information available regarding Chilean exile groups in Cuba.

Office of Origin suggests that consideration be given by the Bureau to advising the CIA when dissemination is made of the enclosed LHM that Letelier never furnished information to the FBI on a confidential basis.

Paragraphs in enclosed LHM followed by (S) are secret; unmarked paragraphs are unclassified. LHM is classified to protect XXX.

In view of the nature of the offense, all suspects should be considered armed and dangerous.

Enclosure.

UNKNOWN SUBJECT(S)—EXPLOSION IN A CAR DRIVEN BY ORLANDO LETELIER

The above noted article referred to the May 8, 1975, letter (translated above) to Letelier from "Tati" presumed to be Tati Allende, daughter of Salvador Allende, the former Chilean president. This letter showed, according to the article, that Letelier received $1,000 per month through an alleged Havana connection. The letter, according to the article, also stated that Letelier had received $5,000 as an advance payment to support his work, which also would be followed by monthly $1,000 payments. It is immediately apparent from reading the above translation of the May 8, 1975 letter that in fact Tati sent Letelier $5,000 so that she would not have to send monthly payments.

On December 15, 1976 [deleted] Letelier died during the morning hours of September 21, 1976 after a bomb exploded in the car he was driving to his place of employment in WDC.

The FBI is at the present time not in possession of any information developed from investigation in this matter which indicates that Letelier is or ever has been an intelligence asset of the Cuban Government.

The FBI has developed no information during the course of the investigation into Letelier's death which would indicate a connection on his part with Chilean exile groups in Cuba, other than material set forth above.

In view of the nature of the offense, all suspects should be considered armed and dangerous

WASHINGTON, D.C., JANUARY 10, 1977.

Re unknown subject(s) explosion in a car driven by Orlando Letelier, former Chilean Ambassador to the United States (deceased); Ronni Moffitt—victim (deceased); Michael Moffitt—victim; Sheridan Circle. 23d and Massachusetts Avenue, Washington, D.C., September 21, 1976, protection of foreign officials—murder; explosive and incendiary device; Obstruction of Justice

Paragraphs followed by (S) are secret: unmarked paragraphs are unclassified.

[Deleted.]

I hope the House conferees will insist on the House position in conference regarding the prohibition on arms to Chile.

Mr. ZABLOCKI. Mr. Chairman, I yield such time as he may consume to the gentleman from Indiana (Mr. HAMILTON).

Mr. HAMILTON. Mr. Chairman, I rise in support of H.R. 3566, the International Security and Development Cooperation Act of 1981.

This legislation was passed by the committee in May 1981 and authorizes $6.02 billion for fiscal year 1982 and $6.21 billion for fiscal year 1983. This funding represents a fraction of 1 percent of the Federal budget and, in recognition of its belt-tightening responsibilities, the Committee on Foreign Affairs reduced the total fiscal year 1982 authorization $654 million below President Reagan's originally requested foreign assistance budget.

Mr. Chairman, this legislation is a critical foreign policy instrument designed to help the United States deal with important foreign policy challenges we confront.

The bill serves several purposes: It provides: $1.07 billion in military support for U.S. friends and allies; assistance which helps assure U.S. access to military facilities; $4.09 billion for several Middle East programs which help

promote peace in that region; $1.9 billion for critical bilateral economic development programs around the world; support for important food programs which will insure adequate supplies of food for the food-for-peace program and will promote the economic development use of U.S. food aid; $50 million for special humanitarian assistance; $10 million for trade and development; $105 million in fiscal year 1982 and $114 million in fiscal year 1983 for the Peace Corps; and $37.7 million in fiscal year 1982 and $41 million in fiscal year 1983 for drug control programs.

H.R. 3566 carefully balances a variety of foreign policy interests. It is designed to help meet some of the critical challenges to the United States and to our friends around the world. The program supported by this legislation are closely tied to protecting important U.S. security and economic interests.

The interrelationship between our ability to protect key American national interests and the economic and security programs contained in this bill can be dramatically illustrated by a quick perusal of how H.R. 3655 affects the Middle East and Europe.

EUROPE

In Europe, this bill supports the continued vitality of NATO and the strengthening of Western security interests in the Mediterranean region.

Three NATO allies—Portugal, Greece, and Turkey—are to receive some $320 million in economic support fund money and some $740 million in foreign military sales financing in addition to military training funds.

U.S. assistance for Greece can be critical now. This bill contains $280 million in military credits for Greece.

Given Greece's important geopolitical location and our mutual security interests, Greece's continued close relationship with the United States is of vital importance. Greece has a new socialist government and we have some differences with that government, but we also have a stake in developing ties with that government and in preserving close links. Greece and the United States remain deeply intertwined nations. Many of America's leading citizens are of Greek lineage. The essence of our political cultures are the same. America's system of government is descended from Greece—the cradle of democracy.

Turkey is also an important country for the United States and its contribution to NATO is critical. We need to help Turkey with its economic and military needs in part because we should support Turkey's own impressive efforts to rebuild its country and economy. This bill contains $400 million in military credits, $300 million in economic aid and $3.5 million in military training in Turkey.

The $15 million economic aid program supported by this bill for Cyprus is another key sign of strong U.S. support for this island nation. Continued U.S. assistance supplements efforts to help facilitate a negotiated settlement of the Cyprus dispute.

Spain is another country in Europe which is key to Western defenses. Democratic Spain will receive both economic and military assistance in this legislation. This assistance, which contains $150 million in FMS credits, $7 million in economic aid and $2.2 million in military training, is pivotal as Spain moves toward membership in NATO.

Portugal is also to receive $60 million in FMS financing, $20 million in economic aid and $2.2 million in military training.

Mr. Chairman, it should be noted that our assistance programs for these countries are, to varying degrees, linked to United States access to military facilities in those countries. Access to these facilities is critical to protect vital American interests and support for our allies.

MIDDLE EAST

Mr. Chairman, the Middle East will receive over 50 percent of the funds authorized in this bill. These funds are closely related to American efforts to promote and expand the Middle East peace process and strengthen the peace bonds already created by the historic Egyptian-Israeli peace treaty of 1979.

H.R. 3566 provides for: An authorization for Israel of $2.206 billion which includes $806 million in economic support fund money, to be provided this year entirely as a grant, and $1.4 billion in foreign military sales authorization. This FMS financing will include: $500 million in credits with payments waived, $50 million in direct credits, and $850 million in loan guarantees. This support for Israel will help maintain a healthy margin of military superiority over any combination of potential opponents; an authorization for Egypt of $1.673 billion which will include $771 million in economic support fund money provided on a grant basis, $2 million for military training and $800 million in FMS financing and $100 million in grant military aid. This assistance is critical to try to stabilize the post-Sadat situation in Egypt; $72.4 million for Jordan to provide economic and military assistance and support to encourage Jordan to follow moderate policies in the Middle East; $22.8 million for Lebanon, including $7 million in economic assistance to help that strife-torn country in the rebuilding process and to support nonprofit American institutions and private voluntary organization activities in the country, including the important work of the American University in Beirut; $11 million for the Middle East special requirements to promote regional cooperative programs involving both Israelis and Arabs, economic development projects in the critical West Bank and Gaza area where significant proportions of the Palestinian people live, and regional program support and development; and $55.1 million for Oman and $37.6 million for the Yemen Arab Republic to support two important states in the important Arabian peninsula.

SUMMARY

In conclusion, Mr. Chairman, I wish to reiterate my support for H.R. 3566. Many Members feel it is not a good time for any foreign aid bill and that the mood of the American people is against this legislation. It is true that, given our domestic needs, the amount of resources being provided for assistance overseas is declining. But it is also true that we cannot confront the foreign policy challenges we face and counter aggressive Soviet policies without the prudent use of economic and military assistance programs in H.R. 3566. This bill also supports key national interests overseas, promotes trade, and represents some 450,000 jobs here since some 70 percent of the funds authorized will be spent in the United States.

I urge my colleagues to support foreign-aid legislation. Even though this bill was passed by the committee in May, it is consistent with most of the objectives of the President's aid program and will, through an amendment, conform with the President's revised aggregate budget request for these programs.

Mr. Chairman, let me add one final plea. This bill strikes a careful balance between security and economic programs and contains important policy guidelines. Any effort to move precipitously to change this balance or eliminate policy guidelines could well lead many Members to reconsider their support for H.R. 3566.

Mr. Chairman, I urge the adoption of H.R. 3566.

Mr. ZABLOCKI. I yield as much time as he may require to the gentleman from Pennsylvania (Mr. WILLIAM J. COYNE).

Mr. WILLIAM J. COYNE. Mr. Chairman, I rise in support of H.R. 3566 and ask unanimous consent to revise and extend my remarks.

As we consider H.R. 3566, the International Security and Development Cooperation Act of 1981, one thought should be uppermost in our minds—the human rights records of countries which seek our military aid. I speak specifically of El Salvador.

We are a rich and powerful nation and, as such, we have a responsibility to assist the less fortunate of the world. I believe that U.S. foreign policy should be directed toward achieving social justice in El Salvador,

not toward maintaining the status quo for the present power structure.

I cannot join this administration in its unequivocal support of a regime in El Salvador which does not display even a minimal regard for basic human rights. According to Amnesty International, thousands of people have been murdered in that country in the last several years, many by government security forces.

I strongly support H.R. 3566, as reported by the Foreign Relations Committee, which places conditions on military assistance to the Salvadoran junta. Among other things, it requires the President to certify to the Congress that the junta is not involved in a pattern of gross human rights violations. It also requires the junta to make every effort to achieve control over its armed forces, to demonstrate a willingness to negotiate a political settlement with opposition groups and to make progress on economic and social reforms.

I am committed to the belief that we should not provide military assistance to governments which disregard the rights of their citizens, I will continue to oppose such aid to El Salvador until the aforementioned conditions are met. I urge my colleagues to do the same.

Mr. ZABLOCKI. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. WOLPE).

Mr. WOLPE. Mr. Chairman, I want to begin first of all, by paying tribute to my chairman of the committee, Mr. ZABLOCKI of Wisconsin; the ranking minority member, Mr. BROOMFIELD, a colleague of mine from Michigan, and also to my ranking minority member of my Subcommittee on Africa, BILL GOODLING of Pennsylvania.

The legislation that has emerged is genuinely a bipartisan measure. It was achieved by bipartisan compromise, and its success is a tribute to the leadership that has been exerted on both sides of the aisle.

I read with interest a few days ago in the Washinton Post a comment by our distinguished colleague from New York, Mr. KEMP, indicating that he was planning this year to vote for the foreign assistance bill, and that it would be the first or second time in his congressional career that he will have done so. Mr. KEMP indicated that he had concluded that this bill, while named foreign assistance, is more appropriately described as a bill related to national security. I want to applaud Mr. KEMP for those remarks, because indeed this legislation is a matter of national security.

It is not only this year that the foreign assistance bill has direct implications for our national security; that was true last year and the year before that. And it is not only because this legislation authorizes military assistance for countries that are friendly to the United States that this bill has national security implications; it is also because of the economic assistance that is authorized, and the fact that this economic assistance is of equally critical significance to the political stability of Third World countries and to American national security interests in those countries, and weeks of the threat posed by Libya in the African Continent. That is a very real threat. Libya has been harassing its neighbors for many years. It has attempted to foment coups and unrest within its neighboring countries. It represents in its conduct of foreign policy everything that is antithetical to the United States. I understand and hope that there will be an effort made on the House floor during the course of the deliberations on this legislation to propose the consideration of economic sanctions that would be directed at Libya. I think those sanctions would indeed be an appropriate initiative by this Government.

But the most important thing to understand is that the Libyan threat in Africa is not primarily a military threat. That threat arises far more fundamentally from the economic resources Libya has. It derives from its oil and the capacity to use the earnings from oil to undermine and destabilize neighboring regimes. I believe there is a growing understanding both in this country and abroad that the national security problems confronted by countries throughout Africa, Latin America, and Asia are fundamentally not problems arising from threats of external aggression, but rather threats arising from internal economic and social difficulties that are faced by these countries. These are the problems which we are trying to help solve the the economic assistance provisions of this bill: and the greater our success, the more stable these countries are likely to be, and the less vulnerable to outside interference by aggressors or troublemakers.

Sudan is probably the classic example of that. This foreign assistance legislation contains within it very substantial military assistance for the Sudan, in recognition of the military activities in which Libya has been engaged. But Sudan's fundamental problems are domestic, and they are economic. This is a country that has presently a budget deficit of $1 billion and a balance-of-payments deficit almost as large. It now spends 60 to 70 percent of its foreign exchange revenues to meet its debt payments, leaving little money for the task of economic and social development. Indeed, Sudan has the highest debt service ratio in the entire world, and all the military assistance to that country is irrelevant to the fundamental issue in the Sudan, which is finding solutions to the critical economic problems that face the population and threaten to destabilize that government.

We need, as a country and as a government, to begin to recognize that national security of countries in the Third World is far more threatened by the economic and social difficulties these countries confront than it is by the prospect of external aggression.

There is one other proposition I would like to address very briefly. We are frequently asked how can we possibly justify foreign assistance particularly at a time of domestic crisis in the United States. The straight answer is that America's foreign assistance program directly serves America's economic and political interests. It is not widely recognized, for example, that over 75 cents of every foreign aid dollar is spent in the United States. It does not go overseas; it is spent in the United States. It is spent in the purchase of farm products from American farmers. It is spent in the purchase of farm machinery from American business concerns. It is spent in providing payments to American institutions and technicians. In short, most of the American dollars involved in foreign assistance find their way back to American citizens.

The CHAIRMAN pro tempore. The time of the gentleman from Michigan has expired.

Mr. BROOMFIELD. Mr. Chairman, I yield 2 additional minutes to the gentleman from Michigan.

Mr. WOLPE. I thank the gentleman for yielding me this time.

In short, we need to begin to understand that this legislation indeed has economic significance for our constituents at home. This is true not only in the sense of the direct benefits that flow to American interests from the domestic spending of foreign aid dollars; it is also true from the perspective of the new economic opportunities that flow to American from successful Third World development. We talk a great deal about the need to expand our export markets for our agricultural and industrial products. Yet, economic development overseas is critical to that objective, and countries in the Third World are potentially our fastest growing markets. If our overseas trading partners in the Third World and elsewhere simply do not have the economic wherewithal to purchase American goods, then we have no ability to expand our export markets.

And it is not only American exports that are at issue. We have critical strategic minerals that we need to import from the rest of the world. Our industrial base depends, for example, upon critical minerals imported from Zimbabwe, Zaire, and Zambia. If we simply isolate ourselves from participation in the problems and the development of such countries, we will be risking the very economic security and

livelihood of our constituents in the United States.

So, I hope that Members in the House today, will be able to join in a bipartisan way to support the legislation in the form in which it has emerged from committee. There is a bipartisan consensus at this point, but that consensus is extremely fragile, and if we begin to tinker very much with the key provisions that have been worked out in committee, I fear we will end up with no foreign aid legislation. If that were to happen, it would be American security interests that would be put in jeopardy.

Mr. ZABLOCKI. Mr. Chairman, I yield 1 minute to the gentleman from Florida (Mr. LEHMAN).

Mr. LEHMAN. Mr. Chairman, I thank the gentleman for yielding. I want to commend the committee on both sides of the aisle for recognizing the Haitian problem—the Haitian problem in this country and the Haitian problem as it still exists in Haiti. I particularly want to commend my colleagues from south Florida, DAN MICA and DANTE FASCELL, for their leadership in offering the Mica-Fascell amendment.

We in south Florida know all too well the problems associated with the influx of Haitian refugees, and this amendment will do much to establish a positive framework within which we can develop a better understanding with the Government of Haiti and help resolve this ongoing problem, not only in south Florida, but throughout the United States.

● Mr. MARKEY. Mr. Chairman, I rise in support of the Solarz-Bingham amendment to H.R. 3566. This amendment is an essential reaffirmation of the Symington amendment, and the very least we can do to make a positive statement of commitment to the goal of nuclear nonproliferation.

Mr. Chairman, the Solarz amendment, while not as strong as it could be, nevertheless contains important language. It states that any nonnuclear nation that receives or detonates a nuclear explosive device, the United States will cut off military and economic assistance. This measure is a small, but critical step if this country wishes to have any semblance of credibility on the nonproliferation issue. The amendment does not retreat from the original provisions of the Symington amendment, which serves at the very least as a symbolic demonstration of our Nation's concern for the spread of nulclear weapons. Therefore, I urge my colleagues to support this worthwhile amendment.

Mr. Chairman, although I support this amendment, there are many grave proliferation problems which are not addressed by this amendment, or by this foreign assistance bill.

Included in this bill is a waiver of the Symington amendment as it applies to Pakistan, in order to facilitate a $3.2 billion aid package for that nation. Incredibly, we are bestowing this expensive gift upon a nation that is moving full speed ahead with its nuclear enrichment program, and consistently refuses to rule out exploding a nuclear device. With this aid package, how can any nation take seriously our commitment to nonproliferation? In response to a blatant nuclear buildup with dubious aims, we respond with windfall arms assistance. The hypocrisy and emptiness of our nonproliferation policy is obvious.

Mr. Chairman, Congress has failed to address other critical nonproliferation problems. This country still has no explicit program of sanctions for nations which violate principles of the Nuclear Nonproliferation Act. We continue to export highly dangerous, weapons-grade nuclear materials. Our only protection against the diversion of these materials for weapons purposes is the International Atomic Energy Agency, which has proven how ill-equipped it is to deal with this problem. Until these dilemmas are addressed, we have no nonproliferation policy.

Mr. Chairman, I reemphasize my support for the Solarz amendment, but I wish to remind the Congress of one important fact—it is not enough to deal with the basic problem. We must take real, concrete steps to deal with the proliferation crisis. We cannot continue with our policy of tough rhetoric and weak actions. While I welcome the Solarz amendment, it must be viewed as only the first, small step in the development of a legitimate, effective nonproliferation policy.●

● Mr. BROWN of California. Mr. Chairman, I wish to express my strong support, and ask that of my colleagues, for the International Fund for Agricultural Development (IFAD), an organization chartered to meet a most important objective in a unique way, and which has performed admirably given its short existence, less than 4 years.

There have been indications that IFAD has not garnered the congressional support it deserves, as evidenced by suggestions of effort, to severely cut the level of authorization for the U.S. contribution. Perhaps it is their fault for not "tooting their own horn." I am concerned, however, that this is another expression of a general antagonism to multilateral development organizations, emanating out of a new American isolationism. This could not be a worse time to shy away from dealing with what we all have come to realize are terribly difficult global problems.

The IFAD is unique in its mission, in that it is the only international financial organization dealing exclusively with agriculture and focused entirely on the rural poor. It finances agricultural and rural development projects, and technical assistance programs in over 70 countries throughout the world.

IFAD is unique in its funding scheme, in that it is funded not only by the OECD developed countries, but by the OPEC nations as well. OPEC contributes 43 percent of IFAD's budget. The OPEC nations contribute more to IFAD than to any other multilateral institution, thereby recycling the potentially inflationary windfalls of Western currency back into the capital markets. For every U.S. dollar invested in IFAD since 1977, $5 are made available to assist the small farmer. Mr. Chairman, in financial terms this is excellent leverage of capital.

It is true the OECD nations and the OPEC nations have not come to agreement on a long-term funding arrangement. At the same time, we read in the newspapers that the Arab nations are making massive investments in their own agriculture. Whatever the reservations one might have about the present arrangements, I urge my colleagues to consider the alternatives. It is evidently more desirable to have OPEC moneys invested elsewhere in the developing world, not just in their own lands. Withdrawing our support for IFAD cannot possibly contribute to either world agricultural development nor to the building of strong, effective international institutions.●

● Mr. PAUL. Mr. Chairman, as we discuss the foreign aid bill today little attention is given to our overall foreign policy. The only debate involves some variations in an interventionist foreign policy. Personal preferences and social biases prompt some Members to champion one cause while others champion another cause. The real debate should be whether or not we should assume the role of the world's policeman and economic savior. A case can be made that America's proper policy should be nonintervention in the affairs of all other nations. If this were the case all foreign aid would be abolished. I believe the majority of hard-pressed American taxpayers endorse this view.

Can there be a foreign policy based on the same principles as a free-market economy?

Some would say that economic and foreign policies are unrelated, and that the latter must be "bipartisan," unlike the former. How else could we get a HENRY JACKSON and a BARRY GOLDWATER agreeing on foreign policy? In reality, foreign and economic policies are intertwined.

Economic interventionism allows some to support government action for the benefit of business, for example, tariffs and subsidies; and others to support labor with monopoly wage settlements and compulsory unionism.

Variations can also be found among those who endorse international interventionism.

Most liberal economic interventionists want to intervene overseas to help left-leaning countries.

Most conservatives want to do the same for right-leaning ones.

Liberals want us to aid the Sandinistas. Conservatives say we should have helped Somoza.

Is it inconsistent that "free-enterprise" Congressmen should support intervention overseas? Not really, because very few follow a free-market policy consistently. Generally, they endorse assistance to business with loans, subsidies, and protectionism.

Our foreign policy is like our prevailing economic policy. We accept economic interventionism of liberal and conservative varieties, and we also accept, with little questioning, international interventionism of both varieties as well.

All sorts of liberal/conservative combinations can be seen in economic and foreign policy, but most Members of Congress are interventionists of some sort.

If our foreign policy reflects a general philosophy of economic interventionism and political pragmatism, could we assume that our foreign policy would change if our economic order were based on consistent free-market principles?

The economic order of a nation reflects the prevailing attitude of its people toward individual liberty. If a strict definition of individual liberty, adequately protected by a Constitution, establishes the foundation on which a totally free economy operates, and we adhere to it, it would not be surprising to see a foreign policy quite different from that which we now suffer.

Generally, most people see foreign policy as being completely separate from economic policy. For instance, my concerns have always been much more oriented toward economic policy, and yet, as I spend more time in government, I have come to realize that the two are interwoven.

When the people of a country insist on maximum liberty, a free market will result and a noninterventionist foreign policy—armed neutrality—will follow. In our own history, when we had our freest economy and soundest currency, we did not fight on foreign soil. As our freedoms eroded and our marketplace became dominated by special interests—labor and business—involvement in the internal affairs of other nations grew and foreign wars resulted. Although the Spanish-American War was late 19th century, the dramatic changes were in the 20th century, with World War I, World War II, Korea, Vietnam, and the pending conflict.

A free society is based on the fundamental premise of God-given, inalienable rights—rights that are individual, not collective, absolute, and not alterable by any state action. A nation so ordained will protect voluntary associations and free choices, demand that contracts be upheld, and insist that money be honest. Under these circumstances, no economic system other than a free-market economy can evolve.

Under these conditions, it follows that government is small with its power strictly limited, was ordained by the Founding Fathers.

If—for moral and constitutional reasons—we cannot interfere with our citizens' lives and property, to control the economy or individuals' preferences, we also cannot control the internal affairs of any other nation. The responsibility of the government is then limited to protection of life and property.

Robert Taft said:

> The purpose of American foreign policy is to maintain the freedom of the people of this country, and insofar as it is consistent with that purpose, to keep this country at peace.

"No entangling alliances" was the foreign policy watchword for every administration from George Washington's to Grover Cleveland's.

Washington said:

> It is our true policy to steer clear of permanent alliances with any portion of the foreign world.
>
> The great rule of conduct for us in regard to foreign nations in extending our commercial relations, is to have with them as little political connection as possible.
>
> Observe good faith and justice to all nations. Cultivate peace and harmony with all. In the execution of such a plan, nothing is more essential than that permanent, inveterate antipathies towards particular nations, and passionate attachments for others should be excluded; and that in place of them an amicable feeling toward all should be cultivated.

Cleveland reiterated by saying:

> The genius of our instutions, the needs of our people in their home life, and the attention which is demanded for * * * our vast territory, dictate this scrupulous avoidance of any departure from that foreign policy commended by the history, the traditions and prosperity of our republic. It is the policy of independence favored by our position and defended by our known love of justice and by our power. It is the policy of peace suitable to our interest. It is the policy of neutrality, rejecting any share in foreign brawls, and ambitions upon other continents, and repelling their intrusion here. It is the policy of Monroe and of Washington and of Jefferson; peace, commerce, and honest friendship with all nations; entangling alliances with none.

McKinley began the change in our foreign policy, leading us into the Spanish-American War. But it was Wilson who radically departed from the neutral, noninterventionist foreign policy which we had followed for more than 100 years.

Wilson's policy was "make the world safe for democracy." "America's duty," he said:

> Is to stand shoulder-to-shoulder, to lift the burdens of mankind in the future, and to show the path of freedom to all the world * * *. The American flag is henceforth to stand for * * * the assertion of the right of one nation to serve other nations of the world * * * America is now rich enough and free enough to look abroad for great tasks to perform * * *. Our duty is to serve the world.

The concept of individual rights requires that we reject, on a moral basis, any authority to use funds or lives to manipulate the affairs of other nations if we are not directly threatened. But individuals should not be prohibited from volunteering for or contributing to any cause they support around the world. I would gladly contribute to buy arms for the Afghan rebels, for example, if the law allowed.

Our Constitution follows this line of reasoning and gives no authority to the Congress to intervene illicitly around the world. We were not designated the policeman or savior of the world by the Founding Fathers. And all our attempts have failed. Our constitutional obligation is to protect our land and our people, and we cannot legally nor morally justify anything more.

Economically, intervention on the international level has turned out to be a disaster and it has not been endorsed by the people. The people have resisted more taxes, and have not been willing to loan the funds to the Government to finance foreign aid. So it has been financed by inflation. The past 35 years of international intervention in particular have been a severe financial drain on us. Interventionism has destroyed the dollar, bankrupted our country, and has now caught up with us. Our policy has permitted Japan to spend essentially nothing on defense, and allowed them to subsidize the very industries that undersell competing American companies.

Practical reasons alone mandate that we rethink our foreign policy. We are now militarily incapable of being the world's policeman. Our economy cannot stand further dollar weakness, and continual debt increase. Our foreign policy—financial aid to the entire world—is contributing significantly to the downfall of our economic system. We can show no good results from all this spending and intervention. We essentially have no friends in the world, we are seen as a paper tiger, and we continue to sign bad treaties. We are misled by administrations, both Republican and Democrat; by compromises; and by wishful thinking.

Leftists in our Government have led us to subsidize our enemies. Arguing that we should only subsidize our "friends" is of no value, since the con-

servatives have argued this for 40 years, and it not only has not helped, it has made things worse. We have financed both sides of many major conflicts since 1945. It is time to look after ourselves.

A free-market foreign policy would emphasize international free trade for both its economic benefits to our people, and its value in creating an atmosphere of friendly relations with all nations, and guiding us away from militant isolationism.

Free trade recognizes that the consumer is sovereign, and that it is his right to buy any good or receive any service at the best price. Free trade also precludes favors to special interests. No foreign aid and no corporate welfare of any sort: no subsidies, no export assistance, no insurance help, no licensing restriction, and no tariffs.

When people and goods flow freely over borders, armies will not. Limitation of trade can only be justified for the direct security of the nation in an armed conflict. If there is any doubt about restraining trade, we should always lean toward permitting trade.

Under these conditions, businessmen would make better economic decisions. Without subsidies for his insurance, overseas investments, and exports, the businessman would anticipate world events, and would voluntarily curtail trade with nations unable to guarantee property protection and honest payment. Now we encourage bad investments and subsidies to the enemy at the innocent taxpayers' expense.

Instead of businessmen selling to Russia or China at American taxpayers' expense, they would demand gold rather than accept rubles or yuans. Public opinion would also restrain trade with perceived enemies.

In our foreign policy debate, we have had only two choices: be weak, or be international policemen. A third choice is available to us: neutrality, with a policy of nonintervention in the internal affairs of other nations, plus all the armed strength necessary to protect America.

With such a foreign policy of strength and confidence, our system would prosper, our international respect would be heightened, and our example to the rest of the world would be much brighter. The complex messes, like the one involving Iran, would not occur, and we would not invite such anti-American resentment.

A liberal—known to follow the weak America policy—said that he was delighted that our troops are in Europe, since they keep Western Europe from developing a stronger defense capability that might threaten the U.S.S.R.

European nations have never invited our nuclear missiles into their territory. The West Germans now are showing a great reluctance in setting themselves up as a target. They are delighted to let the United States be the potential target of Russia, if Russia chooses to wipe out the West's retaliatory capability.

Nations like West Germany must assume the responsibility of their own defense. We cannot afford it economically, nor is it militarily wise for us to continue to provide it for them. For instance, it certainly is in the best interests of the Germans and the French to develop the neutron bomb. The American taxpayer should not do so. Encouraging dependency on the United States has neither helped the nations receiving aid, nor us who have provided it. Foreign assistance cannot create a "will to win." Vietnam proved that.

More than half our defense budget now goes to the defense of other nations. These funds would go a long way in providing adequate military pay and building the best weapons, with many dollars left over to use in budget cutting.

A noninterventionist foreign policy would shift the lines of strategic confrontation. To do nothing about Soviet troops in Cuba and give away the Panama Canal, at taxpayers' expense, while allowing 50,000 men to die in a no-win war in Vietnam, is inconceivably inconsistent. Even though our opinions may vary on just when armed conflict is necessary, it is unforgivable to commit lives to a war with no intention of winning, without even a specific goal. This reflects a sick foreign policy. The Koreas and the Vietnams are preventable. Even our involvement in World War I and World War II can be seriously questioned. Overinvolvement, no matter how promoted by the Government, will eventually fail if the will and the spirit of the people reject its intended goals. The draft, the lives, the bombs, and the dollars did not compensate for the bad policy that got us involved in Vietnam.

Nonintervention would also negate bad treaties. SALT I would be repealed, with due notice, and an antiballistic missile built, and SALT II would be scrapped. The Panama Canal would not have been handed over to the Marxists at the American taxpayers' expense. No twisted reasoning could trap us into trusting the Communists by signing agreements with them, whether they be Russian, Chinese, Cuban, or Nicaraguan. Neither would we subsidize them.

A free-market, noninterventionist foreign policy is frequently attacked as "isolationist." Nothing could be further from the truth. The image of a nation walling itself off from the rest of the world is impossible in a free society, and is instead exactly what happens under interventionism. With an "internationalist" foreign policy, which includes goals of government and international banking with a fiat currency, economic isolationism always results, with nations becoming more militarily nationalistic. Trade wars ensue, and protectionism follows. Today we hear the preparations for this.

A society with a free-market foreign policy protects absolutely the rights of its citizens to travel and trade across the borders, without tariffs or licenses, and rejects all special-interest subsidies. Emigration is always permissible, and no attempts to curtail the movement of currency or people is made. The ultimate right of the free society is to be able to vote with your feet—to leave freely with your assets.

This freedom of movement, of people and goods, encourages the intermingling of people and a natural balance in trade, assuming nations do not participate in the fraud of inflation. Freedom would not create a fortress America, or a country isolated. Only the opposite could result.

A crucial aspect of the free-market foreign policy is a volunteer military. The best vote on the advisability of war and the commitment needed to win comes from those who are forced to risk their lives. In America, a fight to defend our freedoms will bring out the volunteers by the millions. But another halfhearted fight to "contain" communism, or prop up a "Western-leaning" dictator, will not wash.

The best way to find out if a war is needed for our survival and security is to ask the people who are to risk their lives to volunteer.

Also, can the war be fought with open taxation or borrowing, and without resorting to the inflation machine? Remember, the American Revolution was fought without a draft, and it was won against great odds. With all our firepower, and with a conscripted army, we could not even defeat North Vietnam.

As our children are forced to pay for the effects of borrowing on tomorrow through inflation, and suffer the erosion of the free-market system, so too will they suffer the consequences of unwise treaty commitments. Why should a youngster born in 1960, pay with his life for a war fought to police the world, pursuant to a treaty signed in 1945? This is hardly fair. All of our international commitments need reassessment.

Some say we will need to fight for Middle Eastern oil. But these are the same economic interventionists who would not deregulate our energy industry, who compel the use of coal, and who prohibit nuclear power. Economic policy and foreign policy cannot be separated. And, despite the scare talk, only 5 percent of total U.S. energy comes through the Straits of Hormuz.

In spite of the dollars spent, the rhetoric heard, draft preparations, CIA activities, and troops around the

world, we are weaker than ever before. Our policies need change, for even if it is still claimed that we need international commitments, it is precisely the policy of the past 40 years that has made us so weak. America now is desperately close to being undefended from Russian attack. This must be changed, but it won't be without a new policy. We can tolerate no more Koreas or Vietnams, economically, militarily, or psychologically.

The evidence is clear: The more intervention economically, the more intervention internationally, and the greater the chance of poverty and war. The less economic intervention, the less international intervention, and the greater the chance of prosperity and peace.

My vote is for nonintervention and no foreign aid.●

● Mrs. CHISHOLM. Mr. Chairman, I wish to commend the House Foreign Affairs Committee on a foreign aid authorization bill which is superior in maintaining a balance between economic and military assistance and giving strong support to the retention of human rights concerns in our foreign policy.

In particular, I want to voice my strong support for the committee's provisions on future assistance to Haiti. Conditioning U.S. aid on improvements in human rights, a development plan by the Haitian Government focused on the rural poor, and an end to government complicity in the illegal migration flows, will hopefully force some meaningful change in Haiti for the citizens of that country. I was also pleased to see the strong support of the Foreign Affairs Committee for the retention of the Clark amendment which prohibits covert military assistance to Angola. Lifting the Clark amendment would seriously undermine the United Nations and Western Five effort to resolve the Namibian crisis and thereby reduce Soviet influence in southern Africa. Fifty black African States have indicated that a repeal of the Clark amendment could have disastrous consequences for U.S. relations with black Africa. The committee vote of 19 to 5 for the retention of the amendment reflects an understanding of the problems which would be created by a repeal of the Clark amendment. Further, while I support the committee's authorization of $5 million to aid Salvadoran refugees, it seems rather contradictory for us to provide refugee assistance through the Bureau of Refugee Affairs when only 2 Salvadoran nationals have received asylum out of the 5,570 who applied in fiscal year 1981. Finally, I support the committee action to make the Peace Corps an independent agency "to maintain its credibility as a nonpolitical person-to-person expression" of American voluntarism.

Despite my support for the committee's efforts, I may be unable to vote for the bill on final passage if certain amendments are offered to restore increased military assistance to countries that have a consistent pattern of gross human rights violations. I wish to say that more than 30 of my colleagues have joined me in expressing these concerns to the chairman of the Foreign Affairs Committee. While we generally support a foreign aid authorization bill, we do not believe that such legislation should be adopted at the expense of human rights concerns and/or development assistance. Consequently, I would urge my colleagues to strongly oppose any amendments which would weaken the House committee provisions and thus threaten final passage of the authorization bill.●

● Mrs. FENWICK. Mr. Chairman, I rise in strong support of H.R. 3566, the International Security and Development Act of 1981. Although this bill is not perfect, it provides the President with the tools necessary to conduct a responsible foreign policy in a difficult world.

This bill provides the authorization for our foreign aid program, which, I am afraid, is a much misunderstood program. I would like to make it clear that this bill provides for no foreign aid giveaway. More than half of the funds authorized in this bill provide security assistance, or military-related items. The foreign military sales and economic support fund programs included in the security assistance section of the bill are designed to protect our national security. They do not provide the kind of humanitarian foreign aid that our constituents envision us providing.

I am, in fact, concerned about the dramatic growth in our security assistance program, especially since so much of it comes at the expense of development aid programs. Nevertheless, I recognize that many of our security assistance programs are absolutely vital. In particular, I am happy to see that the bill provides $2.2 billion for Israel, $1.4 billion in military grants and loans and about $800 million in economic support fund. This amount, which is equal to the amount of our fiscal year 1981 program, is vital to the security of Israel, and it should not be reduced.

I would, however, like to say a word about development assistance. Contrary to the impression of many, development assistance is an excellent investment. First of all, a major portion of this aid finds its way back to this country for the purchase of U.S. goods and services, and this is true of both our bilateral aid programs and our contributions to multilateral aid efforts.

According to the Agency for International Development (AID), in the past 12 years, more than 5,000 manufacturers and suppliers in the United States received orders exceeding $9 billion to support foreign aid. Another important but not widely known statistic is that for every dollar contributed by the United States to multilateral development institutions, about $3 are returned to the United States for the purchase of goods and services.

Finally, Mr. Chairman, the aid we provide now to strengthen the developing economies in Asia, Latin America, and Africa, and to promote growth and stability in these areas, will yield a great savings if it prevents the unrest and turmoil that could easily threaten all of us in a world armed to the teeth. The developing countries are a fast growing market for U.S. exports, and in the long run, our interest lies in their steady development and economic health.

I would like to add one more point, Mr. Chairman, and that is in relation to the excellent work of the private voluntary organizations, or PVO's, in implementing our foreign aid program. They do an efficient and most effective job, and I would encourage AID to use the resources provided by the PVO's as much as possible in implementing the aid program which we hopefully authorize today. In addition, I would like to encourage the Members to support the provisions of the bill which require that a minimum of 1.2 million tons of our Public Law 480 title II grains be distributed by the PVO's, and further the provision which requires an overall minimum of 1.7 million tons for all of Public Law 480 title II. This one program that is meeting the needs of a very desperate world, and it has already been pared to the bone. It deserves our support.

I hope that all Members will support the bill before us.

Thank you, Mr. Chairman.●

● Mr. CARMAN. Mr Chairman, as we consider the foreign aid authorizations for 1982, we should make it clear to drug-producing and exporting countries that when we provide them with this aid we expect their full cooperation with respect to drug trafficking. I applaud the intent of many of the amendments on this subject being presented today, but I want to stress that the administration needs to make clear to these countries the status quo with regard to drug trafficking is not acceptable.

I have introduced a resolution, House Resolution 230, which calls on the President and the Secretary of State to make our concern clear to these countries. But to have a real effect, the administration must, through quiet diplomacy, secure the active assistance and full cooperation of these countries. The resolution I introduced also calls on the administration to consider the desirability of

sanctions should these countries not cooperate. Certainly we must make clear that we expect such cooperation as an act of friendship, especially from countries we give foreign aid to.●

● Mr. SCHUMER. Mr. Chairman, the foreign assistance authorizations bill that is now before the House specifies that if we are to sell arms to Argentina, our President must certify to Congress that the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights. As we consider this extremely important provision, we must speak out against abuses of human rights and human dignity by addressing the special situation of the Argentine Jewish community.

Argentina, the home of the world's fifth largest Jewish community, has a particularly long and heinous history of anti-Semitism, stretching back to the early years of this century and the arrival of the first Jewish immigrants. During the mass disappearances that followed the 1976 coup, Jews were seized in disproportionate numbers and received particularly harsh treatment solely because they were Jews. Jews in Argentina are regarded as second-class citizens and have been systematically excluded from meaningful participation in governing of Argentina. Jews are also barred from pursuing certain careers; to this day, they are prohibited from serving as judges, diplomats, or military officers.

The most recent wave of open and violent anti-Semitism swept across Argentina in the fall of 1980. Several Jewish institutions, including synagogues, schools, and cemeteries were attacked and bombed, and numerous individuals were harassed and threatened. Through its lax investigation of such incidents and its failure to condemn the increasing proliferation of anti-Semitic and Nazi literature, the Argentine Government has created an atmosphere in which these attacks can occur with impunity.

Because of our concern for the well-being and safety of the half-million-member Jewish community in Argentina, I and 66 other Members of Congress wrote to President Viola of Argentina last spring and condemned his government's policy on human rights violations as they endanger Argentina's Jewish community. My own concern has intensified over recent months because of reports from Argentina not only of increasing political repression but also of the likely replacement of President Viola by a more hard-line member of the junta.

At this crucial time, therefore, we must remind the Argentine Government that they are closely watched by the U.S. Congress—not only when their government acts but also when it fails to act to prevent abuses of human rights. As we consider the human rights provision of this legislation that relates to arms sales to Argentina, we must seek to insure that the Government of Argentina enforce existing laws against anti-Semitism and foster public recognition of Jews as full citizens.●

● Mr. RAHALL. Mr. Chairman, I rise to express my strong support for the effort being advanced by my colleague from Ohio (Ms. OAKAR) for it is my belief that it is imperative that the United States must provide assistance to the country of Lebanon.

This proposal calls for $7 million to be earmarked for Lebanon in this fiscal year, and that a minimum of $7 million be set aside in fiscal year 1983.

The need for this assistance goes without question, for during the past 6 years, this once beautiful country has resembled a battlefield more than a nation. Lebanon is the victim of a never-ending cycle of violence—violence that the gentlewomen from Ohio and I witnessed as representatives of the Speaker in January 1980—and violence that denied me the opportunity to visit the village of my ancestors, Kfeir.

The destruction and suffering that has taken place in Lebanon would have destroyed many a nation. Lebanon has endured appalling devastation, the deaths of 70,000 and the wounding of 200,000—more than in all four Arab-Israeli wars combined.

Yet Lebanon has survived as a sovereign nation, its democratic institutions intact, its public and private sectors still functioning—if at reduced levels.

This amount, however small, will be helpful to alleviate some of the suffering and to continue some of the positive influences, such as the American University of Beirut, that we have on this country.

For the United States to be truly committed to a long-lasting peace in the Middle East, we must recognize the importance of Lebanon in the total picture, and do what we can to reduce some of the hardships that are being thrust upon the people of this wonderful land.●

● Mr. ANDERSON. Mr. Chairman, I rise in opposition to this year's foreign aid bill. I do so only after much thought, for I am well aware of the seemingly reasonable arguments in support of foreign aid. It is said that the United States has a moral commitment to help those in the world suffering from the ravages of famine or drought; that the United States acts in its own security interests by aiding—economically or militarily—certain countries; that the United States promotes international economic stability by providing economic assistance to developing countries. These are all laudable goals, Mr. Chairman; unfortunately, these omnibus foreign aid bills rarely implement them and often hinder them.

A vote against the foreign aid bill is not a vote against mercy. I do not think there is one person here who is against the alleviation of innocent human suffering. In September 1979, shortly after the Caribbean was hit by a terrific hurricane, I joined a majority of my colleagues in voting to send $25 million in disaster relief to those countries affected. Several weeks later, I again joined the majority of this House in passing a bill to provide over $200 million that year for the feeding and care of Indochinese refugees. That bill also provided $30 million to help feed those victimized by the twin evils of famine and vicious totalitarian rule in Cambodia. The U.S. Congress does not turn its back on starving babies.

Unfortunately, the foreign aid bill does not always feed starving babies. I submit for the record a column by Jack Anderson. While I do not always agree with this columnist, I think that this article provides an excellent example of the faulty approach implicit in foreign aid.

IN BANGLADESH, U.S. FOOD GOES TO THE WEALTHY

In the 10 years since Bangladesh became a nation, its hungry people have received more than $1.5 billion in American aid. There's just one problem: the U.S. aid money is enriching the wealthy, while the poor continue to starve.

Life has always been harsh on that pathetic piece of earth called Bangladesh. It is a flat, almost marshy plain, bedeviled by oppressive humidity, monsoon rains and cyclones. The rains that enrich the fields also support an ideal environment for cholera, smallpox, tuberculosis and malaria.

If the death rate is appallingly high, the human birth rate is even more astonishing. Young and old work in the fields to bring forth more life. But the people who grow the food are themselves malnourished.

The American cargo ships, brimming with abundance, have not relieved the misery of the masses. A discouraging 80 percent of the populace still doesn't have enough to eat. I sent my associate Peter Grant to Bangladesh to find out why.

It didn't take him long to discover the main problem. He noticed it as he was crossing the border, in fact "The Bangladesh customs office looked like the two-dollar window at a racetrack, there was so much money changing hands," Grant reported.

Unfortunately, the customs office is not the most corrupt government agency. That dubious honor goes to the Food Ministry, which handles all the donated grain from overseas.

Like the topsy-turvy government agencies of George Orwell's "1984," the Food Ministry prevents food from reaching the nation's neediest. It does this through mismanagement and favor-the-rich policies.

Good weather and Western shipments have combined to fill the granaries of Bangladesh. But it's unlikely the oppressed poor will be eating much of that grain. Here's why:

Most foreign grain donations go into the government's rationing system, which grossly favors the well-to-do members of society. Top priority is given to the armed services, government employes, police, bank em-

ployes and other "privileged" categories. Next come the city dwellers. At the bottom of the heap is the rural population, who live in the most abject poverty. The peasants are fed only if there's anything left over.

Corruption is so widespread and accepted that the government automatically allows for it with a 5 percent "loss" factor figured into all grain transactions. Needless to say, no transaction is made with less than the permitted 5 percent loss. Many government warehouse operators have grown fat on kickbacks.

Drought is currently threatening Bangladesh's most important rice harvest, which means the food in warehouses is the only hedge against disaster. Yet Western experts say that as much as 20 percent of the 1.4 million tons of stored grain may be damaged, and 10 percent unusable. Grain is stored outside under plastic sheets, though nearby warehouses have plenty of space.

To get rid of spoiling wheat, the ministry recently sold it off at bargain prices—an open invitation to corruption. Sure enough, the food controller of Rajshahi was caught by a city mob with some $4,000 in his pocket—kickbacks for selling good grain at the bargain price. He was rescued from the angry mob by police.

Bangladesh is just one example of a much too common problem. There are others.

Several days ago I saw a fascinating photograph from India printed in the Washington Post; it showed satellite equipment being hauled in a cart by an ox. There are people starving in India; the United States has provided approximately $5½ billion in unrepaid economic assistance to that country since 1946; and India has wasted $665 million on a space program it does not need while its people still starve in the streets.

Col. Mu'ammar Qadhafi called the President of the United States a liar on a television program seen by millions of Americans last Sunday. Incredible as the situation is, I imagine that that leader of a Soviet client state—who calls our President a liar—has indeed sent assassins to murder leaders of the United States. Colonel Qadhafi leads a country—an oil-rich country, I might add—that has received some $220 million in unrepaid aid from the United States.

We have provided $605 million in unrepaid aid to Ethiopia; $294 million to Nicaragua; $4.7 billion to Pakistan. These states are not, putting it mildly, interested today in promoting the interests of the United States.

In considering this bill, let us not confuse goals with methods. The two primary justifications of foreign aid—the alleviation of innocent suffering and the promotion of our national interests—are not served by this bill. We must not send more than $6 billion overseas in what in the past have proven to be, unfortunately, ineffective attempts to accomplish our goals. In spite of the valid funding of programs to insure peace in the Middle East, I urge you to vote no on this bill.●

● Mr. BROWN of California. Mr. Chairman, I rise to express my opposition to any weakening of the policy provisions of this bill pertaining to restrictions on military and other security assistance to countries which have engaged in the kinds of massive and deliberate violations of human rights that have characterized Salvadoran, Argentinean, Chilean, and Guatemalan policies, among others.

I also wish to express strong opposition to any weakening of the Clark amendment, which restricts military aid to guerrilla factions in Angola. Despite the fact that public debate on the Clark amendment has been separate from the other issues, they are two sides of the same coin. It is totally inconsistent to ask for flexibility to support a guerrilla struggle in southern Africa, while chastising Cubans and Nicaraguans for doing the same in Central America. Even if the Clark amendment remains in force, as I expect, the administration has done the U.S. image and respectability a great disfavor, merely by pushing so strongly for the repeal. I hasten to add that the law as it stands allows for the kind of military assistance the administration is contemplating. It merely has to tell us, the Congress, just why, how much, and to whom the assistance will go. If this proves so difficult, perhaps we really ought to have second thoughts about this kind of intervention.

From the time the Reagan administration took office, there have been only two clearly delineated threads of their foreign policy fabric: To view the world in a purely East versus West framework, and to withdraw from an active pursuit of human rights as an integral part of our international conduct. While it is true that there are many ways in which the goal of human rights can be pursued, such as by quiet diplomacy, there is little hard evidence to show that the avowed commitment to this goal has in fact been carried out. On the contrary, this administration has wholeheartedly embraced governments whose actions cause revulsion to the American people, as evidenced by many letters from my district. Consequently, it befalls on the Congress to be the guardian of the best ethical and moral values we wish to see implemented in the conduct of our international relations.

This bill, as crafted by the committee, represents a difficult compromise on conflicting views. It cannot be considered to be progressive. Many concerned individuals and organizations have characterized it as a bare minimum, not only in terms of the greatly reduced levels of authorization, but also because it contains little in the way of language that would strengthen the historical commitment of the United States to human rights, which is at the very foundation of our Nation. The debate, in fact, has mostly centered around preserving existing law.

I urge my colleagues to take a moment to realize that these are not issues over which we can simply disagree in a gentlemanly fashion, as with other legislative matters. The failure to preserve the present language will not only sound the death knell on the credibility of U.S. foreign policy, but also on thousands of human beings out there who will lose their lives, livelihoods, and welfare, to fulfill someone's view of a world political order.

Mr. Chairman, this Congress should step back from the heat of debate on the minutiae of legal language, and reflect on the fact that the real cost of this so-called flexibility in foreign policy will be human lives, numbering in the thousands, and a degree of suffering and human displacement that should cause the deepest of concerns. It is the innocent, the poor, and the land that will pay the ultimate price for the abstract policies over which men and women of reason have differed for the whole of this century. This should prove sobering.●

● Mr. CONTE. Mr. Chairman, this amendment authorizes AID to spend up to $5 million to support the efforts of developing countries to improve infant feeding practices, in particular through the promotion of breastfeeding. The amendment also requires AID to report to Congress on their efforts to promote breastfeeding and on the actions of member nations of W.H.O. to implement the international code of marketing of breastmilk substitutes. The Senate passed a similar amendment to the foreign assistance authorization bill on September 23, 1981.

At the present time, AID is receiving twice the number of requests that it can handle from developing countries seeking assistance for breastfeeding education. The money involved with this amendment—$5 million—is a nominal amount and it is up to the discretion of AID to use all or only part of this sum.

Compared with other food assistance programs, breastfeeding education campaigns are much more cost effective. It is a way of encouraging use of a readily available food to millions of new mothers. Breastmilk is the superior form of nutrition for infants. Breastmilk provides antibodies and immunities for the newborn and a perfect balance of nutrients not found in commercial substitutes.

Due to poverty, illiteracy, and lack of sanitation, breastfeeding is far safer than bottle feeding in developing countries. Numerous studies show extraordinarily higher incidences of diseases and death among bottle fed infants than breastfed babies. An estimated 11 million children die every

year from hunger and malnutrition in the Third World. Up to 1 million of these infant deaths are directly associated with contaminated bottle feeding. This effort to promote breastfeeding can result in the saving of hundreds of thousands of infant deaths a year.

As regards the breastmilk substitutes code, this amendment simply instructs AID to monitor and report on the code's modest attempt to assure that women who cannot breastfeed and are desperately in search of alternative sources of feeding get the best product and advice on how to use it, and that women who are able to breastfeed, are not victim to advertising which inaccurately claims infant formula is better than breast milk. Because of the controversy surrounding this code over the past year and the serious problem of infant-formula mortality, I believe it is important that we have a full report on Third World voluntary compliance with the code.●

Mr. BROOMFIELD. Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. All time has expired.

Pursuant to the provisions of House Resolution 291, the bill will be considered under the 5-minute rule by titles. Each title shall be considered as having been read.

The Clerk will designate section 1.

Section 1 reads as follows.

H.R. 3566

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "International Security and Development Cooperation Act of 1981"

Mr. PEYSER. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I take the floor at this time because, as one who since 1971 has voted for every foreign aid bill that has come to the floor and voted for every foreign aid appropriation bill that has come to the floor, it is my intention at this time to vote against this legislation. I do not do that lightly, because I recognize the problems that can confront not only the committee that has done a great deal of work on this, but the whole process of foreign aid if this bill is defeated.

Yet, it is my hope that it will be defeated because, Mr. Chairman, we are in a situation today where this country has been faced and is being faced with what I believe are the most unreasonable, disastrous cuts in our domestic programs that we have ever experienced. The continuing resolution which we will be voting on within the next day or two itself is now going to be cutting into some of the area even deeper than the continuing resolution that we voted on just 2 weeks ago; areas such as education, areas dealing with our seniors, with the health of the people of this country. All are being cut, and the basis of that cut in that continuing resolution is to provide more dollars for foreign aid.

I think it is important also to recognize that if we can defeat this bill, this does not mean that there is going to be no aid in the Middle East and there are going to be no programs going forward to insure peace, because those programs will go forward. Israel will continue to receive its full amount of aid promised—aid that I have fought for.

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We still have the appropriation bill in front of us, and we have the continuing resolution that is coming to the floor for a vote. I think it is time that Members express in this way their objection to what is going on at the domestic level and their outright indignation at the crime that is being committed against the people of our country, the young and the old.

It is for that reason, Mr. Chairman, that I am intending at this time to vote against this bill. I believe there are going to be many Members who for the first time will vote against a foreign aid bill. We also know there are going to be Members who for the first time will be voting for a foreign aid bill, and certainly there is a great interest in that, particularly since I heard a comment before by a colleague on the Republican side who said:

We have to let the President have a program so that he can carry out foreign policy.

That is exactly what we on the Democratic side were saying just a year ago when we had another President in the White House and the Republican side overwhelmingly said, "No, we are not going to give that President the right of deciding what we are going to do on foreign policy."

I cannot understand what happened except that there is a new President and he happens to be a Republican. So the Members either believe that Presidents, past and future, ought to have that right or not.

It is my hope that enough of my Democratic colleagues will vote against this bill to defeat it.

Now, obviously if we have unanimous support for the bill on the Republican side, the bill will pass anyway, but I am going to be very interested to see that and to watch how the Members on the Republican side who have so consistently voted against foreign aid are now going to speak out in its favor as though it is something they have supported all along.

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN pro tempore (Mr. FOWLER). If there are no amendments, the Clerk will designate title I.

Title I reads as follows:

TITLE I—MILITARY AND RELATED ASSISTANCE AND SALES

REPORTS TO THE CONGRESS

SEC. 101. (a)(1) Section 3(d)(1) of the Arms Export Control Act is amended—

(A) in the text preceding subparagraph (A) by striking out "to a transfer of a defense article, or related training or other defense service, sold under this Act and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961" and inserting in lieu thereof ", or under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961, to a transfer of any major defense equipment valued (in terms of its original acquisition cost) at $14,000,000 or more, or any defense articles or related training or other defense service valued (in terms of its original acquisition cost) at $50,000,000 or more,";

(B) by amending subparagraph (B) to read as follows:

"(B) a description of the article or service proposed to be transferred, including its acquisition cost,";

(C) in subparagraph (C) by striking out "defense article or related training or other defense service" and inserting in lieu thereof "article or service"; and

(D) in the last sentence by striking out "defense articles, or related training or other defense services," and inserting in lieu thereof "articles or services".

(2) Section 3(d)(2) of such Act is amended by adding at the end thereof the following: "The preceding sentence shall not apply with respect to transfers to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand; however, the President shall submit the certification required by paragraph (1) of this subsection with respect to such a transfer before giving his consent to the transfer unless the President states in his certification that an emergency exists which requires that consent to the proposed transfer take effect immediately in the national security interests of the United States.".

(3) Section 3(d)(3) of such Act is amended—

(A) by striking out "to a third country" and inserting in lieu thereof "from one foreign country or international organization to another such country or organization";

(B) by striking out "$25,000,000" and inserting in lieu thereof "$50,000,000" and by striking out "$7,000,000" and inserting in lieu thereof "$14,000,000";

(C) by striking out "at least 30 calendar days"; and

(D) by adding at the end thereof the following: "Except in the case of transfers to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand, such report shall be submitted at least 30 calendar days before consent is to be given.".

(4) Section 3(d)(4) of such Act is amended—

(A) by inserting "or" at the end of subparagraph (B);

(B) by striking out "; or" at the end of subparagraph (C) and inserting in lieu thereof a period; and

(C) by striking out subparagraph (D).

(b)(1) Section 28(a) of such Act is amended by striking out "five" and inserting in lieu thereof "fifteen".

(2) Section 28(b) of such Act is amended by striking out "the issuance of a letter of

offer in accordance with such request would be subject to the requirements of section 36(b) of this Act" and inserting in lieu thereof "the request involves a proposed sale of major defense equipment for $7,000,000 or more or of any other defense articles or defense services for $25,000,000 or more".

(c) Section 36(b)(1) of such Act is amended—

(1) in the first sentence by striking out "$25,000,000" and inserting in lieu thereof "$50,000,000" and by striking out "$7,000,000 or more, before such letter of offer is issued" and inserting in lieu thereof "$14,000,000 or more"; and

(2) by striking out the next to the last sentence and inserting in lieu thereof the following: "Unless the President states in his certification that an emergency exists which requires the proposed sale in the national security interests of the United States, the letter of offer shall not be issued until at least 30 calendar days after the Congress receives the certification required by the first sentence of this paragraph, and shall not be issued then if the Congress, within such 30-day period, adopts a concurrent resolution stating that it objects to the proposed sale. The preceding sentence shall not apply with respect to a letter of offer to be issued to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand; however, the President shall submit the required certification with respect to such a letter of offer before issuing the letter of offer unless the President states in his certification that an emergency exists which requires that the letter of offer be issued immediately in the national security interests of the United States.".

(d)(1) Section 36(c)(1) of such Act is amended in the first sentence by striking out "$7,000,000" and inserting in lieu thereof "$14,000,000" and by striking out "$25,000,000 or more, before issuing such license" and inserting in lieu thereof "$50,000,000 or more,".

(2) Section 36(c)(2) of such Act is amended—

(A) in subparagraph (B) by striking out ", except that" and all that follows through "New Zealand";

(B) in the last sentence by striking out "subparagraphs (A) and (B) of"; and

(C) by inserting the following new sentence immediately before the last sentence: "The preceding sentence shall not apply with respect to a license for export to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand; however, the President shall submit the certification required by paragraph (1) of this subsection with respect to such a license before issuing the license unless the President states in his certification that an emergency exists which requires that the license be issued immediately in the national security interests of the United States.".

(e) Section 36(d) of such Act is amended by striking out "(c)" and inserting in lieu thereof "(c)(1)".

CHARGES FOR USE AND NONRECURRING RESEARCH, DEVELOPMENT, AND PRODUCTION COSTS

SEC. 102. Section 21(e)(2) of the Arms Export Control Act is amended by inserting "standardization with the Armed Forces of Japan, Australia, or New Zealand in furtherance of the mutual defense treaties between the United States and those countries," immediately after "standardization,".

FOREIGN MILITARY SALES AUTHORIZATION AND AGGREGATE CEILINGS

SEC. 103. (a) Section 31(a) of the Arms Export Control act is amended by striking out "$500,000,000 for the fiscal year 1981" and inserting in lieu thereof "$550,000,000 for the fiscal year 1982 and $550,000,000 for the fiscal year 1983".

(b) Section 31(b) of such Act is amended to read as follows:

"(b)(1) The total amount of credits (or participations in credits) extended under section 23 of this Act shall not exceed $550,000,000 for the fiscal year 1982 and $550,000,000 for the fiscal year 1983.

"(2) The total principal amount of loans guaranteed under section 24(a) of this Act shall not exceed $3,269,525,000 for the fiscal year 1982 and $3,269,525,000 for the fiscal year 1983.

"(3) Of the aggregate total of credits (or participations in credits) under section 23 of this Act, and of the total principal amount of loans guaranteed under section 24(a) of this Act, not less than $1,400,000,000 for the fiscal year 1982 and not less than $1,400,000,000 for the fiscal year 1983 shall be available only for Israel, of which not less than $550,000,000 for each such year shall be available as credits under section 23 of this Act.

"(4) Of the amount available under paragraph (2) of this subsection for loan guaranties under section 24(a) of this Act, not less than $280,000,000 for fiscal year 1982 and not less than $280,000,000 for the fiscal year 1983 shall be available only for Greece.".

(c) Section 31(c) of such Act is amended—

(1) in the first sentence by striking out "fiscal year 1981" and inserting in lieu thereof "fiscal year 1982 and for the fiscal year 1983"; and

(2) in the last sentence by inserting "each" immediately before "such year".

(d) The principal amount of loans guaranteed under section 24(a) of such Act for the fiscal year 1982 and for the fiscal year 1983 with respect to Egypt, Greece, and Turkey shall be repaid in not less than twenty years, following a grace period of ten years on repayment of principal.

PERIODIC REVIEW OF ITEMS ON THE MUNITIONS LIST

SEC. 104. Section 38 of the Arms Export Control Act is amended by adding at the end thereof the following new subsection:

"(f) The President shall periodically review the items on the United States Munitions List to determine what items, if any, no longer warrant export controls under this section. The results of such reviews shall be reported to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate. Such a report shall be submitted at least 30 days before any item is removed from the Munitions List and shall describe the nature of any controls to be imposed on that item under the Export Administration Act of 1979.".

CHARGES FOR ADMINISTRATIVE SERVICES

SEC. 105. Section 43(b) of the Arms Export Control Act is amended by inserting "and extraordinary" immediately after "recovery of administrative".

SPECIAL DEFENSE ACQUISITION FUND

SEC. 106. The Arms Export Control Act is amended by adding at the end thereof the following new chapter:

"Chapter 5—SPECIAL DEFENSE ACQUISITION FUND

"SEC. 51. SPECIAL DEFENSE ACQUISITION FUND.—(a) Under the direction of the President and in consultation with the Secretary of State, the Secretary of Defense—

"(1) may establish a Special Defense Acquisition Fund (hereafter in this chapter referred to as the 'Fund'), to be separate from other accounts, under the control of the Department of Defense, to finance the acquisition of defense articles and defense services in anticipation of their transfer pursuant to this Act or the Foreign Assistance Act of 1961 to eligible foreign countries and international organizations; and

"(2) may acquire such defense articles and defense services as he may determine with the funds in the Fund.

Acquisition under this chapter of items in short supply within the Department of Defense for which the initial issue quantity requirements for United States Armed Forces are not under current procurement contract shall be emphasized when compatible with security assistance requirements for the transfer of such items.

"(b) The Fund shall consist of such sums as may be appropriated under this subsection for deposit in the Fund. There are authorized to be appropriated for deposit in the Fund $150,000,000 for the fiscal year 1982 and $150,000,000 for the fiscal year 1983. Amounts appropriated under this subsection are authorized to remain available until expended.

"(c) Nothing in this chapter shall be construed to limit or impair any responsibilities conferred upon the Secretary of State or the Secretary of Defense under this Act or the Foreign Assistance Act of 1961.

SEC. 52. USE AND TRANSFER OF ITEMS PROCURED WITH THE FUND.—(a) No defense article or defense service acquired by the Secretary of Defense under this chapter may be transferred to any foreign country or international organization unless such transfer is authorized by this Act or the Foreign Assistance Act of 1961.

"(b) The President may authorize the temporary use by the United States Armed Forces of defense articles and defense services acquired under this chapter prior to their transfer to a foreign country or international organization, if such use is necessary to meet national defense requirements and the United States Armed Forces bear the costs of operation and maintenance of such articles or services while in their use and the costs of restoration or replacement upon the termination of such use.

"(c) Except for costs provided for in subsection (b) of this section, the Fund may be used to pay for storage, maintenance, and other costs related to the preservation and preparation for transfer of defense articles and defense services acquired under this chapter prior to their transfer, as well as the administrative costs of the Department of Defense incurred in the acquisition of such articles and services to the extent not reimbursed pursuant to section 43(b) of this Act.

"SEC. 53. ANNUAL REPORT TO CONGRESS.—Not later than December 31 of each year, the President shall submit to the Congress a comprehensive report on acquisitions of defense articles and defense services under this chapter. Each such report shall include—

"(1) a description of each contract for the acquisition of defense articles or defense

services under this chapter which was entered into during the preceding fiscal year;

"(2) a description of each contract for the acquisition of defense articles or defense services under this chapter which the President anticipates will be entered into during the current fiscal year;

"(3) a description of each defense article or defense service acquired under this chapter which was transferred to a foreign country or international organization during the preceding fiscal year; and

"(4) an evaluation of the impact of the utilization of the authority of this chapter on United States defense production and the readiness of the United States Armed Forces.".

LEASING OF DEFENSE ARTICLES

SEC. 107. (a) The Arms Export Control Act, as amended by section 106 of this Act, is further amended by adding at the end thereof the following new chapter:

"Chapter 6—LEASES OF DEFENSE ARTICLES

"SEC. 61. LEASING AUTHORITY.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

"(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

"(2) he determines that the articles are not for the time needed for public use; and

"(3) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) of the articles if the articles are lost or destroyed while leased.

The requirement of paragraph (3) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or electronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

"(b) Each lease agreement under this section shall be for a fixed duration of not to exceed five years and shall provide that, at any time during the duration of the lease, the President may terminate the lease and require the immediate return of the leased articles.

"(c) Defense articles in the stocks of the Department of Defense may be leased or loaned to a foreign country or international organization only under the authority of this chapter or chapter 2 of part II of the Foreign Assistance Act of 1961, and may not be leased to a foreign country or international organization under the authority of section 2667 of title 10, United States Code.

"SEC. 62. REPORTS TO THE CONGRESS.—(a) Not less than 30 days before entering into or renewing any agreement with a foreign country or international organization to lease any defense article under this chapter, or to loan any defense article under chapter 2 of part II of the Foreign Assistance Act of 1961, for a period of one year or longer, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Armed Services of the Senate, a written certification which specifies—

"(1) the country or international organization to which the defense article is to be leased or loaned;

"(2) the type, quantity, and value (in terms of replacement cost) of the defense article to be leased or loaned;

"(3) the terms and duration of the lease or loan; and

"(4) a justification for the lease or loan, including an explanation of why the defense article is being leased or loaned rather than sold under this Act.

"(b) The President may waive the requirements of this section (and in the case of an agreement described in section 63, may waive the provisions of that section) if he determines, and immediately reports to the Congress, that an emergency exists which requires that the lease or loan be entered into immediately in the national security interests of the United States.

SEC. 63. LEGISLATIVE REVIEW.—(a)(1) In the case of any agreement involving the lease under this chapter, or the loan under chapter 2 of part II of the Foreign Assistance Act of 1961, to any foreign country or international organization for a period of one year or longer of any defense articles which are either (i) major defense equipment valued (in terms of its original replacement cost less any depreciation in its value) at $14,000,000 or more, or (ii) defense articles valued (in terms of their replacement cost less any depreciation in their value) at $50,000,000 or more, the agreement may not be entered into or renewed if the Congress, within 30 calendar days after receiving the certification with respect to that proposed agreement pursuant to section 62(a), adopts a concurrent resolution stating that it objects to the proposed lease or loan.

"(2) This section shall not apply with respect to a loan or lease to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand.

"(b) Any resolution under subsection (a) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(c) For the purpose of expediting the consideration and adoption of concurrent resolutions under subsection (a), and motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"SEC. 64. APPLICATION OF OTHER PROVISIONS OF LAW.—Any reference to sales of defense articles under this Act in any provision of law restricting the countries or organizations to which such sales may be made shall be deemed to include a reference to leases of defense articles under this chapter.".

(b) Such Act is further amended—

(1) in section 2(b)—

(A) by inserting ", leases," immediately after "sales" both places it appears,

(B) by inserting "whether there shall be a lease to a country," immediately after "thereof,", and

(C) by inserting ", lease," immediately after "sale" the second place it appears;

(2) in section 3(a)—

(A) in the text preceding paragraph (1) by inserting "or leased" immediately after "sold", and

(B) in paragraph (4) by inserting "or lease" immediately after "purchase"; and

(3) in section 4 by inserting "or leased" immediately after "sold" in the first sentence.

(c) Paragraph (5) of section 503(b) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(5) the loan agreement provides that (A) if the defense article is damaged while on loan, the country or international organization to which it was loaned will reimburse the United States for the cost of restoring or replacing the defense article, and (B) if the defense article is lost or destroyed while on loan, the country or international organization to which it was loaned will pay to the United States an amount equal to the replacement cost (less any depreciation in the value) of the defense article.".

(d)(1) Section 109 of the International Security and Development Cooperation Act of 1980 is repealed.

(2) Section 36(a) of the Arms Export Control Act if amended—

(A) by inserting "and" at the end of paragraph (8);

(B) by striking out "; and" at the end of paragraph (9) and inserting in lieu thereof a period; and

(C) by striking out paragraph (10).

MILITARY ASSISTANCE

SEC. 108. (a)(1) Section 504(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed $304,375,000 for the fiscal year 1982 and not to exceed $304,375,000 for the fiscal year 1983.

"(2)(A) Of the amount available to carry out this chapter for the fiscal year 1982, $248,375,000 shall be available only to provide grants to be used under section 503(a)(3) of this Act to finance the procurements of defense articles and defense services by countries for which foreign military sales credits under section 23 of the Arms Export Control Act were requested in the fiscal year 1982 congressional presentation materials but for which such credits were not made available by the Congress. The grant to a country under this subparagraph may not exceed an amount equal to one-fourth of the amount of such credits so requested for that country, except that such grant may be increased by not more than 20 percent of such amount if the President deems such increase necessary for the purposes of this subparagraph.

"(B) Of the amount available to carry out this chapter for the fiscal year 1983, $248,375,000 shall be available only to provide grants to be used under section 503(a)(3) of this Act to finance the procurements of defense articles and defense services by countries for which such grants are requested in the fiscal year 1983 congressional presentation materials for use in conjunction with loan guarantees under section 24(a) of the Arms Export Control Act. The grant to a country under this subparagraph may not exceed the amount of the grant so requested for that country, except that such grant may be increased by not more than 20 percent of such amount if the President deems such increase necessary for the purposes of this subparagraph.

"(3) Amounts appropriated under this subsection are authorized to remain available until expended.".

(2) Section 503(a)(3) of such Act is amended by striking out "504(a)(1) of this Act, within the dollar limitations of that sec-

tion," and inserting in lieu thereof "504(a)(2) of this Act".

(b) Effective October 1, 1981, section 516 of such Act is repealed.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 109. Section 514(b)(2) of the Foreign Assistance Act of 1961 is amended by striking out "$85,000,000 for the fiscal year 1981" and inserting in lieu thereof "$100,000,000 for the fiscal year 1982 and $125,000,000 for the fiscal year 1983".

INTERNATIONAL MILITARY ASSISTANCE AND SALES PROGRAM MANAGEMENT

SEC. 110. Section 515 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 515. OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS.—(a) In order to carry out his responsibilities for the management of international security assistance programs conducted under this chapter, chapter 5 of this part, and the Arms Export Control Act, the President may assign members of the Armed Forces of the United States to a foreign country to perform one or more of the following functions:

"(1) equipment and services case management;

"(2) training management;

"(3) program monitoring;

"(4) evaluation and planning of the host government's military capabilities and requirements;

"(5) administrative support;

"(6) promoting rationalization, standardization, interoperability, and other defense cooperation measures among members of the North Atlantic Treaty Organization and with the Armed Forces of Japan, Australia, and New Zealand; and

"(7) liaison functions exclusive of advisory and training assistance.

"(b) Advisory and training assistance conducted by military personnel assigned under this section shall be kept to an absolute minimum. It is the sense of the Congress that advising and training assistance in countries to which military personnel are assigned under this section shall be provided primarily by other personnel who are not assigned under this section and who are detailed for limited periods to perform specific tasks.

"(c)(1) The number of members of the Armed Forces assigned to a foreign country under this section may not exceed six unless specifically authorized by the Congress. The President may waive this limitation if he determines and reports to the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives, 30 days prior to the introduction of the additional military personnel, that United States national interests require that more than six members of the Armed Forces be assigned under this section to carry out international security assistance programs in a country not specified in this paragraph. For the fiscal year 1982 and the fiscal year 1983, Indonesia, the Republic of Korea, the Philippines, Thailand, Egypt, Jordan, Morocco, Saudi Arabia, Greece, Portugal, Spain, and Turkey are authorized to have military personnel strengths larger than six under this section to carry out international security assistance programs.

"(2) The total number of members of the Armed Forces assigned under this section to a foreign country in a fiscal year may not exceed the number justified to the Congress for that country in the congressional presentation materials for that fiscal year, unless the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives are notified 30 days in advance of the introduction of the additional military personnel.

"(d) Effective October 1, 1982, the entire costs (including salaries of United States military personnel) of overseas management of international security assistance programs under this section shall be charged to or reimbursed from funds made available to carry out this chapter, other than any such costs which are either paid directly for such defense services under section 21(a) of the Arms Export Control Act or reimbursed from charges for services collected from foreign governments pursuant to section 21(e) and section 43(b) of that Act.

"(e) Members of the Armed Forces assigned to a foreign country under this section shall serve under the direction and supervision of the Chief of the United States Diplomatic Mission to that country.

"(f) The President shall continue to instruct United States diplomatic and military personnel in the United States missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch.".

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 111. Section 542 of the Foreign Assistance Act of 1961 is amended by striking out "$34,000,000 for the fiscal year 1981" and inserting in lieu thereof "$47,700,000 for the fiscal year 1982 and $51,954,000 for the fiscal year 1983".

PEACEKEEPING OPERATIONS

SEC. 112. (a) Section 552(a) of the Foreign Assistance Act of 1961 is amended by striking out "$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "$19,000,000 for the fiscal year 1982 and $19,000,000 for the fiscal year 1983".

(b) Section 551 of such Act is amended by adding at the end thereof the following new sentence: "Unless the Congress hereafter expressly approves such action, the authority of this chapter may not be used either to finance the establishment of a peacekeeping force in the Sinai pursuant to the treaty between Egypt and Israel or to position units of the United States Armed Forces in the Sinai.".

(c)(1) Section 552(c) of such Act is amended by striking out "(1)" and all that follows through "may not be transferred" and inserting in lieu thereof "the total amount so transferred in any fiscal year may not exceed $15,000,000".

(2) The amendment made by this subsection shall take effect on October 1, 1981.

RESTRICTIONS ON MILITARY ASSISTANCE AND SALES TO EL SALVADOR

SEC. 113. (a)(1) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the community of American States generally, that the recent civil strife in El Salvador has caused great human suffering and disruption to the economy of that country, and that substantial assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process.

(2) Taking note of the substantial progress made by the Government of El Salvador in land and banking reforms, the Congress declares it should be the policy of the United States to encourage and support the Government of El Salvador in the implementation of these reforms.

(3) The United States also welcomes the continuing efforts of President Duarte and his supporters in the Government of El Salvador to establish greater control over the activities of members of the armed forces and government security forces. The Congress finds that it is in the interest of the United States to cooperate with the Duarte government in putting an end to violence in El Salvador by extremist elements among both the insurgents and the security forces, and in establishing a unified command and control of all government forces.

(4) The United States supports the holding of free, fair, and open elections in El Salvador at the earliest date. The Congress notes the progress being made by the Duarte government in this area, as evidenced by the appointment of an electoral commission.

(b) Funds may be obligated for assistance for El Salvador under chapter 2 or 5 of part II of the Foreign Assistance Act of 1961, letters of offers may be issued and credits and guarantees may be extended for El Salvador under the Arms Export Control Act, and members of the Armed Forces may be assigned or detailed to El Salvador to carry out functions under the Foreign Assistance Act of 1961 or the Arms Export Control Act, only if prior to each such obligation, issuance, extension, or assignment, the President makes a certification in accordance with subsection (d).

(c) Thirty days after the date of enactment of this section and at the end of each succeeding six-month period thereafter, the President shall make a certification in accordance with subsection (d) if he is able to make the determinations required by paragraphs (1) through (5) of that subsection. If at any of the times specified in the preceding sentence of this subsection the President does not make such a certification, then the President shall immediately—

(1) suspend all expenditures of funds and other deliveries of assistance for El Salvador which were obligated under chapters 2 and 5 of part II of the Foreign Assistance Act of 1961 after the date of enactment of this Act;

(2) withhold all approvals for use of credits and guarantees for El Salvador which were extended under the Arms Export Control Act after the date of enactment of this Act;

(3) suspend all deliveries of defense articles, defense services, and design and construction services to El Salvador which were sold under the Arms Export Control Act after the date of enactment of this Act; and

(4) order the prompt withdrawal from El Salvador of all members of the Armed Forces performing defense services, conducting international military education and training activities, or performing management functions under section 515 of the Foreign Assistance Act of 1961.

Any suspension of assistance pursuant to paragraphs (1) through (4) of this subsection shall remain in effect until such time as the President makes a certification in accordance with subsection (d).

(d) The certification required by subsections (b) and (c) is a certification by the President to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate that the Government of El Salvador—

(1) is not engaged in a consistent pattern of gross violations of internationally recognized human rights;

(2) is achieving substantial control over all elements of its own armed forces, so as to bring to an end the indiscriminate torture and murder of Salvadoran citizens by these forces;

(3) is making continued progress in implementing essential economic and political reforms, including the land reform program, and is supporting the private sector;

(4) is committed to the holding of free elections at an early date; and

(5) has demonstrated its willingness to negotiate with opposition groups an equitable political resolution of the conflict.

Each such certification shall discuss fully and completely the justification for making each of the determinations required by paragraphs (1) through (5).

(e) The President may not make any certification under subsection (b) of this section until after he has certified to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that he has determined that the Government of El Salvador has made good faith efforts both to investigate the murders of the six United States citizens in El Salvador in December 1980 and January 1981 and to bring to justice those responsible for those murders.

AMENDMENT OFFERED BY MR. SOLARZ

Mr. SOLARZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLARZ: Page 29, immediately after line 6, insert the following new sections:

ASSISTANCE FOR PAKISTAN

SEC. 114. (a)(1) The Congress recognizes that the Soviet invasion of Afghanistan and the continued Soviet presence in Afghanistan threaten the security interests of Pakistan. The Congress also recognizes that it is in the mutual self interest of Pakistan and the United States—

(A) for the United States to assist the Government of Pakistan in the preservation of its national independence and integrity, and

(B) to avoid the profoundly destabilizing effects of the proliferation of nuclear explosive devices or the capacity to manufacture or otherwise acquire nuclear devices.

(2) The United States reaffirms the commitment made in its 1959 bilateral agreement with Pakistan relating to aggression from a communist or communist-dominated state.

(3) Security assistance for Pakistan shall be made available in order to assist Pakistan in dealing with the threat to its security posed by the Soviet presence in Afghanistan. The United States will take appropriate steps to ensure that defense articles provided by the United States to Pakistan are used for defensive purposes.

(b)(1) In addition to amounts otherwise available for such purpose, there are authorized to be appropriated $100,000,000 for the fiscal year 1982 for use in providing assistance for Pakistan under chapter 4 of part II of the Foreign Assistance Act of 1961. Amounts appropriated under this subsection are authorized to remain available until expended.

(2) Assistance for Pakistan under this subsection shall be subject to the requirements of section 669 of the Foreign Assistance Act of 1961 (as amended and restated by this Act).

PROHIBITIONS RELATING TO NUCLEAR TRANSFERS AND NUCLEAR DETONATIONS

SEC. 1115. (a) The Congress reaffirms that a nuclear detonation by any non-nuclear weapon state would cause grave damage to bilateral relations between the United States and that country and declares that, in the event of such a detonation, United States economic and military assistance programs for that country would be subject to termination as provided in section 669 of the Foreign Assistance Act of 1961 (as amended and restated by this section).

(b) The Foreign Assistance Act of 1961 is amended by striking out sections 669 and 670 and inserting in lieu thereof the following new section 669:

"SEC. 669. NUCLEAR TRANSFERS AND NUCLEAR DETONATIONS.—(a)(1) Except as provided in subsection (b), economic and military assistance under this Act and the Arms Export Control Act (including assistance under chapters 2, 4, 5, and 6 of part II of this Act and credits and guarantees under the Arms Export Control Act) may not be provided to any country which on or after the date of enactment of the International Security Assistance Act of 1977—

"(A) delivers nuclear enrichment equipment, materials, or technology to any other foreign country or receives such equipment, materials, or technology from any other foreign country, unless before such delivery—

"(i) the supplying country and receiving country have reached agreement to place all such equipment, materials, or technology, upon delivery, under multilateral auspices and management when available; and

"(ii) the receiving country has entered into an agreement with the International Atomic Energy Agency (IAEA) to place all such equipment, materials, technology, and all nuclear fuel and facilities in such country under IAEA safeguards; or

"(B) delivers nuclear reprocessing equipment, materials, or technology to any other foreign country or receives such equipment, materials, or technology from any other foreign country (except for the transfer of reprocessing technology associated with the investigation, under international evaluation programs in which the United States participates, of technologies which are alternatives to pure plutonium reprocessing).

"(2) Except as provided in subsection (b), economic and military assistance under this Act and the Arms Export Control Act (including assistance under chapters 2, 4, 5, and 6 of part II of this Act and credits and guarantees under the Arms Export Control Act) shall be suspended to any country which on or after the date of enactment of the International Security Assistance Act of 1977—

"(A) transfers a nuclear explosive device to a non-nuclear-weapon state; or

"(B) in the case of non-nuclear-weapon state—

"(i) receives a nuclear explosive device, or

"(ii) detonates a nuclear explosive device.

"(b) Subject to subsection (c), assistance which would otherwise be prohibited under subsection (a) may be furnished to a country if, before furnishing such assistance, the President transmits to the Speaker of the House of Representatives, and to the Chairman of the Committee on Foreign Relations of the Senate, a certification that the President has made the following determination:

"(1) In the case of a country described in subsection (a)(1), a determination that the termination of assistance would—

"(A) be seriously prejudicial to the achievement of United States nonproliferation objectives, or

"(B) otherwise jeopardize the common defense and security.

"(2) In the case of a country described in subsection (a)(2), a determination that the termination of assistance would, because of extraordinary circumstances—

"(A) be seriously prejudicial to the achievement of United States nonproliferation objectives, or

"(B) otherwise jeopardize the common defense and security.

Any certification under this subsection shall be in writing and shall include a statement setting forth the specific reasons for the certification and describing those actions the President has taken or intends to take specifically to further United States nonproliferation objectives in the region.

"(c)(1) A certification under subsection (b) shall take effect on the date on which the certification is received by the Congress. However, if the Congress, during the period of 30 days of continuous session of Congress which begins on the date the certification is received by the Congress, adopts a concurrent resolution stating in substance that the Congress disapproves the furnishing of assistance pursuant to the certification, then upon the adoption of that resolution the certification shall cease to be effective and all deliveries of assistance furnished under the authority of that certification shall be suspended immediately.

"(2)(A) Any concurrent resolution under this subsection shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(B) For the purpose of expediting the consideration and adoption of concurrent resolutions under this subsection, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(C) For purposes of this subsection, continuity of session is broken only by an adjournment of Congress sine die and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

"(D) As used in this section, the term 'non-nuclear-weapon state' means any country which is not a nuclear-weapon state, as defined in article IX(3) of the Treaty on the Non-Proliferation of Nuclear Weapons.".

Mr. ZABLOCKI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SOLARZ. Mr. Chairman, I rise to offer this amendment which was approved unanimously by a voice vote by the Committee on Foreign Affairs yesterday for the purpose of making it possible for us to proceed with a military and economic assistance program for Pakistan, while at the same time significantly strengthening our nonproliferation objectives not only in the subcontinent but around the world.

Over the course of the last few months the Committee on Foreign Affairs, through the Subcommittee on Asian and Pacific Affairs, the Subcommittee on International Economic Policy and Trade, and the Subcommittee on Scientific and Security Affairs, has exhaustively considered this problem. We have held a total of six public hearings and three executive sessions, and we heard a wide variety of witnesses who testified about the problems confronting our country in this critically important part of the world.

I think it is fair to say that out of those hearings a very strong consensus emerged that with 85,000 Soviet troops in Afghanistan and 2 million Afghan refugees in Pakistan, there was a clear and compelling case for an American military and economic aid program to Pakistan in order to help Pakistan deal with this new threat not only to its territorial integrity but to its political stability and independence. There were, to be sure, some significant differences among the members of our committee and on the part of the witnesses we heard concerning the wisdom of selling 40 F-16 advanced combat jet aircraft to Pakistan. Those differences were reflected in a 13-to-13 vote within the Committee on Foreign Affairs on a resolution of disapproval designed to prevent the sale of the F-16's to Pakistan from going forward. But for better or for worse—and I want to say here parenthetically that I thought it was a mistake to sell Pakistan the F-16's—the resolution of disapproval was rejected, and that sale has gone forward.

The only question that now remains is whether we should proceed with a military and economic aid program for Pakistan and, if so, on what basis. The reason this legislation is needed today is that under existing law we are unable to provide any military or economic assistance to Pakistan whatsoever because Pakistan has received nuclear enrichment equipment from other countries, which triggers a restriction in the existing law that prohibits us from providing military or economic aid to any country which receives such equipment.

While we do have a Presidential waiver in the existing law which authorizes the President to proceed with an aid program to countries that receive nuclear enrichment equipment, that Presidential waiver, known as the Symington amendment, requires the President to certify that he has received reliable assurances that the country which has received this enrichment equipment is not attempting to development nuclear weapons or to make nuclear weapons available to other countries. Given the extent to which it was clearly impossible for the President to say that he had received such assurances from Pakistan, it became impossible for us to proceed with a program for Pakistan at this time.

Consequently, new legislation was needed, but we decided in the Committee on Foreign Affairs that the need for new legislation created an opportunity to simultaneously strengthen our nonproliferation objectives. That is what the amendment which is now before the Committee of the Whole, with the unanimous support by a voice vote of the Committee on Foreign Affairs yesterday, is all about.

Our amendment would provide that, in addition to the restrictions on American military and economic aid to other countries which currently exist in our law concerning those countries that receive nuclear enrichment equipment, those countries that receive nuclear reprocessing equipment, and those countries that detonate a nuclear device, we have added two new restrictions. We would also prohibit military or economic aid to those countries which transfer a nuclear device to another nation and those countries which receive a nuclear device from another nation. We would, however, eliminate the requirement in the Symington amendment in the Presidential waiver that the President certify that he has received reliable assurances that the country in question is not attempting to develop nuclear weapons. Consequently, it would be possible for the President under this amendment to act on aid to Pakistan.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. SOLARZ) has expired.

(By unanimous consent, Mr. SOLARZ was allowed to proceed for 3 additional minutes.)

Mr. SOLARZ. Mr. Chairman, I beg the indulgence of my colleagues for asking for more time, but this is an extraordinarily complex piece of legislation, and I think it is important that the Members of the Committee know exactly what they are voting on.

In any case, our legislation would now make it possible for the President to utilize the waiver authority, thereby permitting a military and economic aid program for Pakistan.

I think that all of us on the Committee on Foreign Affairs were in agreement that our current nonproliferation policy with respect to Pakistan, under which we were prohibited from providing them with any military or economic aid, was a failure. It simply has not worked. But we do believe that there is at least a very strong possibility that if we provide Pakistan with a significant military and economic aid package, we will be able to persuade them to refrain from taking the next step, which would be the detonation of a nuclear device, particularly if we make it clear that should they explode such a device, they would probably lose the benefit of the military and economic aid we are about to authorize.

So in our view the adoption of this amendment would actually strengthen our nonproliferation objectives vis-a-vis Pakistan by putting us in a much stronger position to persuade Pakistan not to take the next step in its nuclear development plans, which would be the explosion of a nuclear device, which, if it took place, could have very destabilizing consequences for the entire subcontinent.

In global terms, however, this amendment would significantly strengthen our nonproliferation objectives in a number of other vital respects. First of all, in addition to the existing restrictions on American aid which prohibit military or economic assistance to countries that receive enrichment equipment, receive reprocessing equipment, or detonate a device, we add two new restrictions on aid to countries that either transfer a nuclear weapon to a third country or nations that receive a nuclear device from another country.

Furthermore, we also provide that any country which detonates a nuclear device, transfers a nuclear device, or receives a nuclear device, would not only have any new aid terminated, but would also lose whatever aid was in the pipeline.

Third, we also strengthen our nonproliferation objectives by providing that the Presidential waiver contained in the law can only be utilized with respect to those countries that detonate a device, transfer a device, or receive a device under extraordinary circumstances.

Finally, we significantly strengthen our nonproliferation objectives by providing that if the President, because he believes it is in the national interest to do so, waives the restriction on aid to a country that receives nuclear enriched equipment, receives nuclear reprocessing equipment, explodes a nuclear device, transfers a nuclear device, or receives a nuclear device, the Congress would then be in a position to take action.

The CHAIRMAN pro tempore. The time of the gentleman from New York (Mr. SOLARZ) has again expired.

(By unanimous consent, Mr. SOLARZ was allowed to proceed for 2 additional minutes.)

Mr. SOLARZ. Mr. Chairman, in that event the Congress would then be in a position, through the adoption of a concurrent resolution, to override the President's waiver and to prohibit military and economic assistance from going to that country.

Let me say here, in conclusion, Mr. Chairman, that the Senate took a somewhat different approach to this problem. It provided that in the event a country explodes a nuclear device, our aid would terminate forthwith,

without making any provision whatsoever for a Presidential waiver. While many of us can sympathize with the view of the Senate on this issue, the fact of the matter is that it would put our country into a political straitjacket whereby we would be unable to respond in a complex and changing world to utterly unforeseen circumstances. We might decide that, in spite of the fact a country had exploded a nuclear device, it was nonetheless in our interest to provide them with military and economic aid.

One can envision a whole variety of circumstances where, even if a country should explode a nuclear device, it would be counterproductive for the United States to be in a position where we could not proceed with providing military and economic aid to them. By writing into our amendment a provision which gives the Congress, through the adoption of a concurrent resolution, the right to override that waiver, I think we can be reasonably confident that the President would only use his authority when there was a compelling case for a waiver, and we would not have to fear that it was used either frivolously or gratuitously.

Consequently, Mr. Chairman, this amendment would enable us to resond to the felt military and economic needs of Pakistan, and it would help us to strengthen a front-line state facing 85,000 troops on its Afghan border, with 2 million Afghan refugees within the country, while at the same time significantly strengthening our nonproliferation objectives not only on the subcontinent but throughout the rest of the world.

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The CHAIRMAN pro tempore. The time of the gentleman from New York has again expired.

(At the request of Mr. ZABLOCKI and by unanimous consent Mr. SOLARZ was allowed to proceed for 2 additional minutes.)

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the gentleman for yielding.

Mr. Chairman, I take this opportunity to commend the gentleman in the well (Mr. SOLARZ), and the gentleman from New York (Mr. BINGHAM), and the gentlewoman from New Jersey (Mrs. FENWICK), for their work on this amendment. It is with the cooperation of these and other Members that this amendment comes before us, and I do hope that there will be no objection. We unanimously accept it and thank the gentleman for calling this amendment to our attention.

Mr. SOLARZ. I thank the chairman for those kind words.

Let me simply add to what he said my own deep appreciation to my very good friend, the gentlewoman from New Jersey (Mrs. FENWICK), and my esteemed colleague from New York (Mr. BINGHAM), for the help they gave us in fashioning this legislation in response to a very real, challenging, and complex problem confronting our country.

Mr. RANGEL. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to my very good friend from New York.

Mr. RANGEL. I would like to join the chairman in complimenting the gentleman and my other colleague from New York (Mr. BINGHAM), for bringing forward this amendment. I had hoped that somewhere in this amendment we would find some allocation, some concerns, some setting aside of these funds to fight, which I believe the Pakistan Government indicates it is willing to fight and restrict the growth of opium.

The chairman, as well as the gentleman, allowed me the kind courtesy to sit with the committee at the time the State Department was talking about the need for the $3 billion, and I got the clear impression that they were saying that they expect the cooperation from the Pakistani Government and that AID was going to do something, which they had no program.

I want to offer an amendment at the appropriate time that would set aside $8 million for our Government to give the type of assistance they now believe the Pakistan Government wants to stop the spread of this terrible epidemic in our country. I want to know the gentleman's concern and why it is not in the bill.

Mr. SOLARZ. Let me say to my very good friend from New York that I share his concerns. I want to express my personal appreciation for the time the gentleman took to participate in the deliberations of our committee, even though he has many other and probably far more weighty responsibilities.

The CHAIRMAN pro tempore. The time of the gentleman from New York has again expired.

(By unanimous consent Mr. SOLARZ was allowed to proceed for 2 additional minutes.)

Mr. SOLARZ. I fully agree with the gentleman that the heroin which is being produced and grown in Pakistan and which is coming into our country is having utterly unacceptable consequences in the United States, and we have to do something about it.

An amendment to the effect of the one suggested by the gentleman was brought up in our committee yesterday by the gentleman from California (Mr. LANTOS), but he agreed to withdraw it after receiving very firm assurances from the chairman of the full committee, the gentleman from Wisconsin (Mr. ZABLOCKI), and myself, that we would press for the inclusion of very strong language in the conference report making it clear that we believed that a significant amount of the economic aid we are providing Pakistan should be used for narcotics programs in that country, either for crop substitution or for other programs that are designed to reduce the production and export of heroin from that country. We were a little bit reluctant to get involved with a specific earmark while the negotiations for establishing such a program were underway. The $8 million might be the right figure, or $15 million might be the right figure, or $6 million might be the right figure. We did not feel we were in a position at this time to specify the precise amount.

But I want to assure the gentleman that it is our very firm intention to hold the feet of the administration to the fire on this question. We want these resources used, among other things, for the purposes of narcotics control. I personally am confident that we will be able to achieve our objectives with strong report language in the conference report.

Mr. RANGEL. The chairman of the gentleman's full committee, of course, has the same persuasive powers in nonmembers as he does on members of the gentleman's distinguished committee, and I have had a chance to discuss this with him. He has informed me that he intends to have this type of language in the bill.

I want to say for the record that I have far more confidence in the chairman and this Congress than I have in the administration or even the administration's understanding of the problem, which clearly they did not have at the time of the hearings. But inasmuch as the chairman of the full committee has a national reputation, I at this time will reconsider offering the amendment and thank the gentleman for yielding.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, parenthetically, in response to the remarks of the distinguished gentleman from New York, I would hope this administration would consult with Dr. Peter Bourne and some of the great antidrug crusaders of the last administration whose inroads into this nefarious traffic are legendary. I am sure they will have a great contribution to make.

I hate to sound a discordant note in this symphony of agreement but I, for one, do not agree that this procedure the distinguished gentleman from New York is offering is a wise one. The permitting, the authorizing of Congress by way of concurrent resolution to veto a waiver that the President, in conforming to the law, might issue, I think is a very bad process. By a simple vote I think we are tying the hands of the President who has the

primary responsibility for initiating and executing foreign policy in a very sensitive area. A joint resolution which would require two-thirds vote to pass, to override a Presidential waiver, would be slightly better, but a concurrent resolution makes us coequal with the President, all 435 of us as Secretaries of State and Presidential envoys in discussing the very important nuances of aid, whether military or economic, to a country that is developing a nuclear capability.

I think this injects a note of great uncertainty. It is erosion of the authority of the President to do what Presidents have historically and constitutionally done. It is an aggrandizement of power by this House that I do not think is constitutional.

I think it does invert the roles between the Executive, which has the power to veto what Congress does, and we have now acquired through this amendment the power to veto what the President does by a simple majority.

So I would hope that this provision providing for a reversal of the waiver of the President by concurrent resolution would meet a timely demise in conference.

Having said that, I wish to say the rest of the amendment is wise and good and beneficient and is an addition to the law that assists us in the essential task of furthering the nonproliferation of nuclear weapons.

The CHAIRMAN pro tempore. The question is on the amendment offered by the gentleman from New York (Mr. SOLARZ).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SOLARZ

Mr. SOLARZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLARZ: Page 29, immediately after line 6, insert the following new section:

FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES

SEC. 115. Chapter 1 of the Arms Export Control Act is amended by adding at the end thereof the following new section:

"SEC. 6. FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES.—(a) After the date of enactment of this section, letters of offers may be issued, credits and guarantees may be extended, and export licenses may be issued under this Act during a fiscal year with respect to a foreign country only if the President has certified, during the fiscal year, to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate that the governing authorities of that country are not engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

Mr. SOLARZ. Mr. Chairman, I do wish to say a few words about this amendment.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, we have carefully studied the gentleman's amendment and find no problem. We would accept the gentleman's amendment.

Mr. SOLARZ. I appreciate the support of the chairman of the committee, the gentleman from Wisconsin (Mr. ZABLOCKI), and would appreciate the opportunity to say a few words about this.

I offer this amendment not only on behalf of myself and the gentleman from Wisconsin, the chairman of the Foreign Affairs Committee, but several other members of the Subcommittee on Asian and Pacific Affairs, including the ranking minority member, the gentleman from Washington (Mr. PRITCHARD), and the gentleman from Iowa (Mr. LEACH). I understand the gentleman from California (Mr. DORNAN) and the gentleman from Illinois (Mr. HYDE) support this as well.

I would like to tell my colleagues what this is all about. This is not an amendment designed to deal with the abuse of human rights in other countries. It is an amendment designed to deal with the abuse of human rights in our own country.

This summer a Taiwanese professor at Carnegie Mellon Institute in Pittsburgh, who was on a return visit to Taiwan where he was staying with his family, was apparently murdered by the security authorities on the island. During the course of an interrogation, which was based on information which had been submitted to the security authorities on Taiwan by agents in this country who were apparently engaged in an effort to monitor the activities of Taiwanese and Taiwanese Americans in our country. In the course of looking into this sad and unfortunate situation, we discovered that this was only the tip of the iceberg. We discovered that what was involved here was apparently a widespread, systematic effort on the part of the authorities on Taiwan to harass and intimidate literally thousands and thousands of Taiwanese and Taiwanese Americans in our own country from fully exercising and enjoying their constitutional rights in the United States.

We also found out that Taiwan was not the only offender and that there were presumably and presumptively other countries that were also engaged in efforts to intimidate people within the United States from enjoying the full excercise of their constitutional rights.

Consequently, we decided to recommend the adoption of legislation which we are offering now as an amendment to the foreign aid bill. It would require the President to certify on an annual basis, as a condition for the receipt by any other country of American arms that would be purchased in the United States, that such a government is not engaged in a systematic campaign of harassment and intimidation of people within the United States itself.

This does not speak to the question of harassment and intimidation of people in other countries. Whatever we may think of such behavior, that is clearly a horse of a different color.

What we are talking about here is the abuse and intimidation of people within the United States. This amendment is based on one fundamental proposition: that we have an obligation to protect the rights of people in the United States under our Constitution from harassment and intimidation by foreign governments.

It was our hope that if other governments were put on notice that if they wanted to purchase arms in the United States they would not be able to continue these efforts at harassment and intimidation. We hope such notice will bring such harassment to an end. Unfortunately, existing laws on the subject are clearly inadequate.

The Justice Department has written to the gentleman from Iowa (Mr. LEACH) and made it clear to him that existing provisions in the civil rights law do not reach the problem. The only way it can be solved is for us to adopt, as a matter of national policy, legislation which will make it clear that if any other country wants to buy arms in the United States it must cease and desist from harassing and intimidating our people.

We are not talking here about an isolated act of intimidation. We are talking about a consistent pattern of harassment and intimidation.

If it should turn out that the administration is not able to come to the conclusion on the basis of the evidence that another country is harassing people in the United States on a systematic basis, then they would have no problem in providing the necessary certification. But if there was clear and compelling evidence that the authorities of another country or another government are engaged in a systematic effort of intimidation and harassment, then they would not be able to purchase arms in the United States.

□ 1330

Mr. BROOMFIELD. Mr. Chairman, I reluctantly rise in opposition to the amendment.

The administration shares Congressman SOLARZ' abhorrence of reported intimidation and harassment in the United States by foreign governments, but believes this legislation is not the solution.

There are many allegations, but little hard evidence. Many of the alleged activities violate local, not Federal, law. Nevertheless, because of our

concern, the FBI monitors these activities closely. They have interviewed victims and alleged perpetrators. When solid information is developed, appropriate steps are taken, including referral for prosecution and diplomatic action by the Department of State.

The administration believes that the proposed legislation would unduly circumscribe the administation's flexibility to deal with this problem. It would apply to all FMS sales and many of our closest allies would find it highly insulting.

It would force the President to make a certification which, because of the nature of the evidence, could never be made with any real assurance. Moreover, the FBI is severely overtaxed with its present counterintelligence workload. The requirement of a Presidential certification that foreign arms purchasers are not engaged in objectionable activity would require the Bureau to divert resources from other critically needed work.

Finally, this amendment is not the way to attack this problem. The Department of Justice has this under continuing review—in part as a result of Congressman SOLARZ' hearings—and any legislative action should await the result of their review, and I hope this amendment is not accepted.

Mr. LEACH of Iowa. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Solarz amendment to condition military sales to foreign governments on certification by the President that agents of those foreign governments are not engaged in patterns of intimidation or harassment against individuals in the United States, both citizen and resident alien alike.

Over the last decade we have seen numerous examples of the bold and sometimes blatantly illegal activities of foreign intelligence services in the United States. The activities of the SAVAK and the KCIA against Iranians and Koreans in the United States have been well documented in congressional hearings and other public records. The assassination on the streets of Washington of the former Ambassador from Chile, Orlando Letelier, led to a grand jury indictment here in the United States of agents associated with DINA, the Chilean secret police.

This summer, in the wake of the tragic death of Dr. Chen, a young Taiwanese professor on the faculty of Carnegie-Mellon University, while he was home in Taiwan on a visit with his family, many Members of Congress became deeply troubled by what seemed to be clear, uncontrovertible evidence that the fears long expressed by Taiwanese in the United States might in fact be a reality. Dr. Chen, we learned in the days following his death, had been called in for hours of interrogation by the Taiwan security forces. In reports issued by the Taiwan Government following his tragic death, it was revealed that the Taiwanese authorities had apparently been involved in deliberate surveillance of his law-abiding activities in the United States. The questions raised by his death, following the interrogation, have been pursued in a responsible and forthcoming fashion by U.S. officials through the State Department and the American Institute on Taiwan. Unfortunately, we have not received assurances from the Taiwan Government that their activities in the United States which chill the exercise of the constitutional right of free political expression for citizen and alien alike in the United States, will cease. In fact, the authorities on Taiwan will not even admit that they do conduct such surveillance here against their students and other Taiwanese residents.

For thousands of Taiwanese in the United States, reality paints a different picture. They fear retribution if they speak out in opposition to the policies of the Taiwan Government and have claimed for years that agents of their Government, on and off campus, monitor their activities and file reports with the appropriate authorities. They fear their applications for visas to return home to Taiwan for family visits will be denied if their views do not conform to those of the ruling authorities in Taiwan. They fear their family's property in Taiwan will be confiscated or "frozen." They fear other forms of harassment against family members such as the firing of a parent or sibling from a job or the denial of a promotion for a family member is at stake. Some fear being labeled a "Communist bandit" or "stooge of the Taiwan Independence elements." And now, in light of the tragic fate of Carnegie-Mellon University professor, Dr. Chen, they fear death itself.

Mr. Chairman, every person—not just citizen—in the United States is protected by the U.S. Constitution and is guaranteed the right of free expression. The extension of the intelligence apparatus of repressive foreign governments inside the borders of this Nation is repugnant to all Americans and cannot be tolerated. Civil and constitutional liberties in the United States are simply not negotiable.

While we may differ in this Chamber over what approach our foreign policy should take with respect to repressive foreign governments' lack of respect for human rights, the prompt redress for human rights violations by foreign agents in the United States ought not to be a partisan issue.

The Taiwanese living in the United States are not the only foreign-born persons who fear the long arm of repression of a foreign government. Libyan students provide a stark case of targeting by a home government. In some cases, dissident students have even been marked for assassination itself. Prior to the expulsion of the Libyan diplomatic delegation here earlier this year, one student was murdered and another shot, but not killed.

Yugoslavs in the United States have also expressed fear over what they believe to be the activities of the Yugoslav secret police. The New York Times reported that members of nonviolent Croation groups here in the United States feared Yugoslav secret police had infiltrated their groups and had aroused younger members of the organization to use violence.

Newsweek magazine last month reported that evidence had come to their attention that a number of Polish Americans have worked with Polish Intelligence agents—some out of a fear of reprisals against relatives still in Poland.

Koreans in the United States are not as threatened by the KCIA as they were during the days of Koreagate. However, Members of Congress still receive reports of subtle attempts to discourage opposition to the Chun government, sometimes through the "carrot" approach and the promise of some business benefit for example, or by the "stick" approach labeling an activist here a "Communist" and discouraging local clientele from patronizing the business of an outspoken Korean human rights activist.

Filipino dissidents in the United States have felt similar pressures. Prominent dissidents have received threats of various types and a recent defector to the United States reported in the press that he had received what he believes to be genuine threats to his life. Following his arrival in the United States this year, he received several warnings from individuals associated with the Marcos government that he should return to the Philippines or something would happen to him or members of his or his wife's family at home in the Philippines. He reported that he was warned that he might meet the same fate as Primitivo Mijares, a man who according to the Baltimore Sun in 1976 had accused the head of the Philippines National Intelligence and Security Agency (NISA) of authorizing a $100,000 bribe to keep him from testifying before a U.S. congressional committee. Later, on his way back to the Philippines, Mijares disappeared. He has not been seen since.

In 1979 the New York Times also covered the arrest in New York of the former chief of police inspectors in Paraguay who had been charged with a torture murder in Paraguay of the son of a prominent Paraguay opposition figure. It was also alleged that there had been complaints by human rights groups and political refugees

from Paraguay that other Paraguayan secret police had been sent to the New York area to intimidate opponents of Paraguayan President Stroessner.

Mr. Chairman, because of the profound nature of the problem, and because of the Dr. Chen case specifically, I wrote the Department of Justice in August asking the Attorney General to consider the establishment of a "harassment hotline" and to determine whether existing remedies and legislation are adequate to address this very profound problem. Further, I requested specific advice as to legislation the Department might recommend be initiated to deal forthrightly with the problem. I also urged the Justice Department to "create a task force to study the merits of giving the Division of Civil Rights of the Justice Department joint jurisdiction over problems attendant to intrusive activities of nonhostile states." These three requests to the Justice Department have elicited, in my opinion, "milk-toast" responses. The Civil Division simply claims it has the equivalent of a hotline in its network of existing FBI offices around the Nation and, after explaining how Federal law does not now reach to the problems raised by the Chen case, they failed to recommend new legislative remedies.

Below is a part of the correspondence inferred to above:

CONGRESS OF THE UNITED STATES
Washington, D.C., August 6, 1981.

Hon. WILLIAM FRENCH SMITH,
Attorney General,
Washington, D.C.

DEAR MR. ATTORNEY GENERAL: As a result of the death of Dr. Chen Wen-cheng, a Carnegie-Mellon University professor, the House Subcommittee on Asian and Pacific Affairs held a hearing last Thursday, July 30, to probe the Taiwan Government's surveillance activities in the United States. Enclosed is a copy of the statement I delivered at that hearing.

Testimony during the hearing revealed that there is a great amount of fear among Taiwanese in this country that they are being watched and reported on by agents of the Taiwan Government. Witnesses also testified that they and their relations in Taiwan were repeatedly harassed in retribution for their speaking out in this country against the human rights violations and political inequities perpetrated by the Taiwan Government.

The Taiwan Government's surveillance in the United States of its citizens as well as American citizens of Taiwanese descent would appear to have a "chilling effect" on the exercise of a full range of constitutional rights by persons resident in America.

Accordingly, I would like to request the Department of Justice and the F.B.I. to undertake initiatives to put a stop to harassment activities of the Taiwan Government, as well as similar intrusive practices of other foreign governments. In particular, I request that the Civil Rights Division of the Department of Justice or the F.B.I. set up a "harassment hotline" to accept calls from foreigners visiting or residing in the United States or American citizens of foreign descent whose governments conduct intimidation activities against them. The hotline would hopefully provide the Department of Justice with information vital to understanding the extent of spying and surveillance activities conducted by foreign governments in the U.S. as well as aid in efforts to limit such activities. Moreover, as many Taiwanese welcoming the hotline idea have indicated to my office, it would dispell the fears of foreign-born that the U.S. Government sanctions the illegal operations of foreign nations against residents and visitors in this country.

In the activities documented by our subcommittee, it would appear that the Taiwan Government has massively violated the Foreign Agents Registration Act. In addition, there is a strong possibility that it has stretched or violated tax, mail, and immigration laws and conventions as well as our privacy statutes. Accordingly, I request that the Department of Justice and the F.B.I. conduct a thorough investigation into the Chen case and the kind of activities specified in my statement to the Asian and Pacific Affairs Subcommittee. I also request that an investigation be conducted to ascertain whether various state constitutions and laws may have transgressed by the Taiwan Government.

It is clear that many Taiwanese are directly and indirectly prevented from exercising the rights of free speech, privacy, and association guaranteed by the Constitution. Taiwanese are being denied equal protection of the law in large part because readily accessible law enforcement is lacking. Remedies for violations of the civil rights of the foreign-born appear limited and, to a degree, unknown. Accordingly, I would ask the Department of Justice to provide my office an analysis of what means of redress, if any, is available to individuals of Taiwanese descent, as well as other foreign nationals in similar circumstances. In addition, I request that the Justice Department determine whether existing remedies and legislation are adequate to address this very profound problem. If existing remedies are considered inadequate, I request specific advice as to legislation the Department might recommend be initiated to deal forthrightly with the problem. In this regard, I would particularly appreciate the advice of the Department of Justice as the the desirability and feasibility of redefining "foreign agents," with the objective of clearly prohibiting by statute the use of "professional students" and other part-time informants by foreign Governments in surveillance activities in our university and college communities.

It would appear that the non-citizen harassment problem has fallen through the cracks in our law enforcement system. The counter-intelligence division of the F.B.I. has limited resources and a series of concerns perceived to be of higher priority, particularly in connection with monitoring Eastern Bloc espionage efforts. Accordingly, I would urge the Justice Department to create a task force to study the merits of giving the Division of Civil Rights of the Justice Department joint jurisdiction over problems attendant to intrusive activities of non-hostile states.

It would also appear that from time to time in the 1970s, especially with regard to relations with the Shah of Iran, some within our Government argued that cooperative bilaterial relations between our Governments, and certain intelligence quid pro quos required that our Government turn a blind eye to the fact that foreign students felt compelled to exercise rights of peaceful assembly with sacks on their heads. It should be clear, however, that while the United States may have a national interest in maintaining close relations with certain governments that do not protect as assiduously as we do the civil liberties of their citizens, such relations should not entail any abridgement of the rights the Constitution guarantees to residents of the United States. The protection guaranteed by the United States Constitution is not negotiable. No resident of America should ever feel compelled to place a sack over his or her head before exercising a constitutionally protected right.

Finally, I would urge the Justice Department to study internal controls existent within the F.B.I. and within state and local law enforcement agencies to insure that no information on residents in America is passed to a foreign government which may jeopardize the individual's security here or abroad simply because of that individual's political views. An accounting of any transgressions of our Government in this regard is in order as well as an assessment of applicable laws to this type of problem.

Recognizing that national law enforcement and intelligence agencies frequently share information on a standard basis relating to criminal activities and to espionage, care should be taken to ensure that requests from foreign governments for information about their citizens in America relate exclusively to criminal and espionage activities as our system of government, rather than their system, defines them. If information is relayed to a foreign government related to political activities of citizens of that government in the United States law enforcement officials may clearly become complicitous in infringing, rather than protecting, the Constitutional rights of residents of the United States. Such government to government cooperation relating to political surveillance of individuals in America would have both civil and criminal penalty implications.

Given the death of Dr. Chen and the recent assassination attempts (one successful) on two Libyan students in America, I would hope the gravity of this issue could be appraised in a serious and forthcoming fashion. America must never allow repressive foreign governments and political practices to prevail over the protection our Constitution guarantees all persons within our borders—citizens and non-citizens alike.

Just as the Dr. Chen affair has had a "chilling effect" on Taiwanese living in this country, a vigorous F.B.I. probe of his death coupled with a Justice Department commitment to halt further intrusive foreign surveillance in this country could have a "chilling effect" on all foreign governments which might otherwise continue to forsake our laws and traditions.

With anarchy increasingly becoming a hallmark of world politics, the time could not be more propitious for our government to signal a strong law enforcement message to friend and foe alike.

Upon return from the August recess I would appreciate the opportunity to meet

with yourself or other appropriate officials on this issue.

Sincerely,

JIM LEACH,
Member of Congress.

U.S. DEPARTMENT OF JUSTICE,
CRIMINAL DIVISION,
Washington, D.C., September 21, 1981.

Hon. JIM LEACH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN LEACH: This is in reply to your letter of August 6, 1981 addressed to the Attorney General, which has been referred to this Division for response, concerning the alleged harassment of visitors from Taiwan as well as permanent resident aliens and naturalized United States citizens from Taiwan by agents of the Taiwan government. You have requested the Department of Justice to undertake certain initiatives which you believe would end the alleged harassment activities of not only the Taiwan Government but also other unidentified foreign governments.

In particular, you have requested the Department and the FBI to conduct a thorough investigation into the recent death of Doctor Chen Wen-cheng following some thirteen hours of interrogation by the Taiwan Garrison Command. As I am sure you are aware, the FBI has no investigative jurisdiction over a matter which occurred in Taiwan.

You have also requested the Department and the FBI to conduct a thorough investigation into the alleged harrassment and surveillance activities of the Taiwan Government and other foreign governments. The FBI, as it has in the past, will continue its policy of investigating complaints alleging harassment and surveillance of naturalized United States citizens, permanent resident aliens, students and visitors to this country, not only by members of the intelligence services of those governments, but also by individuals associated with organizations opposed to those regimes. The Department and the FBI will continue to investigate these complaints and when evidence sufficient to establish a violation of federal law is developed we will not hesitate to institute the appropriate legal action.

I must contest your assertion that the Department turned a blind eye to any allegation that foreign students and others were being harassed by foreign governments during the 1970's. As a matter of fact the Department supervised and the FBI conducted investigations into the alleged harassment activities of at least three friendly foreign governments during this period. It should also be noted that while certain foreign students exercised the right to peaceful assembly wearing sacks on their heads to insure anonymity, such action also generated a significant degree of media interest in their cause.

The Department of Justice does not as a matter of policy share information with foreign governments on the political activities of citizens of those countries residing in the United States. The activities of state and local law enforcement agencies in this area are not within the jurisdiction of this Department.

As to your contention that the Taiwan Government has massively violated the Foreign Agents Registration Act, I must emphasize that the Act, as conceived and enacted by Congress, is a disclosure statute requiring persons carrying on specified activities in the United States as agents of foreign principals to comply with certain registration and reporting requirements. It should be stressed that registration under the Act is required, not because the specific acts encompassed by the statute are not legitimate activities, but because the specified activities are conducted on behalf of foreign principals. Compliance with the Act in no way places any limitation on the activities of any registrant, and registration is not intended to, and does not, place any stigma on a person or organization required to register.

Based on these facts I do not believe it would be desirable nor feasible to include within the definition of foreign agent the use of "professional students" and other part-time informants by foreign governments in surveillance activities. Further, the legislative history of the Taiwan Relations Act, 22 U.S.C. 3301 et seq., points out that Congress and the Department of State intended § 3309 to specifically exempt officials of the Government of Taiwan from the provisions of the Foreign Agents Registration Act.

I have requested the Assistant Attorney General of the Civil Rights Division to respond directly to you concerning the feasibility of your request that a "harassment hotline" be instituted and to provide you with an analysis of the means of redress available to foreign nationals whose civil rights are violated as a result of any harassment or surveillance activities conducted by or on behalf of foreign governments and their opponents. I have also requested the Director of the FBI to provide his assessment of the institution of a "harassment hotline". I will provide you with his findings as soon as possible.

Since the Department does not have the resources to ascertain whether various state constitutions and laws may have been transgressed by the Taiwan Government, you may want to refer this task to the Congressional Research Service of the Library of Congress.

You may be assured that the Department shares your concern about the transgression of the constitutional rights of persons resident in the United States and we will not hesitate to instititue the appropriate action when such transgressions are brought to our attention.

Sincerely,

D. LOWELL JENSEN,
Attorney General, Criminal Division.
MARK RICHARD,
Deputy Assistant Attorney General.

U.S. DEPARTMENT OF JUSTICE,
CIVIL RIGHTS DIVISION,
Washington, D.C., November 25, 1981.

Hon. JIM LEACH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN LEACH: This is in response to your letter to the Attorney General concerning the perceived harassment and intimidation of Taiwanese citizens living in the United States by agents of the government of Taiwan. The Civil Rights Division has carefully considered the information you provided which details the reluctance of Taiwanese nationals to exercise civil rights guaranteed to them as inhabitants of the United States because of fear of retribution against them or their relatives living in Taiwan by Taiwanese authorities.

As you are aware, the Civil Rights Division is authorized to enforce certain specified federal criminal statutes, most notably 18 U.S.C. §§ 241, 242 and 245. We have reviewed your correspondence in light of each of these statutes and have concluded that the situation which you describe does not constitute a violation of any of these laws. Section 241 prohibits only those conspiracies which are directed against the rights of citizens and thus by its terms does not protect inhabitants of the United States who were not born in this country or naturalized as American citizens. The proposed revision of the Federal Criminal Code, now pending before Congress, would eliminate the citizenship requirement of Section 241. However as currently written this statute cannot be used to vindicate the rights of Taiwanese nationals living in the United States. Additionally, while Section 241 does not on its face require the participation of federal, state or local law enforcement officials in the conspiracy, many of the underlying rights which the statute seeks to protect from conspiratorial invasion necessitate the involvement of American officials to constitute a violation of federal law. Such involvement does not appear to be present in the situations which you described. For this reason, Section 242 is similarly inapplicable to the alleged intimidation of Taiwanese citizens in that the law's prohibition is directed solely at American officials and those who act in concert with them who violate the rights of inhabitants of the United States. Section 245 cannot be used to prosecute the alleged harassment which you set forth, inasmuch as that statute requires the use of force or the threatened use of force to intimidate a victim within the jurisdiction of the United States in the exercise of specified rights and no allegations of use of force have been brought to our attention.

Finally, the Civil Rights Division currently has the equivalent of the "hotline" which you suggest that we establish inasmuch as every field office of the Federal Bureau of Investigation is staffed to receive complaints of possible violations of federal civil rights law and forward those complaints to the Civil Rights Division for careful review and appropriate action. In any case in which there is adequate evidence to indicate a violation of a statute over which this Division has jurisdiction, we will not hesitate to take prosecutive action.

Thank you for bringing this matter to our attention. While we regret that we cannot presently be of further assistance to you, we hope that you will find this information useful.

Your enclosure is herewith returned.

Sincerely,

WM. BRADFORD REYNOLDS,
Assistant Attorney General,
Civil Rights Division.

It is of the most profound disappointment to me that the new administration has failed to seize the opportunity presented by the unfortunate death of Dr. Chen to launch a full investigation into the activities of foreign intelligence services in the United States against persons of foreign descent and to take decisive action to insure fates similar to that of Dr. Chen do not befall others in the future. Instead, after 4 months, I have no response on the legislative recommendations I requested, no reponse on the task force proposal, and the most unsatisfactory of responses on the "harassment hotline" initiative.

The people of this Nation, many of whom find the United States to be a

sanctuary from Communist and right-wing repression, deserve a better response than this. I urge the adoption of the Solarz amendment as the least which we can can do on their behalf.

Finally, Mr. Chairman, I would like to make several brief comments about the administration's opposition to this amendment as reflected in the statement of the gentleman from Michigan.

First, in regard to the Department's view that no hard evidence exists about harassment activities, the contrary is actually the fact. We have firm evidence that a death occurred of an American national in Taiwan. We have firm evidence that a murder occurred in the United States of America of a Libyan national based upon surveillance of that individual's activities in this country.

As far as Federal law is concerned, this issue does appear to fall within the cracks of our judicial system. But what is at stake is not just American law; it is the Constitution of the United States.

All people living or residing in the United States, whether they are citizens or not, are protected under provisions of the Constitution; and the fact that foreign governments surveil their citizens or people of their extract in the United States of America is something that has a chilling effect on the exercise of constitutional rights of many residents, citizen and noncitizen alike.

As far as the argument that the Solarz amendment is potentially insulting to friendly countries, we must recall that this amendment only asks our Government to certify that these activities do not occur. It does not call upon a foreign government to do any certifying.

As far as overtaxing our Justice Department, one of the issues that I am deeply concerned with is that the FBI is overtaxed and, therefore, perhaps, responsibility for this problem ought to be transferred to the Civil Rights Division within the Justice Department itself. However, in two letters to me from the Justice Department, it is quite clear that the Justice Department is skittish about taking on further responsibility. That evidences to me that we have to look for alternatives, of which the Solarz amendment makes eminently good sense. The actions required by the amendment may not solve the whole problem, but it certainly will give second thoughts to any foreign government which might want to subvert the rights guaranteed by our Constitution.

In this regard, it is impressive how many citizens and noncitizens of the United States who are affected. There are half a million people here of Taiwanese descent who live in fear that they cannot exercise a full range of constitutional rights. We know, and we have evidence, that arms of the Polish Government, arms of the Yugoslav Government, arms of the Libyan Government, particularly under the Shah's administration, are attempting to apply repressive laws and customs within the jurisdiction of the United States of America.

The particular approach implied in the Solarz amendment has the advantage of at least applying to some countries without being country specific. I urge its adoption.

Mr. SOLARZ. Mr. Chairman, will the gentleman yield?

Mr. LEACH of Iowa. I yield to the gentleman from New York.

Mr. SOLARZ. I want to thank the gentleman for the support which he has given this legislation and to emphasize, as he did, that it does not single out any one country. This applies across the board to any nation which is engaged in a systematic effort to harrass and intimidate people within our own country, and it is based on the proposition that if Taiwan or Libya or the People's Republic of China or any other government is engaged in such an effort, that we ought to put them on notice they are not going to be eligible to receive arms from our own country.

Mr. LEACH of Iowa. I thank the gentleman for his contribution.

Mr. PRITCHARD. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

I will not be taking much time. I just want to say that after the hearings we had and the information we had, I think this is an appropriate amendment to this bill.

We are not talking about one country. We are talking about the future of many, many countries who may feel that this is open season on people who live in our country who are nationals or who are citizens of our country. It is absolutely wrong for these countries to harass people in the United States who have the full protection of our laws and our Constitution. This bill is appropriate. I hope the House will support this measure.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, my sense of the situation on the House floor tells me that, notwithstanding the tremendous eloquence of the gentleman from Michigan, this amendment is about to be adopted. However, in listening carefully to the debate, and since sometimes there is a legislative intent cited, I do not particularly feel that the debate has been as objective and as harmless as the amendment may sound. I just want to inject some points here to show what I believe is the intent.

First, the amendment does not name a country. But the proponents of it made clear who their targets were. I wish those proponents would be as concerned about possible intimidation about agents of North Korea or the Soviet Union. It is a known fact that for the last 35 years the Eastern European governments and especially the Soviet Union have attempted to intimidate citizens who originally came from their lands. That is standard procedure. It is true that we have evidence that the Syrians have attempted that kind of approach. And I do not mean the now famous Libyan hit squad in that category. This has gone on and on.

I personally think that if there is a purpose for this amendment, it ought to be applied universally and not be a hidden attempt to take a slap at one particular target.

Mr. SOLARZ. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. I yield to the gentleman from New York.

Mr. SOLARZ. I want to thank the gentleman for yielding, and I want to say to the gentleman that it was precisely for the reasons which the gentleman has just offered and precisely because of the problems the gentleman just described that we broadened the language of the amendment to make it universal in its application, because during the course of our hearings it became clear that, while a situation resulting from the efforts of one particular country to harass people in the United States had given rise to the need for such legislation, there were other governments involved in it as well.

I think it was my good friend, the gentleman from Illinois (Mr. HYDE), who originally said what was good for the goose was good for the gander, and I fully agree. In terms of the legislative history and the intent, everyone should know that this is universal in its application and any government which attempts to systematically harass and intimidate people in the United States—we are not talking now about what they do in their own country—is not going to be eligible to buy arms from our Government.

Mr. DERWINSKI. I realize that. Knowing, as I do, the purity of the intent that the gentleman from New York always brings to an amendment, I just wanted to help clarify the record.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. SOLARZ).

The question was taken; and the Chairman announced that the ayes appeared to have it.

Mr. JEFFRIES. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Mr. JEFFRIES. Mr. Chairman, I withdraw my point of order.

The CHAIRMAN. The Chair has already announced that a quorum is not present.

The Chair announces that pursuant to clause 2, rule XXIII, he will vacate proceedings under the call when a quorum of the Committee appears.

Members will record their presence by electronic device.

The call was taken by electronic device.

□ 1345

QUORUM CALL VACATED

The CHAIRMAN. One hundred Members have appeared. A quorum of the Committee of the Whole is present. Pursuant to clause 2, rule XXIII, further proceedings under the call shall be considered as vacated.

The Committee will resume its business.

Mr. JEFFRIES. Mr. Chairman, I withdraw my demand for a recorded vote.

So the amendment was agreed to.

AMENDMENT OFFERED BY MR. ZABLOCKI

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI: Page 8, line 1, strike out "$3,269,525,000" the second place it appears and insert in lieu thereof "$3,544,525,000"; and on page 24, line 5, strike out "$51,945,000" and insert in lieu thereof "$52,745,000".

Mr. ZABLOCKI. Mr. Chairman, this amendment simply provides fiscal year 1983 funding for the Pakistan program since this bill is a 2-year authorization.

My amendment adds $800,000 for international military education and training and (IMET), a $275 million increase in the foreign military sales (FMS) guarantee ceiling. These amounts were not previously added by the Committee on Foreign Affairs, Mr. Chairman, because, as I have stated in my opening remarks, at the time we were marking up the bill, the committee had not as yet received the proposed package for Pakistan from the executive branch.

Now that we have adopted the amendment making it possible to provide economic and military assistance to Pakistan, this increase in amount is necessary and I hope the amendment will receive favorable action.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. ZABLOCKI.)

The amendment was agreed to.

Mr. PETRI. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I am not opposed to foreign aid.

But as one who participated in a small way in the administration of the foreign aid program during the late 1960's I have a pretty fair idea of the money we have wasted in our foreign aid effort.

For some reason altogether unknown to me we persist in shoring up dictatorships both on the right and on the left—promoting the government sector rather than fostering private sector growth—middle class and entrepreneurial development.

These are the prerequisites for the growth of democratic institutions in these countries.

It seems to me that the thrust of our foreign aid policy should be to foster local private sector growth and to stabilize moderate democratic governments rather than aiding rightwing and leftwing dictatorships.

Too often the present foreign aid program is sloppily administered in that our taxpayers and the citizens of the countries being aided both fail to get a dollar's value for a dollar spent.

And too often the program contributes to the corruption of the governments and societies being aided. Undermining and weakening them rather than strengthening them.

At a time when we are asked to cut veterans benefits, community service programs, and student financial aid among others, it makes little sense to ask us to vote more money to prop up foreign dictatorships and corrupt foreign societies.

The CHAIRMAN. Are there further amendments to title I?

If not, the Clerk will designate title II.

Title II reads as follows:

TITLE II—ECONOMIC SUPPORT FUND

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. Section 531(b)(1) of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1981, $2,065,300,000" and inserting in lieu thereof "$2,538,000,000 for the fiscal year 1982 and $2,538,000,000 for the fiscal year 1983".

PROVISIONS RELATING TO USE OF FUNDS

SEC. 202. Chapter 4 of part II of the Foreign Assistance Act of 1961 is amended by striking out sections 532 and 533 and inserting in lieu thereof the following new sections:

"SEC. 532. MIDDLE EAST PROGRAMS.—(a)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, not less than $785,000,000 for each such year shall be available only for Israel and not less the $750,000,000 for each such year shall be available only for Egypt. Amounts made available for Israel and Egypt for the fiscal year 1982 pursuant to this paragraph shall be in addition to the amounts made available to those countries pursuant to paragraph (4) of this subsection.

"(2) All of the funds made available to Israel and to Egypt under this chapter for the fiscal years 1982 and 1983 shall be provided on a grant basis.

"(3) The total amount of funds allocated for Israel under this chapter for the fiscal year 1982 and for the fiscal year 1983 may be made available as a cash transfer. In exercising the authority of this paragraph, the President shall ensure that the level of cash transfers made to Israel does not cause an adverse impact on the total amount of nonmilitary exports from the United States to Israel.

"(4) In addition to the amounts requested for Israel and Egypt under this chapter for the fiscal year 1982, $21,000,000 shall be made available for Israel for the fiscal year 1982 and $21,000,000 shall be made available for Egypt for the fiscal year 1982 in order to replace the funds which were authorized and appropriated for those countries in the fiscal year 1981 but which were reprogrammed in order to provide assistance for Liberia and El Salvador.

"(5) Funds may be obligated for Egypt under this chapter to finance activities relating to the reclamation of desert lands (known as 'new lands development') 90 days after the Administrator of the Agency for International Development submits a report to the Speaker of the House of Representatives, and the chairman of the Committee on Foreign Relations of the Senate, on the feasibility, the projected costs, and the cost-benefits of desert reclamation in Egypt and on the projected role and magnitude of United States economic assistance in Egyptian desert reclamation.

"(6) Of the amounts provided to Egypt under this chapter for the fiscal year 1982 and for the fiscal year 1983, up to $50,000,000 for each such year may be used under title XII of chapter 2 of part I of this Act in building agricultural extension services in Egypt for the small farmer in order to upgrade the skills of the agricultural faculty in provincial universities, improve the agricultural curriculum offered and the equipment available in provincial universities, and establish a provincial university extension service with an outreach program which can directly reach the Egyptian small farmer.

"(b)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, $11,000,000 for each such year may be used for special requirements in the Middle East, including regional cooperative projects of a scientific and technological nature in accordance with paragraph (2) of this subsection, other regional programs, development programs on the West Bank and in Gaza, population programs, project development and support, and programs of participant training.

"(2) It is the sense of the Congress that, in order to continue to build the structure of peace in the Middle East, the United States should finance, and where appropriate participate in, cooperative projects of a scientific and technological nature involving Israel and Egypt and other Middle East countries wishing to participate. These cooperative projects should include projects in the fields of agriculture, health, energy, the environment, education, water resources, and the social sciences. Of the funds available under paragraph (1) of this subsection for the fiscal year 1982 and for the fiscal year 1983, $4,000,000 for each such year may be used in accordance with this paragraph for scientific and technological projects which will promote regional cooperation among Israel and Egypt and other Middle East countries.

"(3) The President may obligate funds under paragraph (1) of this subsection only if, in accordance with the established renotification procedures under section 634A of this Act, he transmits a report to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives, and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate, at least 15 days prior to such obligation. This report shall set forth—

"(A) the name of the proposed recipient of such funds,

"(B) the amount of funds to be made available to such recipient, and

"(C) the purpose for which such funds are to be made available.

"(4) At the end of the fiscal year 1981, at the end of the fiscal year 1982, and at the end of the fiscal year 1983, the President shall report to the Congress on the use of funds under this chapter during the fiscal year for special requirements in the Middle East.

"(c)(1) All funds appropriated in prior fiscal years to carry out this chapter which have been obligated for Syria shall be deobligated except for funds committed or earmarked as of April 9, 1981, for (A) signed contracts; (B) issued invitations for bids, requests for proposals or offers, or purchase orders; (C) projects involving the 'Fixed Amount Reimbursement' payment procedure for which designs had been approved by the Agency for International Development; or (D) participant training which had been approved by the Agency for International Development and which is being conducted in the United States or at a university outside Syria which receives assistance under section 214 of this Act. Except for funds necessary to carry out paragraph (2), all funds deobligated pursuant to this paragraph shall be deposited in the Treasury as miscellaneous receipts.

"(2) Funds deobligated pursuant to paragraph (1) may be used by the Administrator of the Agency for International Development to reimburse a United States company or other United States person for bid and preparation costs if the Administrator determines that—

"(A) those costs were reasonably incurred for a procurement transaction which the Agency for International Development had expressed its intention to finance in whole or in part with the funds deobligated pursuant to paragraph (1), and

"(B) the bid and preparation would have resulted in the award of a contract to that company or person if the funds had not been deobligated pursuant to paragraph (1), to the extent that such reimbursement is allowed under guidelines issued by the Administrator. Such funds may also be used for necessary operating expenses in carrying out this paragraph.

"SEC. 533. EASTERN MEDITERRANEAN PROGRAMS.—(a) Not less than two-thirds of the funds made available to Turkey under this chapter for each of the fiscal years 1982 and 1983 shall be provided on a grant basis.

"(b) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, $15,000,000 for each such year shall be available only for Cyprus. Of that amount, $5,000,000 for each such year shall be for scholarship programs to bring Cypriots to the United States for education.

"SEC. 534. GENERAL PROVISIONS.—(a) Funds available to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983 may not be used to finance the construction of, the operation or maintenance of, or the supplying of fuel for, any nuclear facility in a foreign country unless the President certifies to the Congress that use of funds for such purpose is indispensable to the achievement of nonproliferation objectives which are uniquely significant and of paramount importance to the United States.

"(b)(1) Of the funds appropriated to carry out this chapter, up to $100,000,000 for fiscal year 1982 and up to $100,000,000 for the fiscal year 1983 may be made available for emergency use under this chapter when the national interests of the United States urgently require economic support to promote economic or political stability.

"(2) Notwithstanding any provision of this chapter or of an appropriations Act (including a joint resolution making continuing appropriations) which earmarks funds available to carry out this chapter for a specific country or purpose, up to 5 percent of each amount so earmarked may be used to carry out paragraph (1) of this subsection.".

AMENDMENT OFFERED BY MR. BROOMFIELD

Mr. BROOMFIELD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BROOMFIELD: Page 29, line 12, strike out "$2,538,000,000" and insert in lieu thereof "$2,588,000,000".

Mr. BROOMFIELD. Mr. Chairman, my amendment, which I offer at the adminstration's request, would add $50 million of economic support funds (ESF) to the bill for the Sudan. This would make a total of $100 million in ESF available for the Sudan for fiscal year 1982.

As most of the Members know, Sudan is a moderate country which is a good friend of the United States and which supports our vital strategic objectives in Africa and the Middle East. In particular, the Sudan has supported Egypt's participation in the Camp David peace process.

Since the tragic assassination of President Sadat, the Sudan has been subjected to air attacks from Libya. In addition, three unfriendly neighboring countries, Libya, Ethiopia, and South Yemen, have entered into a tripartite pact which can only be seen as directed at intimidating the Sudan.

Moreover, in response to serious structural economic problems facing the Sudan, President Nimeiri has, in cooperation with the IMF, adopted a program of tough economic reforms. While essential for long-term stability, such reform efforts are certain to put strains on the Sudan's internal economic and political stability in the short run. Increased ESF for the Sudan will help to finance badly needed commodity imports and will encourage other donors to contribute funds to permit the Sudan's IMF-based economic reform program to become fully operational.

In light of these facts, it is essential that we demonstrate to the Sudan and our other friends and opponents in the region that we are committed to support our friends during these times of uncertainty and tension in the area. It is recognition of the importance of this situation to U.S. national interests which led the President to send a budget amendment to the Congress last month requesting this additional ESF for the Sudan. I urge my colleagues to adopt this amendment.

□ 1400

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I would be happy to yield to the chairman of the committee.

Mr. ZABLOCKI. I thank the gentleman for yielding.

Mr. Chairman, on this side we are very pleased to accept the amendment. The economic situation in Sudan, the acute problems, and the financial crisis which could affect its political stability require that we do give additional aid to Sudan.

We accept the amendment on this side.

Mr. BROOMFIELD. I thank the gentleman for his support.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. BROOMFIELD. I yield to the gentleman from California (Mr. LAGOMARSINO).

Mr. LAGOMARSINO. I thank the gentleman for yielding.

Mr. Chairman, I also want to support the amendment. I had the privilege of meeting with President Nimeiri of Sudan when he was here, as others of us did. I was very impressed by the strong and open support that he gives to the Camp David peace process, his courage in standing up to Arab nations who are opposed to that process, his personal courage in knowing that he has been threatened personally by President Qadhafi of Libya, his very vulnerable position there, and his need.

The fact is that Sudan is very strategically located with regard to Egypt; for example, interference with the headquarters of the Nile River would severely damage the economy and well-being of Egypt.

I think the amendment makes a lot of sense and I urge my colleagues to support it.

Mr. BROOMFIELD. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. BROOMFIELD).

The amendment was agreed to.

AMENDMENT OFFERED BY MS. OAKAR

Ms. OAKAR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Ms. OAKAR: Page 34, immediately after line 18, insert the following new subsection:

"(d) Of the funds authorized to be appropriated to carry out this chapter, it is the sense of the Congress that $7,000,000 for the fiscal year 1982 and not less than $7,000,000 for the fiscal year 1983 should be available only for Lebanon for relief and rehabilitation programs of international and private voluntary agencies and other not-for-profit United States organizations operating in Lebanon.

Ms. OAKAR (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be consid-

ered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Ms. OAKAR. Mr. Chairman, the amendment I am introducing addresses one of the major problems in the Middle East and one of the tragic situations in the world. Not so long ago, the tiny country of Lebanon was a showcase of commercial enterprise and interreligious harmony. Lebanon was an example for other countries in the region, serving as an anchor of stability. Unhappily, the tensions and hatreds that infest the Middle East have spilled over the borders into Lebanon, engulfing the country in sectarian violence, wanton terrorism, and indiscriminant destruction. I do not have to remind my colleagues of the events of the last year that have resulted in untold property damage and in the deaths of hundreds and hundreds of people—most of them civilians.

The United States has a longstanding friendly relationship with Lebanon. We share the values of the Lebanese people who have practiced religious tolerance for centuries, accepting people of different faiths and national backgrounds. Lebanese democracy was able to accommodate the divergent views of the different communities that exist there. Many Americans also have close personal ties with the citizens of Lebanon. Clearly, the situation there now requires a positive gesture from our country. Morally and strategically, we are obliged to find a positive and constructive response to the tragic situation in Lebanon. Our approach must be one that addresses the immediate need to alleviate the suffering and rebuild the economy, as well as one that encourages a long-term solution to the political problems that exist there. Section 714 of the bill we are considering has an admirable statement expressing the support of Congress for a resolution of the political problems in Lebanon that would respect the different communities there and restore peace and security to that country. The peace mission of our distinguished envoy, Philip Habib, is another positive effort from our country to achieve the same goals.

My amendment would add substance to the sentiments regarding peace in Lebanon. It proposes that $7 million be appropriated for Lebanon only for the relief and rehabilitation programs of international and private voluntary organizations. At present, some very worthwhile projects are being conducted in Lebanon. Our country has helped to support some of these projects and they merit our continued support. Allow me to cite a few of the projects.

Housing is a major problem in Lebanon. Bombing and artillery fire have done enormous damage. Recognizing this pressing need, the YMCA has been conducting a vocational training program to increase the supply of workers with building trade skills. A modest expenditure of funds can bring dramatic results in human skills. The project, however, needs continued funding.

The fighting in Lebanon has resulted in great injury and many deaths. The hospital of the American University in Beirut has provided medical care to the victims of the warfare that continues to plague Lebanon. As we know from our own country, though, medical care—essential as it is—is expensive. The AUB has these and other expenses that need to be covered.

Among the victims of the violence in Lebanon are the children and elderly whose parents or children were killed by the bombing, shelling, and shooting. The Catholic Relief Services has been working to establish orphanages, old-age homes, and social welfare institutions to shelter those who are too young, too old, or too crippled to care for themselves. The Save the Children Federation has been working in the villages and towns to establish rural credit cooperatives and an advice agency for agricultural assistance to rebuild the food-growing capacity of Lebanon, which has had to import a great proportion of its foodstuffs.

These are just a few examples of the kind of work that is needed in Lebanon and which our country has helped to finance in the past. Certainly, $7 million is a modest amount when compared to the enormous needs of the country. The contributions of the United States, however, help to provide for some of those needs. Here is a case where a little can go a long way. What is perhaps more important, this aid makes a political statement on behalf of all our citizens.

By aiding Lebanon, we voice our support for her citizens and show our commitment to a humanitarian approach to solving the problems of their country. Outsiders have found it convenient and expedient to use Lebanese territory to resolve their conflicts and hatreds. The people of Lebanon have suffered terribly as a result. By accepting language in the foreign aid bill that specifically expresses the sense of the Congress that our country should assist the Lebanese in their time of greatest need, we are making a strong political statement that places us on the side of those who seek a nonviolent, humanitarian resolution to the problems of Lebanon.

It is imperative that the Lebanese and the rest of the world know of our clear support for Lebanon and our determination to work for peace in that troubled country. The first step toward such a resolution of Lebanon's problems is assisting those who are afflicted and working to rebuild her economy. Acceptance of my amendment would be a modest but positive and measured step in the direction of the peaceful solution we all seek in the Middle East and in Lebanon.

Mr. ZABLOCKI. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I am happy to yield to the chairman of the committee.

Mr. ZABLOCKI. This is the amendment that would provide up to $7 million for Lebanon to aid in the relief and rehabilitation program for that country?

Ms. OAKAR. That is right.

Mr. ZABLOCKI. Mr. Chairman, we are prepared to accept the amendment on this side.

Mr. BROOMFIELD. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I would be happy to yield to the distinguished minority member.

Mr. BROOMFIELD. We also on this side feel it is an improvement to the bill and we are very happy to accept the amendment.

Mr. FINDLEY. Mr. Chairman, will the gentlewoman yield to me?

Ms. OAKAR. I would be happy to yield to the gentleman.

Mr. FINDLEY. I would like to congratulate our colleague, the gentlewoman from Ohio, on this initiative. Lebanon has been a badly neglected nation. It has been literally blown apart at times by forces of both Arab and Israeli origin over which it has no control.

I appreciate the initiative the gentlewoman has taken because it shows an interest within this body and symbolizes a broader interest throughout the United States to help the people of Lebanon.

Mr. KEMP. Mr. Chairman, will the gentlewoman yield?

Ms. OAKAR. I am happy to yield to my colleague.

Mr. KEMP. Mr. Chairman, I rise in support and share the feelings expressed by the gentlewoman from Ohio and commend her for her leadership on this. I also want to commend the chairman and our ranking member of the committee for accepting the amendment.

Having visited that part of the world and met leaders involved in the tragedy of Lebanon, I am deeply aware of the pain and human suffering involved. Lebanon has been almost dismembered by the tragic scene of events that have taken place over the last couple years, by Soviet-sponsored PLO and Syrian troops. I think it is important that this body identify itself with the tragedy of Lebanon and express our solidarity with those people who have had such an unfortunate turn of events take place, over

which, as the previous speaker said, they have very little control.

It is a tragedy today to see that wonderful country of Lebanon, so friendly to this country, who ultimately would have been a supporter of the Camp David accords, now torn by the type of civil strife that has been imposed upon them by what I consider to be client states of the Soviet Union: Syria and the PLO. So I strongly support the gentlewoman's amendment and appreciate her bringing this to the attention of the House.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Ohio (Ms. OAKAR.)

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ZABLOCKI

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI: Page 29, line 23, strike out: "$2,538,000,000" and insert in lieu thereof "$2,738,000,000".

Mr. ZABLOCKI. Mr. Chairman, this amendment, as I explained earlier, simply adds $200 million to the ESF funding for fiscal year 1983 to provide for the President's announced levels for Pakistan, levels that we did not have when we were marking up the bill.

Therefore, because the executive branch has requested this amount and the entire program for Pakistan is now specified, it is necessary for us to add this amount and hope that the amount will be agreed to.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I would be delighted to yield to my colleague, the ranking Republican Member.

Mr. BROOMFIELD. Mr. Chairman, we also on this side support the amendment offered by the chairman of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. ZABLOCKI).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title II?

If not, the Clerk will designate title III.

Title III reads as follows:

TITLE III—DEVELOPMENT ASSISTANCE

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

SEC. 301. (a) The first sentence of section 103(a)(2) of the Foreign Assistance Act of 1961 is amended by striking out "$713,500,000 for the fiscal year 1981" and inserting in lieu thereof "$741,279,000 for the fiscal year 1982 and $814,222,000 for the fiscal year 1983, of which up to $1,000,000 for each such year shall be available only to carry out section 316 of the International Security and Development Cooperation Act of 1980".

(b) Section 103 of such Act is amended by adding at the end thereof the following new subsection:

"(g) In order to carry out the purposes of this section, the President may continue to participate in and may provide, on such terms and conditions as he may determine, up to $180,000,000 to the International Fund for Agricultural Development. Effective October 1, 1981, there are authorized to be appropriated to the President for the purposes of this subsection $180,000,000, except that not more than $45,000,000 may be appropriated under this subsection for the fiscal year 1982. Amounts appropriated under this subsection are authorized to remain available until expended.".

POPULATION AND HEALTH

SEC. 302. The first sentence of section 104(g) of the Foreign Assistance Act of 1961 is amended to read as follows: "There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

"(1) $273,370,000 for the fiscal year 1982 and $297,699,000 for the fiscal year 1983 to carry out subsection (b) of this section; and

"(2) $133,405,000 for the fiscal year 1982 and $145,278,000 for the fiscal year 1983 to carry out subsection (c) of this section.".

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

SEC. 303. (a) The second sentence of section 105(a) of the Foreign Assistance Act of 1961 is amended by striking out "$101,000,000 for the fiscal year 1981" and inserting in lieu thereof "$109,574,000 for the fiscal year 1982 and $119,326,000 for the fiscal year 1983".

(b) Such section is further amended by adding at the end thereof the following: "For each of the fiscal years 1982 and 1983, the President shall use not less than $5,700,000 of the funds made available for purposes of this section to finance scholarships for undergraduate or professional education in the United States for South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate undergraduate or professional education, except that up to $1,000,000 of the funds made available for each such fiscal year under chapter 4 of part II of this Act for southern African regional programs may be used to finance such scholarships in lieu of an equal amount under this section.".

ENERGY DEVELOPMENT AND PRODUCTION

SEC. 304. (a) Section 106 of the Foreign Assistance Act of 1961 is amended—

(1) in the section caption by striking out "ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND SELECTED DEVELOPMENT ACTIVITIES" and inserting in lieu thereof "ENERGY DEVELOPMENT AND PRODUCTION";

(2) in subsection (b)(1)(B) by striking out "fiscal year 1981" and inserting in lieu thereof "fiscal year 1982 and up to $7,000,000 for the fiscal year 1983"; and

(3) by inserting immediately after subsection (c) the following new subsection:

"(d)(1) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $39,446,000 for the fiscal year 1982 and $42,957,000 for the fiscal year 1983.

"(2) Amounts appropriated under this section are authorized to remain available until expended.".

(b) Such section 106 is further amended—

(1) by striking out "(d) The President" and inserting in lieu thereof "SEC. 107. PRIVATE VOLUNTARY ORGANIZATIONS AND SELECTED DEVELOPMENT ACTIVITIES.—(a) The President";

(2) by striking out "and 105" in the text preceding paragraph (1) and inserting in lieu thereof "105, and 106"; and

(3) by striking out "(e)" and inserting in lieu thereof "(b)".

(c)(1) Existing section 107 of such Act is redesignated as section 108.

(2) Section 110 of such Act is amended by striking out "106" both places it appears and inserting in lieu thereof "107".

PRIVATE VOLUNTARY ORGANIZATIONS AND SELECTED DEVELOPMENT ACTIVITIES

SEC. 305. (a)(1) Paragraph (3) of section 107(a) of the Foreign Assistance Act of 1961, as so redesignated by section 304(b)(1) of this Act, is amended by inserting immediately before the semicolon at the end thereof "and programs of disaster preparedness, including the prediction of and contingency planning for natural disasters abroad".

(2) The amendment made by this section shall take effect on October 1, 1981.

(b) Section 107(b)(1) of such Act, as so redesignated by section 304(b)(3) of this Act, is amended by striking out "$140,000,000 for the fiscal year 1981" and inserting in lieu thereof "$178,794,000 for the fiscal year 1982 and $194,707,000 for the fiscal year 1983".

HUMAN RIGHTS

SEC. 306. The first sentence of section 116(e) of the Foreign Assistance Act of 1961 is amended by striking out "the fiscal year 1981" and inserting in lieu thereof "each of the fiscal years 1982 and 1983".

ENVIRONMENT AND NATURAL RESOURCES

SEC. 307. Section 118 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 118. ENVIRONMENT AND NATURAL RESOURCES.—(a) The Congress finds that if current trends in the degradation of natural resources in developing countries continue, they will severely undermine the best efforts to meet basic human needs, to achieve sustained economic growth, and to prevent international tension and conflict. The Congress also finds that the world faces enormous, urgent, and complex problems, with respect to natural resources, which require new forms of cooperation between the United States and developing nations to prevent such problems from becoming unmanageable. It is, therefore, in the economic and security interests of the United States to provide leadership both in thoroughly reassessing policies relating to natural resources and the environment, and in cooperating extensively with developing countries in order to achieve environmentally sound development.

"(b) In order to address the serious problems described in subsection (a), the President is authorized to furnish assistance under this part for developing and strengthening the capacity of developing countries to protect and manage their environment and natural resources. Special efforts shall be made to maintain and where possible to restore the land, vegetation, wildlife, and other resources upon which depend economic growth and human well-being, especially of the poor.

"(c)(1) The President, in implementing programs and projects under this chapter, shall take fully into account the impact of such programs and projects upon the environment and natural resources of developing countries. Subject to such procedures as the President considers appropriate, the President shall require all agencies and officials responsible for programs or projects under this chapter—

"(A) to prepare and take fully into account an environmental impact statement

for any program or project under this chapter significantly affecting the environment of the global commons outside the jurisdiction of any country, the environment of the United States, or other aspects of the environment which the President may specify; and

"(B) to prepare and take fully into account an environmental assessment of any proposed program or project under this chapter significantly affecting the environment of any foreign country.

Such agencies and officials should, where appropriate, use local technical resources in preparing environmental impact statements and environmental assessments pursuant to this subsection.

"(2) The President may establish exceptions from the requirements of this subsection for emergency conditions and for cases in which compliance with those requirements would be seriously detrimental to the foreign policy interests of the United States.

"(d)(1) In enacting section 103(b)(3) of this Act the Congress recognized the importance of forests and tree cover to the developing countries. The Congress is particularly concerned about the continuing and accelerating alteration, destruction, and loss of tropical forests in developing countries. Tropical forests constitute a major world resource. Their destruction and loss pose a serious threat to development and the environment in developing countries. Tropical forest destruction and loss result in shortages of wood, especially wood for fuel; siltation of lakes, reservoirs and irrigation systems; floods; destruction of indigenous peoples; extinction of plant and animal species; reduced capacity for food production; and loss of genetic resources; and can result in desertification and in destabilization of the earth's climate. Properly managed tropical forests provide a sustained source of fiber and other commodities essential to the economic growth of developing countries.

"(2) The concerns expressed in paragraph (1) and the recommendations of the United States Interagency Task Force on Tropical Forests shall be considered by the President—

"(A) in formulating and carrying out programs and policies with respect to developing countries, including those relating to bilateral and multilateral assistance and those relating private sector activities, and

"(B) in seeking opportunities to coordinate public and private development and investment activities which affect forests in developing countries.

"(3) It is the sense of the Congress that the President should instruct the representatives of the United States to the United Nations and to other appropriate international organizations to urge—

"(A) that higher priority be given in the programs of these organizations to the problems of tropical forest alteration and loss, and

"(B) that there be improved cooperation and coordination among these organizations with respect to tropical forest activities.".

SAHEL DEVELOPMENT PROGRAM—IMPLEMENTATION

SEC. 308. (a) Section 121(c) of the Foreign Assistance Act of 1961 is amended in the third sentence by striking out "$88,442,000 for the fiscal year 1981" and inserting in lieu thereof "$86,558,000 for the fiscal year 1982 and $117,068,000 for the fiscal year 1983".

(b) Section 121 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Funds available to carry out this section (including foreign currencies acquired with funds appropriated to carry out this section) may not be made available to any foreign government for disbursement unless the Administrator of the Agency for International Development determines that the foreign government will maintain a system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditure of those funds.".

HOUSING GUARANTY PROGRAMS

SEC. 309. (a) Section 222(a) of the Foreign Assistance Act of 1961 is amended—

(1) in the second sentence by striking out "$1,555,000,000" and inserting in lieu thereof "$1,718,000,000"; and

(2) in the third sentence by striking out "September 30, 1982" and inserting in lieu thereof "September 30, 1984".

(b) Section 223(b) of such Act is amended by adding at the end thereof the following: "All of the foregoing fees referred to in this section together with earnings thereon and other income arising from guaranty operations under this title shall be held in a revolving fund account maintained in the Treasury of the United States. All funds in such account may be invested in obligations of the United States. Any interest or other receipts derived from such investments shall be credited to such account and may be used for the purposes cited in this section.".

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 310. (a) Section 301 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(h) The President is authorized to permit the United States to participate in and to use any of the funds made available under this part after the date of enactment of this subsection for the purpose of furnishing assistance (on such terms and conditions as the President may determine) to the International Food Policy Research Institute.".

(b) Section 302(a)(1) of such Act is amended by striking out "$233,350,000 for the fiscal year 1981" and inserting in lieu thereof "$255,650,000 for the fiscal year 1982 and $278,403,000 for the fiscal year 1983, of which amount for each such year not less than $45,000,000 shall be made available for the United Nations Children's Fund, not less than $8,200,000 shall be made available for the United Nations Environment Program, not less than $500,000 shall be made available for the United Nations Institute for Training and Research, and not less than $400,000 shall be made available for the United Nations Trust Fund for South Africa".

TRADE AND DEVELOPMENT PROGRAM

SEC. 311. (a) The section caption of section 661 of the Foreign Assistance Act of 1961 is amended by striking out "REIMBURSABLE DEVELOPMENT PROGRAMS" and inserting in lieu thereof TRADE AND DEVELOPMENT PROGRAM".

(b) Such section 661 is further amended—

(1) by inserting "(a)" immediately before "The President";

(2) in the first sentence by striking out "to use $4,000,000 of the funds made available for the fiscal year 1981 for the purposes of this Act"; and

(3) by adding at the end thereof the following new subsection:

"(b) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $10,000,000 for the fiscal year 1982 and $10,890,000 for the fiscal year 1983. Amounts appropriated under this subsection are authorized to remain available until expended.".

AFRICAN DEVELOPMENT FOUNDATION

SEC. 312. Section 510 of the International Security and Development Cooperation Act of 1980 is amended—

(1) by striking out "for the fiscal year 1981"; and

(2) by inserting "for the fiscal year 1982 and $2,178,000 for the fiscal year 1983" immediately after "$2,000,000".

AMENDMENT OFFERED BY MR. MINISH

Mr. MINISH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MINISH: Page 47, immediately after line 18, insert the following new section:

PROHIBITION ON DEVELOPMENT ASSISTANCE FOR INDONESIA

SEC. 313. Funds authorized to be appropriated by this title may not be used to provide assistance to Indonesia.

Mr. MINISH. Mr. Chairman, I rise today to offer what I believe is a very important amendment to title III of the foreign assistance authorization bill which is before us. My amendment would prohibit the use of development funds to Indonesia.

Although I fully understand and appreciate the role of U.S. foreign assistance in international development, I cannot in good conscience sanction U.S. aid going to a country which is a member of the Organization of Petroleum Exporting Countries. These countries, as we are all aware, have become rich at the expense of the American consumer.

H.R. 3566 contains an expected authorization of $67.3 million dollars in development assistance to a country, who, according to the Wall Street Journal, June 9, 1981, has a budget surplus equivalent to 7.3 million dollars. Now the United States projected deficit for next year will be $109 billion dollars. I find it difficult to justify our continued assistance to this country when they have a budget surplus.

Indonesia's oil profits have increased by 25 percent over the last year. In 1970, the price of one barrel of oil was $1.67 while today it is $35 per barrel. Last year alone, they experienced a 19 percent rise in oil export prices. The United States sends almost $4 billion per year to Indonesia in oil revenue. Why is it necessary to send them additional money in development assistance? In past years, when I have offered a similar amendment, one comment which many Members made to me afterward was that they did not realize how much oil revenue Indonesia had received. I now say to my colleagues, that this is an opportunity for them to correct their error in the past, and vote with me on this amendment today.

Since 1946, approximately $7 billion in foreign aid had been appropriated to members of OPEC. Indonesia has

received the most aid of any OPEC member, approximately $3 billion.

How have they repaid this generousity? The price fixing of OPEC has been the greatest single cause of inflation and the subsequent erosion of buying power of our U.S. dollar. The effects of the dollar's decline on our own people is what concerns me.

One final point before I close, I want to emphasize that my amendment would only effect development assistance, money which I believe Indonesia has herself from oil revenue, and would not effect military assistance, economic support, or any of the important international organizations such as the United Nations or Public Law 480, the Food for Peace program.

Mr. Chairman, I believe that Indonesia has profited enough from their exorbitant prices they demand for their oil. I see no need to further insult the American people by authorizing additional funds for a member of this cartel. I would urge all my colleagues to join me in passage of this amendment.

Mr. SOLARZ. Mr. Chairman, I rise in reluctant opposition to the amendment. I thank the Chair for recognizing me.

I think the gentleman from New Jersey, who is the author of this amendment, is certainly to be commended for his vigorous defense of the interests of the American taxpayers. I want him to know that I share his concerns over the incongruity involved in providing foreign aid to a country like Indonesia which is a member of OPEC and which does have substantial oil revenues.

But the fact of the matter is that Indonesia is a country of extraordinary strategic, political, military, and economic importance.

It sits astride the sealanes through which the oil passes from the Persian Gulf to Japan and South Korea.

It is a country which has a population of 150 million people and which has been extremely helpful to us in mobilizing opposition, both at the United Nations and within the nonalined movement, against the Soviet invasion of Afghanistan and the Vietnamese invasion of Cambodia.

It is also a country which, in spite of its oil wealth, has a per capita income of only $360 a year.

It is, therefore, by any stretch of the imagination, a desperately poor country.

They have today a population of 150 million people and a very high rate of growth in their population. As a matter of fact, the figures available to our committee indicate that, in the absence of real progress in the population planning program which we are heavily subsidizing in Indonesia, by the year 2000 instead of having a population of 150 million, which they have today, they will have a population of 220 million, and by the year 2050, they could have a population of 600 million.

Now, I would suggest that unless we can get a handle on the problem of population growth in Indonesia, it will have catastrophic consequences, not only for the people of that region, but for the people of our own country as well.

□ 1415

The development assistance budget which this amendment would completely eliminate provides significant resources for a population planning program in Indonesia.

Now, the truth of the matter is that in 1980, Indonesia received $87 million in development assistance from us. In today's bill, we are authorizing only $67 million in development assistance, which is a cut of about 40 percent. So even if this amendment is rejected, we will still be witnessing a very significant reduction in the level of our development assistance program in Indonesia.

I would simply say that if we were to adopt this amendment, we would be cutting off our nose to spite our face. It is well intentioned. But this is not the time for us to alienate Indonesia. They have cooperated with us in the effort to mobilize opposition to the Soviet invasion of Afghanistan and the Vietnamese invasion of Cambodia. They are among a handful of influential countries in the nonalined movement who tend to share our perspective on the global conflict in which we are now engaged with the Soviet Union. They are the most populous and powerful country within the increasingly important ASEAN bloc.

I think if we were to overnight terminate our development assistance program in Indonesia, a nation which, in spite of its oil resoureces, remains desperately poor, we would significantly complicate our political and diplomatic relationship with that country and severely set back American interests in Southeast Asia at a time when we face a growing challenge from the Soviet Union in the Far East, given the enormous buildup in Soviet military and naval strength in that part of the world.

Indonesia is one country we need with us, not against us. The adoption of this amendment would be a slap in their face.

I share the gentleman's concern over their participation in OPEC, but let me remind the gentleman that in spite of the fact that Indonesia is an Islamic country, it did not join in the Arab oil embargo against the United States 8 years ago. Let us not alienate it at this time.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I will be happy to yield to the gentleman from New Jersey.

Mr. MINISH. I thank the gentleman for yielding.

Mr. Chairman, I want to say the gentleman is also persistent, word for word, as his remarks are the same today as they were a year ago. The gentleman said it is a poor country. The Wall Street Journal of June 1981, says they have a surplus. Something we do not have.

Mr. HYDE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I, too, reluctantly join my friend from New York in supporting his position in resisting this well intentioned but, in effect, mischievous amendment which singles out Indonesia for unfavorable treatment.

I might suggest that Mexico sells oil at the same price Indonesia does. It is a very important country to us. I might mention that Great Britain, which has North Sea oil, sells oil at the same price that Indonesia does. Indonesia is one of the most important countries in its strategic location. It is a friend of ours. It is pro-West. It is pro-American.

The embargo in 1973, which could have brought this country to its knees, did not find Indonesia among those countries participating.

Yes; they have oil, Yes; they are selling it at the best price available. That is not the dumbest thing in the world for them to do, given their situation.

But they are certainly not to be singled out unless we are going to single out Mexico, which I would suggest would be a terrible mistake.

Mr. MINISH. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from New Jersey.

Mr. MINISH. I would say to the gentleman that as far as I know, we do not give any aid to Mexico.

Mr. HYDE. I am sure we do through the Inter-American Development Bank. I am unable to cite chapter and verse now, but we have a growing, important relationship with the country of Mexico. Their future and our future are intimately related. To single out a country, Indonesia, strategically located in faraway Asia, for treatment because they are selling their oil at the best price available—by the way, they do sell to Japan. Japan would take all the oil they have, but they are pleased to sell us oil too. We need them as a customer, we need them as a friend. We ought not single them out for treatment different from the rest of the world.

I hope this amendment will lose, and that my friend will come up with another amendment some time which I can wholeheartedly support.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I want to join the gentleman in his statement and commend him for it, and make a couple of other points.

The CHAIRMAN. The time of the gentleman from Illinois (Mr. HYDE) has expired.

(On request of Mr. LAGOMARSINO and by unanimous consent, Mr. HYDE was allowed to proceed for 2 additional minutes.)

Mr. HYDE. I yield to the gentleman from California.

Mr. LAGOMARSINO. One point is that Indonesia did not join in the Arab oil embargo a number of years ago. I would also point out that another member of OPEC, and one who sells its oil at the OPEC price, is Ecuador. There is money in this bill for Ecuador. We are not singling them out, nor should we.

As I understand it, Indonesia could sell all of its oil and all of its natural gas to Japan and other countries. They have entered into agreements with us in which we are avidly seeking to buy some of those products.

So I think it would be a mistake to pass the amendment, as well intentioned as it is. I urge my colleagues to defeat the amendment.

Mr. PRITCHARD. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, let us just keep one thing in mind. We are making almost a 50-percent cut in the amount of money for Indonesia in the aid program as against what we have been giving them in the past, in the last year; a 50-percent cut.

This country is so important to us, not only now, but in the future, and it is a key to the ASEAN group. It is a close friend of ours. I think to single this nation our for this type of an amendment would be a great mistake, and would be counter to the best interests of the United States.

I understand the motives of the gentleman. I can understand the reasons for the feelings that the gentleman carries for this amendment. But it would not be in the interests of the United States, and I would hope we would vote this amendment down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. MINISH).

The question was taken; and the Chairman announced that the noes appeared to have it

RECORDED VOTE

Mr. MINISH. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 55, noes 355, not voting 23, as follows:

[Roll No. 341]

YEAS—55

Addabbo	Flippo	Murtha
Akaka	Florio	Patman
Annunzio	Gaydos	Paul
Archer	Guarini	Petri
Ashbrook	Hall, Ralph	Rahall
Barnard	Heftel	Rinaldo
Bennett	Hubbard	Rodino
Bevill	Jacobs	Roe
Biaggi	Jenkins	Russo
Bonker	Jones (NC)	Schroeder
Brown (CO)	Kastenmeier	Schumer
Carney	Levitas	Shumway
Collins (TX)	Lujan	Solomon
Conyers	McDonald	Stark
Dowdy	Miller (OH)	Whitley
Dreier	Minish	Wyden
Dwyer	Mitchell (MD)	Zeferetti
Early	Mottl	
Ferraro	Murphy	

NOES—355

Albosta	Derrick	Hartnett
Alexander	Derwinski	Hatcher
Anderson	Dickinson	Hawkins
Andrews	Dicks	Heckler
Anthony	Dingell	Hefner
Aspin	Dixon	Hendon
Atkinson	Donnelly	Hertel
Badham	Dorgan	Hightower
Bafalis	Dornan	Hiler
Bailey (MO)	Dougherty	Hillis
Bailey (PA)	Downey	Holland
Barnes	Duncan	Hollenbeck
Beard	Dunn	Holt
Bellenson	Dyson	Hopkins
Benedict	Eckart	Horton
Benjamin	Edgar	Hoyer
Bereuter	Edwards (AL)	Huckaby
Bingham	Edwards (CA)	Hughes
Blanchard	Edwards (OK)	Hunter
Bliley	Emerson	Hutto
Boland	Emery	Hyde
Boner	English	Ireland
Bonior	Erdahl	Jeffords
Bouquard	Erlenborn	Jeffries
Bowen	Ertel	Johnston
Breaux	Evans (DE)	Jones (OK)
Brinkley	Evans (GA)	Jones (TN)
Brodhead	Evans (IA)	Kazen
Broomfield	Evans (IN)	Kemp
Brown (CA)	Fary	Kildee
Brown (OH)	Fascell	Kindness
Broyhill	Fazio	Kogovsek
Burgener	Fenwick	Kramer
Burton, Phillip	Fiedler	LaFalce
Butler	Fields	Lagomarsino
Byron	Findley	Lantos
Campbell	Foglietta	Latta
Carman	Foley	Leach
Chappell	Ford (MI)	Leath
Chappie	Ford (TN)	LeBoutillier
Cheney	Forsythe	Lee
Chisholm	Fountain	Lehman
Clausen	Fowler	Leland
Clay	Frank	Lent
Clinger	Frenzel	Lewis
Coats	Frost	Livingston
Coelho	Fuqua	Loeffler
Coleman	Gejdenson	Long (LA)
Collins (IL)	Gephardt	Long (MD)
Conable	Gibbons	Lott
Conte	Gilman	Lowery (CA)
Corcoran	Gingrich	Lowry (WA)
Coughlin	Glickman	Luken
Courter	Gonzalez	Lungren
Coyne, James	Goodling	Madigan
Coyne, William	Gore	Markey
Craig	Gradison	Marks
Crane, Daniel	Gramm	Marlenee
Crane, Philip	Gray	Marriott
D'Amours	Green	Martin (IL)
Daniel, Dan	Gregg	Martin (NC)
Daniel, R. W.	Grisham	Martin (NY)
Danielson	Gunderson	Matsui
Dannemeyer	Hagedorn	Mattox
Daschle	Hall, Sam	Mavroules
Daub	Hamilton	Mazzoli
Davis	Hammerschmidt	McClory
de la Garza	Hance	McCollum
Deckard	Hansen (ID)	McCurdy
Dellums	Hansen (UT)	McDade
DeNardis	Harkin	McEwen
McGrath	Richmond	Stokes
McHugh	Ritter	Stratton
McKinney	Roberts (KS)	Studds
Mica	Roberts (SD)	Stump
Michel	Robinson	Swift
Mikulski	Roemer	Synar
Mineta	Rogers	Tauke
Mitchell (NY)	Rosenthal	Tauzin
Moakley	Rostenkowski	Taylor
Moffett	Roth	Thomas
Molinari	Roukema	Traxler
Mollohan	Rousselot	Trible
Moore	Roybal	Udall
Moorhead	Rudd	Vander Jagt
Morrison	Sabo	Vento
Myers	Santini	Volkmer
Napier	Savage	Walgren
Natcher	Sawyer	Walker
Neal	Scheuer	Wampler
Nelligan	Schneider	Washington
Nelson	Schulze	Watkins
Nichols	Seiberling	Waxman
Nowak	Sensenbrenner	Weaver
O'Brien	Shamansky	Weber (MN)
Oberstar	Shannon	Weber (OH)
Obey	Sharp	Weiss
Ottinger	Shaw	White
Oxley	Shelby	Whitehurst
Panetta	Shuster	Whittaker
Parris	Siljander	Whitten
Pashayan	Simon	Williams (MT)
Patterson	Skeen	Williams (OH)
Pease	Skelton	Wilson
Pepper	Smith (AL)	Winn
Perkins	Smith (IA)	Wirth
Peyser	Smith (NE)	Wolf
Pickle	Smith (NJ)	Wolpe
Porter	Smith (OR)	Wortley
Price	Smith (PA)	Wright
Pritchard	Snowe	Wylie
Pursell	Snyder	Yates
Quillen	Solarz	Yatron
Railsback	Spence	Young (AK)
Rangel	St Germain	Young (FL)
Ratchford	Stangeland	Young (MO)
Regula	Stanton	Zablocki
Reuss	Staton	
Rhodes	Stenholm	

NOT VOTING—23

Applegate	Crockett	Howard
AuCoin	Dymally	Lundine
Bedell	Fish	McCloskey
Bethune	Fithian	Miller (CA)
Boggs	Garcia	Montgomery
Bolling	Ginn	Oakar
Brooks	Goldwater	Rose
Burton, John	Hall (OH)	

□ 1430

Messrs. FOLEY, BROWN of Ohio, MOLLOHAN, SEIBERLING, and ROUSSELOT changed their votes from "aye" to "no."

Messrs. WHITLEY, ANNUNZIO, Mrs. SCHROEDER, Messrs. RALPH M. HALL, KASTENMEIER, and RODINO changed their votes from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1445

Mr. MOTTL. Mr. Chairman, I move to strike the last word.

Mr. Chairman, I intend to vote against this foreign aid bill for a lot of reasons. I have extreme difficulty in supporting a measure that would authorize the appropriation of more than $6 billion in fiscal year 1982 and more than $6 billion in fiscal year 1983 for military and economic assistance programs abroad at a time when we are cutting billions from any number

of Federal programs for our own citizens.

For example, I have extreme difficulty in supporting administration proposals that would reduce certain veterans health care programs at a time when we are providing additional benefits for education and health programs for foreign countries. For example, on page 37 of the committee report, under section 202, title II of the bill, $15 million is earmarked for fiscal years 1982 and 1983 for Cypress. Of that amount, $5 million is earmarked each year for scholarships to bring Cypriots to U.S. educational institutions.

On page 44 of the committee report, it explains that section 303 of title II of the bill, would authorize $109,574,000 for education and human resources and programs abroad for fiscal year 1982 and $119,326,000 in fiscal year 1983. Section 303(b) would earmark $5,700,000 of these funds to finance undergraduate and professional education in the United States for South African students who are illegally restricted from obtaining an education on those levels in their own country.

Hundreds of beds are currently closed in our VA hospitals because of lack of nurses and I should like to inform my colleagues that we are having extreme difficulty in getting the Office of Management and Budget to approve a modest $4 million nurse scholarship program for fiscal year 1982 to help staff our veterans hospitals. How can we, in good conscience, be earmarking more than $10 million to provide education to foreign students?

I would like to ask the distinguished chairman of the full committee a question regarding this matter. Did the administration recommend the establishment of these two scholarship programs or is this a proposal of the committee?

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. MOTTL. Certainly I yield to the distinguished chairman of the committee.

Mr. ZABLOCKI. Mr. Chairman, I thank the gentleman for yielding.

In response to the gentleman's question, no, the executive branch did not request these programs, but they were approved in subcommittee. Let me point out the intent of these educational programs.

Since the Soviet Union and many Communist countries, as in the case of Cyprus, are providing educational programs which teach Marxism within other countries, I believe that it is a wise expenditure for us to expose students to democracy. We have these students who cannot get a higher education in their own countries—for example, in many of the African countries—and they can come to our institutions and learn our way of life, our system of government.

I am sure the gentleman will agree that if we can develop a cadre of supporters for the United States and if we are trying to win the hearts and minds of people, we will not wind up fighting them.

I am certainly supportive of an adequate educational program for our own veterans, but I do not think this is an amount that we need to apologize for because I think in the long run it will be in our own country's interest.

Mr. SOLARZ. Mr. Chairman, will the gentleman yield?

Mr. MOTTL. Certainly I yield to the gentleman from New York.

Mr. SOLARZ. Mr. Chairman, I thank the gentleman for yielding.

I would like to associate myself with the remarks of our very distinguished committee chairman and simply add that at least insofar as the scholarship program for minority students from South Africa is concerned, we have not put any new money in this bill. All we did was to say that of the $109 million that will be available for educational programs worldwide in fiscal year 1982 and the $119 million that will be available for educational programs worldwide in fiscal year 1983, up to $5.7 million should be made available for a scholarship program for students from South Africa.

The CHAIRMAN. The time of the gentleman from Ohio (Mr. MOTTL) has expired.

(By unanimous consent, Mr. MOTTL was allowed to proceed for 3 additional minutes.)

Mr. SOLARZ. Mr. Chairman, if the gentleman will yield further, I want to make it clear to the gentleman from Ohio (Mr. MOTTL) that while I share his concerns over the cutbacks for veterans' programs and other programs, we are not through the adoption of this language in the bill providing for any increase in the level of our foreign aid overseas. We are simply redistributing the resources that would otherwise be available for what we in our judgment believe would be a more constructive purpose.

Mr. MOTTL. Mr. Chairman, I thank the gentleman from New York (Mr. SOLARZ).

Mr. Chairman, I hope that my colleagues on both sides of the aisle will oppose this bill. In fiscal year 1982 the Veterans' Administration medical research program is probably going to be cut more than $20 million from the level contained in the conference agreement in the fiscal year 1982 HUD-independent agencies appropriation bill passed by the House. The veterans hospital construction program will probably be cut some $63 million. The veterans State home program will probably be cut more than $2.6 million. More than $26 million will probably be cut from the general operating expense account of the Veterans' Administration. More than $7 million will be cut from medical administration. In summary, we are probably looking at a reduction of more than $120 million in these programs alone from that which the House agreed to in the conference report.

Mr. Chairman, we should not be cutting veterans health programs while authorizing billions in the same legislative year for foreign aid. If we can not afford full funding for our own veterans, I wonder why anyone thinks we can afford these kinds of expenditures for citizens of other countries throughout the world.

For many reasons, I shall oppose this bill.

AMENDMENT OFFERED BY MR. HARKIN

Mr. HARKIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HARKIN: Page 47, after line 18, insert the following new section:

IMPROVING INFANT FEEDING PRACTICES

SEC. 313. (a) It is the sense of the Congress that the United States should strongly support the efforts of developing countries to improve infant feeding practices, in particular, through the promotion of breastfeeding. As a demonstration of that support, the President is authorized to spend up to $5,000,000 of the funds made available for the fiscal year 1982 to carry out the purposes of sections 103 and 104(c) of the Foreign Assistance Act of 1961 in order to assist developing countries establish or improve programs to encourage improved infant feeding practices.

(b) The President shall, as part of the Congressional Presentation Documentation for fiscal years 1983 and 1984, include information relevant to the implementation of this section, including—

(1) a description of actions taken by the Agency for International Development to promote breastfeeding and to improve supplemental infant feeding practices in developing countries through funds made available in this section and through its regular programs in the fields of health, nutrition, and population activities; and

(2) a summary of reports by member countries of the World Health Organization on their actions to implement the International Code of Marketing of Breastmilk Substitutes.

Mr. HARKIN (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. HARKIN. Mr. Chairman, my amendment authorizes AID to spend up to $5 million to support the efforts of developing countries to improve infant feeding practices, and particularly through the promotion of breast feeding.

This amendment also requires AID to report to Congress on its effort to

promote breast feeding and on the actions of member nations of the World Health Organization to implement the international code of marketing of breast-milk substitutes.

I might point out that the Senate passed a similar amendment to the Foreign Assistance Authorization bill on September 23, 1981, by a voice vote, so it was not controversial in the Senate.

I might point out two other things. At the present time AID Is receiving twice the number of requests that it can handle from developing countries seeking assistance for breast-feeding education, and the money involved, I might point out, in this amendment, $5 million, is not only a nominal amount but it is totally up to the discretion of AID to use all or only a part of this sum.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I would just point out, Mr. Chairman, that the gentleman from New York (Mr. GILMAN) is also a sponsor of this amendment, and I am delighted to yield to my friend.

Mr. GILMAN. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from Iowa (Mr. HARKIN) which authorizes AID to promote breast feeding in developing countries.

This amendment expresses the sense of Congress that the United States support the efforts of developing countries to improve infant feeding practices, in particular through the promotion of breast feeding, and authorizes the President to allocate up to $5 million to achieve that purpose. It is up to the discretion of the President to use all or only a portion of the amount.

In addition, this amendment directs the President to provide Congress with information concerning AID's efforts to promote breast feeding and a summary of those actions taken by member countries of the World Health Organization to implement the international code of marketing of breast milk substitutes. The amendment is similar to a provision which the Senate has already added to the Senate-passed foreign assistance measure.

Mr. Chairman, AID is currently receiving far more requests than it can handle from developing countries to assist them in implementing breast feeding promotion and education programs. Breast feeding education campaigns are a significantly cost-effective program of development assistance. Such programs encourage the use of a readily available food by millions of new mothers in developing countries.

Because many of our colleagues were concerned about the health hazards confronting infants when infant formula is mixed with contaminated water, and is overly diluted—to stretch out meager supplies—the House passed by a margin of 301-100, a resolution in support of the implementation of the World Health Organization's voluntary code on the marketing of infant formula. That code establishes guidelines governing the sale and distribution of infant formula.

Accordingly, to underscore the concern of the House about infant health and nutrition in developing countries, I urge my colleagues to support this amendment.

Mr. HARKIN. Mr. Chairman, I thank the gentleman from New York (Mr. GILMAN) for all the work he has done in this effort during the entire year.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the chairman of the full committee.

Mr. ZABLOCKI. Mr. Chairman, we have on this side carefully studied the amendment. I normally would oppose earmarking and generally believe earmarking is not the best way of legislating and further, this earmarking is unnecessary since AID, according to my understanding, already intends to spend up to that amount or more on infant feeding programs. Nevertheless, since I believe the required reports in the gentleman's amendment present the most constructive way to handle the matter and to keep the executive branch concerned with implementation of the WHO marketing code, we are prepared to accept the gentleman's amendment.

Mr. HARKIN. Mr. Chairman, I thank the distinguished committee chairman.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. HARKIN. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, for the reasons given by the chairman of our committee, we are also prepared to accept the gentleman's amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. HARKIN).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SMITH OF NEW JERSEY

Mr. SMITH of New Jersey. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SMITH of New Jersey: Page 36, line 24, immediately after "SEC. 302." insert "(a)"; and on page 37, after line 9, insert the following new subsection:

(b) Section 104(f)(1) of such Act is amended to read as follows:

"(1) None of the funds made available to carry out this part shall be used (A) for the provision of abortion, within or outside the United States; or (B) for research, within or outside the United States, in or related to any methods or techniques that will, with reasonable likelihood, cause the death of a fetus after conception.".

Mr. SMITH of New Jersey (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

Mr. ZABLOCKI. Mr. Chairman, reserving the right to object, I do so merely to be sure that the gentleman's amendment is a modified one, the corrected amendment that he showed the gentleman from Wisconsin.

Mr. SMITH of New Jersey. Mr. Chairman, if the gentleman will yield, let me say that the gentleman is correct.

Mr. ZABLOCKI. Mr. Chairman, I thank the gentleman from New Jersey (Mr. SMITH), and I withdraw my reservation of objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SMITH of New Jersey. Mr. Chairman, I am offering this amendment to the foreign aid authorization bill to further get the Government out—and keep the Government out, directly or indirectly—of the abortion business. Again, and again, this Congress has voted to ban funding for abortion. And that, in my opinion, is as it should be.

Mr. Chairman, I do not think the taxpayers ought to pay for abortion activities overseas. In a written response to the Senate Foreign Relations Committee concerning the Agency's involvement with abortion, Agency for International Development Administrator M. Peter McPherson responded, "AID does not and should not provide or promote abortion services." My amendment will make this statement a statutory requirement.

First, the amendment spells out in clear and unambiguous language that AID funds, whether direct or indirect, cannot be used for the provision of abortion.

It is my understanding, based on documentation provided to me by AID, that official AID policy prohibits funding for abortion. If that is the case, my wording reinforces this existing ban on abortion funding and precludes the provision of—the act or process of providing—abortions or abortion research.

Second, this amendment expresses the intent of Congress that research and development on abortion methods and techniques is not a proper use of Government funds. While I am encouraged by the promulgation of administrative AID policy that apparently ban funds for research on abortion techniques and methods, I believe we need to clarify in no uncertain terms that this kind of destructive research will not be funded at all by the tax-

payer. All research and development of abortion methods and techniques, whether direct or indirect, is prohibited.

AID's past sponsorship of abortion methods research is significant because of the streamlined network of research facilities, made possible in large part by AID contracts.

In the past several years, hundreds of abortion research projects have been funded by AID—projects that have vastly increased abortion methodology and technique.

As an example, consider the $7.7 million of AID moneys that went to Northwestern University Medical School in Chicago. In 1978, its program on Applied Research in fertility Regulation sponsored an international conference in the Bahamas entitled "Pregnancy Termination." Out of the conference came one of the few medical textbooks on abortion practice and procedure, "Pregnancy Termination," edited by Gerald Zatuchni, John Sciarra, and J. J. Speidel. Interestingly, Mr. Speidel was at one time the director of the Office of Population for the Agency for International Development.

This taxpayers' funded publication includes the latest information on abortion techniques, the most advanced methods of ending life for the smallest and most defenseless member of the human family—the unborn.

This book describes, in graphic detail, methods of abortion in the first trimester, and beyond—through the second trimester, through the end of 6 months. Many of the techniques described in this book are new, some are only experimental, but all are funded and promoted in part by AID funds.

One of the most horrendous and grisly methods of abortion is the dilatation and extraction—a second trimester procedure that was developed to a large extent, with AID moneys. In this method the unborn child is grasped with forceps and is twisted and turned and removed from the womb. The book, "Pregnancy Termination," describes it this way:

> The forceps is utilized to grasp fetal parts in what is essentially a blind manner. The physician must proceed simply by touch, and skill in this technique can be gained only by experience. Tissues too large to pass through the cervical canal can usually be made smaller by tightening the ratchet and then twisting or rotating the forceps. Care must be taken to avoid undue traction so that the fetal tissues will not lacerate the cervix. The fetal spine and calvarium are especially likely to cause this complication.
>
> In the event that the tissues that are grasped fail to descend easily into the cervical canal, and rotating and twisting the forceps provides little benefit, the forceps must then be reintroduced into the uterine cavity and the tissues released. Regrasping the tissues in a different area, perhaps with rotation or twisting, will usually correct the difficulty. Gentleness and patience are especially important during this portion of the procedure.
>
> Following removal of all available fetal and placental tissue, the cavity is explored, first by sharp curettage and then by suction, to ensure that it is completely empty. All tissues must be identified and accounted for before the patient is returned to the recovery room. This should be accomplished not only by the operator but also by another trained individual.
>
> If doubt exists, the uterine cavity must be reexplored.

Mr. Chairman, consider also that in fiscal year 1979, AID funded more than 30 abortion research projects and one of the prime recipients was Johns Hopkins University, which received 11. Of these 11, the majority were directed toward research and development of advanced techniques of second trimester abortions.

Some of the specific methods developed, at least in part, by the AID grants to Johns Hopkins included the Intra-amniotic Hyperosmolar Urea and Prostaglandin F 2 alpha and the Calcium method, whereby the calcium acts as an agent to bring on delivery during the second trimester. Additionally, the Johns Hopkins program includes over 60 scholarly articles on abortion techniques again funded by AID.

Three examples of research papers include:

Intra-amniotic urea and prostaglandin F 2 alpha for midtrimester abortion: A modified regimen. R. T. Burkman, M. F. Atienza, T. M. King and L. S. Burnett, Amer J Obstet Gynecol, 126: 328, 1976.

Intra-amniotic urea and prostaglandin F 2 alpha for midtrimester abortion: Clinical and laboratory evaluation. T. M. King, N. H. Dubin, M. F. Atienza, R. T. Burkman, D. A. Blake, N. A. Baros. Amer J. Obstet Gynecol, 129: 817-824, 1977.

A symposium: Second Trimester Abortion. C. A. Ballard, J. Bieniarz, W. E. Brenner, S. L. Corson, I. H. Kaiser, T. D. Kerenyl, T. M. King, and C. Tietze; guest editor, F. P. Zuspan, J. Reprod Med, 16: 47, 1976.

Mr. Chairman, perhaps the largest beneficiary of AID abortion research funding has been the International Fertility Research program (IFRP) an independent, noprofit agency based in North Carolina, a group that has received 26.4 million since 1971. How was this money spent?

IFRP proudly claims to have produced 16 important findings in its abortion research. IFRP maintains a worldwide network of clinical researchers—physicians who conduct field trials of, among other things, new abortion techniques in lesser developed nations. And, I might remind my colleagues, at the expense of the U.S. taxpayer.

An example of IFRP abortion research is a memo I obtained that discussed major elements of a contract between IFRP and the Battelle Corp. including, and I quote from the memo:

1. Refinement of basic vacuum equipment designs evolved earlier in the contract through interactions with consultants, the IFRP and IDC users.
2. Translating these findings in instrument research into world availability through interactions with manufacturers.
3. Developing instrumentation to assist in second trimester D. & E. studies at Harvard (at AID request).
4. Providing instrumentation in sufficient quantity to support IFRP studies of second trimester D. & E. based on the Harvard studies.

I could go on and on. Perhaps a 1976 memo by Fred Pinkham, then AID administrator and now president of the pro-abortion Population Crisis Committee, that, "improved abortion techniques are essential to the reduction of the new world population problem," sums up the old AID policy.

Mr. Chairman, again let one note that I am encouraged by new AID policy and I feel my amendment will serve to strengthen these policies. Indeed AID Administrator Mr. Peter McPherson responded to a written question from the Senate Foreign Affairs Committee as follows:

> In the past, the Agency has supported research on abortion methods . . . I will discontinue support of research on methods to perform abortions.

My amendment guarantees this.

Mr. Chairman, to sum up: My amendment prohibits AID funding—whether direct or indirect—of any abortions or for any involvement in abortion in any way. Furthermore, my amendment prohibits AID funding—whether direct or indirect—of any research of abortion methods or techniques.

Mr. Chairman, this is a good amendment, a necessary amendment and I urge its passage by my colleagues.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I am glad to yield to the chairman of the committee.

Mr. ZABLOCKI. Mr. Chairman, I have carefully studied the amendment and conferred with my colleagues on this side. We are prepared to accept the amendment.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. SMITH of New Jersey. I am happy to yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, we also have looked over the gentleman's modified amendment, and we accept it on the minority side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. SMITH).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title III?

If not, the Clerk will designate title IV.

Title IV reads as follows:

TITLE IV—FOOD FOR PEACE PROGRAMS

REPEAL OF OBSOLETE FOREIGN CURRENCY PROVISIONS

SEC. 401. The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in section 101, by striking out "for foreign currencies" and inserting in lieu thereof ", to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement";

(2) by amending section 103(b) to read as follows:

"(b) except where the President determines that it would be inconsistent with the objectives of this Act, determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (e), and (h) of section 104 and in title III, and the agreements for credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities; and such payment may be considered as an advance payment of the earliest installments;";

(3) in section 103(d), by striking out "(1)" and by striking out ", or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government";

(4) in section 103(l), by striking out "obtain commitments from friendly" and all that follows through "United States of America, and";

(5) in section 104—

(A) in the text preceding subsection (a), by striking out "this title" and inserting in lieu thereof "agreements for such sales entered into prior to January 1, 1972,"; and

(B) in paragraph (3) of the proviso following subsection (k), by striking out "(except as provided in subsection (c) of this section),";

(6) in section 106(a), by adding at the end thereof the following new sentence: "Payment by any friendly country for commodities purchased for foreign currencies on credit terms and on terms which permit conversion to dollars shall be upon terms no less favorable to the United States than those for development loans made under section 122(b) of the Foreign Assistance Act of 1961.";

(7) by repealing section 108; and

(8) by repealing section 109(b).

EMERGENCY OR EXTRAORDINARY RELIEF REQUIREMENTS

SEC. 402. Section 104(d) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "$5,000,000" and inserting in lieu thereof "$10,000,000".

SELF-HELP MEASURES TO INCREASE AGRICULTURE PRODUCTION

SEC. 403. Section 109(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (3), by inserting immediately before the semicolon ", and reducing illiteracy among farmers";

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by inserting the following new paragraph immediately after paragraph (10):

"(11) carrying out programs to improve the health of farmers and their families.".

ASSESSMENT OF SELF-HELP PROVISIONS

SEC. 404. Section 109 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new subsection:

"(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum feasible extent, in quantitative and measurable terms, and (B) in a manner which ensures that the needy people in the recipient country will be the major beneficiaries of the self-help measures pursuant to each agreement.

"(2) The President shall, to the maximum feasible extent, take appropriate steps to satisfy himself that, in each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake are additional to the measures which the recipient country otherwise would have undertaken irrespective of that agreement or amendment.

"(3) The President shall take all appropriate steps to determine whether the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out.".

ALLOCATION OF TITLE I ASSISTANCE

SEC. 405. Title I of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new section:

"SEC. 116. Beginning with fiscal year 1983, not more than 30 percent of the dollar amount of financing made available under this title in each fiscal year may be made available for any one country.".

TITLE II MINIMUM

SEC. 406. Section 201 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "1,400,000 metric tons" and inserting in lieu thereof "1,200,000 metric tons for nonemergency programs".

The CHAIRMAN. Are there amendments to title IV?

If not, the Clerk will designate title V.

Title V reads as follows:

TITLE V—OTHER ASSISTANCE PROGRAMS

AMERICAN SCHOOLS AND HOSPITALS ABROAD

SEC. 501. Section 214(c) of the Foreign Assistance Act of 1961 is amended by striking out "$30,000,000 for the fiscal year 1981" and inserting in lieu thereof "$20,000,000 for the fiscal year 1982 and $20,000,000 for the fiscal year 1983".

INTERNATIONAL NARCOTICS CONTROL

SEC. 502. (a)(1) Subsection (d) of section 481 of the Foreign Assistance Act of 1961 is repealed.

(2) Assistance provided from funds appropriated, before the enactment of this Act, to carry out section 481 of the Foreign Assistance Act of 1961 may be made available for purposes prohibited by subsection (d) of such section as in effect immediately before the enactment of this subsection.

(3) Funds appropriated for the fiscal year 1980 to carry out section 481 of the Foreign Assistance Act of 1961 which were obligated for assistance for the Republic of Colombia may be used for purposes other than those set forth in section 482(a)(2) of that Act as in effect immediately before the enactment of the International Security and Development Cooperation Act of 1980.

(4) Paragraphs (2) and (3) of this subsection shall apply only to the extent provided in advance in an apporpriations Act. For such purpose, the funds described in those paragraphs are authorized to be made available for the purposes specified in those paragraphs.

(b) Section 482(a) of such Act is amended to read as follows:

"(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President $37,700,000 for the fiscal year 1982 and $41,055,000 for the fiscal year 1983.

"(2) Amounts appropriated under this subsection are authorized to remain available until expended.".

INTERNATIONAL DISASTER ASSISTANCE

SEC. 503. Section 492(a) of the Foreign Assistance Act of 1961 is amended by striking out "$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "$27,000,000 for the fiscal year 1982 and $27,000,000 for the fiscal year 1983".

ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA

SEC. 504. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

SEC. 495I. ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA.— (a) The Congress recognizes that prompt United States assistance is necessary to help meet the basic human needs of persons displaced by strife in El Salvador. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to help alleviate the suffering of these displaced persons. Assistance provided under this section shall be for humanitarian purposes, with emphasis on the provision of food, medicine, medical care, and shelter and, where possible, implementation of other relief and rehabilitation activities. The Congress encourages the use, where appropriate, of the services of provate and voluntary organizations and international relief agencies in the provision of assistance under this section.

"(b) There are authorized to be appropriated to the President for the purposes of this section, in addition to amounts otherwise available for such purposes, $5,000,000 for the fiscal year 1982 and $5,445,000 for the fiscal year 1983. Amounts appropriated under this section are authorized to remain available until expended.

"(c) Assistance under this section shall be provided in accordance with the policies and utilizing the general authorities provided in section 491.".

AMENDMENT OFFERED BY MR. WEISS

Mr. WEISS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEISS: Page 54, after line 24, insert the following new section:

EL SALVADORAN REFUGEES

SEC. 505 (a) The Congress finds that—

(1) ongoing fighting between the military forces of the Government of El Salvador and opposition forces is creating potentially life-threatening situations for innocent nationals of El Salvador;

(2) it has been estimated that more than sixty thousand nationals of El Salvador have fled from El Salvador and entered the United States since January 1980;

(3) currently the United States Government is detaining these nationals of El Salvador for the purpose of deporting or otherwise returning them to El Salvador;

(4) deportation of these nationals could be temporarily suspended, until it became safe to return to El Salvador, if they are provided with extended voluntary departure status; and

(5) such extended voluntary departure status has been granted in recent history in cases of nationals who fled from Vietnam, Laos, Iran, and Nicaragua.

(b) The Congress further finds that the humanitarian purposes of sections 113, 504, and 716 of this Act would be promoted if extended voluntary departure status is granted to these El Salvadoran nationals. Therefore, it is the sense of the Congress that the Secretary of State should recommend that extended voluntary departure status be granted to aliens who are nationals of El Salvador and that such status should be granted to those aliens until the situation in El Salvador has changed sufficiently to permit their safely residing in that country.

Mr. WEISS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ZABLOCKI. Mr. Chairman, I reserve a point of order on the amendment.

The CHAIRMAN. The gentleman from Wisconsin (Mr. ZABLOCKI) reserves a point of order on the amendment, and the gentleman from New York (Mr. WEISS) is recognized for 5 minutes in support of his amendment.

□ 1500

Mr. WEISS. Mr. Chairman, the amendment which I have offered is a sense-of-the-Congress amendment. I will read the operative language and then speak to it. The operative part says:

Therefore, it is the sense of the Congress that the Secretary of State should recommend that extended voluntary departure status be granted to aliens who are nationals of El Salvador, and such status should be granted to those aliens until the situation in El Salvador has changed sufficiently to permit their safely residing in that country.

Mr. Chairman, since the beginning of 1980 apparently at least some 60,000, and in some reports perhaps as many as 150,000, El Salvadoran refugees have found their way to the United States. Those people for the most part have fled because of the war that has been ravaging their country. They have been and are being held by our Immigration and Naturalization Service people, and are being sent back, many of them, to the very conditions from which they fled.

Although it is very difficult in most instances to specifically determine what happens to those people when they are sent back to the war-torn places from which they have come, there are reports that many found themselves subject not only to harassment and great danger some have been killed.

What I am suggesting is that these El Salvadoran refugees, in essence, be treated the same way that in recent history nationals who fled from Vietnam, Laos, Iran, and Nicaragua have been treated. It is not a mandate on the Secretary of State, it is simply a sense of the Congress that such treatment should be accorded to them until it is safe for them to go back to their homes.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I yield to the gentleman from New York.

Mr. FISH. Mr. Chairman, would the gentleman repeat the relief he is seeking for these El Salvadorans?

Mr. WEISS. The amendment expresses the sense of Congress that the Secretary of State should recommend, and parenthetically, the person to whom the recommendation goes is the Director of the Immigration and Naturalization Service, that extended voluntary departure status, and that is a term of art, be granted to the Salvadoran aliens who are here until such time as it is safe for them to go back.

Mr. FISH. I am very sympathetic with the gentleman's amendment. I think the phrase "extended voluntary departure" is a term of art and is not widely understood. It would, as the gentleman said, accord the same status as that granted to refugees from Nicaragua.

I think the gentleman is correct in addressing his resolution to the Secretary of State because this has been a State Department decision rather than an Immigration Service decision, the rationale being that whereas in the case of Nicaragua we disagreed with the government in control, we do not in El Salvador. Therefore, we cannot maintain that one would be persecuted if they went back to a country whose government we approve.

However, I think this is a special case the gentleman has brought to the attention of the House, and I would point out that the relief the gentleman seeks really just allows refugees to be registered, to be permitted to stay in this country, temporarily to be permitted to work while they are in the United States pending a final determination of their status.

I support the gentleman and believe the amendment he has presented is meritorious.

Mr. WEISS. I thank the gentleman for his support. Again I want to emphasize that we are not mandating any action upon the Secretary of State; we are simply saying it is a sense of Congress that, such action should be taken.

POINT OF ORDER

The CHAIRMAN. Does the gentleman from Wisconsin insist on his point of order?

Mr. ZABLOCKI. Mr. Chairman, I insist on my point of order. I do this rather reluctantly because I certainly can sympathize with the intentions of the gentleman from New York and on a humanitarian basis with the refugees from El Salvador, the nationals of El Salvador, the gentleman's amendment would provide giving them status or suggesting that voluntary departure status be extended, and that such status should be granted to those aliens until the situation in El Salvador has changed sufficiently to permit their safe return to that country. This could be for many, many years and, although I personally would support that, Mr. Chairman, I would point out this amendment of the gentleman from New York deals with an immigration matter and is not germane to this legislation, which is a bill to authorize assistance, not immigration.

This amendment would be more properly considered by the Judiciary Committee and, therefore, I would hope the gentleman would introduce this amendment in the form of a bill to get the proper consideration by the proper committee.

The CHAIRMAN. Does the gentleman from New York desire to be heard on the point of order?

Mr. WEISS. I would, Mr. Chairman.

Mr. Chairman, the legislation that is before us in sections 113, 504, and 716, in fact, deals specifically with humanitarian aspects of America's action in support and assistance of El Salvador and conditions under which such assistance can be given. So certainly the thrust of the language which I have offered I think is germane within that context.

Second, it is, in fact, under law and tradition the Secretary of State who is required to make the recommendation to the Director of the Immigration and Naturalization Service.

Finally, as I have said repeatedly, we are not mandating any specific action. This would simply be a sense of Congress that the Secretary of State should make such recommendations.

I therefore urge that the point of order not be sustained.

The CHAIRMAN. Does any Member desire to be heard further on the point of order?

The Chair has considered the point of order raised by the gentleman from Wisconsin against the amendment offered by the gentleman from New York, Mr. WEISS, on the basis that the amendment is not germane to title V of the bill. The Chair has examined

title V entitled "Other Assistance Programs," and has determined that each of the programs covered in title V of the bill now before the committee relates to a financial assistance program of one sort or another.

As the gentleman from Wisconsin pointed out in his argument on the point of order, the subject matter contained in the amendment proposed and offered by the gentleman from New York relates to a matter of immigration status and not to a financial assistance program. The gentleman from New York has pointed out that there are other provisions in the bill which relate to humanitarian or economic assistance for El Salvador.

But the Chair has noted again that these relate to economic assistance programs or humanitarian assistance programs of a financial nature and not to immigrations status. Therefore, it is the opinion of the Chair that the amendment offered by the gentleman from New York is not germane to title V of the bill and the point of order is sustained.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to observe that for a foreign aid bill, if I may use that improper designation, this has been a rather quiet day and a rather quiet debate. I have a feeling that this seems to be the preference of the House.

Therefore, in the spirit of diplomacy, calmness, and the other virtues which I see sweeping the floor, I rise at this point to announce that I will not offer my amendment to repeal the Clark amendment. I happen to think that the mistake we made 6 years ago should have long since been corrected, and someday it will, but in the interests of expediting this bill and giving Members a chance to show their genuine interest in international affairs, and their positive attitude toward international cooperation, I will not be offering that amendment.

But, let me state my views on the amendment.

The administration is opposed in principle to country-specific restrictions of this type. This amendment operates as a sweeping limitation of unparalleled substantive and procedural rigidity, which no President should accept.

We have no plans to aid any of the factions in Angola. We would like to see the withdrawal of the sizable Cuban troop presence, followed by internal-political reconciliation of all the competing factions. Having the option available, however, would add a degree of flexibility to the U.S. diplomatic posture which is vital to the success of our efforts in southern Africa.

Repeal of the Clark amendment would be understood in Africa and elsewhere as to the seriousness with which we view the presence of foreign troops in Angola.

We are making significant progress in the Namibia talks. As we continue with these and other negotiations, we need to be able to show our adversaries that we are indeed capable of responding to Soviet and Cuban adventurism in Angola and in every other part of the globe.

Since Senate passage of the repeal, we have heard little negative comment from African officials throughout the continent.

Senator NANCY KASSEBAUM of Kansas, who offered the amendment to repeal the Clark amendment, noted that it had been adopted in the aftermath of the Vietnam war and was "an expression of congressional distrust of the Presidency in the exercise of foreign policy." She pointed out that the mood of today's Congress is far different and that less than half of the current Senate was serving at the time the Clark amendment was adopted. "It is time to wipe the legislative slate clean," she said.

At the suggestion of Senator CHARLES PERCY of Illinois, chairman of the Foreign Relations Committee, the repeal proposal contained a statement that Congress was not endorsing a renewal of aid to Angolan rebels at this time. Senator PERCY also conveyed assurances from the White House that no decision had been reached on the aid issue and that if President Reagan ever decided to help the rebels, the "Congress will know about it."

As a world power, the United States requires a full spectrum of foreign policy options to complement our diplomatic efforts. Choices do exist between doing nothing or full-scale military involvement. Yet retention of the Clark amendment imposes a limitation of choice. Self-imposed limitation on any one course of action tends to undermine the credibility of our determination to pursue our foreign policy objectives and perform effectively as a world leader.

At the same time, we have important economic, political, and strategic interests in black Africa. We are applying 80 percent of our assistance in Africa to economic development. We are encouraging the Africans to take a serious look at an even stronger source of economic development—cooperation with the U.S. private sector. We are helping the Africans meet a humanitarian concern of overwhelming proportions—assistance to refugees.

The Reagan administration does not approach the problems of Africa with covert intervention as its preferred method in Angola or elsewhere. But the United States cannot afford to tie its own hands while our global adversary has no such restrictions on it, and freely pursues its own interests. For us to do so facilitates the efforts of our adversary, creates doubt among those who would place their trust in the United States, and confuses our allies.

AMENDMENT OFFERED BY MR. MICA

Mr. MICA. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MICA: Page 54, line 2, insert after "(a)", "(1)", and page 54, after line 15, insert:

"(2) The Congress understands that the country of Belize has expressed interest and willingness in the resettlement in its territory of Haitian nationals who desire to settle in Belize. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to assist the Government of Belize in the resettlement of Haitian nationals in the national territory of Belize."

Mr. MICA. Mr. Chairman, this amendment just needs a brief explanation.

The former country of British Honduras is now the country of Belize. That country has requested assistance from the United States and other world bodies in seeking to keep a balance of its population, because they have a great influx of refugees from Nicaragua, El Salvador, and so on, Latin refugees. They have had a black and Latin balance in that country and would like to have Haitians come to that country. They have offered a piece of land suitable for farming and training and a stipend if they can get assistance from other bodies, the United States or world bodies in bringing 1,000 to 5,000 Haitians to their country.

This amendment simply allows the President and, in fact, I might say implores the President to follow up on that request, in that framework, to help bring those Haitians who would desire to resettle in Belize.

Mr. SKELTON. Mr. Chairman, will the gentleman yield?

Mr. MICA. I yield to the gentleman from Missouri.

Mr. SKELTON. As the gentleman from Florida knows, back in January the country of Belize informed our State Department that they were willing to take 2,000 Haitian refugees and 2,000 refugees from Southeast Asia, which means Vietnamese refugees, and nothing was heard from the State Department.

About 3 weeks ago I wrote a letter to the State Department and it was also signed by the gentleman and a few others asking why they have not responded, because this helps take the pressure off of this country to keep these refugees from coming into this country and would put them in Belize where they are welcomed.

As a result of our letter evidently a member of the State Department was sent to Belize, but that is the last I heard of it.

I think this amendment is very proper because it wil actually implore them, as the gentleman says, to do

something about it. Here we have a creative, at least a partial solution to this refugee problem that is plaguing all of us in this country. It is too bad we have to shove them to get something done. I think the gentleman's amendment is well put for that reason.

Mr. MICA. I thank the gentleman.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. MICA. I yield to the gentleman from California.

Mr. LAGOMARSINO. I want to commend the gentleman on his amendment as well. I had the privilege of meeting here in Washington last week with Prime Minister George Price of Belize. He indicated one of the purposes for his trip here was to discuss with the State Department the very matter the gentleman is bringing before us today. He said that he received a good response on the idea of bringing Haitians into Belize, and that there seemed to be positive interest on the part of the U.S. Government in helping Belize to do that.

I think the Prime Minister's offer to do so is to be commended and I would hope the gentleman's amendment is passed.

Mr. MICA. I appreciate the gentleman's comments.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. MICA. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, I do not believe the language in this amendment is necessary. Nevertheless, it does no harm and, therefore, after further study we are prepared to accept the gentleman's amendment.

Mr. MICA. I appreciate the chairman's acceptance of this amendment. I understand his concern for adding unnecessary language.

I would say in follow up to our colleague from Missouri's comment that we have been asking the State Department to act on this request for well over a year, so this language may well be helpful.

Mr. BARNES. Mr. Chairman, will the gentleman yield?

Mr. MICA. I yield to the gentleman from Maryland.

Mr. BARNES. I thank the gentleman. I rise simply to commend the gentleman for this initiative. I know the gentleman has taken a great interest in Belize, was there recently, and I know of the gentleman's leadership on refugee issues generally. I think this amendment is very well taken and I commend the gentleman.

Mr. MICA. I thank the gentleman.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. MICA. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, I, too, want to rise and commend the gentleman from Florida for this amendment. I think it will improve the bill and I assure the gentleman that we will support it on this side.

Mr. MICA. I thank the gentleman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. MICA).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to title V?

If not, the Clerk will designate title VI.

Title VI reads as follows:

TITLE VI—PEACE CORPS

ESTABLISHMENT AS AN INDEPENDENT AGENCY

SEC. 601. (a)(1) Effective on the date of the enactment of this Act, the Peace Corps shall be an independent agency within the executive branch and shall not be an agency within the ACTION Agency or any other department or agency of the United States.

(2) Section 3 of the Peace Corps Act is amended by repealing subsections (d), (e), and (f).

(3) The amendment made by paragraph (2) of this subsection shall not alter or affect (A) the validity of any action taken before the date of the enactment of this Act under those provisions of law repealed by that amendment, or (B) the liability of any person for any payment described in section 3(f) of the Peace Corps Act.

(b) Section 4(b) of the Peace Corps Act is amended by striking out "such agency or officer of the United States Government as he shall direct. The head of any such agency or any such officer" and inserting in lieu thereof "the Director of the Peace Corps. The Director of the Peace Corps".

(c)(1) The Director of the Peace Corps shall continue to exercise all the functions under the Peace Corps Act which the Director was performing on the day before the date of the enactment of this Act.

(2) There are transferred to the Director of the Peace Corps all functions relating to the Peace Corps which were vested in the Director of the ACTION Agency on the day before the date of the enactment of this Act.

(3) All personnel, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds as are determined by the Director of the Office of Management and Budget, after consultation with the Comptroller General of the United States, the Director of the Peace Corps, and the Director of the ACTION Agency, to be employed, held, used, or assumed primarily in connection with any function of the Peace Corps before the date of the enactment of this Act shall be so employed, held, used, or assumed by the Peace Corps on or after such date of enactment.

(d)(1) Not later than the thirtieth day after the date of the enactment of this Act, the Director of the Office of Management and Budget, after consultation with the Comptroller General of the United States, the Director of the Peace Corps, and the Director of the ACTION Agency, shall report to the appropriate committees of the Congress on the steps taken to implement the provisions of this section, including descriptions of the disposition of administrative matters, including matters relating to personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with Peace Corps functions or activities.

(2) Not later than the forty-fifth day after the date of the enactment of this Act, the Comptroller General shall submit to the appropriate committees of the Congress a report stating whether, in the Comptroller General's judgment, determinations made by the Director of the Office of Management and Budget relating to the implementation of the provisions of this section were equitable.

(e) References in any statute, reorganization plan, Executive order, regulation, or other official document or proceeding to the ACTION Agency or the Director of the ACTION Agency with respect to functions or activities relating to the Peace Corps shall be deemed to refer to the Peace Corps or the Director of the Peace Corps, respectively.

AUTHORIZATION OF APPROPRIATIONS

SEC. 602. (a) Section 3(b) of the Peace Corps Act is amended by striking out "fiscal year 1981 not to exceed $118,000,000" and inserting in lieu thereof "the fiscal year 1982 not to exceed $105,000,000 and for the fiscal year 1983 not to exceed $114,345,000".

(b) Section 3(c) of such Act is amended by striking out "fiscal year 1981" and inserting in lieu thereof "each fiscal year".

INTEGRATION OF DISABLED PEOPLE

SEC. 603. Section 3 of the Peace Corps Act is amended by adding at the end thereof the following new subsection:

"(h) In recognition of the fact that there are over 400,000,000 disabled people in the world, 95 percent of whom are among the poorest of the poor, the Peace Corps shall be administered so as to give particular attention to programs, projects, and activities which tend to integrate disabled people into the national economies of developing countries, thus improving their status and assisting the total development effort.".

RESTORATION OF CERTAIN AUTHORITIES FORMERLY CONTAINED IN THE FOREIGN SERVICE ACT

SEC. 604. (a) Section 10 of the Peace Corps Act is amended by adding at the end thereof the following new subsections:

"(i) The Director of the Peace Corps shall have the same authority as is available under section 26 of the State Department Basic Authorities Act of 1956 to the Secretary of State, the Director of the International Communication Agency, and the Director of the United States International Development Cooperation Agency. For purposes of this subsection, the reference in that section to a principal officer of the Foreign Service shall be deemed to be a reference to a Peace Corps representative and the reference in that section to a member of the Foreign Service shall be deemed to be a reference to a person employed, appointed, or assigned under this Act.

"(j) The provisions of section 30 of the State Department Basic Authorities Act of 1956 shall apply to volunteers and persons employed, appointed, or assigned under this Act. For purposes of this subsection, references to the Secretary in subsection (b) of such section shall be deemed to be references to the Director of the Peace Corps and references to the Secretary in subsection (f) of such section shall be deemed to be references to the President. For purposes of subsection (g) of such section, a Peace Corps representative shall be deemed to be a principal representative of the United States.".

(b) Section 5(h) of such Act is amended by striking out the last two sentences.

(c) To the extent that the authorities provided by the amendments made by subsec-

tion (a) are authorities which are not applicable with respect to the Peace Corps immediately before the enactment of this Act and which require the expenditure of funds, those authorities may not be exercised using any funds appropriated after February 15, 1981, and before the date of enactment of this Act.

MISCELLANEOUS CONFORMING AMENDMENTS

SEC. 605. (a) Section 9 of the Peace Corps Act is amended by striking out "section 10(a)(4)" in the second sentence and inserting in lieu thereof "section 10(a)(5)".

(b) Section 18 of such Act is repealed.

AMENDMENT OFFERED BY MR. LUNGREN

Mr. LUNGREN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LUNGREN: Page 55, strike out line 2 and all that follows through line 16 on page 57; and redesignate sections 602 through 605 as sections 601 through 604, respectively.

□ 1515

(By unanimous consent, Mr. LUNGREN was allowed to proceed for 5 additional minutes.)

Mr. LUNGREN. Mr. Chairman, my amendment would delete section 601 of title VI of the foreign aid authorization bill. Section 601 would separate the Peace Corps from ACTION; my amendment would leave the Peace Corps in its current status. The Peace Corps was established in 1961, and was subject to the general direction of the State Department; the Peace Corps Director reported to the Secretary of State. In 1971, the President transferred the Peace Corps to the ACTION Agency. The Peace Corps currently exists as an autonomous entity within ACTION and shares support services with that agency, for which the Peace Corps pays ACTION a certain percentage of the cost of these services.

The issue of separating the Peace Corps out of ACTION has come up before in the Congress, although at that time it was based on an entirely different proposal. In 1979, there was a move to consolidate all U.S. foreign aid under the International Development and Cooperation Agency (IDCA). This would have included the Peace Corps under IDCA, and at that time, the House passed a bill to accomplish this. However, the measure was defeated in the Senate. Interestingly enough, in 1979, the fight in the other body to keep the Peace Corps under ACTION was led by the same Member who is now leading the fight for separation. The point here is that the vote in 1979 was entirely different from the vote in 1981. This bill would make the Peace Corps a new, completely independent Federal agency.

There are many reasons why the Peace Corps should not be separated from ACTION. The main issue, however, as it has been throughout this session of Congress, is the cost of such a move. There can be absolutely no doubt in any Member's mind that the creation of a new Federal agency means more spending. Just at a time when we are struggling to keep Federal spending under control, how can we possibly justify spending precious Federal money to create a new independent Federal agency? Cost estimates range from $3 million to $15 million. The most reliable figure, I believe, is an estimate prepared by the ACTION budget office. ACTION, with whom Peace Corps shares its services, believes that first-year costs of setting Peace Corps up on its own would be about $7 million—$7,160,000 to be exact.

Those who oppose this amendment have quoted a CBO report which states that there would be no cost at all associated with this. Conversations with CBO staff have elicited the fact that no detailed study has been made on this issue. According to CBO staff: (1) The CBO study took only 15 minutes; (2) it was a hurried effort made during markup of the foreign aid bill in the other body; (3) there is no detailed backup for this finding; and (4) the only reason CBO indicated there was no cost was because there was no new authorization in the bill. I believe the fact that there is this much question just on the cost of separation should be enough to at least delay this move until it has been fully analyzed.

That leads to another problem with this proposal; no hearings have been held on this issue since 1979, in either the House or the Senate. In 1979, only one committee held extensive hearings on the issue, and that was the Senate Governmental Affairs Committee. That committee opposed separation (by a vote of 15 to 2) as did the Carter administration. The main concern of both the committee and the administration was ultimately the cost.

There is another major concern surrounding the separation issue. The VISTA program (Volunteers In Service To America) also shares functions with the ACTION Agency. However, VISTA is being phased out. If the Peace Corps is separated out as well, that leaves a very small number of domestic volunteer programs under the auspices of ACTION. And those programs happen to include the Retired Senior Volunteer program (RSVP), the Senior Companion program and the Foster Grandparent program. If these, and a few others, are the only programs left under ACTION, I fear that there will be a move to shift these programs for the elderly, along with the others remaining, to the huge bureaucracy of HHS. These three elderly programs have been particularly successful in the past, and probably have not received the attention they deserve. How much less attention will they command if they become just another program within HHS? The Congress has struggled with budget cuts this year, and there are many very justified programs which are receiving painful but necessary reductions. Given this scenario, volunteers who are willing to give of themselves and their time are becoming a very important factor in the support of many service projects. Certainly, this is not the time to diminish the importance of some of the most successful of these volunteer programs—RSVP, Senior Companions, and Foster Grandparents—by risking their possible burial in HHS.

The possible arguments in favor of separating the Peace Corps out of ACTION seem to center on the confirmation of the current Director of ACTION, Thomas W. Pauken. Attacks were made on Mr. Pauken during his confirmation hearings, for his service as an Army intelligence officer in Vietnam 12 years ago. The chief sponsor of the separation language in the other body admitted on the floor that the appointment of Tom Pauken as Director of ACTION was the chief reason behind this proposal. Now, I realize that the actions of the other body should not be considered as influential in the House deliberation on a measure, and in this particular case, that is extremely important because this "intelligence connection" is totally unfounded.

First of all, whether or not the Director of ACTION had any involvement in intelligence activities will not keep the Soviet Union and certain Third World countries from charging that the Peace Corps is a cover for the CIA. Allegations of spying and intelligence activity have been going on since the Peace Corps was established, and they certainly are not going to be confirmed or disproved through any bureaucratic maneuvering such as separating Peace Corps and ACTION. For example, Joseph Blatchford, who was Director of the Peace Corps and of ACTION during the Nixon administration, played in tennis tournaments during college. Based on this information, the Soviet Union alleged that the TV series, "I Spy" (whose plot revolved around a professional tennis player who was also a U.S. Government agent) was based on Mr. Blatchford's life.

Furthermore, from 1969 to 1971, the Deputy Director of the Peace Corps was Tom Houser, who had served in Army counterintelligence while in the military during the mid-1950's. This would seem to make Mr. Houser unfit to serve as Deputy Director, and yet the intelligence connection was never raised during his confirmation. In fact, Mr. Houser served as Peace Corps Deputy Director during a particularly sensitive time for the United States, when the Third World was castigating this country for its involvement in Vietnam. And yet, the Peace Corps

survived and no harmful effects were felt by any of its volunteers by the so-called intelligence connection. This is an important point because Mr. Houser was directly involved in the daily workings of the Peace Corps as its Deputy Director. Tom Pauken, as Director of ACTION, has nothing to do with the day-to-day operations of the Peace Corps. If you compare Mr. Houser and Mr. Pauken, it would seem to me we are applying much different standards to a Vietnam veteran with an intelligence background than we are to a veteran of the 1950's with a similar background. And one more fact along this line—Tom Pauken would even be qualified to serve as a Peace Corps volunteer.

Supporters of this separation proposal also assert that the Peace Corps has declined in popularity while it has been associated with ACTION, meaning that the number of volunteer recruits has dropped. They believe that the Peace Corps will attract more attention if it is separate from ACTION. This is simply not a valid argument. It is true that there has been a general, widespread decline in foreign volunteer programs overall. However, if in fact you bother to consult the actual figures, Peace Corps recruitment has increased under the Reagan administration. In 1978, before the Peace Corps came under ACTION, nominations for appointment equaled 7,987. For the first 9 months of 1981, nominations have equaled 8,382. Applications were up by about 2,000, and telephone inquiries jumped from 37,902 to 53,917.

Finally, the assertion that we should return the Peace Corps to its status as an independent agency is ridiculous. Peace Corps has never been an independent agency. For 10 years, it was under the State Department, with the Director reporting to the Secretary of State. For the past 10 years, however, the Peace Corps has existed as an autonomous agency within ACTION. Peace Corps has its own budget and policy autonomy. The Director of the Peace Corps doesn't report to the head of ACTION—he or she reports directly to the President of the United States. Since the Peace Corps is within ACTION, the taxpayers are served by having two agencies share the use of some services which keeps costs down.

I urge my colleagues to support this amendment, and keep the Peace Corps within the ACTION agency. The arguments for separation simply do not hold water and certainly do not justify the creation of a new Federal agency with the associated $7 million in costs. The Director of the Peace Corps, Ms. Loret Ruppe, has publicly expressed her support for keeping the Peace Corps within ACTION, and the administration is strongly opposed to any separation move. The last thing we need is another Federal agency.

Mr. LAGOMARSINO. Mr. Chairman, will the gentleman yield?

Mr. LUNGREN. I yield to the gentleman from California.

Mr. LAGOMARSINO. Mr. Chairman, I think the gentleman makes some very good points, particularly the one that goes something like this: "What is the hurry? We have not had hearings on this very recently. This is a new administration. Let them get their act together and determine what they want, how it will work out; let us see what is going to happen to the other agencies in ACTION as we go forward with the new budgetary processes."

I just see no hurry to do this. I support the gentleman's amendment.

Mr. LUNGREN. I appreciate the gentleman's support.

I would just stress the fact that ACTION takes care of the voluntary programs, domestic voluntary programs, such as RSVP and those serving our seniors who are very concerned about its separation, and international volunteer programs. The only difference in the two sets of programs is, one group of people serve in the United States, the other group of people serve overseas. It seems to me to make eminent sense to have an umbrella organization which encompasses these various organizations. And since we have talked about how we pared down in this bill and how there is not enough spending in certain places, it does not make sense to incur a $7 million expense for no real purpose.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

This, Mr. Chairman, is not a new proposal that has suddenly come to the attention of this committee. We had in the Committee on Foreign Affairs, beginning in 1977 through 1979, extensive hearings. We have had former Peace Corps directors testify before our committee. As a result of these hearings, the committee's action is to restore the Peace Corps its separate identity and vitality by giving back to it the complete autonomy it enjoyed during its early days.

John Dellenback, a former Member of our body and Director of the Peace Corps under President Ford, wrote to the Washington Post on May 26, 1981, on the subject of the Peace Corps-ACTION relationship. I excerpt from that article:

> However much those programs look alike on the surface, below the surface they are considerably different, and I think that experience has demonstrated that the attempt to combine all these programs in a single agency was a legislative error.

We are not, Mr. Chairman, trying to correct that error.

□ 1530

Another former Peace Corps Director was Dick Celeste, who worked hard to draft an executive order giving the Peace Corps autonomy within ACTION, and struggled valiantly to make it work.

Now, he is also of the opinion that the Peace Corps should be independent of ACTION in order to "renew its sense of mission and strengthen its programs."

The gentleman from California said that OMB has estimated that the cost of separation would be $3 million. OMB's own report goes on to say that the $3 million figure, "is likely to be too large," and that it is only "an outside estimate for additional operating expenses." An in-house Peace Corps analysis has come to the conclusion that the one-time separation cost is only $920,000 and in addition the analysis concludes that subsequent yearly savings of up to $1 million are likely.

Then, of course, Acting Peace Corps Director William Sikes testified before the Foreign Affairs Committee earlier this year that costs savings would occur as a result of separation.

I want to share, Mr. Chairman, with my colleagues and particularly the gentleman from California a letter that I have received from Father Hesburgh, president of the University of Notre Dame, for whose judgment I am sure the gentleman from California has a high regard and respect. I will not read the whole letter, I will insert it in the RECORD, but I will read the portions of it which comment that perhaps the separation should not be abruptly done, maybe we ought to do it slowly. The gentleman from California (Mr. LAGOMARSINO) says we ought to give this administration an opportunity to have a look at this separation, and would probably offer a trial separation 6 months from now or thereabouts.

So the good father writes to me—I will not read the first two paragraphs because it would be embarrassing to me—he is so laudatory of my action here and my work in Congress—but anybody who is willing to read it will be able to find out what he says about me in the RECORD.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Illinois.

Mr. HYDE. Mr. Chairman, I hope the gentleman is going to put the entire letter in the RECORD.

Mr. ZABLOCKI. I am, yes. I might say to the gentleman, my dear friend and colleague from Illinois (Mr. HYDE), I intend to put it in the RECORD and hope the printer will make it in bold type.

Mr. HYDE. I want some copies to carry with me.

I thank the gentleman.

Mr. ZABLOCKI. The gentleman from Wisconsin will go further and he will send a marked copy of the CON-

GRESSIONAL RECORD to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman.

Mr. ZABLOCKI. The good father says:

Neither Democratic nor Republican administrations seem to have made the Peace Corps' unique and exciting mission a proper priority over the past 10 years.

The CHAIRMAN. The time of the gentleman from Wisconsin (Mr. ZABLOCKI) has expired.

(By unanimous consent, Mr. ZABLOCKI was allowed to proceed for 5 additional minutes.)

Mr. ZABLOCKI. Second, he writes:

I would urge you not to allow anybody or anything to delay the effects of the important legislative actions you have taken with regard to separation of Peace Corps and ACTION.

Now you understand the padre would not normally be supportive of divorce, but in this instance he strongly supports this divorce action.

He goes on to say:

Separation must be done quickly and now before more harm is done. To remove the Peace Corps from ACTION slowly would be like pulling a tooth over a 6-month period. It would be unnecessarily painful and the patient could well bleed to death.

See how compassionate the father is.

Father Hesburgh's letter follows:

UNIVERSITY OF NOTRE DAME,
Notre Dame, Ind., November 12, 1981.

Hon. CLEMENT J. ZABLOCKI,
Rayburn Building,
Washington, D.C.

DEAR CLEM. It was good chatting with you Monday evening at the White House, and I would like to repeat to you the strong sentiments I expressed then on the issue of the Peace Corps and ACTION.

First, I want to congratulate you and your Committee for the fine work you have done in looking out for the Peace Corps' best interests. If it weren't for the Congress especially for the House Foreign Affairs Committee, there would be little chance of undoing the administrative damage done to the Peace Corps by its absorption into ACTION.

Neither Democratic nor Republican administrations seem to have made the Peace Corps' unique and exciting mission a proper priority over the past ten years. You have, and, for that, we are all grateful.

Secondly, I would urge you not to allow anyone or anything to delay the affects of the important legislative actions you have taken with regard to separation of Peace Corps and ACTION. Separation must be done quickly and now, before more harm is done. To remove the Peace Corps from ACTION slowly would be like pulling a tooth over a six month period. It would be unnecessarily painful, and the patient could well bleed to death!

I write to you on this matter as one who, like you, was present at the creation of the Peace Corps. Notre Dame is proud to have been the first university ever to run a Peace Corps project overseas. I personally went to Chile and chose the institution the volunteers would be working with. We both recall the first ten years of the Corps—and the last ten—and we know from our experience that, for this feisty group of Americans dedicated to humanitarian service overseas, independence of extra layers of bureaucracy is necessary and most helpful.

Again, thanks for all you have done for the Peace Corps and foreign aid generally over these many years.

All best wishes.

Sincerely yours,

Rev. THEODORE M. HESBURGH, C.S.C.,
President.●

Mr. LUNGREN. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from California.

Mr. LUNGREN. I thank the gentleman for yielding.

Mr. ZABLOCKI. Does the gentleman want to comment on this?

Mr. LUNGREN. Yes, the gentleman has touched my heart. The gentleman mentioned Notre Dame. The gentleman knows how dear to me that is. Father Hesburgh is a close friend and someone I have known since I was 4 years old. But I must confess I have found Father Hesburgh to be wrong before.

Mr. ZABLOCKI. The gentleman has learned?

Mr. LUNGREN. I have. And in this case I do not think that Father Hesburgh would want us to separate ACTION from Peace Corps if he realized that that might jeopardize the domestic volunteer programs that serve the elderly.

Mr. ZABLOCKI. If I might comment, Mr. Chairman, on the gentleman's observation of the lack of infallibility on the part of Father Hesburgh. He may have the same opinion of the gentleman from California.

Mr. LUNGREN. He does, I know.

Mr. ZABLOCKI. Mr. Chairman, I strongly oppose the gentleman's amendment. This matter has been considered over the past several years, and we have had warning of the committee's intent for 7 months, since May, when we reported out this legislation. The other body has as well considered and passed legislation advocating separation. I do not believe that the gentleman's amendment would enhance the Peace Corps or ACTION, and I hope the amendment will not prevail.

Mr. PRITCHARD. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, I do not think we ought to get bogged down in a swamp of personalities or turf fighting. We ought to come back to how do we make this agency the most effective instrument that we can.

Now, the last two Directors of the Peace Corps have said they can do a better job if they are separated, and I think all of the hearings have established and reinforced this position. There is no real proof that this will cost more, just some positions that ACTION has taken who are concerned about losing some of their turf. They are the only people who have said this is going to cost more.

John Dellenback, who was the Director of Peace Corps under President Ford, is convinced that we should separate these two organizations.

It is difficult to run these agencies if we do not give them the very best management we can. We have held hearings. Congress has made this decision. It would be a great mistake and counterproductive to the Peace Corps if we were to go back now and attempt to keep them together with ACTION.

Mr. BONKER. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, this issue is not a new one before the House Foreign Affairs Committee. Five years ago we first looked at the whole question of Peace Corps and where it ought to be located and if it shall be incorporated in ACTION. We decided that there ought to be some kind of separation, that Peace Corps ought to have its own identity, its own administration function. It ought to have its own visability.

At the time we had looked closely at an Aspen Institute report which had studied this question. Aspen concluded that the Peace Corps had lost its vitality, its morale was down, and its enrollment was down. It was not as effective so long as it was part of the ACTION Agency.

When John Kennedy first established the Peace Corps he wanted to keep it away from the State Department so that it would not be politicized, nor be part of the administration's policy.

It was very successful under his brother-in-law, Sargent Shriver. President Nixon incorporated Peace Corps in ACTION. It was a merger which would emphasize the voluntary nature of the program.

President Ford continued that arrangement under the leadership of John Dellenback. He later felt that the Peace Corps ought to be removed from ACTION and maintain its own identity.

During the Carter years, we struggled with Sam Brown, then Director of ACTION, to separate the Peace Corps from ACTION.

The committee passed language in the House to remove the Peace Corps from ACTION. Due to intense negotiations in the conference committee, however, we compromised in deference to an Executive order that tried to maintain Peace Corps identity within ACTION.

But believe me, as long as Peace Corps remains in ACTION, it is going to be compromised. It is not going to have its identity. It will not have the important mission that was expected of it when it was first established.

Mr. LUNGREN. Mr. Chairman, will the gentleman yield?

Mr. BONKER. I yield to the gentleman from California.

Mr. LUNGREN. I thank the gentleman for yielding.

Would the gentleman tell me precisely why the mission of the Peace Corps is compromised by virture of the fact that it is part of an overall volunteer organization that treats the domestic needs of our people as well as trying to do good in the international community?

Mr. BONKER. They are really two entirely different functions. I think the recruiting aspects have some benefit. But aside from that, they really have nothing in common.

We found that in many cases the ACTION Director was attempting to influence the Peace Corps Director, and influence the policy and some of the administrative and management functions of the office.

We know presently the Peace Corps pays 60 percent of its ACTION administration cost but does not receive a proportionate amount of services in every area. This is according to testimony that has come from this administration.

The Peace Corps could implement the same program at the same cost, but what we need to do is try to reestablish the Peace Corps as an independent agency. I do not believe separating it from ACTION is a final act. It still is an agency that is without the kind of organizational identity that it needs.

Therefore, I have introduced legislation that would make the Peace Corps an independent public foundation which would have its own board and which would have some continuity from administration to administration. It would not be subject to policy influences that come from the administration.

Mr. LUNGREN. If the gentleman will yield further, that bill that the gentleman has introduced does contain an advisory board to advise the Peace Corps and would require it to have on its membership citizens of the Third World. Therefore, it would be so independent that it would not be responsive to the administration of the United States, but it would have an advisory board that would be required to have citizens from foreign countries; is that not correct?

Mr. BONKER. I do not think the gentleman has read my bill because it creates a commission which would be appointed by the President. The Commission would appoint the Peace Corps Director. Beyond that, there would be an advisory council.

Mr. LUNGREN. And that council is, to quote the gentleman from page H6628 of the CONGRESSIONAL RECORD, "to include a number of different people and academic groups and citizens of Third World nations."

Mr. BONKER. If the gentleman is making reference to the bill that I have introduced, I would draw the gentleman's attention to page 8 of the bill, section 7, "There shall be established in the Peace Corps an advisory council composed of the following 15 members to be appointed by the President."

Then we have quite a broad section of people who would be involved in that advisory council.

Mr. LUNGREN. Including as members, citizens of other countries.

I do not understand from the gentleman's perspective why we are so concerned that the Peace Corps not be too connected to the elected Government of the United States because it would, evidently, cause an interjection of politics, but yet we require an advisory committee to be made up in part, of citizens of foreign countries?

Mr. LEACH of Iowa. Mr. Chairman, I move to strike the requisite number of words and I rise in opposition to the amendment.

Mr. Chairman, first, I would like to compliment sincerely the gentleman from California for a very careful and well-reasoned approach.

I do not find it in the final measure persuasive but I would like to reference two parts to clear the record.

□ 1545

The first part is that we do have a natural institutional friction which was particularly severe under the Carter administration and, fortunately, much less so under this administration between ACTION and the Peace Corps.

In this regard, it should be stressed that ACTION is led by a very well backgrounded young man, Tom Pauken. I would like to make clear that the intention of those who want to separate the agencies is not directed against Mr. Pauken. I find those who have argued against him to be very unpersuasive. It would be my hope that if there is a separation and Mr. Pauken is left with an agency somewhat diminished in size, and if he seeks another position in the Federal Government, if anything, he should be promoted, not demoted.

Second, with regard to the elderly programs, RSVP particularly, I think it is clear that those of us that seek separation also are strong supporters of these volunteer programs. Those associated with these programs have our firm commitment to do everything in our power to make sure that they are maintained in a credible and generous fashion.

Now, with regard to the background of this issue, I think all of us in this House should be very clear that the reason the Peace Corps came under the jurisdiction of ACTION was the desire of the Nixon administration and some of the anti-John Kennedy followers in the Democratic party to diminish the stature of the Peace Corps.

I happen to think, however, that the idealism that was preponderant in the sixties should and can be reinstilled in the eighties and that it would be very helpful to create a new identity for the Peace Corps at this time.

Finally, I do think it is fair to stress again that John Dellenback, our former colleague in this House, who was the last Republican Peace Corps Director under Mr. Ford, served on the committee that helped cause the ACTION alliance. Mr. Dellenback stated very categorically to me that from his experience both in the Congress and now having served in the Peace Corps that he believed that the legislative efforts in which he was a part were a profound error. I think at this time nothing could be more important than to reestablish the image, the prestige, and the idealism of the Peace Corps.

This particular act is symbolic and it is also something that I think fits very well with the Republican philosophy of voluntarism.

From the Reagan administration's perspective, even though there is administration opposition to this separation, the fact of the matter is that it would fit well with what this administration stands for and fit well with what we are trying to do in the world to complement the security dimension of U.S. foreign policy.

In this regard, Mr. Chairman, the mission of the Peace Corps has never been more relevant than it is today. The needs of the developing nations for skills, technical assistance, and simple human compassion abound. The need for Peace Corps volunteers in refugee assistance programs in Asia and Somalia, as a number already are, ought also to be enhanced. As Director Rupee stated in a recent speech, peace is not just the absence of war but the absence of the conditions—such as hunger, disease, poverty, illiteracy, and despair—which bring on war.

She is right.

The vital mandate of the Peace Corps is nothing less than the building of peace in the world in a way which security assistance cannot. It is time we shed the bureaucratic overregulation represented by the association of the Peace Corps with ACTION and give Loret Ruppe the tools and flexibility she needs to accomplish that mission.

Mr. BARNES. Mr. Chairman, would the gentleman yield?

Mr. LEACH of Iowa. I would be delighted to yield.

Mr. BARNES. Mr. Chairman, first of all, I want to commend the gentleman on an excellent statement. I agree with everything the gentleman said.

The second thing that I would like to say is that although I was not privi-

leged to be a Peace Corps volunteer, I have an awful lot of friends who either were or are now Peace Corps volunteers. I have had the opportunity to meet a lot of them. I have never met a Peace Corps volunteer who did not think it ought to be a separate agency, that did not believe it had a unique role and function and that it could increase the esprit de corps of the Peace Corps to once again recognize its uniqueness and be a separate agency.

I commend the gentleman for his statement and I join him in opposition to this amendment.

Mr. LEACH of Iowa. I thank the gentleman.

Mr. MOFFETT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the gentleman from Iowa and the gentleman from Washington have mentioned the name of President Kennedy. I think in terms of some historical perspective, it is useful to point out that many of us in this body, I think it is fair to say, were inspired by John Kennedy.

I was 18 when the Peace Corps was first created. I think it had a great deal to do with many Members on this side of the aisle wanting to engage in some sort of public service.

I would expect that all of us in this body on both sides of the aisle would think that that is a good thing.

The effort was made, however, and I have some knowledge of this because I was on the Senate staff that dealt with it about 10 years ago to create ACTION and merge the Peace Corps in with it in order to really dilute the impact of the Peace Corps. Many of the proponents made no secret of that intention on their part.

I remember the hearings on the creation of the ACTION agency. I think it was in early 1971 and these facts came out, that there was concern in the Nixon administration and in other quarters that young people were somehow getting too idealistic, some people said radicalized, maybe that is not a good word; but they were having these experiences in the Peace Corps and they were coming back and they were wanting to engage in more public service and pursue their idealism in a constructive way and many of them are serving to this day in public service because of that experience.

The attempt was clearly to dilute the impact of this kind of program.

Now, I think we should look at the overall, the larger picture, that we really do not have any program in society in terms of using human capital for those kinds of needs right now.

The gentleman from Ohio (Mr. SEIBERLING) had an excellent hearing yesterday in which some of my colleagues took part on the wiping out of the Youth Conservation Corps and the Young Adult Conservation Corps, the modern version of the CCC, programs which have been working and now are being zeroed out.

We are moving in absolutely the wrong direction on these programs. There are programs such as the Peace Corps that we know work very well.

Some of us would prefer to go even farther to have a national compulsory service with a civilian option and really instilling the values of hard work and frugality in our young people.

So my point is that if you look at this in terms of the overall perspective, we are not doing very much at all. We are really failing miserably to give opportunities to young people to serve.

We are wasting resources and, it seems to me, losing political battles in the political trenches of the Third World because we do not put enough emphasis on putting Americans out there where they can be seen as Americans who are helpful.

I do not know if this is the answer, this separation. I am sure it is not a major answer, given the lack of emphasis on both ACTION and the Peace Corps in the budget.

Both of these programs are faring badly and as we debate how we are going to move the blocks around in this particular area, I think it is a good time for us to consider who is inspiring the 18 year olds of today to public service.

I think it is a fairly legitimate question to ask: Who in public life today is offering that kind of inspiration?

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to oppose the amendment. I believe, first of all, we should all commend the gentleman from California for offering his amendment. I realize he has been rather lonesome in support of it, but he serves a very practical purpose. This is the first time in years I have seen the floor give any real attention to the Peace Corps and that is long overdue.

I think we have in the Peace Corps a classic case of a Government program that is about at the age where it deserves rejuvenation. That point has been made by some of our colleagues.

I also think that we witnessed in this debate the tendency of some Members to become overaddicted to personalities. I really do not care if John Dellenback did or did not run the Peace Corps at one time and what he did or did not do. That is totally beside the point.

I recall at the time the Peace Corps was created that there were some charges made on this floor that it was merely to find a position for Sargent Shriver, since they could not locate him anywhere else in the Government; that was probably exaggerated, but nevertheless, those statements were made.

The point is that there should not be an overdose of personalities. Therefore, we should not be too concerned if the gentleman who presides over ACTION as an individual is losing a little bit of his turf.

The big question is, Is the Peace Corps an effective program? Is it a sound concept? Can it be improved?

I think it is a sound concept. I think it is a good program. I think it could be improved.

Now, I recognize in this day and age of Mr. Stockman's reign that we are not about to double or triple the funding for the Peace Corps. I would like to do it, but reality does not permit it; but I do think that giving a revised identity and a new blessing to the Peace Corps would be helpful.

I think the Congress should give a fresh pat on the back to the Peace Corps, reemphasizing our support for the very fine concept. May I also say to my friend, the gentleman from Connecticut, please keep in mind that this is not a program just for young people. I have inspected many Peace Corps operations. I recall in the backwoods of Senegal watching a Peace Corpsman teach English, which I thought was a waste of time and effort teaching English in the backwoods of a country where people, if they are literate, are literate in French; yet I have also been in Bogota, Colombia, where we had a retired American plumber teaching people how to install inside facilities. Now, that was a very practical application.

The Peace Corps has run through those pendulums from good intentions to practicality, to a shortage of funds, through good administrators, through bad administrators. That has been its history over 20 years.

I would think that in view of the fact that everyone is so dedicated to the Peace Corps during this debate let us all agree that we want an effective, progressive, revitalized Peace Corps. If in the judgment of the noble Committee on Foreign Affairs it deserves a certain degree of independence, which it had when it was created, I see no reason why the committee position should not be sustained, the amendment rejected. But all of us should give a special thank you to the gentleman from California for giving us this opportunity to once again provide some support for a program that has been too long taken for granted.

Mr. WINN. Mr. Chairman, will the gentleman yield?

Mr. DERWINSKI. Yes; I yield to the gentleman.

Mr. WINN. I thank the gentleman for yielding. I think the gentleman has made a very good point.

I served as the ranking member of the subcommittee, chaired by the gen-

tleman from Washington (Mr. BONKER) starting in 1977 as a member of the Foreign Affairs Committee. We spent many hours in hearings debating whether there should be a separation between ACTION and the Peace Corps. It was our decision that there should be a separation and, as he said, for various reasons that separation was not complete.

I think now more than ever before that there should be a complete separation.

Let us face it, the Peace Corps got bogged down and lost under the big umbrella of ACTION. Now with a new Director full of enthusiasm, one that we all know and trust, we can bring the Peace Corps back to what it deserves to be and we can help it by voting down this amendment of the gentleman from California.

I thank the gentleman for yielding.

Mr. DERWINSKI. Mr. Chairman, I thank the gentleman for his very timely and helpful support.

Mr. JOHNSTON. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise today in support of the amendment of my colleague from California, DAN LUNGREN, to delete a provision of H.R. 3556, which would separate the Peace Corps for ACTION making it an independent agency within the executive branch.

I have studied this matter in depth, and after careful consideration am unable to come up with one good reason why the Peace Corps or ACTION would substantially benefit from separation—however, I am able to find a good number of reasons as to why they should continue in their present form. The Peace Corps came into existence in November 1961, and for the first 10 years operated under the auspices and direction of the State Department. With the establishment of ACTION in 1971, Congress deliberated over the possibility of the Peace Corps being placed under this new agency and determined that indeed it would function best under ACTION. In May 1979, the Peace Corps was given authority of its own budget/policy and management for the international volunteer program. This allowed the Peace Corps to act as an autonomous agency within ACTION, reporting directly—and I stress directly—to the President and OMB. Therefore, today, the Director of the Peace Corps reports directly to the President on policy matters; deals directly with the Office of Management and Budget and the Treasury Department on budget matters; and only shares a few administrative services with ACTION in order to reduce the costs of overlapping services. Mr. Chairman, to me this allows the Peace Corps to operate for the first time with virtually total autonomy.

Now it is being proposed that the Peace Corps act as a separate and independent agency within the executive branch. Proponents of this proposal have voiced concern over Tom Pauken's position as Director of ACTION, claiming the safety of the Peace Corps volunteers would be jeopardized because of Mr. Pauken's minor involvement with Army intelligence during the Vietnam war. Mr. Speaker, I find no substance to the argument that Mr. Pauken's service to this country will have any adverse effect on the Peace Corps, when such service would not even disqualify him as a Peace Corps volunteer. The Senate debated this issue at length prior to his confirmation and found no facts to justify the opposition. It is amusing to me that Tom Houser, a former Deputy Director of the Peace Corps, had also served in Army intelligence, yet, the issue was never raised then. There has been no reason to believe that the Peace Corps credibility or the volunteers themselves would be harmed due to Mr. Houser's involvement with the Corps. Why should we assume Mr. Pauken's service will result in a loss of credibility for the Peace Corps? Once again, I think we should be reminded of the facts—the Peace Corps is autonomous. Mr. Pauken as Director of ACTION has virtually no influence on Peace Corps policy of operations. As for support services, Mr. Pauken has designated Deputy Director Winnie Pizzano as ACTION's liaison officer to the Peace Corps.

The point has been raised that the most acute problem posed by the Peace Corps operating under ACTION is in the area of recruitment and communications. Our colleague from Washington, Mr. BONKER, has stated in his "Dear Colleague" letter that "recruitment is less than a third of what it was in 1967". I wonder if he is aware of a recent article in the Government Executive magazine which explains this decrease. The article states specifically that ACTION has not had a negative impact on recruitment. Global conditions have had an effect. Terrorism and insecurity in Third World countries poses a problem of risk and, needless to say, serves as deterrent to volunteers. So the real culprits are the Idi Amins and Omar Qadhafis of the world, not the Tom Paukens.

Mr. BONKER has also cited ACTION personnel cuts as having a disproportionate harmful impact on the Peace Corps. On the contrary, these cuts in personnel have had no impact on the Peace Corps. The Joint Recruitment Office has decreased its full-time staff from 92 to 45 due to recent changes in VISTA. Peace Corps recruitment is subject to the ebb and flow of "peak seasons." Thus, the Recruitment Office will supplement the personnel by hiring 32 part-time employees during Peace Corps peak seasons.

Mr. BONKER is correct in saying the Office of Former Volunteer Services has been deleted from ACTION. This office served both VISTA and the Peace Corps—again changes in VISTA have warranted a reduction. A joint office is no longer necessary and if the Peace Corps determines they want to continue a Former Volunteer Service Office, they have complete authority to do so within their own budget.

Again, the facts show that, in actuality, the Peace Corps recruiting and communications have been strengthened since pooling forces with ACTION. Statistics show that since 1978 applications have increased by 1,961; WATS line inquiries have increased by 16,015; and nominations for appointments have increased by 395. Clearly, the recruitment efforts are faring better today than in 1978.

The Peace Corps itself determines how much to utilize on advertising and directs the ACTION Office of Recruitment and Communications in the implementation of its decisions. Television advertising has tripled since 1978, and since the change in administrations there have already been 2,000 more TV ads this year than last. In addition, more than 6,000 radio stations across the Nation carry Peace Corps advertising spots. I can not agree that the Peace Corps visibility is low—in fact, it is higher this year than in the past. Obviously, those bringing recruitment and communications problems to issue are mistaken.

Legislating the Peace Corps into existence as an independent agency within the executive branch makes little sense to me. If the two are to be come totally separate, additional taxpayers dollars will be necessary for administrative services, recruitment, communications, computer services, health services, accounting, payroll, and rent for new office space. Cost estimates range between $3 million and $15 million for separation. By passing this bill in its present form we are failing in our responsibilities and commitment to economic efficiency. Mr. Chairman, I do not care if the separation would cost this Government $10—it is $10 more than we can afford to spend. I ask each and every one of my colleagues to tell me why they feel it is necessary to go back to their district and tell their constituents that this Congress has legislated into existence another Federal agency to cost $15 million when we stood here less than 6 months ago and passed the largest budget cuts this country has ever seen. Do you honestly feel that is what your constituents want to hear? I believe they would prefer to hear that this Congress intends to implement more "sharing-services" programs to keep costs at a minimum; in other words, let

us use the Peace Corps and ACTION as an example.

The Lungren amendment has strong united support of the administration—Max Friedersdorf, ACTION Director Tom Pauken, and Peace Corps Director Loret Ruppe, all are in favor of maintaining the present relationship between the Peace Corps and ACTION. I cannot urge my colleagues enough to join me in supporting this amendment in order to save the taxpayers unnecessary expense.

□ 1600

Mr. PETRI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment.

I think, as one of the Members of Congress who is an alumnus of the Peace Corps, I did want to participate in this debate.

Mr. Chairman, it seems to me we should not make bureaucratic changes if the arrangement, however illogical it may appear, is working to everyone's satisfaction. On the other hand, we ought to be making changes if it is not.

We have had difficulty with the Peace Corps in ACTION for several years, regardless of whether Republican or Democratic administrations were involved. This is not a partisan issue, it is an administration issue.

I would like to be a little more charitable than one of my colleagues. I would like to think the hope of uniting the Peace Corps and placing it under the jurisdiction of ACTION was to perhaps infuse some of that Peace Corps spirit into the domestic volunteer activities of our Government, and also to unite recruiting, because on college campuses, and so on, young people interested in the volunteer effort would have the option, through one organization and one contact, of operating either overseas or in the United States, but that has not worked. I think the ACTION agency's VISTA program is in the process of being phased down, if not phased out.

The Peace Corps should, I think, move in the direction of the Volunteer Overseas Service Agency that the British and some other countries have. The Peace Corps is a great expression of idealism on the part of the American people. But it is one that should be regarded as an expression of the American people, not of the American Government. Allowing it to operate as an independent agency will help to foster that.

I think the committee is very wise in the disposition and the recommendation that they made. I hope my colleagues will join in supporting the committee and opposing the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. LUNGREN).

The question was taken; and the Chairman announced that the noes appeared to have it.

RECORDED VOTE

Mr. LUNGREN. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 155, noes 258, not voting 20, as follows:

[Roll No. 342]

AYES—155

Anderson	Hall, Sam	Moorhead
Archer	Hance	Motti
Ashbrook	Hansen (UT)	Napier
Badham	Hendon	Nelligan
Bafalis	Hightower	Nichols
Bailey (MO)	Hiler	Oxley
Bailey (PA)	Holt	Pashayan
Barnard	Horton	Patman
Beard	Hubbard	Paul
Benedict	Hunter	Ritter
Bennett	Hutto	Roberts (SD)
Bliley	Hyde	Robinson
Bouquard	Ireland	Roemer
Breaux	Jacobs	Rogers
Brinkley	Jeffords	Santini
Brown (CO)	Jeffries	Schneider
Brown (OH)	Jenkins	Schroeder
Broyhill	Johnston	Schulze
Burgener	Jones (NC)	Shaw
Campbell	Jones (OK)	Shelby
Carman	Jones (TN)	Shumway
Carney	Kazen	Shuster
Chappell	Kemp	Siljander
Chappie	Kindness	Skeen
Cheney	Kramer	Skelton
Clausen	Lagomarsino	Smith (AL)
Coats	Latta	Smith (OR)
Collins (TX)	Leath	Snyder
Craig	LeBoutillier	Solomon
Crane, Daniel	Lewis	Spence
Crane, Philip	Livingston	St Germain
Daniel, Dan	Loeffler	Stangeland
Daniel, R. W.	Lott	Staton
Dannemeyer	Lowery (CA)	Stenholm
Dickinson	Lujan	Stump
Dornan	Lungren	Tauzin
Dowdy	Madigan	Taylor
Dreier	Marlenee	Trible
Duncan	Marriott	Volkmer
Edwards (OK)	Martin (NC)	Walker
Emerson	Martin (NY)	Watkins
English	McCollum	Weber (MN)
Evans (DE)	McCurdy	Weber (OH)
Evans (GA)	McDonald	White
Fiedler	McEwen	Whittaker
Fields	McGrath	Whitten
Flippo	Michel	Wilson
Gingrich	Miller (OH)	Wolf
Gramm	Mitchell (NY)	Wortley
Grisham	Molinari	Young (AK)
Hagedorn	Montgomery	Young (FL)
Hall, Ralph	Moore	

NOES—258

Addabbo	Bonior	Coyne, James
Akaka	Bonker	Coyne, William
Albosta	Bowen	Crockett
Alexander	Brodhead	D'Amours
Andrews	Broomfield	Danielson
Annunzio	Brown (CA)	Daschle
Anthony	Burton, Phillip	Daub
Aspin	Butler	Davis
Atkinson	Byron	de la Garza
Barnes	Chisholm	Deckard
Beilenson	Clay	Dellums
Benjamin	Clinger	DeNardis
Bereuter	Coelho	Derrick
Bethune	Coleman	Derwinski
Bevill	Collins (IL)	Dicks
Biaggi	Conable	Dingell
Bingham	Conte	Dixon
Blanchard	Conyers	Donnelly
Boggs	Corcoran	Dorgan
Boland	Coughlin	Downey
Boner	Courter	Dunn
Dwyer	Kildee	Rhodes
Dyson	Kogovsek	Richmond
Early	LaFalce	Rinaldo
Eckart	Lantos	Roberts (KS)
Edgar	Leach	Rodino
Edwards (AL)	Lee	Roe
Edwards (CA)	Lehman	Rose
Emery	Leland	Rosenthal
Erdahl	Lent	Rostenkowski
Erlenborn	Levitas	Roth
Ertel	Long (LA)	Roukema
Evans (IA)	Long (MD)	Rousselot
Evans (IN)	Lowry (WA)	Roybal
Fary	Luken	Rudd
Fascell	Lundine	Russo
Fazio	Markey	Sabo
Fenwick	Marks	Savage
Ferraro	Martin (IL)	Sawyer
Findley	Matsui	Scheuer
Fish	Mattox	Schumer
Florio	Mavroules	Seiberling
Foglietta	Mazzoli	Sensenbrenner
Foley	McClory	Shamansky
Ford (MI)	McDade	Shannon
Ford (TN)	McHugh	Sharp
Forsythe	McKinney	Simon
Fountain	Mica	Smith (IA)
Fowler	Mikulski	Smith (NE)
Frank	Mineta	Smith (NJ)
Frenzel	Minish	Smith (PA)
Frost	Mitchell (MD)	Snowe
Fuqua	Moakley	Solarz
Gaydos	Moffett	Stanton
Gejdenson	Mollohan	Stark
Gephardt	Morrison	Stokes
Gibbons	Murphy	Stratton
Gilman	Murtha	Studds
Glickman	Myers	Swift
Gonzalez	Natcher	Synar
Goodling	Neal	Tauke
Gore	Nelson	Traxler
Gradison	Nowak	Udall
Gray	O'Brien	Vander Jagt
Green	Oberstar	Vento
Gregg	Obey	Walgren
Guarini	Ottinger	Wampler
Gunderson	Panetta	Washington
Hamilton	Patterson	Waxman
Hammerschmidt	Pease	Weaver
Hansen (ID)	Pepper	Weiss
Harkin	Perkins	Whitehurst
Hartnett	Petri	Whitley
Hatcher	Peyser	Williams (MT)
Hawkins	Pickle	Williams (OH)
Heckler	Porter	Winn
Hefner	Price	Wirth
Heftel	Pritchard	Wolpe
Hertel	Pursell	Wright
Hillis	Quillen	Wyden
Hollenbeck	Rahall	Wylie
Hopkins	Railsback	Yates
Hoyer	Rangel	Yatron
Huckaby	Ratchford	Young (MO)
Hughes	Regula	Zablocki
Kastenmeier	Reuss	Zeferetti

NOT VOTING—20

Applegate	Dymally	Howard
AuCoin	Fithian	McCloskey
Bedell	Garcia	Miller (CA)
Bolling	Ginn	Oakar
Brooks	Goldwater	Parris
Burton, John	Hall (OH)	Thomas
Dougherty	Holland	

□ 1610

The Clerk announced the following pairs:

On this vote:

Mr. Parris for, with Mr. Garcia against.

Mr. Thomas for, with Mr. Dymally against.

Mr. DYSON and Mr. HANSEN of Idaho changed their votes from "aye" to "no."

Mr. IRELAND changed his vote from "no" to "aye."

So the amendment was rejected.

The result of the vote was announced as above recorded.

□ 1620

Mr. GOODLING. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I take this time just to merely compliment my colleague from Illinois (Mr. DERWINSKI). He is always a great statesman and I want to compliment him for not offering the Clark amendment he had planned to offer.

The Clark amendment should be repealed in the near future, but it should not be repealed, of course, before we see some definite movement in relationship to a Namibian settlement. I am tired of hearing those who say we will see it when we repeal the Clark amendment, but until we see some movement as far as a Namibian settlement I think it is prudent on our part not to repeal the amendment at this time.

I also hope, I would say, that I am here long enough sometime to see both the House and the other body separate the economic aid, humanitarian assistance we offer around the world from military assistance. I would be extremely happy to vote for three times as much economic aid and humanitarian effort if we could only do that separately.

In my African Subcommittee we tried to do that. We tried to emphasize the need for these developing countries to receive more humanitarian assistance and economic assistance, but we were outvoted when we came to the full committee.

This administration is following all other administrations down the same path where somehow or other they think that by supplying military aid to less than stable governments we are going to come out smelling sweet. We never have. We never will. We better soon change that course and put all of our eggs in the humanitarian and economic effort rather than into the military assistance to those countries who are less than stable, and that is most of those that are considered in this foreign aid bill.

The CHAIRMAN. Are there further amendments to title VI?

If not, the Clerk will designate title VII.

Title VII reads as follows:

TITLE VII—MISCELLANEOUS PROVISIONS

ADVANCE ACQUISITION OF PROPERTY

SEC. 701. Section 608(a) of the Foreign Assistance Act of 1961 is amended—

(1) in the first sentence—

(A) by inserting ", or (if a substantial savings would occur) other property already owned by an agency of the United States Government," immediately after "excess personal property", and

(B) by inserting "or supplementary to" immediately after "in lieu of"; and

(2) in the second sentence by inserting "any property available from an agency of the United States Government," immediately before "or other property".

CONSTRUCTION OF PRODUCTIVE ENTERPRISES IN EGYPT

SEC. 702. The first sentence of section 620(k) of the Foreign Assistance Act of 1961 is amended by striking out "for fiscal year 1977, fiscal year 1980, or fiscal year 1981".

COMPENSATION FOR PARTICIPATING AGENCY EMPLOYEES

SEC. 703. (a) The first sentence of section 625(d) of the Foreign Assistance Act of 1961 is amended by striking out "together with allowances and benefits under that Act" and inserting in lieu thereof "or under chapter 53 of title 5, United States Code, or at any other rate authorized by law, together with allowances and benefits under the Foreign Service Act of 1980."

(b) The amendment made by this section shall take effect on October 1, 1981.

OPERATING EXPENSES

SEC. 704. Section 667(a) of the Foreign Assistance Act of 1961 is amended—

(1) by striking out ", for the fiscal year 1981"; and

(2) in paragraph (1) by striking out "$293,800,000" and inserting in lieu thereof "$343,632,000 for the fiscal year 1982 and $374,215,000 for the fiscal year 1983".

INSPECTOR GENERAL

SEC. 705. (a) The Inspector General Act of 1978 is amended—

(1) in paragraph (1) of section 2, by inserting "the Agency for International Development," immediately after "Department of Transportation,";

(2) in section 11—

(A) in paragraph (1), by inserting "the Agency for International Development," immediately after "Administrator of"; and

(B) in paragraph (2), by inserting "the Agency for International Development," immediately after "Transportation or"; and

(3) by inserting immediately after section 8 the following new section 8A:

"SPECIAL PROVISIONS RELATING TO THE AGENCY FOR INTERNATIONAL DEVELOPMENT

"SEC. 8A. (a) In addition to the other duties and responsibilities specified in this Act, the Inspector General of the Agency for International Development—

"(1) shall supervise, direct, and control all security activities relating to the programs and operations of that Agency, subject to the supervision of the Administrator of that Agency; and

"(2) to the extent requested by the Director of the United States International Development Cooperation Agency (after consultation with the Administrator of the Agency for International Development), shall supervise, direct, and control all audit, investigative, and security activities relating to programs and operations within the United States International Development Cooperation Agency.

"(b) In addition to the Assistant Inspector Generals provided for in section 3(d) of this Act, the Inspector General of the Agency for International Development shall, in accordance with applicable laws and regulations governing the civil service, appoint an Assistant Inspector General for Security who shall have the responsibility for supervising the performance of security activities relating to programs and operations of the Agency for International Development.

"(c) The semiannual reports required to be submitted to the Administrator of the Agency for International Development pursuant to section 5(b) of this Act shall also be submitted to the Director of the United States International Development Cooperation Agency.

"(d) In addition to the officers and employees provided for in section 6(a)(6) of this Act, members of the Foreign Service may, at the request of the Inspector General of the Agency for International Development, be assigned as employees of the Inspector General. Members of the Foreign Service so assigned shall be responsible solely to the Inspector General, and the Inspector General (or his or her designee) shall prepare the performance evaluation reports for such members.

"(e) In establishing and staffing field offices pursuant to section 6(c) of this Act, the Administrator of the Agency for International Development shall not be bound by overseas personnel ceilings established under the Monitoring Overseas Direct Employment policy.

"(f) The reference in section 7(a) of this Act to an employee of the establishment shall, with respect to the Inspector General of the Agency for International Development, be construed to include an employee of or under the United States International Development Cooperation Agency.

"(g) The Inspector General of the Agency for International Development shall be in addition to the officers provided for in section 624(a) of the Foreign Assistance Act of 1961.

"(h) As used in this Act, the term 'Agency for International Development' includes any successor agency primarily responsible for administering part I of the Foreign Assistance Act of 1961.".

(b)(1) Section 624(g) of the Foreign Assistance Act of 1961 is repealed.

(2) Section 239(e) of such Act is amended by striking out "Auditor General" each of the three places it appears and inserting in lieu thereof "Inspector General".

(3) Section 5316 of title 5, United States Code, is amended by striking out "Auditor General of the Agency for International Development" and inserting in lieu thereof "Inspector General, Agency for International Development".

(c) The individual holding the position of Inspector General of the Agency for International Development on the date of enactment of this section shall not be required to be reappointed by reason of the enactment of this section.

USE OF CERTAIN POLISH CURRENCIES

SEC. 706. (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, section 508 of the General Government Matters, Department of Commerce, and Related Agencies Appropriation Act, 1962, or any other provision of law, the currencies or credits received by the United States from the April 1981 sale of United States Government-held surplus dairy products to Poland shall, to such extent as may be provided in advance in an appropriation Act, be used by the President in Poland to serve United States interests, including use for activities of common benefit to the people of the United States and the people of Poland, such as joint programs in agriculture, education, science, and culture, and for additional facilities for the Children's Hospital at Krakow.

(b) Notwithstanding any other provision of law, the availability or expenditure of such foreign currencies or credits shall not affect or reduce appropriations otherwise available for the purposes described in subsection (a).

FINDINGS REGARDING GLOBAL SECURITY

SEC. 707. (a) The Congress finds that the security of the United States and other

countries is increasingly affected by a broad range of global problems including shortages or potential shortages of food, oil, water, wood, and other basic mineral and natural resources; desperate poverty; sickness; population pressures; environmental deterioration, including soil erosion and water pollution; and large-scale and destabilizing refugee problems.

(b) The Congress finds that hunger, disease, and extreme poverty are among the most critical of these global problems. As ever greater numbers of people perceive the disparity between their own continuing deprivation and the prosperity of others, and judge their predicament to be neither just nor inevitable, it becomes increasingly likely that there will be unrest and violence with consequent disruption of the flow of essential materials, adverse effects on the world economy, decreased likelihood of cooperative efforts toward meeting the other critical problems threatening national and global security, and increased likelihood of confrontation between nations which possess nuclear arms.

(c) Therefore, the Congress finds that the Nation's understanding of global and national security must be broad enough to include the problems cited in this section, and that adequate protection of the security of the United States requires effective action on these global problems, and in particular on the problems of hunger, disease, and extreme poverty.

FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

SEC. 708. The Congress, affirming the value of human life, finds and declares that the elimination of hunger and its causes is of fundamental moral significance and, further, that it is in the political, economic, and security interests of the United States. Therefore, the Congress declares that the elimination of hunger and its causes shall be a primary objective of United States relations with the developing countries.

WORLD FOOD SECURITY RESERVES

SEC. 709. (a) The Congress finds that—

(1) the Congress recently passed and the President signed into law an Act which provides for establishment of a United States food security reserve of up to four million metric tons of wheat to be used for emergency food assistance;

(2) the food import needs of developing countries will increase over the next ten years; and

(3) other grain exporting countries could take additional steps to assure continuity of food assistance during food crisis years.

(b) The President shall encourage other grain exporting countries to establish their own food security reserves or take other measures that complement the United States food security reserve.

(c) The President shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the enactment of this Act on the actions he has taken and the response of other countries to these proposals.

PROMOTING THE DEVELOPMENT OF THE HAITIAN PEOPLE AND PROVIDING FOR ORDERLY EMIGRATION FROM HAITI

SEC. 710. (a)(1) It is the sense of the Congress that up to $15,000,000 of the funds available for the fiscal year 1982 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 should be made available for development assistance for Haiti, subject to the limitation in subsection (b) of this section.

(2) In order to make additional funds available to carry out paragraph (1) of this subsection, there are authorized to be appropriated to the President for purposes of section 103(a) of the Foreign Assistance Act of 1961 $6,400,000 for the fiscal year 1982, in addition to the amounts otherwise authorized to be appropriated for such purposes. Amounts appropriated under this paragraph are authorized to remain available until expended.

(3) To the maximum extent practicable, assistance for Haiti for the fiscal year 1982 under chapter 1 of part I of the Foreign Assistance Act of 1961 should be provided through private and voluntary organizations.

(b) Funds available for the fiscal year 1982 to carry out chapter 1 of part I or chapter 2 or chapter 5 of part II of the Foreign Assistance Act of 1961 may be expended for Haiti, and credits and guarantees extended for the fiscal year 1982 under the Arms Export Control Act may be approved for use for Haiti, only if the President determines that the Government of Haiti—

(1) has cooperated with the United States in halting illegal emigration from Haiti;

(2) has not aided, abetted, or otherwise supported illegal emigration from Haiti;

(3) has provided assurances that it will cooperate fully in implementing United States development assistance programs in Haiti (including programs for prior fiscal years); and

(4) is not engaged in a consistent pattern of gross violations of internationally recognized human rights.

(c) Each six months, the President shall report to the Congress on the extent to which the actions of the Government of Haiti are consistent with paragraphs (1), (2), (3), and (4) of subsection (b) of this section.

(d)(1) Section 660(b) of the Foreign Assistance Act of 1961 is amended—

(A) by striking out the period at the end of clause (2) and inserting in lieu thereof "; or"; and

(B) by inserting the following immediately after clause (2):

"(3) to any assistance under this Act to assist in halting significant illegal emigration to the United States from foreign countries.".

(2) The amendments made by this subsection shall take effect on October 1, 1981.

ASSISTANCE FOR NICARAGUA

SEC. 711. It is the sense of the Congress that, in considering any bilateral or multilateral assistance for Nicaragua under this or any other Act, the United States should take into account whether elections will be held in Nicaragua and whether political groups in Nicaragua will be allowed to promote specific candidates.

REAFFIRMATION OF SUPPORT FOR HUMAN RIGHTS PROVISIONS

SEC. 712. The Congress reaffirms its support for the various statutory provisions which have been enacted in order to promote internationally recognized human rights.

EXTERNAL DEBT BURDENS OF EGYPT, ISRAEL, AND TURKEY

SEC. 713. The Congress finds that the Governments of Egypt, Israel, and Turkey each have an enormous external debt burden which may be made more difficult by virtue of financing provided for those governments under various United States assistance programs. In order to assist the Congress in examining United States assistance for these countries, the President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate, no later than January 15, 1982, a report regarding economic conditions prevailing in Egypt, Israel, and Turkey which may affect their respective ability to meet their international debt obligations and to stabilize their economies. The report shall also analyze the impact on Egypt's economy of Arab sanctions against Egypt.

LEBANON

SEC. 714. (a) The Congress finds that an immediate cease fire in Lebanon is in the interest of the United States and the free world generally, that the current strife in Lebanon has caused great human suffering and disruption to the economy of that country, and that the removal of Syrian forces in Lebanon would significantly enhance the prospects of Lebanon once again becoming a peaceful, viable democracy.

(b) It is, therefore, the sense of the Congress that the President should continue diplomatic efforts to implement a comprehensive and coordinated policy with respect to Lebanon that provides for—

(1) an immediate cease fire by all parties;

(2) reaffirmation of the historic United States-Lebanon relationship and our longstanding commitment to the restoration of the freedom, sovereignty, and integrity of Lebanon in a manner that will permit the deeply rooted Christian, Moslem, Druze, Armenian, and Jewish communities to live together peacefully and securely as they and their forbearers did prior to the intervention of outside forces;

(3) restoration of Lebanon's sovereignty free from outside domination or occupation; and

(4) support for a free and open national election, now scheduled for mid-1982.

ASSISTANCE AND SALES FOR ARGENTINA

SEC. 715. (a) Section 620B of the Foreign Assistance Act of 1961 is repealed.

(b) Notwithstanding any other provision of law, assistance may be provided to Argentina under chapter 2, 4, 5, or 6 of part II of the Foreign Assistance Act of 1961, credits (including participations in credits) may be extended and loans may be guaranteed with respect to Argentina under the Arms Export Control Act, defense articles and defense services may be sold to Argentina under the Arms Export Control Act, and export licenses may be issued to or for the Government of Argentina under section 38 of the Arms Export Control Act only if the President has submitted to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report certifying that—

(1) the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights; and

(2) the provision of such assistance, credits, loan guaranties, defense articles, defense services, or export licenses is in the national interests of the United States.

(c) In determining whether the requirement of paragraph (1) of subsection (b) has been met, particular attention shall be paid to whether—

(1) the Government of Argentina has made every effort to account for those citizens identified as "disappeared"; and

(2) the Government of Argentina has either released or brought to justice those prisoners held at the disposition of the National Executive Power (PEN).

ASSISTANCE FOR EL SALVADOR

SEC. 716. (a) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the community of American States generally, that the recent civil strife in El Salvador has caused great human suffering and disruption to the economy of that country, and that substantial external assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process.

(b) It is the sense of the Congress that assistance furnished to the Government of El Salvador, both economic and military, should be used to encourage—

(1) full observance of internationally recognized human rights in accordance with sections 116 and 502B of the Foreign Assistance Act of 1961;

(2) full respect for all other fundamental human rights, including the right of freedom of speech and of the press, the right to organize and operate free labor unions, and the right to freedom of religion;

(3) continued progress in implementing essential economic and political reforms, including land reform and support for the private sector;

(4) a complete and timely investigation of the deaths of all United States citizens killed in El Salvador since October 1979;

(5) an end to extremist violence and the establishment of a unified command and control of all government security forces in this effort;

(6) free, fair, and open elections at the earliest date; and

(7) increased professional capability of the Salvadorean Armed Forces in order to establish a peaceful and secure environment in which economic development and reform and the democratic processes can be fully implemented, thereby permitting a phased withdrawal of United States military training and advisory personnel at the earliest possible date.

SAVINGS PROVISION

SEC. 717. Except as otherwise provided in this Act, the enactment of this Act shall not affect the authorizations of appropriations, limitations of authority, and other provisions of law specifically applicable to fiscal year 1981 which are repealed or otherwise amended by this Act.

AMENDMENT OFFERED BY MR. WEISS

Mr. WEISS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WEISS: Page 75, after line 24, insert the following new section:

EL SALVADORAN REFUGEES

SEC. 718. (a) The Congress finds that—

(1) ongoing fighting between the military forces of the Government of El Salvador and opposition forces is creating potentially life-threatening situations for innocent nationals of El Salvador;

(2) it has been estimated that more than sixty thousand nationals of El Salvador have fled from El Salvador and entered the United States since January 1980;

(3) currently the United States Government is detaining these nationals of El Salvador for the purpose of deporting or otherwise returning them to El Salvador—thereby irreparably harming the foreign image of the United States;

(4) deportation of these nationals could be temporarily suspended, until it became safe to return to El Salvador, if they are provided with extended voluntary departure status; and

(5) such extended voluntary departure status has been granted in recent history in cases of nationals who fled from Vietnam, Laos, Iran, and Nicaragua.

(b) The Congress further finds that the humanitarian purposes of section 113, 504, and 716 of this Act would be promoted if extended voluntary departure status is granted to these El Salvadoran nationals. Therefore, it is the sense of the Congress that the Secretary of State should recommend that extended voluntary departure status be granted to aliens who are nationals of El Salvador and that such status should be granted to those aliens until the situation in El Salvador has changed sufficiently to permit their safely residing in that country.

Mr. WEISS (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I would be pleased to yield to the distinguished chairman of the Foreign Affairs Committee.

Mr. ZABLOCKI. Mr. Chairman, the gentleman from New York has shared his amendment, modified amendment. He has language on line 13 of his amendment where it now reads "thereby irreparably harming the foreign policy image of the United States."

On behalf of this side, we are prepared to accept the gentleman's amendment.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. WEISS. I am happy to yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, we accept it on this side, too.

Mr. WEISS. Mr. Chairman, I want to express my appreciation to the distinguished chairman and to the ranking member. They are in many ways the conscience of this Congress on matters relating to international human rights.

Mr. RATCHFORD. Mr. Chairman, I move to strike the requisite number of words.

□ 1630

Mr. Chairman, I am concerned that this body has allowed itself to forget the tragedy that occurred on a rural road in El Salvador just 1 year and a week ago today.

It was on that road to La Libertad, El Salvador, on the night of December 2, 1980, that four American citizens, nuns, and lay missionaries, were assaulted and brutally murdered and buried in shallow roadside graves by members of the Salvadoran armed forces.

These four young women, who had dedicated their lives to easing the poverty and hunger of rural Salvadorans, were made the helpless victims of a misguided military embroiled in a horribly bloody civil war. The killings of these American women—Jean Donovan, Dorthy Kazel, Ita Ford, and Maura Clarke—should stand as a tragic reminder to this Congress and this administration of the instability of the situation even in the supposedly pacified sections of El Salvador, and of the lack of firm discipline among the Salvadoran military, which has provided the critical support for the regime now in power.

But more than that—more than all the policy questions these murders raise—serious questions remain about the continuing failure of El Salvador to resolve these crimes of terrible violence against four innocent American women. And it raises troubling questions, as well, about our own Government's willingness to represent the interests of American citizens abroad.

More than a year has gone by, and El Salvador has yet to bring to trial one person who was involved in the murder of the four missionaries. Last spring, after considerable pressure from our country, El Salvador arrested six soldiers who had been on patrol in the Government-controlled area of La Libertad on the night of the murder. Those soldiers have been placed under so-called barracks arrest by the Government, but nothing of substance has been done to bring their case to trial. The Salvadoran judge, in fact, who was in charge of the official investigation of the case has stated publicly that the inquiry is at a "dead end."

Why has the Government of El Salvador thrown up its arms in the face of strong evidence against the soldiers? Why has it attempted so vigorously to make the United States forget the crimes its own officials committed against our people—instead of getting to the root of those crimes and thus restoring American confidence in the Government's ability to manage American military and economic aid and work toward the betterment of the Salvadoran people's lot?

Most of all, why has our own State Department complied with the Salvadoran denial of responsibility for the murder of four American citizens? Why have the relatives of the victims, who have sought explanations from our Government, been told that there is nothing America can do, that keeping the case alive will merely undermine the Duarte regime, that American foreign policy will function more smoothly if they simply forget these horrible, senseless crimes?

Those are the kinds of responses the relatives have gotten from American officials. I am disgusted by that kind of official response.

The murder of these women is a tragedy for our country, but it is espe-

cially tragic in Connecticut. Jean Donovan, one of the missionaries, grew up in Westport, and she has a brother, Michael Donovan, who lives in my home town of Danbury. I have talked to the Donovans and I know the unsatisfying answers they have gotten from the State Department. I know the suffering they have been forced to endure—even the humiliation of hearing from American officials that their continued questions about the death of Jean Donovan serves the cause of the Communists. That kind of insult does a disservice to these people, to the families of the other slain missionaries, and to the cause of justice for all Americans in foreign lands.

One year after the death of these four women, it is time to ask—no; it is time to demand—that our Government communicate to the Government of El Salvador our people's determination to resolve the crimes of December 2, 1980. For as long as the murders remain unsolved, as long as the murderers of Jean Donovan and her fellow missionaries remain free, as long as those in the Salvadoran military and Government who complied before or after the fact in the brutal slayings and in the subsequent coverup—for that long, our respect for Salvadoran justice must be jeopardized, and our belief in the Salvadorans' commitment to internal stability and to mutually advantageous cooperation with the United States must be compromised.

The standards that this bill would require the Government of El Salvador to meet, and the President of the United States to certify to the Congress, do not tie the hands of our foreign policymakers. They do not set an unreachable standard for a troubled regime. They do not give advantage to the Communists who are at war with the Duarte government.

These standards demand, simply, one thing: Justice. And if this House will not stand for justice in the case of four young women brutally murdered a year ago in El Salvador, in whose name will we draw the line? In what instance of brutality against innocent American citizens will stand and say "enough"?

I urge my colleagues to join me in sending to our own State Department and to the Government of El Salvador a clear message of disgust with the terrible delay in investigating the murders of the four missionaries, and a message that the lives of American citizens will not be casually sacrificed—and then forgotten—by friend or foe.

Mr. BARNES. Mr. Chairman, will the gentleman yield?

Mr. RATCHFORD. I yield to the gentleman from Maryland.

Mr. BARNES. Mr. Chairman, I want to salute the gentleman for raising this issue. It is an ongoing maddening frustration for those of us who spend a lot of time working on the policy of the United States with respect to El Salvador that the deaths of these four religious workers, the deaths of two American labor officials, one of whom was a constituent of mine, under similar circumstances in El Salvador, have not yet been resolved. We continue to press both the Government of El Salvador and the Government of the United States, which obviously has vast influence over our allies in El Salvador, to resolve these questions and to let the families know that justice is ultimately going to be achieved.

I commend the gentleman for raising this concern and reminding the Congress and the American people of what needs to be regarded as a very important issue.

If I could just take the time, I would also like to commend the gentleman from New York for his initiative in offering this amendment which, as chairman of the subcommittee in this region, I strongly support, and I urge the adoption of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. WEISS).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. LAGOMARSINO

Mr. LAGOMARSINO. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LAGOMARSINO: Page 75, line 25, add the following new subsection:

"SEC. 718. (a) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has engaged in violations of internationally recognized human rights (including the right to organize and operate labor unions free from political oppression, the right to freedom of the press, and the right to freedom of religion) and shall encourage the Government of Nicaragua to respect those rights.

"(b) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has fulfilled its pledge of July, 1979 to the member states of the Organization of American States—

(1) to establish full respect for human rights in Nicaragua in accordance with the United Nations Universal Declaration of the Rights and Duties of Man and the Charter on Human Rights of the Organization of American States;

(2) to allow the free movement in Nicaragua of the Inter-American Commission on Human Rights; and

(3) to establish the framework for free and democratic elections so that the people of Nicaragua may elect their representatives to city councils, to constitutional assembly, and to Nicaragua's highest-ranking authorities, with such framework to include, but not be limited to, the full and complete opportunity for political activity of the Nicaraguan people.

"(c) Assistance to the Government of Nicaragua shall be terminated if the President determines and reports to the Congress that the Government of Nicaragua cooperates with or harbors any international terrorist organization or is aiding, abetting, or supporting acts of violence or terrorism in other countries, or that Soviet, Cuban, or other foreign combat military forces are stationed or situated within the borders of Nicaragua and the presence of such forces constitutes a threat to the national security of the United States or to any Latin American ally of the United States.

"(d) Any agreement between the United States and the Government of Nicaragua regarding the use of funds appropriated to carry out this Act, which are to be made available in the form of loans, shall specifically require that to the maximum extent possible such loan funds, and any local currency generated in conjunction therewith, shall be used for assistance to the private sector. Local currency loan programs in Nicaragua shall be monitored and audited in accordance with section 624(g) of the Foreign Assistance Act of 1961, as amended."

Mr. LAGOMARSINO (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. LAGOMARSINO. Mr. Chairman, I am offering this amendment today because I believe it important for the Congress to go on record with its concerns about the disturbing events that are now taking place in Nicaragua.

The amendment incorporates an amendment that Mr. MICA was going to offer. I commend his contribution.

As the Members of this well know, I have had serious reservations about the usefulness of providing any assistance to the current Government of Nicaragua. I have been concerned that the Marxist Sandinista leadership, which now rules that country, has from the beginning sought to subvert that revolution and establish a Cuban-style totalitarian dictatorship. I remain convinced that, if allowed to do so on their own, they would soon achieve that result.

Of more concern, however, is the fate of the vast majority of the Nicaraguan people who have suffered so greatly in their search for the democracy, pluralism and full respect for individual liberty and human rights. These brave citizens which include members of the Catholic church, free trade unions, the business community, peasant organizations, and democratic political leaders. Their courage in resisting, to the best of their ability, the blatant advances of a Cuban-Soviet backed dictatorship deserves our support.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from New York.

Mr. GILMAN. Mr. Chairman, I want to commend the gentleman from California (Mr. LAGOMARSINO) for introducing this amendment and for focus-

ing attention on the need to underscore the responsibility of the Government of Nicaragua to fully respect human rights and to provide a proper environment for an open and free election.

The gentleman and I recently were observers of the national election in Honduras, an election which was gratifying because it was an open and free election and which resulted in becoming a shining example for the other governments of Central America.

I think that the gentleman's amendment is sound, and deserves the wholehearted support of all of our colleagues.

Mr. BARNES. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Maryland, the chairman of the subcommittee.

Mr. BARNES. I thank the gentleman from California for yielding to me.

Mr. Chairman, the gentleman from California has had a longstanding interest in developments in Nicaragua. I think that the gentleman's amendment correctly and adequately expresses the concerns that we all share with respect to the developments in Nicaragua, but it also continues to give President Reagan and the administration the kind of flexibility that I think they need.

In my travels in that region—and I have just returned; I was this past week in Venezuela and in Panama—I have yet to meet really anybody who does not think that the United States has no choice but to continue to sort of hang in there in Nicaragua and to try to influence events there. This amendment permits the Reagan administration to do that, and I am gratified that the gentleman supports this concept. I support the amendment that the gentleman has offered.

Mr. LAGOMARSINO. I thank the gentleman.

Mr. Chairman, I might say that it probably would have been easier to offer an amendment striking everything out, everything for Nicaragua. I do not think that would be responsible. I think we have to at least maintain the possibility of a constructive relationship with that government and hope to wean it away from the direction I am afraid it is going in.

It might be interesting to this body to know that, although some assistance has been cut off to the Government of Nicaragua, some limited assistance is continuing to the private sector.

So I think there is precedent for the view that we are taking.

Mr. BARNES. If the gentleman will yield on that point, repeatedly in recent weeks my contacts in Nicaragua and in the region generally have stressed the importance of or continuing to support pluralism in that country through the kind of limited support that the gentleman has mentioned with respect to the private sector. If we retain that kind of flexibility, as the gentleman's amendment permits, it can be a very positive influence.

Mr. LAGOMARSINO. It is probably important, if for no other reason, for the ability for us to say, "At least we offered."

Mr. BARNES. That is correct.

Mr. YATRON. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Pennsylvania.

Mr. YATRON. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the amendment offered by the gentleman from California, and I wish to commend him for what I feel is a very statesmanlike measure. Mr. Chairman, we need to clarify congressional concern for what is apparently becoming a totalitarian regime in Nicaragua. Clearly, the Nicaraguan Government's active support of the guerrilla movements throughout Central America has contributed to the increasing political turmoil in this region.

Furthermore, the repressive political policies of the Sandinistas suggest that popular support for this beleaguered regime is declining rapidly. If we are going to authorize economic aid to Nicaragua, I believe that it is absolutely essential that we consider the stipulations embodied in this amendment.

Mr. Chairman, I would like to again commend the gentleman from California (Mr. LAGOMARSINO) for taking the initiative in this matter, and I urge that we adopt this amendment.

Mr. MICA. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Florida.

(By unanimous consent, Mr. LAGOMARSINO was allowed to proceed for 3 additional minutes.)

Mr. MICA. Mr. Chairman, I would like to also commend the gentleman from California for his actions on this amendment. I might point out to my colleagues that the junta in Nicaragua, on July 12, 1979—and I have a copy of the document—sent a document to the OAS, saying that they would be calling for fair and free elections, that they would follow through with many of the proposals which the gentleman is talking about in his amendment.

So I commend the gentleman. I think we ought to hold the junta to their promises, not only in this document, but as set forth in the gentleman's amendment.

Mr. LAGOMARSINO. I thank the gentleman. As the gentleman knows, those provisions are included in this amendment at his suggestion, and I appreciate his contribution.

Mr. MICA. I think that is worth repeating, that the document that they signed is a part of this amendment.

Mr. LAGOMARSINO. I thank the gentleman.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the chairman of the committee.

Mr. ZABLOCKI. Mr. Chairman, the gentleman's amendment has been carefully studied on this side, it has broad support, and I join with my colleagues in commending the gentleman from California. We are prepared to accept the gentleman's amendment.

Mr. LAGOMARSINO. I thank the gentleman.

Mr. HARKIN. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Iowa.

Mr. HARKIN. Mr. Chairman, I would like to ask the gentleman: How does section (a) of your amendment differ from the present law governing the observance of human rights in terms of our bilateral aid assistance right now? Is not that the same kind of wording?

□ 1640

Mr. LAGOMARSINO. I think it is essentially the same except that it details what we are talking about, free labor unions, the right to freedom of the press and the right to freedom of religion, which is all of great concern in Nicaragua.

Mr. HARKIN. The gentleman is very interested in having the right to organize and operate labor unions and freedom of the press and freedom of religion in Nicaragua. I wonder if the gentleman would be as interested in having those same things apply to let us say, Chile. They do not allow labor unions to operate in Chile. There is no freedom of the press in Chile.

Mr. LAGOMARSINO. We are not proposing economic assistance to Chile in this bill as far as I know. There is nothing in this bill that proposes to give any such assistance to Chile.

Mr. HARKIN. That is true. The Senate has passed it and I am hopeful that the House conferees will remain very adamant in keeping these same sanctions on Chile that we have had in the past and not giving in to the Senate. That is why I raised this with the gentleman.

Mr. LAGOMARSINO. I thank the gentleman for his concern.

Mr. Chairman, I believe the United States, as the leader of the free world, has a duty and an obligation to reach out and try and assist those forces of moderation. It is for this reason that I support the inclusion of an assistance program for Nicaragua with certain reservations as outlined in my amendment.

First, the amendment requires the President to take into account the level of respect that the Government of Nicaragua has given to internationally recognized human right, including such areas of a free press, free labor movement, and religious freedom. Second, the amendment requires the President to take into account the extent to which that Government has fulfilled its March 1982 pledge to the OAS to respect human rights, allow free movement to the Inter-American Human Rights Commission, and establish a framework for free, democratic elections and political activity.

Third, the amendment calls for the termination of assistance to the government if the President determines that it is supporting and/or exporting violence and terrorism, or allow the stationing of Soviet, Cuban or other foreign troops on its soil that would pose a threat to the region.

Finally, the amendment states that, to the maximum extent possible, the assistance should be channeled through the private sector to promote pluralism.

While a list of the outrages that have been perpetrated by the Sandinistas upon the people of Nicaragua and her neighbors in Central America that dictate the reservations contained in my amendment could well fill a book, in the interest of time I will only remind the House of the four areas of most concern.

1. NICARAGUA'S SUPPORT FOR REGIONAL INSURGENTS

The Sandinistas have continued to actively seek to subvert the governments of their neighbors in Central America. Most blatantly, they have, on a massive scale, provided training, supplies and logistical support for the Marxist insurgents in El Salvador. In addition, they have acted as conduits for Cuban supplied arms and supplies throughout the region.

2. NICARAGUA'S MASSIVE MILITARY BUILDUP

The Nicaraguan Government has launched the most massive military buildup in the region since the Cuban revolution. They are currently building a 50,000 man army and a 200,000 strong militia, which is far beyond any defensive need. The current armed forces level of between 20,000 and 30,000 regular troops, plus more than 80,000 reservists and militia, is already larger than all of the armed forces of the rest of the Central American countries combined. Furthermore, they have begun to introduce a new level of weapons sophistication in tanks, planes, and missiles that threatens to be an arms race.

3. EXTENSIVE CUBAN PRESENCE IN NICARAGUA

At the present time, there are some 5,000 to 6,000 Cubans in Nicaragua, 1,000 to 1,500 of which are military and civilian military and security advisers. Despite whatever good deed we are supposed to believe these people are doing for Nicaragua, we do know that they are running state security, the secret police and are helping to establish the foundation of a Marxist-totalitarian state. In total disregard to the offers of friendly governments, such as Panama, Venezuela, Costa Rica, and Mexico, the Sandinistas chose the Cubans to lay the foundations of their new society.

4. THE GOVERNMENT OF NICARAGUA'S LACK OF RESPECT FOR PLURALISM

After pledging to the OAS that it would establish a pluralistic system with a mixed economy and respect for individual rights, the Sandinista Government has made a mockery of its promises. The Government of Nicaragua has constantly harassed the democratic political parties and the democratic labor unions, banned Managua's Archbishop from holding Sunday mass on television, closed down La Prensa, the country's only independent newspaper, five times postponed elections until 1985, and moved against the private sector by arbitrarily expropriating property and arresting top business leaders.

As you can see, the path that the Sandinistas have chosen is clear. I believe we must act, however, to provide an alternative to that course. We must not be in a position of allowing the Nicaraguan leadership to claim that we turned our backs and left them with no choice. This does not mean that we just hand over the economic tools they need to consolidate their revolution. We can offer them, however, assistance that is specifically targeted to help fulfill the pledges they made to the world about respect for democracy, human rights, pluralism, and individual liberty. My amendment makes their choice clear, accept our help and return the revolution to the people, or reject aid and continue to subvert the revolution.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. LAGOMARSINO).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. SOLARZ

Mr. SOLARZ. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SOLARZ: Page 75, immediately after line 18, insert the following new section 717 and redesignate accordingly:

IMMIGRANT VISAS FOR TAIWAN

SEC. 717. The approval referred to in the first sentence of section 202(b) of the Immigration and Nationality Act shall be considered to have been granted with respect to Taiwan (China).

Mr. SOLARZ. Mr. Chairman, I think this is a noncontroversial amendment. It is acceptable to the distinguished chairman of the committee and I gather to the ranking minority member as well.

I offer it on behalf not only of myself, but my very good friend from the State of Washington (Mr. PRITCHARD), the ranking minority member of the Subcommittee on Asian and Pacific Affairs.

It is designed to correct an inequity in our immigration policy toward Taiwan. It would extend to Taiwan eligibility for up to 20,000 immigrant visas a year which was taken away from them inadvertently at the time we normalized our relationship with the People's Republic of China. We have found a formula for inclusion in this legislation which is acceptable to the People's Republic of China and it would therefore not have any adverse consequences for our relationship with them, but it would restore a right which the people on Taiwan had previously without in any way increasing the number of immigrants we admit to our country each year.

I think this is a simple matter of fairness and equity.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the gentleman for yielding.

There is no objection to the gentleman's amendment on this side of the aisle and we accept the amendment.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. SOLARZ. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, the gentleman from New York has explained his amendment to the minority. We accept his amendment on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. SOLARZ).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. LEACH OF IOWA

Mr. LEACH of Iowa. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEACH of Iowa: Page 75, after line 18, insert the following new section 717 and redesignate accordingly:

USE OF CHEMICAL AND TOXIN WEAPONS

SEC. 717. (a) The Congress condemns the use of, and the provision for use of, chemical agents and toxin weapons against the peoples of Laos, Kampuchea, or Afghanistan.

(b) It is the sense of the Congress that the President should, acting through the Permanent Representative of the United States to the United Nations and all other appropriate diplomatic agents, seek definite measures to bring to an end actions by any party or government in using, and providing for use, chemical agents or toxin weapons against the peoples of Laos, Kampuchea, and Afghanistan, in violation of the spirit and the provisions of—

(1) the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin

Weapons and on Their Destruction (done at Washington, London, and Moscow on April 10, 1972);

(2) the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare (signed at Geneva on June 17, 1925); and

(3) customary international law.

(c) It is further the sense of Congress that the President should—

(1) allocate the highest possible priority to the development of further evidence clarifying the nature and origins of the chemical agents and toxin weapons being used against the peoples of Laos, Kampuchea, and Afghanistan; and

(2) vigorously seek a satisfactory explanation from the Government of the Soviet Union regarding the strong circumstantial and presumptive evidence of its role in the use, or provision for use, of such weapons.

(d) The Congress reiterates the concern expressed in House Resolution 644 (96th Congress), adopted by the House of Representatives on May 19, 1980, regarding the outbreak of pulmonary anthrax near Sverdlosk on April 3, 1979, and expresses its disappointment that the Soviet Union has failed adequately to respond to requests for data explaining this incident as provided in the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction.

(e) It is further the sense of Congress that the negotiation of a treaty prohibiting the development, production, and stockpiling of chemical weapons, with reliable verification provisions, should be given a high priority by the United States Government and by all foreign governments.

Mr. LEACH of Iowa (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. LEACH of Iowa. Mr. Chairman, one of the most profoundly disturbing issues facing the United States and the world community today is the use of biochemical weapons by Soviet-backed Communist forces in Indochina and Afghanistan. Concrete evidence released by the State Department this fall makes it clear that deadly mycotoxins are being used as weapons on remote battlefields in Laos, Kampuchea, and probably Afghanistan, in direct and flagrant violation of the Geneva Protocol of 1925, the Biological Weapons Convention of 1972, and customary international law. Symbolic of the horror of this practice is the systemic and genocidal effort to exterminate the Hmong people of Laos by dropping a substance, described by its victims as yellow rain, which causes convulsions, nausea, bleeding from the nose and mouth, and death. Strong circumstantial evidence leaves little doubt that the source of this hideous new form of warfare is the Soviet Union.

The purpose of the amendment I am introducing today is to lend support to the administration's effort to bring an end to this gross violation of international law and humanitarian principles. Now that we finally possess concrete physical evidence corroborating the longstanding human testimony to the renewed use of chemical weapons and clarifying the nature of the agents being employed, it is essential that the U.S. Government take all possible steps to insure that the full weight of international law and world opinion is brought to bear in the effort to halt this vicious and cynical practice. Any delay in pursuing this issue will lead to further deaths, and we will share the guilt if we do not do all possible to stop this crime against humanity. A timely reiteration of strong congressional concern should assist the administration as it pursues this problem bilaterally and in international forums.

The amendment I have proposed is self-explanatory. It simply condemns the use of chemical agents and toxin weapons against the peoples of Laos, Kampuchea, and Afghanistan and expresses the sense of Congress that the administration should take all appropriate steps under existing international conventions to bring an end to this practice. It also expresses the disappointment of the Congress that the Soviet Union has failed adequately to explain the outbreak of pulmonary anthrax near Sverdlosk on April 3, 1979, refusing, for example, to allow observers to assess the possibility that a biochemical weapons stockpile existed in violation of the Biological Weapons Convention.

Finally, my proposed amendment expresses the sense of Congress that priority should be given to the negotiation of a treaty prohibiting the development, production and stockpiling of chemical weapons, recognizing that reliable verification provisions must be a key element in any such treaty. Both the Sverdlosk incident and the renewed use of biochemical weapons now occurring in Indochina and Afghanistan underscore the fact that verification must be a central feature of all arms control agreements.

In strategic terms, the use of biochemical weapons raises the possibility that without new international sanctions another enormously expensive and awesomely dangerous arms race may be in the making. Faced with evidence that the Soviets have not only a capacity but also a willingness to use biochemical weapons, the United States has only two realistic options. National security requires that we either upgrade significantly our own chemical arsenal or launch negotiations aimed at definitively eliminating biochemical instruments of warfare. Given the training and technological advantage currently enjoyed by the Soviets, strategic as well as humanitarian considerations make arms control vastly preferable to a costly new arms race that in the long run no one can win. Particularly as we enter a new round of arms control negotiations, I consider it essential that due attention be paid to rectifying the woeful absence of adequate constraints against the development, production and stockpiling of biochemical weapons.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. LEACH of Iowa. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, we have no objection to the amendment.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. LEACH of Iowa. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, we have no objection on this side.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa (Mr. LEACH).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. IRELAND

Mr. IRELAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. IRELAND:

Page 75, line 25, add the following new section:

SEC. 718. (a) In considering whether to provide assistance, make sales, extend credits, or guarantee loans under the provisions of the Foreign Assistance Act of 1961 or the Arms Export Control Act to any country represented at the Meeting of the Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the United Nations on September 25 and 28, 1981, the President shall take into account whether such country has dissociated itself from the communique issued following the meeting.

(b) Within 30 days of enactment of this section, the President shall send a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the countries which have dissociated themselves from the nonaligned countries communique.

Mr. IRELAND. Mr. Chairman, the gentleman from New York (Mr. GILMAN) and I have introduced this amendment stemming from our experience as members of the U.S. delegation to the United Nations General Assembly.

It quickly became clear to us that much of the activity of the U.N. and particularly much of the rhetoric of the so-called nonalined movement is disturbingly and even pointedlessly anti-American. Our country and our Government is accused of everything including the weather. It would be funny if it were not so serious, but it is serious, because this constant litany of criticism helps feed a basic paranoia about U.S. policies and U.S. intentions which does not help our country and which does not serve the real interest of world peace.

Accordingly, when our able Ambassador to the U.N., the Honorable Jeane Kirkpatrick, decided to call a halt to the practice of nonalined nations routinely blasting the United States regardless of fact, the gentleman from New York (Mr. GILMAN) and I thought that it was time that the Congress backed her efforts.

Thus we are offering an amendment to the bill today in language that follows closely that which is already in the Senate bill. We have simplified the reporting requirements in the Senate bill because we feel that the intent of the bill remains the same without needlessly complicating the administration's ability to conduct foreign policy.

We debated whether we should make our amendment more general rather than specifically referring to the nonalined communique of September 29, and Mrs. Kirkpatrick's efforts to gain a repudiation of the signers of that ill-advised slanderous and generally outrageous communique drafted not surprisingly by our friends from Cuba.

We decided not to make our amendment more general for two specific reasons. First, because a more general provision would clearly get into the issues already taken into account in U.S. policy on allocating foreign aid and, second, because the specific incident is addressed by Ambassador Kirkpatrick and our amendment serves as an excellent example of the need to call a halt to this destructive process on the part of nations which should frankly know better.

Mr. Chairman, it is clear to me and I feel it is clear to all of us here today that the United States should not constantly put itself in the position of being a punching bag that just happens to dispense money.

If nations friendly to us wish to continue to receive our economic and military assistance, then it does not seem too much to ask that they weigh their participation in international conferences and communiques more carefully when the outcome of those activities will clearly be against the best interests of the United States.

Mr. GILMAN. Mr. Chairman, will the gentleman yield?

Mr. IRELAND. I yield to the gentleman from New York.

Mr. GILMAN. I thank the gentleman for yielding.

Mr. Chairman, I wish to associate myself with the remarks of the gentleman from Florida (Mr. IRELAND). As the coauthor of this amendment, I wish to commend the gentleman for his leadership in this area and his tireless efforts in bringing this matter to the attention of the House.

Mr. IRELAND and I have been privileged to serve as congressional representatives to the current United Nations General Assembly. This experience has been extremely informative and educational, as we have had the honor of representing our country in the important tasks of seeking truth and understanding between nations. Unfortunately, there has developed a disturbing trend over the years by some nations to use such international forums to mask the truth and spread misunderstanding. A flagrant point in case has been the action of the so-called nonalined movement under the leadership of Cuba.

The result of this year's nonalined meeting, as spelled out in its communique of September 25 and 28, was unparalleled in its harshness, one-sidedness, and an almost wholly anti-American tone. While the United States was singled out for attack some nine times by name, and dozens of times by implication, the Soviet Union's aggressive actions around the globe were not once mentioned.

While we would expect such slander from some quarters, a large number of the 97-nation nonalined members are friendly to our Nation and willingly accept vast amounts of U.S. economic assistance and military aid. Concern about the true views of such friendly states led our U.N. permanent Representative, Ambassador Jeane Kirkpatrick, to write a number of the nonalined nations to express dismay at the communique and to solicit their individual views and reservations about that document.

In response to the nonalined communique, and in support of Ambassador Kirkpatrick's initiative, Senator MOYNIHAN introduced, and the Senate adopted, an identical amendment now before the House. Congressman IRELAND and I are simply seeking to have the House join the Senate, and our delegation to the U.N. General Assembly in requiring the President to take into account the views of the nonalined member states with regard to their communique when the United States is considering the provision of economic or military aid.

By adopting this amendment, the Congress would go on record stating that what the United States says publicly is to be taken seriously. We would under no circumstances sign any document which we did not endorse solely because we were part of a group or bloc of nations. If, as some nations contend, we are not to take the statements of the nonalined members seriously, we then must ask how are we to know what should be taken seriously.

We are not seeking to force any member states of the nonalined movement, regardless of their aid relationship, to promote our interests. But if they truly wish us to respect their nonalined status, then we can expect that they would not actively join in unwarranted and baseless political attacks upon our Nation and our policies.

Accordingly, I urge all of my colleagues to join in support of this amendment and remind our friends in the nonalined movement that we are taking them at their word.

□ 1650

Mr. IRELAND. I thank the gentleman.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. IRELAND. Yes; I will be glad to yield to the chairman.

Mr. ZABLOCKI. We have carefully reviewed the amendment offered by the gentleman from Florida (Mr. IRELAND) and the gentleman from New York (Mr. GILMAN) and we are prepared to accept the amendment.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. IRELAND. I yield to the distinguished ranking member.

Mr. BROOMFIELD. Mr. Chairman, we also accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida (Mr. IRELAND).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. YATRON

Mr. YATRON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Page 75, after line 18, insert the following new section 717 and redesignate accordingly:

SETTLEMENT OF THE CYPRUS CONFLICT

SEC. 717. It is the sense of the Congress—

(1) that, in furnishing United States foreign assistance for Turkey, Greece, and Cyprus, the President should take into account whether these governments are helping to promote a peaceful settlement of the Cyprus dispute; and

(2) that a peaceful solution to the conflict in Cyprus should entail the withdrawal of all foreign troops from the Republic of Cyprus and provide for the opportunity of return of Cypriot refugees to their homes.

Mr. YATRON. Mr. Chairman, this amendment seeks to reaffirm our commitment, to bringing about a peaceful solution, to the conflict in Cyprus.

In 1974, Turkey invaded Cyprus with U.S.-supplied NATO armaments. As a result, over 200,000 Cypriots have been forced to live as refugees in their own homeland.

Clearly, Turkey has proven itself a close ally and one of our most important partners in the southeastern flank of NATO. However, its unwarranted occupation of Cyprus had contributed to political hostilities in the Mediterranean which could adversely affect our strategic interests in the near future.

Mr. Chairman, intercommunal negotiations have continued in Cyprus for 1 year under the direction of a special U.N. Representative, but little progress has been made toward achieving a just and lasting solution.

Unless the United States uses its influence to encourage Turkey to with-

draw its troops from Cyprus, our strategic and political alliances will be severely weakened and the Cypriot people will never achieve their basic right, to self-determination.

Mr. Chairman, this is a noncontroversial amendment which coincides with the administration's efforts to end the conflict in Cyprus. Mr. Chairman, I urge unanimous support for this resolution.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. YATRON. I yield to the distinguished chairman.

Mr. ZABLOCKI. Mr. Chairman, we have carefully reviewed the gentleman's amendment and find no problem with it.

We are prepared to accept the amendment on this side.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield to me?

Mr. YATRON. I yield to the distinguished minority member.

Mr. BROOMFIELD. Mr. Chairman, we on this side have reviewed the amendment. We think it is a good amendment. We hope it brings about progress. It has been far too long in attempting to achieve resolution of the Cyprus issue. I commend the gentleman for his amendment.

Mr. YATRON. I thank the gentleman from Michigan.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. YATRON. I yield to the gentleman from Illinois (Mr. DERWINSKI).

Mr. DERWINSKI. Mr. Chairman, I commend the gentleman, but I would like to expand the issue. I think it is very fine for the two noble floor leaders to accept the amendment, but the facts of life are that the impasse on Cyprus has been going on for too long a time and a sense-of-Congress resolution is not going to do too much.

What we have to do is to provide some pressure on the U.N. where supposedly they play the role of mediator, and obviously the pressure has to be placed on the Government of Turkey to make some meaningful concessions.

I think the gentleman is correct in highlighting this problem. I think it is important, though, that there be some diplomatic initiative. Frankly, we have had three administrations now that have shied away from asserting themselves properly in bringing pressure on the Turkish Government; so I hope we can at least write the record to show that the gentleman not only has a positive sense-of-Congress resolution, but we want truly forceful support from the Department of State.

Mr. YATRON. Mr. Chairman, I thank my colleague for his very meaningful contribution.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania (Mr. YATRON).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. COURTER

Mr. COURTER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Page 75, after line 18, insert the following new section 717 and redesignate accordingly:

INTERNATIONAL TERRORISM

SEC. 717. (a)(1) Section 620A of the Foreign Assistance Act of 1961 is amended—

(A) in the section caption, by striking out "Grant Sanctuary to International Terrorists" and inserting in lieu thereof "Support International Terrorism"; and

(B) by amending subsection (a) to read as follows:

"(a) Except where the President finds national security to require otherwise, the President shall terminate all assistance under this Act to any government or international organization which aids or abets any individual or group which has committed an act of international terrorism. The President may not thereafter furnish assistance to such government or international organization until the end of the five-year period beginning on the date of such termination. If, during its period of ineligibility for assistance under this section, a government or international organization aids or abets any other individual of group which has committed an act of international terrorism, such government's or organization's period of ineligibility shall be extended for an additional five years for each such individual or group.".

(2) Subsection (b) of such section is amended by inserting "or international organization" immediately after "government".

(b)(1) Section 3(f)(1) of the Arms Export Control Act is amended to read as follows:

"(f)(1) Unless the President finds that the national security requires otherwise, he shall terminate all sales, credits, and guaranties under this Act to any government or international organization which aids or abets any individual or group which has committed an act of international terrorism. The President may not thereafter make or extend sales, credits, or guaranties to such government or international organization until the end of the five-year period beginning on the date of such termination. If, during its period of ineligibility for sales, credits, and guaranties pursuant to this subsection, a government or international organization aids or abets any other individual or group which has committed an act of international terrorism, such government's or organization's period of ineligibility shall be extended for an additional five years for each such individual or group.".

(2) Section 3(f)(2) of such Act is amended by inserting "or international organization" immediately after "government".

(c) In order to assist in reviewing United States foreign assistance programs (including the implementation of section 620A of the Foreign Assistance Act of 1961 and section 3(f) of the Arms Export Control Act), the President shall report annually to the Congress with respect to any foreign country or international organization which engages in international terrorism or aids, abets, or otherwise assists international terrorism. This report shall include recommendations concerning United States policy with regard to the furnishing of foreign assistance programs for each such country or organization.

(d) Section 4 of the Arms Export Control Act is amended by striking our "Iran," in the proviso in the second sentence.

Mr. COURTER (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. COURTER. Mr. Chairman, I would like to spend just a few moments going over my amendment. It really is an amendment that is concerned with terrorism, international terrorism.

First of all, the amendment amends two statutes, two acts—the Foreign Assistance Act of 1961, as well as the Arms Export Control Act, and amends both those acts basically the same way.

The Foreign Assistance Act talks in terms in the section that I indicate of termination obviously of assistance to countries which grant sanctuary to international terrorists.

The Arms Export Control Act talks in similar language with regard to the termination of sales, credits, and guarantees, to countries which grant sanctuary to international terrorists.

I believe that the language in both those two sections, in both those acts, is unrealistically restricted. It is flawed and I would like to explain why now.

With regard to the reference to countries in both acts, I think that should be somewhat expanded to include international organizations. In this era of terrorists and terrorism becoming an international concern, I would like to broaden the statutory language to make a prohibition not only with regard to countries, but also with regard to international organizations if they engage in international terrorism.

Truly, the thrust of the statute is to do something with regard to terrorism and it makes no difference whether that terrorism comes from countries or international organizations.

Second, the language in both those acts talks in terms of which grants sanctuary to international terrorists. I believe likewise that that language is too restrictive and should be slightly broadened.

I can imagine that some countries or some international organizations can involve themselves in international terrorism, can aid and abet international terrorism without actually granting sanctuary to international terrorists.

I think, therefore, that language is far too restrictive.

Third, my amendment increases the number of years of termination of assistance under both those acts from 1 to 5 years.

Finally, Mr. Chairman, on page 3 of my amendment, titled section (C), it

has to do with a new provision requiring a reporting, a reporting requirement to the Congress by the Secretary of State or the President of the United States when he determines that there are acts of international terrorism.

Right now there are similar reporting requirements when the President of the United States or the Department of State determines that there is violation of international human rights. I think it would be appropriate and would assist in the deliberations of the two committees involved with foreign affairs and certainly the Members of this body and the other body if there were a similar reporting requirement when it comes to acts of international terrorism.

Certainly one is just as bad as the other. One is as abhorrent as the other.

So my amendment adds a reporting requirement when it comes to a determination by the executive branch of international terrorism.

Finally, my amendment at the very bottom, which is section (d), eliminates what I think was a clear oversight in the deliberations, although a very small oversight.

Section 4 of the Arms Export Control Act as amended is really the purpose and intent section of that particular act. It talks in terms of the fact that the United States can give aid, military aid, sales, credits, guarantees, and so forth, to certain countries for true defense purposes, whether internal or external, and making sure that those countries are friendly, which is all very well and good.

□ 1700

It goes on and says that no sales or assistance when it comes to sophisticated weapons systems, sophisticated weapons systems explained such as missiles and planes, shall be permitted under this act to any underdeveloped country. And then there is an exclusion, and the exclusion is as follows: Greece, Turkey, Iran, Israel, Republic of China, the Philippines, and Korea.

The final section of my amendment simply deletes Iran, and I think I do not have to go into the reason and my rationale with regard to the deletion of Iran.

Mr. ZABLOCKI. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as well meaning as may be the amendment offered by the gentleman from New Jersey (Mr. COURTER) it is very far reaching. It is an amendment that I believe should be given further careful study.

I wish to point out to the members of the committee that existing law (section 620(a) of the Foreign Assistance Act) already prohibits the furnishing of assistance to countries which grant sanctuary to international terrorists. This section, provides for a suspension of assistance if the President finds that the country receiving assistance has in any way aided or abetted terrorism. Such assistance could not be resumed for a period of 1 year.

Mr. Chairman, the gentleman's amendment goes to a 5-year prohibition. Therefore, should there be a change of government within a period of 2 or 3 years, under the gentleman's provision in this amendment, the President could not, unless we amended the law, resume aid to a country which could become friendly.

I submit that this far-reaching amendment should be defeated because it is not in our country's best interests. We do have a sufficient provision in the law under which the President must act in section 620(a).

I urge the amendment be defeated.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, I want to join the chairman of our committee in his statement in opposition to this amendment. I have been advised by the administration that the chairman is correct. It does broaden the law a great deal. They would like a lot more study on it. I certainly hope the Members will reject this amendment at this time.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from New York.

Mr. BINGHAM. I thank the chairman for yielding.

Mr. Chairman, I wonder if I could address a question to the sponsor of the amendment.

Is it the gentleman's intention under this amendment that all payments to the United Nations would be terminated?

Mr. COURTER. Under only one circumstance. If it were proven that the United Nations engaged in international terrorism, then obviously that provision could hold.

Mr. BINGHAM. May I point out to the gentleman that the language of his amendment speaks of any international organization which aids or abets any group which has committed an act of international terrorism. Now, over the opposition of the United States, the United Nations has given certain recognition to the PLO, and we deplore that. But that could be construed as aiding and abetting the PLO. So I would think that that is an illustration of the fact that this amendment may go far beyond even what the gentleman intends.

Mr. ZABLOCKI. Mr. Chairman, I have the same concern, and will welcome a clarification. Just what does the gentleman from New Jersey (Mr. COURTER) mean by "international organization"?

Mr. COURTER. An international organization can be, as far as anybody is concerned, any organization that engages in international terrorism if for some reason or another the United States is giving aid to that organization.

Mr. ZABLOCKI. Mr. Chairman, we do not give any assistance to any international organization other than those that are under the United Nations umbrella. Under the law, we would not and have not been giving any assistance to any country or organization which practices terrorism.

Mr. COURTER. Let me ask the chairman a question, if he will yield to me.

Let us just assume the fact that we were giving aid to an international organization, whether it be the United Nations or some sort of economic development organization, and they clearly participated in terrorism, international terrorism. I am sure the chairman and I am sure the people who have spoken against this amendment would want the ability for that aid to be terminated because of the terrorism involved.

Mr. ZABLOCKI. Mr. Chairman, if I may reclaim my time, I must say to the gentleman, as I tried to make clear, we already provide in the law under section 620 that the assistance would have to be terminated. We do not need the gentleman's amendment.

Mr. COURTER. Mr. Chairman, will the gentleman yield to me?

Mr. ZABLOCKI. If the gentleman can clarify his amendment any further.

Mr. COURTER. Yes, I will, if the gentleman will yield to me.

Mr. ZABLOCKI. I yield to the gentleman from New Jersey.

The CHAIRMAN. The time of the gentleman has expired.

(On request of Mr. COURTER and by unanimous consent, Mr. ZABLOCKI was allowed to proceed for 3 additional minutes.)

Mr. COURTER. Mr. Chairman, I think to say, in all due respect, sir, to the chairman, that the statutes are full and replete and do not need changing is erroneous, because the statutes, both in the Foreign Assistance Act as well as the Arms Export Control Act, talk in terms of foreign countries or governments granting sanctuary to international terrorists. I can envision some situations where a country can be deemed not to be granting sanctuary, but nevertheless directly through cash expenditures aiding and abetting international terrorism, and I am sure that the chairman can envision that as well.

I think the language prohibiting or cutting off this type of thing only under those restrictive circumstances is very much too narrow.

Mr. ZABLOCKI. Mr. Chairman, if I may regain my time, as I have already stated to the gentleman, the provisions in law are clear that if the circumstance that the gentleman presumes would occur, assistance would be terminated. We do not need any additional language.

Mr. BINGHAM. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I am delighted to yield to the gentleman from New York.

Mr. BINGHAM. I thank the chairman for yielding.

Mr. Chairman, let me point out that the gentleman's proposed amendment to the Arms Export Control Act would clearly require the termination of sales under that act to Saudi Arabia, since Saudi Arabia subsidizes the PLO. We know they do. And the PLO is clearly a terrorist organization.

Is the gentleman proposing that we terminate all sales of equipment to Saudi Arabia?

Mr. COURTER. If the gentleman will yield, I have a perfect response to the question.

The gentleman knows as well as I do that both these statutes have an override provision that permits the President of the United States, if he deems it necessary for the security of this country, to make those sales or make those loans or make that assistance, he can do so. So, obviously, Saudi Arabia, if in fact what you say is true and could be proven, the override provision would obviously apply. There would be no problem.

Mr. BINGHAM. Mr. Chairman, if the gentleman would yield to me further, it seems clear to me that we should not be adopting language that we know is not to be applied and say the answer to the objection to it is to let the President waive it. The amendment clearly is directed at a most serious problem, the problem of international terrorism, but as the chairman has pointed out, this is a problem that requires very careful handling, and this amendment, I think, would create all kinds of unforeseen difficulties for the administration.

Mr. ZABLOCKI. In conclusion, Mr. Chairman, I want to repeat that this is a far-reaching amendment. I do not believe that it was carefully thought out. It can cause some real problems in the future. I hope the amendment is defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Jersey (Mr. COURTER).

The amendment was rejected.

□ 1710

AMENDMENT OFFERED BY MR. MOFFETT

Mr. MOFFETT. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. MOFFETT: Page 75, after line 24, add the following new section:

SEC. 718. (a) It is the sense of the Congress that the spread of international terrorism poses a grave and growing danger for world peace and for the national security of the United States. As a part of its vigorous opposition to the activities of international terrorism, the United States should take all steps necessary to ensure that no United States citizen is acting in the service of terrorism or of the proponents of terrorism.

(b) Not later that six months after the enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a report containing—

(1) a description of all legislation, currently in force, and of all administrative remedies, presently available, which can be employed to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders;

(2) an assessment of the adequacy of such legislation and remedies, and of the enforcement resources available to carry out such measures, to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders; and

(3) a description of available legislative and administrative alternatives, together with an assessment of their potential impact and effectiveness, which could be enacted or employed to put an end to the participation by United States citizens in activities in support of international terrorism or terrorist leaders.

Mr. MOFFETT (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. MOFFETT. Mr. Chairman, I have informed the distinguished chairman and the distinguished ranking minority member of this amendment. I think it is a commonsense amendment that will not require a great deal of time. It was passed by the Senate without objection on October 22.

Basically, what it does is express the sense of the House that "The United States should take all steps necessary to ensure that no United States citizen is acting in the service of terrorism or of the proponents of terrorism."

I had not expected to see a major article in the New York Times this morning on this subject—we have seen a number of them and here is another headlined: "Former Green Berets Found To Sell Their Skills to Unfriendly Regimes."

It is written by Phillip Taubman, and says:

Many former Green Berets, men specially trained by the Army to be masters of the lethal arts, sell their skills to unfriendly governments and repressive regimes, according to Federal law enforcement officials and former members of the force.

These operations, concentrated in Africa, the Middle East, and South America, are said by these sources to have involved dozens of the thousands of former Army Special Forces veterans, better known as Green Berets.

There are some very disturbing quotes by U.S. officials basically saying, "Gee, we can't do anything about it."

But, the other body thought something should be done about it, and even though we realize this is a delicate and very tricky area to legislate in, this amendment asks that the President report to the Congress within 6 months on current legislation and administrative remedies to prevent U.S. citizens from working in support of international terrorist leaders, the effectiveness of those legislative remedies, and available legislative and administrative alternatives, with an evaluation of their potential impact and effectiveness for dealing with the problem.

I think the American people want us to address this problem in some way.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, I want to commend the gentleman from Connecticut. The amendment he offers is a sound approach to one of the most serious problems facing the world. I think this approach is much more plausible and workable than the earlier procedure which I had to oppose. The gentleman's amendment is totally consistent with what this country has always stood for. U.S. citizens should not be involved in terrorist actions anywhere in the world, and the report the gentleman provides for consideration is a wise and prudent approach.

On the basis of the review of the proposals in the legislation, we are prepared to accept the gentleman's amendment.

Mr. MOFFETT. I thank the gentleman.

Mr. DERWINSKI. Mr. Chairman, will the gentleman yield?

Mr. MOFFETT. I yield to the gentleman from Illinois.

Mr. DERWINSKI. Mr. Chairman, the gentleman from Michigan (Mr. BROOMFIELD) has given me the awesome responsibility of accepting this amendment for this side, and we therefore do so. But, I was wondering if the gentleman would permit a question?

Mr. MOFFETT. Certainly.

Mr. DERWINSKI. I noticed earlier when the gentleman commented on the Peace Corps, and now when he referred to his amendment, in each case the gentleman made a reference to developments in the Senate. Is there any reason for the gentleman's preoccupa-

tion with developments in the other body these days?

Mr. MOFFETT. Absolutely not. I think the gentleman knows me better than that, but I do thank the gentleman for his support of this amendment and any other endeavor that the gentleman from Connecticut has embarked upon, if he would care to support it.

Mr. Chairman. I want to commend my colleague from Connecticut (Mr. MOFFETT), for offering this amendment. I share the gentleman's alarm and disgust regarding the unfolding saga of American involvement in Libyan terrorist activities. It seems ex-CIA agents Frank Terpil and Edwin Wilson have been exporting explosives, recruiting Green Berets for terrorist training, and recruiting American pilots and mechanics for the Libyan airforce. American involvement was so extensive in Libyan military activities in Chad that Michael Bedwell, a former U.S. Army pilot, said, "If the Americans left, not one Chinook helicopter would be flying." These Americans are allegedly being paid out of a Swiss bank account controlled by Terpil and Wilson.

The State Department has acknowledged that Americans were involved in Libyan activity in Chad. However, a Justice Department spokesman said that such activity was not illegal because it does not violate the Neutrality Act. This may be the case, but it does not make the actions any less heinous. And it does not mean we should sit by and allow these types of activities to continue. That is why this amendment is an important first step, to find out exactly what we can do to stop this.

Colonel Qadhafi has been called, among other things, a madman, a cancer, and less than human. I tend to agree with such assessments and find if reprehensible that American citizens are assisting this lunatic in his terrorist efforts. Recent headlines indicate that the scope of Qadhafi insanity is unlimited, we may well have Libyan hit squads on American soil. It sickens me to think that such hit squads might be trained by Americans.

I urge my colleagues to support the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Connecticut (Mr. MOFFETT).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. WYDEN

Mr. WYDEN. I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. Wyden: Page 75, after line 18, insert the following new section 717 and redesignate accordingly.

LIBYA

SEC. 717. The Secretary of State shall report to the Congress in a timely fashion why it is not in the foreign policy and national security interest of the United States to counter Libya's support for international terrorism with economic sanctions, including a ban on the importation of crude oil produced from oil wells located in Libya.

Mr. WYDEN. Mr. Chairman, I believe that it is high time that we end our 12 year business-as-usual relationship with Libya, and I believe that my amendment that I offered today is an important step in this direction.

I think it is clear that Mu'ammar Qadhafi is, in effect, the Idi Amin of the 1980's. We are seeing the U.S. finance, his shopping operations in Soviet arms bazaars with our dollars. He is a man who literally gloated over the death of Anwar Sadat, a man who has a track record that shows absolutely no respect for the fundamental principles of human rights.

Qadhafi has sent hit squads to assassinate diplomats throughout the world, and provides weapons and training worldwide.

I hope my colleagues can support my amendment. I believe it is a reasonable amendment with support on both sides of the aisle that will isolate this international outlaw.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. WYDEN. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. Mr. Chairman, upon consultation with the gentleman from Oregon (Mr. WYDEN) and with Members on both sides of the aisle, and with the modification that he had agreed to, we are prepared to accept his amendment on this side.

Mr. WYDEN. I thank the gentleman.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. WYDEN. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, we want to join in that and compliment the gentleman for his amendment. We appreciate his consideration of the sensitivity of this issue, and urge adoption of the amendment.

Mr. WYDEN. I thank the gentleman.

Mr. DREIER. Mr. Chairman, will the gentleman yield?

Mr. WYDEN. I yield.

Mr. DREIER. Mr. Chairman, I rise in strong support of this amendment. The amendment has wide bipartisan support. In the past several weeks, Members on both sides of the aisle have worked very hard to bring about legislation to combat international terrorism.

Fighting international terrorism is the cornerstone of the administration's foreign policy and by passing this amendment, we can go far toward clamping down on a major source of international terrorism—the Libyan regime of Colonel Qadhafi.

The issue which we must really consider is not whether America can tolerate the loss of Libyan crude—because we can. The latest figures indicate that only 2.9 percent of American domestic deliveries come from Libya. Yet over 40 percent of all Libyan oil revenues come from the United States.

Rather, the question we ought to consider is can Libya continue to carry out its terrorist plots if the United States cuts off all trade? I believe the answer to this question is "No." Simply put, Libya needs American dollars and technology to finance its terrorist binges.

Last year, the Libyan Government earned some $22 billion from the sale of its crude. Qadhafi has used this money to turn his country into an armed camp. He has purchased some $12 billion worth of arms and has some 5,000 Soviet and Cuban military advisers working in his country. Obviously, his intentions are anything but peaceful.

But this is really only the tip of the iceberg. Qadhafi has spawned a network of international criminals whose sole function is to destabilize legitimate regimes and undermine Western interests.

Qadhafi has financed such terrorist organizations as Italy's Red Brigades, the PLO, and the Japanese Red Army.

And recently, we have all read reports that Qadhafi has sent a 10-man hit squad to the United States to assassinate the President and top administration officials. It is indeed sadly ironic that the Federal Government—as the fourth largest consumer of Libyan oil—might very well have indirectly financed the training and equipping of this death squad.

Simply put, then, we have a moral imperative to end the financing of Libyan terrorism through the purchase of Libyan oil. Granted, this cutoff may not stop world terrorism overnight—but it is a start. It will demonstrate that America is indeed committed to opposing those regimes which endeavor to place violence above democracy and blood over ballots.

Mr. WYDEN. Mr. Chairman, I yield back the balance of my time.

AMENDMENT OFFERED BY MR. MARKEY AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. WYDEN

Mr. MARKEY. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. MARKEY as a substitute for the amendment offered by Mr. WYDEN: Page 75, after line 18, insert the following new section 717 and redesignate accordingly:

CONDEMNATION OF LIBYA FOR ITS SUPPORT OF INTERNATIONAL TERRORIST MOVEMENTS

SEC. 717. (a) The Congress condemns the Libyan Government for its support of international terrorist movements, its efforts to obstruct positive movement toward the peaceful resolution of problems in the Middle East region, and its actions to destabilize and control governments of neighboring states in Africa.

(b) The Congress believes that the President should conduct an immediate review of concrete steps the United States could take, individually and in concert with its allies, to bring economic and political pressure on Libya to cease such activities, and should submit a report on that review to the Congress within 180 days after the date of enactment of this Act. Such a review should include the possibility of tariffs on or prohibitions against the import of crude oil from Libya.

(c) None of the funds authorized to be appropriated by this Act may be used to provide assistance for Libya.

Mr. MARKEY. Mr. Chairman, I make this amendment with the gentleman from New York (Mr. DOWNEY), in an effort to perfect the work that has been done by the gentleman from Oregon. I commend the gentleman from Oregon. He has worked long and hard on this issue. He has attempted to raise the level of dialog on this particular subject so that more people become aware of it.

But, I think that the amendment which he has presented to this body here today is lacking in specificity. We need such specificity in order to send the proper message overseas regarding the attitude and the feelings of this body as to the conduct of Mu'ammar Qadhafi. We must also send to the administration a very strong signal that we expect them to take expeditious action which will deal in a very strong way with the actions of Mu'ammar Qadhafi.

□ 1720

One of the real ironies of our country's recent debates about Libyan terrorism is that we in this country purchase about 200,000 barrels of oil a day from Libya. We import 40 percent of all of the oil which is produced in Libya every day. We provide them with $11.5 million every day for the oil from which Libya gains the revenues to create the kind of turmoil and the kind of atmosphere which has so polluted the international atmosphere.

What my amendment, which is a substitute for the amendment offered by the gentleman from Oregon (Mr. WYDEN), does is to put some teeth into our anti-Libyan rhetoric. It says that we in the U.S. Congress condemn the Libyan Government for its support of international terrorism and its efforts to obstruct positive movement toward a peaceful resolution of the conflict in the Middle East. We also ask that the President work in concert with our allies to exercise the kind of coordinated activity which can serve as a construct to prevent Qadhafi to look to others for the kind of sympathy and empathy which he has in the past been able to elicit. This has to be a worldwide effort, struck first from this body in conjunction with the administration, if it is to be effective.

What I would ask is that we take this resolution as meaningless as it still is, because what we should be talking about here is the total and complete cutoff of all imports from Libya and all trade relations with Libya, but because of technical limitations it is impossible for us to attach that to this measure. At a minimum the Congress should go on record as condemning that activity, calling upon our allies to work in concert with us, and taking some positive steps to at least signal the administration and the world that this country is going to get serious about putting Mu'ammar Qadhafi in his proper place.

Mr. DOWNEY. Mr. Chairman, will the gentleman yield?

Mr. MARKEY. I am glad to yield to the cosponsor of the substitute, the gentleman from New York.

Mr. DOWNEY. Mr. Chairman, I thank the gentleman for yielding.

There is no question in my mind nor in the gentleman's that the vehicle we have is imperfect. We are clearly not addressing the entire and the most important issue, as the gentleman from Massachusetts (Mr. MARKEY) pointed out, the importation of anywhere between $6 billion and $8 billion worth of Libyan oil a year.

I do not think there is anyone in this room who believes for a moment that American revenues in the hands of this worm, Mr. Qadhafi, have not been used to finance international terrorism and indeed potentially even the hit squads that scurry about in our land, if indeed they are here.

I would urge the Members to examine and vote, first to examine what the gentleman from Massachusetts (Mr. MARKEY) and I have produced in terms of a perfecting amendment to that offered by the gentleman from Oregon (Mr. WYDEN). It takes one more very small step in terms of cutting off some of the export activity that we have with the Libyans.

There is no doubt that more has to be done. Frankly, I am surprised that the administration has not moved more quickly. Several weeks ago President Reagan was reported as saying that somebody else would purchase Libyan oil, and at that time he saw no need for the U.S. Government to cut off its importation of that crude oil. I think he has changed his mind. This is an attempt on our part to move the U.S. Government that much closer to cutting off economic ties with this international terrorist.

Mr. Chairman, I commend the gentleman from Massachusetts (Mr. MARKEY) for his work in this area, and I urge unanimous support for the amendment.

Mr. MARKEY. Mr. Chairman, I thank the gentleman from New York (Mr. DOWNEY) very much.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. MARKEY) has expired.

(By unanimous consent, Mr. MARKEY was allowed to proceed for 1 additional minute.)

Mr. MARKEY. Mr. Chairman, in recent times two Presidents of the United States have commented that Mu'ammar Qadhafi is a cancer and in some ways less than human.

I think that the minimum that this body can do is go on record as saying it is time for that kind of effective actions against Qadhafi which have been so sorely lacking for a decade in our relationships with that man, because of the addiction that our country has had to that imported oil. It is time that we begin to stand up for principle and not expediency, and that we begin to stand up for those principles that are important. It is time for us to send a message to the world that this body has to act, rather than be held captive by those petrodollars and by our access to the petroleum that has so sorely paralyzed our foreign policy over the years.

So, along with the gentleman from New York (Mr. DOWNEY), I would urge passage of the substitute. I ask that all who are interested in sending a serious message to the world adopt this substitute, which has teeth in it and which will, I think, effectively improve the amendment offered by the gentleman from Oregon (Mr. WYDEN).

Mr. HYDE. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this is one of the most sensitive areas at this moment in foreign policy and international relations, and I would hope that we would not, like the proverbial bull in the china shop, dash in and seek to exploit this issue.

If there is anything that one can say is amusing about Libya, it is that the newspapers and the media are expressing dismay at the fact that the administration is talking about this so much. And here we find Congress, in its capacity as junior Secretaries of State, issuing amendments condemning Libya, suggesting economic and political pressure on Libya to cease such activities, and asking for reports from the President, and so forth.

Now, this is a very serious matter, and those people who are most competent to deal with it, I can assure every Member in this body, are dealing with it. I would hope that we could wait until this matter has been fully discussed and alternatives and options considered by the State Department, by the Defense Department, and by the White House before we interject ourselves into a posture of involvement in asking for reports.

Let me just say this: I am no fan of the country of Libya. I was shocked when the brother of our former President had such an intimate relationship with that country. But notwithstanding the gentleman from Massa-

chusetts, who wishes to shut down every nuclear plant he can, he now wishes to foreclose certain sources of oil.

Mr. MARKEY. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I will yield in a moment.

I do not disagree with the gentleman on this source of petroleum, and that may well be the way we go. But the gentleman ought to leave us some option somewhere along the line. I wish he would modify his nuclear posture, not his posture on Libyan oil.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. HYDE. I will yield to the gentleman from Michigan, and then I will yield to my friend, the gentleman from Massachusetts (Mr. MARKEY).

Mr. BROOMFIELD. Mr. Chairman, I think it is important to point out that late this afternoon the chairman of the committee, as well as myself, received a letter from Acting Secretary of State William P. Clark, and I just want to read a couple of paragraphs from the middle of the letter. He said this:

Let me assure you that the administration is currently in the midst of a thorough, high level review with respect to our options for dealing with Libya. All options will be reviewed.

Because this is a sensitive matter we believe it is imperative that the President's hands not be tied in terms of any particular measure or option. The administration will consult with all interested congressional parties as soon as our view is completed.

I am also concerned about the possible repercussions of any such legislative action on the safety and well-being of the 2,000 Americans still remaining in Libya.

Mr. Chairman, I think that is the bottom line the Members ought to keep in mind.

Mr. HYDE. Mr. Chairman, I thank the gentleman from Michigan (Mr. BROOMFIELD), and before I yield to my friend, the gentleman from Massachusetts (Mr. MARKEY), let me say that I really wish that my friend would withdraw this amendment at this time, as well as the one that undergirds it, the amendment offered by the gentleman from Oregon (Mr. WYDEN). It is not that it is not probably a good idea, and at another time it might be the way to go.

But right now, let me ask, can we not leave this to the White House and the State Department and wait until they have made a thorough examination of it? There is time enough for us to intrude later. But to force a vote on an issue like this when everyone, of course, agrees with the sentiments might not be the most appropriate thing to do, considering all the ramifications.

Mr. Chairman, having said that, I yield to my friend, the gentleman from Massachusetts (Mr. MARKEY).

□ 1730

Mr. MARKEY. I thank my friend for yielding.

I would first of all make a point so that it becomes clear in people's minds once again that the choice in our country is not between generating electricity with nuclear or with oil. The choice is with nuclear or coal. We will never again build another oil-fired generating plant in this country, so that is not the real issue.

The debate in this country we are now having is between nuclear and coal, not nuclear and oil, so let us put that aside and discuss the issue at hand.

The issue here is whether or not we are going to take some action. On January 22 of this year President Reagan condemned Mu'ammar Qadhafi, condemned him for his actions, and began reviewing options, and they have been reviewing options since then.

What this Congress is saying today is that it is about time for us to begin ending our search for the proper way of dealing with Mu'ammar Qadhafi, ending our litanization of those options which are available to this country.

The CHAIRMAN. Time of the gentleman from Illinois (Mr. HYDE) has expired.

(By unanimous consent Mr. HYDE was allowed to proceed for 2 additional minutes.)

Mr. HYDE. I yield to the gentleman.

Mr. MARKEY. And begin to take some specific actions.

There is no way in which we are going to be able to get our allies in the world to begin to alter their relationship with Libya unless we begin to give some leadership. This is an opportunity for us and the Congress to put some kind of modest deadline, 180 days, on the administration to come forth with a specific set of recommendations and actions which will be taken by the administration in order to have Mu'ammar Qadhafi put on notice that business as usual has ended.

Mr. HYDE. If the gentleman will yield back my time, the gentleman may well be correct. But I would suggest a resolution encompassing what the gentleman seeks could be expedited at the appropriate time. But to say the time has come to end the litanization of options, I suggest, is very premature.

The National Security Council has been meeting twice in the past week. The President, we are told, is a target for assassination squads.

Can we not let those people most immediately involved, and I can assure the gentleman they are not taking this lightly, deal with the situation and then let us be helpful, not intrusive. The time may come when the Government announces a policy we disagree with. But right now they are trying to fashion a policy in good faith and I would hope the gentleman would yield to the communication from the White House that this might jeopardize 2,000 people in Libya. There is plenty of time to do this and it is certainly being considered fully.

Mr. MARKEY. If the gentleman would yield further, this bill comes up once a year. This is the only time in the course of a year in which our body has an opportunity to speak, speak as one, and to send our message to the world.

Mr. HYDE. If the gentleman will excuse me, this may not be the vehicle. A resolution could be expedited. The gentleman from Wisconsin (Mr. ZABLOCKI) is a person of sensitivity on matters of importance.

Mr. MARKEY. If the gentleman will yield again, I do not tie the President's hands. I do not give him any specific instructions. I ask him to act individually or in concert with our allies in putting together the kind of program of political and economic pressure that can result in an ending of the conduct that Mu'ammar Qadhafi has been engaging in. I do not make specific recommendations.

AMENDMENT OFFERED BY MR. DUNN TO THE AMENDMENT OFFERED BY MR. MARKEY AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. WYDEN

Mr. DUNN. Mr. Chairman, I offer an amendment to the amendment offered as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. DUNN to the amendment offered by Mr. MARKEY as a substitute for the amendment offered by Mr. WYDEN: Strike out subsection (c) of the matter proposed to be inserted and insert in lieu thereof the following:

(c) None of the funds authorized to be appropriated by this Act may be used to provide assistance for Libya, or for any nation or organization which provides assistance or support for Libyan efforts to assassinate a United States government official.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. DUNN. I yield to the distinguished committee chairman.

Mr. ZABLOCKI. I thank the gentleman for yielding.

Mr. Chairman, it was my hope to have finished this bill by 6 o'clock, and we certainly should have, but something happens to us after a certain hour. The amendment offered by the gentleman from Michigan, well intentioned as it is, does not improve on the substitute offered by the gentleman from Massachusetts (Mr. MARKEY).

If the gentleman from Michigan's amendment would be to strike subparagraph (c) entirely, that would be an improvement. There are no funds authorized to be appropriated, and by no stretch of the imagination will any President or will any Congress authorize money for Libya under the circumstances which prevail now.

So I would suggest that the gentleman withdraw his amendment. If he intends to improve the Markey substitute he should strike subparagraph (c).

If the gentleman will continue to yield, I still, however, cannot accept the Markey substitute and prefer the amendment offered by the gentleman from Oregon (Mr. WYDEN).

Mr. DUNN. Nevertheless, Mr. Chairman, with the Chair's permission and in the spirit of compromise, I ask unanimous consent to modify my amendment to read to "Strike out subsection (c)".

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DUNN. Mr. Chairman, I yield back the balance of my time.

Mr. ROSENTHAL. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I think all of these amendments are useful and appropriate.

Having said that, I worry about the character of this debate. There is no question that Libya is a troublesome spot not only for the United States and United States-Libyan relations, but for the entire world. I do not think there is any question but that Mr. Qadhafi is on a less than responsible course as a leader of a nation in the Middle Eastern part of the world.

But I am troubled by the fact that the administration has continually referred to death threats to top administration officials and it may well be that there are such things but we are sort of on a rollercoaster of emotions that has been going on now for at least 2 weeks in which the President has said that there is evidence of this threat, and we here today are responding to the remarks of the President, the Secretary of State, and other members of the Department who have indicated that there are threats.

I think it would be very useful, so long as the administration decided to make this an issue, for purposes which I am sure they consider valid, for them to, and I hate to use such a colloquialism, but for them to "put up or shut up." I think they have an obligation to the American people and to the Congress to tell us specifically the character and nature of the threats, the character and nature and the degree of credibility of those informants that are available, providing that can be done within the safety net of preserving the life and security of those individuals.

But it troubles me that we are here off on this debate and these amendments based on representations that have no substance in terms of what is available before us. If there are serious threats to the President, then I do think that he owes us, the Congress and the American public, a clear and precise bill of particulars of the information, its validity, its credibility, and its source, so that we can make a judgment. Maybe some of these amendments are too weak. Maybe some of them are too strong. Maybe we should cut off all ties with Libya. Maybe we should break even the slim reed of diplomatic representation we have existing with Libya. Maybe we should importune the European community to exorcise Libya from all its commercial relations. Maybe we should do even more serious things than that.

I do not think we can be kept in this state of suspended animation on a matter of this seriousness for a period of 2 weeks, and I would urge, regardless of what happens with these amendments, that the President very, very quickly and forthrightly come forward with a precise bill of particulars of the kind of information so that the American people can make their own judgment.

The CHAIRMAN. The time of the gentleman from New York has expired.

(At the request of Mr. DUNN and by unanimous consent Mr. ROSENTHAL was allowed to proceed for 1 additional minute.)

Mr. DUNN. Mr. Chairman, will the gentleman yield to me for a question?

Mr. ROSENTHAL. If the gentleman would like me to yield, I will be delighted to yield.

□ 1740

Mr. DUNN. Mr. Chairman, I fail to understand how the gentleman could make the point that this administration is making an issue out of this.

The threats have been received by the President of the United States, and I do feel that it is up to this body to take a stand on that.

Now, the Senate has already overwhelmingly approved very similar language to what Mr. MARKEY and I propose. There is nothing in here that ties the hands of this Congress or the administration.

Mr. ROSENTHAL. What the other body does is a matter of concern for them. Sometimes——

The CHAIRMAN. The Chair would point out that references to action in the other body are not appropriate or in order. The Chair admonishes both of the gentlemen in this dialog.

Mr. ROSENTHAL. Did the Chair feel constrained to make that point in the middle of this very elucidating explanation?

The CHAIRMAN. The Chair's responsibility is to enforce the rules of the House, and that is one of them.

Mr. ROSENTHAL. I am not quite certain that the Chair acted appropriately at that moment in time, and I know that there are parliamentary opportunities available to me to exercise those prerogatives. But I do appreciate the Chair's thoughtfulness in moving quickly and expeditiously in that matter. I myself am petulant over the fact that the Chair acted that way.

But the point I tried to make, this is a very serious matter, and we are responding in a very serious manner.

Mr. FOGLIETTA. Mr. Chairman, I rise in strong support of this amendment. My distinguished colleague, the gentleman from Massachusetts, and my colleagues from New York and Oregon have invested a great deal of time and effort in investigating our relationship with the government of Mu'ammar Qadhafi. They have confirmed what we have long known: That our relationship with the Libyans on any front—from political to economic, is both unwise and unjust.

At the very least, we have an obligation to review our policies and to consider hard economic action. We must ask ourselves whether we wish to continue funding terrorism, and adventurism. Our dollars may be the dollars financing Colonel Qadhafi's hit squads—there would be nothing more tragic than to see one of our diplomats struck down by mercenaries whose salary was paid with U.S. dollars.

This resolution gives the President a great deal of time to consider action. The urgency of the situation, coupled with the need to act on an embargo or other economic sanctions while there is a glut in the oil market, means that the President must act far more quickly than the 6 months that this amendment gives him. I urge him to take strong economic action, and I urge support of this amendment.

Mr. CONTE. Mr. Chairman, the United States can no longer tolerate the payment of over $7 billion per year for Libyan oil imports. That represents $11.5 million going into Libya's coffers daily to finance the purchase of Soviet arms and the spread of terrorism throughout the Middle East and Northern Africa.

In the past year, Qadhafi has rejoiced over the assassination of President Sadat, sent two Libyan fighters to attack U.S. planes over international waters, condoned the attacking and burning of the American Embassy in Tripoli, intervened militarily in Chad and the Sudan, and now we learn there is evidence he has sent assassins to murder senior U.S. officials.

The United States must not allow this madman to terrorize around the world and within our own country, to destabilize legitimate regimes and to practice aggression with impunity.

We now import less than 3 percent of our domestic supplies of oil from Libya. Moreover, markets are projected to be relatively soft over the next year or so. There is no better time to wean ourselves from dependence on Libyan oil. But, regardless of the economics of this issue, I believe this

Nation has a moral responsibility to cease any and all indirect subsidization of Qadhafi's abhorrent and illegal activities.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. DUNN), as modified, to the amendment offered by the gentleman from Massachusetts (Mr. MARKEY) as a substitute for the amendment offered by the gentleman from Oregon (Mr. WYDEN).

The amendment, as modified, to the amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN. The question is on the amendment, as amended, offered by the gentleman from Massachusetts (Mr. MARKEY), as a substitute for the amendment offered by the gentleman from Oregon (Mr. WYDEN).

The question was taken; and the Chairman being in doubt, the Committee divided, and there were—ayes 7, noes 9.

Mr. MARKEY. Mr. Chairman, I demand a recorded vote, and pending that, I make the point of order that a quorum is not present.

The CHAIRMAN. Evidently a quorum is not present.

Pursuant to the provisions in clause 2, rule XXIII, the Chair announces that he will reduce to a minimum of 5 minutes the period of time within which a vote by electronic device, if ordered, will be taken on the pending question following the quorum call. Members will record their presence by electronic device.

The call was taken by electronic device.

The following Members responded to their names:

[Roll No. 343]

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Ashbrook
Aspin
Atkinson
Badham
Bafalis
Bailey (MO)
Bailey (PA)
Barnard
Barnes
Beard
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Bliley
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Broomfield
Brown (CA)
Brown (CO)
Brown (OH)
Broyhill
Burgener
Burton, Phillip
Butler
Byron
Carman
Carney
Chappell
Chappie
Cheney
Chisholm
Clausen
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conable
Conte
Conyers
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Dannemeyer
Daschle
Daub
Davis
de la Garza
Deckard
Dellums
Derrick
Derwinski
Dickinson
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dornan
Dowdy
Downey
Dreier
Duncan
Dunn
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Fenwick
Ferraro
Fiedler
Fields
Findley
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Forsythe
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Gaydos
Gejdenson
Gephardt
Gilman
Gingrich
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Gray
Green
Gregg
Grisham
Guarini
Gunderson
Hagedorn
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hillis
Hollenbeck
Holt
Hopkins
Horton
Hubbard
Huckaby
Hughes
Hunter
Hutto
Hyde
Ireland
Jacobs
Jeffords
Jeffries
Jenkins
Jones (NC)
Jones (OK)
Jones (TN)
Kastenmeier
Kazen
Kemp
Kildee
Kindness
Kogovsek
Kramer
LaFalce
Lagomarsino
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Lewis
Livingston
Loeffler
Long (LA)
Long (MD)
Lott
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Madigan
Markey
Marks
Marlenee
Marriott
Martin (IL)
Martin (NC)
Martin (NY)
Matsui
Mattox
Mazzoli
McClory
McCollum
McCurdy
McDade
McEwen
McGrath
McKinney
Mica
Mikulski
Miller (OH)
Mineta
Minish
Mitchell (MD)
Mitchell (NY)
Moakley
Molinari
Mollohan
Montgomery
Moore
Moorhead
Morrison
Mottl
Murphy
Murtha
Myers
Napier
Natcher
Neal
Nelligan
Nichols
Nowak
O'Brien
Oberstar
Obey
Ottinger
Oxley
Panetta
Pashayan
Patman
Patterson
Paul
Pease
Pepper
Perkins
Petri
Peyser
Pickle
Porter
Price
Pritchard
Quillen
Rahall
Railsback
Rangel
Ratchford
Regula
Reuss
Rhodes
Richmond
Rinaldo
Ritter
Roberts (KS)
Roberts (SD)
Robinson
Rodino
Roe
Roemer
Rogers
Rose
Rosenthal
Rostenkowski
Roth
Roukema
Roybal
Rudd
Russo
Sabo
Santini
Sawyer
Schneider
Schroeder
Schulze
Schumer
Seiberling
Sensenbrenner
Shamansky
Shannon
Sharp
Shaw
Shelby
Shumway
Shuster
Siljander
Simon
Skeen
Skelton
Smith (IA)
Smith (NE)
Smith (NJ)
Smith (OR)
Smith (PA)
Snowe
Snyder
Solarz
Solomon
Spence
Stangeland
Stanton
Staton
Stenholm
Stokes
Stratton
Studds
Stump
Swift
Synar
Tauke
Tauzin
Taylor
Thomas
Traxler
Trible
Udall
Vento
Volkmer
Walgren
Walker
Wampler
Washington
Watkins
Waxman
Weaver
Weber (MN)
Weber (OH)
Weiss
White
Whitehurst
Whitley
Whittaker
Whitten
Williams (MT)
Williams (OH)
Wilson
Winn
Wirth
Wolf
Wolpe
Wortley
Wright
Wyden
Wylie
Yates
Yatron
Young (AK)
Young (FL)
Young (MO)
Zablocki
Zeferetti

□ 1750

The CHAIRMAN. Three hundred and eighty-eight Members having answered to their names, a quorum is present, and the Committee will resume its business.

□ 1800

RECORDED VOTE

The CHAIRMAN. The pending business is the demand of the gentleman from Massachusetts (Mr. MARKEY) for a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 356, noes 46, answered "present" 3, not voting 28, as follows:

[Roll No. 344]

AYES—356

Addabbo
Akaka
Albosta
Alexander
Anderson
Andrews
Annunzio
Ashbrook
Aspin
Atkinson
Bafalis
Bailey (PA)
Barnard
Barnes
Beard
Beilenson
Benedict
Benjamin
Bennett
Bereuter
Bethune
Bevill
Biaggi
Bingham
Blanchard
Bliley
Boggs
Boland
Boner
Bonior
Bonker
Bouquard
Bowen
Breaux
Brinkley
Brodhead
Brown (CO)
Brown (OH)
Broyhill
Burton, Phillip
Byron
Carman
Carney
Chappell
Chappie
Cheney
Chisholm
Clausen
Clay
Clinger
Coats
Coelho
Coleman
Collins (IL)
Collins (TX)
Conte
Corcoran
Coughlin
Courter
Coyne, James
Coyne, William
Craig
Crane, Daniel
Crane, Philip
D'Amours
Daniel, Dan
Daniel, R. W.
Danielson
Daschle
Daub
Davis
Deckard
de la Garza
DeNardis
Derrick
Derwinski
Dicks
Dingell
Dixon
Donnelly
Dorgan
Dornan
Dougherty
Dowdy
Downey
Dreier
Duncan
Dunn
Dwyer
Dyson
Early
Eckart
Edgar
Edwards (AL)
Edwards (CA)
Edwards (OK)
Emerson
Emery
English
Erdahl
Erlenborn
Ertel
Evans (DE)
Evans (GA)
Evans (IA)
Evans (IN)
Fary
Fascell
Fazio
Ferraro
Fiedler
Fields
Fish
Flippo
Florio
Foglietta
Foley
Ford (MI)
Ford (TN)
Fountain
Fowler
Frank
Frenzel
Frost
Fuqua
Gaydos
Gejdenson
Gephardt
Gibbons
Gilman
Glickman
Gonzalez
Goodling
Gore
Gradison
Gramm
Green
Gregg
Guarini
Hagedorn
Hall, Ralph
Hall, Sam
Hamilton
Hammerschmidt
Hance
Hansen (ID)
Hansen (UT)
Harkin
Hartnett
Hatcher
Hawkins
Heckler
Hefner
Heftel
Hendon
Hertel
Hightower
Hiler
Hollenbeck
Holt
Horton
Hoyer
Hubbard
Huckaby
Hughes
Hunter
Hutto
Ireland
Jacobs
Jenkins
Johnston
Jones (NC)
Jones (OK)
Jones (TN)
Kazen
Kemp
Kildee
Kogovsek
Kramer
LaFalce
Latta
Leach
Leath
LeBoutillier
Lee
Lehman
Leland
Lent
Levitas
Loeffler
Long (LA)
Long (MD)
Lowery (CA)
Lowry (WA)
Lujan
Luken
Lundine
Lungren
Markey
Marlenee
Marriott
Martin (IL)
Martin (NY)
Matsui
Mattox
Mavroules
Mazzoli

McClory	Reuss	Stanton
McCollum	Rhodes	Stark
McCurdy	Richmond	Staton
McDade	Rinaldo	Stenholm
McDonald	Ritter	Stokes
McEwen	Roberts (KS)	Stratton
McGrath	Roberts (SD)	Studds
McHugh	Robinson	Stump
McKinney	Rodino	Swift
Mica	Roe	Synar
Mikulski	Roemer	Tauke
Miller (OH)	Rogers	Tauzin
Mineta	Rose	Taylor
Minish	Rosenthal	Thomas
Mitchell (NY)	Rostenkowski	Traxler
Moakley	Roukema	Trible
Moffett	Roybal	Udall
Molinari	Rudd	Vento
Mollohan	Russo	Volkmer
Montgomery	Sabo	Walgren
Morrison	Santini	Wampler
Mottl	Sawyer	Washington
Murphy	Scheuer	Watkins
Murtha	Schneider	Waxman
Napier	Schroeder	Weaver
Natcher	Schumer	Weber (MN)
Neal	Seiberling	Weber (OH)
Nelligan	Sensenbrenner	Weiss
Nelson	Shamansky	White
Nichols	Shannon	Whitehurst
Nowak	Sharp	Whitley
Oberstar	Shaw	Whittaker
Obey	Shelby	Whitten
Ottinger	Shuster	Williams (MT)
Oxley	Siljander	Williams (OH)
Panetta	Simon	Wilson
Patman	Skeen	Winn
Patterson	Skelton	Wirth
Pease	Smith (IA)	Wolf
Pepper	Smith (NE)	Wolpe
Perkins	Smith (NJ)	Wortley
Petri	Smith (OR)	Wright
Peyser	Smith (PA)	Wyden
Pickle	Snowe	Wylie
Porter	Snyder	Yates
Price	Solarz	Yatron
Quillen	Solomon	Young (FL)
Railsback	Spence	Young (MO)
Ratchford	St Germain	Zeferetti
Regula	Stangeland	

NOES—46

Archer	Gunderson	Moorhead
Badham	Hillis	Myers
Bailey (MO)	Hopkins	O'Brien
Broomfield	Hyde	Pashayan
Brown (CA)	Jeffords	Paul
Burgener	Jeffries	Pritchard
Butler	Kastenmeier	Rahall
Conable	Kindness	Rangel
Conyers	Lagomarsino	Roth
Dannemeyer	Lewis	Schulze
Dickinson	Livingston	Shumway
Fenwick	Lott	Walker
Findley	Madigan	Young (AK)
Forsythe	Marks	Zablocki
Gingrich	Michel	
Grisham	Moore	

ANSWERED "PRESENT"—3

Dellums	Gray	Savage

NOT VOTING—28

Anthony	Fithian	Miller (CA)
Applegate	Garcia	Mitchell (MD)
AuCoin	Ginn	Oakar
Bedell	Goldwater	Parris
Bolling	Hall (OH)	Pursell
Brooks	Holland	Rousselot
Burton, John	Howard	Smith (AL)
Campbell	Lantos	Vander Jagt
Crockett	Martin (NC)	
Dymally	McCloskey	

Mr. WILLIAMS of Ohio and Mr. EVANS of Iowa changed their votes from "no" to "aye."

So the amendment, as amended, offered as a substitute for the amendment was agreed to.

□ 1810

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oregon (Mr. WYDEN), as amended.

The amendment, as amended, was agreed to.

Mr. DUNN. Mr. Chairman, I move to strike the last word.

Mr. Chairman, as the chairman knows, I offered an amendment which would have actually strengthened the Markey amendment, but in a spirit of compromise I changed my amendment around and I do not want it misunderstood by any Member of the House that I have anything other than very strong feelings about the stand this body should take against Libya.

AMENDMENT OFFERED BY MR. HANCE

Mr. HANCE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HANCE: Section 716, page 74. add on page 75, the following paragraph:

(c) It is the sense of the Congress that the United States economic assistance to El Salvador should put emphasis on revitalizing the private sector and supporting the free market system. The Congress recognizes that the lack of foreign exchange to buy imported raw materials and intermediate goods is a major impediment to the ability of the Salvadoran economy to provide jobs. The Congress also recognizes that the funds budgeted for economic assistance are only a fraction of the foreign exchange needed, and United States economic aid should be used, wherever possible, to stimulate private sector lending. Therefore, the Congress urges the President to set aside a portion of the economic support funds to provide guarantees to private United States banks willing to give credits to the Salvadoran private sector.

Mr. HANCE. (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

(Mr. HANCE asked and was given permission to revise and extend his remarks.)

Mr. HANCE. Mr. Chairman, this amendment is a sense of Congress that urges the President to set aside a portion of the economic support funds to be used within the private sector. It is similar to the amendment we passed last year on the International Monetary Fund. I think it is agreeable.

Recent history has made it painfully clear that any country which lacks a strong private sector is doomed either to an oppressive dictator or to utter economic and social chaos.

The private sector has the ability to successfully carry out the intended reforms. The private sector holds the key to economic revitalization—the creation of jobs and the reestablishment of trade. The private sector can help bring stability to this small Central American country.

The present administration has consistently proclaimed the encouragement of free enterprise in its foreign policy decision. This is a view that virtually every one of my colleagues and I agree with wholeheartedly. If the United States is to offer financial assistance to El Salvador, it must be centered on the idea of strengthening the private sector. In this way, confidence can be restored to the small- and middle-sized businessmen, who are the backbone of El Savador's economy. In this way, the private sector will be encouraged to remain and to rebuild.

The best interests of our country are served by helping to establish democracy, stability, and individual liberty to El Salvador. This can only be accomplished through a policy which supports a strong and independent private sector.

At this point I would like to insert a letter to Secretary Haig from several Members of Congress expressing our concern about the private sector. Also included is the State Department's response.

HOUSE OF REPRESENTATIVES,
Washington, D.C., August 5, 1981.

Hon. ALEXANDER M. HAIG, Jr.,
Secretary of State,
Department of State,
Washington, D.C.

DEAR MR. SECRETARY: We wish to express to you our deep concern about the rapidly deteriorating economic situation in El Salvador. The economy is in serious trouble and is getting worse each day. Private capital and technical managerial talent are leaving the country at an alarming rate. If this situation is allowed to continue, the very existence of a moderate democratic alternative will come into question.

It is well known that the Marxist opposition has sought to weaken the government and increase their support by seeking to destroy the economy of the country. Massive unemployment and economic despair have always been the traditional breeding grounds for revolution. A related aspect of this problem, however, is the failure of the Salvadoran government to utilize the talents and resources of the private sector.

Within El Salvador there exists a strong private sector—one that has committed itself to supporting needed reforms and working with the government to provide the necessary economic base for the survival of a truly pluralist democracy. As individuals or groups, such as the umbrella organization—the Productive Alliance—thousands of business and professional people remain in El Salvador trying to keep their business, shops and factories going.

It should not be forgotten that the government received the critical support of the private sector when a national strike was called. They kept their enterprises going and their workers off the streets to keep the economy running. As we have seen in Nicaragua it is the private sector that can provide the last straw to break a government as that under Somoza or it can provide the last ray of democratic hope as that under the Sandinistas.

We urge you to make it clear to the Salvadoran government, which is receiving so much assistance from the United States, that we in the Congress expect them to open the government to the participation of the business sector and that they will do everything they can to support a free market economy and a viable private enterprise. Besieged as they are from extremists of the far right and left, they need to broaden their base to include many of the business and professional class to gain wider political support as well as to utilize the managerial talents and skills that this group possesses.

We also hope that you will tailor our aid programs to reflect this concern and urge the Junta to implement much needed economic and social reforms with the participation and involvement of the private sector. We believe that economic aid is needed and justified for the region, but we also feel that American interests are better served if this aid supports the private economy, which can best create the jobs and utilize the skills and talents of the country.

We recognize and appreciate your concern for Central America, and we ask you to please keep us informed as to the steps that the government of El Salvador is taking to enlist the cooperation of the private sector.

Sincerely,

Kent Hance, Sam B. Hall, Jr., Bob Lagomarsino, Bill Archer, Guy Vander Jagt, William Broomfield, Robert K. Dornan, Jim Courter, John LeBoutillier, Arlen Erdahl, Ben Gilman, Manuel Lujan, Ed Derwinski, Ken Kramer, Clair W. Burgener, Tom Evans, Wayne Grisham, Marjorie S. Holt, Jack Kemp, Bob Livingston, John H. Rousselot, Paul Findley, Edwin Forsythe, Jerry Lewis, Eldon Rudd, Olympia Snowe, John N. Erlenborn, Arlan Stangeland, Joel Pritchard, Ed Weber, Bob Michel, Bill Lowery, Bill Goodling, Larry Winn, Jr., Trent Lott, Albert Lee Smith, Jr., Henry J. Hyde, Norman D. Shumway, Don H. Clausen, John Myers, John M. Ashbrook.

DEPARTMENT OF STATE,
Washington, D.C., September 2, 1981.

Hon. KENT HANCE,
House of Representatives.

DEAR MR. HANCE: Thank you for your letter of August 5, also signed by several of your colleagues regarding the role of the private sector in El Salvador. We share your views on the importance of the private sector. We have been urging both government leaders and businessmen to work toward a more cooperative relationship.

While the Salvadoran government and private sector have their differences, they are united in their opposition to a common enemy—a Marxist-Leninist guerrilla movement determined to take control of the country by violence. For several months, the government and private sector have been engaged in discussions on a number of topics, including improvement of management of the economy, implementation of the government's reform program and possible participation by the private sector in the government. These discussions are continuing in a productive manner. These are, of course, matters which the Salvadorans must work out among themselves.

We are encouraged that the business sector is moving toward more active support for the government's efforts to promote a peaceful solution to El Salvador's problems through elections. I would also note that at a three-day symposium in August, business representatives took the position that they did not wish to turn back the clock on the government reforms—another encouraging development.

I am sending a copy of this letter to your cosigners.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.

Mr. ZABLOCKI. Mr. Chairman, will the gentleman yield?

Mr. HANCE. I yield to the gentleman from Wisconsin.

Mr. ZABLOCKI. I thank the gentleman for yielding.

Mr. Chairman, I have had an opportunity to study the gentleman's amendment. As the gentleman from Texas states, it is identical to a provision that is in the International Banking Institution bill. We are prepared to accept the amendment on this side.

Mr. LAGOMARSINO. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong support of the amendment offered by the gentleman from Texas.

Mr. Chairman, I am advised that the administration has no objection to this amendment. I would like to read a telegram from the American Chamber of Commerce in El Salvador, and also a telegram from the Productive Alliance of El Salvador.

The Honorable KENT HANCE,
The Honorable ROBERT LAGOMARSINO,
U.S. House of Representatives,
Washington, D.C.

DEAR CONGRESSMEN HANCE AND LAGOMARSINO: The American Chamber of Commerce in El Salvador supports your bipartisan initiative to direct a portion of U.S. financial support to the private sector in this economically stricken country. Through the umbrella business organization, the productive alliance, thousands of business and professional people have committed themselves to supporting needed reforms and working with government to provide the necessary economic base for the survival of a truly pluralist democracy.

U.S. economic assistance to the private sector at this critical time is important to help create the economic conditions necessary to promote a peaceful solution to El Salvador's problems through elections.

Sincerely,

HARLOW NEWTON,
President, American Chamber of Commerce of El Salvador.

REPS. HANCE AND LAGOMARSINO: "The productive alliance of El Salvador, which represents the vast majority of private sector business and professionals of our country, fully supports your efforts in the Congress to direct economic aid to support the private sector in order to maintain employment, production and economic viability during the difficult period ahead. Free and democratic elections are the only true political solution. The alternative is continued violence or authoritarian rule.

"Salvador cannot afford to lose more trained and talented people because of failing economic conditions. Only outside assistance to guarantee bank lending to industry to import raw materials and intermediate goods will keep our factories and shops going in face of Marxist terrorist attacks on our economy.

"Many thanks for your concern and your support."

Signed: Productive Alliance of El Salvador.

Mr. Chairman, it is my firm belief that the promotion of freedom and prosperity among the troubled developing nations of the world is not accomplished by assisting simply the national governing powers. Instead, we must balance our aid between public and private sectors, for only strong private sectors assure moderate and stable governments. Granting aid to governments alone is an attempt to curtail the violent effects of intolerable conditions; but the causes are left untouched. Our days of indiscriminate giving are over. We must now ask ourselves soberly and carefully if every volunteered dollar contributes to the establishment of an economically and politically free world.

I would like to quote from a speech that President Reagan gave before the World Affairs Council on October 15 to underscore the commitment that our Government must fulfill to promote global free enterprise:

The principles that guide our international policies can lead to the cooperative strategy for global growth that we seek. The experience of our own country and others confirms the importance of strategic principles. First, stimulating international trade by opening up markets, both within individual countries and between countries. Second, tailoring particular development strategies to the specific needs and potential of individual countries and regions. Third, guiding assistance toward the development of self-sustaining productive capacities, particularly in food and energy. Fourth, improving in many of the countries the climate for private investment and the transfer of technology that comes with such investment. And fifth, creating a political atmosphere in which practical solutions can move forward—rather than founder on a reef of misguided policies that restrain and interfere with the international marketplace or foster inflation.

The amendment introduced by the gentleman from Texas accomplishes these five principles. First, the funds earmarked for the private sector would be used to purchase raw materials, intermediate goods, and general production inputs that El Salvador desperately requires, opening up both national and international markets. Second, the amendment is tailored to the particularly extreme needs of El Salvador's productive sector, encouraging the small- and middle-sized companies to remain in business and, with the newly acquired capital input, begin the task of recovery. Third and fourth, its precise purpose is to assist those sectors crucial to economic self-sufficiency and to improve the climate for private investment. And fifth, it seeks to instill in the ruling junta a re-

spect and understanding for the private sector that will assure the vital cooperation necessary to lead El Salvador onto the road of redevelopment.

It is our duty to support this amendment. To ignore it—to discourage global free enterprise while vigorously encouraging it at home—would be sheer hypocrisy. An inconsistent policy is no better and sometimes worse than an insensitive one. I plead now for consistency, for following our ideals not sometimes, but always.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, on behalf of the minority, we accept the amendment.

Mr. BARNES. Mr. Chairman, will the gentleman yield?

Mr. LAGOMARSINO. I yield to the gentleman from Maryland.

Mr. BARNES. I thank the gentleman for yielding.

As the chairman of the Subcommittee on Inter-American Affairs, I want to commend the gentleman for his interest. I think the amendment is well taken. I urge support of the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas (Mr. HANCE).

The amendment was agreed to.

AMENDMENT OFFERED BY MR. ZABLOCKI

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI: Page 75, after line 18, insert the following new section 717 and redesignate accordingly:

EMERGENCY HUMANITARIAN HELP FOR THE PEOPLE OF POLAND

SEC. 717. (a) The people of Poland, with whom the people of the United States have a longstanding friendship, now face serious domestic food shortages which will be worsened by large-scale loss of their livestock this winter if feed supplies do not arrive quickly. Therefore, the President is urged, for urgent humanitarian reasons, to use existing authorities promptly in order to provide to the people of Poland, under as favorable terms as possible, feed grains from Commodity Credit Corporation stocks or other appropriate commodities.

(b) For the longer term, the President is encouraged to pursue discussions with other Western countries about a multilateral effort to help the people of Poland achieve self-sustaining economic recovery in the years ahead.

(c) Notwithstanding any other provision of law, up to $5,000,000 of the amount authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 for the fiscal year 1982 may be made available for Poland for the purchase, transportation, and distribution of food and medical supplies through private and voluntary agencies where appropriate.

(d) Section 706 of this Act, relating to the use of certain Polish currencies, shall also apply with respect to currencies and credits received pursuant to the October 1981 sale of United States Government-held surplus dairy products to Poland.

Mr. ZABLOCKI (during the reading). Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ZABLOCKI. Mr. Chairman, I shall not take the entire 5 minutes. This is a noncontroversial amendment. It has bipartisan support.

Mr. Chairman, this amendment is being offered by myself, the gentleman from Michigan (Mr. BROOMFIELD), the gentleman from Illinois (Mr. DERWINSKI), and the gentlewoman from Maryland (Ms. MIKULSKI).

In view of the extremely serious situation facing the people of Poland, we all know from the news accounts and from reports from that country of the hardship and suffering now faced by the Polish people with their deteriorating economy. The amendment does not add any funds to this or any other bill.

I will, for the record, of course, briefly explain the purpose of each section. Mr. Chairman, I believe this amendment reflects at least in part the sense of Congress with respect to our friendship with the people of Poland at this critical time. I am pleased that it has received such strong bipartisan support. I urge its adoption.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Michigan, the ranking Republican member.

Mr. BROOMFIELD. Mr. Chairman, I want to join with the distinguished chairman of the Committee on Foreign Affairs in sponsoring this amendment. We have applauded the courage of the Polish people in their inspiring effort to bring meaningful reforms to their country which will expend the narrow limits of freedom which they now enjoy.

At this critical point in time, fraught with uncertainties, the Polish people are facing severe food shortages. In recognition of this situation and of U.S. national security and humanitarian concerns, the President approved an additional $30 million food shipment to Poland late last month.

This amendment puts the Congress on record in support of such emergency humanitarian assistance to Poland. The amendment merely urges the President to use existing authorities and funds already in the bill to provide such help to Poland.

Ms. MIKULSKI. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield at this point to the gentlewoman from Maryland.

Ms. MIKULSKI. Mr. Chairman, I am pleased to be offering this amendment with the chairman of the Foreign Affairs Committee and with my colleagues from Michigan and Illinois. I would like to particularly stress the great importance of authorizing moneys to provide for the purchase and transportation of medical supplies.

In my recent visits to Poland, I have been struck by the severe health care emergency faced by the Polish nation. Polish industry is unable to produce the quantity of medicines and essential medical supplies necessary to the health and well-being of its people. Even very basic items are in short supply—everything from aspirin to antibiotics, from tongue depressors to syringes are largely unavailable.

As we talk about Poland and its need for medical aid, my mind fills with pictures of the crippled and retarded children I saw during my two visits to the health facilities there, particularly those in the Children's Hospital in Krakow. What I saw in Poland was not a lack of dedication or of love for the sick and the handicapped. It was only a lack of basic medical supplies, supplies that in the compassionate hands of the staff who run the hospital will literally mean the difference between a life of physical impairment and a life of freedom for these children.

Since my visit to Poland, I have been in touch with Project Hope, the international institution that channels most medical relief funds to Poland. And I have encouraged every citizen, and every group to give as generously as possible to the Polish medical relief effort. Because of the involvement of Project Hope we know that the funds we give, as a nation, will go directly to the needy. We also know that the funds go to a country dedicated to children, a country with a national philosophy of nurturing the young. By giving medical supplies we have the chance to validate that life-affirming value system.

We have a chance to bring hope to the heart of a child, who, like all children, hopes to be protected and yearns to be loved, but is hindered by being blind, or deaf, or a victim of cerebral palsy. The chance to help this child, to help the medically needy, and to help the brave citizens of Poland, is a chance we must not miss.

Mr. KEMP. Mr. Chairman, will the gentleman yield.

Mr. ZABLOCKI. I yield very briefly to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I rise in support of the amendment offered by Mr. BROOMFIELD, to urge the President to allocate $5 million in emergency food assistance to Poland.

Due to Soviet manipulations, the people of Poland are facing a severe food shortage. The Soviets are hoping that their carefully engineered eco-

nomic crisis will weaken Poland's strides toward democratic reforms and revolution. But Solidarity is determined not to give in, and the citizens of Poland hold the Soviet Union in contempt. Hunger is part of the burden they are willing to bear, to see this historic challenge through.

We can help alleviate part of that burden by supplying a modest but vital amount of food and grain to Poland, as an interim measure of relief. We should provide this food both as a humanitarian gesture, and as a salute to the bravery of the Polish people, in their willingness to endure so much discomfort and to risk so much potential retribution in hopes of gaining such a small measure of freedom.

No nation wishes the people of Poland greater success, than America; and having been in Poland I can assure this House that America does not have better friends and admirers in the world than the valiant Polish people.

Mr. ZABLOCKI. Mr. Chairman, in closing I just want to say to my colleagues that I intend to ask permission for all Members to revise and extend their remarks.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. ZABLOCKI).

The amendment was agreed to.

□ 1820

AMENDMENT OFFERED BY MRS. SCHROEDER

Mrs. SCHROEDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. SCHROEDER: Page 75, after line 18, insert the following new section 717 and redesignate accordingly:

LIMITATION ON AUTHORIZATIONS

SEC. 717. Not more than 90 percent of the amount authorized to be appropriated by titles I through IV of this Act for each of the fiscal years 1982 and 1983 may be obligated or expended, except that no reduction shall be made because of this limitation in the amount made available for assistance for any country which has a democratically elected national government, as determined by the President.

Mrs. SCHROEDER. Mr. Chairman, this bill is 23 percent higher than last years and almost $300 million above President Reagan's September request.

Does anyone, besides me, still believe in a balanced budget? In this morning's Washington Post, we learned that the Reagan administration does not think, any longer, that Federal budget deficits cause inflation. A member of this body was quoted as telling the Budget Committee that Republicans no longer worship at the shrine of a balanced budget. Many of my colleagues who have attacked foreign aid also have had a change of heart.

Well, I, for one, have not lost the faith. Federal Government deficit spending results in increased demands on the credit markets. This demand, which is reportedly reaching 40 percent of all credit demand, bids up the rates of interest. Further, deficit spending results in inflation, since, in effect, the Government is creating new money to pay real obligations.

The most immediate way we have to do something about the obscenely high deficit for fiscal year 1982—now estimated by the administration at nearly $110 billion—is to cut unnecessary, wasteful, and low priority Government spending.

The bill before us today provides us with an excellent place to start. The foreign aid program is increased in this bill from a fiscal year 1981 authorized level of $4.9 billion to a fiscal year 1982 level of $6 billion. This enormous increase is not justified.

My amendment would cut $600 million out of the total authorization. While it would leave it up to the President to allocate the reduction, the amendment would prevent him from applying any of the reduction to bilateral assistance to countries which have democratically elected national governments. This exception would protect aid to nations, like Israel, which stand for personal freedom and national self-determination. It would put us on record as using foreign aid to encourage the values which Americans hold dear throughout the world.

Mr. Chairman, let us start cutting the budget and let us commit ourselves to using foreign aid for something other than propping up corrupt dictators. Why should we increase funding for overseas projects that are similar to the ones we are stopping domestically? If we cut the budget, the cuts should be equal. Instead we cut the part of the budget that affects the American taxpayer and increase the part of the budget that goes to others in the world. That is crazy. The hour is late, both sides have said they can easily defeat this amendment because the President has commitments to hold to the increased figure he has requested. That makes me very sad. I wish we would reassert our legislative prerogative and cut the amount requested by the administration so it would be 13 percent over last year's bill. This can be done by voting for my amendment.

AMENDMENT OFFERED BY MR. ZABLOCKI AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MRS. SCHROEDER

Mr. ZABLOCKI. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. ZABLOCKI as a substitute for the amendment offered by Mrs. SCHROEDER: Page 75, after line 18, insert the following new sections and redesignate accordingly:

REDUCTION IN AGGREGATE FISCAL YEAR 1982 AUTHORIZATIONS TO THE LEVEL OF THE PRESIDENT'S SEPTEMBER BUDGET

SEC. 717. Notwithstanding the specific authorizations of appropriations contained in this Act, the aggregate amount appropriated for the fiscal year 1982 under the authority of this Act and the amendments made by this Act may not exceed $5,727,854,000.

ESTABLISHMENT OF THE PRESIDENT'S FISCAL YEAR 1983 BUDGET REQUEST AS AN AGGREGATE APPROPRIATIONS CEILING

SEC. 718. Notwithstanding the specific authorizations of appropriations for the fiscal year 1983 contained in this Act, the aggregate amount appropriated for the fiscal year 1983 for all of the appropriation accounts for which authorizations are provided by this Act may not exceed the aggregate amount requested by the President for the fiscal year 1983 for those appropriation accounts in the budget transmitted to the Congress pursuant to section 210(a) of the Budget and Accounting Act, 1921.

Mr. ZABLOCKI (during the reading.) Mr. Chairman, I ask unanimous consent that the amendment be considered as read and printed in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. ZABLOCKI. Mr. Chairman, I am offering this amendment as a follow-through on the promise or the indication and the information I had given to the committee earlier in the consideration of this bill.

This is an amendment, Mr. Chairman, that is offered on behalf of the gentleman from Michigan, the ranking Republican member of the Foreign Affairs Committee, and myself. During my opening statement I said I would be offering an amendment to conform the totals in this bill to the totals in the President's budget request as revised last September. This amendment would achieve that purpose.

The committee, in approving H.R. 3566 last spring, was orginally acting on the President's budget request at that time. The bill we reported was cut substantially below the administration's budget which was then before us. In Septemer, however, when the newly revised budget request was submitted by the administration, the total was reduced by some $300 million below the amount in the bill as reported out of the committee.

The amendment I am offering would reduce the total in H.R. 3566 to $5,727,854,000 in fiscal year 1982, which we understand to be the President's request. It is a cut of approximately $300 million.

For fiscal year 1983, since we do not have the President's fiscal year 1983 request yet, the amendment simply states that the authorization provided by this bill may not exceed the aggregate amount requested by the President for the fiscal year 1983. I think

this is a reasonable amendment. It has bipartisan support, and I hope the committee will adopt the amendment in preference to the one offered by the gentlewoman from Colorado.

Mr. BROOMFIELD. Mr. Chairman, will the gentleman yield?

Mr. ZABLOCKI. I yield to the gentleman from Michigan.

Mr. BROOMFIELD. Mr. Chairman, because of the lateness of the hour, I do not intend to elaborate any more on the statement made by the chairman. We do support strongly the substitute which has been offered by the chairman for the amendment offered by the distinguished gentlewoman from Colorado. Actually, we feel this is an extremely important amendment. We hope the Members will support the chairman of the committee.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin (Mr. ZABLOCKI) as a substitute for the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER).

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentlewoman from Colorado (Mrs. SCHROEDER), as amended.

The amendment, as amended, was agreed to.

□ 1830

Mr. WOLPE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I was off the floor at the time my distinguished colleague from Illinois (Mr. DERWINSKI) announced that he would not move to repeal the Clark amendment. I simply wanted to rise at this moment to commend him for that initiative.

This matter was one on which there was unanimous bipartisan agreement on the part of our subcommittee. The position of the subcommittee was sustained by the full committee on an overwhelming bipartisan vote. It was our feeling that the Clark amendment should eventually be repealed, but that now was not the time. To repeal it now would be to play into the hands of Soviet and Cuban propagandists and could severely complicate the negotiation of a settlement of the Namibian conflict.

I thank the gentleman for his initiative.

The CHAIRMAN. Are there further amendments?

If not, under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. KILDEE) having assumed the chair, Mr. LEVITAS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 3566) to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes, pursuant to House Resolution 291, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER pro tempore. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. ROTH

Mr. ROTH. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. ROTH. In its present form, I am, Mr. Speaker.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ROTH moves to recommit the bill, H.R. 3566, to the Committee on Foreign Affairs.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. ASHBROOK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 222, nays 184, answered "present" 1, not voting 26, as follows:

[Roll No. 345]

YEAS—222

Alexander	Burton, Phillip	Derwinski
Annunzio	Butler	Dicks
Aspin	Carman	Dingell
Badham	Carney	Dixon
Barnes	Cheney	Dorgan
Beilenson	Clay	Dornan
Bereuter	Clinger	Dougherty
Biaggi	Coats	Downey
Bingham	Coelho	Dwyer
Blanchard	Collins (IL)	Eckart
Bliley	Conable	Edgar
Boggs	Conte	Edwards (AL)
Boland	Corcoran	Edwards (CA)
Bonior	Coughlin	Erdahl
Bonker	Coyne, James	Erlenborn
Bowen	Coyne, William	Evans (DE)
Breaux	Crockett	Evans (IA)
Brodhead	Danielson	Fary
Broomfield	Daub	Fascell
Burgener	DeNardis	Fazio
Fenwick	Lowry (WA)	Richmond
Ferraro	Lundine	Rinaldo
Fiedler	Lungren	Roe
Findley	Madigan	Rogers
Fish	Markey	Rose
Foglietta	Marks	Rosenthal
Foley	Martin (NC)	Rostenkowski
Ford (TN)	Martin (NY)	Sabo
Forsythe	Matsui	Sawyer
Frank	Mattox	Scheuer
Frenzel	Mavroules	Schneider
Frost	McClory	Schumer
Fuqua	McDade	Seiberling
Gejdenson	McGrath	Shamansky
Gephardt	McHugh	Shannon
Gibbons	McKinney	Sharp
Gilman	Mica	Shaw
Gingrich	Michel	Simon
Glickman	Mikulski	Smith (IA)
Gore	Mineta	Smith (NJ)
Gradison	Minish	Smith (PA)
Gray	Mitchell (MD)	Snowe
Green	Mitchell (NY)	Solarz
Gregg	Moakley	St Germain
Hagedorn	Moffett	Stangeland
Hamilton	Molinari	Stanton
Harkin	Mollohan	Stark
Hartnett	Moore	Stokes
Heckler	Morrison	Stratton
Hiler	Murtha	Studds
Hillis	Napier	Swift
Hollenbeck	Nelson	Synar
Holt	Nowak	Tauke
Horton	O'Brien	Thomas
Hoyer	Oberstar	Udall
Hunter	Ottinger	Vento
Hyde	Oxley	Walgren
Ireland	Panetta	Waxman
Jeffords	Patterson	Weber (OH)
Johnston	Pease	Weiss
Kemp	Pepper	Wilson
Kildee	Peyser	Winn
LaFalce	Pickle	Wirth
Lagomarsino	Porter	Wolf
Leach	Price	Wolpe
LeBoutillier	Pritchard	Wortley
Lehman	Pursell	Wright
Leland	Quillen	Wyden
Lent	Railsback	Wylie
Lewis	Rangel	Yates
Livingston	Ratchford	Yatron
Loeffler	Regula	Young (MO)
Long (LA)	Reuss	Zablocki
Long (MD)	Rhodes	Zeferetti

NAYS—184

Akaka	Daschle	Hansen (UT)
Albosta	Davis	Hatcher
Anderson	de la Garza	Hawkins
Andrews	Deckard	Hefner
Archer	Dellums	Heftel
Ashbrook	Derrick	Hendon
Atkinson	Dickinson	Hertel
Bafalis	Donnelly	Hightower
Bailey (MO)	Dowdy	Hopkins
Bailey (PA)	Dreier	Hubbard
Barnard	Duncan	Huckaby
Beard	Dunn	Hughes
Benedict	Dyson	Hutto
Benjamin	Early	Jacobs
Bennett	Edwards (OK)	Jeffries
Bevill	Emerson	Jenkins
Boner	Emery	Jones (NC)
Bouquard	English	Jones (OK)
Brinkley	Ertel	Jones (TN)
Brown (CA)	Evans (GA)	Kastenmeier
Brown (CO)	Evans (IN)	Kazen
Brown (OH)	Fields	Kindness
Broyhill	Flippo	Kogovsek
Byron	Florio	Kramer
Chappell	Ford (MI)	Latta
Chappie	Fountain	Leath
Chisholm	Fowler	Lee
Clausen	Gaydos	Levitas
Coleman	Gonzalez	Lott
Collins (TX)	Goodling	Lujan
Conyers	Gramm	Luken
Courter	Grisham	Marlenee
Craig	Guarini	Marriott
Crane, Daniel	Gunderson	Martin (IL)
Crane, Philip	Hall, Ralph	Mazzoli
D'Amours	Hall, Sam	McCollum
Daniel, Dan	Hammerschmidt	McCurdy
Daniel, R. W.	Hance	McDonald
Dannemeyer	Hansen (ID)	McEwen

Miller (OH)	Roth	Stump
Montgomery	Roukema	Tauzin
Moorhead	Roybal	Taylor
Mottl	Rudd	Traxler
Murphy	Russo	Trible
Myers	Santini	Volkmer
Natcher	Savage	Walker
Neal	Schroeder	Wampler
Nelligan	Schulze	Washington
Nichols	Sensenbrenner	Watkins
Obey	Shelby	Weaver
Pashayan	Shumway	Weber (MN)
Patman	Shuster	White
Paul	Siljander	Whitehurst
Perkins	Skeen	Whitley
Petri	Skelton	Whittaker
Rahall	Smith (NE)	Whitten
Ritter	Smith (OR)	Williams (MT)
Roberts (KS)	Snyder	Williams (OH)
Roberts (SD)	Solomon	Young (AK)
Robinson	Spence	Young (FL)
Rodino	Staton	
Roemer	Stenholm	

ANSWERED "PRESENT"—1

Bethune

NOT VOTING—26

Addabbo	Dymally	Lowery (CA)
Anthony	Fithian	McCloskey
Applegate	Garcia	Miller (CA)
AuCoin	Ginn	Oakar
Bedell	Goldwater	Parris
Bolling	Hall (OH)	Rousselot
Brooks	Holland	Smith (AL)
Burton, John	Howard	Vander Jagt
Campbell	Lantos	

□ 1840

The Clerk announced the following pairs:

On this vote:

Mr. Addabbo for, with Mr. Brooks against.

Mr. Campbell for, with Mr. Bethune against.

Mr. Goldwater for, with Mr. Parris against.

Mr. McCloskey for, with Mr. Rousselot against.

Mr. Vander Jagt for, with Mr. Smith of Alabama against.

Until further notice:

Mr. AuCoin with Mr. Fithian.

Mr. Dymally with Mr. Lowery of California.

Mr. Hall of Ohio with Mr. Garcia.

Mr. Howard with Ms. Oakar.

Mr. Anthony with Mr. Miller of California.

Mr. Ginn with Mr. Applegate.

Mr. John L. Burton with Mr. Lantos.

Mr. Bedell with Mr. Holland.

Mr. EDWARDS of Oklahoma changed his vote from "yea" to "nay."

Messrs. YOUNG of Missouri, CROCKETT, BLANCHARD, and ROE changed their vote from "nay" to "yea."

Mr. BETHUNE changed his vote from "nay" to "present."

Mr. BETHUNE. Mr. Speaker, I have a live pair with the gentleman from South Carolina (Mr. CAMPBELL). If he were present he would have voted "yea." I voted "nay." I withdraw my vote and vote "present."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

REPORT TO ACCOMPANY HOUSE JOINT RESOLUTION 370, FURTHER CONTINUING APPROPRIATIONS, 1982

Mr. WHITTEN, from the Committee on Appropriations, submitted a privileged report (Rept. No. 97-372) on the joint resolution (H.J. Res. 370) making further continuing appropriations until September 30, 1982, which was referred to the Union Calendar and ordered to be printed.

MAKING IN ORDER ON TOMORROW OR ANY DAY THEREAFTER CONSIDERATION OF HOUSE JOINT RESOLUTION 370, FURTHER CONTINUING APPROPRIATIONS, 1982

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that it be in order on tomorrow, or any day thereafter, to consider in the House, a House joint resolution making further continuing appropriations for fiscal year 1982, and that the previous question shall be considered as ordered thereon to final passage without intervening motion except one motion to recommit.

The SPEAKER pro tempore (Mr. KILDEE). Is there objection to the request of the gentleman from Mississippi?

Mr. CONTE. Mr. Speaker, reserving the right to object, I ask the gentleman from Mississippi (Mr. WHITTEN), the chairman of the Committee on Appropriations, whether this unanimous-consent request will put in order a substitute motion on a motion to recommit by the minority with instructions?

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Mississippi.

Mr. WHITTEN. That is correct.

Mr. CONTE. Mr. Speaker, I have no objection, and I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi (Mr. WHITTEN)?

There was no objection.

CONFERENCE REPORT ON S. 1211, AUTHORIZATIONS FOR TOXIC SUBSTANCES CONTROL ACT

Mr. FLORIO submitted the following conference report and statement on the Senate bill (S. 1211) to extend the Toxic Substances Control Act for 1 year.

CONFERENCE REPORT (H. REPT. No. 97-373)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1211) to extend the Toxic Substances Control Act for 1 year, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the Senate bill and agree to the same with an amendment in the nature of a substitute as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That (a) the first sentence of section 28(d) of the Toxic Substances Control Act is amended to read as follows: "For the purpose of making grants under subsection (a), there are authorized to be appropriated $1,500,000 for each of the fiscal years 1982 and 1983.".

(b) Section 29 of the Toxic Substances Control Act is amended by striking out "$10,100,000" and all that follows through "1979" and inserting in lieu thereof the following: "$58,646,000 for the fiscal year 1982 and $62,000,000 for the fiscal year 1983".

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill and agree to the same.

JOHN D. DINGELL,
J. J. FLORIO,
JAMES SCHEUER,
JAMES T. BROYHILL,
NORMAN F. LENT,
Managers on the Part of the House.

SLADE GORTON,
MAX BAUCUS,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1211) to extend the Toxic Substances Congrol Act for one year, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment to the text of the bill struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House and agrees to an amendment in the nature of a substitute for both the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

Senate bill

The Senate bill authorized $59,646,000 for fiscal years 1982 to carry out the Toxic Substances Control Act.

House amendments

The House amendment authorized a total of $63,500,000 for each of fiscal year 1982 and 1983 to carry out the Toxic Substances Control Act. In each of the fiscal years, $1,500,000 of the total authorization was authorized to be used for the state grants program under Section 28 of the Act.

Conference agreement

The conference agreement authorizes a total of $60,146,000 for fiscal year 1982 and $63,500,000 for fiscal 1983. In each of the fiscal years, $1,500,000 of the total authorization is to be used for the state grants program under Section 28 of the Act.

JOHN D. DINGELL,
J. J. FLORIO,
JAMES SCHEUER,
JAMES T. BROYHILL,
NORMAN F. LENT,
Managers on the Part of the House.
SLADE GORTON,
MAX BAUCUS,
Managers on the Part of the Senate.

MAKING IN ORDER ON TOMORROW OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON S. 1211, AUTHORIZATIONS FOR TOXIC SUBSTANCES CONTROL ACT

Mr. FLORIO. Mr. Speaker, I ask unanimous consent that it be in order on tomorrow or any day thereafter to consider the conference report on the Senate bill (S. 1211) to extend the Toxic Substances Control Act for 1 year.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 230, SECOND CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1982

Mr. DERRICK, from the Committee on Rules, submitted a privileged report (Rept. No. 97-374) on the resolution (H. Res. 295) providing for the consideration of the concurrent resolution (H. Con. Res. 230), reaffirming the congressional budget for the U.S. Government as set forth in the first concurrent resolution on the budget for the fiscal year 1982 (H. Con. Res. 115, 97th Congress), which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF SENATE JOINT RESOLUTION 115, TO APPROVE PRESIDENT'S RECOMMENDED WAIVER OF LAW TO EXPEDITE CONSTRUCTION OF ALASKA NATURAL GAS TRANSPORTATION SYSTEM

Mr. DERRICK, from the Committee on Rules, submitted a privileged report (Rept. No. 97-375) on the resolution (H. Res. 296) providing for the consideration of the Senate joint resolution (S.J. Res. 115) to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976, which was referred to the House Calendar and ordered to be printed.

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. ZABLOCKI. Mr. Speaker, pursuant to the provisions of House Resolution 291, I call up from the Speaker's table the Senate bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the Senate bill.

MOTION OFFERED BY MR. ZABLOCKI

Mr. ZABLOCKI. Mr. Speaker, I offer a motion.

The Clerk read as follows:

Mr. ZABLOCKI moves to strike out all after the enacting clause of the Senate bill, S. 1196, and to insert in lieu thereof the provisions of the bill, H.R. 3566, as passed, as follows:

SHORT TITLE

SECTION 1. This Act may be cited as the "International Security and Development Cooperation Act of 1981".

TITLE I—MILITARY AND RELATED ASSISTANCE AND SALES

REPORTS TO THE CONGRESS

SEC. 101. (a)(1) Section 3(d)(1) of the Arms Export Control Act is amended—

(A) in the text preceding subparagraph (A) by striking out "to a transfer of a defense article, or related training or other defense service, sold under this Act and may not give his consent to such a transfer under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961" and inserting in lieu thereof ", or under section 505(a)(1) or 505(a)(4) of the Foreign Assistance Act of 1961, to a transfer of any major defense equipment valued (in terms of its original acquisition cost) at $14,000,000 or more, or any defense article or related training or other defense service valued (in terms of its original acquisition cost) at $50,000,000 or more,";

(B) by amending subparagraph (B) to read as follows:

"(B) a description of the article or service proposed to be transferred, including its acquisition cost,";

(C) in subparagraph (C) by striking out "defense article or related training or other defense service" and inserting in lieu thereof "article or service"; and

(D) in the last sentence by striking out "defense articles, or related training or other defense services," and inserting in lieu thereof "articles or services".

(2) Section 3(d)(2) of such Act is amended by adding at the end thereof the following: "The preceding sentence shall not apply with respect to transfers to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand; however, the President shall submit the certification required by paragraph (1) of this subsection with respect to such a transfer before giving his consent to the transfer unless the President states in his certification that an emergency exists which requires that consent to the proposed transfer take effect immediately in the national security interests of the United States.".

(3) Section 3(d)(3) of such Act is amended—

(A) by striking out "to a third country" and inserting in lieu thereof "from one foreign country or international organization to another such country or organization";

(B) by striking out "$25,000,000" and inserting in lieu thereof "$50,000,000" and by striking out "$7,000,000" and inserting in lieu thereof "$14,000,000";

(C) by striking out "at least 30 calendar days"; and

(D) by adding at the end thereof the following: "Except in the case of transfers to the North Atlantic Treaty Organization, any member country of such Organization, Japan, Australia, or New Zealand, such report shall be submitted at least 30 calendar days before consent is to be given.".

(4) Section 3(d)(4) of such Act is amended—

(A) by inserting "or" at the end of subparagraph (B);

(B) by striking out "; or" at the end of subparagraph (C) and inserting in lieu thereof a period; and

(C) by striking out subparagraph (D).

(b)(1) Section 28(a) of such Act is amended by striking out "five" and inserting in lieu thereof "fifteen."

(2) Section 28(b) of such Act is amended by striking out "the issuance of a letter of offer in accordance with such request would be subject to the requirements of section 36(b) of this Act" and inserting in lieu thereof "the request involves a proposed sale of major defense equipment for $7,000,000 or more or of any other defense articles or defense services for $25,000,000 or more".

(c) Section 36(b)(1) of such Act is amended—

(1) in the first sentence by striking out "$25,000,000" and inserting in lieu thereof "$50,000,000" and by striking out "$7,000,000 or more, before such letter of offer is issued" and inserting in lieu thereof "$14,000,000 or more"; and

(2) by striking out the next to the last sentence and inserting in lieu thereof the following: "Unless the President states in his certification that an emergency exists which requires the proposed sale in the national security interests of the United States, the letter of offer shall not be issued until at least 30 calendar days after the Congress receives the certification required by the first sentence of this paragraph, and shall not be issued then if the Congress, within such 30-day period, adopts a concurrent resolution stating that it objects to the proposed sale. The preceding sentence shall not apply with respect to a letter of offer to be issued to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand; however, the President shall submit the required certification with respect to such a letter of offer before issuing the letter of offer unless the President states in his certification that an emergency exists which requires that the letter of offer be issued immediately in the national security interests of the United States.".

(d)(1) Section 36(c)(1) of such Act is amended in the first sentence by striking out "$7,000,000" and inserting in lieu thereof "$14,000,000" and by striking out "$25,000,000 or more, before issuing such license" and inserting in lieu thereof "$50,000,000 or more,".

(2) Section 36(c)(2) of such Act is amended—

(A) in subparagraph (B) by striking out ", except that" and all that follows through "New Zealand";

(B) in the last sentence by striking out "subparagraphs (A) and (B) of"; and

(C) by inserting the following new sentence immediately before the last sentence: "The preceding sentence shall not apply with respect to a license for export to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand; however, the President shall submit the certification required by paragraph (1) of this subsection with respect to such a license before issuing the license unless the President states in his certification that an emergency exists which requires that the license be issued immediately in the national security interests of the United States.".

(e) Section 36(d) of such Act is amended by striking out "(c)" and inserting in lieu thereof "(c)(1)".

CHARGES FOR USE AND NONRECURRING RESEARCH, DEVELOPMENT, AND PRODUCTION COSTS

SEC. 102. Section 21(e)(2) of the Arms Export Control Act is amended by inserting "standardization with the Armed Forces of Japan, Australia, or New Zealand in furtherance of the mutual defense treaties between the United States and those countries," immediately after "standardization,".

FOREIGN MILITARY SALES AUTHORIZATION AND AGGREGATE CEILINGS

SEC. 103. (a) Section 31(a) of the Arms Export Control Act is amended by striking out "$500,000,000 for the fiscal year 1981" and inserting in lieu thereof "$550,000,000 for the fiscal year 1982 and $550,000,000 for the fiscal year 1983".

(b) Section 31(b) of such Act is amended to read as follows:

"(b)(1) The total amount of credits (or participations in credits) extended under section 23 of this Act shall not exceed $550,000,000 for the fiscal year 1982 and $550,000,000 for the fiscal year 1983.

"(2) The total principal amount of loans guaranteed under section 24(a) of this Act shall not exceed $3,269,525,000 for the fiscal year 1982 and $3,544,525,000 for the fiscal year 1983.

"(3) Of the aggregate total of credits (or participations in credits) under section 23 of this Act, and of the total principal amount of loans guaranteed under section 24(a) of this Act, not less than $1,400,000,000 for the fiscal year 1982 and not less than $1,400,000,000 for the fiscal year 1983 shall be available only for Israel, of which not less than $550,000,000 for each such year shall be available as credits under section 23 of this Act.

"(4) Of the amount available under paragraph (2) of this subsection for loan guaranties under section 24(a) of this Act, not less than $280,000,000 for fiscal year 1982 and not less than $280,000,000 for the fiscal year 1983 shall be available only for Greece.".

(c) Section 31(c) of such Act is amended—

(1) in the first sentence by striking out "fiscal year 1981" and inserting in lieu thereof "fiscal year 1982 and for the fiscal year 1983"; and

(2) in the last sentence by inserting "each" immediately before "such year".

(d) The principal amount of loans guaranteed under section 24(a) of such Act for the fiscal year 1982 and for the fiscal year 1983 with respect to Egypt, Greece, and Turkey shall be repaid in not less than twenty years, following a grace period of ten years on repayment of principal.

PERIODIC REVIEW OF ITEMS ON THE MUNITIONS LIST

SEC. 104. Section 38 of the Arms Export Control Act is amended by adding at the end thereof the following new subsection:

"(f) The President shall periodically review the items on the United States Munitions List to determine what items, if any, no longer warrant export controls under this section. The results of such reviews shall be reported to the Speaker of the House of Representatives and to the Committee on Foreign Relations and the Committee on Banking, Housing, and Urban Affairs of the Senate. Such a report shall be submitted at least 30 days before any item is removed from the Munitions List and shall describe the nature of any controls to be imposed on that item under the Export Administration Act of 1979.".

CHARGES FOR ADMINISTRATIVE SERVICES

SEC. 105. Section 43(b) of the Arms Export Control Act is amended by inserting "and extraordinary" immediately after "recovery of administrative".

SPECIAL DEFENSE ACQUISITION FUND

SEC. 106. The Arms Export Control Act is amended by adding at the end thereof the following new chapter:

"Chapter 5—SPECIAL DEFENSE ACQUISITION FUND

"SEC. 51. SPECIAL DEFENSE ACQUISITION FUND.—(a) Under the direction of the President and in consultation with the Secretary of State, the Secretary of Defense—

"(1) may establish a Special Defense Acquisition Fund (hereafter in this chapter referred to as the 'Fund'), to be separate from other accounts, under the control of the Department of Defense, to finance the acquisition of defense articles and defense services in anticipation of their transfer pursuant to this Act or the Foreign Assistance Act of 1961 to eligibile foreign countries and international organizations; and

"(2) may acquire such defense articles and defense services as he may determine with the funds in the Fund.

Acquisition under this chapter of items in short supply within the Department of Defense for which the initial issue quantity requirements for United States Armed Forces are not under current procurement contract shall be emphasized when compatible with security assistance requirements for the transfer of such items.

"(b) The Fund shall consist of such sums as may be appropriated under this subsection for deposit in the Fund. There are authorized to be appropriated for deposit in the Fund $150,000,000 for the fiscal year 1982 and $150,000,000 for the fiscal year 1983. Amounts appropriated under this subsection are authorized to remain available until expended.

"(c) Nothing in this chapter shall be construed to limit or impair any responsibilities conferred upon the Secretary of State or the Secretary of Defense under this Act or the Foreign Assistance Act of 1961.

"SEC. 52 USE AND TRANSFER OF ITEMS PROCURED WITH THE FUND.—(a) No defense service acquired by the Secretary of Defense under this chapter may be transferred to any foreign country or international organization unless such transfer is authorized by this Act or the Foreign Assistance Act of 1961.

"(b) The President may authorize the temporary use by the United States Armed Forces of defense articles and defense services acquired under this chapter prior to their transfer to a foreign country or international organization, if such use is necessary to meet national defense requirements and the United States Armed Forces bear the costs of operation and maintenance of such articles or services while in their use and the costs of restoration or replacement upon the termination of such use.

"(c) Except for costs provided for in subsection (b) of this section, the Fund may be used to pay for storage, maintenance, and other costs related to the preservation and preparation for transfer of defense articles and defense services acquired under this chapter prior to their transfer, as well as the administrative costs of the Department of Defense incurred in the acquisition of such articles and services to the extent not reimbursed pursuant to section 43(b) of this Act.

"SEC. 53. ANNUAL REPORT TO CONGRESS.—Not later than December 31 of each year, the President shall submit to the Congress a comprehensive report on acquisitions of defense articles and defense services under this chapter. Each such report shall include—

"(1) a description of each contract for the acquisition of defense articles or defense services under this chapter which was entered into during the preceding fiscal year;

"(2) a description of each contract for the acquisition of defense articles or defense services under this chapter which the President anticipates will be entered into during the current fiscal year;

"(3) a description of each defense article or defense service acquired under this chapter which was transferred to a foreign country or international organization during the preceding fiscal year; and

"(4) an evaluation of the impact of the utilization of the authority of this chapter on United States defense production and the readiness of the United States Armed Forces.".

LEASING OF DEFENSE ARTICLES

SEC. 107. (a) The Arms Export Control Act, as amended by section 106 of this Act, is further amended by adding at the end thereof the following new chapter:

"Chapter 6—LEASES OF DEFENSE ARTICLES

"SEC. 61. LEASING AUTHORITY.—(a) The President may lease defense articles in the stocks of the Department of Defense to an eligible foreign country or international organization if—

"(1) he determines that there are compelling foreign policy and national security reasons for providing such articles on a lease basis rather than on a sales basis under this Act;

"(2) he determines that the articles are not for the time needed for public use; and

"(3) the country or international organization has agreed to pay in United States dollars all costs incurred by the United States Government in leasing such articles, including reimbursement for depreciation of such articles while leased, the costs of restoration or replacement if the articles are damaged while leased, and the replacement cost (less any depreciation in the value) of the articles if the articles are lost or destroyed while leased.

The requirement of paragraph (3) shall not apply to leases entered into for purposes of cooperative research or development, military exercises, or communications or elec-

tronics interface projects, or to any defense article which has passed three-quarters of its normal service life.

"(b) Each lease agreement under this section shall be for a fixed duration of not to exceed five years and shall provide that, at any time during the duration of the lease, the President may terminate the lease and require the immediate return of the leased articles.

"(c) Defense articles in the stocks of the Department of Defense may be leased or loaned to a foreign country or international organization only under the authority of this chapter or chapter 2 of part II of the Foreign Assistance Act of 1961, and may not be leased to a foreign country or international organization under the authority of section 2667 of title 10, United States Code.

"SEC. 62. REPORTS TO THE CONGRESS.—(a) Not less than 30 days before entering into or renewing any agreement with a foreign country or international organization to lease any defense article under this chapter, or to loan any defense article under chapter 2 of part II of the Foreign Assistance Act of 1961, for a period of one year or longer, the President shall transmit to the Speaker of the House of Representatives, and to the chairman of the Committee on Foreign Relations of the Senate and the chairman of the Committee on Armed Services of the Senate, a written certification which specifies—

"(1) the country or international organization to which the defense article is to be leased or loaned;

"(2) the type, quantity, and value (in terms of replacement cost) of the defense article to be leased or loaned;

"(3) the terms and duration of the lease or loan; and

"(4) a justification for the lease or loan, including an explanation of why the defense article is being leased or loaned rather than sold under this Act.

"(b) The President may waive the requirements of this section (and in the case of an agreement described in section 63, may waive the provisions of that section) if he determines, and immediately reports to the Congress, that an emergency exists which requires that the lease or loan be entered into immediately in the national security interests of the United States.

"SEC. 63. LEGISLATIVE REVIEW.—(a)(1) In the case of any agreement involving the lease under this chapter, or the loan under chapter 2 of part II of the Foreign Assistance Act of 1961, to any foreign country or international organization for a period of one year or longer of any defense articles which are either (i) major defense equipment valued (in terms of its original replacement cost less any depreciation in its value) at $14,000,000 or more, or (ii) defense articles valued (in terms of their replacement cost less any depreciation in their value) at $50,000,000 or more, the agreement may not be entered into or renewed if the Congress, within 30 calendar days after receiving the certification with respect to that proposed agreement pursuant to section 62(a), adopts a concurrent resolution stating that it objects to the proposed lease or loan.

"(2) This section shall not apply with respect to a loan or lease to the North Atlantic Treaty Organization, any member country of that Organization, Japan, Australia, or New Zealand.

"(b) Any resolution under subsection (a) shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(c) For the purpose of expediting the consideration and adoption of concurrent resolutions under subsection (a), a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"SEC. 64. APPLICATION OF OTHER PROVISIONS OF LAW.—Any reference to sales of defense articles under this Act in any provision of law restricting the countries or organizations to which such sales may be made shall be deemed to include a reference to leases of defense articles under this chapter.".

(b) Such Act is further amended—

(1) in section 2(b)—

(A) by inserting ", leases," immediately after "sales" both places it appears,

(B) by inserting "whether there shall be a lease to a country," immediately after "thereof,", and

(C) by inserting ", lease," immediately after "sale" the second place it appears;

(2) in section 3(a)—

(A) in the text preceding paragraph (1) by inserting "or leased" immediately after "sold", and

(B) in paragraph (4) by inserting "or lease" immediately after "purchase"; and

(3) in section 4 by inserting "or leased" immediately after "sold" in the first sentence.

(c) Paragraph (5) of section 503(b) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(5) the loan agreement provides that (A) if the defense article is damaged while on loan, the country or international organization to which it was loaned will reimburse the United States for the cost of restoring or replacing the defense article, and (B) if the defense article is lost or destroyed while on loan, the country or international organization to which it was loaned will pay to the United States an amount equal to the replacement cost (less any depreciation in the value) of the defense article.".

(d)(1) Section 109 of the International Security and Development Cooperation Act of 1980 is repealed.

(2) Section 36(a) of the Arms Export Control Act is amended—

(A) by inserting "and" at the end of paragraph (8);

(B) by striking out "; and" at the end of paragraph (9) and inserting in lieu thereof a period; and

(C) by striking out paragraph (10).

MILITARY ASSISTANCE

SEC. 108. (a)(1) Section 504(a) of the Foreign Assistance Act of 1961 is amended to read as follows:

"(a)(1) There are authorized to be appropriated to the President to carry out the purposes of this chapter not to exceed $304,375,000 for the fiscal year 1982 and not to exceed $304,375,000 for the fiscal year 1983.

"(2)(A) Of the amount available to carry out this chapter for the fiscal year 1982, $248,375,000 shall be available only to provide grants to be used under section 503(a)(3) of this Act to finance the procurements of defense articles and defense services by countries for which foreign military sales credits under section 23 of the Arms Export Control Act were requested in the fiscal year 1982 congressional presentation materials but for which such credits were not made available by the Congress. The grant to a country under this subparagraph may not exceed an amount equal to one-fourth of the amount of such credits so requested for that country, except that such grant may be increased by not more than 20 percent of such amount if the President deems such increase necessary for the purposes of this subparagraph.

"(B) Of the amount available to carry out this chapter for the fiscal year 1983, $248,375,000 shall be available only to provide grants to be used under section 503(a)(3) of this Act to finance the procurements of defense articles and defense services by countries for which such grants are requested in the fiscal year 1983 congressional presentation materials for use in conjunction with loan guarantees under section 24(a) of the Arms Export Control Act. The grant to a country under this subparagraph may not exceed the amount of the grant so requested for that country, except that such grant may be increased by not more than 20 percent of such amount if the President deems such increase necessary for the purposes of this subparagraph.

"(3) Amounts appropriated under this subsection are authorized to remain available until expended.".

(2) Section 503(a)(3) of such Act is amended by striking out "504(a)(1) of this Act, within the dollar limitations of that section," and inserting in lieu thereof "504(a)(2) of this Act".

(b) Effective October 1, 1981, section 516 of such Act is repealed.

STOCKPILING OF DEFENSE ARTICLES FOR FOREIGN COUNTRIES

SEC. 109. Section 514(b)(2) of the Foreign Assistance Act of 1961 is amended by striking out "$85,000,000 for the fiscal year 1981" and inserting in lieu thereof "$100,000,000 for the fiscal year 1982 and $125,000,000 for the fiscal year 1983".

INTERNATIONAL MILITARY ASSISTANCE AND SALES PROGRAM MANAGEMENT

SEC. 110. Section 515 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 515. OVERSEAS MANAGEMENT OF ASSISTANCE AND SALES PROGRAMS.—(a) In order to carry out his responsibilities for the management of international security assistance programs conducted under this chapter, chapter 5 of this part, and the Arms Export Control Act, the President may assign members of the Armed Forces of the United States to a foreign country to perform one or more of the following functions:

"(1) equipment and services case management;

"(2) training management;

"(3) program monitoring;

"(4) evaluation and planning of the host government's military capabilities and requirements;

"(5) administrative support;

"(6) promoting rationalization, standardization, interoperability, and other defense cooperation measures among members of the North Atlantic Treaty Organization and with the Armed Forces of Japan, Australia, and New Zealand; and

"(7) liaison functions exclusive of advisory and training assistance.

"(b) Advisory and training assistance conducted by military personnel assigned under this section shall be kept to an absolute minimum. It is the sense of the Congress that advising and training assistance in countries to which military personnel are assigned under this section shall be provided primarily by other personnel who are not assigned under this section and who are de-

tailed for limited periods to perform specific tasks.

"(c)(1) The number of members of the Armed Forces assigned to a foreign country under this section may not exceed six unless specifically authorized by the Congress. The President may waive this limitation if he determines and reports to the Committee on Foreign Relations of the Senate and the Committtee on Foreign Affairs of the House of Representatives, 30 days prior to the introduction of the additional military personnel, that United States national interests require that more than six members of the Armed Forces be assigned under this section to carry out international security assistance programs in a country not specified in this paragraph. For the fiscal year 1982 and the fiscal year 1983, Indonesia, the Republic of Korea, the Philippines, Thailand, Egypt, Jordan, Morocco, Saudi Arabia, Greece, Portugal, Spain, and Turkey are authorized to have military personnel strengths larger than six under this section to carry out international security assistance programs.

"(2) The total number of members of the Armed Forces assigned under this section to a foreign country in a fiscal year may not exceed the number justified to the Congress for that country in the congressional presentation materials for that fiscal year, unless the Committee on Foreign Relations of the Senate and the Committee on Foreign Affairs of the House of Representatives are notified 30 days in advance of the introduction of the additional military personnel.

"(d) Effective October 1, 1982, the entire costs (including salaries of United States military personnel) of overseas management of international security assistance programs under this section shall be charged to or reimbursed from funds made available to carry out this chapter, other than any such costs which are either paid directly for such defense services under section 21(a) of the Arms Export Control Act or reimbursed from charges for services collected from foreign governments pursuant to sections 21(e) and section 43(b) of that Act.

"(e) Members of the Armed Forces assigned to a foreign country under this section shall serve under the direction and supervision of the Chief of the United States Diplomatic Mission to that country.

"(f) The President shall continue to instruct United States diplomatic and military personnel in the United States missions abroad that they should not encourage, promote, or influence the purchase by any foreign country of United States-made military equipment, unless they are specifically instructed to do so by an appropriate official of the executive branch.".

INTERNATIONAL MILITARY EDUCATION AND TRAINING

SEC. 111. Section 542 of the Foreign Assistance Act of 1961 is amended by striking out "$34,000,000 for the fiscal year 1981" and inserting in lieu thereof "$47,700,000 for the fiscal year 1982 and $52,745,000 for the fiscal year 1983".

PEACEKEEPING OPERATIONS

SEC. 112. (a) Section 552(a) of the Foreign Assistance Act of 1961 is amended by striking out "$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "$19,000,000 for the fiscal year 1982 and $19,000,000 for the fiscal year 1983".

(b) Section 551 of such Act is amended by adding at the end thereof the following new sentence: "Unless the Congress hereafter expressly approves such action, the authority of this chapter may not be used either to finance the establishment of a peacekeeping force in the Sinai pursuant to the treaty between Egypt and Israel or to position units of the United States Armed Forces in the Sinai.".

(c)(1) Section 552(c) of such Act is amended by striking out "(1)" and all that follows through "may not be transferred" and inserting in lieu thereof "the total amount so transferred in any fiscal year may not exceed $15,000,000".

(2) The amendment made by this subsection shall take effect on October 1, 1981.

RESTRICTIONS ON MILITARY ASSISTANCE AND SALES TO EL SALVADOR

SEC. 113. (a)(1) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the community of American States generally, that the recent civil strife in El Salvador has caused great human suffering and disruption to the economy of that country, and that substantial assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process.

(2) Taking note of the substantial progress made by the Government of El Salvador in land and banking reforms, the Congress declares it should be the policy of the United States to encourage and support the Government of El Salvador in the implementation of these reforms.

(3) The United States also welcomes the continuing efforts of President Duarte and his supporters in the Government of El Salvador to establish greater control over the activities of members of the armed forces and government security forces. The Congress finds that it is in the interest of the United States to cooperate with the Durate government in putting an end to violence in El Salvador by extremist elements among both the insurgents and the security forces, and in establishing a unified command and control of all government forces.

(4) The United States supports the holding of free, fair, and open elections in El Salvador at the earliest date. The Congress notes the progress being made by the Duarte government in this area, as evidenced by the appointment of an electoral commission.

(b) Funds may be obligated for assistance for El Salvador under chapter 2 or 5 of part II of the Foreign Assistance Act of 1961, letters of offers may be issued and credits and guarantees may be extended for El Salvador under the Arms Export Control Act, and members of the Armed Forces may be assigned or detailed to El Salvador to carry out functions under the Foreign Assistance Act of 1961 or the Arms Export Control Act, only if prior to each such obligation, issuance, extension, or assignment, the President makes a certification in accordance with subsection (d).

(c) Thirty days after the date of enactment of this section and at the end of each succeeding six-month period thereafter, the President shall make a certification in accordance with subsection (d) if he is able to make the determinations required by paragraphs (1) through (5) of that subsection. If at any of the times specified in the preceding sentence of this subsection the President does not make such a certification, then the President shall immediately—

(1) suspend all expenditures of funds and other deliveries of assistance for El Salvador which were obligated under chapters 2 and 5 of part II of the Foreign Assistance Act of 1961 after the date of enactment of this Act;

(2) withhold all approvals for use of credits and guarantees for El Salvador which were extended under the Arms Export Control Act after the date of enactment of this Act;

(3) suspend all deliveries of defense articles, defense services, and design and construction services to El Salvador which were sold under the Arms Export Control Act after the date of enactment of this Act; and

(4) order the prompt withdrawal from El Salvador of all members of the Armed Forces performing defense services, conducting international military education and training activities, or performing management functions under section 515 of the Foreign Assistance Act of 1961.

Any suspension of assistance pursuant to paragraphs (1) through (4) of this subsection shall remain in effect until such time as the President makes a certification in accordance with subsection (d).

(d) The certification required by subsection (b) and (c) is a certification by the President to the Speaker of the House of Representative and to the Committee on Foreign Relations of the Senate that the Government of El Salvador—

(1) is not engaged in a consistent pattern of gross violations of internationally recognized human rights;

(2) is achieving substantial control over all elements of its own armed forces, so as to bring to an end the indiscriminate torture and murder of Salvadoran citizens by these forces;

(3) is making continued progress in implementing essential economic and political reforms, including the land reform program, and is supporting the private sector;

(4) is committed to the holding of free elections at an early date; and

(5) has demonstrated its willingness to negotiate with opposition groups an equitable political resolution of the conflict.

Each such certification shall discuss fully and completely the justification for making each of the determinations required by paragraph (1) through (5).

(e) The President may not make any certification under subsection (b) of this section until after he has certified to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate that he has determined that the Government of El Salvador has made good faith efforts both to investigate the murders of the six United States citizens in El Salvador in December 1980 and January 1981 and to bring to justice those responsible for those murders.

ASSISTANCE FOR PAKISTAN

SEC. 114. (a)(1) The Congress recognizes that the Soviet invasion of Afghanistan and the continued Soviet presence in Afghanistan threaten the security interests of Pakistan. The Congress also recognizes that it is in the mutual self interest of Pakistan and the United States—

(A) for the United States to assist the Government of Pakistan in the preservation of its national independence and integrity, and

(B) to avoid the profoundly destabilizing effects of the proliferation of nuclear explosive devices or the capacity to manufacture or otherwise acquire nuclear devices.

(2) The United States reaffirms the commitment made in its 1959 bilateral agreement with Pakistan relating to aggression from a communist or communist-dominated state.

(3) Security assistance for Pakistan shall be made available in order to assist Pakistan in dealing with the threat to its security posed by the Soviet presence in Afghanistan. The United States will take appropriate steps to ensure that defense articles provided by the United States to Pakistan are used for defensive purposes.

(b)(1) In addition to amounts otherwise available for such purpose, there are authorized to be appropriated $100,000,000 for the fiscal year 1982 for use in providing assistance for Pakistan under chapter 4 of part II of the Foreign Assistance Act of 1961. Amounts appropriated under this subsection are authorized to remain available until expended.

(2) Assistance for Pakistan under this subsection shall be subject to the requirements of section 669 of the Foreign Assistance Act of 1961 (as amended and restated by this Act).

PROHIBITIONS RELATING TO NUCLEAR TRANSFER AND NUCLEAR DETONATIONS

SEC. 115. (a) The Congress reaffirms that a nuclear detonation by any non-nuclear weapon state would cause grave damage to bilateral relations between the United States and that country and declares that, in the event of such a detonation, United States economic and military assistance programs for that country would be subject to termination as provided in section 669 of the Foreign Assistance Act of 1961 (as amended and restated by this section).

(b) The Foreign Assistance Act of 1961 is amended by striking out sections 669 and 670 and inserting in lieu thereof the following new section 669:

"SEC. 669. NUCLEAR TRANSFERS AND NUCLEAR DETONATIONS.—(a)(1) Except as provided in subsection (b), economic and military assistance under this Act and the Arms Export Control Act (including assistance under chapters 2, 4, 5, and 6 of part II of this Act and credits and guarantees under the Arms Export Control Act) may not be provided to any country which on or after the date of enactment of the International Security Assistance Act of 1977—

"(A) delivers nuclear enrichment equipment, materials, or technology to any other foreign country or receives such equipment, materials, or technology from any other foreign country, unless before such delivery—

"(i) the supplying country and receiving country have reached agreement to place all such equipment, materials, or technology, upon delivery, under multilateral auspices and management when available; and

"(ii) the receiving country has entered into an agreement with the International Atomic Energy Agency (IAEA) to place all such equipment, materials, technology, and all nuclear fuel and facilities in such country under IAEA safeguards; or

"(B) delivers nuclear reprocessing equipment, materials, or technology to any other foreign country or receives such equipment, materials, or technology from any other foreign country (except for the transfer of reprocessing technology associated with the investigation, under international evaluation programs in which the United States participates, of technologies which are alternatives to pure plutonium reprocessing).

"(2) Except as provided in subsection (b), economic and military assistance under this Act and the Arms Export Control Act (including assistance under chapters 2, 4, 5, and 6 of part II of this Act and credits and guarantees under the Arms Export Control Act) shall be suspended to any country which on or after the date of enactment of the International Security Assistance Act of 1977—

"(A) transfers a nuclear explosive device to a non-nuclear-weapon state; or

"(B) in the case of a non-nuclear-weapon state—

"(i) receives a nuclear explosive device, or

"(ii) detonates a nuclear explosive device.

"(b) Subject to subsection (c), assistance which would otherwise be prohibited under subsection (a) may be furnished to a country if, before furnishing such assistance, the President transmits to the Speaker of the House of Representatives, and to the Chairman of the Committee on Foreign Relations of the Senate, a certification that the President has made the following determination:

"(1) In the case of a country described in subsection (a)(1), a determination that the termination of assistance would—

"(A) be seriously prejudicial to the achievement of United States nonproliferation objectives, or

"(B) otherwise jeopardize the common defense and security.

"(2) In the case of a country described in subsection (a)(2), a determination that the termination of assistance would, because of extraordinary circumstances—

"(A) be seriously prejudicial to the achievement of United States nonproliferation objectives, or

"(B) otherwise jeopardize the common defense and security.

Any certification under this subsection shall be in writing and shall include a statement setting forth the specific reasons for the certification and describing those actions the President has taken or intends to take specifically to further United States nonproliferation objectives in the region.

"(c)(1) A certification under subsection (b) shall take effect on the date on which the certification is received by the Congress. However, if the Congress, during the period of 30 days of continuous session of Congress which begins on the date the certification is received by the Congress, adopts a concurrent resolution stating in substance that the Congress disapproves the furnishing of assistance pursuant to the certification, then upon the adoption of that resolution the certification shall cease to be effective and all deliveries of assistance furnished under the authority of that certification shall be suspended immediately.

"(2)(A) Any concurrent resolution under this subsection shall be considered in the Senate in accordance with the provisions of section 601(b) of the International Security Assistance and Arms Export Control Act of 1976.

"(B) For the purpose of expediting the consideration and adoption of concurrent resolutions under this subsection, a motion to proceed to the consideration of any such resolution after it has been reported by the appropriate committee shall be treated as highly privileged in the House of Representatives.

"(C) For purposes of this subsection, continuity of session is broken only by an adjournment of Congress sine die and the days on which either House is not in session because of an adjournment of more than three days to a day certain are excluded in the computation of any period of time in which Congress is in continuous session.

"(d) As used in this section, the term 'non-nuclear-weapon state' means any country which is not a nuclear-weapon state, as defined in article IX(3) of the Treaty on the Non-Proliferation of Nuclear Weapons.".

FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES

SEC. 116. Chapter 1 of the Arms Export Control Act is amended by adding at the end thereof the following new section:

"SEC. 6. FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES.—(a) After the date of enactment of this section, letters of offers may be issued, credits and guarantees may be extended, and export licenses may be issued under this Act during a fiscal year with respect to a foreign country only if the President has certified, during that fiscal year, to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate that the governing authorities of that country are not engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

TITLE II—ECONOMIC SUPPORT FUND

AUTHORIZATION OF APPROPRIATIONS

SEC. 201. Section 531(b)(1) of the Foreign Assistance Act of 1961 is amended by striking out "for the fiscal year 1981, $2,065,300,000" and inserting in lieu thereof "$2,588,000,000 for the fiscal year 1982 and $2,738,000,000 for the fiscal year 1983".

PROVISIONS RELATING TO USE OF FUNDS

SEC. 202. Chapter 4 of part II of the Foreign Assitance Act of 1961 is amended by striking out sections 532 and 533 and inserting in lieu thereof the following new sections:

"SEC. 532. MIDDLE EAST PROGRAMS.—(a)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, not less than $785,000,000 for each such year shall be available only for Israel and not less than $750,000,000 for each year shall be available only for Egypt. Amounts made available for Israel and Egypt for the fiscal year 1982 pursuant to this paragraph shall be in addition to the amounts made available to those countries pursuant to paragraph (4) of this subsection.

"(2) All of the funds made available to Israel and to Egypt under this chapter for the fiscal years 1982 and 1983 shall be provided on a grant basis.

"(3) The total amount of funds allocated for Israel under this chapter for fiscal year 1982 and for the fiscal year 1983 may be made available as a cash transfer. In exercising the authority of this paragraph, the President shall ensure that the level of cash transfers made to Israel does not cause an adverse impact on the total amount of nonmilitary exports from the United States to Israel.

"(4) In addition to the amounts requested for Israel and Egypt under this chapter for the fiscal year 1982, $21,000,000 shall be made available for Israel for the fiscal year 1982 and $21,000,000 shall be made available for Egypt for the fiscal year 1982 in order to replace the funds which were authorized and appropriated for those countries in the fiscal year 1981 but which were reprogrammed in order to provide assistance for Liberia and El Salvador.

"(5) Funds may be obligated for Egypt under this chapter to finance activities relating to the reclamation of desert lands (known as 'new lands development') 90 days after the Administrator of the Agency for International Development submits a report to the Speaker of the House of Representatives, and the chairman of the Committee on Foreign Relations of the Senate, on the

feasibility, the projected costs, and the cost-benefits of desert reclamation in Egypt and on the projected role and magnitude of United States economic assistance in Egyptian desert reclamation.

"(6) Of the amounts provided to Egypt under this chapter for the fiscal year 1982 and for the fiscal year 1983, up to $50,000,000 for each such year may be used under title XII of chapter 2 of part I of this Act in building agricultural extension services in Egypt for the small farmer in order to upgrade the skills of the agricultural faculty in provincial universities, improve the agricultural curriculum offered and the equipment available in provincial universities, and establish a provincial university extension service with an outreach program which can directly reach the Egyptian small farmer.

"(b)(1) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, $11,000,000 for each such year may be used for special requirements in the Middle East, including regional cooperative projects of a scientific and technological nature in accordance with paragraph (2) of this subsection, other regional programs, development programs on the West Bank and in Gaza, population programs, project development and support, and programs of participant training.

"(2) It is the sense of the Congress that, in order to continue to build the structure of peace in the Middle East, the United States should finance, and where appropriate participate in, cooperative projects of a scientific and technological nature involving Israel and Egypt and other Middle east countries wishing to participate. These cooperative projects should include projects in the fields of agriculture, health, energy, the environment, education, water resources, and the social sciences. Of the funds available under paragraph (1) of this subsection for the fiscal year 1982 and for the fiscal year 1983, $4,000,000 for each such year may be used in accordance with this paragraph for scientific and technological projects which will promote regional cooperation among Israel and Egypt and other Middle East countries.

"(3) The President may obligate funds under paragraph (1) of this subsection only if, in accordance with the established prenotification procedures under section 634A of this Act, he transmits a report to the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives, and to the Committee on Foreign Relations and the Committee on Appropriations of the Senate, at least 15 days prior to such obligation. This report shall set forth—

"(A) the name of the proposed recipient of such funds,

"(B) the amount of funds to be made available to such recipient, and

"(C) the purpose for which such funds are to be made available.

"(4) At the end of the fiscal year 1981, at the end of the fiscal year 1982, and at the end of fiscal year 1983, the President shall report to the Congress on the use of funds under this chapter during that fiscal year for special requirements in the Middle East.

"(c)(1) All funds appropriated in prior fiscal years to carry out this chapter which have been obligated for Syria shall be deobligated except for funds committed or earmarked as of April 9, 1981, for (A) signed contracts; (B) issued invitations for bids, requests for proposals or offers, or purchase orders; (C) projects involving the 'Fixed Amount Reimbursement' payment procedure for which designs has been approved by the Agency for International Development; or (D) participant training which had been approved by the Agency for International Development and which is being conducted in the United States or at a university outside Syria which receives assistance under section 214 of this Act. Except for funds necessary to carry out paragraph (2), all funds deobligated pursuant to this paragraph shall be deposited in the Treasury as miscellaneous receipts.

"(2) Funds deobligated pursuant to paragraph (1) may be used by the Administrator of the Agency for International Development to reimburse a United States company or other United States person for bid and preparation costs if the Administrator determines that—

"(A) those costs were reasonably incurred for a procurement transaction which the Agency for International Development had expressed its intention to finance in whole or in part with the funds deobligated pursuant to paragraph (1), and

"(B) the bid and preparation would have resulted in the award of a contract to that company or person if the funds had not been deobligated pursuant to paragraph (1), to the extent that such reimbursement is allowed under guidelines issued by the Administrator. Such funds may also be used for necessary operating expenses in carrying out this paragraph.

"(d) Of the funds authorized to be appropriated to carry out this chapter, it is the sense of the Congress that $7,000,000 for the fiscal year 1982 and not less than $7,000,000 for the fiscal year 1983 should be available only for Lebanon for relief and rehabilitation programs of international and private voluntary agencies and other not-for-profit United States organizations operating in Lebanon.

"SEC. 533. EASTERN MEDITERRANEAN PROGRAMS.—(a) Not less than two-thirds of the funds made available to Turkey under this chapter for each of the fiscal years 1982 and 1983 shall be provided on a grant basis.

"(b) Of the funds authorized to be appropriated to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983, $15,000,000 for each such year shall be available only for Cyprus. Of that amount, $5,000,000 for each such year shall be for scholarship programs to bring Cypriots to the United States for education.

"SEC. 534. GENERAL PROVISIONS.—(a) Funds available to carry out this chapter for the fiscal year 1982 and for the fiscal year 1983 may not be used to finance the construction of, the operation or maintenance of, or the supplying of fuel for, any nuclear facility in a foreign country unless the President certifies to the Congress that use of funds for such purpose is indispensable to the achievement of nonproliferation objectives which are uniquely significant and of paramount importance to the United States.

"(b)(1) Of the funds appropriated to carry out this chapter, up to $100,000,000 for the fiscal year 1982 and up to $100,000,000 for the fiscal year 1983 may be made available for emergency use under this chapter when the national interests of the United States urgently require economic support to promote economic or political stability.

"(2) Notwithstanding any provision of this chapter or of an appropriations Act (including a joint resolution making continuing appropriations) which earmarks funds available to carry out this chapter for a specific country or purpose, up to 5 percent of each amount so earmarked may be used to carry out paragraph (1) of this subsection.".

TITLE III—DEVELOPMENT ASSISTANCE

AGRICULTURE, RURAL DEVELOPMENT, AND NUTRITION

SEC. 301. (a) The first sentence of section 103(a)(2) of the Foreign Assistance Act of 1961 is amended by striking out "$713,500,000 for the fiscal year 1981" and inserting in lieu thereof "$741,279,000 for the fiscal year 1982 and $814,222,000 for the fiscal year 1983, of which up to $1,000,000 for each such year shall be available only to carry out section 316 of the International Security and Development Cooperation Act of 1980".

(b) Section 103 of such Act is amended by adding at the end thereof the following new subsection:

"(g) In order to carry out the purposes of this section, the President may continue to participate in and may provide, on such terms and conditions as he may determine, up to $180,000,000 to the International Fund for Agricultural Development. Effective October 1, 1981, there are authorized to be appropriated to the President for the purposes of this subsection $180,000,000, except that not more than $45,000,000 may be appropriated under this subsection for the fiscal year 1982. Amounts appropriated under this subsection are authorized to remain available until expended.".

POPULATION AND HEALTH

SEC. 302. (a) The first sentence of section 104(g) of the Foreign Assistance Act of 1961 is amended to read as follows: "There are authorized to be appropriated to the President, in addition to funds otherwise available for such purposes—

"(1) $273,370,000 for the fiscal year 1982 and $297,699,000 for the fiscal year 1983 to carry out subsection (b) of this section; and

"(2) $133,405,000 for the fiscal year 1982 and $145,278,000 for the fiscal year 1983 to carry out subsection (c) of this section.".

(b) Section 104(f)(1) of such Act is amended to read as follows:

"(1) None of the funds made available to carry out this part shall be used (A) for the provision of abortion, within or outside the United States; or (B) for research, within or outside the United States, in or related to any methods or techniques that will, with reasonable likelihood, cause the death of a fetus after conception.".

EDUCATION AND HUMAN RESOURCES DEVELOPMENT

SEC. 303. (a) The second sentence of section 105(a) of the Foreign Assistance Act of 1961 is amended by striking out "$101,000,000 for the fiscal year 1981" and inserting in lieu thereof "$109,574,000 for the fiscal year 1982 and $119,326,000 for the fiscal year 1983".

(b) Such section is further amended by adding at the end thereof the following: "For each of the fiscal years 1982 and 1983, the President shall use not less than $5,700,000 of the funds made available for purposes of this section to finance scholarships for undergraduate or professional education in the United States for South African students who are disadvantaged by virtue of legal restrictions on their ability to get an adequate undergraduate or professional education, except that up to $1,000,000 of the funds made available for each such fiscal year under chapter 4 of part II of this Act for southern African re-

gional programs may be used to finance such scholarships in lieu of an equal amount under this section.".

ENERGY DEVELOPMENT AND PRODUCTION

SEC. 304. (a) Section 106 of the Foreign Assistance Act of 1961 is amended—

(1) in the section caption by striking out "ENERGY, PRIVATE VOLUNTARY ORGANIZATIONS, AND SELECTED DEVELOPMENT ACTIVITIES" and inserting in lieu thereof "ENERGY DEVELOPMENT AND PRODUCTION";

(2) in subsection (b)(1)(B) by striking out "fiscal year 1981" and inserting in lieu thereof "fiscal year 1982 and up to $7,000,000 for the fiscal year 1983"; and

(3) by inserting immediately after subsection (c) the following new subsection:

"(d)(1) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $39,446,000 for the fiscal year 1982 and $42,957,000 for the fiscal year 1983.

"(2) Amounts appropriated under this section are authorized to remain available until expended.".

(b) Such section 106 is further amended—

(1) by striking out "(d) The President" and inserting in lieu thereof "SEC. 107. PRIVATE VOLUNTARY ORGANIZATIONS AND SELECTED DEVELOPMENT ACTIVITIES.—(a) The President";

(2) by striking out "and 105" in the text preceding paragraph (1) and inserting in lieu thereof "105, and 106"; and

(3) by striking out "(e)" and inserting in lieu thereof "(b)".

(c)(1) Existing section 107 of such Act is redesignated as section 108.

(2) Section 110 of such Act is amended by striking out "106" both places it appears and inserting in lieu thereof "107".

PRIVATE VOLUNTARY ORGANIZATIONS AND SELECTED DEVELOPMENT ACTIVITIES

SEC. 305. (a)(1) Paragraph (3) of section 107(a) of the Foreign Assistance Act of 1961, as so redesignated by section 304(b)(1) of this Act, is amended by inserting immediately before the semicolon at the end thereof "and programs of disaster preparedness, including the prediction of and contingency planning for natural disasters abroad".

(2) The amendment made by this section shall take effect on October 1, 1981.

(b) Section 107(b)(1) of such Act, as so redesignated by section 304(b)(3) of this Act, is amended by striking out "$140,000,000 for the fiscal year 1981" and inserting in lieu thereof "$178,794,000 for the fiscal year 1982 and $194,707,000 for the fiscal year 1983".

HUMAN RIGHTS

SEC. 306. The first sentence of section 116(e) of the Foreign Assistance Act of 1961 is amended by striking out "the fiscal year 1981" and inserting in lieu thereof "each of the fiscal years 1982 and 1983".

ENVIRONMENT AND NATURAL RESOURCES

SEC. 307. Section 118 of the Foreign Assistance Act of 1961 is amended to read as follows:

"SEC. 118. ENVIRONMENT AND NATURAL RESOURCES.—(a) The Congress finds that if current trends in the degradation of natural resources in developing countries continue, they will severely undermine the best efforts to meet basic human needs, to achieve sustained economic growth, and to prevent international tension and conflict. The Congress also finds that the world faces enormous, urgent, and complex problems, with respect to natural resources, which require new forms of cooperation between the United States and developing nations to prevent such problems from becoming unmanageable. It is, therefore, in the economic and security interests of the United States to provide leadership both in thoroughly reassessing policies relating to natural resources and the environment, and in cooperating extensively with developing countries in order to achieve environmentally sound development.

"(b) In order to address the serious problems described in subsection (a), the President is authorized to furnish assistance under this part for developing and strengthening the capacity of developing countries to protect and manage their environment and natural resources. Special efforts shall be made to maintain and where possible to restore the land, vegetation, wildlife, and other resources upon which depend economic growth and human well-being, especially of the poor.

"(e)(1) The President, in implementing programs and projects under this chapter, shall take fully into account the impact of such programs and projects upon the environment and natural resources of developing countries. Subject to such procedures as the President considers appropriate, the President shall require all agencies and officials responsible for programs or projects under this chapter—

"(A) to prepare and take fully into account an environmental impact statement for any program or project under this chapter significantly affecting the environment of the global commons outside the jurisdiction of any country, the environment of the United States, or other aspects of the environment which the President may specify; and

"(B) to prepare and take fully into account an environmental assessment of any proposed program or project under this chapter significantly affecting the environment of any foreign country.

Such agencies and officials should, where appropriate, use local technical resources in preparing environmental impact statements and environmental assessments pursuant to this subsection.

"(2) The President may establish exceptions from the requirements of this subsection for emergency conditions and for cases in which compliance with those requirements would be seriously detrimental to the foreign policy interests of the United States.

"(d)(1) In enacting section 103(b)(3) of this Act the Congress recognized the importance of forests and tree cover to the developing countries. The Congress is particularly concerned about the continuing and accelerating alteration, destruction, and loss of tropical forests in developing countries. Tropical forests consitute a major world resource. Their destruction and loss pose a serious threat to development and the environment in developing countries. Tropical forest destruction and loss result in shortages of wood, especially wood for fuel; siltation of lakes, reservoirs and irrigation systems; floods; destruction of indigenous peoples; extinction of plant and animal species; reduced capacity for food production; and loss of genetic resources; and can result in desertification and in destabilization of the earth's climate. Properly managed tropical forests provide a sustained source of fiber and other commodities essential to the economic growth of developing countries.

"(2) The concerns expressed in paragraph (1) and the recommendations of the United States Interagency Task Force on Tropical Forests shall be considered by the President—

"(A) in formulating and carrying out programs and policies with respect to developing countries, including those relating to bilateral and multilateral assistance and those relating to private sector activities, and

"(B) in seeking opportunities to coordinate public and private development and investment activities which affect forests in developing countries.

"(3) It is the sense of the Congress that the President should instruct the representatives of the United States to the United Nations and to other appropriate international organizations to urge—

"(A) that higher priority be given in the programs of these organizations to the problems of tropical forest alteration and loss, and

"(B) that there be improved cooperation and coordination among these organizations with respect to tropical forest activities.".

SAHEL DEVELOPMENT PROGRAM—IMPLEMENTATION

SEC. 308. (a) Section 121(c) of the Foreign Assistance Act of 1961 is amended in the third sentence by striking out "$88,442,000 for the fiscal year 1981" and inserting in lieu thereof "$86,558,000 for the fiscal year 1982 and $117,068,000 for the fiscal year 1983".

(b) Section 121 of such Act is amended by adding at the end thereof the following new subsection:

"(d) Funds available to carry out this section (including foreign currencies acquired with funds appropriated to carry out this section) may not be made available to any foreign government for disbursement unless the Administrator of the Agency for International Development determines that the foreign government will maintain a system of accounts with respect to those funds which will provide adequate identification of and control over the receipt and expenditure of those funds.".

HOUSING GUARANTY PROGRAMS

SEC. 309. (a) Section 222(a) of Foreign Assistance Act of 1961 is amended—

(1) in the second sentence by striking out "$1,555,000,000" and inserting in lieu thereof "$1,718,000,000"; and

(2) in the third sentence by striking out "September 30, 1982" and inserting in lieu thereof "September 30, 1984".

(b) Section 223(b) of such Act is amended by adding at the end thereof the following: "All of the foregoing fees referred to in this section together with earnings thereon and other income arising from guaranty operations under this title shall be held in a revolving fund account maintained in the Treasury of the United States. All funds in such account may be invested in obligations of the United States. Any interest or other receipts derived from such investments shall be credited to such account and may be used for the purposes cited in this section.".

INTERNATIONAL ORGANIZATIONS AND PROGRAMS

SEC. 310. (a) Section 301 of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new subsection:

"(h) The President is authorized to permit the United States to participate in and to use any of the funds made available under this part after the date of enactment of this subsection for the purpose of furnishing assistance (on such terms and conditions as the President may determine) to the International Food Policy Research Institute.".

(b) Section 302(a)(1) of such Act is amended by striking out "$233,350,000 for the fiscal year 1981" and inserting in lieu thereof "$255,650,000 for the fiscal year 1982 and $278,403,000 for the fiscal year 1983, of which amount for each such year not less than $45,000,000 shall be made available for the United Nations Children's Fund, not less than $8,200,000 shall be made available for the United Nations Environment Program, not less than $500,000 shall be made available for the United Nations Institute for Training and Research, and not less than $400,000 shall be made available for the United Nations Trust Fund for South Africa".

TRADE AND DEVELOPMENT PROGRAM

SEC. 311. (a) The section caption of section 661 of the Foreign Assistance Act of 1961 is amended by striking out "REIMBURSABLE DEVELOPMENT PROGRAMS" and inserting in lieu thereof "TRADE AND DEVELOPMENT PROGRAM".

(b) Such section 661 is further amended—

(1) by inserting "(a)" immediately before "The President";

(2) in the first sentence by striking out "to use $4,000,000 of the funds made available for the fiscal year 1981 for the purposes of this Act"; and

(3) by adding at the end thereof the following new subsection:

"(b) There are authorized to be appropriated to the President for purposes of this section, in addition to funds otherwise available for such purposes, $10,000,000 for the fiscal year 1982 and $10,890,000 for the fiscal year 1983. Amounts appropriated under this subsection are authorized to remain available until expended.".

AFRICAN DEVELOPMENT FOUNDATION

SEC. 312. Section 510 of the International Security and Development Cooperation Act of 1980 is amended—

(1) by striking out "for the fiscal year 1981"; and

(2) by inserting "for the fiscal year 1982 and $2,178,000 for the fiscal year 1983" immediately after "$2,000,000".

IMPROVING INFANT FEEDING PRACTICES

SEC. 313. (a) It is the sense of the Congress that the United States should strongly support the efforts of developing countries to improve infant feeding practices, in particular, through the promotion of breastfeeding. As a demonstration of that support, the President is authorized to spend up to $5,000,000 of the funds made available for the fiscal year 1982 to carry out the purposes of sections 103 and 104(c) of the Foreign Assistance Act of 1961 in order to assist developing countries establish or improve programs to encourage improved infant feeding practices.

(b) The President shall, as part of the Congressional Presentation Documentation for fiscal years 1983 and 1984, include information relevant to the implementation of this section, including—

(1) a description of actions taken by the Agency for International Development to promote breastfeeding and to improve supplemental infant feeding practices in developing countries through funds made available in this section and through its regular programs in the fields of health, nutrition, and population activities; and

(2) a summary of reports by member countries of the World Health Organization on their actions to implement the International Code of Marketing of Breastmilk Substitutes.

TITLE IV—FOOD FOR PEACE PROGRAMS

REPEAL OF OBSOLETE FOREIGN CURRENCY PROVISIONS

SEC. 401. The Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in section 101, by striking out "for foreign currencies" and inserting in lieu thereof ", to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement";

(2) by amending section 103(b) to read as follows:

"(b) except where the President determines that it would be inconsistent with the objectives of this Act, determine the amount of foreign currencies needed for the uses specified in subsections (a), (b), (e), and (h) of section 104 and in title III, and the agreements for credit sales shall provide for payment of such amounts in dollars or in foreign currencies upon delivery of the agricultural commodities; and such payment may be considered as an advance payment of the earliest installments;";

(3) in section 103(d), by striking out "(1)" and by striking out ", or (2) for the purpose only of sales of agricultural commodities for foreign currencies under title I of this Act, any country or area dominated by a Communist government";

(4) in section 103(l), by striking out "obtain commitments from friendly" and all that follows through "United States of America, and";

(5) in section 104—

(A) in the text preceding subsection (a), by striking out "this title" and inserting in lieu thereof "agreements for such sales entered into prior to January 1, 1972,"; and

(B) in paragraph (3) of the proviso following subsection (k), by striking out "(except as provided in subsection (c) of this section),";

(6) in section 106(a), by adding at the end thereof the following new sentence: "Payment by any friendly country for commodities purchased for foreign currencies on credit terms and on terms which permit conversion to dollars shall be upon terms no less favorable to the United States than those for development loans made under section 122(b) of the Foreign Assistance Act of 1961.";

(7) by repealing section 108; and

(8) by repealing section 109(b).

EMERGENCY OR EXTRAORDINARY RELIEF REQUIREMENTS

SEC. 402. Section 104(d) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "$5,000,000" and inserting in lieu thereof "$10,000,000".

SELF-HELP MEASURES TO INCREASE AGRICULTURAL PRODUCTION

SEC. 403. Section 109(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended—

(1) in paragraph (3), by inserting immediately before the semicolon ", and reducing illiteracy among farmers";

(2) by striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) by inserting the following new paragraph immediately after paragraph (10):

"(11) carrying out programs to improve the health of farmers and their families.".

ASSESSMENT OF SELF-HELP PROVISIONS

SEC. 404. Section 109 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new subsection:

"(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum feasible extent, in quantitative and measurable terms, and (B) in a manner which ensures that the needy people in the recipient country will be the major beneficiaries of the self-help measures pursuant to each agreement.

"(2) The President shall, to the maximum feasible extent, take appropriate steps to satisfy himself that, in each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measure which the recipient country agrees to undertake are additional to the measures which the receipient country otherwise would have undertaken irrespective of that agreement or amendment.

"(3) The President shall take all appropriate steps to determine whether the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out.".

ALLOCATION OF TITLE I ASSISTANCE

SEC. 405. Title I of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof the following new section:

"SEC. 116. Beginning with fiscal year 1983, not more than 30 percent of the dollar amount of financing made available under this title in each fiscal year may be made available for any one country.".

TITLE II MINIMUM

SEC. 406. Section 201 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "1,400,000 metric tons" and inserting in lieu thereof "1,200,000 metric tons for nonemergency programs".

TITLE V—OTHER ASSISTANCE PROGRAMS

AMERICAN SCHOOLS AND HOSPITALS ABROAD

SEC. 501. Section 214(c) of the Foreign Assistance Act of 1961 is amended by striking out "$30,000,000 for the fiscal year 1981" and inserting in lieu thereof "$20,000,000 for the fiscal year 1982 and $20,000,000 for the fiscal year 1983".

INTERNATIONAL NARCOTICS CONTROL

SEC. 502. (a)(1) Subsection (d) of section 481 of the Foreign Assistance Act of 1961 is repealed.

(2) Assistance provided from funds appropriated, before the enactment of this Act, to carry out section 481 of the Foreign Assistance Act of 1961 may be made available for purposes prohibited by subsection (d) of such section as in effect immediately before the enactment of this subsection.

(3) Funds appropriated for the fiscal year 1980 to carry out section 481 of the Foreign Assistance Act of 1961 which were obligated for assistance for the Republic of Colombia may be used for purposes other than those set forth in section 482(a)(2) of that Act as in effect immediately before the enactment of the International Security and Development Cooperation Act of 1980.

(4) Paragraphs (2) and (3) of this subsection shall apply only to the extent provided in advance in an appropriations Act. For such purpose, the funds described in those paragraphs are authorized to be made available for the purposes specified in those paragraphs.

(b) Section 482(a) of such Act is amended to read as follows:

"(a)(1) To carry out the purposes of section 481, there are authorized to be appropriated to the President $37,700,000 for the fiscal year 1982 and $41,055,000 for the fiscal year 1983.

"(2) Amounts appropriated under this subsection are authorized to remain available until expended.".

INTERNATIONAL DISASTER ASSISTANCE

SEC. 503. Section 492(a) of the Foreign Assistance Act of 1961 is amended by striking out "$25,000,000 for the fiscal year 1981" and inserting in lieu thereof "$27,000,000 for the fiscal year 1982 and $27,000,000 for the fiscal year 1983".

ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA

SEC. 504. Chapter 9 of part I of the Foreign Assistance Act of 1961 is amended by adding at the end thereof the following new section:

"SEC. 495I. ASSISTANCE FOR DISPLACED PERSONS IN CENTRAL AMERICA.—(a)(1) The Congress recognizes that prompt United States assistance is necessary to help meet the basic human needs of persons displaced by strife in El Salvador. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to help alleviate the suffering of these displaced persons. Assistance provided under this section shall be for humanitarian purposes, with emphasis on the provision of food, medicine, medical care, and shelter and, where possible, implementation of other relief and rehabilitation activities. The Congress encourages the use, where appropriate, of the services of private and voluntary organizations and international relief agencies in the provision of assistance under this section.

"(2) The Congress understands that the country of Belize has expressed interest and willingness in the resettlement in its territory of Haitian nationals who desire to settle in Belize. Therefore, the President is authorized to furnish assistance, on such terms and conditions as he may determine, to assist athe Government of Belize in the resettlement of Haitian nationals in the national territory of Belize.

"(b) There are authorized to be appropriated to the President for the purposes of this section, in addition to amounts otherwise available for such purposes, $5,000,000 for the fiscal year 1982 and $5,445,000 for the fiscal year 1983. Amounts appropriated under this section are authorized to remain available until expended.

"(c) Assistance under this section shall be provided in accordance with the policies and utilizing general authorities provided in section 491.".

TITLE VI—PEACE CORPS

ESTABLISHMENT AS AN INDEPENDENT AGENCY

SEC. 601. (a)(1) Effective on the date of the enactment of this Act, the Peace Corps shall be an independent agency within the executive branch and shall not be an agency within the ACTION Agency or any other department or agency of the United States.

(2) Section 3 of the Peace Corps Act is amended by repealing subsections (d), (e), and (f).

(3) The amendment made by paragraph (2) of this subsection shall not alter or affect (A) the validity of any action taken before the date of the enactment of this Act under those provisions of law repealed by that amendment, or (B) the liability of any person for any payment described in section 3(f) of the Peace Corps Act.

(b) Section 4(b) of the Peace Corps Act is amended by striking out "such agency or officer of the United States Government as he shall direct. The head of any such agency or any such officer" and inserting in lieu thereof "the Director of the Peace Corps. The Director of the Peace Corps".

(c)(1) The Director of the Peace Corps shall continue to exercise all the functions under the Peace Corps Act which the Director was performing on the day before the date of the enactment of this Act.

(2) There are transferred to the Director of the Peace Corps all functions relating to the Peace Corps which were vested in the Director of the ACTION Agency on the day before the date of the enactment of this Act.

(3) All personnel, liabilities, contracts, property, records, and unexpended balances of appropriations, authorizations, allocations, and other funds as are determined by the Director of the Office of Management and Budget, after consultation with the Comptroller General of the United States, the Director of the Peace Corps, and the Director of the ACTION Agency, to be employed, held, used, or assumed primarily in connection with any function of the Peace Corps before the date of the enactment of this Act shall be so employed, held, used, or assumed by the Peace Corps on or after such date of enactment.

(d)(1) Not later than the thirtieth day after the date of the enactment of this Act, the Director of the Office of Management and Budget, after consultation with the Comptroller General of the United States, the Director of the Peace Corps, and the Director of the ACTION Agency, shall report to the appropriate committees of the Congress on the steps taken to implement the provisions of this section, including descriptions of the disposition of administrative matters, including matters relating to personnel, property, records, and unexpended balances of appropriations, allocations, and other funds employed, used, held, available, or to be made available in connection with Peace Corps functions or activities.

(2) Not later than the forty-fifth day after the date of the enactment of this Act, the Comptroller General shall submit to the appropriate committees of the Congress a report stating whether, in the Comptroller General's judgment, determinations made by the Director of the Office of Management and Budget relating to the implementation of the provisions of this section were equitable.

(e) References in any statute, reorganization plan, Executive order, regulation, or other official document or proceeding to the ACTION Agency or the Director of the ACTION Agency with respect to functions or activities relating to the Peace Corps shall be deemed to refer to the Peace Corps or the Director of the Peace Corps, respectively.

AUTHORIZATION OF APPROPRIATIONS

SEC. 602. (a) Section 3(b) of the Peace Corps Act is amended by striking out "fiscal year 1981 not to exceed $118,000,000" and inserting in lieu thereof "the fiscal year 1982 not to exceed $105,000,000 and for the fiscal year 1983 not to exceed $114,345,000".

(b) Section 3(c) of such Act is amended by striking out "fiscal year 1981" and inserting in lieu thereof "each fiscal year".

INTEGRATION OF DISABLED PEOPLE

SEC. 603. Section 3 of the Peace Corps Act is amended by adding at the end thereof the following new subsection:

"(h) In recognition of the fact that there are over 400,000,000 disabled people in the world, 95 percent of whom are among the poorest of the poor, the Peace Corps shall be administered so as to give particular attention to programs, projects, and activities which tend to integrate disabled people into the national economies of developing countries, thus improving their status and assisting the total development effort.".

RESTORATION OF CERTAIN AUTHORITIES FORMERLY CONTAINED IN THE FOREIGN SERVICE ACT

SEC. 604. (a) Section 10 of the Peace Corps Act is amended by adding at the end thereof the following new subsections:

"(i) The Director of the Peace Corps shall have the same authority as is available under section 26 of the State Department Basic Authorities Act of 1956 to the Secretary of State, the Director of the International Communication Agency, and the Director of the United States International Development Cooperation Agency. For purposes of this subsection, the reference in that section to a principal officer of the Foreign Service shall be deemed to be a reference to a Peace Corps representative and the reference in the section to a member of the Foreign Service shall be deemed to be a reference to a person employed, appointed, or assigned under this Act.

"(j) The provisions of section 30 of the State Department Basic Authorities Act of 1956 shall apply to volunteers and persons employed, appointed, or assigned under this Act. For purposes of this subsection, references to the Secretary in subsection (b) of such section shall be deemed to be references to the Director of the Peace Corps and references to the Secretary in subsection (f) of such section shall be deemed to be references to the President. For purposes of subsection (g) of such section, a Peace Corps representative shall be deemed to be principal representative of the United States.".

(b) Section 5(h) of such Act is amended by striking out the last two sentences.

(c) To the extent that the authorities provided by the amendments made by subsection (a) are authorities which are not applicable with respect to the Peace Corps immediately before the enactment of this Act and which require the expenditure of funds, those authorities may not be exercised using any funds appropriated after February 15, 1981, and before the date of enactment of this Act.

MISCELLANEOUS CONFORMING AMENDMENTS

SEC. 605. (a) Section 9 of the Peace Corps Act is amended by striking out "section 10(a)(4)" in the second sentence and inserting in lieu thereof "section 10(a)(5)".

(b) Section 18 of such Act is repealed.

TITLE VII—MISCELLANEOUS PROVISIONS

ADVANCE ACQUISITION OF PROPERTY

SEC. 701. Section 608(a) of the Foreign Assistance Act of 1961 is amended—

(1) in the first sentence—

(A) by inserting ", or (if a substantial savings would occur) other property already owned by an agency of the United States

Government," immediately after "excess personal property", and

(B) by inserting "or supplementary to" immediately after "in lieu of"; and

(2) in the second sentence by inserting "any property available from an agency of the United States Government," immediately before "or other property".

CONSTRUCTION OF PRODUCTIVE ENTERPRISES IN EGYPT

SEC. 702. The first sentence of section 620(k) of the Foreign Assistance Act of 1961 is amended by striking out "for fiscal year 1977, fiscal year 1980, or fiscal year 1981".

COMPENSATION FOR PARTICIPATING AGENCY EMPLOYEES

SEC. 703. (a) The first sentence of section 625(d) of the Foreign Assistance Act of 1961 is amended by striking out "together with allowances and benefits under that Act" and inserting in lieu thereof "or under chapter 53 of title 5, United States Code, or at any other rate authorized by law, together with allowances and benefits under the Foreign Service Act of 1980".

(b) The amendment made by this section shall take effect on October 1, 1981.

OPERATING EXPENSES

SEC. 704. Section 667(a) of the Foreign Assistance Act of 1961 is amended—

(1) by striking out ", for the fiscal year 1981"; and

(2) in paragraph (1) by striking out "$293,800,000" and inserting in lieu thereof "$343,632,000 for the fiscal year 1982 and $374,215,000 for the fiscal year 1983".

INSPECTOR GENERAL

SEC. 705. (a) The Inspector General Act of 1978 is amended—

(1) in paragraph (1) of section 2, by inserting "the Agency for International Development," immediately after "Department of Transportation,";

(2) in section 11—

(A) in paragraph (1), by inserting "the Agency for International Development," immediately after "Administrator of"; and

(B) in paragraph (2), by inserting "the Agency for International Development," immediately after "Transportation or"; and

(3) by inserting immediately after section 8 the following new section 8A:

"SPECIAL PROVISIONS RELATING TO THE AGENCY FOR INTERNATIONAL DEVELOPMENT

"SEC. 8A. (a) In addition to the other duties and responsibilities specified in this Act, the Inspector General of the Agency for International Development—

"(1) shall supervise, direct, and control all security activities relating to the programs and operations of that Agency, subject to the supervision of the Administrator of that Agency; and

"(2) to the extent requested by the Director of the United States International Development Cooperation Agency (after consultation with the Administrator of the Agency for International Development), shall supervise, direct, and control all audit, investigative, and security activities relating to programs and operations within the United States International Development Cooperation Agency.

"(b) In addition to the Assistant Inspector Generals provided for in section 3(d) of this Act, the Inspector General of the Agency for International Development shall, in accordance with applicable laws and regulations governing the civil service, appoint an Assistant Inspector General for Security who shall have the responsibility for supervising the performance of security activities relating to programs and operations of the Agency for International Development.

"(c) The semiannual reports required to be submitted to the Administrator of the Agency for International Development pursuant to section 5(b) of this Act shall also be submitted to the Director of the United States International Development Cooperation Agency.

"(d) In addition to the officers and employees provided for in section 6(a)(6) of this Act, members of the Foreign Service may, at the request of the Inspector General of the Agency for International Development, be assigned as employees of the Inspector General. Members of the Foreign Service so assigned shall be responsible solely to the Inspector General, and the Inspector General (or his or her designee) shall prepare the performance evaluation reports for such members.

"(e) In establishing and staffing field offices pursuant to section 6(c) of this Act, the Administrator of the Agency for International Development shall not be bound by overseas personnel ceilings established under the Monitoring Overseas Direct Employment policy.

"(f) The reference in section 7(a) of this Act to an employee of the establishment shall, with respect to the Inspector General of the Agency for International Development, be construed to include an employee of or under the United States International Development Cooperation Agency.

"(g) The Inspector General of the Agency for International Development shall be in addition to the officers provided for in section 624(a) of the Foreign Assistance Act of 1961.

"(h) As used in this Act, the term 'Agency for International Development' includes any successor agency primarily responsible for administering part I of the Foreign Assistance act of 1961.".

(b)(1) Section 624(g) of the Foreign Assistance Act of 1961 is repealed.

(2) Section 239(e) of such Act is amended by striking out "Auditor General" each of the three places it appears and inserting in lieu thereof "Inspector General".

(3) Section 5316 of title 5, United States Code, is amended by striking out "Auditor General of the Agency for International Development" and inserting in lieu thereof "Inspector General, Agency for International Development".

(c) The individual holding the position of Inspector General of the Agency for International Development on the date of enactment of this section shall not be required to be reappointed by reason of the enactment of this section.

USE OF CERTAIN POLISH CURRENCIES

SEC. 706. (a) Notwithstanding section 1415 of the Supplemental Appropriation Act, 1953, section 508 of the General Government Matters, Department of Commerce, and Related Agencies Appropriation Act, 1962, or any other provision of law, the currencies or credits received by the United States from the April 1981 sale of United States Government-held surplus dairy products to Poland shall, to such extent as may be provided in advance in an appropriation Act, be used by the President in Poland to serve United States interests, including use for activities of common benefit to the people of the United States and the people of Poland, such as joint programs in agriculture, education, science, and culture, and for additional facilities for the Children's Hospital at Krakow.

(b) Notwithstanding any other provision of law, the availability or expenditure of such foreign currencies or credits shall not affect or reduce appropriations otherwise available for the purposes described in subsection (a).

FINDINGS REGARDING GLOBAL SECURITY

SEC. 707. (a) The Congress finds that the security of the United States and other countries is increasingly affected by a broad range of global problems including shortages or potential shortages of food, oil, water, wood, and other basic mineral and natural resources; desperate poverty; sickness; population pressures; environmental deterioration, including soil erosion and water pollution; and large-scale and destabilizing refugee problems.

(b) The Congress finds that hunger, disease, and extreme poverty are among the most critical of these global problems. As ever greater numbers of people perceive the disparity between their own continuing deprivation and the prosperity of others, and judge their predicament to be neither just nor inevitable, it becomes increasingly likely that there will be unrest and violence with consequent disruption of the flow of essential materials, adverse effects on the world economy, decreased likelihood of cooperative efforts toward meeting the other critical problems threatening national and global security, and increased likelihood of confrontation between nations which possess nuclear arms.

(c) Therefore, the Congress finds that the Nation's understanding of global and national security must be broad enough to include the problems cited in this section, and that adequate protection of the security of the United States requires effective action on these global problems, and in particular on the problems of hunger, disease, and extreme poverty.

FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

SEC. 708. The Congress, affirming the value of human life, finds and declares that the elimination of hunger and its causes is of fundamental moral significance and, further, that it is in the political, economic, and security interests of the United States. Therefore, the Congress declares that the elimination of hunger and its causes shall be a primary objective of United States relations with the developing countries.

WORLD FOOD SECURITY RESERVES

SEC. 709. (a) The Congress finds that—

(1) the Congress recently passed and the President signed into law an Act which provides for establishment of a United States food security reserve of up to four million metric tons of wheat to be used for emergency food assistance;

(2) the food import needs of developing countries will increase over the next ten years; and

(3) other grain exporting countries could take additional steps to assure continuity of food assistance during food crisis years.

(b) The President shall encourage other grain exporting countries to establish their own food security reserves or take other measures that complement the United States food security reserve.

(c) The President shall report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the enactment of this Act on the actions he has taken and the response of other countries to these proposals.

PROMOTING THE DEVELOPMENT OF THE HAITIAN PEOPLE AND PROVIDING FOR ORDERLY EMIGRATION FROM HAITI

SEC. 710. (a)(1) It is the sense of the Congress that up to $15,000,000 of the funds available for the fiscal year 1982 to carry out chapter 1 of part I of the Foreign Assistance Act of 1961 should be made available for development assistance for Haiti, subject to the limitation in subsection (b) of this section.

(2) In order to make additional funds available to carry out paragraph (1) of this subsection, there are authorized to be appropriated to the President for purposes of section 103(a) of the Foreign Assistance Act of 1961 $6,400,000 for the fiscal year 1982, in addition to the amounts otherwise authorized to be appropriated for such purposes. Amounts appropriated under this paragraph are authorized to remain available until expended.

(3) To the maximum extent practicable, assistance for Haiti for the fiscal year 1982 under chapter 1 of part I of the Foreign Assistance Act of 1961 should be provided through private and voluntary organizations.

(b) Funds available for the fiscal year 1982 to carry out chapter 1 of part I or chapter 2 or chapter 5 of part II of the Foreign Assistance Act of 1961 may be expended for Haiti, and credits and guarantees extended for the fiscal year 1982 under the Arms Export Control Act may be approved for use for Haiti, only if the President determines that the Government of Haiti—

(1) has cooperated with the United States in halting illegal emigration from Haiti;

(2) has not aided, abetted, or otherwise supported illegal emigration from Haiti;

(3) has provided assurances that it will cooperate fully in implementing United States development assistance programs in Haiti (including programs for prior fiscal years); and

(4) is not engaged in a consistent pattern of gross violations of internationally recognized human rights.

(c) Each six months, the President shall report to the Congress on the extent to which the actions of the Government of Haiti are consistent with paragraphs (1), (2), (3), and (4) of subsection (b) of this section.

(d)(1) Section 660(b) of the Foreign Assistance Act of 1961 is amended—

(A) by striking out the period at the end of clause (2) and inserting in lieu thereof "; or"; and

(B) by inserting the following immediately after clause (2):

"(3) to any assistance under this Act to assist in halting significant illegal emigration to the United States from foreign countries.".

(2) The amendments made by this subsection shall take effect on October 1, 1981.

ASSISTANCE FOR NICARAGUA

SEC. 711. It is the sense of the Congress that, in considering any bilateral or multilateral assistance for Nicaragua under this or any other Act, the United States should take into account whether elections will be held in Nicaragua and whether political groups in Nicaragua will be allowed to promote specific candidates.

REAFFIRMATION OF SUPPORT FOR HUMAN RIGHTS PROVISIONS

SEC. 712. The Congress reaffirms its support for the various statutory provisions which have been enacted in order to promote internationally recognized human rights.

EXTERNAL DEBT BURDENS OF EGYPT, ISRAEL, AND TURKEY

SEC. 713. The Congress finds that the Governments of Egypt, Israel, and Turkey each have an enormous external debt burden which may be made more difficult by virtue of financing provided for those governments under various United States assistance programs. In order to assist the Congress in examining United States assistance for these countries, the President shall transmit to the Speaker of the House of Representatives and to the chairman of the Committee on Foreign Relations of the Senate, no later than January 15, 1982, a report regarding economic conditions prevailing in Egypt, Israel, and Turkey which may affect their respective ability to meet their international debt obligations and to stabilize their economies. The report shall also analyze the impact on Egypt's economy of Arab sanctions against Egypt.

LEBANON

SEC. 714. (a) The Congress finds that an immediate cease fire in Lebanon is in the interest of the United States and the free world generally, that the current strife in Lebanon has caused great human suffering and disruption to the economy of that country, and that the removal of Syrian forces in Lebanon would significantly enhance the prospects of Lebanon once again becoming a peaceful, viable democracy.

(b) It is, therefore, the sense of the Congress that the President should continue diplomatic efforts to implement a comprehensive and coordinated policy with respect to Lebanon that provides for—

(1) an immediate cease fire by all parties;

(2) reaffirmation of the historic United States-Lebanon relationship and our longstanding commitment to the restoration of the freedom, sovereignty, and integrity of Lebanon in a manner that will permit the deeply rooted Christian, Moslem, Druze, Armenian, and Jewish communities to live together peacefully and securely as they and their forbearers did prior to the intervention of outside forces;

(3) restoration of Lebanon's sovereignty free from outside domination or occupation; and

(4) support for a free and open national election, now scheduled for mid-1982.

ASSISTANCE AND SALES FOR ARGENTINA

SEC. 715. (a) Section 620B of the Foreign Assistance Act of 1961 is repealed.

(b) Notwithstanding any other provision of law, assistance may be provided to Argentina under chapter 2, 4, 5, or 6 of part II of the Foreign Assistance Act of 1961, credits (including participations in credits) may be extended and loans may be guaranteed with respect to Argentina under the Arms Export Control Act, defense articles and defense services may be sold to Argentina under the Arms Export Control Act, and export licenses may be issued to or for the Government of Argentina under section 38 of the Arms Export Control Act, only if the President has submitted to the Speaker of the House of Representatives and the chairman of the Committee on Foreign Relations of the Senate a detailed report certifying that—

(1) the Government of Argentina has made significant progress in complying with internationally recognized principles of human rights; and

(2) the provision of such assistance, credits, loan guaranties, defense articles, defense services, or export licenses is in the national interests of the United States.

(c) In determining whether the requirement of paragraph (1) of subsection (b) has been met, particular attention shall be paid to whether—

(1) the Government of Argentina has made every effort to account for those citizens identified as "disappeared"; and

(2) the Government of Argentina has either released or brought to justice those prisoners held at the disposition of the National Executive Power (PEN).

ASSISTANCE FOR EL SALVADOR

SEC. 716. (a) The Congress finds that peaceful and democratic development in Central America is in the interest of the United States and of the community of American States generally, that the recent civil strife in El Salvador has caused great human suffering and disruption to the economy of that country, and that substantial external assistance to El Salvador is necessary to help alleviate that suffering and to promote economic recovery within a peaceful and democratic process.

(b) It is the sense of the Congress that assistance furnished to the Government of El Salvador, both economic and military, should be used to encourage—

(1) full observance of internationally recognized human rights in accordance with sections 116 and 502B of the Foreign Assistance Act of 1961;

(2) full respect for all other fundamental human rights, including the right of freedom of speech and of the press, the right to organize and operate free labor unions, and the right to freedom of religion;

(3) continued progress in implementing essential economic and political reforms, including land reform and support for the private sector;

(4) a complete and timely investigation of the deaths of all United States citizens killed in El Salvador since October 1979;

(5) an end to extremist violence and the establishment of a unified command and control of all government security forces in this effort;

(6) free, fair, and open elections at the earliest date; and

(7) increased professional capability of the Salvadorean Armed Forces in order to establish a peaceful and secure environment in which economic development and reform and the democratic processes can be fully implemented, thereby permitting a phased withdrawal of United States military training and advisory personnel at the earliest possible date.

(c) It is the sense of Congress that the United States economic assistance to El Salvador should put emphasis on revitalizing the private sector and supporting the free market system. The Congress recognizes that the lack of foreign exchange to buy imported raw materials and intermediate goods is a major impediment to the ability of the Salvadoran economy to provide jobs. The Congress also recognizes that the funds budgeted for economic assistance are only a fraction of the foreign exchange needed, and United States economic aid should be used, wherever possible, to stimulate private sector lending. Therefore, the Congress urges the President to set aside a portion of the economic support to provide guarantees to private United States banks willing to give credits to the Salvadoran private sector.

SETTLEMENT OF THE CYPRUS CONFLICT

SEC. 717. It is the sense of the Congress—

(1) that, in furnishing United States foreign assistance for Turkey, Greece, and Cy-

press, the President should take into account whether these governments are helping to promote a peaceful settlement of the Cyprus dispute; and

(2) that a peaceful solution to the conflict in Cyprus should entail the withdrawal of all foreign troops from the Republic of Cyprus and provide for the opportunity of return of Cypriot refugees to their homes.

EMERGENCY HUMANITARIAN HELP FOR THE PEOPLE OF POLAND

SEC. 718. (a) The people of Poland, with whom the people of the United States have a longstanding friendship, now face serious domestic food shortages which will be worsened by large-scale loss of their livestock this winter if feed supplies do not arrive quickly. Therefore, the President is urged, for urgent humanitarian reasons, to use existing authorities promptly in order to provide to the people of Poland, under as favorable terms as possible, feed grains from Commodity Credit Corporation stocks or other appropriate commodities.

(b) For the longer term, the President is encouraged to pursue discussions with other Western countries about a multilateral effort to help the people of Poland achieve self-sustaining economic recovery in the years ahead.

(c) Notwithstanding any other provision of law, up to $5,000,000 of the amount authorized to be appropriated to carry out chapter 4 of part II of the Foreign Assistance Act of 1961 for the fiscal year 1982 may be made available for Poland for the purchase, transportaiton, and distribution of agencies where appropriate.

(d) Section 706 of this Act relating to the use of certain Polish currencies, shall also apply with respect to currencies and credits received pursuant to the October 1981 sale of United States Government-held surplus dairy products to Poland.

EL SALVADORAN REFUGEES

SEC. 720. (a) The Congress finds that—

(1) ongoing fighting between the military forces of the Government of El Salvador and opposition forces is creating potentially life-threatening situations for innocent nationals of El Salvador;

(2) it has been estimated that more than sixty thousand nationals of El Salvador have fled from El Salvador and entered the United States since January 1980;

(3) currently the United States Government is detaining these nationals of El Salvador for the purpose of deporting or otherwise returning them to El Salvador, thereby irreparably harming the foreign policy image of the United States;

(4) deportation of these nationals could be temporarily suspended, until it became safe to return to El Salvador, if they are provided with extended voluntary departure status; and

(5) such extended voluntary departure status has been granted in recent history in cases of nationals who fled from Vietnam, Laos, Iran, and Nicaragua.

(b) The Congress further finds that the humanitarian purposes of sections 113, 504, and 716 of this Act would be promoted if extended voluntary departure status is granted to these El Salvadoran nationals. Therefore, it is the sense of the Congress that the Secretary of State should recommend that extended voluntary departure status be granted to aliens who are nationals of El Salvador and that such status should be granted to those aliens until the situation in El Salvador has changed sufficiently to permit their safely residing in that country.

SEC. 721. (a) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has engaged in violations of internationally recognized human rights (including the right to organize and operate labor unions free from political oppression, the right to freedom of the press, and the right to freedom of religion) and shall encourage the Government of Nicaragua to respect those rights.

(b) In furnishing assistance under this Act to the Government of Nicaragua, the President shall take into account the extent to which that Government has fulfilled its pledge of July, 1979 to the member states of the Orgnization of American States—

(1) to establish full respect for human rights in Nicaragua in accordance with the United Nations Universal Declaration of the Rights and Duties of Man and the Charter on Human Rights of the Organization of American States;

(2) to allow the free movement in Nicaragua of the Inter-American Commission on Human Rights; and

(3) to establish the framework for free and democratic elections so that the people of Nicaragua may elect their representatives to city councils, to constitutional assembly, and to Nicaragua's highest-ranking authorities, with such framework to include, but not be limited to, the full and complete opportunity for political activity of the Nicaraguan people.

(c) Assistance to the Government of Nicaragua shall be terminated if the President determines and reports to the Congress that the Government of Nicaragua cooperates with or harbors any international terrorist organization or is aiding, abetting, or supporting acts of violence or terrorism in other countries, or that Soviet, Cuban, or other foreign combat military forces are stationed or situated within the borders of Nicaragua and the presence of such forces constitutes a threat to the national security of the United States or to any Latin American ally of the United States.

(d) Any agreement between the United States and the Government of Nicaragua regarding the use of funds appropriated to carry out this Act, which are to be made available in the form of loans, shall specifically require that to the maximum extent possible such loan funds, and any local currency generated in conjunction therewith, shall be used for assistance to the private sector. Local currency loan programs in Nicaragua shall be monitored and audited in accordance with section 624(g) of the Foreign Assistance Act of 1961, as amended.

IMMIGRANT VISAS FOR TAIWAN

SEC. 722. The approval referred to in the first sentence of section 202(b) of the Immigration and Nationality Act shall be considered to have been granted with respect to Taiwan (China).

USE OF CHEMICAL AND TOXIN WEAPONS

SEC. 723. (a) The Congress condemns the use of, and the provision for use of, chemical agents and toxin weapons against the peoples of Laos, Kampuchea, or Afghanistan.

(b) It is the sense of the Congress that the President should, acting through the Permanent Representative of the United States to the United Nations and all other appropriate diplomatic agents, seek definite measures to bring to an end actions by any party or government in using, and providing for use, chemical agents or toxin weapons against the peoples of Laos, Kampuchea, and Afghanistan, in violation of the spirit and the provisions of—

(1) the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction (done at Washington, London, and Moscow on April 10, 1972);

(2) the Protocol for the Prohibition of the Use in War of Asphyxiating, Poisonous or Other Gases, and of Bacteriological Methods of Warfare (signed at Geneva on June 17, 1925); and

(3) customary international law.

(c) It is further the sense of Congress that the President should—

(1) allocate the highest possible priority to the development of further evidence clarifying the nature and origins of the chemical agents and toxic weapons being used against the peoples of Laos, Kampuchea, and Afghanistan; and

(2) vigorously seek a satisfactory explanation from the Government of the Soviet Union regarding the strong circumstantial and presumptive evidence of its role in the use, or provision for use, of such weapons.

(d) The Congress reiterates the concern expressed in House Resolution 644 (96th Congress), adopted by the House of Representatives on May 19, 1980, regarding the outbreak of pulmonary anthrax near Sverdlovsk on April 3, 1979, and expresses its disappointment that the Soviet Union has failed adequately to respond to requests for data explaining this incident as provided in the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on Their Destruction.

(e) It is further the sense of Congress that the negotiation of a treaty prohibiting the development, production, and stockpiling of chemical weapons, with reliable verification provisions, should be given a high priority by the United States Government and by all foreign governments.

SEC. 724. (a) In considering whether to provide assistance, make sales, extend credits, or guarantee loans under the provisions of the Foreign Assistance Act of 1961 or the Arms Export Control Act to any country represented at the Meeting of the Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Session of the General Assembly of the United Nations on September 25 and 28, 1981, the President shall take into account whether such country has dissociated itself from the communique issued following the meeting.

(b) Within 30 days of enactment of this section, the President shall send a report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the countries which have dissociated themselves from the nonaligned countries communique.

SEC. 725. (a) It is the sense of the Congress that the spread of international terrorism poses a grave and growing danger for world peace and for the national security of the United States. As a part of its vigorous opposition to the activities of international terrorist leaders and the increase of international terrorism, the United States should take all steps necessary to ensure that no United States citizen is acting in the service of terrorism or of the proponents of terrorism.

(b) Not later than six months after the enactment of this Act, the President shall submit to the Speaker of the House of Representatives and the chairman of the Com-

mittee on Foreign Relations of the Senate a report containing—

(1) a description of all legislation, currently in force, and of all administrative remedies, presently available, which can be employed to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders;

(2) an assessment of the adequacy of such legislation and remedies, and of the enforcement resources available to carry out such measures, to prevent the involvement, service, or participation by United States citizens in activities in support of international terrorism or terrorist leaders; and

(3) a description of available legislative and administrative alternatives, together with an assessment of their potential impact and effectiveness, which could be enacted or employed to put an end to the participation by United States citizens in activities in support of international terrorism or terrorist leaders.

CONDEMNATION OF LIBYA FOR ITS SUPPORT OF INTERNATIONAL TERRORIST MOVEMENTS

SEC. 726. (a) The Congress condemns the Libyan Government for its support of international terrorist movements, its efforts to obstruct positive movement toward the peaceful resolution of problems in the Middle East region, and its actions to destabilize and control governments of neighboring states in Africa.

(b) The Congress believes that the President should conduct an immediate review of concrete steps the United States could take, individually and in concert with its allies, to bring economic and political pressure on Libya to cease such activities, and should submit a report on that review to the Congress within 180 days after the date of enactment of this Act. Such a review should include the possibility of tariffs on or prohibitions against the import of crude oil from Libya.

REDUCTION IN AGGREGATE FISCAL YEAR 1982 AUTHORIZATIONS TO THE LEVEL OF THE PRESIDENT'S SEPTEMBER BUDGET

SEC. 727. Notwithstanding the specific authorizations of appropriations contained in this Act, the aggregate amount appropriated for the fiscal year 1982 under the authority of this Act and the amendments made by this Act may not exceed $5,727,854,000.

ESTABLISHMENT OF THE PRESIDENT'S FISCAL YEAR 1983 BUDGET REQUEST AS AN AGGREGATE APPROPRIATIONS CEILING

SEC. 728. Notwithstanding the specific authorizations of appropriations for the fiscal year 1983 contained in this Act, the aggregate amount appropriated for the fiscal year 1983 for all of the appropriation accounts for which authorizations are provided by this Act may not exceed the aggregate amount requested by the President for the fiscal year 1983 for those appropriation accounts in the Budget transmitted to the Congress pursuant to section 201(a) or the Budget and Accounting Act, 1921.

SAVINGS PROVISION

SEC. 729. Except as otherwise provided in this Act, the enactment of this Act shall not affect the authorizations of appropriations, limitations of authority, and other provisions of law specifically applicable to fiscal year 1981 which are repealed or otherwise amended by this Act.

The motion was agreed to.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

The title of the Senate bill was amended so as to read: "A bill to authorize appropriations for the fiscal years 1982 and 1983 for international security and development assistance and for the Peace Corps, and for other purposes."

A similar House bill (H.R. 3566) was laid on the table.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the Senate bill, S. 1196, just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

AUTHORIZING CLERK TO CORRECT SECTION NUMBERS, PUNCTUATION, AND CROSS REFERENCES IN ENGROSSMENT OF HOUSE AMENDMENT TO S. 1196, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that, in the engrossment of the House amendment to the text of the Senate bill S. 1196, the Clerk be authorized to correct section numbers, punctuation, and cross references and to make such other technical and conforming changes as may be necessary to reflect the actions of the House in amending the House bill H.R. 3566.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

APPOINTMENT OF CONFEREES ON S. 1196, INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

Mr. ZABLOCKI. I ask unanimous consent that the House insist on its amendments to the Senate bill, S. 1196, and request a conference with the Senate thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin? The Chair hears none, and, without objection, appoints the following conferees: Messrs. ZABLOCKI, FASCELL, HAMILTON, BINGHAM, SOLARZ, BONKER, MICA, BARNES, WOLPE, BOWEN, BROOMFIELD, DERWINSKI, FINDLEY, WINN, and LAGOMARSINO.

There was no objection.

□ 1900

A TRIBUTE TO MAJ. GEN. BILLY B. FORSMAN, USAF, A DISTINGUISHED MILITARY OFFICER, AND A TRUE PROFILE IN COURAGE

(Mr. STRATTON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. STRATTON. Mr. Speaker, on October 1, 1981, Maj. Gen. Billy B. Forsman, the Director of Intelligence for the U.S. European Command medically retired from the Air Force, culminating a long and distinguished career in the service of our country. And on November 15, 1981, General Forsman died of cancer at Malcolm Grow Medical Center, Andrews Air Force Base, Md.

General Forsman began his Air Force career in January 1951 as an aviation cadet. In 1952, he received his pilot wings and commission as a second lieutenant at Craig Air Force Base, Ala. He was assigned to the 8th Fighter-Bomber Wing in Suwon, Korea, and flew 100 combat missions over North Korea. In 1967, he flew 231 combat missions while serving with the 558th Tactical Fighter Squadron at Cam Ranh Bay, Vietnam. In 1968, he was assigned to Yokota Air Base, Japan, as operations officer of the 36th Tactical Fighter Squadron. He later became commander of the 35th Tactical Fighter Squadron.

In 1972, General Forsman began more than 9 years of outstanding service to military intelligence; first, as U.S. Defense and Air Attaché in Israel, then as a Deputy Director of the Defense Intelligence Agency and finally as the senior U.S. intelligence officer in Europe.

General Forsman's contributions to this country are too numerous to list here. Whatever his assignment, whether a fighter pilot in Korea and Vietnam, the U.S. Defense Attaché in Israel during the critical time when hostilities broke out in October 1973, or the Director of Intelligence for the European Command during the Iranian hostage crisis and tense period following the Soviet invasion of Afghanistan, General Forsman demonstrated exemplary leadership and a rare expertise and credibility in his personal contacts with foreign diplomats, U.S. officials, and our allies.

Mr. Speaker, I had the opportunity to meet General Forsman for the first time in 1976 when, as a colonel, he was our military attaché in Israel. He was performing outstanding service in that important post. Several years later in Washington, I had the opportunity to be briefed by General Forsman, then a brigadier general as Deputy Director of the Defense Intelligence, on a matter of important current intelli-

gence. He was alert, incisive, and most informative, as a top-level intelligence officer should be.

Last May, during an Armed Services Committee trip to our forces in Germany, I once again met General Forsman, then a major general, serving as Assistant Chief of Staff for Intelligence, J-2, of the Commanding General of the U.S. European Command in Stuttgart. I was startled to see that General Forsman, although still alert, brisk, incisive, and informative, was obviously also ill. I subsequently learned that he was suffering from cancer, but because of his deep patriotism, and because of his appreciation of the importance of intelligence to the successful performance of the mission of the U.S. European Command, he had persuaded the Department of Defense to permit him to remain on duty in spite of his grave illness, in the hope that by taking some new drugs that had recently been discovered he might somehow be able to be cured.

And so in spite of the debilitating impact of his illness, and the constant pain to which he was subjected, General Forsman continued his important assignment in a display of courage and disregard of his own personal health and safety—above and beyond the call of duty.

Regrettably, General Forsman's personal battle did not succeed; and, as I have said, on October 1, 4 months after I had seen him and talked with him, he was retired from active duty in the Air Force.

On this occasion, Mr. Speaker, I am proud to pay tribute, on behalf of the U.S. House of Representatives to a military officer whose accomplishments have contributed so much to the defense and the security of our country. We will miss the knowledge and the wise counsel which General Forsman gave to the military and civilian leaders of America; and the Nation will miss the services of a dedicated professional whose brilliant record of service was cut short in midstream.

But most of all I want to salute Billy Forsman for his incredible courage and dedication, above and beyond the call of duty to his own service and to his country. Men of this stature are few and far between.

This Congress expresses its deepest gratitude to this brave airman, and to his family and friends, we extend our sincerest sympathy.

EXPRESSING SENSE OF CONGRESS ON HUNGER STRIKE BY ANDREI SAKHAROV

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the resolution (H. Res. 286) expressing the sense of the House of Representatives that the Congress associates itself fully and completely with the hunger strike protest by Andrei Sakharov and urges the Government of the Soviet Union to abide by its commitments and to permit Yelizaveta Alekseyeva to emigrate, and ask for its immediate consideration.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 286

Whereas Andrei Dimitriyevich Sakharov has for many years devoted himself to securing basic human rights for citizens of the Soviet Union, and to the defense of these rights;

Whereas Andrei Sakharov has been a fearless and eloquent leader of the Soviet dissident movement which has sought implementation of the Soviet Government's formal human rights commitments, particularly the Final Act of the Conference on Security and Cooperation in Europe, signed at Helsinki on August 1, 1975;

Whereas Andrei Sakharov was awarded the 1975 Nobel Prize for Peace for "his love of truth and strong belief in the inviolability of human beings", "his courageous defense of the human spirit", and for being "the conscience of mankind";

Whereas Andrei Sakharov has been maliciously persecuted by the Soviet authorities for his tireless advocacy of human rights, separated from his life's pursuits, and banished to internal exile;

Whereas the persecution of Andrei Sakharov now involves Yelizaveta Alekseyeva, his stepson's wife, who has been refused permission to join her husband, Aleksei Semyenov, in the United States, in violation both of the Helsinki Accords and the Soviet Union's Code on Marriage and the Family;

Whereas Andrei Sakharov and his wife, Yelena Bonner, began a hunger strike on November 22, 1981, to protest the Soviet Government's refusal to permit the reunification of Alekseyeva and Semyenov;

Whereas Andrei Sakharov and Yelena Bonner have been hospitalized by Soviet authorities and are possibly being subjected to the pain and humiliation of forced feeding;

Whereas the American people share Dr. Sakharov's commitment to human rights and his indignation at the unjustifiable refusal of the Soviet authorities to allow Yelizaveta Alekseyeva to emigrate, and recognize that the Government of the Soviet Union is now wholly responsible for the fate of Sakharov and Bonner: Now, therefore, be it

Resolved, That it is the sense of the House of Representatives that the Congress associates itself fully and completely with the hunger strike protest by Andrei Sakharov and urges the Government of the Soviet Union to abide by its commitments and to permit Yelizaveta Alekseyeva to emigrate, and to further allow Andrei Sakharov and Yelena Bonner freely to choose their place of residence.

SEC. 2. The Secretary of State is requested to transmit to the Government of the Soviet Union a copy of this resolution.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Resolution 286.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 1 hour.

Mr. ZABLOCKI. Mr. Speaker, I rise in support of House Resolution 286, concerning the hunger strike of Andrei Sakharov and Yelena Bonner, and the pursuit of basic rights of the individual.

On November 22, Andrew Sakharov and Yelena Bonner, two courageous advocates of human rights began a hunger strike in protest of Soviet violations of basic rights. The circumstances precipitating the hunger strike involve Soviet denial of the right of Yelizaveta Alekseyeva to emigrate to join her husband in the United States. Alekseyeva was married by proxy to Sakharov's stepson Aleksei Semyenov, a student at Brandeis University.

The principles underlying Sakharov's and Bonner's decision to fast, are much broader and more far-reaching than that single case, however. The strike symbolizes the long and arduous struggle for human rights for all citizens of the Soviet Union.

World attention is now rivited on Sakharov's plight, his strong convictions, his principled behavior, and his dauntless courage. He is a man who is highly revered—both for his distinguished scientific contributions, and for his persevering commitment to moral principles. This resolution offers full sympathy with the aims of this preeminent individual and his fervent defense of human rights.

Mr. Speaker, I urge the adoption of the resolution.

Mr. BROOMFIELD. Mr. Speaker, I support House Resolution 286, which expresses the sense of the House of Representatives that the Congress associate itself fully and completely with the hunger strike protest by Andrei Sakharov and urges the Government of the Soviet Union to abide by its commitments and permit Yelizaveta Alekseyava to emigrate.

The policies of the Soviet Union which have caused Andrei Sakharov to take such desperate action—policies, I might add, that are in violation of both international agreements as expressed in the Helsinki accords and the Soviet domestic law—are clearly reflective of the totalitarian nature of the Soviet system. Mr. Sakharov has done nothing wrong to warrant such barbaric treatment by the Soviet Government. To the contrary, he has sought to insure Soviet implementation of human rights commitments that the Soviets publicly affirmed they would observe. In encouraging

human rights within the Soviet Union, Andrei Sakharov has exposed himself to cruel abuse by the official Communist apparatus. This abuse, as we know, has not been confined only to himself, but has included his wife, and his stepson's wife who wishes to emigrate from the Soviet Union.

By approving House Resolution 286, we will be telling the Soviet Union that we care about Andrei Sakharov, that we care what happens to his family, and that we believe human rights is more than a slogan—it is a standard to which we expect all countries to adhere.

We have waved the banner of human rights from afar as a basic liberty for all to aspire to. It was because of our perseverance that men like Andrei Sakharov felt it worthwhile to sacrifice their careers and safety to carry this banner from within the enemy camp. Now that we have kindled the light of freedom and encouraged hope among those who have known only tyranny before, we must not turn our back when they need us most. We must approve House Resolution 286. We must continue to let the Soviet Union know that the West will not tolerate injustice against those who defend human rights, for such injustice is not only perpetrated against Soviet citizens, it is perpetrated against mankind.

Mr. GILMAN. Mr. Speaker, will the gentleman yield?

Mr. BROOMFIELD. I would be glad to yield.

Mr. GILMAN. Mr. Speaker, I rise in support of House Resolution 286, by which my colleagues and I associate ourselves with the hunger strike protest by Andrei Sakharov and his wife Yelena Bonner, and urge the Soviet Union to allow their daughter-in-law Liza Alekseyeva to emigrate to join her husband Aleksei Semyenov in the United States.

The Soviet Union's refusal to allow Liza Alekseyeva to join Aleksei Semyenov violates the Final Act of the Helsinki accords, which guarantees the rights of Eastern Europeans to emigrate freely. Further, the Soviet Union's refusal violates the Soviet Union's Matrimonial Code, which states that "marriages between Soviet citizens and foreigners contracted outside the U.S.S.R., provided that the formal requirements established by law of the place of such contract are met, are recognized as authentic in the U.S.S.R." Aleksei Semyenov and Liza Alekseyeva were joined in matrimony by proxy in June 1981, and are legally married in the eyes of the United States. That these two young people continue to be separated against their wills is a shamerful violation of human rights by the Soviet Union.

Andrei Sakharov is a prominent physicist, a forceful advocate of human rights, and a holder of the Nobel Peace Prize. For nearly 2 years, Sakharov and his wife have lived in exile, banished from Moscow as part of the Soviet Union's attempt to discourage their work for human freedom. The hunger strike which the Sakharovs began on November 22 is a culmination of their efforts to guarantee all men and women the right to live where they choose. Their hunger strike expresses their pain and frustration over the Soviet authorities's refusal to allow their son and daughter-in-law to be joined, and their desperation at having been denied continually their own freedom to live where and as they choose.

Both Andrei Sakharov and Yelena Bonner suffer from heart conditions. Yesterday, Aleksei Semyenov received word that his father is in critical condition.

The Sakharov's have vowed to continue their hunger strike until their daughter-in-law is granted her visa. Their deaths would represent a tremendous loss to the world: a loss of two more leaders in the struggle for peace and freedom. In allowing the Sakharovs to continue their hunger strike, the Soviet Union will be killing not only the Sakharovs but also their own accountability. How can the world trust any nation that violates not only international but also its own national codes.

Accordingly, I join my colleagues in urging the Soviet Union to grant Liza Alekseyeva her visa, and to allow Andrei Sakharov and Yelena Bonner the freedom of choice.

Mr. ZABLOCKI. Mr. Speaker, I yield 2 minutes to the gentleman from Colorado (Mr. WIRTH).

Mr. WIRTH. Mr. Speaker, as sponsor of the resolution before the House, I urge my Colleagues' support so that we may help insure the emigration of Liza Alekseyeva. In addition, House Resolution 286 addresses the important issue of Andrei Sakharov's internal exile, urging the Soviet Union to allow the Sakharovs to freely choose their place of residence.

I deeply hope that the reports today from the Soviet Union that Andrei Sakharov's daughter-in-law has been promised permission to emigrate are true. If the Soviet Government follows up this promise with action, it will send a wave of relief around the world.

As a member of the Commission on Security and Cooperation in Europe, I have been deeply concerned about the Soviet leadership's violation of commitments made under the Helsinki agreements of 1975 through their refusal to allow Yelizaveta Alekseyeva to emigrate.

If the Soviet Government follows through on its reported promises, it will be one indication of the moral force which the international humanitarian community has brought to bear for the sake of Dr. Sakharov—one of the greatest crusaders for human rights and intellectual freedom alive today.

I was particularly gratified that yesterday, a few hours after I introduced this resolution supporting the hunger strike protest of Dr. Sakharov and his wife, that Chairman ZABLOCKI, Congressman FASCELL, Congressman BONKER, and Congresswoman FENWICK led the House Foreign Affairs Committee to unanimously approve it.

The profound concern expressed for Dr. Sakharov, in the U.S. Congress and from around the world, indicates the giant moral stature of Andrei Sakharov. This Nobel Peace Prize winner, brillant physicist, and tireless advocate for human rights has been a perceived threat to Soviet authorities because he has refused to disappear silently from the world arena.

I hope that this resolution will help insure that today's statements by Soviet officials will be followed by the emigration of Liza Alekseyeva and by true freedom for Dr. Sakharov and his wife, and that the principles he represents will grow stronger among all people.

Mr. FASCELL. Mr. Speaker, will the gentleman yield?

Mr. WIRTH. I yield to the gentleman from Florida.

Mr. FASCELL. Mr. Speaker, I thank the gentleman for yielding.

As chairman of the Commission on Security Cooperation in Europe, I join the gentleman in full support of this resolution. I hope it will be unanimously adopted.

Mr. WIRTH. I thank the gentleman.

I want to thank the chairman of the full committe and all the members of the committee for their very expeditious action on this and for moving it so quickly and at exactly the right time.

● Mr. MOFFETT. Mr. Speaker, Andrei Sakharov is condemned to a life in exile in the closed Soviet city of Gorky. The actions by the Soviets against this noble human rights advocate are in direct contravention of the final acts of the Helsinki accords.

The actions by the Soviet Union stand in direct contravention to the provision titled principal VII which states that: "the participating states recognize the universal significance of human rights and fundamental freedoms" and that the states "will endeavor jointly and separately, including in cooperation with the United Nations, to promote universal and effective support for them."

The significance of this passage is simple: If, as the provision states, measures to remedy human rights violations are not left exclusively to each signatory, measures such as the review of violations by other signatories and demands for rectification of the violations cannot surely be challenged.

For this reason, it is incumbent upon the Congress to pass House Resolution 286 associating our support with the efforts of Andrei Sakharov. Congress does itself proud by insisting that the Soviet Union permit free emigration of its citizens as required by the Helsinki accords.●

Mr. ZABLOCKI. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXPRESSING SENSE OF CONGRESS WITH RESPECT TO IMPRISONMENT OF ALEXANDER PARITSKY AND HIS FAMILY

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs be discharged from further consideration of the concurrent resolution (H. Con. Res. 215) expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Alexander Paritsky and his family, and ask for its immediate consideration.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 215

Whereas the Universal Declaration of Human Rights and the International Covenant on Civil and Political Rights guarantee to all citizens the rights to freedom of religion, the right to hold opinions without interference, the right to freedom of expression, and the right to emigrate;

Whereas the Final Act of the Conference on Security and Cooperation in Europe commits the signatory nations to respect individual rights and freedom, specifically the right to immigrate to the country of one's choice to rejoin their relatives;

Whereas the Soviet Union has signed the Final Act of the Conference on Security and Cooperation in Europe, is a party to the Universal Declaration of Human Rights, and has ratified the International Convenant on Civil and Political Rights;

Whereas Alexander Paritsky and his family first applied to emigrate from the Soviet Union in 1976 and have been repeatedly denied permission;

Whereas Alexander Paritsky was dismissed from his position as a scientist at the Kharkov Institute for Metrology in 1977 as a direct result of requesting permission to emigrate;

Whereas Alexander Paritsky and his family have been continually harassed by Soviet authorities as a result of his involvement in the Kharkov Jewish University;

Whereas Soviet officials have confiscated numerous books, letters, and medicines from the Paritsky's apartment;

Whereas Soviet officials have published slanderous articles in the Kharkov press accusing Alexander Paritsky of black marketeering and racism;

Whereas Dorina Paritsky, aged fifteen, has been harshly interrogated by Soviet investigators at her school and told to denounce her family;

Whereas Paulina Paritsky has been threatened with arrest and informed that she will lose custody of her two daughters;

Whereas Alexander Paritsky was arrested on August 28 and charged with anti-Soviet agitation and propaganda;

Whereas Alexander Paritsky is scheduled to be tried by Soviet officials on November 11 and has been denied the legal counsel of his choice; and

Whereas Paulina Paritsky was forcefully prevented from obtaining an independent lawyer for her husband: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That it is the sense of the Congress that the President, acting directly or through the Secretary of State, should—

(1) continue to express at every suitable opportunity and in the strongest terms the opposition of the United States Government to the imprisonment of Alexander Paritsky;

(2) urge the Government of the Soviet Union to—

(A) release Alexander Paritsky from prison,

(B) halt all further harassment of Alexander Paritsky and his family, and

(C) permit Alexander, Paulina, Dorina, and Anna Paritsky to emigrate to Israel to join their relatives, in accordance with the Final Act of the Conference on Security and Cooperation in Europe, the Universal Declaration of Human Rights, and the International Covenant on Civil and Political Rights; and

(3) inform the Government of the Soviet Union that the Government of the United States, in evaluating its relations with other countries, will take into account the extent to which such countries honor their commitments under international law, especially commitments with respect to the protection of human rights.

SEC. 2. The Clerk of the House of Representatives shall transmit a copy of this concurrent resolution to the President with the request that he further transmit such copy to the Ambassador of the Union of Soviet Socialist Republics to the United States.

GENERAL LEAVE

Mr. ZABLOCKI. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Concurrent Resolution 215.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

The SPEAKER pro tempore. The gentleman from Wisconsin (Mr. ZABLOCKI) is recognized for 1 hour.

Mr. ZABLOCKI. Mr. Speaker, I strongly support the resolution. I believe that since the Soviet Union has been a signatory to the Helsinki accords, they should abide by those accords.

I ask for favorable action on House Concurrent Resolution 215.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the concurrent resolution.

There was no objection.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The concurrent resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1910

COMMUNICATION FROM THE HONORABLE TIMOTHY E. WIRTH

The SPEAKER pro tempore laid before the House the following communication from the Honorable TIMOTHY E. WIRTH:

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 9, 1981.

Hon. THOMAS P. O'NEILL,
Speaker of the House, U.S. Capitol, Washington, D.C.

DEAR MR. SPEAKER: I am writing to notify you that my staff member, Mary Wiberg, has been served with a subpoena. I have determined pursuant to Rule 50 of the Rules of the House of Representatives that compliance can be effected consistent with the privileges of the House of Representatives and therefore this subpoena shall be honored.

Sincerely yours,

TIMOTHY E. WIRTH.

The SPEAKER pro tempore. Without objection, the subpena will be printed in the RECORD.

There was no objection.

The subpena is as follows:

[U.S. DISTRICT COURT FOR THE DISTRICT OF COLORADO, No. 81-CR-138]

UNITED STATES OF AMERICA v. JOHN J. HAGGERTY

To: Mary Weberg, c/o Representative Tim Wirth, 8648 W. Colfax, Lakewood, Colo.

You are hereby commanded to appear in the United States District Court for the District of Colorado at 1929 Stout Street in the city of Denver on the 9th day of December, 1981 at 9:00 o'clock a.m. to testify in the above-entitled case.

This subpoena is issued on application of the defendant John Haggerty.

December 7, 1981.

JAMES R. MANSPEAKER,
Clerk.

U.S. INTERNATIONAL EDUCATIONAL EXCHANGE PROGRAMS AND THE NATIONAL INTEREST

(Mr. FASCELL asked and was given permission to address the House for 1 minute and to revise and extend his remarks and to include extraneous material.)

Mr. FASCELL. Mr. Speaker, in view of the threats posed to the survival of international educational exchange programs by the current budget cuts, I would like to bring to the attention of my colleagues an article which sets forth the practical strengths and lasting influence of these international efforts. The administration's proposed budget allocations for exchange pro-

grams reflect a basic misunderstanding of the way in which such programs bolster our Nation's economic and national security goals.

The following article, written by Michael Weyl and which appeared in the Chronicle of International Communication, points out the long-range costs to the United States of neglecting one of its best resources.

U.S. EDUCATIONAL EXCHANGE: AN AGENDA FOR THE 1980'S

(By Michael Weyl)

Educational and cultural exchanges among nations serve two, rather different, basic purposes: To enhance understanding of other societies; to increase knowledge and skills. On both scores, the world of the 1980s will demand greater American attention to intercultural relations. The reasons are several.

America is a country much more dependent than previously on developments and decisions beyond its borders. Its survival as a prosperous nation at peace requires genuine understanding of the U.S. abroad and an increased American competency to deal with global issues and foreign economic competition. And as a nation that is no longer intellectually and technologically more advanced than a growing number of other countries, the sharing of thought, knowledge and skills becomes much more beneficial to the U.S. than in the earlier, postwar era.

American society today, when viewed as a whole by outsiders, commands much less respect than in the years 1945–1963. Yet when it comes to specific aspects of modern America—computer technology, animal husbandry, political science and modern dance being prime examples—the country is still of tremendous interest. U.S. political and economic dominance is being challenged, but America retains a towering position in most areas that are the domain proper of cultural endeavors. Hence, it is only prudent that the U.S. react positively to this redistribution of weights affecting its international standing.

The U.S., like the world as a whole, is moving from an era of unprecedented expansion to one of slow growth and scarcity of resources. America is being forced to live more by its wit than ever before. Hence, the need grows for international collaboration and brain-picking exchanges as a way of coping with the challenges of scarcity.

The increasing dependence of the U.S. economy on exports, coupled with large trade deficits, carries with it the imperative to cultivate markets abroad. The tasks require greater familiarity with foreign cultures and languages on the part of Americans, plus consistent efforts to broaden understanding of the U.S. among established and emerging trade partners.

The interplay of these and related forces that reflect the impact of technological advances on global affairs underscores this fact: America's ability effectively to serve its national interests today depends as much on educational and cultural exchanges as on the country's performance economically, politically and militarily.

Ten years ago, the Federal Republic of Germany began viewing cultural relations as the "third pillar of foreign policy," as important as the political-security and economic sectors of its foreign policy. Circumstances may well force the U.S. to the same conclusion in the 1980s.

Most of what we define as international cultural relations—the interchange of knowledge, thought and skills relating to education, science, technology, the arts, religion, intellectual and societal advances—takes place outside official U.S. channels. Nevertheless, the elevation of exchanges to a high level in foreign affairs calls for strong governmental leadership to provide a cogent rationale, rally public support, articulate priorities and generate essential resources.

The decade of the eighties will be a period of fiscal scarcity stemming from inflation, the pressure of domestic needs and debt servicing. There will be a painful tightening of budgetary belts in many countries, including the U.S. For the management of U.S. cultural relations, this spells two basic rules: First, to work out cost-sharing arrangements with partner nations on an increasing scale—not an impossible task since exchanges with the U.S. are highly valued by a great many countries; second, to concentrate resources heavily on programs and on nations of priority concern to the U.S.—at the expense of both less effective programs and lower priority relationships.

THE THIRD WORLD

A marked intensification of U.S. cultural relations with Third World countries is in order since they play an increasingly important role in world affairs.

In the less advanced Third World nations, where America as a rule still provides a major share of exchanges outlays, the U.S. will retain a strong voice in setting program priorities. Foremost among them should be a concentration of U.S. resources on exchanges with countries of greatest long-range importance to American interests—India, Nigeria, Indonesia, the Philippines—and on exchanges media capable of influencing the relationships in essential ways. These include:

Educational exchanges that stress mid-career training and short-term International Visitor (IV) grants for prospective leaders;

English teaching aimed at the teachers of future English teachers;

English teaching for select, potentially influential contacts;

Seminars and symposia that expose influential Third World citizens to American expertise and spokesmen;

Translations and adaptations of American college textbooks.

In order to fund substantial enlargement of American cultural relations with the Third World, Congress should make repayments on U.S. soft loans to developing countries available for educational exchange purposes.

Exchanges with the more advanced, newly industrialized nations should likewise concentrate on those of prime concern to the U.S.—Brazil, Korea, Mexico, Egypt, Turkey. Wherever feasible, they should reflect the partner nations' ability to share costs, especially in academic and in-service training programs.

As major U.S. consideration must be the fact that in the 1980s the new industrialized nations are destined to become dominant economic powers with expanding market for American goods. This should trigger a major hush toward internationalizing the programs of instruction and research underway at American business schools, as well as to increased emphasis on trade-oriented projects in the allocation of U.S. exchange funds.

THE INDUSTRIALIZED WORLD

U.S. cultural relations with the industrialized, Western-oriented nations—mainly West European countries, Japan and Canada—are intensive, variegated and highly institutionalized. Few changes in the way they function have occurred over the past decade, but the climate in which contacts take place has grown cooler, more critical and more jaded. Thus, even though a good deal of convergence has taken place between these advanced societies and the U.S. over the past 35 years, the relationships are not without real challenges.

One involves the younger generation of Europeans and Japanese—those born after 1940. Many now assuming positions of influence have opted for little or no direct contact with America. Their views have been shaped in a communication environment often dominated by anti-American voices. Efforts must now be made to engage them in relationships with America that can be made meaningful for them, exchanges that can help speed their realization the U.S. has much to offer that is useful and intellectually stimulating.

Of equal urgency is the challenge to overcome America's shortsighted neglect of foreign language and international studies. Interdependence among nations—the watch-word of the eighties—carries with it an unavoidable requirement to raise the level of U.S. competence in these areas and to make the U.S. public more knowledgeable and sophisticated about other societies, especially those closest and most important to American interests.

U.S. cultural relations with the industrialized nations are largely in the hands of the private sector—universities, the media, foundations, impresarios, business, exchange and professional associations. Consequently, the U.S. government is free to concentrate its efforts more effectively.

The government can cast itself in critical, supporting roles—facilitator, monitor and friendly broker for American interchange with advanced societies. A corollary requirement for playing these roles well is a strengthening of the facilitative services available to serious foreign visitors through a network of governmental and private centers meant to provide useful contacts and insights throughout the U.S. Additionally, the government can apply its resources to important projects beyond the scope of other exchanges—a systematically developed leader exchange program, for instance, or a reliable means for the quick sharing of vital new data among industrialized partners. A prerequisite for selective government involvement will be a set of analytical overviews of the complex web of U.S. cultural relations with its closest partners—studies that to date are not available.

Finally, recognition must be given to the fact that the growing need of the industrialized nations for continuing education can have an important, effective international dimension in the form of mid-career training abroad for young lawyers, journalists, economists and other professionals. This offers excellent opportunities for furthering mutual objectives since America's universities are uniquely equipped to provide foreign professionals with singularly useful learning experiences.

THE COMMUNIST WORLD

The nature of the system means that U.S. cultural relations with communist nations will continue to be dominated by government-funded activities, often under the umbrella of official cultural agreements. The opportunities they present for genuine give-

and-take interchange will remain severely limited.

Still, in future exchanges with Eastern Europe, some cautious intensification of contacts in the less closed societies, especially Yugoslavia and Poland, may prove possible. Cultural presentations and exhibits provide high visibility and will remain the flagships of exchange relations. Moreover, as carriers of America's free, uninhibited creative spirit, they can have a profoundly challenging impact on receptive minds within closed societies.

For America's growing China connection, cultural relations will be crucial. Indeed, something in the nature of a crash program may be required since there still exists a rank discrepancy between the rising demands for contact and the large gaps in mutual knowledge, expertise and communications channels.

U.S.-Soviet cultural relations are at a very low ebb. Disillusionment among previous supporters of expanded exchanges is widespread, especially in the scientific community. But it would be shortsighted to let exchanges lapse entirely. Interdependence does not stop at the Russian border and efforts must be sustained to keep the U.S.S.R. from becoming totally isolated from American civilization. Also, we cannot ignore the millions of Russians in need of impulses from America to nourish their dream of a freer and more open society. Lastly, there is a strong, continuing requirement for Americans to be exposed to the realities of Soviet life. Cultural exchanges are among the very few instruments that serve that purpose.

THE THIRD PILLAR

In sum, it appears likely that in the 1980s the U.S., too, will come to regard cultural relations as the "third pillar of foreign policy." Once viewed in that light, the public support and material resources required to do the needful should be forthcoming.

Compared to other expenditures in the international arena—defense, foreign aid, support to international organizations, etc.—cultural affairs is very inexpensive. Less than 0.05 percent of the U.S. national budget currently goes into international cultural programs. Hence, despite future fiscal stringencies, the allocations needed for an adequate cultural response to the demands of the new decade are in no way beyond this nation's capacity if Americans fully recognize the potential benefits of strong, well managed international exchanges.

(Michael Weyl is a former foreign service information officer, U.S. cultural attache and International Communication Agency inspector. This article is a condensation of a longer, unpublished study recently completed by Weyl.)

IN SUPPORT OF ANDREI SAKHAROV

(Mr. WIRTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. WIRTH. Mr. Speaker, I rise to ask my colleagues' support for this resolution in support of Andrei Sakharov—winner of the Nobel Peace Prize, father of Soviet nuclear science, and leading Soviet dissident.

I wish to thank all those who cosponsored the resolution, and to particularly thank Chairman ZABLOCKI and the Foreign Affairs Committee for their quick action yesterday in unanimously approving this resolution.

Recent reports from the Soviet Union indicate that the crisis is reaching a turning point. Last Friday, Andrei Sakharov and his wife Yelena Bonner were taken to a hospital, according to Soviet press accounts. But apparently they have not been seen since by friends, so it is very difficult to know their condition.

We know now that yesterday, their daughter-in-law Liza Alekseyeva met with Anatoly Alexandrov, president of the Soviet Academy of Sciences. She learned from him that Sakharov's situation is serious, although Alexandrov did not specify the nature of Sakharov's condition.

Unconfirmed reports this morning indicate that now this young woman, Sakharov's daughter-in-law, has received permission to emigrate to join her husband by proxy in this Nation. We all certainly hope this is the case. It was the Soviet authorities' refusal to allow Liza Alekseyeva to emigrate which prompted the Sakharovs' hunger strike, and this resolution calls on the Government of the Soviet Union to abide by its commitments under the Helsinki accords by allowing this emigration.

If these reports are true, as I am sure we all hope, this resolution is still an important statement for the U.S. House of Representatives to make on behalf of Dr. Sakharov, who may be in critical condition at this point.

This man who has incurred the wrath of the Soviet authorities because of his work on behalf of free speech, intellectual freedom, and all the values we Americans hold dear, needs our help.

Andrei Sakharov did not start out as a political dissident, but rather as a scientist, simply interested in the truth. His first major political campaign was for the freedom of outstanding Soviet students to study. But Andrei Sakharov, who could have accepted the comfortable life which one expects would have been accorded the father of the Russian hydrogen bomb, instead decided to cast his fate on behalf of those who believe people should be allowed to speak and think freely.

He is not someone who could stop asking questions when the asking became uncomfortable, and because of his tireless quest for human rights, he has been subjected to internal banishment in Gorky, and prohibited from intellectual or personal discourse with friends and colleagues.

Sakharov took responsibility for the Soviet authorities' refusal to allow Liza Alekseyeva to emigrate, claiming she was refused a visa solely because of her closeness to him. Andrei Sakharov and Yelena Bonner have not given up. Yesterday their son Aleksei Semyenov, told some of us that expressions of concern may be very important in saving these lives. Now is no time for us to give up on this important cause.

I include two excellent newspaper editorials on the Sakharov situation, one from the Rocky Mountain News and one from the Washington Post, in the RECORD at this point:

[From the Washington Post, Dec. 9, 1981]

MURDER, NOT SUICIDE

The ferocious struggle between Andrei Sakharov and the Soviet government is nearing a climax. Although there are no reliable reports on Dr. Sakharov's physical condition, it can hardly be anything other than very serious. He is 60 years old and has had a heart condition for years. He has been fasting for 17 days. He cannot take his heart medicine while fasting. The Soviet authorities felt it necessary to force him into a hospital five days ago.

The ostensible reason for the fast—the Kremlin's refusal to allow Liza Alexeyeva to leave the Soviet Union in order to join Dr. Sakharov's stepson, to whom she was married by proxy—is not all that this struggle concerns. We cannot speak for Dr. Sakharov, but every indication is that he feels driven to the point where he has little else left to live for. He has been systematically deprived of contact with family, friends and work. He is cut off from the issues he cares passionately about, concerns that won him the Nobel Peace Prize. When he tries to practice physics, a field in which he is one of the world's towering figures, the KGB tears up his papers. He has been surrounded by walls of silence, and so it appears he has chosen this desperate means to resolve his own fate, one way or the other.

Messages mailed before he was hospitalized last week make it clear that Dr. Sakharov and his wife, Yelena Bonner, who is also fasting, had squarely faced the possibility of death. "We will not commit suicide," he wrote. "If we come to a tragic end, it will be murder, at the hands of the KGB." The messages imply that Dr. Sakharov would not passively submit to force-feeding, raising the frightening possibility that he is fighting in the hospital against whatever means are being used to force-feed him.

The other players in this deadly drama seem confused. When Liza Alexeyeva tried to travel to Gorki a few days ago, she was picked up by the KGB, warned against trying to visit the Sakharovs, driven 15 miles outside of Moscow and left there. Yesterday there were signs that authorities had changed their minds, but there was still no permission to go to Gorki. Then she was instructed to go to the office that grants exit visas; when she did so, no one would see her.

It may be that the pressure of world opinion and the urgency of Dr. Sakharov's condition have forced the Kremlin's political authorities to take control of Dr. Sakharov's fate away from the KGB. It can only be hoped that these wiser minds understand that his death would be seen around the world for exactly what it would be—the brutal and stupid slaying of a man worthy of universal respect. At least in spirit, it is no great distance from Washington, Paris,

Lagos or anywhere else in the world to that hospital bed in Gorki.

[From the Rocky Mountain News, Dec. 8, 1981]

SAKHAROV

The Soviets are in a no-win situation with Andrei Sakharov.

The sooner they accept that fact, the sooner they will take him and his wife out of the hospital they confined them to in the 13th day of their hunger strike—obviously for forced feeding—and bundle both of them and their daughter-in-law out of the country

Americans may find it incomprehensible that the sovereign Soviet state should get itself into a confrontation with its most prominent dissident over a matter which, in any decent society, would be none of the state's business.

The daughter-in-law, Liza Alexeyeva, simply wishes to emigrate to the United States to join her husband, Sakharov's stepson, to whom she was married in a proxy ceremony in Montana last summer.

But that is the petty, vicious and inhuman nature of the Communist system, although it has seldom been so exposed as in the Sakharov case.

Sakharov, of course, is no ordinary Soviet citizen. If he were, he would long ago have been permanently disposed of.

His fame—at home as a once highly honored scientist who helped develop the Soviet nuclear bomb, and abroad as Russia's leading human rights spokesman—has kept him alive.

But his knowledge of Soviet nuclear secrets has kept him a prisoner in the forbidden (to foreigners) city of Gorky, to which he was banished nearly two years ago.

It is all now coming to a head, however. The authorities cannot permit Sakharov, who is 60 and has had two heart attacks, to die, however much they might wish him to. Neither can they suffer him as a constant irritant and rebuke to the regime, which he has been even in closely guarded internal exile.

Sakharov himself, we are sure, would prefer to stay in his native land. His struggle is not for his own personal freedom but that of humanity at large, and of his fellow Russians in particular.

But he could continue that struggle abroad, as well as pursue his important research in Einsteinian physics. He would be an adornment to any country he was permitted to go to.

We fervently hope that will be the happy outcome of this potentially tragic drama.

STEEL IMPORT SITUATION WORSENS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Indiana (Mr. BENJAMIN) is recognized for 60 minutes.

Mr. BENJAMIN. Mr. Speaker, on November 19, I reported to this House that record steel imports of 14½ million tons entered the United States in the first 9 months of 1981. I also reported that the September figure was 64 percent higher than September of the previous year.

Unfortunately, the situation continues to deteriorate. October's imports increased 7 percent over September and exceeds October of the previous year by 64 percent. By the end of October nearly 16½ million tons of steel had been imported into the United States, an increase of 28 percent over 1980. At the end of September, 20½ percent of the steel used in the United States was foreign made compared to 14½ percent at a comparable period in the previous year.

The impact is clear—more than 63,000 steelworkers laid off and another 14,000 working less than a full week. In the last 3 weeks, 10,000 more steelworkers became statistics.

Despite the obvious downturn in the steel economy, the House Steel Caucus has not been able to persuade the President of the absolute necessity of convening a White House summit meeting and immediate voluntary restraints or quantitative control of imported steel.

The officers of the caucus wrote to the President on October 7, over 2 months ago, to urge a meeting to discuss the condition of the carbon and speciality steel industries. An interim reply was received 2 weeks later.

On November 20, another letter was directed to the President to restate the urgent need for a steel summit meeting with industry, labor, Cabinet, and caucus officials. Shortly thereafter, a response was received to the initial communication indicating that an early meeting was not possible.

I personally regret that response and trust that it does not reflect a cavalier attitude on the growing unemployment.

Last Friday, the chief officers of several major steel companies, who had announced intentions to file appropriate trade actions, met with the President. The administration, according to a White House spokesman, agreed to ask the European Economic Community to voluntarily restrain steel shipments to the United States. Supposedly, the President was to direct the Secretary of Commerce to work out an accommodation with the Europeans to deny shipments of cheap steel to the United States.

Today, the Commerce Department disputed that White House report. It stated that the Secretary of Commerce would seek compliance by the Europeans with U.S. trade laws and warn them of the consequence of dismantling the steel trigger price mechanism.

The communications difficulties of the White House—whether to us or to the public—is extremely regrettable. Regardless, the clarification of the Department of Commerce is welcome.

Frankly, enforcement of our trade laws is all that the U.S. steel industry or its workers and communities have ever requested. Contrary to the December 7, Wall Street Journal editorial, there has not been and will not be any attempt on the part of the House Steel Caucus to invoke protectionism. On the other hand, the caucus will expect that free trade be treated as fair trade and all relevant laws be enforced regarding steel products—as laws should be observed on all aspects of international trade.

That White House meeting of December 4, partially responded to my second point of November 19. The other urgings of that day remain viable and are repeated for emphasis:

That the appropriate divisions of the Department of Commerce and International Trade Commission be maintained at sufficient strength to handle the investigations and resulting complaints prepared and filed by the Secretary of Commerce. This would mean that sufficient funds be provided by the Congress and used by the administration to prevent further importation of dumped and subsidized products and to proceed against those nations and firms who have chosen to ignore and flaunt our laws.

That the administration and Congress cooperate to:

Improve the trigger price mechanism and incorporate it in statutory law;

Review U.S. trade laws and improve them with respect to changing world conditions;

Establish a quantitative restriction which would be correlated to the growth or contraction of the American economy thereby protecting domestic companies and workers during recessionary periods;

Evaluate and determine necessary actions to assist the steel fabrication industry, specialty steel industry, and steel marketing firms, all adversely affected by the inadequacies of the present trigger price mechanism and off-shore marketing entities; and

Encourage a new export program to promote overseas sales of American steel and steel products.

Mr. Speaker, my concern on steel imports is also reflected in the recent specialty steel industry petition for relief under section 301 of the 1974 Trade Act.

On January 8, 1981, the Department of Commerce established a surge mechanism to restrain dumping and other unfair import practices affecting specialty steels. By July, imports of tool steel equaled 37.7 percent of apparent consumption.

Since then, import penetration rates have accelerated with little action from the Commerce Department. For the third quarter, stainless sheet and strip imports were 11.2 percent of the market; stainless bars reached 26.6 percent; stainless wire rods imports reached 47 percent and alloy tool steel hit nearly 40 percent penetration.

It appears that in certain instances foreign producers are selling in the United States as much as 54 percent below the U.S. price for certain spe-

cialty steel products. It is no secret that the majority of foreign specialty steel producers are either owned outright or are heavily subsidized by their governments. For example, the steel industry in the United Kingdom is 79 percent owned by the Government; in Brazil it is 68 percent; Italy 57 percent; Sweden 59 percent.

Clearly, the domestic specialty steel industry, as efficient as it is, cannot compete against the massive subsidization of foreign steel mills by their governments.

It is time for our Government to take comprehensive and immediate steps to halt the flow of unfairly traded specialty steel imports and to insist that our trading partners abide by the international trade agreements to which they are signatories.

The situation now includes suits by the Department of Commerce and the specialty steel industry with others expected shortly from the carbon steel industry. Without question, these actions reflect a failure to enforce U.S. trade laws. The General Accounting Office previously found that 40 percent of the steel arrived in contravention of U.S. law. Mr. Speaker, I would not doubt that this figure may now be as high as 75 percent—if not more.

While some Americans in high places care less and some industry actions are not helpful, most Americans do want a viable and inherently strong steel industry. Certainly, we of the Steel Caucus do—for the benefit of our communities and constitutents—and for our national good.

Therefore, Mr. Speaker, we again call on our President to keep his campaign pledge to the steel industry and enforce the trade laws with adequate legislation and manpower. We look forward to turning the industry's plight around before more steelworkers lose their jobs. Mr. Speaker—our time is short and our mission important—this is where the President can deliver—and should. His response could make a lot more Christmases brighter than they might otherwise be in Gary, Pittsburgh, East Chicago, Johnstown, and other steel cities.

WITHDRAWAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 3039

Mr. HUTTO. Mr. Speaker, I ask unanimous consent to withdraw my name as cosponsor of H.R. 3039.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

A FIFTH COLUMN IN THE TRADE WAR?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. GAYDOS) is recognized for 60 minutes.

Mr. GAYDOS. Mr. Speaker, today we are literally knee deep in a flood of dumped foreign steel brought on by the willful violation by our trading partners of their solemn trade agreements, and the Subcommittee on Trade this week is to resume hearings on U.S. trade policy for the future.

Scheduled to testify about the American consumer's stake in even more open world trade of the one-way kind we have today is a relatively new lobby group, the Consumers for World Trade.

The group goes by the initials CWT. CWT also means hundredweight. It is kind of clever, and it is connected to commerce.

CWT's recruitment and informational literature proclaims it to be a citizen's movement devoted only to lower priced consumer goods through trade, and to explaining to other citizens that their stake is enormous in the kind of trade we have today.

This is the face CWT uses in appearing before Congress and the International Trade Commission and in dealings with the U.S. Trade Representative.

This, like many things in world trade, is true as far as it goes.

But, like most things in world trade, it does not go far enough.

If the House will hear me, I will take the Members a step beyond CWT's representations.

We will go through the looking glass and into a frame of reference where we can see the props that hold up the image.

By the way, the props are not American made, as we shall see.

Consumers for World Trade was loaned $11,000 by the American Importers Association in July 1979, apparently a startup loan.

This loan has not been repaid as of March 17 of this year, according to a notation from CWT that was filed with the Internal Revenue Service.

This notation was filed in connection with CWT's tax-exempt and nonprofit status as a civic league.

The House must hear the phrase "civil league" in quotation marks to indicate some skepticism on my part, Mr. Speaker.

The notation said the loan is to be repaid as soon as CWT is self-sufficient.

The House should hear this phrase, as soon as self-sufficient, in italics to indicate emphasis on my part, Mr. Speaker.

It means they are not now self-sufficient.

The American Importers Association, now called the American Exporters & Importers Association, is located in New York City.

It shares a conference room in the same office building on the same floor with the American Institute for Imported Steel.

The two groups share members and even share a few directors, a spokesman for the Importers & Exporters Association has said.

The American Institute for Imported Steel represents firms that handle an estimated 50 percent of the imports here from Europe and 30 percent of the imports from across the world.

Last August dumped steel, steel sold at or below cost, much of it from Europe, amounted to about 25 percent of the apparent supply of steel in the United States.

In September it was about 20 percent.

In October, the most recent month available, it was around 22 percent.

As a result, 60,000 American steelworkers are laid off.

Another 20,000 are on short workweeks.

And CWT has zealously and forcefully opposed the steel trigger price mechanism in its newsletters and activities.

The trigger price mechanism was established to expedite the functioning of internationally agreed-to mechanisms meant to prevent predatory nations from engaging in trade war or using the tactics of trade war.

CWT consistently scolds American steel as an example of those big and fat, and lazy industries grown too slothful to compete.

CWT anguishes in its worry over what effect the EPM has on U.S. consumers.

Said CWT in a recent newsletter:

> We are extremely concerned that little is being done to do away with the long-term protectionist policies afforded to steel and other industries we discuss in this newsletter.

Yet CWT is reliant for its continued operations on a loan from the American Importers Association, now renamed Exporters & Importers, which includes steel importers in its membership.

But CWT's newsletter does not disclose this.

In addition, CWT president, Doreen Brown, sits on the International Steel Advisory Committee of the U.S. Trade Representative as the consumer representative.

I think that CWT's connections should be listed on its letterhead and its newsletter right beside the list of former State Department officials and distinguished professors and think-tank scholars that make up its public-interest board of directors.

However, this is but one step beyond the looking glass and a look at one prop, Mr. Speaker.

There are many more.

If you get a list of CWT's corporate contributors, and corporate donations make up more than half the budget, you will see the Automobile Importers of America high on the first page.

The Automobile Importers of America represents the American arm of every Japanese and European automaker doing business here with the exceptions of Volkswagen and Mercedes-Benz.

It includes Honda, "We Make It Simple"; Honda which sold 375,338 cars here in 1980.

It includes Datsun, "We Are Driven"; Datsun which sold 516,884 cars here in 1980.

And it includes Subaru, "The Official Vehicle of the U.S. Ski Team"; Subaru which sold 142,969 cars here in 1980.

The five best known Japanese manufacturers sold 1.8 million automobiles in the United States in 1980.

So it is not unreasonable to wonder how CWT stands on the automobile truce negotiated with Japan earlier this year.

CWT opposes it; opposes it zealously.

One of CWT's board members, a distinguished former diplomat, analyzed the agreement in a newsletter.

His analysis came very close to self-righteously applying the labels "Racist" and "Zenophobe" to those whose pressure brought about the truce.

"The truce is nothing but an updated version of the discredited and odious Oriental Exclusion Act," he said bitterly, refusing to acknowledge any validity to concern about American workers.

And he concluded, and I quote directly:

I do not see how this unseemly episode can possibly brighten the American image or benefit the national interest.

The national interests represented by the Automobile Importers of America, whose contribution helped publish this diplomat's views, also includes a group of foreign tiremakers as well as 17 foreign automakers.

It even includes the European automaker who uses U.S. television to tell American consumers they are being treated like bozos.

I do not know how much money the automobile importers gave to CWT to represent the enormous stake of the working American consumer, including consuming automakers and steelmakers, in the rigged and one-way trade we have today.

But the New York Times recently reported that Toyota has given $7,500.

And that Subaru chipped in $15,000 by paying CWT's $10 membership dues for 1,500 American employees connected to Subaru's operation.

Between Toyota and Subaru, the total is $22,500, Mr. Speaker.

Since CWT President Brown previously has estimated her budget at around $100,000, those two automakers alone are in the 20-percent category.

But we have more steps to take if we are to cover the ground.

CWT's 1979 report to the IRS indicates that it took in only $6,430 in individual membership dues in that year.

This means there were only 643 members in 1979 before the membership drive that took in employees of Toyota and Subaru and Lord knows who else.

CWT's membership is estimated at about 3,000.

This means that about 20 percent of CWT's individual membership has a reasonable chance of being unconnected with importers or exporters.

I am beginning to suspect that the stake of some consumers in the one-way trade of today is more enormous than the stake of other consumers.

It is not my intention to make the CONGRESSIONAL RECORD resemble the front page of an investigative newspaper, Mr. Speaker, but we have several more props to review.

My freedom of information request to the IRS on this civic league brought forth notification that there is no record of a 1980 return on file and no record that an extension was requested or granted.

Therefore, there is a possibility CWT faces $10 a day penalties for not filing as required.

This is a relatively small matter, but one of CWT's themes is that any consideration shown to American producers who are being victimized by the tactics of trade war is really a subsidy paid by the American consumer.

However, the CWT prospectus tells potential corporate givers that their gift may be deductible from their U.S. Federal income tax as a business expense if it is made with the reasonable expectation of a commensurate financial return.

Business expense and financial return are the key words there, Mr. Speaker.

Those who give have got to expect something green and tangible in as a result.

And CWT may owe at least $3,100 to the IRS, possibly double that, if they did not file in 1980.

It seems to me that one question to be asked is this: Who is subsidizing whom?

Nevertheless, CWT is active and vocal on many issues other than the trigger price mechanism and automobiles.

It may be that things are as CWT President Doreen Brown says, that the corporate contributions come because the givers simply have a wide and general common interest with the group.

Let us take a look at that, at a few issues.

CWT opposes, but grudgingly accepts, the multifiber agreement on textiles.

CWT opposes any quotas on meat imports.

CWT opposes any relief for U.S. shoemakers.

In this review, we need to go back to the American Importers Association, now renamed the Exporters & Importers Association.

The association is divided into four working groups, or was.

There is the textile and apparel group, which might have an interest in the multifiber agreement. This group is represented by a Washington law firm that is listed as representing Japanese and Korean and Italian steel and foreign chemical manufacturers and many others engaging in trade.

The parent association has a meat products group, which might have an interest in meat imports. This group is represented by a Washington law firm that seems to specialize in representation for food products importers.

By the way, meat experts tell me our Japanese trading partners rigidly limit the amount of American beef they will take and place a stiff duty on what goes in.

The Japanese duty is 25 percent based on the cost of transportation as well as the cost of the product.

Beef sells for about $20 a pound in Tokyo, they say. It is a pity no companion group represents the Japanese consumer before the Ministry of Industry and Trade.

Meanwhile, the Europeans place a uniform 20-percent duty on imported meat and openly discuss what measures will be necessary to make them 95 percent self-sufficient.

Then there is the footwear group of the American Importers Association, which might have an interest in shoes. This group's Washington law firm seems to specialize in South American leather processors and Japanese heavy industry, including steel in most of its forms.

And last, there is the work glove group. Their Washington law firm seems to represent Japanese industry and European automakers and a meat importers group.

If you remember the things CWT opposes, it begins to appear astoundingly uncommon just how many common interests CWT shares with its corporate angel, the one with the outstanding loan.

Nevertheless, CWT operates on an austere budget.

It is staffed by only one full-time employee and interns. Its board and others give volunteer time, generally 1 day a month.

Yet CWT publishes a very thorough and knowledgeable newsletter that runs up to 12 and 16 pages and covers almost every pending issue in trade.

Read a CWT newsletter or other literature.

You are struck by how very concerned CWT is with keeping U.S. markets wide open and how little concerned it is with barriers that exist to American goods in Japan and Europe.

Could it be that those thorough and informative newsletter articles and bulletins are ghost written by Washington lawyers who have a little time on their hands?

By the way, CWT President Brown also sits as a member of the Importers and Retailers Advisory Committee of the Department of Commerce.

CWT has expressed concern about the orderly marketing agreement on television sets.

Panasonic is on CWT's contributions list.

Also on that list is a group called NEC of America.

NEC stands for Nippon Electric Corp., I suspect. It is a vigorous competitor in the American communications industry. The Japanese recently have opened their communications industry somewhat to U.S. competition, but results are slow to be seen.

There are a few other steps I could take, Mr. Speaker, but our walk through the looking glass has been longer than I planned.

I have not spoken at such length on CWT because I wish to condemn the group or its activities or its supporters, Mr. Speaker.

Commerce makes the world go around and we must compete.

As for CWT, they have been absolutely open when asked. Much of the information contained in my remarks was provided by the group either directly or indirectly, and it deserves praise for that forthrightness.

In these remarks I have raised questions and it is only fair that Mrs. Brown's answers not go unnoticed.

Mrs. Brown asserts that the financial support given the group has absolutely no influence on its positions or the issues it chooses or the newsletter.

She says she writes the newsletter herself and spends long hours on it.

She notes that contributors are not members and do not elect directors or set positions. She says that there are no foreign firms among the contributors. That those with foreign connections are nevertheless U.S. operations employing American workers.

The only guiding principle of the group is what is best for American consumers, she says.

And she emphatically says the IRS is in error.

I ask the House to remember that I speak as chairman of the Congressional Steel Caucus, and I remind the House that our primary concern is the continued viability of the American steel industry.

These remarks have been based on the belief that the more we in Congress know about those with whom we are dealing, the closer to right and proper will be the difficult decisions we must make.

Therefore, I will not be offended if some choose to take this information with a grain of salt as long as they remember you shouldn't always judge a newsletter by its content.

□ 1930

Mr. MURTHA. Mr. Speaker, will the gentleman yield?

Mr. GAYDOS. I yield to my colleague, the gentleman from Pennsylvania.

Mr. MURTHA. Mr. Speaker, the steel industry's ambitious modernization plan is jeopardized by the cheap imports flooding this country. The Congressional Steel Caucus has made progress on tax and environmental proposals before Congress, but the import situation is eroding these successes.

We have supported three specific tax measures: Accelerated depreciation, a refundable investment tax credit, and an additional 10 percent targeted investment tax credit for companies investing in economically depressed communities. This kind of legislation would encourage modernization, increase productivity, and help relieve pockets of unemployment in our older industrial cities.

We have also supported legislation that would grant a 3-year stretchout period for environmental expenditures to comply with our clean air standards. This time would allow reinvestment in new technology and equipment, rather than additional pollution control equipment. We feel this type of regulatory relief will impact favorably on the steel industry's capital investment program and modernization strategy.

While our trade and environmental policies are moving forward to help make steel strong again, the future of steel also relies on fair trade. As David Roderick recently noted, the domestic steel industry can be seen as a three-legged stool; supported by tax, trade, and environmental policies. No matter how strong our tax and environmental policies are, the stool cannot stand without an equally strong, third leg. The injury caused by unfair import competition makes the further decline of the steel industry seem inevitable.

The toleration of foreign-subsidized steel dumped at prices below the cost of production is neither a sound nor fair basis for stable trade relations. This market disruption also impedes any of the impact new tax and environment policies may have.

Import penetration of the U.S. market is reaching historic levels. This injury translates directly into unemployment, which has hit 15 percent of the industry's work force.

The increased burden of cheap imports falls directly on steelworkers. The average rate of unemployment in my home district is almost double the jobless rate nationally, because for every one steel job lost, three ancillary jobs are at stake. This injury will continue as long as dumping by foreign producers is tolerated in the United States.

In terms of defense, these illegally cheap imports can only lead to dangerous dependence on foreign sources of steel as U.S. capacity is displaced. If we are to move ahead with our plans to rebuild our defense capabilities, a viable domestic steel industry is necessary. This cannot happen if we continue to allow subsidized imports to penetrate the U.S. market.

Our first step in correcting these detrimental conditions is to focus attention on the import problem through our special orders today. Our second step is to renew our call for a summit meeting to be held with the administration, Members of Congress, industry, and labor officials to discuss imports and general trade policy issues. We need a cooperative effort to address this critical situation.

Mr. GAYDOS. Mr. Speaker, I wish to respond to my colleague, the gentleman from Pennsylvania (Mr. MURTHA), who has been so active on the executive committee of the Steel Caucus. I want the record to show that we had 11 members there early this morning; we spent over an hour there. I commended and complimented the group as the chairman of the Steel Caucus for their dedication to the problems we have seen over the last 4 or 5 years.

I congratulated them and thanked them for their dedication over the 5-year period and for what they have accomplished.

I think the Steel Caucus speaks for itself. I refer the Members to the words of one who has been around these Halls for a long time, a colleague of ours, the gentleman from Alabama (Mr. BEVILL), who on several occasions has reiterated his feeling. He has said he has never seen a more active and effective, forthrightly effective, caucus in the time he has served in the House. I think those words, coming from such a Member with such a long record of service here in the House of Representatives, are meaningful.

● Mr. RITTER. Mr. Speaker, I am pleased to join with my distinguished colleagues on the House Steel Caucus Executive Committee to discuss the concerns and continuing problems facing the domestic steel industry. The main reason for this special order today is to focus on the situation created by massive dumping of steel into this country's markets at the expense of thousands of domestic jobs. When you realize that foreign imports result in one steelworker out of work every 9 minutes of every day, of 1981, including Sundays and holidays, it puts the picture into agonizing perspective right away.

I represent an area dependent on the health and vitality of the American steel industry, and am proud to

have the Bethlehem Steel headquarters located in my congressional district, Pennsylvania 15th. We have seen significant relief provided to revitalize the steel industry over the last year. For example, Congress passed a steel stretch-out bill which extends the compliance date to meet clean air act mandated environmental standards for steelmaking facilities in order to spur modernization. This bill, which was signed into law last July, was supported by labor, industry, and environmental groups. It is interesting to note that despite their financial difficulties, the Nation's steel companies have increased their rate of modernization. A dramatic number of new projects have been announced or undertaken during the last year despite the generally unfavorable economic environment. At the same time, the steel industry has made progress in cleaning up the environment. Since the key environmental laws were enacted, most of the steel industry's major pollution sources have been brought under control.

At the end of 1979, the steel industry was controlling 98 percent of its airborne particulate emissions and 91 percent of its water pollutants. By 1982, as required by the Clean Air Act, the steel industry will be removing 96 percent of its airborne particulate emissions. By 1984, under requirements in the Clean Water Act, the industry would control over 99 percent of its water pollutants.

This year the steel industry also enjoyed significant tax reform as the Congress passed the Tax Incentive Act of 1981. This measure included the much desired and needed Capital Cost Recovery Act. The new law replaces the present asset depreciation range system (ADRS) with accelerated cost recovery system (ACRS). This will allow steel industries to write off their assests over a period of 3, 5, 10, or 15 years. In addition, the new law raises the regular investment tax credit for used property to $125,000 for 1981-84 and to $150,000 in 1985, extends the carryover period of unused investment credit to 15 years and provides an election to expense the cost of new or used personal property.

Depreciation rules for leased assets are also liberalized, in order to encourage profitable businesses to lease assets to distressed industries who would not benefit from ACRS because they have more tax deductions than taxable income. This liberalization will enable unprofitable firms to modernize their plant and equipment. Under the new rules, businesses that grant such leases may borrow up to 90 percent of the cost of the assets and remain eligible for the depreciation allowance. All of these depreciation provisions are retroactive to January 1, 1981.

Unfortunately, with all the advantages this new direction has provided, because of the massive imports pouring into this country, the industry is still fighting to keep its head above water.

In the words of chairman of Bethlehem Steel Corp., Donald H. Trautlein, on the October 1981, steel import levels:

It is obvious from the October figures that steel imports are still a major problem for American steel producers. More than 1.87 million tons of steel came into the United States in October and took over 22 percent of the domestic steel market.

While steel imports continued at the high levels of recent months, the domestic steel industrry's rate of capacity utilization last week fell below 60 percent. As a result, operations have been reduced and over 50,000 American steelworkers remain on layoff. The loss of business to enormous tonnages of dumped and subsidized foreign steel is intolerable and must not be allowed to continue.

Mr. Speaker, I share the concerns and sentiments of Mr. Trautlein with regard to the impact of foreign imports on the domestic steel industry. The American steel industry supports an open world trade system. Foreign steel should have an opportunity to compete in the American steel market so long as it is fairly traded. The industry has been a supporter of the Tokyo Round Trade Agreement involving more than 100 countries, which reduced tariffs and promoted efforts to remove nontariff barriers.

Domestic steelmakers believe they are the principal low-cost producer for the American market. But the United States, the only major open steel market in the world, cannot ignore the penetration of unfairly traded imports. Heavy flows of such imports cripple the domestic industry and undermine its capability to continue as the principal supplier of steel for this market.

Steel companies are making progress in their efforts to modernize and become more competitive. Government policies appear to be headed in a direction which could speed progress. However, what has been done is merely the beginning. Much more needs to be done—by the steel companies through the installation of more modern facilities and by Government in the form of policy changes.

Unfair steel imports transfer to American steel producers and workers the unemployment and adjustment problems that foreign producers and their governments are seeking to avoid. Enforcement of the U.S. trade law through the trigger price mechanism (TPM) is the most effective answer to the problem and is essential to the industry's revitalization program. Recently, Mr. Donald Trautlein appeared before the Senate Steel Caucus and discussed how the import situation impacts on the Bethlehem Steel Corp. I would like to share his remarks with my colleagues and include his statement in the RECORD at this time.

Statement of Mr. Trautlein follows:

STATEMENT OF DONALD H. TRAUTLEIN, CHAIRMAN, BETHLEHEM STEEL CORP.

Under the terms of the Trigger Price Mechanism, as revamped and revised a year ago, activation of the surge provision depends on two conditions.

First—that the domestic industry be operating at no higher than 87 percent of capability.

Second—that imports be accounting for at least 15.2 percent of domestic consumption.

Both conditions are being met. Currently the domestic industry is operating at about twenty points below the 87 percent level. And, over-all imports' share of the market has been clearly in excess of 15.2 percent for six consecutive months, beginning in April.

The damaging effects are by no means confined to a few products, a few geographic areas, and a few markets. The injury is pervasive and widespread.

Bethlehem Steel has a particularly large stake in the heavier end of the steel product line—plates and structural shapes. Quite unlike the situation with oil country tubular goods, there is no shortage of domestic capacity to produce plates and shapes. Yet—look at what's happened in those product areas.

As for plates, imports captured 21 percent of the market in 1980, and declined to 19 percent in the first quarter of 1981. The surge began in the second quarter of this year. Plate imports increased to 25 percent of the market, and then to 30 percent of the market through the third quarter.

The pernicious effects at a time of weak domestic demand are quite obvious. For example, two weeks ago we were forced to shut down our 110-inch plate mill at Burns Harbor—a world-class mill that's the most modern of its type in the nation.

That mill went back into operation today, but only because of the indirect effects of a large order for plates for a major line pipe project. For the foreseeable future, it will be operating at far below its full capability.

On October 23d we announced the temporary shutting down of both the 60-inch and 160-inch plate mills at our Sparrows Point Plant, increasing the number of workers on layoff from 450 to about 1,350.

There's been a similar pattern in structural shapes. Imports' share of the market was 26.7 percent in 1980, declining to 24 percent during the first quarter of 1981. It rose to 32 percent in the second quarter, and 33 percent in the third quarter.

Again, the general economic slowdown has been a contributing factor, but it is clear that unfairly traded imports have made a bad situation much worse.

As I said, plates and shapes are particularly important to Bethlehem, but they are more than that. They are essential to major capital spending projects throughout the economy as envisioned by the Reagan economic program.

Those products are emphasized in the $750-million modernization program we announced several months ago. That program includes modernization of our structural mills at Bethlehem, Pennsylvania, and the plate mills at Sparrows Point, Maryland—including installation of a continuous slab caster that will support the plate mills.

It's a paradox—a potentially tragic paradox—that badly needed modernization is now threatened by a flood of imports on top of a lagging economy. This is precisely the

kind of condition that the surge provisions of the TPM were designed to alleviate.

It is true that Bethlehem, along with some other steel producers, registered improved earnings in the third quarter. Bethlehem's return on equity was 11 percent, compared with only 9 percent for the first quarter of the year. That's the good news. The bad news is that our 11 percent return compares with an average of about 17 percent for all domestic manufacturing companies.

How can we attract sufficient funds for investment, or generate funds internally, when the cost of capital is higher than our return on equity?

We'd be in much better shape today if imports hadn't taken such a big bite out of the available business during the third quarter.

If third quarter imports had been held to 15.2 percent—the upper limit of the TPM surge provision—they would have totalled 4 million tons instead of 5.6 million tons. The added 1.6 million tons of business for the domestic industry would have significantly improved the incremental profitability of our operations.

I estimate that Bethlehem would have shipped an additional 230,000 tons. At our 1981 rate of operations, those incremental tons would have been especially profitable—about $150 a ton, pre-tax. In other words, those 230,000 tons we should have had, but didn't, could have yielded an added $35 million in pre-tax profits before taxes—in a single quarter.

On a sustained basis, the potential profits currently being lost to imports could go a long way toward making our planned modernization program a reality.

But, as things stand, that program is in jeopardy and thousands of steelworkers are suffering real hardship. Of the 50,000 or so steelworkers Mr. De Lancey mentioned as being on layoff, about 6,500 are Bethlehem employees. We want to put them back to work!

I estimate that, were it not for the 230,000 tons of business we might otherwise have had, but didn't, between three and four thousand of those people would have been working steadily during the third quarter.

The near-term future prospects aren't encouraging. Even more layoffs are likely, and there's no question in my mind that imported steel is a prime culprit.●

● Mr. FORD of Michigan. Mr. Speaker, the recent filing of law suits against various foreign governments because of their unfair subsidization of steel exports to the United States has once again brought a critical question into sharp focus. How long can this Nation sit idly by while its industrial base is crippled, bled away, or transported wholesale out of the country? When will this Congress wake up and see that our national security and prosperity depend on a healthy manufacturing sector and that the trend toward a service economy must be checked if it is not to lead to disaster?

Steel imports have more than doubled since March of this year, flooding our markets and leading directly to the layoff of thousands of American steelworkers and the shutdown of numerous plants and blast furnaces. The situation is particularly dangerous because the American automobile industry is suffering from another flood of imports. The result is a double whammy for steel companies, their employees, and the communities in which they reside. Fifty-five thousand steelworkers are on layoff, and 17,000 more are working short weeks. McDonalds now employs more workers than United States Steel. Whatever one may think about the inevitability of the service economy, I think that we can all agree that America will be neither strong nor prosperous when it becomes a nation of people serving each other hamburgers.

The Reagan administration, like the Carter administration before it, has refused to tackle the import issue head on. Mr. Stockman will argue that our industries are uncompetitive in the world market because of the good wages paid American workers, and he would have those wages reduced or frozen. But this ignores two key facts. First, there is no single world market: every country constitutes a separate market, and few, if any, of these markets are truly free. Second, the extent to which foreign governments subsidize the wages of their employees is ignored by people like Mr. Stockman and, indeed, by the American media. For example, labor costs in America are higher than those in Japan because American steel companies pay for their employees' health benefits: In Japan health benefit costs are socialized, supported by a national health care system. American steel companies fund special unemployment insurance programs for their employees: the Japanese Government pays for such programs in Japan. In France, the Government not only pays health, unemployment, and training costs which would be paid by private companies here, but the French Government is nationalizing two of its major steel companies and has directly subsidized several smaller steel companies.

The answer to import competition of the magnitude and nature facing us today is quotas in steel and content legislation for automobiles. Twenty-five percent of the steel sold in the United States is imported; 30 percent of the autos sold here are imported. Voluntary restraints, surge mechanisms and the trigger price mechanism have all failed.

We need to take action to guarantee the survival of a strong steel industry: our national defense and economic security depend on it.

The Reagan tax policies, justified as a means to spur capital investment, will be meaningless if the companies which were meant to take advantage of them close their older facilities instead of renovating them, abandon the field to subsidized imports from foreign nations, and move into unrelated fields such as oil, mining, newspapers, and pharmaceuticals. We need a Government policy that recognizes the need for a solid industrial base and sets out to preserve it.●

● Mr. LUNDINE. Mr. Speaker, a vibrant U.S. steel industry is essential to our industrial base and to our national defense. As a result, we must be concerned over the development of several factors that have coalesced since the end of World War II to cause the emergence of a world steel industry. The development of a world iron ore market, improvements in the world transportation network, and new technology have made it possible for any nation in the world to become a steel producer. As a result, the world steel industry today is very competitive, giving heightened importance to the role of the rules governing our international trading system.

Import penetration of the U.S. carbon and specialty steel market has been increasing steadily over the past two decades. U.S. imports increased from 3.3 million tons in 1960 to a record 21.1 million tons in 1978. Even though world steel demand more than doubled over the past two decades, U.S. steel production has increased by only 20 percent.

The conscious effort by several countries, Japan in particular, to develop their own domestic steel industries to cultivate for the export market has hampered the ability of U.S. industries to expand and modernize. The effort by foreign countries to develop steel production capacity has been coupled, in many instances, with the use of unfair trading practices, which have resulted in dumping in U.S. markets. We need, therefore, to develop a policy to reindustrialize our domestic steel industry and to insure that our domestic steel producers do not fall prey to the unfair trading practices of our international competitors.

Development of a reindustrialization policy for the steel industry will require the collaboration of industry, labor, and Government. We had what I believed to be a productive start toward this type of cooperation with the Steel Industry Tripartite Advisory Committee begun during the last administration. I was disturbed to learn that the Reagan administration has decided not to proceed with this committee, and would urge that the administration reconsider its decision on this matter.

There is no better way to gain an understanding of the problems plaguing the U.S. steel industry from unfair trading practices than to examine the specialty steel segment of this industry. Unlike the carbon steel industry in the United States, which faces a major modernization effort in their plants, the U.S. specialty steel industry is modern and efficient. A study completed by the Office of Technology Assessment in 1980 found that the

U.S. specialty steel industry is highly competitive with its international competitors.

However, the specialty steel industry is being hurt by unfair international trade practices that are enabling import penetration into U.S. markets that should not be occurring. Import penetration of the domestic specialty steel market rose from 28.16 percent in the first quarter of 1981 to 32 percent in the second quarter. By August of this year, imports rose to 41.6 percent of the market.

The trend reflected in these figures is no accident. Foreign specialty steel producers are being subsidized by their governments. Subsidization is occurring through forgiveness of producers' debt, preferential loans for expansion and export assistance, loan guarantees, inventory financing, preferential utility or freight rates, and raw material subsidies.

Subsidization of this type is counter to the agreements that have been arrived at under GATT through international negotiation and agreement. Last week, U.S. specialty steel producers and labor filed a petition with the U.S. Trade Representative's office seeking relief under section 301 of the Trade Act for the impact on their industry from foreign subsidization. Prompt and meaningful consideration should be given to this petition by the administration, and mechanisms to provide protection against this type of unfair trade practice promptly developed.

The mechanisms that have been developed in the past have proved unresponsive to the needs of our domestic industry and ineffective in curbing unfair trading practices. The trigger price mechanism, while only applying to a few selective categories of specialty steel, has not been effective in stemming dumping. The surge mechanism instituted for specialty steel to deal with dumping and foreign subsidization has not resulted in Government efforts to deal with what is a growing concern among specialty steel producers over foreign subsidization.

Without an effective international trade policy for the specialty steel industry, U.S. domestic producers will find it increasingly difficult to maintain their technological superiority and competitive stance vis-a-vis foreign producers. We have already witnessed the erosion of the industrial base for the production of carbon steel and cannot afford to let this occur in specialty steel as well.

We need a national steel policy that will give rise to the reindustrialization of domestic carbon steel production and which insures fair trade for both carbon and specialty steel. The administration, in cooperation with labor and industry, should work toward the evolution of such a policy. Congress must work toward implementation of changes in current tax and environmental laws to complement these efforts and insure that the financial and regulatory tools are available to accomplish our goal of a healthy, productive U.S. steel industry.

Because of my particular interest in the question of specialty steel, I intend to ask my colleagues to jointly sign a letter to Trade Representative Bill Brock urging that he take prompt and meaningful action on the petition which has been filed jointly by specialty steel companies and unions representing their workers.

We have a precedent with the import quotas imposed from 1976 to 1979 which clearly demonstrate that such action was not inflationary and that prices did not rise during this time of relief for the domestic industry. Rather, the U.S. specialty steel industry invested substantial sums in improved productivity and became more competitive during this period of time.

We must act together in Congress and the administration to assure that our industry, which is vital to the national defense and important to economic recovery, enjoy an environment conducive to its growth and further progress.●

● Mr. YATRON. Mr. Speaker, I rise today to join my colleagues in addressing the issue of steel imports. I want to focus my remarks specifically on the specialty steel industry.

The U.S. specialty steel industry is recognized as a highly competitive American industry essential to the national economy and defense. Specialty steels are designed and produced for applications in extreme environments demanding special hardness, toughness, resistence to heat, corrosion or abrasion.

Some examples of industries producing essential goods and services for the national economy and defense which are dependent upon specialty steels are the following: The electrical power system, the aircraft industry, semiconductors, food processing, transportation systems, marine equipment, petroleum processing, and chemical processing.

Unfortunately, subsidized and dumped imports of foreign specialty steel present a critical challenge to the future of the domestic industry. Specialty steel imports are not covered by the trigger price mechanism, with the exception of stainless wire. However, in 1980, the Carter administration announced a surge mechanism for specialty steels because of concern about such imports. Administered by the Department of Commerce, this program is designed to alert the Government of surges in specialty steel imports. These surges may indicate unfair trade practices resulting from foreign dumping or government subsidies. If the Commerce Department finds evidence of dumping or subsidization, appropriate legal actions can be taken against foreign producers.

Despite the good-faith efforts of the Department of Commerce, the surge mechanism has not proved effective to deal with the import problem. Imported specialty steel is taking a growing share of the domestic market. In the second quarter of 1981, import penetration rose to 32 percent of the domestic specialty steel market, up from 28.16 percent in the first quarter. By August, imports rose to 41.6 percent of the market. At the same time, capacity utilization by domestic producers dropped to 32 percent during the second quarter from 33 percent in the first quarter.

The present unemployment rate in the domestic specialty steel industry is over 21 percent and increasing weekly. In addition, Bethlehem Steel, a substantial producer of tool steels, has announced their complete withdrawal from that market and has described imports as a major factor in their decision.

It appears that the situation will only worsen unless the Government, in coordination with the industry, takes positive and aggressive steps to correct the problem of unfair foreign trade practices. The vast system of Government subsidies to foreign specialty steel producers is a violation of American and international laws. The industry has filed a case under section 301 of the Trade Act of 1974 with the Office of the U.S. Trade Representative. I am confident that this case will be reviewed favorably and will lead to greater action with respect to unfair trade practices. The specialty steel industry will survive and prosper if it is allowed to compete on an equitable basis. It is up to our Government to provide the necessary competitive safeguards.●

● Mr. BROWN of California. Mr. Speaker, it is with regret that I rise to speak on the steel trade issue. I rise with regret because I have had to speak on this topic too many times over the last few years. I have had to deal too often with layoffs at the Kaiser Steel plant in my district, layoffs due primarily to excessively high rates of import penetration in the Western steel market. I have seen solutions offered and promises of action by the Federal Government come to nothing.

I am at a point of extreme frustration, a frustration shared by my colleagues who have spoken today and those who will speak tomorrow. I hope that the discussion today and tomorrow will show my colleagues and members of the administration the need for some positive action on the steel trade issue.

I would like to share with my colleagues some of the reasons for my strong feelings on this topic. In 1974,

the late Congressman Pettis and I formed a Steel Caucus to deal with the problems which we were experiencing on the west coast. With only one mine-to-metal steel facility on the west coast—the Kaiser plant at Fontana, Calif.—national policy on steel imports did not adequately deal with our regional concerns. Together, Congressman Pettis and I effected some small changes in the Trade Act of 1974 to deal with our concerns. Now, I am sorry to say, the import problems which affected us on the west coast are national in scope.

Basically, the Western steel market has had import rates at twice the national rates. This is due to the relatively small rate of steel production in the region, causing imported steel to fill the gap in demand. When national steel import rates increase, the west coast experiences even higher import levels since the importers are already in place there. For example, this year the national steel import rate for the first 9 months of this year is 18 percent. On the west coast the figure for this same period is pegged at 46 percent, well above our usual doubling of the national rate.

This situation has caused Kaiser Steel to have to do a better job of competing with foreign producers. Kaiser invested $200 million in a major plant modernization effort. They installed a continuous casting facility, a technology which is one of the most modern available and one which people point to as providing the Japanese with a competitive edge. They aggressively sought markets by concentrating their production on energy-related areas, producing pipe for oil and gas pipelines. They engaged in an aggressive battle with foreign producers and still lost money.

The reason for this continued loss was the fact that the foreign producers were bringing steel into this country at subsidized prices, below the exporting country's cost of production. National import penetration increased and the Western steel market had twice those rates.

Then we saw the trigger price mechanism (TPM) instituted to deal with the dumpting of foreign steel in our country. The TPM set minimum import prices for steel based on cost of production, freight costs, and a modest profit allowance. However, the TPM uses Japanese cost of production and Japanese freight rates to the United States. What this means for the west coast is that, since it is closest to Japan, it has a lower freight cost component and has the lowest TPM level in the Nation. As soon as the TPM went into effect, the west coast was flooded with imports as foreign steel producers sought the lowest cost entry point into the United States.

One clear indication of the west coast being used as an entry point for imported steel is the fact that while the Western steel market accounts for only 8 percent of the national market, 20 percent of our national steel imports come in through the west coast. This shows me that my suspicions about the TPM levels on the west coast having had a detrimental effect upon our region are correct.

We now have European steel flooding the western market and European steel service centers being set up on the west coast. We had not had much European steel on the west coast in the past, and I think that any rational person would agree that the west coast would not ordinarily be a natural market for European steel. We can only assume that this is a result of problems with the setting of the TPM levels on the west coast.

Many of us representing Western districts have tried to get this transportation differential problem corrected. We have not met with much success and the TPM formula remains based upon Japanese production. I am reluctant to advocate the abolishment of the TPM program, since it has had some beneficial effects and Kaiser Steel would be worse off without the TPM. What I would like to see is recognition of this inequity in the TPM formula and some serious steps taken to correct this problem.

But there are other anomalies on the west coast which have contributed to problems there. We have a great number of steel centers on the west coast, and many foreign producers are buying into these operations. This strengthens their competitive position in the western market. There is as well a problem with these steel centers buying steel offshore and then bringing in these products, circumventing the TPM program. These related party transactions must be addressed if the situation is to improve on the west coast.

I am encouraged by the upcoming trade negotiations with the European Community. I feel that this is an excellent opportunity for the new administration to correct many of the trade imbalances with the European Community which we have endured for the past few years. I hope that our negotiating team will be able to get the European Community to realize the damage which their trading policies are doing to our domestic steel industry. I hope, as well, that our negotiators remember that regional injury was made a part of the 1979 amendments to the Trade Act and that any agreements that are made with the European Community will have to abide by this provision. We in the Western steel market will be paying close attention to these negotiations in light of our recent experiences with European steel producers.

But any action taken with steel imports comes too late for the 3,000 workers who are being laid off at Kaiser Steel over the next few months. Because of its losses, Kaiser is having to shut down its primary facilities, its coke ovens, and furnaces. These facilities will require rebuilding in the near future but Kaiser does not have the money necessary to complete the job and still remain a viable operation.

I will not go into my feeling about the administration's cutbacks in TRA assistance and training funds at this point, programs which would have helped these 3,000 steelworkers. I will say that the jobs of the remaining workers and the health of my district's economy depends upon what we in Washington do about our trade problems. Our industry can compete in a fair and open market. A modern facility like the Kaiser Steel plant can compete against foreign producers. But this competition must be fair and not involve dumping steel in this country at less than cost of production.●

● Mr. MICHEL. Mr. Speaker, I am glad to have this opportunity to say a few words about the current problems and future promise of the American steel industry.

It is common knowledge that in recent years the American steel industry has fallen on hard times. Excessive regulation and unfair foreign trade practices have contributed to this decline.

The question facing this country is whether we have the will and the determination to see to it that the American steel industry recovers its former greatness.

That question is being answered in part by the American steel industry itself. There have been major modernization steps taken, and I have no doubt that if the steel industry gets the chance to improve its performance, it will do so. I am therefore glad that President Reagan realizes that Government policy can go far to help the steel industry to help itself. The accelerated cost-recovery provisions of the recent tax bill will be of enormous benefit in the area of capital formation, and the administration's commonsense policies on environmental regulation will also be of great help to the industry.

But we all realize that if we do not realistically address the question of foreign imports and their impact on our domestic steel industry, we will not be able to solve its major problems.

Last month, many of our colleagues in the Steel Caucus took the floor and made what I feel is an irrefutable case for enforcement of our Nation's trade laws through a strong trigger price mechanism. Such enforcement is an absolute condition for the revival of our steel industry on which so much depends, including the industrial base

which President Reagan must have in order to rebuild and modernize our Armed Forces.

The American worker can outproduce any worker in the world if he is in fair competition. But when foreign nations load the dice and, through various practices, help their steel industries sell a product below cost, the American steel worker is put at a disadvantage.

Nobody is asking our Government to emulate the practices of other governments in this area. All that American steelworkers and their families are asking is that the workers be given a fair chance.

The steel industry must ultimately save itself. But realistic tax and environmental policies, plus strict implementation of antidumping laws are the job of Government. It is this kind of unity and cooperation, within the context of the American free enterprise system, that will help the American steel industry to grow and flourish once more.●

GENERAL LEAVE

Mr. GAYDOS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

INTRODUCTION OF HOMEOWNERSHIP EQUITY PROGRAM

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. EMERSON) is recognized for 30 minutes.

(Mr. EMERSON asked and was given permission to revise and extend his remarks and to include extraneous matter.)

Mr. EMERSON. Mr. Speaker, over the past few months, I have had many serious and thoughtful discussions with homebuilders, realtors, mortgage lenders, and prospective homeowners about the plight they face today as the result of prohibitively high interest rates. These discussions, along with the frightening statistics that we all know too well, have convinced me that the impact of high mortgage interest rates has resulted in a housing sector crisis that demands action now.

Housing production has declined to its lowest level since 1946; unemployment among construction workers is running at over 18 percent; and the failure rate of construction companies has risen 49 percent over the past year. Likewise, in my district alone, thousands of hard-working families are finding it impossible to buy their first homes.

Indeed, a crisis does exist. However, it is not really productive to merely continue to discuss the never-ending columns of statistics that do little but confirm what we already know about the state of the homebuilding industry in this country. I have every confidence that the steps we are taking to reduce Federal spending and provide meaningful tax relief will help relieve this dilemma; however, that relief will take time, and I am not certain that the housing industry can survive much longer without action being taken.

I believe that now is the time to act positively and quickly to enact a transition program designed to focus on the immediate problem and temporarily assist first-time home buyers to purchase new, but unsold homes.

The program that I propose, and for which I am introducing legislation today, will provide such assistance by helping to bridge the gap between homebuilders who are being devastated by unsold inventories of newly constructed homes and the thousands of creditworthy families who are willing, but frustrated potential home buyers.

With the helping hand that this program—the homeownership equity loan program—will offer, I am hopeful that we can take a meaningful step toward simultaneously relieving the frustrations of potential homeowners and the severe hardships that our housing industry and its employees are facing. This legislation will allow us to use previously authorized and appropriated funds, for 1 year only, to bring purchaser and builder together in the marketplace by helping them to overcome the tremendous obstacle presented by high interest rates.

While it perhaps could be said that this approach is one of government intervention, it should also be made clear that it involves only the expenditure of funds that are already in the Federal budget, and provides for the recapture of those funds when the participants refinance or sell their homes. To me, this is a modest, reasonable, and necessary step if we are to allow a vital industry to survive and continue to generate much-needed revenue for all levels of Government. By not taking such action, the cost to the Federal Government in lost revenue could very well offset this program's modest, 1-year-only cost.

In short, Mr. Speaker, I am convinced that the homeownership equity loan program (HELP) is not only a concept of considerable merit, but a positive measure that may be essential for the survival of a vital part of our economy. Several of my colleagues, including members of the Housing Subcommittee of the Banking Committee, are joining me as cosponsors of this important initiative, and I strongly urge all Members from both sides of the aisle to lend their support as well. A factsheet follows:

HOMEOWNERSHIP EQUITY LOAN PROGRAM (HELP) FACTSHEET

1. Program participation is limited to credit worthy first-time homebuyers.

2. Eligible homes are limited to recently constructed or partially constructed and unsold residential properties (single family, condo, or co-ops). A priority is established for lower cost no frills home design (below $67,500).

3. Mortgage financing may be either FHA (203b and 245), VA, private or conventional.

4. Maximum mortgage limit up to 133⅓ percent of the FHA Section 203b ($67,500) limit for single family (111 percent for condo) for each geographic area as determined by the Secretary of HUD. Mortgage term for up to 30 years; down payment required—same as FHA Section 203b.

5. Interest rate to homebuyer established and based upon income necessary to qualify for the loan as determined by the Secretary of HUD. Rate of interest shall be fixed at 12 percent per annum.

6. The total value and cost of the Federal contribution will be retained and recaptured at time of sale, disposition, or refinancing of the property.

7. The program authority expires one year after date of enactment.

8. A potential of 100,000 unsold homes can be sold and occupied by first-time homebuyers under this program.

9. The Federal cost of providing a temporary and fully refundable loan differential to qualified and working first-time homebuyers for the Federal Government would be approximately $500 million for 1982 only. The source of funding will be obtained from previously authorized and appropriated HUD program funds from 1982 through the GNMA Special Assistance program, previously appropriated but not obligated and earmarked for use as interest subsidies for unsubsidized and moderate income targeted tandem projects. The recapture and subsequent loan repayment funds which are repaid to the Federal Government through resale or refinancing reuse is made subject to approval in appropriations Acts.

10. Allocation of loan funds by HUD will be made on a regional or State unsold inventory supply basis with a priority established at regional or area basis for the small homebuilder.

11. Homes must be previously unoccupied and for permanent full-time residence of purchaser only.

12. The Government National Mortgage Association (GNMA) is authorized to provide assistance through a mortgage purchase program or by providing direct front-end lump sum payments to financial institutions on behalf of approved and eligible first-time homebuyers for principal or interest write-downs up to a limit necessary to lower mortgage interest rates to 12 percent for up to a maximum of $6,000, whichever is lower.

THE PACKAGING OF PUBLIC POLICY: GOVERNMENT BY EUPHEMISM AND SLOGAN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. LAFALCE) is recognized for 60 minutes.

Mr. LAFALCE. Mr. Speaker, if we, as Members of Congress, are to faithfully execute our oath of office, we must be vigilant to the insidious impact that

euphemisms and slogans have on the creation of public policy. If we allow ourselves to surrender our ability to judge critically and rely, instead, on the palliatives of euphemisms to shape our thoughts and actions, we will create poor public policy.

In our constant focus on the issues of the day, I fear that we as leaders may neglect one of the most important threats to our democracy: the growing substitution of euphemisms and slogans for critical analysis of the complex problems of the late 20th century.

I. THE CREATION OF POLITICAL IMAGES

A. INTRODUCTORY REMARKS

In selecting this topic, I hope to call your attention to both the extent and significance of euphemisms, slogans, and other verbal affronts to critical thought particularly as they operate in the formation of public policy. In discussing public policy I will focus on several issues to include the necessity of government, the role of the media in public policy, and current economic policies. My purpose in combining this minicourse in rhetorical technique with discussion of public policy is to demonstrate the insidious and pervasive presence of packaging strategies in the definition and direction of issues and decisions which lie at the core of our national priorities. This intriguing interplay of rhetoric and reality is far more than a phenomenon of interest to me, it is one of intense concern since I see in it the erosion of the most fundamental necessity of a democratic society—a continuing and dynamic dialog between elected leaders and an informed and critical electorate. Perhaps such a topic is of particular relevance as I speak as the guest of an institution committed to developing and honing the analytic and critical capacity of the human mind.

Many years ago, in 1970, when I was first entering the political arena, I had my first encounter with political packaging.

During that first race for political office, the New York State Senate Democratic Campaign Committee sent a public relations firm from New York City to visit with me, ostensibly to offer counsel and assistance to this neophyte. When I met with these sage elders, I was in for a rude awakening.

During the beginning of our one and only meeting, the public relations man opened his file on me and I saw its cover page. There, next to my name, was the word: "product". I was stunned. To these people I was no more than a bar of Ivory soap that might be marketed to the bathers of America. That was the first and the last time I ever dealt with packagers on any of my political campaigns.

However, it comes as no surprise to any of you, I am certain, that political campaigns are increasingly a battle of images. Many of you may remember "The Candidate," a motion picture devoted entirely to the packaging, marketing, and selling of a candidate for the U.S. Senate. The movie could just as well have been a documentary. In real life, the book "The Selling of the President" by Joe McGinniss, gives a revealing example of how Nixon was packaged in 1968.

It is regrettable that campaigns for public office are often won or lost on the basis of candidate packaging. But, regrettable as that packaging may be, it is far more regrettable that public policies—the substance of programs and ideas that shape the future of our Nation's domestic and international life—are sold to the public on the same packaged basis.

Today, I wish to discuss the packaging of public policy, through the analysis of general techniques and a few case examples, in the hope that, by penetrating the packaging of policy, better policy might be created.

Our cultural landscape is littered with slogans and glib phrases which share in common an effort to command attention and assent while bypassing critical thought—our intellectual gatekeeper.

There is certainly nothing inherently wrong with the use of slogans; they are a fixture of modern-day life. They can appeal to the noble as well as the baser emotions, but the appeal is to the emotions alone and to this extent there is a danger.

If image creating were left to soap, this speech would have no thesis. However, we find that sloganeering is also a fixture of political life.

Here are just a few of the slogans, buzzwords, and euphemisms, of our political day:

Get the Government off our backs and out of our pockets.
A rising tide lifts all boats.
Across-the-board tax cuts.
Preserve the social safety net.
The all-savers' certificate.
A window of vulnerability.
Revenue enhancements.
Let us make the dollar as good as gold.

This is not new. The use of slogans in the battle over national policies has always existed. This Nation rallied around the cry "Remember the Maine" as we sent our young men to fight the Spanish-American War. Why did we fight World War I? Clearly, to "make the world safe for democracy."

Still it is disturbing. There seems to be an almost inverse relationship between the scale and complexity of an issue and the tidiness and glitter of the package in which it is presented. A similar inverse relationship seems to pertain with respect to the growing size and complexity of our society and the corresponding increase in transmission of wrapping paper in place of substance. To some extent the volume and complexity of information demands such substitution; the danger lies in our gradual conditioned inability to recognize the substitution.

In grappling for my own shorthand way of describing the use of short, catchy phrases to summarize complex national or international issues, the words euphemism and slogan quickly came to mind. Euphemism may be defined as "the substitution of an agreeable or inoffensive expression for one that may offend or suggest something unpleasant." A slogan is a short, catchy phrase expressive of an ideal or goal, designed to attract attention.

Examples, historical and modern, abound. During World War II we learned that the enemy "retreated" while Allied Forces engaged in "planned withdrawals." In Vietnam, saturation bombing became "air support." As Orwell noted in his essay "Politics and the English Language," "political language is designed to make lies sound truthful and murder respectable, and to give an appearance of solidity to pure wind."

Again I emphasize my concern with the growing use and acceptance of the euphemisms or slogans as shorthand for reality. Their availability, convenience, and amenability to the demands of high speed electronic transmission of messages—note I did not say information—threatens to substitute packages for contents as the medium of communication.

B. CATEGORIES OF POLITICAL EUPHEMISMS AND THEIR EFFECTS

Unfortunately, recognizing the euphemism in its political context is not easy. Before we can attempt to puncture the packages that place a gloss over the serious issues of public policy, it is important that we understand the different kinds of packaging techniques used in political language and what effects those techniques are supposed to create in the uncritical listener. Thus, I present five different categories for brief analysis, categories to which I credit the linguist Donna Cross.

1. LABELING

The first such category I will term "the label." The types of political labels one can attach to an individual's name are endless: "liberal," "conservative," "big spender," "hawk," "dove," "reactionary," and so forth. Once we label an individual or an idea, we need not think anymore. We can pigeonhole the person or idea. We have a handle on him or it. Unfortunately, we also create a pigeonhole from which everyone else is also supposed to view that person or idea.

A variation on this method which has greater applicability to our examination of euphemisms which shape public policy is the "ad hominem" argument. Here, an issue is discredited or a policy is besmudged because it is

associated with certain undesirable or unpopular individuals.

An eloquent practitioner of the art of labeling was Sir Winston Churchill. Possessed of quick wit and partisan spirit, Churchill once described Clement Atlee as a "modest man with much to be modest about"; and of rival Stanley Baldwin, Churchill remarked "He occasionally stumbles over the truth, but he always hastily picks himself up and hurries on as if nothing had happened."

2. GLITTERING GENERALITY

While the label is usually employed as a means of seeking rejection of an individual or a policy, the "glittering generality" is a device used to win acceptance and concurrence without an examination of the evidence supporting a given policy or idea. This method is probably the best known and most easily recognized by the careful observer of political rhetoric.

The gloss is often created by the use of such virtuous words as "justice," "the American way," "our Constitutional rights," and "free enterprise system." Put in such a disarming and agreeable context, the garnering of opposition to, for example, the Salt Treaty or the Panama Canal Treaties is softened and shaded.

Glittering generalities or positive labels are potent and dangerous forms of packaging. They couch concepts or circumstances in such broad and abstract terms that any individual can readily identify with them with the effect that large masses are attracted to a common euphemism when in fact there real ideas or sentiments are worlds apart.

Because of the power of the glittering generalities and its chameleon-like applicability to any plan, program or policy, it is one of the workhorses in the repertoire of rhetorical devices.

3. DISTRACTIONS

Distractions are another technique. If people cannot be angered to oppose a policy or enlisted in an emotional appeal to support a cause, perhaps they can be carefully diverted from the issue at hand and guided to focus on a related but irrelevant issue. One way to divert attention from a public issue is to focus on the personalities involved. During a nationwide speech prior to congressional action on his tax cut proposal, President Reagan told the story of a southern Congressman who, when confronted by a constituent curious about his position on the President's tax cut proposal, was asked, "Are you with him or agin him?" The issue then became: are you a supporter of the President of the United States? Rather than, do you support this specific tax bill as opposed to alternatives?

A variation on this method of distracting attention from the real issue is the argument "ad populum"—the use of broad, complimentary language to lull the listener into an agreeable frame of mind. The overworked phrases "hardworking taxpayers," and "law-abiding citizens" are among the many used to direct attention away from what may be a very complex or divisive issue.

Still yet another variation on the distraction theme is guilt or glory by association. By creating either a strong positive or negative image in our minds and then associating a policy with that image, the propagandist seeks to escape our analysis of the merits of the real issue.

A final variation on the distraction theme is the bandwagon. Using the same psychological cues as the advertising men of Madison Avenue, political manipulators often seek to create a "group" atmosphere to encourage individuals to back a candidate by playing on our inclinations to be part of the "gang."

Even a cursory review of recent political literature will impress upon the reader the importance of the word "momentum." In fact, during the 1980 Republican primaries, one heard the phrase "Big Mo" so frequently as to wonder if a tall candidate named "Morris" was not in the running. Why all the fuss over momentum in a political race? Simply put, the creation of a winning image early in the race helps the leader recruit volunteers, contributors and voters who want to work with a winner or who, for our purposes, succumb to the "group" stimulus. A successful bandwagon is the consummate specimen of a self-fulfilling prophecy. Indeed, as television correspondent Roger Mudd noted about the Presidential primaries: "It is not exactly the precise figures that will be important; it is whether or not the media and the politicians agree that this man won and this man lost."

The same kind of fad psychology can dominate our discussion of public policy. The term "mandate" may be viewed as a bandwagon euphemism in as much as it conveys an image of broad popular support. "Mandates," like big government, have a way of getting out of hand. Most of us probably agreed that the Reagan election was a mandate for change. But it does not follow, as proponents of his policies insist, that every subsequent act even remotely linked to his campaign rhetoric carries a deafening roar of support from masses of citizens across the land. But it most assuredly does follow that the consequences of accepting this mandate will impact on every one of those citizens who never knew he had roared in the first place.

4. FALSE LOGIC

If you cannot be stirred emotionally or distracted from the real issue through bombardment by euphemism, perhaps you will be persuaded by a healthy dose of faulty logic. Here again, the intent is to distract and keep the real issues from the center of our attention.

One very common form is the fallacy of post hoc, ergo propter hoc. The core of this faulty logic is the confusion of sequence with cause and effect. If out-of-wedlock pregnancies, venereal disease, and sexual freedom followed introduction of sex education, they are therefore caused by sex education. If American productivity decline began after increases in Government regulation of business, it must be due to Government redtape. The list is endless; this kind of argument is sometimes grossly transparent, but in complex issues it is extremely difficult to spot and correspondingly compelling, even to the most sophisticated.

A different form of false logic is the creation of dichotomous dilemmas. This technique, also very effective, operates by diverting our mental energy to comparing the choices presented, causing us to lose sight of the options never offered in the first place. Most problems do not boil down to one either/or choice, but once presented in that way the existence of other options is crowded from our minds by the narrowness of those presented.

The path of American political history is littered with slogans which found their strength in presentation of simplified dilemmas:

Fifty-four forty or fight.

Better dead than Red

Millions for defense, but not one cent for tribute

America: Love it or leave it.

President Reagan mastered this technique when, the day before we voted on his tax bill, he went on national television and boiled the debate down to one issue: Are you for 'em or agin 'em?

Review the issues facing us today—gun control, abortion, regulatory reform, the environment, civil rights, crime control, and most certainly the economic health of our Nation—and you will find strong polarizing language being used by proponents and opponents of different legislative proposals—again, to simplify, to distract, to persuade by packaging rather than by reasoned discourse.

5. CARD STACKING

Finally, there is a packaging technique that seeks to persuade the unsuspecting by providing only one side of a complex issue—and presenting that one side as though it were the only side. This method requires little imagination but considerable dishonesty. It can be summed up simply as: "card stacking."

During the 1976 Senate race in our State, a good example of this method of deception was employed by a group which called themselves Democrats for Buckley. One of their campaign posters announced:

Two-thirds of all Democrats in the recent primary did not vote for Moynihan. He won with a one-percent margin. That's not what we call a party mandate * * * So what is there about Moynihan that turns off so many members of his own party?

Certainly, a cleverly loaded question, it nonetheless is only a partial view of the facts. During that primary there were four candidates and thus the type of mandate which the Buckley poster presumes possible was virtually impossible.

In 1946 George Orwell, author of the famous short novel, "1984," wrote that "Political language has to consist largely of euphemism, question-begging, and sheer cloudy vagueness."

It appears that Orwell overstated his case for our society in "1984." I choose to believe he is also wrong about the inevitability of deception in political language.

If we are to resolve critical issues, we ought not and cannot do so on the wings of half-baked solutions supported by crowd pleasing slogans.

Writing in the same essay, Orwell noted that "the great enemy of clear language is insincerity. When there is a gap between one's real and one's declared aims, one turns as it were instinctively to long words and exhausted idioms, like a cuttefish squirting out ink."

If insincerity is the enemy of clear language, let us keep firmly in mind that unclear language is far from inconsequential. Words and their usage is not ornamentation. How often do we hear a disagreement dismissed as "mere semantics," as though words were somehow frivolous impediments to real human communication?

But words are far from frivolous. They not only express our thinking, transmit it accurately or otherwise to another, they indeed inform and facilitate what we are capable of thinking. The power of words in human affairs was expressed long ago by Aldous Huxley:

Words have the power to mold men's thinking, to canalize their feeling, to direct their willing and acting. Conduct and character are largely determined by the nature of the words we currently use to discuss ourselves and the world around us.

In my judgment, the power he attributed to words in his time has become even greater in an age of mass communication. It is for precisely this reason that I have devoted so many words thus far to words.

II. THE COMMUNICATION OF POLITICAL IMAGES: THE MEDIA

To encase an idea in just the right linguistic garb is only the first step in the marketing process. Disseminating the package with maximum speed and minimal distortion is equally vital.

My point is simple: in the creation and distribution of political imagery, the role of the media, at every level, is critical. It is important to keep in mind that the medium of transmission is not called into play after the design and packaging operations are complete. The known constraints and potentials of the transmission media must be taken into account in the earliest stages of packaging the product. Accordingly, the editing process truly begins far earlier than we are accustomed to think.

I ask you to consider this in light of what we already know about the impact of editing when introduced after the occurrence of an event. Lest I be accused of unfair bias toward the media professionals let me quote from one of them. Former New York Times editor A. H. Raskin has said:

No week passes without someone prominent in politics, industry, labor or civic affairs complaining to me, always in virtually identical terms: "Whenever I read a story about something in which I really know what is going on, I'm astonished at how little of what is important gets into the papers—and how often even that little is wrong."

A most renowned complainer was President Harry S. Truman who wrote a friend at the end of his Presidency, saying:

I really look with commiseration over the great body of my fellow citizens who, reading newspapers, live and die in the belief that they have known something of what has been passing in the world in their time.

It is often been observed that there are two Americas—the America that you see on your television screen, and the America you see when you walk out your front door.

Unfortunately, I often concur with those who complained to editor Raskin; often what I see or read is at odds with the world I have experienced.

Peter Braestrup, chief of the Washington Post's Saigon bureau during Vietnam, after studing news reports about the 1968 Tet offensive of the North Vietnamese, concluded that mistaken media reports led to policies that changed the course of the war. He said that what Walter Cronkite and other commentators characterized as a defeat for America, was really a defeat for North Vietnam. Yet, these interpretations fed existing antiwar sentiments, greatly discouraged support for the war, led to America's withdrawal, and eventually to President Johnson's decision not to seek reelection.

To be sure, the end results may have been for the best, but were they for the right reasons? If Braestrup is correct, a major shift in the direction of our Nation's history may have resulted not from the events themselves, but from interpretation of these events by the media, The power is enormous. Absent our awareness and appreciation of that power it becomes no less than awesome.

Thus, I turn to a subject which is very serious. One of our Nation's most distinguished journalists once wrote:

The news of the day as it reaches the newspaper office is an incredible medley of facts, propaganda, rumor, suspicion, clues, hopes and fears . . . The power to determine each day what shall seem important and what shall be neglected is a power unlike any that has been exercised since the Pope lost his hold on the secular mind.

The reporter was Walter Lippmann, dean of modern journalism. The date was 1920. Names, places and technology have changed since then; the problem has not. It has only grown deeper.

Max Kampelman, a distinguished American attorney who served for years as an adviser to the late Senator Hubert Humphrey, commented recently:

Traditionally in our democracy, the nation's political agenda was the prerogative of the politician seeking and then elected to political office. Now the media are assuming that role. In addition to looking upon himself as a defender of the people, the journalist now looks upon himself increasingly as a spokesman for the people.

There is much truth to Kempelman's statement. The front and editorial pages of many of our Nation's newspapers reflect this agenda-making. Certainly the nightly news and its many commentators are an indication that the jurisidiction that the journalist increasingly views himself as a policy instigator, if not a policymaker. In the words of television correspondent Roger Mudd:

What the national media, and mainly television, have done is to believe that their chief duty is to put before the nation its unfinished business . . .

The rise of the "gold standard" controversy is a classic example of an issue that developed momentum and credibility largely because, in my opinion, it was embraced by one respected nationwide newspaper, the Wall Street Journal.

Economist Herbert Stein, now a senior fellow at the American Enterprise Institute, and former Chairman of the Council of Economic Advisers under both Presidents Nixon and Ford, commented:

There are about 15,000 professional economists who say, "we are absolutely sure that this is a crazy idea," (and) about 6 people, including 2 economists, who are absolutely sure that it's a wonderful idea, and the country gets the impression that there is a very great division of opinion.

How so? How did a noncontroversy become one of the hottest topics in town? I think a careful look will reveal that the current proponents of gold have used a strong media link to magnify their voices, creating an impression of speaking for a vast, unified, informed constituency. Or, as economics reporter Robert Samuelson put it: "Acting like a few soldiers impersonating a division, they created a sufficient clamor to get noticed." Enter again the self-fulfilling prophecy—when people believe that people believe, then people believe.

I think it is a little more complicated than simply making a clamor. It is my belief that the Wall Street Journal is probably the only truly national newspaper in America. The New York Times might object, but I know of no newspaper other than the Wall Street Journal that is likely to be on every corporate executive's desk across America by morning mail; I know of no other newspaper likely to be read by every business editor, whether in California, Texas or New York. Its influence is profound. It goes to the top policymakers of America, the most influential business executives of America, to the media of America—to the power brokers of America on a daily basis.

Simply put, the Wall Street Journal has decided that the gold standard shall be a subject of national debate. Hence, they have made it a matter of great public import. Never mind that most politicians don't begin to comprehend the issues behind the idea; never mind that almost all economists ridicule the idea; never mind that representatives of the world's finance ministers and central bankers, while in Washington recently for meetings of the International Monetary Fund, did not credit the idea with sufficient merit to warrant mention, let alone serious discussion.

Never mind all that, because one publication, the Wall Street Journal, adopted it as a pet idea. It runs editorials on the subject, it weekly prints large op-ed pieces on the subject. It devotes new stories to the thoughts and exploits of various "gold" proponents. It, in effect, is taking a radical idea and making it appear to be a part of the political and economic mainstream. It is setting public agenda.

But they have engaged in more than merely creating the public agenda. They have helped determine how we view the issue. How so? Because the Wall Street Journal, and other media, have been fair?

It is one thing to have a discussion of an issue every week, but if every week you are fair and present one proponent and one opponent of the idea, despite the fact there are 15,000 against and 6 for it, one gets the impression that the experts are divided. This, in itself, helps sell the idea.

Listen to what Herbert Stein had to say about those who proclaim that gold is our salvation:

> For the past 30 years or so there has been intense discussion of monetary theory and policy, which in the past 15 years has focused on the relation between money and inflation . . .
>
> Suddenly, all this train of thought was short-circuited. Gold is the answer. We don't have to wrestle with hard questions that occupy the economists. Only go 'back to gold' and the price level will be stable, interest rates will be low, budgets will be balanced and harmony abroad and confidence at home will be restored. This is asserted without even as much evidence as would pass muster in a sophomore term paper. Nevertheless this becomes the subject of discussion. The media devote columns of type to it. Sages hem and haw and stroke their beards and ponder whether there may not be something to it. A National Commission is established to consider not what is the best monetary system and policy for the U.S., but gold versus paper. Meanwhile, seridous discussion of monetary policy suffers . . .
>
> There is something about the simple and extreme character of the bad talk which appeals to zealots, and they tend to be good salesmen.

One disciple and perhaps the chief political spokesman for the President now says that Reagan's economic recovery program will only work if we make our dollar "as good as gold"—a euphemism for the realities of what gold convertability truly means, or at least an obfuscation of those realities.

However, let me return to the point I was attempting to make, that is, that the media not only distributes packaged policy, but often creates that policy, by determining the agenda before us. As such, they are major participants in the packaging of public policy. To be aware of that is necessary if we are to guard against it.

Aside from creating the public agenda, the media can also advocate a particular perspective toward that agenda. Indeed, throughout our history, the mass media has had difficulty maintaining the wall of separation between reporting and advocacy. America's early years were filled with partisan newspapers who blatantly abused the reporting of news. The same pattern of news-shaping carried forth into the Civil War, when editors in the North were either vehemently pro-Lincoln or adamantly anti-Abe.

Of all the editors in our history, few can match the agenda-setting and advocacy accomplished by William Randolph Hearst. Builder of one of the Nation's first newspaper chains, Hearst has been credited with stirring up the national passions to such a fever pitch that our Nation was literally driven to war with Spain over the island of Cuba. The reasons for war were far more complex, of course, but the combination of Hearst's prolonged tirades and the rallying cry of "Remember the Maine" certainly supplied fodder for the political cannon.

In our time, agenda setting and advocacy by the media is often too pervasive and subtle to be recognized until the agenda or advocacy has been accepted and consumed.

Vietnam, which I have mentioned earlier, requires recall here. The New York Times' James Reston, a former Fitzpatrick lecturer, once commented that:

> Maybe historians will agree that the reporters and the cameras were decisive in the end. They brought the issue of the war to the people, before the Congress and the courts, and forced the withdrawal of American power from Vietnam.

By focusing their stories on the evils of war, by centering their attention on the abuses of American power, the media created an impression of misplaced priorities that became a fixture in the American conscience and became the center of our political agenda for nearly a decade. Columnist John Roche, commenting on the Vietnam era, described it as "a shameful episode in the annals of the American media."

Even the most partisan Democrat would have to conclude that a more recent episode in American life, Watergate, was one in which the media set an agenda which the courts, the Congress, and the President acted upon. We might applaud that fact; and, there certainly was a benefit derived from that conduct. Yet, there is a lingering concern. When one hears such leaders of the press as Washington Post editor Ben Bradlee crow that: "The Press won in Watergate," it does cause concern. Should "The Press" be a winner or loser, or should it be a reporter of events?

Not only does today's media often possess the inclination to determine our agenda, and somteimes to advocate regarding that agenda, but it has a number of powerful weapons at its disposal to make certain that those policy "suggestions" are heard, seen and digested by the average citizen.

The first of these weapons is the "media addiction" of the American people. Nine out of ten American homes have television sets; millions subscribe to at least one daily newspaper, and magazine sales continue to soar. Today, we find that the best known and most popular people in our communities and Nation are often news reporters. The fascination with the media is not wrong per se; what is of importance is that the American people rely on some form of media as a part of their daily routine. Media consumption is a staple in the American diet. And, as a staple, it is a comfortable and trusted source for entertainment, news, and a whole host of views and expressions about what the world is and what it ought to be.

There is also much standardization of news. The top 25 chains in the United States now have over 50 percent of the newspaper circulation in the United States. Editorial pages across the country contain the views of the same 15 or so columnists. If one can co-opt a syndicated columnist, Evans and Novak, for example, one can get one's thoughts in hundreds of newspapers across America. People who live in St. Petersburg, Rochester, and Oakland all read the same wire story, the same columnist, perhaps a similar editorial.

The similarity in copy read by millions is only worsened by the impact of television journalism. Here tens of millions of Americans rely on the reporting of a very few individuals for their impressions of how the world is working.

And when these few individuals—writers for Associated Press, reporters for CBS, or nationally syndicated columnists—pick up the same editorial bent on a story, when these 50 reporters and opinionmakers decide that Jimmy Carter is weak, or Richard Nixon is corrupt, or that Ronald Reagan is carrying out a "mandate" he received in the 1980 election, then that same message becomes front-page story and the nightly television news report heard by tens of millions.

We have all heard of the concept of "pack journalism"—where reporters tend to follow a few leaders' line on a story. That line becomes what people read, what people hear, what people see, what people absorb, and often what they think. It becomes a part of their way of viewing the world.

Let us look at the 1976 Presidential campaign to see how the press coverage could well have been responsible for Jimmy Carter's nomination.

In January of 1976, according to a Gallup poll, Jimmy Carter had only a 5-percent national standing; he trailed six other Democratic candidates.

But then came the New Hampshire primary. There were four clearly "liberal" Democratic candidates, who split 60 percent of the vote. Jimmy Carter got 30 percent, or 23,000 votes. But Roger Mudd proclaimed Carter a "substantial" victor; Newsweek declared him the "unqualified winner;" Carter's face appeared on the front covers of Time and Newsweek; and in the inside pages Carter got 2,630 lines of coverage, while second place MO UDALL got 96 lines. And so it went throughout the media across the Nation.

Yet 1 week later SCOOP JACKSON came in first in a much larger Massachusetts primary with 163,000 votes, 23 percent of the total. JACKSON's vote in a State seven times as large was looked upon as "scrambling the race." No front covers for him. A little later JACKSON won New York. Mudd said this was "peculiar to New York;" Leslie Stahl said that his victory did not give him momentum. Further, TV coverage of the New York primary was only one-quarter of that given to New Hampshire. In other words, each New Hampshire vote received 170 times the coverage that a New York vote received.

Prof. Michael J. Robinson of Catholic University has concluded that Senator JACKSON was "victimized" by the media coverage in 1976, and Jimmy Carter was virtually nominated by the press.

In short, winning was not nearly as important as being declared the winner.

Take 1968 as another example. President Johnson received a majority of the votes in the 1968 New Hampshire primary, but Eugene McCarthy was "declared" the real winner by the press. Johnson had to withdraw from the race. Had the press declared Johnson the winner, he might well had gone on to a second term. We will never know.

A former editor for the Buffalo Evening News, a person for whom I have the greatest respect, Millard Browne, summarized my thinking exactly when he wrote in 1979:

It's time for me to pick up the ball and talk about where news leaves off and opinion begins. Actually, that line is a lot harder to define these days than it used to be. It is the subject of one of the biggest arguments going on within today's journalism. It pits oldtimers raised in the strictly-objective who-what-where-when-why school journalism against many of the brightest young reporters who are committed to an "activist journalism" that stretches news, interpretation, and analysis more and more into opinionated commentary and outright editorializing* * *

The conscious effort to avoid having editorial-policy judgments influence news-handling judgments and vice versa thus helps both sides to practice a better-disciplined quality of journalism. It tells reporters, in effect: "Don't try to judge all these newsmakers you're writing about, just tell the readers what's happening."

III. CURRENT CONSEQUENCES OF PACKAGING POLICY

1. REAGANOMICS

Having discussed the techniques of packaging public policy, and having reviewed the role of the media in aiding and abetting that process, let us now take a look at two current applications: First, the implementation of Reaganomics; second, and most seriously, the possible undermining of government itself.

First, Reaganomics.

If you do not already realize it, let me first say that my remarks carry with them certain strong personal judgments. I heartily agree with the respected columnist, Hobart Rowen, who said that Reagan "was sold a bill of goods by fanatics who told him that rose-colored expectations are a substitute for reality."

The sale of the bill of goods was facilitated by its excellent packaging. Indeed, I can think of no better example of government by euphemism or slogan than Reaganomics.

In this context the consummate euphemism is the phrase "supply-side economics."

Now, a brief caveat. I believe in supply-side economics; I also believe in demand-side economics. In fact, I do not see how one could speak of economics without speaking of the centrality of the law of supply and demand. Any microeconomic or macroeconomic policy would, I hope, consider actions that would, at one point or another, stress or stimulate either supply or demand, depending on current and projected needs.

However, I do not think we should confuse true supply-side economics with "trickle-down" economics; nor with "demand-side" economics.

Herbert Stein thinks Laffer and Wanniski and Reagan practice "punk" supply side, which is really demand side; Walter Heller also thinks they really espouse demand-side economics, and David Stockman believes they practice trickle-down economics.

Herbert Stein said:

Until about 1979 or 1980 we were having a serious, active, professional discussion of the problems on the supply side of the American economy. A marked slowdown of the growth of total output and of productivity had been recognized. Work was going on to discover the causes of that slowdown—work associated with the names Denison, Kendrick, Nosworthy, Jorgensen and others. . . .

Suddenly, all of that was swept to the sidelines—punk supply-side-ism took center stage. It offered a universal explanation for the slowdown: Tax rates were too high. It offered a universal solution: Cut tax rates. This became the focus of discussion of the supply side of the economy. . . .

The idea that a tax rate reduction might increase the (federal government's) revenue has been a standard proposition in economics for many years—possibly 40—but it has heretofore been derived from "demand-side" or Keynesian reasoning. The argument has been that a cut of tax rates leaves more money in people's hands, as a result of which they spend more, and the total increase in spending exceeds the initial tax reduction, because the increased spending of one person raises the income of another person and induces him to spend more, and so on. Moreover the increased demand thus created induces businesses to invest more. . . . In a primitive form this was the "pump priming" argument of the 1930s. In slightly more sophisticated form it became a key item in the New Economics of the 1960s . . . Valid or not, this proposition is old and surely not part of supply-side economics.

The secret views of David Stockman regarding the euphemism "supply-side economics" are now well known. In the famous Atlantic Monthly article he is quoted as saying:

It's kind of hard to sell "trickle-down", so the supply-side formula was the only way to get a tax policy that was really "trickle-down". Supply side is "trickle-down" theory.

Supply siders are also extremely fond of citing actions that President Kennedy took, and claiming that they are simply following his example. However, Walter Heller, Chairman of the Council of Economic Advisers under President Kennedy, and author of the Kennedy tax cuts, ridicules that idea:

The all-out supply-siders would have us believe that big across-the-board tax cuts will unleash such torrents of work effort, savings and investment that supply will

expand to meet the new demands, and the tax cuts will largely pay for themselves. Supply-siders seem to be quite unfazed by the devastating evidence to the contrary. They even choose to ignore common sense and arithmetic showing that the jump in demand would be bigger and faster than any conceivable jump in supply.

It seems ironic that the (current) administration, dedicated to further capital formation and curbing inflation, should be coming forward with massive personal tax cuts. Strangely enough, this reverses the approach taken by the Kennedy Administration, which supply-siders say they are emulating.

Relying on huge supply-side responses to Kemp-Roth tax cuts would be tantamount to bolting the door against inflation with a boiled carrot.

Nothing in the historical record supports (huge supply-side effects)—nothing. . . .

Underlying "punk" supply-side economics has been the theory that "less is more." According to candidate Reagan, the tax cuts would "so broaden the base of the economy that the Government will get more money." Thus, it was easy to suggest huge tax cuts and huge increases in defense spending. According to Reagan, his economic plan would provide "increased revenues from the tax decrease to rebuild our defense capabilities."

How was all this to be made possible? Simple, just use the right euphemisms or slogans.

And the euphemisms and slogans which accompanied Reagan's proposals were great. They were witty and uplifting. We were told what we wanted to hear. We were told that "a rising tide lifts all boats," that "no one will get a smaller piece of the pie, because we'll make the pie bigger," that passage of the magic tax cut will "have major favorable effect on attitudes and expectations." We were even told that Reggie Jackson, would hit more home runs.

In effect, we were told that a certain blend of tax cuts would work magic, and lead to salvation, both as individuals and as a nation—crops would grow higher, the flowers would bloom, people would work harder, savings and investment would abound.

Most importantly, we were told that this would be painless. Reagan's chief economic spokesman, in a speech to the 1980 Republican Convention said "Austerity is not the answer to our problems; austerity is the problem."

Afterward, however, a bit of reality crept into the discussion, and we can now trace an evolution of euphemisms and slogans.

When it became apparent that you would have to have "some" spending cuts, Reagan started saying "we'll cut waste, fraud, and abuse." Now, is there anyone in the land who favors waste, fraud, or abuse? Of course not. So all exclaimed: "Let us eliminate waste, fraud and abuse from the land."

However, reality soon caught up to that euphemism. As Dave Stockman told Bill Greider, he soon discovered they had to "get beyond the waste, fraud and mismanagment modality."

How to do that? Well, Reagan tried another euphemism: "Let's cut from the greedy, but not from the truly needy."

There is a problem there though. Who is greedy, and who is truly needy? Are those on food stamps greedy? They were cut. Are those on medicaid greedy? They were cut. Are our handicapped greedy? They were cut.

I think George Will put it quite well when he contrasted rugged cowboys with welfare mothers. He said:

Compared with some cowboys—symbols of rugged individualism; hairy-chested, leathery-skinned . . . who use heavily subsidized water, graze their cattle on public land for a pittance and have their market protected by beef import quotas, compared with such Marlboro men, the average inner-city welfare mother is the soul of self-reliance.

But then a new euphemism came to the fore and it was marvelous: "preserve the social safety net."

President Reagan went before Congress and told us, "All those with true need can rest assured that the social safety net of programs they depend on are exempt from cuts."

Of course, there were a few problems with that. First, what programs were to be included in the social safety net? It seemed to me that most programs going to the truly needy were not included in the net, and therefore, were not exempt. In fact, about 95 percent of the social safety net consisted of the social security program, a program whose basic benefits are distributed without any regard to need.

However, the social security program is also the most politically sacrosanct of any Government program, and in promising to preserve it, the ability to obtain the other cuts was enhanced tremendously.

How ironic, though, that only a few days after Congress passed the budget resolution making those cuts, Dave Stockman, on behalf of the President, announced to a stunned world that social security would have to be cut, so that retirees at age 62, beginning January 1, 1982, would receive not 80 percent of their benefits, but 55 percent. This, he said, was necessary to save our social security system from going bankrupt in 1982. It is interesting to note that Mr. Stockman, a few months earlier, when being questioned by me in a public hearing, said the social security system was in no danger of going bankrupt, that there was a long-term problem that needed addressing, but any short-term problems could easily be handled by interfund transfers.

Obviously, Stockman was trying to obtain social security cuts, not because there was a gigantic short-term problem, but because the reality of the enormous deficit that could result from the combination of huge tax cuts, only minor spending cuts in the overall budget, and huge increases in the Defense budget, Became clear to him. As he told Greider: "The social security problem is not simply one of satisfying actuaries, it's one of satisfying the here and now of budget requirements." But by cry "bankruptcy," he knew "it will permit the politicians to make it look like they're doing something for the beneficiary population."

Amazingly, although Reagan was against social security cuts in April, as part of the social safety net, and for social security cuts in May, Reagan then went before the American public in September and said it was not true that he wanted to cut social security benefits; in fact, in September he urged restoration of the minimum social security benefit that had already been eliminated by his bill, pursuant to his urging.

Enough of euphemisms regarding spending cuts. Let us return to the tax cuts.

It was highly desirable and perhaps necessary that the tax cuts be viewed as fair and equitable. Therefore, the original authors of the tax cuts came up with an appropriate euphemism: "across-the-board tax cuts."

Forget for a moment the magical effects such supply side tax cuts would have. The phrase "across the board" sounds so fair to all, how could one oppose such equitable cuts? But there are a few problems with its enticing simplicity.

First, the Tax Code is made up of a number of provisions other than basic rates. If these provisions are not periodically adjusted, great inequities can result. For example, let us consider the personal exemption and the zero bracket amount, the latter better known as the standard deduction.

When we fill out our tax returns we are entitled to one personal exemption of $1,000 for each taxpayer and each dependent. Originally the personal exemption was intended to reflect the cost of life's necessities, with the theory being that one should not be taxed until he or she has had the chance to tend to those necessities. That theory is long gone by now, of course, but nevertheless that $1,000 means an awful lot more to a family with an income of $15,000 than it does to a family with an income of $150,000—a heck of a lot more. For a couple with three children and a $15,000 income the personal exemption is worth $5,000—one-third of the family's income. For the $150,000 income family it is still $5,000, but that is worth only one-thirtieth of its income. You can see how much more important this personal exemption is to the little guy than it is to the big guy. The across-the-board tax cuts did

not touch this provision so especially important to the poor.

Another provision designed primarily for the less affluent is the standard deduction. People who do not itemize deductions—71.4 percent of taxpayers—can claim this standard deduction instead. The taxpayers who do itemize deductions, only 28.6 percent of all Americans, are generally in the upper brackets; I repeat: fully 71.4 percent of all tax returns do not itemize deductions. They rely on the standard deduction. Across-the-board tax cuts did not touch this provision, so important to 71.4 percent of American taxpayers.

The inequity of simplistic across-the-board tax cuts can also be seen by understanding that income taxes are not the sole Federal tax. In fact, about 50 percent of all American workers pay more in social security taxes than in income taxes.

Because of the regressive nature of the social security tax, the person who makes $15,000 pays about 50 percent of his total tax burden in social security taxes, and 50 percent in income taxes; whereas the person making $150,000 pays only 4 percent of his total Federal tax burden in social security taxes, and 96 percent in income taxes. The 10 percent across-the-board tax cut was therefore a cut of 10 percent of one-half of the little guy's burden, and 10 percent of almost all of the big guy's burden. But the euphemism camouflaged all that. No wonder Stockman admitted that the across-the-board tax cuts were, after all is said and done, really just a Trojan horse.

Another euphemism that was used to obtain passage of a particular provision in the tax bill was the phrase: "All savers certificate."

Be referring to this tax free certificate as an all savers certificate, every American could easily believe that it will certainly benefit him. Clearly, each is a part of all.

But the problem is: Since those who buy all savers certificates will only get 70 percent of Treasury bill rates, tax free, the all savers certificate only makes sense for taxpayers at or above the 30 percent tax bracket. Those below the 30 percent bracket are better off in regular, taxable high yield instruments.

Also, please realize that only 15 percent of all taxpayers are in the 30 percent or higher bracket. That means that only 15 percent of Americans really stand to benefit from the so-called all savers certificate. The further irony is that the current provision truly helping all savers; that is, the exemption of $200/$400 from taxation, was repealed as the tradeoff for the all-savers certificate.

The euphemism worked.

I could go on endlessly about the tax bill, and other euphemisms that have helped package Reaganomics; however, let me conclude this section by simply saying that I agree with James Schlesinger, formerly Director of OMB under President Nixon, Secretary of Defense under President Ford, and Secretary of Energy under President Carter, when he said that the tax bill would go down in history as the single most irresponsible fiscal action of modern times.

I will not even discuss the next step in the euphemistic evolution of Reaganomics; namely, revenue enhancements—which you and I used to call tax increases.

2. THE UNDERMINING OF GOVERNMENT

One hundred eighty years ago, Thomas Jefferson told his inaugural audience:

> Wise and frugal government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry and improvement, and shall not take from the mouth of labor that which it has earned—This is the sum of good government.

Since the age of Jefferson, we have changed from an agrarian state to an urbanized, industrial society; our people have become more and more dependent on business and government for vital services, consumer goods, and the daily necessities of 20th century life; our economic and political theories have shifted periodically from isolationism to international interdependency, from laissez faire capitalism and an age of the Robber Barons to antitrust regulations to cope with growing economic concentration.

And during our history, good and respectable men, public servants from a multitude of backgrounds and political persuasions, have openly, honestly, and fairly debated the merits of Jefferson's admonition that the government which governs least, governs best.

Today, that debate has taken an ugly turn for the worse, a turn which has been dominated by slogans suggesting that government is inherently bad, inherently ineffective, inherently evil. That is a most dangerous turn of events.

Jefferson's comments on the role of government deserve to be taken most seriously, but properly understood.

The birth of the United States came at a time when colonial leaders, such as Jefferson, found the powers wielded by those who had governed—the British—to be oppressive to the political and economic freedoms of his fellow Colonists. There were a series of taxes, then a series of punitive measures involving the stationing of British militia—all without a representative voice in the decisionmaking process.

In the world of his age, Jefferson saw governments taking few forms outside the monarchy, the dictatorship, and, in Britain, a very limited representative government. In his experience, government had been a force to prohibit freedom, not foster it; government had been a power to discourage individual initiative and enterprise, not encourage it; government had been a means of forcing the will of a few, not a system by which the majority governed. What a vastly different set of facts and assumptions from which to form a decision about the inherent value of government from those which we face today.

Today, as we review American history, one can only conclude that without our Government's ability to act swiftly and forcefully in crisis; without its power to shape geographic and economic expansion, our Nation would never have reached its present power or quality. From the wise governmental purchase of the Louisiana Territory to the creation of a network of critical regulations and programs in the Great Depression, the American people have been served well by their Government. America has become great for many reasons, but in large part because her Government has served her well.

Of course, there have been errors. Either too much government activity—such as overregulation during Prohibition—or too little—such as the unforgivable neglect of the securities industry in the 1920's—has proven harmful to the national interest.

But what is of special concern to me is that the pendulum seems to be swinging so far in one direction. We are now confronted with such simplistic slogans as "get the government off our backs and out of our pockets."

Our children have grown up being told that in two of the most important battles of their lifetime, the Government has failed. In Vietnam, through agonizing years on the battlefield and at the peacetable, a message of impotence was sounded. And, more recently, we hear conservative rhetoric arguing that Federal programs designed to help the cities, the poor, the elderly and the disadvantaged were doomed from their inception, and that government itself has failed.

Here we see the compounding chain of illogic proceeding inexorably from oversimplified views of complex events to erroneous and potentially devastating conclusions.

Neither the Vietnam war nor the Great Society were unqualified failures. Neither were they, failure or success, consequences of government. They were results of the exercise of Government in a particular moral, philosophical, and economic historical context. To conclude from this that government as such is inherently incompetent or bad, and hence, that more is worse and less is better, is irrational—but highly compelling.

The notion of "Government as Klutz," as conservation columnist George Will has termed it, is a very

dangerous notion. It is unfortunate that it has become the battle cry for those who wish to reduce the size of government, for it reduces the platform for debate on the myriad number of specific issues to a mere shouting match over getting government off our backs.

This dogmatic disparagement of government reached its apogee, or nadir, if you will, in the inaugural address of Ronald Reagan when he called Government—not the instrument to achieve vital public goals, not the means of providing for the common defense, not the guarantor of education for our youth—but rather, "the problem."

In an address earlier this year to the Gridiron Club, New York's senior Senator PAT MOYNIHAN, took time to reflect on the serious question of whether Government is the problem or whether Government is friend or foe.

In his reflections he referred to a great idea and that great idea is:

That an elected government can be the instrument of the common purpose of free people; that government can embrace great causes; and do great things * * *. A free government is indeed the most precious of human institutions.

Continuing in this vein, MOYNIHAN pointed out that:

We believe in American government and we fully expect that those who now denigrate it, and even despise it, will sooner or later find themselves turning to it in necessity, even in desperation.

George Will said basically the same thing:

There has crept into some advocacy. . . . a tone that is unworthy of, and dangerous for, the Reagan Administration. It is a tone of dogmatic disparagement of government. It suggests that government cannot do anything right . . . .

What is the cost of such single-minded, antigovernment rhetoric: I believe it is the creation of a vast reservoir of nihilistic sentiment which will make it difficult for any government—Republican or Democrat—to carry on the vital business that only government can perform.

To buttress my thought, I return to George Will's writing, where he notes that:

If this conservative administration is to do its most important duty, then eventually—perhaps soon—it must enlist the public's support for strenuous, complex exertions regarding the larger world . . . . At that point, this conservative administration may learn the cost of supporters who labor at infecting the public with indiscriminate skepticism about the competence, even the motives of government.

The Administration may reasonably decide to summon the nation for (figuratively speaking) a charge up some San Juan Hill. But its bugle call may be met by the stony skepticism of a nation that has taken to heart what some conservatives say about government being incorrigibly incompetent. Such skepticism cannot be sealed into one compartment of the public mind; it tends to seep. You cannot tell over and over that government is a klutz that cannot help Cleveland, and then suddenly say: Oh, by the way, give the government $1.3 trillion for military assets, and support its attempt to do something in Cuba.

If what critics want is an efficient government, that is certainly acceptable and commendable. But the danger is that the rhetoric of government reduction can transform itself into the rhetoric of government destruction; that our failure to distinguish between the virtues and vices of governance can easily extinguish our capacity for governance.

IV. CONCLUSION

Let me, finally, conclude.

George Orwell told us that—

This invasion of one's mind by ready-made phrases can only be prevented if one is constantly on guard against them, and realizes every such phrase anaesthetizes a portion of one's brain.

How accurate.

It is only when reporters and editors, Congressmen and Senators, doctors, lawyers, and Indian chiefs begin to examine every customized message with suspicion, that we might return to right reason as a means of individual political judgment.

It is hardly paranoid to embrace this concept of constructive skepticism. The consequences of complacency are simply too disastrous. Those consequences have been starkly expressed in the words of Arthur Sulzberger, former publisher of the New York Times:

Obviously, a man's judgment cannot be better than the information on which he has based it. Give him the truth and he may still go wrong when he has the chance to be right, but give him no news or present him with distorted and incomplete data, with ignorant, sloppy or biased reporting, with propaganda and deliberate falsehoods, and you destroy his whole reasoning processes, and make him something less than a man.

Man's judgments should be based on truth, on reality, not on deceptive packaging.

We cannot hope as Orwell noted,

to change this all in a moment, but one can at least change one's own habits, and from time to time one can even, if one jeers loudly enough, send some worn-out and useless phrase—some jackboot, Achilles heel, hotbed, melting pot, acid test, veritable inferno, or other lump of verbal refuse—into the dustbin where it belongs.

We must be always vigilant and, as necessary, reject and accuse those who replace analyses with slogans; issues with euphemisms, hard realities with painless distractions.

Their motives may be noble or malicious. But noble or malicious, the danger is the same regardless—the danger that we fall into a habit of mind which delegates to others the exercise of our highest intellectual power—critical thought.

But accompanying these baleful admonitions is a competing and compelling reality—together, as free men and Americans, we can openly and ruthlessly scrutinize institutions and processes of our own making. Herein lies the pride of our past, and the hope of our future.●

ECONOMIC HARD TIMES—WHO SUFFERS THE MOST?

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ANNUNZIO) is recognized for 5 minutes.

● Mr. ANNUNZIO. Mr. Speaker, the media, financial analysts, and even the administration have finally agreed that this country is in an economic recession. This may be news to some of us, but to those of us who represent northern industrial constituencies the fact of economic recession has been with us for some time. What we really have is a regional depression with parts of the Nation suffering far more than others. While the Sun Belt reaps the benefits of a beefed up military industrial complex and the lucrative defense contracts which accompany it, the Frost Belt is suffering far beyond what the statistics state. States and local governments in the Frost Belt are feeling the shock of recent budget cuts by having to make up the financial difference in urban programs or watch them die. In most cases, the latter option is the course which is taken.

In hard economic times, most everyone suffers. But it is shocking that the disparities which exist in the economic condition of this country can continue without notice. Those industries which are the lifeblood of the industrial Northeast are dead or dying. Automobiles, construction, steel, heavy industrial manufacturing are at a virtual standstill, while the Southwest is, in many cases, at full employment and growing with high tech industry and defense contracts. To watch a migration to the South from the North and to let the great cities of the Northeast die is not the answer. There are ways to combat what is happening if Congress and this administration will give it more than passing thought. There are ways to fight this totally unacceptable situation without placing additional burdens on the Federal budget.

Some examples of ways this can be accomplished is through limiting State severance taxes, balancing Federal spending, targeting industrial bonds and enhancing the municipal bond markets. Mr. Speaker, I plan to talk about each one of these possibilities in the days ahead. But I want my colleagues to be aware that I am not going to stand by and watch those cities which gave life to this Nation slowly die. I am going to fight to correct this imbalance, and I hope that I can count on your help.●

OVERSIGHT HEARING ON DRUG ENFORCEMENT POLICIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New Jersey (Mr. HUGHES) is recognized for 5 minutes.

● Mr. HUGHES. Mr. Speaker, I wish to announce that the Subcommittee on Crime, which I chair, of the House Committee on the Judiciary, will hold an oversight hearing on drug enforcement policies. The hearing will be held on December 10, 1981, in room 2226, Rayburn House Office Building at 10 a.m. The witnesses will be Hon. Rudolph W. Giuliani, Associate Attorney General, U.S. Department of Justice; Mr. John T. Cusack, retired Drug Enforcement Administration agent, Bethesda, Md.; and Mr. Ronald F. Lauve, Associate Director, General Government Division, General Accounting Office.

Persons wishing to submit statements for the Record should contact the Subcommittee on Crime, House Committee on the Judiciary, 207 Cannon House Office Building, Washington, D.C. 20515 or telephone 202-225-1695.●

TASK FORCE ON ARTS AND HUMANITIES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. NELSON) is recognized for 5 minutes.

● Mr. NELSON. Mr. Speaker, I include in the RECORD the summary of the recommendations of the President's Task Force on the Arts and Humanities. I recently joined the Congressional Arts Caucus in response to the growing awareness in my central Florida area of the importance of the arts in the cultural life of our community. I commend the recommendations of the task force for greater private support of the arts.

The recommendations follow:

RECOMMENDATIONS OF THE PRESIDENT'S TASK FORCE ON ARTS AND HUMANITIES

FEDERAL COUNCIL ON THE ARTS AND HUMANITIES

The Federal Council on the Arts and Humanities can play a significant role in research and in coordinating government support and policy for the arts and humanities as mandated by its enabling legislation. We further believe that the Federal Council can assist in the development of private sector support. Properly constituted, the Council can have a unique continuing potential to assist the Congress, the executive branch, and the private sector in developing fundamental policy with respect to extending both the reach and the quality of the national effort in the arts and the humanities.

Therefore, we recommend to the President that the Federal Council on the Arts and the Humanities be revitalized and reconstituted by all the appropriate means, including specifically that: (1) The membership of the Federal Council should be changed to include private citizens; (2) One of the Council's private citizens should be appointed to serve as Chairman; and (3) The Council should be instructed to meet on a regular basis and faithfully carry out its obligation.

It is the consensus of the Task Force that the Endowments have functioned well in their present structure. Indeed, the Endowments have proven to be effective vehicles for providing Federal support for the arts and humanities and we recommend that their basic structure be retained.

Nevertheless, we believe that there exists an urgent need to continue and to expand the work begun by the Task Force during its brief tenure. In our view, a revitalized Federal Council provides the best means to meet this need by performing such functions as: (a) developing policy recommendations regarding Federal support of the arts and humanities; (b) developing and implementing mechanisms for increased private support; (c) assessing and analyzing well-documented data concerning all aspects of public and private funding of the arts and humanities, including the effect of the tax laws, in order to provide a base for future executive and legislative decisions regarding Federal cultural support; (d) evaluating the effectiveness of Federal arts and humanities expenditures; and (e) examining the work of Federal, State, and local agencies with emphasis on eliminating unnecessary duplication and obtaining maximum return on government arts and humanities dollars.

A key element of our thinking is that it will not be necessary to establish a new Federal body or advisory panel to carry out this continued research and planning. The enabling legislation which established the Federal Council addresses directly the need which we believe exists.

Although the Federal Council has been in existence for many years, the Task Force is aware that this Council has not played a key role in planning and research in the past. We hope that the addition of private sector members and the President's interest in the Council's progress will ensure that it meets regularly and exercises the leadership role which we consider vital. Moreover, we believe the addition of private sector members will be of significant benefit in the Council's exploration of methods to increase private giving to the arts and humanities. In order to carry out its tasks independently, the Federal Council should be funded separately and adequately.

The Task Force considered a number of alternatives before determining that the present structure of the Endowments and a reconstituted Federal Council best serve the national interest. Our considerations in this area were based on staff reports, regional meetings, and discussions with interested persons throughout the country.

After considerable and complex discussion, we concluded that the National Councils and the Endowment Chairmen, should continue to seek a partnership in decision-making on policy matters and grant awards. We enjoin the future Chairmen to take this endorsement seriously: a continuation of this vital working relationship is essential to the continued health of the Endowments.

Among the first assignments of the revitalized Federal Council, we would urge exploring: (1) a new Federal/State relationship in conjunction with the Endowments; and (2) Presidential Fellowships in the Arts and Humanities.

THE FEDERAL/STATE/LOCAL RELATIONSHIP

Under the direction of the Federal Council, the Endowments and the State Arts and the State Humanities Councils, with participation by local arts agencies, should work out a new Federal/State relationship that will take into account the complex nature of the current relationship and the need for more effective use of Federal funds.

This complex relationship prospers so long as it remains in a state of evolution, responsive to needs that vary with time and with shiftng cultural and regional emphases. Questions about appropriate levels of funding, the quality of grant-making decisions, unique and shared roles of Federal and State government, and administrative costs naturally arise. The Task Force therefore recommends that the revitalized Federal Council provide an independent forum for identifying the most effective plan for public services, administrative oversight, and funding. Moreover, we recommend that the Federal Council, in its efforts to achieve greater harmony and coordination within the network for cultural support, consider the role of the local arts agencies.

In contrast to State arts agencies, only four State humanities councils receive State appropriations. Although most arts agencies have State affiliations, humanities councils are private. The State humanities councils currently rely upon the National Endowment for the Humanities for their administrative as well as grant-making funds. In contrast, State arts agencies are generally less dependent on Federal funds, and grants from the National Endowment for the Arts give these agencies flexibility to support certain projects or applicants (such as grants to individuals) which some States restrict.

In summary, we believe that the Federal Council can promote cooperation within the public network of cultural support in a manner that will allow Federal, State and local agencies to enhance their mission of service.

PRESIDENTIAL FELLOWS IN THE ARTS AND HUMANITIES

The Federal Council on the Arts and Humanities should seek to establish a nationwide program of Presidential Fellows in the Arts and Humanities, to encourage and to nurture able young artists and humanists at the most critical point of their need for support and recognition.

As one mechanism to advance the principle of support for individuals, the Task Force suggests that a competitive program of Presidential Fellows be established to provide financial support and recognition for the most promising and exceptionally talented young artists and humanists. Based on a nationwide selection process, Fellows should be supported for at least two years. Such a program will enhance the quality of America's cultural life by creating a core of talented young artists and scholars, and will promote individual creativity and initiative.

PROFESSIONAL REVIEW

The professional panel review process is an effective and fair method of recommending Endowment grants, and should be continued.

The Task Force reaffirms the panel review system as a tested principle and believes that our mandate to consider reliance on "the judgments of nongovernmental professionals, private sector groups, and individuals," is well served by professional panel review.

The Task Force endorses the continuation of this system which leaves decisions about artistic and scholarly merit to the judgment of respected professionals in the arts and humanities. Panel review has proved to be a

fair and effective system from grant-making at both Endowments.

The alternatives—placing the decision-making process within the purview of Federal employees or giving grants based solely on a predetermined formula—might be less costly, but the present system more successfully addresses the integrity and independence of the review process, while meeting the practical demands of fair decision-making.

TAXATION—THE TAX SYSTEM AND PRIVATE INITIATIVE

Unlike most countries, the United States has long utilized the Federal tax system to encourage contributions to nonprofit charitable organizations. To foster support of such institutions, the Congress has authorized their exemption from the Federal income tax, and has enacted rules making charitable gifts deductible from the income of the donor. The use of the tax mechanism for support of charitable endeavors generally, and for the arts and humanities specifically, ensures choice of the recipient by the private donor. The tax system thus provides for pluralism, both through the range of arts and humanities activities supported and through the diversity of sources of such support.

THE EFFECT OF THE ECONOMIC RECOVERY TAX ACT OF 1981

The President has charged us to seek ways to increase private support for the arts and humanities. Subsequent to the establishment of the Task Force, Congress enacted the Economic Recovery Tax Act of 1981 (ERTA). We are concerned that this act may produce an unintended reduction in private support for cultural activities. Thus, our tax recommendations should be seen in light of our belief that the total spectrum of support for the arts and humanities must be expanded through greater emphasis on private initiative.

The Task Force believes that, if past practice is a guide, the overall impact of the general income tax rate reductions may materially diminish private contributions to the arts and humanities institutions. Past evidence would seem to support the proposition that donors give more on the basis of the marginal cost of giving than on the basis of additional income available. On the other hand, the past may not accurately predict future giving, and the reduction in tax rates may change giving patterns due to increased disposable personal income.

Nevertheless, under ERTA, potential contributors will find it more economically advantageous to sell the appreciated property (from which they will net 80 percent of the gain after tax) rather than to give the property (from which they will net, at most, 50 percent of the gain).

Economic motivations for cash and testamentary contributions may also be negatively affected. Whereas previously a gift by a person in the highest (70 percent) income bracket would have an after-tax cost of 30 percent of the amount of the gift, under ERTA the after-tax cost of the gift will be 50 percent.

As part of ERTA, the Congress has authorized a limited deduction for charitable contributions by persons who elect the standard deduction on their income tax return. This statutory change reflects important support for charity generally. However, as the Task Force believes that most persons giving substantially to the arts and the humanities itemize deductions, the new rule will not produce significant sums in the short term for the arts and humanities.

Thus, while charitable giving in the aggregate may not diminish as a result of the additional deduction for non-itemizers, we believe that the arts and humanities' share of philanthropic donations will likely decline.

TAX RECOMMENDATIONS

In light of potential implications of the new tax law, the Task Force believes greater leadership in both the public and private sectors will be required if potential donors are to be encouraged to give to the arts and humanities. In addition, we propose changes in the tax code which will enhance the principle of private initiative through charitable giving. These recommendations are compatible with principles of sound tax policy, and the President and Congress must determine whether such proposals are desirable.

Although the Task Force strongly believes that the Federal Government's inducement of charitable contributions must be substantially strengthened, some considerable part of the donation must nevertheless represent the donor's own contribution. Thus, while our proposals provide that the after tax cost of charitable contributions will be reduced, such philanthrophy will continue to represent a substantial expense for the donor.

Because time precludes evaluation of the precise effect of both the ERTA changes and the modifications which would result from the Task Force recommendations it is proposed that any new rules be made subject to the so-called "sunset" provisions. During this period, the Treasury Department and the Internal Revenue Service would be directed to monitor the impact of these changes on the patterns of charitable giving, reporting promptly to the Congress, which can then judge the effectiveness of such changes over a longer term.

DONATIONS OF WORKS BY CREATORS

The 1969 amendment to the tax code governing charitable gifts of creative works by artists, writers, and composers should be amended as follows: (1) That the creators of these works shall receive the same tax treatment as a result of the charitable contribution of such work, available to a collector or other donor giving a purchased work or manuscript; (2) that the value of the contribution shall be governed by the most recent arms-length sale, by the creator, of a comparable work, or by another appropriate appraisal mechanism.

Current tax law allows the creator of a work who donates the work to a charitable institution to deduct only the value of the materials that were used in creating the literary, musical, or artistic work. A donor who is not the creator may deduct the fair market value of the work. Donations of works to institutions such as museums and libraries by living artists and authors have been substantially reduced since this provision was instituted. The dispersion of collections of creators' works has had a deleterious effect on the availability of research materials for scholarly activity.

There are three immediate benefits from this proposal. First, museums and libraries will be able to acquire works of art without costs. Second, artists and authors will benefit from the presence in public institutions where their best work will be displayed. Third, the public will benefit from the presence in public institutions of the works of living artists and writers.

Furthermore, since the Internal Revenue Service now has a panel which monitors the value of artistic works for tax purposes, and as the revenue loss for similar legislative proposals has been estimated at no more than $5 million annually, such a modest change in the tax code appears reasonable.

INDIVIDUAL AND CORPORATE CONTRIBUTIONS

A tax credit of 25 percent, supplementing the normal deduction for charitable contributions, should be provided for the second $1000 of philathropic contributions by individuals, and the first $100,000 of such giving by corporations. These credits would be effective beginning in the 1982 tax year, and would decline by 5 percent annually until phased out by 1987.

DEDUCTIBILITY LIMITATIONS

The Task Force recommends that the 50 percent limitation on gifts to public charities be eliminated (although still subject to minimum tax provisions); that the 20 percent limitation on gifts to private foundations be raised to 50 percent; and that the 30 percent limitation respecting gifts of appreciated property be raised to 50 percent.

Present law contains restrictions on charitable giving which inhibit philanthropy, particularly in the case of major donations. The first of these applies generally to the percentage of income which may be given to public charities and private foundations. In the case of a gift to a public charity, the amount which may be deducted in any taxable year may not exceed 50 percent of income. In the case of a gift to a private foundation, a person may deduct not more than 20 percent of income.

Additionally, if a gift is made in appreciated property, such as stock or securities, the amount which may be deducted may not exceed 30 percent of the taxable income.

These limitations restrict charitable giving and restrain major gifts. Changes in carryover provisions recommended by the Task Force will not entirely remedy this problem. Notwithstanding the amount of percentage limitations, a person giving property or money to a charity bears considerable expense in making such donations.

CHARITABLE CONTRIBUTIONS CARRYOVER

The charitable contribution carryover period should be extended from 5 to 15 years.

Present law provides that, in the case of gifts to public charities which exceed 50 percent of the donor's income, and gifts of appreciated property which exceed 30 percent of income of the donor, the excess over the stated percentage (not deductible in the year of contribution) may be deducted in each of the five succeeding taxable years of contribution. The additional 10 year extension should serve to assist in inducing major contributions.

DONATIVE SALE

The amount of the charitable contribution for a donative sale should be determined by reference to the excess of the value of property over the sales price, without diminution by the taxable gain amount. A person electing to use this mechanism for charitable donations would not, however, be able to use this 25 percent tax credit with respect to the same gift.

Under present law, if property is sold to a charity for an amount less than its value, the determination of the amount of gain realized by the contributor is made by reference to a portion (rather than 100 percent) of the donor's original cost of the property. This provision has had the effect of reducing charitable sales of property at below actual value and could be rectified by the change recommended.

CONTRIBUTIONS TO PRIVATE FOUNDATIONS

Contributions to private foundations made in appreciated property should be treated, for a donor's tax purposes, in the same manner as cash gifts to a private foundation. Five percent of the value of the property, determined annually, would continue to be paid to public charities as a "qualifying distribution" under the Internal Revenue Code.

In 1969, to assure that private foundations would continuously produce funds for the nonprofit sector, two rules were enacted: (a) Each private foundation must make an annual "payout" to public charities in an amount not less than 5 percent of the annual value of the foundation's assets; and (b) when a donor contributes appreciated property to a private foundation, in order for such donor to receive a deduction for the appreciated value, the foundation must redistribute an amount equal to the value of the contribution.●

THE CURRENT SITUATION IN HONDURAS

(Mr. DELLUMS asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. DELLUMS. Mr. Speaker, I am increasingly concerned with the apparent regionalization of the conflict in El Salvador. A key to the matter is the current situation in Honduras. A member of my staff visited Honduras in August and I am enclosing his remarks as background information:

INTRODUCTION

In early July, several Congressional offices were informally contacted by representatives of the Socorro Juridico (the Legal Aid Office) of the Archdiocese of San Salvador, El Salvador. The offices were apprised of several concerns and accusations regarding abridgement of the Human Rights of Salvadoran refugees in Honduras.

In early August, the Mexican Commission for the Liberty of Salvadoran Refugees in Honduras and Guatemala sent several of us a telegram inviting us to join a delegation to Honduras to investigate the condition of the Salvadoran refugees there.

The Commission is headed by the Bishop of Cuernavaca, Sergio Mendez Arceo, and includes other prominent figures such as the poet Thelma Nava, Martha Lopez Portillo de Tamayo, Pablo Gonzales Casanova, and journalists Gregorio Selser, Miguel Concha, and Nico Schvarz, representative of the Latin American Federation of Journalists (FEIAP).

Mr. Robert Brauer, representative of the office of Congressman Ronald Dellums; Ms. Victoria Rideout, representative of the office of Congressman Gerry Studds; and Mr. David Quilter, representative of the office of Congressman Mickey Leland, accepted the invitation. The Congressional aides were joined by Ms. Patrice Perillie, a lawyer and founder of the Central American Refugee Committee.

The group departed Washington on August 9th for Mexico City and arrived in Tegucigalpa, Honduras, on August 10, 1981. We stayed in Honduras through August 14th.

In Honduras, the delegation met with the following:

1. U.S. Ambassador Jack Binns (twice)
2. Lic. Oscar Mejia Arellano, Minister of Interior and President of the Government Refugee Commission
3. Col. Cesar Elvir Sierra, Foreign Minister
4. Dr. Jorge Rapalo, Vice-Minister of Health
5. Dr. Juan Almendares, Rector of the Autonomous National University
6. Lic. Efraim Bu Giron, President of the Constituent Assembly
7. Ms. Noemi Espinoza, Director of CEDEN (Evangelical Commission for Development and National Emergency)
8. Honorable Charles Henry Basoche, Charge de Mission, U.N. High Commission on Refugees

We also met with scores of refugee assistance officials, Salvadoran refugees and citizens of Honduras, including soldiers and members of the clergy.

During the trip, our inquiries focused on:

1. the condition of the Salvadoran refugees in Honduras, particularly with respect to guarantees of their human rights.
2. The particular case of the alleged abduction of 18 Salvadorans in Tegucigalpa on 22 April 1981.
3. The extent and nature of cooperation between the armed forces and government of Honduras and El Salvador, particularly over border security and refugee questions.
4. The role of American military in Honduras.
5. The political situation in Honduras.

REFUGEES

Background

There are 20,000 Salvadoran refugees in Honduras. Most of the refugees live in the two camps we visited during our trip, Colomoncagua and La Virtud. Both camps are on the Salvadoran border, and are home to several thousand displaced Salvadorans.

In Colomoncagua, care for the refugees is shared by several groups: CARITAS, a Swiss-based Catholic humanitarian organization; World Vision, a fundamental Christian relief organization; Doctors Without Borders (Medecins Sans Frontiers), a French medical relief organization; Medical Volunteers from the Autonomous National University of Honduras; and the Third Health Region of the Ministry of Public Health. All are under the supervision of CEDEN, the Evangelical Commission for Development and National Emergency. The refugee camp at Colomoncagua is, in fact, a string of seven camps of some 500 people each—what Charles Basoche, Director of the UNHCR mission, said was the ideal setup. We found the camp to be very well organized.

The refugees at Colomoncagua were distressed by the presence of Honduran soldiers within the camp. While we were there, we witnessed a patrol on the periphery of the camp, despite the government's agreement not to place troops within three kilometers of the camp borders. We were concerned by the obvious tension among the refugees regarding their freedom in speaking with us. Many were fearful that certain relief officials might report their conversations to higher authorities and to the Honduran government; we did notice a member of one agency taking notes on our conversations. Adding to the tension in the atmosphere were the background noises of machine gun and mortar fire and bombing from across the border in nearby Perquin.

The bulk of our time was spent at La Virtud, a border camp northwest of Colomoncagua. This camp is now the home of 3,500 Salvadorans who came to Honduras in the famous crossing of the Rio Lempa on March 18th of this year. The atmosphere at this camp was remarkably open, and the refugees and relief workers detailed to us their experience during this tragic and dramatic crossing. Many Salvadoran women and children lost their lives either to the river or to the bullets and bombs hurled from Salvadoran helicopters in both countries. Eighteen bodies were later found dead on the Honduran side of the river, and bones line the river banks to this day.

Despite their grim history, the individuals we met at this camp impressed us tremendously with their strong spirit, their love of freedom, and their exemplary industriousness. Sloping into the mountains are cornfields planted by the refugees under the direction of CEDEN and CARITAS—one of several work projects intended to make the camp self-sufficient and the refugees productive. There is a strong and even curiously optimistic spirit. On the evening of our first day at La Virtud, we gathered with the refugees before a makeshift stage for a concert in our honor. Their songs were a celebration of life in the camp: songs of the artisans and their crafts, songs of their longing to return to El Salvador, and of their crossing of the Lempa on March 18, 1981.

We found the relief workers to be very committed, hard-working men and women who care generously for these needy individuals. The workers have helped the refugees make tremendous progress and are deserving of strong praise for their selfless, hard, and crucial labor. We were grateful to meet with relief workers from the University, Doctors Without Borders, CEDEN, CARITAS, and World Vision, as well as several devoted and hard-working local religious workers.

Human rights

During our discussions with the refugees and relief workers, we heard first hand testimony that led us to the following conclusions:

1. Refugees and relief workers have been threatened and harrassed by the Honduran military.

Several relief workers have witnessed instances of Honduran soldiers abusing refugees. We were certainly witness to the honest fear instilled in both refugees and relief workers by the Honduran military. As a result of a meeting with the priest of the border region near La Virtud, we came immediately under the close scrutiny of several soldiers. That priest had been detained for several days upon his return to Honduras after testifying before the Russel Tribunal in Mexico as to human rights violations. No charges were ever presented. The priest also told us that the incidence of arbitrary abuses of refugees and relief workers by the local military was increased since the visit of U.S. military advisers.

The Honduran soldiers we encountered definitely habored negative feelings toward many of the refugees. The Honduran Captain in La Virtud told us "that all refugees were welcomed, and that the local soldiers never shot at them." However, he also made a point of claiming that as much as 50 percent of the refugees' food is carried across the border, mostly by elderly women, during the late night hours. It was the task of his command, he stated, to control the refugees, and several had already been detained. He expressed the hope that U.S. advisers in the area could help with this task, among others.

2. The Honduran military has been aware of, has accepted, and has, in fact, assisted the Salvadoran military in working from Honduran soil to apprehend Salvadoran refugees. In several cases, these refugees were later found dead in El Salvador.

There were many very serious statements received by our delegation regarding the complicity of Honduran soldiers during the gruesome events at the Sumpul and Lempa rivers and afterwards. Several refugees had witnessed known members of the Salvadoran military wearing Honduran uniforms in order to facilitate their entry into the refugee camps. In other instances, the Honduran military have allowed members of ORDEN (Savadoran paramilitary) into the camps to search for and remove refugees. We also spoke with witnesses of the incursion of Salvadoran soldiers into Honduran territory in order to launch attacks back across the border. These intrusions have been only weakly protested by the Honduran government.

One incident illustrates many cases told to us by relief workers and the refugees themselves and confirmed by others:

On May 23, a car with Salvadoran plates attempted to enter the camp at La Virtud with the permission of the local Migration Office. The riders came to take back an old man and his five grandsons. Those in the car were identified by refugees as the National Guardsman Jose Angel, and Alejandro Rode, Mayof of the town of Victoria in El Salvador. They were not allowed into the camp by the relief workers.

Honduran policy

Honduras is not a signatory of the U.N. Convention Relating to the Status of Refugees. However, in January of this year, the government established the National Refugee Commission and laid out the following principles applying to refugees: a pledge to adhere to an "open door" policy, and to refrain from returning refugees against their will to the country of origin, while obtaining the commitment of the refugees to remain within a specified zone, and not to take employment. This official "open door" policy is a heavy commitment for a poor country already unduly burdened with Nicaraguan and Guatemalan refugees, and is to be applauded.

Two points are noteworthy, however. Within the National Refugee Commission, composed of the Ministries of Interior, Defense, Foreign Relations, and Health, the Defense Ministry is preeminent. Significantly, the National Refugee Commission has its offices in the headquarters of the Joint Chiefs of Staff. Furthermore, in January of this year, the Honduran government determined that for reasons of "security and control" the Salvadoran refugees should be placed in camps under the control of military commanders.

In a major turnabout from previous policy, the Honduran government recently acquiesced to UNHCR and U.S. Embassy recommendations to move the refugees further inland. In fact, the government is now actively promoting this policy, urging the relocation of that 75 percent of the refugees who have been assimilated into Honduran families in the region. The government argues that that move will help guarantee the health and safety of the refugees, and that the government will have better "control" over refugees if the camps are relocated further within Honduras.

This point deserves an important note. It was suggested to us that the decision to relocate the refugees stemmed from a meeting in May between Col. Mejia Peralta, Commander of the Santa Rosa Copan Battalion, and his Salvadoran counterpart, Colonel Benavides. The events that transpired thereafter (culminating in the landing of some 1200 Salvadoran troops several kilometers into Honduras on July 17) suggest more than coincidence.

Although most knowledgeable officials (especially at the UNHCR) agree that the refugees will be safer further inland, the refugees themselves are afraid of the treatment they may receive by the Honduran military in such an environment, and are reluctant to move further from their homes in El Salvador. They do not wish to leave the camps they have worked hard to create and maintain.

Furthermore, the presence of established camps makes future crossings safer and easier and is likely to deter indiscriminate abuses by local military. The relief workers were concerned that the health conditions in camps is much worse than the situation of those refugees now living with Honduran families in the aldeas, or local communities. They were also anxious to ensure that a suitable site with decent farmland and adequate water sources be found before the refugees are moved.

Should the relocation occur, there are a number of other important concerns. First, we would hope that a sufficient contingent of relief workers remain in the border areas to receive and care for new refugees who cross into Honduras as well as guarantee their safety. In addition, in light of the many charges of border violations we believe that a neutral, permanent human rights commission is needed in the area. The OAS force supervising the border in the past has been suspected by many of the affected individuals of being less than an effective observer. The OAS helicopter comes on a "regular" schedule of infrequent visits. The teams consist of one OAS official, one Honduran, and one Salvadoran. This triple presence, along with the persistent requests of the OAS supervisors for lists of refugees' names, and their reference to lists developed by Salvadoran and Honduran military, have led many refugees and relief workers to see the OAS as a bridge between Honduras and the Salvadoran military.

We are very concerned that the real reason for clearing the border is to allow greater activity against the Salvadoran guerrillas by either the Salvadoran or Honduran forces. It is imperative for the peace of Honduras and the entire region that Honduras not be drawn into a regional strategy to defeat the Salvadoran FMLN.

U.S. MILITARY IN HONDURAS

It was quite clear that United States in Honduras is an adjunct of U.S. policy in El Salvador. Specifically, the United States does not limit itself to undertaking all means to deny the use of Honduran soil to benefit Salvadoran guerrillas, "ensuring" Honduran neutrality. United States policy is driving the Honduran government into a regional strategy to defeat the Salvadoran FMLN. It is admitted in Honduras that there is cooperation between Salvadoran and Honduran armed forces, "at least at the local level."

Shortly before our arrival, several American advisers had been in La Virtud. We learned that a number of persons had spoken with one officer, and quoted him as saying that the refugees "are the guerrillas," and that they "have no human rights." The officer, U.S. Captain Sheehan, was also reported to have been carrying an M-16, although regulations strictly prohibit American advisers from carrying arms. Ambassador Binns spoke with Captain Sheehan during our visit, and asssured us that if he found any truth to the allegations he would deal with the matter promptly and forcefully. However, it was the embassy's conclusion that the events as related were largely untrue, and that the Raymond Bonner article in the New York Times claiming to have witnessed the discussion was "full of facts, half truths, and falsehoods." We suggested that the Ambassador follow-up his investigation with a visit by embassy staff to the border to talk to the many other witnesses we met.

We believe that any expansion of the tragedy in El Salvador across the border of Honduras spells great danger for the stability and security of the region and its people. We are most concerned that the projected doubling of military assistance to Honduras in fiscal year 1982, as well as the presence of at least 21 U.S. advisers in that country, not be part of (or worse, facilitate) such a regionalization of the violence in El Salvador.

Our increased military aid serves to misdirect the priorities of Honduras and may not be in the best interests of that country. No one believes Honduras to be threatened by the Salvadoran guerrillas, but it is threatened by a lack of economic and social justice.

THE CASE OF "COLONIAL MIRAMONTE"

Before our visit, we were apprised of accusations that on April 22, 1981, the Honduran Security Forces had apprehended 16 Salvadorans and two Houndurans living in Tegucigalpa. There is sworn eyewitness testimony by a Dutch agronomist that states that they were taken by uniformed Hondurans. We learned that this statement is corroborated by additional, as yet undisclosed, evidence. Despite this, the Honduran government has denied the accusation.

During our visit we determined from considerable evidence that without doubt the persons had been taken by the security forces. This extra-legal activity calls into question the guarantees of the Human Rights of any Salvadoran in Honduras. This case, plus the many other alleged abductions of the past several months, also seriously threatens the so-called "democratization" of Honduras.

Background information

On April 22, 1981, Honduran security forces detained a number of Salvadoran refugees living in Tegucigalpa, Honduras. Among those detained were four children under 12 years old, as well as Nora Trinidad Gomez de Barillas, who was Archbishop Romero's secretary. She, her family, and others working closely with Christian based communities had had to leave their own country and had sought refuge in Honduras.

A Dutch agronomist working in Honduras since early 1979 witnesses the early morning detention. He recognized most of the persons taken from the house because he did volunteer to work with a humanitarian relief organization, offering assistance to Salvadoran refugees in Honduras. It so happened that the stopped by the family's house the morning of April 22nd to drop off some medicine for one of the little boys. He saw members of the Honduran Public Security Force pushing the family members into a blue Toyota pick-up truck. Three days later, he read in a Honduran newspaper that the children whom he had seen put into the truck had been turned over by Honduran Immigration Services to Salvadoran

authorities. (This has been confirmed by press accounts in Honduras and the entry/exit stamps on the passport of one of the abducted children who was returned to El Salvador.) Fearing for the life of the others taken away that morning, the Dutch agronomist decided to make a public statement about the detention. Honduran authorities deny that the people he saw forced into the pick-up truck are being detained, in spite of the presentation of writs of habeas corpus by Alberto Reina, President of the Inter-American Court of Human Rights.

We had the opportunity to discuss the case candidly and in confidence with several persons. These persons of high position and considerable credibility clearly and specifically led us to the understanding that the persons were apprehended by security forces. We were told by one official that discussion of the matter "could get us all killed."

We also learned from credible sources that Hondurans have also been subjected to extra-legal apprehension, detainment and execution. these sources alleged the existence of clandestine jails in Tegucigalpa.

This detention seriously calls into question the progress of Honduras towards a real democracy respecting civil and human rights. It also raises doubts about the sincerity of commitment to this process by certain key political groups. Without a doubt, its resolution would be of great consequence.

THE POLITICAL CLIMATE IN HONDURAS

Honduras is the poorest of the Central American nations. In Tegucigalpa, stunningly beautiful mountains and skies contrast with the tiny shanties crammed into every ravine. Only one-fifth of Honduran land is suitable for intensive commercial cultivation. Most of these lands are foreign owned, leaving the country's small farmers to eke out an existence on two to three acre plots, often on rocky mountainsides. Faced with such prospects, many peasants are lured to the city in the hopes of a job—almost none of which exist since there is little industry in the capital.

Honduras has a long history of military rule, interspersed with promises of elections rarely honored. Since 1963, military rule has been continuous. In April of 1981, elections for the Constituent Assembly were held in Honduras. By all accounts, these elections were the most free and open in decades (even though the banned Christian Democrats were barred from participating).

Defying predictions (and the expected measure of electoral fraud), the underdog Liberal Party was elected with a 52 percent majority of the Constituent Assembly, the legislative branch of government. The current provisional government has remained in the hands of General Policarpo Paz Garcia, but includes military and civilians, and representatives of the two principal parties, the Liberal Party and the conservative National Party.

An active and vocal popular opposition is openly critical of the government through the press. Tiempo, a respected daily newspaper, tied to the ALIPO (Liberal Popular Alliance), the social democratic wing of the Liberal Party, is particularly outspoken. In an editorial published during our stay, Tiempo seriously questioned the government on its treatment of Salvadoran refugees, the rising incidence of "extra-legal activity" of security forces, the U.S. military presence in Honduras, and went so far as to admonish against "secret alliance" with the armed forces of El Salvador. Another focus of opposition is the Autonomous National University. The University is "autonomous" in that although funds come from the state, the government has no official jurisdiction over its operation. Faculty and students in equal representation elect the rector and choose the curriculum. There appears to be no censorship of the university press. Because of this freedom, the university has an independent power base, and has itself become a national political force. Since early 1980, important political opposition has also come from within the ranks of the armed forces. Pressure from this sector was crucial in initiating the process of democratic transition—though a series of "purges" during late 1980 effectively silenced this sector. Lastly, the principal "campesino" unions (ANACH and FUNACAMH) have been allowed surprising political clout—sufficient to have forced the ouster of the Director of the National Agrarian Institute in December of 1979. All of this would seem to indicate that Honduras is still the Central American country where a reformist project to ensure political stability is most feasible in the short-range.

However, during the course of our visit, we discovered that the "real" power in the government is clearly in the hands of certain key military officials. The head of FUSEP, the security police, Col. Gustavo Alvarez, along with the commander of the Air Force, Col. Walter Lopez, and the commander of the First Infantry Batallion, Col. Boden, are considered the strongmen of Honduras. Col. Alvarez is alleged to have ties to certain political figures in the United States. Over and over again we were told by civilian officials and others knowledgeable, that if we wanted serious answers to our questions, these were the men we should see. Unfortunately, our visit coincided with those of President Duarte of El Salvador and President Lucas Garcia of Guatemala. Our repeated attempts to obtain a meeting with any of these men or their assistants were rebuffed. (Interestingly, they took the time to inquire as to our political party affiliation.)

It became increasingly clear to us that the military is privy to an independent power base, founded on their financial advantages and their arms. A question critical in Honduras' future is how much this power will be altered when the presidency is turned over to civilian leaders. We came away with no clear answer.

Elections

The political focus in Honduras is directed squarely at the upcoming elections. Despite the legacy of fraud and failure in past electoral attempts, this election is viewed differently, and tremendous hope is centered on its result. Many in the left argue, perhaps correctly, that the military will retain its independent power, and is only offering the office of the presidency as a camouflage for its own dominant position.

It is not without precedent that the armed forces should stage a coup as elections draw near. As the election scheduled for November approaches, this fact is on everyone's mind. There are those of the opinion that although the willingness of some sectors of the armed forces to hand over power is waning, chances of a coup are minimal. Others are less convinced, and point out existing pressure to postpone elections. One very credible and important figure told us that rumors of a coup are on everyone's lips, and his suspicion was that a coup was a strong possibility. He stated to us that although official U.S. administration policy favors the upcoming elections, there is a feeling that a coup will indeed occur if it appears the administration would not oppose it.

Conclusions

There will be little progress in Honduras without the November election. However, the election itself will not ensure progress. There is little money in the national treasury. There are many social and economic problems. Most "mainline" politicians are fearful of the examples of struggle in Nicaragua, El Salvador, and Guatemala. They know the potential also exists in Honduras for a popular struggle. There are, in fact, many among them who for this very reason would urge the United States government to moderate its Central American stance.

We were left with several reservations about the democratization process as a whole. The credible evidence of illegal apprehensions and detention of Honduran citizens and Salvadoran refugees detracts from the government's claims of openness and democracy discussed above. Another equally serious incident has taken place since our return: the apprehension and detention of the President of the Honduran Socialist Party, already inscribed as an independent candidate for the November elections.

These detentions and apprehensions, the abuse of Salvadoran refugees and relief workers at the border camps, and the undeterred incursions well into Honduran territory by large numbers of Salvadoran troops are much more than just "apparent" contradictions of the return to democracy.

U.S. insistence on a greater military role for Honduras in the region detracts from their addressing the "real" problems. Further, it provides the basis for the armed forces' keeping its disproportionately strong position in Honduran life. This path has ensured a popular struggle in other nations. Because of the critical moment Central America and Honduras are living, it is imperative that we now critically re-think U.S. policy and programs for Honduras.●

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. HALL of Ohio (at the request of Mr. WRIGHT), for today on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. CARNEY) to revise and extend their remarks and include extraneous material:)

Mr. PAUL, for 60 minutes, on December 15.

Mr. PAUL, for 60 minutes, on December 16.

Mr. WEBER of Ohio, for 15 minutes, on December 10.

Mr. CORCORAN, for 15 minutes, today.

Mr. CONABLE, for 60 minutes, on December 10.

(The following Members (at the request of Mr. BENJAMIN) to revise and

extend their remarks and include extraneous material:)

Mr. BINGHAM, for 10 minutes, today.
Mr. RICHMOND, for 30 minutes, today.
Mr. LAFALCE, for 60 minutes, today.
Mr. GONZALEZ, for 15 minutes, today.
Mr. ANNUNZIO, for 5 minutes, today.
Mr. COELHO, for 5 minutes, today.
Mr. HUGHES, for 5 minutes, today.
Mr. NELSON, for 5 minutes, today.
Mr. BRINKLEY, for 60 minutes, on December 14.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DELLUMS, and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,320.

Mr. CONTE, prior to the vote on the Markey amendment to H.R. 3566 in the Committee of the Whole today.

Mrs. SNOWE, to revise and extend her remarks prior to the Moffett amendment in the Committee of the Whole today.

(The following Members (at the request of Mr. CARNEY) and to include extraneous matter:)

Mr. FRENZEL.
Mr. HAMMERSCHMIDT.
Mr. PAUL.
Mr. CRAIG.
Mr. SAWYER.
Mr. MITCHELL of New York.
Mr. PORTER in two instances.
Mr. WINN.
Mr. RITTER.
Mr. PETRI in two instances.
Mr. SMITH of Alabama.
Mr. CARMAN in two instances.
Mr. WHITEHURST.
Mr. ERDAHL.
Mr. LOWERY of California.
Mr. NAPIER in three instances.
Mr. GOODLING.
Mr. ROTH.
Mr. DANNEMEYER in two instances.
Mr. DORNAN of California in two instances.
Mr. JAMES K. COYNE.
Mr. EVANS of Delaware.

(The following Members (at the request of Mr. BENJAMIN) and to include extraneous matter:)

Mr. BRINKLEY.
Mrs. COLLINS of Illinois in two instances.
Mr. GEPHARDT in two instances.
Mr. UDALL.
Mr. OTTINGER.
Mr. AUCOIN in three instances.
Mr. LAFALCE.
Mr. HAMILTON.
Mr. LEHMAN.
Mr. DE LUGO in two instances.
Mr. ADDABBO.
Mr. WON PAT.
Mrs. SCHROEDER.
Mr. TRAXLER.
Mr. VENTO.
Mr. DYSON.
Mr. RANGEL.
Mr. RATCHFORD.
Mr. RICHMOND.
Mr. COELHO.
Mr. ROYBAL.
Mr. SCHEUER.
Mr. REUSS.
Mr. ST GERMAIN.
Mr. DINGELL in three instances.
Mr. MCDONALD in five instances.
Mr. SCHUMER.

BILL PRESENTED TO THE PRESIDENT

Mr. HAWKINS, from the Committee on House Administration, reported that that committee did on December 7, 1981, present to the President, for his approval a bill of the House of the following title:

H.R. 4591. An Act to amend the mineral leasing laws of the United States to provide for uniform treatment of certain receipts under such laws, and for other purposes.

ADJOURNMENT

Mr. MURTHA. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 45 minutes p.m.) the House adjourned until tomorrow, Thursday, December 10, 1981, at 10 a.m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2665. A letter from the Clerk, U.S. Court of Claims, transmitting a copy of the Court's judgment order in Dockets Nos. 113, 246, 191, and 221, *Turtle Mountain Band of Chippewa Indians, and Related Cases* v. *The United States;* to the Committee on Interior and Insular Affairs.

2666. A letter from the Comptroller General of the United States, transmitting a report of the difficulties in assessing the eligibility of State and local governments for supplemental disaster assistance (CED-82-4, December 7, 1981); jointly, to the Committees on Government Operations and Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. WHITTEN: Committee on Appropriations. House Joint Resolution 370. Joint resolution making further continuing appropriations until September 30, 1982 (Rept. No. 97-372). Referred to the Committee of the Whole House on the State of the Union.

Mr. FLORIO: Committee of conference. Conference report on S. 1211 (Rept. No. 97-373). Ordered to be printed.

Mr. DERRICK: Committee on Rules. House Resolution 295. Resolution providing for the consideration of House Concurrent Resolution 230, a concurrent resolution reaffirming the congressional budget for the U.S. Government as set forth in the first concurrent resolution on the budget for the fiscal year 1982 (H. Con. Res. 115, 97th Congress) (Rept. No. 97-374). Referred to the House Calendar.

Mr. LONG of Louisiana: Committee on Rules. House Resolution 296. Resolution providing for the consideration of Senate Joint Resolution 115, a joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976 (Rept. No. 97-375). Referred to the House Calendar.

Mr. JONES of North Carolina: Committee on Merchant Marine and Fisheries. H.R. 2241. A bill to provide for the establishment of the Bandon Marsh National Wildlife Refuge, Coos County, State of Oregon; with amendments (Rept. No. 97-376). Referred to the Committee of the Whole House on the State of the Union.

Mr. DE LA GARZA: Committee of conference. Conference report on S. 884 (Rept. No. 97-377). Ordered to be printed.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MAZZOLI: Committee on the Judiciary. Senate Concurrent Resolution 43. Concurrent resolution granting the status of permanent residence to certain aliens; with amendments (Rept. No. 97-370). Referred to the Committee of the Whole House.

Mr. MAZZOLI: Committee on the Judiciary. House Resolution 282. Resolution opposing the granting of permanent residence in the United States to certain aliens (Rept. No. 97-371). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DASCHLE:

H.R. 5144. A bill to amend title 38, United States Code, to make members of Senior Reserve Officers' Training Corps programs who are injured during summer military camp eligible for compensation benefits administered by the Veterans' Administration; to the Committee on Veterans' Affairs.

By Mr. FORD of Michigan (for himself and Mrs. SCHROEDER):

H.R. 5145. A bill to amend title 5, United States Code, to provide training opportunities for employees under the Office of the Architect of the Capitol and the Botanic Garden, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. ERDAHL:

H.R. 5146. A bill to amend the Internal Revenue Code of 1954 with respect to the treatment for purposes of the new jobs credit of youths participating in certain edu-

cation programs; to the Committee on Ways and Means.

By Mr. GEPHARDT:

H.R. 5147. A bill to clarify the income tax treatment of amounts realized by certain regulated public utilities in settlement of damages under contracts for the purchase of fuel; to the Committee on Ways and Means.

By Mr. NAPIER:

H.R. 5148. A bill to establish the Veterans' Administration as an executive department; to the Committee on Government Operations.

By Mr. OTTINGER:

H.R. 5149. A bill to repeal the recently enacted temporary extension of the existing earnings limitation under title II of the Social Security Act (limiting the amount of outside income which an individual aged less than 72 may earn while receiving benefits thereunder) so as to allow previously enacted provisions to take effect restricting the applicability of such limitation to persons aged less than 70; to the Committee on Ways and Means.

By Mr. EMERSON (for himself, Mr. LOWERY of California, Mr. MCCOLLUM, Mr. GOLDWATER, Mr. NAPIER, Mr. SPENCE, Mr. WHITEHURST, Mr. CLAUSEN, Mr. MOORHEAD, Mr. THOMAS, Mr. DANNEMEYER, Mr. DORNAN of California, Mr. BURGENER, Mr. ROUSSELOT, Mr. PASHAYAN, Mr. NOWAK, Mr. ROBERTS of South Dakota, Mr. ROE, Mr. PRITCHARD, Mr. SHAMANSKY, Mr. DREIER, Mr. HANSEN of Idaho, and Mr. DUNN):

H.R. 5150. A bill to authorize, on an emergency basis, the Government National Mortgage Association to provide assistance with respect to certain mortgages secured by newly constructed, unsold homes; to the Committee on Banking, Finance and Urban Affairs.

By Mr. GARCIA:

H.R. 5151. A bill to provide for the issuance of a commemorative postage stamp to honor Roy Wilkins; to the Committee on Post Office and Civil Service.

By Mr. GORE:

H.R. 5152. A bill to amend title 38 of the United States Code to make certain veterans suffering from disabilities and diseases caused by or attributable to exposure to atomic or nuclear radiation during their period of active service entitled to wartime disability compensation; to the Committee on Veterans' Affairs.

H.R. 5153. A bill to amend title 38 of the United States Code to make certain veterans suffering from disabilities and diseases caused by or attributable to exposure to atomic or nuclear radiation during their period of active service entitled to wartime disability compensation; to the Committee on Veterans' Affairs.

By Mr. PATTERSON:

H.R. 5154. A bill to amend the Lanham Trademark Act to prohibit any State from requiring that a registered trademark be altered for use within such State, and to encourage private enterprise with special emphasis on the preservation of small business; to the Committee on the Judiciary.

By Mr. ROBERTS of South Dakota:

H.R. 5155. A bill to reverse Internal Revenue Ruling No. 81-216; to the Committee on Ways and Means.

By Mr. SMITH of Oregon:

H.R. 5156. A bill to consent to the Goose Lake Basin Compact between the States of California and Oregon; to the Committee on Interior and Insular Affairs.

By Mr. WHITTEN:

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

By Mr. DYSON:

H.J. Res. 371. Joint resolution to provide for the designation of April 9 as the "Annual National POW/MIA Day"; to the Committee on Post Office and Civil Service.

By Mr. GEJDENSON:

H. Con. Res. 232. Concurrent resolution expressing support for Federal housing programs for needy, elderly, and handicapped families; to the Committee on Banking, Finance and Urban Affairs.

By Mr. JACOBS:

H. Con. Res. 233. Concurrent resolution expressing the gratitude of the Congress to the Navajo code talkers for their service to the United States during World War II; to the Committee on Post Office and Civil Service.

By Mr. HAWKINS:

H. Res. 294. Resolution authorizing funds for the standing and select committees of the House of Representatives; to the Committee on House Administration.

By Mr. VENTO (for himself, Mr. FLORIO, Mr. PEPPER, Mr. MARLENEE, Mr. JOHN L. BURTON, Ms. OAKAR, Mr. OBERSTAR, Mr. MOFFETT, Mr. ECKART, Mr. WILLIAMS of Montana, Mr. KEMP, Mr. HORTON, Mr. BRINKLEY, Mr. ANNUNZIO, and Mr. DOWNEY):

H. Res. 297. Resolution expressing the sense of the House with respect to railroad retirement full funding; to the Committee on Energy and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By MAVROULES (by request):

H.R. 5157. A bill for the relief of Daniel B. Bostdorf; to the Committee on the Judiciary.

By Mr. BROWN of Colorado:

H. Res. 298. Resolution to refer H.R. 5143 to the chief commissioner of the U.S. Court of Claims; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 9: Mr. CHAPPELL, Mr. HUTTO, Mr. BENNETT, Mr. BAFALIS, Mr. IRELAND, Mr. FASCELL, Mr. YOUNG of Florida, Mr. NELSON, Mr. MCCOLLUM, Mr. PEPPER, Mr. MICA, Mr. LEHMAN, Mr. GIBBONS, and Mr. SHAW.

H.R. 756: Mr. MOTTL.

H.R. 757: Mr. MOTTL.

H.R. 1595: Mr. BARNES.

H.R. 1718: Mr. CARNEY, Mr. ROGERS, Mr. RINALDO, Mr. WON PAT, Mr. MOORE, Mr. DWYER, Mr. RICHMOND, Mr. WILSON, Mr. JACOBS, Mr. GUARINI, Mr. FRENZEL, Mr. MONTGOMERY, Mr. RUDD, Mr. DOUGHERTY, Mr. PASHAYAN, Mr. YATRON, Mr. COELHO, Mr. SHARP, Mrs. FENWICK, Mr. MATSUI, Mr. OTTINGER, and Mr. MARTIN of New York.

H.R. 1853: Mr. OXLEY, Mr. BAFALIS, Mr. MURPHY, Mr. MINETA, and Mr. WAMPLER.

H.R. 2030: Mr. DORNAN of California.

H.R. 2031: Mr. DORNAN of California.

H.R. 2032: Mr. CHAPPELL.

H.R. 2241: Mr. SNYDER, Mr. MAZZOLI, and Mr. HAMILTON.

H.R. 2322: Mr. MCCOLLUM and Mr. GARCIA.

H.R. 2793: Mr. SCHUMER, Mr. EDGAR, and Mr. FAUNTROY.

H.R. 3083: Mr. STUMP.

H.R. 3102: Mr. DORNAN of California.

H.R. 3191: Mr. YOUNG of Alaska.

H.R. 3526: Mr. BIAGGI, Mr. FROST, Mr. HUGHES, Mr. HUNTER, Mr. LANTOS, and Mr. NAPIER.

H.R. 3722: Mr. LEATH of Texas, Mrs. MARTIN of Illinois, Mr. JONES of Tennessee, Mr. ST GERMAIN, Mr. KRAMER, Mr. HILER, Mr. KOGOVSEK, Mr. ERDAHL, Mr. JENKINS, Mr. BENEDICT, Mr. MOORHEAD, Mr. SHUMWAY, Mr. ROBERTS of South Dakota, Mr. FIELDS, Mr. MCCOLLUM, Mr. COELHO, Mr. DOWDY, Mr. LEWIS, Mr. COATS, Mr. LOWERY of California, Mr. TAYLOR, Mr. PAUL, Mr. FAZIO, Mr. SMITH of Pennsylvania, Mr. BUTLER, Mr. ROBERT W. DANIEL, Jr., Mr. FISH, Mr. RUDD, Mr. WHITEHURST, Mr. EDWARDS of Oklahoma, Mr. FORD of Tennessee, Mr. MONTGOMERY, Mr. ENGLISH, Mr. THOMAS, Mr. DAN DANIEL, Mr. DENARDIS, Mr. QUILLEN, Mr. PARRIS, Mr. GRISHAM, Mr. LIVINGSTON, Mr. MCCLORY, Mr. SKEEN, Mr. PRITCHARD, and Mr. BLILEY.

H.R. 3741: Mr. DORGAN of North Dakota.

H.R. 3765: Mr. JAMES K. COYNE.

H.R. 3766: Mr. JAMES K. COYNE and Mr. PAUL.

H.R. 3909: Mr. FISH.

H.R. 4028: Mr. DOWNEY, Mr. MITCHELL of Maryland, Mr. BENJAMIN, Mr. PETRI, Mr. GONZALEZ, Mr. OTTINGER, Mr. WYLIE, Mr. RICHMOND, Mr. PEPPER, Mr. FOGLIETTA, Mr. MOTTL, Mr. MURPHY, Mr. ZABLOCKI, Mr. BEILENSON, Mr. LEHMAN, Mr. ADDABBO, Mr. BINGHAM, Mr. ASPIN, Mrs. BOUQUARD, Mrs. CHISHOLM, Mr. COELHO, Mr. NOWAK, Mr. FOWLER, Mr. CONYERS, Mr. BONER of Tennessee, Mr. SHAMANSKY, Mr. STOKES, Mr. KASTENMEIER, Mr. FAZIO, Mr. GORE, Mr. KINDNESS, Mr. ECKART, Mr. VENTO, Mr. SCHUMER, Mr. SMITH of Pennsylvania, Mr. MOAKLEY, Mr. RINALDO, and Mr. PATTERSON.

H.R. 4230: Mr. GRAMM, Mr. LOTT, Mr. JONES of Oklahoma, Mr. WRIGHT, Mr. HOLLENBECK, Mr. HANCE, Mr. HANSEN of Utah, Mr. NAPIER, Mr. LIVINGSTON, Mr. STENHOLM, Mr. PORTER, Mr. DANIEL B. CRANE, Mr. LELAND, Mr. ARCHER, and Mr. YOUNG of Alaska.

H.R. 4235: Mr. HEFTEL.

H.R. 4326: Mr. WILLIAMS of Montana, Mr. ROBERTS of South Dakota, Mrs. SCHNEIDER, Mr. SIMON, Mr. BONER of Tennessee, Mr. WINN, Mr. BENJAMIN, Mr. BIAGGI, Mr. BAILEY of Pennsylvania, Mr. ANDREWS, and Mr. BRODHEAD.

H.R. 4389: Mr. WIRTH, Mr. LAFALCE, and Mrs. CHISHOLM.

H.R. 4429: Mr. HAGEDORN.

H.R. 4449: Mr. LIVINGSTON.

H.R. 4554: Mrs. HOLT and Mr. WHITEHURST.

H.R. 4567: Mr. DYSON.

H.R. 4587: Mr. RATCHFORD.

H.R. 4588: Mr. BARNES, Mr. BEDELL, Mr. BONKER, Mr. BRODHEAD, Mr. CONTE, Mr. CONYERS, Mr. COURTER, Mr. DELLUMS, Mr. DOWNEY, Mr. DWYER, Mr. DYSON, Mr. EDWARDS of California, Mr. FAUNTROY, Mrs. FENWICK, Mr. HOWARD, Mr. HARKIN, Mr. JEFFORDS, Mr. KILDEE, Mr. LOWRY of Washington, Mr. MITCHELL of Maryland, Mr. OTTINGER, Mr. PATTERSON, Mr. PEPPER, Mr. ROE, Mr. SMITH of New Jersey, Mr. TAUKE, Mr. WASHINGTON, Mr. SABO, Mr. SEIBERLING, and Mr. FISH.

H.R. 4639: Mr. EDWARDS of California.

H.R. 4673: Mr. TAYLOR.

H.R. 4728: Mr. TRIBLE, Mr. WHITEHURST, Mr. LENT, Mr. HOWARD, and Mrs. HOLT.

H.R. 4775: Mr. KILDEE, Mr. WILLIAMS of Montana, Mr. HORTON, Mr. FOGLIETTA, Mr. FISH, and Mr. STOKES.

H.R. 4786: Mr. HILER, Mr. ANDREWS, Mr. MARLENEE, Mr. RITTER, Mr. LEE, Mr. CHAPPELL, Mr. ROSE, Mr. MCDONALD, Mr. GINGRICH, Mr. CHAPPIE, Mr. JEFFRIES, Mr. WHITTEN, and Mr. TAUKE.

H.R. 4807: Mr. ERDAHL, Mr. BLILEY, Mr. ROEMER, Mr. HENDON, Mr. CORCORAN, Mr. DASCHLE, Mr. BENEDICT, Mr. SOLOMON, Mr. CONABLE, Mr. CRAIG, Mr. MITCHELL of New York, Mr. LOEFFLER, Mr. BEREUTER, Mr. DYSON, Mr. WHITEHURST, Mr. KINDNESS, Mr. WYDEN, Mrs. HOLT, Mr. MILLER of Ohio, Mr. LUNGREN, Mr. JAMES K. COYNE, and Mr. GRADISON.

H.R. 4829: Mr. FAUNTROY, Mr. MITCHELL of Maryland, Mr. WORTLEY, Mr. D'AMOURS, Mr. MINETA, Mr. ROSENTHAL, Mr. PANETTA, Mr. PHILLIP BURTON, and Mr. RATCHFORD.

H.R. 4842: Mr. KINDNESS.

H.R. 4843: Mr. ERDAHL.

H.R. 4848: Mr. GRAY, Mr. GREEN, Mr. UDALL, Mrs. SMITH of Nebraska, Mrs. BOGGS, Mr. HIGHTOWER, Ms. FERRARO, Mr. HEFTEL, Mr. LUKEN, Mr. YATRON, Mr. FLORIO, and Mr. GINGRICH.

H.R. 4853: Mr. FOGLIETTA, Mr. DWYER, Mr. BARNES, Mr. FISH, and Mr. WHITEHURST.

H.R. 4857: Mr. DYSON.

H.R. 4898: Mr. MCCOLLUM, Mr. HOWARD, Mr. RAILSBACK, Mr. BURGENER, Mr. GINGRICH, and Mr. CHAPPELL.

H.R. 4999: Mr. FORSYTHE, Mr. JOHNSTON, Mr. DERWINSKI, Mr. GOLDWATER, Mr. WHITEHURST, and Mr. RITTER.

H.R. 5004: Mrs. HOLT, Mrs. MARTIN of Illinois, Mr. MILLER of Ohio, and Mr. SHAMANSKY.

H.R. 5140: Mr. AUCOIN.

H.J. Res. 83: Mr. OBERSTAR, Mr. YATES, Mr. RICHMOND, Mr. MOFFETT, Mr. CLAY, Mr. MURPHY, Mr. WEAVER, Mr. TRAXLER, Mr. WEISS, Mr. DIXON, Mr. COELHO, Mr. ASPIN, Mr. FASCELL, Mr. EDWARDS of California, Mr. GUARINI, Mr. IRELAND, Mr. FROST, Mr. WOLPE, Mrs. SCHNEIDER, Mr. VENTO, Mr. FAZIO, Mr. DOWNEY, Mr. ROTH, Mr. LAFALCE, Mr. FORD of Michigan, Mr. CORRADA, Mr. ZABLOCKI, Mr. RODINO, Mr. HORTON, Mr. PANETTA, Mr. PETRI, Mr. WAXMAN, Mr. NATCHER, Mr. PORTER, Mr. FAUNTROY, Mr. PATTERSON, Mrs. COLLINS of Illinois, Mr. LOWRY of Washington, Mr. WORTLEY, Mr. MOLLOHAN, Mr. Kogovsek, Mr. WINN, Mr. CHAPPIE, Mr. OTTINGER, Mr. DORGAN of North Dakota, Mr. CROCKETT, Mr. WATKINS, Mr. WYDEN, Mr. BAILEY of Pennsylvania, Mr. MATTOX, Mr. BEREUTER, Mr. GOLDWATER, Mr. LANTOS, Mr. FRANK, Mr. BONKER, Mr. SIMON, Mr. LEHMAN, Mr. PEPPER, Mr. CHENEY, and Mr. MOTTL.

H.J. Res. 151: Mr. RATCHFORD, Mr. COURTER, Mr. CRAIG, Mr. STANGELAND, Mr. BENEDICT, and Mr. DENARDIS.

H.J. Res. 305: Mr. WEISS and Mr. RICHMOND.

H.J. Res. 344: Mr. ERDAHL, Mr. BLILEY, Mr. ROEMER, Mr. HENDON, Mr. CORCORAN, Mr. DASCHLE, Mr. BENEDICT, Mr. SOLOMON, Mr. CONABLE, Mr. CRAIG, Mr. MITCHELL of New York, Mr. LOEFFLER, Mr. BEREUTER, Mr. DYSON, Mr. WHITEHURST, Mr. KINDNESS, Mr. WYDEN, Mrs. HOLT, and Mr. GRADISON.

H.J. Res. 351: Mr. SHARP.

H.J. Res. 354: Mr. PEPPER, Mr. LONG of Maryland, Mr. JEFFRIES, Mr. NEAL, Ms. OAKAR, Mr. CORRADA, Mr. COELHO, Mr. PRITCHARD, Mr. MATSUI, and Mr. HORTON.

H.J. Res. 359: Mr. FISH, Mr. DASCHLE, Mr. BARNARD, Mr. ROGERS, Mr. BEDELL, Mr. DWYER, Mr. YATRON, Ms. FIEDLER, and Mr. PATTERSON.

H. Con. Res. 123: Mr. FITHIAN, Mr. FLORIO, and Mr. LEE.

H. Con. Res. 157: Mrs. COLLINS of Illinois.

H. Con. Res. 173: Mr. GINGRICH and Mr. KRAMER.

H. Con. Res. 178: Mr. WEAVER.

H. Con. Res. 195: Mr. YOUNG of Alaska.

H. Con. Res. 214: Mr. LUNGREN, Mr. SMITH of Alabama, Mr. ERDAHL, Mr. ECKART, Mr. FOGLIETTA, Mr. BARNES, Mr. MCDADE, Mr. MCCOLLUM, Mr. MORRISON, Mr. PATMAN, Mr. CLINGER, Mr. MINETA, Mr. LOTT, Mr. HERTEL, Mr. SANTINI, Mr. WINN, Mr. WOLF, Mr. SAVAGE, Mr. GEPHARDT, Mr. BROOMFIELD, Mr. LONG of Maryland, Mr. FOLEY, Mr. PICKLE, Mr. DAUB, Mr. MILLER of Ohio, Mr. PRITCHARD, Mr. HARTNETT, Mr. BARNARD, Mr. RINALDO, Mr. BROYHILL, Mr. RATCHFORD, Mr. BRINKLEY, Mr. DICKS, and Mr. MATTOX.

H. Con. Res. 215: Mr. FASCELL, Mr. FRENZEL, and Mr. MCCOLLUM.

H. Con. Res. 222: Mr. WHITEHURST, Mr. BINGHAM, Mr. SAWYER, and Mr. ST GERMAIN.

H. Res. 239: Mr. LUKEN, Mr. SANTINI, Mr. MCCOLLUM, and Mr. RATCHFORD.

H. Res. 286: Mr. LEBOUTILLIER, Mr. MINETA, Mr. BROWN of California, Mr. RODINO, Mr. PORTER, Mr. FRANK, Mr. CARNEY, Mr. GRADISON, Mr. MURPHY, Mr. DOWNEY, Mr. ROSENTHAL, Mrs. HOLT, Mr. LOWERY of California, Mr. BEILENSON, Mr. ADDABBO, Mr. GILMAN, Mrs. SCHROEDER, Mr. HOWARD, Mr. WILSON, Mr. KEMP, and Mr. KILDEE.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, sponsors were deleted from public bills and resolutions as follows:

H.R. 1301: Mr. JOHNSTON.
H.R. 1302: Mr. JOHNSTON.
H.R. 3039: Mr. HUTTO.

PETITIONS, ETC.

Under clause 1 of rule XXII

297. Mr. KAZEN presented a petition of Maria Graciela Ramierez, Laredo, Tex., relative to redress of grievances; which was referred to the Committee on the Judiciary.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 2559

By Mr. YOUNG of Alaska:

—Page 6, after line 25, add the following new subsection:

(b) The amendment made by subsection (a) shall apply only with respect to payments for benefits under section 707(a) of title 14, United States Code, for months beginning on or after the date of the enactment of this Act.

H.R. 3566

By Mr. HARKIN:

—Amendment to foreign assistance authorization bill:

"(b)(1) It is the sense of the Congress that the United States should strongly support the efforts of developing countries to improve infant feeding practices, in particular, through the promotion of breastfeeding. As a demonstration of that support, the President is authorized to spend up to $5,000,000 from funds made available for fiscal year 1982 to carry out the purposes of sections 103 and 101(c) of the Foreign Assistance Act of 1961, to assist developing countries establish or improve programs to encourage improved infant feeding practices.

"(2) The President shall, as part of the Congressional Presentation Documentation for fiscal years 1983 and 1984, include information relevant to the implementation of this section, including—

"(A) A description of actions taken by the Agency for International Development to promote breastfeeding and to improve supplemental infant feeding practices in developing countries through funds made available in this section and through its regular programs in the fields of health, nutrition, and population activities; and

"(B) Summary of reports by member countries of the World Health Organization on their actions to implement the International Code of Marketing of Breastmilk Substitutes."

By Mr. SOLARZ:

—Page 29, immediately after line 6, insert the following new section:

FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES

SEC. 114. Chapter 1 of the Arms Export Control Act is amended by adding at the end thereof the following new section:

"SEC. 6. FOREIGN INTIMIDATION AND HARASSMENT OF INDIVIDUALS IN THE UNITED STATES.—(a) After the date of enactment of this section, letters of offers may be issued, credits and guarantees may be extended, and export licenses may be issued under this Act during a fiscal year with respect to a foreign country only if the President has certified, during that fiscal year, to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate that the governing authorities of that country are not engaged in a consistent pattern of acts of intimidation or harassment directed against individuals in the United States.

—Page 29, after line 6, insert the following new section:

MILITARY ASSISTANCE AND SALES FOR GUATEMALA

SEC. 114. (a) Funds may be obligated for assistance for Guatemala under chapter 2 or 5 of part II of the Foreign Assistance Act of 1961, letters of offers may be issued and credits and guarantees may be extended for Guatemala under the Arms Export Control Act, licenses may be issued under section 38 of the Arms Export Control Act, and members of the United States Armed Forces may be assigned or detailed to Guatemala to carry out functions under the Foreign Assistance Act of 1961 or the Arms Export Control Act, only if within six months prior to such obligation, issuance, extension, or assignment, the President has certified to the Speaker of the House of Representatives and to the Committee on Foreign Relations of the Senate that the Government of Guatemala—

(1) is not engaged in a consistent pattern of gross violations of internationally recognized human rights;

(2) is achieving substantial control over all elements of its own armed forces, so as to bring to an end the indiscriminate torture and murder of Guatemalan citizens by these forces; and

(3) is ending the indiscriminate torture and murder of Guatemalan citizens by any paramilitary organization which receives any assistance or support from the Govern-

ment of Guatemala or over which the Government of Guatemala otherwise is able to exercise control.

Such certification shall discuss fully and completely the justification for making the determinations required by paragraphs (1) through (3).

(b) Not later than 6 months after submission of the first certification pursuant to this section and at the end of each succeeding six-month period thereafter, the President shall make the certification described in subsection (a) if he is able to make the determinations required by paragraphs (1) through (3) of that subsection. If at any of the times specified in the preceding sentence of this subsection the President does not make such a certification, then the President shall immediately—

(1) suspend all expenditures of funds and other deliveries of assistance for Guatemala which were obligated under chapters 2 and 5 of part II of the Foreign Assistance Act of 1961 after the date of the enactment of this Act;

(2) withhold all approvals for use of credits and guarantees for Guatemala which were extended under the Arms Export Control Act after the date of enactment of this Act;

(3) suspend all deliveries to Guatemala of defense articles, defense services, and design and construction services, which were sold under the Arms Export Control Act after the date of the enactment of this Act;

(4) suspend all licenses for the export of defense articles and defense services which were issued under section 38 of the Arms Export Control Act after the date of enactment of this Act; and

(5) order the prompt withdrawal from Guatemala of all members of the Armed Forces performing defense services, conducting international military education and training activities, or performing management functions under section 515 of the Foreign Assistance Act of 1961.

Any suspension of assistance pursuant to paragraphs (1) through (5) of this subsection shall remain in effect until such time as the President makes a certification in accordance with subsection (a).

H.R. 4559

By Mrs. SMITH of Nebraska:

—On page 7, line 16, strike $700,000,000 and insert $637,485,000;

On page 7, line 22, strike $240,000,000 and insert $211,306,000;

On page 8, line 3, strike $133,405,000 and insert $104,654,000;

On page 8, line 8, strike $103,550,000 and insert $97,680,000;

EXTENSIONS OF REMARKS

JOBLESS RATE STATE AND NATIONAL TRAGEDY

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. AuCOIN. Mr. Speaker, the Nation's jobless rate jumped from 8 percent to 8.4 percent in just 1 month. In Oregon, 10.6 percent of the work force is unemployed. In some counties, the rate is 20 percent. For Oregon, the loss of tax receipts, estimated now to be $250 million less than estimates of just last spring, means a disastrous budget situation and more cuts in vital human welfare programs. These reductions will come on the tails of Federal budget cuts of $1.7 billion in food stamps, $1.5 billion in child nutrition, and $1 billion in health care.

Recently, Senator PAUL LAXALT of Nevada was in Detroit to address the annual meeting of the National League of Cities. He expressed concern that too much money may have been cut from Federal social programs when control over them was shifted to the States as part of President Reagan's economic program. Senator LAXALT said Republican Governors have been telling him they have had a big load dumped on them and they're not getting adequate money: "It may well be the case in a lot of these States—and only time will tell—that we've given them too much authority, too much responsibility, and not enough funding."

In Oregon, my constituents already know firsthand what it means to be out of work for months at a time, with no hope in sight. The lumber industry's seasonally adjusted unemployment rate of 20.3 percent means that in Oregon, of the 31,076 workers normally employed in the lumber industry, 60 percent are either unemployed, or working curtailed shifts. Of the 210 mills usually working, 140 have either shut down or are operating short shifts. Many will never reopen.

Ron Wymore, his wife, and five children live in Molalla, Oreg. His grandfather was a logger. His father was a logger. He was a logger, and a good one, a professional in a very dangerous job. But since last July, he's been unemployed. As a veteran and someone who's used to long, hard hours at work, he sees the dreams he had for his family falling apart as he adjusts to the shock of not being able to find work anywhere. He sums up his situation like this: "The bills you don't pay with your unemployment check you pay with your savings, and you just about sit there and cry because it took so much work to put that money in the bank in the first place. It's just depressing as hell."

For those who have doubts about the impact on the folks back home of history's longest wave of high interest rates, massive budget cuts in social programs, a military spending spree, and the largest tax cut in history, I am inserting several recent articles from the New York Times. They describe the critical situation we have in Oregon as a result of the collapse of the lumber and housing industry, the tragedy of joblessness on families, and the jobs that won't be back after the recession.

[From the New York Times, Dec. 7, 1981]

JOBLESS RATE IS CUTTING INTO OREGON'S BUDGET

(By Wallace Turner)

EUGENE, OREG. Dec. 6.— A recession that began with the collapse of the lumber and new housing markets in early 1980 has forced Oregon officials into an almost frenetic search for ways to cut back on a budget that has already been pruned.

With unemployment at 10.6 percent statewide, and around 20 percent in several counties, state revenues from personal and corporate income taxes are expected to run $250 million behind estimates made last spring.

The problem became evident late last month when predictions of advisers to Gov. Victor L. Atiyeh and data on recent economic trends were fed into a computer program designed to simulate Oregon's economy.

Although some politicians are a bit uneasy about accepting the computer's word for the expected shortfall in revenues, none has challenged the figures.

LEGISLATIVE SESSION SET

Governor Atiyeh, a Republican, has called the Legislature into session beginning Jan. 11. Mindful that three quarters of Oregon's financing comes from income taxes, he and the Democratic leaders of both houses have said a tax increase is to be avoided. Some legislators may try once again to get voters to accept a sales tax, though that would not be popular either.

"I don't believe a sales tax is politically saleable here now," said Terry Mattock, executive director of Oregon Tax Research, a nonprofit organization dedicated to holding down taxes.

It has not been decided which programs will be cut. The Governor, who announced the grim results of the computer analysis on Nov. 27, has told department heads to show him by Dec. 15 what it would mean to their departments to cut the budget by 5 percent, 10 percent, 15 percent and 20 percent.

A 20 percent cut in operating budgets would produce the needed saving, according to the computer analysis. Almost half of the budget now goes into tax relief for homeowners and support for public schools, both of which are viewed as sacrosanct. So the political leadership now seems determined to trim the general operations side of the budget. That means they probably will fall on welfare, higher education, prison budgets and wage increases state employees are expecting.

What a 20 percent cut would mean to higher education in the state was spelled out by Roy Lieuallen, chief officer of the Oregon system of higher education, which includes University of Oregon and Oregon State University.

Western, Eastern and Southern Oregon state colleges would have to be closed, he said, along with schools of law, dentistry, pharmacy and veterinary medicine.

No political figure seems ready to blame President Reagan's economic policies for a recession that began two years ago. Rather, they point to high interest rates that have virtually halted home construction and ruined the state's lumber business.

The most recent figures show that 126,000 people were out of work in October. In 1980 about 36,000 people exhausted their 26-week eligibility for unemployment benefits; 14,500 of those also ran through the 13-week period of extended benefits.

"As bad as that sounds, the picture really is worse," said Donavon Steward, assistant administrator of the state employment dividion. "A lot of people are working only part-time and are not listed as out of work."

[From the New York Times, Nov. 23, 1981]

FAMILIES TELL OF LIVING WITH AN UNWANTED GUEST: JOBLESSNESS

(By Iver Peterson)

DETROIT, Nov. 22.—The end sometimes comes in a pay envelope with a slip of paper titled "Notice of Reduction in Force," a euphemism for a layoff.

The worker fills out an unemployment benefit form and heads for the parking lot with the unfamiliar sensation of having no place to go tomorrow and of knowing that the paycheck will be the last one for a while.

As the recession continues, more and more people are finding themselves in this predicament. The national unemployment rate stands at 8 percent, the highest level in six years, meaning tht 8,520,000 men and women are out of work and looking for jobs, and Government economists predict that it could rise another percentage point.

These are the stories of a handful of them:

"You remember the American dream?" Claude W. Williams asked casually. "Work hard, save your money, get an education, get ahead? I'm kind of discouraged in all that now."

The phone rang, and Mr. Williams was up with a bound, moving his large frame quickly around the furniture, snatching up the receiver before the second ring had died. But it was not a job offer, and he returned slowly to the task of feeding Justin, his 22-month-old son.

Mr. Williams is 33 and unemployed, laid off last August from the Ford Motor Company's huge Flat Rock foundry south of here. He is one of the tens of thousands of jobless automobile workers in this area.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

He grew up on 12th Street, the cockpit of Detroit's old black ghetto and the center of the city's deadly riot in 1967, and he thought he had come a long way from there to the big brick house in northwest Detroit where he lives with his wife and two young sons.

"I didn't want to work in a factory," he said, "but the money was too good to pass up." A summer job at Ford between terms of teaching school 10 years ago gave way to full-time work at the hot, dirty foundry, where blacks like him have been concentrated since the dawn of the automobile age.

Mr. Williams finished his higher education at Wayne State University. Ford recognized his ability and paid for him to get a master's degree in industrial relations. His income rose from $8,000 to $16,000, and then to $49,000 one year when he joined management and worked weekends at the height of the boom in the late 1970's, before things started to go sour, before he was demoted back to laborer, before the layoffs began.

Prospective employees have sent him form letters saying they "cannot use your services at this time." Even his master's degree is in the wrong field. "They want marketing and retailing skills," he said, "not industrial production. Or else they say I'm overqualified."

"I feel like I'm falling backwards," he added. "You climb up to heaven, and fall back to hell."

He looked around his big living room, at the chrome and glass, the African art, the warm comfort of home.

"I'm surrounded by all the things I've ever wanted," he said. "I wanted to escape from 12th street, I wanted a big house with a big sofa to lie back in, I wanted a family and two cars and an educational background, and now I've got it all, but I don't have a job."

At first, years ago now, Valora Hamburg's job at the Pantry Pride food store north of Philadelphia brought a welcome supplement to the income of her husband, a telephone company employee. She also loved the job and getting out of the house every day.

But then, four years ago, her husband suffered a stroke that has kept him from working since, and the $311 weekly Pantry Pride paycheck became crucial to her, her husband and her son.

But Pantry Pride began to founder, and eight months ago the last store closed, ending her job and her 21 years with the company.

"It's really frightening, being out of work," said Mrs. Hamburg, who is 58. "When you've worked all your life, it's pretty hard. I did a little work around the house, some gardening and repairs, and tried not to think about it."

Mrs. Hamburg exhausted here 30 weeks of unemployment benefits "going from place to place, looking for work." But there was none, and she says she knows why.

"It's because of my age, I know, that I couldn't get work," she said. "Oh, I know they're not supposed to ask your age, but some application forms ask what year you graduated from school. 'You're not going to trick me,' I thought, so I started leaving that a blank."

The Hamburgs got a wood stove, to avoid the expense of oil, and put the television nearby. "The TV gets a lot of use," she said. "You can't go out with gasoline prices what they are, so we stay home."

She paused, then said: "It's a frightening feeling when you can't advance your income. It's an awful feeling that makes you sick in your stomach."

Rod Wymore's grandfather was a logger, as was his father. So after a tour of military service in Vietnam and a year as an inspector for a trucking concern, he pulled on a pair of spike-soled "cork boots" in 1969 and went to work in the deep forests of northwest Oregon.

"I've done just about everything there is to do in logging," Mr. Wymore said in his soft, steady voice. Starting out setting dragchains on felled trees, he worked his way up to feller, the top-paying job of cutting the trees. His take-home pay reached $350 a week.

Then, as the economy worsened and the building industry began to slow, Mr. Wymore's career began to slide—to laborer, and then to a night job fixing tires on logging machinery.

"Every whack, every time they switched my job, I went down a notch in pay," he remembered, until last July 31, when he was laid off.

Unused vacation pay and a $3,400 lumpsum severance payment went to pay off as many bills as Mr. Wymore and his wife could manage, and to buy a side of beef for the freezer in a kind of battering down for hard times. The money has carried the Wymores and their five children this far, but their savings are starting to dwindle.

"The bills you don't pay with your unemployment check you pay with your savings," he said, "and you just about sit there and cry because it took so much work to put that money in the bank in the first place. It's just as depressing as hell."

Many of Mr. Wymore's friends are in the same bind, "out there scratching and kicking with the rest of them." He has scoured Molalla, his little town, for jobs, and has begun to branch out to neighboring areas, but with no luck.

"When you go out looking to apply, sometimes they won't even take your application," he said. "They have too many already."

He has begun to sense the stigma of unemployment, the way "it just takes the wind out of half the people you talk to," the looks he gets when he proffers a credit card, looks that say "I wonder how he's going to pay for this."

Word has it that men may be needed for a power line that is being built across Montana, he said, but that would mean moving, so he keeps looking closer to home.

"I've gotten to spend a whole lot more time with the kids," he said, looking for the bright side. "When I worked nights in the tire shop I would never see them. Yeah, that's about the only good thing that's come out of it."

"Anyone in cosntruction deals with layoffs periodically," said Jesse Brown, a 33-year-old carpenter from Baldwin City, Kan. "It's a fact. When the job's over, you've got to find a new one."

Yet Mr. Brown is starting to feel apprehensive, even though his year-long, $14.05-an-hour hospital construction job in St. Joseph, Mo., ended just over a week ago.

"As many job sites as I've hit, I should have had some luck by now," he said. "I didn't think I'd have this hard a time finding a job—I really didn't."

The slump in the construction industry that threw Mr. Wymore out of work in Oregon has idled Mr. Brown in Kansas. Unemployment insurance will carry him and his wife and two young daughters for a while, but the expense of building his new ranch house is a heavy drain that will have to be stopped for a while.

"You have to decide which bills you're going to pay first," Mr. Brown reflected. His wife, Becky, added, "I'm not one of those who takes this too well. I'm just calling up and telling them that my husband doesn't have a job and I'll pay as much as I can."

Meanwhile, Mr. Brown burns precious gasoline scouring the region for work. "Sometimes if you approach a foreman or a superintendent in a face-to-face situation, you have a better chance," he said, "but a lot of them are saying they're going to have to lay off men."

Later, he added, "I'm not as economist or anything, but the whole picture seems to be getting worse, not better. A guy can get a little concerned over that."

"I go to sleep worried and I wake up worried," Paul Mihalcin was saying. "It sure is tough."

Mr. Mihalcin is a coal miner, or was a coal miner until last March 27, when the United Mine Workers went on strike. The walkout was settled in June, but because of a slowdown only 28 of the 100 men who had worked Republic Steel's Banning No. 4 at West Newton, Pa., were called back, and Mr. Mihalcin was not one of them.

Although he comes from a family of miners, Mr. Mihalcin stayed out of the mines until 1978, when, at the age of 36, he doubled the wages he was making as a welder by going into the mines.

Now 39, he cannot even get a welder's job. He has applied at other mines, but the coal industry is depressed, and so is steelmaking and everything else, it seems.

"I'm a steady worker," He said. "I would go into work when I was sick. But when I go in to apply for a job, they don't even look at me. They just show me a big stack of job applications."

He has been supporting his wife, Juanita, and two children on $183 weekly unemployment insurance, augmented by $22 a month in food stamps. These stipends will end the second week in December, and after that, they will apply for welfare, hoping to get a little extra money to heat the three-bedroom trailer they live in.

"I can't even find a part-time job," Mr. Mihalcin said sadly. "Christmas looks very dim."●

IN SUPPORT OF H.R. 4326

HON. JACK BRINKLEY

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. BRINKLEY. Mr. Speaker, I am pleased to add my support as a cosponsor of H.R. 4326, the Small Business Innovation Development Act of 1981. As a longtime proponent of small business I feel that this bill would go far in promoting productivity and technological innovation for which small business has demonstrated such an impressive ability.

The purpose of H.R. 4326 is to enhance the role of small business in federally funded research and development projects by requiring agencies with large research and development budgets to set aside a percentage of

those funds for Small Business Innovation Research.

The declining rate of productivity and increasing foreign competition signal the need for the Government to maximize the contributions which small business can make to our economy. By making Federal research and development funds accessible to small business, the Government can insure the utilization of the technological and innovative capability of small, high technology businesses.

H.R. 4326 represents a compilation of the best provisions of several other small business innovation bills introduced in the 97th Congress. The SBIR program provided for in this bill is patterned after the National Science Foundation innovation program which has proved to be most successful. This is a program which will work on a larger scale as well, to the benefit of the Government and the economy.●

H.R. 4326 COSPONSORS

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. LaFALCE. Mr. Speaker, I would like to insert in the RECORD the names of 12 new cosponsors of H.R. 4326, the Small Business Innovation Development Act.

We now have 36 cosponsors of this very important piece of legislation that will strengthen the role of small, high-technology firms in federally funded R. & D. programs and actively promote the innovation that is essential if our economy is to be productive and competitive. I urge those Members who have not yet joined as cosponsors of H.R. 4326, the major small business bill of the 97th Congress, to do so.

Following are those Members who have joined as cosponsors of H.R. 4326 during the Thanksgiving recess: PAT WILLIAMS, Montana; CLINT ROBERTS, South Dakota; CLAUDINE SCHNEIDER, Rhode Island; PAUL SIMON, Illinois; WILLIAM BONER, Tennessee; LARRY WINN, Jr., Kansas; ADAM BENJAMIN, Jr., Indiana; MARIO BIAGGI, New York; DON BAILEY, Pennsylvania; IKE ANDREWS, North Carolina; WILLIAM BROADHEAD, Michigan.

VOLUNTARY PRAYER IS NOT VOLUNTARY

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. LEHMAN. Mr. Speaker, before serving in Congress, I was a member of the Dade County School Board for 6 years, from 1966 to 1972. During those years, the school board often had to resist efforts to include voluntary prayer as part of the official public school activity.

Now, 10 years later, the Congress may be forced to vote on this issue. Senator JESSE HELMS of North Carolina, much admired by the so-called moral majority and a proponent of voluntary prayer, has said he will not press the issue for the remainder of 1981. He has promised, however, to "go at it again next year."

In the House of Representatives, a resolution to eliminate Supreme Court or Federal court jurisdiction over voluntary prayer was introduced by Congressman PHILIP CRANE of Illinois. This legislation, now pending in the Judiciary Committee, would allow States to institute voluntary prayer without allowing Federal judicial review. At present, 30 Members of Congress have cosponsored this bill. Also initiated by Congressman CRANE is a "discharge petition," which with a majority or 218 signatures, would force the House Judiciary Committee to report the bill out to the House for floor action. This would sidestep the usual legislative procedure providing for public hearings and the consideration of amendments.

We must not allow the historic American separation of church and state to be overturned, and to let religion, through our public schools, become a part of our process of government. This would pose a great dilemma for people of minority religions in our country. School prayer would also have a harmful effect on their children because even voluntary prayer fosters exclusion.

My own childhood memories are still clear. I was the only Jewish child in the first grade in a small Southern town. We all said the Lord's prayer every morning. When the school began the usual Christmas programs, our teacher, Miss Evelyn Lassiter, whom I well remember as a kind lady, called me aside and said, "You don't have to sing Christmas carols along with the others in the class if you or your parents do not wish you to." Was this voluntary? One can imagine my feelings of confusion and embarrassment at being singled out.

To place a youngster in a position where he or she had to pray with the majority of students or make something of a spectacle of himself by asking to be excused is cruel. The proponents of voluntary school prayer are insensitive to the problem this poses for children of minority religions. There is simply nothing voluntary about the voluntary prayer legislation. Would any child of 8 or 10 not bow his head in prayer when everyone around him does it? The child of a minority religion often does this because not to do so brings unwanted attention his way.

I agree with Richard Cohen's Washington Post article of November 19, 1981, in which he characterizes the proponents of voluntary prayer as people with good intentions who want to impose their religion on others, to be universal parents to our school children, and to tell our kins when to pray and how to pray. They want, especially, to encourage children to start the school day with a prayer. As Cohen says, and I agree, "Start the day with a prayer if you wish. But start it at home." Not at school. Why is there such an urge to impose religion on a public school system when we have countless churches and synagogues where children and their parents can pray?

We are not one religion. This is one reason why America is strong. And in early childhood education, respecting these religious differences is important. Those who founded our Constitution wisely separated government from religion. We are duty bound to maintain that separation which would be violated by voluntary prayer in our public schools.

I for one will continue to oppose the efforts of Senator HELMS, Congressman CRANE, and all those who would seek to restrict our essential freedom of religion.●

TRIBUTE TO KIWANIS CLUB OF UTICA

HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. MITCHELL of New York. Mr. Speaker, as the Representative of the 31st Congressional District of New York State, I would like to pay tribute to the Kiwanis Club of Utica, N.Y., which celebrated its 65th anniversary on December 5. Beyond noting the club's 65 years of service to the community, I would like to bring special attention to a scholarship fund that the Utica Kiwanis Club has established in honor of Kiwanian Charles Schmidt.

Mr. Schmidt, an emeritus professor at Mohawk Valley Community College in Utica, was a prominent Kiwanian and well known throughout the community for his many good works. He taught business management at Mohawk Valley Community College for 27 years. He also served as a director and officer of the Mohawk Valley Workshop, a sheltered workshop for the handicapped. In addition he was an active contributor to the Foothills Girl Scout Council, the Service Corporation of Retired Executives (SCORE), and St. Johns of New Hartford Men's Club. He was treasurer of the Utica Kiwanis Club.

Mr. Schmidt left his mark on several generations of students in his many years of teaching. He is fondly remem-

bered by countless friends throughout the community. As a tribute to his life of dedication and sacrifice, the Utica Kiwanis has established a memorial scholarship in honor of Charles Schmidt.

I hope my colleagues in the House will join me in congratulating the Utica Kiwanis Club for its long and active record of service and for its most laudable effort to continue to serve the community in the name of one of its most distinguished former members.●

ROTC COVERAGE UNDER TITLE 38

HON. THOMAS A. DASCHLE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DASCHLE. Mr. Speaker, today I am introducing legislation which will correct an unfortunate inequity which currently exists in title 38 of the United States Code. At this time, title 38 (veterans benefits) does not provide any assistance (medical or compensation) for members of the Reserved Officer's Training Corps (ROTC) who may be injured while en route to or in summer camp training exercises, despite the fact that they are under military orders.

This situation was brought to my attention as a result of a case I have been involved in. Richard Oeschley, was involved in a tragic auto accident on his way to summer camp for ROTC training which left him seriously injured and blind in both eyes. Since that time, Richard has suffered from epilepsy and spinal meningitis, both of which doctors attribute to the injuries he suffered in the accident.

Even though he was under Army orders, Rich has been determined ineligible for veterans benefits and hospitalization. Thus, he has been forced to shoulder massive hospital and medical bills on his own. Incredibly, however, if Rich would have been killed in the accident, and married at the time of his death, his spouse would have been eligible for death benefits.

It is difficult to ascertain just how many patriotic young Americans have been adversely affected by this loophole in the law, but I feel it is extremely important that these individuals are eligible for compensation and medical treatment for any injuries or disabilities they incur while under military orders. Following is the text of the bill:

H.R. 5144

A bill to amend title 38, United States Code, to make members of Senior Reserve Officers' Training Corps programs who are injured during summer military camp eligible for compensation benefits administered by the Veterans' Administration

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101(22) of title 38, United States Code, is amended—

(1) by striking out "and" at the end of clause (C);

(2) by redesignating clause (D) as clause (E); and

(3) by inserting after clause (C) the following new clause (D):

"(D) annual training duty performed by a member of a Senior Reserve Officers' Training Corps program when ordered to such duty for a period of 14 days or more; and".

SEC. 2. The amendments made by the first section of this Act shall apply with respect to diseases and disabilities incurred or aggravated after September 30, 1982.●

THE PRESIDENT AND ARMS CONTROL

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, December 9, 1981, into the CONGRESSIONAL RECORD:

THE PRESIDENT AND ARMS CONTROL

President Reagan's first major foreign policy speech was a milestone. In the address, he set forth a general approach to negotiations with the Soviet Union and a specific approach to the mutual reduction of intermediate nuclear forces.

The first thing I noticed about the speech was its tone. The President dropped the belligerence toward the Soviet Union which has often marked his comments on foreign policy in the past. He did not say that the Soviets lie and cheat and cannot be trusted. He did not say that they are evil or are bent on world conquest. The President simply recognized that the Soviets must be dealt with. In a matter-of-fact way, he offered to cancel plans to deploy American intermediate-range missiles in Western Europe if the Soviets dismantle similar intermediate-range missiles they already have aimed at Western Europe. This is the so-called "zero option". He also proposed that the two nations open talks on limiting strategic arms "as soon as possible next year." The President said that the United States is willing "to achieve equality at lower levels of conventional forces in Europe," and he renewed a Western proposal for a conference to discuss both disarmament and ways to "reduce the risk of surprise attack and the chance of war arising out of uncertainty or miscalculation."

The President's proposals recognize that Europe has changed since World War Two. The new generation, which has taken to the streets in protest, does not remember America as the benevolent victor and liberator of Europe. It is a generation with a more complicated, less complimentary view of America. It was not present at the creation of NATO, and many of its members have not grasped the need for new weapons to respond to the Soviet buildup. "Their questions," he said, "deserve to be answered." The United States must do more than negotiate an arms control agreement with the Soviet Union; it must also keep the Europeans behind NATO's determination to deploy new weapons if the Soviet Union does not dismantle its own.

President Reagan shifted away from his old approach that arms control was out of the question as long as the Soviets were misbehaving in Afghanistan or elsewhere. He downplayed the theory of linkage and left aside the idea that arms control is a kind of concession to the Soviets to be offered only in return for an end to their adventures outside the Communist Bloc. The view expressed by the President is that the limitation of nuclear arms is just as much in our interest as theirs. He made it clear that time for adequate preparation is the only precondition to America's participation in talks on strategic arms control with the Soviet Union. Also missing from the President's speech was any suggestion that the United States seeks military superiority or even a margin of safety in its competition with the Soviet Union. Instead, the President seeks levels of strategic and conventional forces which are "equal". By adopting the objective of equality, he apparently accepts the view that military superiority is not a practical objective since neither side will accept inferiority.

The President's speech highlighted the extraordinary importance of arms control and made it a major objective of his administration. "Nothing will have a higher priority than the goal of nuclear disarmament," he said. In making this statement he joins his recent predecessors, all of whom have tried to establish national limits to the nuclear arms race. It matters a great deal—much more, I think, than most Americans may realize—that an American President embrace the principle of arms control. All of us should be encouraged that in doing so the President struck a responsive chord in public opinion everywhere.

For me, it does not detract from the speech to know that it was designed in part to calm European fears of nuclear war. To show concern about the feelings of Europeans strengthens our relationship with them. After all, one of the Soviet Union's long-term goals is to fragment NATO. Talks on arms control are part of the effort to preserve NATO against a determined Soviet campaign to split America off from our allies in Western Europe. In response to that campaign, the United States must be firm enough to gain concessions from the Soviet Union and flexible enough to show our European allies that we will not increase the risk of nuclear war.

Even though the President's speech starts us on a serious course of arms negotiations, his proposal of the zero option has not been and will not be accepted by the Soviet Union. The Soviets argue that there is parity in intermediate-range missiles today; the United States insists that the Soviet Union is far ahead. The two sides are far apart in their analyses of the present configuration of forces and the forces which should be counted in any agreement. Therefore, an extended period of negotiations can be expected. The first months of negotiation will be spent haggling about the kinds of weapons to be included and the numbers of weapons to be allowed. The United States, of course, contends that its proposal would eliminate the Soviet lead and leave

the two sides equal. The Soviets object that the proposal neglects a whole group of American nuclear weapons based in and around Europe, the so-called "forward-based systems". Moreover, they claim that French and British forces should be counted. This is the background to Chairman Brezhnev's counter-proposal—a moratorium on new missiles while negotiations proceed, a unilateral reduction of "hundreds" of weapons by the Soviet Union, and a "complete renunciation by both sides" of all medium-range nuclear weapons in Europe. The United States counters that the Soviet Union excludes its own aircraft and submarine-based missiles. It offers to enter into a two-phased negotiation. The first phase would be limited to ground-based nonstrategic missiles with ranges in excess of 1,000 miles. The second might include the "forward-based" systems as well as shorter-range missiles.

No one can predict where the negotiations will lead, but we should be encouraged that things are moving. The movement itself is an international development of major significance.●

F

TOYS FOR TOTS

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. PORTER. Mr. Speaker, the holiday season is approaching and while it is a time of joy and happiness for many, we must remember those who are in need and unable to enjoy all that the season offers. There is a group of Americans who work very hard during this time of year to bring joy to needy children, and I think they deserve special recognition. The group I refer to is the U.S. Marine Corps Reserve, and their program is called toys for tots.

The U.S. Marine Corps Reserve toys for tots program brings joy to needy children through the collection and distribution of brand new toys. The toys are new so that the children who receive them have the benefit of receiving the shiny, unused toys that every youngster desires.

Toys for tots was founded in 1947 by Marine Col. Bill Hendricks, in the Los Angeles area. Since that time, it has grown to become a national effort with involvement by civic leaders, celebrities from the entertainment field, and well-known athletes from virtually every sport. Throughout the 1970's and into the 1980's, the program enjoyed tremendous growth: Toys for tots collected a record 5.7 million new toys in 1980.

The toys for tots program is supported by volunteers throughout our Nation. Americans help in three ways: Through donations of new, unwrapped toys; through businesses that sponsor collection sites and help make the community aware of the program; and through volunteer work to assist off-duty Marines in the publicity, collection, delivery, and other phases of the campaign.

Again, Mr. Speaker, I commend the U.S. Marine Corps Reserve toys for tots program and in particular, M. Sgt. Eugene Kolko from my district who does so much to promote this worthy effort in the Chicago area.●

CAR TROUBLE

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. FRENZEL. Mr. Speaker, on Sunday, November 29, the Washington Post printed an editorial which called for an end to the Japanese voluntary auto export restraints to the United States.

As expected, the restraints only serve to hurt the consumer in the long run as Japanese producers have moved to replace exports of lower priced models for more expensive models. This served only to force the U.S. manufacturers to compete in another area of car sales which they have formerly concentrated.

The problem of the United States-Japan trade imbalance remains, however. Rather than pursuing counterproductive import quotas and other nontariff barriers, which only serve to worsen bilateral relations, we should pursue an agreement with Japan to open its markets to U.S. products. This agreement would be monitored by a joint task force of some sort. We can begin by pursuing a genuine opening of Government procurement contracts by both sides to implement the signed procurement code of the multilateral trade agreements.

The editorial follows:

CAR TROUBLE

Japan's "voluntary"—that is, involuntary—agreement to hold down its exports of automobiles to the United States has been in effect half a year. Over these months the agreement has demonstrably done the American automobile companies no good whatever. There's some evidence that it has actually increased their troubles with foreign competition.

Last spring, as you doubtless remember, several of the American companies were banging desperately on the door of the White House to demand relief from the relentless pressure of imports—primarily Japanese imports. The administration needed to do something quickly, and trade restraint was what the American industry wanted. The industry's deeper ills—runaway wages, unpopular designs, occasional lapses in quality control—were all going to take far longer to correct.

With much pulling and hauling, the administration managed to extract from the Japanese government a pledge that its manufacturers would not ship more than 1,680,000 cars into the United States in the year beginning last April. The Commerce Department's figures show that in the first six months, through September, 964,000 cars came in from Japan. If that rate continued through the winter, the Japanese companies would be well over the limit. That's not likely to happen. The limit will be enforced, not by the agreement, but by the recess.

While the sales of imported cars are down, compared with this time last year, they aren't down quite as far as the sales of domestic cars. That leaves the imports with a larger share of the American market than they had a year ago. There's another recent difference, as well. The Japanese are shipping more expensive cars into this market. Perhaps the import agreement has nothing to do with it; moving up the price scale had been the Japanese companies' strategy for some time. But this response was widely predicted when the import restraints went into effect last spring. Whenever an import business is put under quotas, the importer is likely to move into more expensive lines and models to protect profit against a declining volume. The effect is to give the American manufacturers more severe competition in the middle range of the price scale, where they have traditionally looked for their own profits.

As the import agreement was originally stated, there was to be a second year of it with the precise numbers to be worked out later. Undoubtedly the American automobile industry will plead for even tighter controls of even longer duration. But present experience suggests that the administration would do the automobile companies a favor by abandoning the whole thing.●

RESTORE THE MINIMUM BENEFIT

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DE LUGO. Mr. Speaker, I rise today to appeal to those members of the conference committee who are now working on H.R 4331, the bill that would restore the minimum social security benefit. I appeal to these colleagues of ours to consider the hardships that many of our elderly and low-income citizens are now experiencing due to the elimination of this $122 monthly benefit.

In my district, the U.S. Virgin Islands, the need to restore this minimum benefit is particularly acute. Many of our senior citizens depend solely on this minimum benefit. The high cost of living in my district, coupled with the severe impact of the budget and tax cuts, has already imposed tremendous hardships on these people.

On July 21 of this year I was proud to cosponsor along with the majority leader, JIM WRIGHT, and my colleague from Illinois, Mr. ANNUNZIO House Resolution 181 stating that the House of Representatives strongly urged that social security benefits not be reduced. That resolution was passed by the House on July 21.

Then on July 31, this House made itself clear on retaining the minimum

benefit when it passed H.R. 4331 by a vote of 404 to 20. The conference committee on H.R. 4331 has been deadlocked for over a month and I do not believe we can wait any longer. Even if we pay our senior citizens retroactively, our colleagues must understand that their need is immediate and for them, there is no safety net. These people do not have savings or investments that they can liquidate when their rent is due or when they need food and medicine. Most are not even covered by private retirement plans or have an alternative source of income. This is the case in the area that I represent and I am sure it is the case in your district. Their need is now, Mr. Speaker, and we must not deny them.●

GOVERNMENT BLINKED

HON. RON PAUL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. PAUL. Mr. Speaker, on November 23 Government blinked. The order went out to shut down nonessential Government activities. A modest number, 400,000 persons, went home; and no one suffered. It made headlines but everyone, on both sides of the debate, knew it was all a political stunt. Hardly can $1.9 billion, whether it is to come out of the welfare budget or the foreign aid budget, deserve the attention it got knowing that the budget for this year will be over $700 billion and the deficit over $100 billion. Had the debate been over a $150 billion budget cut, the noise would have been justified. Nevertheless, Government blinked and some lights were turned off and the doors closed as a fraction of the bureaucracy went home on a paid holiday. Some claimed it was a nightmare and a disaster, that Government should be slowed to a trot for a moment. Others claimed it was essential to make the point that an additional $2 billion be cut from the budget, an inconsequential amount considering the size of the deficit and the overall budget.

The real issue, the clash of two special interests, the one benefiting from our continued foreign giveways and the other from welfare payments, was ignored. More importantly, it was not recognized to be a contest of will between politicans who seek to stay in power or gain power by satisfying various special interests. Although they never admit to it, in the past several decades when we lived in more prosperous times, the status quo was maintained by the coalition between these two groups, welfare recipients and the international corporate and banking communities who receive the benefits of foreign aid and extravagant military expenditures.

Economic reality has split the camp—the pie is now smaller. The corporate-banking establishment will no longer tolerate giveaways to the poor, and the do-good liberals have now chosen to defy the block favoring foreign aid giveaways.

The clash is wonderful and the emotions are high and leads me to dream of the day when we will close down the agencies once and for all. The obvious compromise, and the one most beneficial to the American taxpayer, needed to settle this dispute is to eliminate both foreign aid and welfare. And while we are at it let us cut the fat out of the military budget, spending only that amount necessary to insure a strong national defense, thus stopping all the foreign adventurism.

Yes; when Government blinked, some said it was a nightmare. But it can be argued it was a sign that soon the day will come when the people will insist on the American dream of limited Government and maximum freedom. Although November 23 turned out to be only a momentary daydream, I continued to dream my dream of the day we send all the bureaucrats packing and the buildings are auctioned off. Until then, the rancorous debate will heighten as factions battle over the remaining sliver of economic pie. When we finally close down nonessential Government agencies permanently, the American people will once again get back to working, producing, and competing; then prosperity and economic order will return to the land.●

MISSOURI CONGRESSMAN IKE SHELTON HAS THE RIGHT IDEA ABOUT SOCIAL SECURITY AND FELONS

HON. RICHARD A. GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. GEPHARDT. Mr. Speaker, several weeks ago, my colleague, Congressman IKE SKELTON, introduced legislation to prevent felons from receiving social security disability payments. I commend Congressman SKELTON for his efforts.

Mr. Speaker, I submit the following statement released by the editorial director of KCMO radio for the RECORD:

Fourth District Missouri Congressman Ike Skelton has the right idea in KCMO Radio's opinion. Last month Congressman Skelton introduced a bill to stop Social Security Disability payments to prisoners convicted of a felony. The bill is designed to close a loophole in a law passed last year which intended to cut off benefits to incarcerated felons. Under that law, prisoners could continue to receive Social Security Disability benefits if they agree to participate in a rehabilitation program. As Skelton points out . . . this loophole does no favors for the Social Security system which is having financial difficulty, or for rehabilitation programs, which should be entered with a true commitment to reform. KCMO Radio agrees. You may want to share your feelings with Congressman Skelton, too . . . we'll give you his address in a moment. Another bill Congressman Skelton has introduced ends retirement benefits to incarcerated felons. This bill alone could save up to $4 million in Social Security benefits. These convicted felons have already cost society enough. KCMO Radio feels as Congressman Skelton does that we shouldn't be paying them to stay in jail when honest Americans are working hard to make a living and paying into the Social Security system. At a time when we are having to make serious decisions on Social Security, ending benefits to prisoners is a good place to start. Write Congressman Skelton in care of the House of Representatives, Washington, D.C. 20515. He needs your support for these two bills.●

IN SUPPORT OF THE CLEAN AIR ACT

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. AUCOIN. Mr. Speaker, I rise today to bring to the attention of my colleagues a resolution adopted by the city council of Medford, Oreg. Resolution No. 4499 details the opposition the Medford City Council has to any amendments to the Clean Air Act which would weaken ambient air quality standards. Under the leadership of Mayor Al Densmore, the city of Medford has been developing an implementation plan to deal with the high levels of carbon monoxide pollution found in this otherwise beautiful area of southwestern Oregon. Mayor Densmore, and the other members of the council, are to be commended for their farsighted and diligent efforts on behalf of a strong economy and a clean environment.

RESOLUTION No. 4499

A resolution opposing any amendment to the Clean Air Act which would weaken ambient air quality standards.

Whereas, Oregon Department of Environmental Quality following EPA guidelines has determined that the Medford area is in violation of Clean Air Act standards and established the Medford-Ashland Air Quality Maintenance Area (AQMA), and

Whereas, the AQMA, Jackson County and the City of Medford have been developing an implementation plan to meet Clean Air Act standards since 1976, but the area remains in violation of Clean Air Act standards for both carbon monoxide and total suspended particulates, and

Whereas, substantial progress has been made since 1976, but both elements on noncompliance are affected by pollution sources beyond local control because:

(a) Carbon monoxide standards cannot be met without the tight controls on new car standards and on inspection maintenance programs.

(b) TSP standards will not be met without controls on pollution drifting into the area and from outside the AQMA, and

Whereas, elimination of requirements for prevention of significant deterioration (PSD) would place the Medford area at an economic disadvantage by making other areas relatively more attractive to industry;

Now, therefore, be it *Resolved* by the city council of the city of Medford, Oregon:

That the Medford City Council opposes any amendments to the Clean Air Act which would weaken or lower its standards and is particularly opposed to any change which would:

(a) Permit additional pollution in this AQMA, or

(b) Reduce the power of state and local governments to abate pollution sources, or

(c) Relax or eliminate present requirements for PSD, and

That all Oregon senators and congressmen are urged to support this position.

Passed by the Council and signed by me in open session in authentication of its passage this 19th day of November, 1981.

Attest:

EMILY H. KIRKHAM,
City Recorder.

AL DENSMORE,
Mayor.

[SEAL]

I, Emily H. Kirkham, Recorder of the City of Medford, Oregon, do hereby certify that I have prepared the foregoing copy of resolution No. 4499, have carefully compared the same with the original thereof on file in my office, and that it is a correct, true and complete transcript therefrom and of the whole thereof.

Dated at Medford, Oregon, this 20th day of November 1981.●

ISRAELI AND PLO COMMENTARIES ON THE SAUDI "PEACE PLAN"

HON. BENJAMIN S. ROSENTHAL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ROSENTHAL. Mr. Speaker, last week I placed into the RECORD the full text of Saudi Crown Prince Fahd's plan for peace in the Middle East.

Today I offer two recent commentaries on the Saudi plan which help to place it in the context of Middle East politics. First is an assessment by Abba Eban, former Israeli Minister for Foreign Affairs and now a member of the Knesset.

Next are the opinions of the several factions which comprise the PLO. Their views reveal the state of discussion among the Palestinian terrorist groups located in Beirut.

Mr. Eban's essay appeared in the New York Times on November 18, 1981, and the PLO opinions were reported in the daily report of the Foreign Broadcast Information Service.

THE SAUDI TEXT

(By Abba Eban)

JERUSALEM.—Nobody does Israel any service by proclaiming its "right to exist."

It is disturbing to find so many people well-disposed to Israel giving currency to this contemptuous formulation.

Israel's right to exist, like that of the United States, Saudi Arabia, and 152 other states, is axiomatic and unreserved. Israel's legitimacy is not suspended in midair awaiting acknowledgement by the royal house in Riyadh. Nor does a group such as the Palestine Liberation Organization have any juridicial competence to accord recognition to states, or withhold it.

A majority of the 155 states in the modern international community are younger in their sovereignty than Israel, which was the 59th member of the United Nations. There is certainly no other state, big or small, young or old, that would consider mere recognition of its "right to exist" a favor, or a negotiable concession.

What Israel is entitled to have in return for the increase of its territorial vulnerability is not verbal recognition but an effective security system, to be arrived at by negotiations.

Back in 1967, when the world community adopted its unanimous policy for the Middle East in Security Council Resolution 242, some members suggested that Israel should be satisfied with a solemn declaration of the right of all states to exist. They added that Israel might, if it chose, regard itself as included in that definition. At that time, hardly any responsible government in the Western world or elsewhere accepted that defintion of Israel's rights as adequate. Most Western countries voted many times between 1967 and 1976 to defeat proposals similar to the one that is now winning Saudi Arabia such exaggerated attention and praise.

Thoughout that period, Israel was considered worthy of something more concrete than a mere declaration of its right to stay alive. In Resolution 242, there is a call for "acknowledgment of the right to live in peace within secure and recognized boundaries." The resolution also calls for "agreement . . . to achieve a peaceful and accepted settlement."

In recent days, it has been left to President Hosni Mubarak of Egypt and his colleagues to make the lucid observation that any proposal for a Middle Eastern settlement is merely a collection of words unless it is accepted by Israel. Since ours is the only nation that would increase its security risk by further territorial renunciation, this is not an excessive requirement.

If Saudi Arabia, as it seems, is now ready to move from the fantasies of "holy war," there is good reason to hope for a further evolution of its policy. But what chance is there of further evolution if responsible statesman abandon all critical rigor and, as they already have done, praise a niggardly Saudi text that falls short, by an astronomic distance, of the established international jurisprudence expressed in 242?

If one wants to help bring about a change of Saudi policy, the worst thing to do is to pretend that the desired change has already occurred. At this stage, the aim and result of Prince Fahd's text is to supersede Resolution 242, which is couched in the language of reciprocal rights, by a new international policy that would acknowledge Arab rights alone, and call for Israel's total and unconditional withdrawal.

The Saudi text not only seeks to annul 242 by emptying it of those provisions that safeguard Israel's interests. It is also a body blow to the Camp David accords. Saudi Arabia has atacked Camp David by boycotting Anwar el-Sadat up to and beyond the grave, by lavishly financing the P.L.O. and other anti-Camp David forces, and by insisting on restoring Soviet participation in the Middle Eastern peace process.

The Egyptian-Israeli peace treaty, one of the most spectacular victories for international conciliation in this generation, has been assailed by Arab hositility, European skepticism, and—grotesquely—by United Nations condemnation. This would be understandable if the Camp David agreement really injured Palestinian interests. But if the Camp David text is honored, it can carry those interests a long way toward fulfillment.

The agreement calls for replacement of the Israeli military administration in the West Bank and Gaza by an elected Palestinian self-governing authority that would preside over a system of full autonomy for a few years, after which the final status of those areas would be determined, not by Israel alone, but by negotiations and agreement between Israel, Egypt, Jordan, and elected representatives of the Palestinian inhabitants, who would also have the right to approve or reject any agreement.

It is only in the bizarre world of Middle Eastern diplomacy that the Camp David text could be represented as anti-Arab or anti-Palestinian.

No harm would be done if American policy makers who claim to be wedded to the Camp David approach would assert and practice their fidelity to it without reservation and avoid sending roving eyes in the direction of a Saudi policy that is still immensely remote from the values and interests that the United States is commited to uphold.

KUWAIT KUNA

(By Muhammad Salam)

BEIRUT, November 14.—The Palestine Liberation Organization is facing "serious" differences between leaders of its eight guerrilla factions regarding a Saudi Arabian project for comprehensive peace in the Middle East, a ranking Palestinian official told KUNA Saturday.

The official, who refused to be identified, noted that the PLO's 15-man collective leadership said the Executive Committee "failed Friday evening to adopt a unified stand" regarding the eight-point project announced by Crown Prince Fahd last August 7.

PLO Chairman Yasir Arafat, who also heads the PLO's mainstream faction Al-Fatah, is to leave for Kuwait later in the day Saturday for "talks covering the Saudi project and possibilities of working out a compromised version accepted by all the Arabs, hardliners and moderates alike," the offical explained.

The Executive Committee's meeting Friday evening, according to the official, (?was) tense. The radicals insisted on rejecting the Saudi plan while Chairman Arafat insisted that it constitutes a good basis for a peaceful settlement to the Arab-Israeli conflict."

The radical guerrilla factions, according to the official, objected to what they said was indirect Arab recognition of Israel, while Arafat and other representatives of Fatah insisted that the Saudi project is based on well-balanced everybody's recognition of everybody [as received] within the framework of a comprehensive settlement of the dispute."

The Saudi eight-point project, strongly rejected by Israel, calls for a complete Israeli withdrawal from Arab territories occupied since the 1967 Six-Day War and the creation of an independent Palestinian state in such vacated territories. The holy city of Jerusalem should be the capital of this state.

The project also recognized the right of all the Middle East states to live in peace.

Text of the Saudi project, as officially released by the oil-rich Arab kingdom, does not include any mention of the U.S. or any other superpower. It rather announces in the eighth point that "That United Nations, or some of its members, will guarantee implementation of these principles."

The project's 5th point also states that the "West Bank and Gaza Strip (following the proposed Israeli withdrawal) will be brought under U.N. sponsorship for a transitional period lasting only a few months."

The radicals, the official explained, also "note, with special emphasis, that the Saudi project did not include any mention of the PLO, especially in its capacity as the sole-legitimate representative of the Palestinian people and, therefore, the authority which will lead this people into its independent state."

However, Saudi Arabia—as all other Arab states—recognize the PLO's sole and legitimate representation of the Palestinian people and "Crown Prince Fahd's project does not include a [word indistinct] opposing such a recognition," the official said.

Fatah leadership, according to the official, "believes that the Israeli withdrawal, elimination of Israeli settlements, guaranteeing freedom of worship and the re-affirmation of the Palestinian people's rights—as outlined by the Saudi project—do not contradict at all with the PLO's declared policy and its sought objectives."

In fact, Fatah leadership "considers that the Saudi project's call in the third point for 'guaranteeing freedom of worship and practice of religious requirements in the holy places' is identical to the PLO's national charter item calling for the creation of an independent-secular Palestinian state where Muslims, Christians and Jews can live equally," the official said.

Arafat reiterated several times that "who says yes to Brezhnev cannot say no to Fahd and who says no to Fahd cannot say yes to Brezhnev."

Soviet leader Leonid Brezhnev proposed late last year an "international" conference on the Middle East dispute with the participation of all the concerned parties. Brezhnev's call was welcomed by the PLO and all its radical factions as well.

Independent observers, trying to draw a comparison between the Soviet and Saudi proposals, point out that the U.N., as noted in Fahd's project, is an international venue that falls in line with Brezhnev's international conference.

Saudi officials, namely Foreign Minister Sa'ud al-Faysal, clearly stated that the "procedural frame" of the initiative could be an international conference sponsored by the U.N. Security Council where the Soviet Union "can" participate.

The third ranking leader of Arafat's Al-Fatah, Salah Khalaf, launched a visit of the Soviet Union last week which mainly aimed, according to ranking Arab diplomats, "at sounding the Soviet view regarding the Saudi project and the Kremlin reaction to this initiative."

The Executive Committee, following its session late Friday, issued a terse statement saying it "reviewed the political initiatives and the political moves in the area."

The committee, the statement said, "agreed to continue contacts in this regard for the formulation of a joint Arab stand supporting the Palestinian struggle and the just cause of our people."

The paper [as received], in a separate report, also said Prince Sa'ud al-Faysal will fly into the Syrian capital of Damascus Saturday for talks with President Hafiz al-Asad and his Foreign Minister Abd al-Halim Khaddam.

The visit, the paper said, "falls within present contacts between numerous Arab capitals in preparation for the Fes summit." It did not disclose further details, however.

SALAH KHALAF ON PEACE PLAN

An oratory rally was held last night at the Jamal Abd an-Nasir Hall of the Arab University of Beirut to pay tribute to the martyrs of At-Tibi Street and martyr Commanders Majid Abu Sharar and Al-Haj Sami on the occasion of the 40th day anniversary of their death.

The rally was attended by a crowd of citizens and families of the martyrs who died in the At-Tibi Street explosion. Brothers and Comrades Abu Iyad [Salah Khalaf], George Hawi [Lebanese Communist Party secretary general], and Nayif Hawatimah [secretary general of the Democratic Front for the Liberation of Palestine] also took part in this rally.

Delivering a speech on behalf of the Palestinian revolution, Brother Abu Iyad said: On the anniversary of all the martyrs we know or don't know; on the anniversary of those heroes we lost in difficult time—we pledge to them and announce to all those who are trying to strike at us that there will be no inter-Palestinian fighting, irrespective of the multiplicity of views, and that there will only be a perpetual national unity.

He added: On this basis we dare say with confidence that we support any positiveness contained in Prince Fahd's plan for peace in the area. We are sorry that the United States has announced that the plan contained only one positive element, which is the recognition of Israel.

He continued: No plan will be allowed to submerge the Palestinian arena in interfighting. We uphold the unity of rank and position, because major battles will be awaiting us after the Fes summit conference. We say from here that we shall confront U.S. imperialism with a united position in which we shall push the groups of our revolution toward further achievements on the way toward Palestinian national unity, and we shall try to respond to those who have placed their bets on the disintegration of our national arena over purely theoretical arguments and differences. We must stick together because our enemy is sticking together. We call on everyone to unite. This is what we are working for, contrary to what the suspect imperialist information media are imagining.

BEIRUT ON QADDUMI REJECTION

Regarding the Palestinian stand on Saudi Prince Fahd's peace plan, the head of the PLO Political Department, Faruq Qaddumi, has said that it is not necessary for the Arab countries to adopt a decision on the Saudi plan. In a statement that will be published in the Lebanese weekly magazine Monday Morning, Qaddumi said that current conditions are not suitable for putting forward peace proposals because of the power imbalance between the Arab countries and Israel. He added that the Fes summit conference must focus its efforts on rectifying this imbalance by encouraging Egypt to return to the Arab fold. He said that the present regime in Egypt under Husni Mubarak is undoubtedly a transitional one. He said: As Palestinians, we categorically reject Article 7 of Prince Fahd's plan, which provides for the right of the countries of the area to live in peace and consequently recognizes Israel as a fait accompli. He further said: This stand is not negotiable.

VOP ON QADDUMI REJECTION

The Beirut weekly magazine Monday Morning has published an interview in its issue which is due to appear in the newsstand tomorrow morning with the head of the PLO Political Department Faruq Quaddumi [Abu al-Lutf].

The main substance of the interview concerns the PLO attitude toward the Saudi peace proposal for a Middle East settlement. When asked about the PLO attitude to the eight-point Saudi plan, Qaddumi stated: It should be clear to everyone that we, as Palestinians, object to the seventh clause and reject it categorically. This position is not open to discussion. Point 7 implies unconditional recognition of Israel.

Qaddumi went on to say that, in any event, peaceful settlements are inaccessible at this time due to the imbalance of power in the region. The Arabs must get it into their head that the coming stage is the stage of building up their power and taking the reins into their hands again—the reins that were in the hands of American imperialism and As-Sadat.

Commenting on the likelihood of the Saudi proposals appearing as an agenda item at the upcoming Arab summit conference at Fes, Morocco, Qaddumi said that the Arabs could discuss peace ideas if they wished, but they should focus their attention on urgent issues.

He noted that the PLO had proposed a number of such issues to be included on the summit agenda: The political situation after the death of As-Sadat, the American military exercises in the Middle East, the multinational Sinai force and European Community participation in it, support of the Palestinian people's struggle in the West Bank and Gaza and the strategic cooperation pact between the United States and Israel.

PELP, DELP, COMMUNIQUES

BEIRUT, November 15—The Popular Front for the Liberation of Palestine (PFLP) has categorically refused to recognize the State of Israel, a senior PFLP official, Bassam Abu Sharif, affirmed today.

In a communique released here, Mr. Abu Shariff also affirmed the Palestinian rejection of the Saudi peace plan for the Middle East proposed in August by Saudi Crown Prince Fahd. But he said this meant only that Palestinians rejected the attaching of any prior conditions to the establishment of an independent state over "all or part of Palestinian territory."

The communique accused Israel of preparing a miliary action in south Lebanon aimed at weakening the Palestine Liberation Organization (PLO) and the Lebanese leftist national movement.

Mr. Abu Sharif called on Palestinians in the occupied territories to reject the autonomy plans called for by the Camp David accords.

Meanwhile, the Democratic Front for the Liberation of Palestine (DFLP) hailed the "popular revolt" against repression in the occupied territories, which it said had entered its third phase.

The DFLP said in a communique that the Israeli plan for limited Palestinian autonomy was "the other face of the Fahd plan aimed at the recognition of Israel."●

A TRIBUTE TO JAMES T. HOWARD

HON. JOSEPH P. ADDABBO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ADDABBO. Mr. Speaker, it is with great pride that I take this opportunity to call to the attention of my distinguished colleagues in the House of Representatives of the recent awarding to James T. Howard, a constituent of mine, of the Red Cross Certificate of Merit for his actions on June 24, 1981, when a fellow employee was unable to breathe.

The American Red Cross, one of our Nation's greatest treasures, often appears in the public eye after a disaster such as an earthquake, flood, or fire tragically disrupts the lives of Americans. But what many people do not realize is that the American Red Cross each year trains men and women like ourselves to act accordingly before tragedy can strike. Such was the case of Mr. Howard who had been skillfully trained in lifesaving techniques prior to the incident.

It was on that day in June when James realized that a coworker choking on some food, was unable to breathe. Immediately, and most importantly, calmly, he began a sequence of first aid maneuvers to relieve an obstructed airway, working under pressure until the piece of food was expelled. Thanks to the efforts of Mr. Howard and extraordinary techniques taught by the American Red Cross, tragedy did not occur.

Mr. Speaker, the Red Cross Certificate of Merit and pin is the highest award given by the American Red Cross to a person who saves or sustains a life by using skills and knowledge learned in a volunteer training program offered by the Red Cross. James Howard, a man who acted bravely when seconds could have meant the difference between life and death is certainly most worthy of that award and I commend him for his meritorious action.●

POLISH REFUGEE CAMPS IN AUSTRIA

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DERWINSKI. Mr. Speaker, Linda Yu, coanchor and reporter for WMAQ-TV in Chicago, recently completed a tour of Polish refugee camps in Austria. Born in Zian, People's Republic of China, she and her family left China for Hong Kong before reaching the U.S., thus she can understand the refugee crisis.

In a recent article which appeared in the November 23 edition of Crain's Chicago Business, a publication serving the business community of Chicago, Ms. Yu gives her impressions of the Polish refugee camps in a very objective and thought-provoking manner. As I believe her comments are especially timely, I insert them at this point for the Members' attention:

[From Crain's Chicago Business, Nov. 23, 1981]

POLISH PILGRIMS SAVOR THEIR OWN THANKSGIVING

(By Linda Yu)

"I want to be free."

Those words have been repeated countless times in every language since mankind began to talk. The words should have special meaning to Americans because the concept of freedom formed this nation. This is a season when we enjoy turkey dinners, tell our children about the Pilgrims and recite prayers of thanksgiving.

But how often do we remember the true reasons behind the settlement of these colonies? A group of people wanted to be free—free to feed themselves and their children, free to pray to God as they believed they should, free to work as hard as they could and know that the fruits of that toil would reward them and their families.

It was with great thanksgiving that Americans celebrated a bicentennial five years ago with continual reminders that those goals still hold true, making this country a symbol of freedom to the world.

In these past two centuries, people have sacrificed lives, fled homes, abandoned possessions for the chance to be free in the United States. I know that personally, having heard my own parents say in Chinese, "I want to be free." I am an American citizen today because they believed in that dream, and Americans backed up their right to believe in it.

In recent years, Americans have supported that commitment to freedom with dollars, jobs, homes. Hundreds of thousands of refugees are newly settled in every state of the union. They had siad, "I want to be free" in Spanish, Russian, Farsi, Vietnamese and the countless dialects of Southeast Asia.

But a few weeks ago, I heard those very same words this way: "Chce byc wolnym." That's Polish, spoken by fathers, mothers, young men and women, even little children. They are sitting in refugee camps today, boarding houses, one-room walk-up apartments in Vienna, Austria. They are waiting to come to the United States and freedom.

About 20,000 to 40,000 Poles live in Austria. No one is sure exactly how many, their number increasing daily. They claim to be political refugees, because that is their only way to enter the United States. There is no doubt some have suffered physical and economic deprivation at the hands of the government in Poland. However, the United States requires proof that they experienced harassment, threats if they did not join the Communist Party, loss of work or education because of union activities. The Polish food shortage and fear of a Russian invasion are not enough reason to gain a U.S. visa.

Even so, many made the difficult choice of leaving their homeland because they see no freedom in the futures of their children.

I met one man who left behind two homes, furniture, artwork, books, jewels and several bank accounts in Poland. He and his wife have two children: a draft-age son and a brilliant daughter who led her family in supporting Solidarity, the independent Polish trade union. Each member of the family carries a deep wound inside—the cutting loss of a beloved country. But the parents had given up hope that Poland would give their children a chance.

They feared their son would be taken in an uprising against invading Russian troops. They feared their daughter would lose her chance at more education and that her profession would be closed to her because of her union activities.

So one by one, the members of the family slipped out of Poland.

The son first, then the daughter, followed some months later by the mother, and finally, the father. One by one, they waited in Vienna, applying for refugee status. One by one, they reached the United States and Chicago.

All but the father. He was the last to leave Poland and remains stuck in Vienna, in the bureaucratic nightmare of immigration interviews, visa applications and countless documents. But he waits with patience because his children are in Chicago, already working toward the dream he has for them.

His admonition to them as they left Poland and his reminder in his letters is this: "First, learn English. Then you can become anything you want in America. You can think anything you want in America. You are free to speak your thoughts in America."

He believes all that can happen in Chicago. He visited this city once, years ago. In the small room he shares with four other refugees in Vienna, he has a book he brought in Chicago, an English grammar.

But what is life like for a man like this, who has committed the one act of freedom his country allowed him? He has transformed himself into a refugee.

Walk into the camp at Traiskirchen, located about 30 miles southwest of Vienna. It is not physically horrible, as we have come to think of refugee camps. Conditions are crowded, with one of the best buildings housing 120 people—children and adults—in a room 25 feet by 50 feet. Each person's living space consists of his cot, measuring 2-feet-by-6-feet. Privacy was available if you could find enough blankets to drape around your cot . . . unless you had an upper bunk. If your cot was against a wall, lucky for you, because you could drive nails into the wall and hang up your belongings.

There is no heat, but there is a roof overhead. Every inch of space is used, so newcomers make do with a bunk and mattress, even if it is one of hundreds spilling out into the hallways. As winter approaches, those in the hallways may be assigned an extra blanket each. Cold air will blow in through the windows, long since broken by other refugees, worn with the anxiety of waiting, losing themselves day after day in alcohol.

But no one is hungry, and that is a great improvement from Poland. Breakfast, lunch and dinner are served daily, as long as you don't lose your meal tickets. Starch is predominant in the food, the thin broth has a coating of grease, the stew is long on lard but short on meat and vegtables. But few complain. It's food, and the children are not hungry.

But those are merely the physical concerns. It is the internal, the emotional, the intellectual concerns that are important.

Some people say the refugees pass through three stages: first, elation in the

days after leaving Poland because this is an adventure, the beginning of a new life.

Soon the second stage, depression or anxiety, sets in. The Polish refugees spend their time waiting, knowing there is little likelihood of being accepted as a political refugee by Austria and then by the United States, not wanting to acknowledge that, not wanting to believe it. It is very important to believe life can start anew in the United States. But days are stretching into months, and for some, the months are becoming years, as they sit and wait.

For a few, there is a third stage—genuine hope. This comes for those who receive the precious slip of paper, summoning them to a new life in the United States. For others, there is Canada, Australia or some other country where freedom waits.

Fear is always with the refugee. It sits next to him, walks behind him, hovers over his bunk. Only those who have left a repressive government can fully understand the fear. There is the fear that the government will reach out and bring him back. There is the fear mixed with guilt that the family left behind will suffer the persecution the refugee should have suffered himself.

Americans, even those of us who long ago were refugees, can so easily forget the value of freedom. It takes a walk through Traiskirchen, the refugee center in Vienna, it takes a conversation, when two strangers make themselves understood with gestures, smiles and a few words learned in the other's language, to be reminded that we are still the envy of many. They do not believe it trite to call this the land of opportunity.

It should not be embarrassing for us to acknowledge that life in the United States includes a precious gift, the gift of freedom.

Linda Yu is co-anchor and reporter for WMAQ-TV in Chicago and recently completed a tour of Polish refugee camps in Austria. Born in Zian, People's Republic of China, she and her family left China for Hong Kong when she was two years old.●

WE MUST REPEAL ARBITRARY CHANGE IN RETIREMENT TEST AGE

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. OTTINGER. Mr. Speaker, the recently enacted Budget Reconciliation Act contained a number of significant changes in the social security program including one which received almost no attention during the debate of this legislation or since. Yet, this provision adversely affects the immediate retirement plan to 200,000 Americans. I am introducing legislation today to repeal this change.

The Budget Reconciliation Act delayed for 1 year—until January 1, 1983—a provision of the 1977 Social Security Amendments under which individuals age 70 and over could receive full retirement benefits without regard to their earnings.

Most individuals affected by this were not even aware of the change until they contacted their social security office to file the papers necessary to prepare for their retirement in January. This sudden change in the law came as a cruel surprise.

An additional problem with this revision is that grossly inadequate notice was given to those affected—they were to receive this benefit just 5 months after enactment in January of 1982. Thus, people who made their retirement plans based on existing law were unfairly jolted. Five months simply is too short a time for a change of this kind even if it were justified and is extremely unfair to these 200,000 people who were only months away from their retirement.

I hope my colleagues will join me in supporting this bill to repeal the extension of the existing earnings limit contained in the Budget Act and allow the provision adopted in 1977 to take effect as planned.

The text of my bill follows:

H.R. 5149

A bill to repeal the recently enacted temporary extension of the existing earnings limitation under title II of the Social Security Act (limiting the amount of outside income which an individual aged less than 72 may earn while receiving benefits thereunder) so as to allow previously enacted provisions to take effect restricting the applicability of such limitation to persons aged less than 70.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That section 2204 of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35; 95 Stat. 837) (relating to temporary extension of earnings limitation to include all persons aged less than seventy-two) is repealed.●

JOBS WON'T COME BACK

HON. LES AuCOIN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. AuCOIN. Mr. Speaker, in addition to my remarks on the tragedy of unemployment across this Nation, and in Oregon, this article from the New York Times, December 6, 1981, is illustrative of what the effects of an extended recession mean for the lumber industry.

THE JOBS THAT WON'T COME BACK

SOME INDUSTRIES SHRINK IN EACH RECESSION—SO UNEMPLOYMENT, NOW AT 8.4%, MAY NOT FALL MUCH IN A RECOVERY

(By Winston Williams)

JOLIET, Ill.—Like hypersensitive economic bellwethers, the old smokestack towns of the East and the Middle West have for many years foreshadowed what economists call America's "slow economic rot." This sulfur-filled town 40 miles southwest of Chicago is no different. It emerges weaker from each recession than it did from the last, and it is likely to do the same this time around, too.

The gradual degeneration of Joliet became apparent when the Vietnam War ended. A local munitions factory closed, stripping 7,000 jobs from this community of 78,000 jobs. A few years ago the United States Steel Corporation shut an old mill, and Texaco Inc. mothballed an obsolete refinery here, idling hundreds more workers.

New little businesses had come along to take up some of the slack when the automobile and housing industries entered their prolonged slumps more than two years ago. Unemployment, which reached 11.3 percent locally last month, is rising again as Caterpillar Tractor, GAF, Dow Chemical, Mobil and Olin Mathieson and others trim production and lay off additional workers because of the current recession.

In recent weeks throughout the industrial belt and in much of the country, hundreds of communities are confronting events similar to Joliet's. Manufacturing plants are shutting down in Louisville, Ky. Ore miners are being laid off in Minnesota. Aircraft production is winding down in Seattle and Wichita, Kan., and textile output is falling in New England.

Unemployment in the nation jumped to 8.4 percent last month, higher than had been expected, and public officials are concerned that many of these jobs may disappear forever, leaving unemployment at high levels for some time to come. And a number of social activists, noting that many public programs such as unemployment compensation, CETA and trade readjustment assistance have been trimmed in the Federal budget cutbacks, are predicting unusually harsh times even for a recession.

"The implications of a renewed recession are particularly serious for Illinois and the neighboring Great Lakes states" where much of the nation's manufacturing is concentrated, said Roland Burris, controller for the State of Illinois. "They have yet to fully recover from the recession of the second quarter of 1980." In September of this year, he said, the number of jobs in Illinois was five-tenths of 1 percent below the level of March 1980, just before the 1980 recession began.

Growing unemployment will leave its mark on the rest of the nation, too, experts say. Rising unemployment will undoubtedly aggravate the Federal deficit, now officially projected to be in the $40 billion to $60 billion range for the current fiscal year. According to the Congressional Budget Office, a 1 percent jump in the unemployment rate increases the Federal deficit by $27 billion as the falling level of economic activity cuts tax revenues for the Government and soaring unemployment increases unemployment compensation benefits and other transfer payments that the Government has to pay out.

And the probability of unemployment going as high as 9 percent and remaining in the 7.5 to 8.5 percent range for most of next year, as many economists predict, will also bring mounting pressure on the Administration to alter its economic program.

In recent months, the recession has spread beyond the automobile industry, affecting office workers and government employees. General Motors indicated in Detroit last week that it would lay off 13,000 white-collar workers. In Chicago, the city announced layoffs of hundreds of health workers and bus drivers.

"These interest rates have to come down," said Michael Biernat, an unemployed carpenter, who chatted with a friend about the housing industry as they waited in a long line at an unemployment claims office in Joliet. "The Government could ease up a little on money," he added.

A partner with his brother and father in a small construction company, Mr. Biernat said he had become disenchanted with Reaganomics. "The election was supposed to bring the rates down, but they went up," he said. "It looks like they've lost confidence in everything they were trying to do."

But conservative economists in Washington, who see a labor bargaining calendar for 1982 that encompasses contracts covering 40 percent of organized labor, say a sustained period of unemployment is necessary to dampen wage demands and to cool inflation.

"The most constructive thing that should be done is nothing," said Marvin Koster, a specialist in labor economics at the American Enterprise Institute. "Anything done now would have adverse consequences later and no immediate beneficial effects."

In Washington, officials expect the unemployment situation to correct itself. The Administration hopes that the interest rates will fall enough next year to stimulate a recovery.

The next round of tax cuts set for June 1982, will put money in the pockets of consumers and business, insuring a recovery, according to Administration economists. In the meantime, they say, short-term deficits from the recession should not cause alarm.

Needless to say, that outlook has not gone unchallenged. Many economists say that even after a recovery, businesses add workers slowly and cautiously and many managers use slow periods to permanently reduce their work forces.

Laurita Parish, a secretary who was laid off last month from the GAF building materials plant in Joliet, said she has seen examples of this at GAF since she started working there a few years ago.

"Every year they lay off people, saying it's temporary," she said. "Only two people have come back. They worked a few months and were laid off again." She said the office staff dwindled to 17 from 45 during her tenure, while the production force, at 300 now, is about a third of what it had been.

Others say the large budget deficits will prevent an economic self-correction. "You're going to have these tremendous deficits from the recession," said Marion Anderson, executive director of Employment Research Associates, a Lansing, Mich., consulting firm. "The Government will be going to the debt market next year for more than a billion dollars a week. That's going to send interest rates back up and choke off the recovery."

Barbara R. Bergman, an economist at the University of Maryland, has questioned the stimulative effects of the tax cuts, saying they may not lead to high employment and output because they mostly benefit the rich and will not greatly stimulate demand for durable goods such as autos and appliances.

At the same time, such developments as U.S. Steel's $6.3 billion bid for Marathon Oil have raised questions about the commitment of big business to such distressed industries as steel, rubber, textiles and automobiles. During the last decade tens of thousands of jobs have been lost in these industries to more-efficient foreign plants and cheaper overseas labor; the tax reductions were supposed to help win them back.

But even if the tax plan were working according to plan, industrial jobs would still be disappearing, experts say. Robots have been eliminating jobs in the auto industry since General Motors started using them at its Lordstown, Ohio, plant several years ago. And their use has been spreading rapidly to other industries since then.

The bleak prospects for employment are producing louder pleas for help from the unemployed. "I'm a conservative myself," said Gary Stiller of Waseca, Minn. "I know we have to save money, but the Government ought to be able to do something." Despite his political leanings, he says he favors some some sort of public works employment program, recalling that it helped his parents during the Depression.

Mr. Stiller, a 42-year-old truck driver who had worked for the same company for more than 23 years, was thrown out of work last April when his employer, Herter's, a sporting goods chain, went bankrupt, tying up more than $17,000 he had in the company's profit-sharing account. With a daughter in college and a son in high school the family is surviving on the wife's part-time job.

Having drawn his final $86-a-week unemployment check, he is getting despondent. "It's getting out of hand," he said of the recession. "It looks like the bottom could drop out."

Some social activists insist that the bottom could fall out for people if unemployment remains unusually high for a long period. Extended benefits, which sustained some of the unemployed for more than a year during the 1974-75 recession, have been severely curtailed under the Reagan program, making it much harder to receive benefits past 26 weeks.

Other transfer payments, which are sometimes called "automatic stabilizers" because they prevent a recession from spiraling downward into a depression, have been cut also. In addition to welfare and food stamp cuts, there have have been changes in trade readjustment assistance and the Comprehensive Employment and Training Act.

And many of the supplemental funds of the auto, rubber and steel companies, which add to the income of furloughed workers, are close to depletion because of the prolonged slump in those industries.

The unemployed defend these programs vigorously. "If it weren't for unemployment compensation, I would have missed a few mortgage payments," said Mr. Biernat, the Joliet carpenter, who is single. He insists that he would much rather work than collect the payments. But, he says, his company has not built a house in three years, and they have had to settle for small, occasional remodeling jobs, which are now becoming even more scarce.

The cutting back on transfer payments and the scaling back of subsidies to the unemployed by the Federal Government has another purpose besides saving Federal dollars. "The theory is that the stabilizers have taken away people's incentive to work at certain wages and for companies to lower prices," said George Schwartz, the associate director of research for the United Automobile Workers.

Next year, labor contracts covering the auto, trucking, rubber, construction, electrical equipment, oil refining and food processing and production industries will be negotiated. The Administration is counting on the swelling ranks of the unemployed and the reduction in Government benefits, including the denial of food stamps to strikers, to moderate wage demands.

The economy's poor performance has already caused unions of railroad, airline and automobile workers to offer concessions to troubled companies. And individual workers seem willing to experiment with lower pay within limits.

Mrs. Parish, the furloughed secretary at GAF, said she would accept a job paying as low as $5.50 an hour, down $3 an hour from her old rate. Mr. Biernat has considered moving to Miami or Houston to find work as a carpenter, but the $6 to $8 an hour that he could make in the Sun Belt is less than half the local scale of $13 to $17 an hour.

Liberal political groups in the area are saying they hope to mount enough pressure before next year's Congressional election to prevent the unemployed from making such dire sacrifices. National People's Action, a Chicago-based activist group that has taken the Federal Reserve to task at a series of "town meetings" it sponsored around the country with the central bank, says it is now turning its attention toward organizing the unemployed.

"What this country has to see is a lot of angry unemployed people demonstrating and demanding jobs," said Gail Cincotta, executive director of the group. "We learned some things in the 60's—how to organize people and how to build coalitions. Without organization we would run the risk of something happening spontaneously. This could be a rough summer."●

FAIR COMPETITION—SOLUTION TO FEHBP'S PROBLEMS

HON. RICHARD A GEPHARDT

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. GEPHARDT. Mr. Speaker, I submit my testimony on the Federal Employees' Health Benefit Plan (FEHBP) for the RECORD. The survival and stability of FEHBP is crucial as it serves over 10 million Federal employees. Reform of the program is necessary judging from the current confusion and the delay of open season. This reform should promote fair competition among the plans and allow Federal employees to choose the health plan that best meets their needs.

The statement of RICHARD A. GEPHARDT follows:

STATEMENT OF REPRESENTATIVE RICHARD A. GEPHARDT TO THE COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Madame Chairwoman and members of the Subcommittee, I appreciate this opportunity to express my views on the difficulties facing the Federal Employees' Health Benefit Program (FEHBP). I am here today not to promote my health legislation, the National Health Care Reform Act (H.R. 850), but to emphasize the importance of the Federal program.

FEHBP serves as the first model in the United States of an employer offering health plans in a competitive environment. It has been the vanguard for well over twenty years. However, as successful as the FEHBP has been in these twenty years, certain structural problems exist. When OPM tried to restrain cost escalation in the Federal contribution to FEHBP, these structural problems became apparent. OPM's discretionary role has inhibited competition between the health plans and is at the root of the difficulties facing the FEHBP today. A short-term solution which would allow all the present plans to participate through an open season must be found. This will give

your Committee and the Congress time to carefully restructure FEHBP, utilizing the most current thinking on competition.

Competition in health care delivery is being supported by the Reagan Administration as well as several members of Congress. Cost escalation in the medical field is rampant and the familiar statistics no longer need repeating. Cost is the straw that broke the camel's back in the Federal program and brought the structural problems of FEHBP out into the open. Even though competition existed to an extent in the FEHBP, it did not have enough clout to restrain health care costs in the entire health system. Competition can work in a small segment of the population like the FEHBP, but it will not be able to retrain health care costs on its own. Competition must restructure the incentives facing all consumers across the country in order to affect the health system. The cost problem facing OPM emphasizes problems facing all employers and the Federal government in the implementation of Medicare and Medicaid.

The current structure of the FEHBP demonstrates that competition can work. On the demand side, ten million employees are able to make choices and respond to the price, quality, and benefits of several health options. FEHBP further demonstrates that one employer can administer over one hundred health plans nationally. These plans are even administered with some semblance of efficiency, considering that a few years ago it cost 26 percent more to process a Medicare claim than a FEHBP claim.

On the supply side, however, several structural flaws prohibit the plans from competing with each other on premiums and benefits. As you know, to constrain their costs, OPM requested a six and a half percent reduction in benefits and premiums. OPM's ability to constrain premiums and benefits is contrary to competition and serves to intensify the problems of adverse selection. The carriers should have free rein to set their premiums and benefit packages to meet the needs of the employees.

In recent years, for example, Blue Cross-Blue Shield has been required by OPM to offer mental health benefits. No other carrier has faced such a requirement. This tends to encourage Federal employees who feel that they would utilize mental health benefits, to join high-option Blue Cross-Blue Shield. It has been estimated that these mental health benefits have raised the Blue Cross-Blue Shield premiums by 7 to 8 percent in the Washington area. These increased costs are then reflected in higher premiums which accentuate the problem, employees who utilize mental health benefits remain, while employees who do not, think twice before they continue to pay such high premiums.

At this point I would like to emphasize that I am not advocating a "bail out" for Blue Cross. Blue Cross is financially stable and not dependent on the Federal employees' business to survive. The ground rules by which these plans compete need adjustment. We do not need to regulate the structure of the plans themselves. As a matter of fact, it is regulation not competition that is threatening Blue Cross.

The Federal government's contribution to their employees' health benefits should be limited and adjusted annually. This would divorce the government's contribution level from the premiums which the largest six plans charge. It would also remove OPM's inclination to become involved in the benefits these plans offer, because OPM's expenses will no longer be tied to the six largest plans. The limit should be adjusted annually to reflect inflation in the medical sector as long as the rest of the health system is not competitive.

Besides being limited by the Federal government, the Federal contribution should be adjusted according to several actuarial categories including age, sex, geographic area, and employee or annuitant status. This would decrease the effect of adverse selection. The age and sex of a population do tend to reflect differences in health status and should be accounted for in the government's contribution. A fifty year old or an annuitant is likely to utilize more health services than a thirty year old. The government should contribute more to the fifty year old's health coverage. This will enable the health plan with the fifty year old to serve him, without artificially increasing their premium next year to cover the additional costs. Sicker people, or people who think they may become sick, will continue to desire comprehensive, first-dollar coverage. The trick is to balance these "sicker" people with healthier people in the same actuarial category, which will allow the carriers to underwrite such a plan.

Furthermore, contributions should also be adjusted for the area of the country in which the Federal employee lives. Through the government's experience with Medicare, we know that health services are more expensive in New York City than in Oklahoma City.

The FEHBP requires careful restructuring. My health legislation contains certain aspects of what I have proposed above to incorporate into the FEHBP. We believe that the health care needs of the Federal employees, and ultimately the general public, would best be served by a competitive health system. In FEHBP the employees should be able to choose coverage from several health plans which compete with one another on the basis of quality, premiums, and benefit packages. Minimum regulations should govern this system to encourage fair competition. As legislators we are not here to dictate the details of the benefit packages available to Federal employees. Rather, we are here to preserve their benefits by the best possible means. That translates into taking very modest steps that will facilitate competition in the delivery of health care to Federal employees, which in turn will guarantee an open season for the people we are attempting to serve.●

AMERICAN LABOR MOVEMENT CELEBRATES ITS CENTENNIAL

HON. MARIO BIAGGI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. BIAGGI. Mr. Speaker, I would like to call attention to an event that occurred 100 years ago in Pittsburgh. On November 15, 1881, 107 delegates from a handful of unions and local assemblies gathered together to establish the Federation of Organized Trades and Labor Units—the forerunner of today's AFL-CIO.

This historic meeting of working people called for: compulsory free public education; an end to child labor; achievement of the 8-hour work day; apprenticeship laws; payment of wages in legal tender; creation of a national bureau of labor statistics; workers' compensation; and use of the ballot box to elect friendly legislators.

One hundred years later—due to the courage and work of the American trade union movement, we have a better life in this country.

We now have better wages, shorter hours, and safer working conditions in the American workplace. Decent schools, adequate housing and hospital care, and a secure retirement are some of the fruits of union representation in America.

Today, Lane Kirkland and the AFL-CIO's work still echoes the words of Samuel Gompers 100 years ago. When asked,

What does labor want?

He replied,

We want more schools and less jails; more books and less arsenals; more learning and less vice; more constant work and less crime; more leisure and less greed; more justice and less revenge.

So much has been accomplished. So much more must still be done, as the AFL-CIO's centennial slogan so aptly states: "A century of achievement, a challenge for the future."

Long before the current wave of consumer advocate and public interest groups were formed, the labor movement toiled diligently as the "people's lobby." Whether the cause is fair wages and safer workplaces or the quest for world peace, the American trade union movement has been the conscience of our Nation. We have a more compassionate society because of them. God bless and protect them in their next 100 years.●

BENEFIT CUTOFFS AND DELAYS TAKE THEIR TOLL ON DISABILITY RECIPIENTS

HON. JOHN F. SEIBERLING

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. SEIBERLING. Mr. Speaker, 2 months ago, I introduced legislation, the Social Security Rights Act, which would impose mandatory time limits on processing social security claims. The legislation has 57 cosponsors, and each week my office receives calls requesting information about the bill, or notifying us about an additional cosponsor.

Interest in this bill is high and continuing because the problem of backlogs and delays in social security claim processing is worsening. And I fear that the situation will be even bleaker for social security claimants as unemployment continues to climb, and the effects of the administration's economic policy hit home.

One of the reasons for delays in social security processing is the fact that the Social Security Administration is implementing an order enacted by Congress to review the cases of current disability beneficiaries to see if they are still eligible for benefits. This review was part of the social security disability benefits approved by the 96th Congress.

However, the Reagan administration has accelerated the review. Some people have suggested that the step-up is not really aimed at keeping only the truly disabled on the social security disability rolls, but to cut a certain quota of current recipients off. The effect has been devastating for the social security appeals process, because those persons who receive notice that their benefits have ceased can appeal and are appealing. It is no wonder that they are appealing, since the statistics show that there is a very good chance that their benefits will ultimately be restored. However, the effect of the increased appeals is to increase the backlog of undecided cases, and to lengthen the already long processing time.

But the most devastating effect is on the people who are told that they will no longer receive social security disability benefits. Even if they ultimately have their benefits restored on appeal, they must wait months during which they receive no benefits. The frustration, confusion and anxiety experienced by these people—and I hear from them every day—is compounded by the very real financial hardship they and their family experience during the appeals process.

My bill would at least assure current recipients whose benefits have ceased a timely review of their appeal. The legislation would require the hearings and appeals process for those who appeal termination decisions to be made within 60 days.

I believe that Congress must send a message to the administration that it will not countenance the arbitrary termination of hundreds of thousands of social security disability benefits as the way to solve social security financing problems. It is time these delays were paid for by the Social Security Administration through adequate staffing, rather than by the disabled workers who pay in suffering, uncertainty and hardship.

I am including in the RECORD following my remarks a copy of a recent Wall Street Journal article on the administration's stepped-up review of current disability recipients' records:

CUTTING DISABLED ROLLS ISN'T ANY WAY TO WIN A POPULARITY CONTEST—TENNESSEE'S HERBERT BROWN TAKES HEAT AS HE STRIVES TO FOLLOW REAGAN POLICY

(By John J. Fialka)

NASHVILLE, TENN.—Bureaucratically speaking, nobody seems to like Herbert L. Brown, 58, a soft-spoken, unfailingly polite man who runs an obscure branch of the Tennessee Department of Education.

What Mr. Brown does is socially and economically important, even trendy. While other people talk about refocusing the nation's faltering benefit programs on the "truly needy," he and his staff of 227 people are trying to do it.

But for the most part, it has been a truly thankless job.

Mr. Brown is the director of the Disability Determination Section of Tennessee's Division of Vocational Rehabilitation. He and his equivalents in 49 other states function as the gatekeepers for the Social Security Administration's two huge disability-benefit programs. Those programs pumped out over $22 billion last year, and investigators say that some of the money has gone to people not eligible.

Since March, at the request of the Reagan administration, state officials have been trying to narrow the gates by reexamining and rejecting an ever-larger number of claimants, telling them that their government checks will stop because they are no longer considered disabled.

That is how the heat started for Mr. Brown, who had been running his agency so quietly that few politicians here even knew what it did. State legislators suddenly began to get angry calls and they, in turn, began calling Mr. Brown.

"Some of the legislators have started to wonder why do we really need this agency," he says. While he has been fielding the calls from legislators and from the offices of Tennessee Congressmen, his disability examiners have been getting a steady stream of angry, often abusive calls from disgruntled claimants.

One young man in East Tennessee has attempted suicide. Another has attracted the attention of the FBI by threatening to do bodily harm to President Reagan.

Local television crews have even confronted Mr. Brown while he was at home, raking leaves in his driveway. Reporters have demanded to know why it was that he hired a firm of doctors who were reexamining disability claimants at the speedy rate of over 30 per doctor per day.

"It's unsettling to have this kind of situation," says Mr. Brown. "We're not accustomed to this kind of heat."

What is happening in Tennessee has been going on in varying degrees across the nation, but a disproportionate share of the pain from tightening up the disability programs will be felt in the southeastern U.S., where one out of every four disability claimants resides.

STRANGE ANATOMY

Part of the pain and confusion that surround the disability programs stems from their strange political anatomy. Both the Disability Insurance program ($18 billion a year to 4.6 million people) and the Supplemental Security Insurance (SSI) program ($4 billion to 2.3 million disabled clients, plus other outlays) are run on federal money and administered by the Social Security Administration. Yet the critical decision—who is medically and legally disabled—is left up to the 50 state agencies. Many of them admit that their decision-making, often hindered by staff shortages, leaves something to be desired.

Investigators for Congress's General Accounting Office believe that the disability programs have been running out of control for several years. Last spring the GAO estimated that the Disability Insurance Trust Fund, which is collected from payroll taxes, was losing over $2 billion a year to ineligible claimants.

Congress had already ordered the state agencies, which normally reexamine 160,000 cases a year, to take on an additional 200,000 cases starting in 1982. Then the Reagan administration decided to accelerate the schedule; the speedup began in March, using a computer profile to pinpoint questionable disability claims and to send the cases back to the states.

FOLDERS PILE UP

That's when case folders, some of them as thick as the Manhattan phone book began piling up in Mr. Brown's suite of cramped offices. Each represents a claim awaiting review. In March, 7,272 of them were lying around; now there are 14,433.

Mr. Brown says his office has been terminating about 40 percent of the computer-profile cases at a cost of about $112 a case. That means he is saving the federal government a great deal of money: The average disability-insurance case costs the government $29,000 over its lifetime.

He had managed this success despite a handicap: Until last July, Mr. Brown's office was under a statewide job freeze ordered by the governor to cut 3,000 jobs off the state payroll—even though his people are paid not by the state but by the Social Security Administration. Since the freeze ended, he has hired more people, but their training is slow. The Social Security Administration estimates that he should have 100 more employees.

Mr. Brown's struggle to get the job done amid economy measures isn't so unusual. GAO investigators have found disability-determination agencies in other states caught up in a wide variety of state-imposed penny-pinching policies. One state agency short of employees ordered disability examiners to decide cases "on the basis of an informed guess."

What all this means is that it will take a long time to sort out the disability programs. At the Social Security Administration, Commissioner John A. Svahn predicts that things will get worse before they get better because caseworkers haven't even begun to probe the SSI program, a $7-billion-a-year adult-welfare program that pays 60% of its funds to disabled clients.

"I was told that the payment error rate in SSI was 5%, but when I got in here and stated looking at it I said what about disability? They said, 'We don't count that,'" Mr. Svahn recalls.

As disability claims are reviewed, "error rate in this program is very definitely going to go up," the commissioner adds. He concedes that the task won't be easy. "What makes disability so tough," he says, "is that there is a lot of subjectivity involved."

Once, the decisions were easier. In 1958, just two years after Congress started the Disability insurance program, Mr. Brown's Tennessee office could handle all its claimants with just 10 employes. That was because the original program required a claimant to be over 50 and to prove a mental or physical disability that would result in permanent unemployment or death.

NUMBER SOAR

In 1960, Congress removed the age requirement. Five years later if opened the program to those who could prove a mental or physical problem that would result in an inability to work for 12 months. Next, the program was further liberalized to allow benefits to widows of disabled workers.

In 1974, Congress opened the doors to a new type of claimant when it created the SSI program. As originally conceived, the program was aimed at the elderly and the blind on the states' adult-welfare rolls. The disabled on the welfare rolls were also eligible and, applying in record numbers, soon turned SSI into a program that primarily serves the disabled.

In 1964 there were four disabled workers for every 1,000 workers paying into the Disability Insurance Trust Fund; by 1975 there were seven. But the problem wasn't just in the numbers. SSI had introduced and entirely different class of disability claimants, some of whom had never been to private doctor.

Mr. Brown's office relies heavily on the record of private doctors, which are often more complete than those of emergency rooms and some other health institutions, so the new class of claimants has presented a serious problem. "Tennessee is about the third-lowest state in terms of doctors percapita," Mr. Brown says. "There's a shortage of doctors to treat sick folks."

Furthermore, the office under state law must pay medical examiners according to a 1978 fee schedule that hardly matches the going rates of 1981. As a result, he says, there are no doctors in Tennessee who will work full time examining claims for his agency. At the moment, he makes do with 20 part-time doctors, many of whom work nights and weekends for $30 an hour. They never see claimants, they simply examine and sign disability records prepared by Mr. Brown's technicians.

THIRTY OR FORTY A DAY

But some disputed claims must be settled by an independent medical examination. The need was filled here, for a time, by an enterprising group of doctors who got around the low fee schedule by handling disability claimants in volume. They are part of a new medical genre that has grown up around the disability programs and is called "the volume provider."

In Tennessee and in eight other states in the South and Midwest, the volume provider was Suburban Internal Medical Group, a consortium of 12 doctors who used paramedical workers and word-processing equipment to allow a doctor to examine as many as 30 or 40 disability claimants in one day.

Several frustrated disability claimants now are suing the federal government over the use of Suburban Medical. One of them is Arthur Adams, 50, a former warehouseman who quit his job after undergoing vascular bypass surgery that replaced major arteries in his legs with synthetic tubes. He says he has trouble sitting and bending over.

Mr. Adams recalls that he spent the better part of a hot day in July 1980 waiting for a Suburban Medical doctor to examine him in Kingsport, Tenn. Although he had a number of tests administered by paramedical workers, he got to see a doctor for only 15 minutes. "He didn't write down half of what I told him," Mr. Adams complains. He says the process "makes you feel you're a crook and that you expect to get something for nothing."

Although the Social Security Administration has found most of Suburban Medical's reports to be accurate, a federal district judge, Glen M. Williams, called its practices "fraudulent in nature" and set off a round of controversy and newspaper stories that continues to plague Mr. Brown.

Because other states are beginning to use volume providers, Social Security officials are trying to prepare guidelines for them, but Mr. Svahn isn't sure just what they will be. "We have contacted the AMA (American Medical Association)," he says. "They haven't been banging at our front door to help us out."

Three years ago the General Accounting Office concluded that one simple way to end the crazy quilt of policy and political conflicts in the disability programs would be to put the whole process under the federal government. No one in Washington has exactly jumped at the idea. Mr. Svahn says the Reagan administration isn't enthusiastic. Mr. Brown says:

"The federal government doesn't want this program. It would add to the number of federal employes and inflate the federal budget because federal employes make a whole lot more than we do."

There are many times when Mr. Brown's office doesn't seem to have any bureaucratic parent at all. "I guess we're just a bastard." Mr. Brown says.●

QUEEN LOUISE HOME FOR CHILDREN CONGRATULATED

HON. RON de LUGO

OF THE VIRGIN ISLANDS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DE LUGO. Mr. Speaker, I would like to take this opportunity to congratulate the Queen Louise Home for Children in St. Croix, Virgin Islands, on the occasion of their 75th year of service to abused, abandoned, and neglected children of ages 0–12.

The Queen Louise Home for Children was established in 1906 by the State Church of Denmark to lower the high mortality rate among the very young. In 1917, when the United States purchased the Virgin Islands, the home became owned and operated by what is now the Lutheran Social Services.

As the only residential child care facility in the U.S. Virgin Islands, the program aims to provide temporary care for neglected children of all races and religions while permanent plans are processed. In reality, many children spend years in the home and are raised by a series of substitute parents. The goal of "QUEL" is to fulfill each child's physical, emotional, educational and spiritual needs—a difficult task in crowded facilities.

Although the department of social welfare covers about 70 percent of existing child care costs, and the Lutheran Church of America is a yearly contributor along with the United Way, most of the maintenance, improvements and some salaries must be met through donations.

I wish to offer sincere commendations to the men and women of the Lutheran Church, both in the Virgin Islands and the mainland, and to the many contributors who have made a facility and child care program such as the Queen Louise Home for Children possible and successful for the past 75 years.

In particular, I would like to commend Julie and Bruce Swanson, the current co-executive directors of the Lutheran Social Services of the Virgin Islands who have, by their dedication and commitment to the children of Queen Louise, exemplified true parenthood.●

DECEMBER 8 ATTACK ON GUAM

HON. ANTONIO BORJA WON PAT

OF GUAM

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. WON PAT. Mr. Speaker, yesterday the Nation remembered the attack on Pearl Harbor in 1941 which unified this Nation and led us into war with Japan. While there is no question that the Pearl Harbor attack was a devastating one for the U.S. military, I want to call attention to the fact that the forces of the Imperial Japanese Navy were also busy attacking another key American installation—Guam—on that fateful day.

I well remember the sight of Japanese planes swooping low over Guam's Apra Harbor and in a scene which duplicated that taking place 3,500 miles away in Hawaii, began bombing U.S. military installations and related facilities. That attack came with surprise and horror to all of us living on the island that day.

Because Guam was on the other side of the international date line, it was already December 8 on Guam when the enemy began its offensive against military forces on Guam. Three days later, under constant bombing and shelling, thousands of crack Imperial troops swarmed ashore and quickly moved toward the capital of Agana. The battle did not take long for Guam. Washington had not seen fit to take the Japanese threat seriously and failed to reinforce the small garrison of marines and sailors on Guam.

Some of the heaviest fighting took place when elements of the Guam Insular Guard—a local U.S. military reserve unit—struck back at those who invaded our island. These brave men took their toll but could hardly stand up to the seasoned troops who came in overwhelming numbers. A number of civilians were also killed by the enemy in senseless killings on that horrible day. Within a few hours after they had landed, Japanese forces tore down the American flag and raised the Rising Sun over Guam. We were not able to see the Stars and Stripes for 4 years.

What followed was years of terrible occupation for the people of Guam. Not once did we ever waiver in our belief that the United States would

return and drive the enemy from our island and they did in 1944.

While events in Pearl Harbor overshadowed the brutal attack on Guam and its occupation a few days later, it is important to remember that the opening days of the war engulfed other Americans. We in Guam are proud to have done our share in the defense of America and in later efforts to bring the Imperial forces to its knees in defeat. Today, Guamanians continue to work hard for the defense of this Nation. Our military has over 5,000 Guamanians in its ranks, many of them having compiled proud records of service in times of peace and war.

Guam also continues to serve as a bastion of American military might in the Western Pacific. But I am worried that history will repeat itself unless we maintain our guard. Once again, I see so-called experts ignoring signs in the Pacific which point to a direct threat to this Nation. The Soviet fleet is rapidly building up in the Pacific while we cut ours. Despite my strong objections and those of many of my colleagues on the House Armed Services Committee, the Pentagon has pulled out of Guam our Polaris submarines and junked several of them. We have virtually no major naval presence in the Western Pacific and instead have concentrated our forces where they can do little good in the Western Pacific. The worst thing we can do is to forget the lessons of Pearl Harbor and Guam. If we forget, others may remember much to our sadness. Thank you.●

THE NEW POLICY FOR NUCLEAR POWER

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. UDALL. Mr. Speaker, I would like to call to our colleagues' attention two recent speeches by NRC Commissioner Victor Gilinsky whose remarks are particularly pertinent in light of recent revelations of substantial failures in industry and NRC programs intended to assure safe construction of nuclear power plants. These failures serve to intensify the public concern about nuclear safety that is manifest in a recent NBC News/Associated Press poll indicating that some 56 percent of Americans now believe that additional nuclear plants should not be built. Dr. Gilinsky's speeches provide a succinct assessment of the status and likely future direction of the nuclear technology. He stresses the importance of concentrating on insuring the safety of the current generation of light water reactors rather than devoting our limited technological and economic resources to breeder development and nuclear fuel reprocessing. He makes clear that a sine qua non of nuclear expansion beyond current projects is safe operation of the current generation of light water reactors. Expending our energies on Clinch River, reprocessing, and expediting the nuclear licensing process will inevitably detract from the effort to achieve the level of safety that is necessary if nuclear development is to proceed. Commissioner Gilinsky's October 30 speech follows; his November 5 speech will appear in tomorrow's RECORD.

REMARKS OF VICTOR GILINSKY BEFORE THE WORLD NUCLEAR FUEL MARKET'S INTERNATIONAL CONFERENCE ON NUCLEAR ENERGY

THE NEW POLICY FOR NUCLEAR POWER

I have been asked to talk about the prospects for nuclear power in the United States, particularly as they are affected by the political and regulatory outlook.

On the face of it, today's political climate for nuclear power can hardly be better. The Administration came in one a strong pronuclear platform. At the time, the head of the Atomic Industrial Forum described his reaction to the election as somewhere between "euphoria and ecstasy". The Administration has now recorded its sentiments in an October 8 Presidential statement on the future of nuclear power. In that statement the nuclear industry received the endorsement it had sought in vain from the previous Administration.

In presenting the Administration's policy, the Secretary of Energy made these major points:

The President has directed the Department of Energy to coordinate the Federal Government's efforts to streamline the nuclear licensing process. (The Secretary expressed his intention to insure a speed-up in the approval of the next 33 plants in line—those scheduled for completion in the next two years.)

The President also directed DOE to proceed with the Clinch River Breeder Reactor.

He has lifted the ban imposed by previous administrations on commercial reprocessing.

The President has instructed the Department of Energy to proceed swiftly to store and dispose of high level nuclear wastes.

The new policy, according to Secretary Edwards, "will allow native American creativity, which has made us the world's leader in technology, to flower again."

My own view is that there is little behind the rhetoric. It is difficult to see how the Administration package will do much to reverse the current decline of nuclear power. Some useful adjustments can be made in the regulatory setup. But it is an illusion to think these can be the source of a revival of nuclear power. The only stage at which any licensing holdup is likely to occur is at the beginning, when utilities seek construction permits for new plants. But "streamlining" these initial licensing procedures will be no more than an academic exercise if there are no new plants. Despite the ritual pronouncements of utility executives, orders for new plants are held back less by the regulators than by the Invisible Hand of Adam Smith.

And despite vocal complaints, no plant ready to go into operation is being held up by NRC hearings. It turns out that plants thought to have been held up by licensing procedures were stalled instead by equipment or other safety problems.

Decisions to abandon new plant construction are not governed by the delays associated with the regulatory process, and every utility company knows this. These decisions have been impelled, rather, by the interaction of energy supply and demand. Construction problems, in some cases new safety requirements, and financing difficulties have driven up costs. At the same time the need for these plants has been diminishing steadily over the past four years. Electrical demand growth was down to 1.7 percent last year. Eleven plants have been cancelled since the election last November.

Where we are and where we're going

In view of these changes, most nuclear power projections, official and unofficial, are outdated. I have reexamined the estimates plant-by-plant to see how many might be completed. If we count plants to which there is now a firm and reasonable commitment we arrive at an installed nuclear capacity of about 115–120,000 megawatts sometime in the 1990's when all those projects are completed. And, as you know, there are no new construction permit applications now on the horizon.

Let me give you a more detailed breakdown: As of now 72 plants are licensed for commercial operation. They represent a total electric generating capacity of about 55,000 megawatts. This total includes two plants which have not yet reached full power, and TMI-1, which is not in operation. Diablo Canyon 1 is licensed for low power but is on hold until its recently discovered seismic design problems are resolved.

In addition, there are 77 large plants (roughly 1000 megawatts each) in various stages of completion, some almost finished, others hardly begun. This number does not include 12 plants which were under construction and which have been cancelled since 1975.

On the basis of the way things look now, I expect that at least another twenty of the 77 plants under construction will also be cancelled. In addition not more than one or two of the ten plants under construction permit review have much of a chance to see the light of day (for economic reasons, let me add). What this adds up to is that of the plants in the review and construction pipeline no more than 50-odd plants (about 60,000 megawatts) now look as if they are headed for completion and operation.

Now, I am not saying that things could not improve for nuclear power, or that more plants might not be built. The economy might pick up, electrical demand may start to climb, steps to increase efficiency may be less effective than projected, and (who knows?) someone may produce an electric car that catches on. But it is difficult to see how these things can happen in the period of time a businessman in this industry has to consider. The fact is that the projections I am citing could as well be too high as too low. This could happen, for example, if electrical demand growth is further depressed by higher electricity prices. And what lies beyond this decade is difficult to predict.

Administration statement

One of the unfortunate characteristics of nuclear power planning has been that almost everyone involved tries to nail down the distant future at the expense of protecting what's on hand today. I am afraid this characteristic afflicts the Administration's policy on nuclear power, which seems to say

that if the regulators will start being more efficient, and if the breeder is demonstrated, and if commercial reprocessing is allowed, the future of nuclear energy will be assured. Let's take a closer look at this proposition.

Streamlining Licensing

The Secretary of Energy said the President had designated him coordinator of the Federal Government's efforts on streamlining commercial nuclear power plant licensing. This action overlooks several problems. First, the Department of Energy has very little institutional experience in this area. (I will pass over the fact that the DOE is also one of NRC's prospective licensees and thus has a potential conflict of interest in "coordinating" our activities.)

Second, as I have pointed out, the licensing process is not what is holding up plants, and repeated insistence that it only distracts attention from real problems. The plants now in the pipeline may be burdened at times by the regulators, but they are seriously plagued by a variety of construction delays and mistakes, labor problems, and management failings, to say nothing of a severe tightening in the money markets. Plants have had to delay operation to comply with NRC safety requirements, but this is another story entirely. If you disagree with that necessity, you are denying the need for safety at NRC's standard. That may be an arguable proposition, but it is not one many people will find persuasive after Three Mile Island.

Third, the policy statement does not acknowledge the root of the many difficulties being experienced by the nuclear industry. These can be traced to the time when the government handed an advanced 20th century technology over to utility organizations accustomed to operating 19th century technologies. Over seventy utilities with widely varying capabilities had active nuclear projects at one time. There are still over sixty. Many utilities bit off more than they could chew, or underestimated the inherent dangers and technical problems of nuclear power. Some did not have the managerial competence to handle large projects as sophisticated as nuclear plants. Some simply lost control, both of quality and cost, and have had to be brought up short by NRC or their bankers. Even some of those who have made a good job of it are now finding their construction plans upended by steadily diminishing electrical demand and the awareness in the money markets, brought on in part by Three Mile Island, of the vulnerabilities of these plants.

The Breeder

The commitment to the Clinch River Breeder Reactor is a distraction from these problems. Not only will it consume money in large quantities, but it will also eat up the government's bureaucratic energies to little effect in the period of time we must talk about. To use an economist's term, the opportunity cost is very high. My own feeling is that even though the breeder reactor is currently funded, it is not going to be built. The country is just not in a mood to fund projects that do not make sense economically. And this one doesn't make sense at this point because uranium is plentiful and the number of reactors expected to use it is diminishing.

Reprocessing

There is also a bit of flummery in the reprocessing decision. For while the Administration is supporting commercial reprocessing, it is also declining to pick up the check for it. They can't help but know this means there will be no commercial reprocessing. Apparently that's the way Allied Chemical sees it, too. A few days after the Presidential statement, Allied announced plans to write off its half-share in the Barnwell commercial reprocessing plant, the only one that can possibly be expected to operate in this decade. Commenting on the government decision to permit reprocessing, an Allied official said "they are going to have to do more than that." The government, he said, would have to guarantee the market, or "no one is going to go into this business."

Barnwell lacks facility for the processing of waste fluids into solids which would be acceptable in a federal repository, a facility which is likely to cost as much as the reprocessing portion of the plant. "Private operation of the Barnwell plant", according to Allied's Chairman Edward Hennessy, "is not feasible or commercially practicable." This view is likely to hold true, despite some talk abroad of injecting additional foreign money into the plant.

The Company has said it may in fact dismantle the plant if that is necessary to qualify for applicable tax credit. And let's face it, no one is going to build another commercial plant in the foreseeable future. So much for commercial reprocessing.

Swift Action on Waste Disposal?

Unfortunately that is not the end of it because the Administration has entangled reprocessing with nuclear waste disposal planning. The picture that emerges from recent testimony before the Congress is that the Administration views reprocessing as the "key" to dealing with the back-end of the fuel cycle. When asked by Senator Hart whether reprocessing was an integral part of the waste management system, DOE Assistant Secretary Brewer replied "yes, I believe it is and should be." A careful distinction is made between spent fuel and high level wastes resulting from the operation of a reprocessing plant. Only the high level waste is headed for the underground repository. It is clear the Administration does not want to dispose of spent fuel. "It is our hope", said Mr. Brewer, "we will not dispose of much spent fuel, that we will reprocess the spent fuel and recover its fuel values and convert the waste into solid form for disposal."

The Administration has presented us with a conundrum: DOE says reprocessing of spent fuel is an essential step for the disposal of the nuclear wastes it contains. At the same time the Office of Management and Budget declines to provide a subsidy for private reprocessing, without which the private sector says reprocessing is "not feasible or commercially practicable." In view of this, how in the world can DOE proceed swiftly to store and dispose of high level waste, as directed by the President?

Whatever the explanation for this internal contradiction, the new reprocessing policy is bound to undermine the waste disposal program. this will increase uncertainty about waste disposal and further undermine public confidence in nuclear power, the very opposite of what the Administration says it wants.

Moreover, the Administration does not seem to want to provide spent fuel storage, even though it is pretty cheap insurance against miscalculation in high level waste disposal planning, perhaps because to do so would relieve the pressure to reprocess. "The position of the Administration", according to Mr. Brewer, "is, storage of spent fuel is a private sector responsibility."

Which is what happens when you take ideology too seriously and forget about reality.

What would help?

There is not in fact a great deal the government can reasonably do to beef up the commercial nuclear program. Nevertheless, there are a few modest, practical steps that the government can take to help protect the country's existing investment in nuclear power plants, both operating and under construction—and spent fuel storage is one of them.

Spent Fuel

The government can and should ensure that the spent fuel from nuclear power plants will have a place to go when the utilities run out of on-site storage. It is all very well to insist that this could be taken care of by the private market, but in fact only the government is likely to organize off-site storage. It is unclear at this point just how much will be needed, and it may be that utilities will be able to build more onsite capacity. Nevertheless, for modest cost, at least part of which would be defrayed by utilities, the government can insure that there will be some reserve capacity at the back-end of the fuel cycle. It may well be needed, either because reactors run out of storage capacity, or because a waste repository is delayed. A bill introduced in the Senate, the National Nuclear Waste Policy Act of 1981, contains this provision.

Insurance

My second point concerns insurance. As we all discovered after the accident at Three Mile Island, nuclear power plants are badly underinsured. That plant was covered to about $300 million, typical for the industry. The damage was more like a billion. And some of the plants coming along now are worth a lot more than a billion.

These facts have not escaped the notice of Wall Street, and if the industry wants to regain the confidence of the money merchants it will have to get itself adequately insured. There has been talk of a billion-dollar private insurance pool, but it has not materialized so far. Congressman Ertel has introduced a bill to provide for government organization of an insurance scheme. Similar bills have been introduced in the Senate by Senators Heinz and Specter.

A government scheme would contain a provision for retrospective insurance, collecting from the member utilities after an accident if the amount of damage and cleanup cost exceeds what is available in private insurance coverage. Although the utilities have welcomed the idea of federal assistance in a scheme to pay for the TMI-2 cleanup, they are oddly cool to government involvement in non-TMI programs to insure against future accidents.

TMI Cleanup

The third item missing from the President's package is any federal plan for cleaning up Three Mile Island. I don't mean federal money necessarily, but a larger role in putting together a definite assignment of responsibilities. In the meantime, there isn't any question that the continued uncertainty about the future of the cleanup and the TMI waste is not good for nuclear power. Yet DOE has still not even agreed to accept all the damaged fuel.

Protecting the investment

All in all, the Administration has left nuclear power pretty much where it was before the election. Except for one thing.

The decision to tie together reprocessing and waste disposal planning complicates and delays the solution to the problem of radioactive wastes. The emphasis on reprocessing is a throwback to a time when dozens of plutonium-fueled breeders were thought to be around the corner. That is now just a fantasy. It would have been better had the Administration simply accepted that our earlier expectations were too grandiose, that 120,000 megawatts of assured light water reactors by the 1990's would be pretty useful to have, and if it had taken the few reasonable steps needed to protect that investment.

Finally, let me stress that nothing is more important to protecting that investment of public and private monies in nuclear reactors than assuring their safety. Nothing would be more destructive of support both on Main Street and on Wall Street than another accident. Yet there is no hint in the Administration's statement that the smooth, safe operation of nuclear plants is going to take a lot of improvement in industry performance. Instead, there is more than a hint that the federal safety regulators don't know what they are doing. That's not going to help on Main Street and on Wall Street, either.●

ADDRESS BY PERMANENT REPRESENTATIVE TO NATO ON "STRATEGY FOR THE WEST"

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DERWINSKI. Mr. Speaker, Ambassador W. Tapley Bennett, Jr., our Permanent Representative to NATO, is one of the greatest diplomats of our time. He recently addressed the Hanns-Seidel-Stiftung Conference in Munich, where he gave an impressive and strong speech on the subject of "Strategy for the West in the 1980's."

On the eve of Secretary Haig's departure for Brussels to meet with other NATO countries, I believe Ambassador Bennett's remarks are especially timely. They follow, for the Members' attention:

STRATEGY FOR THE WEST IN THE 1980'S

I am very pleased, as always, at the opportunity to speak in Munich. I have found here, in my frequent meetings and discussions in recent years, a large measure of understanding and support for the common political and security objectives which have guided the Atlantic Alliance for three decades. And I have personally always enjoyed the warm hospitality of your city.

The topic which you have asked me to address, the United States and European Strategic Approach to the Situation Outside NATO, is perhaps the single most important security issue facing us all today. It is even more important, in terms of the immediate potential threat to Western societies, than the hotly-debated questions of LRTNF modernization and arms control. Indeed, there, is no question in my mind that all of the members of NATO will find themselves increasingly concerned, directly or indirectly, with the challenge to Western security and interests arising in regions of the world geographically far removed from the peace and comfort of this delightful city.

Unfortunately, we have been relatively late in awakening to this problem. It is now 8 years since the first oil shock; 3 years since the fall of the Shah; 2 years since the Soviet invasion of Afghanistan; 1 year since the outbreak of the Iran-Iraq war; 1 month since the assassination of that great peacemaker, Anwar Sadat: and there is still insufficient attention given in public discussion to the real danger posed by the vulnerability of the Western world—including Japan as well as Western Europe and the United States—to a potential cut-off of the supply of oil from the Persian Gulf.

Everyone recognizes that there is a problem, but there has been a tendency to view the issue as somehow isolated from the more familiar security concerns of the NATO alliance. Consequently, there has been a tendency on the part of some observers to see the problems more in terms of economic relations and Third World politics—which are, of course, important aspects of the issue—and to downplay the direct military and security aspects.

In my remarks today, I would like to discuss what the United States is seeking to do to meet the security challenge in this region outside of the NATO area; our view of the overall Western interests which are involved; and the way in which the issue reflects upon the NATO alliance itself. In doing so, I would also like to deal with two major and interrelated misunderstandings which affect public discussion in Europe, and weaken our ability to meet challenges both within and without the NATO area.

NATO'S DETERRENT STRATEGY

The first of these misunderstandings relates to NATO's plans and capabilities for deterring conflict in Europe, which have been the target of large but seriously misguided public demonstrations in recent weeks. The second misunderstanding relates to the widespread assumption that the security of Europe can be separated from the defense of Western interests in other areas.

It is, perhaps, understandable that many people today do not understand NATO plans for the deterrence of conflict in Europe. NATO has been so successful in maintaining peace and stability in Europe over 30 years that most of the people who are demonstrating have never experienced as adults any international situation other than the security provided by the alliance. They take it for granted, and do not ask how or why it works.

How many of the new generation remember that the Atlantic Alliance created the framework within which the devastated Europe of 1945 grew into the prosperous society of today? How many understand the enduring role played by the alliance in reintegrating the Federal Republic into the Western world, and ensuring the balance on a continent otherwise open to the political and military domination of one power, the Soviet Union? How many appreciate that the strength and unity of that alliance has made it possible for the West collectively, and the Federal Republic individually, to negotiate with the Soviet Union on East-West issues and arms control, including Berlin, CSCE, MBFR, and, beginning later this month, the LRTNF talks in Geneva?

From the public record, and from my own private discussions, it would appear that very few of the new generation have any of these memories and insights. Young people tend to overlook the fact that they inherited the peace—they did not sacrifice their health or their lives to make the peace. That was an older generation. And the peace is protected by hard work and thoughtful policies, not by slogans in the streets and casual disregard for the vital interests of one's country.

Indeed, because alliance deterrence has worked so well, many have even lost sight of the threat itself. Because the alliance has remained united, and warded off potential political pressure against its members, many appear to assume that its unity, and the political and security benefits it conveys, is a fixed fact of life, that it could not be lost through irresponsible positions or actions, or through the wedge-driving efforts of the Soviet Union. One has sympathy for the anguish of the aspirations of the young—we were all young once and I, too, have marched for peace in my student days—but, as is painfully evident in the discussions over nuclear matters, very few bother to concern themselves with the serious business of alliance deterrence strategy.

Last month, I participated in the semiannual meeting of the NATO nuclear planning group in Gleneagles, Scotland. At that meeting, alliance defense ministers clearly reaffirmed the alliance deterrence strategy that an adequate defense position is the best insurance for peace. NATO protects the peace today, as it has for over 30 years.

NATO's strategy is based on having adequate forces at all levels—to convince a potential aggressor that the risks involved in precipitating aggression would be out of all proportion to the conceivable gains he might hope to gain.

This strategy, which was developed during the 1960's in the course of intensive alliance discussions, reflects solid historical realities. The history of this century shows clearly that aggressors are tempted to exploit situations of weakness; who needs better proof of this than Soviet actions in Hungary, Czechoslovakia, and the whole Eastern tier of states, Afghanistan—and now Poland? Powers like the Soviet Union are less inclined to adventurism when it is obvious that the potential opponent has the military capability to meet them, and the will to employ that capability if necessary. Historically, aggressors pick victims which are weak, disarmed, and isolated, not those with close and reliable alliance ties.

NATO's strategy of deterrence is not, as Soviet propaganda alleges, a formula for fighting a nuclear war in Europe. The presence of nuclear weapons in Europe—and it is well to remember that they have been stationed on the continent to keep the peace since the 1950's—serves to ensure linkage between the conventional forces of the alliance and the U.S. strategic forces. This linkage guarantees that the Soviet Union can never hope to attack Europe alone, nor can it hope to exert political pressure on Europe alone, separate from the United States. This is the reason that successive European statesmen have called for the maintenance and modernization of nuclear forces in Europe to preserve this linkage—this linkage for peace.

This NATO strategy is also the only firm basis for arms control negotiations with the Soviet Union in the area of theater nuclear forces. It was only after the NATO double decision of December 1979, that the Soviet Union agreed to open negotiations, now scheduled to begin in Geneva this month. The Soviets have had a large nuclear missile force targetted on Europe for years; they began adding to and modernizing it with the deployment of the SS-20 in the late 1970's.

There are now some 250 SS-20's deployed, with three warheads each, a total of 750 warheads. Together with the older systems, the Soviets now have deployed well over 1,000 Soviet LRTNF missile warheads. I note that Mr. Brezhnev in his interview with Der Spiegel, published just yesterday in Moscow, admitted to a total of 975 "Eurostrategic Missiles." NATO has none. Somehow, the demonstrators never seem to mention this comparison. It was not until the Soviets understood that NATO was serious about correcting this imbalance that they accepted the NATO offer of arms control negotiations. At the very least, the demonstrators are weakening the Western position for the arms control negotiations the demonstrators profess to want.

I am confident that these basic truths about the NATO strategy will be better understood in the future. My Government is working on this, and I know that others in the alliance are also active. More, however, needs to be done to reach the new generation and those in the older generation who should know better.

THE GLOBAL NATURE OF SECURITY

The second misunderstanding, which tries to separate the security of Europe from the security of Western interests elsewhere, is closely related to the first. The peace and prosperity which have been achieved in Europe in the past 36 years thanks largely to NATO are unparalleled in world history. Never before has such a large group of people lived in peace, enjoyed such democratic freedom, and reaped the benefits of such productive societies. The situation is particularly unusual in light of past European history, in which wars every decade were almost a matter of course. And it is in sharp contrast with the situation in most of the rest of the world, where there have been major and minor international conflicts every year since 1945; where democratic liberties and economic well-being are very scarce commodities indeed.

In these circumstances, it is perhaps natural that some people prefer to look at Europe as a secure and comfortable island. Natural, but very misleading. In spiritual terms no man is an island; the same applies to security. It is not possible to have a security policy for NATO, but to ignore this requirement for all other areas. Indeed, from the U.S. point of view, all security policy must be seen in a global context. It is not so different for our European friends and allies.

In the assessment of the United States, the most likely threats to Western security in the next decade are likely to come in the area of the Persian gulf. Western dependence on the assured flow of oil from the gulf is the single most vulnerable aspect of our highly-industrialized societies. Europe and Japan are more dependent on oil from the Middle East than is the United States. It would be folly to ignore this fact. Today, the ability of the Soviet Union to exploit that vulnerability has grown. Soviet aircraft in Afghanistan are less than 1 hour's flying time from the Straits of Hormuz. Soviet divisions in Afghanistan and in the neighboring regions of the Soviet Union, are far closer to the region than corresponding Western forces. And the internal situation in the region may offer the Soviets enticements for intervention, which would be disastrous to Western interests. The continued turmoil in Iran, the war between Iran and Iraq, the insane ambitions of Colonel Khadaffi, all could offer opportunities for the Soviets.

What can the West do in this situation? Some have suggested that we need new consultative mechanisms, or that we need to extend the operational boundaries of NATO. I disagree with both of these propositions. Our existing structures are fully adequate for consultation and coordination if they are used properly. And what is required to meet the challenge outside NATO is not an extension of the NATO treaty area, but an enhanced effort by individual Western nations, singly and in collaboration.

A PROGRAM OF ACTION

One thing we can do, of course, is to try to reduce our dependence on Persian Gulf oil. There has, in fact, been a decline in oil consumption, due in part to greater efficiency in our energy use, in part to a shift to other energy sources, and in part to the generally slow world economic conditions. However, we remain far too dependent and too vulnerable.

We must, therefore, take resolute action to help ensure the continued viability of the Western lifeline in this area.

To do this, we must: Provide economic and security assistance to friendly states in the region; increase the Western presence in peacetime; and develop the ability to project significant military force to the area in a crisis.

The United States is working on all of these levels. We have allocated the major portion of our economic and military assistance to countries in the Southwest Asian region, including both those NATO allies on the southern flank and Near Eastern countries. We have increased our peacetime presence in the area, including particularly our naval presence in the Indian Ocean. We have engaged in joint exercises with the states in the area, and intend to increase this activity. We have begun the arduous process of building a capacity to deploy sizable military forces over the very long distances between the United States and Southwest Asia.

For that purpose, we have earmarked units in the United States and have established a separate command structure. We have pre-positioned equipment, particularly on ships, for use by U.S. forces coming to the area in time of crisis. The concept is very similar to the deployment of extra sets of U.S. military equipment in Germany for use by the U.S. divisions which would reinforce Europe in a crisis. I have visited the annual Reforger exercises in Germany, and witnessed U.S. troops who had arrived by air removing their equipment from warehouses and moving out into the field for maneuvers. The concept works in Europe, and it can work in Southwest Asia.

We believe that, with our efforts to develop a Rapid Deployment Force, and the efforts of those other allies who maintain forces in the area—there are, for example, important French and United Kingdom naval units in the Indian Ocean—together also with the efforts of friendly regional powers, we will present a credible defensive capability to deter Soviet adventurism. We do not plan major ground force peacetime deployments in the region such as have been established in the Federal Republic under NATO, and which have contributed so importantly to maintaining the peace in Europe. The local situation is, of course, different in Southwest Asia, and the Soviets are not directly bordering the region—as they are in the GDR and Czechoslovakia—but rather would have to cross difficult and possibly hostile terrain to reach crucial areas.

These U.S. efforts, and those of others, however, have clear implications for the alliance defense effort in Europe. Although the Reagan administration is making significant increases in defense expenditures, U.S. resources are not infinite. U.S. divisions which may have to be assigned to a crisis in Southwest Asia would no longer be available to reinforce Central Europe. U.S. naval forces serving in the Indian Ocean would not be available for the protection of maritime convoys in the North Atlantic, or for controlling the Mediterranean. U.S. aircraft which are used to transport forces to Southwest Asia would not be availalbe to fly troops to Central Europe. Further, if the United States is to project significant forces to Southwest Asia in a period of crisis, it will have to depend on cooperation of several European allies for transit facilities.

If the alliance is to continue to present a credible conventional defense in Europe, at the same time that new challenges in Southwest Asia are being met, we must find ways of replacing these U.S. combat capabilities in the European theater.

We cannot accept a system which complacently counts everything twice. That is fine in peacetime, but could leave all of us out in the cold in wartime. We have, therefore, agreed in the alliance that we will consult on the force implications of the out-of-area problem, and that alliance members will take steps to meet any resulting gaps. This is a complex matter, particularly when it is difficult for members of the alliance to find funds for the present level of defense effort. But there is no other satisfactory course. We do not have the option of saying that, because of financial difficulties, we chose not to be prepared. The historical record of nations which made such ill-considered choices is not a happy one. Security is not deferrable, unless we are prepared through lack of security to put all our other values and social accomplishments at risk.

Some people have argued that the out-of-area problem is exaggerated, and that the members of the alliance should not deal with it because the NATO treaty area is circumscribed. They have contended that the problems of oil supply could be solved by political means, making unnecessary direct or indirect Western involvement in the security of the area.

Unfortunately, it is difficult to build a strategy on this basis. There is no question that the political problems of the region are severe and deep-rooted. The United States has been in the forefront of efforts to achieve a just and durable peace between Israel and the Arabs. We know from our own experience the difficulties involved and the genuine possibilities which exist. The Reagan administration is continuing to push forward with the effort which became known as the Camp David process.

However, it is not clear that even a complete resolution of the outstanding political problems of the region would ensure the safety of Western oil supplies, which would still remain vulnerable to Soviet direct attack or indirect subversive activity. Therefore, we believe that what is required is a composite program, of political, economic, and military efforts, which will enhance the strength and security of our friends in the area, deter Soviet Adventurism, and preserve the basis for an enduring relationship between the West and the region.

This is a broad and varied program. There are actual and potential roles in it for all

members of the alliance, suited to the particular capacities and policies of individual nations—acting individually and jointly rather than an alliance which, after all, has fixed boundaries for its activities. What is important is that we press forward promptly with action, to ensure that our friends are not left exposed and without assistance, that our own vital interests are protected and that the dangerous politics of violence and threat do not come to dominate this crucial area of the world.

CONCLUSION

Certainly the West has the strength to do this, and to maintain a fully effective defense and deterrence posture in Europe at the same time. Contrary to the professional pessimists, I believe that the economic, political, and spiritual strength of the West continues to outstrip by far that of the Soviet Union and its unwilling satellites.

I would much prefer to be a Western leader, facing all of our admitted problems, but with the flexibility and dynamism afforded by democratic political structures, than a Soviet leader, facing much larger problems, and caught within the rigid framework of an archaic dictatorship. The Soviet leadership has no solutions to offer the heroic resistance fighters of Afghanistan—only tanks and helicopter gun ships. They have no solutions to offer the oppressed and restless peoples of Eastern Europe—only tired ideological formulas and none-too-subtle threats. They have no solutions to offer their own population either: Soviet military expenditures, which already consume 12-13 percent of Soviet national product, twice the U.S. level and four times the West European level, are expected to absorb even more in coming years, as the massive military buildup continues unabated. Let us all thank God that we don't live beyond the Elbe.

Today, more than ever, the peoples of the world look to the Western nations for the ideas and energy which will ensure the maintenance of peace and the expansion of opportunities for the future. Together, as free democratic peoples, we can meet those expectations. We remain the "city on the hill"—the beacon of light and freedom for all mankind.●

WAS THE McCARTY DECISION ON MILITARY RETIRED PAY RETROACTIVE?

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mrs. SCHROEDER. Mr. Speaker, on June 26, 1981, Supreme Court ruled in the McCarty against McCarty case, that military retirement pay is not marital property subject to State community property laws and, therefore, could not be divided by a court upon divorce.

Since then many constituents who are military former spouses have called congressional offices to find out what effect the McCarty decision would have on their receipt of payments from a military retiree—either as alimony and child support or as a property settlement.

To assist Members and their staffs who are dealing with constituent inquiries from divorced military spouses, I am inserting in the RECORD two items.

First, the NOW legal defense and education fund has published a brochure entitled "After McCarty against McCarty: A Guide to Your Rights as a Military Wife," which contains answers to the most frequently asked questions about the decision.

In view of the turmoil that the McCarty decision created in States, the NOW legal defense and education fund is also publishing a "Technical Assistance Memo for Lawyers About the Consequences of McCarty against McCarty." Because the Supreme Court did not indicate what retroactive application its decision would have, there has been massive confusion about what the decision means for existing property settlements. The technical assistance package was prepared to help attorneys who are representing clients caught in this confusion.

Second, I have attached an article in the September issue of the Spokeswoman by Judith Avner on the consequences of the McCarty decision.

AFTER MCCARTY AGAINST MCCARTY: A GUIDE TO YOUR RIGHTS AS A MILITARY WIFE

BACKGROUND

McCarty against McCarty began in California when Richard McCarty, a doctor serving as a colonel in the Army, filed for divorce against his wife of nearly 20 years, Patricia. Colonel McCarty, who had served 18 of the 20 years required for retirement with pay, claimed that all rights to his military retired pay were his separate property and could not be shared by Ms. McCarty after the divorce.

On June 26, 1981, the United States Supreme Court agreed with Col. McCarty, and decided that the military retirement benefits could not be divided by state courts as part of marital property settlements. This ruling reversed the California state courts, which had ordered Richard to pay a portion of his military retired pay to Patricia.

Since that date, confusion has reigned with regard to the status of property settlements rendered prior to the *McCarty* decision. Large numbers of military retirees have taken it upon themselves to discontinue not only property payments, but alimony and child support payments as well.

This brochure has been prepared by the NOW Legal Defense and Education Fund (NOW LDEF) to help divorced spouses of military members[1] understand the impact of the *McCarty* decision upon their rights to share in their former partners' military retired pay and possible courses of action available if court-ordered payments are discontinued. NOW LDEF also has developed and made available a Technical Assistance Package for lawyers, exploring the legal issues raised by *McCarty*.

[1] Almost all military retirees are men, and almost all former military spouses are women who have been homemakers. This brochure, therefore, assumes it is the husbands who have received benefits that have been divided with their ex-wives.

This pamphlet should not be used as a substitute for consultation with an attorney.

Q. The McCarty decision was about a case from California I was divorced in a different state. Does this case affect me?

A. Yes. When the U.S. Supreme Court decides a case, it affects everybody, no matter where they live. Before McCarty the majority of states allowed their courts to divide the marital property (including military retired pay) "equally" or "equitably" between the two parties. After McCarty, no state can include military retired pay in the property to be divided.

Q. If most of the States allowed courts to divide military retired pay between the former spouses, why did the Supreme Court change the law?

A. According to the United States Constitution, when any valid federal statute directly conflicts with a state law, the federal law is superior and must be followed. In this case, six of the nine Justices on the Supreme Court were convinced that Congress, in adopting the federal law governing the military retirement system, intended that retired pay would be the separate personal property of the retiree, and not shared marital property. Thus, federal law overruled state marital property rules.

Q. This seems unfair to former spouses who devoted many years of their lives raising a family and helping their partners build military careers. Can anything be done to change this new rule?

A. Yes, Many organizations joined NOW LDEF in arguing that fairness demands recognition of the contributions women make both to their families and to their spouses' careers and, thereby, to the acquisition of the military retired pay. Often, this retirement benefit is the major marital asset. Not permitting some portion of the retired pay to be awarded to the divorced spouse seriously jeopardizes the economic security of many women. But for now, McCarty is the law of the land. Unless the Supreme Court changes its mind in some future case, the McCarty decision can be overridden only if Congress enacts new legislation which clearly indicates that military retired pay may be divided as marital property.

Q. My case was completed long before this new decision. Will McCarty apply to me?

A. The Supreme Court did not say how far its decision in McCarty reached retroactively. Certainly the decision will apply to Patricia McCarty and to any future property settlements involving military retired pay. Probably, the change will apply also to cases that were pending in state courts or on appeal when McCarty was decided. It is not clear if the change will apply to property settlements that were final before the McCarty decision. These questions involve complex constitutional and legal issues that may be decided only after several years of litigation and appeals—and possibly another Supreme Court case.

Q. Can my former spouse just stop making payments?

A. No. Your former spouse does not have the right to stop making payments without first getting a court order. Ordinarily there must be a hearing at which you will be able to present your side of the story before anything can be changed. By taking matters into his own hands, your ex-spouse is probably in contempt of court. If payments are discontinued, you should see an attorney promptly to protect your rights.

Q. But what happens if I do go to court to force my former spouse to continue pay-

ments? Won't the judge apply the new McCarty rule and allow the payments to be discontinued?

A. Not necessarily. Once a final judgment has been reached in a case, usually it is not affected by later changes in the law. Even when the Supreme Court has overruled one of its own earlier decisions, the new rule may not be applied to cases already decided. Especially when property rights have already been established and people have relied on those rights in structuring their lives, courts carefully examine the basic fairness of giving retroactive effect to a change in the law. In many cases, the courts may conclude it is unfair to withdraw property payments—particularly if other sources of income, such as alimony, are no longer available.

Q. Can my former spouse stop alimony and child support payments?

A. No. McCarty applies only to property settlements from military retired pay. The Court recognized that Congress had passed legislation specifically permitting all federal benefits, including military retired pay, to be subject to legal process in order to enforce child support or alimony obligations. Even after McCarty, state courts are allowed to order that alimony or child support payments be made out of military retired pay.

If your former spouse discontinues payment of alimony or child support without a court order authorizing such action, he or she may be in contempt of court. You should see an attorney immediately to enforce your right to payment.

Since it is not always easy to determine whether you are receiving alimony or property payments, it is most prudent to consult an attorney familiar with laws in your own state so your rights are protected.

Q. I can't afford to hire an attorney, what can I do?

A. A variety of options is available to those who cannot afford legal services. You may be eligible for assistance from your local Legal Aid Society or legal services office (listed in your telephone book under "Attorneys"). Your state or local bar association or women's center may be able to put you in touch with an attorney who is willing to accept certain cases at a reduced fee or no charge. Some states allow the judge to order your former spouse to pay your attorney fees if you must go to court to enforce a property settlement.

Whatever you do, don't give up without exploring all avenues of possible assistance. Your rights are too valuable to abandon without a struggle.

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NOW LDEF is a non-profit organization working on precedent-setting projects and litigation designed to guarantee constitutional rights to free women and men from the limitations of sex discrimination. The organization's existence depends upon the contributions of individuals, foundations and corporations interested in achieving this goal. Your contribution is invited.

[From the Spokeswomen, September 1981]

THE AFTERMATH OF MCCARTY AGAINST MCCARTY

(By Judith Avner)

On June 26, 1981, the United States Supreme Court in McCarty against McCarty ruled that military retirement pay is not marital property subject to state community property laws and, therefore, these retirement benefits cannot be divided by a court upon divorce.

The Supreme Court reversed California court decisions which had awarded nearly one-half of her former husband's retirement benefits earned during his 18½ year marriage to Patricia McCarty. The retirement benefit is often the major marital asset acquired by military families.

In the future former military spouses will have no property claim to any portion of the military retirement pay. This is so regardless of their contribution to the acquisition of that asset.

But what happens for the thousands of former military wives to whom a portion of the retirement benefits has already been granted in a property award? Because the Court did not indicate whether the *McCarty* decision was to apply retroactively, the air is rife with confusion regarding what the decision means for existing marital property settlements.

As a result, former wives of military personnel are currently living in a state of limbo—fearful that their payments will stop, leaving many in difficult financial straits. Many former military wives have received calls and letters from their former husbands threatening to cut off all payments and some have, indeed, halted the payments.

While the *McCarty* decision is clear in its application only to property claims, threats to stop all alimony and child support payments have also been reported. The emotional strain is escalating as lawyers attempt to assess fully the *McCarty* decision and its aftermath.

Clearly the Supreme Court limited its decision to the issue before it—the divisibility of military retirement benefits. Thus *McCarty* does not reach alimony or child support awards. The Supreme Court specifically acknowledged that Congress had enacted legislation which provides that all federal benefits, including military retired pay, are subject to legal procedures (such as garnishment) to enforce child support or alimony obligations.

These obligations continue to exist, and the responsibility to pay child support or alimony is not abrogated by *McCarty*. Any unilateral decision on the part of the retiree to stop meeting those obligations raises the risk of being held in contempt of court.

But it is not clear how the *McCarty* decision will affect existing property settlements. The legal principles on the retroactive effect of *McCarty* will have to be developed through subsequent litigation.

There are, however, some guideposts which can be considered for insight on how lower courts might interpret the decision.

The often threatened "self help" method—the retired spouse simply stopping payments currently being made pursuant to a court order—could be improper.

In fact, since payments are being made under the authority of a valid court order, a former service member might risk being held in contempt of court if he unilaterally stops the payments. Instead, it could be argued, a court order must be obtained that authorizes the cessation of payments.

Although the procedure differs from state to state, ordinarily this cannot be accomplished unless there is a court hearing at which a judge first decides whether the court has the power to change the original property award and then, if the court has this power, inquires into the equities of altering the original order to stop the payment of retirement benefits to the nonmilitary spouse.

However, there are no standardized guidelines that all courts will follow regarding the conduct of this type of hearing. Each case will have to be assessed on its own merits since each is unique.

Further, the situation presented to the court could be quite complex since property and support rights may have been determined many years ago, and both spouses relied upon this determination in restructuring their lives after the divorce.

Alimony may not have been awarded and may now be inappropriate, a house may have been sole, new property may have been acquired or similar events or transactions may have occurred as part of or after the original property settlement.

Since it is practically impossible to turn the hands of the clock back to the original divorce date, a court may call *McCarty* retroactive and may conclude that the equities in a particular situation dictate the continuation of the original order, *McCarty* notwithstanding. Any trial court decision is, of course, subject to appeal and the questions may not be ultimately resolved for several years. This too will have to be developed through litigation.●

A TRIBUTE TO ABE POLLIN

HON. STENY H. HOYER

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. HOYER. Mr. Speaker, 8 years ago, Abe Pollin presented to the citizens of the metropolitan area, the Capital Centre, a sports-entertainment arena that has become the pride of Prince Georges County, Md.

Located in Largo, Md., just at the rim of the beltway, the Capital Centre is the product of a unique partnership between the private sector and the Government. Built with $20 million in private funds, the arena stands on land rented from the Maryland National Capital Park and Planning Commission. In 33 years, the ownership of the Centre will revert to the county at no cost.

This was the first time in our county's history that this type of venture was accomplished, and it has proven to be an advantageous one for the county. Taxes on this real estate have funneled $2.9 million into our coffers. In addition, ticket admission taxes and income taxes increase the direct cash payment to the county by $13.3 million. This ranks the facility among the top 20 sources of tax revenues in the county.

But the benefits from the Capital Centre are not limited solely to its role as a tax resource. Not only does the Centre boost county revenues, it also proves to be the pivotal point for $60 million in direct expenditures, within Prince Georges, related to Capital Centre events, creating more than 700 jobs for county residents and provid-

ing to the metropolitan area a unique recreational facility.

The man responsible for this success is Abe Pollin. Ten years ago Pollin was owner of the Baltimore Bullets and he dreamed of creating a home for his team that would provide it with a broad base of support and at the same time, a center in the Washington area for sports activities. Pollin tackled the task of building the Centre with the same intensity he brought to so many things.

Born in Philadelphia to the son of a Russian immigrant, Abe Pollin worked for his father in the family construction business. Several years after his graduation from George Washington University, he left the family business to form his own construction company. His offices and apartment buildings won countless awards for design and construction.

Pollins interests soon took him into the sports field, and in 1964 he became one of three people to buy the Baltimore Bullets. Within 4 years he was the sole owner. This ownership paved the road to the Capital Centre. With the Bullets and the new National Hockey League expansion franchise, the Washington Capitals, he opened the Capital Centre on December 2, 1973.

Abe Pollin has proven himself to be a man of true generosity and community spirit. In addition to pledging his full-time energies as chairman of the Capital Centre's board and president of the Washington Bullets, Pollin serves as a member of the board of trustees of the George Washington University, member of the boards of directors of the Metropolitan Washington Board of Trade and as general chairman of the Metropolitan Washington Summer Jobs for Youth program.

The Capital Centre is the product of Pollin's continual mark of excellence. It has been the stage for more than 1,900 events during the past 8 years, playing host to more than 20 million guests. Recently we were honored to host the President and other dignitaries at the 1981 Inaugural Gala celebration.

Abe Pollin and his Capital Centre have both contributed greatly to the residents of Prince Georges County and to the Washington Metropolitan area. In recognition of the eighth anniversary of the Capital Center and the 58th birthday of Mr. Pollin, I offer this tribute.●

ABUSES IN LEGAL SERVICES CORPORATION

HON. ALBERT LEE SMITH, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. SMITH of Alabama. Mr. Speaker, recently I offered the first installment of an excellent monograph on the Legal Services Corporation. I wish to offer another portion of this work to enlighten my colleagues and the American people as to the many abuses of the Legal Services Corporation.

MISSIONARIES FOR LIBERALISM: UNCLE SAM'S ESTABLISHED CHURCH

(By Michael E. Hammond)

Section 1007(b) of the Legal Services Act states:

No funds made available by the Corporation . . . may be used—

(7) to initiate the formation, or act as an organizer, of any association, federation, or similar entity, except that this paragraph shall not be construed to prohibit the provision of legal assistance to eligible clients.

Since the creation of the Corporation, proponents of the politicized Legal Services Program have attempted to limit the scope of the words "initiate the formation" and "act as an organizer," contained in the section 1007(b)(7) limitation. The House Education and Labor Committee's report attempted to draw a distinction between "prepar(ing) papers of incorporation" and performing comparable technical services, which it viewed as lawful, and acting as an impetus to organizing efforts, which even the House committee had to admit is unlawful.

One thing should be clear to even the most ardent proponents of expansive LSC powers: A Washington-based effort to assist in forming a national coalition of special interest groups does not pass muster under the 1007(b)(7) standard.

In the December 1979, issue of "Clearinghouse Review", Alan Houseman's Research Institute on Legal Assistance solicited members for a "national coalition, Citizens for Tax Justice (CTJ)"—a federation consisting of "the national public interest organizations," NAACP, National Consumer Federation of America, the National Council of Senior Citizens, Mass Fair Share, Texas-ACORN, the Ohio Public Interest Campaign, the AFL–CIO, the International Association of Machinists (IAM), and the American Federation of State, County, and Municipal Employees (AFSCME).

Readers interested in membership were given the address and telephone number of the executive director of CTJ.

The article went on to recommend that "those [LSC-funded] programs active in tax reform activities, but not interested in joining the coalition may want to consider contacting the coalition for technical assistance and information about coalition members who may be active in their local area." It also solicited suggestions and ideas about "other actions the legal services and client community could take in conjunction with the CTJ."

In a strikingly similar case involving the same recipient, Houseman, in his December, 1980, lobbying strategy memorandum, advocated the same sort of coalition building. Stated Houseman:

"First, we are attempting to unite and join together in this struggle. We have formed a coalition with PAG [Project Advisory Group], the National Clients Counsel (sic) (NCC), NLADA [National Legal Aid and Defender Association], the National Organization of Legal Services Workers (NOLSW) and the Minority Caucus. It will be expanding to include others from within the legal services community, such as National Association of Indian Legal Services (NAILS), migrant farm workers (sic) group, women's caucus, Organization (sic) Legal Services Backup Centers (OLSBUC), state support and others. It will also expand to include organizations who are allies and supporters of legal services."

In another instance, "The Beacon Hill Update" bragged that "(t)he four prominent prison reform groups—Family and Friends of Prisoners (F&F), the American Friends Service Committee Prison Project (AFSC), the Mass. Correctional Legal Services (MCLS), and the Self-Development Group (SDG)—are working towards building a coalition to strengthen their hand in opposition to [Massachusetts Governor Ed] King['s] administration policy [relating to prison construction]."

If these efforts at organizing coalitions for political purposes are not in violation of section 1007(b)(7), it is hard to understand what is.

The Office of Management and Budget, in an opinion dated May, 1981, found widespread violations by the Corporation and its recipients of Federal laws prohibiting lobbying. Acting Comptroller General Milton J. Soclar held that:

"In summary, through the use of recipient organizations and their contacts at the State and local level, LSC had developed an extensive lobbying campaign to support reauthorization legislation for the corporation and related appropriation measures being considered by the Congress. This activity violates the anti-lobbying statutory and appropriation restrictions described above."

The anti-lobbying provisions referred to are 18 U.S.C. Section 1913, sections 1006 and 1007 of the Legal Services Act, and appropriations restrictions on lobbying and propaganda.

Unlawful lobbying activities by the Corporation and its recipients take a wide variety of forms. Some ostensibly arise out of client representation. However, in such cases, when the lobbying occurs without the client's knowledge or consent, it suggests that the client was simply a device for the recipient to enage in a predetermined mode of policy advocacy.

In addition, however, there is a day-to-day mechanism where issues targeted by backup centers on a national level are systematically lobbied by legal services recipient organizations.

The method by which issues are selected varies from case to case. In at least one case, a backup center has polled its mailing list for recommendations.

After a decision is made to lobby on behalf of a given issue, the backup center phones local legal services offices. The local contact can be a state lobbying coordinator, as in the case of Marshall Cohen of Pine Tree Legal Services in Maine. In other states, there may be no designated contact, and the national backup center simply phones each Legal Services office within the state.

Contacts made through this system occur regularly. They involve issues which are seemingly unrelated to the Legal Services

Corporation's authorizations or appropriations. They may be made in response to a poll or other Washington-based decision-making process, rather than the needs of a particular client. Nothing would appear to be more clearly in violation of all four major Legal Services lobbying restrictions.

It is against this backdrop that the Corporation, in 1980, launched a massive illegal lobbying effort to secure its reauthorization and, after the election of Ronald Reagan to the Presidency, to achieve the defeat of the Reagan economic package.

The lobby strategy memorandum by Houseman represents perhaps the most self-evidently illegal manifestation of this strategy. In it, Houseman lays down an eight-point plan for "waging battle" on behalf of not only reauthorizing legislation satisfactory to the Corporation, but also retention of other Federal agencies which President Reagan seeks to replace with block grants. Because it deals with problems other than the Corporation's own authorization and because it represents a Washington-generated effort, this comprehensive lobbying plan is not protected by the two biggest loopholes in LSC's lobbying prohibitions—the client representation loophole and the loophole dealing with lobbying on behalf of Legal Services funding.

Key passages include:

In the short run, a strong local political base will be critical if we are to successfully obtain support from Congress for the continuation of an aggressive legal services program.

We are strengthening our base of support nationally by developing closer ties and better relationships with Civil Rights, labor, elderly, consumer and many other organizations and individuals.

We will be increasing the Washington lobbying efforts of the Corporation and our organizations. NLADA, for example, has hired a full-time experienced lobbyist to work on legal services and other matters. The new entity being formed will substantially expand our lobbying capacity.

There is ample evidence that the Houseman plan to defeat the Reagan budget is being vigorously pursued by a wide variety of funding recipients.

Beginning around the first week in March, 1981, hundreds of local newspapers began featuring curiously similar interviews with the heads of the local Legal Services programs, in many cases resulting from press releases emanating from those programs.

With a similarity of themes which makes coincidence unlikely, these articles bear titles such as "Legal aid lawyer says cuts would hurt rural poor worst," "Cuts Would End Legal Aid to Rural Poor, Director Warns," "President Reagan's Legal Aid Cuts Will Hurt North Dakotan's (sic) According to State Office News Release," "Local legal aid staff fears budget cuts will hurt clients," "Legal Services says cutbacks will hurt poor," and "Free legal aid may be taken from area poor."

In each article, the director of the local Legal Services program laments the closing of his office which, he claims, will inexorably result from having to seek funds from block grant money which the Reagan administration would make available to the states. Many directors go on to paint a picture of frustrated poor people taking to the streets in a rebirth of the urban rioting of the 1960's.

Among the statements typically made in defense of Legal Services is a remark by Oakland attorney John Burris, who said: "[Reagan's Legal Services proposal is] totally insane, exhibiting a callous insensitivity to the needs and aspirations of the poor." Former National Bar Assocaition president Robert L. Harris went on to ad that "[b]lack America must rise up and confront the Administration on this proposed madness."

In implementing the Houseman plan on the Washington level, the Food Research and Action Center and the LSC-funded Native American Rights Fund both joined a coalition of feminist groups signing a petition in protest of the President's budget cut proposals.

In April 1981, and on numerous other occasions, Corporation President Dan Bradley had stood with other Legal Services representatives in the reception room of the Senate chamber, accosting Senators to encourage them to bust the President's budget resolution.

According to Budget Committee Chairman Pete Domenici (R-N.M.), the budget of the Legal Services Corporation was not at issue in connection with this legislation, meaning that there was no section 1006 or 1007 justification which would render the lobbying activities lawful.

To staff this elaborate network of illegal lobbying activities, the Corporation and its recipients hire on the basis of political and legislative acumen, and actively fight for the retention of a politicized staff.

In May 1977, the National Consumer Law Center bragged that it "has traditionally devoted a significant amount of its resources to legislative activity at the state and federal level, although its resources and willingness to be of assistance may not be generally known." It went on to admonish that ". . . the willingness of Legal Services attorneys to contact (and have others contact) members of Congress can be crucial."

Similarly, the Luzerne County Legal Services Association advertised in Clearinghouse Review for a "law reform specialist," and the Contra Costa Legal Services Foundation boasted to would be recruits of its "tradition of strong coummunity involvement and aggressive participation in local political, social and economic battles on behalf of its client communities."

Clearinghouse Review, which recieved $840,000 from LSC in fiscal year 1981, serves as a bulletin board for liberal legislative causes, alerting readers to Congressional status of liberal agenda items such as "intervenor funding" legislation and the Domestic Violence Prevention and Services Act, as well as harpooning conservative legislation such as the Family Protection Act.●

TRIBUTE TO AN OUTSTANDING EDUCATOR

HON. RICHARD C. SHELBY

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. SHELBY. Mr. Speaker, I would like to honor an outstanding educator in the Seventh Congressional District, Dr. Charles L. Payne, president of Bessemer State Technical College.

Dr. Payne has been named president-elect of the Southern Association of Colleges and Schools by 4,000 delegates attending the regional agency's annual meeting recently in New Orleans. Dr. Payne will automatically become president of the association for 1982. Former chairman of the Commission on Occupational Education Institutions, Payne is the second vocational educator to become president of the southern association in its 85-year history.

The Southern Association of Colleges and Schools is a voluntary, nongovernmental, institution-based organization serving public, private, and proprietary institutions at all levels in 11 Sun Belt States. The agency's chief purpose is accrediting, which annually involves thousands of educators who volunteer as professionals to serve on visiting committees in the processes of peer evaluation and accreditation.

Dr. Payne's qualifications are certainly outstanding in the educational field. To mention a few, he is past vice chairman of the Commission on Occupational Education Institutions; served as chairman of the occupational commission in 1979 and 1980; member of the executive committee, Southern Association of Colleges and Schools; president, Alabama Technical College President's Association; member, executive committee, Alabama Commission of Higher Education; and president, Southern Area Test Center for National Occupational Competency Exam.

Dr. Payne's involvement with others has not been limited to just his career in education. He is a past member of the board of directors of the Bessemer Chamber of Commerce, Bessemer Rotary Club, Bessemer Carraway Medical Center, and Bessemer YMCA. He is a member of Bessemer Lodge 458 F.A.M.—32d degree Scottish Rite, a deacon in the Bessemer First Presbyterian Church, and was named as an outstanding young man by the Jaycees in 1972 and 1973.

It is truly an honor for me to recognize the achievements of Dr. Charles Payne. I am proud to have such an outstanding educator in my district. I know the Southern Association of Colleges and Schools is very fortunate to have him as their new president.●

MYRTLE BEACH SUN NEWS GROWS FAST

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. NAPIER. Mr. Speaker, America has long been a worldwide example of freedom. One of the cornerstones of that freedom has been the ability to speak and write one's opinions without hindrance, as is so aptly stated in the first amendment.

South Carolina's newspapers, long before the Constitution was written, openly carried the banner of the free press. It is comforting to know, while national trends indicate sluggishness

in print readership, our own Myrtle Beach Sun News, which has printed daily editions for only 8 years, is steadily experiencing growth.

I call my colleagues' attention to this editorial which was printed in the Sun News' big sister the Columbia State.

[From the Columbia State, Nov. 11, 1981]

"SUN NEWS" SHINES

A signal honor earned by The State's sister publication, The Sun News at Myrtle Beach, reflects not only the hard work of its staff but the vibrant economy of South Carolina's Grand Strand.

The Sun News, which went daily in 1973 with a circulation of about 7,000 and added a Sunday publication in May 1977 with 10,547 circulation, is the fastest growing Sunday publication in the nation, according to a trade report for the six-month period ending Sept. 30.

The Sun News Sunday issue had a 15 percent growth rate compared to 13.5 percent for the second-place Leesburg, Fla., Commercial. The top five newspapers are all published in resort areas.

In the six months, the Sun News had 17,818 average circulation daily and 19,825 on Sunday. The daily has grown with the community and the county. Horry County jumped in population from 69,992 in 1970 to 101,419 in 1980, while Myrtle Beach increased from 9,035 to 18,758.

We congratulate The Sun News, as well as its dynamic area, which is so blessed with sun, sand and sea.●

UNITED STATES DEEPLY CONCERNED ABOUT LIBYA

HON. G. WILLIAM WHITEHURST

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. WHITEHURST. Mr. Speaker, the article by James Cook, which appeared in the December 21, 1981, issue of Forbes, deserves the consideration of all of us who are deeply concerned about Libya and its implications for the United States, and I am pleased to take this opportunity to share it with my colleagues at this point in the RECORD.

I believe it is time that we gave serious thought to taking firm and appropriate action, and the ideas outlined in this article offer some valuable suggestions.

[From Forbes, Dec. 21, 1981]

YOU CAN TAKE YOUR OIL . . .

(By James Cook)

Ever since Muammar Qaddafi took over Libya in a bloodless coup back in 1969, he has tried to mix the unmixable pieties of Islamic fundamentalism with radical political and economic innovation. Essentially a tribal chieftain, he sees himself as a world figure—the natural leader of the Pan Islamic and Pan Arab movements, and the Arab world's only true revolutionary.

Oil and geography have given Libya an importance all out of proportion to its modest 2.5 million population. It stands athwart the central Mediterranean, with a potential for choking off naval traffic between Gibraltar and Suez and threatening the entire southern tier of NATO. At Potsdam in 1945 Stalin demanded the region as reparations for the damage Italian divisions did in Russia during the war. And though he never got it, his heirs succeeded in using Qaddafi to cause trouble throughout the Free World.

Libyan money has gone to support IRA terrorists in Ireland, virtual civil war in Turkey, internal unrest in Egypt. Qaddafi has subsidized Malta's Dom Mintoff and so cost NATO a key naval base in the Mediterranean. He has plotted to assassinate U.S. ambassadors in several countries. Most recently, he has attempted to establish Libyan domination of neighboring Chad and, of course, Qaddifi has fanatically opposed U.S. attempts to make peace between Israel and the Arab countries.

Who finances all this? In large part, American motorists do. Libya is one of the world's top ten producers of oil, producing 1.8 million barrels a day last year and generating over $20 billion in revenues. Ironically, the U.S. is the prime support of the Libyan oil industry—both as producer and as consumer. Last year U.S. oil companies accounted for over 60 percent of Libya's production through minority ownership in Libyan subsidiaries, and U.S. consumers took 40 percent of Libya's output. Says Libyan expert G. Henry M. Schuler, "Qaddafi can take positions all around the world that are harmful to the U.S. because he has these funds we provide him with."

All this may be changing. Probably nobody outside the government has had a greater influence in reshaping the U.S.'s evolving policy toward Libya than Schuler, a onetime foreign service officer, oil executive and energy consultant who now heads an energy consulting group within the accounting firm of Deloitte Haskins & Sells. Schuler was working in Libya for W. R. Grace when Qaddafi came to power, and he has been writing, talking and lobbying ever since to get people to pay attention to the Libyan problem. He seems finally to be making some headway. State Department officials concede many of the ideas in a paper Schuler is publishing in the Johns Hopkins SAIS Review are getting serious consideration.

Schuler is appalled at the loose talk of trying to overthrow Qaddafi through some covert action or through backing an invasion by Egypt—if nothing else, he says, there are too many Americans in Libya. He is doubtful about the largely ineffective arms embargo the U.S. has in force at the moment, but he also thinks that it's time to abandon the decade-long policy of trying to come to an accommodation with Qaddafi.

If not force, what? A U.S. boycott of Libyan oil, Schuler says, would be an obvious response to Libyan aggression in the Mediterranean. He is not sure a boycott would work. It would require the cooperation of most oil consuming countries and, Schuler argues, would probably be viewed by the world as an act of economic aggression—even by Saudi Arabia, which broke off relations with Libya 14 months ago. Such a move might also touch off an Iranian-style hostage crisis involving the 2,000-odd Americans still in the country.

So, why do it? "We should choose our time," Schuler responds. "Qaddafi chooses his time, and always has. We can, too, and win." Schuler thinks it may be possible to provoke Qaddafi to embargo U.S. exports—to cut off his nose, as the Arab proverb has it, so that his blood may fall on his enemy. The State Department, alarmed by the hostage threat, warned U.S. companies to withdraw their personnel from Libya last summer and has done so repeatedly ever since, but the companies have not withdrawn. Schuler thinks the State Department should force the companies to get their personnel out. "Getting the people out," Schuler says, "has to be the first step toward any sensible policy."

Last month Exxon led the way—preparing to call home its 375 employees and dependents in Libya and in effect walk away from its Libyan investment. So far the other U.S. Libyan producers—Occidental, Mobil, Conoco-Marathon-Amerada Hess and W. R. Grace—have shown little inclination to follow. With their Libyan investments largely depreciated by now, most continue to make good money, when times are good.

Schuler's strategy calls for pulling out the potential hostages, then irritating Qaddafi into a rash act. He expects Qaddafi will seize the companies' assets and then probably embargo shipments of oil to the U.S. "The results will be on Qaddafi's head, not ours." Qaddafi has never been more vulnerable. The world is awash in oil. If Qaddafi should decide to boycott the U.S., there's plenty of excess capacity in Nigeria, a friendly and financially strapped country, which produces a comparable crude at 50 cents to $1.50 a barrel less.

With production already off from 1.7 million barrels a day a year ago to under 700,000 currently, Libya's oil revenues are running under half of 1980's $20-odd billion. The Chad adventure cost well over $2 billion. So, unless Qaddafi is prepared to live off his monetary reserves, the cash flow squeeze should be immediate.

Schuler does not suggest that such measures are intended to topple Qaddafi but to demonstrate U.S. determination to put policy above profits. Doesn't an embargo risk our throwing the Libyans into the arms of the Russians? Schuler argues they're already there: 3,000 to 4,000 Soviet military advisers roam the country. The arsenals are bulging with $15 billion in Russian arms, paid for with U.S. oil dollars. Qaddafi has lengthened the airstrip at Kufra to three miles so it can handle the Backfire, the Russians' first-line attack bomber. He has installed a dozen SS12 Scaleboard missiles capable of reaching into the southern tier of NATO.

State department officers concede that Schuler's views have been given a more than respectful hearing in the department's highest planning councils. If the Administration is not prepared to pick up the Libyan ball and run with it, the Democrats very likely will. Senators Hart and Kennedy have repeatedly called for an oil embargo, and even brought the Senate last October to within four votes of approving one. As a political issue, Libya has considerable popular appeal. That was clear when almost universal domestic applause greeted the U.S. Navy's downing of those two Libyan SU-22s in August. While few nations would have the decency to openly support anti-Qaddafi moves, most would be pleased to see Qaddafi made to pay for his manifold crimes.●

AMERICAN AGRICULTURE—SCAPEGOAT FOR FEDERAL SPENDING CUTS

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ROTH. Mr. Speaker, I am appalled at the action taken by the conferees to the 1981 farm bill—action which will bury the small dairy farmer under purported efforts to balance the Federal budget.

Under the conference report compromise, if production is not cut back sharply and immediately by dairy farmers, prices for their commodities will fall to record lows of under 70 percent of parity through 1985. In the meantime, Mr. Speaker, countless small operations which are barely keeping pace with inflation and high interest rates may go under. And I am talking about the average dairy farm with 40 cows.

There are 7,200 dairy farms in the eighth district of Wisconsin. I shudder to think of what this farm bill will do to the economy of northeast Wisconsin, already experiencing a heavy burden of recession.

I guarantee that if we continue to pursue this calamitous policy, we will see the decline of American agriculture—our Nation's foremost resource.

This bill is particularly objectionable because peanut and tobacco subsidies have been left virtually intact and a new sugar subsidy has been created. Cuts in the farm bill have, to my mind, been made selectively and with scant regard for fairness.

Mr. Speaker, the dairy farmer is having the rug pulled out from under him. I cannot and will not stand idly by while one of the most efficient and industrious sectors of American agriculture is made the scapegoat for Federal spending cuts.

I urge all of my colleagues to defeat the conference report to the farm bill, and demand legislation that is equitable for all commodities.●

TRIBUTE TO MR. WILLIAM OTTER

HON. DON RITTER

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. RITTER. Mr. Speaker, today I would like to pay tribute to an outstanding individual from my district in the Lehigh Valley of Pennsylvania.

Mr. William W. Otter, Sr., of Allentown, Pa., was recently honored by the Lehigh County Volunteer Fireman's Association for 50 years of volunteer fire service. In addition, Mr. Otter was awarded a Department of Community Affairs citation by Pennsylvania State Representative Donald Snyder.

At the age of 72, Mr. Otter is an active member of the Lehigh County Fireman's Association, and presently serves as its chaplain, a trustee, and as chairman of its legislative committee. He also serves as chaplain for the Tri-Clover Fire Company, director and chaplain of the State Legislative Federation, and chaplain for the Eastern Intercounty Federation.

Community service and acts of voluntarism are an integral part of Mr. Otter's way of life. Through the years, he has served as a Scoutmaster, Explorer Leader, and a member of the Scout Council of the Boy Scouts of America. As past president of the Allentown Y.M.C.A. Mora Club and chairman of the Committee for the Aged, he has provided exemplary service to our senior citizens. As a member of the Fraternal Order of Police, he has served as its financial secretary, treasurer, trustee, and chaplain. He was instrumental in organizing the Pennsylvania Association of Retired Police Officers. He is active in charitable organizations such as muscular dystrophy research, burn centers, crippled children's hospitals, and orphans' homes.

Alexis DeTocqueville once said, "The health of a democratic society may be measured by the quality of functions performed by private citizens." Certainly the "health" of the Lehigh Valley has greatly benefited from the kindness and unselfish determination Mr. William Otter has bestowed upon our community.

Mr. Otter, we in the Lehigh Valley thank you for your fine efforts and accomplishments on behalf of our community. I am proud to represent someone so dedicated in making our world a better place to live.●

TRIBUTE TO WILLIAM HAYDEN BLACKWELL

HON. JOHN L. NAPIER

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. NAPIER. Mr. Speaker, South Carolina and the Sixth Congressional District recently lost an outstanding citizen. William Hayden Blackwell, an attorney in Florence, S.C., died at age 65. He left a vast list of contributions to his fellow man. I ask your attention to this article, which was printed in the Florence Morning News. It is a brief description of Mr. Blackwell's accomplishments.

To his widow and family, I wish to extend my heartful sympathy, and to my colleagues, I wish to call attention to the life of Bill Blackwell as one which was exemplary. May his life's work be a shining example to all of us.

The article follows:

FLORENCE ATTORNEY DIES AT 65

Mr. Blackwell was a partner in the law firm of Wright, Scott, Blackwell and Powers and was a practicing attorney for 32 years, specializing in contract, insurance, corporation, real estate, wills, trusts and estates.

He retired as a lieutenant colonel in the U.S. Air Force Reserve and served on active duty as an air combat intelligence officer in the 86th Fighter Group in North Africa and Europe during World War II.

Born in Pacolet, he was a son of the late William Joseph and Eva Genoble Blackwell. He received his undergraduate degree from Wofford College and his law degree from the University of South Carolina.

Blackwell was the Florence Young Man of the Year in 1950 and president of the Florence Chamber of Commerce in 1952. President of the Florence Kiwanis Club in 1958, he was a member of the Judicial Council of South Carolina, the American Bar Association, and member and past president of the Florence County Bar Association. He was also a past chairman of the Central United Methodist Church Board of Stewards, past president of the Friends of Francis Marion College, past chairman of the Francis Marion College Foundation and chairman of the Board of Directors of Security Savings and Loan Association.

Blackwell was a member of the Advisory Board of Directors at Peoples Bank of South Carolina and a member of the board of directors of both the Florence Museum and Bruce Hospital.

On Dec. 21, 1978 Blackwell received the Distinguished Service Award from Francis Marion College.

Surviving are his wife, Mrs. Helene Carpenter Blackwell of Florence; two daughters, Mrs. Daniel E. (Anne) Ervin of Charleston and Miss Hayden Blackwell of Mt. Pleasant; two sisters, Mrs. W. Judson Sloan of Lyman and Mrs. Rod Berry of Pacolet.●

CURB HANDGUN VIOLENCE

HON. WILLIAM F. GOODLING

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. GOODLING. Mr. Speaker, 1 year ago, yesterday, John Lennon became the victim of handgun violence. Since that time, over 7,500 people have been killed by handguns. The President of the United States just narrowly missed becoming a statistic himself. And yet, no remedial action has been taken to limit such occurrences in the future.

Mr. Speaker, I am not speaking of action which would restrict the use of such weapons by law-abiding citizens, but steps which would curb the criminal misuse of these weapons.

One general point of agreement on this subject is the imposition of mandatory sentences upon those individuals who use a firearm in the commission of a crime. The final report of the Attorney General's Task Force on Violent Crime supports the concept of this legislation. And still the Congress

has not seen fit to pass such a measure.

Mr. Speaker, on the occasion of the 1-year anniversary of the death of John Lennon, I call upon my colleagues to insist that appropriate action be taken in the near future to discourage such unnecessary acts of violence.●

POW LETTER

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DORNAN of California. Mr. Speaker, as chairman of the House Task Force on American Prisoners and Missing in Southeast Asia, I would like to bring to my colleagues' attention a symbolic letter from a prisoner of war, which I received from the Veterans of Foreign Wars.

Right now, on the other side of the world, an American fighting man, caged like an animal, begins or ends his day wondering why his fellow countrymen have forsaken him. As this holiday season approaches, I implore each and every one of you to reflect on this heart-rending plea, and extend your prayers to these brave men who are spending yet another holiday season in some barbaric prison camp in Laos, Cambodia, and Vietnam.

The letter follows:

A PRISON CAMP,
Southeast Asia, December 1981.

DEAR FELLOW AMERICANS: Another year has past and I am still being held against my will by my communist captors. This will be the eighth Christmas for some of us and up to seventeen for the rest.

I can close my eyes and picture the preparations that have been done for the Holiday Season. Gifts have been carefully selected and gaily wrapped; the tree has been trimmed with lights, tinsel, colored ornaments, with a shining star on top; the stockings have been hung on the mantel and a fire is softly dancing in the fireplace. A huge turkey with all its trimmings has been purchased, pumpkin pies and goodies galore have been baked, and nuts and fruit are in bowls around the rooms. Families and friends are wishing each other a joyous holiday while church bells ring out the music of Christmas.

When I open my eyes, I face the reality that I am still a forgotten Prisoner-of-War. No tree with all its glitter—only a cold cell, so dark and damp; no turkey with all its trimmings—just a small bowl of rice with seaweed broth and a bit of weak tea; no dancing fire—only a threadbare blanket to wrap my shivering body in. I silently sing songs of Christmas to myself and pray to God to help me endure the loneliness that engulfs me.

If only I could receive a picture from home. My children are no longer the toddlers I last saw. They have grown so much I can not picture what they must look like now. My lovely wife—how I long to hold her close and tell here that I love her. And my dear parents—the two wonderful people that taught me love, respect, and faith. How my dear family must suffer, not knowing if I am really dead as the Government declared, or if I am still alive and rotting away in this forgotten land. Oh, please God, take care of them for me and let them know in some way that I am still alive and love them very much.

Fellow Americans, I fought for you, so please fight for my release from this cell, so I may return to the Country and family I love so much. As you send out your Christmas cards this year, send one to the President and all elected Officials, urging them to take immediate action to bring us home. Our condition is deteriorating rapidly. Will we ever spend another Christmas with our loved ones? Our fate is in your hands!

STILL KEEPING THE FAITH,
A prisoner-of-War.●

INTERNATIONAL YEAR OF DISABLED PERSONS

HON. LARRY WINN, JR.

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. WINN. Mr. Speaker, 1981, as you know, was designated as the International Year of Disabled Persons. This has generated a tremendous outpouring of concern and interest on the part of disabled and nondisabled citizens this year. Not only have attitudes changed, but people working together have made progress toward the following long-term goals:

First. Expanded educational opportunity;

Second. Improved access to housing, buildings, and transportation;

Third. Expanded employment opportunity;

Fourth. Expanded participation in recreational, social, and cultural activities;

Fifth. Expanded and strengthened rehabilitation programs and facilities;

Sixth. Purposeful application of biomedical research aimed at conquering major disabling conditions;

Seventh. Reduction in the incidence of disability by expanded accident and disease prevention;

Eighth. Expanded application of technology to minimize the effects of disability; and

Ninth. Expanded international exchange of information and experience to benefit all disabled persons.

Recently, I was pleased to introduce legislation which designates 1982 as the National Year of Disabled Persons. This would contribute to the momentum that has been building during the year. It is important, I believe, to assure the continuity of a movement which owes its strength to self-help and private sector initiatives. It is particularly important to take note of this in light of increasing budgetary restraints when people are being called upon to do more for themselves.

Interest and commitment remain high among the many groups involved in the promotion of the International Year of Disabled Persons throughout the United States. While the IYDP will end officially on December 31, all indications point to a desire on the part of these individuals to maintain and enhance the theme of partnership and community-based, grassroots efforts that have dominated 1981 in improving the lives of 35 million Americans with disabilities.

Mr. Speaker, I am also pleased to share the following speech given by Alan Reich, adviser to the U.S. delegation to the United Nations and president of the U.S. Council for the International Year of Disabled Persons, before the General Assembly of the United Nations recently. I have worked very closely with Alan over the past year, and would like to commend him for his leadership and steadfast attentiveness to the needs of disabled persons all over the world:

PREPARED STATEMENT BY ALAN A. REICH, ADVISER TO THE U.S. DELEGATION TO THE UNITED NATIONS AND PRESIDENT OF THE U.S COUNCIL FOR THE INTERNATIONAL YEAR OF DISABLED PERSONS, IN THE GENERAL ASSEMBLY OF THE UNITED NATIONS, DECEMBER 7, 1981

Mr. President, the United Nations, by proclaiming 1981 the International Year of Disabled Persons, has aroused the hopes and aspirations of fully a billion people comprising the world's "disability family." This family is made up of one-half billion persons who are disabled themselves plus at least an equal number of family members who also live with the limitations and challenges of our disabilities. Thanks to the vision and leadership of the member nations, the Secretary General and the secretariat, and the agencies of the United Nations system, the disability family now can look more optimistically to the future. the response to the challenge of the IYDP has been gratifying. But having accepted the challenge, and the responsibility, we now must intensify our efforts, for the serious problems of disability do not end with the IYDP.

By promoting its five-point IYDP program, the United Nations has stimulated commitment and purposeful action by governments, U.N. agencies, non-governmental organizations and concerned individuals throughout the world. While their responses have varied, reflecting differing social structures, stages of development, and levels of resources, several significant common themes have emerged. They include an outpouring of compassion, a recognition that disabled persons are an important resource, and the active involvement of disabled persons themselves.

Mr. President, I am pleased to have the opportunity to comment on the United States and worldwide responses to the IYDP challenge and on the implications for the future. In the United States the IYDP initiative has led to significant programs and results. As President Reagan stated in his IYDP proclamation on February 6, 1981, "all of us stand to gain when those who are disabled share in America's opportunities." At the Government level, 42 agencies have undertaken IYDP activities aimed at bringing Americans with disabilities more fully into the mainstream. Their efforts have included reviewing hiring practices, streamlin-

ing legislation as it relates to disability, and carrying out special information programs. Of equal importance, the Government has encouraged the private sector in the United States to take advantage of the IYDP opportunity.

The private sector—comprised of disability, business, religious, labor, youth, women's professional, and other organizations—has responded with vigor and enthusiasm. The concept of partnership—between the disabled and nondisabled; between government and the private sector; and between organizations at the National, State and local levels—has been a dominant theme. The IYDP mission in the United States, adopted jointly by the Government and the private sector, has been to increase public understanding of the needs and potential contribution of disabled persons and to accelerate progress toward long-term goals.

The corporate and disability communities together formed the U.S. council, funded by nongovernmental sources. Its purpose has been to carry the IYDP challenge of the United Nations to the towns and cities of America, where our 35 million citizens with physical or mental disabilities go about their lives. In more than 1,850 communities, partnership committees of disabled and nondisabled persons have been formed. They have identified needs, set goals, and undertaken programs to meet their own goals. The Governors of all 50 States, more than 330 national organizations, and 270 leading corporations have joined in this partnership program. Demonstrating tremendous corporate social responsibility, America's corporations have provided resources and enlightened leadership. They have realized that bringing disabled persons into the economic mainstream is in their own best interest. To cite one example of this corporate commitment, Xerox Corp. last month donated $3,000,000 worth of sophisticated reading machines for the blind to 100 university libraries.

In American communities, people from all walks of life have advanced the United Nations IYDP theme of "full participation of disabled persons." They have made public buildings and facilities more accessible, developed special transportation systems, modified churches and parks to accommodate disabled persons, facilitated voting by disabled individuals, passed new ordinances on housing for disabled persons, held job fairs to bring together employers and disabled job seekers, and they have carried out locally devised awareness programs. A common theme throughout America has been encouraging self-reliance and self-help initiatives.

In the United States, the observance has been marked by strong and enthusiastic involvement of disabled persons themselves. They have been stimulated by the IYDP to assume greater leadership in shaping their own destinies. Through a nationwide advertising and media campaign aimed at changing attitudes, the public has gained a greater appreciation of the contribution of disabled persons. The result is that future efforts will be based less on charity and more on recognition that disabled persons are important contributors to society. The significance of the year in the United States was expressed by one seriously disabled person, "never again do I need to take a back seat or to stay at home; I now feel I can participate like anyone else. I am grateful that the IYDP helped to open opportunity for me. The IYDP has given me dignity."

None of us anticipated, Mr. President, that the IYDP would be an end. The serious problems of the disability family go on. The IYDP has given impetus to new beginnings. It has accelerated progress. Attitudinal barriers are coming down. At a recent conference in Washington of IYDP representatives appointed by the Governors of all 50 States and of community representatives from throughout the country, the participants urged unanimously that the IYDP momentum be continued. This initiative is of the healthiest kind. It is based on the feelings of people, most of them disabled, at the grassroots level—in the towns and cities of America. It is based on the voluntary spirit of citizens. The response to date to the unanimous resolution at this conference has been twofold:

First, it is my great privilege to announce today, Mr. President, an important initiative to follow through on the IYDP. In January, a new nongovernmental organization—the National Office on Disability—will be opened in Washington, D.C. Its purpose will be to encourage and support the continuation of the momentum of the International Year of Disabled Persons in the United States. Launching of this organization is made possible by a generous contribution of a leading American corporation.

Secondly, a resolution has been introduced in the U.S. Congress to designate 1982 the National Year of Disabled Persons. The United States is following the leadership of other nations, in Africa and in South America, which first developed plans for designating 1982 their National Years of Disabled Persons. This designation will help further full participation of disabled persons at the National, State, and local levels. From these efforts, we, and you, can take heart.

Americans are not unmindful of the fact, Mr. President, that the problems of disability are compounded in the developing nations. The greater seriousness of disability among those in poverty and in less fortunate circumstances is apparent to us in our own country. We are, therefore, greatly pleased by the initiatives of the United Nations and its agencies which have taken advantage of the IYDP to launch long-term programs. The World Health Organization, for example, is now including the problems of disability within its long-term program of "health for all by the year 2000." This initiative offers promise for concerted efforts, among others, to prevent and eventually eliminate certain disabling conditions affecting more than 5 million newborn children in the world annually.

We are inspired by the new efforts of UNICEF to insure that disabled children have a better chance at life. There is hope for many in UNESCO's new programs to reduce the burden of dependency through greater educational opportunity for disabled children. The International Labor Office's expanded efforts to provide technical rehabilitation assistance will have a radiating impact in years to come; there now is greater recognition that organized labor has a real stake in reducing disability. The United Nations development program has brought about realization in many countries of the importance of including disabled persons in the development process. These few examples of the United Nations agencies' actions are encouraging to us all.

The efforts of the IYDP secretariat in Vienna, under the direction of Assistant Secretary-General Mrs. Leticia Shahani, to promote the ongoing work of the national committees formed in 127 nations, will continue to pay dividends. Despite limited resources, the secretariat has played a key role in expanding worldwide concern for disabled persons.

Among the 800 international nongovernmental organizations affiliated with the United Nations there has been enthusiastic response to the IYDP challenge. To cite an example again, Rotary International, which has 10,000 clubs in 150 countries has undertaken many IYDP activities. They include a project of the Rotary Club of Randolph, Mass., U.S.A., which provided a specially-equipped bus for disabled youth to attend camp, and they include a project of the Rotary Club of Raniginj, India, which sponsored a polio immunization campaign for 2,400 children. Most importantly Rotary and many other nongovernmental organizations have made long-term plans to continue their commitment after 1981.

Mr. President, by proclaiming this year, the United Nations has done much to improve the human condition. This is a central role of the United Nations. But, we would not do justice to this U.N. initiative if we did not also recognize another important contribution of the IYDP. By focusing worldwide attention on this human concern, the United Nations has opened an important area of transnational communication across political boundaries on a common problem affecting all people. This communication will continue. It will further international cooperation and improve the climate for resolving other differences peaceably. The interactions among the 127 national committees, the worldwide consideration of the world draft plan of action growing out of the IYDP, and the ongoing communication in the area of disability among nongovernmental organizations will contribute to the climate of peace and cooperation among nations. I am reminded of the words inscribed here in the General Assembly building, "Since wars begin in the minds of men, it is in the minds of men that the defenses of peace must be constructed." The IYDP is an idea born in the minds of men which is helping to build the human foundations of the structure of peace.

These two results of the IYDP—new commitment to improve the human condition and opening a new area of transnational communication—are marvelous testimony to the moral force of the United Nations. The Voluntary response throughout the world to the IYDP challenge and opportunity demonstrate the United Nations' tremendous capacity to stimulate purposeful action and commitment. With limited funds, the United Nations has fostered programs with far-reaching implications in all countries. The success of the IYDP is not in what was done, but in what was started. By focusing attention, the United Nations has created opportunity—the continuing opportunity—for us all to attack the serious problems of disability on an ongoing basis.

And, Mr. President, let us no longer question the value of international year observances. The IYDP has demonstrated it can, through them, unleash tremendous human and organizational potential. As we look ahead to another signal year—the bimillennium—the continiung response to the IYDP can be a beacon of hope.

Speaking on behalf of the world's disability family, Mr. President, I applaud the IYDP initative. We commend and thank Secretary General Waldheim, and we commend and thank the distinguished member nation representatives. As my predecessor

this morning, the distinguished delegate from the Phillipines, Mrs. Marcos, stated, "human problems demand human solutions." I urge you and the other leaders of our United Nations to continue and intensify the quest for human solutions to the staggering human problems of disability. By challenging the world and by taking on this responsibility, you have become champions of the disabled. We need you as partners. We need your vision and your leadership. We need your continuing concern, compassion, and commitment.

You are giving us opportunity. You are inspiring hope. Please keep up the momentum. Together we can make our planet more livable.

Thank you, Mr. President.●

ANNUAL NATIONAL POW/MIA DAY

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DYSON. Mr. Speaker, today I introduced a joint resolution to designate April 9 as the "Annual National POW/MIA Day." This bill authorizes and requests the President to issue a proclamation each year calling upon the people of the United States to commemorate the day with appropriate ceremonies and activities.

POW's and MIA's are perhaps the most deserving heroes America has today. Soldiers held captive by enemy forces in World War I, World War II, the Korean war, and the Vietnam war often suffered brutality and hardships far surpassing even the worst cruelty endured by the Americans held hostage in Iran. Their minds and bodies were often ravaged by inhumane treatment and neglect at the hands of their Japanese, German, North Korean, or Vietnamese captors. They lived with constant physical abuse and the worst form of mental torture; that of living at the total mercy of an enemy and depending on his goodwill for their lives. As most POW's can attest, that good will was often in short supply.

The men who served their country in the frontlines of battle or in dangerous enemy territory were the first to be killed or taken captive. "POW" or "MIA" immediately denotes men of a special quality—those with the bravery and determination to take the greatest risks and pay the highest prices for their beliefs.

The ordeal of the POW's and MIA's certainly did not end with the wars that they fought in. The aftereffects of starvation, disease, and torture linger today in the bodies and minds of so many of our POW's. Skin, respiratory, heart, and systematic diseases are abnormally frequent for them. For Americans held hostage by the Japanese, Koreans, and Vietnamese, anxiety neurosis and maladjustment are common problems. The suffering of these men continues today, so we cannot allow ourselves to forget their great sacrifices.

And perhaps for many men, the sacrifice and daily trauma of incarceration continues today at the hands of their captors, for there are over 2,000 soldiers labeled "Missing in Action" in Vietnam. The Vietnamese Government has been largely uncooperative in our attempts to account for these men. Perhaps they are still alive, left behind in Vietnam. The war may never end for some of our MIA's.

But the trauma of these missing soldiers is most strongly felt by their families and friends at home. Their families may never know what happened to the boys or husbands or fathers they loved. These unresolved questions are troubling, and deserve renewed investigation.

Mr. Speaker, we must never forget the sacrifice that our men in uniform have made to keep this country and the free world safe for democracy. We must always remember the dedication of American POW's who bravely faced the enemy, and who endured the worst possible circumstances. We shall remember the men who gave their lives and those who remain unaccounted for.

I trust that my colleagues will help me insure that on April 9, 1982, and every year to come, the American people will honor the many men who have given so much to their country by sacrificing a significant part of their lives upon the altar of freedom.●

PUBLIC LAW 94-142: HANDICAPPED CHILDREN'S EDUCATIONAL MAGNA CHARTA

HON. ARLEN ERDAHL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ERDAHL. Mr. Speaker, Recently, it has been alleged that Public Law 94-142 represents education's "Three Mile Island." Any Federal statute that has voluntarily been implemented by 49 States and which increased the access to educational opportunities for 4 million children does not warrant a metaphorical comparison with a nuclear reactor accident.

Since 1975, when the Education of All Handicapped Children Act—Public Law 94-142—was enacted, we have witnessed a tremendous growth in educational programs for all handicapped children in all States. Local school districts and States have been willing to embrace the intent of Public Law 94-142—the provision of a free appropriate public education for each handicapped child—in spite of the fact that Federal dollars for assisting with this intent have never exceeded 12 percent of the excess cost of educating handicapped children. Public Law 94-142 has impacted on all school districts and it has benefited approximately 4 million handicapped children.

Public Law 94-142 does not tell States and local school districts how to educate handicapped children. Rather it affirms a handicapped child's right to an education at public expense and outlines processes which should facilitate the provision of such an education: communication between parents and school officials, attention to a child's individual education needs, and opportunities for due process in cases of disagreement. These processes are characteristics associated with effective school systems. Thus Public Law 94-142 reinforces a good educational practice.

We are all well aware of the shrinking dollars available for education. Where and how these dollars are used should be determined by State and local officials; however, this is not incompatible with retention of a national mandate. The repeal or weakening of Public Law 94-142 or the reduction of Federal appropriations will not relieve States of the responsibility for educating handicapped children nor will it eliminate the rights of handicapped children. The responsibility for educating handicapped children at public expense was written into law in 39 States prior to Public Law 94-142 and is now found in every State. Moreover, if Federal funds for assisting in the education of handicapped children are significantly curtailed or stopped altogether, the immediate effect will be an increased fiscal burden for State and local governments. The long-term effect will be reduced services to school-age handicapped children. The result of this reduction in services may be increased dependence in adulthood.

After several years of experience with Public Law 94-142, we should recognize and commend State and local efforts on behalf of America's handicapped children. It is time that we review the regulations for Public Law 94-142—published in final form in August 1977—and consider modifications in the regulations which will increase administrative flexibility for States but which will also reaffirm the right of a handicapped child to a free appropriate public education. The Education Department is conducting a thorough review of the regulations for Public Law 94-142 and has sought input from diverse groups concerning possible areas of regulation reform. This is responsible action. It acknowledges the benefits achieved through Public Law 94-142 and the need for adjustments in regulatory requirements. Such activity reflects a continued commitment to the original intent of the act. Public Law 94-142 has been and should continue to be an example of an effective local, State, and Feder-

al partnership, a partnership which may need to be realined, but certainly not eliminated.●

HONORING MR. FRANK E. KLACKLE

HON. HAROLD S. SAWYER

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. SAWYER. Mr. Speaker, I have the privilege today to honor Mr. Frank E. Klackle, who will be retiring from the Michigan Cooperative Extension Service on December 31, 1981.

Mr. Klackle's unwavering dedication to the area of agriculture and his significant contributions to the fruit industry deserve high recognition. He has constantly received distinguishing honors from the Michigan State University Horticulture Society and the International Dwarf Tree Association; Federal land bank; and was awarded the Fruit Man of the Year with the Pomester Club.

Mr. Klackle has displayed both his knowledge and leadership capabilities in the many facets of agriculture. He has served as township supervisor and became chairman of the Kent County Board of Commissioners in 1960. Mr. Klackle joined the Michigan Extension Service in 1961 and later became district horticulture agent for the west central district of Michigan. A member of the Kent County Farm Bureau for 33 years, Frank is held in the highest esteem by his professional colleagues in the fruit industry of Michigan.

I thank Frank Klackle for his outstanding service and wish him the very best in his retirement.●

ARMY REFUSES TO REENLIST A 31-YEAR-OLD HERO

HON. AUSTIN J. MURPHY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. MURPHY. Mr. Speaker, recently a constituent approached me with a problem he was having with the military. Now, I am sure all of my colleagues here have had similar experiences. But this was not the standard military casework. The Army refuses to let this person reenlist. I should add that my constituent served 9 years in the U.S. Army before his honorable discharge. He rose to the rank of staff sergeant while in the service. This man had volunteered for three tours of duty in Vietnam. He proudly served his country for 29 months in Vietnam. He was awarded the Bronze Star, the Air Medal, a Meritorious Service Medal and numerous good conduct and campaign ribbons. He is only 31 years old and in excellent physical condition. But the Army refuses to let him reenlist because he was one of the air traffic controllers that was recently dismissed.

I have a copy of the memorandum from the Assistant Secretary of Defense, dated November 5, 1981. That states:

> Effective immediately, individuals who have been dismissed from Federal employment because of their participation in a strike against the Government of the United States or the Government of the District of Columbia will not be enlisted or appointed as members of the Armed Forces.

In all of my life I have never seen such a ridiculous and asinine action. How in the name of commonsense—not to mention fair play—can the Defense Department justify this action? What possible rationale can there be for this? Does the Defense Department consider these people somehow unfit for service?

I assume from reading the Defense Department memo that if this person had been dismissed from his job for any other reason other than going on strike, that the military would have accepted him.

Is this the way the administration chooses to honor veterans—especially Vietnam veterans?

When his country needed him in time of war, he answered the call and then bravely volunteered three times to go to war for this Nation. Now, once again, he wishes to serve his country in the armed services. But the Defense Department insists on following a vindictive policy.

I am curious as to what they will be doing in the case of military reservists. If a fired air traffic controller is currently serving a tour of duty in the reserves, will they be prevented from reenlisting when their tour is up? To be consistent, the Defense Department would have to discharge them now. But with this latest action, I wonder if the Department knows how to establish and follow a fair and consistent policy.

The bureaucrats in the Defense Department who thought up this ridiculous rule should be dismissed. Of course, they could always enlist and serve their country in the armed services.

In addition to basic unfairness of this policy, I am appalled by how petty it is. There has been no great rush by fired controllers to enlist. Probably only a handful out of the thousands who were dismissed are seeking to enlist or reenlist. Why does the Reagan administration go to such extreme and petty lengths? These men and women have already been fired and they cannot be employed as civilian Government workers.

The administration may be attempting to further punish those air traffic controllers who went on strike but in the end they are only bringing shame and disgrace on themselves by pursuing this petty policy and doing a great dishonor to our Vietnam veterans.●

BOOK ON MANAGING THE CONSULTANT

HON. JAMES K. COYNE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. JAMES K. COYNE. Mr. Speaker, I would like to bring to the attention of my colleagues a recently released book written by one of my constituents entitled "Managing the Consultant—A Corporate Guide," which aims to provide guidance for both the public and the private sector in the effective utilization of consultants. Mr. John McGonagle, vice president of Helicon Inc., a management consulting firm in Doylestown, Pa., and author of "Managing the Consultant," points out that—

> Business and the Federal Government waste millions of dollars each year on consultants. For example, even today Cabinet Departments are asking for studies duplicating those already done by Congressional Committees and government auditors.

As Government officials, we realize the need for program evaluations, target studies, and other projects to provide us with a sufficient amount of precise information on which to base public policy decisions. But we must obtain this information without wasting the taxpayers' dollars. It is our responsibility to be effective vehicles for necessary governmental change, and at the same time remain within budget restraints. Mr. McGonagle's book will enable us to gain the needed expertise so that we can successfully meet the challenge to become more cost effective.

I recommend McGonagle's book for anyone in a management or decision-making position, whether it be in the public sector or private.

"Managing the Consultant—A Corporate Guide" was released November 13, 1981, by Chilton Book Co.●

FOREIGN LANGUAGE SKILL IMPORTANT

HON. HENRY B. GONZALEZ

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. GONZALEZ. Mr. Speaker, on August 4, I introduced H.R. 4389, to establish the National Commission for Utilization and Expansion of Language Resources, and today I would like to speak in support of my legislation. H.R. 4389 addresses the problems facing America in an ever-shrinking and increasingly interdependent

world; a world in which the United States is closely linked with other nations. In this world we find ourselves more in need of adequate means of communication to compete in areas of trade and as an important tool in the area of national security. The necessity of a multilingual nation becomes increasingly clear. Yet, we fail to utilize our language resources to the fullest in these areas.

We can ill afford the luxury of monolinguism and yet it persists. A recent study showed that one of every eight manufacturing jobs is dependent on exports and 1 of every 3 acres is planted for agricultural export. In addition, the U.S. share of the world export market has suffered a 20-percent decrease in recent years. An example was cited by Japan's minister for external economic affairs during a recent visit to the United States. He suggested that American businesses were excluded from consideration for a $90 million contract from Nippon Telephone & Telegraph because they were unwilling or unable to provide documentation in Japanese.

The inability to communicate in other languages has cost and will continue to cost a great deal of money in missed investment opportunities, poor marketing strategies, inappropriate mistakes in economic planning, and forecasting. This situation applies to the American businessman who is unfamiliar with foreign customs and languages, unaware of foreign market opportunities, and ill equipped to deal with the bureaucratic requirements of licensing insurance, financing, and shipping arrangements.

Foreign language proficiency is also important to the United States with regard to national security. The need for foreign language competence in our military command, intelligence operations, logistics, survival skills, and community relations is vital. Further, foreign language and international studies are more than simply tools of communication. They are a source of cultural insight and understanding. This can be of great help in obtaining intelligence information and interpreting world events.

In spite of the importance of these skills, foreign language skills in the United States are rapidly disappearing. We, as a nation, are suffering from a language deficiency. Foreign language enrollments have declined at all levels of education. Less than 1 percent of U.S. college students now study the languages spoken by three-fourths of the world's population, and only 3 percent of students pursue foreign language beyond the second year of study. These facts are especially alarming as we face a language crisis in trade and security.

In addition, we fail to take advantage of the language resources that we have at our fingertips. There are currently 28 million people in the United States that speak a foreign language yet they waste away as an untapped resource.

It is necessary to get the United States back on the right track, to first recognize the importance foreign language skills play in trade and national security, and then to take the necessary steps to implement foreign language education and utilize our vast language resources. H.R. 4389 is an important step in the direction of this recognition of utilization of these skills and I urge my colleagues to support this measure.●

THE FLAT EARTH COMMISSION

HON. HENRY S. REUSS

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. REUSS. Mr. Speaker, I commend to my colleagues the editorial in this morning's Washington Post on the U.S. Gold Commission. As one who has been privileged to serve with the Gold Commission, I can attest that the editorial aptly conveys the flavor of its proceedings. The editorial follows:

THE FLAT EARTH COMMISSION

The U.S. Gold Commission, a national embarrassment, will meet again this week to continue its wandering debate over the desirability of returning to the gold standard. The idea is, of course, absurd. The Reagan administration needs to consider the damage that this strange proceeding is doing to the country's reputation abroad, where the folkways of American politics are not well understood. It's as though a Cabinet-level committee were meeting every few weeks to consider whether the world may not be flat after all, and to explore the possible implications of a finding of flatness.

This strange endeavor originated in the struggle last year to get through Congress a badly needed increase of the American quota in the International Monetary Fund. Sen. Jesse Helms of North Carolina offered a floor amendment establishing the gold commission; the bill's hard-pressed managers accepted it in the hope of encouraging a little more support, or at least a little less hostility, from the part of the political spectrum that Sen. Helms so ably represents. The Republican platform's veiled reference to a gold standard gave the commission a new meaning after Mr. Reagan's election.

Most Americans understand that a gold standard is entertained seriously by only the smallest minorities of American businessmen, bankers, economists and politicians. But the sight of this roomful of eminent people, sitting around a table headed by the secretary of the Treasury to discuss the subject with at least a semblance of serious purpose, is enough to stir those recurring fears in financial circles abroad that the Americans are losing their marbles.

The proposal is to tie the value of the American dollar to a metal that fluctuates wildly in price, that has industrial uses strongly affecting its value and that is mainly produced by two countries—the Soviet Union and South Africa—that are no particular friends of this one. It is remarkable that the same people who won't trust the Russians across the street on any issue of weapons control, or trade, or natural gas deliveries to Western Europe, nevertheless are ready to assure you that, on gold, the Russians can be relied upon to be responsible.

The world has had a lot of experience with gold-based currency, and for good reason has abandoned it. A gold standard is a primitive device, promising the very opposite of the monetary stability that its sponsors advertise.●

NEW YORKERS RECEIVE PUBLIC SERVICE AWARD

HON. FREDERICK W. RICHMOND

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. RICHMOND. Mr. Speaker, it gives me the greatest of pleasure to advise my colleagues that yesterday, two outstanding New Yorkers—my dear friend, Mrs. Phyllis R. Farley and Dr. Ruth Watson Lubic—received a Rockefeller Public Service Award for providing innovative models for health care delivery.

Mrs. Farley was recognized with Dr. Lubic for her role in helping to found the childbearing center at the Maternity Center Association (MCA) in New York City. The MCA Childbearing Center provides comprehensive prenatal, delivery, and postpartum services using certified nurse midwives, in association with obstetricians and a local hospital. The MCA Center was the first facility of its kind in this country and now there are over 100 similar centers in 27 States.

The services of MCA's Childbearing Center are not only of the highest quality, they have also proven to be extremely cost effective. A Blue Cross/Blue Shield audit has found that care at the MCA Childbearing Center averages one-third the cost of in-hospital deliveries. In addition, the MCA Center has documented savings to the medicaid program of $855 to over $1,800 per normal birth. This should make nurse-midwifery services highly attractive to those seeking to provide quality health care at reduced costs.

Through the efforts of Phyllis Farley, Dr. Lubic, and many others, the services of certified nurse-midwives are becoming recognized as important components of the health care system. Certified nurse-midwives are highly qualified professionals, who have received nursing degrees, practiced nursing, and been trained in nurse-midwifery programs.

Congress acknowledged the importance of nurse-midwifery services when, as part of the 1980 Omnibus Reconciliation Act, medicaid coverage was extended to these services. The Department of Health and Human

Services is currently preparing regulations to implement this provision, and I am hopeful that work on these regulations will be completed in the very near future.

In spite of the progress that has been made in recognizing the role of the nurse-midwife, barriers still exist which prevent many consumers from obtaining nurse-midwifery services. Our colleague, the gentlewoman from Maryland (Ms. MIKULSKI) has introduced two bills, H.R. 4636 and H.R. 4637, which would take important steps to correct this situation. H.R. 4636 would allow certified nurse-midwives to receive reimbursement under Federal Government health plans, and H.R. 4637 would allow nurse-midwives to receive medicare reimbursement for services to disabled women and for routine gynecological care delivered to elderly women. As a cosponsor of these bills, I urge our colleagues on the Post Office and Civil Service Subcommittee on Compensation and Employee Benefits; the Energy and Commerce Subcommittee on Health and the Environment; and the Ways and Means Subcommittee on Health to proceed quickly with the consideration of this legislation.

In addition, I urge my colleagues to cosponsor House Joint Resolution 316, sponsored by the gentleman from Ohio (Mr. BROWN), which would designate the week of April 19, 1982, as National Nurse-Midwifery Week. House approval of this resolution would provide an opportunity to focus attention on the nurse-midwifery profession and, perhaps, serve as a catalyst in overcoming some of the obstacles still facing nursing-midwives.

Again, I commend Mrs. Phyllis Farley, Dr. Lubic, and all of the dedicated individuals whose fine work is responsible for the success of the MCA Childbearing Center and I urge my colleagues to support legislative efforts that will firmly establish the nurse-midwifery profession.●

F. D. R.'s WATERGATE: PEARL HARBOR—PART III

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. McDONALD. Mr. Speaker, today in part III, Mr. Percy L. Greaves, Jr., concludes his expository on Pearl Harbor as it originally appeared in the February 1976 issue of Reason magazine. As I have pointed out in introducing parts I and II of this article, the full cost of Pearl Harbor that we still pay for today, may never be known. I do, however, wholeheartedly agree with the observation made by Mr. Greaves in concluding this article that the war that began at Pearl Harbor was: "* * * a war that sunk free enterprise even deeper than the New Deal had. Europe was made safe for socialism and Asia for Communism."

It is indeed notable and conclusive that those who covered up that day of deliberate provoked infamy were richly rewarded. It is a disgrace to this Nation what happened at Pearl Harbor, but it should be remembered that those living today who participated in this treasonous coverup have to live in the knowledge of their souls, that 100,000 Americans gave their last full measure of devotion, their lives; as well, there is the other 100,000 who suffered the wounds of battle, some to be crippled for the rest of their lives.

I fully realize that Mr. Greaves, along with historians like John T. Flynn deserve much credit for their service of exposure, but indeed, in just memory of those who served and gave their lives, the matter of Pearl Harbor should be more fully investigated and let all the chips fall where they may. The concluding section of Mr. Greaves' "F. D. R.'s Watergate: Pearl Harbor" follows:

THE WARNINGS MULTIPLY

All sorts of important messages then began flowing in. Some dealt with the destruction of codes. Another indicated the war would be against the United States and Britain, but not against Russia. Everyone in Washington privy to the coded messages was on the alert for the Japanese answer to the U.S. ultimatum of the 26th. A special phone was put in so that it could be phoned immediately to the Secretary of State. On the morning of December 6, a message was picked up, decoded and translated. It read:

1. The Government has deliberated deeply on the American proposal of the 26th of November and as a result we have drawn up a memorandum for the United States contained in my separate message No. 902 (in English).

2. This separate message is a very long one. I will send it in 14 parts and I imagine you will receive it tomorrow. * * * The situation is extremely delicate, and when you receive it I want you to please keep it secret for the time being.

3. Concerning the time of presenting this memorandum to the United States, I will wire you in a separate message. However, I want you in the meantime to put it in nicely drafted form and make every preparation to present it to the Americans just as soon as you receive instructions.

This "Pilot Message" was distributed to those entitled to see it shortly after noon. It is not exactly an invitation for responsible officers to disappear on normal weekend relaxations, as the public was later told they did.

Another message instructed the Japanese Washington Ambassadors:

Be absolutely sure not to use a typist or any other person. Be most extremely cautious in preserving secrecy.

The first 13 parts of the 14-part message came in Saturday afternoon, December 6. The Navy men went right to work on them. By the middle of the afternoon Army decoders were called back to help. These parts being in English did not need to be translated. Copies were ready for distribution before 9 p.m.

F. D. R.: "THIS MEANS WAR"

Top Naval officers were having a party that night. So a special young Navy lieutenant was detailed to the White House to deliver these messages to the President in a locked pouch immediately upon their arrival. When he did so he found the President waiting for him with Harry Hopkins.

At the time of the Congressional hearings this officer, then Comdr. Robert Schulz, was in the middle of the Pacific. He was flown back and was the only Navy witness the administration was unable to approach privately before his testimony. He testified in part:

The President read the papers which took perhaps ten minutes than he handed them to Mr. Hopkins. . . . Mr. Hopkins then read the papers and handed them back to the President. The President then turned toward Mr. Hopkins and said in substance—"This means war." Mr. Hopkins agreed, and they discussed then for perhaps 5 minutes the situation of the Japanese forces. . . .

The President mentioned a message he had sent to the Japanese Emperor concerning the presence of Japanese troops in Indochina, in effect requesting their withdrawal.

Mr. Hopkins then expressed a view that since war was undoubtedly going to come at the convenience of the Japanese, it was too bad that we could not strike the first blow and prevent any sort of surprise. The President nodded and then said, in effect, "No, we can't do that. We are a democracy and a peaceful people." Then he raised his voice and this much I remember definitely. He said, "But we have a good record. . . ."

During this discussion there was no mention of Pearl Harbor. The only geographic name I recall was Indochina. . . .

Then the President said that he believed he would talk to Admiral Stark. He started to get Admiral Stark on the telephone . . . but I believe the White House operator told the President that Admiral Stark could be reached at the National Theater . . . the President went on to state, in substance, that he would reach the Admiral later, that he did not want to cause public alarm by having the Admiral paged or otherwise when in the theater, where, I believe, the fact that he had a box reserved was mentioned and that if he left suddenly he would surely have been seen because of the position which he held and undue alarm might be caused and the President did not wish that to happen because he could get him within perhaps another half hour in any case. His words were in effect that he would reach the Admiral later. . . . The matter of it being another hour is my own observation based on the fact that the theater was eventually going to close that evening.

Later, when testifying, Admiral Stark could not remember that upon arrival home that night he had excused himself from the theater party, gone upstairs to return the President's call. After his original testimony he had to be reminded of this by a member of the theater party.

THE DAY OF INFAMY

Early on the morning of December 7, the 14th part came in as well as the message telling them to deliver it at 1 p.m. Washington time, which was dawn at Pearl Harbor. Other messages thanked the Ambassadors for the job they had done and bid them goodbye.

The inside story of December 7 was recorded in the Stimson diary:

Today is the day that the Japanese are going to bring their answer to Hull and everything in MAGIC indicated that they had been keeping the time back until now in order to accomplish something hanging in the air. Knox and I arranged a conference with Hull at 10:30 and we talked the whole matter over. Hull is very certain that the Japs are planning some deviltry and we are all wondering where the blow will strike. We three stayed together in conference until lunch time, going over the plans for what should be said or done. . . . Hull was to see the Japanese envoys at one o'clock but they were delayed. . . . I returned to Woodley to lunch and just about 2 o'clock, while I was sitting at lunch, the President called me upon the telephone and in a rather excited voice asked me, "Have you heard the news?" I said, "Well, I have heard the telegrams which have been coming in about the Japanese advances in the Gulf of Siam." He said, "Oh, no. I don't mean that. They have attacked Hawaii. They are now bombing Hawaii." Well, that was an excitement indeed. The messages which we have been getting through Saturday and this morning are messages . . . showing that large Japanese forces are moving up into Gulf of Siam. . . . The British were very much excited about it and our efforts this morning in drawing our papers were to see whether or not we should all act together. The British will have to fight if they attack the Kra Peninsula. We three all thought that we must fight if the British fought. But now the Japs have solved the whole thing by attacking us directly in Hawaii.

As soon as I could finish my lunch, I returned to the office and began a long conference which lasted until 6 o'clock. The news coming in from Hawaii is very bad. They seem to have sprung a complete surprise upon our fleet and have caught the battleships inside the harbor and bombed them severely with losses. They have also hit our airfields there and destroyed a great many of our planes, evidently before they got off the ground. It has been staggering to see our people there, who have been warned long ago and were standing on the alert, should have been so caught by surprise. . . .

When the news first came that Japan had attacked us my first feeling was of relief that the indecision was over and that a crisis had come in a way which would unite all our people. This continued to be my dominant feeling in spite of the news of catastrophes which quickly developed. For I feel that this country united has practically nothing to fear; while the apathy and diversion stirred up by unpatriotic men have been hitherto very discouraging.

PUBLIC VS. PRIVATE ACCOUNTS

The public was told that President Roosevelt was surprised while busy with his stamp collection that Sunday morning. The public was also led to believe that George Marshall was out horseback riding that fateful morning. Actually, a June 8, 1942, memorandum of his duty officer states:

"He arrived at the office at about 10:00 o'clock or shortly thereafter." A Naval officer also testified that Admiral Stark talked with him over the telephone about 9 o'clock and that shortly thereafter he joined a conference in Admiral Stark's office. After this conference, General Marshall returned to his office shortly before noon and sent a message to MacArthur in the Philippines with similar ones to Short in Hawaii as well as the commanding officers at the Panama Canal and on the west coast. The message read:

Japanese are presenting at 1 PM Eastern Standard time today what amounts to an ultimatum. Also they are under orders to destroy their code machine immediately. Just what significance the hour set may have we do not know but be alert accordingly. Inform Naval authorities of this communication.—Marshall

After Marshall refused the Navy's offer of its more powerful transmitter, the message to Short was sent to the Presidio in San Francisco. The Presidio was not able to raise Fort Shafter in Hawaii, so the message was sent downtown to RCA for transmission to Honolulu. A messenger was taking it to Fort Shafter when the attack came. It was not delivered until several hours after the attack.

Immediately after war was declared on December 8, Secretary of Navy Knox flew out to Pearl Harbor for the first official investigation. On his return to Washington, he handed his report to President Roosevelt on December 14. It said in part:

Neither Short nor Kimmel, at the time of the attack, had any knowledge of the plain intimations of some surprise move, made clear in Washington, through the interception of Japanese instructions to Nomura, in which a surprise move of some kind was clearly indicated by the insistence upon the precise time of Nomura's reply to Hull, at one o'clock on Sunday. . . .

Neither the Army nor the Navy Commander expected an attack would be made by the Japanese while negotiations were still proceeding in Washington. Both felt that if any surprise attack was attempted, it would be made in the Far East. . . .

Of course, the best means of defense against air attack consists of fighter planes. Lack of an adequate number of this type of aircraft available to the Army for the defense of the Island, is due to the diversion of this type before the outbreak of the war to the British, the Chinese, the Dutch and the Russians. The next best weapon against air attack is adequate and well-disposed anti-aircraft artillery. There is a dangerous shortage of guns of this type on the Island. This is through no fault of the Army Commander who has pressed consistently for these guns.

LESSONS TO BE LEARNED

The United States was now in the war, a war that sunk free enterprise even deeper than the New Deal had. Europe was made safe for socialism and Asia for communism. National unity required a suspension of any meaningful investigation. Meanwhile, papers were destroyed, witnesses died, key messages disappeared, a carefully selected Roberts Commission (including Frank R. McCoy) exonerated those in Washington while making scapegoats of the innocent Hawaiian commanders. Those who helped in the "coverup" went on to higher places, while those who told the truth remained unpromoted for the rest of their careers, even though Congress granted one of them $100,000 for his work in breaking the Japanese codes.

Perhaps one of the greatest anomalies of the Watergate-Pearl Harbor parallel is the roles played by Gerhard A. Gesell. As a bright young man, he was a devoted member of the New Deal bureaucracy. He was later rewarded with a coveted position with Dean Acheson's law firm. He took a leave from this firm to serve as Chief Assistant Counsel for the Joint Congressional Committee on the Investigation of the Pearl Harbor Attack. The original Chief Counsel was the elderly William D. Mitchell, but it was Gesell who was the administration's workhorse. The original whitewash plan was to limit the hearings to four weeks and prevent any serious investigation into areas the Democratic administration thought should be kept secret.

These plans were foiled. Mr. Gesell resigned and the hearings were extended to about six months. Mr. Gesell was one of three members of the "coverup" team to be rewarded with a Federal judgeship. More recently in the Watergate affair, the same Gerhard Gesell has been on the other side of the fence. This time, as a Federal judge, he helped in the exposure of a miscreant Republican President, whereas before he had been a leader in attempting to suppress the perfidies of the Democratic President and his administration responsible for Pearl Harbor.

That we know any of the truth of Pearl Harbor is due largely to the courage and sagacity of the late John T. Flynn. His allegation that the administration was reading Japanese messages made necessary the Congressional investigation, which the administration rigged for a whitewash. The minority members, however, were able to spread many enlightening facts on the record. Unfortunately, the 45 official volumes are a maze that few will read and still fewer will be able to comprehend. Additional information has since been revealed in memoirs and official records. As with Watergate, there was a great disparity between what Americans were told and the realities behind the closed doors of officialdom. The full unbiased Pearl Harbor story remains to be written.

If our nation is to be revived, we must move rapidly in the direction of a free market society. We must also reduce the power of future presidents to suppress the truth of their antisocial actions. A politically managed economy is not a free society.●

GOOSE LAKE BASIN COMPACT

HON. DENNY SMITH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. SMITH of Oregon. Mr. Speaker, today, I am introducing a bill to consent to the Goose Lake Basin Compact between the States of California and Oregon.

The major purposes of this compact are to facilitate the orderly use, conservation, and control of the water resources of Goose Lake basin; and to provide for intergovernmental cooperation which would remove any present and future controversies. This can be accomplished by providing for continued development of the water resources of Goose Lake basin by the States of California and Oregon and by prohibiting the export of water from Goose Lake basin without consent of the legislatures of California and Oregon.

The Oregon-California Goose Lake Interstate Compact was ratified by the State legislatures over 15 years ago but it still needs the consent of the Congress if its provisions are to take effect. Similar legislation was intro-

duced in the past but was never acted upon. I think it is most important that Congress act on this piece of legislation. With the increasing demands for water to be diverted from existing basins in the West to locations that lack water, it is imperative that this compact be consented to by Congress.●

VOLUNTEER DEVELOPMENT CORPS FOREIGN AID DOLLARS WELL SPENT

HON. TONY COELHO

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. COELHO. Mr. Speaker, this Nation unquestionably has a responsibility to the people of less developed countries. No one will shrink from our responsibility to aid the victims of disaster—the victims of flood, drought, hurricane, earthquake, or pestilence. Beyond that we have a responsibility to do what we can to offer the technical assistance they need to improve their agriculture, develop commercial institutions, raise their incomes, and improve their health and housing.

Some of us, however, have been less than satisfied that our annual appropriations for foreign assistance are achieving these desired results. Therefore, I am very pleased to cite one organization, Volunteer Development Corps, which is doing the kind of work that should form a larger part of what we are doing overseas.

VDC is a grantee of the Agency for International Development. VDC is a small, private organization that U.S. cooperatives organized 11 years ago to provide short-term, technical assistance to cooperatives in developing countries at their request.

Several VDC volunteers have reported to me on their work overseas including:

Dr. Karl Falk, chairman of the board of First Federal Savings & Loan Association of Fresno, Calif., former president of Fresno State College, professor of economics there for 29 years, and chairman of the board of Cooperative Housing Foundation;

James E. Like, former controller of Lindsay Olive Growers and now a director of that cooperative, who has handled VDC projects in Liberia and Somalia and is now in Thailand; and

Pete Faria, a Tulare, Calif., dairyman, who returned to his native Brazil last year to recommend improved production practices so that low-income, co-op members could expand milk production.

The principal ingredient in VDC's success, I'm convinced, is the volunteered services of experienced, highly qualified men and women. Each is selected for particular skills that match the specific request VDC receives.

Another reason VDC seems to succeed is that nothing happens until a group of persons overseas or a government agency there asks VDC for help. No one else decides that they should receive help—not their government, not the U.S. Government, not someone trying to be helpful. They alone can initiate a VDC project.

To provide this volunteer, technical assistance, some funds are necessary to get the volunteers overseas and back and to sustain them while they're there. That's what AID and U.S. taxpayers provide, and I want to see that some of the money we propose to provide under this bill is used to fully finance VDC, to enable it to continue to expand its work around the world.

AID and VDC recently chose Dr. Stanley Krause to evaluate VDC's work on the spot. Dr. Krause retired from AID's Africa Bureau in 1980 after 28 years with AID and the Department of Agriculture. In his report, he says:

VDC's work is important.

Few AID programs could match such a favorable review.

VDC's work is highly cost effective.

Virtually all alternative forms of technical assistance have substantially higher costs.

VDC's volunteer's conduct of projects has been excellent.

The central core of VDC's program—the actual field execution of individual projects—has been superior.

VDC's work is aimed at "the poor majority."

Cooperative participants and eventual beneficiaries . . . fall comfortably within the worldwide definition of the poor majority.

Four national organizations of U.S. cooperatives provide leadership for VDC. These are Agricultural Cooperative Development International, American Institute of Cooperation, National Rural Elective Cooperative Association, and National Council of Farmer Cooperatives, and I commend them for their work.

I like this emphasis on technical assistance as the basis of foreign assistance. I like the use volunteered U.S. skills and experience. I like the emphasis on self-help. And I want to see that this organization and others like it are fully funded and have an opportunity to expand their work.●

GROWING SUPPORT FOR THE NONDISCRIMINATION IN INSURANCE ACT

HON. JOHN D. DINGELL

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DINGELL. Mr. Speaker, I want to report that there is growing support for enactment of my bill H.R. 100, to eliminate discrimination on the basis of race, color, religion, sex, or national origin in insurance and annuities. In the House, over 100 Members are now cosponsoring this legislation. In the Senate, 23 Senators are cosponsoring S. 888, title V of which contains the full exact text of H.R. 100. Many organizations have already announced their support for this legislation, including the Leadership Conference on Civil Rights, American Association of University Professors, AFL-CIO, National Women's Political Caucus, NAACP, American Association of University Women, American Civil Liberties Union, Women's Equity Action League, Mexican-American Legal Defense Fund, National Organization for Women, Women USA, and many other groups.

Several of the trade associations, representing much of the insurance industry, have opposed H.R. 100 because it would ban the industry's widespread practices of sex discrimination in insurance and annuities. Yet the representatives of these trade associations acknowledge that they no longer dispute the principle that discrimination on the basis of race, color, religion, or national origin is improper and unjust and should not be countenanced.

But there are many others involved in insurance and annuities who believe that sex discrimination also should be deemed improper and unjust. Thus, the vast majority—over 95 percent—of employees, both in government and in private industry, are covered in connection with their employment, by defined-benefit annuity pensions plans which provide periodic benefits in single life annuities and/or by group life insurance plans which provide equal insurance benefits, without sex differentiation either as to the benefits or as to the employees' contributions to the plans. Also, the National Association of Insurance Commissioners has urged the adoption of legislation and regulations to eliminate some forms of sex discrimination in insurance. Some States are attacking sex discrimination in an entire category of insurance. Thus, Hawaii, Massachusetts, Michigan, and North Carolina recently adopted State laws forbidding sex discrimination in auto insurance, and in four other States—Florida, Louisiana, New Jersey and Pennsylvania—the State Insurance Departments adopted regulations or orders to do the same. In Florida, the State appellate court held that such regulation was beyond the State Insurance Department's delegated authority, and in the other three States the regulations are now in abeyance until pending court suits are completed. In addition, there have been many court decisions in suits brought by employee beneficiaries holding that sex discrimination in insurance and annuities, as to benefits as well as to employee contribu-

tions, violates title VII of the 1964 Civil Rights Act and/or the Constitution.

An excellent analysis of the issues, which should be very helpful to Members of Congress and the general public, written by Diana Steele, Esq., who participated in several of these cases, was recently published by the Women's Rights Project of the American Civil Liberties Union. I request that this article be printed in the RECORD immediately after my remarks today.

There is also new thinking becoming evident within the insurance industry itself. For example, the Teachers Insurance and Annuity Association and College Retirement Equities Fund (TIAA-CREF), which administers the annuity and insurance programs for over 3,300 colleges, universities, and other institutions, recently announced, after extensive litigation, its willingness to inaugurate new gender-neutral rate schedules. Over 20 State Insurance Departments approved those schedules, and even the New York State Insurance Department, which first approved and then disapproved the new schedules, recently approved gender-neutral rate schedules limited to future contracts.

An even more significant expression of support for the legislation contained in H.R. 100 and title V of S. 888 was recently announced by the chairman of the Consumers United Insurance Co., Mr. Robert Freeman, in his November 14 speech at the national convention of the National Council of Negro Women. I request that the text of his speech, and his letter of November 16 to me, also be printed in the RECORD following my remarks today.

The insurance industry's present widespread discrimination practices adversely affect millions of people in our country. I believe that as more and more Members of Congress and the public study the issues and the effects of those practices, there will be increased recognition that there is urgent need to enact the legislation. This bill, which would simply prohibit discrimination on the basis of race, color, religion, sex, or national origin, will apply the same national policy to insurance and annuities that the Congress and most State legislatures have already applied to employment, public accommodations, housing, credit, government benefits and government regulation, transportation, recreation, voting, education, athletics and virtually all other areas of life. My bill leaves enforcement of that policy primarily to the States and only secondarily to the State and Federal courts, and will not set up a Federal agency to administer the law. Its enactment will make unnecessary the extensive litigation which, under other statutes such as title VII and the Equal Pay Act, is now facing the insurance industry.

In short, H.R. 100 is a bill whose enactment will benefit millions of people, will not harm the insurance industry, and should be enacted.

GENDER DISCRIMINATION IN INSURANCE

(By Diana A. Steele, Women's Rights Project, ACLU)

Gender discrimination in the issuance of insurance policies is widespread. It results primarily from the nature of insurance itself, which depends on classifying risks, and from the convenience of using gender as a risk classification device. It results secondarily from the insurance industry's archaic and stereotypical view of women as dependents for whom protection from the economic hardship of death, old age or disability is unnecessary. Contrary to popular belief, gender classification in insurance is neither necessary nor fair.

It bears emphasis that women today need insurance protection. They work for the same reason men do—economic necessity. The stereotypical image of the family of four with a father/breadwinner and mother/homemaker no longer conforms to reality if it ever did. Over fifty percent of women living with their husbands and children under eighteen are in the paid labor force. This figure rises to over fifty-nine percent of women raising families alone. The economic devastation caused by death, old age or disability is just as real for women and their families as it is for men and their families.

In spite of this clear economic need, women today are severely hampered in their ability to protect themselves and their families from adversity. In the context of pensions and annuities, women either pay more than similarly situated men to get a policy with the same coverage, or pay the same but receive smaller periodic annuity payments. This practice is defended on the ground that statistics demonstrate that women, as a group, live an average of six to nine years longer than men, as a group. Yet in the area of life insurance, where consistency would mandate that premiums be calculated on a male mortality table that is set back six to nine years, premiums frequently are calculated with only a three year set back. Moreover, in an employment setting, it is not unusual for pensions to be calculated on sex-based tables, to the detriment of women, and for life insurance to be calculated on unisex tables, again to the detriment of women.

The insurance industry justifies its choice of gender as a classification on the grounds that, having done so, they can show that women, as a class, live longer than men as a class. This justification, however, fails to withstand thoughtful analysis.

The statement that a person has a certain life expectancy or risk of disability depends entirely on a prior decision about how to classify that person. Thus, if an individual is classified as an American male, he will have a life expectancy that differs from his life expectancy if he is classified as an American male resident of an urban community. This expectancy will also be different from his expectancy if he is classified as a black American male resident of an urban community. Thus, the same person could have three different life expectancies, each one statistically valid and no one expectancy more true than the other. If the data are correct and the calculation accurate, each life expectancy will be true for the group it describes.

Classification by race will show that whites live longer than blacks. Yet the insurance industry stopped using race as a classification characteristic for life insurance. Although justified for many years as actuarially sound and therefore not discriminatory, it came to be considered against public policy and is currently prohibited by legislation in many states.

Classification by religion will show that the mortality rates for Mormons are substantially lower than those of the general population and that by age 65 Jewish mortality rates are higher than those for the total population at age 65. Yet, insurance companies do not use religion as a classification characteristic.

The inequity of the gender classification becomes obvious when one considers who is bearing the brunt of this "average" longevity or morbidity. Of a random group of 1,000 men and 1,000 women at age 65 at a single point in time, 84% will match in death ages. This means that the remaining 8% of the women will live longer and the remaining 8% of the men will live shorter than the 84% group. Yet the entire male group will pay less for annuities and the entire female group will pay more. The converse is true with life insurance. Because a few women live longer, they all reap the benefit. Because a few men die early, they are all penalized.

That any actuarial classification may be analyzed in this manner and claimed to be "unfair" may be true. Several factors, however, distinguish classifications of gender and race from others such as age or deleterious behavior. First, behavioral classifications, such as smoker/nonsmoker or obese/moderate weight, are more clearly related to mortality and morbidity than is sex or race. Furthermore, such classifications encourage desirable behavior. In contrast, sex and race are immutable and there is subtantial doubt concerning the existence of a causal relationship between gender or race and longevity. Second, age affects everyone. Anyone who wants a larger pension need only wait and retire at a later age. Sex, in contrast, divides the population almost evenly with virtually no cross-over.

Use of sex-based actuarial tables by the insurance industry also runs counter to important social considerations already embodied in federal legislation prohibiting discrimination on the basis of a sex in employment. Title VII of the Civil Rights Act of 1964 mandates that each person be evaluated as an individual rather than in terms of prediction made on the basis of sex-defined group. In April 1978, the Supreme Court held that an employer which required greater contributions to its pension plan from women than from similarly situated men but which paid identical periodic payments upon retirement, violated Title VII. *City of Los Angeles* v. *Manhart*, 435 U.S. 702 (1978). The Court accepted as true that women, as a class, live longer than men, as a class, but reasoned that the individual was protected by Title VII from being discriminated against on the basis of sex. The Manhart Court expressed approval of an entirely gender-neutral system of contributions and benefits. It reasoned that such a system would pay retirees with long lives more than those with short lives. Although such a system might result in women, as a class, receiving more benefits than men, as a class, it would nonetheless be discriminating precisely on the basis of longevity rather than imprecisely on the basis of sex.

Following *Manhart*, there has been a growing consensus among courts, federal agencies and commentators, that both contributions and benefits must be equal in an employer sponsored pension plan. In fact, all courts which have confronted the issue have held that an employer cannot, consistent with Title VII, take equal contributions and provide unequal periodic benefits upon retirement.

The post-*Manhart* judicial decisions demonstrate as important trend favoring the elimination of gender-based actuarial tables. At the same time, they reveal the inadequacy of litigation under Title VII as a solution to the problem. Title VII applies to employers. It does not apply to insurance companies unless they are found to be the agents of employers or employers themselves.

Title VII litigation will only pressure insurance companies indirectly by increasing employer demand for gender-neutral policies. Insurance companies will be free to market policies based on sex-segregated tables to individuals and to employers willing or forced to pay different prices to equalize female and male annuities and life insurance benefits. This may even create incentive for employers further to discriminate against women because of the increased cost of their fringe benefits.

Legislation such as H.R. 100, introduced last term by Rep. Dingell of Michigan, would do directly, completely and uniformly what Title VII can only do indirectly and partially. This bill prohibits all types of discrimination in insurance on the basis of race, sex, religion and national-origin. Regarding discrimination on the basis of sex, it requires, among other things, that men and women be charged the same premiums for the same benefits. It requires insurance companies to use unisex actuarial tables—that is, actuarial tables that sexually integrate. Thus, sex no longer could be used by the insurance industry as a risk classification device. In light of the current judicial consensus that unisex tables are required in employer-sponsored pension plans, the extension of this requirement by H.R. 100 would fill an important gap in civil rights laws.

By setting a uniform federal standard of nondiscrimination H.R. 100 also will eliminate the competitive pressure for insurance companies to maintain sex-based actuarial tables. In the absence of federal legislation, one company's adoption of unisex tables, or one state's requirement of such tables, would drive insureds to insurance companies not covered by such action. Congressional enactment will totally eliminate this problem.

In sum, gender discrimination is rampant in the insurance industry. It has resulted primarily from the fundamental sex classification upon which virtually all insurance rates are based and secondarily from the industry's stereotypical view of women. The only way to end this practice is uniformly to prohibit it through federal insurance legislation.

CONSUMERS UNITED INSURANCE CO.,
Washington. D.C. November 16, 1981.

Hon. JOHN D. DINGELL,
Member of Congress,
Rayburn Building,
Washington, D.C.

DEAR MR. DINGELL: As President of Consumers United Insurance Company, I am writing to express my appreciation to you for your leadership and support in drafting and introducing H.R. 100, the Nondiscrimination in Insurance Act. I urge you to make enactment of H.R. 100 in this Congress a top priority, and ask that you schedule additional hearings on the bill at an early date.

I believe your bill will accomplish the important goal of eliminating sex discrimination in insurance and annuities, and will bring tangible economic benefits to millions of Americans. The arguments one hears against the adoption of such legislation are familiar ones to all of those who remember earlier efforts to eliminate racial discrimination in insurance. Actuarial statistics were cited then to justify charging black Americans more than whites. We believed then, and we believe now, that it is improper for any company to determine that Americans be singled out for higher insurance rates or lower coverage solely on the basis of race, and we take the same view with respect to discrimination based on sex.

Operating an insurance company on a basis of fair treatment to all citizens is no detriment to business, success, and the adoption of nondiscriminatory rates will not impose any substantial burden on the insurance industry. In fact, we at Consumers United are taking vigorous steps at this time to eliminate sex discrimination from our own rate schedules in advance of the enactment of your bill.

Because I feel strongly about this issue, I have written this week to every member of the House and Senate urging support for your bill. In addition, on Saturday, November 14, I addressed the national convention of the National Council of Negro Women in Washington, D.C. and asked for their support in the fight to eliminate sex discrimination in insurance. I have enclosed a copy of my remarks to the NCNW for your information and use.

Thank you again for your leadership on this important issue.

Sincerely,

ROBERT FREEMAN.

"ELIMINATING SEX DISCRIMINATION IN INSURANCE"—REMARKS OF ROBERT FREEMAN, PRESIDENT, CONSUMERS UNITED INSURANCE CO.

Throughout our history, black women have offered leadership, strength, and inspiration to us. You have spoken with the voice of moral authority on matters of concern to the black community, and indeed to all Americans. Since 1935, the National Council of Negro Women has been there whenever the need was there—improving conditions in our neighborhoods, fostering tolerance and understanding between various segments of our society, and adding enrichment to the lives of our youth and inspiring them to dream new dreams.

Today, as economic conditions threaten to undo the progress that so many have made, and as important programs of social support are in danger of drastic reduction, Americans look once again to voluntary associations like the National Council of Negro Women to provide a voice of leadership and strength. Once again, you are called upon to provide focus and guidance to those who seek solutions to the problems which beset our community as a result of an economy in recession—an economy which provides a few with an embarrassment of riches, and provides many with the pain of deprivation. I urge you to stay involved in the fight for economic equity in our country.

One aspect of that fight that I know a little something about is the fight to see to it that all Americans are treated fairly in their dealings with insurance companies.

In the past it was quite common for both life and health insurance companies to discriminate against Americans in the rates they were charged based on membership in a racial, ethnic, or religious minority. You and I remember the days, and they weren't that long ago, when blacks automatically had to pay more for insurance than whites, when they could get coverage at all. Today, while such racial discrimination is not overtly practiced in the sale of insurance, discrimination on the basis of gender is still standard within the insurance industry.

Earlier this week, I wrote to every member of the House of Representatives and to every Senator to urge that legislation be adopted to outlaw sex discrimination in insurance and annuities. Two bills are presently pending in Congress to accomplish that goal: Congressman John Dingell's bill, HR 100, the Nondiscrimination in Insurance Act, and Senator David Durenberger's bill, S. 888, the Economic Equity Act. So far, over 100 members of congress have co-sponsored this legislation, an important step in establishing fair treatment for every American in the sale and operation of insurance and annuities.

The arguments now being made against the bills to prohibit sex discrimination in insurance are similar to those you previously heard when we were trying to get racial discrimination in insurance banned. In those days, actuarial statistics were cited to justify charging black Americans more than whites. We believed then, and we believe now, that it is improper for any company to determine the Americans be singled out for higher insurance rates or lower coverage solely on the basis of race. We take the same view of discrimination on the basis of sex. No American should be arbitrarily assigned a discriminatory rate due to factors unrelated to the risk which he or she individually presents to the underwriting company. Clearly, race or sex is such a arbitrary discrimination. That is why I hope you will speak with your elected representatives and tell them that you believe that sex discrimination in insurance should be eliminated.●

EL SALVADOR—ONE YEAR LATER

HON. WILLIAM R. RATCHFORD

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. RATCHFORD. Mr. Speaker, in connection with my continuing concern for the policies of this country, as expressed by our State Department toward El Salvador, I submit the following article from the December 2, 1981, Hartford Courant:

DEATH IN EL SALVADOR: SEEKING JUSTICE FOR A SISTER'S MURDER

(By Pat Williams)

Mike Donovan is a tall, slender man of 30, with neatly cropped blond hair, wire-rimmed glasses and a quiet, sometimes boyish look about him when he smiles. When he talks about his murdered sister, Jean, he adopts a mild tone and a measured, almost detached manner. After living day and night for a year with the facts of his sister's violent death, he distances himself from the subject as a way of coping.

A resident of Danbury, Donovan is an accountant in Springfield, Mass. His sister Jean, two years younger than he, also was an accountant. They grew up in Westport, attended public schools there.

After college and graduate school, Jean Donovan joined an accounting firm in Cleveland. In her spare time, she volunteered with a Catholic social service agency that worked with the poor and elderly in Cleveland's inner city.

In 1978, deciding she wanted to do something "more substantial" for people, she sought and accepted an offer by the Roman Catholic diocese of Cleveland to go to its mission in El Salvador and run an orphanage there.

She was assigned to a town called La Libertad in the southwestern region of El Salvador where, with fellow missionaries, she immersed herself in work—putting in 14- and 16-hour days feeding, clothing, sheltering and educating the children displaced by that nation's violent civil war.

Willingly, she did the grunt work at the mission. When plans were hatched for improving a clinic or expanding a school, someone else would quarterback the idea through meetings and approvals of the archbishop's office. Jean would be happy accomplishing the more prosaic aspects of the job, ". . . out in a field somewhere unloading a truck."

She was not political. "She was very upset by the violence she saw around her," Mike Donovan says, "but when she talked about it, she didn't talk in terms of the 10,000 people killed last year, she talked about this girl in the church choir who was murdered, or that child who lost its parents."

Jean Donovan and Dorothy Kazel, an Ursuline nun also from the diocese of Cleveland, were known to their fellow missionaries as the "Rescue Squad" because they were always ready with their van to give someone a lift or make a delivery. They were on such a trip a year ago today, picking up Maryknoll missionaries Ita Ford and Maura Clarke who were returning from a religious conference in Nicaragua. Donovan and Kazel met Ford and Clarke at 7 p.m. at the airport to drive to La Libertad.

They never made it. Somewhere along the way, their van was stopped, two of the women were apparently raped, and all four were shot dead. Their van was burned and left by the side of the road. Their bodies were dumped some distance away in a cow pasture.

The following morning, a passing milkman discovered the grizzly scene. A short time later, a group of government soldiers and a few civilians arrived with a burial permit issued by a judge and covered the bodies in a trench.

The deaths were not reported to American or church officials at that time. In fact, it was not until the following morning, Dec. 4, that a local Catholic priest called church authorities to report that villagers had seen soldiers burying four women who looked like foreigners. It was then that a group of church workers and U.S. Ambassador Robert White went to the scene, exhumed the bodies and identified them as the missing women.

Because the route the women had traveled was under the tight control of Salvadoran security forces, and because these forces were known for their extremism and violence, it did not take long for U.S. officials and local Catholic authorities to theorize that the soldiers themselves had been involved in the crime. Subsequent ballistic tests by the FBI linked two army soldiers to the murders.

Under pressure from the U.S. government and public, the government of President José Napoleon Duarte initiated an investigation into the murders. In April, six army officers were placed under "barracks" arrest in connection with the crime. Since then, the investigation has gone nowhere.

After the arrests, Ambassador White (whose outspokenness got him fired by the Reagan administration) was quoted as saying that he is convinced the soldiers will not be punished for fear they will reveal who else was involved.

"I seriously doubt," White said, "that there are only six guardsmen involved. . . . If there were, there wouldn't have been enough incentive for the cover-up to have taken place. An arrest of six enlisted men to allay public opinion is a very simple thing to accomplish. It has to be followed up by trial and exposure of those involved."

Mike Donovan wonders if there will ever be a trial. Last month, the Salvadoran judge in charge of the official investigation said the inquiry was at a "dead end." In spite of existing FBI evidence, in spite of numerous, still-unquestioned local witnesses, in spite of official reports of intercepted radio transmissions between military units that might indicate a murder conspiracy, the judge said, "There is nothing more I can do."

People in a position to know, like Robert White or Connecticut Sen. Christopher J. Dodd, who recently returned from El Salvador, say that justice simply won't be had in this case. According to a Dodd aide, there have been approximately 25,000 murders of non-combatants in El Salvador since the junta took over in 1979 and not a single case has ever come to trial. Even if two eyewitnesses to the crime are found, as required by Salvadoran law, no judge in the country would be likely to hear the case. Any judge who did, under present circumstances, would be a dead man after the first day of the trial.

Mike Donovan was told in October by Dean Hinton, current ambassador to El Salvador, that the U.S. Embassy in San Salvador can't employ a Salvadoran lawyer to explain local law in the case because any lawyer entering the embassy for that purpose would jeopardize his own life.

Donovan can't help but be bitter. "I attempt as far as possible to be rational. But they—the Salvadoran forces—killed my sister and the U.S. government doesn't care. I believe that the death of those four women . . . is an inconvenience to our government. It interferes with an already-decided policy of supporting the Duarte government.

"There has been a cover-up of the investigation by the Salvadoran government," Donovan contends, "and at a minimum, our government has acquiesced; and at a maximum, our government has participated."

Much of Mike Donovan's life these days focuses on obtaining some measure of justice in his sister's murder. Today, he will attend a memorial service at Maryknoll headquarters in New York. Thursday, he will speak at a memorial service at Immaculate Conception church in Waterbury.

"I was at work," Donovan said, "when I first heard that Jean had been murdered. We already knew the night before that they (the missionaries) were missing. Father Paul Schindler, the priest in charge of the Cleveland diocesean mission, called my father from El Salvador to tell him they'd found Jean's body. I didn't really react to it 'till a few days after I heard. . . . I'm still angry. But the sense of rage passes with time, I guess."●

NATIONAL LAWYERS GUILD: PART II—ORGANIZATIONAL SUPPORT FOR TERRORISM

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. McDONALD. Mr. Speaker, I have been discussing aspects of the support given to terrorist groups by the National Lawyers Guild, an organization of revolutionary lawyers, law students, and revolutionary activists founded as a Communist Party front and still operating under the control of a coalition of members, veterans, and supporters of the Communist Party, U.S.A., and younger Castroites.

I have pointed out some instances, taken from among scores of potential examples, of the involvements of members of the NLG in terrorist groups and in illegal activities in support of terrorism.

Today I would like to examine some of the support that the NLG provides as an organization through its resolutions passed at its national conventions, and through projects the NLG has officially sponsored.

In cooperation with activists from the Weather Underground Organization (WUO) and other revolutionary Marxist-Leninist groups, the NLG has been involved in radicalizing prison inmates and organizing them to form terrorist shock troops since the late 1960's. This activity is an outgrowth of NLG and Students for a Democratic Society collaboration in defense committees for members of the Black Panther Party (BPP).

NLG CONVENTION, 1971

In 1973, a staff study by the House Committee on Internal Security reported on the NLG's 1971 national convention in Boulder, Colo., and its attitude toward the prison organizing movement:

The NLG took a particular interest in prison work subsequent to the 1971 convention noting that it was critical to support prisoner militancy as lawyers have relatively free access to jails and penitentiaries. There was a difference of opinion in the NLG, however, as to whether their prison work should be merely supportive or given top priority. At the Guild's National Executive Board meeting in February 1972, one faction took the position that the prisoner is the "revolutionary vanguard" who will "lead us in the streets." The currently prevailing view in the NLG was expressed on a 1973 resolution citing prisons as an exaggerated reflection of the "capitalist" system so that any prison-related work by the NLG would be making a contribution to the revolutionary movement in general.

PRISON TASK FORCE

In July 1975, Guild Notes, the NLG's official publication, published materials by the NLG Prison Task Force that advocated revolutionary armed struggle—terrorism—in the prisons, and detailed how, by using the NLG's logo, publications supporting terrorism were carried into the prisons.

Some NLG members thought that the publication the Midnight Special, a newsletter for prisoners initiated by the NLG's New York City chapter in 1971 and the Prison Justice Committee, at the time of a takeover and riot by militant inmates in the New York City prisons, had become so inflammatory as to be an embarrassment and liability to the National Lawyers Guild. The Prison Justice Committee was a support group for radicalized, violence-oriented prisoners formed by revolutionaries who supported the Weather Underground and the Cleaver faction of the Black Panther Party which formed the Black Liberation Army (BLA).

The Midnight Special served as an interprison communications service by published messages from militant inmates and providing inflammatory accounts of prison strikes and disturbances. To legitimize the use of the NLG logo to get the publication into prisons past censors, the newsletter occasionally sprinkled some legal notes for jailhouse lawyers on its pages.

With a circulation of 4,500, the impact of the Midnight Special on prison discipline was considerable. Some of the NLG members were upset by the open advocacy of terrorism in a publication organizationally sponsored by the National Lawyers Guild. These NLG members never objected to the NLG's secret support of terrorism and nonpublic activities to encourage prisoners to violence, but the highly inflammatory rhetoric of the Midnight Special posed a potential embarrassment to their influence among liberals.

The NLG's San Francisco Bay Area Prison Task Force, which included a number of Weather Underground and Black Panther supporters, defended the Midnight Special in a position paper that commenced by quoting George Jackson, "The ultimate expression of law is not order—it is prison." Jackson, a Black Panther Party leader, was killed during an August 1971 jailbreak attempt at San Quentin. NLG attorney Steve Bingham, a member of the Prison Law Association and the NLG's San Francisco Bay area chapter, was indicted on charges of smuggling the pistol used by Jackson and his coconspirators to kill three guards and two prisoners. He remains a fugitive.

The NLG prison group provided the following analysis defending the role of the Midnight Special:

The analysis presented here finds its basis in the view that the fundamental struggle in the world today is against American imperialism. We understand imperialism as a two-headed system with one aim—the subjugation and control of the majority of the people of the world for the benefit of a few. Prisons are the ultimate weapon of domestic social control, and the place where imperialism most clearly reveals itself as a unified world-wide system of oppression. * * *

Because many prisoners are people who have resisted subjugation, they are potentially a strong revolutionary force. * * * They know that they will only regain their freedom and their dignity in a different changed society, and they have very little left to lose in this one.

The MS is a major tool in the fight against the isolation which is the basic destructive tool of the prison system. * * * Only lawyers and legal workers have relatively free access to prisoners. * * *

Those who feel that the Guild should sever ties with the MS argue that it is essentially a political organ and that it expresses a particular political life, i.e., armed struggle, which has no place within a broad-based legal organization like the Guild. In the context of prisons, however, the dichotomy between legal questions and political questions loses much of its meaning. * * *

A strictly legalistic prison project divorced from the politics and daily lives of prisoners would be useless. The MS is the only existing extensive communication link between prisoners and with the outside; it has historical ties with the Guild, depends on the Guild logo for access to prisons and provides a basis for Guild members to do prison work.

Like other Guild publications, the MS actively solicits material from members of the Guild. * * * The Special's greatest value, both to the Guild and to prisoners, lies in the fact that it is a paper which prisoners write and through which they can communicate and develop their own politics. The significance of the Special is greatly enhanced because under the Guild logo it gets inside prisons where all other political papers are banned.

Because the MS is a voice of the prison movement, it carries articles and poems that speak in the voices of prisoners. Some of these voices express the politics of armed struggle. * * * Many prisoners, continually subject to armed aggression by the state, believe that change can only be brought about through warfare and that conditions demand that the struggle be armed. * * *

Members of the Guild who insist that the politics of armed struggle have no place in a Guild publication ignore this organization's history and self-definition. The Guild is not merely a legal organization—it is not the ACLU or the ABA; we hold ourselves out as a progressive legal group. Further, this view ignores the reality that armed struggle has existed in the past, continues in the present and will increase in the future. Many people within the Guild consider the strategy of armed struggle to be an integral part of any revolutionary struggle. The Guild itself has not only defended but actively supported the armed actions at Attica and Wounded Knee and has in some sense joined these struggles. Preventing people from having a forum to discuss and develop these politics will cripple people's ability to distinguish adventurist actions from a valid revolutionary strategy of armed struggle.

It should be pointed out that the Guild calls itself a broad-based political organization, which means that it does not put forth only one line or censor differing views. The Guild must make room for those who believe in revolution and armed struggle, * * *.

The fact that armed struggle politics are discussed in a paper bearing the Guild logo may in the future bring some pressure from the government on the Guild as an organization. * * * The Guild has come under attack from the government before as a result of taking principled political stands and should expect such attacks again and be prepared to resist them aggressively. * * *

At a meeting of the NLG National Executive Board (NEB) in Columbus, Ohio, August 15–18, 1975, there was lengthy discussion of the prison terrorism issue. The NLG's decisionmaking body, the NEB, passed the resolution of the prison task force and made the Midnight Special a publication of the National Prison Task Force of the Guild, which should be printed in the name of the NLG.

The NLG's decisionmaking body also agreed not to impose any censorship on the contents of the publication.

The resolution said:

Since prisoners are the political base of The Midnight Special, it must have editorial integrity. The Prison Task Force rejects the notion of complete editorial control of The Midnight Special by the NEB.

It is noted that those working on this NLG prison newsletter were members of the terrorist Weather Underground Organization (WUO). The editor of the Midnight Special was Russell Neufeld, who had been arrested in Vermont in February 1970, for illegally buying a carbine while under indictment in Cook County, Ill., for assault, mob action, and aiding and abetting the escape of a prisoner during the Weatherman "days of rage" riots in October 1969. On June 1, 1970, Neufeld and eight other WUO members pled guilty to charges of battery and mob action, and were placed on 2 to 5 years probation. A Federal grand jury in Detroit indicted Neufeld and 12 other WUO leaders on bomb conspiracy charges on July 23, 1970.

Neufeld went to work in the NLG's New York City offices. At the same time, he was an active and leading member of the WUO's overt arm, the Prairie Fire Organizing Committee (PFOC), serving as a member of the PFOC National Committee. This Congressman made internal PFOC documents available to his colleagues in the CONGRESSIONAL RECORD (Oct. 1, 1976), regarding factional disputes which included a statement by Neufeld.

Neufeld not only worked on the Midnight Special, he also wrote for the NLG's official national publication, Guild Notes, contributing articles on the status of Federal cases against the fugitive WUO leaders (November 1973). Neufeld provided an interview to the National Observer (Jan. 5, 1974), in which he said, "I support

what the Weather Underground has done—the bombings."

In testimony before the Senate Internal Security Subcommittee in 1976, William Kintner stated that another individual editing the NLG's Midnight Special prison newsletter was Judith A. Clark. Clark, who had gone underground with the WUO leadership Flint, Mich., war council in December 1969, was arrested a year later in New York. In March 1971, Clark pleaded guilty to charges of felonious mob action and was sentenced to 180 days plus 3 years' probation. Judy Clark was among the group of NLG lawyers, legal workers, and supporters subpenaed by a grand jury investigating how weapons and explosives got into possession of three Black Liberation Army (BLA) terrorists—Herman Bell, Anthony Bottom, and Albert Washington—who were in court for sentencing after conviction of the ambush murders of New York City police officers Waverly Jones and Joseph Piagentini in May 1971. The New York Times reported that the three BLA murderers had been in contact with no one except their lawyers and court and correction officials. Those subpenaed were Naomi Burns, Judy Clark, Ron Hill, Yuri Kochiyama, Bart Lubow (a legal worker who had been associated with the NLG South East Asia military law project in the Philippines in 1972), Ellen Sokolow Molinari, Curtis Mullins, Martha Pitts, NLG lawyer Martin Stolar, Sundiata Balagoon, Evelyn Williams, and NLG lawyer Elliot Wilk, a legal services lawyer formerly involved in the defense of Attica prison riot defendants.

The efforts of the so-called prison movement in organizing prisoners as the vanguard for revolutionary terrorism was in part successful. A number of U.S. terrorist organizations including the Black Liberation Army (BLA), Venceremos Organization (VO), Symbionese Liberation Army (SLA), and George Jackson Brigade (GJB) were formed by ex-convicts and escaped prisoners in association with radical activists.

THE GRAND JURY PROJECT

The Grand Jury Project was initiated by the New York Women's Union, a group of militant feminists associated with the WUO, in February 1975, following the issuance of subpenas by Federal grand juries investigating the underground which harbored revolutionary terrorist fugitives Kathy Power and Susan Saxe, wanted for the murder of a Boston police officer during a bank robbery; and the murders of four people by the Puerto Rican terrorist FALN in the January 1975 bombing of the Fraunces Tavern.

The Grand Jury Project organization included several women lawyers active in the NLG as well as movement activists—legal workers. The purpose of the Grand Jury Project has been, and clearly remains, to coordinate policies of total noncooperation with any grand jury investigating revolutionary terrorist activities, and provide encouragement to those subpenaed once they are jailed for contempt of the grand jury.

The Grand Jury Project has been officially cosponsored by the National Lawyers Guild since 1976. In 1976, staff members included Ellen Grusse, Judy Peluso, and Terri Turgeon, activists subpenaed in connection with the harboring of Susan Saxe and Kathy Powers; Janet Gallagher, Judy Greenspan, Julie Schwartzberg, and NLG lawyers Carlin Meyer and Rhonda Copelon. In December 1976, Philadelphia NLG lawyer Linda Backiel, who with NLG Philadelphia member Holly Maguigan had defended Jay Weiner and Philip Shinnick, both Sports for the People activists who preferred to spend 8 months in prison for grand jury contempt rather than answer questions about the harboring of fugitive Symbionese Liberation Army terrorists Bill and Emily Harris and Patty Hearst.

In the spring of 1977, the Project joined the Campaign to Stop Government Spying (CSGS), which was organized by Morton Halperin, director of the Center for National Security Studies (CNSS), to coordinate grassroots lobbying efforts against police intelligence units, and congressional lobbying to abolish FBI internal security investigations and to abolish the CIA.

This NLG-sponsored project has published in its newsletter, Quash, a number of articles by convicted bank robber and terrorist Susan Saxe. The Grand Jury Project takes the position that the police, FBI, and legal system exist only as instruments of repression. An open letter from Grusse and Turgeon after they left the project staff in 1977 demanded the movement denounce and expose radicals who criticized their position of total noncooperation with the legal system as informants and demanded "that all political communities be warned of their existence * * * and the threat they pose to our movement." The open letter made clear that if there was any threat, it was posed by the NLG's Grand Jury Project activists.

The Grand Jury Project has worked intimately with the NLG/WUO lawyers of Chicago's People's Law Office in distributing support for members of the National Liberation Movement (MLN), which has been described in testimony by a convicted FALN terrorist as the FALN's political arm. At the NLG's 1977 national convention in Chicago the GJP sponsored a workshop on grand jury resistance tactics moderated by staff lawyer Linda Backiel and with panelists including Holly Maguigan and Mara Siegel of the People's Law Office and Chicago PFOC. The Grand Jury Project and People's Law Office cosponsored a resolution passed unanimously by the NLG plenary calling for the immediate release of all jailed for contempt of grand juries investigating the FALN.

The Grand Jury Project revealed additional ties to the Weather Underground Organization and related terrorist groups with its publication of materials by the jailed president of the Republic of New Africa (RNA), Richard Henry who used the name Imari Abubakari Obadele I, an organization strongly supported by the WUO's PFOC and its New York spinoffs, the May 19th Communist Organization (M-19 CO) and the John Brown Anti-Klan Committee (JBAKC). Along with messages from a WUO support group for the FALN, the New York Committee Against Grand Jury Repression of Box 268, 161 East Houston Street, New York, N.Y. 10012 (signed by "chairperson" Peggy Powell), Quash printed a guest column by Vicki Gabriner, a WUO member arrested during the 1969 "days of rage" riots, convicted of passport fraud (overturned on appeal in 1978), member of the Venceremos Brigade's second contingent and a leader of the Boston PFOC chapter. The GJP described Gabriner as a lesbian-feminist who is appealing Federal felony convictions arising from her anti-Vietnam war activities with Weatherman-SDS in 1969–70. (Quash, November–December 1977).

The Grand Jury Project staff and associates participate in the NLG national conventions and in the interim meetings of the NLG's National Executive Board (NEB) and continue to receive NLG cosponsorship, with funding channeled through the San Francisco-based Capp Street Foundation set up by the NLG to fund its projects.

The content of the project's publication, Quash, concentrates on coverage of grand juries investigating terrorist crimes, and on publicizing resistance activities. One example was the publication of an account of an October 1977 kangaroo court against the FBI which featured as its moderator Ahmed Obafemi of the violence-oriented Republic of New Africa (RNA), which wants to form an all-black separate country with United Nations sanction from the five Deep South States of the United States; Terry Turgeon; Vincent Alba, New York Committee to Free the Puerto Rican Nationalist Prisoners; Jimmy Durham of the violence-prone American Indian Movement (AIM); and Afeni Shakur, a former New York Panther 21 defendant, whose comrades, Joanne D. Chesimard (Assata Shakur), Clark Squires (Sundiata Scoli), and James Costan (Zayd Malik Shakur) were involved in a shootout with New Jersy State Troopers on May 2, 1973. Costan, former minister of information of the

Black Panther Party in New York and brother of one of the Panther 21, was killed as was one trooper. Squires and Chesimard were captured, convicted of first degree murder and sentenced to life imprisonment. Chesimard escaped in 1978.

But according to the Quash report, Chesimard and Squires were activists imprisoned as a result of Cointelpro activity aimed at the black movement.

A year later, Quash published a call for assistance by the National Task Force for Cointelpro Litigation and Research, P.O. Box 65, Bronx, N.Y. 10473, of which Afeni Shakur is a leader, asking for intelligence materials, documents and other materials to aid them in uncovering domestic war crimes—particularly against revolutionary black nationalists which are listed as including the BPP and RNA.

On the same page, the NLG's Grand Jury Project newsletter reprinted a leaflet announcing the filing of a lawsuit aginst the U.S. Government, the FBI, and present and former officials by Judy Clark, Dana Bieberman, and others associated with the Weather Underground for $100 million in damages. The leaflet, from the Committee for the Suit against Government Misconduct, Box 254, Peter Stuyvesant Station, New York, NY 10009, stated:

We, the plaintiffs, were part of the anti-war, student and new left movements * * *. Within the broader mass movements, we struggled to build anti-imperialist consciousness and practice. We fought to draw the connections between the Vietnamese liberation struggle and the movements of Black and other Third World people in this country. After the high tide of mass activity was over, we continued to do political work in support of political prisoners, in the movement of solidarity with Puerto Rican independence, in the anti-imperialist women's movement; in community struggles for health care, day care and tenant rights.

* * * national liberation movements engaged in heightened levels of struggle, exemplified by the American Indian Movement's reclaiming of Wounded Knee, the emergence of the F.A.L.N. (Fuerzas Armadas de Liberacion Nacional) as an armed, clandestine wing of the Puerto Rican independence movement inside the U.S. and the particular heightening of resistance and armed self-defense by Black people as represented by the Black Liberation Army."

The newsletter noted that checks for contributions to the lawsuit "should be made payable to Susan Tipograph, Esq." Tipograph is not only a member of the NLG, but is also prominent in the WUO's PFOC/May 19th Communist Organization. Following her visit to convicted FALN bomber William Morales, he obtained a bolt cutter, cut through a window grillwork of the prison ward of Bellevue Hospital, dropped to the ground and escaped. Tipograph and Morales' common law wife, Dylcia Pagan, were subpenaed by a grand jury; but they were dropped. Pagan was covicted with nine FALN codefendants in Chicago in 1980 of robbery and attempting to overthrow the Government by force and violence. Tipograph presently represents Judy Clark and RNA member Cynthia Boston.

In 1979, the board of directors of the Grand Jury Project included Martin Stolar, currently representing Kathy Boudin's roommate; Jay Weiner, who went to prison rather than answer questions from a Federal grand jury in Pennsylvania about Symbionese Liberation Army fugitives Bill and Emily Harris and Patricia Hearst; NLG member, Kristen Booth Glen, who represented Susan Saxe; several NLG lawyers with the Center for Constitutional Rights including Marti Copleman, Jose "Abi" Lugo, and Doris Petersen; and Saxe grand jury resister, Jill Raymond.

Among the Project's services are printing of instructions in Spanish and English on how to resist FBI and grand jury investigations.

NLG NATIONAL CONVENTION, 1977

Proterrorist activities remained part of the official NLG program at the 1977 national convention in Seattle, attended by some 500 NLG delegates and 200 observers and activists. Events during the convention were reported in detail by the Information Digest (Sept. 2, 1977), an authoritative newsletter published by John Rees that reports on U.S. political and social movements, including terrorist organizations and their support infrastructures. In part, the article stated:

The Seattle convention was the first to be addressed by representatives of the Cuban Government and of the terrorist Palestine Liberation Organization (PLO). The Cuban delegation included Dr. Enrique Marlmon Roca, a Cuban Supreme Court Justice; and two functionaries of the Federation of Cuban Women, Ana Maria Navarro Arrue and Maria Yolanda.

Hassan Rahman, a PLO representative at the UN, praised the NLG for its support of *"national liberation movements and just causes around the world."* Said the PLO spokesman, *"Our struggle is not for the liberation of the Palestinian people alone, but for the Jewish people as well from Zionism."* NLG Detroit activist Abdeen Jabara's suit against the U.S. for having been overheard on a number of national security wiretaps was a subject of conversation at the NLG meeting.

The Information Digest report continued with a report on the NLG workshops in support of such Soviet-controlled terrorist groups as the African National Congress (ANC) of South Africa and South West Africa People's Organization (SWAPO):

The highly popular international workshop included discussion of the NLG's support for the Havana and Moscow supported Puerto Rican independence movement led by the Castroite Puerto Rican Socialist Party (PSP); increasing support for such African terrorist movements as the South West Africa People's Organizaion (SWAPO) and the South African Communist Party-controlled African National Congress (ANC). Examples of NLG "solidarity work" for the Soviet-backed southern African revolutionaries included sponsorship of a speaking tour last winter by a leading white member of ANC in exile, Albie Sachs; supporting a 1976 treaty signed by some 30 countries which classifies apartheid as a *"crime against humanity"* and specifies, said members of the NLG's International Committee, that any individual in any country who has committed an act of racial discrimination is subject to prosecution in any country who has signed the treaty.

Another solidarity action by NLG internationalists was a visit to South Africa by Marty Garbus of the New York chapter to observe the trial of a man accused of being an organizer for an underground white revolutionary apparatus called Okhela ["spark" in Zulu]; and of a dozen men accused of membership in the South African Communist Party, the ANC and in their jointly controlled terrorist cadre, Spear of the Nation. Garbus observed the trials ostensibly as a representative of the International League for Human Rights.

The white South African revolutionary was Breyten Breytenbach, who entered using a false passport and was arrested. Breytenbach confessed he had been recruited into a network variously called Solidarite and Aid and Friendship that not only engaged in agitational activities in support of revolutionary terrorists throughout Western Europe and the Middle East, but also in utilizing amateur revolutionaries to provide safe houses, funds, false papers, and courier services for a wide range of Soviet and Cuban supported revolutionary terrorist movements. The network, run by Henri Curiel, an Egyptian Communist resident in France who was identified as in close contact with the Soviet KGB, has been described as hovering on the blurred dividing line between left-wing politics, support for the Third World, and espionage and terrorism.

The Information Digest report on the NLG's 1977 convention noted the following involvement of staff of the NLG Puerto Rico Project and International Committee with terrorism:

During the convention, reports were presented on various continuing NLG projects such as the Puerto Rico Project in San Juan whose staff includes Mike Withey, formerly of the Seattle NLG chapter who ran into grand jury subpoenas early in 1976 during an investigation of the terrorist, prison movement-related George Jackson Brigade and the escape from custody of one of the terrorists who had been captured after a bank robbery and shootout; the Grand Jury Project; the Immigration Project; the Legal Services Task Force on the work of NLG members employed by this federally-funded program; the Housing Task Force; the National Office and the International Committee.

International Committee reports included information from the 1977 NLG delegation to Cuba whose members included NLG president Bill Goodman; Paul Harris, San Francisco; Susan Gzesh, Ann Arbor; and Franklin Siegel of the National Office; on the 1977 NLG observer team at the trial of leaders of the Baader-Meinhof gang (Red Army Fraction) in West Germany [a 1975 effort to send a Center for Constitutional Rights team of Peter Weiss, Ramsey Clark,

William Schapp and Marge Ratner was rejected by the West German authorities] with the NLG's 1977 team being Bill Schaap and Ellen Ray; Marty Garbus' trip to South Africa; and the 1977 NLG delegation to the Middle East in support of the PLO which was led by John Quigley.

NLG 1979 CONVENTION

The National Lawyers Guild involvement with support for terrorism and revolutionary violence continued during its national convention in San Francisco in February 1979. The following account is taken from the Information Digest (May 4, 1979):

The National Lawyers Guild (NLG), a coalition of Old Left Communist Party, U.S.A. (CPUSA) members and supporters, Castroites, Maoists and other New Left activists, held its 37th national convention in San Francisco, February 15-19, 1979.

The NLG convention reaffirmed the NLG's commitment to continue serving as the key U.S. support group for foreign and domestic Marxist-Leninist, revolutionary and terrorist movements. During the plenaries, caucuses, workshops, task force and committee meetings, support was expressed—and in some cases practical measures planned—to aid revolutionaries and terrorists from the Middle East, Iran, West Germany, Nicaragua and other countries as well as lsuch violence-oriented U.S. groups as the American Indian Movement (AIM), the Black Panther Party (BPP), Puerto Rican Socialist Party (PSP), Fuerzas Armadas de Liberacion Nacional (FALN), United League of North Mississippi and the Weather Underground Organization (WUO).

NLG involvement with the WUO and its overt arm, the Prairie Fire Organizing Committee (PFOC) [plus its New York City splinter faction with which it has become reconciled, the May 19 Communist Organization (M-19CO)], was evident in a *"champagne reception"* held to generate support for the PFOC's efforts to build a national support coalition for the terrorist FALN and related Chicano *"armed struggle"* groups.

The reception was to honor Steven Guerra of the Movimiento de Liberacion Nacional (MLN) and former coordinator of the National Committee against Grand Jury Abuse; and Myrna Salgado, National Committee to Free Puerto Rican Prisoners of War. Sponsors of the 2/16/79 event were Chicago People's Law Office and PFOC activists Dennis Cunningham and Mike Deutsch; Mara Siegel; and the Centro Legal de la Raza, Oakland. The affairs took place at the law office of Stuart Hanlon at 294 Page Street, San Francisco, to which all NLG convention goers were invited.

Persons were present from the PFOC and the John Brown Book Club which distributes the PFOC's theoretical journal, Breakthrough; the October 30th Committee in Solidarity with Puerto Rico which operates from 1005 Market Street, #207, San Francisco, CA [415/285-9473]; the Committee in Solidarity with Puerto Rican Independence (CISPRI), P.O. Box 343, Brooklyn, NY 11217 [212/499-2767]; and a Chicago coalition of the NCFPRPOW, PFOC, and a small, extremist Trotskyist splinter group headed by Noel Ignatin, the Sojourner Truth Organization (STO). This coalition, tentatively termed the Interim Committee in Solidarity with the Puerto Rican Revolutionary Independence Struggle, was centered in the Westtown Community Law Office, 2403 W. North Avenue, Chicago, IL 60622 [312/278-6706].

Literature was available in support of FALN member William Morales, arrested after the premature detonation of a bomb in his apartment in New York last year, by the MLN and Juan Antonio Corretjer's Puerto Rican Socialist League [Liga Socialista Puertorriquena (LSP)]. PFOC members present criticized the five members of the WUO's Revolutionary Committee (WUO-RC)—Clayton Van Lydegraf, Judy Bissell, Leslie Mullin, Marc Perry and Michael Justesen—arrested and charged in Los Angeles with planning to bomb the office of a California state senator. Particularly harsh in criticizing Van Lydegraf, long a leader of the PFOC and WUO, PFOC members from the Bay Area and Chicago said he was no longer involved with the organization and that they were supporting his defense only because it was a means for gaining discovery against FBI counter-intelligence programs.

The reception's principal purpose was to urge NLG activists to become involved in organizing a national movement to "support the armed clandestine independence movement" by pressing for the release of Morales; two Puerto Ricans who participated in the armed takeover of the Chilean consulate in San Juan, PR, on July 3, 1978, Nydia Ester Cuevas and Pablo Marcano Garcia; and of course the four remaining Nationalist Party terrorists serving sentences for the attempted assassination of President Truman and shooting Congressmen in the 1950s.

RESOLUTIONS

Among the resolutions passed at the NLG national convention and National Executive Committee (NEC) meeting on 2/19/79 of the national officers, regional vice-presidents (RVPs), the representative of the National Finance Committee (NFC) and the full-time members of the NLG National Office (NO) staff included:

Expansion of the Police Crimes Task Force to the National Committee on Government Repression and Police Crimes. Defining "police crimes" as "surveillance, infiltration, disruption and harassment of political groups," the committee will set up a brief bank and clearinghouse within the NLG for use against federal and local intelligence agencies including the Law Enforcement Intelligence Unit (LEIU); and will coordinate NLG work with the Center for National Security Studies (CNSS), Campaign for Political Rights (formerly the Campaign to Stop Government Spying), the American Friends Service Committee (AFSC) Program on Government Surveillance and Political Rights (co-chaired by the NLG's Margaret Van Houten, a veteran of Counter-Spy), and the American Civil Liberties Union (ACLU).

A resolution in support of Iranian revolutionaries calling for NLG support of Iranian militants faced with deportation and the sending of "a message of solidarity to the Iranian people by way of Radio Iran." The "whereases" gave a clear indication of the NLG's continuing support for revolutionary armed struggle and loathing of the U.S. government, stating in part:

"Whereas the heroic struggles of the Iranian people have succeeded in crushing the Shah's U.S.-backed regime; Whereas a large segment of the Iranian people have taken up arms to defend the achievements of their revolution; Whereas the revolution in Iran today is a major defeat for U.S. imperialist policy throughout the world * * *."

NATIONAL LAWYERS GUILD 1980

Active in support of revolutionary and radical groups and causes since its formation in 1937, the National Lawyers Guild (NLG) held its 38th national convention at Boston University, August 6-11, 1980. This year's convention theme was "The Struggle Against Racism," and the proceedings attracted some 725 NLG members and supporters.

Formed with the assistance of the Comintern and operating under the unquestioned control of the Communist Party, U.S.A. (CPUSA) for its first three decades, the NLG is controlled by a core of veteran members and supporters of the Moscow-line CPUSA fully backed by generally younger NLG members who look to Havana or Hanoi for their political direction. Additionally, various Trotskyist, Maoist and new left parties have members within the NLG.

The Boston convention was relatively low key after previous heated debates over the National Lawyers Guild's support for the Palestine Liberation Organization (PLO) and the efforts of the NLG's Maoist minority in running alternative candidates for national office and in raising the position in international issues of the People's Republic of China.

It was noted that the present NLG activists, generally in their late twenties and thirties, appear frozen in the rhetoric, dress, and lifestyle of a decade ago. Workshops and seminars were replete with references to Fascist police, racist pigs, imperialism, and militarism. Jeans, boots, and slogan T-shirts were the standard dress, with one enterprising capitalist having sold scores of one T-shirt reading "Guild by Association—The National Lawyers Guild."

FRIDAY, AUGUST 9 EVENTS

Activities opened with a breakfast meeting by NLG lawyers involved in litigation against Cuban terrorism, by which they meant against anti-Castro Cuban exiles. The meeting was principally of lawyers active in the International Committee and the Cuba Subcommittee.

For the rank-and-file NLG activist, the morning was devoted to interminable debates over proposed reworkings of parts of the NLG constitution and by the opening plenary. Following discussions of the constitutional revision and other minimally interesting items, the candidates for national office were presented and answered general questions about what they had to offer, political direction, views on the world situation, and so forth.

Afternoon workshops included:

Freedom fighters and the armed clandestine movement for the independence of Puerto Rico—featured Puerto Rican Nationalist Party terrorist Oscar Collazo and members of the

People's Law Office in Chicago who act as the lawyers for the 11 arrested members of the terrorist Fuerzas Armadas de Liberacion Nacional (FALN).

With NLG members Dennis Cunningham and Mara Siegel leading, the history of armed struggle by Puerto Rican revolutionaries through the emergence in November 1974 of the FALN and the development last year of coordinated actions by several armed groups was outlined.

A draft resolution in support of the jailed FALN terrorists, termed "Puerto Rican Prisoners of War Held in U.S. Prisons," was submitted signed by Michael Deutsch, Dennis Cunningham, Mara Siegel, Ed Voci, Brian Glick, and others. In revised and abbreviated from, the resolution received additional signatures from Kingsley Clarke and Jose Antonio Lugo of the Center for Constitutional Rights (CCR) and was accepted by the NLG. The resolution stated that since the U.N. Special Committee on Decolonization, the U.N. General Assembly and the Conference of Non-Aligned Nations, and all progressive people around the world have recognized Puerto Rico as an oppressed, colonized nation entitled to self-determination and independence, and that under principles of international law, persons captured while struggling against colonial oppression are entitled to treatment as prisoners of war and release from dentention or imprisonment, a status claimed by the FALN, the NLG will demand that the U.S. Government release the FALN terrorists, send letters to various U.N. agencies and officials supporting the FALN claims to POW status, and campaign for the release of Haydee Torres from isolation at Alderson Federal Prison in West Virginia.

It is noted that while the NLG Boston convention was in progress, the Chicago Sun-Times (Aug. 10, 1980) revealed that among the documents captured by police and FBI agents in an April 8, 1980, raid on an FALN safehouse in Milwaukee were the Chicago Police Department intelligence files on the FALN.

The documents included a detailed listing of potential FALN targets in the Chicago area, a compilation of dates and anniversaries most likely to be commemorated by the FALN terrorists with bombings, and files on FALN support groups and on known FALN members such as Oscar Lopez Rivera and William Morales.

In January 1979, Federal District Judge Alfred Kirkland, now retired, signed an order giving lawyers for plaintiffs in the various suits alleging invasion of privacy brought by the Alliance to End Repression (AER), American Civil Liberties Union (ACLU), Chicago Lawyers Committee for Civil Rights Under Law, and other groups access to the current Chicago intelligence files. On February 1, 1979, the documents found in the FALN hideout were brought to the law offices of Jonathan C. Moore, 343 South Dearborn, suite 1607, Chicago, Ill. 60604, where they were to be inspected, but not copied.

Partners in the firm include Michael Deutsch, Jeffrey Haas, Dennis Cunningham, and Peter J. Schmiedel. When reporters tried to call Moore, Schmiedel said he was in Boston at the National Lawyers Guild Convention. Schmiedel also confirmed that he and Deutsch visited the FALN prisoners held in Cook County Jail and had provided them with guidelines for legal procedure to use in acting as their own lawyers. Deutsch also filed a petition with the United Nations seeking to have the FALN prisoners declared POW's.

It will be recalled that several members of the People's Law Office active in the NLG figure prominently in the declassified FBI report on the foreign contacts of the Weather Underground Organization (WUO) and that Cunningham, Deutsch, and Haas were formerly active with the WUO's overt arm, the Prairie Fire Organizing Committee (PFOC).

In its international work, the NLG reconfirmed its support to revolutionary terrorist organizations. An observer representing the Popular Front for the Liberation of Palestine (PFLP) was present distributing PFLP literature and encouraging NLG activists to take out subscriptions to its journal. The PFLP activity took place in association with distribution of literature from the Association of Arab-American University Graduates (AAUG), cofounded by Detroit NLG activist Abdeen Jabara, a leader of the International Committee's Mideast Subcommittee.●

DANGERS OF ALASKAN GAS WAIVER PACKAGE

HON. EDWARD R. ROYBAL

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ROYBAL. Mr. Speaker, earlier today I voted against House Joint Resolution 341, providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act. My reason for doing so is very simple: It makes absolutely no economic sense to the American consumer.

Under the prebilling provisions of the waivers, the American public is being asked to assume the risk that all major segments of the pipeline will be completed in a timely and cost-efficient manner. If this project is not completed, 60 percent of the users of natural gas will be saddled with a $37 billion debt to be paid over a 20-year period. This will add as much as $72 a year to the average bill of an American natural gas consumer without a drop of gas being received in return.

Even if the project is completed on time, there is no guarantee that the natural gas will be marketable at a competitive price in its initial 10 to 15 years. The Energy Committee's own staff report indicates that financing of the project may well cause the price of gas to soar so high that its users may find it cheaper to convert to oil. This will not only result in an increase in oil use and oil imports, but also increase the share of the cost to the consumers who are unable to switch to other types of energy.

The only clear winners from the waivers are the oil companies, which stand to receive a 50-percent rate of return on their investment; the pipeline companies, which stand to receive a 25-percent rate of return; and the State of Alaska, since it will receive $20 billion as its share of the royalties with no share of the risk whatever.

It has been suggested that approval of this package will insure the construction of the pipeline, thus providing jobs for unemployed Americans. The committee's own staff analysis suggests otherwise. There is no doubt that domestic industries would be used for the construction of that portion of the pipeline in the lower 48 States. However, that represents only 15 percent of the total project. The use of 54-inch pipe for the Canadian portion of the pipeline guarantees that no American steel manufacturer will be used, since no American firm manufacturers pipe of this size. The remaining portion of the pipeline in Alaska will use 48-inch pipe. Only one plant in the United States makes that size of pipe and out of 12 companies worldwide that were studied by the sponsors of the project, the American plant was ranked at the bottom of the list.

Let me be clear about one thing, Mr. Speaker: I do not consider this a vote on the merits of the Alaskan pipeline. This is a vote on a particular set of waivers which we had to accept or reject without amendments.

It is my opinion that a set of waivers can be drafted which will encourage the construction of the pipeline without imposing such a one-sided economic risk on the American consumers of natural gas. For example, we could place a limitation on consumer liability to that of the project sponsors and in the case of the Alaskan portion, to that of the Alaska equity commitment. Thus, the liability of the American consumer would be limited to the risk that will be taken by those who will benefit the most. If they are not willing to take a risk, the consumer should have no liability. Second, a buy America provision could be included, thus insuring that despite the merits

of the economic risk, at least the project will provide employment for some Americans. Third, since under the waivers, the processing plant will be included in the cost to consumers, consumers could at least be given credit for the natural gas liquids produced at the plant.

Finally, Mr. Speaker, I am against House Joint Resolution 341 because the experts say it is untenable. Chase Manhattan, Citibank, Morgan Guarantee, and Bank of America, which together probably constitute the best and shrewdest financial analysts in the world, have indicated that even if we approve this waiver package, they are not sure financing will be available. In other words, the Nation's—and probably the world's—major financial institutions are saying that this project may be so uneconomical that even with a guaranteed consumer payback, they may be unwilling to lend the money for it. I submit, Mr. Speaker, that if it makes no economic sense for the banks, it makes even less economic sense to the average American consumer, and my vote reflects this.●

HAPPY BIRTHDAY

HON. SILVIO O. CONTE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. CONTE. Mr. Speaker, our day here would not be complete unless we took a moment to wish our colleague, our Speaker, and our very dear friend from Masachusetts a happy birthday.

This has been an arduous year. A year filled with many important and many difficult decisions for all of us. But through it all—even while disagreeing on certain issues—we knew we had an honest, just, and capable leader at the helm.

Mr. Speaker, I am deeply proud to count myself among your many friends in this House and I know they all join me in wishing you all the joys that life can hold on this, your birthday. May the year ahead bring you all the blessings you so richly deserve.●

LANHAM TRADEMARK ACT

HON. JERRY M. PATTERSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. PATTERSON. Mr. Speaker, I am today introducing legislation to amend the Lanham Trademark Act of July 5, 1946.

Section 45 of the Lanham Trademark Act (15 U.S.C. 1127) currently states that it is the intent of the act "to protect registered marks used in (intrastate) commerce from interference by State, or territorial legislation."

Notwithstanding this provision of the law, several States acting through real estate commissions have issued regulations which materially interfere with the use of franchise trademarks registered with the U.S. Patent Office. Specifically, these regulations have attempted to prohibit the use of real estate signs on which a national franchise logo is printed in typeface larger than the name of the franchisee. Court challenges to this State interference with a federally granted trademark have been met with mixed success. At the present time the lack of uniformity in the case law has created an unsettled economic environment which is why I am introducing this legislation today.

At the heart of this matter is the ability of the franchisee to compete freely and fairly under the trademark licensed by the franchisor. Franchising as a method of distribution has generally resulted in competitive innovation in the marketplace and plays an increasingly important role in the U.S. economy. For example, the U.S. Department of Commerce estimates that today one-third of all retail sales are made through franchised outlets. The success of franchising in our economy is due, in part, to the ability of a franchisee to use a franchisor's trademark. Local interference with a national trademark undercuts a franchise system's competitive effectiveness and is contrary to the spirit of the Lanham Trademark Act.

In the real estate industry, franchising allows participating brokers to retain their independence through ownership of their own local business while providing competitive techniques which permits franchisees to compete effectively with larger, well-established firms and national conglomerates; offers a viable alternative to the almost irresistible trend toward consolidation and concentration of the industry; gives the smaller broker access to advertising media and large-scale purchasing power, otherwise only available to much larger corporations; offers affiliated brokers the opportunity to participate in a nationwide referral system and to use sophisticated sales and management tools; fosters new entrants into the industry by giving them good will of the name that is otherwise unavailable; and improves quality of service to consumers by establishing and upgrading standards of performance.

The new trend of franchising in real estate has proven to be too successful to some competitors who have vested interests in the older established order. Real estate commissions throughout the country are generally composed of nonfranchised brokers—they regulate their own competition. A number of these real estate commissions have attempted to issue regulations aimed at blunting the competitive effectiveness of franchised brokers. Many of these regulations require changes in the signs used by franchised brokers; for example, several States have adopted a regulation that requires a franchisee to display his own name in print as large as and as bold as the print used for the franchisor's name—commonly called a 50-50 ratio rule. Different States have adopted different ratio rules, making it unduly expensive and difficult, if not impossible, to maintain a consistent standard and identity on a nationwide basis. Ratio rules interfere with the use of federally registered trademarks in interstate commerce. These regulations purport to protect the public from deception, but the public record is devoid of evidence that the public is being or has been harmed by the present sign configuration used by reputable real estate franchisors. Other States have considered and rejected the ratio rules as being anticompetitive, arbitrary, and onerous and have opted for more meaningful and workable rules. Because reputable franchisee organizations require their franchisee to disclose the fact of the independent relationship in all advertising, business cards, documents, and so forth, these ratio rules are unnecessary.

Furthermore, these arbitrary ratio rules have not demonstrably elevated the public awareness, but rather have operated as a restraint of trade by stifling competition. The regulations have generally singled out franchised brokers as targets without affecting the status of other brokers who use various trade names to operate their businesses.

If changes for signs and other materials are required to be made for all franchised brokers, the expense will run in the tens of millions of dollars. Consumers and the taxpayers will ultimately pay the price for this abuse of regulatory power, through less competition from franchised brokers and the eventual passthrough of increased operating costs. This patchwork problem faced by the franchisees requires a Federal solution—a national policy.

The bill I am offering to amend, the Lanham Trademark Act, will clarify and specify the intent of Congress that State and local governments may not dictate the design of a registered trademark. I want to make clear that this legislation will in no way interfere with the power of a State or community to prohibit the display of advertising of any kind, or to limit the dimensions of signs, or their location, or to prohibit deceptive advertising, or unfair competition. It is directed only at unwarranted interference with the arrangement and design of a registered trademark.

Many years ago Congress recognized that trademarks foster full and fair competition. Because a healthy national economy relies on full competition, Congress determined that Federal regulation of such trademarks was necessary. The intent of the Lanham Trademark Act is being clearly frustrated by 50 separate State regulations that prevent the use of real estate franchise trademarks as registered. The proposed amendment to the Lanham Act makes it clear that the States may not regulate the use in commerce of registered trademarks in a manner different from that manner contemplated in the certificate of registration with federally registered trademarks.●

THE GHOST AMENDMENT

HON. ROBERT K. DORNAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DORNAN of California. Mr. Speaker, an article appearing in the Los Angeles Times for December 8, 1981, indicated that our colleague, Hon. PETE MCCLOSKEY, had told the steering committee of the "Women For" group in Los Angeles that he intended to offer an amendment to the foreign aid bill, H.R. 4559, which will cut off all foreign aid to any nation that refuses to sign the nuclear nonproliferation pact. He noted that this would have the effect of cuting off all U.S. aid to Israel, one of our most loyal friends and dependable allies.

I waited patiently all day to offer a counter amendment but Mr. MCCLOSKEY never appeared to submit his amendment. In case he entertains thoughts about submitting his amendment this spring. I submit my perfecting amendment for my colleagues analysis:

Amendment offered by Mr. DORNAN of California to the amendment offered by Mr. MCCLOSKEY of California. In the last line of the amendment, immediately before the period, insert the following: ", except that this section shall not apply with respect to any country (1) with which the United States has a mutual defense treaty, or (2) with which the United States has a long standing friendship or has mutual interests, as determined by the President".●

VOLUNTEER DEVELOPMENT CORPS

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. VENTO. Mr. Speaker, oftentimes during our consideration of authorizing and appropriating legislation, the major attention is focused upon the big issues with big price tags or of a controversial nature. While debate swirls around these issues, other, less expensive but vital programs go unnoticed. So it is with the foreign aid legislation which we are now considering.

Included in this essential legislation, is funding for the Volunteer Development Corps, a private, nonprofit organization providing short-term technical help to cooperatives and Government agencies in developing countries at their request. The VDC had provided invaluable assistance to countries throughout the world. From expanding milk production in Brazil to improving recordkeeping for a cooperative in Fiji, American volunteers have provided their skill and expertise to overseas cooperatives and other organizations.

The FDC fills a needed role and is a positive factor in our Nation's foreign policies. Congress must support this valuable program by providing adequate funding.●

A STEP TOWARD ENERGY INDEPENDENCE

HON. THOMAS B. EVANS, JR.

OF DELAWARE

IN THE HOUSE OF REPRESENTATIVES

Tuesday, December 8, 1981

● Mr. EVANS of Delaware. Mr. Speaker, the House today took a major step toward achieving this Nation's long-sought-after goal of energy independence by passing House Joint Resolution 341. This measure will facilitate the construction of a natural gas pipeline from Alaska, through Canada, to the lower 48 States. This will enable us to tap the tremendous amount of gas we have discovered in Alaska. Estimates show that nearly 13 percent of our total natural gas reserves are located in Alaska.

Some consumers who will eventually draw gas from the pipeline—primarily in the West, Midwest, and upper Northeast—may be asked to pay higher prices for their gas in advance of the pipeline's construction. This is unfortunate, but it seems a small price to pay if it helps us lessen our dependence upon foreign oil from people such as Libya's Col. Mu'ammar Qadhafi.

Some may also point to the fact that the measure we have passed today is inequitable, since not every section of the country will be asked to pay for the potentially higher gas prices which could result from the construction costs of the pipeline. In my own State of Delaware, for instance, 99 percent of our natural gas needs are provided by Transco, a Texas based company which draws its gas from the Southwest, Southeast, and Gulf of Mexico. Company officials say they will not be taking any gas from the Alaska pipeline nor be involved in its construction; therefore, they have noted, the resolution passed today will not directly affect the prices most Delawareans pay for natural gas.

Is this unfair? I think not. It does not seem to me to be inconsistent with fairness that those consumers who will benefit most from the Alaska pipeline construction be asked to possibly help finance its construction. Nor do the claims of inequity take into account consideration of future circumstances which may result in higher prices for those consumers who will not be receiving Alaskan natural gas.

In the final analysis, we must all look to the greater good. Twice before, in times of severe energy crises, the Congress has marched up the hill voicing determination to decrease our dependence on foreign oil. Twice, we have marched right back down again. I applaud the Members of this House who have demonstrated their courage in finally taking a major step toward energy independence for all Americans.●

RADAR EXPANDS EROS MISSION

HON. CLINT ROBERTS

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ROBERTS of South Dakota. Mr. Speaker, on November 12, 1981, the House of Representatives took a positive step toward further exploration of our Nation's energy resources and at the same time expanded the mission of the EROS Data Center, near Sioux Fall, S. Dak. In the Department of Interior appropriations bill we have provided for the funding of side-looking radar flights over portions of our country.

Side-looking radar is a technology that, when used in conjunction with other existing data, provides tremendous information about the geological makeup of our country. Test flights of side-looking radar have already been conducted and analyzed. These tests have shown radar's advantages for geological information-gathering purposes due to its technological ability to penetrate dense cloud and ground cover.

The appropriation of $3 million for radar overflights will not only help provide the information for detecting oil, coal, and other mineral resource deposits, it will help in mapping our vast plains and mountains.

In addition to helping America reach energy and mineral independence, the House's appropriation for this program expands the role and mission of the EROS Data Center. the EROS Data Center presently houses and provides information to industry, government, and the public from NASA, Landsat, infrared and other high-

aerial photographic technology. Side-looking radar will produce another set of data that will need to be disseminated and stored at EROS.

The recent Space Shuttle launch furthers the use of this new technology. A form of side-looking radar was carried aboard the Shuttle and its use from that altitude was tested. Support of this type of technology is needed. Energy independence will involve many forms of exploration. Radar is an investment in America's future and independence. Preliminary results of the Shuttle tests are positive and to illustrate this I have included an article on the Space Shuttle findings found in the Washington Post, December 9, 1981. The article follows:

[From the Washington Post, Dec. 9, 1981]

SPACE SHUTTLE'S FINDINGS DELIGHTING NASA SCIENTISTS

(By Thomas O'Toole)

As short as it was, the second flight of the space shuttle last month produced enough of the first radar "photographs" of Earth's surface to cover 10 million square kilometers, a region the size of the United States.

The abbreviated three-day flight of astronauts Joe Henry Engle and Richard Truly also generated infrared images of 80,000 kilometers of Earth's surface across four continents, discerning different types of soil and rocks for geologists.

It produced spectacular photographs of the tops of thunderclouds around the world, took the first measurements from space of fish schools in the Yellow Sea, the South China Sea and the Mediterranean, and was the first attempt from space to measure carbon monoxide pollution in the northern and southern hemispheres.

"We had planned to do these experiments over five days and we only got three," the National Aeronautics and Space Administration's Dr. Jim Taranik told a news conference yesterday. "In spite of that, we think this entire mission was nothing short of an outstanding success."

While it will be months before the results are known from the six experiments carried in the shuttle's cargo bay, the scientists who designed the experiments were delighted with the way they worked.

The only experiment that did not work was an attempt to see how fast sunflower seeds grew in weightlessness.

"And the only reason it didn't work was that the mission was too short," Dr. Allan Brown of the University of Pennsylvania said. "We really needed two more days to prove the results of our experiment."

The most successful experiment carried by the shuttle was clearly the shuttle imaging radar, whose six-foot-wide antenna was able to penetrate storms, the dark of night and even the cover of vegetation to return radar "photographs" of 10 million square kilometers of the United States, Africa, Asia, the Middle East, Europe and Mexico.

So sharp were the radar photos that the shallow slopes of the cliffs bordering the Corinthian Canal in Greece could be discerned from space. So sensitive was the radar that images it made of the Mediteranean Sea just off Sardinia showed patterns on the sea surface made by the winds.

"This was the longest radar strip of the Earth ever taken," said Dr. Charles Elachi of California's Jet Propulsion Laboratory, where the radar was developed for the Pentagon to map rough terrain. "This is going to be a very useful tool for geologists in the future."●

EFFECTIVE DATE OF H.R. 4420

HON. CHARLES B. RANGEL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. RANGEL. Mr. Speaker, as chairman of the Ways and Means Oversight Subcommittee, I introduced H.R. 4420 which reflects the subcommittee's recommendations regarding small issue industrial development revenue bonds. This bill contains an effective date applying to bonds issued after December 31, 1981. I have been advised that the Ways and Means Committee will not be reviewing the subcommittee's recommendations or acting on H.R. 4420 before the end of this year. Accordingly, I wish to clarify, for the record, the meaning of the effective date of H.R. 4420.

The Oversight Subcommittee did not intend that its recommendations ever be enacted with a retroactive effective date. I, therefore, wish to announce my intention, in the event the Ways and Means Committee marks up or otherwise considers H.R. 4420, to offer an amendment making the effective date prospective. In the interim, I do not intend the pending status of H.R. 4420 to constrain bond counsel with respect to rendering opinions as to the tax-exempt status of bonds issued under section 103 of the Internal Revenue Code. I have conveyed this statement in a letter to Ways and Means Committee Chairman ROSTENKOWSKI in order to avoid any future questions about this issue.●

ALARMING TRENDS IN WORLD MILITARY SPENDING

HON. CLAUDINE SCHNEIDER

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mrs. SCHNEIDER. Mr. Speaker, all Members of the House recently received a copy of Ruth Leger Sivard's "World Military and Social Expenditures, 1981." I urge all our colleagues to take the time to read and carefully study the contents of this alarming booklet. Since World War II, the growth of military spending as opposed to social outlays has steadily increased. Ms. Sivard's research into the effects of this trend are invaluable in setting national priorities and must be seriously considered. I would like to reiterate her major conclusions for the benefit of all Members:

The world arms build-up has reached a new level of danger. Warning signals come from the political arena as well as from the military. One sign is a growing militarization of political authority. In the Third World, the governments of over 50 countries are dominated by the armed forces.

The obsession with weapons and with military solutions to global problems has pushed arms budgets to $550 billion a year. About $100 billion of this outlay goes to the growing stockpile of nuclear weapons, which already contains over one million times the explosive force of the Hiroshima bomb.

History's most expensive arms race contrasts with the steady deterioration of the civilian economy. Both military superpowers, tied up in an intense arms competition, have lost status in the commercial market, as well as within their own military alliances.

Public reaction takes two forms. In the developing world, there is increasing polarization and more violence, as military-political power resists social change. In Europe and America, the nuclear threat has become a major target of public concern. Protests are peaceful, but joined by a growing and more diversified public.

Civilian productivity lags but military productivity is up smartly. The World War II submarine could sink only passing ships; now a single sub can destroy 160 cities as far away as 4,000 miles.

World military expenditures equal the annual income of the poorest half of the world's population.

Subsidized dining by top military and civilian officials in the Pentagon costs the U.S. taxpayer $14 per meal. The school lunch program for poor children gets by on $1.20 per meal.

Non-OPEC developing countries, with a per capita income which still averaged below $670 in 1979, bought $64 billion of foreign arms from 1970 to 1979.

The world spends 2,300 times more for military activities than for international peacekeeping.

Of the thousands of foreign troops trained by the U.S. and U.S.S.R., over three-fourths came from countries which are now under military rule.

The richest fifth of the world population lives 22 years longer, on average than the poorest fifth.

The U.S. and U.S.S.R., first in military power, rank respectively 7 and 23 among 141 nations in economic-social standing.

In comparison with its military expenditures, the U.S.S.R. has the poorest record among developed countries in providing foreign economic assistance.

The annual budget for U.S. military bands is larger than the federal budget for all civilian art programs—music, dance, painting, drama, etc.

A nuclear war which could snuff out 800 million lives in a few hours could be launched on the decision of a single individual.●

SURVIVAL LESSONS FROM SWITZERLAND

HON. NEWT GINGRICH

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. GINGRICH. Mr. Speaker, when we think about Switzerland our minds first turn to thoughts of gold, chocolate, and cuckoo clocks. But that coun-

try bears a closer and more serious look, especially with regard to how it intends to defend itself.

The article from the November issue of the London Economist, which follows below, shows how serious the Swiss are about national survival.

For example, Switzerland protects all of its citizens from the effects of nuclear war thru a program of shelters. It has a system of universal military training which produces enormous strategic reserves ready and able to be led by a well-trained cadre of 1,500 professional soldiers. Training is constant for the reservists and does not stop until age 50.

Yet Switzerland devotes 1.9 percent of its GNP to defense. And few countries have as good a reputation for respect of civil liberties as Switzerland.

Of course Switzerland's defense needs and ours are as divergent as you could get. I do not suggest that we imitate them in every detail.

However, there are practical lessons we can take from the Swiss on how to survive. The article in the Economist provides a starting point for our speculation.

SWITZERLAND IS READY FOR WAR

(From Our Geneva Correspondent)

Neutrality and pacifism do not always go hand in hand. Switzerland has been a neutral country since the Congress of Vienna in 1815 but, in many ways, it has become one of the most military-minded countries in Europe. Few countries devote so much human effort to defence.

A tenth of its population can be mobilised within 48 hours, and every Swiss male has to undergo regular military training each year until the age of 50. Although the Swiss like to preserve the sabbath calm by forbidding the use of power lawnmowers on Sundays, rifle shots crackle out from ranges behind villages and towns throughout each weekend. Switzerland is also one of the few countries which provides enough nuclear shelters to protect all its citizens. Since the early 1960's, all public buildings and all private houses in urban areas have been legally obliged to install shelters.

Switzerland's mountain fighters were once the terror of Europe, but ever since the battle of Marignano in 1515 the country has concentrated on defence. Though its military budget is relatively small (around 1.9% of gdp, against 3.4% in Sweden), this does not include the real manpower costs of its part-time army and air force. Every year, 400,000 men do an average of 30 days of military service at minimal pay (four Swiss francs, around two dollars, a day for an ordinary soldier); most of the cost is borne by employers.

The country's policy of "armed neutrality" is no joke. During the second world war its soldiers were prepared to fight a guerrilla compaign against a German invasion from mountain redoubts. Although Hitler's army obviously could have invaded and defeated Switzerland, the Germans' estimate of the cost of occupying the country deterred them from marching in. Today, the Swiss strategy has changed. The army no longer plans to harass an invader from the mountains, but to fight at the borders, on the ground that most of the nation's population and wealth are in the lowlands. But the aim is the same: not so much to defeat an invasion as to make it a costly and bloody affair for the invader.

Switzerland's standing army is tiny; it has only 1,500 professional soldiers, almost all of whom are NCOs or officer-instructors. There are a handful of brigadiers and colonels, but no generals. The title of general is granted—by act of parliament—only to the country's supreme commander in time of war. For the rest, Switzerland depends on its part-time militiamen.

Every Swiss man has to do four months of training at the age of 20, followed by eight annual three-week refresher courses. After that, the courses become less frequent, but there are shooting execises and kit inspections every year for those under 50. The officer corps depends on the same system, although officers have to put in more time, and this discourages some candidates: a colonel, for example, has to spend 2,000 days of his life (5½ years) in uniform. Men who are physically unfit for military service are trained in civilian defence instead. But conscientious objectors do not get a soft option: about 350 of them, judged to be dodgers, are tried by court martial each year and sent to prison.

EVERY BOY A SOLDIER

Part of the success of the Swiss part-time army lies in the way in which civilian and military life is interwoven. A popular song hardly exaggerates when it proclaims: "In our cantons, every boy is born a soldier". Military service is as much a part of ordinary life as going to school and stretches over a longer period of a man's life. Every child sees his father and his teachers go off to the army regularly.

The equipment used by the army and air force does not include the most sophisticated arms available, even from Switzerland's own arms industry. There is a tendency to rely on old-fashioned ideas. Much time, for example, is devoted to training carrier pigeons (this is not silly: pigeons are radar-proof and their wavelengths cannot be jammed); and every weekend soldiers can be seen keeping fit by riding heavy, black military bicycles or by climbing mountains.

In the past two years, Switzerland has been cutting public spending: but the defence budget has remained unscathed. The events in Afghanistan and Poland have helped to underpin the need for defence spending, but there are other reasons why the budget has not been cut. The army has an almost mystic status and remains one of the most important national institutions in a multilingual country where the federal government is deliberately kept weak.●

A TRIBUTE TO BISHOP JAMES L. EURE, D.D.

HON. ROY DYSON

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. DYSON. Mr. Speaker, I would like to call to the attention of my colleagues a religious leader of exceptional dedication and inspiration, Bishop James L. Eure, D.D. Sunday in Salisbury, Md., he celebrated the 50th anniversary of his service with the United Church of God in Christ.

Bishop Eure is responsible for building, almost singlehandedly, the entire Eastern Shore congregation of the Church of God in Christ. In 1931 he arrived with little more than the dream of establishing a congregation there. With speed and effectiveness, he built and filled a tent structure on Katherine Street. He brought together a vibrant, committed congregation, and they soon built a wooden church. Unfortunately, it was destroyed by a fire, but in 1945 the church was rebuilt on Delaware Avenue in downtown Salisbury, where it proudly stands today.

James Eure did much more than establish a single church. He trained a great many ministers, and organized congregations in Snow Hill, Preston, Easton, St. Michaels, Tyaskin, Princess Anne, Pocomoke, and Federalsburg. Fittingly, he was appointed the district superintendent for the Eastern Shore churches in 1943, and was named bishop in 1964.

The unique energy and devotion of Bishop Eure should serve as an example for men and women. I am sure my colleagues join me in congratulating him, and in wishing him many more years of service to God and his church.●

HOUSE JOINT RESOLUTION 355

HON. FERNAND J. ST GERMAIN

OF RHODE ISLAND

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. ST GERMAIN. Mr. Speaker, last month I introduced House Joint Resolution 355, requesting that serious discussions be undertaken with the Government of Canada, regarding the establishment of a regional strategic petroleum reserve by the United States and Canada.

Past and recent events in the Mideast heighten my concern for future dependable sources of petroleum from the Persian Gulf area, especially for purposes connected with the continued uninterruptible operation of key American defense industries.

In a very perceptive article, published in the December 6, 1981, issue of Parade, Tad Szulc has outlined the major limitations within some of our current energy supply policies, as well as targeted the reasons why we must not back away from our determination to provide a leak-proof energy safety net.

Mr. Szulc's commentary is deserving of broad readership. I commend it to the attention of my colleagues.

The article follows:

[From Parade, Dec. 6, 1981]

ARE WE PREPARED FOR ANOTHER OIL SHORTAGE?

(By Tad Szulc)

For the third time in less than a decade, Americans face rising uncertainties concern-

ing supplies and prices of imported oil—oil on which our economy, despite conservation efforts, is still greatly dependent. Nearly one-third of all the petroleum we consume comes from abroad.

What looms ahead for you, the American consumer, is still more expensive oil—gasoline as well as heating fuel—and pronounced shortages which could start occuring next summer as a result of the complex international game of petroleum politics and economics.

At the end of October, OPEC—the 13-member Organization of Petroleum Exporting Countries—had already increased the basic price of crude oil (and domestically produced oil automatically follows cartel prices), instantly adding three or four cents to the cost of a gallon of gasoline at the pump—and making inflation worse. It was the first such increase since 1980, but it was only the beginning: The shortages deliberately planned by foreign producers in order to protect their long-term revenues and safeguard their hold on the industrialized world are certain to induce further price rises.

In addition, there are political dangers capable of rendering the United States even more vulnerable. The Middle East, where nearly one-fourth of our imports originates, remains in turmoil, intensified by the October assassination of Egypt's President Anwar Sadat, and new regional wars and internal revolution's could well erupt—all of it a threat to the flow of oil to the U.S.

Yet, ignoring all the lessons of the recent past, the U.S. could be unprepared to deal with a serious disruption in oil imports. Our stored crude oil stocks are barely sufficient for a month's consumption, and—despite warnings from many quarters—neither the government nor the petroleum companies are building them up adequately. As of early November, the government no longer had legislative authority to allocate in an emergency whatever fuel the U.S. does have on hand—that authority having expired on Sept. 30, with the Reagan Administration unwilling to have it renewed.

The most immediate and crucial test in this latest emerging energy crisis is expected this week when the OPEC oil ministers meet in Abu Dhabi on the Persian Gulf to seek to heal, once and for all, the two-year policy split on prices. The price compromise and increase set at an emergency OPEC meeting in Geneva on Oct. 29 was only an interim agreement.

Having lost about $100 billion in revenues during 1981 (down from a revenue peak in 1979 of nearly $300 billion) and seeing the globe awash in unsold oil caused by an unanticipated sharp drop in consumption in the U.S. and Western Europe, OPEC finds that its survival is at stake. Sheik Ahmed Zaki Yamani, minister of oil for Saudi Arabia, the world's largest oil exporter, warned in late September that many OPEC members already stand on the "edge of bankruptcy" and that their dollar surpluses will vanish by mid-1986 if something is not done. Even the Saudis, with their huge oil reserves, could have their ambitious military and economic development plans set back if OPEC does not close ranks.

But whatever the outcome of the Abu Dhabi conference, this is a no-win situation for the U.S. Even if the OPEC meeting confirms the unified price of crude oil that was tentatively reached in Geneva in October, it will not be good news for Americans and other consumers, because it means higher costs in any event. Besides, it is far from certain that a foolproof agreement is obtainable, given the bickering among OPEC members during and after the Geneva session over production volume, bonuses, surcharges, discounts and the like.

At Geneva, the unified-price accord seemed to suggest that prices were being brought down from their highest levels, such as Libya's $41 per barrel this year, to the benchmark price of $34 per barrel (1 barrel=42 gallons). But this was a political oil shell game. The truth is that when Saudi Arabia agreed to go up from $32 to $34 per barrel, the effect was to kick up the average price, inasmuch as the desert kingdom produces about one-half of all OPEC oil. It is also our largest single supplier, accounting for 17.5 percent of America's total imports.

Though OPEC ministers committed themselves to maintain the $34 basic price until the end of 1982, we cannot be certain that the producers will live up to it if conditions change and shortages develop. Indeed, a unified price does not guarantee the U.S. immunity, within a year or less, from artificial shortages, if not major disruptions, in oil supplies. The reason is the "oil glut"—OPEC's basic problem—the fact that since 1980 its production capacity has vastly exceeded consumer demand. Two years ago, the OPEC countries produced and sold 31 million barrels of crude oil a day. Today, the figure has shrunk to some 20 million barrels. The only way to reduce the glut—and to make more money again—is to cut down production. And that means shortages.

Whether or not there is a firm price agreement at Abu Dhabi, it is already clear that OPEC has begun to slash production, and this is what really matters. The day after the Geneva price compromise, Saudi Arabia—the giant—"succumbed" to pressure from its fellow OPEC members, cutting its production to about 8 million barrels a day (down from a peak of around 10 million barrels earlier this year). Now other Arab and African producers are pushing the Saudis to reduce production to 7 million barrels a day—and they, too, may do some cutting of their own to force up the prices.

Saudi Arabia's decision to cut production while increasing its prices was a demonstration of economic and political power. On the one hand, the Saudis asserted their premier role in OPEC by imposing the price level that suited them. And they enhanced their political influence among fellow Arabs by rescuing them from financial disaster via production cuts. On the other hand, they signaled to the industrialized world, notably the U.S., that their wishes in military and other Middle Eastern affairs must be respected if adequate oil supplies are to be maintained.

The Saudis' timing was exquisite. Oil minister Yamani was able to delay the emergency Geneva meeting until the day after the U.S. Senate voted on the sale to Saudi Arabia of the five controversial AWACS (Airborne Warning and Control System) aircraft, agreeing to the unified price only after the vote had gone the Saudis' way. The implied threat was that if the Senate had acted negatively, Saudi Arabia might have permitted a breakdown in Geneva and chaos in the oil markets, highly damaging to the U.S. The "oil weapon," in other words, had not been renounced. As if ignoring the AWACS sale, Saudi Arabia announced a production cut certain to force up prices by mid-1982. And by that time, Sheik Yamani noted significantly, the "glut" would dissolve.

Venezuelan oil minister Humberto Calderón Berti, one of the most influential players in OPEC, warns that political volatility in the world makes it necessary for the cartel to maintain its unity. "You Americans would be wrong to rejoice over a break-up of OPEC," Calderón told me recently as we sipped coffee at his office in Caracas. "If OPEC collapses, you will have anarchy, with every producer out for himself and no controls of any kind. You may have wild price oscillations and production cuts. It will damage you more than having to deal with OPEC."

Now 21 years old, OPEC is at a crossroads. Its 13 members—Saudi Arabia, Iran, Iraq, Venezuela, Kuwait, Libya, Algeria, Ecuador, Gabon, Indonesia, Nigeria, Qatar and the United Arab Emirates—hold varying levels of reserves; different political, economic and social objectives; different degrees of management sophistication. All of this makes it increasingly difficult for them to reach policy agreement.

Yet OPEC has grown into a formidable economic and political force. The 1973-74 oil embargo by Arab producers—triggered by the Arab-Israeli war—deprived the U.S. of 18 percent of its supplies, forcing drastic shortages here, greatly pushing up prices and showing Americans for the first time their vulnerability to foreign producers.

Between 1971 and 1979, prices soared from roughly $2 to $18 per barrel. The Iranian revolution in 1979 created panic in the market, and in that year alone, prices doubled. Thus, over a 10-year period, the price of petroleum rose at least eighteen-fold, running far ahead of world inflation.

At the end of 1979, however, OPEC made a mistake. According to Calderón Berti—in the first such open confession by a ranking OPEC official—at a closed meeting of the six-nation OPEC Strategy Committee at Dharan, Saudi Arabia, the oil ministers came up with a highly erroneous long-range forecast: The worldwide demand, they predicted, would remain constant or keep growing, and, consequently, oil producers could apply periodic price increases in the foreseeable future.

But the committee underestimated the energy conservation capabilities of the U.S. and Western Europe; miscalculating the extent of industrial conversion from oil to coal in Western countries; minimized the importance of petroleum production in the North Sea and Alaska (which, of course, are outside of OPEC); and failed to understand that interest rates, already rising in the U.S., would discourage oil companies from tying up too much money in building up crude oil stocks.

The bubble burst in 1981. Whereas U.S. imports in 1977 averaged a record 8.8 million barrels a day, they had fallen to 6.8 million barrels in 1980. In the first 10 months of this year, we imported only 5.7 million barrels a day—more than a 40 percent drop in four years. The rate of Western European imports fell even more.

By October 1981, an OPEC counteroffensive was in the making, culminating in the October Geneva meeting.

For Americans, there is cruel irony in this whole situation. Having triumphed in the battle of energy conservation, we may in the end be penalized, finding not only that oil prices have risen again, but also that we remain vulnerable to OPEC. The reason lies with both the U.S. government and the oil companies. In the first place, Washington has no diplomatic or other means to influence OPEC, notably Saudi Arabia, regarding prices and production levels. It could even be argued that our government's Middle

Eastern policy has become hostage to Saudi goodwill in strategic matters. As in the case of the AWACS planes, it was the Administration that sought to please the Saudis, not the other way around.

More to the point, the U.S. government has been told by one of its own agencies that it is unprepared for a disruption of oil flow from abroad. The danger of such a disruption—suggested by the Iranian revolution and the inner tensions in Saudi Arabia—assuredly exists. If Sadat could be assassinated by radicals or religious fanatics, the same peril would seem to exist for Saudi Arabia or the Persian Gulf kingdoms, where the rulers may be targets for discontented revolutionaries. A mysterious fire in the Saudi oil fields some years ago cost 1 million barrels a day in lost production. Also the Iranian air attack on Kuwaiti oil facilities in September could portend a new war in the Gulf—in addition to the 15-month-old Iran-Iraq war—and additional loss of production.

When Sadat was killed on Oct. 6, the international oil market became briefly frantic, with buyers placing urgent orders and immediate-delivery prices shooting up. The next day, the market calmed down when it became clear that the Egyptian regime had not been overthrown and no Iran-type revolution had erupted. But the key factor was that Egypt is not an oil exporter. As a Washington energy specialist remarked, "If [Saudi Arabia's] King Khalid or Crown Prince Fahd—the real power in Saudi Arabia—had been assassinated, you'd have the wildest imaginable panic in the oil markets." A war between Egypt and Libya, the latter an important oil producer, would also have serious consequences.

In an unusually harsh report to Congress on Sept. 29, 1981, the Comptroller General of the United States put it simply and clearly:

"The U.S. government is almost totally unprepared to deal with disruptions in oil imports. Oil import disruptions—such as the 1973 oil embargo and the 1979 Iranian shortfall—pose a significant threat to national security, and the lack of effective contingency planning and program development to date is serious and requires immediate attention."

According to the American Petroleum Institute, overall crude oil stocks held in storage by the industry in the U.S. stood at October's end at 363 million barrels (down 32 million barrels from a year ago). At our present rate of consumption, this is equivalent to 22 days of supplies. The Strategic Petroleum Reserve, for which oil is purchased by the government, had 200 million barrels, or less than 13 days of supplies. At best, then, Americans had crude oil for just over a month in case of a serious import disruption.

The oil companies are not building up crude stocks from imports because, at present high-interest rates, it is more profitable to invest funds elsewhere—crude oil stocks bring no profit.

In an emergency, the Department of Energy would presumably be in charge of handling and allocating existing supplies. However, President Reagan is committed to dismantling the department by late 1982, and no proposals were announced by mid-November to determine who would be in charge in an emergency. Meanwhile, oil experts are leaving the government for private industry jobs.

"A governmental program," the Comptroller General's report concluded, "has important psychological benefits, both domestically and internationally. Well-designed . . . programs will reassure the American public and help to avoid panic. They should be developed beforehand so that government . . . will not have to enact measures in the confusion and political pressures generated by a disruption."

Others in government, however, stress self-reliance. Assistant Secretary of Energy William A. Vaughan wrote recently in response to a Congressional inquiry: "I cannot overemphasize the Administration's firm opposition to any legislative action which would interfere with the ability of the free market to respond to such emergency situations. Any additional legislation, such as standby price and allocation controls, would foster a false sense of security by creating the impression that government can and will somehow 'come to the rescue' of those who do not take prudent self-help measures."

There is a further irony in the oil situation. Because Americans have been using less oil, with a consequent drop in prices charged by OPEC, the oil companies—which handle all imports (except for the Strategic Petroleum Reserve)—are earning less. They therefore pay less in "windfall profits tax," which may prove damaging to the government's budgetary planning. When OPEC prices rise, most of the profit increase goes to the U.S. Treasury in taxes. Thus is created a situation in which, for budget reasons, the Administration has a vested interest in imported oil being more expensive. It has been calculated that for every dollar drop in OPEC prices, the U.S. government loses $1.4 billion.

Meanwhile, the American oil consumer—squeezed between the OPEC crisis and the government's way of managing the energy problem—may soon again be feeling the pinch.●

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

HON. G. V. (SONNY) MONTGOMERY

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, December 9, 1981

● Mr. MONTGOMERY. Mr. Chairman, earlier today an amendment offered by the distinguished gentleman from California (Mr. LUNGREN) to delete the provision in the bill as reported to separate the Peace Corps from the ACTION Agency failed to carry.

Although I voted for that amendment, I wish to make clear for the record that my vote for it and my opposition to the separation of the Peace Corps in no way indicates any view on my part that a veteran's issue was involved or that the proponents in either body of separation were motivated by the fact the current Director of the ACTION Agency is a Vietnam veteran.

During the debate in this Chamber, it was noted that the chief sponsor of separation legislation in the other body—a reference to my good friend, the distinguished Senator from California (Mr. CRANSTON)—had proposed separation because of the intelligence background of the current Director of the ACTION Agency, Tom Pauken, who received intelligence training in the Army and served as an Army intelligence officer in Vietnam. It is true that Senator CRANSTON has repeatedly expressed his strong view that the effectiveness and well-being of Peace Corps volunteers and staff overseas require the complete separation of the Peace Corps from intelligence activities as well as from even the appearance of any connection with such activities. Thus, he has asserted repeatedly that in his view separation of the Peace Corps from the ACTION Agency is desirable in light of Mr. Pauken's intelligence background.

However, he has also made clear repeatedly, as did the Senate Foreign Relations Committee in its report on the separation legislation, which it approved on a 10-to-2 bipartisan vote, S. 1518, Senate Report No. 97-84, that this is only one factor and not the determinative one.

Moreover, it most certainly would not be fair or accurate to infer that the Senator from California (Mr. CRANSTON) in any way derogates Mr. Pauken's service in Vietnam or views the service and sacrifices of our Nation's Vietnam veterans as anything other than noble and patriotic.

As a member and now as chairman of the House Veterans' Affairs Committee, I know from my long and close working relationship with the Senator from California, first in his role as past chairman and currently as ranking minority member of the Senate committee, that he has the highest regard for Vietnam veterans and has worked for over 12 years and continues to work steadfastly to guarantee that we as a nation meet our obligations to them through effective programs. In my opinion, no past or current Member of either body of the Congress holds Vietnam veterans in higher esteem or has done more for them than ALAN CRANSTON. The outstanding and very lengthy public record of his accomplishments on their behalf were entered into the CONGRESSIONAL RECORD in the other body by the Senator from West Virginia (Mr. RANDOLPH) at page 31921 of the RECORD for November 9, 1979, and referred to by my predecessor as the chairman of the Committee on Veterans' Affairs, the esteemed gentleman from Texas (Mr. ROBERTS) on page 36203 of the RECORD for December 14, 1979. That record of accomplishment, which has grown very substantially in the intervening 2 years, and ALAN CRANSTON'S effective advocacy to former President Carter that he appoint as VA Administrator the first Vietnam veteran to hold that post, speaks for itself in demonstrating that any suggestion to the contrary would be totally unfounded.●

SENATE COMMITTEE MEETINGS

Title IV of Senate Resolution 4, agreed to by the Senate on February 4, 1977, calls for establishment of a system for a computerized schedule of all meetings and hearings of Senate committees, subcommittees, joint committees, and committees of conference.

This title requires all such committees to notify the Office of the Senate Daily Digest—designated by the Rules Committee—of the time, place, and purpose of the meetings, when scheduled, and any cancellations or changes in the meetings as they occur.

As an additional procedure along with the computerization of this information, the Office of the Senate Daily Digest will prepare this information for printing in the Extensions of Remarks section of the CONGRESSIONAL RECORD on Monday and Wednesday of each week.

Any changes in committee scheduling will be indicated by placement of an asterisk to the left of the name of the unit conducting such meetings.

Meetings scheduled for Thursday, December 10, 1981, may be found in the Daily Digest of today's RECORD.

MEETINGS SCHEDULED

DECEMBER 11

9:00 a.m.
Energy and Natural Resources
To continue hearings on S. 1867, to increase the acreage limitations and abolish the residency requirements of the Federal reclamation laws.
3110 Dirksen Building

9:30 a.m.
Finance
Energy and Agricultural Taxation Subcommittee, and Taxation and Debt Management Subcommittee
To hold joint hearings on S. 1449, eliminating certain aspects of the renewable energy tax credit offset rules for the development of State and local conservation and renewable energy programs.
2221 Dirksen Building

10:00 a.m.
Environmental and Public Works
Business meeting, to resume markup of proposed amendments to the Clean Air Act (Public Law 95-95).
1202 Dirksen Building
Foreign Relations
To hold hearings on U.S. security cooperation with Israel.
4221 Dirksen Building
Judiciary
To resume hearings on S. 1030, revising certain provisions of the Gun Control Act (Public Law 90-618) relating to the licensing of manufacturers, dealers, and importers of firearms and ammunition, and prohibited activities concerning firearms.
2228 Dirksen Building

10:15 a.m.
Finance
Taxation and Debt Management Subcommittee
To hold hearings on S. 696, providing that certain State or Federal organizations operating as libraries which serve the public be treated as tax-exempt public charities, S. 1883, conforming the net operating loss carryback and carryforward rules for the Federal National Mortgage Association to that available for other financial institutions, and S. 1757, clarifying the tax-exempt status of certain amateur sports organizations.
2221 Dirksen Building

12:00 Noon
Judiciary
To hold hearings on pending nominations.
2228 Dirksen Building

1:30 p.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings to examine nonimmigrant business visas, and the adjustment of status.
2228 Dirksen Building

2:30 p.m.
Commerce, Science, and Transportation
To hold hearings on the nomination of Peter McCoy, of California, to be Under Secretary of Commerce for Travel and Tourism.
235 Russell Building

DECEMBER 14

9:00 a.m.
Commerce, Science, and Transportation
To resume joint hearings with the House Committee on Energy and Commerce on the proposed purchase of Marathon Oil Company by Mobil Corporation.
2123 Rayburn Building

9:30 a.m.
Judiciary
Constitution Subcommittee
Business meeting, to mark up S. 1730, revising certain provisions of the Freedom of Information Act by providing protectable interest in national security information, law enforcement investigations, business confidentiality, and personal property.
5110 Dirksen Building

10:00 a.m.
Foreign Relations
Western Hemisphere Affairs Subcommittee
To hold hearings on U.S. policy in Central America.
4221 Dirksen Building
Governmental Affairs
Energy, Nuclear Proliferation and Government Processes Subcommittee
To hold hearings on management of certain Federal assets, focusing on the sale of surplus property for revenue raising.
3302 Dirksen Building

5:00 p.m.
Rules and Administration
Business meeting, to consider pending legislative and administrative business.
S-206, Capitol

DECEMBER 15

10:00 a.m.
Environment and Public Works
Business meeting, to consider pending calendar business.
4200 Dirksen Building
Foreign Relations
Western Hemisphere Affairs Subcommittee
To continue hearings on U.S. policy in Central America.
4221 Dirksen Building
Judiciary
Business meeting, to consider pending calendar business.
2228 Dirksen Building

11:00 a.m.
Labor and Human Resources
Business meeting, to mark up S. 234, encouraging the establishment of home health care programs and providing expanded coverage of home health services under the medicare and medicaid programs.
4232 Dirksen Building

DECEMBER 16

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on Senate Joint Resolution 110, Senate Joint Resolution 17, Senate Joint Resolution 18, and Senate Joint Resolution 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building
*Veterans Affairs
Business meeting, to mark up S. 349, providing for limited judicial review of the administrative action of the Veterans' Administration, and for reasonable fees to attorneys representing legal counsel for veterans.
412 Russell Building

10:00 a.m.
Agriculture, Nutrition, and Forestry
Foreign Agriculture Policy Subcommittee
To resume hearings on U.S. agriculture trade policies, focusing on the status of trade with the European economic community.
324 Russell Building
Commerce, Science, and Transportation
Aviation Subcommittee
To hold oversight hearings on training and testing programs for air traffic controllers.
235 Russell Building
Energy and Natural Resources
Business meeting, to consider pending calendar business.
3110 Dirksen Building
Select on Indian Affairs
Business meeting, to mark up S. 159, authorizing the exchange of certain land held by the Navajo Indian Tribe and the Bureau of Land Management, Department of the Interior; S. 1340, providing for the use and distribution of judgment funds awarded to the Clallam Tribe of Indians, Washington; S. 792, establishing a National Institute of Native American Culture and Arts Development; S. 1779, providing for the exchange of certain land held in trust by the United States for the Navajo Indian Tribe; and S. 1468, designating a portion of land in Harney County, Oreg., to be held in trust for the Burns Paiute Indian Tribe.
5302 Dirksen Building

2:00 p.m.
Judiciary
Constitution Subcommittee
Business meeting, to mark up S.J. Res. 110, S.J. Res. 17, S.J. Res. 18, and S.J. Res. 19, measures amending the Constitution to establish legislative authority in the Congress and the States with respect to abortion.
2228 Dirksen Building

JANUARY 11, 1982

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To hold hearings on unemployment problems in the automobile industry, focusing on the need for job opportu-

nities and training assistance programs.
4232 Dirksen Building

JANUARY 12, 1982

9:30 a.m.
Labor and Human Resources
Employment and Productivity Subcommittee
To continue hearings on unemployment problems in the automobile industry, focusing on the need for job opportunities and training assistance programs.
4232 Dirksen Building

JANUARY 13, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To hold hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 14, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To continue hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 20, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

JANUARY 26, 1982

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To resume hearings on S. 1541, amending the Employee Retirement Income Security Act (ERISA) by simplifying both reporting and disclosure requirements, and the process for employers to provide retirement income to employees, and providing incentives for employers to provide pension benefits to employees.
4232 Dirksen Building

JANUARY 27, 1982

10:00 a.m.
Labor and Human Resources
Investigations and General Oversight Subcommittee
To hold hearings on problems of drug abuse in the American school system.
4232 Dirksen Building

JANUARY 28, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1785, increasing the penalties for violations of the Taft-Hartley Act, requiring immediate removal of certain individuals convicted of crimes relating to his official position, broadening the definition of the types of positions an individual is barred from upon conviction, increasing the time of disbarment from 5 to 10 years, escrowing a convicted official's salary for the duration of his appeal, and clarifying the jurisdiction of the Department of Labor relating to detecting and investigating criminal violations relating to ERISA.
4232 Dirksen Building

FEBRUARY 4, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 10, 1982

9:30 a.m.
Labor and Human Resources
Labor Subcommittee
To hold hearings on S. 1748, exempting certain employers from withdrawal and plan termination insurance provisions of title IV of the Employee Retirement Income Security Act (ERISA).
4232 Dirksen Building

FEBRUARY 11, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 18, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

FEBRUARY 23, 1982

11:00 a.m.
Veterans' Affairs
To hold hearings on legislative recommendations of the Disabled American Veterans.
Room to be announced

FEBRUARY 25, 1982

9:30 a.m.
Judiciary
Constitution Subcommittee
To resume hearings on S. 1761, amending the Voting Rights Act of 1965, to provide for the application of preclearance provisions to all States and political subdivisions, and provide for submission of any changes under the preclearance provisions to the appropriate U.S. district court.
2228 Dirksen Building

CANCELLATIONS

DECEMBER 17, 1981

10:00 a.m.
Judiciary
Immigration and Refugee Policy Subcommittee
To hold hearings on the impact of immigration numbers and the interrelation of immigration policy and population policy.
5110 Dirksen Building

79-059 O-85-18 (Pt. 23)

SENATE—*Thursday, December 10, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 10 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Let us pray.

Holy Lord God, we thank Thee for the order Thou hast ordained in the universe. Planets follow their courses so that they can be charted and we can intersect their orbit with a space craft years in the future. The Earth maintains its journey around the Sun making possible seasons, days, and nights by which we plan our schedules accurately. We thank Thee, Lord for order which makes scientific investigation possible and without which there would be no science or mathematics. We thank Thee for minds to respond to the order with ability to examine, think, reason, and decide.

We thank Thee Lord for spiritual and moral order without which human relationships would be impossible and life could not exist. Forgive us when we are indifferent to these higher orders and condemn ourselves to the destructive consequences. We thank Thee for the law of sowing and reaping. Help us to understand its implications for our lives, that we reap what we sow. We cannot sow a dandelion and reap an orchid. We cannot sow lies and reap truth. We cannot sow to the flesh and reap the spirit. We cannot sow deception and reap honesty.

Deliver us, righteous God from the self-deception which makes us think we can disregard Thy law and escape judgment. We pray in the name of the Holy One. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

THE JOURNAL

Mr. BAKER. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

SENATE SCHEDULE

Mr. BAKER. Mr. President, after the recognition of the two leaders under the standing order, the distinguished junior Senator from Texas (Mr. BENTSEN) will be recognized on special order this morning for not to exceed 15 minutes.

After the expiration of the time for recognition of Senators under the order entered last evening we will have a period for the transaction of routine morning business to extend not past the hour of 11 a.m. in which statements will be limited to not more than 5 minutes each.

At 11 a.m. the Senate will turn to the consideration of the farm bill conference report. It is my hope that that conference report will be completed prior to the hour of 12 noon when under the order entered also last evening the Senate must resume consideration of S. 951, the Department of Justice authorization bill.

Senators will recall, I am sure, that under the previous order entered some weeks ago after the resumption of the consideration of the Department of Justice authorization bill the pending cloture motion will mature 1 hour later, in this case at 1 p.m. today.

Every effort will be made to complete debate, consideration, and disposition of the Department of Justice authorization bill today.

I expect the Senate will be in late well past the dinner hour. The exact hour depends on how much progress we are making and what the prospects for final passage may be.

If we have not completed action on the DOJ authorization bill today, we will go over until tomorrow and resume consideration of that measure on Friday.

It is my hope that the House of Representatives will give us the continuing resolution some time during this day in which case I shall ask the Senate to temporarily lay aside the Department of Justice authorization bill in order to take up the all-important continuing resolution making appropriations on Friday.

I trust that there will be time on Friday to complete the continuing resolution and to resume consideration of the Department of Justice authorization bill.

It appears virtually certain that there will be a Saturday session this week. I wish to announce it is the intention of the leadership to ask the Senate to convene on Saturday and to remain in session for a full work day. I am sure Senators understand the necessity for that. This is the final Saturday before sine die adjournment, I hope.

The target for sine die adjournment is still December 18. If we can complete action on the continuing resolution, a number of conference reports dealing with appropriations, and other matters, and certain other bills and measures which I have described to the minority leader and others, we might improve on the December 18 as a date for sine die adjournment by a day or so.

But my earnest recommendation to Members of the Senate is that they not alter their plans away from a December 18 sine die adjournment.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader state what his plans are for Saturday? I recognize the fact that this being the last weekend before the sine die adjournment for this session there is every likelihood there will be a Saturday session. But I wish to nail down for the record, if the majority leader is able to do so, the legislation that the Senate will be expected to act on on Saturday. Second, I ask the majority leader, if there is a Saturday session, does that increase the possibility that the Senate would reach a sine die adjournment before the December 18 target date?

Mr. BAKER. Mr. President, I think it would, I hope it would, and it certainly means that to me, but even without that hope I am afraid it is necessary for us to be in on Saturday because there are so many things that remain for us to do.

Certainly if we complete a number of these items this week and on Saturday it would greatly reduce our workload next week and improve the chances that when we get the Department of Defense appropriations bill conference report we would perhaps put over any remnants until next year.

So my answer to the minority leader is, yes, that would improve our chances of adjournment sine die before December 18.

Mr. President, on Saturday the situation will be this: I trust the farm bill conference report can be completed today but if it cannot be completed today within the hour that we have allocated for it from 11 a.m. until 12 noon then that conference report would be up on Saturday since we will require all or most of Friday for the continuing resolution, according to this plan.

We also have the Department of Justice authorization bill which will be on today and tonight. Assuming that we cannot spend much time on that measure tomorrow, I would expect us to be on the Department of Justice authorization bill on Saturday, as well.

There are two other items that I have mentioned not in the context of Saturday but in general with the minority leader, and I wish to now state that I would like to go to the identities bill on Saturday. I would like to consider the possibility of going to the Consular Conference with the People's Republic of China, treaty document No. 97–3, on Saturday.

There may be other items, but the possibility of taking up these four items have prompted this announcement.

● This "bullet" symbol identifies statements or inserti ons which are not spoken by the Member on the floor.

Mr. ROBERT C. BYRD. Other than the announcement, which is a public one, and certainly one which all can see and hear and understand, has the distinguished majority leader informed the Senators on his side to be here on Saturday? If we are almost definitely going to have a session, the reason I am somewhat persistent on this matter is, I want to be sure we are indeed going to have one, and if we are, I want to be able to tell the Senators on this side so that they can arrange their schedules in a timely fashion.

Mr. BAKER. I understand fully, and I may say to the Senator just before we convened I asked the secretary for the majority to notify all Senators on this side that we will be in session on Saturday, that Saturday will be a full workday, there will be rollcall votes, several rollcall votes, I would expect, on Saturday. So I urge all Senators on this side to be here and to expect a full day of business.

Mr. ROBERT C. BYRD. I thank the majority leader and I will do the same on this side.

Mr. BAKER. I thank the minority leader.

LEGISLATIVE SCHEDULE FOR TODAY

Mr. President, once again I wish to say that after time has expired for the recognition of Senators, we will have a period for the transaction of routine morning business. Then at 11 o'clock I will ask the Senate to turn to the consideration of the farm conference report which is at the desk.

At 12 o'clock I will ask the Senate to resume consideration of the Department of Justice authorization bill.

At 1 o'clock there will be a vote on cloture. So we have a fairly exact schedule for the next 2 or 3 hours, and I would urge Senators to consider that we will have a busy day today and it will be a late day today. I regret to say.

Mr. President, I have no requirement for my time under the standing order, if any remains, and I am prepared to yield the floor.

RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER (Mr. COCHRAN). The minority leader is recognized.

Mr. ROBERT C. BYRD. I thank the Chair.

THE SOVIET SYSTEM AND ANDREI SAKHAROV

Mr. ROBERT C. BYRD. Mr. President, it was announced on December 9 that Liza Alexeveva would be allowed to leave the Soviet Union in order to join Andrei Sakharov's stepson, to whom she was married by proxy. The stepson resides in the United States. Although a date certain has not been set for her release from the Soviet Union, this is welcome news, coming as it does in the third week of fasting by Dr. Sakharov and his wife.

However, while this is a welcome development I believe an editorial appearing in the December 9 Washington Post places the plight of the Sakharovs in its proper perspective. As the Post noted:

The ostensible reason for the fast—the Kremlin's refusal to allow Liza Alexeyeva to leave the Soviet Union in order to join Dr. Sakharov's stepson, to whom she was married by proxy—is not all that this struggle concerns.

The Post editorial pointed out there is every indication that

He (Sakharov) feels driven to the point where he has little else left to live for. He has been systematically deprived of contact with family, friends and work. He is cut off from the issues he cares passionately about, concerns that won him the Nobel Peace Prize.

When he tries to practice physics, a field in which he is one of the world's towering figures, the KGB tears up his papers. He has been surrounded by walls of silence and so it appears he has chosen this desperate means to resolve his own fate, one way or the other.

Mr. President, Andrei Sakharov and his wife were not committing suicide as the Post editorial so poignantly notes. The Soviet system is murdering them. The Soviet system is murdering them because they fear the Andrei Sakharovs of their nation.

The Soviet Union is one of the world's two superpowers. Yet, for all their vast arsenal of strategic weapons, for all their tanks, guns and planes, the leaders of the Soviet Union are not secure. They are insecure not because the greatest threat is some military force beyond their borders. The greatest threat to the Soviet leadership is the Andrei Sakharovs within their own borders.

It is the threat of the exercise of fundamental human liberties, it is the threat of differing opinions, and the threat posed by the freedom to emigrate.

The plight of the Sakharovs has exposed the true nature of the Soviet system for the entire world to see. It is a system based upon tenets so vulnerable that the Soviet leadership cannot stand the test of debate from their own people.

A nation whose leadership fears its own people is not a strong or secure nation. The plight of the Sakharovs is striking evidence that little has changed from the days of the czars—that the Russian revolution replaced one despot with a collective leadership of despots.

Mr. President, the Soviets are wise in allowing Liza Alexeyeva to leave the Soviet Union. The leaders of the Soviet Union would be equally wise if they allowed the Sakharovs to emigrate as well. Dr. Andrei Sakharov is a voice of conscience which is heard and because of this he is a symbol of conscience as well.

To continue this outrage only demonstrates to the rest of the world that the leaders of the Soviet Union fear their own people so much they will go to any extent to still their voices. Yet, Andrei Sakharov will never be stilled, even in Gorki.

I ask unanimous consent that the editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 9, 1981]

MURDER, NOT SUICIDE

The ferocious struggle between Andrei Sakharov and the Soviet government is nearing a climax. Although there are no reliable reports on Dr. Sakharov's physical condition, it can hardly be anything other than very serious. He is 60 years old and has had a heart condition for years. He has been fasting for 17 days. He cannot take his heart medicine while fasting. The Soviet authorities felt it necessary to force him into a hospital five days ago.

The ostensible reason for the fast—the Kremlin's refusal to allow Liza Alexeyeva to leave the Soviet Union in order to join Dr. Sakharov's stepson, to whom she was married by proxy—is not all that this struggle concerns. We cannot speak for Dr. Sakharov, but every indication is that he feels driven to the point where he has little else left to live for. He has been systematically deprived of contact with family, friends and work. He is cut off from the issues he cares passionately about, concerns that won him the Nobel Peace Prize. When he tries to practice physics, a field in which he is one of the world's towering figures, the KGB tears up his papers. He has been surrounded by walls of silence, and so it appears he has chosen this desperate means to resolve his own fate, one way or the other.

Messages mailed before he was hospitalized last week make it clear that Dr. Sakharov and his wife, Yelena Bonner, who is also fasting, had squarely faced the possibility of death. "We will not commit suicide," he wrote. "If we come to a tragic end, it will be murder, at the hands of the KGB." The messages imply that Dr. Sakharov would not passively submit to force-feeding, raising the frightening possibility that he is fighting in the hospital against whatever means are being used to force-feed him.

The other players in this deadly drama seem confused. When Liza Alexeyeva tried to travel to Gorki a few days ago, she was picked up by the KGB, warned against trying to visit the Sakharovs, driven 15 miles outside of Moscow and left there. Yesterday there were signs that authorities had changed their minds, but there was still no permission to go to Gorki. Then she was instructed to go to the office that grants exit visas; when she did so, no one would see her.

It may be that the pressure of world opinion and the urgency of Dr. Sakharov's condition have forced the Kremlin's political authorities to take control of Dr. Sakharov's fate away from the KGB. It can only be hoped that these wiser minds understand that his death would be seen around the world for exactly what it would be—the brutal and stupid slaying of a man worthy of universal respect. At least in spirit, it is no great distance from Washington, Paris, Lagos or anywhere else in the world to that hospital bed in Gorki.

THE FRUITS OF A FORTUITOUS FLUKE

Mr. ROBERT C. BYRD. Mr. President, I applaud the suggestion that President Reagan is considering cutting off U.S. imports of Libyan oil. Like all responsible citizens, I am concerned at reports that Libyan assassination teams may be stalking our President or other high Government officials. Libya is international terrorism's No. 1 supporter—a

thug nation that siphons off billions of dollars in oil profits each year to encourage assassinations, chaos, hijackings, mayhem, and the murder of innocent civilians around the world. It is high time that the American people be freed from underwriting the mad designs of the Libyan dictatorship—especially to the tune of nearly $6 billion annually.

At present, approximately 8 percent of our oil imports are from Libya—an amount comparable to our Iranian oil imports when the Shah fell. Unfortunately, the United States today enjoys the flexibility of seriously considering cutting off Libyan oil imports only because of a current and temporary worldwide oil glut. The overabundance of oil on the world market is fortuitous. Without it, any contemplation of cutting off Libyan oil imports would also be flirting with a possible replay of the oil shortage of 1979—complete with gasoline lines, transportation paralysis, and widespread economic consequences.

Because of the oil glut, then, we currently have the freedom to use Libyan oil imports to chastise the Libyan regime—a satisfying reversal of our more familiar recent roles. But petroleum experts predict that, down the road, the oil glut will dissipate. When the oil glut vanishes, we will lose the option that the oil oversupply gives us today, because we will have no ready and abundant petroleum replacements and no energy fallback position—in short, no comprehensive energy program at all. Without such an energy program and without an oil glut, we face the possibility of future punitive and even accidental oil cutoffs against the United States that would again make our international action hostage to the whims of foreign despots and other religious or ideological fanatics.

So, while we today may enjoy the irony of America's using an oil import embargo against Libya, we must realize how contradictory this situation is. We can consider such an action against Libya only because of an international economic and energy fluke.

Mr. President, our world actions should not be subject to energy market flukes and oil supply caprice. Instead, we should resume progress toward hammering out a comprehensive national energy program. Such an energy program should build on the bipartisan example evident during the last three administrations. I urge the current administration to mount such a revitalized national energy program, to give the U.S. foreign policy flexibility by design, and not just by accident. Until we have such a program, energy will remain our national Achilles' heel, and we will in the future seldom have the luxury of petroleum maneuverability with maverick or outlaw states that the oil glut gives us today.

Mr. President, if I have any time left I yield it to Mr. BENTSEN.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR BENTSEN

The PRESIDING OFFICER. Under the previous order, the Senator from Texas is recognized for not to exceed 15 minutes.

Mr. BENTSEN. Mr. President, I yield 3 minutes to the Senator from Illinois.

Mr. DIXON. I thank my friend, the Senator from Texas.

THE PATCO STRIKE

Mr. DIXON. Mr. President, I would like to call the attention of my colleagues an editorial from the New York Times of December 6, a column of William Raspberry, from the Washington Post of December 7, and a column by James Strong of the Chicago Tribune from December 8.

All three address the subject of the air controllers' strike and all three make a number of worthy points about that unfortunate subject.

Mr. President, in recent weeks I have read in the RECORD remarks both by the Senator from California (Mr. CRANSTON) and the Senator from Connecticut (Mr. WEICKER) regarding the PATCO strike.

Perhaps other of my colleagues have spoken on this subject, but I have read those particular statements and have found much to agree with in both of them.

The Times editorial and the Raspberry column identify a number of human and economic reasons that make it sensible for the administration to reconsider its attitude toward the 12,000 controllers who have lost their jobs.

That the strike was illegal, there can be no argument. That PATCO is a broken organization is obvious.

But, neither can it be said that air carriers and passengers have come through this dispute unscathed. Flights have been limited to 80 percent of pre-strike levels, flight delays are at high levels, particularly in the Northeast corridor, and the airlines and PATCO have agreed in Federal court that the strike cost the carriers nearly $29 million in damages.

Mr. President, the holiday season is here. It is the time of the year when, more than any other, we talk about "good will toward men." It is also, of course, a very busy time of the year for air carriers.

It is the perfect time, for those reasons, for the administration to reevaluate the situation.

The President has already indicated he will not, after all, bar striking controllers from going to work for the Government in other jobs. That is a welcome and necessary step, but now may also be the time, as the Times editorial suggests, for the administration to consider the possibility of selective rehiring of controllers in tower jobs, to insure our air system continues to operate safely and efficiently until the new generation of controllers is trained.

Mr. President, I hope my colleagues will give careful consideration to these three pieces, and I ask unanimous consent that they be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Times, Dec. 6, 1981]

BUT WHY PUNISH THE FLYING PUBLIC?

Allowing the former air controllers to get other Federal jobs, as President Reagan has hinted, would be a humane gesture to an already severely punished group. The point that illegal strikes against the Government will not be tolerated has been made. Nothing more would be gained by denying those with transferable skills a chance to earn a living.

But the gesture would do nothing to relieve the economic damage done by the confrontation. To restore normal air service anytime soon, a way needs to be found to put at least some of the 12,000 dismissed strikers back in the control towers. That need not compromise the Government's legal position.

With fewer than half the normal number of controllers at work, the Federal Aviation Administration has been forced to limit flights to 80 percent of pre-strike levels. That is adequate in uncongested corridors. But in congested regions, notably the Northeast, the limit means costly delays, layoffs and red ink for most carriers.

The F.A.A. is training new controllers, but it will take two or three years to get back to pre-strike capacity. When the recession ends, well before then, the demand for air service is sure to grow, lengthening delays and interfering with much travel at peak hours and holidays.

Most important, the strike has reduced competition in the newly deregulated airline industry. Fledgling airlines have been denied permission to open competitive routes; established discounters, like New York Air and Peoples' Express, have been unable to expand. Once demand for seats increases by 10 or 15 percent, travelers will pay for these restraints in higher fares and poorer amenities.

The Reagan Administration understands the problem but is unwilling to rehire the dismissed workers as controllers. It thinks that would be unfair to the minority who defied union threats and stayed on the job. It also fears that putting embittered former strikers next to non-strikers in the tower might compromise the safety of the system.

But there is no need to rehire all 12,000. The F.A.A. says that pre-strike manning levels far exceeded the system's requirements. Just a few thousand more experienced controllers could bridge the gap over the next few years.

That suggests two possible remedies:

Selective rehiring. The F.A.A. could offer to rehire controllers who can persuade supervisors that they would work conscientiously. To maintain morale, controllers who refused to strike might be given a cash bonus and even a veto over the reappointment of anyone with whom they could not work.

Private contracts for some towers. Private operators who use F.A.A. licensed personnel now manage traffic at dozens of smaller airports. Dozens of other towers could be contracted out, thus allowing the transfer of Government controllers to larger airports in congested regions. To do that quickly, the contractors would have to hire some former strikers. But they would not then command their old salaries, nor would they be in direct contact with non-strikers.

The country has lived without the 12,000 controllers and, if need be, could live without them indefinitely. But there is no need. The Government has won the battle. It's time to get on with the task of providing safe skies in which airline competition can thrive.

[From the Washington Post, Dec. 7, 1981]

PATCO DESERVES A GIFT

(By William Raspberry)

I admit to being among those who thought President Reagan was properly tough when he refused to countenance the illegal strike of the Professional Air Traffic Controllers Organization.

It was time, I thought, for someone in authority to say that no-strike agreements, such as the one PATCO had signed, were more than words on paper. Time and again I had seen postal workers, teachers, firefighters, police officers and other public employees disregard their no-strike pledges when it suited their fancy. Seldom were they punished, beyond being assessed fines.

More often than not, final agreements included amnesty for the illegal strikers. Even judges whose back-to-work orders were openly defied routinely agreed to lift contempt charges once the illegal strikes were settled.

Reagan, in declaring on Aug. 7 that PATCO's illegal five-day strike was over and that the controllers would be replaced, served notice of a new day in labor relations. I thought it a good move—legally, politically and morally.

But that was five months ago, and it's time for the president to take a new look. He ought to pay attention to those who are urging him to find a way to put the workers back to work.

In doing so, he would be continuing a long American tradition of being uncompromising in war and generous in victory. If America could restore its relations with Germany and Japan, elevating those vanquished countries to the status of allies and helping to lift their economies to unprecedented heights, surely it can muster enough compassion to help the defeated air traffic controllers to go back to supporting their families.

So far, President Reagan has done just the opposite. He not only fired the illegal strikers, but he has moved also to block their employment by other government agencies, even blocking their applications for unemployment benefits. He said last week that he was considering rescinding the order that barred the fired controllers from all federal employment. That's a tiny step in the right direction. He ought to be looking for a way to put them back in the control towers—at least those who are now conceding that they made a horrible mistake last August.

"You've got to wonder, what more do they want from us?" a local union leader said in a recent interview.

It's a fair question. It is hard to see how it serves the nation's interest, or the president's, to continue on the current vindictive course.

As a former union president, Reagan ought to understand that the necessity for solidarity sometimes can lead workers to do foolish things, especially when they are certain that they are right on the basic issues. The air traffic controllers clearly thought they were right to demand some relief from the stress of their jobs: the tough hours, the deteriorating equipment, the pressures that led to an uncommon number of medical retirements. Indeed, candidate Reagan agreed with them and pledged as president, to do something to help. Obviously they miscalculated in assuming that his pledge of support meant that they would not be punished for their illegal strike.

There is no doubt in my mind that Reagan was right to do what he did in August. The question is, what should he do in December? What he should do is to put these highly trained specialists back to work.

Virtually every fact urges that conclusion. True there has been no air disaster traceable to the firing of PATCO members; the skies seem reasonably safe. But one of the reasons this is so is that air traffic is diminished by some 25 percent.

The airlines have lost money, and machinists, flight attendants and workers in air-related industries have lost jobs as a result of the curtailment.

But the greatest tragedy involves the lives of the fired controllers themselves. PATCO is a union, and it is arguable that it deserved to be tamed. But the air traffic controllers are men and women with families to support with mortgages to pay, with bills that cannot be met. Isn't it time to show some compassion for them? Their union has been busted. What's the point of busting their lives as well?

Reagan's point is that they knew they were breaking the law and that they had been warned, in the clearest terms, of the consequences. But even repentant criminals deserve a second chance.

Clearly there would be some difficulties. A number of new controllers have been hired, and there won't be enough jobs for both them and the 13,000 who were fired. But not all the 13,000 would be looking to return to the towers, and some—the defiantly unrepentant—may not deserve to.

But the details wouldn't be that hard to work out if the president could bring himself to utter the basic, magnanimous words. Come back. All is forgiven. We need you.

He could call it a Christmas gift from the nation.

[From the Chicago Tribune, Dec. 8, 1981]

LABOR CONSULTANT CALLS FOR CONTROLLERS' PARDON

(By James Strong)

Why not pardon the jobless air traffic controllers?

For a brief moment last week, President Reagan appeared on the brink of reconsidering the firings of 11,500 air controllers who defied their oath and embarked on an illegal and ill-fated strike against the federal government last summer. Public opinion polls overwhelming supported the President's unprecedented action.

"The public in general is against any strike that inconveniences people," Irwin E. Klass, well-known consultant to labor unions, said in defense of the controllers and in support for restoration of their jobs.

Assume they did violate their oath. There's been enough punishment to the controllers and their families," Klass said in an interview. "They have skills that are needed; airlines have been hurt; airline employees have been hurt and people are still concerned about their safety.

"What would be so unusual about the President pardoning the controllers?" Klass asked.

"We have a case of a former President of the United States standing before television, for the nation and the entire world, taking an oath to uphold and defend the Constitution." Klass said in reference to former President Nixon and his involvement in obstruction of justice in the Watergate scandal.

"He was pardoned by President Ford, and the current President said he would have approved the pardon."

Klass also noted Reagan's commutation of the prison sentence of former Gov. Marvin Mandel of Maryland. Reagan said that 19 months in prison was punishment enough for mail fraud and racketeering.

"Here we have the poor air traffic controllers who were just trying to exercise what they felt was their right to call attention to their grievances, and the result has been what many consider rather cruel punishment by the President," Klass said.

Klass blamed the current problem in part on the inexperience of a relatively new union—the Professional Air Traffic Controllers Organization—on that union's leadership and on the new administration's unfamiliarity in dealing with organized labor.

Klass urged a review panel or outside arbitrator to study the impasse, adding, "Obviously something was wrong if the grievances of the controllers were such that they voted by an overwhelming margin to strike despite warnings of retaliation."

The veteran labor authority noted that bargaining in the public sector is still in the experimental stage, but he said he is confident that, with time, means of resolving disputes can be determined.

"There are far more potentially devasting strikes in the private sector than the air controllers' walkout."

Reagan promised prominent AFL–CIO leaders last week that he would fully review the controllers' situation. This was quickly interpreted by the labor leaders that he not only might lift the three-year ban on other government employment for fired controllers, but that they might be returned to their jobs.

However, in a written notice to the press after the labor leaders had left a White House meeting Tuesday, it was stated that Reagan "is not considering rehiring those individuals as air traffic controllers."

Mr. DIXON. Mr. President, I thank the Senator from Texas for yielding.

The PRESIDING OFFICER. The Senator from Texas.

Mr. BENTSEN. Mr. President, I congratulate my distinguished friend, the Senator from Illinois, on his remarks and the contribution he has made.

A SKILLED LABOR CRISES VII—ROBOTS: THE WAVE OF THE FUTURE

Mr. BENTSEN. Mr. President, this speech is the seventh in a series I am devoting to the general issue of our skilled labor shortage.

In my previous speech, I touched on the role of training as one solution to the skilled labor shortage afflicting our Nation, one which threatens to become much more severe as we rebuild our defense sector and reattain robust economic growth. That speech included a white paper prepared by the Congressional Research Service outlining programs in Japan and Germany for training skilled workers.

The white paper highlighted several fundamental differences between labor training regimes in those two major world traders and ourselves. In Japan, a substantial Government focus is given

to vocational education at the high school level and to the retraining of mature workers, especially those in distressed industries. This latter effort is implemented through subsidies to employers. The German Government labor training system focuses even more on vocational education for youths, with 70 percent of all high school students in such vocational programs. As in Japan, retraining of mature workers is a high priority effort for the German Government, as well.

These initial findings are suggestive of directions that our Nation could look in seeking answers to our skilled labor shortage through an improved and more relevant Government training system.

TECHNOLOGY AND LABOR SHORTAGES

An alternative to the training of workers for vacant skilled jobs is for firms to utilize labor-saving technology. The application of such technology, however, is not an alternative solution to labor training in the near term in dealing with our skilled labor shortage. The current immature industrial and manufacturing technology is not able to perform most tasks required in the labor-short skilled jobs I identified in my earlier speeches.

In the longer term as industrial technology matures, the prospect for technology to ease our skilled labor shortage is brighter. For the present, however, we must recognize that there is a real limit to the degree to which labor-saving technologies can assist workers in most labor-short occupations, especially those involving other than easily programmable mechanical tasks. The application of industrial technology, embodied in robotics, in fact, will adversely impact our skilled labor situation long before it will contribute to easing that situation. With that reality in mind, it is a fair question to ask why we should bother to develop that technology, or at least develop it at the breakneck pace we see underway now.

My speech today will address that question and explore the implications which my answer has for the working men and women in our Nation and for our skilled worker shortage.

ROBOTS: A (TIDAL) WAVE

The answer to the question I just posed is straightforward: As a nation, we have little control over the pace with which industrial technology embodied in robots is being developed and adopted to produce goods and services. We cannot manipulate the rate at which smarter and smarter robots roll out laboratory doors onto factory floors.

Our society is confronting a wave—some would say a tidal wave—of robotics that will drastically alter the way within a generation that much of our Nation produces goods and even services. For American industry, the question is no longer whether robots are coming. The question is how soon will they arrive. For our Nation, the question is of much more significance: Will we be able to retain foreign and domestic markets for a staggering variety of products against robotically fabricated Japanese and other nations' exports by aggressively applying electronics to our own industrial production?

Such a question would not have been raised even 2 short years ago. Yet, today it is at the heart of my earlier question regarding the wisdom of our Nation rushing to robotics when it will at least initially aggravate our skilled labor shortage.

Let me back up for a moment, Mr. President, and take a close look at robotics, which is simply the technology of machines with electronic memories and working arms. Robot memories, often computer aided, enable such machines to perform tasks repetitively and reliably, with the result that robots can increase productivity and product quality while generally lowering production costs. Depending on the kind of tool attached to the robot's arm, the machine can paint, grind, polish, lift, insert, cut, drill, weld, select, discard, and stack.

Robots are already widely used. The automobile industry worldwide, for example, now employs some 60 percent of the world's 20,000 or so relatively sophisticated robots. They are used to weld and paint auto bodies, to sand and buff metal and welds, to insert light bulbs, to move parts along the assembly line, and to prepare vehicle components such as brake assemblies. In foundries, robots are being introduced to take over the dangerous and exhausting job of casting iron and steel parts.

Increasingly, lathes and machine tools are being operated by robots. And robots are also being employed in the manufacture of picture tubes, bricks, bicycles, and bread. Even so, the technology is immature, with new robot generations appearing in months, rather than the years or decades typical of most products.

ROBOTICS AND JAPAN

The potential of robotics is limited only by the imagination of scientists in adopting microprocessing to mechanical applications. This bright potential is being realized with every passing day, especially in the United States, the Soviet Union, and Japan, which are the leaders in robotic R. & D. and the application of robots to industrial production. Quantifying the relative position of these countries is difficult.

Under an inclusive and broad definition of robots, Japan is said to have over 70,000 robots in use and may add perhaps 20,000 more per year during the 1980's. By a more sophisticated definition of a robot, Japan is estimated to have approximately 11,000 robots—over one-half the world's supply and a quantity which dwarfs a recent estimate of 4,000 such robots in use in the United States.

The Soviets have cloaked their robotics industry in secrecy. But, there is at least speculation that the Soviet Union, by concentrating on less sophisticated robots, has been able to surpass the United States in annual robot production. France, England, Sweden, Finland, Bulgaria, and a host of other nations are fabricating and employing robots in a widening scale to industrial processes, as well.

I implied months ago that our Nation faces major competition in world markets from Japanese producers utilizing robotics as well as from robot producers there marketing overseas. I do not want to cry "wolf," for there are certainly a number of domestic robot fabricators able to compete with Japanese producers. And U.S. firms have not shied away from quickly adopting robots. Yet, we must recognize that a convergence of two events has provided Japan with powerful incentives to devote very abundant resources to robotics: The new robotics technology satisfies Japan's need for new export products and robots offer a solution to Japan's labor shortage.

The edge in world markets enjoyed for a decade and more by Japan in a variety of electronic and lighter consumer durables has been lost to lower wage Asian exporters from nations like Korea and Taiwan. Japanese firms are being subjected to the same type of stiff price competition abroad which they offered in their halcyon years to U.S. firms. Ever sensitive to the urgency of maintaining export sales, the Japanese Government is aggressively subsidizing the developing of knowledge-intensive technologies exemplified by industrial robotics, integrated circuitry, and computers as a replacement for traditional exports.

These technologies also carry the added advantage of having small energy components. This national push in robotics and similar higher technologies constitutes the third great wave or evolution in post-war Japanese exports. In the 1960's, it was steel mills and petrochemical plants. The 1970's saw the explosion of Japanese consumer durables and electronic devices across world markets.

While the 1980's should, and indeed will, see Japanese robots, semiconductors, silicon chips, computers, medicines, and other high technology goods flooding markets from Delhi to Denver. This transition to high-tech exports is already well advanced in the computer memory chip market where Japan now controls 60 percent of all 64K ram sales worldwide, up from only 15 percent of the memory chip market in the mid-1970's.

The development of robotics and other high-tech products is being force fed by a variety of government subsidies. Explicit R. & D. grants, loans, and loan guarantees to the robot industry and to universities are components of this national push. The Japanese Government, for example, recently kicked in $150 million to meet half the cost for five companies to develop a very large-scale integrated circuit applications research project.

Equally important are subsidies provided domestic firms to generate a domestic market for high-tech products. In robotics, these programs include fast tax write-off of robots, low interest loans for robot acquisition, and establishment of a government financed entity, called the Robot Leasing Corp., to encourage both robot production and use by small- and medium-scale manufacturers. This supercharging has developed such a do-

mestic market that only 3 or 4 percent of Japan's robots are now being marketed abroad—a figure that will soon begin to rise dramatically as Japan sends her robots marching across the seas in ever growing waves.

Subsidized robot acquisitions are designed to address the Japanese labor shortage as well as spur robot development and production there. I referred in an earlier speech to the Japanese labor shortage—a shortage which robotics promises to ease. Recognition of this persistent shortage sparked the Japanese drive to boost productivity over the past two decades. And robotics is the next manifestation of that relentless effort to apply ever rising quantities of capital to each Japanese worker in order to limit unit labor costs and retain international competitiveness.

That manifestation is well advanced. A number of U.S. corporate leaders recently visited Japan. And it is instructive to read the impression of one of these visitors, Mr. David S. Levine, a senior vice president with the Martin Marietta Corp., as he presented them to the Joint Economic Committee on November 4.

The second facility we visited was a machine shop and assembly plant of Fujitsu-Fanuc. Fujitsu-Fanuc is a relatively new company that is now making electric discharge machines, numerically controlled machine tools and robotics efficiently making robots.

The third location that we visited was the Zame plant of Nissan Motors and by far the most impressive part of that visit involved observing the assembly lines. The plant produced finished automobiles at the rate of two per minute with a work force, space, and inventory levels substantially less than those we experience in the United States.

Although the assembly line was not totally unique, the body shop was almost completely robotized with automated spot welders, screw machines, handling equipment, and conveyers.

Finally, we visited the plant of Yamazaki Machinery Works which is a concern producing numerically controlled machine tools at the rate of one every 40 minutes. A majority of the equipment they produced was characterized by automatic tool changers that responded to both preprogramed tapes and unprogramed tool wear. Most impressively, they were in the process of debugging an automated factory which included 18 integrated, numerically controlled machining centers, an automated warehouse, and various material handling devices. Their goal was to achieve, through the use of these machines and an integrated computer network, a totally automated factory which could be operated by five people on the first shift, five on the second, and none on the third. Their estimate was that such a factory could replace a conventional machine shop employing some 200 people.

ADVANTAGE OF ROBOTS

The role of the dollar as a key international reserve currency has afforded U.S. policymakers with the luxury of not being obsessed with our balance of trade. Unlike Japan, public and corporate decisions here on R. & D. and prospective product mix are frequently not dictated by international trade and terms of trade factors. Yet, there is a rising—a sharply rising—degree of interest in this country, as well, with robotics. Wall Street analysts predict, for example, that IBM may be marketing robots within 18 months, some 3 years sooner than anticipated. Westinghouse, GE, and Bendix are gearing up, as well, to enter the robotic market.

This interest is not motivated by a desire to reduce our $15 billion trade deficit with Japan through the export of robots. More direct economic factors are at play. Robots are increasingly able to work with greater accuracy and higher speed than humans performing the same tasks. Some Japanese robots are four times more efficient than comparable machines directed by humans. One firm there has found that 50 robots—each costing less than a skilled worker's salary for 2 years—can replace 30 workers. General Motors is able to acquire $50,000 robots which cost $6 per hour to operate versus $20 per hour for a displaced worker, including the cost of sick days, holidays, and other related expenses.

Higher productivity and improved production line economics is a tough act to top and tells us why GM intends to use as many as 1,000 robots by 1984, compared to some 200 in 1979. Nationally, some 120,000 robots could be in use by 1990, up from only 1,300 in 1979, and 4,000 now. I will now focus on implications for labor of that staggering prospective growth.

ROBOTS AND UNEMPLOYMENT

Robots can and are performing jobs which skilled workers avoid because they are dangerous, boring, or exhausting. Experience both here and abroad suggests that a substitution of robots for some jobs will lead to a radical improvement in working conditions. Skilled employees will become supervisors of the machines, monitoring their behavior from a distance and insuring that production quality remains high. The result? More satisfied workers, reduced absenteeism and employee turnover, and increased worker safety and health.

That prospect belies very real and justified concerns by working men and women that a rapid robotics revolution carries the risk of unemployment or, at best, an uncomfortable transition to new job skills and work habits.

This transition could be traumatic. According to a study by professors at Carnegie-Mellon University, from 4 to 7 percent of American factory jobs—as many as 1 million jobs—could be filled by robots before 1990. The report suggests that virtually all 7.9 million factory operative jobs in the United States could evenutally be replaced by robots, with as many as 3 million of these jobs permanently lost to human workers. A recent report by Congress Office of Technology Assessment estimates that as many as 20 million industrial jobs around the world can be replaced by robots in the not too distant future.

Two factors stand out in these studies. First, robots are going to displace a great number of jobs quicker than most realize. Second, the employment impact of that deplacement depends on our ability to attain and sustain robust economic and job growth. There is no way that our Nation—through retraining or other manpower policies—can avoid the unemployment effects of robotics if our economy stagnates. Our declining labor force growth as the 1980's proceed will help ease those unemployment effects, but they will occur and persist unless robust domestic and international economic growth is scored in the years ahead.

ROBOTICS AND SKILLED LABOR

Let me turn to the skilled labor problems posed by robotics. The introduction of such equipment on the assembly line will create jobs, although fewer than they displace. It will create a growing demand for technicians, engineers, computer programers, and other skilled personnel to monitor and maintain the machines. These new employees could number in the millions by the turn of the century. Consequently, through retraining, some displaced workers will become the overseers of their replacements.

In Japan, such retraining is provided almost exclusively by companies acquiring the robots. These firms have an incentive to do the retraining since, in many cases, their workers are guaranteed lifetime employment. Most U.S. corporations do not assume primary responsibility for the retraining of workers whose jobs have been displaced. Experience to date suggests, however, that many domestic corporations are combining retraining or at least employee retention with their installation of robots. Whether that benign policy continues to be followed as the pace of robotic substitution quickens depends on the pace of economic growth.

ROBOTICS AND PUBLIC POLICY

The types of skills demanded by the looming robotics revolution are in scarce supply now. And it is my own belief that such a revolution can only exacerbate our skilled labor shortage in the near term because the technology needed for robots to perform most skilled tasks is still years away. Experience and commonsense suggests that robots could play a major future role in this Nation's response to a shortage of some types of skilled labor. For example, one large, automated French foundry has found that it can produce a higher quality product with one-third as many skilled workers as were required to produce castings by conventional workers. Yet, far more semiskilled workers will be displaced by robots than skilled ones.

I noted earlier that our Nation has little if any control over the pace of the robotics revolution. So we must set about to provide the trained men and women that revolution requires. As a first priority to minimize the worker displacement effects of robotics, I believe that labor retraining—the teaching of new job skills to employees displaced by robots—should be emphasized in both public and private manpower policies. To ignore worker retraining, as the Federal Government has done for far too long, risks a luddite reaction to robotics.

Both management and labor must work together in designing employment

retention and training programs as robots crowd onto factory floors. And I believe Federal manpower and tax policy should be designed to stimulate such programs. In addition, we must insure that our high schools and vocational education programs are providing job skills appropriate for the looming robotics revolution. I intend to stress these two issues further in future speeches.

Before closing, Mr. President, let me at least note a related issue: Should our Nation emulate Japan in providing a supercharged investment atmosphere for robotic R. & D. and applications?

Few can doubt one of this Nation's greatest strengths has been technological innovation. Yet, to the extent that other countries directly assist technological development by their own robot manufacturers while the United States does not, our Nation's robot builders ultimately may find themselves locked out of a booming worldwide industry. In addition, U.S. corporations now lag behind at least Japanese companies in the pace at which they are adopting robot technology. It is more than possible that the competitive advantages of existing American-built products may disappear if this trend persists.

We are still very early in the evolution cycle of robotics, and it may well be that American firms will hold their own—or better—in this new field. If so, special or targeted Federal incentives for robotic R. & D. or utilization will not be useful. Time will give us that answer. One thing is certain, we are far from hearing the last word on whether targeted Federal incentives for robotic development and use should be adopted.

My next speech on the issue of our skilled labor shortage, Mr. President, will review the labor shortage situation in engineering.

Mr. PROXMIRE. Mr. President, I congratulate the Senator from Texas on his speech. It is a very important speech. I wish more Senators were here to hear it. I hope Senators who were not here will read it in the RECORD.

There is no question that we have to step up our vocational training of our people. The statistics given by the Senator from Texas should impress every Senator. The fact is that in Germany as well as in Japan, the technical training of young people is overwhelmingly greater than it is in this country. They do have a different system.

I went to Europe years ago and I noticed in Germany that most of their young people finish their formal education, except for their technical education, after 1 or 2 years beyond the 8th grade. Then they go to technical school. Of course, then they are skilled; they are able to move right into a job. At the same time, they do sacrifice a great deal in the way of training for democracy, training for communication, training for being able to be a citizen.

Nevertheless, it is something that we should recognize.

In Wisconsin, we are very proud of our vocational-technical educational system. We have literally hundreds of thousands of mature people, that is, over 21, who every year take extensive courses in vocational education. That is one of the reasons why our unemployment level is less although we are in the part of the country that has suffered serious unemployment in the past.

I think the stress by the Senator from Texas is very useful there.

One other point is on robotics. I sometimes think that here in the Senate we have developed a kind of robotic reaction in view of the party line voting we have observed this year. But seriously, this is something we should look at.

It is interesting that the one advantage that the Japanese have is that they spend so little for defense. Of course, they concentrate in these other areas.

There has been some talk lately about the possibility of having robotic soldiers. We are not just talking humorously. That is a fact, that robots in defense can be extraordinarily useful. They can do many, many things. I think this is something we should look at, too.

I think the opening up of the debate on robotics by the Senator from Texas is a great contribution to this body. It is something that we should recognize is going to be, unfortunately or fortunately, a fact of life. It is going to be a competitive problem in the future.

We simply have to compete effectively.

Mr. BENTSEN. Mr. President, if the Senator will yield, I am very appreciative of the comments he has made. Just as the Senator has in Wisconsin, in Texas, we have our technological schools. They have been extremely productive for us. We just have to do more of it. We have to encourage young people to understand that the jobs we are talking about now as skills are not the kind of mundane jobs we have talked about in the past. The degree of skill and sophistication is such that these jobs are not going to be just the kind of repetitive jobs which require no reasonable level of intelligence. Those jobs are going to get assigned to the robots. We are going to have to have people who have a higher degree of training, that have the ability to do some of the more complex jobs that we cannot handle with robots.

We have some opening fields in the computer area where we are going to need, in this next decade, approximately a million employees. Yet we have a dearth of people who have achieved those skills.

We are seeing a situation where secretarial jobs are going to be upgraded to a point where people are going to need a sophistication they never had before. Executives are going to have to develop some of these skills apart from just the exercise of judgment and administrative ability in order to be able to successfully complete their tasks.

Skilled training in this country is, therefore, going to have to be increased very materially so we can achieve the objectives and really compete with these other countries.

Mr. PROXMIRE. Mr. President, I thank the Senator from Texas. I congratulate him on a very important contribution.

ROUTINE MORNING BUSINESS

(The following announcement occurred at the conclusion of Mr. BENTSEN's address:)

The PRESIDING OFFICER. Under the previous order there will now be a period for the transaction of routine morning business not to extend beyond the hour of 11 a.m. with statements therein limited to 5 minutes each.

The Senator from Wisconsin.

NO YEN FOR THIS LUNCH

Mr. PROXMIRE. Mr. President, yesterday, I received the following mailgram:

DECEMBER 7, 1981.

Hon. WILLIAM PROXMIRE,
U.S. Senate,
Washington, D.C.

Richard Allen is a dedicated Reaganaut who has earned the support of conservatives from all over the United States. We invite you to join the friends of Dick Allen for a tribute to him at the Mayflower Hotel in Washington at noon on Wednesday, December 16. The price of the luncheon will be $30.00. We hope you will be able to join his many friends on this occasion. Please RSVP to 202/638-1038 by Friday.

WILLIAM BUCKLEY,
JOSEPH COORS,
JUSTIN DART,
ED FEULNER,
JERRY FALWELL,
WILLIAM SIMON.

At first, Mr. President, I thought it was a hoax, but after determining its authenticity, several thoughts occurred to me:

Would they mind if my wife, Ellen, came and gave an interview to the Japanese press on the event?

Would it not have been more in keeping with the spirit of this thing if the price of the lunch had been $1,000, to be deposited in any convenient safe, instead of $30?

Finally, Mr. President, I sent them my regrets because I have no yen for this one.

TIME TO RATIFY THE GENOCIDE CONVENTION

Mr. PROXMIRE. Mr. President, on June 16, 1949, the Genocide Convention was transmitted by President Truman to the Senate and it has languished here ever since. Why is this?

During those years, every responsible group in our country who has reviewed this treaty has decided to support its ratification. They realize this treaty cannot hurt this country and, in fact, can only help in our pursuit of world peace.

Mr. President, these groups cut across ideological lines, including labor, civic, religious, and nationality organizations—not only the Jewish groups, the Catholic groups, the Protestant groups, but others. Their ranks include the American Civil Liberties Union and the American Bar Association; the AFL–CIO and the National Council of Churches; President after President; administration after administration; the Defense, State, and Justice Departments. They have all come out in favor of this convention.

Clearly, Mr. President, this issue is not a partisan one. Its supporters can be found in both parties and from every ideological stripe.

It is true that such groups as the John Birch Society and the Liberty Lobby still

oppose this treaty. But their inaccurate charges and far-reaching distortions cannot explain 32 years of neglect.

No, Mr. President, I do not think this is the answer. Rather, I think that the very greatness of this Nation has worked against this treaty. For most people, genocide seems like a distant problem, because human rights are already deeply embedded in our value system.

I hope, Mr. President, that my colleagues will not forget the unstable conditions that prevail in many other nations and will act to protect innocent peoples throughout the world by ratifying this convention when it next comes to the Senate floor.

Mr. President, I yield the floor. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I have not yet had a chance to clear this with the minority leader, but I am confident that he will not object.

I am prepared now to ask unanimous consent that the time for the transaction of routine morning business be extended for 15 minutes. That would delay the beginning of consideration of the agriculture conference report, but it will not change the order previously entered to proceed to the consideration of the Department of Justice measure at 12 o'clock. It will reduce the time from 1 hour to 45 minutes for the consideration of the farm bill conference report.

I make that request with the full understanding that if the minority leader has a different view of the matter when he reaches the floor, I will make whatever adjustments he may wish.

Mr. PROXMIRE. Mr. President, will the majority leader yield?

Mr. BAKER. I yield.

Mr. PROXMIRE. Is the majority leader asking for a time limitation on the farm bill conference report?

Mr. BAKER. I inquire of the Chair. Is there not an order now for the Senate to resume consideration of the Department of Justice authorization bill at 12 noon?

The PRESIDING OFFICER. The order states not before 12 noon.

Mr. BAKER. Not before noon.

It will be my intention to go to the Department of Justice authorization bill at 12 noon.

Mr. PROXMIRE. My question was whether there was a limitation of time requested by the leader.

Mr. BAKER. There is no limitation on time. All that will happen is at 12 noon we will lay aside the farm bill conference report and go to the Department of Justice authorization bill. It is not a limitation of time in which to dispose of it.

I am afraid I am now inferring sinister intent in the inquiry of the Senator from Wisconsin, and I hope I am wrong.

Mr. PROXMIRE. The Senator from Wisconsin has absolutely no intention of delaying the farm bill. I wish to speak on it. That is all. There are other Democratic Senators who wish to speak on the bill also.

Mr. BAKER. I am greatly reassured.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Without objection, it is so ordered.

Mr. BAKER. I thank the Chair.

JUDGE CLIFFORD K. DELONY

Mr. HEFLIN. Mr. President, on Sunday, November 15, 1981, Alabama lost one of its most outstanding citizens when Judge Clifford King Delony passed away. Judge Delony had stepped down from the bench in 1980, and had not been in the best of health for several years.

Clifford Delony was a rare and unique character, as well as being a great public servant. He was widely known for his wit, and often would come up with ideas that seemed shocking to other people. Only after they would reflect on his remarks and examine them a little more closely would the shock fade away, revealing the deep thought, excellent logic and true merit behind his ideas.

Mr. R. E. Thompson, a long-time teacher and principal at Deshler High School and former superintendent of Tuscumbia City schools, was a great admirer of Judge Delony, and once told me that Clifford Delony had the highest IQ of any Deshler High School student Mr. Thompson had known of in his long association with that institution.

There was no question that Judge Delony was a great legal scholar. He had a fine and keen analytical mind. He possessed a perceptive insight that was almost unbelievable. His memory was superb, and his integrity beyond reproach. All these qualities made Clifford Delony an outstanding trial judge.

Judge Delony served as Circuit Judge in Alabama from November 20, 1956, until he retired on March 1, 1980. His fellow circuit judges elected him president of their State association, but he declined, feeling that the responsibilities of service in such a position would require him to neglect the heavy docket in his home area. Yet, despite this long tenure and dedication to the job, his friends often wondered if he was truly happy as circuit judge, since he was so agonizingly painstaking over his decisions.

There was a period of time when a strong lawless element existed in Colbert County, where Tuscumbia was located. This group thought they could run and control the entire area, but their efforts were thwarted by the courageous stands taken by Judge Delony on numerous occasions. While history may never record the details of his courage and honesty, his close friends through the bench and bar will never forget the way he stood as a bulwark of law and order, opposing corruption during some very trying years.

In my opinion, Clifford Delony was the most completely honest individual that I have ever known. He always endeavored to do what he thought was right. Although people might not always agree with what he thought was right under the circumstances, myself included, when he made up his mind he acted accordingly, and no amount of pressure would cause him to detour from the course of what he believed to be right.

Judge Delony will be greatly missed. Alabama has lost one of its greatest citizens. I have lost one of my closest friends.

Mr. President, I ask unanimous consent to have printed in the RECORD editorials with reference to Clifford K. Delony.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Florence (Ala.) Times-Daily, Nov. 23, 1981]

CLIFFORD K. DELONY

Judge Clifford K. Delony, who was five times elected to the 31st Judicial Circuit and served that office with dedication to justice, leaves behind him both a wake of regret at his passing and a heritage of happy, laugh-provoking memories among his many friends.

Judge Delony was so well known for his wit that one is inclined to think that had he chosen writing rather than the law as a profession, he might well have been another Mark Twain.

Delony, who died quietly Oct. 31, was from a distinguished Colbert County pioneer family. He lived his entire 60 years in Tuscumbia. He studied law at the University of Alabama and served in the Navy during World War II. He never married.

"If he had a problem, it was probably that he was so brilliant it was sometimes difficult to communicate with the rest of us," said Colbert County District Attorney James A. Patton.

Patton said Delony was wont to have seminars in his office at 4:30 in the afternoon when everyone else was ready to go home.

"It was sometimes too hard to converse with him because he was so much more learned than the rest of us," Patton said. "But he taught me a lot about the law. He taught a lot of people a lot about the law."

"He had a great mind and was interested in many things," Patton said. "He was quite a historian. People who were interested in the Civil War, my son among them, liked to talk with him.

"He loved the law and made sure it was followed, procedurally and in every other capacity. He believed in law enforcement too, but he always made sure the rights of the defendant were preserved."

Tuscumbia attorney Jimmy Hunt said of Delony, "Nobody could say enough about his brilliant mind. I've never seen a more brilliant legal mind and he was also a cultured person. He had an inquisitive mind and really enjoyed knowing things. Another thing that strikes me is his honesty. On top of that, he was an excellent gourmet cook."

University of North Alabama instructor Harold Whitlock, who grew up with Delony, said the judge was a strong individualist who "did his own thing, based on his own sound common sense and a brilliant legal mind."

"He treated everybody the same, and you had the feeling he would give you every benefit of the doubt in any question of law that came up in court," said Whitlock.

Delony not only had a vast accumulation of legal knowledge but was also well versed in the mores of the community. His understanding of the people he served kept him in office for a period of 24 years—from 1956 until he retired in the middle of his last term after suffering a stroke in 1979. This display of friendship and confidence came from both Colbert and Franklin counties until the Judicial Circuit was split in the 1960s.

Upon the occasion of his retirement, Delony said:

"I want to thank with all my heart the people for having enough faith and confidence to elect me as their circuit judge and will always treasure and remember the friendships and associations I have enjoyed in so serving."

It goes without saying that many people treasured their friendship and association with the judge.

[From the Florence (Ala.) Herald-Picture, Nov. 18, 1981]

COLLEAGUES, FRIENDS LAUD LATE DELONY

Considered one of Alabama's greater legal minds, retired Colbert Circuit Judge Clifford Delony was buried Tuesday in Tuscumbia's Oakwood Cemetery.

Death came to the veteran attorney and jurist Sunday at age 60.

Delony won election to the branch of the 31st Circuit in 1957 when it included both Franklin and Colbert. He served continuously until health prompted his retirement in 1978.

A colorful bachelor, Judge Delony is survived by his sister of Clemson, S.C., Susan and an Uncle, Issac Wade Delony of Shoals Nursing Home, at age 92.

Clifford Delony's middle name was King, thus distinguishing him as a member of two of Colbert's most prominent families.

Active bearers were John Harper Bowser, Robert Carson, Jimmy Hunt, John Clement, James Patton, Robert E. Key, Bob Murray and Julian Clark.

Clifford Delony was one of the best known judicial figures ever to sit on the bench—not only from Colbert county and the Shoals area but all over the state.

Former Tuscumbia Mayor Bill Gardiner probably described this trait best: "I was president of the Alabama Municipal Association and traveled from one end of the state to the other and just about everywhere I went talking to the city officials, the first person they'd ask me about when they realized Tuscumbia was the county seat of Colbert, was Clifford Delony. He was a credit to the legal profession and Colbert owes him a great deal for his service.

Colbert District Attorney James (Jap) Patton who took probably more cases before Delony than any one attorney assessed him: "a great judge—a complete judge; he knew his law; he knew trial procedure. He was both firm and fair. He was, in summation, a brilliant legal mind."

Florence Attorney Bob Cox, longtime friend of Judge Delony, noted that the Tuscumbian ""seemed to be always one or two steps ahead of the lawvers on both sides. I thought this was a tremendous attribute. He always seemed to have everything under control.

"He had the most perceptive insight of anv person I've ever known. Many considered him something of an unusual character, and he was, but he was also the finest legal mind I've ever dealt with and his integrity was beyond reproach. A great loss."

Veteran Sheffield attorney Gorman Jones, commissioner of the Colbert Bar Association commented "about the only thing I can say is Clifford was just a fine judge, in fact a super judge. He knew his cases and he was a humanitarian. I think the Colbert and Alabama Bar in general would concur that he was as good a judge as you could find anywhere. I have lost a great friend."

Due to overtime consumed on several important issues, Sen. Howell Heflin of Tuscumbia could not leave the Senate chamber.

But a spokesman in his office said, "though he can't get back to you, I know what he thought about Judge Delony. He just thinks he's the greatest and his name came up almost daily with us. It goes without saying that Sen. Heflin is saddened by the loss of not only a former legal colleague but a fine friend as well."

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, I am this morning the soul of inconsistency. I am advised that all parties are now ready to proceed to the Interior conference report.

I ask unanimous consent that the previous order be modified so that it may be in order at this time to ask the Chair to inquire if there is further morning business and proceed to the consideration of another matter, the Interior conference report.

The PRESIDING OFFICER (Mr. MATTINGLY). Without objection, it is so ordered.

Mr. BAKER. Mr. President, at no later than 11:15 a.m. the Senate will proceed to the consideration of the farm bill conference report.

Mr. JOHNSTON. Mr. President, I ask unanimous consent that Laura Hudson, of my staff, have the privilege of the floor during the consideration of the Interior appropriations conference report.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATION, 1982—CONFERENCE REPORT

Mr. McCLURE. Mr. President, I submit a report of the committee of conference on H.R. 4035 and ask for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

Having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of November 5, 1981.)

Mr. McCLURE. Mr. President, today I bring to the Senate the conference report on the fiscal year 1982 appropriations bill for the Department of the Interior and related agencies. As approved by the conferees, the report provides slightly over $7.5 billion in new budget authority, which is some $188 million over that earlier approved by the Senate and some $171 million less than that approved by the House. This figure also represents a reduction of nearly $400 million from the revised fiscal year 1981 funding level, which, including inflation, is a decrease of approximately 15 percent.

Despite this fact, however, this conference report also stands at some $1.1 billion in new budget authority over the President's September budget request. We have every reason to believe, therefore, that if the Senate passes this report as is and sends it downtown it will be vetoed. For this reason, I will later offer an amendment which will result in a reduction of $319,744,000 in budget authority from the conference level.

This amendment is similar to that being prepared for inclusion in the next continuing resolution and, if accepted, will thus conform to the budget reductions requested by the President. We expect that if these reductions are made in this conference report, and if the corresponding continuing resolution is approved by the President, he will also approve this measure.

Before moving to this amendment and the other necessary motions, there are several instances where the statement of the managers does not fully explain the actions of the conferees. The following information supplements the statement of the managers:

Amendment No. 20. The correct amount for the headquarters security system in Indiana Dunes NL is $50,000 rather than $500,000 as printed in Statement of the Managers.

Amendment No. 28. The managers expect that the recommendation of no state funding in fiscal year 1982 will be a one-year moratorium. We recognize the value and importance of the program and expect the Administration to submit a budget request for State assistance in fiscal year 1983.

The managers urge the National Park Service to use any available deficiency account funds, or reprogram other available funds, in addition to the $6.150.000 provided herein to pay promptly court awards resulting from condemnation proceedings at Big Cypress NP, Florida.

The following tables provide a summary of the Land and Water Conservation Fund along with a listing of Federal acquisitions by agency:

LAND AND WATER CONSERVATION FUND SUMMARY

[In thousands of dollars]

	March budget	House	Senate	Conference
Bureau of Land Management	307	1,137	2,300	3,137
Fish and Wildlife	1,139	18,039	8,000	17,178
Forest Service	8,600	35,989	15,120	27,356
National Park Service	30,264	87,778	69,700	97,083
Pinelands	126	8,126	4,126	6,126
State assistance			100,000	
State Administration	4,564	4,564	2,282	4,564
Total	45,000	155,633	201,528	155,444
Lake Tahoe			7,000	
Total	45,000	155,633	208,528	155,444
Bureau of Land Management:				
Acquisition management	307	307		307
King Range RCA		700		700
Pacific Crest Trail		130		130
Yaquina Head ONA			2,000	2,000
Emergency acquisition and deficiencies			300	
Total, Bureau of Land Management	307	1,137	2,300	3,137
Fish and Wildlife:				
Acquisition management	1,039	1,039		1,039
Alaska Maritime NWR		2,000		2,000
Yaquitopminnow Habitat, Ariz			850	850
Bon Secour NWR, Ala		3,500		3,500
San Francisco Bay NWR		1,700		1,000
Tensas River NWR, La		5,000	5,000	5,000
Bogue Chitto NWR, La, Miss		2,000	2,000	2,000
California condor habitat, Calif		1,199		1,199
Trustom Pond NWR, R.I		591		440
Emergency and inholdings	100	1,010	150	150
Total, Fish and Wildlife	1,139	18,039	8,000	17,178
National Park Service:				
Allegheny Portage and Johnstown		500		500
Appalachian Trail		5,000	8,000	2,800
Big Cypress NP		500	12,300	6,150
Biscayne NP		5,000	2,500	2,000
Buffalo River			2,200	2,200
Channel Island NP		4,000		4,000
Chattahoochee River			14,500	14,500
Cumberland Island NS		10,000	10,000	10,000
Cuyahoga Valley NRA		5,000		5,000
Delaware Water Gap NRA		1,000	1,500	1,000
Ebey's Landing NHR		2,100		2,100
Fort Sumter NM		383	400	383
Golden Gate NRA (Sweeney)		10,000	10,000	10,000
Indiana Dunes NL		2,400		2,400
Jean Lafitte NHP		2,500	2,500	2,500
Lower St. Croix			1,000	1,000
New River Gorge			4,000	2,000
Redwood NP litigation		3,000		3,000
Santa Monica Mountains NRA		10,395		5,000
San Antonio Missions		1,400		1,400
St. Croix WSR			500	500
Upper Delaware SR		600		600
Valley Forge NHP			4,000	4,000
Virgin Islands NP			3,550	3,550
War on the Pacific NHP		2,000		
Acquisition management	8,500	8,500		8,500
Deficiencies	20,933	5,000	10,250	1,000
Inholdings		5,000		1,000
Slippage			−17,500	
A/Sec. FWP	831			
Subtotal	30,264	87,778	69,700	97,083
Pinelands NR	126	8,126	4,126	6,126
State assistance			100,000	
Administration of State program	4,564	4,564	2,282	4,564
Subtotal	4,690	12,690	106,408	10,690
Total, National Park Service and State assistance	34,954	100,468	176,108	107,773
Forest Service:				
Acquisition management	3,989	3,989		3,989
Appalachian Trail		2,179	2,200	2,200
Boundary Water Canoe Area		2,500	2,700	2,500
Lake Tahoe Basin		7,000	(7,000)	7,000
California condor habitat		325	350	325
Kirtland warbler habitat		80	80	80
Habitat management:				
Hoosier NF		360		
Hiawatha NF		50		
Wayne NF		350		
Allegheny NF		88	88	88
Nicolet NF		204	202	204
Sawtooth NRA			4,000	4,000
Spruce Knob-Seneca Rocks			1,300	1,300
Other high priority NRA		5,000		500
Middle Fork Salmon WSR			300	300
Eleven Point WSR			2,500	1,500
Other high priority WSR		3,000		500
Daniel Boone NF rec. comp			300	300
Nicolet NF rec. comp			500	500
Other high priority rec. comp		9,864		1,570
Deficiencies and inholdings	4,611	1,000	600	500
Total, Forest Service	8,600	35,989	15,120	27,356

Amendment No. 77. The managers note the contribution which helicopter logging has made to the harvest of forest products, particularly in areas which are environmentally sensitive and in salvaging timber that would otherwise be lost. It urges the Forest Service to consider the possibility of a program of helicopter logging within its overall management plans and as a fire-fighting tool.

The managers are aware of the concern with the Federal Prison Industry backlog and its effect on various Forest Service activities, as well as Department of Interior agencies. The managers expect the Forest Service to work closely with the FPI, as the various Interior agencies are, to reduce the backlog. If these efforts do not result in better service, the Committee will support legislative relief in fiscal year 1983.

Amendment No. 99. The managers agree that Georgetown University will receive $1,500,000 to begin construction of cogeneration capability for its fluidized bed boiler.

Amendment No. 103. The managers agree that the $5,000,000 for the coal conversion program is to be used not only for the completion of outstanding prohibition orders, but also for the processing of prohibition orders for additional plants for which utilities submit the necessary certification under section 301 of the Powerplant and Industrial Fuel Use Act (as amended by the Omnibus Budget Reconciliation Act of 1981).

The managers are concerned about the declining staff levels in this program. The $5 million will provide for the program to be maintained at no less than current staff levels, plus funds for outside contractors necessary to help in expeditiously processing new prohibition orders, and such additional personnel necessary for the anticipated workload and to permit the retention of experienced personnel whose valuable expertise is crucial to the effectiveness of the program. Congress is concerned that this expertise not be lost and that the necessary level of personnel be maintained.

Amendment No. 127. The following table provides the distribution of funds agreed to by the National Council on the Arts referred to in the Statement of the Managers:

ALLOCATION OF FUNDS FOR NATIONAL ENDOWMENT FOR THE ARTS

Salaries and expenses:	
Artists in school	$5,075,000
Dance	7,992,000
Design arts	4,786,000
Expansion arts	7,316,000
Fellows	101,000
Folk arts	2,829,000
Inter-arts	3,987,000
Regional representatives	969,000
International	126,000
Literature	4,497,000
Media arts	9,632,000
Museums	10,803,000
Music	9,796,000
Opera—Music theatre	3,034,000
Research	505,000
Special constituencies	252,000
State arts agencies	22,173,000
Theatre	6,928,000
Visual arts	6,834,000
Subtotal, Program funds	107,635,000
Administration	11,365,000
Total Salaries and expenses	119,000,000
Matching grants:	
Treasury funds	15,000,000
Challenge grants	15,000,000
Subtotal, Matching grants	30,000,000
Grand total, National Endowment for the Arts	149,000,000

Amendment No. 131: The following table provides the distribution of funds agreed to by the National Council on the Arts referred to in the Statement of the Managers:

ALLOCATION OF FUNDS FOR THE NATIONAL ENDOWMENT FOR THE HUMANITIES

Salaries and expenses:	
State programs	$21,177,000
Media grants	8,800,000
Museums and historical organizations	7,200,000
Public libraries	2,760,000
Educational institutional grants	6,036,000
Higher education/regional and national	3,960,000
Elementary and secondary education grants	4,900,000
Endowment fellowships	6,280,000
Other study programs	7,683,000
Research grants	16,360,000
Special projects	8,284,000
Planning and analysis	760,000
Subtotal, program funds	94,200,000
Administration	11,800,000
Total, Salaries and expenses	106,000,000
Matching grants:	
Treasury funds	8,400,000
Challenge grants	21,600,000
Total, matching grants	30,000,000
Grand total, National Endowment for the Humanities	136,000,000

Amendment No. 136: The following table provides the distribution of the $12,000,000 appropriated for the Institute of Museum Services:

Operating support grants	$10,580,000
Special project grants	750,000
Museum services board	70,000
Administration	600,000
Total	12,000,000

Mr. President, in addition to these clarifications, there are two further matters which I wish to bring to the attention of the Senate. First, referring to the second paragraph on page 27 of the conference report, I would like to clarify the Senate position with regard to making available $1,000,000 for the Carbondale Mining Technology Center. Not only should these funds be available for operation of the facility as is indicated by the report, but should also be available to complete negotations between the Department of Energy and Southern Illinois University and for expenses incurred in the transfer of facilities.

Second, I would like to clarify the Senate position with regard to future funding of Indian irrigation construction projects. A colloquy entered into by Chairman YATES and Congressman UDALL during House consideration of the conference report concluded that the BIA could continue the irrigation construction program as it now exists.

Page 19 of the conference report, however, states that:

Beginning with the fiscal year 1983 budget submission, the Bureau is directed to submit a legislative package to the appropriate authorizing committees for any irrigation construction projects for which initial funding is being requested. A complete justification of the funding required for the projects should also be submitted to the Appropriations Committees as part of the budget submission. No funds will be provided for any projects for which an authorization request has not been submitted to the Congress, in time to allow appropriate consideration by the Committees involved.

That is the statement of the conferees and we expect the Bureau of Indian Affairs to fully comply with those instructions.

Mr. JOHNSTON. Mr. President, I am pleased to join with my distinguished colleague from Idaho, Senator MCCLURE, again in handling legislation with respect to appropriations that, with this amendment, which the Senator from Idaho has described, will show real restraint on the part of Congress. It also will, as I understand it, be within the guidelines that the President has laid down. That is to say, that the 4-percent cut which the Senator from Idaho, the distinguished chairman of this subcommittee, will propose, will bring this bill within the range which the President says he can sign.

Am I correct on that?

Mr. MCCLURE. The Senator is correct.

Mr. JOHNSTON. I am very pleased to be able to cooperate in that endeavor.

We achieved the same savings in the energy and water bill which has now been signed into law by the President, and which was the first appropriations bill signed.

I am very pleased to be able to do that in this bill.

There are a number of accounts, however, that concern me a bit. Perhaps I should wait until amendments are offered and make comments about those.

Mr. MCCLURE. Mr. President, I thank the Senator from Louisiana.

The cooperation that we received throughout consideration of this measure has been outstanding, and I very much appreciate the help that has been given to me personally by the Senator from Louisiana and his staff and the understanding of what we are trying to do in getting a bill that is not an idle gesture but a bill that the President can, and indeed we expect will, sign.

Mr. President, I move adoption of the conference report.

PILT, LAND AND WATER CONSERVATION FUND, AND THE INTERIOR APPROPRIATIONS CONFERENCE REPORT

● Mr. BIDEN. Mr. President, I remain convinced that an overwhelming majority of the American people support our Nation's system of national, State, and local parks and recreational facilities. What many people may not know, however, is how so many of these parks and recreational facilities were funded. Since 1965, the Land and Water Conservation Fund has been the mechanism through which a small percentage of the revenues received by the Federal Government from oil and gas leases along the Outer Continental Shelf have been used to protect our Nation's dwindling natural areas and to provide recreational facilities close to home. Unfortunately, the current administration has sought to terminate this longstanding Federal-State-local partnership.

It has been 5 months since the Senate Interior Appropriations Subcommittee met to begin action on the fiscal year 1982 Interior approriations bill. The Senate will shortly adopt the conference report on this funding bill. I must express my disappointment with the decision by the conferees to impose a 1-year moratorium on the State share of the Land and Water Conservation Fund (LWCF) while continuing to fund the payments-in-lieu of taxes program (PILT). I want to call my colleagues attention to this inequitable decision so that they know precisely what this tradeoff means to their own State.

The pending conference report provides $99.5 million for the PILT program and no appropriation for the State share of the LWCF. This compares to the $105 million for the PILT program and the $100 million for the State share of the LWCF in the Interior appropriations bill which the Senate passed on October 27. The version of the Interior appropriations bill which passed the House on July 22 provided no appropriation for either program.

Mr. President, I submit at this point in my remarks a table comparing the actual fiscal year 1981 funding levels for both PILT and the LWCF as well as the fiscal year 1982 funding levels at various stages of the legislative process.

COMPARISON OF PILT AND LWCF (FISCAL YEAR 1981-82)

[Funding level in millions; fiscal years]

	Federal share	State share	Administration	Total LWCF	PILT
1981 (original)	142.3	$228.3	$8.0	$378.6	$103.0
1981 (final)	111.2	173.7	6.6	291.5	103.0
Percent reduced by rescission	(22)	(24)	(18)	(23)	(0)
1982 Carter/January	327.0	185.0	8.4	520.4	0
Reagan/March	40.4	0	4.6	45.0	45.0
Reagan/September	35.6	0	4.0	39.6	39.6
Reconciliation				[1] 275.0	105.0
House Appropriation Subcommittee	151.0	0	4.6	155.6	0
House passed	151.0	0	4.6	155.6	0
Senate Appropriation Subcommittee	40.4	0	4.6	45.0	105.0
Senate passed	106.2	100.2	2.3	208.5	105.0
Conference	150.88	0	4.56	155.4	99.5
Conference level as a percent of:					
1981 (original)	106	0	58	41	97
1981 (final)	136	0	70	53	97
1982 Carter (January)	46	0	55	30	
Reagan request as a percent of:					
1981 (original)	25	0	50	10	38
1981 (final)	32	0	61	53	38
1982 Carter (January)	11	0	48	8	

[1] Not less than.

As this chart shows, the State share of the LWCF has dropped from its original fiscal year 1981 appropriation of $228.3 million to no fiscal year 1982 funding as contained in the pending conference report. This compares to President Carter's January budget submission of $185 million and the Senate-passed $100 million funding level. Interior Secretary James Watt, with the concurrence of President Reagan, requested termination of the State share. The conferees must, however, be congratulated for recognizing the broad support for the State share within the Congress by including the following language in their statement of explanation:

Amendment No. 28: The managers expect that the recommendation of no state funding in fiscal year 1982 will be a one year moratorium. We recognize the value and importance of the program and expect the Administration to submit a budget request for state assistance in fiscal year 1983.

I hope that the chairmen and ranking members of the Interior Appropriations Subcommittee in both the House of Representatives and the Senate pursue this matter in their meetings with Secretary Watt.

The PILT program, on the other hand, was cut only 3 percent from its fiscal year 1981 appropriation to the $99.5 million fiscal year 1982 appropriation adopted by the conference committee. Not only is this an insignificant cut compared to those suffered by so many other programs this year, but it is a staggering 251 percent more than President Reagan's September budget request.

Prior to last month's conference, it

was anticipated that the conferees would maintain funding for both the State share of the LWCF and the PILT program although at a level lower than the $100 million and $105 million approved by the Senate. This would have been the equitable solution.

Instead the conferees reduced the LWCF's State assistance grant program by 100 percent while reducing PILT by only 3 percent. Many Members may have wondered as I did how their State fared by this action. The following table compares the amount each State would have received if the $100 million appropriation for the State share of the LWCF had been adopted in conference with the amount each State will receive under the $99.5 million PILT appropriation.

I submit this table for the RECORD.

LWCF AND PILT ALLOCATIONS COMPARED

[Dollar amounts in millions, fiscal years]

State	1981 actual		1982	
	LWCF	PILT	LWCF[1]	PILT[2]
Alabama	$2.892	$0.116	$1.676	$0.111
Alaska	1.489	3.792	.868	3.649
Arizona	2.746	7.882	1.393	7.584
Arkansas	2.230	1.557	1.223	1.498
California	12.437	11.331	7.174	10.901
Colorado	2.590	7.265	1.502	6.990
Connecticut	2.908	.009	1.685	.008
Delaware	1.597	.005	.930	.005
Florida	5.484	2.186	3.169	2.103
Georgia	3.376	.838	1.955	.806
Hawaii	1.752	.039	1.019	.038
Idaho	1.951	7.289	.931	7.013
Illinois	6.746	.318	3.842	.305
Indiana	4.668	.288	2.152	.277
Iowa	2.355	.128	1.368	.123
Kansas	2.211	.365	1.284	.351
Kentucky	2.629	.703	1.525	.676
Louisiana	3.210	.139	1.743	.134
Maine	1.700	.052	.989	.050
Maryland	3.334	.152	1.931	.146
Massachusetts	4.317	.164	2.497	.157
Michigan	5.678	1.606	3.281	1.545
Minnesota	3.046	1.147	1.765	1.103
Mississippi	2.106	.349	1.224	.336
Missouri	3.385	.750	1.960	.721
Montana	1.585	7.698	.924	7.407
Nebraska	1.919	.330	1.116	.317
Nevada	1.989	5.526	.961	5.316
New Hampshire	1,675	.311	.976	.299
New Jersey	5,027	.168	2.906	.162
New Mexico	1.749	9.798	1.018	9.427
New York	10.140	.158	5,850	.151
North Carolina	3.382	1.216	1.959	1.170
North Dakota	1.563	.583	.911	.560
Ohio	6.367	.431	3.678	.415
Oklahoma	2.472	.741	1.435	.712
Oregon	2.342	2.779	1.360	2.647
Pennsylvania	6.888	.508	3.978	.489
Rhode Island	1.811	.001	1.054	.001
South Carolina	2.837	.113	1.409	.108
South Dakota	1.565	1.627	.912	1.566
Tennessee	3.156	.601	1.828	.578
Texas	7.361	1.457	4.250	1.402
Utah	2.588	8.626	1.131	8.299
Vermont	1.462	.133	.853	.128
Virginia	3.512	1.474	2.034	1.418
Washington	2.995	1.405	1.736	1.352
West Virginia	1.987	.813	1.155	.782
Wisconsin	3.311	.727	1.918	.699
Wyoming	1.823	7.679	.844	7.388
District of Columbia	.583	.005	.338	.005
Puerto Rico	2.254	.014	1.307	.013
Virgin Islands	.051	.025	.029	.024
Guam	.055	0	.032	0
American Samoa	.017	0	.010	0
Contingency	2.441		3.002	
Total	173.745	103.418	100.000	99.500

[1] Senate-passed fiscal year 1982 appropriation for the State share of the LWCF. Conference agreed to a 1-year moratorium.
[2] Conference adopted fiscal year 1982 PILT appropriation. The Senate-passed funding level was $105,000,000.

Comparing what each State would receive if PILT and LWCF were funded at almost identical levels shows only 13 States benefiting from the conference committee action as follows:

States receiving a higher allocation under PILT than LWCF at a $100 million funding level for both programs

[In millions]

State	PILT allocation
California	$10.901
New Mexico	9.427
Utah	8.299
Arizona	7.584
Montana	7.407
Wyoming	7.388
Idaho	7.013
Colorado	6.999
Nevada	5.316
Alaska	3.649
Oregon	2.674
South Dakota	1.566
Total	79.712

It should be noted that these 13 States will receive 80 percent of the total fiscal year 1982 PILT appropriation. I called this to the attention of the Senate not because I oppose or support PILT, but because I feel the action of the conferees was inequitable.

I understand that the Senate conferees had to reduce funding for PILT and the State share of the LWCF from the Senate-passed funding levels of $105 and $100 million respectively since the House-passed bill did not include funding for either program. But I cannot understand why the State share of the Land and Water Conservation Fund was cut 100 percent while the funding for PILT was reduced by only 3 percent.

Mr. President, I would like to thank Senators JOHNSTON, BURDICK, and ANDREWS for their efforts to preserve the State assistance grants in conference. Unfortunately, they were not successful.

While a 1-year moratorium has been imposed on the State share of the Land and Water Conservation Fund, the administration failed in its effort to terminate the State assistance grants and to radically slash the Federal program. During congressional consideration of the Omnibus Budget Reconciliation Act (Public Law 97–35) and the Supplemental Appropriations and Rescission Act (Public Law 97–12), a bipartisan coalition in both the House of Representatives and in the Senate rejected President Reagan's requests.

Finally, the Interior appropriations conference report does provide $150.9 million for the Federal share of the LWCF. While this funding level is $176.1 million, or 54 percent, less than the amount requested by then President Jimmy Carter in January, it is $111.3 million more than President Ronald Reagan's September budget request. In addition, the conference agreement provides $4.564 million for administration of the carryover State assistance program.

In conclusion, I cannot support the Interior appropriations conference report given the decision to impose a 1-year moratorium on State assistance grants while reducing the funding level for PILT by only 3 percent. I hope the administration follows the instructions of the conferees to provide funding for State assistance grants in its fiscal year 1983 budget request next month.

The Land and Water Conservation Fund has been an exemplary example of Federal-State-local government cooperation since its inception in 1965. Its accomplishments can be found throughout every State in the Nation.

In my own State of Delaware, the fund has helped finance the acquisition of over 15,000 acres of parkland and seashore including all or major portions of Bellevue, Brandywine, Carpenter, Lums Pond, Killens Pond, and the Delaware State Seashore State parks. But other endangered natural areas remain to be protected, both nationally and within Delaware—areas like the White Clay and Middle Run Valleys.

To reinvest 2 or 3 percent of the revenues which the Federal Government receives from oil and gas drilling along the Outer Continental Shelf to protect our Nation's remaining natural areas—not only for our enjoyment but for the benefit of generations to come—is not unreasonable in my opinion. I am sure the overwhelming majority of the American people agree.●

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. McCLURE. Mr. President, I move to reconsider the vote by which the conference report was agreed to.

Mr. JOHNSTON. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The clerk will state the amendments in disagreement.

The legislative clerk read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $370,131,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered four to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

PAYMENTS IN LIEU OF TAXES

For expenses necessary to implement the Act of October 20, 1976 (31 U.S.C. 1601), $99,500,000, of which not to exceed $400,000 shall be available for administrative expenses: *Provided*, That this appropriation may be used to correct underpayments in the previous fiscal year to achieve equity among all qualified recipients.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered six to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $3,137,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered nine to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken by said amendment, and insert:

OFFICE OF WATER RESEARCH AND TECHNOLOGY

SALARIES AND EXPENSES

For expenses necessary in carrying out the provisions of the Water Research and Development Act of 1978 (Public Law 95–467) and provisions of Public Law 95–84, as amended (42 U.S.C. 1959–19591), $11,194,000, of which $2,955,000 shall remain available for obligation until September 30, 1983.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 11 to the aforesaid bill, and concur therein with an amendment as follows:

Strike out the matter stricken by said amendment, and insert: "including administrative expenses associated with the management if funds provided under the head 'Construction and Anadromous Fish', and up to $3,000,000 but not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by Youth Conservation Corps as if authorized by the Act of August 13, 1970, as amended by Public Law 93-408,".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 12 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$229,531,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 20 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: "including administrative expenses associated with the management of funds provided under the heads 'Construction' and 'John F. Kennedy Center for the Performing Arts', and up to $3,000,000 but not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by Youth Conservation Corps as if authorized by the Act of August 13, 1970, as amended by Public Law 93-408,".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 21 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$534,252,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 33 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$44,727,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 35 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$151,964,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 36 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: of which $9,629,000 shall be available to carry out the provisions of title III of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1221), and.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 41 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $835,646,000, of which not to exceed $4,000,000 shall be available for grants to the Navajo Community College, pursuant to 25 U.S.C. 640C-1, as amended, and.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 55 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

Provided further, That (except in the case of funds held in trust for Indian tribes or individuals) the funds available for expenditure under the "Indian moneys, proceeds of labor" accounts authorized by the Act of May 17, 1926 (Chap. 309, 44 Stat. 560, 25 U.S.C. 155); the Act of March 3, 1883 (22 Stat. 582) in the fifth paragraph under the heading "INDIAN AFFAIRS" (22 Stat. 590; 25 U.S.C. 155); and the Act of March 2, 1887 (24 Stat. 449) in the first paragraph under the heading "MISCELLANEOUS" (24 Stat. 463; 25 U.S.C. 155) may be expended until September 30, 1982 for any purpose for which funds are appropriated under the subheading "Operation of Indian Programs". On September 30, 1982, the balance of such accounts (except for the funds held in trust for Indian tribes or individuals, and not to exceed $10,000,000 which shall be available until expended by eligible tribes for purposes approved by the Bureau of Indian Affairs) shall be deposited into miscellaneous receipts of the Treasury to offset outlays of the Bureau of Indian Affairs and thereafter no funds shall be deposited in such accounts other than funds held in trust for Indian tribes or individuals.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 64 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $42,434,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 73 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

SEC. 112. Notwithstanding the provisions of section 6 of the Act of May 25, 1948 (62 Stat. 269, 273), appropriations of power revenues of the Flathead Irrigation Project on the Flathead Reservation, Montana, made pursuant to Section 3 of the Act of August 7, 1946 (60 Stat. 895) shall hereafter be available in an amount not exceeding 20 percent of the gross power revenues of said project for the preceding fiscal year, or $750,000, whichever is greater, for improvements and extensions to the power system: *Provided,* That no appropriations shall be made in excess of the Flathead Irrigation power revenues on deposit with the Federal Government.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 74 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$114,992,000."

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 77 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

including administrative expenses associated with the management of funds provided under the heads "Forest Research", "State and Private Forestry", "National Forest System", and "Construction and Land Acquisition", and up to $3,000,000 but not less than $1,000,000 for high priority projects within the scope of the approved budget which shall be carried out by Youth Conservation Corps as if authorized by the Act of August 13, 1970, as amended by Public Law 93-408,

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 78 to the aforesaid bill, and concur with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: "$1,007,074,000".

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 86 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert: *: Provided further,* That section 9 of the Forest and Rangeland Renewable Resources Planning Act of 1974 (Public Law 93-378 as amended), is amended by deleting all of the sentence after the word "benefits" and inserting in lieu thereof, the following: *": Provided,* That limitations on the level of obligations for construction of forest roads by timber purchasers shall be established in annual appropriation Acts." *: Provided further,* That no more than $242,542,000 shall be obligated for the construction of forest roads by timber purchasers.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 95 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: sections 302(b), 302(c), and 303(c) of which are hereby repealed, $431,100,000.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 97 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

FOSSIL ENERGY CONSTRUCTION

For necessary expenses in connection with the purchase and construction of fossil energy plants, including the acquisition of interests, including defeasible and equitable interests in any real property or any facility or for plant or facility acquisition or expansion, $4,000,000, to remain available until expended: *Provided,* That funds deferred under this head in the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12) and further deferred (D82-9) in the special message transmitted by the President to the Congress on October 1, 1981 under section 1013 of the Impoundment Control Act of 1974 (Public Law 93-344), shall be used for continuing design of the Solvent Refined Coal-I (SRC-I) demonstration facility (Project No. 78-2-d) and that deferral (D82-9) is hereby disapproved.

Resolved, That the House recede from its disagreement to the amendment fo the Senate numbered 104 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

: Provided further, That of the funds deferred under this head in the Supplemental Appropriations and Rescission Act, 1981 (Public Law 97-12), $5,000,000 shall be available for the Federal coal conversion program, of which $4,500,000 shall be available only for expenses in issuing prohibition orders under the Powerplant and Industrial Fuel Use Act and other related laws.

Resolved, That the House recede from its disagreement to the amendment if the Senate numbered 106 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

SPR PETROLEUM ACCOUNT

The aggregate amount that may be obligated under section 167 of the Energy Policy and Conservation Act of 1975 (Public Law 94-163), as amended by the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35), for the acquisition and transportation of petroleum, and for other necessary expenses, is $3,684,000,000, to remain available until expended.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 111 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

: *Provided further*, That funding contained herein, and in any earlier appropriations Act, for scholarship programs under section 103 of the Indian Health Care Improvement Act and section 757 of the Public Health Service Act shall remain available for expenditure until September 30, 1983.

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 112 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the sum proposed by said amendment, insert: $49,117,000

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 117 to the aforesaid bill, and concur therein with an amendment as follows:

In lieu of the matter proposed by said amendment, insert:

: *Provided*, That no funds shall be obligated for expenses of the Office of the Director of Indian Education after March 1, 1982 until the Secretary of Education has submitted to the Congress his report and recommendations on the study and analysis of the definition of the term "Indian" as required by section 453 of the Indian Education Act (86 Stat. 345), as amended (20 U.S.C. 1221h)

Mr. McCLURE. Mr. President, I ask unanimous consent that the Senate concur in the amendments of the House to the amendments of the Senate except amendment No. 73.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. McCLURE. Mr. President, in order to bring the Interior appropriations bill into compliance with the terms which will be applied to those appropriations bills funded through the next continuing resolution, I am now prepared to offer an amendment which will result in a reduction of $319,744,000 in budget authority from the conference level. A straight 4-percent reduction of budget authority contained in this bill would yield us a savings of $314,344,000. The additional $5.4 million savings is achieved by applying the 4-percent cut to deferred fiscal year 1981 funds for SRC–I in the Department of Energy which have been programed for expenditure in fiscal year 1982.

If this amendment is accepted, the Interior and related agencies bill would be $126 million below the amount previously approved by the Senate.

UP AMENDMENT NO. 775

Mr. President, I send the amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from Idaho (Mr. McCLURE) proposes an unprinted amendment numbered 775 to the House amendment to the Senate amendment numbered 73 in disagreement:

Before the period insert the following:

: *Provided further*, That notwithstanding any other provision of this Act, budget authority provided by this Act is hereby reduced by the following amounts: Department of the Interior—$145,955,000; Forest Service—$59,581,000; Department of Energy—$56,947,000; Indian Health Service—$26,950,000; Indian Education—$3,244,000; Navajo and Hopi Indian Relocation Commission—$419,000; Smithsonian Institution—$5,939,000; National Gallery of Art—$1,242,000; Woodrow Wilson International Center for Scholars—$78,000; National Endowment for the Arts—$5,960,000; National Endowment for the Humanities—$5,440,000; Institute of Museum Services—$480,000; Commission of Fine Arts—$12,000; Advisory Council on Historic Preservation—$65,000; National Capital Planning Commission—$94,000; Franklin Delano Roosevelt Memorial Commission—$1,000; Pennsylvania Avenue Development Corporation—$762,000; Federal Inspector for the Alaska Gas Pipeline—$1,143,000; and Holocaust Memorial Council—$32,000: *Provided further*, that such reductions shall be ratably applied to each account, program, activity and project.

Mr. McCLURE. Mr. President, at this time I move that the Senate concur in the amendment of the House to the amendment of the Senate numbered 73 in disagreement with the further amendment at the desk.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

Mr. PROXMIRE. Mr. President, does the Senator intend to have a rollcall vote?

Mr. McCLURE. I do not intend to.

Mr. PROXMIRE. It seems to me a cut that big should require a rollcall vote. Furthermore, would this cut be a 4-percent cut in every account of the appropriation bill, without exception?

Mr. McCLURE. Except for entitlements, the Senator is correct.

Mr. PROXMIRE. Except for entitlements.

Mr. McCLURE. There are also two off-budget items that would not be subjected to the cut. With these exceptions, it would be 4 percent in every portion of the bill.

Mr. PROXMIRE. It is my understanding that in 3 minutes we go off this bill and go on to the conference report on agriculture, is that correct?

Mr. McCLURE. That is correct.

Mr. PROXMIRE. That might give us an opportunity to study this amendment, because it seems to me this is a pretty substantial change, and I hope we will have an opportunity to study it and then have a rollcall vote.

Mr. McCLURE. It has been my hope that we would be able to send this back to the House very quickly so that they would know what action we have taken as they are considering the continuing resolution. That is a part of their consideration as they are putting together the continuing resolution on the floor of the House today and, therefore, I had hoped we would be able to adopt it without any delay. If necessary, I will ask the leader to consider it at this time instead of putting it off until a later time.

Mr. PROXMIRE. I am concerned about acquiescing in a $340 million reduction. I favor that and I certainly will vote for it.

Mr. McCLURE. $319 million.

Mr. PROXMIRE. What amount?

Mr. McCLURE. $319 million.

Mr. PROXMIRE. $319 million.

Mr. JOHNSTON. Mr. President, will the Senator yield?

Mr. PROXMIRE. I would be happy to yield to the Senator from Louisiana.

Mr. JOHNSTON. There are a number of items in this conference report that are of concern to me, and I would like to clear those up.

First of all, there is no new budget authority for the State assistance program which is funded from the land and water conservation fund. This is the fund which funds the land acquisition and recreation grants to the States.

As the Senator will recall, in deleting this funding we had, I believe, the understanding that this was a 1-year moratorium of that activity, and it was not intended to be a permanent killing of the State assistance program. Is my understanding correct on that?

Mr. McCLURE. The Senator is correct. The statement is included in the statement of the managers on the part of the Senate which I have had printed in the RECORD.

Mr. JOHNSTON. With respect to the $6,150,000 recommended in the conference report for Federal land acquisition at Big Cypress National Park in Florida, the managers have recognized that this funding will not be nearly enough to meet the requirements promptly to pay court awards in fiscal year 1982. The conferees intended that any deficiency requirement be provided from funds specifically identified for that purpose or be reprogramed from lower priority projects, so the acquisition in Big Cypress can proceed in timely fashion without injury to individual property holders.

I want to ask the manager if I am correct also in that understanding.

Mr. McCLURE. Mr. President, the Senator is correct.

Mr. JOHNSTON. Now, finally, Mr. President, as my distinguished friend, the floor manager of this bill, knows, I had an amendment prepared to his amendment which would have provided with respect to two parks, that is the Chattahoochee National Recreation Area in Georgia and Hassel Island in the Virgin Islands National Park, that I was going to add language that would exempt those two projects from the cuts. It is my feeling that both of those are projects in which earnest money has been put up by the Government with a deadline for acquisition and a liquidated price for acquisition so that 96 percent of the amount will not do in either of those cases because you must have 100 percent of the liquidated amount.

The Senator has told me that, in effect, he would guarantee that we would have the 100 percent in both of those projects, and that such an amendment would not be necessary, and that it might be mischievous to put in that kind of language; am I correct?

Mr. McCLURE. The Senator is correct. I will make every effort and give him every assurance that we will attempt to find the money one way or another to fully fund those two projects. This is a liquidated amount or a set amount by option or contract in each of those

cases, and it would be a tragedy for us not to exercise the options.

If, as a matter of fact, there is any problem under this, we will find another way to solve it. But the Secretary has enough authority under the bill through reprograming requests, if necessary, to fully fund those two projects, and I will work with the Senator and with the Secretary to make sure that that is done.

Mr. JOHNSTON. I appreciate that the amount involved, the 4 percent on those two projects, would be a relatively small amount of money. Ordinarily I would insist that we put an amendment in to spell it out clearly. But my regard and respect for my distinguished friend from Idaho is such that with his assurance I will not insist on putting the amendment in, but let the matter go as it is.

Mr. McCLURE. I thank the Senator. If in any way for any reason we run into trouble in that process we will find another way.

Mr. JOHNSTON. I thank my friend.

Mr. PROXMIRE. Mr. President, I commend the Senators for proposing this amendment. It does save $319 million. Frankly, in my judgment, it does not go far enough. My staff tells me that to accommodate the President fully would take about $1 billion in cuts, which I would favor and vote for. But under the circumstances it is the best we can do, and I will not ask for a rollcall vote.

Mr. MELCHER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Montana.

Mr. MELCHER. I understand the conference report before us agrees to the funding for the National Center for Appropriate Technology in the amount of $3 million, less a percentage cut of approximately 4 percent.

Mr. McCLURE. The Senator from Montana is correct.

Mr. MELCHER. Further, my understanding is that the conference report and the intent of the managers of the bill is that the $3 million, less 4 percent, will be—the bill itself and the conference report direct that the $3 million, less 4 percent, will be—provided to the National Center for Appropriate Technology by the Department of Energy.

Mr. McCLURE. The Senator is correct.

Mr. MELCHER. I thank my friend, the distinguished chairman of the Interior Appropriations Subcommittee and the chairman of the Energy Committee.

I have one further inquiry: Is it the intent or are there specific areas outlined in the bill, in its final form now, regarding the $59 million cut for the Forest Service? Where is that cut supposed to be absorbed or is it left to the discretion of the Forest Service itself?

Mr. McCLURE. That would be across the board in each account and activity.

Mr. MELCHER. In each account and activity?

Mr. McCLURE. Yes.

Mr. MELCHER. And throughout the entire appropriated funds for the Forest Service?

Mr. McCLURE. The Senator is correct.

Mr. MELCHER. I thank my friend.

Mr. McCLURE. I think we are ready for the adoption of the amendment.

Just prior to the adoption of the amendment, if I may, I ask unanimous consent that a table that includes the precise figures in each of the accounts be printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

R1HEWRES
P811FNEW

Comparative Statement of New Budget (Obligational) Authority

		New BA Enacted Fiscal Year 81	New BA Rev. Estimates Fiscal Year 82	New BA House Fiscal Year 82	New BA Senate Fiscal Year 82	New BA Conference Fiscal Year 82	4% Reduction	Revised New BA
100	TITLE I - DEPARTMENT OF THE INTERIOR							
120	LAND AND WATER RESOURCES							
140	Bureau of Land Management							
160	Management of lands and resources	406,730,000	252,932,000	295,789,000	357,631,000	370,131,000	14,805,000	355,326,000
180	Acquisition, construction, and maintenance	14,768,000	11,310,000	12,720,000	12,370,000	12,720,000	509,000	12,211,000
185	Payments in lieu of taxes	103,000,000	39,600,000	---	105,000,000	99,500,000	3,980,000	95,520,000
190	Land acquisition	---	270,000	1,137,000	2,360,000	3,137,000	125,000	3,012,000
195	General administration	---	82,541,000	82,638,000	---	---	---	---
220	Oregon and California grant lands (indefinite appropriation of receipts)	57,500,000	47,775,000	54,988,000	54,988,000	54,988,000	2,200,000	52,788,000
240	Range improvements (indefinite appropriation of receipts)	13,500,000	11,880,000	13,500,000	13,500,000	13,500,000	---	13,500,000
260	Service charges, deposits, and forfeitures (indefinite special fund)	9,600,000	10,000,000	10,000,000	10,000,000	10,000,000	400,000	9,600,000
360	Miscellaneous trust funds (indefinite)	100,000	100,000	100,000	100,000	100,000	---	100,000
380	Total, Bureau of Land Management	605,198,000	456,408,000	470,872,000	565,389,000	564,076,000	22,019,000	542,057,000
400	Office of Water Research and Technology							
420	Salaries and expenses	24,585,000	---	9,755,000	---	11,194,000	558,000	10,636,000
440	(Effect of FY 1981 deferral)	---	---	---	---	(2,745,000)	---	(2,745,000)
445	Total, Land and Water Resources	629,783,000	456,408,000	480,627,000	565,389,000	575,270,000	22,577,000	552,693,000
460	FISH AND WILDLIFE AND PARKS							
480	United States Fish and Wildlife Service							
640	Resource management	233,430,000	168,507,000	207,235,000	219,328,000	229,531,000	9,181,000	220,350,000
660	Construction and anadromous fish	35,397,000	6,355,000	9,475,000	6,611,000	6,961,000	278,000	6,683,000
680	Migratory bird conservation account (definite reavaable advance)	1,250,000	---	1,250,000	1,250,000	1,250,000	50,000	1,200,000
720	Land acquisition	---	1,002,000	18,039,000	8,000,000	17,178,000	687,000	16,491,000
745	National Wildlife Refuge Fund	8,500,000	---	---	7,000,000	6,000,000	240,000	5,760,000
747	General administration	---	26,517,000	29,208,000	---	---	---	---
750	Total, United States Fish and Wildlife Service	278,577,000	202,381,000	265,207,000	242,189,000	260,920,000	10,436,000	250,484,000
800								

R1NEWARES
PS11FNEW

Comparative Statement of New Budget (Obligational) Authority

		New BA Enacted Fiscal Year 81	New BA Rev. Estimates Fiscal Year 82	New BA House Fiscal Year 82	New BA Senate Fiscal Year 82	New BA Conference Fiscal Year 82	4% Reduction	Revised New BA
820	National Park Service							
840	Operation of the national park system	457,041,000	394,030,000	527,606,000	530,982,000	534,252,000	21,370,000	512,882,000
842	National recreation and preservation	15,980,000	11,488,000	13,088,000	12,688,000	12,883,000	516,000	12,372,000
844	Urban park and recreation fund	1,000,000	---	10,000,000	---	8,000,000	320,000	7,680,000
846	Land and Water Conservation Fund (indefinite)	288,593,000	---	---	---	---	---	---
848	(Increase in limitation)	(413,000)	---	---	---	---	---	---
850	Historic preservation fund	26,008,000	4,136,000	26,500,000	26,500,000	26,500,000	1,060,000	25,440,000
860	Construction	43,367,000	53,434,000	108,771,000	88,721,000	88,721,000	3,549,000	85,172,000
865	Construction (trust fund) (rescission)	-12,000,000	---	---	---	---	---	---
870	Land acquisition and state assistance	---	30,760,000	130,468,000	176,108,000	107,773,000	4,311,000	103,462,000
920	John F. Kennedy Center for the Performing Arts	4,541,000	3,797,000	4,315,000	4,315,000	4,315,000	173,000	4,142,000
930	Park restoration and improvement	---	92,400,000	---	---	---	---	---
935	General administration	---	33,229,000	31,465,000	---	---	---	---
940	Total, National Park Service	826,522,000	623,274,000	822,213,000	839,314,000	782,449,000	31,299,000	751,150,000
960	Total, Fish and Wildlife and Parks	1,105,099,000	825,655,000	1,087,420,000	1,061,503,000	1,013,369,000	41,735,000	1,001,634,000
980	ENERGY AND MINERALS							
1000	Geological Survey							
1020	Surveys, investigations, and research	516,201,000	465,784,000	535,581,000	508,703,000	515,151,000	20,606,000	494,545,000
1040	Exploration of national petroleum reserve in Alaska	107,001,000	2,288,000	2,000,000	2,288,000	2,288,000	92,000	2,196,000
1060	Digital Cartography	---	5,310,000	---	---	---	---	---
1080	Total, Geological Survey	623,202,000	473,382,000	537,581,000	510,991,000	517,439,000	20,698,000	496,741,000
1100	Bureau of Mines							
1120	Mines and minerals	142,319,000	124,881,000	143,460,000	151,539,000	151,764,000	6,079,000	145,685,000
1140	Office of Surface Mining							
1160	Reclamation and Enforcement							
1180	Regulation and technology	89,679,000	56,820,000	66,033,000	60,938,000	60,953,000	2,438,000	58,515,000
1200	Abandoned mine reclamation fund (definite, trust fund)	82,485,000	101,400,000	115,227,000	105,335,000	106,335,000	4,253,000	102,082,000
1220	Total, Office of Surface Mining Reclamation and							
1240	Enforcement	172,164,000	158,220,000	181,260,000	166,173,000	167,288,000	6,691,000	160,597,000
1260	Total, Energy and Minerals	937,685,000	756,483,000	862,301,000	828,703,000	836,491,000	33,468,000	803,023,000
1280	INDIAN AFFAIRS							
1300	Bureau of Indian Affairs							
1320	Operation of Indian Programs	838,140,000	670,734,000	797,395,000	814,742,581	835,646,000	33,426,000	802,220,000
1340	Construction	100,182,000	90,376,000	112,619,000	79,282,000	97,529,000	3,901,000	93,628,000
1360	Road construction	48,625,000	42,741,000	48,830,000	50,816,810	49,125,000	1,965,000	47,160,000
1370	General administration	---	58,048,000	63,512,000	---	---	---	---
1380	Alaska native fund	30,000,000	---	---	---	---	---	---
1400	Trust funds (definite)	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	---	3,000,000
1420	Trust funds (indefinite)	25,000,000	25,000,000	25,000,000	25,000,000	25,000,000	---	25,000,000
1440	Eastern Indians Land Claims Settlement	81,500,000	---	---	---	---	---	---
1445	Revolving fund for loans (limitation on direct loans)	---	(14,770,000)	(14,770,000)	(14,770,000)	(14,770,000)	---	(14,770,000)
1450	Indian loan guaranty and insurance fund (limitation							
1455	on guaranteed loans)	---	(27,630,000)	(27,630,000)	(27,630,000)	(27,630,000)	---	(27,630,000)
1460	Total, Bureau of Indian Affairs	1,126,447,000	889,899,000	1,050,326,000	972,841,391	1,010,300,000	39,292,000	971,008,000
1480	TERRITORIAL AFFAIRS							
1500	Office of Territorial Affairs							
1520	Administration of territories	77,915,000	71,152,000	92,571,000	87,869,000	89,679,000	2,689,000	86,990,000
1530	(Limitation on guaranteed loans)	---	---	---	---	---	---	---
1540	Trust Territory of the Pacific Islands	94,522,000	63,800,000	78,830,000	79,561,000	79,330,000	3,173,000	76,157,000
1560	Total, Office of Territorial Affairs	172,437,000	134,952,000	171,401,000	167,430,000	169,009,000	5,862,000	163,147,000

1580	SECRETARIAL OFFICES						
1600	Office of the Solicitor						
1620	Salaries and expenses	17,407,000	17,307,000	17,000,000	19,667,000	18,333,000	733,000	17,600,000
1640	Office of the Secretary							
1660	Departmental Management	39,155,000	42,174,000	36,194,000	42,676,000	42,434,000	1,697,000	40,737,000
1680	Office of Construction Management	8,789,000	---	4,000,000	4,000,000	4,000,000	160,000	3,840,000
1700	Office of Inspector General	9,172,000	9,478,000	10,770,000	10,770,000	10,770,000	431,000	10,339,000
1720	Youth Conservation Corps	26,000,000	---	---	---	---	---	---
1740	Rural Water Treatment and Distribution System	1,900,000	---	---	---	---	---	---
1760	Total, Office of the Secretary	85,016,000	51,652,000	50,964,000	57,446,000	57,204,000	2,288,000	54,916,000
1780	Total, Secretarial Offices	102,423,000	68,959,000	67,964,000	77,113,000	75,537,000	3,021,000	72,516,000
1800	Total, title I, new budget (obligational)							
1820	authority, Department of the Interior	4,073,874,000	3,132,556,000	3,720,619,000	3,693,479,391	3,710,176,000	145,955,000	3,564,221,000
1840	Consisting of:							
1860	Appropriations	4,073,874,000	3,132,556,000	3,720,619,000	3,693,479,391	3,710,176,000	145,955,000	3,564,221,000
1880	Definite appropriations	3,671,081,000	3,037,801,000	3,617,031,000	3,582,891,391	3,600,588,000	143,115,000	3,457,473,000
1900	Indefinite appropriations	402,793,000	94,755,000	103,588,000	110,588,000	109,588,000	2,840,000	106,748,000
1920	TITLE II - RELATED AGENCIES							
1940	DEPARTMENT OF AGRICULTURE							
1960	Forest Service							
1980	Research	127,812,000	90,512,000	109,722,000	103,168,000	114,992,000	4,600,000	110,392,000
2000	State and private forestry	74,184,000	58,772,000	68,715,000	63,935,000	66,315,000	2,653,000	63,662,000
2020	National forest system	1,036,050,000	650,533,000	769,093,000	996,410,000	1,007,074,000	40,283,000	966,791,000
2040	Consultant services	-156,000	---	---	---	---	---	---
2060	Construction and land acquisition	452,506,000	187,248,000	509,743,000	265,101,000	265,101,000	10,604,000	254,497,000
2061	Timber receipts transfer	---	---	-78,700,000	-78,700,000	-78,700,000	---	-78,700,000
2062	Timber purchaser credits	---	(191,152,000)	---	(242,542,000)	(242,542,000)	---	(242,542,000)
2065	Land acquisition	---	7,568,000	35,989,000	15,120,000	27,356,000	1,094,000	26,262,000
2080	Youth Conservation Corps	---	---	20,000,000	---	---	---	---
2090	General administration	---	261,618,000	259,162,000	---	---	---	---
2095	Lake Tahoe Acquisition	---	---	---	7,000,000	---	---	---
2100	Acquisition of lands for national forests:							
2120	Special acts (special fund, indefinite)	754,000	754,000	754,000	754,000	754,000	30,000	724,000
2140	Acquisition of lands to complete land exchanges							
2160	(special fund, indefinite)	446,000	288,000	327,000	327,000	327,000	13,000	314,000
2180	Rangeland improvements (special fund, indefinite)	6,800,000	5,720,000	6,580,000	7,500,000	7,500,000	300,000	7,200,000
2190	Miscellaneous trust funds	---	90,000	90,000	90,000	90,000	4,000	86,000
2240	Total, Forest Service	1,698,396,000	1,263,103,000	1,701,395,000	1,380,705,000	1,410,809,000	59,581,000	1,351,228,000
2260	DEPARTMENT OF ENERGY							
2270	Alternative fuels production (rescission)	-1,175,000,000	---	---	---	---	---	---
2280	Fossil energy research and development	659,917,000	358,259,000	463,750,000	408,490,000	431,100,000	18,068,000	413,032,000
2285	(Deferral / Transfer)	---	---	(9,000,000)	(9,000,000)	(9,000,000)	---	(9,000,000)
2290	By transfer	---	---	(400,000)	---	---	---	---
2300	Fossil energy construction	333,900,000	15,840,000	---	4,000,000	4,000,000	160,000	3,840,000
2305	(Deferral / Transfer)	---	---	(135,000,000)	(135,000,000)	(135,000,000)	(5,400,000)	(129,600,000)
2320	Naval petroleum and oil shale reserves	216,313,000	230,563,000	222,023,000	222,463,000	222,023,000	8,881,000	213,142,000
2340	Energy conservation	711,675,000	103,838,000	207,690,000	130,340,000	161,490,000	16,090,000	145,400,000
2341	(Deferral / Transfer)	---	---	(67,762,000)	(67,762,000)	(67,762,000)	---	(67,762,000)
2342	By transfer	---	---	(168,508,000)	(173,008,000)	(173,008,000)	---	(173,008,000)
2345	(Limitation on guaranteed loans)	---	---	---	---	---	---	---
2360	Economic regulation	165,712,000	14,600,000	32,000,000	17,100,000	23,900,000	2,484,000	21,416,000
2365	(Deferral / Transfer)	---	---	(38,200,000)	(38,200,000)	(38,200,000)	---	(38,200,000)
2380	Strategic petroleum reserve	2,790,507,000	199,408,000	199,408,000	199,408,000	199,408,000	7,976,000	191,432,000
2400	Strategic Petroleum Reserve, Petroleum Acquisition							
2410	and Transportation	---	(3,217,991,000)	(3,183,000,000)	(3,684,000,000)	(3,684,000,000)	---	(3,684,000,000)
2420	Energy Information Administration	90,417,000	70,400,000	84,986,000	79,871,000	82,207,000	3,288,000	78,919,000
2440	Biomass Energy Development:							
2445	(Limitation on direct loans)	---	(80,000,000)	---	---	---	---	---
2450	(Limitation on guaranteed loans)	---	(35,000,000)	---	---	---	---	---
2460	Total, Department of Energy	3,793,441,000	992,908,000	1,206,057,000	1,061,652,000	1,124,128,000	56,947,000	1,067,181,000
2470	DEPARTMENT OF THE TREASURY							
2475	Energy security reserve (rescission)	-469,500,000	---	---	---	---	---	---
2480	DEPARTMENT OF HEALTH AND HUMAN RESOURCES							
2500	Health Services Administration							
2520	Indian health services	606,795,000	551,601,000	629,484,000	606,905,000	624,630,000	24,985,000	599,645,000
2540	Indian health facilities	83,053,000	7,128,000	46,739,000	46,617,000	49,117,000	1,965,000	47,152,000
2560	Total, Indian health	689,848,000	558,729,000	676,223,000	653,522,000	673,747,000	26,950,000	646,797,000

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	New BA Enacted Fiscal Year 81	New BA Rev. Estimates Fiscal Year 82	New BA House Fiscal Year 82	New BA Senate Fiscal Year 82	New BA Conference Fiscal Year 82	4% Reduction	Revised New BA
2580 DEPARTMENT OF EDUCATION							
2600 Office of Elementary and Secondary Education							
2620 Indian education	81,680,000	71,364,000	62,096,000	81,096,000	81,096,000	3,244,000	77,852,000
2680 NAVAJO AND HOPI INDIAN RELOCATION COMMISSION							
2700 Salaries and expenses	2,737,000	13,254,000	15,051,000	4,981,000	10,481,000	419,000	10,062,000
2720 SMITHSONIAN INSTITUTION							
2740 Salaries and expenses	122,478,000	118,876,000	136,374,000	131,766,000	33,823,000	5,353,000	128,470,000
2760 Museum programs and related research (special foreign 2780 currency program)	3,650,000	4,840,000	4,500,000	5,250,000	4,500,000	180,000	4,320,000
2800 Construction and improvements, National Zoological 2820 Park	3,290,000	6,290,000	1,150,000	1,650,000	1,150,000	46,000	1,104,000
2840 Restoration and renovation of buildings	7,539,000	6,600,000	8,500,000	7,000,000	8,000,000	320,000	7,680,000
2860 Construction	5,000,000	880,000	1,000,000	1,000,000	1,000,000	40,000	960,000
2880 Subtotal	141,957,000	137,486,000	151,524,000	146,666,000	148,473,000	5,939,000	142,534,000
2900 Salaries and expenses, National Gallery of Art	24,651,000	28,844,000	31,777,000	30,067,000	31,057,000	1,242,000	29,815,000
2920 Salaries and expenses, Woodrow Wilson International 2940 Center for Scholars	1,830,000	1,989,00	2,260,000	1,903,000	1,950,000	78,000	1,872,000
2960 Total, Smithsonian Institution	168,438,000	168,319,000	185,561,000	178,636,000	181,480,000	7,259,000	174,221,000
2980 NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES							
3000 National Endowment for the Arts							
3020 Salaries and expenses	114,195,000	50,894,800	113,635,000	79,035,000	107,635,000	4,305,000	103,330,000
3040 Administrative expenses	11,900,000	11,145,200	11,365,000	10,265,000	11,365,000	455,000	10,910,000
3060 Subtotal	126,095,000	62,040,000	125,000,000	89,300,000	119,000,000	4,760,000	114,240,000
3080 Matching grants (indefinite)	32,700,000	15,400,000	32,500,000	30,000,000	30,000,000	1,200,000	28,800,000
3100 Total, National Endowment for the Arts	158,795,000	77,440,000	157,500,000	119,300,000	149,000,000	5,960,000	143,040,000
3120 National Endowment for the Humanities							
3140 Salaries and expenses	106,522,000	51,920,000	100,087,000	77,000,000	94,200,000	3,768,000	90,432,000
3160 Administrative expenses	11,277,000	9,680,000	12,000,000	11,000,000	11,830,000	472,000	11,328,000
3180 Subtotal	117,799,000	61,600,000	112,087,000	88,000,000	106,000,000	4,240,000	101,760,000
3200 Matching grants (indefinite)	33,500,000	13,200,000	31,974,000	25,700,000	30,000,000	1,200,000	28,800,000
3220 Total, National Endowment for the Humanities	151,299,000	74,800,000	144,061,000	113,700,000	136,000,000	5,440,000	130,560,000
3230 Institute of Museum Services	12,857,000	194,000	14,420,000	8,400,000	12,000,000	480,000	11,520,000
3240 Total, National Foundation on the Arts and the 3260 Humanities	322,951,000	152,434,000	315,981,000	241,400,000	297,000,000	11,880,000	285,120,000
3280 COMMISSION OF FINE ARTS							
3300 Salaries and expenses	298,000	152,000	303,000	303,000	303,000	12,000	291,000
3320 ADVISORY COUNCIL ON HISTORIC PRESERVATION							
3340 Salaries and expenses	1,590,000	1,641,000	1,632,000	1,632,000	1,632,000	65,000	1,567,000
3360 NATIONAL CAPITAL PLANNING COMMISSION							
3380 Salaries and expenses	2,400,000	2,095,000	2,371,000	2,361,000	2,361,000	94,000	2,267,000
3400 FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION							
3420 Salaries and expenses	30,000	35,000	30,000	30,000	30,000	1,000	29,000
3430 ARCHITECT OF THE CAPITOL							
3435 Preservation of area of historical significance	---	---	---	250,000	---	---	---
3440 PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION							
3460 Salaries and expenses	2,443,000	2,059,000	2,340,000	2,340,000	2,340,000	94,000	2,246,000

3480 Land acquisition and development fund (borrowing							
3500 authority)	15,000,000	2,200,000	2,500,000	2,500,000	2,500,000	100,000	2,400,000
3520 Public development	14,169,000	12,496,000	14,200,000	14,200,000	14,200,000	568,000	13,632,000
3540 Total, Pennsylvania Avenue Development							
3560 Corporation	31,612,000	16,755,000	19,040,000	19,040,000	19,040,000	762,000	18,278,000
3580 FEDERAL INSPECTOR FOR THE ALASKA GAS PIPELINE							
3600 Permitting and enforcement	21,038,000	32,180,000	28,568,000	28,568,000	28,568,000	1,143,000	27,425,000
3620 HOLOCAUST MEMORIAL COUNCIL							
3640 Salaries and expenses	722,000	704,000	800,000	770,000	800,000	32,000	768,000
3660 Total, title II, new budget (obligational)							
3680 authority, related agencies	6,345,681,000	3,273,673,000	4,235,108,000	3,654,946,000	3,831,475,000	168,389,000	3,663,086,000
3700 Consisting of:							
3720 Appropriations	6,330,681,000	3,271,473,000	4,232,608,000	3,652,446,000	3,828,975,000	168,289,000	3,660,686,000
3740 Definite appropriations	6,256,481,000	3,236,111,000	4,190,553,000	3,588,165,000	3,760,394,000	165,546,000	3,594,848,000
3760 Indefinite appropriations	74,200,000	35,362,000	72,055,000	64,281,000	68,581,000	2,743,000	65,838,000
3800 Borrowing authority	15,000,000	2,200,000	2,500,000	2,500,000	2,500,000	100,000	2,400,000
3820 RECAPITULATION							
3840 Total, New Budget (obligational) authority, or							
3860 Total Outlays, all titles	10,419,555,000	6,406,229,000	7,955,727,000	7,348,425,391	7,541,651,000	314,344,000	7,227,307,000
3865 Prior Year Outlays	---	---	---	---	---	-	---
3867 Outlays new	10,419,555,000	6,406,229,000	7,955,727,000	7,348,425,391	7,541,651,000	314,344,000	7,227,307,000
3880 Consisting of:							
3900 Appropriations	10,404,555,000	6,404,029,000	7,953,227,000	7,345,925,391	7,539,151,000	314,244,000	7,224,907,000
3920 Definite appropriations	(9,927,562,000)	(6,273,912,000)	(7,777,584,000)	(7,171,056,391)	(7,360,982,000)	(308,661,000)	(7,052,321,000)
3940 Indefinite appropriations	(476,993,000)	(130,117,000)	(175,643,000)	(174,869,000)	(178,169,000)	(5,583,000)	(172,586,000)
3980 Borrowing authority	15,000,000	2,200,000	2,500,000	2,500,000	2,500,000	100,000	2,400,000
3990 (Limitation on direct loans)	---	(94,770,000)	(14,770,000)	(14,770,000)	(14,770,000)	---	(14,770,000)
3995 (Limitation on guaranteed loans)	---	(62,630,000)	(27,630,000)	(27,630,000)	(27,630,000)	---	(27,630,000)
3997 By transfer	---	---	(169,008,000)	(173,008,000)	(173,008,000)	---	(173,008,000)
4000 TITLE I -DEPARTMENT OF THE INTERIOR							
4020 Bureau of Land Management	605,198,000	456,408,000	470,872,000	565,889,000	564,076,000	22,019,000	542,057,000
4040 Office of Water Research and Technology	24,585,000	---	9,755,000	---	11,194,000	558,000	10,636,000
4080 United States Fish and Wildlife Service	278,577,000	202,381,000	265,297,000	242,189,000	260,920,000	10,436,000	250,484,000
4100 National Park Service	826,522,000	623,274,000	822,213,000	839,314,000	782,449,000	31,299,000	751,150,000
4120 Geological Survey	623,202,000	473,582,000	538,161,000	510,991,000	517,439,000	20,698,000	496,741,000
4140 Bureau of Mines	142,319,000	124,881,000	143,460,000	151,539,000	151,964,000	6,079,000	145,885,000
4160 Office of Surface Mining Reclamation and Enforcement	172,164,000	158,220,000	181,260,000	166,173,000	167,288,000	6,691,000	160,597,000
4180 Bureau of Indian Affairs	1,126,447,000	889,899,000	1,050,325,000	972,841,391	1,010,390,000	39,292,000	971,098,000
4200 Territorial Affairs	172,437,000	134,952,000	171,401,000	167,430,000	169,309,000	5,862,000	163,147,000
4220 Office of the Solicitor	17,407,000	17,307,000	17,000,000	19,667,000	18,333,000	733,000	17,600,000
4240 Office of the Secretary	85,016,000	51,652,000	50,964,000	57,446,000	57,204,000	2,288,000	54,916,000
4260 Total, Title I - Department of the Interior	4,073,874,000	3,132,556,000	3,720,619,000	3,693,479,391	3,710,176,000	145,955,000	3,564,221,000
4280 TITLE II - RELATED AGENCIES							
4300 Forest Service	1,698,396,000	1,263,103,000	1,701,395,000	1,380,705,000	1,410,809,000	57,581,000	1,351,228,000
4320 Department of Energy	3,793,441,000	992,908,000	1,206,057,000	1,061,652,000	1,124,128,000	56,947,000	1,067,181,000
4330 Energy Security Reserve	469,500,000	---	---	---	---	---	---
4340 Indian Health	689,848,000	558,729,000	676,223,000	653,522,000	673,747,000	26,950,000	646,797,000
4360 Indian Education	81,680,000	71,364,000	82,096,000	81,096,000	81,096,000	3,244,000	77,852,000
4400 Navajo and Hopi Indian Relocation Commission	2,737,000	13,254,000	15,051,000	4,981,000	19,481,000	419,000	19,062,000
4420 Smithsonian	141,957,000	137,486,000	151,524,000	146,666,000	148,473,000	5,939,000	142,534,000
4440 National Gallery of Art	24,651,000	28,844,000	31,777,000	30,067,000	31,057,000	1,242,000	29,815,000
4460 Woodrow Wilson International Center for Scholars	1,830,000	1,989,000	2,260,000	1,903,000	1,950,000	78,000	1,872,000
4480 National Endowment for the Arts	158,795,000	77,440,000	157,500,000	119,300,000	149,000,000	5,960,000	143,040,000
4500 National Endowment for the Humanities	151,299,000	74,800,000	144,061,000	113,700,000	136,000,000	5,440,000	130,560,000
4510 Institute of Museum Services	12,857,000	194,000	14,420,000	8,400,000	12,000,000	480,000	11,520,000
4520 Commission of Fine Arts	298,000	152,000	303,000	303,000	303,000	12,000	291,000
4540 Advisory Council on Historic Preservation	1,590,000	1,641,000	1,632,000	1,632,000	1,632,000	65,000	1,567,000
4560 National Capital Planning Commission	2,400,000	2,095,000	2,371,000	2,361,000	2,361,000	94,000	2,267,000
4580 Franklin Delano Roosevelt Memorial Commission	30,000	35,000	30,000	30,000	30,000	1,000	29,000
4600 Pennsylvania Avenue Development Corporation	31,612,000	16,755,000	19,040,000	19,040,000	19,040,000	762,000	18,278,000
4610 Architect of the Capitol	---	---	---	250,000	---	---	---
4620 Federal Inspector for the Alaska Gas Pipeline	21,038,000	32,180,000	28,568,000	28,568,000	28,568,000	1,143,000	27,425,000
4640 Holocaust Memorial Council	722,000	704,000	800,000	770,000	800,000	32,000	768,000
4660 Total, Title II - Related Agencies	6,345,681,000	3,273,673,000	4,235,108,000	3,654,946,000	3,831,475,000	168,389,000	3,663,086,000
4680 Grand total	10,419,555,000	6,406,229,000	7,955,727,000	7,348,425,391	7,541,651,000	314,344,000	7,227,307,000
4685 Total mandatory and discretionary	10,419,555,000	6,406,229,000	7,955,727,000	7,348,425,391	7,541,651,000	314,344,000	7,227,307,000
4690 Mandatory	(41,600,000)	(39,980,000)	(41,600,000)	(41,600,000)	(41,600,000)	---	(41,600,000)
4695 Discretionary	(10,377,955,000)	(6,366,249,000)	(7,914,127,000)	(7,306,825,391)	(7,500,051,000)	(314,344,000)	(7,185,707,000)

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho (Mr. McCLURE) to concur in the amendment of the House to the amendment of the Senate numbered 73, with the further amendment of the Senate numbered UP amendment No. 775.

The motion was agreed to.

Mr. McCLURE. I move to reconsider the vote by which the motion was agreed to.

Mr. JOHNSTON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. McCLURE. Mr. President, does that complete the action on the conference report at this time?

The PRESIDING OFFICER. The Senator is correct.

Mr. McCLURE. I thank the Chair and I thank all Senators for their cooperation.

AGRICULTURE AND FOOD ACT OF 1981—CONFERENCE REPORT

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of the conference report on S. 884, which the clerk will report.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

Having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by a majority of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report will be printed in the House proceedings of the RECORD.)

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I thank the Chair.

Mr. President, this conference report on the 1981 farm bill is both sound farm policy and sound budget policy. It deserves the support of this Senate.

This bill provides increasing levels of income protection to farmers each year; yet, at the same time it does so in a way that is budgetworthy and fiscally responsible. It makes further advances in the direction of a market-oriented agricultural policy so that farmers can obtain their profits in the marketplace rather than their income from the pockets of the taxpayers. The bill is good for farmers, good for consumers, and good for the taxpayers.

The farm bill is the product of an almost unbelievable amount of time and effort. Many observers scoffed at our efforts at the beginning. They said it would be impossible to produce an effective but budgetworthy farm bill in the face of severe budgetary constraints. Of course, we have proven them wrong. While the bill does not really please anyone in every way, it will stand the most careful scrutiny as a well-drawn and effective piece of legislation.

The informal beginning of this bill occurred 2 years ago at the staff level. Policy research and development took place even earlier at land-grant universities and meetings of farm organizations around the country.

In Congress, the initial hearing in the Senate took place on March 2 of this year. Following more than a month of hearings, the committee put together the bill in over 25 4-hour markup sessions. This compares with only 11 2-hour sessions for a similar task in 1977.

The measure passed the Senate after a week of difficult debate. Following House action, conferees began to meet—more than 5 weeks ago—and at last we have this conference report.

It has been a long and challenging process. But it has been worth it.

Here we have a bill which will work for America's farmers and ranchers, in a way that is consistent with the President's economic recovery program. American agriculture deserves nothing less.

I want to commend my colleagues of the Conference Committee, particularly the distinguished Senator from Kentucky, DEE HUDDLESTON, our ranking member. He is a Member of the loyal opposition in the most constructive sense. All Members should commend Senator HUDDLESTON for his fair and responsible leadership.

Similarly, I want to recognize and commend my fellow Senators on both sides of the aisle for their diligence.

Also I wish to commend Mr. DE LA GARZA, Mr. WAMPLER, and other House conferees. Mr. DE LA GARZA proved himself to be not only a capable chairman, but a tough negotiator.

Special recognition should go to Agriculture Secretary Jack Block, assistant Secretary Bill Lesher and his staff at the Department of Agriculture. The Secretary's personal input and the hard work of Dr. Lesher were the key in the development of responsible legislation.

It has been said that the best farm bill for farmers would be legislation that helps to reduce inflation and lower interest rates. That means we must deal with the broad problems facing our economy, if we are to solve the problems facing farmers.

Only when we get our economy turned around, and we experience real economic growth, can farmers begin to receive the real profits which they need and deserve. Those farm profits will come from the marketplace, not the U.S. Treasury.

This bill will provide a margin of income protection, however, and will send correct economic signals to farmers. It extends and improves on current law in a budgetworthy fashion.

In the case of the dairy program, we have adopted minimum supports that should send more correct economic signals to milk producers. But we have also built in trigger levels so that dairy farmers can receive higher support levels, provided they bring their massive overproduction under control and their program cost down.

On wheat, feed grains, cotton, and rice, we adopted a format similar to the Senate bill of specific annual increases in target price levels. This allows for income protection without excessive budget exposure.

We made fundamental changes in the peanut program, so that the opportunity to grow peanuts is unlimited. The quota is reduced to the point that there is no net cost to the Government.

The same is true for sugar, in that there is no net cost to the Treasury.

Apart from the commodity programs, we adopted excellent provisions on farmer-owned grain reserves, agricultural exports, soil and water conservation, and agricultural research, extension, and teaching. We extended the Farmers Home Administration economic emergency loan program and provided the Secretary with flexibility to deal with credit needs over the next year. We provided attention to the farmland preservation problem, and we extended authority for the food stamp program and Public Law 480, the food for peace program.

Now, the Senate bill was once described in this Chamber as the "Farm Bankruptcy Act" of 1981. Our conference report is a compromise that is more generous than the Senate bill.

The point is still the same, however, that this bill will not guarantee a farmer a profit. It will provide a measure of income protection and marketing flexibility. But this bill—or any bill—is not a real long-term source of farm profitability.

The key determinants of whether a farmer succeeds or fails in his business are still individual initiative and skill in production and marketing. This bill does not alter that. These traits are the hallmark of the successful, independent American farmer, for whom we should all be thankful.

This bill supports the American farmer, but does not dominate him. It is budgetworthy and market oriented. It is a responsible compromise, and I urge my colleagues to support it.

I caution that the alternative to this bill is very grave, indeed. It has taken such a long amount of time to craft a bill which can stand the test of the Senate and the House, as well as the administration, that we have literally run out of time. It is essential that we approve this bill.

If this conference report does not carry, current authorities for farm legislation, having already expired, will no longer have the force of law. Agricultural policy will then revert to the permanent legislative authorities found in the Agricultural Adjustment Act of 1938 and the Agricultural Act of 1949. The ensuing statutory requirements will impose such an unmanageable and costly burden on our farmers as to be impossible for the Department of Agriculture to administer them. This Nation's farm policies will be thrown into chaos, and the impact upon the farm economy will be extremely adverse.

In short, the conference report is not only the best we could obtain in a farm bill this year, its adoption is now the

only responsible action the Senate can take.

Mr. President, I ask unanimous consent that a brief description of the principal features of the bill, title by title, be printed in the RECORD.

There being no objection, the description was ordered to be printed in the RECORD, as follows:

SUMMARY OF THE MAJOR PROVISIONS OF THE FARM BILL CONFERENCE REPORT

DAIRY PRODUCTS

The bill sets milk price supports at not less than $13.10 per hundred pounds for fiscal 1982. For fiscal years 1983, 1984 and 1985, the minimums would be $13.25, $14.00 and $14.60 respectively. For any year in which purchases are projected at less than $1 billion, the minimum would be 70 percent of parity. The support floor would rise to 75 percent of parity if projected surplus purchases are less than 4 billion pounds of milk in fiscal 1983, 3.5 billion in fiscal 1984, and 2.69 billion in fiscal 1985. The bill also directs the Secretary of Agriculture to report on the strengths and weaknesses of existing and possible new programs for controlling milk surpluses, including a review of the impact of government programs on regional supplies. The bill also extends for another 4 years current authority to include seasonal base plans in milk marketing orders.

WOOL AND MOHAIR

The bill extends for four years the existing wool and mohair support program. The support level would be 77.5 percent of the rate determined under a formula contained in the National Wool Act of 1954.

WHEAT

The bill sets wheat target prices at not less than $4.05 per bushel for the 1982 crop (compared with $3.81 for 1981), and then at $4.30 for 1983, $4.45 for 1984 and $4.65 for 1985. Price support loan rates for the 1982–85 crops would be not less than $3.55 per bushel (compared with $3.20 for 1981). The bill authorizes the Secretary of Agriculture, in years when he determines that excessive surpluses are likely, to require that farmers who want price support comply with either cropland set-aside or direct wheat acreage reduction programs. The Secretary would also be authorized to operate a paid acreage diversion program, but farmers could not be required to enter this program as a condition of eligibility for price support. Beginning with 1982 crops, disaster payments would be mandatory only for producers who do not have Federal crop insurance available; but the Secretary would have discretion to make disaster payments to any wheat grower if disaster losses create an economic emergency which cannot be alleviated by crop insurance and other Federal assistance.

FEED GRAINS

The bill sets corn target prices at not less than $2.70 per bushel on the 1982 crop (compared with $2.40 for 1981), and then at $2.86 for 1983, $3.03 for 1984 and $3.18 for 1985. Price support loan rates for corn would be not less than $2.55 per bushel in 1982–85 (compared with $2.40 in 1981). Regulations on set-aside or direct acreage limitation as a condition of price support, on use of paid diversion programs, on disaster payments and on similar provisions would be the same as those for wheat. The Secretary would be required to provide target price protection for grain sorghum and oats. Price support loans for grain sorghum, barley and oats would be set at "fair and reasonable" levels tied to the level for corn.

GRAIN RESERVES

The bill requires the Secretary of Agriculture to continue the existing farmer-owned reserve program for wheat and feed grains, and requires him to set price support loans for grains placed in the three-year reserve at not less than standard support rates in effect at the time the grain goes into reserve. The Secretary is given discretion to set terms under which grain may be withdrawn from the reserve by farmers without penalty, or under which he could encourage withdrawals by halting storage payments or raising interest rates. The Secretary is authorized to limit the size of the reserve, but the ceiling cannot be less than 700 million bushels of wheat and 1 billion bushels of feed grains. Whenever a reserve is in effect, USDA cannot sell any government-owned grain for less than 110 percent of the current "release price" level applying to farmer-owned reserves. Interest rates on price support loans for reserve grain must not be less than USDA's cost of borrowing from the Treasury, but the Secretary is given authority to waive or adjust interest.

COTTON

The bill continues the current program through the 1985 crop, with loan rates based on a percentage of open market prices and a loan floor of 55 cents a pound. Target prices will be the higher of (a)—120 percent of the loan rate, or (b)—71 cents a pound in 1982, 76 cents in 1983, 81 cents in 1984 and 86 cents in 1985. Rules authorizing the Secretary to require compliance with "Normal Crop Acreage" planting limits would be dropped from the program. The Secretary would be authorized to require a reduction in cotton acreage as a condition of eligibility for price support. Also, the support program for Extra Long Staple cotton would be revised to eliminate direct payments to growers. Paid diversion programs would be authorized, but could not be made a condition of eligibility for price support. Disaster payments would be authorized under the same conditions as for wheat, feed grains, and rice (see description in wheat section).

RICE

The bill continues a program of price support loans and target prices for the 1982–85 crops, but it eliminates use of acreage allotments so that program benefits become available to all producers. The rice loan rate will continue to be 75 percent of the target. The Secretary will continue to have authority to reduce the loan rate if it threatens to interfere with exports, but he couldn't go below $8 per hundred pounds. Target prices will be not less than $10.85 per hundred pounds for 1982, $11.40 for 1983, $11.90 for 1984, and $12.40 for 1985. The Secretary would be authorized to require a reduction in rice acreage as a condition of eligibility for price support. Cross-compliance with other commodity programs as a condition of eligibility for rice support would not be permitted. Paid acreage diversion programs would be authorized, but could not be made a condition of eligibility for support. Disaster payments would be authorized under the same conditions laid out for wheat, feed grains, and cotton.

PEANUTS

The bill eliminates the traditional peanut acreage allotment system, allowing producers without allotments to grow peanuts without restraint, but retains the farm poundage quota system. The total national poundage quota would be reduced in 1982 to a minimum of 1.2 million tons, and would be dropped further to 1.1673 million tons in 1983, 1.1347 million tons in 1984 and 1.100 million tons for the 1985 crop. The Secretary would be directed to apply quota cuts, as far as practicable, to quota holders who have not produced peanuts in recent years. Price support for quota peanuts grown within the farm poundage quota would be set at a minimum of $550 per ton for 1982–85, with annual increases beginning in 1983 to reflect increrases in production costs (but with a 6 percent limit on each annual adjustment). Support for non-quota peanuts would be set by the Secretary, based generally on world market conditions and fixed at a rate which would avoid any net cost to the government.

SOYBEANS

Price support loan rates for the 1982–85 crops will be set at 75 percent of the five-year national average price received by farmers with a floor of $5.02 a bushel. No production adjustment, cross-compliance requirements or reserve programs would be permitted.

SUGAR

The bill sets up a four-year support program with support loan rates of 17 cents a pound on raw sugar for the 1982 crop, 17.50 cents a pound for 1983, 17.75 cents a pound for 1984, and 18 cents a pound for 1985. Between the date of enactment of the bill and Oct. 1, 1982, when price support loans will go into effect, the Agriculture Department will be required to support the price of sugar through purchases of sugar processed between the enactment date and March 30, 1982, at a rate of 16.75 cents a pound.

EXPORT AND EMBARGO PROTECTION; P.L. 480

The bill requires the Secretary of Agriculture to compensate farmers whose products are affected by any future "selective" embargo on exports of agricultural products. The new protection would be activated in a "selective" embargo (which does not cover all U.S. exports to the affected country), and where the embargoed country purchases more than 3 percent of total U.S. exports of the affected commodity. Compensation to farmers would be provided by either or both of—(a) direct payments based on the difference between post-embargo market prices and 100 percent of parity, or (b) an increase in the price support loan rate for the affected commodity to 100 percent of parity. The bill also creates an Agricultural Export Credit Revolving Fund. Loans from the fund, made on commercial-style terms by the USDA, would be designed to expand farm exports. The bill also gives USDA discretionary power to formulate a standby export subsidy program which could be used, if found necessary by the President, to offset subsidies paid by other countries. Another section encourages the President to consult with appropriate Congressional committees before entering into bilateral agreements on exports of farm products.

The Administration is encouraged to consult with other major grain exporting nations on promoting more orderly marketing and higher prices. Additionally, the bill extends for four years authority for P.L. 480, the Food for Peace program, adding provisions designed to further encourage self-help steps by nations receiving aid.

MISCELLANEOUS

The bill contains a provision setting inspection and testing requirements designed to make sure that imported meat and meat products comply with U.S. standards. Under the legislation, the Secretary of Agriculture is directed to enforce compliance with U.S. standards by (1)—random inspections of imported meat and meat products to check for residues and to verify the species (beef, pork, etc.) of the product, and by (2)—random sampling and testing of internal organs and fat (carried out at the foreign slaughterhouse by the exporting country under methods approved by the U.S. Secretary of Agriculture) to check for chemical residues. The legislation states that all imported meat and meat foods from cattle, sheep, swine, goats, horses, mules or other equines which are capable of use for human food "shall be subject to the inspection, sanitary, quality, species verification and residue standards applied to products produced in the United States." The new provisions

would become effective six months after enactment of the law. Other provisions include:

Discretionary authority to the Secretary of Agriculture to provide emergency feed aid to poultry producers hit by natural disaster. Existing law requires similar treatment for foundation herds of livestock, but the new bill gives the Secretary discretion over whether to provide aid for livestock, matching the new poultry provision.

A section expressing the intent of Congress that the tobacco support program be operated without cost to the taxpayer outside of incidental administrative expenses. The Secretary of Agriculture is directed to take whatever steps toward this goal, as possible within existing law by January, 1982, and to advise Congress by January, 1982, of any legislative changes he recommends for reaching the goal. Also, the bill revises a portion of the law dealing with the production of types of tobacco which are not subject to marketing quotas. The effect of the change is to provide that Maryland-type tobacco will be charged against farm quotas when grown in areas where quotas for types like flue-cured and burley are in effect.

A provision giving new powers to the Secretary of Agriculture to act swiftly to meet "extraordinary emergency" outbreaks of plant pests if he finds that actions taken by a State are not adequate. In such cases, the Secretary would have discretion to pay compensation for losses incurred as a result of Federal pest control action.

Authorization for USDA to allow some State grain inspection agencies to perform inspection and weighing of grain at export port locations. Under this provision any State agency that conducted export inspections of grain at any time prior to July 1, 1976, and is currently, at the time of enactment of the bill, designated to perform official grain inspections at locations other than export ports will be eligible for this additional inspection authority if it operates in a State where grain exports from the State are less than 5 percent of the national total. (A few States currently operate export grain inspection; the new law deals with those States which have not been eligible to handle this function.)

A section creating an 11-member board, including seven agricultural producers, to review USDA methods of estimating farm production costs and to make recommendations about these estimates to the Secretary.

A requirement that surplus commodities such as dairy products acquired by the government under price support programs, beyond amounts needed for sales and other donations, will be donated to nutrition programs for the elderly and children and to local Food Bank projects which were authorized by a 1980 law to aid needy people.

National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981—

This title extends through fiscal year 1985 the Congressional authorization to provide adequate support to funding for research, extension and teaching aimed at continued gains in the productivity of the agricultural sector. The legislation also provides for strengthening the research and extension partnership between the U.S. Department of Agriculture and the Nation's land grant colleges and universities. It also expands the scope of activities to include aquaculture and rangeland management. Other provisions provide for an additional Assistant Secretary of Agriculture for research, extension, and teaching; include authorization for additional research and extension activities concentrating on rural development and small farm problems; establish a Soybean Research Advisory Institute within USDA; require that the Secretary of Agriculture include, in a regular annual report due Jan. 1, 1984, a long-term need assessment for food, fiber and forest products; and direct the Secretaries of Agriculture and Health and Human Services to report within 180 days on plans for a human nutrition research and information management system.

CREDIT, RURAL DEVELOPMENT AND FAMILY FARMS

The bill extends for one year authority for conducting the Farmers Home Administration's existing Economic Emergency loan program with a $600 million limit on guaranteed and insured loans during the extension. In a report accompanying the legislation, however, the Conference noted that actual use of the program is discretionary for the Secretary of Agriculture, but added that the Conferees intend the Secretary to use the authority in the Act to cope with economic emergencies. The bill also continues for 10 years an authorization for Federal stock purchases in the Rural Telephone Bank. The bill authorizes FmHA to make operating and ownership loans to small farm production co-ops, and removes obstacles to FmHA loans to unmarried persons. Also, the bill requires the Secretary to make farm storage facility loans available in storage-deficient areas. Further, it contains a policy statement supporting the family farm system and requiring an annual USDA report on family farm operations.

CONSERVATION

The bill authorizes a new "Special Areas Conservation Program" to identify geographic areas which suffer special, chronic erosion problems and to focus financial assistance on those areas. Also, the bill authorizes matching Federal grants to local governments for conservation; authorizes (subject to separate, later action on appropriation bills) USDA loans to farmers for conservation work; and authorizes a test of the feasibility of reducing excessive sedimentation in existing reservoirs. Also, the legislation gives the Secretary authority to accept volunteers in USDA conservation, resource and other programs; authority to use Soil Conservation Service personnel and equipment to help local authorities in search and rescue operations in emergencies; authority for experimental projects to improve water quality in surface-mined areas; authority to make payments for land removed from production for conservation purposes and to promote conservation tillage; and authority to consider energy elements in watershed and resource conservation and development projects and allow Indian tribes to sponsor such projects.

The bill further establishes a Farmland Protection Policy Act aimed at minimizing the impact of Federal actions on conversion of agricultural land to other uses. Finally, the bill provides a legislative base for the Resource Conservation and Development program to aid states, localities and nonprofit agencies in dealing with local resource problems.

FOOD STAMP AND COMMODITY DISTRIBUTION

The bill extends appropriation authority for the food stamp program for one fiscal year with a spending cap of $11.3 billion in fiscal 1982. To further cut costs, a scheduled April 1, 1982, cost-of-living adjustment in food stamp allotments would be postponed to Oct. 1, 1982. Other provisions include: Approval of some law enforcement powers for a limited number of designated USDA investigators who are responsible for food stamp felony violation cases; Approval of additional penalties for food stamp fraud and increased incentives to states to reduce errors; Agreement that some local and state energy assistance payments to the needy (those which are not clearly paid for energy assistance on a seasonal basis) will in the future be counted as "income," thus reducing the recipients' eligibility for food stamps (under present law all such state and local energy payments are excluded from "income"); Permission for localities nationwide to adopt, if they wish to do so, "workfare" programs under which some able-bodied food stamp recipients are required to perform public service work in return for their stamps; Approval of pilot projects for monitoring the nutritional status of needy people.

FLORAL RESEARCH AND CONSUMER EDUCATION

The bill establishes a program of research and consumer information for the flower and plant industry. Following hearings, the Secretary of Agriculture would issue an order subject to approval in a referendum establishing the Floraboard and providing for an assessment on sales of flowers and plants to fund the program. The Floraboard will be composed of flower and plant producers and importers appointed by the Secretary. Assessments would be refunded at the request of a producer or importer, and any producer or importer whose total sales of flowers and plants do not exceed $100,000 during the year prior to the date of an assessment would be exempt from the program.

Mr. HELMS. Mr. President, the Senator from North Carolina has had many joys and many privileges since he has been in the Senate, but none has exceeded the privilege of working with the distinguished Senator from Kentucky (Mr. HUDDLESTON) who is of course the ranking Democrat on the Committee on Agriculture, Nutrition, and Forestry.

I had always known DEE HUDDLESTON as a gentleman, but I never had the privilege of such close association with him in trying to achieve a responsible conclusion to a difficult job assigned to him.

Now, I will say to my friend from Kentucky that I was in Raleigh, N.C., on Tuesday, to address the North Carolina Farm Bureau Federation. And in those remarks, I told the farmers of North Carolina represented at that convention that Senator WALTER "DEE" HUDDLESTON of Kentucky was one of nature's noblemen and how much he had contributed to the achievement of the farm bill, which bill is not really satisfactory, I am sure, to any commodity group or to any Senator. But it is the best that could be hammered out. And I further told them that, while Senator HUDDLESTON and I do not belong to the same political party, regardless of how upset some Republicans might be with me, I intend to go to Kentucky and say to the people there what I said to the people of North Carolina.

At this time, I wish to thank the distinguished Senator from Kentucky for his leadership in the production of this bill.

Mr. President, I yield the floor.

Mr. HUDDLESTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Kentucky.

Mr. HUDDLESTON. Mr. President, it is not only difficult, it may be entirely beyond me, to be able to respond adequately to the kind and generous comments made by the distinguished Senator from North Carolina, the chairman of the Committee on Agriculture of the Senate and the chairman of the conference committee on S. 884.

It has been a long and arduous task in reaching this particular point. I do not believe that the Senate has ever had a

chairman of the Agriculture Committee who has been any more diligent in attempting to develop a farm bill, under the very difficult circumstances that we operated this year, than the distinguished Senator from North Carolina.

As is the case in any farm legislation, we are confronted with the fact that agriculture in this country is not a monolithic organization. What is to the interest of some is perhaps to the detriment of others. And the effort to resolve those questions has been more difficult this year than ever before because of the budgetary restraints under which we have had to operate.

I think the distinguished Senator from North Carolina has exercised a tremendous amount of patience and wisdom in dealing with all of the diverse interests of agriculture, both on the Senate side and on the House side. And this was particularly evident during the difficult days of the conference which lasted for some 6 weeks.

Mr. President, the Senate should approve the conference report on S. 884, the Agriculture and Food Act of 1981.

The conference report on S. 884 culminates nearly 1 year of work by Congress to develop an omnibus farm bill to provide the policy framework for our Nation's agricultural and food programs over the next 4 years.

S. 884, as reported by the conference committee, will extend and update a number of the important farm commodity programs; extend the food for peace programs under Public Law 480; reauthorize and improve the food stamp program; provide authorizations for agricultural research and extension programs; and establish programs and policies needed to facilitate soil and water resource conservation efforts.

Due to budget restraints, the conference report will not provide all the funding I believe is needed to insure the continued stability and soundness of our agricultural economy; nonetheless, the legislation authorizes programs that are of vital importance to our Nation's farmers. I am pleased that the conference report includes many of the price stabilization, farm income protection, and loan provisions of the omnibus farm bill I introduced earlier this year—S. 994.

The conference report, like my farm bill, reaffirms that it is the policy of the Government to insure the maintenance of the Nation's food-producing capacity.

Although the hard-pressed farmers of this Nation need strong minimum support price and target price levels, I believe that it is most important to farmers that the loan and target mechanisms needed to stabilize farm prices and protect farm income during the next 4 years be enacted into law.

The conference report, in most cases, only locks in minimum price support levels. The Secretary of Agriculture will have the authority to adjust upward price-support levels for the commodities involved as necessary to respond to the needs of U.S. agriculture. I fully expect the Secretary to set support rates at levels that will provide real assistance to farmers.

As the ranking Democratic member of Committee on Agriculture, Nutrition, and Forestry, I will make every effort to insure that the administration sets support rates at levels that are adequate to meet farmers' needs.

COMMODITY PROGRAMS

The conference report will provide loan programs for the 1982 through 1985 crops of wheat, feed grains, upland cotton, and rice. Also, it authorizes disaster payment programs for these commodities as needed, and acreage limitation programs to protect against overproduction.

The conference report also includes target price programs for these commodities, as I had originally proposed in my bill.

Target prices are valuable tools in supporting farm income without causing significant detrimental effects on markets.

Target prices, when coupled with acreage limitations during periods of temporary surpluses, provide the Secretary of Agriculture with an equitable method of controlling production and preventing the accumulation of excess stocks.

Additionally, because the target price mechanism allows the market to operate without interference from the loan level, which sets a floor to the market price, it can have a positive effect on the competitive position of the United States in world markets for these commodities.

The conference bill will authorize a price support loan program for soybeans marketed in each of the 1982 through 1985 marketing years. Loans will be made available for each crop at a level equal to 75 percent of the average cash price for soybeans over the preceding 5 marketing years, except that in no event could the support price be less than $5.02 per bushel.

The conference bill will make several changes to improve the farmer-held reserve program for wheat and feed grains. Farmers have made good use of this program since its establishment by the Carter administration under the 1977 farm bill.

The conference bill contains a provision, similar to that in my farm bill, to authorize the Secretary of Agriculture to make reserve price support loans at a level higher than the regular support level. This will enable the Secretary to attract more grain to the reserve when necessary to encourage participation in the program.

Also, the provision in current law establishing call levels for the reserve would be deleted, although the Secretary could require repayment of reserve loans prior to maturity if emergency conditions exist.

Under the conference bill, the minimum support price for milk will be $13.10 per hundredweight in fiscal year 1982, $13.25 in fiscal year 1983, $14 in fiscal year 1984, and $14.60 in fiscal year 1985. However, for each of the fiscal years 1983 through 1985, if the Secretary of Agriculture determines that support for milk at 70 percent of parity will not cause net Government purchases of milk to exceed $1 billion, the Secretary would increase the support level to 70 percent of parity. Likewise, if the Secretary determines that support at 75 percent of parity would not cause net Government purchases of milk to exceed, for fiscal year 1983, 4 billion pounds, for fiscal year 1984, 3.5 billion pounds, and, for fiscal year 1985, 2.69 billion pounds, the Secretary would increase the support level to 75 percent of parity.

The conference bill mandates increases in the minimum level of support for milk each year and, in that respect, is an improvement over the Senate-passed bill. However, the budget limitations imposed on the conference committee, based on Department of Agriculture forecasts of program costs, severely limited the actions we could take.

I note that forecasts, even for 1 year in advance, can be unreliable, and that cost estimates are given with artificial precision.

I support this part of the conference bill with great reluctance, and only because it is clear that the President will not sign a bill with stronger milk price support provisions.

The conference bill establishes a sugar program for the 1982 through 1985 crops. This program is designed to stabilize the wide fluctuations in sugar prices we have seen in past years. Such wide price swings hurt producers, processors, and consumers. Further, this program is designed to operate at no cost to the Government.

Significant changes are made in the peanut program. The conference action on the peanut program reduces the poundage quota below the quota specified in the Senate-passed farm bill and lowers the loan rate on quota peanuts.

An important provision of many of the commodity programs under the conference bill is the authority for the Secretary of Agriculture, through the commodity credit corporation, to make price support loans to farmers.

Commodity loans enable farmers to take surpluses out of the market at times of heavy production and low prices, and to dispose of these supplies at fairer price levels. Consumers are protected against excessive prices that might come in bad crop years, because, in times of scarcity and rising prices, commodity loans will be repaid and commodities made available to be sold.

Under loan programs, the farmer gives the commodity he produces as collateral; and the loans are treated by the Government as nonrecourse loans.

Section 405 of the Agricultural Act of 1949 states that no producer will be personally liable for any deficiency arising from the sale of collateral securing any commodity loan made under authority of that act unless the loan was obtained through fraudulent representations by the producer.

Historically, the Department of Agriculture has construed section 405 as making commodity loans nonrecourse both as to principal and interest. I believe that section 405 has no ambiguity in this regard. As the programs were conceived by Congress and have been implemented by the Commodity Credit Corporation since the early 1930's, the collateral securing any nonrecourse loan under the programs has been treated as sufficient to cover both principal and interest on the loan.

The conference bill directs the Sec-

retary to make price support loans available to producers at certain specified levels. In doing so, the Secretary should continue to treat commodity loans as nonrecourse both as to principal and interest.

PROVISIONS RELATING TO AGRICULTURAL EXPORTS

The conference bill will authorize the establishment of an agricultural export credit revolving fund, to be operated by the Commodity Credit Corporation, to finance commercial export sales transactions. The fund will be used to promote the export sales of agricultural commodities and breeding animals, and finance the establishment of facilities in importing countries that improve the ability of such countries to handle agricultural commodities. I am hopeful that seed money for the fund will be appropriated in the coming years.

The bill also includes provisions designed to protect producers when the Federal Government imposes a national security or foreign policy embargo on the export of U.S. agricultural commodities. These provisions will give farmers some protection against being singled out to bear the brunt of a partial embargo.

The 1977 farm bill included permanent legislation that provides protection for farmers against short supply embargoes. These provisions of the bill will complement that legislation.

I would hope that we will never have to use these provisions.

THE FOOD STAMP PROGRAM

The conference bill reauthorizes the food stamp program for 1 year and makes a number of other changes in the program. Included are provisions that address the timing of cost-of-living adjustments in the program, tighten work requirements, and attempt to limit fraud and abuse. The bill would also authorize two pilot projects, under the commodity supplemental food program, to provide assistance to needy elderly persons.

The food stamp provisions are constructive, and are aimed at improving food stamp program management and accountability. However, there are several provisions about which I have concern.

Under the conference bill, the adjustment of the thrifty food plan scheduled for April 1, 1982, would be postponed until October 1, 1982. While this action would reduce expenditures, it means that all food stamp recipients, including the elderly and disabled, will not have a cost-of-living adjustment for 21 months.

I am also concerned about the sufficiency of the $11.3 billion spending ceiling set for fiscal year 1982. This ceiling was based on economic assumptions that are now out of date. Since unemployment is now projected to be higher than the President predicted earlier this year, it is possible that program costs will exceed $11.3 billion in fiscal year 1982. I think we need to watch this issue carefully. About $2.3 billion in fiscal year 1982 food stamp cuts have already been enacted by Congress. I would not like to see further reductions in benefit levels later in this fiscal year simply because the economy may not perform as well as was predicted several months ago.

RURAL CREDIT

The conference bill extends for 1 year the economic emergency loan program administered by the Farmers Home Administration and limits new loans under the program to $600 million.

There will be minimal additional cost in extending this program because future loans will be made from repayments that have accrued. Earlier this year, the Congressional Budget Office indicated there would be no effect on the budget since repayments and loans would be handled through the revolving agricultural credit insurance fund.

According to a report issued by the Department of Agriculture, the economic emergency loan program has been implemented without substantial problems, and program policies and requirements are being adhered to. Those requirements include a test for credit and preference to family farm operations.

The situation our farmers face today is one of high interest rates, increasing costs of production, falling farm income, and reduced availability of credit from Federal programs.

For many farmers, the only hope for economic survival is the economic emergency loan program. That is a view confirmed by information contained in an extensive study of the program completed in January of this year. The study was released by the Department of Agriculture 4 months ago.

The study concluded in January that the economic emergency loan program could be allowed to expire only if—and this is a big if—farmers are in, and I quote from the report, "* * * a substantially better financial position by the end of the year (with) * * * an increased supply of credit, slightly lower interest rates and higher farm income," and the farm ownership and operating loan programs, and I quote "* * * are adequately funded so that viable farmers are not forced into foreclosure or farm liquidation."

Interest rates for farm borrowers remain high and estimates of farm income for 1982 are less than 1981, which has been a very bad year. In addition, the administration has drastically reduced other farm loan programs; greatly restructured the disaster loan program; and raised the interest rates in all the farm loan programs.

Under these conditions, the report released by the administration indicates that, without the economic emergency loan program, we could see the foreclosure and liquidation of farmers who have spent their lifetime in farming and are the backbone of the agricultural sector of the country.

The Nation's farmers need this program.

The conference report also provides direction to the Department of Agriculture regarding the Farmers Home Administration's water and sewer loan program. The Secretary of Agriculture should consider as low income and, therefore, eligible for 5 percent water and sewer loans, any area in which the median family income of the persons to be served is below 80 percent of the State nonmetropolitan median family income.

It has been the intent of Congress for many years that low income rural areas be eligible for low interest water and sewer loans. The Farmers Home Administration recently revised its definition of low income and effectively excluded almost every county in the country from being eligible. The conference report will, I hope, aid in correcting that situation.

RURAL TELEPHONE BANK

The conference bill will continue, for another 10 years, the authority for the Federal Government to purchase stock issued by the rural telephone bank. The Government will be authorized to buy $30 million worth of stock annually during the additional 10-year period.

Money from the Government's stock purchases, added to funds from non-Federal sources, will enable the rural telephone bank to lend funds at an intermediate rate of interest. This rate is above that provided under the rural electrification administration's low interest loan program, but below commercial rates.

Unless the Government provides this injection of capital, interest rates for rural telephone bank loans will escalate dramatically. This would greatly increase the demand for rural electrification administration low interest loans.

The stock purchases are, in effect, like much of the assistance provided to rural communities; they are loans that will be repaid with interest when the rural telephone bank buys back the outstanding share of stock. This buyback of stock is required by law; and when 51 percent of the stock is redeemed, the rural telephone bank will become a quasi-independent banking corporation.

RESEARCH, EXTENSION, AND TEACHING

A major part of the conference bill focuses on supporting and improving food and agricultural research, extension, and teaching.

Federal support of the development of agricultural science and technology is a public investment that has paid huge dividends for this Nation and the world; and the development and dissemination of new agricultural technology are fundamental missions of the Department of Agriculture.

Congress has the responsibility of providing the necessary tools by which the Department and the scientific community can meet the agricultural research, extension, and teaching needs of our Nation.

Congress first addressed the needs of the food and agricultural sciences in a unified manner in title 14 of the 1977 farm bill.

The conference bill will not make radical changes in the Federal policies and programs established under title 14. The bill will continue, through fiscal year 1985, funding authorizations for agricultural research, extension, and teaching programs provided under title 14, and will update and fine tune the operation of a number of these programs.

I am pleased that the conference bill includes the provisions of my bill to strengthen the rural development and small farm research and extension programs.

RESOURCE CONSERVATION

The conference bill contains a number of provisions that address the serious stresses placed on our agricultural land and water resources by the growing demands for agricultural commodities and biomass energy, and by conversion of farmland to nonagricultural uses.

In addition to the damage caused by erosion, agricultural land is being lost to housing developments, factories and other facilities, and highways at the rate of 3 million acres per year. Studies indicate that the Federal Government may be the largest single contributor to the conversion of agricultural land to nonagricultural uses.

Most development on agricultural land is necessary and desirable. However, simple modifications in Federal policies and programs could reduce the conversion of farmland by Federal agencies.

Therefore, the bill includes provisions establishing a farmland protection policy that will require Federal agencies to consider the negative effects of their actions and policies on agricultural land; and to consider alternatives before taking land to nonagricultural uses. But the bill will not regulate or affect action or use of agricultural land by States or private persons.

During the 1970's, millions of acres of land were brought into production to meet new demands for farm exports. It is anticipated that more farmland will be brought into production as the world demand for food and fiber continues to increase and the use of ethanol for energy expands.

These previously idle parcels of land tend to be highly susceptible to erosion. Of the acreage presently under cultivation, 25 percent already suffers from erosion problems. If not checked, erosion can cause irreversible soil damage.

To address these problems, the bill will create two new programs.

A special areas conservation program is provided that will target conservation resources to areas suffering from severe erosion problems.

Authority is also provided for a new matching grant program. This program will provide matching grants to local units of government through State soil conservation agencies. This program will encourage conservation efforts at the local level.

In addition, new legislative authority will be provided for the resource conservation and development program. Under the bill, the program will assist local organizations in preparing and implementing local conservation programs.

CONCLUSION

Mr. President, agriculture is of key importance to the economic well-being of our Nation. Each of us in this country has a stake in the farmer's survival.

Farming and the industries that support farming account for about one-fourth of our gross national product. In some areas of our country, almost all economic activity is generated by agriculture.

Exports of agricultural products provided the United States with over $40 billion in 1980, offsetting nearly half of the nonagricultural trade deficit.

In my view, agriculture is a national economic resource that Congress must assure is maintained at its full potential.

Also, the price and income protection provided by the farm programs are, in the strictest sense, an investment in the continuing ability of the farmers of this Nation to meet the food and fiber needs of consumers at home and abroad. This investment in agriculture is one of the best investments the American people can make. A productive agriculture is essential in our fight against inflation.

The policies and programs provided by the conference bill, with proper management by the administration, will help to stabilize and develop the Nation's agricultural economy, for the benefit of both farmers and consumers.

Mr. President, I ask unanimous consent that a summary of the major provisions of the bill be printed in the RECORD.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SUMMARY OF MAJOR PROVISIONS OF S. 884

(Agriculture and Food Act of 1981—Agreed to by the committee of conference)

DAIRY

Milk price support minimums (per cwt.) set at $13.10 in fiscal year 1982, $13.25 in fiscal year 1983, $14 in fiscal year 1984, and $14.60 in fiscal year 1985.

For fiscal years 1983 through 1985, price support minimum would be increased to 70 percent of parity if projected net Commodity Credit Corporation purchases (at 70 percent of parity) for the year involved do not exceed $1 billion; and price support minimum would be increased to 75 percent of parity if projected net CCC removals (at 75 percent of parity) do not exceed 4 billion pounds for 1983, 3.5 billion pounds for 1984, and 2.69 billion pounds for 1985 (milk equivalent).

WOOL AND MOHAIR

Basic program extended for four years. Support rate for shorn wool established at 77.5 percent of the rate determined by the formula in the National Wool Act of 1954. (Note: The formula for determining support is the ratio of the average parity index in the three preceding years to the average parity index in calendar years 1958 through 1960, times 62¢ per pound.) Pulled wool and mohair also supported at comparable rates.

WHEAT

Basic program extended for four years. Minimum loan rate set at $3.55 per bushel. Minimum target prices (per bushel) set at $4.05 for the 1982 crop, $4.30 for the 1983 crop, $4.45 for the 1984 crop, and $4.65 for the 1985 crop.

FEED GRAINS

Basic program extended for four years. Minimum loan rate for corn set at $2.55 per bushel. Target prices (per bushel) for corn set at $2.70 for the 1982 crop, $2.86 for the 1983 crop, $3.03 for the 1984 crop, and $3.18 for the 1985 crop.

Loans also will be made available for grain sorghum, barley, oats, and rye. Target price payments also will be made available for grain sorghum, oats, and (if designated by the Secretary of Agriculture) barley.

UPLAND COTTON

Basic program extended for four years. Minimum loan rate set at 55¢ per pound. Loan rate is computed as the lower of 85 percent of the U.S. spot market average price or 90 percent of the Northern European average price.

Target price set at the higher of 120 percent of the loan rate or for the 1982 crop 71¢ per lb.; for the 1983 crop 76¢ per lb.; for the 1984 crop 81¢ per lb.; and for the 1985 crop 86¢ per lb.

RICE

Basic program extended for four years. Loan rate set at 75 percent of the target price. Target prices (per cwt.) set at $10.85 for the 1982 crop, $11.40 for the 1983 crop, $11.90 for the 1984 crop, and $12.40 for the 1985 crop.

PEANUTS

Quota loan rate set at $550 per ton for 1982 crop; loan rate is escalated each year (1983–85) by cost-of-production increases, but not more than 6 percent each year. Poundage quota for 1982 crop set at 1.2 million tons; declines each year to 1.1 million tons for 1985 crop. No allotments; additional peanuts may be grown for export or crush or for use as "flaked" nuts for domestic edible market.

SOYBEANS

Loan rate set at 75 percent of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low years. Minimum loan rate of $5.02 per bushel.

SUGAR

Sugar program established, effective for the 1982 through 1985 crops of sugarcane and sugar beets.

Secretary is required to support through a purchase program the price of sugarcane and sugar beets processed from the date of enactment through March 31, 1982, at a level to approximate a raw sugar price of 16.75 cents per pound in the case of sugarcane, and the price of sugar beets at a level fair and reasonable in relation to sugarcane.

Beginning October 1, 1982, loan rate (per pound) for sugarcane at not less than 17 cents per pound for raw cane sugar for the 1982 crop; 17.5 cents for the 1983 crop, 17.75 cents for the 1984 crop, and 18 cents for the 1985 crop.

Support level for sugar beets to be fair and reasonable in relation to the support level for sugarcane. Loans during any fiscal year may not be made before the beginning of such fiscal year and must be repaid in the same fiscal year.

GRAIN RESERVES

Grain reserve program made mandatory for feed grains. Reserves could not be capped at less than 700 million bushels of wheat and 1 billion bushels of feed grains.

Reserve loan rate could not be less than regular (9-month) loan rate.

Terms and conditions of releasing grain from the reserves will be established by the Secretary.

EMBARGO PROTECTION

If a selective agricultural embargo is imposed for national security or foreign policy reasons, for each commodity affected, the Secretary must—

(1) pay producers the difference between 100 percent of parity and the average market price during the 60-day period immediately following the embargo announcement, or

(2) set loan rates at 100 percent of parity, or

(3) undertake some combination of loans and payments.

The payments and loans would be required only if export sales of commodity involved to the embargoed country exceeded 3 percent of all export sales of the commodity during the preceding year.

MEAT IMPORTS

Domestic residue standards and species verification requirements will be applied to meat and meat products entering the United States. Does not include restrictions on types of agricultural chemicals and drugs used in meat production in foreign countries.

EXTENSION OF THE ECONOMIC EMERGENCY LOAN PROGRAM

The economic emergency loan program administered by the Farmers Home Administration will be extended through September 30, 1982. Not more than $600 million of new loans can be made during fiscal year 1982. The loans can be either insured (direct) or guaranteed.

CONSERVATION

A new special areas conservation program is authorized to provide cost sharing in targeted areas that suffer from severe erosion or water related problems. A new matching grant program is authorized to allow the Secretary to provide matching money for conservation efforts in cooperation with local conservation districts. A conservation loan program is authorized that would allow long term loans for conservation to farmers to be made from CCC funds. The resource conservation and development program is given a legislative mandate to continue its operations. A farmland protection policy is mandated, and the Secretary is directed to cooperate with other Federal agencies in establishing the Federal farmland protection policy.

FOOD STAMPS

Authorization of the food stamp program will be extended for one year, through September 30, 1982. Fiscal year 1982 spending ceiling set at $11.3 billion. The adjustment of the thrifty food plan to reflect cost-of-living changes scheduled for April 1, 982, would be delayed until October 1, 1982. Agreement was reached on a variety of other provisions that would tighten work requirements, authorize workfare programs, enhance program management, and address problems of fraud and abuse.

RESEARCH AND EXTENSION

Basic authorization contained in the 1977 farm bill will be extended through September 30, 1985. Aquaculture and rangeland research programs are authorized.

Authorizations for appropriations for agricultural research and extension programs are as follows:

[In millions of dollars]

	Federal research	Cooperative research	Extension
Fiscal year:			
1982	780	220	350
1983	780	230	360
1984	835	240	370
1985	890	250	380

Effective October 1, 1983, not less than 25 percent of funds generally provided for agricultural research in any fiscal year would be appropriated for such research at State agricultural experiment stations.

Annual appropriations for extension programs at 1890 colleges, including Tuskegee Institute, would be (1) not less than 5½ percent of total appropriations for extension under the Smith-Lever Act for fiscal year 1982, and (2) not less than 6 percent of such appropriations for fiscal years 1983–85.

Mr. HUDDLESTON. Mr. President, I urge my colleagues to support this conference report, fully aware, as we all are, that it does not meet the requirements of all the various segments of agriculture in the United States to the extent that we would prefer.

Agriculture is in a difficult position right now throughout the United States. Farm income is down, production costs are up, and credit is much more expensive and less available. So the farmer, like virtually all businessmen, and particularly small businessmen, in this country, is going through very difficult economic times.

I think one thing that may have been the overriding factor in the decisions that we reached, or in our willingness to accept something less than we really had hoped for in the way of a safety net for the American farmers, was the fact that throughout the land, as we talked to farmers, their major interest was the overall economy. Their major interest is reducing inflation, reducing their costs of production, lowering the interest rates, and making credit more available.

So, consequently, to the extent that this bill is restrained as far as its cost is concerned, it does, in my judgment, contribute to the effort of attempting to get Government out of the money markets and to reduce Government interference in the private markets to the fullest extent possible.

So, for those reasons, I think it is the best that we can do. As the Senator from North Carolina has indicated, it probably pleases no one as it is, but we have to recognize that the art of legislation is not always what is the most desired but simply what is possible. And I believe that is what we have arrived at here with this particular conference report. I thank the Chair.

Mr. HELMS. Mr. President, I thank the Senator.

Mr. President, I ask unanimous consent that the conference report on S. 884 be printed as a Senate report.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. PROXMIRE addressed the Chair.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, all of us have great respect for the managers of the bill. They are fine Senators. What I am going to say I hope will not be regarded as critical of them because they confronted a very, very difficult situation.

Mr. President, I cannot come to any other conclusion than that the dairy provisions contained in the 1981 farm bill conference report are an absolute disaster, an unmitigated, total disaster for dairy farmers throughout the country—not only Wisconsin, but throughout the country.

It means, in effect, 5 years of worsening economic conditions. It means 5 years of depression.

We should recognize that in at least 14 States in this Union, dairying is the No. 1 cash crop, and in a number of other States it is a very important cash crop. In fact, in most States it is one of the three or four top cash crops for farmers.

Unlike other business then, farmers, particularly dairy farmers, cannot look forward to a better year in 1982, 1983, 1984, or 1985. Under this bill, dairy farmers can look forward to a situation that is going to get worse and worse and worse. That is going to have a devastating effect on Wisconsin, particularly, because we are the No. 1 dairy State. We have 44,000 dairy farms. Dairying dominates our rural areas. This is not only a terrible blow for our dairy farmers, but for rural Wisconsin generally, which is supported, of course, by dairy farmer purchases.

Mr. President, let us look at the terms of these provisions.

The farm bill, as it comes out of conference, sets milk price supports at not less than $13.10 per hundredweight for fiscal year 1982. That $13.10 per hundredweight has been the level since October 1, 1980, for 14 long months.

Meanwhile, during all of that period, of course, the price the farmers have had to pay has gone up every month, up and up and up, much faster than the consumer price index. It is something that we know will go up in the next 5 years. As the rest of the country recovers from the recession, there is every indication that prices will rise once again at a 10 percent rate or worse.

For fiscal years 1983, 1984, and 1985, the minimum milk price support levels will be $13.25, $14, and $14.60, respectively, if Commodity Credit Corporation purchases during each year are projected by the Secretary of Agriculture—in his sole discretion—at more than $1 billion. In his discretion means entirely up to the Secretary, which means up to the Office of Management and Budget.

The support floor would rise to 75 percent of parity if projected CCC purchases—and, again, it is the Secretary of Agriculture who is doing the projecting in his sole discretion, assisted by the OMB looking over his shoulder—are less than 4 billion pounds of milk in fiscal year 1983, 3.5 billion pounds of milk in fiscal year 1984, and 2.69 billion pounds in fiscal year 1985.

What is wrong with this, Mr. President? The answer is, "Plenty."

First of all, and most significant, this farm bill knocks out the time-honored, time-tested concept of linking dairy price supports to parity.

Our dairy price support program has been in existence since 1949, 32 years. It has served this country extremely well. The cost of this program has been very limited, particularly limited in view of the fact that this has been so important to dairy farmers throughout our country, particularly in view of the fact that the price of milk and other dairy products has gone up less than the price of other food. It has gone up far less than the cost of living. As a matter of fact, it has gone up only half as much as wages have gone up during that time.

Back in 1949, when this program started, the typical American family spent 4 percent of their income for dairy products. Now they only have to spend 2 percent of their income for dairy products.

That is the program that is really being abandoned, in effect, with this conference report.

Throughout the life of this highly successful program, dairy price support levels have been set somewhere between 75 and 90 percent of parity. But the minimum dollar and cent price support levels established by the farm bill conferees are totally outside the parity concept.

What the conferees have done is simple to state but a tragedy to contemplate: their actions mean that the vital parity concept would be annihilated.

Mr. President, the excellent performance of our dairy price support program over the years is tied directly to the parity concept. No friend of American dairy farmers could endorse a farm bill which no longer honors that proven and useful parity concept.

Second, what will the parity levels turn out to be? What will they be throughout the life of this farm bill? Mr. President, they will represent a devastating blow to our dairy farmers.

Let us look at the specific parity levels that solid estimates suggest will prevail in each of the fiscal years covered by this bill.

We are in fiscal year 1982 right now, and $13.10 per hundredweight is about 70 percent of parity at this time, right now.

As I say, for 32 years, the parity has been maintained at 75 to 80 percent, and in the last 7 years, up until now, it has been at 80 percent. It is now down to 70 percent of parity.

What happens in fiscal year 1983? None of the trigger levels are anticipated, so we will have the $13.25 per hundredweight price-support level. That amounts to 68 percent of parity, Mr. President, and there will be no adjustment at any time throughout the year. So we will have 68 percent of parity at the start of the fiscal year but it will be dropping down steadily as the year progresses. It will be less in December, less in February, less in June, and so on.

The same story will be repeated in fiscal year 1984. At the start of the fiscal year, we will have, according to the best estimates now available, the $14 minimum price-support level. That will bring it up, but this amounts to 66 percent of parity. Again there will be a steady drop during the year. The dairy farmer will get no increase until the start of fiscal year 1985.

While it is somewhat difficult to say what the situation may be at that time, it is not beyond reason to assume that we will have the $14.60 per hundredweight provided for in the farm bill. And that, Mr. President, means 64 percent of parity, if the best estimates we now have available prove to be correct.

In getting these estimates, I checked very carefully with both the House and the Senate Agriculture Committee staffs to make sure that they were correct. They separately calculated these and they came to precisely the same level with their separate calculations.

But what about the end of fiscal year 1985? At that point, we could well have dairy price supports at a level of around 57 percent. At no time since parity was established in 1910 and 1914 has farm parity for all farmers been below 61 percent. By 1985, this is what we are sentencing the dairy farmer to, that they will receive 57 percent. So there you have it.

This farm bill locks the dairy farmer in all likelihood into a downward dairy-price spiral and spells absolute disaster.

Finally, Mr. President, let me emphasize that the trigger devices in this farm bill—and by that, I mean the levels of CCC purchases, either in dollar or pounds-of-milk terms that would have to be met in order for higher parity levels to be realized in a given year—fall solely within the discretion of the Secretary of Agriculture, within the discretion and the estimates of the Secretary.

Whatever the USDA Secretary projects is what rules and decides the futures of our dairy farmers. Based on what we have seen so far, with a friend like John Block as Secretary of the USDA, who among our dairy farmers needs enemies?

But maybe there is a silver lining in this farm bill after all. As I give it a bit more thought, it occurs to me that fiscal year 1985 begins on October 1, 1984. We all know, of course, that 1984 is an election year, a Presidential election year.

So, perhaps I should revise some of my earlier remarks to make this prediction. When our USDA Secretary does his "projecting" for fiscal year 1985, I wager that he will dramatically and bravely forecast CCC purchases of under $1 billion or less than 2.69 billion pounds of milk.

Why, you may ask? With that election staring him in the face, this will be his big chance to make a hit with our dairy farmers.

Mr. President, perhaps our dairy farmers will have a bit of gratitude in their hearts for such a move, but, frankly, I doubt that they will so easily forget the misery and inequity imposed upon them throughout the earlier years of this farm bill by the misguided—and, indeed, cruel—dairy provisions of this farm bill.

Mr. President, this farm bill that we are voting on today could mark the beginning of the end for the family dairy farm in America, and it may well destroy the dairy price support system that has performed so well for the last 32 years.

The fact is, Mr. President, that the family farmer is the most efficient dairy producer, but he depends, and that is why this program has been so important, on stable dairy prices. He cannot stand the fluctuations. If we have substantial fluctuations, it means that the family dairy farmer does not have the capital to persist. The corporate farmer will move in. Less efficient, with far more capital, he can stand 2 or 3 or 4 or 5 years of losses. He is diversified, probably into other production, including industrial production. That will be a sad day for the American consumer, Mr. President.

No other significant group in our Nation faces anything like the kind of economic catastrophe that would engulf the dairy farmer if this farm bill becomes law.

Obviously, the living expenses facing the dairy farmer would continue to increase as he tried to survive with the severe slash in his net income that enactment of this farm bill would bring.

Mr. President, every possible ingredient we require in our economic system of success is found in the dairy farmer's operation. Hard work? Yes, hard, grinding, daily, unremitting toil. He has to milk those cows not just once a day but twice a day, and it takes hours to do that job and it has to be done well.

Efficiency? Yes, Mr. President, an astonishing record of improved productivity, possibly unmatched by any substantial economic group in America.

Investment? Yes, indeed, a big and growing investment requirement as the cost of every kind of equipment farmers buy has continued to climb.

And risk? Absolutely, Mr. President, a constant, painful, often heartbreaking risk, far beyond what most businesses must endure.

And the dairy farmers' reward for all this? A meager income, barely enough to keep their heads above water.

Mr. President, it is hard, talking in this rhetoric, for people to really appreciate what this means to a farmer. Let me try to spell that out very quickly.

Enactment of this farm bill would mean that the average dairy farmer's net income would be cut in half by the end of fiscal year 1985. In 1980, this net income amounted to $15,000 for the average dairy farmer in America. But if this farm bill becomes law, that same dairy farmer's net income will be slashed to about $7,500 by the end of 1985—in 1985 dollars, Mr. President, which means that it will probably be equivalent to about $5,000 today, which means that he would be well down in the poverty class—an efficient, hard working, risk-taking investor, working longer hours than anybody else in this country. That is the kind of situation that will confront him.

Mr. President, now along comes this new farm bill, adding further to the burden that our dairy farmers must face. The cut in net income brought about by this farm bill will clearly mark the end for many, many dairy farmers in our land. And these are the hardest working, most efficient people in our Nation.

I might point out that under the program, we have had a weeding out of every marginal farmer. We have had a reduction from 405,000 dairy farms to about 166,000 dairy farms, a tremendous drop. The dairy farmers that are left are the hardest working, the most efficient, the most competent, the ablest we have ever had. But even they cannot survive this kind of blow.

You might ask, "How about the consumer?" Mr. President, the consumer has found dairy prices rising less rapidly than the price of other food, as I have said, during the 32-year period we have had the dairy price support program.

The consumer has found that, on the average, the American worker can buy a quart of milk or a pint of ice cream today for the wages it took him or her twice as much time to earn in 1949, when this basic law went into effect. So, the typical consumer is twice as well off in buying dairy products today as the year when this basic law went into effect.

But how about the taxpayer? The charges that our dairy price support program costs billions simply will not stand up.

Throughout its 32-year history, Mr. President, the cost to the taxpayer of maintaining an assured and productive source of nature's most perfect food has been about $300 million a year, or less than one two-thousandths of the budget.

Let us fight inflation, yes. Let us hold down spending, yes, indeed. But let us not load such a grossly, pathetically unfair burden of fighting inflation on a single group of producers, especially

when those producers—the Nation's dairy farmers—have already done so much to make this a productive and strong Nation.

Mr. President, I strongly urge my colleagues to reject this farm bill conference report and thereby spare our dairy farmers a truly disastrous future.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. ZORINSKY. Mr. President, I yield 5 minutes to my distinguished colleague from Oklahoma (Mr. BOREN).

Mr. BOREN. Mr. President, I cannot in conscience vote in favor of the Conference Committee report on the 1981 farm bill. It is a blueprint for economic disaster for agriculture. I still believe it should be renamed the "Farm Liquidation Act of 1981."

Somehow, we must educate the American public to the desperate situation facing the agricultural sector. In 1950, farm net income was about $13 billion, and total farm debt was $12 billion. Today, farm net income covers around $20 billion, and total farm debt is approaching $200 billion. Obviously, the situation cannot continue.

Even as this bill was being debated in conference, Mr. President, farm prices fell again this week. Cattle are down, as are grains. Wheat has dropped 25 cents per bushel in 2 days. The target price in this bill, which is about $2 below the cost of production, will do little to help farmers trapped between high-interest rates and low prices.

It is ironic that the argument being used is that because the farmer is even worse off than before, we should cut the farm program more. As farm financial conditions continue to deteriorate, some respond to the crisis by saying that we should do less.

Mr. President, if we allow the entire agricultural sector to collapse, it will not be too long before the entire economy feels the effect. I shall continue to express my sincere concern in every possible way.

I am sorry that the conference failed to accept such positive provisions as the Glenn-English amendment, which would have given the Secretary the flexibility of increasing loan rates when set-aside programs are used. It was estimated that this amendment could have saved over $1 billion over the life of the bill and would have helped stabilize farm prices.

It is also indefensible that the tobacco program was left virtually intact in this bill, while programs for wholesome foods like wheat, corn, and dairy products were severely cut.

Mr. President, I urge my colleagues to vote against the conference report.

Mr. ZORINSKY. Mr. President, almost 3 months ago, I stood in this Chamber and termed the Senate's version of the 1981 farm bill a pre-Thanksgiving turkey served up for agricultural mid-America. I have repeated that comment many times since then and, each time, it brings me a nice laugh.

But, Mr. President, I think I shall refrain from using that phrase today, because the circumstances the American farmer now faces are anything but a laughing matter, and they should not be treated as such.

Today's farmer is in nothing less than a life-and-death struggle to stay afloat in a sea of low prices, high interest rates and record crops. Each time he makes some headway against the waves of financial destruction, his own Government steps in with a pointless trade embargo, a cut in farm loans or some other move designed to rob him of the profit he needs to keep his head above water.

Mr. President, what the farmer needs—what he was looking for in the 1981 farm bill—was a life-preserver to cling to as he contends with the sea around him. What he is getting—what we are giving him with this bill—is a lead weight around his neck that could very well drag him under.

Mr. President, 6 weeks ago, just before the opening of the conference on this bill, I again took the Senate floor—this time to warn that the U.S. farm economy is in deep trouble and headed for a depression reminiscent of the 1930's.

Regrettably, since then, the prospects for the farm economy have not improved one bit. Net farm income, having dropped almost 40 percent in 1980, appears headed for another decline in 1981. The outlook for recovering those income losses in 1982 is extremely poor. That will make this the first time since the 1950's that farmers will go through 3 successive years when net farm income declined.

Other economic indicators are equally discouraging. Farm prices averaged 91 percent of parity in 1973, 72 percent of parity in 1977, 66 percent of parity in 1980, and 58 percent of parity in October of this year—the lowest in 50 years.

Farmers are substituting credit for income at a dangerous pace. In 1970, they depended on borrowing for only 5 percent of their funds. In 1980, that figure reached 21 percent and, for 1981, borrowed funds will make up 23 percent of the available cash resources.

But as you might well imagine, farmers cannot borrow themselves out of debt. Bankruptcies are climbing at an alarming rate and experts tell us countless more farmers every day are on the brink of not being able to make payments on their mortgages.

The implication of all these figures should be obvious: Individual and family farms cannot long survive with inadequate cash flows and ever-increasing debts. Most are surviving now only because their owners have outside incomes to help along. Sooner or later, those debts will force these farmers to put their land up for sale. And that land will be eagerly gobbled up by large, diversified corporations—corporations that will come to dominate our farm economy because they alone are able to survive in our farm economy.

If that happens, the American food producing system as we know it today will cease to exist. Consumers in urban and rural areas alike will find themselves held hostage to the demand prices of these agricultural conglomerates and dependent on imported food from other countries.

Our objective today, of course, is to stop the steady progression toward this unpleasant eventuality. And we had a chance to do that with this 1981 farm bill. It was never really a big chance but it was a chance nonetheless. It was much less of a chance after the Senate, in September, enacted a totally inadequate bill forged by a small group of Senators responding to administration demands for additional budget cuts.

Still, moderately higher price supports in the House bill gave us a glimmer of hope for something better coming out of the conference that got underway early last month. Unfortunately, a glimmer was all it turned out to be, as House conferees gave in to the Senate on issue after issue throughout November and into December.

The bill before us today, the result of that process, is not really a "compromise" bill at all. It is the administration bill, the only bill that ever was really before the conference committee.

What was needed to maintain the long-term stability of the family farm was a sympathetic ear in Washington to the problems of the mid-America farmer in the 1980's. What we had was an administration and, I am sorry to say, a Congress largely deaf to the persuasions of that farmer.

What was needed was a conference committee willing to compromise on key issues to give the farmer a fighting chance to survive. What we had was a rubber stamp that compromised only so far as the Reagan administration said it could.

What was needed was price support levels high enough to provide an incentive for continued optimum production. What we have in this bill are support levels that assure only losses and bankruptcy and are virtually guaranteed not to keep up with rising costs.

In the end, even the totally unrealistic 6-percent annual increases in wheat and feed grain target prices were dispensed with for 1984 and 1985—a final slap in the face for the farmers in my home State of Nebraska.

You might call this bill a blueprint for farm failures, because that is what I think its impact ultimately will be.

I sincerely hope it is not the death knell for the family farm. But I cannot guarantee that it is not.

I sincerely hope it does not hasten the day when agricultural conglomerates dictate the price we pay for a loaf of bread in this country. But I cannot guarantee that, either.

I would point out to my colleagues that the United States is literally the "Saudi Arabia of food." This vast and bountiful land of ours provides virtually all we eat and much of what the rest of the world eats. The farmers who work that land are only 4 percent of our total population. Yet, despite their problems, they remain by far the most productive segment of our economy.

It seems ludicrous in this day of striving for increased productivity to strike a near fatal blow, through this bill, to our most productive economic group. It seems even more ludicrous to strike that blow in the name of a balanced Federal budget and then turn around—as the Reagan administration did only 2 days

ago—and say a balanced Federal budget is not that important after all.

Mr. President, no one would be more pleased—or benefit more—than the American farmer if the Reagan administration gets the Nation's economy back on its feet. But I wonder if it is possible to accomplish this without the farmer.

Will we ever have a stable economy if we drive all our farmers into bankruptcy with inadequate loan rates and too low target prices? Will we ever get inflation under control if we hand over our farms to agribusinesses that can dictate food prices the way OPEC tells us how much to pay for oil?

One of Franklin Roosevelt's comments about lifting our Nation from the depths of the Great Depression seems most appropriate:

We had to balance the budgets of the American people before we could balance the budget of the Federal Government.

How can we hope to balance our national budget when we drive the budgets of our farmers further into the red with the price supports in the bill before us? The folly of this policy was brought home to us just the other day, when we found out our 1981 budget cuts are producing far higher deficits than most of us had expected.

I suggest we pay a bit more attention to balancing those individual farmer's budgets and, in the long run, perhaps our national budget will take care of itself.

I voted against the so-called final package—the administration's package—when it came before us in conference. In good conscience, I could not sign the conference report. For the same reason, my vote in the Senate today will be a "nay" vote.

Mr. PROXMIRE. Mr. President, will the Senator yield in order to get the yeas and nays on the conference report?

Mr. ZORINSKY. I yield.

Mr. PROXMIRE. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. KASTEN. Mr. President, I rise in opposition to the conference version of the 1981 farm bill.

Throughout this process of trying to reach an equitable compromise, I had hoped that reason would prevail in the conference, and that somehow dairy farmers would receive fair consideration. No other segment of the agricultural community works harder for longer hours, day in and day out, than America's dairy farmers. None produces a more wholesome product. This bill does nothing for the dairy farmer. And it does little for the consumers in the long run. What it does is condemns many of America's most knowledgeable farmers to bankruptcy and the rolls of the unemployed, and many of the best dairy cattle ever bred to the slaughterhouses.

I have tried to be reasonable in this matter of dairy price supports. Twice this year, dairy farmers have been out in front bearing the brunt of budget cuts. I opposed the Senate version of the farm bill because the price support levels were unacceptable. We warned of the consequences then. I was hopeful the conferees would establish a more equitable approach. Unfortunately, they did not.

Early this year I said the dairy farmers would bear a fair share of budget cuts and are willing to take their share. Dairymen recognize the importance for bringing Federal spending under control. But enough is enough. Dairy farmers cannot sacrifice well beyond what others are asked to do. Twice already this year the dairy industry bore the brunt of cuts when price adjustments were delayed in April and October. Now we have a conference report which will bankrupt many of America's best farmers.

This bill will have a disastrous impact on the more than 45,000 dairy farmers in my State. Wisconsin is America's dairyland. We produce more milk than any other State, more butter than any other State, and almost 40 percent of the Nation's cheese. Dairying is a $3 billion industry in Wisconsin, with the majority of the dairy farms being family-run operations. These farmers are the ones who have already sacrificed and are once again the target of more than their fair share of budget cuts.

The dairy price support program is a very essential part of this Nation's farm policy. It provides the stability to allow dairy farmers to produce a good, wholesome product at reasonable prices for the consumer on a continuing basis. The stability provided by this program is especially critical to the young farmer and those contemplating entry into the dairy industry. Without a solid support level it is virtually impossible for a young farmer to obtain financing for the tremendously capital-intensive dairy effort.

Retail sales of milk in the United States totaled approximately $16 billion in 1980; $3 billion went to Wisconsin. Think of the economic impact of those sales on local communities and States in terms of employment, taxes, and sales.

Yet it is increasingly more difficult for dairy farmers to make a reasonable profit—indeed, to make any profit at all. The costs to farmers of commodities, interest, taxes, and labor have increased dramatically. In fact, costs of production have increased far more than farm milk prices. For example, 1980 production costs were 12 percent higher than a year earlier, while farm milk prices increased only 8 percent during the same period.

Many dairy farmers in Wisconsin must now raise other crops just to make ends meet. Dairy farms, particularly the small, family-run operations, are on the decline. The USDA reports that the number of farm operations with one or more milk cows has declined steadily between 1975 and 1980 from 443,610 farms to 335,270—a staggering decrease of some 108,000 farms. This dramatic trend is an ominous warning—a warning that costs to the consumer will soon rise. Farmers must have a reasonable level of support if they are to remain in business and provide a steady supply of milk and milk products.

Much has been said in Congress this year about the high costs of the dairy program and the large Government-held dairy surpluses. Yes, there are surpluses, and they certainly must be dealt with. That is why I and several of my colleagues tried several times this year to impose curbs on the importation of casein and other milk proteins.

These imports displace domestic milk products and contribute to these dairy surpluses. This issue has been studied by the USDA and is now being considered by the International Trade Commission (ITC), and I hope that positive steps are soon taken to reduce the impact of casein on the dairy industry and the price support program. This issue has been studied enough—these imports must be limited if we are to make lasting reductions in dairy surpluses and program costs.

The solution, however, is not to reduce dairy price supports to the extent this bill does. Rather than achieving any kind of balance between supply and demand, this bill will only debilitate the Nation's dairy industry and put many farmers out of business. Under this bill, the Secretary of Agriculture, based on his estimates of CCC purchases, has the authority to set the support level below 70 percent of parity for the upcoming fiscal year so long as the support price does not drop below $13.25 in fiscal year 1983, $14 in fiscal year 1984, and $14.60 in fiscal year 1985. There is virtually no possibility of seeing 70 percent of parity in the next few years under this bill. The dairy farmers in my State and in other States simply cannot live with these levels.

Dairy farmers have served this Nation efficiently under the dairy program for more than 30 years. As I said in the beginning of my statement, probably no other group works longer and harder, day in and day out. Yet no other sector has been asked to sacrifice as much as the dairy farmers this year. If we are to continue to assure the consuming public an adequate and stable supply of milk at reasonable costs, we must also assure dairy farmers a fair return on their investment and efforts. The dairy provisions in the conference report will not do this, and I urge defeat of this bill to save the dairy industry.

Mr. COCHRAN. Mr. President, will the Senator yield?

Mr. HELMS. I yield.

The PRESIDING OFFICER (Mr. WARNER). The Senator from Mississippi is recognized.

Mr. COCHRAN. Mr. President. The 1981 Farm Bill contains the major food and agriculture legislation for the next 4 years. It authorizes such programs as target prices, loan rates, grain reserves, Public Law 480, conservation, research and extension, and food stamps.

Unfortunately, it comes at a time when agriculture is in the midst of severe financial difficulties brought about by several years of sharp increases in production costs and low market prices.

As a result farmers have gone further and further into debt just to stay in business.

Today the farmers of this country owe nearly $200 billion—a fifth as much as the entire U.S. Government.

Farmers did not get into this situation overnight and they are not likely to get out of it overnight.

Farm programs have never been designed to guarantee farmers a profit, and this bill is no different. However, it does contain loan rates and target prices at a

sufficient level to provide protection from depressed markets until actions can be taken to strengthen farm prices.

During times like this when market prices are depressed, it is very tempting to want to raise support prices in an effort to provide a quick solution to the problem. In fact most of the debate on this bill centered on what levels of support are appropriate.

However, setting loans and targets too high would create a false economy and would not be in the best interest of farmers. It would further exacerbate the supply/demand imbalance creating large Government stocks and resulting in excessive Government cost.

In my opinion, economic health will return to agriculture by getting inflation under control, lowering interest rates, and strengthening market prices on a sustained basis.

For example, a 1-percent decrease in the average interest rate on the farm debt would add nearly $2 billion to net farm income. A 1-percent decrease in the prices paid by farmers for inputs would increase farm income by $1.4 billion. And, a 1-percent increase in prices received by farmers would increase farm income by $1.5 billion.

By comparison the projected average annual commodity assistance of less than $1.4 billion provided in the farm bill is small.

The combination of lower inflation, reduced interest rates and a farm program which contains provisions to help strengthen farm prices through market development and supply adjustment will successfully get the farm economy back on the right track.

If this can be maintained for a significant period of time, farmers will be able to work their way out from under their heavy debt load and return the industry to economic prosperity.

Happily, such a program is underway, and this farm bill is part of it. Therefore, Mr. President, I urge my colleagues to support passage of this conference report.

Mr. HELMS. Mr. President, I have listened with great interest and respect to all that has been said here this morning.

I remind the Senate that this is the first year in history that the Committee on Agriculture, Nutrition, and Forestry had been required by this Senate itself to operate in the crafting of a farm bill under the most stringent of budgetary constraints. We have done the best we can, and I acknowledge that no Senator representing any commodity is entirely satisfied.

But I think we have had something like 60 meetings of one kind or another at the subcommittee level or full committee level since January trying to reach the conclusion that has been reached.

If any Senator wishes to contend that this bill is not satisfactory to him or to her, I agree. But the fact remains it is an $11 billion bill. It is a bill that is being presented at a time when demands are being made from all corners that we reduce Federal spending. If Senators wish to contemplate what they will be do'ng if they vote against this farm bill it will be wise for them to do so. If there is no farm bill on January 1, 1982, many permanent provisions of the basic 1938 and 1949 acts become effective. The estimates I have seen of the cost of that are in the range of about $22 billion. Not only that, it would create utter chaos in the farming community. The Department of Agriculture simply could not administer programs designed for farm and economic conditions of 40 years ago.

So the option of the Senate and the House of Representatives is not whether they like this particular conference report. It is whether they are willing to go back to the enormously expensive 1938 and 1949 basic acts, the cost of which could run anywhere from $22 billion all the way up to an estimated $35 or $40 billion.

If Senators wish me to join in expressing discomfort about the provisions of this bill, I can certainly help them; but we do not have the option because of the Senate's own vote, the Senate's own restraint on the Agriculture Committee. We do not have the option of going back and doing more.

I say that with all friendship and respect for Senators who are eloquently defending their particular commodity.

I am not going to debate them about the difficult times that farmers are having. I know they are. They are having a difficult time in North Carolina.

But I will say this, Mr. President, I have traveled around a good part of this country during the year 1981 and I have talked with literally hundreds upon hundreds of farmers and without exception they have said to me, "Get the economy straightened out and get inflation down, get the interest rates down, and you can have your farm bill."

So let us not operate under the illusion that we have the option of going to the permanent provisions of the 1938 and 1949 acts which, as I said earlier, will cost a minimum of $22 billion to implement.

So the options are clear. Senators who vote against this conference report will be voting to escalate the cost of what we generally call the farm program to anywhere from $22 billion to $35 billion. A vote in favor of the conference report will be a vote for responsible agricultural policy.

And I say again that I make these remarks respectfully and in the context of the fact that we clearly have no option.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. HELMS. I yield.

Mr. PROXMIRE. Mr. President, I say as I said in the beginning I do not mean any criticism of the managers of the bill. They have a very, very difficult problem, and the Senator stated it extremely well. Of course, this Senator has done all he can to try to hold down spending everywhere he possibly can.

Mr. HELMS. Indeed he has.

Mr. PROXMIRE. However, the difficulty here is that there is a feeling on the part of our farmers, and I can understand it and I think the Senator from North Carolina can also, that they just have not been treated fairly. There just is no other group in this country, certainly no nonfarm group that is going to suffer a loss we know in 1983, 1984, 1985, and 1986. It is inevitable under this bill.

They are going to have their income drop, and I think a fair calculation would show that their net income is going to go down by 50 percent during that time. This is not going to happen to American business. It is not going to happen in these other areas.

I notice in the peanut area, for example, the settlement provides that price support for quota peanuts grown within the farm poundage quota would be set at a minimum of $550 per ton for 1982–85, with annual increases beginning in 1983 to reflect increases in production costs, but with a 6-percent limit on each annual adjustment.

That is just one example, but our people do feel that they are taking a disproportionate and very cruel cut when, as Senator KASTEN has said so well, these are such hardworking farmers who have invested so very much, have been so skillful, have been so productive. It does seem to us, and it seems to them I am sure, that they are being treated very unfairly.

Mr. HELMS. I thank the Senator.

I will say to him I am not about to get into a discussion about the hardships that farmers, his and mine, are experiencing. They are the ultimate consumers. They have to buy retail and sell wholesale. They have to deal with climate. They have to deal with the whole works.

As far as the comparison between programs, the arguments can be made, and fairly successfully, that the peanut program will not cost the taxpayers anything because they have production limits. There is no production limit on dairy, and that is the problem. The least estimate I have seen of the cost of the dairy program under this conference report is $1.2 billion, Senator, and that is the problem.

Believe me, I would like to open up the cornucopia and say, "Let's go," because if we stop producing food in this country we stop having a country, and I am in total sympathy with what the Senator has said about his dairy farmers.

But again I say we have done the best we can under the budgetary restraints that were imposed upon us, not by the administration, but by this Senate.

Mr. KASTEN. Mr. President, will the Senator yield?

Mr. HELMS. Yes, I do not want to prolong this, but I am delighted to yield.

Mr. KASTEN. First of all, I want to say that I respect and appreciate the impossible task the chairman of the committee had, and all his efforts in working out this conference report. Our criticism and my objections diminish in no way my respect for what the Senator has done.

Mr. HELMS. I understand.

Mr. KASTEN. I want to emphasize one point. The sense is that everyone in America must make some changes, take some cuts and endure some sacrifices for our overall collective good, for a growing economy.

Our dairy farmers are certainly willing to back down a little bit with everybody else but, as Senator PROXMIRE says, the dairy farmers have backed down twice already when we gave up the parity adjustment in April and in October. Now we look at the conference bill and we see that dairy is going down more than other commodities within the bill.

In the overall budget picture, agriculture is taking some dramatic cuts at the same time that spending for some of these entitlements, social programs, and defense is going up. What happened to the basic premise that all of us will take a cut and we will all come out better? The perception is, from the point of view of the people I am standing here representing, that it did not work out fairly for dairy farmers, not only within the farm bill but within the overall budget.

Mr. HELMS. I thank the Senator.

I will say again that I admire him for the defense of the commodity that is so important to him. But the fact remains there is no limit on the production of dairy products, and necessarily as a result of that the cost of the program appears to be high, certainly by the projection.

Now I did offer a cap on the cost of the program, which was rejected at least the first couple of times I tried it. But I have no aversion to his program, and, having dairy farmers myself in my own State, I certainly wish them the best. But it is a matter of how much the whole thing is going to cost, and it is a matter of the parameters under which this chairman was instructed by this Senate to operate.

I appreciate the Senator's acknowledgement in a friendly sort of way that we have done the best we know how to do. I cannot defend it as being a perfect piece of legislation because I, first of all, know it is not.

Mr. JEPSEN. Mr. President, will the Senator yield for a question? The Senator knows and as Senators know I worked on the entire bill as a member of the Agriculture Committee, and I did work on the floor here on several items, including the dairy portion of it.

Mr. HELMS. If the Senator will let me interrupt, he did so with great courage and great sacrifice to himself, and I greatly appreciate it.

Mr. JEPSEN. Senator, I would like to ask some questions here. I have heard a lot of comment about how unfair the dairy aspect of this is. I talked to dairy farmers, and I have in my own family dairy farmers, and I do not hear from the producers exactly, if they have the facts, but I hear from lobbyists and hear it from people back here about the rates, and I would like to ask some questions.

We have in this conference report now, as I understand, a $13.10 base this year, is that correct?

Mr. HELMS. That is correct.

Mr. JEPSEN. Then it goes to $13.25, and that is a base which says that in no event will it be less than that, is that correct?

Mr. HELMS. That is correct.

Mr. JEPSEN. Then what does it go to?

Mr. HELMS. A minimum of $14.

Mr. JEPSEN. Then it goes to $14.

We have got 1 more year, it goes to $14.10, I believe, is that correct, in the last year?

Mr. HELMS. Yes, $14.60.

Mr. JEPSEN. Will someone tell us what does $13.10 as of this point in time represent by way of parity?

Mr. HELMS. Seventy-two percent.

Mr. JEPSEN. Seventy-two percent.

Pretending for the moment, what would $14.10 represent today by way of parity?

Mr. HELMS. I have to get my computer working here.

Mr. JEPSEN. The point I want to make——

Mr. HELMS. I cannot answer that at this time without a computation.

Mr. JEPSEN. The point I make, Mr. President, is it is somewhat of an insult to the intelligence of the hard-working—yes, I know about that from personal experience—dairy producers in this country who, when they are told that so far this year in dairy products alone we were purchasing 12.9 billion pounds of dairy products, $1.9 billion of surplus stocks which, because of something close to law but not exactly law, as a general practice, can ever be put on the domestic market, that would be picked up by way of sales possibly if they could manage to do that overseas at a price less than they brought it in on, and that type of a situation cannot continue to exist.

There is not anything, any area, by way of subsidization that compares with it, very frankly, and I do not think the dairy farmers want anything except a fair shake, and as a formula which needed some tuning up and some attending to, and they realized that what is was doing, what it was providing for, was something that had it continued on, the chances are in the next session of Congress there may have been no dairy supports whatsoever.

Now, cool judgment dictated that we do something to provide an adequate supply of fresh milk in this country, which is very, very, extremely important, and I will fight for that at any time, and if there is something that proves to be not in tune to provide that with an opportunity to make a return on their investment for the dairy farmers of this country, I will join with my colleagues in recommending some amendment later on. But for right now let us tell it as it is. They got a fair shake.

Mr. HELMS. I thank the Senator. Of course, this Congress is going to be in business, I hope, for some time. And as we look at these programs, we could always adjust them.

The distinguished Senator from Nebraska is seeking recognition. He has been very patient. I do not want to delay him.

I would answer the Senator's question about the $14.10. It would equal about 78 percent of parity as of today.

I yield the floor.

Mr. EXON addressed the Chair.

The PRESIDING OFFICER. The Senator from Nebraska.

Mr. EXON. Mr. President, I urge my colleagues to reject the conference report on S. 884, the Agriculture and Food Act of 1981. It is with disappointment that I do so, Mr. President, because when this most difficult process began early this year, I hoped for something more realistic. This optimism on my part and on the part of the grain State family farmers was due to the statements made by the President and his administration that he would look to the needs of America's food producers and insure that they would have the ear of the administration and the support they needed to continue to be the world's most productive food producers. The administration's ear, as far as the farmer is concerned, has turned from deaf to stone deaf.

I want to say that my previous optimism and hope has been totally dashed by the administration and its supporters. You can put salve on this farm bill. You can try to say that the farmers are making no more of a sacrifice than other sectors of our economy, but I predict here and now that the record is going to show that that is not going to be the case.

My hopes have been dashed because the program which this conference report will establish for the next few years is below acceptable minimum support levels and it is my belief that it will further the already serious decline in the agriculture economy and, as a result, the Nation's economy as a whole.

Mr. President, I am having difficulty hearing myself on this side of the aisle.

The PRESIDING OFFICER. The Chair observes that there is conversation and the Chair respectfully asks that the conversation cease. The Senator from Nebraska is recognized.

Mr. EXON. I would hope my colleagues, especially from the farm States, would listen carefully to what I say. I suggest it is not going to have any input whatsoever on the votes that they are going to cast, but maybe, just maybe, it might.

Mr. President, earlier this week, the commodity future markets began one of the most serious declines this year. We saw wheat, corn, and soybeans fall 17, 6½, and 14½ cents respectively at the close of business Monday, December 7. This type of drop is a devastating example of what the family farmers can expect again and again because of the recession, unreasonably high interest rates, a sluggish international market, large crop surpluses and no foreseeable workable farm bill coming out of this, the 97th Congress. What we need in agriculture at this very moment is stability on prices and not next week or next month, but right now. We can expect, as a result of what the conferees have put before us today, that that will come to pass. Certainly it will not be the price stability our family farmers in my State and across the grain belt are crying out for.

Mr. President, during the last few weeks when the House-Senate conference committee on the farm bill was meeting to resolve the difference between the two bills, almost from the very first day we heard cries of anguish from supporters of the Senate version, which I might add is also the administration's version, that anything exceeding the support levels in S. 884 as adopted by the U.S. Senate would face a certain veto.

I say I am very weary of this threat of a veto. As I said during the Senate's consideration of this bill on September 18, I believe it somewhat cowardice on our part not to act as we believe to be in the best interest of our agriculture sector instead of reacting to what the President says he may due if his dictates are not followed to the letter on the floor of the Senate and in the House of Representatives. I suggested on that day and I reaffirm that statement now, I believe we have abrogated our responsibility as legislators and violated the separation of powers by falling in line behind the President's dictates on this farm bill.

And I would suggest that none of the conferees would challenge the fact that basically the bill that has been presented to us in the conference report is by and large what the President of the United States has dictated.

I want my colleagues in this body to know that this Senator will not be falling in line behind this bill which is at best inferior and quite probably disastrous to the family grain farmer.

In September, I agreed with a number of my colleagues who rose during the debate on S. 884 and said they did not believe that certain commodities should be picked out and penalized. But all through the consideration of this bill, we have seen certain commodities shunted aside, those commodities that were not in a position to have Members of the House of Representatives to wheel and deal with the President on his success in getting passed in the House the budget and the tax cut bill. I think we shall see, as a result of this wheeling and dealing that has been a constant factor during the entire consideration of this bill, the real loser will be agriculture.

Mr. President, once again I stand to decry the fact that the original coalition which stood firmly together to try to get an acceptable agriculture bill passed, is dead, totally broken and fractured by design of the administration as acknowledged by Mr. Stockman in his infamous Atlantic "Woodshed" article.

I am not supportive of this conference report and was not entirely satisfied with the bill that originally came out of the Senate Agriculture Committee. But I joined with many of my colleagues and was prepared to accept the original Senate Agriculture Committee bill, minimum as it was, because we knew that the farmers of this Nation were prepared to make their part of the sacrifice to help finance the family budget.

This conference report, Mr. President, will do little to balance our Federal budget because what it may save in Federal outlays will be overwhelmingly offset by the loss in revenue that our family farmers may have otherwise paid in taxes on slim profits but now will certainly not pay because as we all know, if our losses exceed our income, we do not pay taxes. Well, our farmers will certainly not be paying any taxes. I guess some would say we did them a favor. But I do not know one farmer who does not want to pay his fair share if he is just given a chance. I say we are taking this chance away from him.

Mr. President, I say this conference report to accompany S. 884 is deficient and the philosophy espoused by the administration in supporting it is equally deficient and boarders on phony. If this is adopted, and I fear it will be, we will be doing a great disservice to our food plan. I only hope that this disservice will not evolve into its ultimate destruction.

The approach that the administration is taking toward our farmers, asking them to make a sacrifice to balance the budget, has a false ring. It has a false ring because, under this administration, rather than balancing the Federal budget, they are going to preside over the largest deficit and largest unbalanced budget in the history of this Nation. That is why the appeals, that is why the fear by some in this body to refuse to send a bill to the White House because it will be vetoed also has a phony ring.

Mr. President, I yield the floor.

Mr. PROXMIRE. Mr. President, will the Senator from Nebraska yield for a question?

Mr. EXON. I would be happy to. I have yielded the floor.

Mr. PROXMIRE. May I say to my good friend from Nebraska that I very much appreciate his remarks. I think they are exactly on point. I think what the Senator just said about the balanced budget is the answer to my good friend from North Carolina.

I would agree—and I think maybe the Senator from Nebraska would agree, also—with the Senator from North Carolina that our farmers do not want a handout. If we had stable prices—if we had stable prices—if we did not have inflation, they would not have to worry about this kind of a program.

But I know in my State what they cannot cope with is inflation. When the administration tells us we are going to have a $100 billion deficit this fiscal year, and a higher deficit in subsequent years, the farmer sees this and he recognizes that inflation seems to be virtually inevitable. Under those circumstances, he does need some consideration. He does need the Federal Government to take some action to remedy a situation which is not of his doing. If he did not have those prices that he has to pay rising, then he would not have to have higher price supports.

Mr. EXON. The Senator is absolutely correct. I thank him for emphasizing the point.

Mr. PROXMIRE. I apologize to my good friend from California. I know he wants to speak.

The Senator from North Carolina responded to the Senator from Iowa in saying that the $14 price support in 1984 would be 78 percent of parity today, if I understood him correctly. My response to that, of course, is that 1984 is not 1981. In 1984, on the assumptions made by the staff of the Senator's own committee and the staff in the House, prices will be higher and, therefore, it would be 66 percent of parity for dairy farmers. That is the accurate and fair figure. In 1985, $14.60 would be 64 percent of parity. So the parity is going down constantly.

Mr. HELMS. The Senator is correct. I answered the question that was asked of me.

Mr. PROXMIRE. But we are not going to get $14 in 1981 and we are not going ot get $14.60 in 1981. We will get those in later years when we know the price will be higher. Is that right?

Mr. HELMS. But the Senator from North Carolina also said this committee will be in business a long time. We have not heard the last on these commodities. I will say again I have done the best I know how this year and I assure the Senator I will do the best I know how in succeeding years, however long I am in the Senate.

I was required, as chairman, to meet the parameters of the budgetary restraints imposed upon us by this Senate. I did not draw them out of thin air. The Senator knows that. He is one of the leading Senators in terms of studying the budget and acting on it.

I can assure the Senator that, unless I am badly mistaken, the Senate Agriculture, Nutrition, and Forestry Committee is going to be in business and we will always be attentive. But we had to come up with the arithmetic to fit the parameters assigned to us by the Senate.

Mr. PROXMIRE. The Senate assigned those parameters, but the Senate also, and we did this yesterday in the resolution, is trying to work very hard in the direction of a balanced budget which would not provide this tremendous explosion of prices the farmers have to pay. That is the reason why we have had the agricultural conference report termed inadequate. It is not through an undoing of the Senator from North Carolina or the Senator from Kentucky. That is what we have to keep in mind, that the administration is moving somehow in the direction of more inflation. The one way we can protect the farmer and give him a square or fair shake under these circumstances, in my judgment, is to have a conference report that recognizes that, that recognizes the realities of what he will have to deal with in prices in 2 or 3 years. I do not think the conference report does.

Mr. HELMS. I do not want to belabor this subject, but perhaps we can be restrained from saying the administration is doing this or doing that. Until October 1 we were living under a situation by no means created by this administration.

I do not care which party straightens out this country just so one of them does.

The Senator and I vote together so often, and have ever since I have been in the Senate, on reckless spending bills. So whatever blame there is to be assigned in terms of the budgetary mess than exists today, it is certainly bipartisan. I know the Senator agrees with that.

Mr. PROXMIRE. I agree with that, but I am looking forward to 1983, 1984, and 1985. During most of that time the present administration will be in office and I think most of us can see we will continue to have inflation.

Mr. HELMS. We will work together.

Mr. President, there has been considerable discussion that this bill is inadequate for farmers. Such a perception

may cause us to lose sight of several facts.

The increase in 1982 target prices for wheat farmers, for example, is greater than the increase which they received in 1980 or in 1981.

The increase in 1982 target prices for corn farmers, for example, is 12.5 percent—a significant increase, particularly considering the restraints under which we must operate.

With respect to dairy, Senators should keep in mind that the Senate adopted a provision which could have meant no annual increase in dairy price supports at all. The conference report does allow for constantly increasing supports in each year.

Furthermore, dairy farmers can receive even higher increases—and remain linked to the parity concept—if they bring overproduction and program costs under control.

This bill makes strides forward for farmers in a way that is budget worthy for all of us.

PEANUT PROVISIONS

Mr. President, the conference substantially modified the peanut provisions which passed the Senate. In fact, no program sustained as much change and adjustment as the peanut program did during the conference.

The Senate-passed bill also provided for substantial change in the program, of course. The Senate eliminated the traditional peanut acreage allotment system, allowing producers without allotments to grow and market peanuts.

The conference agreement retains that fundamental change in the program, but carries it even further than the Senate bill. The Senate bill created a third category of peanuts called "additional-additionals" which would be grown and marketed by persons who had no allotment and consequently no farm base production poundage.

The conference agreement eliminates the third category, and treats all nonquota "additional" peanuts alike. That means that whoever grows peanuts under the additional category will have the same program benefits regardless of whether they had a previous allotment or not. The Senate bill gave certain advantage to previous allotment holders who grow additional peanuts. The conference agreement abolishes that advantage and treats all producers of additional peanuts the same.

A second fundamental change reached in conference relates to the quota. The Senate bill established a minimum national poundage quota of 1,240,000 tons for the life of the bill. The conference agreement provides that the total national poundage quota would be reduced in 1982 to 1.2 million tons; it would be dropped further to 1.1673 million tons in 1983, 1.1347 million tons in 1984, and 1.1 million tons for the 1985 crop.

Peanut economists anticipate that domestic demand for peanuts will grow during the next 4 years to a level substantially higher than the national poundage quota which will be in effect at that time, so increased market orientation for domestic edible peanuts is a certainty.

The conference agreement establishes a tiered system to effect the reductions in the quota. First, those quota holders without sufficient tillable land will have to forfeit their quotas; second, those who did not produce peanuts will forfeit theirs; third, those who held quota but leased it to another farmer to actually grow the peanuts will forfeit theirs, finally, if these categories in each State are not sufficient to meet each State's share of the quota reduction, there will be a pro rata reduction of all remaining quota sufficient to effect the State's share of the reduction in the national quota.

The third major change in the conference agreement is the substantial reduction in the quota loan rate. The Senate-passed bill provided for a quota loan rate of $596 per ton. Of course, Senators may recall that the Agriculture Committee reported a bill which provided for a loan rate of $631 per ton. After a series of further reductions in conference, beginning with a tentative agreement of $580 per ton, then $565 per ton, the conference finally agreed upon $550 per ton. No other commodity sustained that kind of reduction in its loan rate during the conference.

All three of these major changes result in a peanut program which will have virtually no cost to the taxpayers, I again remind Senators.

I yield to the Senator from Alabama.

Mr. HEFLIN. Mr. President, I would like to commend the distinguished chairman of the Agriculture Committee (Mr. HELMS) and the ranking minority member (Mr. HUDDLESTON) for their diligence, hard work, and cooperative approach to the many problems involved both in connection with the development of the new farm bill in our Senate Agriculture Committee, its subsequent passage by the Senate and in conference with the House of Representatives.

I believe my memory serves me correctly in stating that we had some 25 days of extensive hearings before the Senate Agriculture Committee pertaining to this bill. This was then followed, before Labor Day, with 24 marathon markup sessions involved in writing the bill.

After last Labor Day, we met again on the bill and, as I recall, there were at that time in the neighborhood of eight or nine further sessions trying to hammer out the provisions of this bill even before it became the business of the Senate.

This bill has been in conference for quite some time and has been the subject of many meetings.

I again commend the chairman of the Senate Agriculture Committee and the ranking minority member for their diligence, their cooperation, and their dedication. I was not a conferee, but they allowed me to come and speak on features of the legislation that affected my State. I deeply appreciate their kindness and thoughtfulness in permitting me to do so.

Mr. President, I shall cast my vote for the farm bill conference report reluctantly, very reluctantly.

I am very much concerned over the commodity provisions of this legislation, particularly the loan level and target price figures. I fear that the bitter consequences of the commodity provisions will not only adversely impact against the farmers of this Nation but the consuming public as well.

I should like to make it abundantly clear that my concerns should in no way be interpreted as criticism of the conference committee. Their task was anything but easy. I know firsthand, Mr. President, that the conferees worked long and hard and diligently in the conference to fashion a meaningful farm bill. I was honored to be invited to personally appear before the conference committee to present the case for the peanut section of S. 884.

Unfortunately, the spending constraints under which the conferees were operating, coupled with enormous pressure from the Department of Agriculture, precluded the conference committee from shaping a farm program which offers basic price protection to the farmers of America. This protection from the vagaries of pests and nature is sorely needed so that the consumers of our Nation may be assured plentiful supplies of food and fiber at reasonable prices, and so that our agricultural exports may continue to help offset the exorbitant costs of OPEC petroleum imports.

Be this as it may, I am going to vote for the conference report not because it is good legislation for our farmers. Rather, my vote will be cast in much the same spirit and with the same strong reservation as was manifested by our farmers when most of them reluctantly supported the Soviet grain embargo in the national interest.

Our farmers, like all Americans, need reduced interest rates and lower inflation. I believe I am safe in saying that the farmers of Alabama have learned that they cannot borrow themselves out of debt. Nor can they continue to produce and market excessive production at below the cost of production and remain solvent. This spartan farm bill will neither encourage excessive Federal borrowing nor excessive production of low price commodities.

In essence, I do not see how an inflationary tag can be attached to this bare bones bill. In fact, I think it can be said that in some measure the farmers of this Nation have literally been stood on their heads and the money shaken from their patched pockets in order to accommodate the Department of Agriculture's austere fiscal demands. However, I feel that it is important to have a 4-year farm bill which will provide a small level of stability and predictability which is absolutely essential for the individual farming operations of this Nation.

Agriculture needs open and available markets which offer farmers the potential for profit. In good faith, I am going to accept on behalf of our farmers the statements by administration spokesmen that they will work diligently to encourage expanded and improved domestic and foreign markets for agriculture. The ball will now be in their court.

Mr. HELMS. I yield to the Senator from California.

The PRESIDING OFFICER. The Senator from California.

Mr. HAYAKAWA. Mr. President, dur-

ing the last few weeks, I have had the privilege of being a member of the Senate-House Conference Committee on the 1981 farm bill.

But while the conference was long and tedious, it was also fascinating. In the past, members of Agriculture Committees, each protecting their own State's or district's agricultural commodities, would sit down and deliver fat support programs for all commodities represented. But this year has been different. It is the first time anyone can remember that the Agriculture Committees have had strictly to limit spending. Now this caused problems for those Members who saw the farm bill as an opportunity to deliver a nice program to their constituent special interest group. But what my colleagues who are objecting to this bill on the grounds of a single commodity are doing is playing politics with American agriculture.

Some Members of Congress are opposing this bill because of the dairy program. They say that the increase for 1983 is not enough.

They say that dairy should get more of an increase no matter how high production is. Now some of my colleagues might wonder if I am not one of those Members opposing the bill because of the dairy program. After all, California is the Nation's No. 2 dairy State, and dairy is the second largest agricultural sector within California.

In fact, by value, dairy farmers are responsible for 11.2 percent of my State's total agricultural production. But I am not opposing this bill because of the dairy program.

Others in this body think we should have a stronger sugar program. When the committee first started this bill early this year, we were kicking around figures above 20 cents per pound. This bill before us sets the initial price below 17 cents and does not include an escalator nearly as large as the industry hoped for. The sugar people say this is not enough, claiming that we need higher price supports to assure that our domestic industry can survive the dumping of foreign sugar on the world market. And sugar is important to California. California is the Nation's No. 1 producer of sugar beets, and produces about 1.5 billion pounds of sugar annually. In fact, my State provides nearly 10 percent of all sugar consumed by Americans. But I refuse to oppose this bill because sugar price supports are not high enough.

Some of my colleagues are opposing this bill because of the wheat program. They say the target prices in the out years of 1984 and 1985 are not generous enough. They say, that to assure that survival of the breadbasket of the world, we must guarantee higher prices for their wheat producers. Considering that California's wheat production is even greater by value than its sugar production, one might think I would oppose the bill because of low-wheat targets. But I am not opposing this bill.

What we must remember is that this is not a dairy bill, it is not a sugar bill, and it is not a wheat bill. It is a farm bill, and we must do whatever is best for the whole of America's agricultural community. And the best thing we can do for our Nation's farmers is to cut Government spending and balance the budget, so that we can get inflation and interest rates under control. This bill represents a bold and courageous step in that direction.

Mr. President, it has been mandatory for all of us to make sacrifices in each of our programs that have been so dear to us in the past. Certainly I should like to have delivered a better program for my dairy farmers, but to do so would be fiscally irresponsible. The problems the USDA are having with the dairy price support program are unprecedented. Because of this program, the department currently stores around 10-billion pounds of milk equivalent at a storage cost that runs over a million dollars a day. In fact, it is estimated that the Government spent about $1.8 billion to purchase surplus products in fiscal year 1981. That is a lot of money, especially when one considers that the whole farm bill, for all the commodities it covers, costs around $11 billion over the 4-year life of the bill. A few years ago, program costs for dairy price supports were running in the hundred of thousands of dollars. Now we are talking about billions of dollars. That is just too much for the rest of us to bear. I am by no means out to "get" the dairy farmer, but these days, it is simply unjustifiable to use tax dollars to maintain and encourage production of dairy products artificially at a time when supply far exceeds demand.

Certainly I should like to have seen a higher price support price for sugar. The program would be run at no cost to the Government, and would assure the consumer a fair, stable price for sugar. In addition, a sugar program would assure the survival of our domestic sugar industry, protecting the American consumer from the bleak prospects of total dependence on foreign sources for our sugar needs. However, the House of Representatives chose to defeat the program, and in order for us to get a bill which could pass the House, the conference saw the need to trim down the program. I did not like cutting the program, but the first priority for all of us should be delivering a farm bill trim enough for the Nation's taxpayers to live with.

Mr. President, America's farmers, being characteristically independent, want as free a market as possible. They want to earn their money and work their land with as little Government interference as possible. They set an example we could all do well to follow. I firmly believe that they, above all, do not want handouts from the U.S. Government. They, even more than most Americans, are hurt most by high interest rates and inflation. And we are not going to lick inflation until Government spending comes under control. This bill represents an excellent chance to strike out against inflation, interest rates, and excessive spending. I urge my colleagues not to miss this opportunity.

UNANIMOUS-CONSENT REQUEST

Mr. BAKER. Mr. President, may I put a unanimous-consent request in order to try to arrange the schedule of the Senate in connection with two matters? This has been discussed with the minority leader and other Senators.

Mr. President, I ask unanimous consent that all time between now and 1 p.m. be equally divided on the conference report and that the time be under the control of the Senator from Kentucky (Mr. HUDDLESTON) and the Senator from North Carolina (Mr. HELMS).

I further ask unanimous consent that a rollcall vote occur on the conference report at 1 p.m.; and that following that vote, there be 30 minutes of debate, equally divided, on the cloture motion to the Helms amendment as amended to S. 951, the Department of Justice authorization bill; and that a rollcall vote occur at the expiration of that 30 minutes as so provided for.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object.

Mr. PROXMIRE. Mr. President, will the Senator yield?

Mr. ROBERT C. BYRD. Mr. President, if I may finish my statement.

I reserve the right to object. I do not intend, myself, to object, but I want to be sure that the rollcall votes that are specified in this request are not ordered by virtue of the request itself, that they will be ordered in the usual way.

Mr. BAKER. Mr. President, that is correct. I shall add to that, if I may, that it be in order, after the granting of this request, to ask for the yeas and nays on both votes, so we may accommodate the convenience of Senators.

I add that to it.

Mr. ROBERT C. BYRD. Mr. President, I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, did I understand the majority leader to ask for a time limitation on the conference report, equally divided, and that we vote at 1 o'clock on the conference report?

Mr. BAKER. Yes, Mr. President.

Mr. PROXMIRE. I object to that, Mr. President. I do not want to delay this conference report, but this is so important to the farmers of my State that I cannot agree to a limitation of time. I wish I could do it, but I cannot.

Mr. BAKER. I am sure the Senator——

Mr. PROXMIRE. I do not intend to speak at length myself.

Mr. BAKER. At 1 o'clock, under the present order, there will be a vote on the cloture motion.

Mr. President, I think that is not correct. I withhold the request for a moment.

Mr. HELMS. Mr. President, will the Senator yield to me?

Mr. BAKER. Yes, Mr. President, I yield.

Mr. HELMS. May I ask the Senator from Kansas how long he wishes to speak?

Mr. DOLE. Only a few minutes, Mr. President. I do not think the Senator from Wisconsin is trying to complicate anything; he just does not want a time limitation. We can still vote at 1 o'clock.

Mr. HELMS. Mr. President, I say to the distinguished Senator from Wisconsin that Senator DOLE indicated he will speak for only a few minutes. Then the

Senator from Wisconsin can have my time.

Mr. PROXMIRE. May I say to my friend from North Carolina, Mr. President, I do not want to delay the bill, but I just think we should not cut off debate. Other Senators may want to speak.

I know several Senators have told me that they feel strongly about this. One Senator has not had a chance to come to the floor.

Mr. BAKER. Mr. President, I withdraw my request for the moment.

Mr. DOLE. Mr. President, as the Senate begins consideration of the conference report on the farm bill, I think it may be useful to briefly review the long and difficult process that has brought us to this point.

As Members of this Chamber have noted on many occasions, this is the first omnibus farm bill that has been drafted under tight, self-imposed budget constraints.

In the past, farm bills were developed using the "mutual admiration society" approach to legislation—each commodity or special interest got pretty much what it wanted by supporting similar benefits across the board.

This year, and it has been almost a year, we have had to insure that these programs were treated fairly and equitably while still meeting projected cost and budget exposure limitations over the next 4 years.

TEN MONTHS OF LABORIOUS EFFORT

Back in February and March of this year, the Agriculture Committee began the laborious task of examining proposals for new legislation and judging their consistency with both our market-oriented farm policy and with the spending limits approved under the first concurrent resolution.

During markup in April, we made our best effort to combine these ideas and restraints in a balanced package. The result pleased neither the Department of Agriculture nor the various commodity groups who contributed to our work.

The committee bill was some $2 billion more expensive than the original proposal submitted by the administration, and continued the target price program which they had tried hard to eliminate.

At the same time, many groups had favored maintaining higher price support loans indexed to escalating production costs, which would have resulted in an open-ended cornucopia flowing from the U.S. treasury.

Nonetheless, the compromise offered by the Department in September showed a real willingness to close the gap and adopt a farm bill which everyone could live with. Supports for dairy, wheat, feed grains, and rice were set lower than the committee report, but the structure and format of the bill were accepted.

Even with the administration's support, efforts to eliminate target prices and the sugar program, and to substantially amend the peanut program, were narrowly defeated on the floor.

A LONG AND DIFFICULT CONFERENCE

Mr. President, we have just completed nearly 6-trying weeks working with our House counterparts to bridge an almost insurmountable chasm between the cost and structural differences on the House and Senate farm bills.

In the process, the administration was required to accept an additional $450 million in projected expenditures above the Senate version, and an estimated $1 billion more in budget exposure.

The bill which the House conferees brought to conference had been built using the old assumptions, and took little account of the massive cost of the dairy program and expected outlays of up to $1.2 billion in deficiency payments on grains and cotton this year.

The House bill also lacked the necessary balance between commodity programs—while some crops were provided ample protection, others such as sugar and peanuts were severely curtailed or eliminated.

The probability of not getting agreement in conference became so great last week that President Reagan held a special meeting with major national farm leaders to urge their support for a responsible bill.

While the package we were finally able to pass may not be everything they wanted, it is now up to these groups to convince Members of the House that the levels of support are adequate and that the concept of omnibus farm legislation is essential to their long-range production and marketing decisionmaking.

A CHOICE WITH LONG-TERM IMPLICATIONS

Mr. President, the Congress is now facing a crucial decision which will have long-term implications for the future of our agriculture sector and the American economy as a whole.

There is no doubt in my mind that, if this farm bill is not passed before we recess, it will be impossible to redraft legislation that will be satisfactory to all concerned when we reconvene next year.

It will be impossible, for example, for the Department of Agriculture to continue to use cost estimates developed in August that may seriously understate the expense of the dairy, feed grains, cotton, and rice programs during fiscal year 1982.

Elements of permanent law, including referendums on 1982 wheat and cotton production and an increase in the dairy price support, are scheduled to take place on January 1. Anyone who has examined the archaic requirements of the 1949 and 1938 legislation knows that their implementation would be tantamount to a train wreck for our agricultural system.

Finally, Mr. President, indecision by Congress has already thrown our farm economy into turmoil. Failure to agree on new legislation, and the possibility that we may not arrive at an agreement, has already been cited at a factor in the sharp decline in grain prices earlier this week.

It is easy for some to say that farmers deserve better than this bill will provide in the way of price and income protection. It is also easy to make a political football out of this bill at a time when farmers and ranchers need to know what our agricultural policy will be next year and in the years to come.

I would submit, Mr. President, that no Senator—including this Senator—is entirely happy with the bill as it stands. We should remember, however, that the 1977 farm bill was rewritten almost every year—that the underlying decisions made 4 years ago served as a general framework for the amendments which we later passed to compensate for unexpected trends in our farm system.

American agriculture is not a static part of our economy. It is probably the most dynamic industry in the country. No one piece of legislation can be expected to anticipate dramatic changes in production, demand, and prices over a 4-year period.

THE ECONOMIC ENVIRONMENT OF U.S. AGRICULTURE

Mr. President, one of the reasons that the 1977 farm bill has been criticized as inadequate is that the overall environment for American agriculture has deteriorated seriously since 1975.

Profitability has been eroded by inflation, rising fuel and fertilizer costs, subsidized foreign competition, a sharp rise in interest rates and trade disruptions such as the Soviet grain embargo.

If these factors had been kept under control through responsible decisionmaking in Washington, the safety net provided for farmers under the 1977 act would not have been as severely tested as it has during the past 4 years.

We are now engaged in a determined effort to do something about the economic fundamentals that are causing agriculture's greatest problems, principally the unchecked, relentless growth in spending by the Federal Government.

This effort requires the cooperation and support of all sectors of the economy. If one sector is considered immune, there would be no chance of bringing the others into line.

I firmly believe that U.S. farmers stand to benefit most from a decisive program to cure the root causes of our economic sickness, not from another Band-aid response to short-term problems.

I ask my colleagues to carefully consider the consequences for their farm constituents if we cannot agree to the House-Senate conference report today.

FOOD STAMP SECTION OF FARM BILL

Mr. President, for a great part of this year, we have labored long and hard to develop a major bipartisan consensus around the food stamp reauthorization legislation, which is traditionally incorporated in the process of the farm bill reauthorization. Last June, the Senate passed S. 1007, the Food Stamp and Commodity Amendments of 1981, which members of the Senate Committee on Agriculture, Nutrition and Forestry voted to split off from the 1981 farm bill itself—an unprecedented action, but then this past legislative session has been full of such actions.

Following precedent, the House continued to incorporate the food stamp title in its version of the 1981 farm bill. As a result of the difference in approach between the two Houses, conferees encountered a few complications when they sat down to negotiate on differences between the Senate and House bills. Some differences were difficult to resolve, and,

consequently, the food stamp program has been reauthorized for 1 year only through this legislation.

AUTHORIZATION CEILING

Mr. President, this 1-year reauthorization of the food stamp program contains an authorization ceiling of $11.3 billion, based on reasonable estimates of program funding needs and economic projections. However, the distinguished Senator from Mississippi (Mr. COCHRAN) who is chairman of the Agriculture Appropriations Subcommittee, in his great wisdom and foresight insisted on adding statement of managers' language that will clarify the intent of the conferees with respect to future program funding.

As my colleagues are very well aware, economic forecasts represent an almost daily changing numbers game which plays havoc with accurate budget projections and cost estimates for program spending. I think it is important to highlight this report language at this time:

The conferees recognize that the authorization ceilings in the conference substitute may prove inadequate to allow full funding of benefits. The conferees intend that the Secretary not act under section 18(b) of the Food Stamp Act to reduce allotments until 60 days have elapsed after the date the Secretary announces any intention to reduce benefits. During this period of time, Congress would have the opportunity to consider legislation to amend the authorization ceilings based upon revised cost estimates.

OTHER PROVISIONS

In addition to the extending program authority for 1 year, S. 884 includes a provision for workfare as a State option. This legislation would also tighten work requirements, and enhance program accountability and management, as well as tighten up on some aspects of fraud and abuse. However, the Reconciliation Act of 1981, which passed the Congress last July, incorporated most of the major reforms that had been under consideration for the food stamp program.

It is the hope of all those who participated in efforts to tighten up the food stamp program that these reforms will go far in addressing the problems of fraud and abuse that were brought to our attention during the hearing process last spring. Total program savings achieved through reconciliation totaled about $1.65 billion.

ADDITIONAL SAVINGS

Mr. President, because of a Coleman-Richmond amendment on the House floor, to delay the cost-of-living in the thrifty food plan from April 1 to October 1, 1982, S. 884 will result in about $700 million in additional program savings. For fiscal year 1982 alone, the amount of budget cuts in the food stamp program will total about $2.3 billion, which is a significant percentage of overall program costs.

Although this delay in the COLA will be relatively easy to implement, it will result in a 21-month lag behind the last cost-of-living adjustment in the program. While it is necessary to achieve major savings in Federal expenditures, we must carefully evaluate the impact of proposals for further budget cuts in this nutrition program.

FUNDING NEEDS

Since the program is only being extended for 1 year, we will have ample time early next year to consider further changes in the program, as well as address food stamp funding needs based on more updated economic information. In the spring, we can evaluate the most recent performance of the economy and take appropriate action.

Mr. President, the food stamp program is so inextricably linked to the economy that we seem to be engaged in an annual process of reevaluating funding needs, and adjusting the cap upward. Every 1-percent rise in unemployment results approximately $650 million more in annual program expenditures, while a 1-percent rise in food price inflation adds about $150 million to program costs.

CONCLUDING REMARKS

Mr. President, it is a real privilege to finanlly be able to consider the conference report on the Agriculture and Food Act of 1981 on the Senate floor—this has been a very lengthy and painful process, but we have arrived at the final stage after tough deliberations. Never in the history of a farm bill have we been forced to operate under such strict budget constraints, and this framework greatly complicated the normal process of enacting this very complex legislation.

The Senator from Kansas wishes to thank his colleagues in both the Senate and House for their patience and hard work in attempting to hammer out this compromise legislation before us. The road has been long, but the end is now in sight. I urge my colleagues to support this bill, and send it on to the President before Christmas.

Mr. President, I shall take just a few minutes to indicate, first of all, my thanks to the distinguished manager of the bill, the chairman of our committee (Mr. HELMS) and also to the ranking Democrat on the committee (Mr. HUDDLESTON) for their patience. It has been about 10 months since this all started. I thank them not only for their patience in the hearing process, but particularly during the 5 to 6 weeks—I lost track—of the conference. I do not know how many days we met—I am certain all of that has been made part of the RECORD—but it seemed like a daily event for a while.

Mr. President, the net result, I guess, can be quarreled about. Having been involved in a number of farm bills in the past 12 years in the Senate and 8 years in the House, I have never known of a farm bill to have total support. I may eat those words later, but I do not remember any farm bill that ever passed with a unanimous vote. Maybe there was a time or two that I have overlooked or forgotten about.

The point is that farm legislation is always controversial. For those who live in urban areas, it is maybe a chance to cast a conservative vote, to vote against price supports which have been described by some in urban areas as being handouts, subsidies, or whatever.

In rural areas on farm legislation there are always three or four different views. There are different farm organizations. The Farm Bureau might have one position, the Farmers Union another position, NFO another position, the Grange another position, plus all the commodity groups in addition to the general farm organizations. Then, of course, we have the AAM, which has no position. So we have all these conflicting views trying to be brought together into one piece of legislation.

There is always some little partisanship—not much, but sometimes there are some partisan overtones, depending on whether it is a Republican or Democratic administration.

Having said all that, Mr. President, this Senator is convinced that the results we have should be adopted.

We can all quarrel in our home States that we did not do enough for this commodity or did too much for that commodity, but the alternatives, I think, we must face in the last days of the session. That is no reason for voting for or against a bill, because we may be in the last days of a session, but the realities are that if this conference report is not adopted, we go back to the 1949 act. This Senator has studied that act and as far as can be determined, I know of no one—no commodity group or farm organization, whether it be dairy, wheat, whatever, notwithstanding some better positions for dairy, for example—I know of no organization which really wants to go back to the 1949 act. They might like something else. They might like to start over. They might want to extend the present legislation. But with respect to going back to the 1949 act, which is what would happen automatically if we do not act, this Senator can find little, if any, support for that proposition.

A number of efforts were made in the conference to compromise differences. This, in effect, is much closer to the Senate bill than the House version. There is no doubt in my mind that it is going to be a very difficult vote on the House side, and it is my hope that Members of the House will look long and hard at this legislation.

If they represent consumers, they should know that honest efforts were made on the sugar provision, on the peanut provision, on the dairy provision. If they are from rural areas, they should know that honest efforts were made on feedgrains, cotton, soybeans, rice, and wheat.

If they are concerned about low-income Americans, they should know that we made honest efforts on the food stamp provisions and on certain research provisions that were not controversial but are very important, and even on the economic recovery program. There was some agreement on that—not as much as some would have liked, but it is an agreement that I think at least keeps that program alive and gives the Secretary some discretion.

So, for the reasons stated, plus many others that probably have been discussed by other Members of this body, it is my hope that there will be a substantial margin in favor of the conference report.

I extend my congratulations to the Secretary of Agriculture for his out-

standing work; to Deputy Secretary Lyng and to Dr. William Lesher and his able assistants, Dawson Ahalt and Randy Russell, who sat with us for weeks in the conference. I commend the Agriculture Committee staff on both sides, and my own personal staff—John Gordley, Chris Bolton, and Cindy Wilhite.

In addition, Mr. President, I would like to commend the personal staff of committee members from both sides of the aisle, particularly Mr. Wayne Boutwell with Senator COCHRAN and Mr. Tom Little with Senator HUDDLESTON, for their professional contributions throughout the past 10 months.

It has been a team effort. As I have said, there are some differences. Some cannot vote for this bill because it does not do enough for one or two commodities. However, as the Senator from California just stated, this is a farm bill. It is a comprehensive piece of legislation. Let us not shoot it all down because you may not like one provision.

Again, I commend the chairman and the Senator from Kentucky for their efforts in keeping us together, and for their patience. It is my hope that the vote will be overwhelming for the conference report.

Mr. HELMS. Mr. President, I thank the distinguished and able Senator from Kansas for his kind remarks.

I want it to be made a matter of record that without the efforts of BOB DOLE, we probably would have had no farm bill. He has used his knowledge and wisdom and experience to be helpful at every point along the line. I pay him my personal respect and gratitude for all he has done and for his generous comments about Senator HUDDLESTON and me.

Mr. DOMENICI. Mr. President, I commend the distinguished chairman and ranking member of the Agriculture Committee, as well as the other Senate conferees, for their outstanding efforts toward fiscal restraint during the lengthy conference on this bill. This conference agreement is an integral part of our overall budget restraint package this year.

The diligence of the Senate conferees produced an agreement that, according to Department of Agriculture estimates, is only $500 million above the Senate-passed farm bill over the next 5 years. More importantly, the conference agreement saves $5 billion relative to the House-passed version of the bill.

The direct spending in this bill is about $50 million below the Agriculture Committee's crosswalk allocation under the budget resolution for fiscal year 1982 and represents about a $500 million savings relative to existing law.

For dairy price supports, the most expensive of the existing price support programs, the conferees maintained nearly all of the savings achieved in the Senate-passed bill. This should provide savings of at least $500 million per year below the levels in the Reconciliation Act.

The conferees have also taken major steps to control the costs of the farm programs in future years. Mandatory indexing formulas for the major price support programs have been eliminated and the Secretary of Agriculture has been given greater discretion to limit future budget exposure for these entitlement programs.

Again, I commend the conferees for their efforts, and I recommend the adoption of the conference report.

Mr. HELMS. Mr. President, I yield to the distinguished Senator from Mississippi.

Mr. STENNIS. I thank the Senator from North Carolina for yielding to me.

Mr. President, I want to make a point in favor of approving this conference report, which is essentially a compliment to the Members who have worked on this far-reaching bill the entire year.

I never have had the privilege of being a member of the Committee on Agricuture, Nutrition, and Forestry, but for a long time I have been a member of the Subcommittee on Appropriations and still am. There, I have received a repeated lesson each year about the complications, the far-reaching implications, and the difficult problems that go with a massive piece of legislation such as this. It is not just for the benefit of those who might be connected directly with agriculture. This is the whole story, one might say, of the production of food and fiber and many other things that go along with them.

With all deference to the private enterprise system, the point has just been reached in our economy where massive problems that go with agriculture have to have some kind of regulation and guidance in some of the low places—call it what you will, subsidy or not. It must be the hand that will reach in and fill out some of the blank spots.

So I compliment and thank, on behalf of the people in agriculture directly, the Senator from North Carolina, the Senator from Kentucky, and the Senator from Kansas. I want to add my colleague from Mississippi, Senator COCHRAN, who has worked here like a Trojan all the way through on these subjects, on the full Committee on Agriculture and on the Subcommittee on Appropriations. I commend him and thank him.

We did not get everything we wanted, so to speak, in Mississippi. But it is a big part of a big program, and we fared as well generally as others and as well as could be expected, perhaps. We are grateful for those things. I think the payoff for the Government and for the people as a whole is outstanding and direct in the operation of this massive program.

Mr. HELMS. Mr. President, I thank the able and distinguished Senator from Mississippi for his comments. He has been a personal blessing to me for many years and to the Senate and to this country. To have his endorsement for the work we tried to do this year means a great deal, and I thank the Senator very much.

Mr. HUDDLESTON. Mr. President, I would like to express particular appreciation to the committee staff members who labored so long and hard and diligently, particularly during the conference portion of the time we have been dealing with this farm bill: Carl Rose, his deputy—Phil Fraas—and the other staff members on the minority side; George Dunlop, Bob Franks, and all the other majority staff members. They spent hours far beyond those of us who actually sat on the conference.

I would like to add a particular note of commendation for the outstanding work done on the farm bill by the committee's printer, Warren Oxford. All Senators on the committee are in his debt.

Sometimes we tend to forget that, when the conference adjourns and we, as Members, get up and leave and go back to our respective offices and respective jobs, the staff members then have to really begin their work to try to decipher what we have done that day and what we are going to be in a position to do the next day. They spent long nights and weekends in trying to keep the conference on track, and I appreciate that.

It has already been remarked that the Senator from Kansas (Mr. DOLE) played a very important role, and that cannot be overemphasized.

On our side of the aisle, the Senator from Vermont (Mr. LEAHY), the Senator from Montana (Mr. MELCHER), and the Senator from Nebraska (Mr. ZORINSKY) played very important roles as members of the conference committee. They presented strong cases for various aspects of the bill, and made many meaningful contributions.

Mr. President, I think that on this side we have indicated the number of Members who wanted to make some remarks.

I ask unanimous consent that the remarks of Senator LEAHY, if he is not here before the vote occurs, be included in the RECORD as if read.

Mr. PROXMIRE. It is my understanding that the Senator intended to come to the floor, and that is why I objected to a time limitation. But he will not be able to come to the floor.

Mr. HUDDLESTON. Mr. President, there are those, of course, who will find it impossible to support this conference report because it does not go as far as they would like it to go with respect to a particular commodity. There probably are those in this body, and in the other body, who will not be able to vote for this conference report because they believe it to be too generous, because it does too much to help the farmer and jeopardizes the budgetary restraints that we are operating under. I think that would be a false economic conclusion.

There are no bonanzas in this bill for the agricultural producers of the country. It is just a modest effort to try to maintain the great asset that we have in the United States, and that is the ability of our farmers to meet the food and fiber needs of consumers at home and abroad.

As has been indicated before by myself and others, we would have wished to have seen the bill more effective. We would have wished to have seen it provide more assistance and more guarantees, so that more farmers would be able to succeed in agricultural production.

But as the distinguished Senator from North Carolina has indicated, we have done the best we could do under the restraints that we must operate under and in trying to balance the various interests within the agricultural community within those restraints.

So, I urge the Senate to adopt this conference report. Let the House of Representatives know that we are in favor

of it. The conference substitute is, after all, somewhat better from the standpoint of virtually every one of the commodities, including dairy, than the bill that was passed in this Chamber some time ago.

So, we have moved in some direction to improve what had been accepted by the Senate.

I thank the Chair.

Mr. GRASSLEY. Mr. President, I commend the members of the Senate and House conference committee on their work on the 1981 farm bill. I understand how difficult and trying that it was in reaching a compromise between the House and the Senate farm bill versions, particularly in the areas of price supports for feed grains, wheat, dairy, sugar, peanuts, rice—well, it seems as if there was little with which we did not have problems.

Although this should be no reflection of my feelings for the efforts of the conferees, I believe that it is a fair statement that no one is completely satisfied with this legislation. Many of us wanted better support prices; others wanted less.

Unfortunately, this bill was considered during the most difficult times for our agriculture sector, as well as for our Nation's economy.

We have had to develop a farm bill during a period when our farmers across the country are truly facing extremely desperate economic times, while at the same time Congress has had to take a hard, but steady, course of restraining Government spending.

As I stated earlier this year, as a member of the Senate Budget Committee, I am fully aware of how unpleasant it is to be faced with having to cut back on programs that are important to us and our people. Nevertheless, we must continue to remember that if budget constraint is not practiced, all of our people, including those who benefit from these programs, and certainly, in this instance, our country's farmers, will continue to suffer from the devastating effects of inflation, high interest rates, as well as dwindling economic productivity and high unemployment.

Upon reflection, I believe that in light of the hostile environment under which this legislation was developed, the conferees have really done a remarkable job.

I join those who are not satisfied with this new farm bill. For instance, among other things, I would have liked to have a higher loan level for corn. That's why I supported the $2.60 level during earlier Senate debate, only to lose out to those supporting a lower level. Also, I would have preferred to see the provision requiring that casein imports be reduced in order that we not have to restrain dairy price supports as much as we did, but my side lost on that one, too.

Nevertheless, I am going to support the passage of this conference report for I recognize the fact that under the circumstances, we are not going to get anything better.

Furthermore, I think that we have to realize that this bill is better than allowing our farm programs to revert back to the 1949 laws. There is no way that our Government could afford the costs of support programs under that situation.

Therefore, I strongly urge my colleagues of the Senate, as well as those of the House, to support this legislation.

Mr. HELMS. Mr. President, in conclusion, before we go into a vote, I wish to pay my respects to all of the conferees, and the distinguished Senator from Kentucky mentioned several.

I thank the now occupant of the chair, Senator HAYAKAWA, for his contribution to the conference; Senator LUGAR, who was a mainstay; and Senator COCHRAN, of Mississippi, who was alluded to by his senior colleague, Mr. STENNIS.

I thank them for their patience along with the patience of the conferees on the other side.

As did Senator HUDDLESTON, I pay respects to Carl Rose, a veteran member of the staff and a good North Carolinian, I might add; George Dunlop; Bob Franks; Phil Fraas; and others who I will list for the record by unanimous consent: Tom Clark, Terry Wear, Bill Bailey, Ron Wilson, Jim O'Mara, Tom Boney, Bill Brooks, Nabers Cabins, Warren Oxford, Keith Weatherly, Denise Alexander, and John Cozart.

Plus all of the support staff who worked so hard to put this conference report together. The support staff members are really our unsung heroes. They are the ones who have worked virtually every weekend and late into the evening many times during the past 6 weeks. Their hard work and dedication is above the call of duty and I salute them for it. Those include: Valda Harris, Vicky Dutcher, Koni Gleason, Margie Wilson, Julia Stewart, Evelyn Schaub, Betty Mason, Martha Amburn, and Terrie Schiappa.

Mr. LEAHY. Mr. President, the joint conference has given the President of the United States the farm bill he wanted. It reflects his policy and priorities. Unfortunately, I do not believe it reflects the needs of American farmers, and, therefore, I must oppose this measure.

At a time when American agriculture is facing serious economic threats, this bill will exacerbate and not alleviate these conditions.

As we head into what looks to be a deep recession, we will be cutting American farmers out of the programs that sustained them through hard times in the past.

We will be denying them capital at a time of tight money.

We will be reducing commodity programs at a time of record-low farm income.

In short, we will be dramatically changing the very programs that helped make this country the greatest agricultural producer in history.

Now, my Republican friends will say that we must cut back—whatever the consequences. But this budget crisis that we are facing is a creation of the Reagan administration. It is the result of tax cuts and defense spending which, though necessary, far exceed the limits of affordability. And the consequences of these budget cuts—the implications for the future of American agriculture—are serious indeed.

In an excellent recent article, entitled "The Embattled American Farmer," David Kline states:

> Today, United States agriculture stands at a crossroads. Debt loans and bankruptcies among farmers have reached levels unseen since the Depression. Farm officials are warning of widespread bankruptcies and foreclosures after the first of the year, when tens of thousands of farmers will find themselves unable to pay back their 1981 loans. In a short time—less than two decades, predicts the Department of Agriculture—a million farmers (nearly half the current total) will be driven from their land and only 1 percent of the remaining operators will possess half the Nation's arable land and food supply.

Is this what we want for our farmers? Is this what we want for our country? Maybe this is the intent of the Reagan administration. I do not know. But I do know that this farm policy will hurt many Vermonters.

Let me talk a minute about Vermont farmers—Vermont dairy farmers, in particular. We have strong family farms in Vermont—strong in spirit and determination. But these farm families are going to have a tough time with the dairy provision of this farm bill. For the first time ever, the dairy program will allow prices to go below a floor of 70 percent of parity.

Dairy farmers have already gone down from 80 percent of parity, they have already given up a semiannual adjustment, they are coping with the importation of casein, and now they will have to live with a dairy program which provides for only a 1.1-percent increase in prices for the next year.

Does anyone think that the cost of production, that the level of inflation, will rise by 1.1 percent next year? For a small or medium scale dairy farmer, this type of drastic reduction could spell economic ruin.

For the Nation, this program could spell the end of the family dairy farmer.

Mr. President, while I strongly oppose the dairy section of this bill, I must say that there are provisions which deserve support. Among others, I believe that the conservation section contains wise policy and sound program changes.

The Farmland Protection Policy Act, adopted as a subtitle under the conservation section, will begin to stem the tide of ever increasing conversion of valuable prime farmland to nonagricultural uses. The United States now loses some 12 square miles of prime farmland each day. If we are to insure that U.S. agriculture remains the envy of the world, then we must preserve our most valuable national asset—prime farmland.

Mr. President, a 1980 Gallup poll showed that the American people believe that our resources must be preserved for future generations by a margin of more than 2 to 1.

In addition, a full 53 percent feel that prime farmland should be protected. This act, which I sponsored, and which received strong bipartisan support in conference, will serve as a strong foundation for our farmland protection efforts, and compliment the efforts of thousands of local communities and counties already actively engaged in the preservation of our farmland.

Equally important to the preservation of our agricultural land base are efforts to combat the loss of valuable topsoil through erosion. Each year, the United States loses billions of tons of topsoil, that has taken generations to build up and will take generations to replace. This farm bill recognizes this critical problem and provides for the development and implementation of a special areas conservation program designed to work against the ravages of erosion.

This program is designed not only to devise ways to protect topsoil, but also for efforts to conserve our water resources. I look forward to the successful implementation of these plans.

The amendments to the Watershed Protection and Flood Prevention Act agreed to in conference and the new Commodity Credit Corporation conservation loan program will both serve to further this country's ability to protect and keep productive that which serves this country so well—our agricultural land.

Back to the shortcomings of the bill.

Mr. President, not only is the Reagan farm bill going to cause considerable damage to Vermont dairy farmers and farmers of all types throughout this country. The policies contained in this farm bill will have serious repercussions in rural America.

Agriculture and farm service industries still represent the economic backbone of many rural communities. A strong agriculture means a strong rural America. A weak agriculture, which the 1981 farm bill nearly guarantees, means a weakened rural America.

In addition, this administration has proposed and Congress has approved massive cuts in many Federal programs critical to rural progress. Perhaps most important among these were the cuts in the rural lending and grant programs of the Farmers Home Administration. Traditionally recognized as the lead Federal agency for rural development, FmHA water and sewer, community facility, and business and industrial loan programs have all been cut by 50 percent and the interest rate has been increased substantially.

I find these and the many other cuts in Federal rural programs particularly troubling. Combined with the provisions of the 1981 farm bill, rural areas of this country will get a double-barreled shot of Reaganagronomics.

I fully intend to continue to work for the improvement of the quality of life in rural America. Next year, I will pursue these issues with the goal of monitoring the effects of the Reagan rural policy and providing constructive solutions to the problems of rural America.

Mr. President, this conference also considered the reauthorization of the food stamp program. While many program changes were dictated by the budget reconciliation process, this conference made additional major reductions. This year we cut back on food stamp benefits and restricted eligibility. In all, we have cut almost $2.3 billion from the food stamp program. We have also taken action against fraud and abuse.

I regret the conference action to delay, for a total of 21 months, the adjustment of the thrifty food plan. This delay will put the elderly and other food stamp recipients further behind in the race to catch up with inflation. I also must note that the conference agreed to a cap of $11.3 billion.

This figure is based on old assumptions which may or may not be correct in the coming year. The administration's rosy economic projections are fading, unemployment is up, and recession is with us.

These changing economic conditions reinforce my opposition to artificial caps on the food stamp program.

Mr. President, the members of the joint conference on this farm bill worked long and hard. I appreciate the efforts of all members and the chairmen of the two committees to work out a compromise. I can understand the pressures that they faced.

But I cannot support this farm bill. I do not believe it is good policy, and I hope in the future we can correct some of the poor program changes made in this bill, for the benefit of farmers and consumers alike.

Mr. President, I ask unanimous consent that the following article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times Magazine, Nov. 29, 1981]

THE EMBATTLED INDEPENDENT FARMER

(By David Kline)

Heads bowed, a hundred Georgia farmers sit stiffly on folding chairs beneath a striped tent. They listen in silence as the pastor begins his invocation: "Our Lord, whose farm is all creation, please grant Thy blessings to those here today, and especially to Charles and Frances Bodrey and their children. Amen."

Gazing at the hushed crowd from the podium, the auctioneer hesitates before beginning his regrettable task: the foreclosure sale of the Bodrey family farm. He notices Charles Bodrey standing off to the side, by one of the tent poles, not a trace of emotion on his face.

Charles Bodrey, 44 years old, has long been regarded as one of the best farmers in Georgia. He won numerous crop production awards and was twice featured on the cover of Progressive Farmer magazine. He operated 994 acres, twice the national average farm size, of prime land, and nearly all of it was under the most advanced irrigation system available. Just a few months before he harvested his last crop, in fact, Bodrey was besieged by equipment dealers and other farm suppliers clamoring to get his endorsement of their products. Now, he waits silently for his land, his equipment and the investment of 27 years of hard work to be auctioned off, while the farmers standing around him wonder how long they can hold out before they will be in the same position.

The auctioneer snaps on the microphone and the squeal of feedback breaks the spell under the tent. People come alive again as the bidding begins.

Scenes like this Georgia auction have long been a regular part of the landscape of the United States. But today, agricultural experts fear that the rhythmic, rapid-fire droning of the auctioneer's chant may signal much more than the plowing under of yet another independent farmer. The increasing rate of farm foreclosures is an indication that America's unique and awesomely productive farm system, built on the broad-based ownership of land by millions of family farmers, is on the verge of outright extinction. In its place, says the United States Department of Agriculture (U.S.D.A.), "will be a few large firms controlling food production in only a few years."

Today, United States agriculture stands at a crossroads. Debt loads and bankruptcies among farmers have reached levels unseen since the Depression. Farm officials are warning of widespread bankruptcies and foreclosures after the first of the year, when tens of thousands of farmers will find themselves unable to pay back their 1981 loans. In a short time—less than two decades, predicts the Department of Agriculture—a million farmers (nearly half the current total) will be driven from their land and only 1 percent of the remaining operators will possess half the nation's arable land and food supply.

What a change of this magnitude would mean for the whole of society is of increasing concern to agricultural experts and political leaders alike. The possible consequences, from rising food prices to drastic changes in the texture of traditional rural life, have become the focus of a sharp debate that has dramatically escalated since the Reagan Administration introduced its new farm policies.

It is believed by many that the Reagan Administration's efiorts to sharply reduce Federal expenditures in the farm sector will only exacerbate the debt crisis and increase the number of rural bankruptcies next year. Though Congress balked at implementing the full scope of the White House cutback proposals—which included the elimination of the Economic Emergency loan program, a 25 percent reduction in Farmers Home Administration lending for 1982, and major cuts in commodity and loan supports—the new farm bill still contains significant reductions and is typically referred to by farm-organization leaders as a "disaster."

Many of these leaders, who actively campaigned for Ronald Reagan on the basis of his promises to support higher commodity prices and to increase the availability of loans for hard-pressed farmers, now feel betrayed. Curt Sorteburg, an Iowa Farmers Union official, says: "Reagan talks a lot about how he's helping small-business men, including farmers. But despite the rhetoric, he's doing just the opposite." Sorteburg is also dismayed at the way the President and Congress have singled out for criticism Federal price supports for tobacco growers. "They're conveniently ignoring the fact that for most crops today, Government support prices are actually below the cost of production."

Meanwhile, Secretary of Agriculture John Block has apparently shelved efforts begun under the Carter Administration to reform existing tax, credit and agricultural development policies—a task that many experts say is the key to saving the family farmer and restoring profitability to agriculture. This kind of fundamental policy reform was the chief recommendation of a controversial report released by the Department of Agriculture in the closing days of the Carter Administration. While the popular notion is that the typical farmer lives off the fat of Federal subsidies, the department's report, entitled "A Time to Choose," conceded that the entire range of Federal farm policies had steered the greatest benefits to the biggest producers: 3 percent of all farmers received 46 percent of all benefits paid by Federal farm programs in 1978. These policies, noted the report, "accelerate the trend toward ever larger farming operations" and "encourage economic cannibalism within agriculture."

Since 1950, an average of 2,000 United States farms have gone out of business each week, resulting in a situation today where the largest 7 percent of all farms—those with more than 1,000 acres—control 54 percent of

the nation's total farmland and account for more than half of all agricultural sales.

A farmer forced to quit his land is not necessarily a marginal producer with too small an operation to manage efficiently. Research by both private economists and the Agriculture Department has demonstrated that smaller farmers are no less productive per acre than their bigger, sometimes corporate, competitors. In the same region in which Charles Bodrey ran his 994-acre farm, economists discovered that maximum efficiency and productivity on a per-acre basis—"economies of size" is the term used—could be attained on a farm of only 399 acres. Size seems to result not in a superior efficiency in food production, but simply in a superior ability to control the market.

Beyond this minimum size for maximum efficiency, says the Agriculture Department, "society has no reason to encourage or subsidize growth, nothing to gain in terms of efficiency or lower food costs."

While family farms may be as efficient as larger ones, economic factors have seriously eroded their viability. Skyrocketing production costs and interest rates have joined with stagnant commodity prices to lower profitability. Some crops today cost substantially more to produce than they bring in at market: Wheat, for instance, costs about $5.32 per bushel to grow, but sells for around $3.50.

While crop prices may fluctuate widely from year to year, the long-term trend has been a tightening cost-price squeeze on the farm. Interest rates have risen faster than the Consumer Price Index, as have production costs like the price of fuel—and petrochemical-based fertilizers. And as a result of the level of concentration in farm-supply industries like machinery manufacturing—four firms control 83 percent of all farm equipment sold in the United States—farmers have been overcharged $250 million annually, according to a 1972 Federal Trade Commission Study. Partly because of surpluses, prices paid to farmers for their crops have not kept pace with these rising production costs. In addition, diminished competition among middlemen who purchase farm products tends to depress crop prices. Profit margins for most major crops have dropped nearly 50 percent since 1974. Net income per acre has skidded from $11 in 1950 to barely $4 today. The 1980 net income per farm, adjusted for inflation, was the worst since the Depression. And the farmer's purchasing power from crop sales is only half what it was 30 years ago.

Neither the very smallest and marginal operations nor the very biggest farms are being squeezed as much as the productive medium-sized growers, those working between 200 and 1,000 acres. Small-farm families typically earn the bulk of their income from off-farm work in nearby factories and businesses and thereby generate enough income to subsidize their farms. The biggest operators have the capital resources, tax advantages and sheer volume of production to sustain profitability. The middle-sized farmer, however, usually depends entirely on farming for his livelihood and has no recourse against declining profit margins.

In Charles Bodrey's case, the economics simply caught up with him. He spent $2.63 per bushel this year just for seed, lime, fertilizer, nitrogen, herbicide, fuel for his machinery, and irrigation when he planted his corn crop. Then he spent another 25 cents per bushel to harvest the corn, 17 cents per bushel for drying and handling, and 3 cents more per bushel for the part-time labor of two hired hands. Leaving aside whatever value should be placed on his own, his wife's and his eldest son's full-time labor, Bodrey had already laid out $3.08 per bushel, in hard cash, to bring his corn to market.

He had to sell it at $2.60 per bushel. Not only did he fail to make a profit, but Bodrey could not even pay the interest, let alone the principal, on his land mortgage, his tractor purchases and his operating loan. Having little equity with which to secure new financing for next year, he had to quit.

"Maybe I should've never planted back in February," Bodrey wonders, "but I was already so far in the hole from these bad years recently that I just didn't see how I could quit." Now Bodrey must join the thousands of other farmers nationwide who each month uproot their families and move to nearby towns and cities in search of work or, failing that, welfare. At 44, he feels he is young enough to find another line of work, and in fact he has already received job offers from several farm-related businesses. But he is less confident about the future of many of his older neighbors. "Most of them aren't really thinking about making any money; they're trying to figure out how the heck they can get out of farming without losing everything they've worked for over the years."

Some observers claim that, even with current debt loads, the rate of failure would not be as high as it is if farmers employed better business practices. In fact, it is not unusual to hear even a farmer complain that many of his neighbors (but not, of course, himself) are terrible businessmen who never put pencil to paper and plan their finances.

Most experts, however, say the problem is too widespread to be corrected simply by better business practices. Tommy Irvin, State Agricultural Commissioner of Georgia, concedes that "at least 50 percent of our farmers are very deeply in debt." Bob Blalock, the former Georgia director of the Farmers Home Administration, a major Federal lender, estimates that more than 80 percent of his agency's 6,000 statewide loan recipients were unable to pay the installment on their 1980 loans. Adds Jonny Neely, chairman of the Citizens State Bank of Butler, Ga.: "We may be talking about another 'Grapes of Wrath' here."

Though Georgia's problems are more severe than those of most other states because of record droughts there in recent years, the same sort of debt crisis exists throughout the country. In Illinois, the Farmers Home Administration's state chief of farmer programs, James Reifsteck, estimates that delinquencies on most types of loans are running in the range of 20 percent to 26 percent, with bankruptcies approaching 10 times the rate of previous years. North Dakota's chief of Farmers Home Administration programs, LeRoy Nayes, says delinquencies in his state average 19 percent on most types of loans, and he claims this delinquency rate is about the lowest in the nation. He is especially troubled by the fact that nearly a quarter of all North Dakota farmers are now on his agency's rolls. Farmers Home Administration loans are available only to farmers who have already been denied credit by banks.

"Many of these people are living off borrowed funds, not income," Nayes explains. "It may not look so bad on the surface, but underneath, the profitability just isn't there anymore. And frankly, I don't see much light at the end of the tunnel."

Neither does Richard Pottorff, an economist for Data Resources, an economic research organization. His analysis of farm conditions captured national headlines when it was released in August. "The farm sector of the Untied States economy is teetering on the brink of a depression reminiscent of the 1930's," he declared. "The outlook for farm income and profitability has gone beyond dismal and would have to be termed catastrophic."

Forty miles southeast of Macon, Ga., Unadilla (population 1,562) might be mistaken by the casual observer for just another truck stop, good at best for a little gas and a bite to eat. Even as rural towns go, Unadilla is lightweight. One can cruise the entire business district by car in just under a minute. There are no clubs or movie theaters in Unadilla; younger residents must drive to nearby Perry or even Macon on Friday and Saturday nights. The town's only claim to fame is Tommy Kersey, the charismatic state leader of the American Agricultural Movement, who gained national notoriety three years ago as a key figure in the militant protest by farmers from across the country who drove their tractors through the streets of Washington.

Despite Unadilla's barren atmosphere, its 30 businesses, four churches and single bank are the nerve center of a network extending for many miles over the countryside—a network of farm families. There is a growing unease among these farmers, a feeling that the natural order has gone askew. "Used to be if you worked hard, you could make a decent living," says one farmer who worked his way up from behind a mule-driven plow. Like many of Unadilla's farmers, he now faces foreclosure. "Nowadays, well, I just feel like everything's going the other way."

"A lot of farmers have lost everything they have," adds Marvin Ragaen, chairman of Unadilla's State Bank and Trust Company. "Probably no one around here has really made a profit since 1977."

Just outside the town stands the Smyrna Independent Methodist Church, a small wood-frame structure topped by a clean white spire. "With maybe one exception," says its minister, Joe McNulty, "all the families in this church are facing the possibility of bankruptcy in the near future. They're real proud people around here, you know. They find it hard to deal with the fact that they've got all these debts they can't pay. And they've had such good times in the past. Really good times. They can't accept the change."

Farming is more than a job; it is a whole way of life to these people. But rural communities are drastically changing. Young people leave because there are so few opportunities for independent farming, and if wage labor is all that's available, well, it pays better in the factories than in the fields. Some shops and churches close, but the result is not so much a ghost town as a town haunted by a more familiar past. Day by day, the old hometown seems less a community of families than a conglomeration of individuals.

The essential characteristic of the new farm structure that is emerging is a growing separation of ownership and control of land from the hands that actually work it. This comes about in different ways.

Sometimes, agricultural land is bought up by absentee investors not so much for the income from production as for the speculative possibilities: Land in some areas is inflating in value at twice the rate of the Consumer Price Index. As much as 50 percent of the nations farmland may already be owned by nonfarm operators and investors, according to the General Accounting Office. If the absentee owner happens to be a corporation, the benefits are even greater than for an individual.

Also, any corporation whose farm income represents less than 10 percent of total earnings does not have to report that income separately. So profit and losses may be shifted around within the corporation, depreciation accelerated, and great advantage taken of other tax provisions allowed to farms as well.

In certain areas of the country, however, corporations own vast tracts of land and reap major profits from high-volume specialty crop production. Tenneco West Inc., for example, owns 1.1 million acres in California and Arizona. This subsidiary of the Houston-based oil conglomerate is the largest grower of California table grapes in the United States. The citrus fields in Florida owned by Minute Maid (owned in turn by Coca-Cola) are another example of direct corporate involvement in crop production. So great is

the concentration of land ownership in some parts of the country that in California, for instance, 60 percent of the land is farmed by only 3.7 percent of the state's operators, according to Don Villarejo of the nonprofit California Institute for Rural Studies.

Far and away the most common form of corporate influence in agriculture, though, is not the direct ownership of land. (Probably fewer than 5 percent of America's farms are owned by corporations.) It is through a process known as "forward contracting," whereby the conditions and volume of production as well as the price after harvest are set in advance by food manufacturing and processing firms with growers. The farmers get a guaranteed price in an unstable market, while the contractor gets the farmer's labor with none of the risks of ownership. Or, as A. V. Krebs, a leader of the nonprofit organization, Rural America, puts it: "In most cases the corporation does not become a farmer; it rents one." And since processors use their contract prices with higher-volume farmers as the base price for all their crop purchases, forward contracting tends to dictate commodity prices received by all farmers, even those who do not grow under contract.

The Agriculture Department estimates that today at least 25 percent of total United States agricultural output is controlled through vertical and contractual integration. But this figure is somewhat deceiving, since some crops are almost completely controlled by a few large firms; 100 percent of sugarcane and sugar beets, for instance, and 98 percent of milk, 97 percent of all broiler chickens, 95 percent of processed vegetables, and 85 percent of citrus fruit.

By whatever name it is known—corporate agribusiness, megafarming, industrial agriculture, Big Food—this new farm system is rapidly changing the complexion of rural life. Just as this new system requires a new breed of farmers—hired (or rented) labor rather than independent owners—it also spawns new communities in which they must live.

Research has been done to quantify the social consequences of agribusiness. Perhaps the seminal work was undertaken more than 35 years ago by Walter Goldschmidt, now a professor at U.C.L.A.'s anthropology department, as a researcher for what was then the U.S.D.A.'s Bureau of Agricultural Economics. Though political pressure from agribusiness—documented by the press at the time—resulted in the suppression of Goldschmidt's full study by the Agriculture Department, the termination of his position and the demise of the bureau itself, his study became a sort of cult classic among rural sociologists until it was finally updated and published in 1978, under the title "As You Sow."

In his study, Goldschmidt examined two farm communities in California's San Joaquin Valley chosen for their remarkable similarity. Each had the same volume of crop production, comparable soil quality and irrigation development, and similar climate. Both communities were equidistant from major urban areas and similarly served by highways and rail lines. In only one major respect were they different: The town of Dinuba was centered on a small family-farm economy, whereas the town of Arvin depended on large-scale agribusiness farming.

Goldschmidt discovered that Dinuba's family-farm economy supported 20 perecnt more people per dollar volume of farm output than Arvin did. Yet despite this greater population load, Dinuba also provided its residents with a 12 percent higher standard of living. (In 1970, researchers again visited the two towns and found that Dinuba then enjoyed a median income that was 37 percent higher than in Arvin.)

Goldschmidt further found that the physical facilities for community living, such as paved streets and sidewalks, garbage and sewage disposal, were far superior in Dinuba. The agribusiness town had no high school and only one elementary school, whereas Dinuba provided its citizens with four elementary schools in addition to a high school. Three public parks existed in the small-farm town; the large-farm town offered only a single playground, lent by a corporation.

In addition, Dinuba sustained more than twice the number of social organizations for civic improvement as did Arvin, whose citizens demonstrated a measurably lower rate of participation in civic, social, church and political activities. In Dinuba, various governmental bodies existed enabling residents to make decisions about the public welfare through direct popular vote; no such bodies existed in Arvin.

Offering an explanation for the disparity, Goldschmidt noted: "The small-farm community is a population of middle-class persons with a high degree of stability in income and tenure and a strong economic and social interest in their community." By contrast, he said, the big-farm community contained "large numbers whose only tie to the community is their uncertain and relatively low-income job. Differences in wealth are great among members of this community, and social contacts between them are rare."

Goldschmidt was the first to document how farm structure and ownership patterns can directly influence the character of rural life. In the years since, a number of rural researchers have taken to the field in several states and discovered the same connection between expanding farm monopolization and declining community viability.

Larry Swanson, for instance, is an economic consultant in Lincoln, Neb., who last year completed a doctoral study of changes over a 30-year period in 27 rural Nebraska counties. "I found a direct negative correlation between farm sizes and conditions of rural communities," he explains. "In other words, here in the Midwest as well, when agricultural production becomes concentrated in fewer and fewer hands, the quality of community life measurably deteriorates."

"What do we need farmers for?" asked the irate woman caller on a rural radio talk show recently. "I can get all the food I need at the grocery store!" Though most Americans realize we do need farmers, the question remains: Do we need family farmers?

"I don't think we can say that a small farm is as energy-efficient or as production-efficient as a large farm," contends the president of Tenneco West, Tris Krogius. "That's one reason the economics of the industry favors bigger farm units."

But Agriculture Department economists fear that a highly monopolized agricultural system may by its very nature be less robust and shock-resistant than the diversified family-farm it is replacing. This is because large-scale farms are much more capital intensive and energy exhaustive than equally productive smaller farms. While large-scale farming does enjoy a short-term economic advantage, ultimately it may be more susceptible to energy shortages and economic difficulties. When all stages of the food-production chain are fused together under the concentrated control of a few companies, a disruption in any one link of the chain—a corporate bankruptcy, for instance—is more likely to bring the whole system down.

A second cause for concern is that agribusiness farming is believed by many to speed up soil erosion and loss of fertility, already a major problem, with at least one-third of all American farmland eroding at rates that produce declining crop yields. Critics say corporate and absentee farmers have a love-it-and-leave-it attitude toward the land, regarding it as an investment to be farmed to the point of exhaustion. And large-scale farms typically use herbicides and other chemical poisons on more than 30 percent of their acreage, compared with 4 percent used on smaller farms. This may increase productivity temporarily, but groups like the National Family Farm Coalition, Rural America and the Center for Rural Affairs in Nebraska fear that it is no substitute for conservation, and that in the long run the growing use of chemicals will damage the fertility of the soil itself.

Respected agricultural experts warn that as a result of erosion, unwise use of chemicals and the continuing conversion of prime farmland to industrial and commercial uses, food surpluses may soon be a thing of the past.

Though the future impact of agricultural monopolization upon food prices is impossible to predict, the former Federal Trade Commission economist Russell Parker has estimated that consumer overcharges because of diminished competition in the food industry already approach $14 billion annually, or about $200 per family. Furthermore, the major source of retail food price increases in recent years has not been the farmer, but the highly concentrated processing and food-manufacturing sectors. A recent example of how diminished competition can raise food prices occurred during last year's peanut shortage. Processors and manufacturers more than doubled the price of peanut butter to the consumer even though upwards of 90 percent of peanut farmers sold their crops under contract to the processors at the same price as the year before.

Faced with these concerns, 10 states in the last decade have enacted laws to restrict corporate farming activities. At the national level, repeated but unsuccessful legislation designed to "restore competition to the agricultural industry and to provide for the continued existence of the family farm" has been introduced. Known as the Family Farm Antitrust Act, a House version reintroduced by Democratic Representative Robert Kastenmeier of Wisconsin this year would stipulate that no business with nonfarm assets of more than $5 million "shall control, or attempt to control, directly or indirectly, the production of raw farm products through ownership or long-term leasing of agricultural land."

From the National Farmers Union to the American Agriculture Movement, a variety of farm organizations also call for the defense of the family-farm system. Some of these groups have lobbied Congress, some proposed legislation, others organized for collective bargaining and, in 1978, one group called a farm strike. In one instance, a group of gun-wielding farmers in Georgia even prevented a Farmers Home Administration foreclosure on one of their neighbors. To a large extent, however, the militancy that fueled the tractorcade protest of a few years ago has been replaced by demoralization over what farmers believe is Washington's lack of concern for their plight.

Whether the expected increase in bankruptcies next year will give rise to a new upsurge of farm protest is impossible to predict. Organizing by farmers has been scattered and only minimally effective; the typical family farmer resists the concept of collective action. "For sure we have to organize ourselves," insisted Charles Bodrey shortly before his auction sale, "and for sure we never will."

Sociologists and political leaders have long maintained that the family-farm system occupies a special niche in American life. Former Senator Gaylord Nelson of Wisconsin once called it "the seedbed of our culture," while Walter Goldschmidt has written that

the family-farm system creates "a pattern of egalitarianism and personal independence" that helps maintain democratic institutions. It is perhaps no accident, say some observers, that black slavery and later the development of large migrant labor forces reached their zenith in precisely those regions of the United States where the family-farm system has historically been weakest: the South and the Southwest.

As the Agriculture Department noted, the destruction of the family-farm system "implies a disenfranchisement, a separation, of the majority of people from the land." It seems unlikely that an agricultural system that employs 20 percent of the nation's work force and generates an estimated 25 percent of the gross national product can be transformed into an industry controlled by a relatively few large firms without profoundly altering the nation's political fabric.

● Mr. MELCHER. Mr. President, let me quote a former President:

So far the farmer has not received the attention that the city worker has received and has not been able to express himself as the city worker has done . . . the result has been bad for those who dwell in the open country, and therefore bad for the whole nation. We were founded as a nation of farmers, and in spite of the great growth of our industrial life it still remains true that our whole system rests upon the welfare of the farmer. —President Theodore Roosevelt—1908

If the food security of the United States and much of the world is to be protected, the question of farm and ranch income cannot be ignored.

Using constant 1967 dollars, net farm income is the lowest that it has been in decades.

Prices for every single agricultural commodity are lower than they were a year ago. In the space of just 1 month, the Department of Agriculture has adjusted downward its estimate of farm income by $2 billion—from $24 billion to $22 billion—with the expectation that farm income will continue to go down.

I think there is a general assumption that farmers and ranchers will continue to produce no matter what the Government or the economy may do. But that could prove to be a false and very dangerous assumption.

If the hard-working people who operate our magnificent agricultural plant cannot make a profit from their investment and labor—no matter how hard they try to maximize production—we cannot assume that they will continue to produce.

For example, 150,000 cattle feeders and beef producers mostly in feedlot operations have gone out of business since 1975. The economists will say that is all right, because the marketplace was just getting rid of the inefficient producers. But this year all cattle feeders have been losing $60 to $100 per head when they sold fat steers or heifers. There have been no profits, even for the most efficient cattle feeders and now it looks like cow-calf operators will take their losses as feeder calves are down $2 per hundredweight from last year; that is 15 percent less in the face of a 15-percent increase in operating costs.

For the past several years, inflation has been devastating American agriculture. Since 1972, gross farm income has risen by 58 percent, but production costs have risen 115 percent.

During the first quarter of 1981, net farm and ranch income fell $4.2 billion from levels in the fourth quarter of 1980. In comparison, corporate income, because of inflation, rose 2 percent or $4.2 billion.

Credit is not a discretionary thing with farming. Farmers and ranchers have to depend heavily on borrowed funds to finance the cost of production. Farm and ranch borrowing has increased from $19 billion a year in 1950 to $180.5 billion this year.

As prices for feed, seed, fuel and fertilizer have increased, expenses on the farm have increased as a percentage of gross receipts to more than 85 percent.

Interest costs alone amounted to 13 percent of the cost of production in 1980 compared to 9.2 percent in 1977. Nonreal estate debt now averages 34 percent of nonreal estate assets.

Total interest payments on agricultural debt are forecast to be $18.8 billion in 1981, up from $16.7 billion in 1980 and $8.3 billion in 1977.

Farm real estate interest rates payments are expected to total $8.7 billion in 1981, compared to $4.4 billion in 1977.

What do these figures mean in practical terms?

With other factors held constant, a change of just 1 percent in the average interest rate means a change for farmers and ranchers of $960 million in operating debt; $800 million in real estate costs, and 1.2 percent in total farm operating costs.

On an average Illinois farm with 360 acres of corn, interest payments are $5,777 annually, or 17 cents on a bushel of corn.

On an Arkansas farm with 600 acres of soybeans, interest payments are $5,937 a year, or 62 cents per bushel of soybeans.

On a Montana wheat farm of 960 acres, interest payments are $10,005 a year, or 46 cents per bushel of wheat.

On a Georgia farm with 275 acres of peanuts, interest payments are $4,706 annually, or 86 cents per pound of peanuts.

On a 520-acre Nebraska grain sorghum farm, interest payments are $5,404 a year, or 17 cents per bushel of sorghum.

On a Texas cottom farm of 680 acres, interest payments are $8,111 a year, or 4 cents per pound of cotton.

Let us take a 520-acre California rice farm. The yearly interest being paid there on the average is $11,551, or 37 cents per hundredweight.

What all of this means is that the high cost of money is eroding the value of these commodities to farmers and ranchers. At the same time consumers are buying more and more high-priced money rather than food when they go to the grocery store.

So where does all of this leave us? Because of the increasing costs of farm inputs—especially on petroleum products and the cost of money—inflation is eating our producers alive. On the other end of the scale the high interest rates are pricing our commodities out of the range of developing nations at the very time when we need to be exporting all of the American food products we can.

But on the long haul of the next 18 months, world grain demand may be high. The question will be, can American farmers continue to produce with the current credit crunch pressing down on them? There are some observers who claim that, if the increase in farm debt continues at current levels for the next 4 or 5 years, American agriculture will be bankrupt.

Mr. President, these are the reasons I cannot vote for this farm bill.●

● Mr. HEFLIN. I notice that in several places in the proposed legislation there are references to sections to the Agricultural Act of 1949. For example, in section 705 of title VII there is a new section dealing with price support for 1982 through 1985 crop of peanuts which is designated as section 108A. It should be pointed out that the A is a capital A and not a small letter "a". The importance of this is because there is an existing section 108(a) of the Agricultural Act of 1949. Where reference in title VII is made to section 108A of the Agricultural Act of 1949 it is referring to the new added section 108A which is contained in section 705 of this act. The same is true when there is a reference to section 108A(3)(A) of the Agriculture Act of 1949.

Does the chairman of the committee agree to this?

Mr. HELMS. Yes, I would say to my friend.

Mr. HEFLIN. Does the ranking minority member of the committee agree?

Mr. HUDDLESTON. Yes.

Mr. HEFLIN. It has been brought to my attention that a large marketing cooperative engaged in peanut buying, shelling, and processing made a formal request in 1980 to the Department of Agriculture that it be given the privilege of making warehouse storage loans to producers of peanuts. That request, I am told, created a controversy within the peanut industry which resulted in opposition being registered by the National Peanut Growers Group, a federation of peanut growers organizations, as well as all cleaners and shellers of peanuts in the United States save and except one such firm.

The opposition was registered in an informal hearing with the Secretary of Agriculture on August 8, 1980. Among the arguments made by the almost solid U.S. peanut grower and sheller segments was the fact that the 1977 Peanut Act in section 108(c)(1) provided that the Secretary may make warehouse storage loans available in each of the three producing areas—to "a" designated marketing association of peanut producers which was operated primarily for the purpose of conducting such loan activities. Industry spokesmen pointed out that it was not the legislative intent at the time of passage of the 1977 act to allow more than one cooperative in each producing area to handle the loan program. The Secretary of Agriculture thus did not grant the request to permit another organization to participate in handling peanut loan functions.

The language in the bill before us today is much stronger and more specific in its purpose of continuing the concept of assigning to one and only one marketing association in each of the three areas to handle USDA peanut loan functions in the field. Section 108A(3)(A) provides in part that:

The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section . . . conducting peanut price support activities.

This provision has been added to insure that the operation of the peanut price program remains with those organizations concerned primarily with complete program objectivity.

Does the chairman of the committee agree?

Mr. HELMS. I do indeed.

Mr. HEFLIN. Does the ranking minority member of the committee agree,

Mr. HUDDLESTON. Yes.

Mr. HEFLIN. I am pleased to note that the bill under consideration at this time mandates a practice in the operation of the peanut price support program that has apparently been satisfactory to all parties involved for many years. I am referring to the utilization of one grower association in each designated area in carrying out the Commodity Credit Corporation field and supervisory peanut price support functions. This provision is found in section 108A(3)(A) of the bill contained in conference committee report. As I understand it, the Secretary would be required by this provision to utilize one such grower association in these areas; these associations exist primarily to handle such activities.

Does the chairman of the committee agree?

Mr. HELMS. Yes.

Mr. HEFLIN. Does the ranking minority member of the committee agree?

Mr. HUDDLESTON. Yes.

Mr. HEFLIN. I have concluded after due deliberation that the word "shall" in the first sentence in section 108A(3)(A) leaves no discretion to the Secretary as to whether or not he uses such associations in these price support functions. Indeed, he is mandated to do so.

Does the chairman of the committee agree?

Mr. HELMS. Yes.

Mr. HEFLIN. Does the ranking minority member of the committee agree?

Mr. HUDDLESTON. Yes.

Mr. HEFLIN. Further, the first sentence in section 108A(3)(A) clearly specifies, by use of the word "a," that there is to be one, and only one, such grower association so designated in each of the three peanut producing areas. Limiting the number of associations to three assures continuation of operating efficiency, effective communications, uniformity in program administration and economy in peanut program field activities. We have seen this system work effectively and efficiently for the benefit of the grower, for the benefit of the Department of Agriculture and for the benefit of the taxpayer. I am delighted that the conferees in their wisdom have agreed to extend by statute this method of carrying out peanut price support functions under the 1981 farm bill.

Does the chairman of the committee agree?

Mr. HELMS. Yes.

Mr. HEFLIN. Does the ranking minority member of the committee agree?

Mr. HUDDLESTON. Yes.●

● Mr. BENTSEN. Mr. President, I am voting for the conference report on S. 884, the 1981 farm bill, with great reluctance. I do so only because it is apparent that this is the best bill that can be gotten for our farmers in the face of strong opposition from the Department of Agriculture and the Office of Management and Budget.

Failure to enact this farm bill will mean drafting a new bill next spring in a time of soaring budget deficits and amid threats from the Department of Agriculture to increase the cost estimates for the programs involved. This would probably result in losing some commodity programs entirely and possibly in even more cuts in other programs from the low levels contained in this bill.

This bill gives the Secretary of Agriculture broad discretionary powers to manage our Nation's farm programs. If he chooses to do so, he can use these authorities to maintain farm prices at reasonable levels. He can also choose to use these authorities to maintain market prices at the minimum target levels specified in this bill.

I urge the administration to recognize the reality that USDA's own statistics have made glaringly obvious—agriculture is in a depression worse than any since the 1930's. No sector of agriculture is well off today. The situation demands effective action to raise prices, to stop unlawful export subsidies, to lower trade barriers and with increased markets access for our ag exports at reasonable prices.

The administration has now won the farm bill they said they needed. I challenge them now to use it to bring a needed economic revitalization to our family farmers while there are still some of them left in business.●

FARM BILL IS OUT OF LINE

● Mr. PELL. Mr. President, earlier this year I voted against Senate passage of the farm bill because I believed it was far too generous to the private agricultural industry and unfair to taxpayers and consumers.

Although the farm bill conference members have labored long and hard on this complex measure, the bill they have reported remains bloated by unfair price-support programs that threaten to increase inflation.

At a time when the majority of the Senate has approved deep cuts in essential health, education and employment programs and, particularly, at a time when the Nation is sliding deeper and deeper into a recession, a subsidy-laden farm bill cannot be justified.

During our earlier consideration of the farm bill, I cosponsored measures to eliminate massive subsidies for tobacco, sugar and peanuts, and I supported efforts to cut other costly special interest programs.

Although I am gratified that some of these efforts have succeeded and others have met with moderate success, the farm bill continues to stand out as an extravagant measure that is out of step with the times and out of line with our economy.

It is wrong to ask taxpayers to pay for overblown price-support programs that only assure consumer prices will remain high. When we are asking our citizens to tighten their belts, I cannot support the payment of billions of dollars in subsidies to the agricultural industry.●

● Mr. ROTH. Mr. President, the 1981 omnibus farm bill contains the seeds of destruction of American farming and promises to place an extraordinary strain on our Nation's consumers and the economy in general.

The continuation of antiquated commodity programs such as for peanuts and tobacco cost consumers billions of dollars while denying many farmers the opportunity to plant crops which in fact may provide them with options that can mean profitable instead of losing years.

A case in point is that of Wayne Hill a farmer in southern Delaware who has called my office to ask why he cannot attempt to grow peanuts. Mr. Hill points to the difficult times agriculture is experiencing in our State. He believes that peanuts may just be the additional crop he needs. Now some may say that Delaware's climate is much too cold: that the growing season is too short for Mr. Hill to produce edible peanuts, but the fact is under the allotment provisions of this bill he has no incentive to try. If he is successful he is prohibited from selling his crop for edible uses. That right is withheld for the benefit of a select few, many of whom do not even farm themselves.

The sugar provisions seem just as mindless. They are said to guarantee a market stability which is in the consumers interest. But the stability only exists on the downside: there is no guarantee to the consumer that prices can be kept from rising—only kept from falling.

The system of commodity support and target prices which have been retained in this bill have an extremely detrimental effect on resource allocation and use. They encourage the storage of millions of dollars of cheese and other milk products in warehouses around the country. If it is not bad enough that we buy up these products that will go to waste, we even pay millions in storage costs to watch them rot.

At the same time signals are sent out to farmers to mine their soil to the greatest extent possible. Thousands of acres are brought into cultivation that are not suited for intensive use and consequently we are beginning to see the significant loss of what some have called our most precious natural resource—top soil.

A coalition of broad farm interests has put this legislation together. But this proposal is not in the best interest of American farmers. It proposes a system that can only entrap them and ultimately provide for the destruction of our nations most important industry.

Nor is this proposal in the interest of the Nation as a whole. It places a hor-

rendous burden on our people as taxpayers and consumers and creates an obstruction to any hope for the recovery of this Nation's economy.

In summary this bill maintains massive subsidies, encourages gross inefficiency, keeps some food prices such as peanuts and sugar unreasonably high and will cost the taxpayers billions of dollars.

Mr. President, this is a bill that ought to be ploughed under. I, therefore, will vote to defeat it and urge my colleagues to do likewise.●

● Mr. PRYOR. Mr. President, the farm bill of 1981 has been constructed over the last year in an atmosphere that has the Congress caught between the Reagan administration mandate to cut Federal spending and farm producer demands for increased income protection at a time when farm income is at one of its lowest levels ever.

This most important piece of legislation will have a tremendous impact on the lives and livelihoods of all farmers in this Nation. It will also affect our housewives, school children, and the brokers in New York and Chicago, to name a few. Its impact will truly be felt worldwide.

A conference committee of Senate and House Members has finally reported a farm bill back to both Houses of Congress. This bill is not what most of our farmers want or need. The budget constraints have tremendously affected the amount of safety-net protection that can be provided to our Nation's farmers. But I am hopeful that it will provide a cushion against economic collapse and give the administration and our farmers tools in which to help pave the way for a return to profitability in farming.

As this bill returns to both the House and Senate for final debate, I am somewhat concerned about its chances for final acceptance. It is no secret that many Members of the House of Representatives do not like the conference version of the farm bill. Should this bill not prevail, then it would be back to square-one, so to speak, with no farm bill and much more debate and more possible cuts in safety net protections to farmers. While I do not agree with the levels of support provided our farmers, I do think we have to look at our alternatives.

First, the American people, farmers included, say they want Federal spending cut and they want the economy back on a sound basis.

Second, without a new farm bill, farm programs could revert back to 1949 legislation that provides strict referendums and quotas with only those producers with old allotments able to participate. That would not benefit our Arkansas farmers.

Third, the political reality is that the administration has thus far been very successful in gaining acceptance for its programs. Remember that in the Senate, for instance, we were able to hold the target price concept in this bill by only 4 votes. If we were made to go back and renegotiate a new version of the 1981 farm bill, I am fearful that we would not be able to hold what protections we have gained thus far. I do not want safety-net protection to our farmers lowered beyond the present levels.

Fourth. As the estimates for the national debt increases, the ability of the Congress to negotiate higher levels of protection is probably not realistic. Therefore, the conference report, may in fact, be the best of what we can obtain for our farmers in the atmosphere we find here in Washington and throughout the country.

I regret the farm bill had to be constructed in the atmosphere of budget austerity. Especially since our farmers are in a depressed situation. Net profits for our farmers involves farm costs as well as the prices they get for their crops. This means that Congress and the farmers have an obligation to see that a sound fiscal and monetary philosophy is kept so that we can get our country out of its current recession and see costs of farm inputs lowered and see that Congress and the administration does everything possible to increase our exports of farm commodities.

I am encouraging Members of both the House and Senate to look for new and innovative ways to help our American farmers. We must see that we put some predictability and stability back into farming. We must insure that our most basic industry is viable and realizing a profit. As a start, I have become a cosponsor of the following legislation that should be of benefit to our agricultural community:

First. Amend the Export-Import Bank Act to allow agricultural products to be sold with 10¾-percent interest and earmark some of these funds for the exclusive use of agriculture.

Second. Seek to stop the European export community from subsidizing their agricultural commodities at an unfair advantage to American agricultural commodities.

Third. Amend the ability of the President to call an embargo on just agricultural products.

The position Congress, and especially this Senator, finds itself in is not an enviable one. I had hoped for a farm bill that would have done much more for farmers while of course showing a balance with Federal budget exposure. At this point in time, where farmers need to start planning for next year's crop, I hope we can go ahead and see our farmers get a farm bill and then work together in the atmosphere of cooperation to find those new and innovative programs that can give farmers the relief they need and deserve. That may mean we will have to relook at some of our present policies and admit they are not working as anticipated and be willing to make the necessary adjustments. Let us make this a priority and a bipartisan effort to insure its success.●

Mr. NUNN. Mr. President, the farming communities of our Nation are now experiencing the most difficult economic times since the 1930's. The combination of rapidly escalating production costs, depressed farm prices, and disastrous weather conditions, particularly in the Southeast in 4 of the last 5 years, has dealt a severe blow to the agricultural economy. Farm debt has risen dramatically while available and affordable credit has all but disappeared. Bankruptcies in agriculture are at record levels.

The current economic crisis facing American agriculture has highlighted the importance of the farm bill debate in the Congress this year. This atmosphere combined with the current budgetary restraints imposed by the administration has made the development of a farm bill very difficult. I would like to commend Chairman HELMS, Senator HUDDLESTON, and the members of the Senate Agriculture Committee for their diligent efforts on behalf of our Nation's farmers to fashion a 4-year extension of the farm commodity programs.

In my view, the bill reported by the Senate Agriculture Committee made great strides in reducing costs and meeting the challenge of Federal spending reductions. The committee held over 25 lengthy sessions before reporting to the Senate a final bill. On the Senate floor, however, the committee bill was altered substantially in a manner very adverse to American farmers. I opposed the floor amendments to weaken the committee bill. For the first time in my Senate career, I voted against final passage of the Senate farm bill because of the changes made on the Senate floor. It was my belief that the Senate bill shortchanged our American farmers in providing them the assistance necessary to fight rising reduction costs and declining farm income.

Mr. President, as I expressed on the Senate floor during the debate of the Senate version of the farm bill, it was my hope that the House of Representatives would improve on the provisions of the Senate measure and send a bill to conference which would provide adequate assistance to our family farms.

I am disappointed, however, in the final conference committee product. I had hoped for a much better bill. In my view, the peanut, dairy, wheat, and feed grain provisions do not go far enough in providing a fair chance for success. I realize, that the conference negotiations were very difficult and that the final conference report was probably the best bill which could be approved because of the extreme budgetary pressures exerted by the Reagan administration. Mr. President, I believe we must have a long-term farm bill to provide stability for 1982 and beyond. The failure to adopt an extension of the farm bill would add even more uncertainty to the farmers' plight. If the farm bill is not extended prior to January 1, 1982, our farm programs will revert to the Agriculture Act of 1949 and would cause chaos in the farm communities. Therefore, because I believe a new bill must be adopted prior to the expiration date and because I believe the current bill is the best measure achievable at the present time, I will reluctantly vote for this conference report.

I would strongly encourage, however, the chairman and members of the Senate Agriculture Committee to closely monitor the impact of the 1981 farm bill next year and to develop whatever additional legislation is needed to insure that our agricultural economy can survive and continue to lead the way in American exports and productivity.

Mr. President, I pledge my full efforts to work with the committee to develop needed future initiatives.

Mr. ABDNOR. Mr. President, I find myself in a legislative dilemma. I am not at all pleased with this conference report even though it is an improvement over the version we passed in the Senate last month.

The conference committee has been meeting for 5 weeks now. Obviously they have had some problems. It now appears that this is the best compromise they could come up with.

This conference report is nothing to boast about, but it appears to be the best alternative available for farmers in a period of tight budget restraints.

I certainly do not find a lot of positive things to highlight in this farm bill nor was there much in the original bill. When we considered the original Senate bill, I voted for each amendment which would have increased supports and target prices.

While this report leaves much to be desired, we have to remember that things could have been a lot worse and, being very realistic about the situation, this is the best we can get in 1981.

The conference report is better for farmers than the Senate version of the farm bill passed earlier this year. Moreover, anybody who votes against this conference report had better have something superior in mind for an alternative and be quite confident of getting it passed. Otherwise, a "no" vote is a dangerous gamble.

We should also remember that most of those who voted against the original bill were either Senators from predominantly urban States or superconservatives who vote against spending of any kind.

Both of these groups voted against the farm bill because they actually felt it spends too much money, not because they believed farmers deserve better.

To vote "no" on this conference report in the hopes of getting something better could backfire and we could end up with a much weaker bill than the conference report we have before us today.

We simply have to face facts about the political climate we are in.

There were a number of amendments offered originally to boost the levels in the farm bill. They were all beaten down by huge margins.

And we cannot forget the amendment on the Senate floor which would have eliminated target prices altogether. It lost by only two votes.

The votes simply are not there for a bigger farm bill. It simply was not an issue decided on the Senate floor, the House floor, or in conference committee. It was determined when the Senate Budget Committee set its ceiling in accordance with the need to reduce the Federal budget.

I must stress that a vote against the conference report must be considered a gamble because without passage of a new farm bill, 1949 legislation will be in effect.

Reverting back to the 1949 bill will mean no target prices, no set-asides. It will mean reinstating allotment systems and marketing quotas.

Like I said, if we do not want this as an alternative, then anyone who votes against this report should be certain they have the votes before looking to another option.

This conference report does have some positive aspects, particularly those affecting agricultural exports.

I am pleased with the antiembargo provision of the bill. Basically, it says that any embargo which singles out farm products will result in an automatic price boost to 100 percent of parity. With this in effect, we will not likely see a repeat of the Soviet grain embargo.

We also have a special standby subsidy program which will give the Secretary of Agriculture discretionary authority to implement subsidies to offset those of other countries if the President finds it necessary.

The bill sets inspection and testing requirements which will make certain that imported meat and meat products meet U.S. standards. This provision will go into effect 6 months after enactment of this legislation.

The bill also extends for 1 year the authority for the Farmers Home Administration economic emergency loan program. The program, as I understand it, would be discretionary with the Secretary.

We have established a special areas conservation program to identify those real problem areas. There also is a Farmland Protection Policy Act aimed at protecting prime farmland from being developed for other uses.

Mr. President, as a Senator from the most agricultural State in the Nation, I cannot be happy with the farm bill as a boon for the American farmer.

But, Mr. President, I am a realist and this is the best bill we can enact today. I urge my colleagues to support the conference report.

● Mr. RIEGLE. Mr. President, I am voting against this conference report because I believe that it is fundamentally unfair to the Nation's farmers. This measure establishes commodity support levels that are inadequate and which virtually guarantee 4 years of hardship in the agricultural community. In fact, the only positive note in the agricultural provisions of this measure is the inclusion of a sugar stabilization program.

It is my belief that the levels of support given feed grains and milk do not reflect the rising costs of production. The high interest rate policies, which are a basic part of the administration's economic plan, have placed a huge additional burden to these costs of production, and the farmer has little to look to in this bill for needed help. I agree with my colleague, Senator MELCHER, that it is wrong to assume that farmers and ranchers can and will continue to produce in the absence of real profits, and in the face of mounting losses.

Farming and associated industries provide millions of jobs in America, and this has been the only consistently positive note in our balance of trade with foreign nations. We cannot afford to further jeopardize the health of this vital industry, without jeopardizing the economic security of our country.

Mr. President, I earnestly wish that I could have voted for S. 884, since farmers do need a long-term farm program to allow for proper planning and crop decisions. I cannot, however, support this measure in the knowledge that it may do serious harm to many of our producers. S. 884 is not the product of a consensus in the agricultural community. It is but another casualty in the budget cutting fervor that we have seen in recent months. The long-term effects of this bill have not been fully and adequately considered. Initially, the American farmers are the ones who will have to bear the risks posed by this bill, but it is very possible that the consumers will be the ones to bear the ultimate consequences in uncertain food supplies and unpredictable prices.●

The PRESIDING OFFICER (Mrs. HAWKINS). If there is no further debate, the question is on agreeing to the conference report.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

The PRESIDING OFFICER. Have all Senators voted?

The result was announced—yeas 67, nays 32, as follows:

[Rollcall Vote No. 467 Leg.]

YEAS—67

Abdnor	Garn	McClure
Andrews	Glenn	Mitchell
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Bentsen	Hatch	Packwood
Boschwitz	Hatfield	Percy
Bumpers	Hawkins	Pryor
Burdick	Hayakawa	Quayle
Byrd, Harry F., Jr.	Heflin	Rudman
	Heinz	Sasser
Chiles	Helms	Schmitt
Cochran	Hollings	Simpson
Cohen	Huddleston	Specter
Cranston	Inouye	Stennis
Danforth	Jackson	Stevens
DeConcini	Jepsen	Symms
Denton	Johnston	Thurmond
Dixon	Kassebaum	Tower
Dole	Lavalt	Wallop
Domenici	Long	Warner
Durenberger	Lugar	Weicker
East	Matsunaga	Williams
Ford	Mattingly	

NAYS—32

Baucus	Hart	Pell
Biden	Humphrey	Pressler
Boren	Kasten	Proxmire
Bradley	Kennedy	Randolph
Byrd, Robert C.	Leahy	Riegle
Cannon	Levin	Roth
Chafee	Mathias	Sarbanes
D'Amato	Melcher	Stafford
Dodd	Metzenbaum	Tsongas
Eagleton	Moynihan	Zorinsky
Exon	Murkowski	

NOT VOTING—1

Goldwater

So the conference report was agreed to.

Mr. HELMS. Madam President, I move to reconsider the vote by which the conference report was agreed to.

Mr. JEPSEN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HELMS. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quroum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORIZATION TO FILE CONFERENCE REPORT ON S. 1086 BY MIDNIGHT TONIGHT

Mr. HATCH. Mr. President, I ask unanimous consent that our Committee on Labor and Human Resources be authorized to file the conference report on S. 1086, the Older Americans Act, by midnight tonight.

The PRESIDING OFFICER. Without objection, it is so ordered.

DEPARTMENT OF JUSTICE AUTHORIZATIONS, 1982

Mr. BAKER. Madam President, I ask the Chair to lay before the Senate the Department of Justice authorizations bill.

The PRESIDING OFFICER. Under the previous order, the Senate will now proceed to the consideration of S. 951, which the clerk will state by title.

The legislative clerk read as follows:

A bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

The Senate continued with the consideration of the bill.

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Madam President, we are on this bill now a good bit later than I thought we would reach it. I had hoped that we would reach it by 12 o'clock, but I think it was a good investment of our time to finish the farm bill conference report.

May I take this opportunity to commend the distinguished Senator from North Carolina (Mr. HELMS), the Senator from Kansas (Mr. DOLE), the Senator from Kentucky (Mr. HUDDLESTON) and others who were so prominent in the management of this difficult item.

But, in view of the fact that we are a little later now than I thought, I wonder if it would be possible to set a time for the vote on the cloture motion against the Johnston amendment at an earlier time. I am willing to propound a request for the vote to occur at 2 o'clock, with the time equally divided, if that is agreeable to the manager of the amendment, the principal opponent of the amendment and the minority leader.

Mr. ROBERT C. BYRD. That is agreeable.

Mr. BAKER. Madam President, I ask unanimous consent that the vote on cloture under the provisions of rule XXII and the motion filed in relation to the Johnston amendment occur at 2 p.m. on today and that the time between now and 2 p.m. be equally divided between the distinguished author of the amendment, Mr. JOHNSTON, and the Senator from Connecticut (Mr. WEICKER).

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. I thank the Chair and I thank Senators for their cooperation.

The PRESIDING OFFICER. Does the Senator wish to waive the live quorum?

Mr. BAKER. Madam President, I should have included that. I ask unanimous consent, as well, that the provision for the live quorum under rule XXII be waived.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSTON addressed the Chair.

The PRESIDING OFFICER. The Senator from Louisiana.

HELMS AMENDMENT NO. 69, AS AMENDED, RELATING TO THE TRANSPORTATION OF SCHOOL CHILDREN

Mr. JOHNSTON. Madam President, at 2 o'clock we will have our fifth cloture vote on this matter of busing. I hope once again the Senate will express itself strongly to the effect that it is ready to get to the matter at hand.

Madam President, I have previously put into the RECORD a series of polls stretching back over more than half a decade indicating that the American people, by margins of never less than 3 to 1, disapprove of forced busing by never less than a margin of 3 to 1.

The most recent poll, Madam President, is from the NBC News poll, released June 4, 1981, which shows that 18 percent favor, 76 percent disapprove, and 6 percent have no opinion. That means, by a margin of 4.2 to 1, in the most recent nationwide poll, Americans disapprove of forced busing. That is by a margin of 81 percent to 19 percent. And most interesting, Madam President, in the black community, blacks disapprove of busing by a margin of 49 percent to 46 percent.

And even more important, Madam President, those who have a strong opinion, the way it is stated, "Those who strongly favor forced busing" in the black community is only 24 percent. And those who strongly oppose are 37 percent.

So, Madam President, in the black community, opposition among those who have strong opinions is by a margin of about 3 to 2, almost 60 percent of blacks who have a strong opinion oppose forced busing.

Now why is this that the American public consistently over a long period of time and by very wide margins disapprove of busing? Is it because of meanness of spirit or because of perversity of nature? Is it because of racism? Madam President, the answer is clearly no.

In the same polls that are reflecting margins of 4 to 1 against forced busing, Americans are asked such questions as "Do you agree with integration of schools?" And, by an overwhelming margin of about 4 or 5 to 1, consistently they say, "Yes, we do." Consistently, they say, as I do, that this country is and ought to be and they are individually committed to civil rights.

They continue to be, however, against forced busing by 4.2 to 1 in the latest poll. Why is that, Madam President? Very simply, because the American people know what virtually each of us knows and that is that it does not work.

They know the same thing that the experts have discovered in a more expert way through the utilization of the most sophisticated testing facilities that are available.

For example, Madam President, Mr. James S. Coleman, who is the man whose research led to busing in the first place, relied upon the courts as the scientific basis for forced busing, said this in the Human Rights Against 7 fall 1978 issue.

First, it was assumed that elimination of school segregation, whether that segregation had been created by duel systems in the south or by gerrymandering in the north would eliminate all racial segregation in education.

Any knowledge of urban areas and of urban residential segregation along ethnic, income and racial lines leads immediately to the recognition that most segregation in urban areas is due to residential patterns.

Second, it was once assumed that integration—at least in majority middle class white schools—would automatically improve the achievement of lower class black children. I hasten to say that it was research of my own doing that in part laid the basis for this assumption.

It turns out that school desegregation, as it has been carried out in American schools, does not generally bring achievement benefits to disadvantaged children.

Third, it was once assumed that policies of radical school desegregation could be instituted, such as a busing order to create instant racial balance, and the resulting school populations would correspond to the assignments of children to the schools—no matter how much busing, no matter how many objections by parents to the school assignments.

It is now evident, despite the unwillingness of some to accept the fact, that there are extensive losses of white students from large central cities when desegregation occurs. To be sure, these losses are only extensive when the proportion of blacks in the city is high, or when there are predominantly white suburbs to flee to, or both. But again, this is not the point, for all large American cities, one of these two conditions holds, and in most, both conditions hold. Any desegregation that is to remain stable must involve the metropolitan area as a whole, and it must be a plan in which the coercive qualities are outweighed by the attractive ones. There are many school policy makers and many courts (still operating under the fiction that constitutionality requires racial balance) that have not recognized this. As a result, harmful school desegregation policies are being implemented in American cities.

So say the experts, Madam President.

Madam President, one of the most devastating statements against school busing comes from a Justice of the Supreme Court itself, Justice Powell, dissenting in *Estes* v. *Metropolitan Branches, Dallas NAACP*, 444 U.S. 437 (1979).

At 444:

Courts are frequently caught between the constitutional prohibition against segregation and the severe limitations on their ability to implement an effective plan with public support . . . Consequently, this Court has been reluctant to give more than general instructions for desegregation orders, and those instructions have not always been completely consistent. The result in too many instances has been confusion in the lower courts.

At 444:

A court must act decisively to remove purposeful segregation, but it must also avoid

the danger of inciting resegregation by unduly disrupting the public schools.

At 445:

Unless courts carefully consider those issues . . . (the link between the constitutional violation and the desegregation remedy . . . and the problem or question of effectiveness) judicial school desegregation continues to be a haphazard exercise of equitable power that can "like a loose cannon . . . inflict indiscriminate damage" on our schools and communities.

At 448:

The imperfect nature of court action in school cases is evident in the phenomenon of self-defeating "remedies," desegregation plans and continuing court oversight so unacceptable that many parents seek to avoid the reach of the court's decree. The impact of such remedies may be seen in the high enrollment in private schools, in further migration to the suburbs, or in refusals to move into the school district.

This Court has not considered seriously the relationship between the resegregation problem and desegregation decrees.

At 449:

In a case involving a school district in Alabama, however, the Court of Appeals for the Fifth Circuit approves a plan "that will probably result in an all-black student body where nothing in the way of desegregation is accomplished and where neither the white students nor black students are benefited." Even though the court acknowledged that the remedy was self-defeating, it ordered the plan implemented unless the local school board could come forward with a plan equally effective in eliminating one-race schools.

At 449:

The pursuit of racial balance at any cost—the unintended legacy of *Green*—is without constitutional or social justification. Out of zeal to remedy one evil, courts may encourage or set the stage for other evils. By acting against one-race schools, courts may produce one-race school systems. Parents with school-age children are highly motivated to seek access to schools perceived to afford quality education. A desegregation plan without community support, typically one with objectionable transportation requirements and continuing judicial oversight, accelerates the exodus to the suburbs of families able to move. The children of families remaining in the area affected by the court's decree are denied the opportunity to be part of an ethnically diverse student body. . . . The general quality of the schools also tends to decline when substantial elements of the community abandon them.

At 445:

The effects of resegregation can be even broader reaching beyond the quality of education in the inner city to the life of the entire community. When the more economically advanced citizens leave the city, the tax base shrinks and all city services suffer. And students whose parents elect to live beyond the reach of the court decree lose the benefits of attending ethnically diverse schools, an experience that prepares a child for citizenship in our pluralistic society.

At 452:

A desegregation remedy that does not take account of the social and educational consequences of extensive student transportation can be neither fair nor effective.

Madam President, if we accept the opinion of the American public as stated in all the polls, if we accept the opinion of such distinguished experts as James S. Coleman, who was the basis in the first instance of the Court accepting the necessity of busing, if we accept the opinion of Justice Powell himself who sits on that Court and says there is no justification, socially or educationally, for what is happening, what is it that we in the Congress can do? Are we really powerless?

I think, Madam President, the answer is clearly no, that there is in the Constitution a provision which is intended for use in just such instances.

Section 5 of the 14th amendment states, "The Congress shall have power to enforce this article by appropriate legislation."

"The Congress shall have."

What does this mean? It means, Madam President, according to the latest cases on the subject—and there are two principal cases, Katzenbach against Morgan, a 1966 case in the Supreme Court, and Oregon against Mitchell, a 1970 case—as follows:

In the Katzenbach case, the Court said as follows, at 648:

A construction of section 5 that would require a judicial determination that the enforcement of the State law precluded by Congress violated the Amendment, as a condition of sustaining the congressional enactment, would depreciate both congressional resourcefulness and congressional reponsibility for implementing the Amendment. It would confine the legislative power in this context to the insignificant role of abrogating only those State laws that the judicial branch was prepared to adjudge unconstitutional, or of merely informing the judgment of the judiciary by particularizing the "majestic generalities" of section 1 of the Amendment.

At 650:

By including section 5 the draftsmen sought to grant to Congress, by specific provision applicable to the Fourteenth Amendment, the same broad powers expressed in the Necessary and Proper Clause, Article I, section 8, cl. 18.

At 651:

Correctly viewed, section 5 is a positive grant of legislative power authorizing Congress to exercise its discretion in determining whether and what legislation is needed to secure the guarantees of the Fourteenth Amendment.

Oregon v. *Mitchell*, 400 U.S. 112 (1970):

At 143:

The manner of enforcement involves discretion; but that discretion is largely entrusted to Congress, not to the courts.

Let me repeat that because it is so central to this case.

The manner of enforcement involves discretion; but that discretion is largely entrusted to Congress, not to the courts.

At 145:

The power of Congress in section 5 to "enforce" the Equal Protection Clause was sufficiently broad, we held, to enable it to abolish voting requirements which might pass muster under the Equal Protection Clause, absent an act of Congress.

At 147:

But the choice of appropriate remedies is for Congress and the range of available ones is wide.

Let me repeat that:

But the choice of appropriate remedies is for Congress and the range of available ones is wide.

At 248:

"It is not for the courts to re-examine the validity of these legislative findings and reject them.", 367 U.S. at 94. "(W)here we find that the legislators, in light of the facts and testimony before them, have a rational basis for finding a chosen regulatory scheme necessary . . . our investigation is at an end."

What the Court is saying here, Madam President, is that under section 5 of the 14th amendment guaranteeing tc the Congress the right to determine appropriate legislation to implement the amendment, that it is for Congress to make the findings as to what is appropriate. It is for Congress to choose the remedies, and the discretion given to the Congress is broad.

What Congress is doing, Madam President, if we adopt this amendment, is saying that forced busing over long distance routes does not work for the reasons that the American people think it does not work; that James S. Coleman says it does not work; that the David Armour study says it does not work; and that we know, in the exercise of ordinary commonsense, it does not work. So we are seeking to find a remedy that does make an amendment guaranteeing the rights under the 14th amendment meaningful; that is to say not only to guarantee equal protection, but to hold long-distance busing within reasonable bounds. That is what this amendment seeks to do.

We do not intend to turn back the clock. We intend, rather, to ratify, vindicate, and make real the guarantees of the 14th amendment, but not at the expense of public education.

Busing does not work as a remedy to achieve integration and it is counterproductive in terms of education. If it worked as a tool of integration, Madam President, we might hear talk and debate about whether it is worth the price, but it does not work.

A remedy that is opposed by whites, opposed by blacks, determined by the experts and determined by the American people not to work cries out for remedy by this Congress. The constitutional basis for that remedy is clear: section 5 of the 14th amendment. I ask my colleagues to give us another strong, resounding vote to invoke cloture so we can get on with the business of eliminating long-distance forced busing.

How much time do I have remaining, Madam President?

The PRESIDING OFFICER. Fifty-five seconds.

Mr. JOHNSTON. I thank the Chair.

Mr. WEICKER. Madam President, first let me state at the outset that the matter before the Senate of the United States has nothing whatsoever to do with busing. We could substitute any remedy ordered by a court of this country and the argument against the procedures suggested by the distinguished Senator from Louisiana would be identical to those in the present instant. By the reasoning of the distinguished Senator from Louisiana, what check is there on the Congress of the United States? By his very words here this afternoon, the answer to that would have to be none. Anything we do not like, we can

overturn as a matter of simple legislation on this floor.

That, of course, is not the way the Constitution was devised, nor was it intended to operate in that fashion. There is a way of responding to the inadequacies or the overzealousness of the Supreme Court and it is clearly set forth in article V. But that is a rather cumbersome process, and it was meant to be so. It is not a matter of a simple majority on the floor of the Senate or the House. Rather, it is a matter of a two-thirds vote and three-fifths of the States to change the Constitution of the United States. That, in essence, is what the distinguished Senator from Louisiana and the distinguished Senator from North Carolina are unwilling to do.

The issue presented to the people of this country would not be, Are you for "forced busing" or not? The issue would be, Are you willing to have the Congress of the United States politicize the justice available to every American within our court system? That is the issue, Madam President.

What I find demeaning in the remarks of the distinguished Senator from Louisiana is his reference to this poll and that poll. I thought these were to be giants of American politics, that this was to be an exercise in courage, in leadership. But apparently, not so. Rather, it is a finger-to-the-wind attitude, one which is governed by what the polls say.

I suppose, on matters of public policy, it is prudent to pay attention to the wishes of one's constituency. But there is one element of our life as Americans that cannot bend, cannot be moved by the temporary passions of any generation. That is the Constitution. It has to remain constant. Yet it must be clear to those who heard the argument presented by the distinguished Senator from Louisiana that there would be no check on the Congress of the United States if the principle he espouses is allowed to take hold. That is the reason that I take the floor this afternoon, as I have in days and weeks gone by.

I am not here, Madam President, to argue the policies of how to achieve equal opportunity to education. I am not here to argue as to the merits or demerits of public policy as it relates to desegregation of our schools. I am here, Madam President, to uphold the principles of the Constitution, more particularly the separation of powers doctrine, the doctrine of judicial review and the doctrine of due process. These are the matters that are at issue before this body, as, indeed, they would be were this matter to go, under article V, to the other House of Congress and to the various States.

Madam President, I understand the powers that are granted to Congress. I have not intended to debate the claims made by the distinguished Senator from Louisiana as to article III, section 2.

However, if one needs to find language in the Constitution as a source for these restrictions on the power of Congress to control the jurisdiction of the lower Federal courts, it is in the due process clause of the fifth amendment. The overarching guarantee of due process is the sacred assurance that the Federal Government will govern fairly, impartially, and compassionately. All the powers of Congress—to tax, to make war, to regulate commerce—are constrained by its constitutional inability to deprive us of our rights to life, liberty, and property without due process of law. As a power of Congress, the authority to control jurisdiction is therefore restricted by the right of due process. That is the wonder of the American Constitution as it lives and breathes.

But what is advocated here has no such restriction. The power of Congress is supreme. It is not shared with any other entity of Government.

Thanks to the manipulations of the distinguished Senator from Louisiana and the distinguished Senator from North Carolina, we have the Congress of the United States making incursions not on just one branch of Government, not just the judicial branch, but also the executive.

So what we have is justice to be determined, justice to be administered, justice, if need be, to be appealed to only one branch of Government—the Congress of the United States.

This amendment prevents the Justice Department of the United States from enforcing the rights of Americans. You have now taken and swept aside the executive branch and then deny the same to the courts of the United States, including the Supreme Court. What remains? Congress. It does not take any genius to see the difficulty or the perils in that.

What I argue for here today is not a particular remedy in a school desegregation case. Rather, it is for all of us as Americans to assure that when our time comes before the bar of justice, we are not going to have a group of poll-taking Senators leaning over the shoulders of the Court.

So make no mistake about what the issue is and what is involved here before this body this afternoon.

Never in my entire career in politics, which started in 1962 in the State Legislature in Connecticut, never in the course of my general knowledge as one who has always interested himself in government, have I seen such a naked, unparalleled, frightening attack upon the Constitution and upon the rights of all American citizens as is being presented on the floor here today by virtue of the Johnston-Helms amendment.

There are times that I have wondered, as to the independent positions I take, if indeed I am not the one who is out of step. But in this instance, we have an organization that hardly could be considered independent or liberal, moderate, or whatever—a rather conservative organization, representing the lawyers of this country, the American Bar Association.

In a letter written to me on August 24, 1981, David R. Brink, the president of the American Bar Association, wrote as follows:

DEAR SENATOR WEICKER: On August 11, the House of Delegates of the American Bar Association overwhelmingly approved a resolution opposing congressional curtailment of the jurisdiction of the Supreme Court or the inferior Federal courts for the purpose of effecting changes in constitutional law. This resolution was brought to the House of Delegates because of the many bills which are pending in Congress to strip the Federal courts of jurisdiction to hear cases on controversial subjects such as busing, school prayer and abortion. A copy of the resolution, and a copy of the report which accompanied it before the House of Delegates are enclosed.

At best the pending legislation is of questionable constitutionality, but in any event it is, in my judgment, expressive of an extremely poor policy with serious, adverse implications for the future. If lawmakers, or others, believe our Constitution, as interpreted by the branch of government to which its interpretation was entrusted is wrong, the answer lies either in the appellate judicial process itself or in the amendment of the Constitution by the means provided in that Constitution. Anything else represents a change in our basic system of government that might please some persons today and be used tomorrow to destroy things in our system that the same persons hold dear.

Although the Secretary of the Association will formally advise the President, the Attorney General, the Chief Justice, and the relevant committees of the Congress of the action taken by our House of Delegates, because of the grave importance of the subject, the fact that it will again be before the Senate immediately upon the reconvening of the Congress, and my strong support for the action of the House of Delegates, I personally call it to your attention and urge your assistance in defeating any such legislation.

Sincerely,

DAVID R. BRINK.

By the same token, Madam President, I received today, as did my colleague in the last few days, a letter from Common Cause, which I ask unanimous consent to have printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMON CAUSE,
Washington, D.C., December 8, 1981.

DEAR SENATOR: The Senate is currently scheduled to consider S. 951 this week, the Justice Department Authorization bill. Common Cause strongly opposes an amendment that has been added to S. 951 by Senators Bennett Johnston (D-LA) and Jesse Helms (R-NC).

The Johnston-Helms amendment represents an effort by Congress to override decisions by the federal courts on the remedies necessary to guarantee basic constitutional rights in the area of public education. The Johnston proposal, however, cannot be viewed merely in the context of school desegregation. It must instead be seen as one of a series of dangerous attacks now pending in Congress on the independence of the judiciary. Other bills on the Senate calendar and under consideration in the Senate Judiciary Committee overturn Supreme Court decisions on abortion, school prayer, and desegregation.

Our forefathers developed the Constitution and independent judicial power to enforce it for the very purpose of putting our basic liberties beyond the control of popular whim, and elected executive or legislative majorities. In proposing the Bill of Rights, James Madison explained, ". . . independent tribunals of justice will consider themselves in a peculiar manner the guardians of those rights; they will be an impenetrable bulwark against every assumption of power in the Legislative or Executive."

The legislation mentioned above would subvert and compromise the principle that there are fundamental human rights beyond

the reach of any government—not just beyond any elected executive, but beyond any government, including majorities in a representative Congress or legislature. The bills would compromise the principle because all of them presuppose a power in simple congressional majorities to nullify or partially frustrate constitutional rights recognized by the judiciary.

If, as in one proposed bill, Congress can supply a binding definition of "life" or "person," it can equally declare that the provision of "separate but equal" facilities to persons of different color is "equal protection under the law," or that the belief of any police officer that an arrest or search and seizure will be helpful to law enforcement is "probable cause."

Similarly, if Congress can deny those seeking to be free from "an establishment of religion" the usual right of access to the lower federal courts or to the Supreme Court on appeal from the highest State court, then majorities in the Senate and House can deny that access in cases seeking protection for other constitutional rights, such as the right to criticize government officials or to secure equal per capita representation in a malapportioned legislature.

A right is only as good as the remedy. A constitutional right is at the mercy of legislative majorities unless supported by a judicial remedy. To deprive federal courts of jurisdiction granted by the federal constitution would result in a hodge-podge of inconsistent State interpretations, not all of which could be expected to rise above local passion or selfishness.

A law may be within the legal authority of Congress to enact in the sense that the courts must give effect to it, yet do violence to our American traditions and the fundamentals of our constitutionalism. Because the bills in question impliedly assert the power of congressional majorities to abolish or frustrate constitutional rights, they would disturb the historic balance of power among the three branches of government. Even if the abortion, desegregation and school prayer cases were wrongly decided, it would be disastrous to accept the principle that simple majorities of the Senate and House of Representatives, with the approval of the President, can nullify or lessen constitutional rights

Wrongheaded decisions should be changed by time and debate or by constitutional amendment, as they have been changed in the past. To correct any perceived error in abortion, desegregation, or school prayer decisions by curtailing the power of the federal courts would be to pay an excessively high price. It would also deprive the courts of the jurisdiction necessary for them to be Madison's "impenetrable bulwark" of liberty.

The principle that constitutional rights should be beyond the reach of legislative majorities is deeply embedded in American history. Yet today's attacks upon the independence of the judiciary are not the first. Throughout our history there have been legislative attacks upon the power of the judicial branch to protect constitutional rights. For example, during my law school days, President Franklin D. Roosevelt proposed legislation to pack the Supreme Court with new justices who agreed with his constitutional philosophy. At that time, North Carolina Senator Josiah W. Bailey rose to defend the Constitution with these words:

"Congress is mighty but the Constitution is mightier. The Court and the Constitution, they stand or fall together . . . to weaken either is to weaken the foundations of our Republic; to destroy either is to destroy the Republic."

In 1937, and in each other instance, despite discontent with particular decisions, Congress and the American people have resisted the attacks as threats to constitutionalism. The repeated rejections demonstrate the continuing conviction of the people that, in the interests of individual liberty, even legislative majorities should sometimes be subject to check.

Regardless of whether you agree or disagree with the court decisions affected by these bills, we appeal to your belief in constitutionalism and ask your active support in rejecting the Johnston-Helms amendment and similar bills and amendments now pending in the Senate.

Sincerely,

ARCHIBALD COX,
Chairman.

Mr. WEICKER. Madam President, I will just read the initial part of the letter. That organization states:

The Johnston-Helms amendment represents an effort by Congress to override decisions by the federal courts on the remedies necessary to guarantee basic constitutional rights in the area of public education. The Johnston proposal, however, cannot be viewed merely in the context of school desegregation. It must instead be seen as one of a series of dangerous attacks now pending in Congress on the independence of the judiciary. Other bills on the Senate calendar and under consideration in the Senate Judiciary Committee overturn Supreme Court decisions on abortion, school prayer, and desegregation.

Our forefathers developed the Constitution and independent judicial power to enforce it for the very purpose of putting our basic liberties beyond the control of popular whim, and elected executive or legislative majorities. In proposing the Bill of Rights, James Madison explanied. ". . . independent tribunals of justice will consider themselves in a peculiar manner the guardians of those rights; they will be an impenetrable bulwark against every assumption of power in the Legislative or Executive."

Madam President, I know the difficulty that many of my colleagues have with what is before them in political terms. I understand the popular sentiments as they exhibit themselves with an unpopular remedy such as busing; and I realize that it has political dangers attached to it, to stand up and defend the Constitution when busing is what is attached to that defense. But, surely, there is not one person on this floor who does not understand the basic issue. To get back to the point made at the outset, what we are arguing here is the basic document of all our liberties and the future of that basic document, and it has nothing to do with the remedies imposed by courts of this generation.

There has to be that one time when we do step up to the mark, when all that which is favorable to us and which we enjoy by virtue of our position and our power has to be put on the line to protect that which is mightier than anyone of us or the institution of which we are a part—the Constitution. That is the issue before my colleagues.

I hope that, regardless of whatever the political danger involved to any Member, the constitutional magnificence that attaches to a vote against cloture will be his by the time this afternoon's proceedings are over.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSTON. Madam President, my distinguished friend from Connecticut says that the Constitution must remain constant, and I agree. I cannot help remark that the Constitution did not discover or the Justices of the Supreme Court did not discover this constant right of busing until 1968.

However, having discovered it in 1968, I point out that if we are going to be constant to the Constitution, let us use the whole Constitution.

Let us not leave out section 5 of the 14th amendment which as the Supreme Court itself has stated as late as 1966:

By including section 5 the draftsmen sought to grant to Congress, by specific provision applicable to the Fourteenth Amendment, the same broad powers expressed in the Necessary and Proper Clause, Article I, section 8, cl. 18.

That is the Constitution. Let us employ the whole Constitution and let us do it constantly.

CLOTURE MOTION

The PRESIDING OFFICER. Under the previous order, the clerk will state the motion to invoke cloture.

The assistant legislative clerk read as follows:

CLOTURE MOTION

We, the undersigned Senators, in accordance with the provisions of rule XXII of the Standing Rules of the Senate, hereby move to bring to a close debate on the Helms amendment No. 69, to S. 951, the Department of Justice Authorization Bill,

Mr. Helms, Mr. Jepsen, Mr. Thurmond, Mr. Humphrey, Mr. McClure, Mr. Johnston, Mr. Cochran, Mr. Warner, Mr. Tower, Mr. Byrd of Virginia, Mr. Grassley, Mr. Dole, Mr. DeConcini, Mr. Abdnor, Mr. Exon, and Mr. Mattingly.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on amendment No. 69 of the Senator from North Carolina (Mr. HELMS), as amended, shall be brought to a close?

The yeas and nays are mandatory under the rule.

The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

The PRESIDING OFFICER (Mr. KASTEN). Are there other Senators in the Chamber desiring to vote?

The yeas and nays resulted—yeas 64, nays 35, as follows:

[Rollcall Vote No. 468 Leg.]

YEAS—64

Abdnor	Exon	Melcher
Andrews	Ford	Murkowski
Armstrong	Garn	Nickles
Baker	Gorton	Nunn
Bentsen	Grassley	Pell
Biden	Hatch	Proxmire
Boren	Hawkins	Pryor
Burdick	Hayakawa	Quayle
Byrd, Harry F., Jr.	Heflin	Randolph
	Helms	Roth
Byrd, Robert C.	Hollings	Sasser
Cannon	Huddleston	Schmitt
Chiles	Humphrey	Simpson
Cochran	Jepsen	Stennis
D'Amato	Johnston	Stevens
Danforth	Kassebaum	Symms
DeConcini	Kasten	Thurmond
Denton	Lavalt	Tower
Dixon	Long	Wallop
Dole	Lugar	Warner
Domenici	Mattingly	Zorinsky
East	McClure	

NAYS—35

Baucus	Hatfield	Packwcod
Boschwitz	Heinz	Percy
Bradley	Inouye	Pressler
Bumpers	Jackson	Riegle
Chafee	Kennedy	Rudman
Cohen	Leahy	Sarbanes
Cranston	Levin	Specter
Dodd	Mathias	Stafford
Durenberger	Matsunaga	Tsongas
Eagleton	Metzenbaum	Weicker
Glenn	Mitchell	Williams
Hart	Moynihan	

NOT VOTING—1

Goldwater

The PRESIDING OFFICER. On this vote there are 64 yeas and 35 nays. Three-fifths of the Senators duly chosen and sworn having voted in the affirmative the motion is agreed to.

Mr. WEICKER addressed the Chair.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. WEICKER. Mr. President, I move, pursuant to rule XXII, that debate on the pending amendment be extended to 124 hours and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

CALL OF THE ROLL

Mr. HELMS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll to ascertain the presence of a quorum.

Mr. WEICKER. Mr. President, a point of order.

The PRESIDING OFFICER. A quorum call is in progress.

Mr. WEICKER. Mr. President, I do not know what was asked. We cannot have Senators going to the well where nobody can hear what they are requesting of the Chair.

The PRESIDING OFFICER. The Senator requested a quorum call and a quorum call is now in progress. A quorum call is in order.

Mr. WEICKER. From now on, would the Chair please make Senators address themselves so the rest of the Senators can hear?

The PRESIDING OFFICER. A quorum call is in progress.

The legislative clerk proceeded to call the roll.

Mr. HELMS. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

Mr. WEICKER. I object.

The PRESIDING OFFICER. Is there objection?

Mr. WEICKER. I object.

The PRESIDING OFFICER. Objection is heard.

The legislative clerk resumed the call of the roll, and the following Senators entered the Chamber and answered to their names:

[Quorum Call No. 11 Leg.]

Baker	Domenici	Mattingly
Biden	Glenn	McClure
Boren	Gorton	Murkowski
Boschwitz	Grassley	Nunn
Bumpers	Hart	Quayle
Byrd, Harry F., Jr.	Hatch	Randolph
	Hawkins	Rudman
Byrd, Robert C.	Heflin	Sarbanes
Chafee	Helms	Stennis
Cranston	Jepsen	Thurmond
DeConcini	Johnston	Weicker
Denton	Kasten	
Dodd	Mathias	

The PRESIDING OFFICER. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk resumed the call of the roll.

Mr. BAKER. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of absent Senators, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. WEICKER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. In the absence of a quorum, a parliamentary inquiry is not in order.

The question is on agreeing to the motion of the Senator from Tennessee. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. BAKER. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Alaska (Mr. STEVENS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 93, nays 4, as follows:

[Rollcall Vote No. 469 Leg.]

YEAS—93

Abdnor	Ford	Metzenbaum
Andrews	Garn	Mitchell
Armstrong	Glenn	Moynihan
Baker	Gorton	Murkowski
Baucus	Grassley	Nickles
Bentsen	Hart	Nunn
Biden	Hatch	Packwood
Boren	Hatfield	Pell
Boschwitz	Hawkins	Percy
Bradley	Hayakawa	Pressler
Bumpers	Heflin	Proxmire
Burdick	Heinz	Pryor
Byrd, Harry F., Jr.	Helms	Randolph
	Hollings	Riegle
Byrd, Robert C.	Huddleston	Roth
Cannon	Humphrey	Rudman
Chafee	Inouye	Sarbanes
Chiles	Jackson	Schmitt
Cochran	Jepsen	Simpson
Cohen	Johnston	Specter
Cranston	Kassebaum	Stafford
D'Amato	Kasten	Stennis
Danforth	Kennedy	Symms
DeConcini	Laxalt	Thurmond
Denton	Leahy	Tower
Dixon	Levin	Tsongas
Dodd	Lugar	Wallop
Domenici	Mathias	Weicker
Durenberger	Matsunaga	Williams
Eagleton	Mattingly	Zorinsky
East	McClure	
Exon	Melcher	

NAYS—4

Dole	Quayle	Warner
Long		

NOT VOTING—3

Goldwater	Sasser	Stevens

So the motion was agreed to.

The PRESIDING OFFICER (Mr. KASTEN). With the addition of Senators voting who did not answer the quorum call, a quorum is now present.

Mr. WEICKER and Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I move to table the motion of the Senator from Connecticut.

Mr. WEICKER. Mr. President, it is my intention to reconsider. I yielded. I did not insist on overcoming. But I hope the motion to reconsider will not be objected to at this time.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BAKER. Mr. President, was I not——

The PRESIDING OFFICER. The majority leader was recognized.

The motion to table is before the Senate.

Mr. WEICKER. Mr. President, I ask for the yeas and nays.

Mr. BAKER. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) is necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) is necessarily absent.

The PRESIDING OFFICER (Mr. JEPSEN.) Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 70, nays 28, as follows:

[Rollcall Vote No. 470 Leg.]

YEAS—70

Abdnor	East	Nickles
Andrews	Exon	Nunn
Armstrong	Ford	Pell
Baker	Garn	Percy
Baucus	Gorton	Proxmire
Bentsen	Grassley	Pryor
Biden	Hatch	Quayle
Boren	Hawkins	Randolph
Burdick	Hayakawa	Roth
Byrd, Harry F., Jr.	Heflin	Rudman
	Helms	Schmitt
Byrd, Robert C.	Hollings	Simpson
Cannon	Humphrey	Stafford
Chafee	Jepsen	Stennis
Chiles	Johnston	Stevens
Cochran	Kassebaum	Symms
Cohen	Kasten	Thurmond
D'Amato	Laxalt	Tower
Danforth	Lugar	Tsongas
DeConcini	Mattingly	Wallop
Denton	McClure	Warner
Dixon	Melcher	Weicker
Dole	Mitchell	Zorinsky
Domenici	Murkowski	

NAYS—28

Boschwitz	Heinz	Metzenbaum
Bradley	Huddleston	Moynihan
Bumpers	Inouye	Packwood
Cranston	Jackson	Pressler
Dodd	Kennedy	Riegle
Durenberger	Leahy	Sarbanes
Eagleton	Levin	Specter
Glenn	Long	Williams
Hart	Mathias	
Hatfield	Matsunaga	

NOT VOTING—2

Goldwater	Sasser

So the motion to table was agreed to.

Mr. WEICKER. Mr. President, I move to reconsider.

Mr. HELMS. Will the Senator please use his microphone at the desk? We cannot hear him. It is most difficult to hear him.

Mr. WEICKER. Mr. President, I move to reconsider.

Mr. KENNEDY. I move to lay that motion on the table.

Mr. WEICKER. I ask for the yeas and nays.

Mr. JOHNSTON. Mr. President, a point of order. Is there a request for the yeas and nays?

The PRESIDING OFFICER. Is there a sufficient second? There is not a sufficient second—there is a sufficient second.

Mr. HELMS. I suggest that all Senators raise their hands.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider. The yeas and nays have been ordered, and the clerk will call the roll.

Mr. JOHNSTON. Point of order, Mr. President. The request to reconsider as well as the motion to table as well as the request for the yeas and nays are dilatory. I would like to call the Chair's attention to page 251 with respect to the yeas and nays in Senate procedure.

The PRESIDING OFFICER [reading]:

Under post cloture proceedings, a motion to reconsider has been ruled dilatory and out of order under different circumstances as follows: (1) on a vote of 64 yeas to 24 nays on tabling an appeal, (2) on a vote of 60 yeas to 31 nays sustaining a ruling of the Chair, (3) on a vote of 78 yeas to 8 nays to table a motion to postpone indefinitely, (4) and on a vote of 15 yeas to 69 nays to table an amendment.

I further refer to the precedents:

During post cloture proceedings in 1977, the Vice President sustained a point of order to the effect "that when the Senate is operating under cloture, the Chair is required to take the initiative under rule XXII to rule out of order all dilatory motions."

The Chair rules that the motion is dilatory.

Mr. WEICKER. Mr. President, is the ruling of the Chair debatable?

The PRESIDING OFFICER. The ruling of the Chair is not debatable. The Chair has ruled.

Mr. WEICKER. Mr. President, I appeal from the ruling of the Chair and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? Will those wishing to second this request raise their hands? There is not a sufficient second.

Mr. BRADLEY. Mr. President, I suggest the absence of a quorum.

Mr. HELMS. I urge all Senators to give him a sufficient second because obviously the distinguished Senator is trying to be dilatory and delay time, so let us go ahead and vote.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

Mr. HELMS. Mr. President, point of order on that.

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. HELMS. I raise the point of order that it is clearly dilatory to suggest the absence of a quorum at this point.

The PRESIDING OFFICER. The Senator from North Carolina has the floor and may proceed.

Mr. HELMS. I raise a point of order that——

The PRESIDING OFFICER. The Senator from Massachusetts is not recognized.

Mr. HELMS. I thought I understood the Chair to instruct the clerk to call the roll.

I ask Senators to give Senator WEICKER a sufficient second.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The question is, Shall the decision of the Chair stand as the judgment of the Senate? The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Nevada (Mr. LAXALT) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 70, nays 27, as follows:

[Rollcall Vote No. 471 Leg.]

YEAS—70

Abdnor	Garn	Nickles
Andrews	Gorton	Nunn
Armstrong	Grassley	Pell
Baker	Hart	Percy
Baucus	Hatch	Proxmire
Bentsen	Hawkins	Pryor
Biden	Hayakawa	Quayle
Boren	Heinz	Randolph
Burdick	Helms	Roth
Byrd, Robert C.	Hollings	Rudman
Cannon	Huddleston	Schmitt
Chafee	Humphrey	Simpson
Chiles	Jackson	Specter
Cochran	Jepsen	Stennis
D'Amato	Johnston	Stevens
Danforth	Kassebaum	Symms
DeConcini	Kasten	Thurmond
Denton	Leahy	Tower
Dixon	Long	Tsongas
Dole	Lugar	Wallop
Domenici	Mattingly	Warner
East	McClure	Zorinsky
Exon	Melcher	
Ford	Murkowski	

NAYS—27

Boschwitz	Glenn	Moynihan
Bradley	Hatfield	Packwood
Bumpers	Heflin	Pressler
Byrd, Harry F., Jr.	Inouye	Riegle
	Kennedy	Sarbanes
Cohen	Levin	Stafford
Cranston	Mathias	Weicker
Dodd	Matsunaga	Williams
Durenberger	Metzenbaum	
Eagleton	Mitchell	

NOT VOTING—3

Goldwater	Laxalt	Sasser

So the ruling of the Chair was sustained as the judgment of the Senate.

Mr. METZENBAUM addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Connecticut.

Mr. WEICKER. Mr. President, I move to table the Johnston-Helms amendment and I ask for the yeas and nays.

Mr. METZENBAUM addressed the Chair.

Mr. ARMSTRONG. Will the Senator withhold that motion for not to exceed 10 seconds?

Mr. WEICKER. I withhold my request and yield to the Senator from Colorado.

(The remarks of Mr. ARMSTRONG at this point pertain to the Hunger and Global Security Act, S. 1675, and appear at another point in the RECORD.)

Mr. JOHNSTON. Mr. President, a point of order. The motion is not in order.

Mr. WEICKER. Mr. President, is the Senator from Louisiana saying that a motion to table this amendment is not in order?

The PRESIDING OFFICER. The Senator from Connecticut withheld his motion and it is not presently before the Senate.

The Senator from Connecticut is recognized.

Mr. WEICKER. Mr. President, I move to table the pending amendment, the Johnston-Helms amendment, and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. JOHNSTON. Mr. President, I raise the point of order that this motion is not in order.

The PRESIDING OFFICER. The tabling motion will be the final disposition of the matter on which cloture was invoked. It is in order.

The question is on agreeing to the motion of the Senator from Connecticut. The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 36, nays 61, as follows:

[Rollcall Vote No. 472 Leg.]

YEAS—36

Baucus	Glenn	Moynihan
Boschwitz	Hart	Packwood
Bradley	Hatfield	Pell
Bumpers	Heinz	Percy
Burdick	Inouye	Pressler
Chafee	Jackson	Riegle
Cohen	Kennedy	Rudman
Cranston	Leahy	Sarbanes
Dixon	Levin	Specter
Dodd	Matsunaga	Stafford
Durenberger	Metzenbaum	Tsongas
Eagleton	Mitchell	Williams

NAYS—61

Abdnor	Ford	Melcher
Andrews	Garn	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Bentsen	Hatch	Proxmire
Biden	Hawkins	Pryor
Boren	Hayakawa	Quayle
Byrd, Harry F., Jr.	Heflin	Randolph
	Helms	Roth
Byrd, Robert C.	Hollings	Schmitt
Cannon	Huddleston	Simpson
Chiles	Humphrey	Stennis
Cochran	Jepsen	Stevens
D'Amato	Johnston	Symms
Danforth	Kassebaum	Thurmond
DeConcini	Kasten	Tower
Denton	Laxalt	Wallop
Dole	Long	Warner
Domenici	Lugar	Weicker
East	Mattingly	Zorinsky
Exon	McClure	

NOT VOTING—3

Goldwater	Mathias	Sasser

So the motion to lay on the table Mr. JOHNSTON's amendment (No. 69), as amended, was rejected.

Mr. WEICKER. Mr. President, I move to reconsider the vote by which the motion to lay on the table was rejected.

Mr. JOHNSTON. Mr. President, I move to lay that motion on the table.

Mr. HELMS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

Mr. JOHNSTON. Mr. President, I make a point of order that it is dilatory to ask for the yeas and nays.

The PRESIDING OFFICER. The Chair advises the Senator from Louisiana it is never dilatory to ask for the yeas and nays. That is a constitutional right.

The question is on agreeing to the motion to lay on the table the motion to reconsider the vote by which the motion to lay on the table, amendment No. 69, as amended, was rejected.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Maryland (Mr. MATHIAS), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) is necessarily absent.

The PRESIDING OFFICER. Are there other Senators in the Chamber desiring to vote?

The result was announced—yeas 61, nays 36, as follows:

[Rollcall Vote No. 473 Leg.]

YEAS—61

Abdnor	Ford	Murkowski
Andrews	Garn	Nickles
Armstrong	Gorton	Nunn
Baker	Grassley	Percy
Bentsen	Hatch	Proxmire
Biden	Hawkins	Pryor
Boren	Hayakawa	Quayle
Byrd, Harry F., Jr.	Helms	Randolph
	Hollings	Roth
Byrd, Robert C.	Huddleston	Schmitt
Cannon	Humphrey	Simpson
Chiles	Jepsen	Specter
Cochran	Johnston	Stennis
D'Amato	Kassebaum	Stevens
Danforth	Kasten	Symms
DeConcini	Lavalt	Thurmond
Denton	Long	Tower
Dole	Lugar	Wallop
Domenici	Mattingly	Warner
East	McClure	Zorinsky
Exon	Melcher	

NAYS—36

Baucus	Glenn	Mitchell
Boschwitz	Hart	Moynihan
Bradley	Hatfield	Packwood
Bumpers	Heflin	Pell
Burdick	Heinz	Pressler
Chafee	Inouye	Riegle
Cohen	Jackson	Rudman
Cranston	Kennedy	Sarbanes
Dixon	Leahy	Stafford
Dodd	Levin	Tsongas
Durenberger	Matsunaga	Weicker
Eagleton	Metzenbaum	Williams

NOT VOTING—3

Goldwater	Mathias	Sasser

So the motion to lay on the table was agreed to.

U.S. MARSHAL SERVICE

● Mr. D'AMATO. Mr. President, if the distinguished floor manager of the bill will yield, I would like to ask the Senator from Connecticut, the chairman of the State, Justice, Commerce Appropriations Subcommittee, a couple of questions concerning the U.S. Marshal Service of the Department of Justice. We have two concerns in this area.

Marshals in New York have informed me that proposed reductions there would impair court security as well as cause administrative problems for the orderly application of justice in these districts.

Second, is the problem created here in the District of Columbia by these proposed actions?

Nearly a third of the personnel reductions nationwide would be accomplished here. This is a particular problem because, as I have learned as chairman of the District of Columbia Appropriations Subcommittee, U.S. Marshals are required by Federal statute to service the District of Columbia courts.

It is my understanding that the U.S. Department of Justice has proposed a reduction-in-force of 150 Marshals, 43 of which would be in the District of Columbia Marshal's Office, in support of its budget request. But that your subcommittee has in fact increased that request and the continuing resolution provides a higher level of funding than that requested—is that accurate?

Mr. WEICKER. The Senator is correct. The President's September revised budget estimate is for $273 million for the U.S. attorneys and Marshals. The committee recommendation is for $291 million, slightly more than the original budget estimate and $8 million below the House allowance. The resolution before us now would require a reduction of $4.7 million in this area, while continuing the bankruptcy trustees program.

Mr. D'AMATO. Then neither the House nor the Senate has agreed to the request that the RIF was intended to support.

Mr. WEICKER. That is correct. The Justice Department will have to submit a notice to our committee, and the House as well for approval, prior to implementing the $4.7 million reduction, detailing how they intend to achieve these savings.

Mr. LAXALT. If the Senator will allow me, I think that is a reasonable way to proceed. That allows the Appropriation Committee to review these proposed actions without precluding any options that the Department of Justice may propose. This problem is nationwide but, as the Senator from New York has pointed out, the impact on the District of Columbia courts is out of proportion in the proposed reductions and probably raises questions of legal authority.

Mr. D'AMATO. The Senator from Nevada is precisely correct. If these Marshals are lost to the local courts certain local statutes would have to be amended, as would certain United States Code provisions, to transfer that authority to the local police or some other entity. I am reasonably sure that that could not be accomplished before the January 31 date contemplated on the RIF notices.

The approval process outlined by Senator WEICKER seems to be the most appropriate way to handle this matter. As I noted earlier we have two concerns here, one is the security of the judges and courthouses in our States and the other is security and service to the District of Columbia courts. I would like to ask one additional requirement of Justice. That is, that they consult with the appropriate District officials, and court leadership for their suggestions and work with them to come to some agreement on this matter.

Mr. WEICKER. I agree with the Senator's suggestion. I would hope that the Department would consult with appropriate District of Columbia officials prior to submission of any reprograming request.

I would also stress a point which the Senator from New York has raised. This is more than a local problem. It is a matter which affects the Marshals Service and the Federal judiciary across the country. For a number of years, my colleague, Senator HOLLINGS and I have expressed our concern and the concern of the subcommittee that discussions take place between the judges and the Department to satisfactorily resolve the issue of security provided to the courts. We have here an anomalous situation where the Marshals are required to provide the Judiciary with positions and funds necessary for court security.

Over the years, the number of judges has increased but the number of deputy Marshals is decreasing.

Quite naturally, the judges are concerned whenever OMB and the Department of Justice take their budget reductions out of Marshals' budget because it impacts courtroom security. It may very well be that the administration and the appropriate committees of the Congress should consider a reorganization of the Marshals functions.

It may also be that the Attorney General and the Chief Justice should discuss the possibility of reimbursement from the Judiciary for this service.

It is my hope that by the time we hold hearings on the 1983 budget that the Department and the Judiciary will have some answers on how they propose to address this problem.

Mr. D'AMATO. Mr. President, I appreciate the Senator from Connecticut's suggestion and know that the Justice Department will take our concerns to heart and into consideration in making their recommendations.

The Senator from Nevada is to be commended for his interest and contribution. I thank the chairman for his assistance in allowing us to resolve this matter.●

MESSAGE FROM THE HOUSE

At 4:20 p.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 73 to the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The message also announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker has signed the following enrolled bills:

S. 1098. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; and

H.R. 3484. An act to provide for the minting of half dollars with a design emblematic of the two hundred and fiftieth anniversary of the birth of George Washington.

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

Mr. BAKER addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Tennessee.

Mr. BAKER. The message that has just been brought in from the House of Representatives is the continuing resolution making appropriations for the fiscal year 1982. And may I say, by the way, that that is most remarkably prompt action by the House. I think it gives us a unique opportunity to proceed to the consideration of that measure very promptly. There is already an order entered that empowers the majority leader, after consulting with the minority leader, which I did a few moments ago, to ask the Senate to proceed to the consideration of that item. I will not at this exact moment do that, but Senators should be on notice that within the next few minutes I intend to ask the Senate to lay aside the pending business and proceed to the consideration of the continuing resolution under that order.

Mr. President, just for a moment I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum be rescinded.

The PRESIDING OFFICER (Mr. DURENBERGER). Without objection, it is so ordered.

THE DEPARTMENT OF ENERGY

Mr. BUMPERS. Mr. President, this morning Senator PERCY, who chairs the Energy Subcommittee of the Governmental Affairs Committee, held a hearing in which Secretary Edwards testified regarding this administration's proposal to abolish the Energy Department. My distinguished colleague from Oregon (Mr. HATFIELD) testified this morning and delivered what I think is one of the finest statements I have ever heard since I have been in the U.S. Senate.

I ask unanimous consent that his statement be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR MARK O. HATFIELD

Mr. Chairman, Members of the Subcommittee: I thank you for calling this hearing and allowing me to testify this morning on an issue of great personal interest.

While I understand this hearing will cover the entire Energy Department, I want to commend Senator Percy for his special interest and involvement in energy conservation through the Senate and through the Alliance To Save Energy, a prominent advocacy organization which he chairs.

The present and future status of the Department of Energy is of vital significance to this nation and to our allies in Europe and the Far East. Budgetary uncertainty within the Department (of Energy) and the threat of total dismantlement of this nation's leading energy advocate portends enormous domestic and international implications, which I will outline in a moment.

You are aware, Mr. Chairman, of my strong commitment to preserving energy conservation and renewable energy technologies as part of our national energy policy. Because these two areas of the DOE budget and reorganization plan are, in fact, the first two programs targeted for extinction, I would like to focus on these areas in my comments this morning.

For the second time in as many years, the Congress next month will be reviewing a new budget for the Department of Energy which proposes drastic cuts in all areas of the energy spectrum except nuclear power and defense activities. Energy research and development in coal, this country's most abundant energy resource, was cut 40 percent this year, and is expected to receive further reductions and possibly complete shut-down in FY 1983. The energy conservation and solar energy budgets were hit harder by the FY 1982 cuts, with overall reductions in the neighborhood of 60 percent. Forthcoming requests for these program areas (which are said to be about $19 million for conservation and $83 million for solar) can be viewed as nothing but a close-out scenario.

On that point, Mr. Chairman, I would like to submit for the RECORD a copy of a letter from Secretary Edwards to OMB Director David Stockman in which the Secretary comments about the future of DOE within the context of the 1983 budget (quote), "I am carrying out the President's mandate to dismantle the Department as rapidly and efficiently as possible and have held a number of discussions with the President's immediate staff to narrow down and select the most appropriate plan for carrying out the dismantlement. . . ." The letter goes on to discuss certain matters which the Secretary says are necessary for the ". . . orderly and carefully orchestrated budget and organization plans."

I realize that the policy to dismantle the Department of Energy is not entirely his own creation and understand that Secretary Edwards has, in fact, taken issue with the Office of Management and Budget in some instances. Nevertheless, the Department of Energy, under orders from OMB and the White House, is proceeding with dismantlement and has done little to preserve the conservation and solar programs.

For Example, Mr. Chairman, I wish to submit for the record testimony provided last week to a House of Representatives Subcommittee at which Dr. Arthur Rosenfeld, Director of Building Energy Sciences at Lawrence Berkeley Laboratories, states that "DOE program officers told him that the on-going research in building conservation technologies would be terminated". Despite the fact that Congress has made available $17 million for those activities this fiscal year, and that the Congress has not even received the President's FY 1983 budget recommendation, let alone acted upon it.

Mr. Chairman, the point which must be impressed upon the Subcommittee and indeed the Congress, is that this "de facto" dismantlement of national energy programs is actively and openly being implemented by the Administration. This is in direct violation of the intent of the Congress which, in the Budget Reconciliation Act and in the Continuing Resolution stated that such programs shall not be terminated.

Surely the cry will be made by the Office of Management and Budget that increasing budget deficits demand further cuts. On that point, Mr. Chairman, I would like to submit for the Committee records an article which appeared in the Wall Street Journal entitled, "Reagan's Plan to Ax Energy Agency Not Likely to Affect Budget". The Wall Street Journal article points out that the dismantlement plan over the next two fiscal years would save only about $3 to $4 billion, which would come from terminating the coal, conservation and solar energy program activities, because the remaining $9–10 billion must be spent on nuclear power and defense activities contained in the DOE budget, along with money for filling the Strategic Petroleum Reserve.

Mr. Chairman, clearly the Administration is using this country's economic problems and the President's mandate for a more efficient government as an excuse to do away with programs and policies it does not feel are important. The fact is, Mr. Chairman, these programs to reduce and diversify our energy base are of critical importance to this nation's economy. For example:

In 1981 the cost of energy used to run this country's economy will be over $400 billion.

Every $5.50 increase in the price of oil (whether domestic or foreign) raises inflation by 2 percent, 400,000 jobs are lost, and our gross national product is lowered by 1.4 percent.

The cost of energy (exclusive of transportation) for many low-income families in this country comprises 30–40 percent of their total income.

To illustrate further the Department's naivete about the importance of conservation and new energy technologies, we need only look to the U.S. auto industry where 50 percent of all cars sold in this country, by 1983, will either be foreign-made or will be American cars which contain foreign engines. The drain this causes on the U.S. balance of payment deficit is enormous. In this same vein, the U.S. is planning to terminate energy research and development activities while the Japanese government has recently doubled its investment in energy conservation, France's investment has increased 221 percent, and Germany's commitment increased 66 percent to a total of $1 billion. What do these countries know that we don't? Simply, Mr. Chairman, that investments in energy pay important and immediate dividends to the economy by reducing expensive and unnecessary dependence on foreign petroleum.

Mr. Chairman, I have said a good deal already about DOE dismantlement and energy conservation, but my examples can just as easily be transposed to other domestic energy sources. Conservation, however, is looked upon on a very different light than other energy resources and needs a stronger push to gain credibility. Most people associate energy conservation with the environmental movement, a no-growth economy, and alternative lifestyles.

Surely conservation embodies a mandate or vision of living which is more consistent with our natural surroundings, but I offer yet another outlook on energy conservation, one which extends beyond the importance of preserving the environment or limiting growth, but one that is necessary for our very survival! Given that both Secretary Weinberger and Secretary Haig have pledged to deploy military forces in the Middle East to defend oil resources, including the use of nuclear weapons, if necessary, the conservation of energy without question becomes a mandate to preserve world peace and avert nuclear holocaust.

I find totally irresponsible the Administration's combined policy of DOE dismantlement and their willingness to sacrifice lives and risk nuclear war to defend oil interests

in the Middle East. We will, in effect, be forced to employ violence because we failed to channel our genius toward the sane and logical alternatives of energy conservation and diversification. Thus, the choices we make today about the future of DOE involve profound moral implications which must be brought to the public's attention, and to the attention of this Committee.

Again, I commend the Chairman and Subcommittee for investigating this very important matter and I thank you all for allowing me to testify.

Mr. RANDOLPH. Before my colleague yields the floor, could I just make a brief comment?

Mr. BUMPERS. I yield to the Senator.

Mr. RANDOLPH. I join the able Senator from Arkansas in his desire to have placed in the RECORD the type of statement made by the able Senator from Oregon, Mr. HATFIELD. There are many Members of this Senate who have spoken and written that they oppose the administration in its effort to abandon the Department of Energy, which was established by the Congress itself. And certainly in this specific instance, I have had the opportunity to hear from several Senators as to the excellence of that statement which the Senator is now giving us the opportunity to read, those of us who were not privileged to be at the meeting, in today's RECORD.

Mr. President, during the eight sessions of Congress since the embargo we have enacted major energy laws. Many involved tough floor fights between those advocating different solutions to the energy dilemma. But, some have avoided major conflict and have passed easily. The Department of Energy Organization Act passed easily—74 to 10—because of recognition of the need to have a Cabinet office to provide sound and continuous policy to the executive.

Shuffling boxes again on organization charts and changing names will not cut red tape, eliminate duplication, improve intergovernment communication or reduce the bureaucracy. It will merely reactivate a classic and repetitive cycle common to Government which in energy led from the White House Energy Office, to the Federal Energy Office, to the Federal Energy Administration and the Energy Research and Development Administration before the creation of the Department of Energy.

Mr. President, even if we eliminate the name on the department, most of its programs will continue. I urge President Reagan to redirect the efforts of his policy advisors working on the abolition of DOE toward formation of a domestic coal policy. In the absence of policy direction from the Congress and administration, utilities and industries will continue to delay meaningful significant improvement toward coal. Exporters will hesitate to enter long-term supply contracts until there is certainty that our transportation system can move large amounts of coal. The perspective owners of major gasification and liquefaction plants will delay construction decisions until Federal policies relating to financing supports are firmly agreed to.

During the last several months, I have called on the Reagan administration to cooperate with the 97th Congress to resolve conflicts which result from pursuit of energy, economic and environmental concerns in concert. Instead, we have witnessed drastic proposed cuts to fossil fuel research and development funds, token support for a viable synthetic fuels industry which should have been of commercial size in the mid-fifties, and the abandonment of a forceful, vigorous domestic coal policy, replaced by an unrealistic slant toward sole reliance on unproven, suspect nuclear power technologies. This, of course, is unacceptable. I thank the Senator.

Mr. BUMPERS. I thank the Senator for his comments. I might just say for the edification of our colleagues who are here right now that I am not what you would call an energetic defender of the Department of Energy. What I am is a knee-jerk defender of a proper administration of the Department of Energy which is——

Mr. ROBERT C. BYRD. Mr. President, may we have order in the Senate? The Senator from Arkansas is speaking and is entitled to be heard.

The PRESIDING OFFICER. The Senate will be in order.

The Senator may proceed.

Mr. BUMPERS. Mr. President, let me just say I was taking up a little time——

Mr. ROBERT C. BYRD. Mr. President, the Senate is still not in order.

The PRESIDING OFFICER. The Senator will suspend.

The Senator may continue.

Mr. BUMPERS. Mr. President, one of the most gratifying things about Senator HATFIELD's statement this morning was it shows, in my opinion, that there is going to be a very strong bipartisan effort in this body, at least, to thwart the President's efforts to abolish the Department of Energy either by overt legislative repeal or by choking it to death by depriving it of funds.

I just might point out that while we have reduced our solar energy research from 1981 to 1982 by about 62 percent, we have reduced conservation by about 50 percent. We have reduced everything in the energy budget except nuclear research and development and that was increased 46 percent. Over a billion dollars in this year's Energy Department recommended by the administration for nuclear research and development.

And this is the administration that says they are only going to put money into long-term, high-risk items—long-term, high-risks that the private sector is not likely to take on. And the only item in that budget that got any increase was nuclear, and his is 31 years after the first nuclear generating powerplant went on stream.

Germany right now is increasing its conservation budget by 62 percent. Japan is increasing her conservation effort of energy by 400 percent. And the French are increasing their conservation efforts by 200 percent. And Senator HATFIELD asked the question this morning—and it is very legitimate—"What do they know that we don't know?" I will tell you one thing the Japanese know and that is that they are the hottest competitor the United States has or is likely to have in the future and one of the reasons is because they are quadrupling their conservation effort to conserve energy.

Now, Mr. President, if we sit idly by and allow the Energy Department to be strangled for lack of funds or allow it to be torpedoed by legislative repeal, all we will do is to prolong the day when this country has an energy policy, which it does not now have, and we will have to create another Energy Department just as certain as God made little apples.

So you can talk about something that is penny-wise and pound-foolish—and I can think of nothing more foolish because this administration has a bias against some of the regulations of the Energy Department. Admittedly some of them were bad, some of them were onerous, and some of them actually worked against this country's best interest, but that is no reason to abolish a department which deals with what for the next 20 years will be the single most important economic item in this country.

Mr. President, I yield the floor. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

FURTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 1982

Mr. BAKER. Mr. President, under the provisions of the unanimous-consent order previously entered, I ask that the Chair now lay before the Senate a message from the House of Representatives on House Joint Resolution 370.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 370) making further continuing appropriations for the fiscal year 1982, and for other purposes.

Mr. BAKER. Mr. President, the distinguished chairman of the Appropriations Committee is here, as is the distinguished ranking minority member. It is now 4:30 in the afternoon. As I said a moment ago, this is much earlier than I had contemplated we would be on this measure. I think there is a realistic chance that we can finish this resolution tonight and I urge the Senate to put its shoulder to the wheel and attempt to do just that.

I will cooperate in any way possible to make that occur.

Mr. President, after we have finished the continuing resolution, it will be my intention, barring other circumstances, which I do not now foresee, to go back to the Department of Justice authorization bill for at least a brief time this evening, after we finish the continuing resolution, and be on it for a good part of the day tomorrow.

Mr. President, I will confer with the minority on this and other scheduling matters during the course of the day and will have a further announcement to make as further an announcement may be required later in the day after we see what progress we are making on the continuing resolution.

There is still much to be done. High among that list of things that must absolutely be done, of course, is the Department of Defense appropriation conference report. I understand there are some meetings tomorrow in the morning between the conferees on the part of the House and Senate on that measure.

I hope they can report the conference report to us for action this week, or, at the latest, early next week. I regret to say so, but I feel that it is not possible for the Senate or for the Congress to adjourn sine die until we do that measure. I am pleased, however, with the progress we are making, Mr. President.

I yield the floor so the distinguished chairman of the committee may begin consideration of the continuing resolution.

Mr. STENNIS. Mr. President, I would like to be heard, though very briefly. I would like to be heard after the chairman of the committee and the ranking minority member. I do want to be heard on the question of the appropriation bill of the Department of Defense, to have it completed before we adjourn.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, the leadership has just called up House Joint Resolution 370. I am very pleased to say that the measure, which makes further continuing appropriations for fiscal year 1982, is now at hand.

Mr. President, this resolution embodies the agreement reached between the Republican leadership in the House, the Senate, and the administration, and as passed by the House only within the last hour or so.

I am informed it will be signed by the President, thus avoiding the possibility of another disruptive lapse in funding for Federal programs.

Mr. President. further, this package was discussed with the Democratic leadership of the Senate Appropriations Committee and the Democratic members of that committee. I think it has been at least fairly well discussed over on the House side in the last few hours.

This has been an extraordinary budget year, one unprecedented in difficulty, complexity, and constraint in Federal spending programs.

It has been 11 months since the original Carter budget for fiscal year 1982 was presented to Congress. Since that time, we have had before us the March budget revision, the July reestimates, and a major budget revision in September, all affecting fiscal year 1982.

During this period, the Committee on Appropriations successfully considered the largest rescission and deferral package in our history, involving the reduction of $14 billion in budget authority for fiscal year 1981.

During the summer, Congress passed the Omnibus Budget Reconciliation Act which reduced Federal spending for fiscal year 1982 by $35 billion. That act also made wide-ranging changes in existing program authorizations which greatly complicated the committee's review of the 1982 budget.

Mr. President, in September, barely a few days before the start of this fiscal year, the President announced a major budget revision which changed his request in virtually every account in the Federal budget. Because of this, we were forced to suspend our consideration of regular appropriation bills and pass the first continuing resolution for fiscal year 1982. That measure provided stopgap funding for 50 days, and this committee worked long and hard to accomplish as much as possible. In fact, during this period, the committee reported all remaining bills for fiscal year 1982.

Delays on the floor over issues really not germane to the budgetary responsibilities of this committee, problems in scheduling action on bills, and conflicting budgetary interpretations by the administration from those by the Congressional Budget Office frustrated final action on a number of measures.

Congress, however, was able to send to the President two additional bills for signature, the energy and water development bill and the District of Columbia bill.

Finally, when time under the first continuing resolution finally expired, we were again forced to seek another continuing resolution. We labored long and hard on that measure, virtually around the clock for a whole weekend. Unfortunately, as the distinguished Senator from Wisconsin (Mr. PROXMIRE) aptly put it, it was a "lost weekend."

That measure was vetoed because, according to the calculations made by OMB, we had met only a quarter of the savings in the President's budgetary plan. This was not a deliberate failing but one based on differences in the way Congress estimates spending from that employed by the administration.

All our work went down the drain because we were talking budget authority and OMB was talking budget outlays.

Mr. President, I resolved at that time, and others with us, that we were not going to be confronted with a similar fiasco again. The staff of the committee was directed to work closely with OMB to develop a common score-keeping methodology so that our numbers would match those of the administration, the House, the Senate, and the CBO. Furthermore, these staff level discussions explored budgetary alternatives for use in this continuing resolution.

Let me emphasize, this was over 2½ days of very, very laborious work in establishing this score-keeping methodology in which the staff from the minority leadership of the House, the Republican leadership of the House, the Appropriations Committee staff, the Budget Committee staff, the Senate, and the OMB staff all worked very closely and in very smooth harmony and concert with each other.

Those discussions served as the basis for the leadership discussions which ultimately yielded an agreement on the continuing resolution. That agreement is embodied in the measure that we have before us.

Mr. President, this measure meets the benchmark established by the President when he asked that the Congress meet him halfway in making further outlay savings from the level of his March request. I underscore "halfway."

With the savings already made in the energy and water bill which has been signed into law, this continuing resolution saves $4 billion in outlays from the level of the March request out of the $8 billion the President had asked for.

The vetoed continuing resolution achieved $1.1 billion in outlay savings from the March request, this resolution achieves another $2.5 billion, energy and water saved some $400 million in outlays, for a grand total of $4 billion.

Mr. President, these cuts were painful. They were extremely difficult to accomplish. I think all Members will agree that we have reached the bone on discretionary programs so that there is nothing more to cut. If there has been any encouragement in this dreary exercise, it has been the realization spreading throughout this Chamber that the budget can only be brought under control if entitlements, defense spending, and tax expenditures are given the same scrutiny and brought under the same severe constraints that discretionary programs have suffered.

Mr. President, I have an explanatory statement in lieu of a report on this measure that I ask unanimous consent to be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. HATFIELD. This statement incorporates all the pertinent language of the vetoed continuing resolution conference report in adherence to the principle that this resolution conforms to the vetoed resolution to the extent practicable, in order to protect the congressional priorities established in that agreement. I should also point out to my colleagues that the same desire to protect congressional priorities prompted the deletion of the Baker floor provision except in the case of accounts providing funding for the Veterans' Administration.

EXHIBIT 1

STATEMENT IN EXPLANATION OF H.J. RES. 370, FURTHER CONTINUING RESOLUTION

AVAILABILITY OF FUNDS

The joint resolution provides continuing appropriations through March 31, 1982, or until an appropriation is enacted, whichever occurs first, except in the case of Department of Defense Appropriation Bill programs for which this resolution provides funding until February 15, 1982.

DEFENSE

The recommendation makes no change from the treatment of the Department of Defense and the Military Construction Appropriations Bills in the vetoed version of the continuing resolution (H.J. Res. 357).

MILITARY CONSTRUCTION APPROPRIATIONS

The 2 percent reduction to the Military Construction Appropriations Act amounting to $127 million is to be applied to the following accounts in the following amounts:

Military construction, Army:	
Planning and design	−$8,000,000
Minor construction	−3,000,000
Military construction, Navy:	
Minor construction	−4,000,000
Military construction, Air Force:	
Air Force shortfall	−64,000,000
Minor construction	−3,000,000
North Atlantic Treaty Organization Infrastructure	−45,000,000
Total	−127,000,000

The resolution directs that reductions within each account are to be taken from non-domestic projects.

EXECUTIVE PAY

The resolution provides adjustments in pay limitations for certain officials in lieu of the 22.4 percent increase that otherwise could occur by statute. The new rates would become the statutory rates payable, thus eliminating and foregoing all previously accrued adjustments. Members of the House and Senate are excluded from the adjustments.

ATTORNEY GENERAL AND KROME NORTH

The resolution includes language providing that the Attorney General shall exercise his best efforts to ensure that after March 1, 1982, the number of aliens detained at the Krome North facility in Miami, Florida who are seeking entry into the country shall not exceed 525 and that the number of aliens detained at other facilities in the State of Florida who are awaiting exclusion, deportation, or resettlement shall not exceed 525.

The Attorney General must take action to reduce the alien population detained at the Krome North facility and other detention facilities in Florida to no more than 525 persons. This continuing resolution provides funding necessary to finance expenses at Krome North and to activate another detention facility, Fort Drum, in Watertown, New York which will relieve crowding at Florida detention facilities. It is the understanding of the resolution that this facility can be activated within two months.

Therefore, the resolution has provided that the Attorney General shall exercise his best efforts to reduce the population of detainees at Krome North and other Florida detention facilities to 525 persons by March 1, 1982. The resolution directs the Attorney General, in carrying out the provisions of this section, to provide monthly reports to the Appropriations Committees detailing all efforts and progress in carrying out the intent of the resolution that this limitation be achieved.

HUD-INDEPENDENT AGENCIES

Federal Emergency Management Agency

The Administration transmitted to the Congress on November 19, 1981 an amended budget request for the Federal Emergency Management Agency. The budget amendment redistributes resources among Agency accounts. The effect of the latest proposal is to reduce the disaster relief fund by $23,027,000 to cover shortfalls in the Agency's operating accounts.

Tariff rates for the civil defense and national security telecommunications systems were recently increased substantially, requiring the realignment of $10,000,000 in 1982.

Of that total $8,990,000 is reflected in the emergency planning and assistance account and $1,010,000 is included under salaries and expenses. The resolution provides for the tariff increase.

The budget amendment increases the salary and expenses request by $10,510,000 above the restructured March proposal. The revised total is $93,879,000.

The major reason for the increase is to cover a $7,500,000 salary shortfall. The other components of the increase are the tariff adjustment addressed above and $2,000,000 for additional space rental charges.

The resolution directs that within the total provided for emergency planning and assistance, the Agency shall make available $4,000,000 to the National Bureau of Standards for the continued operation of the Center for Fire Research. This is the amount requested in the March budget estimate.

Government National Mortgage Association

Special Assistance Functions Fund

The resolution urges the Government National Mortgage Association to award fiscal year 1982 mortgage purchase authority under the Special Assistance Functions Fund first to all eligible Section 8 and Targeted Tandem applications which would support Urban Development Action Grant projects.

The next priority should be those projects that were eligible, but did not receive funding, in the January 1981 allocation. The remaining funding should be made available to projects that receive firm commitments prior to December 29, 1981, on the basis of a computerized random selection lottery.

National Aeronautics and Space Administration

The resolution restores funds above the amended September budget estimate in the Research and Development account of the National Aeronautics and Space Administration for the following program areas:

Space sciences	+$32,455,000
Space applications	+31,578,000
Aeronautics	+35,963,000
Space research and technology	+12,280,000

In addition, the resolution adds $70,000,000 for application in accordance with the directions set forth in regard to amendment numbered 27 in House Report 97-222, accompanying H.R. 4034. The resolution directs that these amounts may not be used for purposes other than those enumerated above without the approval of the Committees on Appropriations. The recommended increases of $182,276,000 are consistent with an estimated total 1982 research and development program of $4,774,176,000.

Veterans Administration

The resolution recommends $57,700,000 for the medical administration and miscellaneous operating expenses account in the Veterans Administration. Included within the total is $4,000,000 above the budget estimate for the nurse scholarship program.

The Departments of Commerce, Justice, and State, the Judiciary and Related Agencies

Reprogramming Policy

The resolution directs that Section 508 of H.R. 4169, as reported by the Senate, concerning reprogramming policy shall govern the Departments, agencies, commissions, and administrations funded in the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriation Act, 1982.

Representation Allowances

The resolution direct that the authorized ceiling for official representation allowances in H.R. 4169 as passed by the House, shall apply unless specified otherwise.

Department of Commerce

International Trade Administration

The resolution directs that of the $151,700,000 provided for the International Trade Administration, $1,000,000 shall be used to fund the small business export expansion program in fiscal year 1982.

The resolution notes that the Department of Commerce did not carry out this program in fiscal year 1981 with the $1,000,000 provided for that purpose, and fully expects the Department to obligate a total of $2,000,000 in fiscal year 1982 for small business export expansion activities.

Economic Development Assistance Programs

The resolution directs that $198,500,000 be available for economic development assistance programs in the following manner:

Public works	$130,000
Planning assistance	25,500
Districts	(15,000)
Indians	(3,000)
States	(2,900)
Urban	(4,600)
Technical assistance	8,000
University centers	(3,000)
Research and evaluation programs	2,000
Economic adjustment	33,000
Total	198,500

The resolution further directs that direct loans of $30,000,000 and any payments for loan defaults shall be derived from the Economic Development Revolving Fund.

National Telecommunications and Information Administration

The resolution directs that of the total amount provided for the National Telecommunications and Information Administration, "Salaries and Expenses", funds shall be allocated to retain twelve of the nineteen employees scheduled for termination as proposed in the March 10 budget estimates.

National Oceanic and Atmospheric Administration

The resolution intends that of the $820,455,000 provided herein for "Operations, Research, and Facilities", the rate for those projects and activities listed in Senate Report No. 97-265 shall apply with the following exceptions: Anadromous fishery grants, $3,375,000; Sea Grant, $35,000,000; Commercial Fisheries R&D, $4,000,000; Sand Point (EXAD), $450,000; Climate data activities, $11,100,000; AFOS, $11,730,000; GOES Satellite, $15,870,000; Weather modification (NOAA), $669,000; LANDSAT, $1,100,000; Fur Seals, $-0-; Habitat monitoring, $-0-; North Dakota/Utah weather modification, $300,000. In addition, $926,500 is provided for the 38 weather stations proposed for termination.

Science and Technical Research

The resolution directs that within the total amount provided for "Scientific and technical research and services", funds shall be allocated as prescribed in House Report No. 97-180. With regard to the closeout of the Smithsonian Science Information Exchange, the Department of Commerce shall provide to those employees separated from SSIE due to the closeout all rights, benefits, severance pay and other considerations that would be extended and afforded any group of Federal employees under the same conditions.

Federal Communications Commission

The resolution directs that the Federal Communications Commission shall not move any of its offices in the District of Columbia from their present locations until approval is secured from the Committees on Appropriations of the House and Senate.

The resolution further directs that the Commission provide adequate staff and other necessary support for research and other activities for the Temporary Commission on Alternative Financing for Public Telecommunications.

Securities and Exchange Commission

The resolution directs that of the $82,906,000 provided for the Securities and Exchange Commission, the Commission shall endeavor to achieve the objectives and carry out the activities, within the resources available, detailed in Senate Report No. 97-265. The resolution further directs that the SEC shall not move any of its offices in the District of Columbia from their present locations until

approval is secured from the Committees on Appropriations of the House and Senate.

Small Business Administration

Salaries and Expenses

The resolution provides $207,945,000 in new budget authority for salaries and expenses of the Small Business Administration and an additional $19,200,000 by transfer from the Disaster Loan Fund, as specified in Senate Report 97-265. The resolution also provides $14,000,000 for Small Business Development Centers.

A total of $18,376,000 is provided under Salaries and Expenses for management assistance programs, including SCORE/ACE, Small Business Institutes, junior college training programs, general contractual assistance, as specified in House Report 97-180, and the Office of International Trade as detailed in Senate Report 97-265.

The resolution agrees that $6,600,000 shall be provided for advocacy programs including $1,000,000 for establishing an indicative data base, as specified in House Report 97-180, and $1,000,000 for development of an external small business economic data base, as specified in Senate Report 97-265.

The resolution agrees that the rate provides $300,000 in additional funds for the Office of the Inspector General and $175,000 in additional funds for technology transfer programs, as specified in Senate Report 97-265.

Business Loan and Investment Fund

The resolution provides a rate of $326,000,000 for the Business Loan and Investment Fund of the Small Business Administration. The resolution directs that the rate provided shall support a total of $3,300,000,000 in guaranteed loans, as specified in Senate Report 97-265, and a total of $225,000,000 in direct loans as detailed in Senate Report 97-265, except that $120,000,000 will be available for direct business loans. The resolution directs that $31,000,000 in unanticipated, unobligated balances shall be used to support the loan levels provided.

Department of Justice

Administratively Uncontrollable Overtime

The resolution directs that the rate of funding provided for the Federal Bureau of Investigation, the Immigration and Naturalization Service, and the Drug Enforcement Administration includes the full amount requested for Administratively Uncontrollable Overtime (AUO) as set forth in Senate Report 97-265. The Resolution also directs that the reduction of $500,000 from the previous continuing resolution which was vetoed, be proportionately distributed to accounts in general Administration.

United States Attorneys and Marshals

The resolution directs that the $291,950,000 provided for the United States Attorneys and Marshals include $5,000,000 which shall be available for the United States Bankruptcy Trustees. The resolution further directs that this program is to be financed out of savings realized for the U.S. Attorneys and U.S. Marshals and that in no event are personnel levels for those activities to be reduced in order to fund the U.S. Trustees.

Federal Bureau of Investigation

The Federal Bureau of Investigation has suspended fingerprint identification services provided to states and local authorities, banking and other financial institutions. The resolution intends that the Director will make every effort to restore such service within the current fiscal year.

Immigration and Naturalization Service

The joint resolution provides $428,557,000 for the Immigration and Naturalization Service. This amount is $41,421,000 higher than that in H.R. 4169 as passed by the House of Representatives but is $45,000,000 less than the level in H.R. 4169 as amended by the Senate. The resolution includes funds for enforcement and detention, but does not provide $35,000,000 for the construction of a permanent new detention facility. The resolution directs that the rate of funding provided is sufficient to maintain the number of Border patrol and investigations positions provided in House Report 97-180. In addition, the resolution directs that INS provide positions detailed in Senate Report 97-265 for the Charlotte and Atlanta offices.

Federal Prison System

Buildings and facilities

The resolution provides that $1,920,000 of the $13,731,000 provided for buildings and facilities for the Federal Prison System shall be used for the acquisition of land, engineering studies, and design of a new correctional facility in Phoenix, Arizona, as provided in Senate Report 97-265.

Legal Services Corporation

The resolution provides $241,000,000 for the Legal Services Corporation. The resolution directs that unless minimum access to legal assistance is available or provided in all parts of the country within the level of funding available, such funds should be allocated to insure that no greater level of access to legal assistance is available or provided to any part or area of the country than is available or provided to all parts of the country.

International Communication Agency

The resolution directs that of the $443,286,000 provided for Salaries and expenses, $100,000,000 shall be used for educational and cultural exchange activities as defined in the Mutual Educational and Cultural Exchange Act of 1961, as amended, $7,465,000 above the March budget estimate for academic exchange programs.

Department of Transportation and Related Agencies

Department of Transportation

Overall reduction

The resolution directs a reduction of $493,250,000 from the amounts which would otherwise be made available by this resolution for the projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982. In making this reduction, the Committee directs, that to the maximum extent feasible, the earmarkings and directives contained in the conference report and joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982, will be implemented. Any deviation from the language contained in that report should receive the prior approval of the House and Senate Committees on Appropriations.

Urban discretionary grants

The resolution directs that the reduction for urban discretionary grants appropriations be applied on a pro-rata basis for each activity and new start project identified in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriation Act, 1982.

Urban formula grants

The resolution directs that $58,725,000 of the $64,725,000 reduction in the Urban Formula Grants account be pro-rata; the remaining $6,000,000 of the $64,725,000 reduction in this account shall be taken from Tier IV only.

Interstate transfer grants

The resolution directs in the case of Interstate Transfer Grants, which were specifically earmarked by the conferees on House Joint Resolution 357, that the further reductions in this joint resolution be applied on a pro-rata basis to the base as specified in the joint explanatory statement of the managers on House Joint Resolution 357. In addition, for the Interstate Transfer Grants-Highway program, of the $288,000,000, the funding for Oregon shall be $60,000,000, the funding for Omaha shall be $2,000,000 and the remainder of the funding shall be allocated on a pro-rata basis among the other earmarked highway projects.

East St. Louis metropolitan gateway railroad project

The resolution directs that none of the reduction proposed by this amendment for Federal Railroad Administration, railroad research and development be allocated to the East St. Louis Metropolitan Gateway Area railroad restructuring project. The reduction of $7,000,000 from the appropriation redeemable preference shares shall be derived from the amount not specifically earmarked for any project in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriation Act, 1982.

UMTA—Personnel reductions

Any personnel reductions in UMTA required by this amendment shall be taken primarily from the Washington, D.C. headquarters office.

Railroad branchline abandonments

The resolution limits the railroad branchline abandonments in the State of North Dakota to 350 miles.

The House and Senate Appropriations Committees understand that the Illinois Central Gulf Railroad has agreed to cooperate with the State in the continued operation of their railroad lines in North Mississippi.

The resolution reiterates the language appearing on page 28 of the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982 (H.R. 4209), relating to surcharges, rate increases, and assistance from the Section of Rail Services Planning.

Allocating funds, sections 5 and 18—Census data

The resolution reiterates the conference agreement and joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982, concerning the use of census data in apportioning and allocating funds for section 18 non-urban formula grants and section 5 urban formula grants. The resolution directs that the funds made available by this resolution be apportioned and allocated as soon as possible.

Departments of Labor, Health and Human Services, Education, and Related Agencies

Grants to States for Unemployment Insurance and Employment Services

It is the intent of this resolution to assure that state unemployment offices will not be closed and employees will not be laid off as a result of limitations on trust funds provided by this resolution. The Secretary of Labor has indicated that if under the January 1982 economic assumptions the 1982 workload for processing unemployment compensation claims is higher than assumed in the September 1981 budget request, the administration will submit a supplemental request. It is the intent of this resolution that under these circumstances a supplemental request would be submitted to the Congress.

It is the intent of this resolution that the States should be reimbursed for all expenditures pursuant to this provision until a supplemental request is approved by Congress and that the Department of Labor will work with the States and the appropriations committees to assure adequate funding levels for operation.

College Housing

The resolution clarifies that the College Housing program is intended to function at a level of $75 million for direct loan commitments. The revolving fund is to be used to first fund the balance of any approved applications of fiscal year 1981 that were not fully funded because of a deficiency in budget authority.

Community Services Block Grants

The resolution directs the Secretary of Health and Human Services through the Office of Community Services, to continue to use his existing authority to make loans and loan guarantees through the rural development loan fund authorized under Section 681 of the Reconciliation Act of 1981. The resolution concurs with the Committee Report on H.R. 4560 in allocating discretionary funds under the community services block grant.

Bilingual Education

The resolution intends that for the "Bilingual education" appropriation the annual rate of operations under the Continuing Resolution is $143,810,000, the amount contained in both the House and Senate versions of the Labor, Health and Human Services, and Education appropriation bill for 1982. The resolution intends that the rate of operations for the activities under the total amount available shall be as follows:

Grants to school districts	$82,523
Training grants	30,038
Support services	19,747
Bilingual desegregation grants	7,662
Bilingual vocational training	3,840

Health Facilities

The resolution provides $35,790,000 for construction or expansion of two teaching facilities under section 720(a)(1) of the Public Health Service Act.

The resolution includes $20,790,000 for the construction or expansion of a teaching facility, the Institute for Advanced Biomedical Research at the University of Oregon Health Science Center, School of Medicine, Portland, Oregon, and $15,000,000 for the construction or expansion of a teaching facility, the Health Sciences Education Building, at the Tufts University School of Medicine, Boston, Massachusetts. This item of the resolution is not subject to the reduction provided by section 143 of this resolution.

Impact Aid

The resolution provides that the payments to any local educational agency under section 3(a) shall not exceed 90 percent of such payments for fiscal year 1981, instead of 85 percent as proposed by the House and 95 percent proposed by the Senate.

In determining payments under section 3(b) the Secretary should give priority to local educational agencies in which 20 percent or more of the total number of children in average daily attendance are determined eligible under section 3(b) of Public Law 874.

The resolution has provided full funding for section 3(d)(2)(B) of Public Law 874 which gives the Secretary of Education authority to balance the current budgets of qualified, heavily impacted school districts after regular impact aid payments have been computed.

Mine Safety and Health Administration

The resolution has included language prohibiting the Mine Safety and Health Administration from classifying a mine in the potash industry as gassy based upon air samples containing concentrations of methane gas.

Adolescent Pregnancy

The resolution provides $750,000 to continue the operations of the Office of Adolescent Pregnancy Programs in the Department of Health and Human Services.

Medicaid/Indian Health Facilities

The resolution provides that all Medicaid payments to the States for Indian health service facilities as defined by section 1911 of the Social Security Act shall be paid entirely by Federal funds and that these amounts shall not be included in the computation of the target amount of Federal Medicaid expenditures under section 1903.

Pell Grants

The resolution directs that funds available for student financial assistance shall be subject to the following additional conditions:

(1) The maximum Pell Grant a student may receive in the 1982–1983 academic year is $1,800.

(2) The cost of attendance used for calculating eligibility for and amount of Pell Grants shall be established by the Secretary of Education.

(3) The Secretary may establish or approve separate systems of need analysis for the academic year 1982–1983 for the programs authorized under subpart 2 of part A, part C, and part E of title IV of the Higher Education Act.

(4) The family contribution schedule for the 1981–82 academic year shall be the schedule for the 1982–83 academic year, modified by the Secretary to exclude payments under the Social Security Act and title 38, U.S. Code.

(5) No Pell Grant shall exceed the difference between the cost of attendance and the sum of the expected family contribution and amounts paid to, or on account of, a student under the Social Security Act and under title 38, U.S. Code, and if, with respect to any student, it is determined that the amount of the Pell Grant plus the expected family contribution and payments under the Social Security Act and title 38 does not exceed the cost of attendance.

The resolution requires that the Secretary of Education defer the use of a single need analysis system as authorized by the Education Amendments of 1980. Rather, for academic year 1982–83 the Secretary has the authority to establish or approve separate systems of need analysis for Federal campus-based student aid programs and to continue to use the Family Contribution Schedule for the Pell Grant program. It is the expressed intent of this resolution that the campus-based programs continue to operate under the current system of "sample cases and benchmark figures." The resolution intends that this provision will not require students filing any additional forms or data.

For the purposes of the Pell Grant program, the resolution defers the provisions of the Family Contribution Schedule in section 482 of the Higher Education Act of 1965. In its place the academic year 1981–82 Pell Grant Family Contribution Schedule will be the schedule for academic year 1982–83.

However, the resolution makes certain exceptions to the schedule. Veterans and Social Security student benefits are to be excluded from treatment as effective family income; rather, they will now be considered as student assistance to preclude Pell Grant overawards. The Secretary is authorized to adjust the schedule to reflect the most recent and relevant data.

For example, these adjustments could include updating base year income used to establish Pell Grant eligibility; updating the years income used to calculate independent student status; adjusting the amount of support by a parent, which cannot be exceeded in determining independent student status, to $750; adjusting for dependent student taxes; and/or adjusting the farm/business asset reserve.

The resolution intends that the Secretary set a series of assessment rates applicable to the discretionary income of families of dependent students that seek to meet the funding level provided in this resolution. For the purposes of section 482(a) of the Higher Education Act of 1965, this modified schedule is to be considered as a resubmission of that schedule and will be subject to Congressional review as a resubmitted schedule.

It is the intent of this resolution that the Pell Grant cost of attendance criteria used in academic year 1981–82 be the academic year 1982–83 Pell Grant cost of attendance criteria. This criteria is to be used for all references to Pell Grant program cost of attendance in this resolution.

RAILROAD RETIREMENT BENEFITS

The resolution provides an additional $45,000,000 for the payment of windfall benefits under section 15(d) of the Railroad Retirement Act of 1974, providing a total appropriation of $395,000,000.

LOW INCOME ENERGY ASSISTANCE

The resolution includes language relating to the low-income energy assistance program. This language provides that assistance can only be provided to individuals or families who meet the eligibility requirements established in the law and that payments may only be used for energy needs. This language is not intended to prohibit retroactive cash payments to individuals which legitimately relate to energy costs.

It is the intent of this resolution that this program be closely monitored by the executive branch in order to insure that federal funds are spent responsibly. This oversight should include unannounced spot audits as well as the normal review.

It is the intent of this resolution that the Secretary of Health and Human Services make available all funds appropriated under the Low Income Energy Assistance program. The timing of this program is crucial. The Department of Health and Human Services should be aware of the time-critical nature of this program and make certain that states are awarded their portion of the funds on an as needed basis.

Some state programs are designed in such a way that they require as much of their total share as possible early in the fiscal year. Some states are facing a legal or financial situation which prohibits them from advancing state money for the program. Still other states will need to be able to respond to crises brought on by sudden harsh weather. Timely release of funds to these states will help make the program a more effective and successful one.

Reimbursements for DESI Drugs

The resolution includes language which makes applicable the provisions of section 210 of the Departments of Labor, Health and Human Services and Education and Related Agencies Appropriation Act, 1982 (H.R. 4560), as passed by the House of Representatives on October 6, 1981 and the provisions of section 209 of such Act as reported by the Senate Committee on Appropriations on November 9, 1981.

Mine Safety and Health Administration

The resolution includes language providing that notwithstanding any other provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 with respect to any independent construction contractor who is engaged by an operator for the construction, repair or alteration of structures, facilities, utilities, or private ways or roads located on

(or appurtenant to) the surface areas of any coal or other mine, and whose employees work in a specifically demarcated area, separate from actual mining or extraction activities: Provided that no funds shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 on any State or political subdivision thereof.

This resolution encompasses bill language in the House-passed version of H.R. 4560, which provides that none of the funds appropriated for the Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Federal Mine Safety and Health Act of 1977 with respect to any person engaged in the surface mining of stone, clay, colloidal phosphate, sand, or gravel.

Job Corps

In addition to the basic rate the resolution provides an additional $10,000,000 for the Job Corps, providing a total appropriation of $610,000,000 for the Job Corps.

CENTER FOR DISEASE CONTROL

This resolution acknowledges serious concern for the funding of federal disease prevention programs. The Department of Health and Human Services should assess accurately its funding needs for these disease prevention efforts in order to do the best possible job of preventing and controlling morbidity and mortality associated with various diseases, epidemics and other conditions which endanger the public health.

The Department should use available financial resources, including discretionary funds, reprogrammings, and supplemental appropriation requests, to supplement its disease control programs.

Department of Education, Salaries and Expenses

For the purposes of achieving reductions provided by section 143 of this resolution, the Department of Education salaries and expenses accounts are intended to include travel and planned consultant services expenses.

Foster Care

This resolution directs that the provisions contained in the Department of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act for fiscal year 1982 (H.R. 4560), as reported by the Senate Committee on Appropriations on November 9, 1981, relating to a limitation on entitlement to payments for the Foster Care program under parts A and E of Title IV of the Social Security Act and transfer of funds under Parts B and E of such title shall not be applicable with respect to any sums made available by this resolution.

Health Care Financing Administration, Program Management

The accompanying resolution includes an appropriation of $78,535,000 for the Program Management appropriation of the Health Care Financing Administration, and authorizes the transfer of $872,000,000 in trust funds for Federal administrative costs.

The Committee has included $14,126,000 for State certification activities. Within this funding level, the Administration will reduce the survey burden on providers with a history of compliance with program conditions of participation, and will target survey resources on facilities which have a history of compliance problems.

For Medicare Contractors, the resolution provides $711,000,000. It includes $691,000,000 for normal program operations and provides for a $20,000,000 contingency fund to meet unanticipated workload and mandatory cost increases.

This level of funding should assure tight management of resources for provider audits and medical and utilization review of claims, including the targeting of these resources on known problem areas, and should ensure adequate control over benefit payments.

In addition, savings will be achieved by expanding current efforts to streamline contractor operations in areas that do not affect the accuracy of claims payment.

Social Security Administration, Limitation on Administrative Expenses

The accompanying resolution provides $3,017,000,000 for the Limitation on Administrative Expenses account within the Social Security Administration. This amount includes $70,000,000 as a contingency to provide SSA with sufficient flexibility to meet workloads not anticipated in the current budget estimates.

It is understood that sufficient resources are included within this level of funding to carry out normal activities with respect to Social Security programs as well as to increase preeffectuation review from fifteen percent to thirty-five percent as required by law, to increase the number of continuing disability investigations, to implement in FY 1982 the new debt collection initiative, and for automatic data processing improvements.

Special Education Personnel Development

There is considerable concern over the availability of an adequate number of trained special education teaching personnel. According to State reports some 65,000 additional special education personnel are needed to provide adequate educational services for handicapped school aged children.

It is the intent of this resolution that the Secretary use those means at his disposal in order to meet the substantial needs in the area of special education personnel development.

It is further the intention of this resolution that the parent training programs operated by parent coalitions will receive continued funding under Education for the Handicapped for fiscal 1982.

Mr. HATFIELD. Mr. President, I see no need to delay the Senate with prolonged remarks. I shall be happy to answer any questions my colleagues may have. At this time, Mr. President, I yield to the ranking member of the committee. I wish to indicate that we have worked jointly from the very beginning on this committee. I only wish we had been able to devise a package in greater and more intimate relationship but, the situation being what it is, I have kept the minority member on the committee informed, and the members of that committee, as to the progress in coming to this point of acting upon a continuing resolution.

Mr. President, I am sure that none of us is totally happy with the product. We are working against a deadline again, this time December 15. We feel that this is the best way to be able to celebrate Christmas at home with our families, by passing this resolution and avoiding a conference with the House of Representatives.

Mr. President, I never want to let these matters go by without expressing my appreciation for the fine work of the committee staff. I thing all members of the committee would agree that our staff is outstanding. I want to especially express my gratitude and appreciation to the minority staff of the House Appropriations Committee. Under very difficult conditions in the past few days, and with resources far more limited than those available to the majority staff on both sides, F. Michael Hugo and the men and women on the House Appropriations minority staff have been called upon to produce the detailed cost estimates, the reports and statements, and the actual legislation voted on today. They have responded in a highly competent, professional manner, and they have my respect and admiration.

The PRESIDING OFFICER. The Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, first I congratulate the distinguished Senator from Oregon. He has done an outstanding job all year as chairman of the Committee on Appropriations. It has been extraordinarily difficult. I cannot remember a time when the Appropriations Committee chairmanship has been plagued with so many problems or a time when they have been handled more wisely and expeditiously under the circumstances than by the distinguished Senator from Oregon. He certainly has my admiration and, wherever I can give it, my support.

Mr. President, I should like to say a few things about this resolution. It does have a different date. We should keep that in mind. The date it expires, as I understand it, is not September 30, 1982, but March 31, 1982—calendar 1982. It runs, therefore, through October, November, December, and then 3 months of next year. It is a 6-month, half-year, resolution, in effect.

Mr. President, the vetoed resolution contained $415.18 billion in budget authority. This resolution as it comes from the House is about $2.5 billion below that. It has $412.63 billion in outlays, which is what the administration focused on, what the Office of Management and Budget says is the real score, although we do not, of course, appropriate outlays, the difference is a reduction from $273.31 billion in the vetoed resolution to $271.60 billion, a cut of about $1.7 billion. That is $1.7 billion in additional savings.

It is very good news that the President will sign this, in my view, although there are some parts of this resolution that I think some members of the minority have difficulty with. I should like to ask the distinguished chairman of the committee about one of them particularly.

The senior Senator from Florida (Mr. CHILES), who will be on the floor shortly, may want to pursue this at greater length, but I just wanted to get this as clearly as possible.

As I understand it, Mr. President, House Joint Resolution 370, as passed by the House, would require a 4-percent reduction in certain accounts. However, the House-passed resolution also permits the President to reduce a program or project within an appropriation by up to 6 percent. I think Members should be aware of that. It has to be within an appropriation, but it can be reduced by up to 6 percent.

It is my understanding that this provision would not supersede the regular reprograming procedure established by the Committee on Appropriations. That is a little bit vague in the language of the resolution.

In other words, Mr. President, if the President elects to reduce a program or

project by more than 4 percent, would he first have to submit a reprograming request to the Appropriations Committee, as he has had to do in the past, or not?

Mr. HATFIELD. The explicit language of the resolution itself does not require that, no. Let me explain in a little detail here what the purpose is behind this particular proviso and the expectation of how it will function.

Section 143 reduces the total budget authority provided in the appropriation accounts in five domestic bills—only five—by 4 percent. Those five bills are Agriculture, HUD, Interior, Labor-HHS, and Treasury.

There is a further provision that no individual program or project within an account, any account, can be reduced by more than 6 percent in order to achieve the account level reduction of 4 percent. We felt it had to have this degree of flexibility. Without this second proviso, OMB could totally eliminate programs or projects within an account in order to achieve the total reduction of the 4 percent as required. The proviso, therefore, preserves congressional prerogatives, congressional priorities, as well.

Mr. PROXMIRE. If the Senator will just permit me to interrupt at that point, that is one way of interpreting it. Is it not true, however, that the assumption might be that the 4-percent cut was a 4-percent cut across the board in everything except, of course, the excepted elements? We except defense, foreign aid, entitlements, but except for that, a 4-percent cut. Now we are told that it can be a greater or lesser cut, provided the overall cut is 4 percent.

Mr. HATFIELD. Bottom line.

Mr. PROXMIRE. In other words, it could go as deep as 6 percent.

Mr. HATFIELD. On an individual project or program, that is right, Mr. President. What we are saying is that the basic bottom line will reflect a 4-percent reduction on all appropriated accounts in the five bills. For two other domestic bills. Transportation and Commerce, we had a line item reduction methodology applied to achieve an equivalent of what would otherwise be a 4-percent, across-the-board cut. Therefore, the above proviso that we are talking about here, the 4 to 6, would not apply to those two particular bills, Transportation and Commerce.

It was felt, and this is the interpretation that I would give as the legislative intent, for whatever legislative history has to be referred to down the road, that we wanted to provide the flexibility only in this so as not to eliminate programs or so cripple programs that might otherwise be crippled or to set certain priorities that would be important to maintain.

I do not think the administration could, in any way, utilize this, with the legislative intent as clear as it is, to excise programs or to destroy, completely destroy or strangle programs that would fall within these five bills. In fact, there is language in section 142 expressly prohibiting program termination.

Mr. PROXMIRE. As I understand it, for example, if an account provided for $100 million, instead of a 4-percent cut to $96 million, you could have a 6-percent cut to $94 million. Is that correct?

Mr. HATFIELD. No.

Mr. PROXMIRE. Within that account?

Mr. HATFIELD. The account base itself can be only a ceiling of a 4-percent reduction in the general account.

Let us take that account, whatever the account may be. You can apply the 4 percent only to that account. Within the account, you can take programs and go as deep as 6 percent in order to achieve the 4-percent account bottom.

Mr. PROXMIRE. I apologize for the inexactness of my language. I should have said a program within an account could be cut from $100 million to $94 million, provided the overall account was reduced by only 4 percent.

Mr. HATFIELD. That is correct.

Mr. PROXMIRE. And that cut could then be transferred to another part of the overall account.

Mr. HATFIELD. That is correct.

Mr. PROXMIRE. I understand.

(Mr. DANFORTH assumed the chair.)

Mr. HATFIELD. There is a flexibility within the account, not as between accounts.

Mr. PROXMIRE. I understand that there are some exceptional reductions. For example, the administrative cost of unemployment compensation, I am told, is reduced 12 percent, and the administration of social security is reduced by 1 percent.

Mr. HATFIELD. These accounts have to do with the administrative parts of those programs—this does not involve an actual entitlement or anything the beneficiary receives—but the administrative costs are really reduced, in effect, to the September budget request level.

In other words, the ones cited by the Senator might be as much as 12 percent; but what we are achieving in that is not an arbitrary, discriminatory percentage reduction for that particular administrative cost. We sought to reach the September budget request level so that these agencies will have to take up the slack in the overhead in those programs rather than in the program which is an entitlement. As you know we are exempting the entitlements.

Mr. PROXMIRE. It is my understanding that the unemployment compensation administrative costs would be reduced by 12 percent and that that reduction would be below the March request by the President. Is that correct?

Mr. HATFIELD. The Senator is correct. But let me tell him about a safeguard there. When this was first discussed as part of the package, the word went out that this would mean that we would close field offices just before Christmas, for those unemployed to pick up their checks, and so forth. Of course, that would be a horrible scene that could be conjured up, if that were the situation.

So what is in this is to state very clearly that no State field offices may be closed unless with the cooperation or the support of the State, which, in that instance, would be that the State has other ways to handle this matter.

Let me give the precise language from the bill:

> No funds provided by this joint resolution shall be used for administrative or other expenses in connection with the closure of any State unemployment office, except in such cases as may be determined by the respective State agency to render its services more effectively.

In other words, there may be a way in which the State can handle this. With that flexibility, we felt that that would protect the recipient against the possibility of the closing of an office that becomes the source of his check or his compensation.

Mr. PROXMIRE. What concerns me is that in view of the dramatic changes in the last 2 months in unemployment—an enormous increase, one of the biggest increases we have ever had in a 2-month period, with 9 million Americans out of work—it seemed like an unfortunate time to reduce the administration of unemployment compensation by 12 percent.

Mr. HATFIELD. I could not agree with the Senator more in his observation. This is why this proviso was jointly developed between the House and the Senate leadership, to prevent that kind of scenario from occurring.

Mr. PROXMIRE. The Senator, then, is confident that this reduction should not work a hardship on beneficiaries, because they would have such a limited administration that they would not be able to collect their checks on time, for example.

Mr. HATFIELD. That is correct. Not only is this the intent behind the legislative special provision I have read, but also, I say to the Senator, I think that within these agencies there is an administrative relationship to the whole executive branch of Government that would clearly recognize the political fallout, if nothing else, of such an action.

That is all you would need to dramatize what would be called fiscal irresponsibility or administrative incompetency, to create that kind of hardship. The publicity attendant to that type of thing, I think, is a safeguard, if it had been anybody's strategy for it to happen.

I say to the Senator that no one in the executive branch or in any part of this negotiation has contemplated that this administrative overhead reduction would in any way encumber the free and easy flow of the procedure to reach the recipients in the normal procedures they had become used to in these compensation programs.

Mr. PROXMIRE. It is my understanding that a member of the Appropriations Committee in the House, one of the wisest and ablest Members, contends that the cut in administrative expenses for unemployment compensation could increase the costs by as much as a billion dollars. This is not an irresponsible charge by somebody who is not familiar with it. This is one of the ablest Members of the House, and he has looked into this very carefully. I understand that this is based on an internal memo in the Department of Labor, which made that allegation originally.

Mr. HATFIELD. The Senator is correct that in testimony before the House committee, the Department of Labor, I believe, gave this particular estimate of the increased overhead or the increased costs that these administrative reductions would create. But that testimony and

that data have been reviewed by the OMB and by staff here on the Hill, as I understand; and they feel that that conclusion is not supportable by computations and calculations made with the same data base. And it is not the official administration position.

I think the Senator realizes, of course, that the agencies traditionally have made every effort to resist reductions in overhead. I do not believe there has been an agency, in my short time as chairman of this committee, that has not had some kind of appeal for restoration of reductions in administrative costs.

As the Senator from Wisconsin knows, we have had a number of these agency directors come bfore our committee and support programmatic reductions. But almost uniformly, they have resisted, in the same testimony, efforts to reduce administrative overhead.

The Senator from Wisconsin has pointed out on occasion, "How do you support a programmatic reduction and at the same time cannot find a correlated administrative overhead reduction?" There has been almost a consistent pattern of these Departments asking for hands off of administrative cost reductions for restoration and appealing the reductions that have been made by OMB.

How many times have we sat through hearings of appeals from reductions in overhead by the OMB?

Mr. PROXMIRE. What makes me uneasy is that I hope this is not the same expert at OMB who, when he found his projected estimates were wrong, changed the input into the computer to make them comply with his predilections.

Mr. STEVENS. Mr. President, will the Senator yield?

Mr. HATFIELD. May I finish answering the question?

I say to the Senator that, of course, there is always another safety valve here. Any kind of miscalculations might occur, and certainly enough miscalculations have occurred in the past to anticipate that we may have some in the future, even on this. But there are two safety valves.

One is that this is a continuing resolution which we expect to be superseded by the bill itself before this deadline is reached again and Congress will certainly have its full imprint on prioritizing and reviewing and whatever else is necessary, and as long as we can come within that bottom line figure of outlay reductions within this continuing resolution we have had good response from the White House that they will sign the bill. So we still have that as a safety valve.

Mr. PROXMIRE. As far as that safety valve I hope and pray it happens.

I am afraid in Labor, Health, Education, and Welfare we may have to wait.

Mr. HATFIELD. That is going to be the test. That is going to be the supreme test of all. There is no question.

Mr. PROXMIRE. That is what I am talking about here.

Mr. HATFIELD. This is one involved in that.

There is also the matter of a supplemental as a second safety valve. If we get down the road and we find there has been any kind of miscalculation we still have the supplemental route to pick up that slack or whatever correction we may be required to make.

The Senator from Alaska asked me to yield. I yield to the Senator from Alaska.

Mr. STEVENS. Mr. President, I wish to comment briefly upon the statement that the majority leader has made concerning the Defense appropriations bill.

I am delighted to see my good friend, the Senator from Mississippi, with whom I have worked on the Defense appropriations bill this year and for many years.

We note that the provision of the continuing resolution regarding Defense appropriations as it passed the other body and as it is pending before the Senate, provides for a February 15 expiration date in the event we are unable to get a conference report back to the respective bodies and approved by the President this year prior to our adjournment sine die.

I am heartened by the majority leader's comment that we shall stay in session until we get a Defense appropriations bill.

February 15 is not an acceptable date as far as I am concerned. I shall not attempt to amend it, however, because of the circumstances that exist and because of my belief in the statement of the majority leader that we will remain in session to get an appropriation bill for the Department of Defense.

Incidentally, neither Chamber is scheduled to be in session on February 15. We are scheduled to recess on February 12; thus, the provision in the continuing resolution would merely give us from the time we get back on January 25 until February 12 to complete consideration of the bill. During that period of time we will be going through a tremendous number of formalities that accompany the convening of the second session of any Congress. Therefore, time would be short until the February 15 date.

I do not believe the Department of Defense can operate on a continuing resolution this year. I can report to the Senate that the distinguished Senator from Mississippi and I have visited with the distinguished chairman of the House subcommittee and the ranking minority member of that subcommittee this morning. We will meet with them again tomorrow morning.

We have an understanding that it is our goal to go into conference as soon as the chairman calls the conference and to finish the bill during this session of Congress. We do not yet have a final commitment that we will stay in session as far as the House of Representatives is concerned. By that I mean I have not heard the Speaker say that he will keep the House of Representatives in session until we get a bill.

I have every confidence in our counterparts, the distinguished Congressman from New York and the distinguished Congressman from Alabama, with whom we work, and I believe we can bring back to the Senate a conference report on the Defense appropriations bill.

Let me make clear the reason why I am so concerned. This continuing resolution has a level of $196.7 billion for the Department of Defense. The President's September mark which reduced spending for the Department of Defense by $2 billion in outlays is $200.8 billion. In other words, this bill falls far short of the President's request and is very much short of the level set by the Senate when it passed the Defense appropriations bill last week.

I think it is highly unacceptable for the reason that although the continuing resolution will keep the major weapons systems going at a high rate—there is no disagreement between the House of Representatives and the Senate on the MX, the B–1, and the other major weapons system—the differences are on relatively smaller items. They are still large in terms of other appropriations, but they are not the major weapons systems. They are the procurement items, the operations and maintenance items, and the items which vitally affect the readiness of our defense establishment.

We have heard a lot in this Chamber recently about readiness. Let me tell the Senate that this bill, continuing as it does defense spending at the lowest level of either House of Representatives or the Senate, leaves the Department of Defense at the lowest possible level in terms of its readiness capability.

We must have a conference report in order to eliminate our differences over these procurements. They are honest differences between the House of Representatives and the Senate, but only a conference will resolve that, and I am committed to stay here as long as we must in order to get a bill out of conference. have it approved by both houses, and sent to the President this year before we adjourn sine die this year.

I wish to yield to my good friend from Mississippi who told me he does have a comment he wishes to make. If the Chair will recognize the Senator from Mississippi, I shall be most appreciative.

The PRESIDING OFFICER. The Senator from Mississippi is recognized.

Mr. STENNIS. Mr. President, I thank the Chair, and I thank the Senator from Alaska.

Mr. President, I think it is a tremendously fine and necessary turn of events that the floor leaders here have this continuing resolution up for immediate consideration and disposal as soon as possible. But with equal and even more firmness and interest is the matter of policy. I emphasize in every way that I can that we absolutely must not yield from the proposition that this enormous Department of Defense appropriations program and the bill to back it up is so important and so large and so expensive, that we cannot afford to take a position. "Well, after all, it can operate on a continuing resolution."

The Senator from Alaska has pointed out several cogent, strong reasons to the contrary. Then in addition thereto it just does not make sense anyway to have around $200 billion for a 12-month period and for us to say that we cannot afford to pass the legislation to spend that, to spend that on the basis of what we provided the money to do and that we are hemmed in or have to get away under some pretext.

We just have to put first things first. I do not know. I look upon a great deal

of this as an investment in deterrence. But if we are going to make a slipshod job of adopting it as an I-do-not-care or a policy either that we let the Department of Defense program be upside down or neglected to the extent of not providing a bill that is representing the will of Congress and the policy of Congress and the President, if we are going to let it slide into a second-rate position like that, the Soviets will never take us seriously and we will never get the money's worth out of the bill for deterrent purposes.

Furthermore, Mr. President, I see here—I know that I take the hindsight on it in a way, but I see here—the committee system of the Senate being gradually ground to pieces and being gradually destroyed, gradually destroying the committee system, which is the working arm of the Senate. That is where the policies we finally adopt are worked out, and experts in the way of Members here and in the way of staffs of the committees and experts in the executive branch and experts in the field of witnesses, there is where their thought, their work, their judgment are brought to bear.

May we stop just long enough so that we are not frittering away, cutting to pieces, neglecting, bypassing the working arm, the effective part, of this body.

Furthermore, to let the committee system be neglected or become secondary, and not the workshop is to deny new Members a chance to really find a place to work and to show their talent and to show growth here.

It is not what a Member says and does here on the floor that gives him a position in this body, not nearly as much as it is what he is able to do in the committee. He does not have to be hte chairman of the committee or a chairman of a subcommittee either to find plenty to do.

It is there that they take on the growth stature or grow into the position so that what they say on the floor is considered seriously, and their counsel is sought with reference to certain policy fields in which they specialize.

So I worship the Senate in a way, and particularly the committees of the Senate, having great deterrence for them.

I know in my mind we are greatly abusing the so-called continuing resolution idea or concept of things, which is really just a little connecting link there timewise, and to put the whole budget of the Federal Government into a continuing resolution, to debate useless, fruitless minor amendments about it all night and maybe all into a second night is ridiculous to me, and I do not think it is first-class legislation that can either come out of a product or a procedure like that unless it is an extreme emergency.

Let us continue to keep these appropriations bills out of the grinding process that makes it absolutely impossible to get the best there is out of the talents of our membership, our staffs in the committee particularly, and in the executive branch of Government as well as outside witnesses, as we call them.

I am highly pleased at this turn of events which makes it seem that we are going to get an appropriation bill now and also pass this continuing resolution that has far more in it than I think it should.

So, I will address some of these items later, not now. I thank the Senator.

Mr. STEVENS. Mr. President, I thank the Senator and I am glad we are in complete agreement concerning the objectives of our subcommittee.

Mr. STENNIS. Mr. President, I yield the floor.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CHILES. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CHILES. Mr. President, I have been looking at the bill we have before us now. We have only had an opportunity to look at that for just a few minutes, and it is still difficult for me to understand. Based on what I see, I certainly was disposed to offer an amendment, and I may offer that amendment. But I would like to express my fears first and then listen to what the respective managers of the bill have to say in that regard.

My understanding is that this bill gives authority for OMB to be able to cut any program within an appropriation account up to 6 percent, rather than 4 percent, as long as they cut 4 percent in the total account, and that they cannot transfer funds across accounts. They would have to make their adjustments within accounts, but that provision allow the President, in effect, to cut up to 6 percent from any program, or allow OMB to cut it, and exempt others from any cut.

My concern is that that provision is going to allow OMB to rewrite some of our appropriation bills. We have gone to great extent and much pain in some areas to set what appropriations should be and where the cuts should be and how much the cuts should be, and then in some of the areas we took an overall, 4-percent cut.

But now to allow OMB—and often this is done by some mid-level bureaucrat in OMB—to decide, "I want to go low at a program, and I want to take 6 percent out of that program, I will put some more money into a program that I want to beef up," that appears to me to be just surrendering our constitutional obligation in the Congress, and certainly in the Appropriations Committees, to be the ones who set the amount of money that programs should have and to provide the ways in which those funds would be changed.

My concern is that we are endangering ourselves of getting back into the overall battle again of impoundments and rescissions, and that was a battle that we spent hours and months concerned about during the Nixon administration.

We had a series of lawsuits. It was the precursor of the Budget Committee Act, or much of the reason for the Budget Committee Act, and Congress finally was able to reassert its constitutional role. The Congress or outside plaintiffs won every one of those court cases where the President was impounding funds, failing to spend funds—and then we set up procedures in the Budget Act to avoid any further impoundment. For us to turn around and surrender that authority that we fought so hard for, that we were so concerned about, that we were worried was about to be lost, would be to surrender, really, the last power the Congress has, the power of the purse.

I remember well what the Attorney General in the Nixon administration said—that certainly the President had this power; he could impound any fund; he did not have to spend anything the Congress had appropriated. And this was the position they were taking.

We saw that if they decided sewer projects were not needed—and they did decide that—no money was made available for those; housing was to be held back, no money was made available. And that money was held back several years that we fought about.

My concern is that we are seeing—maybe it is the opening wedge, maybe I just hunt for devils. But here where we see a situation that says the agency can take up to 6 percent, reprogram that, and take on powers that the Constitution rests in Congress—I certainly hope it does not mean, but I am not sure—and it is not clear to me that those funding changes even have to come back to the Appropriations Committees in the House and Senate for our approval, as we always had on the provision under reprograming that we allowed before.

So, I may be reading this wrong and I would like to be cleared up on that. But if it does give them this authority to go from zero to 6 percent on any program, without any notification, without any approval of the Congress or of the Appropriations Committees, then, Mr. President, I feel that I am going to have to offer an amendment and to discuss this issue at length, so that the Members can understand what we are getting into and the fact that we are getting ready to give away an area that we fought so long and so hard to try to protect.

And I would be delighted to have the manager of the bill, the chairman of the Appropriations Committee, who I so much respect, enlighten me as to whether I am reading this provision incorrectly or not or what he sees the powers and what he sees the intent and purpose for this and why we should be granting this power.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I would like to say, first, that I welcome this opportunity to make legislative history with the Senator from Florida on this profound and fundamental point.

I recall very clearly the role I was able to play in the anti-impoundment legislation that we developed here in the Congress as a result of the efforts of Chief Executives to circumvent, through the impoundment authority, legislative intent, legislative will, and many other things that we felt were fuzzing over, if not directly violating, constitutional intent of the other branches of Government and their prerogatives and rights.

So there would be no one who would come to this floor and who would be more opposed to the idea of reestablishing impoundment authority on a continuing resolution with, hopefully, a very brief life span.

If the Senator from Florida recalls, the basic concept of impoundment was to give to the administration greater flexibility to, in effect, reduce and terminate programs.

Now, let me say that this proviso here is precisely the opposite. The legislative intent here is to protect programs. Let me explain why. If you will turn to page 56 of the resolution, you will see that, in section 142, beginning on line 7, it says: "total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the following appropriation acts:"

And then it lists the acts. If you would drop down to line 21:

shall be reduced by 4 per centum.

Now, that is the basic formula. Four percent.

But then we move over to page 58 of the bill and it says:

within any appropriation account for any program or project shall not be reduced by more than 6 per centum.

In subsection (f), following on line 3:

The reduction made by this section shall be applied so that no program or project shall be terminated.

Now, I would say to the Senator from Florida that if we reduced the Consumer Product Safety Commission, for example, by 3 percent—not 4, but by 3 percent—we might effectively terminate the program.

So what we have done is to build into this the precise protection against the termination of such a program as the Consumer Product Safety Commission—that is only an example—by not letting it be reduced by 4 percent, or perhaps by even 3 percent, because it might be equivalent to termination, but within an account—not between accounts, but within an account—in order to get the overall 4-percent reduction, in order to protect these programs and projects, we provide for up to a 6-percent reduction.

Now the Senator brings up a very important second point, and that is how should this be implemented? Is this a unilateral action that we have now divested ourselves of any continuing responsibility as Members of the Congress? And the answer is, very simply, no. We are not divesting ourselves.

This, in fact, is a reprograming action. And it would be expected I know by the majority in the Senate, as I would represent on the committee, and I know on the minority side, the Senator from Wisconsin (Mr. PROXMIRE) that we would expect notification and the normal communication of the agency from the agency to the Appropriations Committee upon any action of this kind in the traditional, normal reprograming procedure, and thereby avoid any characteristic of reestablishing, or any evidence of trying to reestablish, an impoundment authority in the hands of the Chief Executive.

Now, it may be that in order for us to make certain that everybody has a clear understanding of this—everybody does not read legislative history, the legislative record—I would want to assure the Senator from Florida that I would be willing to join with the Senator from Wisconsin; the Congressman from Mississippi (Mr. WHITTEN), chairman of the House Appropriations Committee; the Congressman from Massachusetts (Mr. CONTE), the ranking minority member of the House Appropriations Committee; and the four of us clip from the RECORD these remarks that we are now making as legislative history and send them to the OMB so that they will have the record in hand and we will not have to risk the chance that they have failed to read the CONGRESSIONAL RECORD or fail to have their representative up here listening to this colloquy.

So I just want to assure the Senator that from legislative intent, from legislative mind and legislative history, we are doing precisely the opposite. We are trying to protect programs rather than empower the administration with authority to impound or to destroy or strangle programs.

Mr. PROXMIRE. Mr. President, if the distinguished Senator from Oregon would yield, I want to say I wholeheartedly agree. I am delighted the Senator from Florida has raised this question, because he raised it far more ably than I did.

The response that I initially got, which was a different response—and I am delighted to have it corrected, because I think this latest response has to take precedence—was that it would not be necessary for the administration to consult with, advise with the Congress. And I think the chairman is absolutely right. I have joined with that, and I think we should make it clear that this latest position is the position that we both support. And I particularly appreciate the very ingenious suggestion that we have the chairman of the House Appropriations Committee and the ranking member join with us in notifying OMB that that is the position of the Congress and that they should know that we have made that legislative history with the fullest intent.

But the fundamental argument made by the Senator from Oregon, which is a very sound argument, and so clearly accepted by the Senator from Oregon, is that the purpose of this is to save programs, not to reduce a program or to eliminate a program. The Senator from Oregon gave an excellent example of a program that could conceivably be destroyed completely with a 3-percent reduction, let alone a 4-percent reduction. It is necessary, therefore, to have this flexibility for that express purpose.

Mr. HATFIELD. If the Senator will yield, I would like to correct the legislative colloquy.

When the Senator asked me originally about whether or not this resolution required the administration to make that kind of communication, I responded in the negative because the language itself is not in this resolution.

What I have now indicated is that we are relying not so much on precise language in the resolution; we are relying upon the precedents set in the reprograming action of the executive departments. I think I was consistent but perhaps it is in need of clarification.

Mr. PROXMIRE. That is so important because we do have that reprograming procedure well established by custom. We are consulted now. If we should lose that, it would be a very serious mistake.

Mr. CHILES. We are consulted and we do approve. My understanding is that any change from the 4 percent, we consider to be a reprograming request, and it would have to be submitted to us for approval, to the Appropriations Committees of both Houses.

Mr. HATFIELD. As I indicated to the Senator, I will be very happy to even write a letter directly to OMB to describe this as legislative intent and this colloquy as the legislative history.

Mr. CHILES. I thank the distinguished chairman for that statement, and also for the expression that he shares with the Senator from Florida the same concern that we do not go back into the battle of rescission impoundment, that we not open that up. Really, if the purpose is to save programs and not to exercise their will as to where cuts should be made, then that will be a good purpose.

Certainly, by us being notified and having to give approval, we are going to get a chance to see what that intent and what that will appear to be. That gives me greater cover because seeing how they use this authority certainly will give me more comfort, and also the chairman's expression on how he feels about impoundment and rescission.

My concern, I will have to say, was that this was the first step, the first wedge, on what we would be seeing come along in every bill, in every appropriation, and really seeing us give up the battle that we finally won, that we, the Congress, are to be the body, constitutionally set up, which determines how we tax people and how we spend their money. Also, where cuts are going to be made.

I am delighted to have the Senator's concurrence in that and certainly his support if that fight were to develop. It would be essential for the Senate to be able to withstand assault on our prerogatives.

Mr. President, I do want to point out for the record some dangers on rewriting priorities in the bill. I think we could have used a simple exemption procedure to save programs, rather than opening up any kind of broad authority.

By deciding where to take the 4-percent cut, the administration could preempt the Congress constitutional responsibility of setting spending priorities. Spending levels within accounts are set either by bill language or report language—the provision in this bill could override both, if properly applied.

For example, assume a large account, say $1 billion, which contains one large program ($900 million) and four small ones (total of $100 million). Assume that the President's budget proposed cutting the large program, but not the small ones. Suppose that Congress disagreed, and cut the small programs in order to

protect the large one, which it considered vital. The "flexibility" provision would allow the administration to take the entire 4 percent ($40 million) out of the large program and exempt the small ones.

The administration argues, in the case of the continuing resolution, that some programs cannot bear the impact of the 4-percent cut. For regular bills, agency heads are arguing that they cannot operate some programs under the President's September budget request. While it is certainly strange that the administration is saying it cannot operate under its own budget, there are other remedies that would avoid giving away constitutional checks and balances.

Under existing law, the President may always request supplemental funding on an urgent basis. If there is no time to pass a supplemental, the Anti-Deficiency Act allows the President to spend necessary funds on an emergency basis and notify Congress of the deficiency expenditure. Congress then provides funding in the next available appropriations bill. We could also have an alternative provision. The administration's argument could be met by providing that the 4-percent cut would not apply in any case where the President determined there would be extreme hardship or disruption, and requested approval of the exemption by both Appropriations Committees. The President is unlikely to overuse this provision, since he wants to reduce overall spending levels. The Congress responsibility to set spending priorities would be preserved.

Mr. HATFIELD. Mr. President, I stand shoulder to shoulder with the Senator from Florida and the Senator from Wisconsin on this matter. As a matter of emphasis, let me again underscore the language of the resolution on page 38, when it speaks of within any appropriation account for any program or project shall not be reduced by more than 6 percent, in the very next line, "The reduction made by this section shall be applied so that no program or project shall be terminated." I think there, again, we are being very, very explicit in our determination that whatever flexibility factor we have built in here, it is not to be used to destroy or to terminate but to protect. As I indicated before, I gave an example of the Consumer Product Safety Commission as one that perhaps could not even undertake a 4-percent reduction because it would be almost equivalent to termination.

I thank the Senator for raising this issue on the floor at this time.

Mr. President, one Senator on our committee who has probably been in as many hours on negotiation on one part of this matter as anyone on the whole committee, has been the Senator from Wisconsin (Mr. KASTEN). He had an almost impossible task assigned to him in working out an arrangement on funding foreign assistance.

Senator KASTEN had this onerous task thrust upon him as subcommittee chairman of the Subcommittee on Foreign Operations. If there was to be a Job award for patience, I think the Senator from Wisconsin would be the unrivaled recipient of that award throughout all this. I would like to yield the floor at this time to the Senator from Wisconsin with a statement of deep appreciation for his perseverance.

Mr. KASTEN. I thank the Senator.

Mr. President, I have taken the floor on two previous occasions with reference to funding for foreign assistance in the continuing resolutions we have considered on this floor in the last several weeks. I have done so in an attempt to clarify the factual situation with respect to foreign assistance funding which, unfortunately, has been caught up in a great deal of political rhetoric. In fact, this rhetoric may have caused permanent damage to the foreign assistance program, which as we all know, is politically a very weak animal to begin with.

Mr. President, the funding provided in this bill is meant as a stopgap, temporary measure, and that funding level has never been considered as even a possible level of funding for fiscal year 1982. I am emphasizing this because many have talked in terms of using this low number as some sort of base for other comparisons. In fact, a more accurate base would be to look at what was provided in the last fiscal year—that figure was $13 billion, or $3.4 billion more than is in this measure.

If the programs funded by the Foreign Operations Appropriations Subcommittee have to live on this level of funding much longer than a few weeks, it will surely do great harm to our foreign policy. As I have said before, it completely eliminates needed direct foreign military credits to Egypt, Sudan, Thailand, Portugal, Turkey, Kenya, and other very important friends of the United States. It decimates the Peace Corps, possibly requiring it to pull out of at least eight countries. It cuts the hard loan window of the World Bank by 75 percent, thus causing the loss of our veto. I will not repeat all of the horror stories that would follow unless other action is taken soon.

Mr. President, there is some good news, in that the House will soon be considering the regular foreign assistance appropriation bill, which I hope will pass, based on the success of the authorization bill in the House yesterday. I have talked with the ranking minority member of the Foreign Operations Appropriations Subcommittee, Senator INOUYE, and he has indicated that he would join me tomorrow, Saturday, Sunday, and into next week in conference with the House in order to get this bill to the President. It is absolutely crucial to do so, and when this happens, I hope it will also serve as a significant step in the mending process needed because of the partisan posturing and action by some over the foreign assistance program.

Mr. President, I repeat, this is a stopgap, temporary measure only and the funding provided in it should not be considered by anyone as any kind of indication of the amount which should be provided for these important programs in fiscal year 1982.

Mr. President, I yield the floor.

Mr. BOREN. Mr. President, we now have one centralized facility for the training of air traffic controllers located at the FAA center in Oklahoma City. It would appear to me to be unwise to establish a duplicate center to train air traffic controllers. That would increase administrative and other costs. I have noted that there is funding for an air traffic control training facility at Grand Forks, N. Dak., contained in this joint resolution. I would like to inquire of the distinguished Senator from North Dakota (Mr. ANDREWS) whether it is his understanding that the training facility at Grand Forks is intended to be a temporary facility to train air traffic controllers which would not replace the training given at the Oklahoma facility. Am I also correct in my understanding that the final portion of the training would still occur at Oklahoma City?

Mr. ANDREWS. I thank the Senator from Oklahoma for his interest in this. The Senator is correct in his summary of the intent of this provision. I would assure him that this is intended to be a temporary measure to help supplement the Oklahoma City facility. Mr. President, the facility in Oklahoma City is, and most certainly shall remain the permanent facility for the training of air traffic controllers for certification for Federal employment.

Air traffic controllers will continue to receive their final training at the Oklahoma City facility before becoming fullfledged controllers. I would point out that the University of North Dakota, with its extensive background in aviation training, is a logical location to provide this supplemental controller classroom training, associated with a college degree program, necessary to restore the Nation's air traffic control system as rapidly as possible.

Mr. BOREN. I would also like to inquire of the distinguished chairman of the committee (Mr. HATFIELD) if this is also his understanding of the purpose of this appropriation contained in this joint resolution.

Mr. HATFIELD. I also want to thank the Senator from Oklahoma for his interest in this and assure him that this is also my understanding of the utilization of this funding.

Mr. BOREN. Mr. President, I thank my colleagues for their responses to my questions. Having received these assurances I will not raise any objection to the provision.

Mr. BUMPERS. Mr. President, in a moment, I will offer an amendment. However, prior to that, I should like to ask the distinguished chairman of the Appropriations Committee three or four questions.

Section 142 lists a whole host of programs in this budget that are to be cut by 4 percent. My first question is, does that include entitlements; and, second, what is the total amount of the cuts from this continuing resolution as a result of that 4-percent reduction?

Mr. HATFIELD. First of all, the answer to the question as to whether or not this includes entitlements is "No." It does not include entitlements.

If the Senator wishes, I shall be happy to give him a list of the exemptions. The exemptions are the entitlement programs—food stamp program, veterans

medical care, other Veterans' Administration programs at or below the September Presidential budget request, revenue sharing, Internal Revenue Service, Federal Bureau of Investigation, Drug Enforcement Administration, law enforcement activities, Customs Service, Secret Service, Coast Guard.

Also excluded from the 4-percent reduction are the defense and military construction appropriation bills, which are subject to a separate 2-percent reduction. This reduction, however, I must say to the Senator, is illusory; because since these bills are signed by the President, this reduction for military spending is the same as that in the vetoed resolution.

There are two exceptions to this 4 percent across the board in the accounts—the transportation bill and the commerce bill, which are equivalent to 4 percent, but they are line item reductions.

As to the total amount, it is $2.6 billion in outlays. We had $1.1 billion in outlays in the vetoed resolution. We have $400 million in energy and water. It gives a total of $4 billion in outlays that is the reduction from the March budget estimates.

Mr. BUMPERS. That is excluding the 2-percent cut in military construction and 2 percent in the defense appropriations bill. The 4 percent is all those programs listed that are not the excepted totals, approximately $4 billion?

Mr. HATFIELD. That is correct.

Mr. BUMPERS. So far as the defense appropriation is concerned, I note that there is a 2-percent cut here, but I also see that it applies only until a conference report between the House and the Senate on the current appropriations bill is finalized, at which time defense expenditures will jump to whatever the conference report provides. Is that true?

Mr. HATFIELD. That is basically correct.

Let me put it another way: In the resolution, the defense bill is $196.7 billion, I believe. The Senate-passed bill which would supersede at any time that is completed in conference and repassed by each House, is a $208 billion figure. So, in all likelihood, the bill finally passed by Congress, if it did not drop out from under the continuing resolution, as any other bill once it is passed and signed, will be higher than the figure in the continuing resolution.

Mr. BUMPERS. But in this case, as I read it, the defense appropriation will jump to the 1982 approved level by the conference committee and not necessarily that which is approved by both Houses. In other words, it will jump to the conference report level before it actually receives final approval by both Houses.

Mr. HATFIELD. That is correct.

Mr. BUMPERS. My last series of questions goes to how much is in this bill for foreign aid.

Mr. HATFIELD. Foreign aid is a separate situation that is being acted upon by the House of Representatives at this time. Let me just briefly outline the situation. As the Senator from Arkansas knows, we have not had a foreign operations authorization act for a number of years. We have had foreign operations under a continuing resolution.

Part of the total package of getting this whole fiscal situation agreed to in the House of Representatives and the Senate and with the White House was to force, in effect, the House of Representatives into taking action on a foreign operations authorization act before they would take action on a foreign operations appropriations act.

The House of Representatives has just passed this afternoon late, as the Senator probably knows, a Foreign Operations Authorization Act. They are now in the process of taking up a Foreign Authorization Appropriations Act and that has been sort of a two-track situation. Really we have almost had three tracks in this whole continuing resolution situation.

We have had eight domestic appropriation bills handled more or less in the area where we are taking the reductions in the outlays. We have had the Defense bill which has been on military construction that has been on sort of a separate track. And we have had the foreign operations which has been in effect on a third track.

So what we are waiting for in terms of the House of Representatives now that they have passed an authorizations act is to move that in conference, to get that settled, and to follow that in tandem almost with the appropriations act. To predict what that figure will be I do not know.

Let me tell the Senator what the figures were in the continuing resolution that was vetoed. We went to conference with the House of Representatives with a $9.5 billion figure for foreign aid. The Senate figure was in excess of $11.6 billion.

Mr. BUMPERS. The House of Representatives level was $9.5 billion or $9.6 billion, and the Senate level was $11.6 billion.

Mr. HATFIELD. That is correct.

Then in conference, as the Senator recalls as a conferee, the House of Representatives was willing to add $500 million to the $9.5 billion figure of the House of Representatives so we were slightly in excess of $10 billion.

That was more than a question of dollars. That was commitment in prioritizing programs. We had the problems of IDA and the Development Bank, as the Senator knows, as far as the House of Representatives was concerned.

So if I were to be a gambling person at this time I would put my money on the fact that probably what will ultimately emerge will be closer to the House figure than to the Senate figure, both from the standpoint of what we experienced in continuing resolution conference and also what has happened in the House of Representatives today.

But I really cannot give the Senator more precise figures than that at this time.

Mr. BUMPERS. Let me ask the Senator this question. Let us assume that this whole thing gets sidetracked in the House of Representatives.

Mr. HATFIELD. The foreign operations?

Mr. BUMPERS. Yes, foreign operations bill. They passed an authorization bill this afternoon and, as I understand, they are going to follow that with an appropriation; and as the Senator points out, that is going to be a historic occasion because the House has not passed a foreign aid bill in 3 years.

But my question is this. Let us assume the House of Representatives gets sidetracked and passes nothing. What will be the spending level under this continuing resolution?

Mr. HATFIELD. All right. In that circumstance, if that should be sidetracked in what is happening in the House of Representatives tonight, then in this resolution under this resolution conditions we would have the lower budget estimate or current rate and that figure is $9.6 billion in budget authority, plus $100 million for Export-Import direct loans, plus $2.2 billion for Export-Import guaranteed loans.

That would be what this resolution would cover. In other words, we would have zero reduction in outlays from current levels.

Mr. BUMPERS. What is the precise language of this resolution about which House or which committee is going to control the speaking level on foreign aid pending a final passage by the House, a conference committee, and the passage of that conference report by both Houses? Let me repeat the question, as I wish to be sure the Senator understands.

Mr. HATFIELD. If I understand the Senator correctly, it remains at the level of the resolution until a bill is signed into law. I mean any of these that are cared for under this resolution are immediately superseded by a bill once it is signed by the President.

Mr. BUMPERS. I know, but does this resolution provide—I apologize because I could have looked it up if I had had the time—but does the present resolution provide that current spending levels will be at the lower of the House or the Senate committee?

Mr. HATFIELD. No. The current rate of spending.

Mr. BUMPERS. In other words, the 1981 level of spending?

Mr. HATFIELD. Or the budget estimate, whichever is lower.

Mr. BUMPERS. And that lower figure is currently $9.6 billion?

Mr. HATFIELD. That is right. That is the $9.6 billion figure.

We are at the budget estimate or the current rate, whichever is lower.

Now under a frozen circumstance of this moment, without any other action, that figure would be $2.6 billion plus the $100 million that I indicated relating to the Export-Import direct loans and the additional $2.2 billion which is the Export-Import guaranteed loans.

Mr. BUMPERS. I am not quite sure I understand. I do not want to belabor this. I am not sure where the Export-Import loans come into the foreign aid bill. Are they line items within that?

Mr. HATFIELD. On page 8 of the resolution we have here on page 8, beginning on line 9 "That the limitation on gross obligations for the principal amount of direct loans"——

Mr. BUMPERS. Did the Senator say page 8?

Mr. HATFIELD. Page 8 of House Joint Resolution 370, the joint resolution.

Mr. BUMPERS. The Senator will have to read it to me because what I have is a draft that does not correspond with the Senator's page numbers.

Mr. HATFIELD. All right. On page 8 we have the language:

> That the limitation on gross obligations for the principal amount of direct loans by the Export-Import Bank shall be increased by $100 million, and the limitation on total commitments to guarantee loans . . . $2.2 billion.

In other words, we include those in the language of the resolution as it relates to foreign operations.

Mr. BUMPERS. If we increase those and add them to foreign operations that gives us $9.6 billion plus these two items?

Mr. HATFIELD. That is correct, in budget authority.

Mr. BUMPERS. How does that compare with the resolution the President vetoed?

Mr. HATFIELD. Just 1 minute. I have the chart here. I have to look this up.

Foreign operations on what the President vetoed was $10 billion, and what we have before us is $9.675 billion.

Mr. BUMPERS. My question is, Does the $9.675 include the increase in Export-Import Bank?

Mr. HATFIELD. Let me go back a little bit. What we are dealing with here are two separate things. We are dealing with not total figures only. We are dealing with programmatic emphasis. If the Senator recalls, in the conference the House of Representatives was willing to add to its $9.5 billion $500 million, but that $500 million was allocated specifically in these programs, if the Senator recalls. Now what we are doing here, in effect, is a similar situation. The figure that we are dealing with here is $9.6, really $9.7 billion. He vetoed, in effect, $10 billion. So we are dealing with a lower aggregate figure, but we have programmatic identification as prioritizing those programs in this bill, as we did with the $500 million in the conference.

Mr. BUMPERS. Senator, what is the total difference between this bill and the bill the President vetoed?

Mr. HATFIELD. Well, subtract——

Mr. BUMPERS. I do not mean just on foreign aid, the total bill. We were dealing with about $428 billion.

Mr. HATFIELD. Yes.

Mr. BUMPERS. As a matter of fact, it was about $427.6 billion, and the President vetoed that. How much is the total amount in this bill?

Mr. HATFIELD. Before the House took action it was $425 billion. We are talking now in budget authority.

Mr. BUMPERS. Yes.

Mr. HATFIELD. We are shifting gears now from outlays back to budget authority. Budget authority in the Conte substitute as passed is now at $412 billion. Let me list here, so that we clearly understand it, we are talking about the following, Agriculture, Commerce, Justice and State, Defense, foreign operations, Housing and Urban Development, Interior; Labor, HHS and Education; military construction, Transportation, and Treasury-Postal.

For the reason that we have already had signed into law the energy and water bill that we had in conference at the time that first resolution was vetoed, that is dropped out now.

Mr. BUMPERS. How much was in that bill?

Mr. HATFIELD. How much?

Mr. BUMPERS. I am trying to be sure we are talking about oranges and oranges, and apples and apples. I am talking about the bill the President vetoed to determine what is the correlation figure in this resolution.

Mr. HATFIELD. Let me go back and reconstruct the figures. When we went to conference—and I have to give this base—with the House on the first continuing resolution, the House came into conference with $430 billion in budget authority. These are rounded figures. The Senate came in with $428.6 billion, I believe it was.

When we left the conference we had a $427 billion in budget authority. Bear in mind, when we are talking about budget authority we were talking about a different kind of mix in that vetoed resolution than either the Senate or the House had when they went into conference.

Now, out of this package, the budget authority again, and trying to keep this in line with budget authority, it is approximately $425 billion, if we were to use the apples and apples. But bear in mind I am counting the energy and water bill in this when I give you the $425 billion figure, and I am taking the District of Columbia and including it.

Those have both dropped out, so when you ask the figure as to what is the total budget authority in this modified resolution, modified from the standpoint that it has fewer bills included, it is $412 billion in budget authority. It is difficult to compare these things because we no longer have the same configuration nor do we have the same number of appropriation bills included in this resolution that we had in the vetoed resolution.

Mr. BUMPERS. The Senator has gotten right down to the answer to the question. If you put the D.C. and energy and water back in, the total would be about $425 billion.

Mr. HATFIELD. That is correct.

Mr. BUMPERS. Or $2 billion less than the President vetoed.

Mr. HATFIELD. That is correct. But again the different impact in outlays because the configuration of these reductions is such——

Mr. BUMPERS. Right, I understand that.

What I am trying to figure out now is this. We are reducing a lot of domestic programs, one of which my amendment will go to in just a moment, by $4 billion, but we are coming up with a total that is only $2 billion less than the bill the President vetoed.

What I want to know is what happened to the other $2 billion? Did it go into foreign aid specifically or to the Export-Import Bank or whatever?

Mr. HATFIELD. Let me emphasize again that the foreign aid bill in the resolution we have pending here is less than the foreign aid bill in the vetoed resolution.

Mr. BUMPERS. Is that also true of the direct loan authority by the Export-Import Bank and the guarantee loan authority of the Export-Import Bank?

Mr. HATFIELD. That is correct. It is less in this resolution than in the vetoed resolution.

Mr. BUMPERS. Can the Senator tell me what happened to the other $2 billion?

Mr. HATFIELD. Yes; we had $400 million in the energy and water—I would be very happy to read this off—the table is a contrast in each of the five bills—if the Senator would wish. The vetoed resolution in Agriculture was—and I am giving you these figures in budget authority—$22.6 billion, in this it is $22.5 billion; in Commerce, Justice, and State it was $8.5 billion in the vetoed resolution, in this one $8.5 billion—in the vetoed resolution it was $8.564 billion, in this one it is $8.518 billion; in Housing and Urban Development in the vetoed resolution it was $60.3 billion, in this one it is $59.4 billion. We picked up about $0.5 billion alone.

In Interior in the vetoed resolution it was $7.3 billion, in this it is $7.2 billion; Labor, HHS, and Education in the vetoed resolution it was $83.2 billion, in this one it is $82.6 billion; Transportation in the vetoed resolution it was $10.4 billion, in this it is $10.1 billion; in Treasury, Post Office in the vetoed resolution it was $9.6 billion, and in this it is $9.3 billion.

So, as I indicated earlier in the opening remarks, these have become basically the eight domestic bills.

Mr. BUMPERS. The list the Senator just gave me contains reductions in this bill from the previous bill.

Mr. HATFIELD. From the vetoed continuing resolution. As I understood the Senator's question when he asked where did we get the reductions——

Mr. BUMPERS. Yes. But my question was this: We are cutting $4 billion in this resolution from the vetoed resolution, are we not?

Mr. HATFIELD. No, we are cutting $2.6 billion. Let me go back and repeat those statistics.

Mr. BUMPERS. Let me go back to be sure we are talking about the same thing. You told me initially that a 4-percent cut of all of those listed programs totaled $4 billion.

Mr. HATFIELD. No. Let me say the 4 percent in this resolution, a 4-percent reduction, applied to the accounts, brings us with $2.6 billion. We had already cut $1.1 billion before the 2-percent reduction by the Whitten amendment in the continuing resolution that was vetoed. We had $1.1 billion in that from the product. In other words, we started this package with the product of the continuing resolution that was vetoed before the Whitten amendment of a 2-percent reduction. That brought us a $1.1 billion savings.

The energy and water resources bill, which has now been signed into law, brought us another reduction of $400 million, still talking in outlays.

A 4-percent Baker type of amendment without the floor that the Baker amendment had in the original Senate bill of a 4-percent reduction in those accounts from the March budget authority level brings us $2.6 billion.

Now you add the $2.6 billion to the $400 million in energy and water, and the $1.1 billion already in the continuing resolution, and you had the $4 billion outlay figure in this resolution.

Mr. GARN. Mr. President, on November 19, during the consideration of the second continuing resolution (H.J. Res. 357), I introduced a series of 44 amendments to the conference agreement on the HUD-Independent Agencies fiscal year 1982 appropriations bill (H.R. 4034).

After some debate and several votes, the Senate adopted those amendments and they became conference items on House Joint Resolution 357. A detailed description of these amendments appear in the CONGRESSIONAL RECORD on November 19 on pages S13729 through S13730.

On November 21, the House and Senate conferees agreed on the disposition of each of these amendments. As a result of that agreement, the conference report on H.R. 4034 was called from the desk and amended to conform to the agreements reached on House Joint Resolution 357.

These amendments are contained in the November 21 CONGRESSIONAL RECORD on pages S13932 through S13934. These amendments were accepted by the Senate and the amended conference report was transmitted to the House of Representatives.

The third continuing resolution before us now contains the same agreements incorporated in H.R. 4034 by the Senate on November 21. The only difference between the two versions is that the third continuing resolution provides for a 4 percent across-the-board reduction for all non-exempt programs.

This reduction would be made regardless of whether the program was above, at, or below the September budget request level. The proviso contained in the Senate amended conference report on H.R. 4034 is the so-called Baker amendment. Under that amendment no reduction would be made in programs at or below the most current budget request level. The net effect of changing this proviso is that the outlays stemming from the activities covered in the HUD-Independent Agencies bill are $39 million less under the continuing resolution then under the amended version of the regular bill (H.R. 4034).

This $39 million difference represents a change of seven one-hundredths of 1 percent in the over $57 billion of fiscal year 1982 outlays stemming from the programs under the jurisdiction on the HUD bill.

Thus making the bills virtually identical in terms of their budgetary impact.

Mr. President, before closing, I would just like to reiterate, as I have done in the past, that funds provided under this continuing resolution and under the regular HUD bill are made available under the terms and conditions of the original conference report contained in House Document 97-222, subjected to modification by the terms and conditions contained in the amendments which passed the Senate on November 21 including the explanation thereof contained in the RECORD on November 19.

Mr. THURMOND. Mr. President, I would like at this time to engage in a colloquy with the distinguished chairman of the Appropriations Committee. As our Nation continues to grapple with high energy costs which, along with high interest rates, have slowed the growth of the economy, I am greatly concerned that the Federal Government may be overlooking valuable yet inexpensive means of assisting the private sector in coping with these problems.

Specifically, the utilization of alternative energy sources could be a real plus for American industry, and would represent a substantial investment in our Nation's future energy needs.

One example of such a potential alternative energy source are municipal waste energy plants.

However, I understand that in the continuing resolution there is no money available for loan guarantees for these types of projects.

Mr. HATFIELD. The Senator from South Carolina is correct. Although loan guarantees for waste energy projects were authorized under the Energy Security Act of 1980, there is no money provided for this purpose in the continuing resolution.

However, the administration currently has under review all Federal credit activities and programs. In light of this ongoing review, I would hope that future budget or reprograming requests would include plans for loan guarantee programs for energy conservation, as well as alternative energy sources, including municipal waste energy facilities.

Mr. THURMOND. I would agree with that statement by the distinguished Senator from Oregon. I feel that these types of energy programs will prove to be a valuable asset in meeting our country's future energy needs, and I hope that at some point down the road, sufficient funding can be found to enable the Secretary of Energy to proceed with a specific loan guarantee program for these valuable municipal waste energy projects. I thank the Senator for responding to my inquiry.

UP AMENDMENT NO. 776

(Purpose: To Provide $362 Million for the Maternal and Child Health Care Block Grant Program)

Mr. BUMPERS. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. (Mr. HUMPHREY). The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Arkansas (Mr. BUMPERS) proposes an unprinted amendment numbered 776:

At the appropriate place in the bill add the following new section:

"Notwithstanding section 142, any other provision of this joint resolution, the sum of $362,000,000 is hereby appropriated for the Maternal and Child Health Care Block Grant Act."

Mr. BUMPERS. Mr. President, I am not going to belabor this. I can state what I have to say in 5 minutes.

Less than 2 weeks ago this same amendment was accepted without a vote. The maternal and child health care program funds crippled children's clinics, screens pregnant women, provides neonatal care and perinatal care, and takes care of all kinds of congenital defects that children may be born with, from heart defects to clubfeet, cleft palates—you name it.

This program has never been funded at the authorized level. It has been running at about $450 to $457 million a year for the past 5 years.

Now this year the administration has cut it drastically. It has already absorbed almost a $100 million cut. We put $362 million in the earlier resolution less than 2 weeks ago. This resolution before us today also has a figure of $362 million in it. There is only one problem. That figure is cut 4 percent just like everything else. Now if there is a program in this resolution that deserved to be exempted from the 4-percent cut, it is the maternal and child health care program.

The State of Alabama, the State of Mississippi, the State of Arkansas—and if you have a pediatric association in your State they will tell you the same thing—the associations in all these States will tell you that this is easily the most cost-effective program that the U.S. Government finances. It has a cost-effectiveness ratio of 1 to 10.

Now, you can neglect these pregnant women. You can make sure that they do not have an adequate diet or that they are not screened during pregnancies and, in most instances, you are going to guarantee a defective child. And once that defective child is born, you spend in today's dollars about $1 million for the hospitalization and institutionalization of that child for the remainder of his life.

Now, there are a lot of budget cuts we vote around here that are penny wise and pound foolish. But none—none—is worse than this one.

Mr. President, I will give you an illustration in my State. The Governor of my State has been issuing new regulations to comply with the cut in medicaid that has been mandated by Congress and this administration. One of the new limitations we have implemented in Arkansas is that a medicaid eligible child will have a grand total of 7 days in the hospital.

We have a very fine medical center in Arkansas. If a child is born in my section of the State, which is the western part, with a congenital heart defect, they will rush him to the medical center in Little Rock. That child may not only need dramatic surgery but he may need hospitalization care for 2 months. Right now, without this program, that child is entitled to the grand sum of 7 days in the hospital.

We have crippled children's clinics all over our State financed by this program. You, Senator HATFIELD, have them all over your State, and you, Senator SCHMITT, have them all over your State. They have never been funded as well as they should have been.

And here we come in here and play penny ante with the most cost-effective program the U.S. Government has.

Now, you can claim you are for spending cuts as long as you want to, and that is a very politically popular thing to say in this country. But when you say to the American people that you are not for taking care of a child once it is born, that you are not for taking care of the woman while she is carrying that baby and, thereby, guaranteeing a disastrous and horrible life for that child and his parents—that, Senators, is pennywise and pound-foolish.

This amendment does a very simple thing. It just exempts the maternal and child health care program from that 4-percent cut and thereby restores $14.7 million. Now, you will never spend $14.7 million to a greater advantage.

Mr. President, I yield the floor.

Mr. SCHMITT addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. SCHMITT. The distinguished Senator from Arkansas is well aware of my belief in everything that he has just said. In fact, the same speech, with a little bit of editing, could be applied to almost every program that exists within the discretionary funding of the Labor, Health, Human Services, and Education appropriations bill and that section of this continuing resolution.

The basic problem in his fight should be with those who have not yet agreed that we should build up the discretionary programs by capping the nearly unrestrained growth of the entitlement programs. Until we take that important step, the entire area of discretionary programs, $28 billion plus, from which the 4 percent has come, will suffer.

I do not like it any better than he does. I would like to think I could give an even better speech on the consequences. But that is the game that we are playing at this point. We must have a continuing resolution. The President has indicated what he is willing to sign. He has also indicated he is willing to work with us next year on the entitlement program problem. Therefore, I would have to oppose the Senator's amendment. One exemption would bring all of the swallows back to Capistrano and we just cannot allow that to happen.

I have looked at this in great detail now over the last few days. It does appear to this Senator the most equitable thing for all programs is to adhere to the Senate priorities in the discretionary bill, which is exactly what we have in this bill are the Senate priorities, cut across the board by 4 percent.

The President has indicated he will sign this bill. I think we better let him do that and get on with the business next year through caps on the entitlements programs, to build back the kind of discretion that we in the Appropriations Committee and we in the Congress need for programs like maternal and child health.

The 4-percent cut from the continuing resolution conference figure of $362 million means that the total funding for this program will be $348 million. When one looks at the possible outcome of a conference between the regular House and Senate bills, in which you find funding of $331 and $351 million respectively, the likely outcome of such a conference would be $341 million, or a split. And so, even with the 4-percent cut, we have an outcome that is something like $7 million more than one might expect through conference.

So I would hope the Senate would understand the predicament that we find ourselves in and recognize that my opposition to his amendment is not an opposition on the issue, it is just an opposition based on the circumstances in which we find ourselves.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I just want to say that I know of no Senator who has wrestled more with his conscience and emotions and his mind and soul on all this whole exercise or reducing programs, vital programs to this Nation, than the Senator from New Mexico. He has done it with skill and, at the same time, with great agony, I know. I have the same sense of distress when I think of how much we are spending on programs to destroy life and how we are putting so much emphasis on cutting the programs that in effect support life. But I must support the Senator from New Mexico at this point.

In talking to the Senator from Arkansas (Mr. BUMPERS), the author of the amendment, he has indicated he has nothing further to say about the amendment and no other Senators have indicated an interest in speaking on this amendment.

Therefore, Mr. President, I ask unanimous consent that further debate not be in order on this amendment and that this amendment be voted on beginning at 8 o'clock. This has been cleared on the minority side.

The PRESIDING OFFICER. Is there objection?

Mr. PROXMIRE. I want very much to agree with the Senator. I understand the staff wants to make sure that is cleared with the minority leader. It has been cleared with the author, I understand, with Senator BUMPERS.

Mr. HATFIELD. It has been cleared with the author.

Mr. PROXMIRE. But I am not sure about the minority leader. Will the Senator renew that request in a few minutes?

Mr. HATFIELD. Mr. President, I withhold the request at this time.

Mr. President, I ask unanimous consent to temporarily set aside this amendment so that others may be offered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KENNEDY addressed the Chair.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KENNEDY. If it is agreeable with the manager of the bill, I have three amendments that are on various subject matters. I would like to offer all three. I would be glad to defer the votes on the amendments to follow consideration of the amendment which was temporarily laid aside.

Mr. HATFIELD. Do I understand the Senator would like to offer three amendments en bloc and have the votes occur en bloc?

Mr. KENNEDY. On each amendment. And I would be glad to have a time agreement of 10 minutes on each.

Mr. HATFIELD. I do not know if the Senator needs unanimous consent, but I support that time.

UP AMENDMENT NO. 777

Mr. KENNEDY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY), for himself and Mr. RIEGLE, proposes an unprinted amendment numbered 777.

Mr. KENNEDY. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the resolution, insert the following new section.

SEC. . Notwithstanding any other provision of this resolution, there is appropriated $120,000,000 for grants to States to administer the unemployment assistance program which is in addition to the grants appropriated under this joint resolution for such grants.

Mr. KENNEDY. Mr. President, I have sent to the desk an amendment from myself and Senator RIEGLE to restore $120,000,000 to the States for the administration of the unemployment insurance program.

This amendment would exempt this account from the 12-percent, across-the-board cut the President announced in September. It would permit States across the country to retain 8,000 employees who are essential in insuring the integrity of the unemployment insurance program in this country.

Last Friday the administration announced that unemployment is now at 8.4 percent. Over 9 million Americans are out of work. The predictions of both the administration and outside experts are for 9 percent unemployment and it could go higher.

The principle program for assisting these unemployed workers is unemployment insurance. The Department of Labor estimates that this program will cost between $20 billion and $25 billion this year.

The proposed cut in administrative funds will dramatically increase overpayment, fraud, and abuse in the unemployment insurance program. Instead of saving $120,000,000, internal Department of Labor figures which I would like to submit for the RECORD, indicate it will cost taxpayers $1 billion a year in overpayments.

I ask unanimous consent that the memorandum be printed in the RECORD.

There being no objection, the memo-

randa were ordered to be printed in the RECORD, as follows:

Memorandum for: Albert Angrisant
Assistant Secretary of Labor.

From: Bert Lewis, Administrator, Unemployment Insurance Service.

Subject: Impact of 12 Percent Reduction on the Unemployment Insurance Program.

The 12% reduction in UI Grants to States amounts to $120 million and will result in a $1.1 billion loss to the UI Trust Fund in FY 1982.

The reduction of $120 million will place the UI program at a staff to workload ratio equal to that of FY 1975 (mid 74–76 recession period. During FY 1975, the UI program experienced the worst decline in program quality and integrity since the inception of the program. State agencies and the Labor Department were faced with numerous law suits concerning the failure of the system to make prompt payment of benefits when due. In 1975 approximately 74% of the beneficiaries received their payments timely. Since 1975, the UI system has increased the promptness of payments to 88% and at the same time, increased payment accuracy. Based upon an analysis of eligibility issues detected, benefits denied, and checks and non-issue overpayments detected and recovered, it can be expected that quality in these areas will deteriorate to the level of FY 1975. This assumption is based upon the strong relationship over the past 7 years between workload per staff year and program performance.

The decrease in issues detected through sound claimstaking processes will result in benefit overpayments of $968.9 million equaling $466 million paid to ineligible claimants.

The total potential loss to the UI Trust fund due to the decrease in overpayment detection and the decrease in eligibility denial rates is estimated to be $800 million.

The decrease in overpayment and collection activity due to reduced staffing will result in $43 million in overpayments not collected.

In addition to the increase in benefit outlays, the system will experience a decrease in revenues of approximately $90 million due to employer delinquency and misreporting.

Thus, a total of $1.1 billion will be lost to the UI Trust Fund in FY 1982 as a result of program administration savings of $120 million. This is a ratio of almost $7 loss for every $1 of savings. These estimates do not include losses such as increased fraud due to lack of controls, thus no disincentives or decreases in identifying employers who should be covered and are not, etc.

Attachment.

COMPARISON OF PERFORMANCE TO WORKLOAD PER STAFF YEARS

	Wkld. per base S/Y	1st pay T.L. Intra	BPC fraud per 1,000 1st	BPC nonfraud 1,000 1st	NMD Sep. denial percent of IC	NMD nonsep. denial percent of WC
Fiscal year 1975	12,805	74.0	7.3	42.7	7.2	1.0
Fiscal year 1976	11,498	75.0	11.9	80.5	9.6	1.2
Fiscal year 1977	7,081	81.0	14.4	79.5	9.9	1.8
Fiscal year 1978	6,101	82.0	16.7	88.1	10.3	2.0
Fiscal year 1979	6,019	83.0	18.7	82.6	10.2	1.8
Fiscal year 1980	9,160	87.5	19.0	73.8	8.5	2.0
Fiscal year 1981 (estimate)	8,800	88.2	INA	INA	8.8	1.8
Fiscal year 1982: Current	10,745	87.0	16.0	70.0	8.5	1.5
With 12 percent	12,782	74.0	9.6	38.0	7.2	1.5

ANALYSES OF 12-PERCENT BUDGET REDUCTION ON UI BENEFIT OUTLAYS

The impact of the budget reductions on the overpayment of UI benefits was analyzed by using staffing data, workloads, overpayment detection rates and denial rates for weeks claimed over the seven years, beginning with the 1975 recession period. The workload per staff year (WLPSY) is determined by dividing the total number of SESA benefit function base positions into the weeks claimed workloads for the corresponding periods. The detection rates of overpayments due to fraud or nonfraud are determined by dividing the number of first payments into the number of fraud or nonfraud cases. The denial rates for nonmonetary determinations, separation or nonseparation, was determined by dividing the number of denials into the related workload item (initial claims or weeks claimed).

The FY 1982 budget with the 12-percent reduction results in a workload per staff year of almost exactly the same level as we experienced in FY 1975. We, therefore, assumed that the levels of detection for fraud and nonfraud overpayments would be approximately the same as the FY 1975 detection and that the denials for separation and nonseparation issues would also be at the 1975 level The dollar impact of this reduction can then be established by determining the difference between the above factors for the 1982 current level budget and the 1982 reduced level. The reduction of fraud overpayment detected per 1000 first payments by 6.3 points means that there will be 68,500 fewer fraud cases detected. The average fraud case in FY 1980 amounted to $300 per case. Using this average the fraud cases that will go undetected would amount to $21 million in 1982. The nonfraud detection would drop by 32 points, with an overpay average per case of $192.00. Thus, $65.3 million would go undetected because of the budget reduction. The nonmonetary determination denial rates for separation issues may drop due to the reduced budget by 1.3 points or 335,413 fewer separation issues being identified. The experience for 1980 indicates that the average separation issue results in the denial of 7.5 weeks of benefits and the average weekly benefit amount for FY 1982 will be $108.55

ANALYSIS BY INTERSTATE CONFERENCE OF EMPLOYMENT SECURITY AGENCIES

IMPACT OF PROPOSED CUT IN UI ADMINISTRATIVE FUNDS

The Interstate Conference of Employment Security Agencies is concerned that a reduction in administrative funds for unemployment insurance will significantly increase outlays for UI benefits. The Administration's proposed further reduction in resources for administration of the unemployment insurance system would fund the program at a lower level than experienced during the 1974–75 recession, when erroneous payments were almost three times what they are today. The low resource level at that time was not a result of a low level of appropriated funds but was a function of economic conditions. During that period the workload per staffyear—the way productivity is measured in UI—was high because the workload increased more rapidly and to higher levels than had been anticipated. Staffing levels lagged behind the workload increases, making the workload per staffyear very high. Staff involved in functions with controllable workloads such as eligibility interviews, fraud detection and employer audits, were often reassigned to activities dealing with the basic function of paying benefits.

The combination of high workload per staffyear levels and the reassignment of quality control staff contributed to poor program quality during the recession. The results of the Department of Labor's Unemployment Insurance Performance Standards Project, conducted in 1976 and 1977 and including claims from 1975, showed an average of 9.7 percent of the sampled weeks claimed to have been paid in error. The UI Quality Appraisal Results for 1981, using the same measurement techniques, show an error rate of 3.4 percent.

It is difficult to accurately predict the impact of the administration's proposed cut in UI administrative funds. Although the resource level per week claimed will be similar to that experienced in 1975, the economic conditions are different, the staff may be more experienced on the average, and the Job Service cuts will have an impact. However, merely as an indicator of the possible impact on state trust fund accounts, if the payment error rate rose from the current level to that observed in the Performance Standards Project from 1975–76, the amount of benefits paid in error would be $1.5 billion. This amount assumes an increase of 6.3 percent in erroneous payments, applied to the total weeks claimed projected for FY 1982 (217,314,000) and multiplied by the estimated average weekly benefit amount of $108.55.

The proposed cut in administrative funds is approximately $173 million. Even if the increase in erroneous payments was only half the amount estimated above, the result would be an increase of more than $4 in benefit payments for every administrative dollar saved. We believe this to be a conservative estimate. Other impacts of an administrative resource reduction which would lower state trust fund accounts include: fewer employer audits and reduced collection activities, both of which lower income to the trust fund as well as interest earned on balances; and fewer claimants placed by the Job Service, resulting in longer duration of claims.

The impact on service to UI claimants can't be expressed in dollars. However, a drop in the percent of first payments made promptly, currently about 89 percent, would be expected. Only 74 percent were made promptly in 1975. Many shared Job Service and UI offices have already been closed due to the cut in Job Service funds. A substantial reduction in UI resources would necessitate the closing of more local offices, resulting in hardships brought about by increased travel time and expense necessary to file claims, overcrowded offices, long lines, and increased time spent waiting for service.

In summary, we believe that the proposed cut in UI administrative funds would actually increase the federal deficit, since state trust funds are a part of federal budget totals. In addition, it would have a devastating impact on program integrity as well as

resulting in significant hardships for unemployed workers.

Mr. KENNEDY. A private study done by the Interstate Conference of Employment Security Agencies estimates overpayments could go as high as $1.5 billion as a result of these cuts.

The amendment I am offering would save the taxpayers $880 million. That would be the estimate of overpayment and abuse if this amendment is not agreed to.

We are talking here about insuring the integrity and fiscal soundness of the one antirecession program we have. This amendment is highly cost effective. If we are interested in bringing the deficit down and also in providing wise and efficient management for the unemployment insurance program as the Nation sinks deeper into recession, then the Senate should adopt this amendment.

Mr. SCHMITT. Mr. President, the distinguished Senator from Massachusetts has brought up an issue which I spent the better part of an afternoon discussing with the Office of Management and Budget and my staff has spent even more time examining. We express identically the same concerns the Senator has expressed. Through a limitation on unemployment and employment services trust fund allocations to the administration of those programs, we might, in fact, be adding to the cost of such programs well beyond the amount actually cut.

I would say to the distinguished Senator from Massachusetts I am not yet sure that we have not done that. However, I would say to the Senator that as we get into the examination of the obviously necessary supplemental bill for next year, this has already been targeted by me and the Appropriations Subcommittee on Labor, Health and Human Services, and Education as an area that we must watch very, very carefully. If, in fact, there is happening what the Senator fears and what this Senator from New Mexico fears, then we must make sure that the necessary funds are there.

The bottom line is that this total cut of some $400 million in the limitation of the allocation of trust funds to the administration of three major program areas is an additional condition under which the President has agreed to sign this bill.

It is a little different than the problem raised by the Senator from Arkansas relative to maternal and child health. However, it still represents a necessary condition in aggregate under which this bill will meet the President's approval and we will be able to get about the business of Government, including dealing with the fiscal year 1982 supplemental, which is obviously going to be necessary in Labor, Health and Human Services, and Education programs, and the fiscal year 1983 bill which will give us a new set of figures.

I will say to the Senator, as I said to the Senator from Arkansas, that the reason we are forced into this situation on this bill is because the Congress and, yes, the administration have not yet decided to firmly and unequivocally tackle the problem of caps on entitlement programs. Without some control in the entitlement programs, the discretionary programs and the use of these trust funds is going to be severely limited.

I receive allocations from the full committee for the subcommittee's work and those allocations reflect the continued, almost unrestrained, growth of entitlements.

When I talk about entitlements, I am not talking about the underlying obviously worthwhile attributes of entitlement programs for those who are the truly needy, who have no alternative, but those programs. I am talking about the unrestrained growth in the size of the programs which this so-called safety net has reached out to and is beginning to encompass and, yes, entangle, many, many people who should not be so entangled.

If the Senator will recognize that it is certainly my commitment to build in the necessary flexibility for the use of trust funds as well as the use of discretionary programs, then he and I can go down that path together. I think next year we will see a far more realistic, a far more humanistic, Labor, Health and Human Services, and Education bill. I am assured by Secretary Donovan that he shares the Senator's concerns, and that he, as well as the subcommittee will be watching this issue very, very closely and will promptly submit a supplemental if there is any evidence that the Senator's concerns and my concerns are well founded.

I ask unanimous consent that the Secretary's letter to me on this subject be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF LABOR,
Washington, D.C., December 8, 1981.

Hon. HARRISON H. SCHMITT,
Chairman, Subcommittee on Labor, Health, Education, and Welfare, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I understand a question has been raised whether the Unemployment Insurance Service will be able to handle the unemployment compensation workload within the appropriation for Grants to States contained within the President's September budget request.

Although the September budget request was 12 percent below the March budget request, the actual reduction is only 9.8 percent below the amount anticipated in the July mid-session review adjusted by the workload reduction in the Budget Reconciliation Act. The Department of Labor will work the States to help them take the actions necessary to process the workload anticipated in the September request. I am confident that with the cooperation of the States this objective is reasonable.

We recognize that most current projections of unemployment exceed the 7.5 percent assumption underlying the September request. If under the January economic assumptions the 1982 workload is higher than assumed in the September budget request, the Administration will submit a supplemental budget request to assure the processing of the higher workload.

Sincerely,

RAYMOND J. DONOVAN.

Mr. KENNEDY. Mr. President, I do not question the good faith of my friend and colleague from New Mexico, who has spent a good deal of time reviewing this situation, as I know the Senator from Wisconsin has as well. The House of Representatives has studied this issue closely.

I was in the U.S. Senate when we adopted the SSI program, Mr. President, and at that time, there was the request of, I think, between 10,000 and 12,000 personnel in order to make sure that those checks were going to be expedited. Those requests were denied and we saw the waste of hundreds of millions, billions of dollars, plus extraordinary hardship to millions of elderly people, who did not receive their checks, people who were qualified to receive them, because we were unprepared to assure that there would be the personnel to do so.

I, quite frankly, think that the Labor Department, in its internal memorandum—and I have referred to that. I shall just mention the relevant point on page 2:

> Thus, a total of $1.1 billion will be lost to the UI trust fund in 1982 as result in program administration savings of $120 million. This is a ratio of $7 lost for a dollar of savings.

The analysis by the Interstate Conference of Employment Security Agencies reached an independent judgment, which indicates that the errors would be approximately $1.5 billion.

Mr. President, I understand what the Senator from New Mexico is saying, that he will give careful review to and monitor this program over a period of time. It seems to me to be obvious on the face of this question that we shall see this kind of loss, through both abuse and maladministration, because of the shortage of personnel as it has been outlined in these two studies. I do not think it is a wise public policy to discount those findings. That is the reason that I offer this amendment.

I respect the position that has been taken by the Senator. I do differ with it. I realize what the outcome of the vote will probably be, so I shall be heartened by the fact that he will continue to review this situation over the future. I do think this is another case where we shall be sounding like we are saving resources and, actually, we shall not be doing so.

Mr. SCHMITT. Mr. President, in addition to what I have said, the only ray of hope, I guess, that I can offer the Senator from Massachusetts is that, over the past few years, particularly in the last year, there has been an extensive modernization and computerization of the activities where this trust fund limitation applies. We would expect from that—in fact, we have already experienced that the error rate is declining as a consequence of the use of these computer terminals and computer facilities. Also, I am assured, in the area of social security administration, that these cuts will not in any way affect the introduction of modernization of the computer necessary for the administration of that program.

Again I realize that what I am saying does not satisfy the Senator from Massachusetts, nor does it entirely satisfy me. But I do give him my commitment, as I have others, that we shall be watching this very, very careful and, if neces-

sary, the supplemental will reflect any problems that might be appearing by the time we get to that point.

● Mr. RIEGLE. Mr. President, I rise as an original cosponsor of the amendment offered by the Senator from Massachusetts, Senator KENNEDY, to restore funds for the administration of the unemployment insurance program.

Mr. President, the cuts proposed in unemployment insurance administrative costs by this administration and embodied in the resolution before us are penny-wise and pound-foolish. At a time when unemployment is rising sharply, and the administrative burdens on the unemployment insurance program are increasing, this proposal would sharply curtail the number of staff available to process and validate unemployment benefit claims.

It is my understanding that as many as 8,000 unemployment insurance staff could lose their jobs if these cuts are adopted. This will inevitably lead to higher error rates. The Interstate Conference of Employment Security Agencies has estimated that as much as $1.5 billion could be lost as a result, because of benefit overpayments and payments of benefits to persons who are not eligible.

The funding levels proposed by the administration would fund unemployment insurance administrative costs at a level lower than that which prevailed during the 1974–75 recession. During that recession, error rates were three times higher than they are today—9.7 percent instead of the 3.4 percent error rate which exists at present.

Unemployment is rising very quickly, and millions of Americans are out of work. They have a right to expect that their unemployment insurance benefits will be paid promptly. They have a right to expect that their benefit checks will be for the correct amount. They should not be asked to wait in long lines in overcrowded offices, only to receive their checks late or be paid incorrectly. And the taxpayer has a right to expect that benefits will be paid properly, and that efforts to combat waste and fraud will be aggressively pursued.

If we want to assure the lowest possible error rates—if we want to assure the fast, efficient, and accurate processing of claims—then we must provide the resources to make it possible. That is the purpose of this amendment. I urge my colleagues to join me in supporting it.●

Mr. SCHMITT. Mr. President, I yield the floor for the next amendment.

I ask unanimous consent that this amendment be laid aside temporarily, along with the Bumpers amendment so the Senator from Massachusetts may offer his next amendment.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

UP AMENDMENT NO. 778

Mr. KENNEDY. Mr. President, I send an amendment to the desk in behalf of myself and the Senator from Rhode Island (Mr. PELL) and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Massachusetts (Mr. KENNEDY), for himself and Mr. PELL, proposes an unprinted amendment numbered 778.

Mr. KENNEDY. I ask unanimous consent that further reading be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert the following new section:

SEC. Notwithstanding any other provision at this resolution, the 4 percent reduction in budget authority provided for by this joint resolution shall not apply to budget authority made available by this joint resolution for:

(1) Programs authorized by the Older Americans Act, as amended;

(2) The Headstart program; and

(3) The Community Health Centers program, as authorized by section 1622 of the Public Health Service Act.

Mr. President, I have serious reservation about the general across-the-board cuts. I think it is entirely appropriate for the Congress to review various programs and cut back or eliminate those that are wasteful, but programs which have proven their effectiveness in meeting human need, over a period of time, should not be subject to meat-ax cuts. Each of the programs I have mentioned here, as well as, the program that the Senator from Arkansas (Mr. BUMPERS) spoke about, has demonstrated time in and time out its usefulness and effectiveness and its value to the various groups they serve—our senior citizens in the Older Americans program, the youngest individuals in our society in Headstart; and the community health centers all around this Nation, many in underserved areas, that bring primary health care to not only very needy individuals but families who, without those neighborhood health centers, would be deprived of any health care assistance at all.

At the very least, we should spare these essential programs which help the most vulnerable members of our society, the young, the elderly, and the sick.

The administration talks of a safety net, but their safety net, I believe, has been full of holes. It has proven to be no more realistic than their promise of a balanced budget. It is a hypocritical safety net, that lies tattered by the budget cuts which we are considering here this evening.

The $90 million cost of this amendment, Mr. President, could mean the difference between life and death for many of our citizens. At a time when the deficit for the current fiscal year will reach $109 billion, I ask the Members of the Senate how we can insist in trying to save $90 million at the expense of those in our society who are least able to help themselves.

What we are seeing, with increasing unemployment and increasing economic pressures, will be that the burden of those economic realities is being borne by those who are most in need. Many of the people who would be served by these programs will not only lose their jobs and be on the unemployment rolls but they will be denied the other kind of support services that they now receive through these facilities.

Finally, Mr. President, I believe this whole exercise in across-the-board cuts makes little sense. It makes no sense in terms of social policy for our Nation and certainly makes no sense in terms of economics. It is elementary fiscal policy that you do not raise taxes in a recession. The same logic applies equally to proposals to cut spending; you do not cut spending in a recession, because it will only make the recession worse, as well as the human suffering for people who already have been hurt by the economic situation.

Mr. HATFIELD. Mr. President, at this time I renew my unanimous-consent request that beginning at 8 o'clock the amendments will be voted on, up or down, in the sequence in which they have been offered on the floor, beginning with the amendment by the Senator from Arkansas (Mr. BUMPERS), followed by Mr. KENNEDY's first amendment and then Mr. KENNEDY's second amendment, and then any other amendments follow in sequence; that no further debate be in order; and that those will be back-to-back votes.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object—and I do not intend to object—the distinguished Senator from Oregon (Mr. HATFIELD) has reference to those amendments on which rollcall votes are ordered prior to 8 o'clock, does he?

Mr. HATFIELD. That is correct—on those votes on which the yeas and nays have been requested and rollcall votes have been ordered.

Mr. ROBERT C. BYRD. I have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KENNEDY. Mr. President, may I ask that it be in order to ask for the yeas and nays on my two amendments?

Mr. HATFIELD. I was going to request, on behalf of the Senator from Arkansas, the yeas and nays on his amendment.

The PRESIDING OFFICER. Is there objection to it being in order to request the yeas and nays at this time? The Chair hears none, and it is so ordered.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. On the amendment offered by Mr. BUMPERS.

Mr. KENNEDY. I ask unanimous consent that it be in order to ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there objection?

Mr. ROBERT C. BYRD. On Mr. KENNEDY's amendment.

The PRESIDING OFFICER. On Mr. KENNEDY's amendment.

Mr. ROBERT C. BYRD. On how many?

Mr. KENNEDY. On two amendments.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. SCHMITT. Mr. President, the Senator from Massachusetts certainly knows how to pick them.

As a matter of fact, in the deliberations of the Subcommittee on Labor, Health and Human Services, and Education, with the agreement of the full Committee on Appropriations, we obviously agreed, by the way we have set our priorities, with the Senator from Massachusetts about these three programs.

The community health centers in our regular bill are fully funded at the reconciliation level of $284 million.

Obviously, a 4-percent cut under the continuing resolution reduces that, but it has reduced the priorities set by the Appropriations Committee for this bill across-the-board.

I must remind my colleagues once again that it is primarily the Senate bill that is in the continuing resolution. It is not the House bill relative to the discretionary programs, with a few exceptions.

In the instant case, the House number will prevail, and the 4 percent is taken from that. But in almost every program, it is the Senate bill that is dominating this resolution and the priorities we have set.

In the Older Americans programs, the aging programs, the committee has generally come out well ahead of the administration's request, as have the figures in the continuing resolution.

In the Head Start program, the committee recommendation was $950 million, as was the House recommendation. So we are at the fully authorized funding in the continuing resolution for that program—again, minus the 4 percent.

All I can say to the distinguished Senator from Massachusetts is that all programs have been reduced by the same percentage, the priorities remain the same, and we once again must make an appeal to our colleagues to work to give us increased flexibility to fully fund where appropriate to do so, which is generally the case, these discretionary programs.

It has not been my desire to see very many of these programs cut as they have been. But in trying to meet the allocation given to me and to the subcommittee by the full committee, priorities were set. But the programs that the Senator is concerned about in this amendment are ones in which the full committee agreed with the subcommittee that they should be placed at a very high priority for funding. The 4-percent cut is something that is necessary in order to see that we do, in fact, have a continuing resolution signed by the President.

Mr. KENNEDY. The fact remains that the Appropriations Committee has agreed with the authorizing committee in establishing the figures. The Appropriations Committee has reviewed these various programs, as well as the authorizing committee.

We agreed to the higher mark—the Senate mark for community health centers was actually higher than that of the House of Representatives. But this resolution ignores the priorities set by both the authorizing and Appropriations Committees.

This amendment reaffirms the previous decisions of the authorizing committee and the appropriating committee. It says that priorities should be established by these committees.

The House of Representatives took such action when it added back funds for low-income energy assistance, which I think is worthwhile. They also increased the resources for the Job Corps. As the House of Representatives made that judgment, I hope the Senate will be able to do so. These particular programs have been reviewed carefully and evaluated completely by both the appropriating committee and the authorizing committee, and I believe it is important that the Senate adopt this amendment.

Mr. SCHMITT. Mr. President, I wonder if the Senator from Massachusetts can answer a question about his first amendment, just to be helpful. He may want to change the wording of it. There is certaintlv no rush, since we are not going to vote for a while.

By the wording of the amendment, he may have changed the intent of the law relative to the administration of unemployment compensation. The law says unemployment compensation administrative costs are to be paid from taxes received from employers, a trust fund limited account. The amendment, I believe, appropriates $120 million from Federal funds. which would change the intent of the Social Security Act.

The Senator may want to respond to that, or he may want to respond later. I am told that that may be a problem with the amendment as the Senator has drafted it.

Mr. KENNEDY. I will be glad to have the staff take a look at the particular language of the amendment. The intent, as the debate flowed, was very clear. If it is necessary to make that change and adiustment. I will do so.

I am grateful to the Senator from New Mexico for pointing this out.

Mr. SCHMITT. That in no way means that I will accept the amendment. It means that I want to conduct our legislative activities in a responsible way.

The PRESIDING OFFICER. (Mr. GORTON). The Senator from Connecticut is recognized.

UP AMENDMENT NO. 779

(Purpose: To reaffirm the Federal role in housing)

Mr. DODD. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Connecticut (Mr. DODD), for himself and Mr. WILLIAMS, Mr. CRANSTON, Mr. RIEGLE, Mr. SARBANES, Mr. DIXON, Mr. BRADLEY, Mr. TSONGAS, Mr. MOYNIHAN, Mr. HUDDLESTON, Mr. INOUYE, Mr. LEAHY, Mr. HEFLIN, Mr. RANDOLPH, and Mr. ROBERT C. BYRD, proposes an unprinted amendment numbered 779.

Mr. DODD. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the resolution, add the following:

SEC. . (a) The Senate finds and declares that—

(1) the United States housing industry is suffering from one of its worst recessions since World War II, marked by historically high interest rates, widespread unemployment, business failures, disastrously low levels of production and sales, and diminished hopes for homeownership among millions of potential homebuyers;

(2) as many as ten million American households either live in substandard housing or pay excessive portions of their income for rent;

(3) deteriorated shelter, obsolete infrastructure, and economic decline exacerbated by the current recession continue to plague urban and rural communities across the country;

(4) for almost two generations the Federal Government has demonstrated a continuous national commitment to the goal of a decent home and a suitable living environment for each American family, through its housing assistance, community development, and mortgage finance programs;

(5) the maintenance of this national commitment is essential to the health of the economy, and the well-being of individuals and their communities; and

(6) the adoption of certain recommendations of the Office of Management and Budget would have a catastrophic effect on the country's ability to meet housing and community development needs.

(b) The Senate strongly reaffirms the Federal Government's role in improving housing opportunities for all Americans, and the social and economic conditions in distressed urban and rural communities by—

(1) supporting cost-effective and meaningful Federal efforts to address the unmet housing needs of low- and moderate-income persons, the elderly, the handicapped, and others with specialized housing problems,

(2) preserving the capacity of Federal mortgage insurance and secondary market programs to perform their traditional roles in serving potential homebuyers, and

(3) maintaining an important role for the community development block grant program and the urban development action grant program in answering pressing community development needs.

Mr. DODD. Mr. President, I ask unanimous consent to add as additional cosponsors to this amendment the distinguished minority leader, Senator ROBERT C. BYRD; Senators WILLIAMS, CRANSTON, RIEGLE, SARBANES, DIXON, BRADLEY, TSONGAS, MOYNIHAN, HUDDLESTON, INOUYE, LEAHY, HEFLIN, and RANDOLPH.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, this amendment does not create any new authority. This is a sense of the Senate resolution. In the wording of the amendment I use the word "Senate" rather than the word "Congress," so as to minimize any potential objections that the other body might have if it comes to a situation where we are in conference. They, I am sure, would not object to the fact that the Senate expressed its opinion on the matter even though, of course, this will be before the House-Senate Conference on this resolution. I understand it would have to go to conference for approval. I just changed the word from "Congress" to "Senate" so as to minimize any potential conflict that might exist.

Mr. HATFIELD. Mr. President, will the Senator yield for a question at this point?

Mr. DODD. I yield.

Mr. HATFIELD. The Senator is quite correct. We are in a situation here that frankly we are looking more at the procedural problem we face than the substantive on the substantive questions of amendment or sense of the Senate or anything else that is being offered. It is an unfortunate position to be in, I assure the Senator from Connecticut, but we are doing so because we want to go home for Christmas and do other things such as that.

I wonder why this sense-of-the-Senate resolution could not stand on its own feet and be offered at a time unrelated to this resolution and perhaps even then he might get far more support because very frankly I am going to have to urge as the manager of the resolution on our side for every Member on my side of the aisle to line up against any of these proposals regardless of merit.

I say that in all frankness to the Senator from Connecticut and, as I say, it is an unfortunate role to be in because I wish to feel that I vote on the substantive question rather than procedural question. But under these unique circumstances I wonder if the Senator will not think about the possibility of picking up votes on the merits of the case rather than having to face the battle that I am going to have to wage against him in terms of a rollcall against the procedure.

Mr. DODD. Mr. President, the Senator from Connecticut would love to do nothing more than to offer this as a separate resolution and have it stand on its own. Unfortunately, I am caught in the awkward position of not having any other vehicle.

An effort has been made to allow for this resolution to come up on its own but as I understand and possibly my good friend from Oregon can help me in this matter, it would require a unanimous-consent request and my fear would be, of course, that someone would object at that point.

Mr. HATFIELD. I am sure if the Senator wishes to make that unanimous-consent request right now there are not many of us to object and I will not.

Mr. DODD. I will make such a unanimous-consent request that I be allowed to offer this as a separate resolution, and not part of this joint resolution, prior to the sine die adjournment.

Mr. HATFIELD. Mr. President, I think we would have to follow the action on the continuing resolution. That is the pending business, and I do not believe the Senator could offer that at this moment.

If the Senator wishes to make his unanimous-consent request following this resolution, perhaps it would be something else. I would not be in a position to speak for the leadership. But I do not think that that kind of consent could be granted at this point with the pending business before the Senate.

Is that correct?

The PRESIDING OFFICER. By unanimous consent Senators may request any resolution to be taken up at any time.

Mr. HATFIELD. Mr. President, I have to object at this point until I have clarified where this would fit into it. I do not want anything to encumber the continuing resolution we are trying to expedite and move through to completion, even though I may be sympathetic to the Senator's sense-of-the-Senate resolution. I unfortunately object on that basis or at least reserve the right to object until I can clear the matter of the procedural question that I am concerned about.

The PRESIDING OFFICER. I do not believe that the Senator from Connecticut has made the unanimous-consent request at this point, has he?

Mr. DODD. Mr. President, if I have made such a request I ask unanimous consent to vitiate that request. Why do I not note the absence of a quorum for a minute or so and have a chance to discuss this?

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DODD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DODD. Mr. President, the pending business now is the present amendment I have pending on this resolution; is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. DODD. Mr. President, this resolution, as I noted, carefully deletes the word "Congress" and says "Senate." As I mentioned before, this is designed specifically to minimize any particular problem we might have with the other body. So it is not to necessarily bind them but we only talk in this resolution as to what the opinion of the Senate would be on this matter.

Mr. President, furthermore, this resolution is designed to put the Senate on record in opposition to the recent Office of Management and Budget proposals to end virtually any Federal support for housing and to terminate vitally important community development block grant and urban development action grant programs.

I am sure that all of my colleagues noted with some deep concern the reports of early this week that the Office of Management and Budget has in fact recommended that all federally subsidized housing programs be zeroed out in 1983 and that that same fate befall the community development block grant and urban development action grant programs.

In fact, I read with some note and interest the comment of my good friend and colleague from Utah, the chairman of the Banking, Housing, and Urban Affairs Committee. When asked what he thought of that report, he called it—and I am quoting my good friend now, he said—"It is stupid," was his reaction to the OMB recommendation.

So this is not a partisan issue. The chairman of the Banking Committee, which has jurisdiction over this issue, agrees totally that such a proposal would be foolish.

This resolution is designed to allow the full Senate to express its deep concern over the proposal that OMB has made.

The need for this action stems from recommendations for fiscal year 1983 by the Office of Management and Budget with respect to the major programs administered by the Department of Housing and Urban Development. The OMB proposes to virtually eliminate all further Federal assistance designed to address the housing needs of this Nation's lower income families and senior citizens and to phase out the largest and most effective means of Federal support for the problems confronting our smaller cities and rural areas. If these actions are translated into actual recommendations, I submit that this administration will be continuing on a course of action designed to both dismantle the Department of Housing and Urban Development and this Nation's—and this is the most important part—this Nation's historic commitment to recognized goals of decent, adequate shelter, and community development and revitalization.

While I recognize that some will argue that these recommendations only address ongoing administration negotiations and not final policy pronouncements, it is difficult to be assured by the prospects for a reversal of this situation given the magnitude and severity of these recommendations and the dominance which the Office of Management and Budget has held to date in budget negotiations with domestic agencies. In addition, even if some accommodation should be reached in terms of the budget actually transmitted to the Congress in January, these proposals highlight very serious trends in administration policies for the future which run counter to the goals enunciated and reaffirmed by the Congress and various administrations over the past 50 years.

Mr. President, the administration is considering the total elimination of additional Federal assistance for addressing the housing needs of the poor and elderly in this country. If anyone believes that this is unrealistic, I would direct their attention to the administration's recommendations for subsidized housing in the current fiscal year. The proposal by the prior administration for 260,000 new assisted housing unit reservations was reduced initially by the Reagan administration to a level of 175,000 units and subsequently further to less than 150,000 units.

This is occurring, I would add, Mr. President, at a time of continuing unprecedented need among the poor for decent housing opportunities at affordable levels and during the worst total housing depression in this country since statistics have been kept.

In this regard, in my home State of Connecticut alone, there are 175,000 households that are in need of housing assistance due to either the quality of their current housing or their excessive rent burdens.

It has been estimated further that in New York City, for instance, there are some 30,000 individuals at this very hour who are homeless, without any shelter whatsoever.

In addition, proposals under consideration contemplate the elimination of the HUD community development block grant and urban development action grant programs over the next 2 years. These programs have not only been immensely successful, but have also been the major forms of Federal support for the development and revitalization of our urban, suburban, and rural communities. It is ironic that the same administration which just several months ago argued to terminate a variety of categorical grants and consolidate these functions within the community development block grant program, would now come forward a few months later and say, "Let us get rid of the block grant. We got rid of the categorical grants, and now we are going to eliminate the block grant entirely."

How are we to react, Mr. President, to other administration recommendations to consolidate programs into block grants when the most successful effort to date in this regard is targeted for extinction? How are we to react to an administration which espouses the need to look to private sector solutions, when the UDAG program which encompasses this principle of Federal leveraging of substantial private investment is now not only being questioned but has been marked for extinction as well?

Mr. President, the Congress must send a signal by adoption of this measure that it does not intend to even consider these draconian and counterproductive policies. We must not allow the panic associated with failed economic policies to reverse this Nation's commitment to the poor and our distressed urban and rural areas. The despair which will result from these recommendations more than offsets the benefit of any negotiating posture. I urge my colleagues to support this amendment.

Mr. President, I would also like to share with my colleagues some quotes that I think are probably more telling than anything I could say and, with all due respect to my colleagues here in the Senate, anything they can say.

I am going to quote from the draft appeal that was written to the OMB officials by HUD officials. This is not the final draft, I understand. It has been cleaned up a little bit, but I think it is worthy to note what the original sentiments were of those people responsible for reacting to this recommendation by the Office of Management and Budget.

I am quoting HUD officials in this administration reacting to the Office of Management and Budget with its proposals to eliminate Federal housing support and to eliminate the community development block grant and the urban development action grant. These are the quotes from HUD:

This would represent the third major funding reduction for housing programs proposed for fiscal year 1982.

The OMB would eliminate current housing programs without offering any alternative vehicle for providing assistance.

The OMB mark would require us to violate every agreement made as part of last year's package. Not only will this proposal not pass the Congress, it will totally destroy any remaining semblance of credibility the administration has with the Hill.

OMB is assuring that tenants will bear a significant hardship.

Mind you now, I am quoting from this administration's officials in the Department of Housing and Urban Development.

Let me quote further from this administration's officials:

Tenants would be faced with rent increases of well over 60 percent in order to meet the shortfall in operating subsidies in 1983.

The proposed reduction to operating subsidies will mean: critical cash flow problems for many PHAs leading to the cutoff of utilities and other essential services.

Massive layoffs of PHA personnel, strikes, and the inability to maintain projects in liveable condition.

Reduced rent rolls because units cannot be maintained and are boarded-up for lack of funds.

Rent strikes, riots, vandalism, and irreparable damage to projects.

I am not quoting now a member of some housing coalition. I am quoting the Reagan administration officials writing to the Office of Management and Budget. On that last line in particular, this is a HUD official writing to OMB:

Rents, strikes, riots, vandalism, and irreparable damage to projects.

Litigation, bankruptcy, and receivership of several major PHAs.

Major political disruptions in several large cities, increased congressional pressure to increase the level of funding for public housing above present amounts.

There will be no outlay savings from killing the section 202 program until 1985 at the earliest, but the cost of even making this suggestion will be felt—and felt strongly—in November of 1982.

So, Mr. President, I urge my colleagues to support this resolution. Let me emphasize again I understand completely the predicament that the floor manager, the distinguished Senator from Oregon, is in; that he would like to deal with this matter cleanly. He does not want to get into a conference with the other body, and I can understand his position.

But this matter is so important, the proposal or the position that OMB is taking on this is so drastic, that I think it is virtually important before we adjourn sine die that this body go on record as being totally opposed to the proposal that the OMB is suggesting.

Again, I am not suggesting any level in this resolution. I am not trying to recommend what the level ought to be. But I do not think there is any Member of this body that would support zeroing out the level of funding for housing for our poor and elderly citizens and for the two other programs that are marked for elimination.

Mr. President, I will ask for support on this. I recognize again the situation of the distinguished Senator from Oregon.

Mr. President, I ask for the yeas and nays on this amendment, if I may, at this particular juncture.

The PRESIDING OFFICER. Is there a sufficient second. There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. Mr. President, a point of information.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, on the yeas and nays that have been ordered on the Senator's resolution, would that be in line with the unanimous-consent agreement previously agreed to that it will follow in sequence the amendments that already are intended to be stacked beginning at 8 o'clock?

The PRESIDING OFFICER. It would be the fourth vote.

Mr. HATFIELD. I thank the Chair.

Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. WILLIAMS. Mr. President, I rise in support of the amendment of the distinguished Senator from Connecticut and commend him for offering it and for all that he has said to support this amendment before this body. The text of the amendment is substantively the same as the text of Senate Concurrent Resolution 51 which I introduced along with Senator DODD and 12 of our colleagues.

The purpose behind this amendment, and our concurrent resolution, is simple and vitally important. It sends a clear signal to the administration that the Senate is opposed to the callous proposals recently made by OMB that would sharply curtail Federal involvement in housing and phase out both the community development block grant program and the urban development action grant program.

Mr. President, if the administration were to propose and the Congress were to adopt the budget proposals made by OMB, the effect on the housing industry and on our cities would be catastrophic.

As no member of this Senate needs to be told, housing is suffering from perhaps its worst recession since World War II. Mortgage rates still hover near all time highs, housing starts have plummeted to the lowest levels in years, with single family housing starts at the lowest rate since they started keeping records.

With this grim background, what is it that OMB would have the President propose? Nothing short of the end of assisted housing construction, the emasculation of the FHA mortgage insurance program, the end of the GNMA mortgage guarantee program.

Our cities face staggering economic and infrastructure problems that are going to get worse because of the cuts their programs have suffered in the budget we are now finalizing for 1982. What is it that OMB would have the President recommend to the Congress:

Slash operating subsidies for public housing, and simply terminate the CDBG and UDAG programs which have been such a crucial and beneficial source of assistance to our distressed cities.

For those of you not aware of the impact of the OMB proposals, let me just summarize some of the highlights:

There would be no new assisted housing in 1983, and over 100,000 units under existing commitments would be cancelled;

The special program of housing for the elderly would be eliminated;

Rents of all assisted housing tenants would be raised and the term "income" would be defined to include the value of food stamps;

Funds for public housing operating subsidies would be reduced from $1.4 billion in 1982 to $400 million in 1983;

Availability of FHA mortgage insurance would be reduced by lowering the maximum amount of FHA activity from $35 billion in 1982 to $24 billion in 1983;

The GNMA mortgage guarantee program would be reduced by 20 percent a year until phased out; and

The community development block grant and the urban development action grant programs would be reduced from the $4.1 billion authorized for 1982 to $1.2 billion in 1983 and totally eliminated in 1984.

The full text of the OMB proposals was inserted in the RECORD for December 7.

Mr. President, I do not believe that the Senate would want to take the extreme measures suggested by OMB. I believe it would want to be on record in favor of maintaining those programs and activities that have been at the heart of the national commitment to decent housing and livable communities to the maximum extent that we can, consistent with our legitimate fiscal restraints.

Support for this amendment will send that message to the administration, and I urge its adoption.

Again, I wish to commend the Senator from Connecticut for bringing this subject to the Senate at this time in this way. It seems to be the only way at this moment that we could, as a body, express ourselves in support of the national housing program that is so vitally needed.

Mr. President, I ask unanimous consent that the Senator from West Virginia (Mr. RANDOLPH) be added as a cosponsor of this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, I am very hopeful that Senators who may be listening in on the public address system will move to the Senate floor to offer amendments, if they have amendments to offer. I am ready to go to a third reading. And yet I believe there are probably other amendments that Senators are expecting to offer. I will put in a quorum call at this time.

Mr. President, I believe, as a matter of courtesy to the Senate, there is no reason to hold ourselves here this evening any longer than necessary. We have four rollcall votes beginning at 8 o'clock. As I say, if other Senators are not here, I will move to a third reading and close off the matter and start our voting at 8 o'clock. I just want to put everyone on notice that there is no reason for the whole Senate to be held in session later than necessary on Thursday night.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PROXMIRE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 777, AS MODIFIED

Mr. PROXMIRE. Mr. President, the distinguished senior Senator from Massachusetts has an amendment which has been offered. He has asked if I would ask that that amendment be modified. I have checked with the Parliamentarian and I am told that if I ask unanimous consent it can be modified. The manager of the bill, Senator HATFIELD, has agreed that the modification would be in order so far as he is concerned, and he has no objection. So far as I know, no other Senator objects.

I ask unanimous consent that the Kennedy amendment be modified in accordance with the modification I have sent to the desk.

The PRESIDING OFFICER. Is there objection? Without objection, the amendment will be so modified.

The amendment, as modified, is as follows:

At the appropriate place in the resolution, insert the following new section:

SEC. . Notwithstanding any other provision of this resolution, there shall be available $120,000,000 for grants to States to administer the unemployment assistance program which is in addition to the amounts made available under this joint resolution for such grants.

Mr. PROXMIRE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. DECONCINI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 780

(Purpose: To assure that all of Customs Service and Secret Service budgets are exempt from 4 percent reduction in Section 143 of H.J. Res. 370)

Mr. DECONCINI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Arizona (Mr. DECONCINI) proposes an unprinted amendment numbered 780.

On page 58, lines 18 and 19, strike "the law enforcement activities of" and insert in lieu thereof "the law enforcement activities and other programs of".

Mr. DECONCINI. Mr. President, I will be very brief. Section 143(a) of the resolution before the Senate calls for a 4-percent cut in five domestic appropriation bills including the Treasury, Postal Service Appropriation Act, 1982. Section 143(g) of the resolution, however, provides an exemption from this 4-percent cut for a number of activities, including all of the Internal Revenue Service budget and the law enforcement activities of the Customs Service and the Secret Service.

My amendment would correct what, frankly, I believe must have been an oversight by the floor managers of the resolution in the House, when they moved to exempt all of IRS's budget but not all of Customs or Secret Service's budget. My amendment would make it clear that all of the Customs Service and Secret Service budgets would be exempt from the 4-percent cut mandated in section 143(a).

Mr. President, I have no problem with exempting all of IRS even though its activities are not all law enforcement in nature. But I do quarrel with OMB's interpretation of section 143(g) that, somehow, only a part of Customs and Secret Service's budgets should be exempt. I cannot think of two more important law enforcement agencies than Customs and Secret Service.

At a time when the drug problem in this country is epidemic and when the life of the President of the United States is threatened by terrorists from foreign governments, I find it incomprehensible that we would not exempt the entire budgets of Customs and Secret Service from the 4-percent cut. That is what my amendment would do.

Mr. President, I contacted the Director of the Secret Service this evening and asked him to tell me what Secret Service activities might be vulnerable to the 4-percent cut imposed under section 143(a) in this resolution. He told me that the protective functions of the Secret Service would be subject to the cut since they were technically protective rather than law enforcement in nature.

What this means, Mr. President, is that the Secret Service would have to take a sizeable cut in its budget that goes specifically for the protection of the President and other protectees who, as you know, are currently under a very serious threat from terrorists overseas, not to mention what we have had happen in the last 6 months. I do not believe that the Senate wants to put the Secret Service in that difficult position at this most sensitive period in our history.

The same could be held true for the Customs Service which has major responsibilities in interdicting drug traffic into the country; patrolling our airports; inspecting cargo; and a number of other functions that could technically be categorized as non-law-enforcement, but which dovetail with the fundamental law enforcement activities of the Service.

Again, I do not think that the intent of the section 143(g) exemption was to force our law enforcement agencies to split hairs on these critically important areas.

Therefore, Mr. President, I believe that this amendment makes all the sense in the world. We must not saddle these two critical law enforcement agencies with this potential problem, nor should we allow the Office of Management and Budget to make these interpretations and cut those important budgets after we pass this resolution. I hope that we will adopt this amendment.

Mr. President, I understand that OMB has a mission. They are following, indeed, the dictates of the White House. But I really question whether or not there has been some thought given to this.

Based on legislation and hearings that

we held in the Appropriations Committee regarding the Secret Service budget, this makes eminent sense. I hope the manager and the ranking member of the committee could accept this amendment.

Mr. HATFIELD. Mr. President, let me reiterate what I stated a short while ago here on the floor. I am in an unfortunate role here of trying to get this continuing resolution completed and down to the White House for signature so we can all go home for Christmas.

Therefore, the major emphasis here is procedural rather than substantive. I do not like that particular kind of a role, but that is a reality we have to face.

Now as to the amendment offered by the Senator from Arizona.

I should like to turn to page 58 of the resolution. That has the exemptions that we are talking about. If we start on line 18, we have there very clearly stated, I believe, and I am restating it for legislative history, that the exemption is the law enforcement activities of the Customs Service.

I have no problem with that, and I think it is clear that we are talking about the law enforcement activities of the Customs Service.

I believe that, following the word "service" on line 19, there is an implied comma so that it would read "and the Secret Service in the Department of the Treasury."

Let me clarify that for legislative intent. It is the intent, at least of the chairman of the committee, that the Secret Service is exempt, that the total Secret Service is exempt. That is the legislative history that I would like to make in my understanding of this particular provision.

So. Mr. President, I would agree with the Senator, as I understood the Senator to say that his concern was to exempt the entire Secret Service. Then I divide his amendment again to address the question of the Customs Service. There I think it is very clearly stated that it is the law enforcement activities of the Customs Service.

If that would be satisfactory to the Senator from Arizona, I should be very happy not only to include this colloquy as an attachment, but to cosign a letter to the Director of OMB and others who would be concerned about this as to what the legislative intent is and establish it clearly in that kind of communication as well as this colloquy.

Mr. DECONCINI. If the Senator will yield, let me say first that I thank the Senator for his interpretation of the resolution. Let me also say for the record that the Senator from Oregon, chairman of the Appropriations Committee, as well as the ranking member (Mr. PROXMIRE), is in strong support of the Service and that the maximum support will be given to the Secret Service. I have a couple of questions.

First, does the Senator from Wisconsin care to comment if his interpretation is similar to that of the Senator from Oregon? I think it would help us here on the legislative history in the event OMB continues with a different set of interpretations.

Mr. PROXMIRE. Yes, indeed, Mr. President, I agree wholeheartedly with the chairman of the Appropriations Committee (Mr. HATFIELD). I think the entire Secret Service should be covered, particularly, as the Senator so well points out, when the President of the United States is threatened as I cannot recall he has ever been threatened before.

It is a most serious crisis and I am sure that, under these circumstances, he would be covered as well as, under any circumstances, he would be covered. I think that is the intent here and I think we should make it crystal clear.

Mr. DECONCINI. I thank the Senator.

Mr. President, let me say to the Senator from Oregon that realizing the position we are in today and the Senator's extreme amount of cooperation that he has granted to the Senator from Arizona and others, I have no intention to upset the applecart on what we are trying to do here. I do have a question of the Senator from Oregon.

For this Senator's purposes, and maybe it has already been stated in the debate in the House today, but is the President, to the knowledge of the Senator from Oregon, willing to sign this resolution so we do not go through the struggle we went through just a couple of weeks ago?

Can the Senator comment for my purposes? I would like to have a vote on this to insure that the Secret Service is available, but I am also concerned that if he is going to veto this or give serious consideration, even, to vetoing it, I would like to have it on record that this body really believes that the Secret Service should provide that protection.

Mr. HATFIELD. Mr. President, I assure the Senator from Arizona that the President has indicated very clearly and explicitly that he will sign this resolution that came over to us from the House. One more reason, as I say, that I have been resisting all attempts to modify or change by amendments is not in any way to demean the amendment or to speak to the substantive question in the amendment but, rather, to avoid the indeterminable possibilities of having to go back to conference with the House because of an amendment added by the Senate.

That is why, as I said earlier. The President has given us full assurance that he will sign this resolution.

Mr. DECONCINI. Let me ask the Senator from Oregon, just for education purposes, what if this amendment were tacked on to this, were either accepted or approved by voice vote and it went to conference? Is the Senator from Oregon telling us that it is going to open up a Pandora's box such as we went through some weeks ago?

Mr. HATFIELD. That is precisely what I am saying. When you go to conference, everything is open to amendment, anything is open to amendment.

I also want to say to the Senator that it would not be a matter of just his amendment. I have had any number of colleagues who have assured me that once we break over this brink of taking amendments, they have their amendments that they will be coming to this floor very quickly to add. So it will be far more complex than just dealing, say, in conference with a single amendment. If we could close off every other title to the resolution—but we just cannot.

Mr. DECONCINI. Mr. President, if the Senator will yield, I appreciate the situation we are in and I am not going to press for a vote in deference to the Senator.

Mr. HATFIELD. I appreciate it.

Mr. DECONCINI. I just have to express some objections to operating in this manner. I really think it is up to us to have the right, and I realize I have if I insist on it, to have our amendments voted on. I am very disappointed that we find ourselves in the position we are in as it relates to trying to run this Government and now we are trying to do it on a consensus basis for a short period of time.

I realize the Senator from Oregon is totally committed to moving the appropriation bill and I do not want this interpreted as in any manner critical of his actions as chairman, or the ranking member, because they have been there foursquare all the time, trying to move these bills.

I find it frustrating when the administration has sent bills up here that we have been asked not to move the bill or asked to move them.

For the record, I want to say I think the Customs Service should be included here. However, my basic concern regarding the Customs Service is its involvement in drug interdiction, particularly on our borders in Florida, Arizona, and other border States. I am satisfied that the exemption, as written in law enforcement activities for Customs, does handle that.

I only, for the record, state again that it is my understanding that we shall join in a letter to OMB expressing this legislative intent here in the colloquy on the floor, indicating that the total Secret Service in the Department of the Treasury would be exempt from the 4-percent cut.

Mr. HATFIELD. Let me reiterate to the Senator that I shall be pleased to write such a letter or cosign it or endorse it, whatever the Senator would wish, setting forth this legislative record as to the intent of the exemptions relating to the law enforcement activities of the Customs Service and the total exemption of the Secret Service.

Mr. President, let me also say that I join the Senator in objecting to this method of doing business. I have objected to it from the very beginning. I want to get this appropriations process back on the track.

Mr. DECONCINI. Mr. President, if the Senator from Oregon will yield, I say this in the greatest repect: What are we going to do about that? What are we going to do in this body to see that we meet our responsibilities here?

Mr. HATFIELD. The answer to that is very complex. I say to the Senator that he is not being foreclosed from dealing with this issue by not offering his amendment or not pressing his amendment on this continuing resolution, for the simple reason that the bill—the bill, not the resolution, the Treasury bill—is in the pipeline; and the Senate and all the Members of the House will be able to work their

will on that, provided that the bottomline in terms of outlays is within the scope of this particular resolution.

I might say that the President has indicated pretty clearly that he will sign such bills that come to him within the scope of this resolution.

As the Senator knows, the Treasury bill upon which the Senator could have worked his will did not come up yesterday because of objections. But that means the bill is still here, ready to move on the floor at some agreed-to time, and the bottomline is still going to be the figure in the resolution. But we can reconfigure that bill as we wish. So the Senator is not foreclosed, in a sense. He still has that possibility.

Mr. DECONCINI. Due to the fact that I am the ranking minority member on the Postal-Treasury bill, is there any opportunity to enter into a time agreement now that we might get this bill up tomorrow or Saturday or whenever? I think it is vital that we pass that bill.

Mr. HATFIELD. I say to the Senator that the majority leadership was very anxious to press for that yesterday, but the Senators from Florida and Kentucky objected. So I suggest that perhaps he consult with his colleagues to see if they are willing to enter into a time agreement. We certainly are, on this side.

Mr. DECONCINI. I am advised that those Senators do not object now. If that were confirmed, would the Senator from Oregon be prepared to enter into a time agreement?

Mr. HATFIELD. I would be willing to enter into a time agreement with the clearance of the leadership. I would want to check with the leadership.

Mr. DECONCINI. Mr. President, I thank the distinguished chairman of the Appropriations Committee. I realize the situation in which he and the ranking minority member are.

In view of the colloquy that has been presented here, I am satisfied that it is the intent of both Houses and the intent of the law, until March 31, that the Secret Service total budget under Treasury would be exempt from the 4-percent cut. Based upon that, I thank the Senator from Oregon and the Senator from Wisconsin.

I ask unanimous consent that my amendment be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

UP AMENDMENT NO. 781

(Purpose: To provide increased appropriations for youth employment under title IV of the Comprehensive Employment and Training Act)

Mr. EAGLETON. Mr. President, I call up my amendment which is at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Missouri (Mr. EAGLETON) proposes an unprinted amendment numbered 781:

At the end of the resolution add the following new section:

SEC. . Notwithstanding any other provision of this joint resolution, there are authorized to be appropriated $300,000,000 for part A of title IV of the Comprehensive Employment and Training Act, relating to youth employment.

Mr. EAGLETON. Mr. President, as the amendment has been read, Members of the Senate understand that it would provide a $300 million appropriation level for the youth employment demonstration program under part A of title IV of the Comprehensive Employment and Training Act, rather than the $200 million minus 4 percent, or $192 million, that would otherwise be contained in this continuing resolution.

Mr. President, this country faces a situation in which 1,800,000 of our young people are literally walking the streets in search of a job. From October to November, the unemployment rate among minority youth rose from a shocking 37.5 percent to an astounding 42.9 percent. For white youth, the rate rose from 17 percent to 17.6 percent. These overall unemployment figures represented the largest monthly increase in the number of unemployed in 5 years. The current number of unemployed is the largest number of unemployed since 1939.

And how does this continuing resolution seek to meet the needs of these unemployed, particularly the needs of youth aged 16 to 19 who are without jobs? Why, it reduces the previous level of support for year-round youth employment programs by a whopping 71 percent. It reduces last year's level of support for the summer youth employment program by 20 percent.

How callous can we be, to say we are going to eliminate thousands of training slots for these young people? How callous can we be, to say that we have already cut these programs substantially under reconciliation, so let us put the knife in a little deeper and twist it a little harder?

I know that the argument will be made that this is a continuing resolution, and that the Senate should not load it up with extraneous amendments. To those who are safely secure in their own livelihood, safely secure in their own jobs, the issue of unemployment may be extraneous. But to millions of other people, to 1,800,000 young Americans who are jobless—and for all practical purposes will remain jobless as they face the future without skills—there is no issue more transcendent, more important than the question of employment.

If one looks at the way the employment and training programs are funded under this continuing resolution, one would think that the recession must be over. There must be plenty of jobs out there in the private market. There must be no need to be concerned about people who are unemployed.

Nothing, Mr. President, could be further from the truth.

The administration's chief economic adviser is predicting that unemployment will climb to 9 percent, the highest level of unemployment since World War II, and that the "worst of the recession hopefully will be behind us as 1982 unfolds."

If we pass the continuing resolution today with the figures for employment and training programs as they are contained in the resolution before us, we are saying that the U.S. Senate does not give a damn about people who are not employed. If we allow these cuts to go through, we are taking away the only ray of hope for many Americans who have fallen by the wayside.

While the overall track record for CETA is mixed, there is an increasing body of evidence that training is indeed cost effective in improving the long term earnings and employment of the disadvantaged.

A study just issued by the W. E. Upjohn Institute for Employment Research makes the following estimates of the minimum impacts of CETA programs:

Participants in classroom training earned an average of $300 more a year than a comparable group not in training.

Those who trained on-the-job earned between $400 and $900 more a year.

Almost 70 percent of those who completed training were employed two years after leaving the program and the vast majority were working in the private sector.

Every dollar spent for on-the-job training returns $2.18 in benefits to the community. Positive cost benefits are also realized for Job Corps and classroom training.

Other tangible benefits include reductions in crime, welfare payments and other income transfers.

Mr. President, to back away from our commitment to job training programs now would be a deep mistake. It would be a move away from the very goals of this administration, which none of us would fail to support, of economic growth, of investments, and of productivity. We simply cannot strengthen our economy without investing in our single most important resource, our human capital.

Mr. SCHMITT addressed the Chair.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. SCHMITT. I yield.

Mr. HATFIELD. I inquire of the Senator from Missouri if he wishes to press this amendment to a rollcall vote.

Mr. EAGLETON. Yes. It was my hope that we would be able to complete the colloquy.

Mr. HATFIELD. Would the Senator like the yeas and nays?

Mr. EAGLETON. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. SCHMITT. Mr. President, this area of youth employment is one which the Senate debated and voted on during the consideration of the previous continuing resolution. The Senate disagreed with the position taken by the Senator from Missouri on a similar amendment offered by the Senator from Massachusetts (Mr. KENNEDY).

Whether that was done or not, the key issue here tonight is completing action on a continuing resolution that can become law at the earliest possible date, certainly before the 15th of this month.

There are many aspects of youth employment training. The Subcommittee on Labor, Health, Human Resources, and Education looked at not only this

program but also the broader opportunities for continued direct and indirect funding of youth employment training activities within the total spectrum of Federal activities and concluded that when that total spectrum was looked at, the reductions indicated in the Senate bill, which is the determinative act for the continuing resolution, were the appropriate level.

The committee did consider very carefully the youth employment training area specifically and recognized that, in addition to the $200 million recommended for funding, there is $195 million in unspent prior year funds. The total, of course, would be $395 million available to enroll an estimated 195,000 young people.

The President's September budget request is $213,782,000. That is the September request, after having proposed to eliminate the program in March. He revised that proposal after Congress reauthorized the total program with the funding ceiling of $576 million.

The Senate Appropriations Committee also included in its report language, which will be operative under the terms of the continuing resolution, language to limit unnecessary stipends for enrollees during training. Stipends amount to about 20 percent of the cost of existing programs and are given to all enrollees regardless of need. If the stipends go to only needy students, at least 10 percent of the funding could be saved and used instead to expand enrollment opportunities.

The total recommended for all CETA programs, as I am sure the Senator from Missouri is aware, is $3.2 billion of which two-thirds is for youth through various programs. All of the Job Corps program, funded at $610 million, is for youth; that has been increased in this resolution, from the regular bill level of $600 million.

Another $674,168,000 is included for summer youth jobs. Half the remaining $1.7 million in CETA funding serves youth, for an estimated total of $2.3 billion for youth out of the $3.2 billion in overall CETA funding.

Even though the youth unemployment rate is now over 20 percent, thousands of unskilled jobs go begging every month. In October, State Employment Services offices listed 340,000 job openings nationwide. Fast-food restaurants are generally always looking to hire, and openings remain unfilled for janitors, farm workers, clerical workers, and salespeople.

● Mr. KENNEDY. Mr. President, this country is in a recession. Last month unemployment rose to 8.4 percent nationally. The chairman of the President's Council of Economic Advisors and the Secretary of Commerce have raised the specter of 9-percent unemployment and many believe it will go higher. There are more Americans out of work now than at the height of the Great Depression.

We all hope the administration's forecast of a spring thaw in this frosty economic picture proves correct. But, these rosy predictions have an all too familiar Republican ring. I am reminded of Herbert Hoover's campaign theme in 1932—"Prosperity is just around the corner".

For most of us the Great Depression is just a memory, an historic interlude. But for too many of our fellow Americans the current recession has become a depression. In States like Michigan and Ohio, unemployment is in double digits. Workers there have been without a pay check for a year or longer with no prospects for early relief. In October, my own State of Massachusetts, with an economy that had been described as recession-proof, suffered the single largest increase in unemployment of any industrialized State. Since April, unemployment there has jumped more than 2 points.

And these figures do not begin to tell the story for some workers. Unemployment among blue collar workers is 11 percent. Unemployment in the construction industry is 18 percent. And for the least advantaged in our society the situation is disastrous. Unemployment among minorities is at record levels, almost 15 percent for blacks and hispanics. Unemployment among teenagers is over 20 percent, 43 percent of minority teens cannot find work and the rate just for black teens alone is a staggering 46 percent.

Yet, despite these bleak reports, and the administration's admission that it is going to get worse, we are told to hold our course, accept more cuts and be patient—"Prosperity is just around the corner".

The amendment Senator EAGLETON has proposed is a modest one. It is intended to provide a few more opportunities for the needy youth in our society who cannot find work now to get the skills and education and experience they will need to qualify for the millions and millions of new jobs the President has promised when prosperity does return.

I urge the adoption of the Eagleton amendment.●

The PRESIDING OFFICER. Under the previous order the hour of 8 p.m. having arrived the question arises upon amendment No. 776.

Mr. EAGLETON. Mr. President, may I ask the Senator from New Mexico if he will complete his statement so that this amendment may be voted on at the end of the sequence?

Mr. SCHMITT. The statement by the Senator from New Mexico is essentially complete.

Mr. EAGLETON. Mr. President, I yield back the remainder of my time.

Mr. BUMPERS. Mr. President, I ask unanimous consent that I may be allowed to modify my amendment in accordance with the agreement I had with the Senator from New Mexico and the Senator from Oregon.

The PRESIDING OFFICER. Without objection, it is so ordered.

VOTE ON UP AMENDMENT NO. 776

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Arkansas (UP No. 776) as modified.

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) and the Senator from New Jersey (Mr. WILLIAMS) are necessarily absent.

The PRESIDING OFFICER (Mr. HATCH). Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 41, nays 53, as follows:

[Rollcall Vote No. 474 Leg.]

YEAS—41

Baucus	Eagleton	Matsunaga
Bentsen	Exon	Melcher
Biden	Ford	Metzenbaum
Boren	Glenn	Mitchell
Bradley	Hart	Moynihan
Bumpers	Heflin	Nunn
Burdick	Hollings	Pell
Byrd, Robert C.	Huddleston	Pryor
Cannon	Inouye	Randolph
Chiles	Jackson	Riegle
Cranston	Johnston	Sarbanes
DeConcini	Kennedy	Tsongas
Dixon	Leahy	Zorinsky
Dodd	Levin	

NAYS—53

Abdnor	Gorton	Packwood
Andrews	Grassley	Percy
Armstrong	Hatch	Pressler
Baker	Hatfield	Proxmire
Boschwitz	Hawkins	Quayle
Byrd, Harry F., Jr.	Hayakawa	Roth
	Helms	Rudman
Chafee	Humphrey	Schmitt
Cochran	Jepsen	Simpson
Cohen	Kassebaum	Specter
D'Amato	Kasten	Stafford
Danforth	Laxalt	Stennis
Denton	Long	Stevens
Dole	Lugar	Symms
Domenici	Mattingly	Thurmond
Durenberger	McClure	Wallop
East	Murkowski	Warner
Garn	Nickles	Weicker

NOT VOTING—6

Goldwater	Mathias	Tower
Heinz	Sasser	Williams

So Mr. BUMPERS' amendment (UP No. 776), as modified, was rejected.

Mr. BAKER. Mr. President, I have to reconsider the vote by which the amendment was rejected.

Mr. WEICKER. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the next rollcall vote be 15 minutes in length, but each of the three succeeding rollcall votes which have been ordered back-to-back be 10 minutes each. The next one will be 15 minutes and then three at 10 minutes each. So Senators are urged to stay on the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

VOTE ON UP AMENDMENT NO. 777, AS MODIFIED

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to the amendment of the Senator from Massachusetts (Mr. KENNEDY) numbered 777, as modified. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr.

MATHIAS), and the Senator from Texas (Mr. TOWER), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER), is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 30, nays 65, as follows:

[Rollcall Vote No. 475 Leg.]

YEAS—30

Baucus	Hart	Metzenbaum
Biden	Hollings	Mitchell
Bradley	Huddleston	Moynihan
Bumpers	Inouye	Pell
Burdick	Jackson	Pryor
Byrd, Robert C.	Kennedy	Randolph
Cannon	Leahy	Riegle
Cranston	Levin	Sarbanes
Dodd	Matsunaga	Tsongas
Eagleton	Melcher	Williams

NAYS—65

Abdnor	Exon	Murkowski
Andrews	Ford	Nickles
Armstrong	Garn	Nunn
Baker	Glenn	Packwood
Bentsen	Gorton	Percy
Boren	Grassley	Pressler
Boschwitz	Hatch	Proxmire
Byrd, Harry F., Jr.	Hatfield	Quayle
Chafee	Hawkins	Roth
Chiles	Hayakawa	Rudman
Cochran	Heflin	Schmitt
Cohen	Helms	Simpson
D'Amato	Humphrey	Specter
Danforth	Jepsen	Stafford
DeConcini	Johnston	Stennis
Denton	Kassebaum	Stevens
Dixon	Kasten	Symms
Dole	Laxalt	Thurmond
Domenici	Long	Wallop
Durenberger	Lugar	Warner
East	Mattingly	Weicker
	McClure	Zorinsky

NOT VOTING—5

Goldwater	Mathias	Tower
Heinz	Sasser	

So Mr. KENNEDY's amendment (UP No. 777), as modified, was rejected.

VOTE ON UP AMENDMENT NO. 778

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to amendment No. 778 of the Senator from Massachusetts (Mr. KENNEDY). The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 41, nays 54—as follows:

[Rollcall Vote No. 476 Leg.]

YEAS—41

Baucus	Exon	Melcher
Bentsen	Ford	Metzenbaum
Biden	Glenn	Mitchell
Bradley	Hart	Moynihan
Bumpers	Heflin	Nunn
Burdick	Hollings	Pell
Byrd, Robert C.	Huddleston	Pressler
Cannon	Inouye	Pryor
Chiles	Jackson	Randolph
Cranston	Johnston	Riegle
DeConcini	Kennedy	Sarbanes
Dixon	Leahy	Tsongas
Dodd	Levin	Williams
Eagleton	Matsunaga	

NAYS—54

Abdnor	Gorton	Percy
Andrews	Grassley	Proxmire
Armstrong	Hatch	Quayle
Baker	Hatfield	Roth
Boren	Hawkins	Rudman
Boschwitz	Hayakawa	Schmitt
Byrd, Harry F., Jr.	Helms	Simpson
Chafee	Humphrey	Specter
Cochran	Jepsen	Stafford
Cohen	Kassebaum	Stennis
D'Amato	Kasten	Stevens
Danforth	Laxalt	Symms
Denton	Long	Thurmond
Dole	Lugar	Wallop
Domenici	Mattingly	Warner
Durenberger	McClure	Weicker
East	Murkowski	Zorinsky
Garn	Nickles	
	Packwood	

NOT VOTING—5

Goldwater	Mathias	Tower
Heinz	Sasser	

So the amendment of the Senator from Massachusetts (UP No. 778) was rejected.

VOTE ON UP AMENDMENT NO. 779

The PRESIDING OFFICER. Under the previous order, the question is on agreeing to UP amendment No. 779, proposed by the Senator from Connecticut (Mr. DODD). On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER), are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER), is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 40, nays 55, as follows:

[Rollcall Vote No. 477 Leg.]

YEAS—40

Baucus	Eagleton	Melcher
Bentsen	Exon	Metzenbaum
Biden	Ford	Mitchell
Boren	Glenn	Moynihan
Bradley	Hart	Nunn
Bumpers	Hollings	Pell
Burdick	Huddleston	Pryor
Byrd, Robert C.	Inouye	Randolph
Cannon	Jackson	Riegle
Chiles	Johnston	Sarbanes
Cranston	Kennedy	Tsongas
DeConcini	Leahy	Williams
Dixon	Levin	
Dodd	Matsunaga	

NAYS—55

Abdnor	Grassley	Percy
Andrews	Hatch	Pressler
Armstrong	Hatfield	Proxmire
Baker	Hawkins	Quayle
Boschwitz	Hayakawa	Roth
Byrd, Harry F., Jr.	Heflin	Rudman
Chafee	Helms	Schmitt
Cochran	Humphrey	Simpson
Cohen	Jepsen	Specter
D'Amato	Kassebaum	Stafford
Danforth	Kasten	Stennis
Denton	Laxalt	Stevens
Dole	Long	Symms
Domenici	Lugar	Thurmond
Durenberger	Mattingly	Wallop
East	McClure	Warner
Garn	Murkowski	Weicker
Gorton	Nickles	Zorinsky
	Packwood	

NOT VOTING—5

Goldwater	Mathias	Tower
Heinz	Sasser	

So Mr. DODD's amendment (UP No. 779) was rejected.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. PROXMIRE. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

VOTE ON UP AMENDMENT NO. 781

The PRESIDING OFFICER. The question is no agreeing to the amendment (UP No. 781) of the Senator from Missouri (Mr. EAGLETON).

On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER) is necessarily absent.

The PRESIDING OFFICER. Are there any other Senators wishing to vote?

The result was announced—yeas 31, nays 64, as follows:

[Rollcall Vote No. 478 Leg.]

YEAS—31

Baucus	Ford	Metzenbaum
Biden	Hart	Mitchell
Bradley	Hollings	Moynihan
Bumpers	Huddleston	Pell
Burdick	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Cannon	Kennedy	Sarbanes
Cranston	Leahy	Tsongas
Dodd	Levin	Williams
Eagleton	Matsunaga	
Exon	Melcher	

NAYS—64

Abdnor	Garn	Nunn
Andrews	Glenn	Packwood
Armstrong	Gorton	Percy
Baker	Grassley	Pressler
Bentsen	Hatch	Proxmire
Boren	Hatfield	Pryor
Boschwitz	Hawkins	Quayle
Byrd, Harry F., Jr.	Hayakawa	Roth
Chafee	Heflin	Rudman
Chiles	Helms	Schmitt
Cochran	Humphrey	Simpson
Cohen	Jepsen	Specter
D'Amato	Johnston	Stafford
Danforth	Kassebaum	Stennis
DeConcini	Kasten	Stevens
Denton	Laxalt	Symms
Dixon	Long	Thurmond
Dole	Lugar	Wallop
Domenici	Mattingly	Warner
Durenberger	McClure	Weicker
East	Murkowski	Zorinsky
	Nickles	

NOT VOTING—5

Goldwater	Mathias	Tower
Heinz	Sasser	

So Mr. EAGLETON's amendment (UP No. 781) was rejected.

Mr. BAKER. I move to reconsider the vote by which the amendment was rejected.

Mr. HATFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Now, Mr. President, the leadership needs to make a judgment on whether we continue with this continuing resolution and try to finish it tonight or whether we go over until tomorrow. I have a strong preference to finish tonight. I believe that may be the view of the chairman of the committee,

Senator HATFIELD, as well. But before final judgment is made on how much time would be required to finish, I ask for a show of hands of those in the Chamber who still have amendments to the resolution?

I see Senator BRADLEY, Senator GLENN, and the minority leader. Are there others who have amendments to offer? Apparently not.

Could I inquire of the Senator from New Jersey how many amendments he intends to offer.

Mr. BRADLEY. It is my understanding, based on a discussion with Senator MCCLURE, that I will only be offering three amendments, not four.

Mr. BAKER. The Senator from Ohio?

Mr. GLENN. One amendment.

Mr. BAKER. One amendment. And one amendment from the minority leader.

Mr. President, five amendments are not an impossible job. I hear one of my distinguished friends say, "Let's go for it."

Could I inquire, Mr. President, of the Senator from New Jersey if he would be willing to agree to a time limitation for debate on his amendment.

Mr. BRADLEY. I would be more than pleased to agree to a time limitation.

Mr. BAKER. Could the Senator suggest a time limitation?

Mr. BRADLEY. Forty minutes, equally divided, on each amendment.

Mr. METZENBAUM. Make it 30.

Mr. BAKER. Could I inquire of the Senator from Ohio?

Mr. GLENN. Forty minutes, equally divided.

Mr. BAKER. And the distinguished minority leader?

Mr. ROBERT C. BYRD. Mr. President, I do not have my amendment ready tonight. I will be willing to call it up with 5 minutes to each side on tomorrow.

Mr. BAKER. But not this evening?

Mr. ROBERT C. BYRD. Not this evening.

Mr. GLENN. Mine is not ready for this evening.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. BAKER. Yes, I yield to the chairman of the committee.

Mr. HATFIELD. Mr. President, I would suggest, if the minority leader and the Senator from Ohio are not ready to present their amendments tonight, that we go ahead and complete the amendments of the Senator from New Jersey tonight and get that much behind us, because, very frankly, I am very anxious, and the Senator from Wisconsin, the distinguished ranking minority member of the committee, is also very anxious to get this continuing resolution out of our bailiwick and down to the White House to get it signed.

I really feel that we should expedite in every way possible that procedure so we can get the bills along, even beginning tomorrow, and have them supersede this continuing resolution and make this continuing resolution as short as possible.

If we can finish up the amendments of the Senator from New Jersey tonight and have only two tomorrow to finish up, then we could get this resolution downtown and get perhaps even an appropriations measure acted upon tomorrow.

Let me remind the Senate that we have three bills waiting for Senate floor action. They are Treasury, Labor, HHS, and Commerce. They are awaiting Senate floor action. They are ready to go. I want to get them acted upon as soon as possible, get them to conference and get them downtown to the President to sign, because the President indicated earlier, if they are within the scope of this resolution and these bills appear on his desk, he will sign them. He has already signed three and two others are pending on his desk at this time. I just wanted to make that brief record.

Mr. STENNIS. Will the Senator yield?

Mr. BAKER. I yield to the Senator from Mississippi.

Mr. STENNIS. Mr. President, I was at the conference with the chairman of the Appropriations Committee. I just believe that moving along would help us tomorrow with the appropriations bills, getting them started. That is why I suggest we go as far as we can.

Mr. BAKER. I thank the Senator from Mississippi.

I always loathe to ask the Senate to remain in late, particularly when it is not possible to complete action on the measure before us. But I think it is necessary, not only because it is late in the session and we are hoping for sine die adjournment in the next few days, but also for the reasons assigned by the Senator from Mississippi.

Mr. President, I would like to propound a unanimous-consent request that, on the three amendments to be offered by the Senator from New Jersey, there be 40 minutes, equally divided, in each case, and the control on the time of the amendments to be in the usual form.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, on the others, we will just wait until tomorrow and see what we can do with that, rather than trying to arrange them tonight. But let me put in place an order for the morning.

Mr. President, I ask unanimous consent that when the Senate completes its business tonight, it stand in recess until the hour of 10 o'clock tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. Mr. President, would the Senate be willing to agree to a unanimous-consent request that only the three amendments of the Senator from New Jersey, an amendment by the Senator from Ohio, and an amendment by the Senator from West Virginia would be in order on tomorrow when we resume consideration of this bill?

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object, can the majority leader assure us that we would be given up-or-down votes on the amendments?

Mr. BAKER. Yes, Mr. President, I can do that. I have no problem with that.

Mr. President, I ask unanimous consent that no other amendments be in order except those just identified.

Mr. CANNON. Mr. President, reserving the right to object, if the Senator would consider coming in at 9 o'clock in the morning, I would have no objection.

Mr. NUNN. Mr. President, reserving the right to object, and I do not intend to object, would that exclude a simple colloquy on the floor?

Mr. BAKER. No, it would not. I certainly would not do that. It would have no effect on general debate on the bill itself. But I think that if we are to have any realistic expectation of finishing this resolution tomorrow, we need to know what we are confronted with.

Mr. President, I ask unanimous consent that only those amendments be in order and I amend my request for the Senate to convene at 9:30 a.m. tomorrow.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. BAKER. I thank all Senators. I understand it is the wish of the distinguished chairman of the Appropriations Committee that we attempt to complete action on the three Bradley amendments this evening.

Mr. ROBERT C. BYRD. Will the distinguished majority leader yield?

Mr. BAKER. Yes, I yield.

Mr. President, I had earlier indicated a high probability of a Saturday session. I had hoped to be able to make further announcement about that in the course of the day. I must say that it still continues to appear that we will need a Saturday session. If I see a change in that, I will certainly advise Members.

Mr. JACKSON addressed the Chair.

The PRESIDING OFFICER. The Senator from Washington.

Mr. BRADLEY addressed the Chair.

The PRESIDING OFFICER. The Senator from New Jersey.

UP AMENDMENT NO. 782

(Purpose: To increase by $30,000,000 the amount otherwise made available for operations under Public Law 480)

Mr. BRADLEY. Mr. President, I send an amendment to the desk on behalf of myself, Mr. LEVIN, Mr. DIXON, Mr. DODD, Mr. HART, Mr. BIDEN, Mr. METZENBAUM, Mr. KENNEDY, and Mr. WILLIAMS and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY), for himself, Mr. LEVIN, Mr. DIXON, Mr. DODD, Mr. HART, Mr. BIDEN, Mr. METZENBAUM, Mr. KENNEDY, Mr. WILLIAMS, and Mr. MOYNIHAN proposes an unprinted amendment numbered 782.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place in the bill, insert a new section as follows:

Sec. . Notwithstanding any other provision of this joint resolution, there is appropriated the sum of $30,000,000 for carrying out the provisions of the Agricultural

Trade Development and Assistance Act of 1954, which sum shall be in addition to any funds otherwise made available for such purpose by this joint resolution.

Mr. STENNIS. Mr. President, may we have order?

The PRESIDING OFFICER. The Senator is correct. May we have order in the Senate? The Senate is not in order.

The Senator from New Jersey.

Mr. BRADLEY. Mr. President, the most basic human dimension of the Polish political crisis is the worsening Polish food crisis.

Strategic considerations limit the political support the United States can provide to the people of Poland in their struggle to liberalize their society. Such considerations bar military support. What is not limited by strategic constraints is economic support, and what Poland most immediately needs is food.

If this great land of ours excels at producing anything, it excels at producing an abundance of food, particularly grain products. It is our special gift and I believe it is a gift we would want to share with the Polish people in their time of political courage and economic hardship.

Mr. President, we can do more to help the Polish people through these difficult times and I believe the American people want us to do more, particularly providing food.

Therefore, I propose to add $30 million to the food-for-peace account administered by the Department of Agriculture, otherwise known as the Public Law 480 programs. I intend that this money be used to double the Public Law 480 funds which I understand the administration currently plans to allocate for food aid to Poland in fiscal year 1982.

I understand that the administration plans to donate $30 million under Public Law 480 to private agencies such as CARE and the Catholic Relief Agencies for the purchase of food stocks to be shipped to Poland. I intend that the $30 million added to Public Law 480 by my amendment be used by the Secretary of Agriculture to provide food, particularly grains and grain feed, to Poland using the most efficient methods which he is authorized to use under the Public Law 480 program, and if necessary, in conjunction with other food aid programs.

The Secretary may choose to provide food by subsidizing purchases in the private markets under title II of Public Law 480, or by donating funds to voluntary agencies for the purchase of food for shipment to Poland. He may use these funds to the extent of his existing authority in conjunction with other food programs such as sales by the Commodity Credit Corporation.

My objective is to use this money to deliver to the Polish people the maximum amount of the kind of food they most need at least cost. I believe that the Secretary of Agriculture is in the best position to determine how to use these funds most efficiently and effectively, in order to get these funds to get food for the Polish people.

Mr. President, there is considerable room in the authorization for Public Law 480 for fiscal year 1982 to accommodate this increase in appropriations. It is a relatively small figure, particularly in view of the massive Polish needs.

Let me recall a few facts about the Polish situation.

Poland is a nation in transition. It has embarked on a grassroots program of economic, political, and social renewal unprecedented in the Socialist bloc.

It is a group, in one sense, of workers who are struggling for social and economic rights.

Its people have taken grave political risks to fight for a more pluralistic society and have endured great economic hardship in the course of their struggle.

In effect, Poland is moving to a three-legged society, from the party alone, to the church, and now to a free trade union movement.

Poland's future is clouded by the continuing threat of Soviet interference.

However, its immediate problem is economic survival.

To restore economic health, the Polish people are taking measured steps toward economic decentralization.

They remain to have serious problems with debt to the West. They are moving and applying for membership in the International Monetary Fund. But, Mr. President, Poland has also asked the West for $740 million in food exports credit guarantees for this year.

For various reasons, it has not yet received a firm commitment from the United States. I understand Poland will buy $31 million worth of dairy products from the Commodity Credit Corporations. This will not be subsidized, but will be paid for in Polish zlotys.

This sale and the $30 million food aid provided under Public Law 480 do not approach meeting the enormous Polish need. My amendment helps narrow the gap a bit more.

We are experiencing hard times requiring hard choices. There is no extra money around. But this is a critical historical moment for Poland. It may not come again. Food is a uniquely appropriate American token of friendship and support.

Conversely, the lack of food is a uniquely dangerous Soviet threat to the future of a Poland that is moving more and more toward freedom. The $30 million is a small price to pay for sending it at the right time. Sending it at a time when it is hard for us to do will make it a particularly forceful statement. I hope my colleagues will join me in seizing the opportunity.

Mr. President, I yield 5 minutes to the Senator from Michigan.

Mr. LEVIN. I thank my friend from New Jersey.

Mr. President, I rise as a cosponsor of this amendment to urge its adoption and praise the Senator from New Jersey for his leadership in bringing this critial issue to the attention of the Senate.

Mr. President, every Member of this body understands just how critically this aid is needed. I do not believe that any Senator really opposes this modest attempt to help the valiant and courageous Polish people in their struggle for survival and for freedom.

But nonetheless there are those who will urge us to reject this amendment because they fear that if the Senate exercises its own judgment and conscience, that might complicate our parliamentary situation and perhaps make it more difficult for us to leave for Christmas. The distinguished Senator from Oregon has already made that argument a few times and he has prefaced it each time by saying that he does not like being in this situation, but he has no choice.

Mr. President, we do have a choice—its the people of Poland who do not. It is the people of Poland who will spend a Christmas without adequate food and without adequate hope.

It is the people of Poland who are looking to us for food and hope for Christmas. It is the peple of Poland—and the people who love freedom everywhere—who are waiting to see if the Congress of the United States is going to make the decision based on our own convenience or based on the clear humanitarian and strategic needs.

Mr. President, we clearly can find a way to pass this amendment and go to conference with the House and get a bill to the President before Tuesday the 15th of December.

Mr. President, if this request for additional food aid to Poland is denied, it is only going to tighten the tension between Solidarity and the Polish Government. And that tension may in turn require overt Soviet involvement—with all that means for our hopes for peace.

If the conflict escalates, if Solidarity is crushed or fighting erupts, we will be forced to look back at the decision we made today with terrible remorse and, if that happens, Mr. President, the warmth of the Christmas we seek to spend with our families will not be sufficient to protect us from the cold wind that will blow regret into our consciences and into our hearts.

Mr. President, I believe that the essential arguments in favor of this amendment were made very forcibly by the Detroit Free Press in a December 7th editorial on the subject of increasing our food aid for Poland. I ask unanimous consent that the editorial appear in the RECORD at this point and I again urge the Senate to adopt this amendment.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Detroit Free Press, Dec. 7, 1981]

EMERGENCY: $200 MILLION IN FOOD AID, NOW, COULD EASE THE PAIN IN POLAND

Poland is asking us for $200 million in emergency food credits, a swift first installment on the $740 million in food aid being sought by that country. The Reagan administration is sympathetic, but preoccupied with other budgetary matters.

The request for food aid is also entangled with the larger problem of what to do about that nation's multibillion-dollar international debt, a debt that Poland is hopelessly unable to pay unless the world's bankers agree to stretch it out on exceedingly generous terms. But while the request languishes, Poland gets hungrier, and the hunger pangs sharpen the conflict between Solidarity, the Jaruzelski government, and the Communist Party hard-liners.

This winter the Poles will eat apples, cabbages and canned goods—and maybe not so many apples and cabbages, at that.

The shortages increase the likelihood of street demonstrations and the danger of a violent clash between workers and government. Either mounting resentment of the government or disillusion with Solidarity for its failure to improve the standard of living could sabotage the Poles' slow bloodless march toward liberalization. The crisis adds nothing to Poland's stability or to its ability to withstand the pressure from Moscow to clamp down on political dissent.

What the Poles seek from the U.S. is, literally, chicken feed—grain for the poultry industry, the quickest source of meat for the empty shops. The emergency food aid will fatten the chickens and ducks, feed the children, and buy time for a country stretched on an economic rack. Time, above all, is what counts. Amid the billion-dollar budget battles being waged in Washington, $200 million for Poland is a tiny request—but a critical one.

Mr. BRADLEY. How much time remains, Mr. President?

The PRESIDING OFFICER. Ten minutes and fifty-nine seconds.

Mr. BRADLEY. I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. HATFIELD. Mr. President, I yield such time as the Senator from Mississippi may desire.

Mr. COCHRAN. Mr. President, the amendment before us would increase available funding under the Public Law 480 program specifically for Poland and the people of that country.

Frankly, I would urge the Members of the Senate to vote against the amendment, not because we are opposed to aid to the courageous people of Poland at this critical point in their struggle for greater freedom, but because, frankly, there are other alternatives available to the administration to provide the needed assistance to the citizens of Poland and that great country. There are export credit guarantees, for example, which are already authorized for this need. The administration is sensitive to these needs and has underway relief activities. This is not the appropriate time, nor program, to propose this kind of additional funding.

I urge Senators to vote against the amendment. While the argument is very attractive, and we are all sympathetic to these needs, just increasing this program with this amount of funding without any clear program direction our policy is not going to really help the people of Poland in the long run.

I thank the Senator for yielding.

Mr. HATFIELD. Mr. President, I thank the Senator from Mississippi, who is chairman of the Senate Subcommittee on Appropriations relating to agriculture.

I fully sympathize with the purpose of the amendment. I believe the Senator from New Jersey has elevated here for our thought and our focus one of the most vital issues confronting the world today. That is the remarkable courage and splendid action that has been taken by the Polish laborers and Polish farmers. Again, I find myself in that unfortunate role that I indicated earlier of looking at the possibility we are faced with here of opening for one amendment what eventually could bring out in the Senate dozens of amendments and push us back into conference with the House, which would make it impossible to complete this matter of the continuing resolution by the deadline we are facing.

I also say at this time that, in the foreign operations appropriations bill, we do make available $7 million in U.S. Polish currency for humanitarian and other purposes. Also, there is an additional $5 million in economic support funds, which will be helpful to the private agency assistance in Poland.

Again, it is with great reluctance that I consider having to resist this amendment, having been very active in food relief programs for many years.

I do feel that we must get the business of the Senate moving back into the appropriations process. I shall be very happy to assist the Senator from New Jersey in any other vehicle that may come along, such as a supplemental or any other such appropriate vehicle to deal with this matter, at a later date. Therefore, I shall have to join the Senator from Mississippi, the chairman of the subcommittee, in asking the Senate to oppose this amendment at this time.

Mr. President, I am ready to yield back the remainder of my time if the Senator from New Jersey has finished his remarks.

Mr. BRADLEY. Mr. President, I should like to make just a few more comments. Then I shall be glad to yield back my time.

This is a unique time in the evolution of the Polish situation, Mr. President. We are heading into winter. For a variety of reasons, ranging from the role of the church to the position of Western Europe in the political scene to the role the United States has played, the tanks have not moved into Poland. If there is one thing that has prevented the tanks from moving, it is the unified will of the Polish people. It will not be the first time in history that that will—not of the Polish people but of a people that resist aggression—will be broken or at least the attempt will be made to break it by creating food shortages. Mr. President, a winter without food, without heat, which the Soviet Union has the capacity to do, will create a different political environment come spring.

This is $30 million, Mr. President, $30 million that would be administered through the Catholic relief agencies, through CARE. This is $30 million of grain and grain products that the U.S. produces in great abundance. To date, the administration has not come forward with a program in a specific amount for food for Poland; $70 million for general purposes, but no response to the $740 million request for credits for exports for food that the Polish people have made.

Mr. President, this amendment is very simple. It is an amendment that I think has strategic implications, but it also has humane implications. It speaks to what I think is best about the American people and most callous about the Soviet Union. I urge the Senate to adopt the amendment.

I am prepared to yield now to the Senator from Montana and add his name as a cosponsor to the amendment.

Mr. MELCHER. Mr. President, I ask unanimous consent that my name be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MELCHER. Mr. President, I join my colleague from New Jersey in sponsoring this amendment. What the Polish people have done is the most dramatic and most potent defeat to Russian domination of an Iron Curtain country since World War II. Their activity and their valor in resistance to Russian domination is a living documentary to the failure of the Communist system. They have failed in the most basic of a country's responsibility, of a country's government, to its people; that is, the availability of food for their people.

We should assist the Polish effort, Mr. President. We should demonstrate to the world our support for the Polish people to overcome this gap in agricultural products, the availability of food and, in doing so, to back the most courageous break with Russian domination of any country in the Iron Curtain sector.

Mr. President, I urge the adoption of the amendment for humanitarian reasons, but also for world political reasons, to demonstrate our willingness not only to assist a people who do not have enough food, but also our vigorous support of a break by an Iron Curtain country from Russian domination.

Mr. BRADLEY. Mr. President, I am prepared to yield back the remainder of my time. I ask for the yeas and nays on my amendment.

Mr. HATFIELD. Mr. President, I am prepared to yield back the remainder of my time.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New Jersey. The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. MATHIAS), and the Senator from Texas (Mr. TOWER) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Colorado (Mr. HART) and the Senator from Tennessee (Mr. SASSER) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 37, nays 57, as follows:

[Rollcall Vote No. 479 Leg.]

YEAS—37

Baucus	Ford	Moynihan
Biden	Glenn	Murkowski
Bradley	Hollings	Pell
Bumpers	Huddleston	Pryor
Burdick	Inouye	Randolph
Byrd, Robert C.	Jackson	Riegle
Chiles	Kennedy	Roth
Cranston	Leahy	Sarbanes
DeConcini	Levin	Tsongas
Dixon	Matsunaga	Williams
Dodd	Melcher	Zorinsky
Eagleton	Metzenbaum	
Exon	Mitchell	

NAYS—57

Abdnor	Garn	Nunn
Andrews	Gorton	Packwood
Armstrong	Grassley	Percy
Baker	Hatch	Pressler
Bentsen	Hatfield	Proxmire
Boren	Hawkins	Quayle
Boschwitz	Hayakawa	Rudman
Byrd, Harry F., Jr.	Heflin	Schmitt
	Helms	Simpson
Cannon	Humphrey	Specter
Chafee	Jepsen	Stafford
Cochran	Johnston	Stennis
Cohen	Kassebaum	Stevens
D'Amato	Kasten	Symms
Danforth	Laxalt	Thurmond
Denton	Long	Wallop
Dole	Lugar	Warner
Domenici	Mattingly	Weicker
Durenberger	McClure	
East	Nickles	

NOT VOTING—6

Goldwater	Heinz	Sasser
Hart	Mathias	Tower

So Mr. BRADLEY's amendment (UP No. 782) was rejected.

Mr. BRADLEY. Mr. President, in lieu of the second amendment that I would offer on SPR, I wish to engage the distinguished Senator from Idaho in a colloquy.

Mr. HATFIELD. Mr. President, if the Senator will yield for just a moment, I wish to clear the deck here on what we have for the remainder of the evening.

Do I understand the Senator has one additional amendment on which he will ask a rollcall vote and the Senator prefers to take that amendment up tomorrow?

Mr. BRADLEY. That is correct.

Mr. HATFIELD. Is that correct?

Mr. BRADLEY. The Senator is correct.

Mr. HATFIELD. Therefore, the Senator will not have any amendment tonight for an additional rollcall vote so that will be the last of the rollcall votes tonight that we have just now completed as far as the Senator from New Jersey is concerned.

Mr. BRADLEY. As far as I am concerned I have no additional amendments for rollcall votes tonight.

Mr. HATFIELD. Mr. President, will the Senator yield for just a moment?

Mr. BRADLEY. I yield.

Mr. HATFIELD. Mr. President, in the unanimous-consent agreement that was entered into I believe in that agreement it provided for three amendments by the Senator from New Jersey and an amendment from the minority leader and an amendment from the Senator from Ohio, and it was assumed that the Senator from New Jersey would complete his tonight. Is that correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HATFIELD. I have a further question. I believe it was understood that the Senator from New Jersey would have three amendments. He now has reduced that to two amendments and a colloquy will take care of the additional amendment so that the Senator from New Jersey will only have one additional amendment calling for a rollcall vote which will be tomorrow. Is that correct?

Mr. BRADLEY. It is my expectation there would only be one additional rollcall vote and the colloquy with the Senator from Idaho.

Mr. HATFIELD. I do not believe I have gotten an answer to my question. Let me rephrase my question. The Senator from New Jersey has 1 additional minute that will require a rollcall vote that he wishes now to postpone until tomorrow. Is that correct?

Mr. BRADLEY. The Senator is correct.

Mr. HATFIELD. I thank the Chair.

Mr. McCLURE. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. McCLURE. Mr. President, I think the Senator from New Jersey is also reserving at least until we have completed the colloquy on this strategic petroleum reserve the possibility of a second rollcall vote.

Mr. BRADLEY. The Senator is correct.

Mr. McCLURE. He expects and I expect that that will be satisfied by the colloquy.

Mr. BRADLEY. The Senator is correct.

Mr. HATFIELD. Mr. President, if the Senator will yield, does that mean then we might have another rollcall vote tonight?

Mr. BRADLEY. It is not my expectation. This will take 30 seconds, and I expect at that point there will be no need for a rollcall vote.

Mr. CANNON. Mr. President, if the Senator will yield, there has already been an order entered for tomorrow and I am going to object to anything going on over beyond that. So I put the Senate on notice that we have an order to come in at 9:30 a.m. as a part of that agreement and the order was that there would be two amendments remaining in order.

So I am going to object to expanding it beyond that point.

Mr. HATFIELD. Mr. President, I wish to clarify for the Senator from Nevada that the unanimous-consent agreement did not include the proviso that the Senator from New Jersey had to present his amendment tonight. Therefore, it is not necessary to expand the unanimous-consent agreemenet to permit the Senator from New Jersey to put over until tomorrow one of the amendments that was included in the unanimous-consent agreement.

Will the Chair correct me if that is in error?

The PRESIDING OFFICER. The Senator from Oregon is correct.

Mr. CANNON. In other words, there could be other amendments in order to be brought up tomorrow?

Mr. HATFIELD. No, just the amendments of the Senator from New Jersey, the Senator from Ohio, and the Senator from West Virginia.

The PRESIDING OFFICER. The Senator from New Jersey had three amendments. He has indicated he will not require a rollcall vote on the colloquy amendment, but he has had one rollcall vote. He will require a second rollcall vote. I understand the Senator from Oregon would like to defer that rollcall vote until tomorrow. There is nothing in the unanimous-consent order which would prohibit that. That means we would have three rollcall votes tomorrow, on the amendment of the Senator from New Jersey, the amendment of the minority leader, and the amendment of the Senator from Ohio.

Mr. CANNON. Can the Chair read back the unanimous-consent agreement?

The PRESIDING OFFICER. The Senate will suspend. We will have to get the record in order to read it back.

Mr. McCLURE. Mr. President, will the Senator from Nevada and the Senator from Oregon yield? I think we can expedite the work of the Senate if, perhaps, the Senator from New Jersey could entertain the colloquy with myself now that would satisfy, I believe, his concerns with respect to the second of the three amendments he intended to offer.

Mr. BRADLEY. That is correct.

Mr. President, may I ask the distinguished Senator from Idaho a question regarding the strategic petroleum reserve? I understand both the House and the Senate have agreed that $191,432,000 should be appropriated in the Interior appropriation bill for the strategic petroleum reserve facility. Will the Senator from Idaho confirm that it is the intent of Congress that about $100 million of that is to be spent for land acquisition designed to initiate development activities for phase 3 of the program as originally requested by the President? Phase 3 is the increase in capacity from 500 to 750 million barrels.

Mr. McCLURE. Mr. President, the Senator from New Jersey is correct. Let me indicate here that the $100 million of the $191 million the Senator has identified would move us beyond phase 2. It would not complete phase 3, but it would move us beyond phase 2 into the design and acquisition of phase 3.

Mr. BRADLEY. I thank the Senator very much.

Mr. McCLURE. I thank the Senator from New Jersey.

Mr. BRADLEY. Mr. President, I will have no need for a second amendment on the strategic petroleum reserve.

Mr. HATFIELD. Could we get the Chair to restate precisely what we have as unfinished business on this resolution?

The PRESIDING OFFICER. Am I correct in inferring from the Senator from New Jersey that he has no further amendments?

Mr. BRADLEY. I have one further amendment.

The PRESIDING OFFICER. One further amendment.

Mr. BRADLEY. That is correct.

The PRESIDING OFFICER. In addition an amendment by the Senator from Ohio (Mr. GLENN) and in addition an amendment by the minority leader. Those are the only amendments allowed under the unanimous-consent agreement.

Mr. HATFIELD. I thank the Chair. Those three amendments will be presented tomorrow after the Senate comes into session? I am asking that as a question.

Mr. CANNON. I am requesting that the record be read back. I am not satisfied that three amendments can go over until tomorrow. As I understood it, there are two amendments going over until tomorrow, and I am going to object to expanding it beyond that. I want to hear the record read.

The PRESIDING OFFICER. The Senator has a right to ask for the RECORD to

be read, and the Senate will suspend until the record is obtained.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BRADLEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRADLEY. Mr. President, I am prepared to offer this amendment tonight if the Senator from Nevada would withdraw his request that the record be read back.

Mr. CANNON. I withdraw my request. I thank the Senator very much.

The PRESIDING OFFICER. Without objection, the request is withdrawn.

UP AMENDMENT NO. 783

(Purpose: To increase the appropriations for State Student Incentive grants and Pell grants)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will state the amendment.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an unprinted amendment numbered 783.

Mr. BRADLEY. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the appropriate place, insert the following:

SEC. . Notwithstanding any other provision of this joint resolution, the appropriation for fiscal year 1982 for State Student Incentive grants under subpart 3 of Part A of title IV of the Higher Education Act of 1965 shall be $76,700,000.

SEC. . Notwithstanding any other provision of this joint resolution, the appropriation for fiscal year 1982 for Pell Grants under subpart 1 of Part A of title IV of the Higher Education Act of 1965 shall be $2,374,000,000.

Mr. HATFIELD. Mr. President, the Senate is not in order.

The PRESIDING OFFICER. The Senator is correct. The Senate is not in order. The Senate will be in order.

The Senator from New Jersey.

Mr. BRADLEY. Mr. President, I offer this amendment to increase the funding for State student incentive grants to $76.7 million and to provide a total of $2.374 million for the Pell grant program. The continuing resolution has cut the programs by 4 percent. These programs represent a national commitment to the development of human capital through Federal investment in education. Federal efforts to improve the national economy are fatally flawed if we neglect to fully use all of those who are available to contribute to our economic growth. In establishing priorities for responsible fiscal management, we cannot forget the importance of a well educated and trained work force. Funding Pell grants and SSIG would show our wise concern for the development of our human resources.

Federal support of higher education is a sound financial investment. Society benefits from developing more productive citizens, more knowledgeable voters, and more taxpayers. This is ample reason to continue Federal funding for higher education.

The Pell grant program is the largest of the Federal Government's student aid programs and the starting point for most students seeking Federal assistance to finance higher education. Students are eligible based on need as determined by a family contribution schedule which is set annually by Congress. In 1978–79, 1,983,000 students received an average grant of $800.

According to the American Council of Education, in 1978–79 41.9 percent of the grants went to students in families with incomes under $6,000; 21.7 percent to families of incomes from $6,000 to $12,000; 12.8 percent to families of incomes from $12,000 to $18,000; 4.2 percent to income levels between $18,000 to $25,000; 1.7 percent to families with incomes greater than $25,000 and 17.7 percent to families whose income were undetermined.

Reducing the Pell program would place a hardship on thousands of families since higher education costs including tuition, books, room, board, transportation, and living expenses average $3,500 per academic year at public universities and $7,500 at private universities.

The Pell grant program was severely restricted earlier this year. The new cuts demanded by this resolution will deprive many of our young people of the opportunity to get a higher education. The cut in SSIG will also cut an equal amount in State aid.

SSIG doubles the value of Federal funds by requiring a dollar-for-dollar match by the States. Through this program, the Federal Government helps educate children, in partnership with the States. SSIG is an incentive to States to assist students to finance their college educations.

The National Association of State Scholarship and Grant Programs credits SSG with encouraging rapid State scholarship program growth since 1974–75. Prior to the beginning of the SSIG program during the 1974–75 academic year, only 31 States had statewide aid programs providing approximately $364 million to students. In the 1981–82 academic year, 57 States and territories have statewide, need-based aid programs, and the States appropriate about $887 million for this purpose. As the funding for SSIG has increased so has the growth of the statewide aid program.

For example, the greatest funding in the State programs occurred in the 1976–77 academic year when the SSIG appropriation more than doubled. In that year, SSIG funds increased from $20 to $44 million, and the total funding has been stable at $76.7 million and the State increases have been much smaller.

Without SSIG, many State scholarship programs will be eliminated. Although SSIG funds comprise only about 8 percent of all State aid program expenditures nationally, in 1980–81 the SSIG allocations represented one-half the program expenditures in 15 States and over one-third of the total program expenditures in 21 States. More than one-half of all the States—26—rely on the SSIG funds to provide over 20 percent of their total program funds.

The additional financial support this amendment will provide will not undo the severe cuts we have already imposed. But it will mitigate the damage we are likely to do—damage to people and damage to our economy.

I would like to share with you a copy of a letter to the President I received from a constituent in New Jersey which makes the case far more eloquently than I could do, and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MORRISTOWN, N.J.,
June 19, 1981.

Hon. RONALD REAGAN,
The White House,
Washington, D.C.

MY DEAR MR. PRESIDENT: I am a parent who is concerned about the question of student loans to children of parents who have incomes of more than $25,000 per year. I for one would like to present the case of Family Breslin.

We are a family of 7, five children ranging in age from 13 to 23, my husband and myself. Our family income is: Father $33,000; mother $10,500.

Our children are:

Nancy, 23 years old and just finished with her second year of medical school at the University of Pittsburgh. Her school has just informed us that her room, board, tuition, lab fees and books for the next year will be $19,400. Nancy has the following loans and grants: $4,000 loan from the U. of Pitt. $5,000 loan from the U.S. Govt. $4,000 grant from the U. of Pitt. She earns approximately $2,200 each year and we supply her with the rest ($4,200).

Steven, 22 years old has just graduated from Catholic University in Washington, D.C. He was a student in a 6-year program which provided him with two degrees. He finished the 6 years in 5 years but was forced each year to borrow $2,500.00 from the Student Loan program. His tuition was $5,000.00 of which he paid $1,200 himself and we made up the difference ($1,300.00)

Kathleen, 20 years old and in September will be a *Senior at Rutgers University*, New Brunswick, N.J. She is also double majoring in Economics and Education. Kathleen has already been offered a position when she graduates next May. *Her yearly college* expenses are $3,300.00 which are met by a $2,500 Student Loan and the rest by her summer earnings.

David, 18 years old has just been accepted by Stevens Institute of Technology, Hoboken, N.J. His yearly expenses will be $8,300.00 which we hope to meet by a $2,500 student Loan, a $600.00 grant he has received and the rest by $1,000 summer earnings and the remaining $4,200.00 from us.

Paul, 13 years old and in Junior High here in Morristown.

Mr. President, after our taxes and social security payments, we have a dispensible income of about $30,000. This next year we will be helping our children by directly paying $9,700.00 to their respective colleges for their educations. This leaves us with approximately $20,000 for all our living expenses. We drive a 10-year-old car with 150,000 miles on it and are proud of the

fact that so far we have *not* had to go into debt to educate our children. BUT, our children would not have been able to be educated if it were not for the loans.

Mr. President, can our country afford to not have had Nancy as a Doctor, Steven and David as Engineers, or Kathleen, as an Educator? What will Paul not become if the Student Loan program is wiped out for people in our income bracket? Today, if we were starting our family, we most likely would not have had five children, but who would not have been born? If we felt we could only educate and raise two of them, would we have sacrificed a doctor or an engineer?

Mr. President, not all people are abusing the Student Loan program—not all people spend every penny without considering the future (we certainly didn't, or we would never have been able to bring our children this far—without going deeply into debt).

There are people out there who have decent incomes but who still need help. Please, do not say to a proud child or a proud parent that he/she may not be educated because we have to cut the budget.

Most sincerely,

JOYCE L. BRESLIN.

P.S. I don't think I made it clear, but Nancy never needed a loan while an undergraduate. We paid all her expenses, and were able to pay completely for Steven's first two years. It was when Kathleen also entered college (giving us three at one time) that we started to apply for loans. By the time our children complete their college educations we will have had three years with 2 children in college at the same time and 5 years with 3 in college at the same time.

Mr. BRADLEY. Mr. President, I am prepared to yield back the remainder of my time.

Mr. HATFIELD. Mr. President, I yield 1 minute to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, as I understand the amendment of the Senator, he would want to exempt two of the student aid programs from the 4-percent cut. It is obviously very difficult to do that under the circumstances of this continuing resolution.

The State incentive grants were, indeed, reduced by the Senate bill. Under the terms of the continuing resolution, as presented to us by the House, those grants will be at the House level, minus the 4-percent cut.

The PRESIDING OFFICER. The time yielded to the Senator has expired.

Mr. HATFIELD. Mr. President, I yield 1 more minute to the Senator from New Mexico.

Mr. SCHMITT. Mr. President, with respect to the Pell grant program, it has been funded at a level of $2.374 billion, which is an increase of $28 million above the fiscal year 1981 level. Of course, with a 4-percent reduction, that becomes $2.279 billion, a decrease of $67 million below the fiscal year 1981 level, which reflects the priorities that our committee and the subcommittee before it put on this very important program.

It is unfortunate, as I have said many times before, that we do not have the flexibility in these discretionary programs to fund them at the level the Senate would like to fund them. If we are going to get a continuing resolution, the Senator well knows this is the plan and this is what we are going to have to do.

But the priorities of the Senate are clearly reflected in this continuing resolution, far more so than one might have expected otherwise.

Mr. BRADLEY. Mr. President, I am prepared to yield back the remainder of my time. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. Mr. President, I yield back the remainder of my time.

The PRESIDING OFFICER. All time having been yielded back, the question is on agreeing to the amendment of the Senator from New Jersey (Mr. BRADLEY). The yeas and nays have been ordered and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Pennsylvania (Mr. HEINZ), the Senator from Maryland (Mr. MATHIAS), and the Senator from Delaware (Mr. ROTH) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Tennessee (Mr. SASSER), the Senator from Colorado (Mr. HART), and the Senator from Louisiana (Mr. LONG) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 33, nays 60, as follows:

[Rollcall Vote No. 480 Leg.]

YEAS—33

Baucus	Heflin	Mitchell
Biden	Hollings	Moynihan
Bradley	Huddleston	Pell
Bumpers	Inouye	Pressler
Burdick	Johnston	Pryor
Byrd, Robert C.	Kennedy	Randolph
Cannon	Leahy	Riegle
Cranston	Levin	Sarbanes
Dodd	Matsunaga	Stafford
Eagleton	Melcher	Tsongas
Ford	Metzenbaum	Williams

NAYS—60

Abdnor	East	Nickles
Andrews	Exon	Nunn
Armstrong	Garn	Packwood
Baker	Glenn	Percy
Bentsen	Gorton	Proxmire
Boren	Grassley	Quayle
Boschwitz	Hatch	Rudman
Byrd, Harry F., Jr.	Hatfield	Schmitt
	Hawkins	Simpson
Chafee	Hayakawa	Specter
Chiles	Helms	Stennis
Cochran	Humphrey	Stevens
Cohen	Jackson	Symms
D'Amato	Jepsen	Thurmond
Danforth	Kassebaum	Tower
DeConcini	Kasten	Wallop
Denton	Laxalt	Warner
Dixon	Lugar	Weicker
Dole	Mattingly	Zorinsky
Domenici	McClure	
Durenberger	Murkowski	

NOT VOTING—7

Goldwater	Long	Sasser
Hart	Mathias	
Heinz	Roth	

So Mr. BRADLEY's amendment (UP No. 783) was rejected.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the amendment was rejected.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. SIMPSON. Mr. President, I would like to bring to the attention of the Senate the fact that the latest Senate action on the State-Justice-Commerce appropriations bill for fiscal year 1982, as well as the Senate-passed version of the first continuing resolution, provided for $110 million of additional funds for the Immigration and Naturalization Service. During the conference on the first continued resolution, $45 million of these funds were deleted in the effort to reduce overall spending levels. This cut is now reflected in the second continuing resolution which we are now considering.

Mr. President, I fully recognize the painful decisions which the conferees on the continuing resolution faced in their attempt to reduce spending levels. Furthermore, I intend to vote for this second continuing resolution.

Nevertheless, as chairman of the Subcommittee on Immigration and Refugee Policy of the Committee on the Judiciary, I wish to state that these additional funds were requested by the administration only as a result of the most careful study by the interagency task force chaired by the Attorney General. These funds have been earmarked for bolstering enforcement of our immigration laws, a major initiative to which the Reagan administration is wholly committed.

Although the amended budget request accompanying the President's initiative was submitted to Congress subsequent to the full Judiciary Committee action on S. 951, the Department of Justice authorization bill, it did reach the Senate in time to be included in the appropriations process.

Senators WEICKER and HOLLINGS, the distinguished chairman and ranking member of the Appropriations Subcommittee on State, Justice, and Commerce, included the administration's request for additional funding for this vital need by a floor amendment to the fiscal year 1982 appropriations bill. This floor amendment passed the Senate by a vote of 54 to 23. This increased funding was passed by the Senate a second time when it was included in the first continuing resolution.

Mr. President, I would therefore submit that the inclusion of the additional $45 million for the enforcement of immigration laws is so very critical if the Immigration and Naturalization Service is to begin making any inroads against the illegal immigration flow now rampant in this Nation. I would sincerely urge that at the very earliest opportunity in the new year, the Congress approve the full funding for the Immigration and Naturalization Service which has already passed the Senate twice and which is so strongly supported by the President and by the Attorney General.

● Mr. DURENBERGER. Mr. President, the continuing resolution would not allow funds for the implementation or enforcement of an important provision included in the Omnibus Reconciliation Act of 1981. That provision prohibits payment under part B of medicare and the use of Federal matching funds un-

der medicaid for prescription drugs that have not been determined to be effective by the Food and Drug Administration.

In the earlier version of this continuing resolution, which was vetoed by the President, the Senate approved an agreement worked out by myself, Senator BAUCUS, the distinguished Senator from Montana; Senator WARNER, the distinguished Senator from Virginia; and Senator SPECTER, the distinguished Senator from Pennsylvania, which has the effect of not allowing payment for the drugs in question after March 31, 1982.

The date in the Senate provision matches the date in the continuing resolution before us. The effect, will be the same.

If the continuing resolution is extended beyond March 31, 1982, I expect that the Senate will insist on March 31 as the cutoff date for this provision.

Mr. SCHMITT. The Senator is correct, as the Senator from Minnesota states, the Senator's amendment on the vetoed continuing resolution is effectively intact under the terms of this continuing resolution, and we shall continue to deal with this issue as consideration of the Labor-HHS-Education bill continues.●

VETERANS' ADMINISTRATION HEALTH-CARE APPROPRIATIONS AND PERSONNEL CEILINGS

● Mr. SIMPSON. Mr. President, on behalf of myself as chairman, and my good friend from California (Mr. CRANSTON) as ranking minority member, of the Veterans' Affairs Committee, I would like to seek from the very able chairman of the Appropriations Subcommittee on HUD-Independent Agencies (Mr. GARN) clarification of certain points with respect to Veterans' Administration health-care staffing appropriations in the HUD-Independent Agencies Appropriations Act, 1982, H.R. 4034, as passed by the Senate on Saturday, November 21, and agreed to by the House today and in the pending resolution, House Joint Resolution 370. Section 5010(a)(4) of title 38, United States Code, requires the Director of the Office of Management and Budget, after the enactment of each law making appropriations for the VA, to provide the VA with authority to employ under the three VA health-care accounts the numbers of employees for which funds have been appropriated. The accounts are the medical care account, the medical and prosthetic research account, and the medical administration and miscellaneous operating expenses account.

Since VA appropriations laws do not themselves specify employment levels for that agency, it is important—as I know my friend from Utah (Mr. GARN) knows full well—that the legislative history of any lawmaking appropriations for the VA be clear and specific as to the numbers of employees for which appropriations have been made in these accounts.

The first question that we would like to ask the very able floor manager of that Appropriations Act is, What employment levels for those three accounts are intended to be funded under the current version of H.R. 4034?

Mr. GARN. Mr. President, I thank the distinguished Senators from Wyoming (Mr. SIMPSON) and from California (Mr. CRANSTON) for raising this important matter and thus affording me the opportunity to provide clarification on it.

With respect to the medical care account, funding is provided in that measure at the same annual level as was provided in the first continuing resolution for fiscal year 1982, Public Law 97-51, and has been extended until December 15 by the second continuing resolution, Public Law 97-85, and the employment level intended to be funded under that account—a level we discussed and clarified in debate on that resolution on September 30 at pages S10893 and S10894 of the daily edition of the CONGRESSIONAL RECORD for that day—is the same, 186,287 full-time equivalent employees—FTEE's. I would also note that this figure does not include the so-called common services adjustment FTEE's. Those FTEE's are in addition to the 186,287.

With respect to the other two accounts, the medical and prosthetic research account and the medical administration and miscellaneous operating expenses—MAMOE—account, the overall funding levels in the current version of H.R. 4034 are somewhat lower than were provided under the first and the second continuing resolutions. The funding level provided in this version of H.R. 4034 for personnel under the research account is thus also reduced to some extent. Specifically, the funds appropriated for the research account are intended to be for 4,113 FTEE's.

However, despite the reduced level of the appropriations being made for the MAMOE account, none of the reduction is intended to be made in the personnel area. Thus, in H.R. 4034 funds are proposed to be appropriated for the same FTEE level as we discussed previously with respect to the level under the first and the second continuing resolutions, that is, 866 FTEE's.

Mr. CRANSTON. Mr. President—recognizing that the personnel levels that we have discussed up to this point were based on personnel costs prior to the October 1981 Federal civilian pay raise going into effect—we would also like to ask what, if any, effect the pay raise costs have on the levels of employment intended to be funded under the current version of H.R. 4034.

Mr. GARN. Mr. President, as is always the case early in the fiscal year with regard to personnel costs in this or any other appropriations act, those pay raise costs have no effect whatever on the number of FTEE's for which appropriations are being made—in this case for the three VA health-care accounts—under either the continuing resolution or the current version of H.R. 4034. The additional personnel costs for the numbers of FTEE's that I have previously specified is a matter with which the Congress will deal later in this fiscal year.

Mr. CRANSTON. Mr. President, we would also note that, in the continuing resolution now pending before the Senate, appropriations for all three of these accounts are being made in the same amounts as are provided for in the current version of H.R. 4034. Thus, is it correct that the employment levels intended to be funded by the pending resolution under those accounts are the same as the employment levels intended to be funded by the current version of H.R. 4034?

Mr. GARN. Mr. President, that is correct; taking into account the general provision in the pending resolution for percentage reductions in various accounts, both the funding levels and the intended FTEE levels are the same in both measures.

Mr. SIMPSON. Mr. President, we are very grateful to the Senator from Utah for the clarifications that he has provided. Based on our analysis of VA operations under the three health-care accounts, the personnel levels that he has specified would be adequate for the continued effective functioning of the VA's Department of Medicine and Surgery.●

OFFICE OF TRADE ADJUSTMENT ASSISTANCE

● Mr. DANFORTH. Mr. President, it is my understanding that the Office of Trade Adjustment Assistance has 1,100 petitions currently pending to be processed. In order to keep up with this statutory workload, there should be an adequate number of staff to process applications. I understand the Department of Labor has interpreted committee report language in such a way as to reduce staff from 148 to 29. Was this the intention of the committee?

Mr. SCHMITT. No, it was not our intention to impair the Department's ability to process Trade Adjustment Assistance petitions. Rather, it was our intention to reduce by about half the number of staff, given the reduced workload anticipated because of reforms in the trade adjustment assistance program made in the Omnibus Reconciliation Act of 1981.

Mr. DANFORTH. Is there a way to solve this problem?

Mr. SCHMITT. The Labor Department certainly has the flexibility to seek committee approval of a reallocation of resources within the Departmental Management account, in order to insure that petitions for trade adjustment assistance are processed in a timely manner, consistent with statutory requirements.●

THE COMMUNITY SERVICES BLOCK GRANT

● Mr. D'AMATO. Mr. President, some questions have arisen in regard to the discretionary fund for the Secretary of HHS which is part of the community services block grant. I believe we need some clarification so that the Secretary will have the proper guidance regarding the discretionary fund.

It is my understanding that the continuing resolution we are considering today reaffirms the reoprt of the conferees of November 20, 1981 regarding the continuing resolution which the President vetoed on November 23, 1981. The report of the conferees would direct the Secretary of HHS to provide funds to four programs authorized in section 681(a)(2) of the Community Services Block Grant Act of 1981 and would further direct the Secretary to continue to make loans and loan guarantees in fiscal year 1982 from a loan fund, the Rural Development Loan Fund, which the Secretary is authorized to provide for in section 681(a)(2) of the Community Services Block Grant Act and

for which there is budget authority remaining available under authority of section 633 of the Community Economic Development Act of 1981 (subchapter A of chapter 8 of subtitle A of title VI of the Omnibus Budget Reconciliation Act of 1981).

Mr. President, I want to point out that there are two loan funds which the Secretary is authorized to provide for in section 681(a)(2) of the Community Services Block Grant Act of 1981 and for which there is a budget authority remaining available under section 633 of the Community Economic Development Act of 1981. In addition to the Rural Development Loan Fund, these acts also provide for the Community Development Credit Union Revolving Loan Fund.

Mr. President, it was not my intention as a conferee, and I do not believe it was the intention of the other conferees, to exclude the Community Development Credit Union Revolving Loan Fund program which the Secretary is authorized to administer through the discretionary fund. Nor do I believe we intended to limit the Secretary's authority to continue making loans and loan guarantees from both of the loan funds authorized in section 681(a)(2) of the Community Services Block Grant Act of 1981 and section 633 of the Community Economic Development Act of 1981. Mr. President, can I ask the Senator from New Mexico if this is consistent with his understanding regarding the Secretary's discretionary fund?

Mr. SCHMITT. Mr. President, I do not believe we as conferees intended to exclude the Community Development Credit Union Revolving Loan Fund program authorized within the Secretary's discretionary fund under the Community Services Block Grant Act.

Mr. D'AMATO. I thank the Senator from New Mexico for helping to clarify this matter.●

SBA POLLUTION CONTROL PROGRAM

● Mr. HAYAKAWA. Mr. President, I wonder if the distinguished chairman of the Subcommittee on State, Justice, and Commerce Appropriations would respond to a concern of the Senator from California?

I understand that section 136 of the House passed resolution, now before us, mandates that agency heads enter into agreements to guarantee the level authorized in the continuing resolution for programs contained therein.

I am concerned that section 136 mandates that the administrator of the Small Business Administration guarantee the full level authorized for the pollution control program of $250 million, as contained in Public Law 97–35, and by virtue of the House Appropriations Committee's rejection of proposals to limit pollution control guarantees as per House Report 97–180, which is inherent in the House Passed State, Justice, Commerce appropriations bill, H.R. 4619 referenced herein.

Is it the intent and understanding of the distinguished subcommittee chairman that the pollution control program is within the scope of programs covered by section 136 as programs authorized by this resolution?

Mr. WEICKER. The Senator from California is correct. The administrator of the Small Business Administration is authorized to enter into commitments of up to $250,000,000 under Public Law 97–35. As chairman of the Subcommittee on State, Justice, Commerce, I would interpret the provisions of section 136 of this joint resolution to require that the SBA administrator enter into the full amount of commitments authorized by Public Law 97–35. This is wholly consistent with the action of the Senate on H.R. 4169.●

● Mr. GRASSLEY. Mr. President, this continuing appropriations bill before us covering this fiscal year is far from perfect in light of the 1980 mandate given the Congress and the President by the American people to establish clear restraints and substantive reductions on the Federal budget.

First, it is unfortunate that we continue to labor under the continuing appropriations structure. Congress must extricate itself from this budgetary trap, which serves to unnecessarily confuse the public and to undermine dependable economic planning. This Senate has labored long and hard in the various committees and on the floor in recent months to make very difficult decisions on budget matters. We should be proud of the work accomplished in the Omnibus Reconciliation bill of 1981, which provided $36 billion in savings for the American people. Why, with that substantial effort behind us, must we now seek the impermanence of a continuing resolution.

Second, it is unfortunate that the budget resolutions could not more closely resemble the President's September level of spending. The interconnections between the effects of excessive government spending, high interest rates, tax bracket rises, and stagnant economic growth are increasingly clear to Americans. Thus, the failure to reach budget reductions which at least equal the restraint delineated in the President's version is regrettable.

There has been intermittent discussion during debate in weeks past which suggests that there is little significance to additional spending reductions of $1 to $4 billion when considering the budget as a whole. It should be stressed that in the present national economic situation, those additional savings could be conceived primarily as lost private investment opportunities; jobs that may not be created; earnings that may not be expended in the economy. Thus, the failure to provide additional spending reductions must be seen as a reduction of economic growth possibilities.

Despite my reservations, I will support this continuing resolution. The measure does provide a level of reductions which is acceptable to the President. His strength in exercising his veto power in late November caused a more careful consideration by the Congress of the details of this resolution.

He had made a considerable effort to offer accommodations, while maintaining the integrity of his program. The additional reductions in this resolution show very clearly that the President's strength, faithfulness to principle, his "hang-tough" attitude have stimulated the creation of a far better bill than was considered by this body in November. Clearly we are not going to reach the $8.5 billion in reductions which the President submitted. We will, however, be providing the American people with approximately $4 billion in reductions.

It is essential that we realize that those savings are not merely lost government spending figures—rather, those $4 billion are more accurately funds made available to the private economy for investment in real economic growth.●

● Mr. ROTH. Mr. President, a few weeks ago, the Congress was convulsed by the consideration of House Joint Resolution 357, the continuing resolution. Operations of the Government were unfunded, causing uncertainty at home and embarassment abroad, as the U.S. Government was portrayed as going bankrupt. The Congress, in its apparent inability to complete work on schedule, made a glaring spectacle of itself.

However, the fiasco of November 23 was not the result of poor scheduling. In fact, I would like to commend the distinguished majority leader for his forceful leadership in moving us along to resolve these matters. It is clear to me that without his valiant efforts, we would still be here next summer, still debating appropriations for this fiscal year.

The reason for the debacle of Thanksgiving week was not scheduling or ineptitude on the part of Congress. It is a direct result of basic structural deficiencies in the budget process itself. The process through which the Federal budget is prepared and reviewed by Congress and the President is starting to be viewed as a farce. Unless we try to strengthen it, I believe it will be abandoned altogether.

I am not suggesting in any way that the budget process was misused this year. Further, I think given the flaws in the process and the sheer mass of the policy changes we passed this year, the Committee on the Budget deserves our deepest gratitude for its work. In particular I would commend the chairman of the Budget Committee, Senator DOMENICI. His efforts follow the very highest traditions of this body. His leadership, fairness and wisdom in completing the necessary budgetary tasks merits our heartfelt thanks. I think, based on his lucid and eloquent remarks before my Committee on Governmental Affairs, that he would share some of my concerns with regard to the Budget Act. In fact, the assistance, cooperation and valuable contribution of Senator DOMENICI, his testimony and that of his highly competent staff were all extremely critical to the formulation of the proposed legislation I will discuss today.

The use of continuing resolutions, such as the one we are considering today, is a gaping loophole in the budget process. It violates the fundamental order of assigning Government spending priorities. In the current race with time, Congress neither has the ability nor the will to scrutinize the critical details of this spending measure.

This problem of routine use of continuing resolutions did not occur for the first time this year. The Congress has resorted to continuing resolutions every

year since 1968. According to GAO, in the last 20 years only 15 percent of all appropriation bills have been passed by the beginning of their respective fiscal years. The inability to meet appropriations deadlines occurs in spite of the dedication and awesome workload of the Appropriations Committee. The Appropriations Committee, like the Budget Committee, has performed laudably this year in an extremely limited timeframe and under very difficult circumstances. I would like to express my sincerest appreciation to the committee and especially to its distinguished chairman, Senator HATFIELD. I am also grateful that Senator HATFIELD was kind enough to find time to offer some of the most insightful testimony on the budget process heard by my committee this year.

This problem of timing is not limited to appropriation bills, however. Since the 1974 Budget Act was passed, Congress has had a timetable for the passage of two budget resolutions each year. During the first few years under the Budget Act we were generally successful in meeting the appropriate deadlines. But there is clearly a trend in the past 5 years which shows that the ability of Congress to hold to this schedule has declined dramatically. The breakdown of the budget process this year cannot be simply attributed to the massive changes in policy which have taken place or to a difficulty in achieving consensus on the new directions of this policy. I would like to include for the RECORD two tables prepared by the Congressional Research Service which show the problems with regard to congressional action on appropriation bills and budget resolutions.

TABLE 1.—CONGRESSIONAL ACTION ON BUDGET RESOLUTIONS

	Date 1st resolution adopted	Number of days' lag after May 15 deadline	Date 2d resolution adopted	Number of days' lag after Sept. 15 deadline
Fiscal year:				
1977	May 13, 1976	0	Sept. 16, 1976	1
1978	May 17, 1977	2	Sept. 15, 1977	0
1979	May 17, 1978	2	Sept. 23, 1978	8
1980	May 24, 1979	9	Nov. 28, 1979	74
1981	May 12, 1980	28	Nov. 20, 1980	66
1982	May 21, 1981	6	(1)	

[1] Fiscal year 1981 figure excludes continuing authority provided in the Supplemental Appropriation and Rescission Act, 1981 (Public Law 97-12).

TABLE 2.—CONGRESSIONAL ACTION ON REGULAR APPROPRIATION BILLS

	Number of bills enacted within 7 days of Labor Day	Number of bills enacted by Oct. 1	Number of bills not enacted by end of fiscal year	Number of continuing resolutions
Fiscal year:				
1977	8	13	0	2
1978	8	9	1	3
1979	1	5	1	1
1980	0	3	3	2
1981	0	1	5	[1] 2
1982	0	0	(2)	1

[2] Fiscal year 1982 ends Sept. 30, 1982.

Congress may be unable to meet these deadlines partly because of the inert nature of the institution. However, I think it is increasingly clear that Congress attempts to make too many decisions each year and that many of these decisions are redundant. This year, which I assert was typical rather than unusual, we have passed or will pass a revised second budget resolution for fiscal 1981, a first budget resolution for fiscal 1982, a budget reconciliation bill, several appropriation bills, two continuing resolutions, a second budget resolution, and a supplemental appropriation bill. It is easy to see how these measures dominated the congressional schedule this year. I contend that many of these decisions are matters which could logically be combined or eliminated.

The extraordinary number of decisions required by the Budget Act effectively confuses much of Congress and I suspect most of the Nation with regard to the condition of the economy. It is confusing enough when we must constantly make necessary policy revisions. But procedurally, to pass two, or more likely three, budgets for one fiscal year along with all the other spending measures, makes little sense.

The budget process is, of course, much more than the process of agreeing to the numbers in the budget resolutions. These budget decisions are the culmination of an extensive process which includes reviewing authorizations, appropriations, and revenue measures. The time spent in coming to agreement on the final budget numbers this year severely limits the time we could spend on the other aspects of the budget process.

This preoccupation of Congress with the budget process, including appropriations each year, also has the effect of physically limiting other business which Congress must consider. For example, Government programs must be carefully reviewed for effectiveness as well as budgetary impact to determine whether reauthorization or termination is called for. Proposed new programs must be scrutinized. Various nominees must be reviewed. Congressional oversight is a crucial activity that is simply neglected all too often. Often though, time spent on these activities is limited because there are simply not enough hours in the day to do the nuts-and-bolts jobs Congress must perform. This neglect also means that budget decisions which are eventually made may not be based on as firm a legislative foundation as they should be.

I believe the most distressing difficulty caused by devoting so much congressional time on sometimes redundant decisions is that there is not enough time left to consider the fundamentally important policy issues. The details of the budget, such as whether certain programs or recipients are deserving of a share of the pie, should be reserved until the size of the fiscal pie is determined.

The fundamental concept behind establishing a congressional budget is that total spending and revenue figures should be established first. Under the existing process, the nonbinding first budget resolution has too often become a sham—an agreeable budget which everyone can vote for, knowing that any problems will be dealt with later in the second budget resolution.

This year, as massive policy changes occurred, the budget process nearly collapsed of its own weight. The problems I have discussed are but a few of the resulting repercussions of a budget process with some very basic limitations. My committee has recently held oversight hearings on the congressional budget process. As I have said, we heard from several distinguished Members of Congress, including the chairmen of the Senate Budget, Appropriations, and Finance Committees and the chairmen of the House Rules and Appropriations Committees. The Directors of the Office of Management and Budget and of the Congressional Budget Office also testified. Through these hearings, it has become clear to me that there are several vital elements of the budget process which should be retained. I strongly believe that the Congressional Budget and Impoundment Act of 1974 was a profound reform and certainly a tremendous improvement over the chaos which existed prior to its enactment.

The best aspects of the process are becoming obscured by its pervasive problems, some of which I have pointed out. It is imperative that we strengthen the Budget Act to improve the quality of legislative decisions and to make the congressional budget the fiscal policy document it was intended to be. I intend to introduce comprehensive legislation soon to make changes which will move us toward these goals.

My proposed legislation will institute a 2-year budget cycle. This legislation will include the following basic provisions:

Beginning each budget cycle with a binding budget resolution setting revenue and spending targets for the following 2 years.

Combining the 13 annual appropriations bills into a single 2-year appropriation bill. This bill woud be agreed to in the first year of the 2-year process and would provide greater stability and predictability to Government funding. This would also help to eliminate much of the disruption and excessive costs caused by uncertain year-by-year funding.

Spending the second year of the cycle on oversight and authorizations measures, along with any revisions in the budget resolution that become necessary.

Changing the beginning of the fiscal year from October 1 to January 1 to give Congress a full year to complete budget actions.

These revisions would remove much of the uncertainty of constantly changing budget decisions. Under my proposal, the Congress would chart a firm, clear course for the Nation, allowing States and lo-

calities to better plan their use of Federal funds. The workload of the Congress would be more logically organized with a specific and extended period of time set aside for necessary oversight and authorization activities.

The basic concept of a 2-year budget process and a binding first budget resolution has been endorsed by many knowledgeable individuals, including CBO Director Alice Rivlin.

I think it is critical that we act now to prevent the wholesale abandonment of the budget process. The legislation I will introduce will retain the strengths of the congressional budget process while making crucial structural revisions. I plan to hold extensive hearings on this proposed legislation next year. I welcome the concerns and suggestions of my colleagues with regard to my proposal and to any other improvements which may be warranted in the Budget Act.

I look forward to working with my colleagues during the coming year to implement the changes I have described and any others which may be necessary.●

● Mr. WALLOP. I have just one question regarding the intent of one provision of the continuing resolution. This resolution, at section 113, contains almost identical language to that found in the continuing resolution which was vetoed by the President. That language expresses the sense of the Congress that the President not include in his recommendations for revenue enhancements any recommendations which would have the effect of reducing Federal tax incentives for energy conservation or the development of renewable energy sources. During the course of the debate on the continuing resolution which the President vetoed, I engaged in a colloquy with Senators DOLE, CHAFEE, DECONCINI, BAKER, and the distinguished Senator from Oregon where it was concluded that it was not the intent of that very similar provision to preclude any efforts to work with the administration in making those energy tax credits more effective. My question then, Is it still the understanding of the Senator from Oregon that such efforts would not be similarly precluded by this language?

Mr. HATFIELD. That is still my understanding of the intent of that provision.

Mr. WALLOP. Mr. President, I submit the text of that colloquy for the RECORD.

BUSINESS ENERGY TAX CREDITS

Mr. WALLOP. Mr. President, I would like to rise at this time in support of section 113 of the continuing resolution concerning the energy tax credits which was added at the request of the distinguished Senator from Arizona, Mr. DECONCINI. While I have some concerns about the exact wording of that section I joined with the Senator from Rhode Island (Mr. CHAFEE) in the introduction of Senate Resolution 232, on which this section 113 is based, and I strongly support its intent.

I have long been interested in the subject of tax incentives to encourage energy conservation. In fact, on September 25, 1979, during the last Congress, I introduced my first bill in this area. That legislation was followed toward the end of that Congress by a revised bill, S. 3006. That legislation was the subject of hearings before the Senate Committee on Finance last year and was the predecessor to S. 750, which was the subject of hearings earlier this fall and is presently pending before the Finance Committee.

To say that those most recent hearings evidenced strong support for the concepts embodied in S. 750 would be a distinct understatement. Nine separate panels of witnesses all testified strongly in support of the continuation and improvement of the existing scheme of energy tax credits. While the Treasury Department was not able to support the legislation at that time, they did adopt a position of neutrality on my proposal and agreed to continue to work with us to fine tune it. That process is now underway and we hope to have legislation which the administration can support ready for introduction early next year.

It is important to note that what we are talking about now are investment decisions. Industrial efficiency investments are in direct competition for the capital expenditures of any industrial entity. S. 750 is designed to provide a limited priority to those investments which will either save energy or result in the production or use of energy other than oil and gas. Industrial energy conservation, together with the use of alternative energy sources, is of interest and concern to the entire Nation. That message is made quite clear by looking at the strong list of cosponsors of S. 750, including the distinguished Senator from Rhode Island (Mr. CHAFEE) and the distinguished Senator from Arizona (Mr. DECONCINI). These cosponsors, who now number in excess of 15, come from both sides of the aisle. Further, they are representatives from energy-producing States, as well as from energy-consuming States. It reflects a kind of philosophical unanimity which is of obvious benefit to the country.

As my colleagues in the Senate are well aware, during the debate on the President's tax bill the distinguished Senator from Massachusetts (Mr. KENNEDY), offered an amendment which contained the essence of my legislation. While I was unable to support Senator KENNEDY's efforts at that time, I assured him it was not because of the merits of the issue, but rather that I felt it was an inappropriate time for the Senate to consider this matter. At that time I assured him, with the support of both the distinguished chairman of the Finance Committee (Mr. DOLE) and the distinguished majority leader (Mr. BAKER), that the Senate Finance Committee would move expeditiously to consider my legislation and other energy tax credit legislation pending before it.

We have done that as evidenced by hearings which I chaired in the Energy and Agricultural Taxation Subcommittee on two bills—my bill, S. 750, and S. 1288, a bill to provide tax credits for the commercial sector, introduced by Senator DURENBERGER. I would like to advise the full Senate at this time that it is my firm intention to move early next year to urge the Finance Committee to consider this or similar legislation. The energy credits for industrial energy conservation and alternative energy production are generally scheduled to expire at the end of 1982. Thus I feel it critical that we begin to send the signal that they will be renewed in some form as early as possible in the next session of this Congress.

I see the distinguished chairman of the Finance Committee (Mr. DOLE) is on the floor and I wonder if I might have his attention. He and I have discussed the issue of energy tax incentives at various times and I appreciate the support he has given me as we have attempted to develop a consensus within the committee on the future for these incentives. As he knows, I am very concerned about the industrial conservation and alternative energy production tax credits which are generally scheduled to expire at the end of 1982. As he also knows, I am anxious to have the Finance Committee consider those credits and, in particular, legislation on which I recently held hearings, S. 750, and I wonder if he might give us some guidance as to his plans for the Senate Finance Committee.

Mr. DOLE. Yes. I would. First let me express to the Senate my sincere appreciation of the fine work that Senator WALLOP has done this year as chairman of our Subcommittee on Energy and Agricultural Taxation. This is one of the most difficult jurisdictional areas within the Finance Committee's purview and I think Senator WALLOP has demonstrated outstanding leadership in the way in which he has handled his responsibilities to date.

Mr. WALLOP. I thank my distinguished chairman very much.

Mr. DOLE. As I have indicated previously to the distinguished Senator from Wyoming (Mr. WALLOP), I, like he, believe that the Finance Committee must try to address the issue of these expiring energy tax credits early in the next session of Congress. I suspect that we will have a variety of very significant tax issues presented to us in the next session and it is my view that consideration of the energy tax credit issues ought to proceed, together with our consideration of those other issues. I think the distinguised Senator from Wyoming (Mr. WALLOP) has done a fine job in preparing the background and laying the foundation for consideration of his legislation and I look forward to working with him next year when the full Senate Finance Committee begins its consideration of his proposals. I should caution, however, that we man very well face the task of raising a substantial amount of additional Federal revenue next year and any extension of energy credits will have to be consistent with our overall fiscal objectives.

Mr. WALLOP. I certainly agree with my distinguished chairman that any extension or restructuring of these credits must fit within responsible budget limitations. I thank the Senator from Kansas (Mr. DOLE) for his support and look forward to working with him next year on legislation to make the energy credits more effective to achieve their originally intended goals.

As I mentioned earlier, while I support section 113 of the continuing resolution, I do have some questions about its effect. If I might have the attention of my distinguished colleagues the Senator from Rhode Island (Mr. CHAFEE), the Senator from Oregon (Mr. HATFIELD), and the Senator from Arizona (Mr. DECONCINI), I would like to ask two questions:

First, I am concerned that this section of the continuing resolution may be viewed as being somewhat inflexible in its application and may restrict the Finance Committee's ability to do certain things. For example, while I have always strongly supported the concept of energy conservation and alternative energy production tax credits, it is my feeling that some of the credits are not working as intended. In other words, the essence of my proposal, S. 750, is not only to extend the credits but to improve their effectiveness. To that end, that legislation along with other proposals which I currently have under consideration, would make several improvements to the existing structure of the energy tax credits. My specific question, then, is first, is it the intent of this section as well as the original resolution to not only prevent premature termination of the existing tax credits, but also to encourage the Finance Committee to consider selective extensions of the effective period for these credits, for example, some of those which are presently scheduled to expire in 1982?

Second, is it the further intention of the authors of this provision and the original resolution that the Finance Committee will have the flexibility to make improvements within the structure of the credits and not be encouraged merely to continue the credits or extend them in their current form if, indeed, it is the feeling of the Finance Com-

mittee that the current form of the credits needs improvement?

Mr. CHAFEE. First, let me thank the distinguished Senator from Wyoming (Mr. WALLOP) for the interest he has shown in this area and his continued leadership on the issue of energy tax incentives.

In response to your specific questions, it is clearly my view that the intent of the original resolution is to express the sense of the Senate in support of the existing incentives, and it is also my understanding that the language of the continuing resolution reflects that same intent. It is entirely consistent in my view for the Finance Committee to begin to examine these credits next year and to consider extending some of the credits and making them more effective. I do not feel that this resolution in anyway hampers your proposed approach to these credits. In fact, I believe it indicates to the Senate Finance Committee the strong support that exists within the Senate for the concept of these credits and that recommended improvements are certainly welcome.

Mr. DECONCINI. I agree with the interpretation of the Senator from Rhode Island. It is certainly not my intent to eliminate or even interfere with the proper role of the Finance Committee. I do find it important, however, that this body express clearly at this time its support for the continuation of those Federal tax incentives for energy conservation and the development of renewable energy sources which we have provided for in sections 38, 44C, and 44D, and other appropriate sections of the Internal Revenue Code of 1954. I deeply appreciate the support given by the Appropriations Committee and I thank the distinguished chairman for his patience. I would also like to commend my distinguished colleagues, Senator CHAFEE and Senator MATSUNAGA, for their leadership in gaining such broad bipartisan support for the resolution. I believe there were 64 cosponsors at last count.

Mr. HATFIELD. That is also my understanding of that language in the continuing resolution.

Mr. WALLOP. I appreciate very much the response of the Senators and I would like to congratulate the Senator from Arizona (Mr. DECONCINI) on his most timely and effective work in the Appropriations Committee in urging this language be included in the continuing resolution, and also recognize the outstanding work of the Senator from Rhode Island (Mr. CHAFEE) and the Senator from Hawaii (Mr. MATSUNAGA). Let me indicate to you that that was my interpretation of the original resolution and why I strongly support section 113 of the continuing resolution. These credits should be examined and I look forward to working in the Finance Committee with the distinguished Senator from Rhode Island (Mr. CHAFEE) in that effort. He has always been an extremely effective member of the Finance Committee whose views are widely listened to by the members of that committee and of the Senate as a whole and it would be of great help to me to be able to count on his assistance in bringing that legislation forward.

Mr. CHAFEE. I thank the Senator from Wyoming (Mr. WALLOP) for his kind remarks and I assure him that as I have taken a strong interest in the resolution here before us I likewise will be anxious to participate in the Finance Committee deliberations on the Senator's bill and on other issues relating in general to the existing structure of energy conservation and alternative energy production tax incentives.

Mr. WALLOP. I look forward to the Senator's assistance. Of particular interest to me, as the Senator knows, are the two areas of industrial energy conservation and alternative energy production development. On the energy conservation side I have been working for some time now on a proposal which would allow industry more flexibility in making investments that would qualify for these tax incentives. The current industrial energy conservation incentives are quite restrictive and in my view where they work, they work somewhat by accident. That is not to say, as I have stressed many times, that they should be eliminated. Rather, it says to me that rather than merely extending them, because I think the concept is good, we ought to look at how to make them more effective. My legislation would improve upon the list approach of current law by providing a new category of investment which would require the taxpayer only to show that his investment had resulted in a saving of so much energy per unit of output. Further, the legislation contains provisions designed to assure that those investments which are so cost effective that they ought to go forward on their own will only receive a reduced credit. Likewise, the legislation would only grant a reduced credit to those investments which are so expensive that they are not sufficiently cost effective that they ought to receive the same level of tax encouragement.

I believe this approach is workable. The vast majority of the witnesses that appeared before my subcommittee last month likewise so believe and I am anxious that the Finance Committee now should get on with the process of consideration of my legislation.

The second area of deep concern to me has been the development of effective incentives for alternative energy development. S. 750, in its current form, contains incentives for the conversion of industrial facilities from the use of oil and gas to coal, and for the production of alternative fuels. We heard considerable testimony at our hearings that other areas of alternative energy development likewise need to be addressed in the development of effective incentives. For example, the current tax incentives, as they have been administered by the Internal Revenue Service, has discriminated against the development of our extensive oil shale and tar sand resources. I am considering legislation to address that imbalance. Further, the application of these credits to synthetic fuel facilities is an area that needs further consideration to provide an effective tax credit incentive as a complement to the commitment we made when the Senate approved the Synthetic Fuels Corporation to assist a limited number of commercial-sized synthetic fuel facilities.

I notice that the distinguished majority leader (Mr. BAKER) is currently on the floor. He and I have discussed this previously and are currently working on legislation in this area. My concern in the synthetic fuels area is that we carry through on the commitment that we made in the last Congress to encourage at least the beginning phases of the development of this potentially important industry. I believe this is still an important goal and that we cannot afford to move away from it merely because of changing perceptions of the need for such a program due to temporary surpluses of oil in the worldwide markets. There are several things we need to do with the existing credits to perfect their application to the synthetic fuels industry. This must be done early next year to make possible the development of these facilities and to carry forward our commitment to those investors who have placed at risk millions of dollars of their own capital on the expectation of a continued program of effective tax incentives to encourage the development of this fledgling industry. In my view three things need to be done to carry out that commitment. First, consideration needs to be given to revising the effective date provisions for the energy credit on these facilities so that development of the facilities can count on the credit for investments made after 1982. Second, the language of the credit as it applies to synthetic fuel facilities needs to be clarified to avoid an extremely restrictive interpretation which IRS has taken which has effectively eliminated the credit for a substantial part of the investment in equipment needed to make these facilities operable. Third, because these projects have such a long construction period, revision needs to be made to the recently passed accelerated capital recovery system to allow accelerated depreciation to be claimed during the construction period. The allowance of progress expenditure depreciation was an essential figure of all of the originally proposed capital recovery schemes, but was removed at the last minute from the Economic Recovery Tax Act in order to allow for the leasing rules. Disallowance of progress expenditure depreciation will have a major impact on the economic viability of these high-cost long construction period synthetic fuel facilities. I know the distinguished majority leader shares my concerns and perhaps he might like to comment at this time.

Mr. BAKER. I thank the distinguished Senator from Wyoming (Mr. WALLOP) for his leadership in this area. The Senator from Wyoming is correct in recognizing my interest in synthetic fuels development. As he knows, I am particularly concerned as to the need to make the existing credits an effective investment incentive for synthetic fuel facilities. As the distinguished Senator from Hawaii (Mr. MATSUNAGA) indicated in his remarks upon the introduction of Senate Resolution 232, one of the projects which could be significantly affected by actions in the energy credit area is a synfuel project in my State. Failure to extend the existing tax credits applicable to that project would have a severe impact on the ability to arrange private financing for the facility. Development of some first generation commercial synfuel facilities which tap some of our vast eastern coal resources must be a national priority if we are to attain our goal of energy self-sufficiency. The beauty of the tax credit approach is that it does not require governmental intervention into select projects on a project-by-project basis. Thus, the tax incentives of which we speak would be available to private entrepreneurs willing to make the necessary financial commitments on their own to go ahead with these projects.

I would like to take one more moment, Mr. President, to thank the distinguished Senator from Rhode Island (Mr. CHAFEE) for his interest and leadership on this matter. This section of the pending legislation—section 113—is based on his initiative, Senate Resolution 232. I support the intent of that resolution and appreciate the opportunity to engage in this colloquy to clarify the flexibility intended by its author.

In closing, again let me thank you, Senator WALLOP, for your leadership in this area and express my support to you of your efforts to have these issues considered early next year by the Senate Finance Committee.

Mr. WALLOP. I thank the distinguished majority leader for his comments and look forward to his continuing support in this area.

I would also like to thank my distinguished colleagues for their leadership in this area and indicate my continued support for their efforts.●

● Mr. EAGLETON. Mr. President, I wish to clarify the intent of the continuing resolution regarding the special supplemental food program for women, infants, and children (WIC). The resolution states that WIC—and other USDA programs—must be funded "at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97–313)." The conference report and statement of managers make clear that the level for operations for WIC in fiscal year 1982 shall be the combined total of

the $942 million provided in new budget authority plus all fiscal year 1981 funds that were unspent at the end of fiscal year 1981—about $45–$50 million. The conference report and statement of managers direct that the combined total—about $990 million—be used to operate WIC at or close to a 2.2-million participation level.

The continuing resolution before us also reduces new budget authority in the agricultural appropriations conference report by 4 percent, which lowers the $942 million to about $904 million. It is my understanding that the new rate of operations to be used in determining WIC funding under this resolution would be $904 million plus the amount of fiscal year 1981 funds unused in fiscal year 1981—for a rate of operations of about $950 million. Is this consistent with your understanding?

Mr. HATFIELD. Yes, that is correct. The new budget authority is reduced 4 percent from $942 million to $904.3 million, and the annual rate of operations at which the program is to be run is reduced from about $990 million to about $950 million. These funds are to be fully utilized so that participation is as close as possible to the 2.2-million level referenced in the conference report which accompanied the regular Agriculture Appropriations Act. The program will be funded at a rate that continues, at a minimum, to maintain current participation through March 31 as we have done the past few months.

Mr. EAGLETON. I would also like to inquire about the provision of the resolution restricting the transmittal of rescission or deferral messages regarding WIC or the commodity supplemental food program during periods when Congress is unable to act on them. This provision is identical to a provision contained in the earlier continuing resolution that was vetoed. The conference report accompanying that resolution explained:

> The conference agreement requires that . . . no funds be withheld from obligation unless and until a special message specifying a deferral or rescission for such programs is submitted while Congress is in session. It should be clear that any withholding during such time as the Congress may be unable to act on a special message will not meet the spirit or intent of this conference agreement; however, no withholding is anticipated.

The conference report continued:

> The conferees strongly support these programs and note that during the period which a previous deferral message had been pending before the Congress, based upon the amounts provided in H.J. Res. 325, the Administration maintained participation in these programs as had been required in the joint explanatory statement of the committee of conference on that joint resolution. The conferees repeat the direction made in that statement that "any efforts to reduce funding allocations to the States, thereby affecting levels of participation, would be clearly contrary to the provisions of this joint resolution."

Would this remain the intent of the resolution now before us?

Mr. HATFIELD. Yes. The statutory language on this matter in the resolution that was vetoed has been retained intact in the new resolution. The intent is the same, and the conference report language you have cited correctly describes that intent now just as it did a few weeks ago.

Mr. EAGLETON. I would understand this language to mean that a rescission or deferral could only be transmitted while Congress was in session and was able to consider it. Would a rescission or deferral message transmitted in the final days before a recess meet this standard?

Mr. HATFIELD. A rescission or deferral affecting WIC or CSFP that was transmitted just before a recess would not meet this standard, since Congress would have no practicable ability to consider it.

Mr. EAGLETON. I understand the intent also to be that if a deferral or rescission is transmitted, current participation must be maintained during this period. The administration did comply with this requirement during its earlier deferral, and I gather that this requirement would remain.

Mr. HATFIELD. That is the intent.

Mr. EAGLETON. One final question. Some $13.8 million in WIC and CSFP funds were deferred under the continuing resolutions that are now expiring. I understand that these deferrals end on December 15. This would mean that the $13.8 million now becomes available and must be allocated to the States, and that these funds are separate from and in addition to the funds provided under the authority of this new continuing resolution. Is this correct?

Mr. HATFIELD. That is the intent. The deferral of budget authority was for the first continuing resolution and extensions of that particular resolution. Since that resolution is now expiring, the funds may no longer be deferred under the deferral message that was transmitted in early November. These funds were provided under separate authority from the funds provided under the resolution now before us and do not bear on the funding levels provided under the new resolution.●

● Mr. CHILES. I would like to clarify with the chairman of the Labor-HHS Subcommittee a technical matter regarding the provision regarding refugee assistance. This resolution provides, as the last conference report did, that all refugee assistance would be provided at the levels and under the terms and conditions of the Senate version of the Labor-HHS appropriation. Unfortunately, the reference in the House substitute, which passed, inadvertently changed the reference from the Senate-passed bill to the Senate-reported bill.

But my main concern is that the Senate-reported bill contains a technical error which we intend to correct when the bill comes to the floor. I would not want that technical correction to be nullified by referring to the Senate-reported bill. This is the kind of problem we would normally take care of by amendment, but our agreement to pass the House continuing resolution prevents that action.

The technical problem is this. We have always had two separate accounts for Cuban-Haitian entrants; one for domestic assistance, one for reception and processing. We passed these in committee as two separate numbers. When the actual bill language was drafted, however, these two accounts were combined together. I intend to offer a floor amendment restoring the separate accounts. I would therefore like the chairman's agreement that we intend these to remain two separate accounts, and that having this resolution refer to the Senate-reported bill shall in no way interfere with keeping these accounts separate.

Mr. SCHMITT. The Senator from Florida is correct. What we have here is a technical problem. I agree that Cuban-Haitian domestic assistance, and reception and processing, have always been two separate accounts and we expect them to be treated that way.

Mr. CHILES. I thank the chairman for his assurances and for the cooperation he has provided through the appropriations process in dealing with the problem of Cuban and Haitian entrants, which has had such a severe impact on the State of Florida.●

MOUNT ST. HELENS

Mr. JACKSON. Mr. President, this continuing resolution earmarks $17 million in the fiscal year 1982 highway trust funds for preventive work in the Mount St. Helens area.

Mr. President, the Corps of Engineers has stated that a normal year would move an estimated 35 million cubic yards of sediment through the Toutle River into the Cowlitz and Columbia Rivers.

I am concerned that a major storm would move significantly more sediment with unknown impacts on the level of protection.

A region X interagency flood hazard mitigation team has recommended that the Corps of Engineers carry out a short-term program to protect the highways and urban areas.

Unless these protective measures specified in the interagency flood hazard mitigation report dated October 13, 1981, are carried out, the flood threat along the river could increase dramatically.

I therefore expect the Federal Highway Administration, in carrying out the intent of this amendment, to prevent damage to highways in the area by seeking out and employing the engineering expertise of the Corps of Engineers for any preventive work that needs to be accomplished.

PAN AMERICAN HEALTH ORGANIZATION

Mr. HOLLINGS. Mr. President, I want to call the attention of my distinguished colleague, Senator WEICKER, chairman of the Senate Appropriations Subcommittee on the Departments of Commerce, Justice and State to a provision in the continuing resolution now before us.

We previously have adopted a provision in the earlier version of the continuing resolution, House Joint Resolution 357, to prevent any delay in the payments of the full U.S. assessed contribution to the Pan American Health Organization because of the devastating effect on the operations of this organization which a deferral of payments of the U.S. contribution would have produced. Similar provision also is found in the regular appropriations bill, H.R.

4169 as reported by the Senate Appropriations Committee.

I would ask Senator WEICKER whether he agrees with me that the provision relating to PAHO in the current continuing resolution has the same purpose and force as the earlier provisions?

Mr. WEICKER. Mr. President, the distinguished Senator from South Carolina, who is ranking minority member of the subcommittee, is correct.

Mr. HOLLINGS. I know that the Senator shares my view that PAHO provides significant direct benefits to the health of the people of the United States by virtue of its work throughout this region. Because of the importance of this work and because the U.S. contribution to the regular budget of this hemispheric organization is naturally greater than to other international organizations, we took the action of exempting PAHO from the proposal to defer U.S. contributions.

The Foreign Relations Committee took an identical position with regard to the Organization of American States. A deferral of the U.S. payment would have produced very significant cash flow problems for the organization with potential damaging effects on important programs such as the maintaining of surveillance and control of communicable diseases in the Caribbean and elsewhere.

The initial proposal of deferral called for skipping the first quarter payment of the contribution entirely and delaying any payment until April, with very serious cash flow consequences. It also would have sent an unfortunate message, as our committee stated, which could call into question the U.S. commitment to Latin American affairs. Therefore, we are acting to insure that the full U.S. 1982 assessed contribution will be paid without any deferral. The provision in the continuing resolution prevents any deferral and assures the full payment to PAHO during our current fiscal year, without any further delay in the first payment or subsequent payments. Is that correct?

Mr. WEICKER. The Senator is correct.

Mr. HOLLINGS. I thank the Senator.

LOAN GUARANTEES

Mr. LEVIN. Mr. President, it is well known by now that on November 5, 1981 the administration announced reductions totaling $20.3 billion in new commitments for loan guarantees for fiscal 1982. I disagree with this action. However, my disagreement does not center on the degree of the reductions proposed, although I believe those reductions are excessive and unwise. Rather, my disagreement centers on the fact that the administration has taken this action unilaterally and that the reductions are contrary to congressional intent.

The issue here is administration reversal of congressional budget priorities. Congress established program levels for the various guarantee and insurance programs based on committee hearings and oversight. Many of those authorized levels have been enacted this year or limited by conference committees on a number of appropriations bills. The President always has the option to veto legislation if he disagrees with the levels set for guarantee or insurance programs. But to subsequently reduce program levels approved by Congress raises troubling questions about our degree of control over the Federal budget.

Mr. GARN. I understand and share the concerns of the Senator from Michigan. Eighty percent of the total reductions proposed occur in programs under the jurisdiction of the HUD-Independent Agencies Subcommittee. In particular, the GNMA mortgage backed securities program would be substantially reduced and the section 108 community development guarantee program would be completely eliminated. It is my understanding from administration testimony before the Senate Budget Committee today that the reductions are being implemented as planned.

I have indicated in the past that I believe Congress established guarantee and insurance program levels to permit commitments to qualified applicants in the full amounts specified by Congress. Arbitrary administrative restrictions, therefore, would be contrary to the congressional purpose in establishing those levels and the custom of executive branch implementation of congressional intent.

Mr. LEVIN. In order to clarify the intent of Congress with respect to guarantee and insurance programs on a Government-wide basis, I proposed an amendment to the second continuing resolution, House Joint Resolution 375, which was approved by the Senate with the support of the Senator from Utah. This amendment was retained in conference and would require the heads of each agency and department with guarantee and insurance programs under their jurisdiction to enter into commitments to guarantee or insure in the full amounts specified by Congress, subject only to the absence of qualified applicants. The language has been incorporated into House Joint Resolution 370.

When I proposed this provision, it was my intention that all agencies and departments with guarantee and insurance authority implement the provision to the fullest extent. Was it also the intention of the Senator from Utah that all agencies and departments adhere to this provision and make available to qualified applicants guarantees and insurance in the full amounts specified by Congress?

Mr. GARN. The Senator is correct. I accepted the amendment with that in mind. It should be noted that the Appropriations, Banking and Budget Committees are looking into the issue of congressional control of loan guarantees. Until we decided to legislate reductions, however, the Senator's amendment places that responsibility where it belongs, with Congress.

Mr. SIMPSON. Mr. President, I want to commend the distinguished manager of the bill and my colleagues for the excellent work they have done to bring this matter to the floor. I particularly want to commend my good friend and colleague from Oregon (Mr. HATFIELD) and the other members of the Appropriations Committee for their fine work on this long, arduous and exceeding difficult task.

Just let me swiftly bring before the Senate a matter which has been dealt with in the past, but which I believe commands our attention once again. It goes with that remarkable anomaly about this extraordinary place, "No piece of legislation ever really dies." At least when we legislated in Cheyenne, Wyo., once you killed something it stayed killed.

In an obscure corner of this ponderous continuing resolution lies the cornerstone of a new building. Not just any building, but part of a barrel of pork which I had believed was laid to rest last year. The infamous $13 million Redding, Calif., courthouse is once again in our midst, unbeknownst to many of us, and although its originator, the Honorable Harold "Bizz" Johnson of the State of California is no longer a Member of the U.S. House of Representatives, his shade still roams unfettered among the pillars of this place.

Let me review for you the circumstances regarding this particular public structure as it was played out over a year ago. The House committee, through its retiring chairman, Mr. Johnson, asked for an 11(b) report from GSA. Section 11(b) of the Public Buildings Act of 1959 authorizes that either the Committee on Public Works of the Senate or the House of Representatives may, by resolution, instruct the GSA to study and report to Congress on the need for a Federal building in a designated area.

Further, it states that the GSA shall make this report to Congress within a reasonable time, and the report shall contain all other information required to be included in a prospectus of the proposed public building project.

Section 11(b) is a travesty. S. 533, and its predecessor S. 2080, the Public Buildings Act of 1980 and 1981 seek to repeal this process. S. 533 passed the Senate this year by a vote of 93 to zero. It is now collecting cobwebs in the House Subcommittee on Public Buildings and Grounds. S. 2080, on which I was a conferee, passed almost as overwhelmingly—and I know too well the attitude of the House on that one. It was dead in the water even before conference began.

The House Public Works Committee used this little device to push through an unsuccessful reelection booster for its chairman. As a part of the requested 11 (b) study, the GSA asked the agencies to evaluate the needs for a public building in Redding, Calif., and in June of 1980, the Department of Agriculture indicated that they had no need for offices in that building—even though this ostensibly was the reason for its construction.

Mr. President, I ask unanimous consent to have printed in the RECORD the letter from the Department of Agriculture to the GSA—a letter which the Department assures me is still pertinent to the situation in Redding, Calif., as of this date.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY, OFFICE
OF OPERATIONS AND FINANCE,
Washington, D.C., June 4, 1980.

Mr. ROBERT K. BOGARDUS,
Assistant Regional Administrator, Public Buildings Service, General Services Administration, San Francisco, Calif.

DEAR MR. BOGARDUS: This is in further reply to your letters of March 21 and 27 concerning a survey of Federal space needs in Redding, California.

Agencies of the Department of Agriculture have the following present and projected requirements in that community:

I. FOREST SERVICE

a. Leased location occupied by the Shasta-Trinity National Forest Supervisor's office at 2400 Washington Street.

1. Personnel: 185.

2. Space:

Office; 19,546 square feet. Special 1,664 square feet.

Total, 21,210 square feet. Outside parking, 10,800 square feet.

3. Annual rental, $148,800.

4. Annual lease with renewal options expiring October 30, 1983.

5. Includes 2,271 sq. ft. of office space occupied by Pacific Southwest Experiment Station.

b. Leased location occupied by the Shasta-Lake Ranger District compound at 6543 Holiday Road (12 miles north of Redding on service road for Interstate Highway 5).

1. Personnel: 59.

2. Space:

Office, 3,142 square feet. Storage, 2,000 square feet. Special, 720 square feet.

Total, 5,842 square feet.

Outside parking, 55,250 square feet.

3. Annual rental, $28,050.

4. Annual lease with renewable options expiring October 30, 1981.

c. Leased location occupied by Forest Service Zone Investigator at 448 Redcliff Road.

1. Personnel: 1.

2. Space:

Office, 135 square feet.

3. Annual rental $1,728.

4. Annual lease with renewal options expiring 9/30/81.

d. Government-owned facility at Redding Airport at 6111 Airport Road (6 miles southeast of Redding), constructed 1951 through 1958:

1. Personnel: varying according to activity (Regional Service Center).

2. Space:

Building:	Area sq. ft.
Sign Shop	2,000
Gas & Oil Canopy	416
Equipment Building	16,836
Equipment Sheds (2)	5,040
Paracargo	28,800
Paint Shop	525
Sign Shop Storage	2,700
Mess Hall	1,606
Seed Storage	2,700
Training Facility	2,241
Barracks	6,654
Laboratory (PSW Experiment Station)	400
Growth Chamber (PSW Experiment Station)	400
Total	90,568

Projected Forest Service Requirements. The Shasta-Trinity National Forest Supervisor's office will require a total of about 25,000 square feet at the end of five years, plus a total of 12,500 square feet of outside parking. Sufficient space exists at 2400 Washington Street to satisfy this requirement.

The Shasta-Lake Ranger District Office is expanding to about 8,000 square feet of space.

No changes are anticipated for the Government-owned smoke-jumping facility at the Redding Airport.

II. AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

a. Leased location occupied by the Shasta-Trinity County ASCS office at Bechelli Square, 3179 Bechelli Lane.

1. Personnel: 4.

2. Space:

Office, 816 square feet.

Storage, 182 square feet.

Total, 998 square feet.

3. Rental, $5,934 per annum.

4. Annual lease with renewal options expiring March 31, 1981.

5. Projected requirements: No significant changes projected for 5 years. Present space is suitable to maintain colocation with Soil Conservation Service and provide suitable access to rural clientele.

III. SOIL CONSERVATION SERVICE

a. Leased location occupied by field office at Bechelli Square 3179 Bechelli Lane.

1. Personnel: 5.

2. Space:

Office, 854 square feet; storage, 50 square feet; total, 894 square feet.

3. Rental, $5,478 per annum.

4. Lease expiration: September 30, 1980.

5. Projected requirements: No significant changes projected for 5 years. Present space is suitable to maintain colocation with ASCS and to provide suitable access to rural clientele.

Total Leased Space, 29,079 sq. ft. at $189,880 per annum (plus 68,050 sq. ft. of parking).

Total Government-owned Space, 90,568 sq. ft.

Total Space Occupied by USDA, 119,647 sq. ft.

As we advised you in our letter of April 21, the agencies of the Department in Redding are suitably and economically housed at present or have arranged to satisfy their expansion requirements. Additionally, we anticipate that by using the long-term leasing authority recently delegated to the Department by GSA, we will be able to continue satisfying our needs and achieve greater economies.

The space occupied by the Forest Service at 2400 Washington Street is situated in the central business area of the community, and the activities in this nearly new building function suitably at this location. However, the other elements of the Department have definite location requirements which preclude a central business area location and which also would preclude consolidation in a Federal Building or major lease project.

We trust that this information is satisfactory and will be of assistance.

Sincerely,

FRANK GEARDE, JR.,
Deputy Director.

Mr. SIMPSON. Mr. President, it was also determined that there were 5,000 square feet allocated in the project for the U.S. courts, but the odd thing is that the court had made no request for the space until after the 11(b) was passed. In these types of projects the need simply becomes the chairman's whim. It will be built. The GSA admits that a full-time judge will not even be assigned to the Redding, Calif., jurisdiction.

Was there speed on this project? You bet. After several months of study on September 15, 1980, in the heart of the political campaign wars, up it came—regurgitated from the bowels of the GSA. Is it any wonder that agency is discredited—along with the Congress?

Did they have hearings? Yes, they had one. You guessed it, on September 23, 1980, just as the campaign steamed up. That went through the subcommittee like a dose of salts. Did it move swiftly then? You bet. The full committee markup was on the same day. Odd that you would have perceived the remarkable alacrity that characterized this noble event.

The events surrounding the resurrection of the Bizz Johnson Memorial Building—and he is not even perished—are no less intriguing. During Senate Appropriations Committee markup on H.R. 4121, the Treasury, Postal Service, and general Government appropriations bill, six—count them—unauthorized construction projects were given approval. Those six buildings, which were appropriated with moneys from the Federal buildings fund, went by unnoticed by the majority of Congressmen.

However, the Federal buildings fund has never gone unnoticed by Congressmen. It is truly a slush fund of remarkable proportion. That fund has the peculiar quality of having no budgetary impact. It is made up of moneys collected from every single governmental entity which leases space from the GSA—and that is every public building—including the U.S. Senate. These construction projects have never been processed through the committee of jurisdiction—the Environment and Public Works Committee—and the accountability for them is totally lacking. Nor were any of these construction projects required to have a prospectus. A serious violation of procedures.

I am disappointed that the Committee on Appropriations saw fit to circumvent the Environment and Public Works Committee—and I speak only as a member of that committee, for I greatly enjoy my membership and service there under the capable chairmanship of my friend BOB STAFFORD of Vermont. He is just as disturbed as I am about this detouring of a regular authorizing committee jurisdiction.

I sincerely believe that this body diminishes itself by allowing construction projects to pass through the legislative system which have had no advance work whatsoever—and then rejecting the decision it made when it voted overwhelmingly to pass S. 2080, the Public Buildings Act of 1980.

In that piece of legislation the Senate directed that there be a yearly review by the entire Congress of all major GSA projects—and with the support of that legislation I would believe that a travesty such as the likes of the Redding, Calif., building would not be again observed.

And let me continue with my little chronicle of the building with the charmed life. The House of Representatives included in its current version of H.R. 4121—one building—you guessed it—the Redding, Calif., courthouse. The idea apparently being that if the Senate wanted their six buildings to come through the process they would have to agree to having one from the House. And guess which one was agreed to? And it was.

Then the Treasury/Postal appropriations legislation became severely bogged down and when the light of dusk glimmered more dimly away in the deliberations, the Appropriations Committees were suddenly awake to the quick neces-

sity to protect these various plums of brick and mortar. Into the first continuing resolution was inserted section 111 which reads:

Notwithstanding any other provision of this joint resolution, funds available to the Federal Building Fund within the General Services Administration may be used to initiate new construction, advance design, and repairs and alteration line-item projects and lease construction projects which are included in either H.R. 4121, as passed by the House, or in H.R. 4121 as reported by the Senate on September 22, 1981.

Can you not see the glee in the eyes of the staff member that whipped that one together—chuckling about it over a glass of suds down in Georgetown?

Well, we all know the fate of the first continuing resolution. It cost too much and it was vetoed. But look again closely at the second continuing resolution. You will find ensconced among the billions of dollars seven public buildings projects. And the Redding, Calif., courthouse is the most conspicuous of all. It is really a poor way to legislate.

If this continuing budget resolution passes Congress and is approved by President Reagan, still containing the Redding, Calif., provision. I intend to prepare a recommendation to Budget Director David Stockman. I will request OMB to rescind the funding for the proposed courthouse in Redding, Calif. I have no subtle motives. I want to close that one down. I would hope to see an end to this incredible abuse of the system. Another method of doing it—since obviously the legislature does not seem to get it done—is to try the process through an official administration decision. So we will try that one and see if that might put the last gasp on this type of caper.

There are many of us in the new crew around here, people elected in 1976, 1978, 1980, both Democrat and Republican, who are wholly disenchanted with this method of construction of public works projects and buildings. No wonder the citizens chuckle at us as we grind around in it. We deserve it.

I still like my idea about giving that solid gold $50,000 watch to every retiring Member of the U.S. Congress who has been a committee chairman. I think it is eminently less expensive than multimillion-dollar public buildings. As they used to say in Brooklyn, "Wait 'til next year."

Thank you, Mr. President.

● Mr. DENTON. Mr. President, I would like to address an issue which is of grave concern to me.

I ask the distinguished chairman of the Appropriations Committee, am I correct in my understanding that certain restrictions with respect to the Legal Services Corporation which were included in previous legislation, have been dropped from the resolution that is now before us?

Mr. HATFIELD. The Senator is correct.

Mr. DENTON. Mr. President, I can understand the necessity for the leadership to make certain concessions in an attempt to expedite consideration of this very complex continuing resolution. However, I consider the omission of the restrictions on the activities of the Legal Services Corporation to be quite serious and, in fact, unacceptable to this Senator as well as many others.

I am wondering if the chairman and the distinguished majority leader could give me some assurance that the Senate would be provided an opportunity, early in the next session, to address this situation by scheduling action on the State, Justice, and Commerce appropriations bill?

Mr. BAKER. That is my intention.

Mr. HATFIELD. I concur with the majority leader.

Mr. DENTON. I thank both Senators for their assurances in this matter. I have deep respect for both my leader and the very able chairman of the Appropriations Committee. I appreciate the continued courtesies and valuable guidance they have afforded me in this, my first year in this body.●

SOCIAL SERVICES BLOCK GRANT

Mr. DODD. I would like to engage in a short colloquy with the distinguished chairman of the Labor-HHS Appropriations Subcommittee. The Omnibus Budget Reconciliation Act created certain block grants out of programs that were previously categorical. We did not, however, go as far as the administration initially proposed. One area that we did not place in a block grant was that the social services block grant did not include the following seven programs: child welfare services, foster care, adoption assistance, child welfare training, child abuse, runaway youth, developmental disabilities.

All these programs are within the Office of Human Development Services at the Department of Health and Human Services. Yet, the regular appropriations bill passed by the other body set a low funding level for this office, based on the assumption that these programs would go into the social services block grant. For some reason, the bill was never amended to reflect congressional action on the reconciliation bill. The Senate Appropriations Committee has made the correction and recommended $67.1 million for salaries and expenses in OHDS. Is this corredt?

Mr. SCHMITT. The Senator is correct.

Mr. DODD. As I read this continuing resolution, the lower figure from the other body of $63.1 million would apply. Is this correct?

Mr. SCHMITT. That is correct.

Mr. DODD. My problem is that I do not want the administration to "RIF" the HDS employees. I would like to encourage the management of the Department of Health and Human Services to do whatever it can to avoid a reduction in force in the Office of Human Development Services.

Mr. SCHMITT. Let me say that I would hope that the administration looks at all alternatives before instituting reductions in force. Where the budget will not support the current work force, however, reductions will have to take place. So, if a reduction in force need take place, I hope it would be structured in such a way that the Department's ability to run all its statutory programs is not undermined.

Mr. DODD. I thank the chairman.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, there will be no more votes tonight.

I ask unanimous consent that there be a brief period now for the transaction of routine morning business, to extend not past 11 p.m., in which Senators may speak.

The PRESIDING OFFICER. Without objection, it so ordered.

CITY SCHOOLS GET LESSON IN CHINESE HISTORY

Mr. HAYAKAWA. Mr. President, recently I read a rather remarkable story in the San Francisco Examiner. This story concerns a milestone in Chinese-American history; the naming of a new school honoring an influential Chinese resident in San Francisco.

This is the first public school in the United States to be named after a Chinese person. The proposed name of the school is Yick Wo. However, it seems that Yick Wo was actually the name of a laundry owned by a Mr. Lee Yick. The San Francisco school board was unaware of their error until several Chinese-American historians called their attention to the incorrect reference.

Yick Wo was also the name of a landmark court case in which Mr. Lee Yick and other Chinese laundrymen fought against a discriminatory San Francisco ordinance designed to force them out of business. The Yick Wo case went to the U.S. Supreme Court and was decided in favor of the Chinese businessmen.

There is now dissension among school and community officials about naming the new school for a civil rights case and laundry rather than a real person. I believe that the name chosen for the school is not the significant factor in this instance. The Chinese-American community is finally receiving the honor and recognition which is long overdue for their many contributions to San Francisco and our Nation.

Mr. President, I ask unanimous consent that the entire text of the article, "City Schools Get Lesson in Local History," written by Charles C. Hardy, be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the San Francisco Examiner, Nov. 10, 1981]

CITY SCHOOLS GET LESSON IN LOCAL CHINESE HISTORY

(By Charles C. Hardy)

Three weeks ago, the San Francisco Board of Education decided to name a new school in honor of a Chinese, the first public school ever in the United States, school officials said, to be named after a Chinese person.

The board voted unanimously to name a new school to be built on the site of the old Sarah B. Cooper building Yick Wo School. Yick Wo, school officials said, fought against discriminatory San Francisco ordinances designed to force Chinese laundrymen out of business, taking his case to the U.S. Supreme Court.

"This is a Chinese American who is important in American history, not Chinese history," said board member Ben Tom, who sponsored the resolution.

Now it appears, the school board unwittingly named the school after a Chinese

laundry rather than a person. The discrepancy surfaced when a letter signed by a Jake Chan was sent to School Superintendent Robert Alioto, other school officials and the press.

"I can't tell you how elated I was when I first learned about the naming of a San Francisco public school after a Chinese—the Yick Wo School," Chan wrote. "As a Chinese American, I have reasons to because it's long overdue to give recognition to the Chinese community.

"It was reported by the press that you, the school officials, were quoted as saying that this (Yick Wo) 'will be the first public school in the U.S. to be named after a Chinese.' Ladies and gentlemen, correction please. This will be the first school not only in the U.S., but possibly in the whole world, where a Chinese laundry is so honored."

Chan went on to write, "The plain truth is that Yick Wo was not a Chinese person, but it was the name of a small, long-defunct Chinese laundry. The people in your office who did the research either ignored the facts or were intellectually dishonest about this whole matter.

"My own investigation reveals that Yick Wo Laundry was owned and operated by a certain Mr. Lee Yick, who, in 1885, together with other laundrymen, did hire an attorney to represent them to overturn the infamous 'laundry ordinance.'"

Chan could not be reached for comment, but two Chinese historians say his information is correct.

Him Mark Lai, former president of the Chinese Historical Society of America and a respected historian, said, "That's what I told them. It was the name of a laundry and not a person. I don't know whether the Board of Education people knew it or not."

Lai, however, said he wasn't contacted by school officials but responded only to some people who spoke of the planned naming of the school.

Ernest Chann, president of the Chinese Historical Society of America, concurs:

"He (Chan) is substantially correct," Chann said. "However, according to law, Yick Wo is the landmark decision. We all recognize that. Many of these stores will have names like that, with gentlemen who sued under the name of the store."

Lai said the historic case is usually referred to as the Yick Wo case, and he was not upset that the name is not that of the man involved.

"I don't really see any objections to naming a school after a laundry because its connection with a civil rights case is important for educating the public," Lai said.

In his resolution for naming the school, Tom wrote, ". . . whereas Yick Wo is a signifcant figure not only in American jurisprudence but especially in the annals of Chinese American history, therefore be it resolved that the new school to be built on the Sarah B. Cooper site be named the Yick Wo School."

Chan wrote ,"Naming a school after a Chinese is one thing, naming it after a laundry is quite another. By doing this, you're only perpetuating a racial stereotype. I am sure your motive in honoring the Chinese is sincere, and I praise you for that. But I will resent any implication that there are no worthy Chinese to choose from. I suggest that you reconsider your decision and name a real Chinese person we can respect and admire."

Meanwhile, Tom says he's confused about the whole thing.

"I based it (recommendations for naming the school Yick Wo) on a thesis I read done by a law student. According to the thesis, he used the name Yick Wo.

"There could be a name change," said Tom. "There could be two or three explanations."

But, said Tom, in the final analysis, "It's not going to affect my consideration one way or another. It is the historical name that is important in American history, whether it's his name or the name of the laundry."

BILL MUNCEY

Mr. HAYAKAWA. Mr. President, On October 18, 1981, the boat racing community and our Nation lost a vital member of its ranks, Bill Muncey, who was killed in a racing accident in Acapulco, Mexico.

A supporter through recruitment and racing, Bill Muncey received a full military funeral by the U.S. Navy. His memorial service was attended by more than 800 people who began arriving 2 hours early at Glen Abbey Memorial Park in San Diego, Calif.

This is how Bill Muncey, the "King of unlimited racing," was described by Bill Center in an article which appeared in the San Diego Union on October 27:

Muncey had no peer in a most dangerous occupation, unlimited hydroplane racing. He was the first man to stretch his driving career into a fourth decade. His 64 career victories likely never will be topped, nor will his seven national championships, or his eight Gold Cups.

In the October 24 issue of the San Diego Evening Tribune, Vern Griffin notes Muncey's contributions to racing and his community:

Muncey had single-handily kept unlimited racing going on the bay after it was revived here in the early 1970s, stepping forward twice to support the race. He also had pitched in to keep the sport alive in Seattle, according to race officials. Bill Muncey was always around to give a talk—even if it was a grade school, father-and-son banquet. The man who personally underwrote one San Diego race to keep the sport alive here. The man who loved racing, competition and speed to such an extent that he even went out and raced dune buggies in his off-season. But most of all [his friends] said, he had been a good father.

I believe these statements describe a dedicated man, not only to his career and sport, but to his community and family. Rarely is such total commitment found in a single human being. The boat racing industry, the city of San Diego, the Muncey family and the Nation are certainly better for having known Bill Muncey.

KATELLA HIGH SCHOOL

Mr. HAYAKAWA. Mr. President, I commend the Katella Knight's band, royal pageantry corps, and drill team of the Katella High School in Anaheim, Calif.

During the weekend of November 14–15, they participated in the California State Championship Review and earned nine awards. These included the Parade Sweepstakes Award, first place for military drum major, fifth place for percussion section, fifth place for silks, third place for solo twirler, and first place for drill team. In the field show, Katella was awarded first place for large schools, received outstanding for drill team and the director's award—a silver cup—was given to the band director, Mr. Alexander M. Delao.

I am pleased to recognize these outstanding accomplishments of the Katella High School. Music plays an important part in the education of our children as well as our daily lives. I am proud to know of the accomplishments being made by our students in this field and offer my heartiest congratulations to the Katella Knight's band, royal pageantry corps, and drill team.

RICHARD L. FEW, CHAIRMAN OF THE BOARD OF THE AMERICAN TRUCKING ASSOCIATION

Mr. THURMOND. Mr. President, it is with great pleasure that I offer congratulations to Richard L. Few of South Carolina upon his recent election as chairman of the board of the American Trucking Association.

Dick Few has worked his way to the highest elective office in the trucking industry with industriousness, courage, and integrity. In fact, his life should serve as an inspiration to all young men or women embarking on a career, because it is a tribute to the opportunities that exist in our American society, especially for the man or woman who refuses to fail.

The son of a Methodist minister, Dick Few eventually found himself overseeing the liquidation of a failing trucking company based in Greenville, S.C. However, before the final eulogy was delivered on Cooper Motor Lines, Dick was given one last chance to make it work—and he did.

He took the company, which at the time owned one tractor-trailer and debts totaling a million dollars, and got it rolling again. Today, Cooper Motor Lines operates in 39 States and has gross revenues of more than $18 million.

It is typical of the nature of Dick Few that the entire million dollars was paid back—every last penny—and it is significant that the creditors of that time are now among Cooper's customers. Cooper Motor Lines is well respected throughout the trucking industry today because of its president.

As chairman of the board of ATA, Dick Few will be speaking out on behalf of the Nation's trucking industry on various issues, some of which will be coming before this body.

I would strongly urge all of my colleagues to listen to what this symbol of free enterprise has to say—for Dick Few is a man worth listening to.

HUNGER AND GLOBAL SECURITY ACT—S. 1675

Mr. ARMSTRONG. Mr. President, I am pleased to join Senator HATFIELD, Senator DANFORTH, Senator DOLE, Senator LEAHY, and so many of my distinguished colleagues as a cosponsor of S. 1675, the Hunger and Global Security Act.

S. 1675 is designed to reorient U.S. foreign aid programs to place primary emphasis on feeding the hungry. I cannot think of a worthier, or a more important goal.

The Hunger and Security Act:

Provides positive incentives to reorient our Public Law 480 food assistance pro-

grams to place greater emphasis on self-help programs for needy farmers, and to insure that food aid under Public Law 480 programs is directed to the neediest individuals in the recipient countries;

Presses the World Bank and other multilateral development banks to target more assistance to the very poor in developing countries;

Encourages other grain exporting countries to contribute to world food security by taking steps to complement the food security reserve the United States established last year;

Tightens provisions pertaining to the food financing facility of the International Monetary Fund (IMF) to make certain the facility is effective in reducing world hunger;

Provides that no U.S. embargo on food exports may aggravate malnutrition in the country or countries targeted, except in instances where an embargo is necessary to protect U.S. national security;

Establishes a system of "basic human needs agreements" under which governments which receive U.S. development aid would agree to undertake specific steps to meet the basic needs of their people;

Targets U.S. bilateral development aid to improve the productivity of the very poorest of the poor, with particular emphasis on alleviating hunger in Africa, and

Instructs the Director of the Peace Corps to place greater emphasis on Peace Corps programs to alleviate hunger and to encourage self-sufficiency in agriculture.

In the years since World War II, the United States has set an example of unprecedented generosity, sending billions of dollars overseas in the form of foreign aid to assist nations and peoples less fortunate than ourselves.

We have a right to be proud of what we have attempted to do for our fellow man. But I share the concern of the other cosponsors of S. 1675 that our foreign aid programs have lost much of their humanitarian focus. Too many of the dollars we spend go to provide arms or to initiate dubious industrial projects in nations where people are not getting enough to eat. I recognize the need for security and for industrial development assistance, but we must put first things first. Enactment of the Hunger and Global Security Act would be a solid step in the right direction.

I must add one caveat to my support for this worthwhile bill. I do not agree with the statement in the preamble to S. 1675 which declares that hunger and poverty are major causes of war. There is very little in the historical record to support this notion, and much to refute it. The greatest threat to world peace today is posed by the Soviet Union, whose people are well fed by comparison with those of the Third World. In the Third World itself, the greatest threats to peace come from oil-rich nations like Libya, Iraq, and Iran rather than from impoverished nations such as Bangladesh, Chad, or Haiti. The causes of war, I fear, are due more to characteristics intrinsic to man's nature—greed, envy, ambition, intolerance—than to external circumstances such as poverty.

But although I do not believe the Hunger and Global Security Act can in any material way improve the security of the United States, or lessen our need for a strong national defense, enactment of S. 1675 almost certainly will feed many more hungry people than are now being fed, and that is more than reason enough for its passage.

Before I conclude, I would like to pay tribute to Bread for the World, Inc., without whose diligent and tireless efforts there would be no Hunger and Global Security Act. It was the concerned Christians who belong to Bread for the World who conceived the idea for this bill, and who worked out many of its provisions. We in Congress, and hungry people throughout the world owe this fine organization a debt of gratitude. I congratulate all members of Bread for the World, and in particular those Colorado members of Bread for the World who brought this worthy bill to my attention.

I ask unanimous consent that the text of S. 1675 be printed at the conclusion of my remarks.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1675

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Hunger Elimination and Global Security Act".

FINDINGS REGARDING GLOBAL SECURITY

SEC. 2. (a) The Congress finds that the security of the United States and other countries is increasingly affected by a broad range of global problems including shortages or potential shortages of food, oil, water, wood, and other basic mineral and natural resources; desperate poverty; sickness; population pressures; environmental deterioration, including soil erosion and water pollution; and large-scale and destabilizing refugee problems.

(b) The Congress finds that hunger, disease, and extreme poverty are among the most critical of these global problems. As ever greater numbers of people perceive the disparity between their own continuing deprivation and the prosperity of others, and judge their predicament to be neither just nor inevitable, it becomes increasingly likely that there will be unrest and violence with consequent disruption of the flow of essential materials, adverse effects on the world economy, decreased likelihood of cooperative efforts toward meeting the other critical problems threatening national and global security, and increased likelihood of conflict and disruption in relations among nations.

(c) Therefore, the Congress finds that the Nation's understanding of global and national security must be broad enough to include the problems cited in this section, and that adequate protection of the security of the United States requires effective action on these global problems, and in particular on the problems of hunger, disease, and extreme poverty.

FINDINGS AND DECLARATION OF POLICY REGARDING WORLD HUNGER

SEC. 3. (a) The Congress finds and declares that—

(1) the United States is part of an interdependent world and its long-term security and prosperity can only be maintained in a community of nations which are stable and free and in an international order which is open and equitable;

(2) widespread continuing poverty and hunger makes such a community and such an economic order impossible; and

(3) although self-reliant action by the people of developing countries must be the principal weapon against hunger and poverty in such countries, the sustained support of major industrial countries, including the United States, is also crucial.

(b) It is the sense of the Congress that the United States Government should make the development of the poor countries and the eradication of poverty and hunger a primary objective of its foreign policy.

PROGRAMS TO MEET HUMAN NEEDS

SEC. 4. (a) As part of the congressional presentation materials accompanying his budget request for a fiscal year, the President shall designate the programs and projects carried out under section 104(c) of the Foreign Assistance Act of 1961, chapter 9 of such Act, and title II of the Agricultural Trade Development and Assistance Act of 1954, and such other programs and projects of assistance to foreign countries as he determines meet basic human needs as "Hunger Relief and Prevention Assistance".

(b) In determining whether a program or project meets basic human needs for purposes of subsection (a), the President shall consult with the Committee on Agriculture, the Committee on Appropriations, and the Committee on Foreign Affairs of the House of Representatives and with the Committee on Agriculture, Nutrition, and Forestry, the Committee on Appropriations, and the Committee on Foreign Relations of the Senate.

TITLE I—PUBLIC LAW 480

SELF-HELP MEASURES TO INCREASE AGRICULTURAL PRODUCTION

SEC. 101. Section 109 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1709) is amended by striking out subsection (c) and inserting in lieu thereof the following new subsections:

"(c) Each agreement entered into under this title shall describe the program which the recipient country is undertaking to increase its production and domestic consumption of agricultural commodities, and to improve the storage and distribution of such commodities, and shall provide for termination of such agreement, or adjustment in the terms of credit so that the rate of interest shall be not less than 6 per centum per annum, whenever the President finds that such program is not being carried out as specified in the agreement, except that no such agreement may be terminated, nor may such adjustment in the terms of credit be made if—

"(1) the President determines that such action would threaten the security of the United States and sets forth such determination, together with his reasons therefor, in the report required under section 408(a) of this Act; or

"(2) the President determines that the program described in the preceding sentence has not been carried out as specified in the sales agreement because of circumstances beyond the control of the government of the recipient country and sets forth such determination, together with his reasons therefor, in the report required under section 408(a) of this Act.

"(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum feasible extent, in quantitative and measurable terms, and (B) in a manner which ensures that the

primary beneficiaries of the measures pursuant to each agreement will be the needy people in the recipient country. For purposes of this paragraph, needy people are those who are classified as 'absolutely poor' under the standards used by the International Bank for Reconstruction and Development and the International Development Association.

"(2) The President shall take appropriate steps to satisfy himself that, in each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake are additional to the measures which the recipient country had been planning to undertake irrespective of that agreement or amendment.

"(3) The President shall take all appropriate steps to verify that the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out. In such verification, as well as in the negotiation of any such agreement or amendment, the President shall take special note of information available from United States private sector organizations wishing to provide relevant information, as well as of the assessments of United States missions in the recipient country and the official statements of the government of that country.

"(4) Upon request of the Committee on Agriculture, Nutrition, and Forestry of the Senate or the Committee on Foreign Affairs of the House of Representatives, the President shall provide to that committee a written account of steps taken pursuant to paragraphs (2) and (3) of this subsection.".

TITLE II—MULTILATERAL DEVELOPMENT BANKS

TARGETING ASSISTANCE TO THE NEEDY

SEC. 201. (a) Section 1102 of the International Financial Institutions Act (91 Stat. 1067) is amended to read as follows:

"SEC. 1102. The Secretary of the Treasury shall make every reasonable effort to bring about the establishment of a requirement by the International Bank for Reconstruction and Development, the International Development Association, the African Development Fund, the Asian Development Bank, the Inter-American Development Bank, and any other multilateral development bank of which the United States becomes a member, that not less than some specified proportion of its lending must benefit needy people, such proportion to be at least 50 per centum. For purposes of this title needy people are those who are classified as 'absolutely poor' under the standards adopted by the International Bank for Reconstruction and Development and the International Development Association.".

(b) Section 1103 of the International Financial Institutions Act is amended to read as follows:

"SEC. 1103. The Secretaries of State and Treasury shall include in the annual report required under section 701(c)(1) of this Act an account of the progress being made toward achieving the goals of section 1102, and shall also include, for each of the institutions referred to in section 1102, as accurate an estimate as is practicable of the proportion of the lending by that institution which benefits needy people. In formulating these estimates, the Secretaries of State and Treasury may utilize the methodology developed by the Inter-American Development Bank or such other methodology or methodologies as they may determine to be appropriate.".

TITLE III—WORLD FOOD SECURITY

FOOD SECURITY RESERVES

SEC. 301. (a) The Congress finds that—

(1) the Congress recently passed and the President signed into law an Act which provides for establishment of a United States food security reserve of up to four million metric tons of wheat to be used for emergency food assistance;

(2) the food import needs of developing countries will increase over the next ten years; and

(3) some other grain exporting countries could take additional steps to assure continuity of food assistance during food crisis years.

(b) The President shall encourage other grain exporting countries to establish their own food security reserves or take other measures that complement the United States food security reserve.

(c) The President shall prepare and transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the date of enactment of this Act a report describing the actions he has taken to implement this section.

GLOBAL FOOD FINANCING FACILITY

SEC. 302. (a) The President shall negotiate with other countries, and with international and regional organizations, to attempt to ensure that the benefits of the food financing facility recently approved by the International Monetary Fund be directed so as to effect the maximum feasible reduction in hunger and malnutrition.

(b) The President shall prepare and transmit to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate within one year after the date of enactment of this Act a report describing the actions he has taken to implement this section.

LIMITATION ON UNITED STATES FOOD EMBARGOES

SEC. 303. Section 6(f) of the Export Administration Act of 1979 (50 U.S.C. 2405(f)) is amended—

(1) in the subsection caption by inserting "and for certain food exports" immediately after "supplies";

(2) by inserting the following immediately after the first sentence: "Before export controls on food are imposed, expanded, or extended under this section, the Secretary shall notify the Secretary of State in the case of export controls applicable with respect to any developed country and shall notify the Director of the United States International Development Cooperation Agency in the case of export controls applicable with respect to any developing country. The Secretary of State with respect to developed countries, and the Director with respect to developing countries, shall determine whether the proposed export controls on food would cause measurable malnutrition and shall inform the Secretary of that determination. If the Secretary is informed that the proposed export controls on food would cause measurable malnutrition, then those controls may not be imposed, expanded or extended, as the case may be, unless the President determines that those controls are necessary to protect the national security interests of the United States. Each such determination by the Secretary of State or the Director of the United States International Development Cooperation Agency, and any such determination by the President, shall be reported to the Congress, together with a statement of the reasons for that determination.";

(3) in the next to the last sentence by striking out "supplies," and inserting in lieu thereof "supplies or of food"; and

(4) in the last sentence by inserting immediately before the period "or to any export control on food which is in effect on the effective date of the Hunger Elimination and Global Security Act".

TITLE IV—BASIC HUMAN NEEDS AGREEMENT

ELIGIBILITY FOR ASSISTANCE

SEC. 401. (a) Notwithstanding any other provision of law, no bilateral development assistance may be available under part I of the Foreign Assistance Act of 1961 to any country with which the United States has not entered into an agreement or set of agreements as described in subsection (b), such agreements to be known as a Basic Human Needs Agreement (hereafter in this title referred to as the "agreements") except that this title shall not prevent the provision of assistance to any country for the purposes of narcotics control, disaster relief, or peacekeeping operations.

(b) Each such agreement shall—

(1) reflect and express the commitment of the recipient country to equitable and self-reliant development; and

(2) include a commitment by the United States to provide a specified level of assistance and a commitment by the recipient country to undertake specified economic development measures directed toward meeting the basic human needs of its people, particularly needs for a nutritionally adequate diet, health services, safe water and sanitation facilities, and basic education.

SELF-HELP MEASURES AND OBJECTIVES

SEC. 402. (a) Such Agreements shall—

(1) set forth measurable objectives such as specified reductions in the infant mortality rate and increases in the literacy rate, together with a target date for achieving such objectives; and

(2) describe the measures which the recipient government agrees to undertake to attempt to achieve these objectives.

(b) In each such agreement such measures as the recipient government agrees to undertake shall be described in quantitative and measurable terms. The United States shall attempt to ensure the agreement or set of agreements concluded with each recipient country does not neglect any of the basic needs enumerated in section 401 of this title. The United States shall not enter into any such agreement which is so vague in its terms that efforts to comply with the agreement cannot be effectively assessed. Failure to meet the terms of such agreement due to inadequate efforts by the recipient shall result in termination of the agreement.

EFFECTIVE DATE

SEC. 403. The provisions of this title shall take effect one year after the date of enactment of this Act.

TITLE V—RELIEF AND PREVENTION OF STARVATION

SHORT TITLE

SEC. 501. This title may be cited as the "African Assistance and Hunger Prevention Act".

FINDINGS

SEC. 502. The Congress finds that—

(1) According to the International Bank for Reconstruction and Development approximately 40 per centum of the population of the developing countries (excluding the People's Republic of China) live in absolute poverty, a condition of life so limited by malnutrition and other aspects of poverty as to be beneath any rational definition of human decency. United States development assistance too often fails to reach these poorest people.

(2) There is widespread and continuing starvation in sub-Saharan Africa and the nutritional situation in that region has been steadily worsening. The average rate of infant mortality in Africa is higher than on any other continent.

(3) Steps should be taken to prepare in advance for anticipated food shortages in famine-prone African nations.

AID TO THE ABSOLUTELY POOR

SEC. 503. (a) Notwithstanding any other provision of law, beginning for the fiscal year 1983, and for each fiscal year thereafter, not less than 50 per centum of the funds made available for such fiscal year under part I

of the Foreign Assistance Act of 1961 shall be used to finance productive facilities and other goods and services to be primarily used by the absolutely poor, including, for example, irrigation facilities, extension services and credit for small farmers, roads, safe drinking water supplies, and health and family planning services. For purposes of this section, the absolutely poor are those persons who are classified as "absolutely poor" under the standards adopted by the International Bank for Reconstruction and Development and the International Development Association.

(b) In carrying out subsection (a) special emphasis shall be placed on alleviating hunger in sub-Saharan Africa. Particular attention shall be paid to the role of women in agricultural production in the sub-Saharan region.

PREVENTION OF FAMINE

SEC. 504. Section 302(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a(c)) is amended—

(1) by amending paragraph (1) to read as follows:

"(1) Except as provided in paragraph (2) of this subsection, the aggregate value of all agreements entered into under this title for the fiscal year 1983 and each fiscal year thereafter shall be not less than 25 percent of the aggregate value of all agreements entered into under title I of this Act for such fiscal year."; and

(2) by adding the following new paragraph at the end thereof:

"(5) In the fiscal year 1983—

"(A) commodities, or

"(B) the funds generated from the sale of commodities in participating countries,

totaling in value not less than 5 percent of the aggregate value of all agreements entered into under title I of this Act in that fiscal year, shall be used under this title to establish grain reserves in famine-prone African nations or to take other steps to prepare in advance for food shortages in those nations. Agreements under this title shall contain provisions to ensure that measures undertaken pursuant to this paragraph primarily benefit the needy people in participating countries.".

TITLE VI—GENERAL PROVISIONS

PEACE CORPS PROGRAMS AND PROJECTS

SEC. 601. It is the sense of the Congress that the President, acting through the Director of the Peace Corps, should, in carrying out the functions vested in him by the Peace Corps Act, emphasize programs and projects to alleviate hunger and malnutrition by encouraging agricultural self-sufficiency within foreign countries in which Peace Corps volunteers are serving.

WALTER J. STEWART

Mr. HARRY F. BYRD, JR. Mr. President, I would like to take this opportunity to commend Walter "Joe" Stewart, who recently joined the private sector after rendering the U.S. Senate 30 years of faithful service.

Joe Stewart evinced an early interest in the Senate—indeed, he practically grew up on the Senate floor. He began his career here as a page in 1951, and steadily worked his way upward.

His career peaked in 1979 with his election as secretary to the majority of the Senate. In 1981, he was elected secretary to the minority.

Along the way, Joe Stewart worked in the Democratic cloakroom, under the secretary of the majority, as a staff member of the Senate Appropriations Committee, as a legislative assistant to Senator ROBERT C. BYRD, and as assistant to the majority leader for floor operations.

None of these jobs, Mr. President, took Joe far from the Senate floor, where his diligence and efficiency earned him the respect and friendship of many of my colleagues.

During all this time, Joe also found time to earn a law degree from the American University Law School.

To many Senators, Joe Stewart was a constant presence on the Senate floor, and we shall miss him.

I congratulate him on his 30 years of devotion to the U.S. Senate.

ANOTHER NAIL IN THE HOUSING INDUSTRY'S COFFIN

Mr. HEFLIN. Mr. President, I wish to give my support to Senate Concurrent Resolution 51 which expresses the Senate's strong commitment to homeownership in this Nation. In the tradition of my predecessor in the Senate, a great Alabama statesman and the U.S. Senate's "Mr. Housing," Senator John Sparkman, I rise today to oppose any proposal which would abolish the Federal Government's homeownership loan guarantee programs that enable veterans and middle-income Americans to own their own homes.

Mr. President, the Federal Housing Administration (FHA), Veterans Administration loan programs (VA), and the Government National Mortgage Association (Ginnie Mae) have served this Nation and millions of Americans well.

I was literally shocked when I learned that the Office of Management and Budget has proposed the total elimination of Ginnie Mae and the gutting of the FHA and VA loans guarantee programs. This appears to me to be yet another ill-advised attempt by OMB Director David Stockman to destroy the housing industry and deny the American people the opportunity to own their own homes.

Mr. President, if these crucial homeownership mortgage guarantee programs are eliminated, the final nail will be driven into the coffin of the once-thriving American housing industry. If Ginnie Mae, FHA, and VA loans programs are abolished, the dream of homeownership in this country will be denied to all but the very, very wealthy.

It is important to note that abolishing these programs will not save the Federal Government one penny, but it would deny middle-income Americans and veterans from obtaining affordable housing.

The Government National Mortgage Association is the Government agency that buys pools of federally insured and guaranteed mortgage loans from lenders and mortgage bankers and sells these mortgage securities to investors. Since it was established in the late 1960's, Ginnie Mae has enabled millions of middle-income Americans to purchase their own homes.

Again, let me stress that these Government homeownership programs are actuarially sound. There is no drain on the Federal Treasury. Ginnie Mae, FHA, and VA loans are not Government giveaways. If these programs are destroyed, as OMB Director David Stockman appears to want, there would be no savings for the Federal Treasury, but millions of Americans could forget fulfilling the American dream of owning their own homes.

What is really being attacked here is the availability of low downpayment FHA and VA insured and guaranteed mortgage loans. By eliminating the secondary market now provided by Ginnie Mae, the availability of those loans would be severely curtailed. That means less affordable mortgage credit for veterans and middle-income Americans—many of whom will be unable to afford or qualify for conventional credit.

Mr. President, over the last 50 years, more than 27 million Americans have purchased homes with FHA or VA insured or guaranteed loans. I am proud that Alabama Senator John Sparkman was responsible for large parts of these important housing programs. For his key role in establishing a national commitment to homeownership, Senator Sparkman earned the title of "Mr. Housing." To abandon this commitment to homeownership would be a serious mistake indeed.

FHA and VA programs are about the only source of long-term, fixed-rate mortgage loans in the country today. Most conventional loans are either indexed to inflation or periodically renegotiable.

I simply cannot understand why the Office of Management and Budget would make this proposal. Ginnie Mae, FHA, and VA loan programs are not Government subsidy programs. They are actuarially sound, successful programs that allow veterans and middle-income Americans to fulfill their dreams of owning a home of their own. These programs do not cost the Federal Government any money. The home buyer is charged a monthly premium that covers the expenses of running the program. I see no advantage in eliminating these programs. I do see the final destruction of the housing industry and the dashing of the cherished dreams of homeownership that have become so much a part of our economy.

The elimination of Ginnie Mae, FHA, and VA loan programs would prevent thousands of families each year from buying homes, would ultimately raise interest rates, would reduce the availability of mortgage money, and would have no effect on the budget deficit.

Mr. President, I am truly perplexed and dismayed by this proposal by the Office of Management and Budget. This follows closely on the heals of OMB's proposal to eliminate or reduce the tax deduction for home mortgage interest payments.

I also opposed that proposal and jointly sponsored a resolution which condemned the plan. I was pleased that the Senate, by an 83-to-0 vote, sent a strong signal to Mr. Stockman that we would not tolerate any change in tax laws affecting homeownership. I hope the Senate will similarly condemn this proposal to abolish these fine and successful pro-

grams, which do not cost the Federal Government any money. I urge the immediate passage of Senate Concurrent Resolution 51.

REPORT ON SURFACE COAL MINING IN ALASKA

Mr. THURMOND. Mr. President, as the President pro tempore of the Senate, I have received the report on surface coal mining in Alaska from the Department of the Interior. This report is available for review by my colleagues in my President pro tempore office.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

REPORT ON CERTAIN FOREIGN TARIFF AND NONTARIFF BARRIERS—MESSAGE FROM THE PRESIDENT—PM 98

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, together with accompanying papers; which was referred to the Committee on Finance:

To the Congress of the United States:

In accordance with Section 854(a) of the Trade Agreements Act of 1979 (P.L. 96–39), I hereby submit to you a report on foreign tariff and nontariff barriers affecting United States exports of alcoholic beverages.

RONALD REAGAN.

THE WHITE HOUSE, *December 10, 1981.*

MESSAGES FROM THE HOUSE

At 10:45 a.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1098) to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes.

The message also announced that the House has passed the following bills, in which it requests the concurrence of the Senate:

H.R. 1465. An act to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution; and

H.R. 3782. An act to revitalize the pleasure cruise industry by clarifying and waiving certain restrictions in the Merchant Marine Act, 1936, and the Merchant Marine Act, 1920, to permit the entry of the steamship vessel *Oceanic Constitution* into the trade; and

H.J. Res. 341. Joint resolution providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

ENROLLED BILL SIGNED

At 11:29 a.m., a message from the House of Representatives, delivered by Mr. Gregory, announced that the Speaker has signed the following enrolled bill:

H.R. 3455. An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes.

The enrolled bill was subsequently signed by the Vice President.

At 2:47 p.m., a message from the House of Representatives was delivered by Mr. Berry, one of its reading clerks, announcing that the House disagrees to the amendments of the Senate to the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes; agrees to the conference asked by the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. GINN, Mr. BEVILL, Mr. HEFNER, Mr. ADDABBO, Mr. LONG of Maryland, Mr. CHAPPELL, Mr. ALEXANDER, Mr. WHITTEN, Mr. REGULA, Mr. BURGENER, Mr. EDWARDS of Oklahoma, Mr. LOEFFLER, and Mr. CONTE as managers of the conference on the part of the House.

The message also announced that the House has passed the following joint resolution, without amendment:

S.J. Res. 115. Joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

ENROLLED JOINT RESOLUTION SIGNED

At 5:58 p.m., a message from the House of Representatives, delivered by Mr. Berry, announced that the Speaker has signed the following enrolled joint resolution:

S.J. Res. 115. Joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

The enrolled joint resolution was subsequently signed by the President pro tempore.

HOUSE BILLS REFERRED

The following bills were read twice by unanimous consent, and referred as indicated:

H.R. 1465. An act to amend the Congressional Budget Act of 1974 to require the Congressional Budget Office, for every significant bill or resolution reported in the House or the Senate, to prepare and submit an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution; pursuant to the order of August 4, 1977, referred jointly to the Committee on Governmental Affairs and the Committee on the Budget.

H.R. 3782. An act to revitalize the pleasure cruise industry by clarifying and waiving certain restrictions in the Merchant Marine Act, 1936, and the Merchant Marine Act, 1920, to permit the entry of the steamship vessel *Oceanic Constitution* into the trade; to the Committee on Commerce, Science, and Transportation.

HOUSE JOINT RESOLUTION PLACED ON CALENDAR

The following joint resolution was read twice by unanimous consent, and placed on the calendar:

H.J. Res. 341. Joint resolution providing for a waiver of law pursuant to the Alaska Natural Gas Transportation Act.

ENROLLED BILL PRESENTED

The Secretary reported that on today he had presented to the President of the United States the following enrolled bill:

S. 1098. An act to authorize the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC–2339. A communication from the Director of the Defense Security Assistance Agency, transmitting, pursuant to law, a report concerning the Department of the Navy's proposed letter of offer to Australia for defense articles estimated to cost in excess of $25 million; to the Committee on Armed Services.

EC–2340. A communication from the Secretary of Transportation, transmitting, pursuant to law, the Department of Transportation systems safety plan for improving the management of railroad safety programs; to the Committee on Commerce, Science, and Transportation.

EC–2341. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report entitled "Problems Plague National Weather Service ADP System"; to the Committee on Commerce, Science, and Transportation.

EC–2342. A communication from the Secretary of Agriculture, transmitting, pursuant to law, the President's recommendation on the Elkhorn Wilderness Study Area on the Helena and Deerlodge National Forests in Montana; to the Committee on Energy and Natural Resources.

EC–2343. A communication from the Assistant Secretary of State for Congressional Relations, transmitting, pursuant to law, the agreement between the United States and the Czechoslovak Socialist Republic on the settlement of certain outstanding claims and financial issues, and a bill to approve the agreement and authorize the implementation of a Czechoslovakian claims settlement program; to the Committee on Foreign Relations.

EC–2344. A communication from the Assistant Secretary of Health and Human Services, transmitting, pursuant to law, a report on a new Privacy Act system of records; to the Committee on Governmental Affairs.

EC–2345. A communication from the Records Management Branch and Privacy Liaison Officer, Federal Communications Commission, transmitting, pursuant to law, a report on three new Privacy Act systems of records; to the Committee on Governmental Affairs.

EC–2346. A communication from the Comptroller General of the United States, transmitting, pursuant to law, a report and recommendation concerning the claim of the Virginian-Pilot and the Ledger-Star for advertising provided for the Naval Facilities Engineering Command, Norfolk, Va.; to the Committee on the Judiciary.

EC–2347. A communication from the Assistant Secretary of State for Congressional Relations, transmitting, pursuant to law, the text of the International Labor Organization Recommendation No. 162, concerning older workers; to the Committee on Labor and Human Resources.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. HELMS, from the committee of conference:

Report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes (Rept. No. 97–290).

By Mr. THURMOND, from the Committee on the Judiciary, without amendment:

S.J. Res. 118. Joint resolution to authorize and request the President to designate the month of January 1982, as "National Cerebral Palsy Month".

By Mr. PERCY, from the Committee on Foreign Relations, with amendments to the preamble:

S. Con. Res. 47. A concurrent resolution expressing the sense of the Congress with respect to the imprisonment and treatment by the Government of the Soviet Union of Alexander Paritsky and his family.

By Mr. TOWER, from the Committee on Armed Services, with amendments, and an amendment to the title:

H.R. 4625. An act to authorize the Secretary of the Army to return to the Federal Republic of Germany certain works of art seized by the U.S. Army at the end of World War II (Rept. No. 97–291).

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation: with an amendment in the nature of a substitute:

H.R. 1797. An act to direct the Secretary of the department in which the U.S. Coast Guard is operating to cause the vessel *Capt. Tom* to be documented as a vessel of the United States so as to be entitled to be engaged in the coastwise trade.

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1629. A bill to amend the Communications Act of 1934 in order to encourage and develop marketable competition in the provision of certain broadcast services and to provide certain deregulation of such broadcast services, and for other purposes. (Rept. No. 97–292).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation:

James Eugene Burnett, Jr., of Arkansas, to be a Member of the National Transportation Safety Board for the term expiring December 31, 1985;

Robert M. Garrick, of California, to be a Member of the Board of Directors of the Communications Satellite Corporation, until the state of the annual meeting of the Corporation in 1984;

Bobby Jack Thompson, of New York, to be Administrator of the U.S. Fire Administration.

(The above nominations were reported from the Committee on Commerce, Science, and Transportation with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

Mr. PACKWOOD. Mr. President. From the Committee on Commerce, Science, and Transportation, I also report favorably a nomination list in the Coast Guard which was printed in the CONGRESSIONAL RECORD of November 2, 1981 and, to save the expense of reprinting them on the Executive Calendar, I ask unanimous consent that they lie on the Secretary's desk for the information of Senators.

The PRESIDING OFFICER. Without objection it is so ordered.

By Mr. PERCY, from the Committee on Foreign Relations:

Report to accompany Treaty Doc. 97–9, Protocols to the Wheat Agreement: (Ex. Rept. No. 97–42);

S. Ex. Res. 4. An original resolution requesting the return of the Tax Convention with the Republic of Cyprus and the Convention with the British Virgin Islands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes (Ex. Rept. No. 97–43).

By Mr. DOLE, from the Committee on Finance:

Clarence Eugene Hodges, of Maryland, to be Chief of the Children's Bureau, Department of Health and Human Services.

By Mr. HATCH, from the Committee on Labor and Human Resources:

Report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1086) to revise and extend the Older Americans Act of 1965, and for other purposes (Rept. No. 97–293).

By Mr. TOWER, from the Committee on Armed Services:

Mr. TOWER. Mr. President, from the Committee on Armed Services, I report favorably the following nominations: In the Air Force there are 35 appointments to the grade of major general (list begins with Leon W. Babcock, Jr.), in the Regular Army there are 329 appointments to the grade of major general and below (list begins with Ames S. Albro, Jr.), in the Navy there are 86 permanent promotions to the grade of rear admiral (list begins with Robert C. Austin), in the Air Force Reserve there are 21 appointments to the grade of major general and below (list begins with Frank H. Smoker, Jr.), in the Regular Army there are 23 appointments to the grade of major general (list begins with Norman C. Delbridge, Jr.), Lt. Gen. William J. Hilsman, U.S. Army, to be permanent major general, and Gen. Robert M. Shoemaker, U.S. Army (age 57), for appointment to the grade of general on the retired list. I ask that these names be placed on the Executive Calendar.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. TOWER. In addition, in the Naval Reserve there are 1,119 permanent promotions to the grade of captain and below (list begins with Paul F. Abrahams), in the Air Force Reserve there are 633 promotions to the grade of lieutenant colonel (list begins with Thomas F. Abbott), in the Air National Guard of the Air Force there are 19 promotions to the grade of lieutenant colonel (list begins with William J. Athas), in the Army Reserve and National Guard there are 549 promotions to the grade of colonel and below (list begins with Donald C. Askew), in the Regular Army there are 6,491 appointments to the grade of colonel and below (list begins with Eugene W. Allen), and in the Navy and Naval Reserve there are 22 permanent promotions to the grade of captain and below (list begins with Wilbur D. Jones, Jr.). Since these names have already appeared in the CONGRESSIONAL RECORD and to save the expense of printing again, I ask unanimous consent that they be ordered to lie on the Secretary's desk for the information of any Senator.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The nominations ordered to lie on the Secretary's desk were printed in the RECORD of October 22, November 12, November 23, and December 1, 1981, at the end of the Senate proceedings.)

JOINT REFERRAL OF S. 1922

Mr. BAKER. Mr. President, I ask unanimous consent that S. 1922, the Black Lung Benefits Act, introduced Tuesday, December 8 by Senator HATCH, be jointly referred to the Labor and Human Resources and the Finance Committee.

The PRESIDING OFFICER. Without objection, it is so ordered.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. ANDREWS:

S. 1930. A bill to amend title 5 of the United States Code, to promote public safety by encouraging the employment of highly qualified systems specialists by establishing a salary compensation system commensurate with skill and responsibility, by establishing a special retirement plan, and for other purposes; to the Committee on Governmental Affairs.

By Mr. SCHMITT (for himself, Mr. RANDOLPH, Mr. NUNN, and Mr. DURENBERGER):

S. 1931. A bill to amend title 5, United States Code, to entitle Civil Air Patrol cadets eighteen years of age and older to compensation available to Civil Air Patrol senior members in event of disability or death, and to increase the level of compensation available to both; to the Committee on Labor and Human Resources.

By Mr. BENTSEN:

S. 1932. A bill to amend the Inspector General Act of 1978 to establish offices of inspector general in certain departments and agencies, and for other purposes; to the Committee on Governmental Affairs.

By Mr. TSONGAS (for himself and Mr. THURMOND):

S. 1933. A bill to permit persons who convey certain lands in Colorado to the United States for the expansion of the Fort Carson military installation to treat the conveyance of such lands as involuntary conversions for the purposes of section 1033 of the Internal Revenue Code of 1954; to the Committee on Finance.

By Mr. BAUCUS:

S. 1934. A bill to amend the Internal Revenue Code of 1954 to insure periodic payments for damages received on account of personal injuries or sickness, and for other purposes; to the Committee on Finance.

By Mr. KENNEDY:

S. 1935. A bill relating to the number of immigrant visas for Taiwan; to the Committee on the Judiciary.

By Mr. CANNON (for himself, Mrs. KASSEBAUM, Mr. PACKWOOD, Mr. FORD, Mr. RIEGLE, Mr. INOUYE, Mr. EXON, Mr. STEVENS, Mr. GORTON, Mr. KASTEN, and Mr. SCHMITT):

S. 1936. A bill to require members of National Transportation Safety Board to be chosen from individuals with expertise in the fields of accident reconstruction, safety engineering, transportation safety, or transportation regulation; to the Committee on Commerce, Science, and Transportation.

By Mr. McCLURE (by request):

S. 1937. A bill to extend the expiration date of section 252 of the Energy Policy and Conservation Act; to the Committee on the Judiciary and the Committee on Energy and Natural Resources, jointly, by unanimous consent with the provisio that both Committees shall report the bill on or before March 10, 1982, or both Committees, or either one, having failed to report the bill, shall be thereafter discharged from further consideration thereof and the bill shall thereby be placed on the Calendar.

By Mr. DeCONCINI (for himself, Mr. DOMENICI and Mr. CANNON):

S.J. Res. 133. A joint resolution to authorize and request the President to designate August 14, 1982, as "National Navajo Code Talkers Day"; to the Committee on the Judiciary.

By Mr. ARMSTRONG (for himself, Mr. RIEGLE, Mr. ANDREWS, Mr. BAUCUS, Mr. BOSCHWITZ, Mr. BURDICK, Mr. D'AMATO, Mr. DIXON, Mr. DURENBERGER, Mr. HATFIELD, Mr. HEINZ, Mr. INOUYE, Mr. JOHNSTON, Mr. LEVIN, Mr. McCLURE, Mr. MITCHELL, Mr. MOYNIHAN, Mr. NUNN, Mr. PELL, Mr. RANDOLPH, Mr. SARBANES, Mr. SASSER, Mr. STAFFORD, Mr. TSONGAS, Mr. WALLOP, Mr. WEICKER, Mr. WILLIAMS, Mr. ZORINSKY, Mr. GARN, Mr. CRANSTON, Mr. DENTON, and Mr. LEAHY):

S.J. Res. 134. A joint resolution to designate 1982 as the "Year of Disabled Persons"; to the Committee on the Judiciary.

By Mr. PELL (for himself, Mr. BOSCHWITZ, Mr. PERCY, Mr. SARBANES, Mr. TSONGAS, Mr. CRANSTON, Mr. DODD, Mr. PRESSLER, Mr. WILLIAMS, Mr. MOYNIHAN, Mr. EAGLETON, Mr. LEAHY, Mr. BRADLEY, Mr. CHILES, Mr. LEVIN, Mr. HOLLINGS, Mr. BAUCUS, Mr. HUDDLESTON, Mr. RIEGLE, Mr. METZENBAUM, Mr. JOHNSTON, Mr. DIXON, Mr. SASSER, Mr. GARN, Mr. GORTON, Mr. NICKLES, Mr. HEINZ, Mr. SPECTER, Mr. D'AMATO, and Mr. HART):

S.J. Res. 135. A joint resolution expressing the sense of the Congress that the Government of the Soviet Union should recognize the rights of its citizens to practice their religion and to emigrate, and that these matters should be among the issues raised at the 38th meeting of the United Nations Commission on Human Rights at Geneva in February 1982; to the Committee on Foreign Relations.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. QUAYLE (for himself, Mr. PACKWOOD, Mr. COHEN, Mr. KASTEN, Mr. MOYNIHAN, Mr. D'AMATO, Mr. BOSCHWITZ, Mr. GORTON, Mr. MATTINGLY, Mr. LUGAR, Mrs. HAWKINS, Mr. DODD, Mr. EAST, Mr. BIDEN, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. JEPSEN, Mr. LEVIN, Mr. ZORINSKY, and Mr. THURMOND):

S. Res. 255. A resolution expressing the sense of the Senate with respect to the requested extradition of Ziad Abu Eain to Israel; to the Committee on Foreign Relations.

By Mr. BAKER (for Mr. STAFFORD) (for himself and Mr. PELL):

S. Res. 256. A resolution to disapprove the submission of the needs analysis for student assistance transmitted to the Congress on October 13, 1981, expressing the sense of the Senate with respect to the family contribution schedule; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SCHMITT (for himself, Mr. RANDOLPH, Mr. NUNN, and Mr. DURENBERGER):

S. 1931. A bill to amend title 5, United States Code, to entitle Civil Air Patrol cadets 18 years of age and older to compensation available to Civil Air Patrol senior members in events of disability or death, and to increase the level of compensation available to both; to the Committee on Labor and Human Resources.

CIVIL AIR PATROL

● Mr. SCHMITT. Mr. President, this month we are celebrating the 40th anniversary of the Civil Air Patrol. Established on December 1, 1941, this organization has an impressive history of both wartime and peacetime service to this country as an auxiliary of the U.S. Air Force.

This year we have heard a great deal about volunteerism in the providing of solutions to many of the problems that are facing this Nation and its people. The Civil Air Patrol has demonstrated for 40 years that volunteerism does work and that there are literally thousands, if not millions, of individuals who are ready to help their neighbors in time of need.

The Civil Air Patrol has approximately 60,000 volunteer members. Nationwide approximately 11,000 CAP senior members participate in Air Force authorized search and rescue missions as pilots, observers, mission coordinators, or support staff. The Civil Air Patrol flies approximately 75 percent of all search and rescue missions in the United States, resulting in the saving of many lives each year.

The work of the Civil Air Patrol, however, is not without its risks. Recognizing this, in 1956 Congress granted Federal Employees Compensation Act (FECA) benefits to the CAP and the Coast Guard Auxiliary. In those 25 years, benefits to CAP members or their surviving family have not changed. Currently, the spouse of a CAP member killed on an Air Force authorized mission receives only $135 a month. A CAP member who becomes disabled in performance of his or her duty receives only $225 a month. This amount is clearly inadequate in light of the major increases in cost of living and medical expenses during the past 25 years.

It is time for the Congress to review the current situation and to provide a more equitable compensation to those individuals who are killed or disabled in the performance of their duty. Today, I with the Senator from West Virginia, Mr. RANDOLPH, am introducing legislation which will increase those benefits.

Currently, the annual cost to the Government for CAP benefits amounts to less than $160,000. The benefits which the American taxpayer derives from CAP activities clearly outweighs this cost. Under the bill which we are introducing today the annual expenditures will increase by about $260,000. It will, however, provide a more equitable compensation to the families of CAP members killed or disabled on Air Force authorized missions.

This increase in cost, however, is somewhat deceptive since currently, there are three lawsuits pending against the U.S. Government relating to CAP disability and death claims. The low compensation which we have allowed to continue has generated these suits. Since 1978, lawsuits against the CAP have resulted in settlements for the claimants in an excess of $600,000. An increase in compensation will eliminate the need for most, if not all, of these claims.

Mr. President, I extend my congratulations to the Civil Air Patrol for their fine work and commitment for the last 40 years. They serve as an example of the true spirit of voluntarism which has been a hallmark of this Nation. I urge the Senate to consider the legislation which Senator RANDOLPH and I are introducing today in an expeditiously manner so that we can provide equitable compensation to these brave individuals.

Mr. President, I ask unanimous consent that a history of the Civil Air Patrol be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

HISTORY OF CIVIL AIR PATROL

On December 1, 1981 Civil Air Patrol will be forty years old. Few people, however, will be aware of it, and fewer still, will care.

Yet Civil Air Patrol is an organization to which the American people owe a significant debt of gratitude. It is an organization which having been born out of the turbulent years of World War II, made significant demands and sacrifices from its members, including the lives of some, in the name of honor, justice, and national pride.

Civil Air Patrol has a proud and exciting history. It is a history of men and women who, in responding to the needs of their country, not only proved that there is strength in private aviation, whether in war or in peace, but in the process set the high standards of conduct and performance which characterizes Civil Air Patrol today.

Civil Air Patrol in many ways is, and has always been, a perfect example of American initiative—that rare combination of people and circumstances that tends to bring the best in us—its members having always been ready to give the best of themselves so that ours is a safe, proud, and strong nation; not only in space, but in every respect.

Civil Air Patrol was not born not so much out of need, than out of concern. In 1941, when it became obvious that the war in Europe was highly likely to extend to our shores, aviation enthusiasts in the United States decided to volunteer their services and aircraft to the war effort so that we could be better prepared. So, on December 1, 1941 Civil Aid Patrol was born. Their sense of timing was not too far off the mark because one week later, on December 7, the United States was at war.

The early days of Civil Air Patrol were difficult days because the organization had not had an opportunity to prove itself and its credibility was still open to question. The involvement of its members in meaningful war-related activities was difficult to achieve. At that time, the War Department felt that the organization was too new, its members undisciplined, and the mission too critical for the organization to play a meaningful role in the war.

In 1941 there were 128,360 CAA certified pilots and 14,047 CAA certified aircraft and engine mechanics in the United States. These people operated 25,000 light aircraft out of 2,500 airfields. While many of these people

were quick to join the Armed Services when the war broke out, others could not. Thus the interests to serve the Nation by those who did not enter military service was high, and the need for involvement became greater every day. Enemy submarines were sinking U.S. ships every day, sometimes within sight of onlookers at the beach, and their menace could no longer be ignored. Thus patrolling the coast became a necessity. And since the United States lacked the military resources to do it, Civil Air Patrol was called in to help.

During the eighteen months that Civil Air Patrol was on Coastal Patrol duty, from 1942 to 1943, its members flew 86,685 missions covering 24 million miles in 244,600 hours of flying time. As the results of these efforts, 173 submarines were sighted, 83 bombs and depth charges were dropped on 57 of them, and two submarines were destroyed. It also summoned help for 93 vessels in distress and helped to save 363 survivors of enemy submarine attacks. In addition, it reported 17 floating mines, and at the request of the Navy, flew 5,684 special convoy missions.

These coastal patrol activities were undertaken at considerable risk to its members. By the time Civil Air Patrol was withdrawn from this activity, in 1944, ninety aircraft had been lost, 26 Civil Air Patrol members had died in the accomplishment of these missions, and another seven had been injured in the process. Gen. H. H. (Hap) Arnold, Commanding General of the U.S. Army Air Corps, in speaking of the significance of these accomplishments, paid a high compliment to the members of this organization when he indicated that Civil Air Patrol had been the only group that had had any real effect in controlling coastal enemy submarines.

But coastal patrol duty was not the only war-time activity in which Civil Air Patrol was involved. Flight training, and the preparation of young people for entry into the Army Air Corps was also an important task assigned to them.

In 1942 Civil Air Patrol had 75,000 members in 1,000 communities throughout the United States. But since there was a considerable shortage of pilots and other aviation personnel in the Army Air Corps, Civil Air Patrol was asked to test and begin training young boys and girls 15 to 17 years of age, for entry into the Army Air Corps. This it did so successfully that in 1943 alone, 78,000 of these potential recruits logged over 144,000 hours of flight time, thanks in part to the help of 288 L–4 aircraft which were loaned to the Civil Air Patrol for training purposes, by the Army Air Forces. By the end of 1944 a surplus of these recruits developed for the first time.

Other Civil Air Patrol achievements during this period were equally impressive. From late 1942 to early 1945 Civil Air Patrol moved three and a half million pounds of mail and cargo for the Air Force. In addition it transported hundreds of military passengers and critical spare parts whenever transportation bottlenecks developed.

It also flew border patrols logging over 30,000 hours of dawn-to-dusk flying-time over rocky terrain stretching from Brownsville, Texas to Douglas, Arizona, looking for potential spies and saboteurs, and safeguarding vital communication lines. Many of these missions were flown so low that pilots often were able to report license plate numbers of suspicious vehicles.

Searching for missing aircraft became another activity in which Civil Air Patrol was called in for assistance, logging 24,000 hours of air search time requested by the Air Forces, and another 24,000 of its own. While no records were kept of this activity, in one week, in February 1945, it found the wreckage of seven missing Army and Navy planes.

From 1942 to 1945, Civil Air Patrol began target-towing for anti-aircraft machine gunners, radar tracking, and tracking for searchlights. This was extremely hazardous work because it required them to fly 46,000 hours over guns firing live ammunition and into the blinding glare of searchlights. Twenty three airplanes were lost in the process, at a cost of seven Civil Air Patrol lives, with another five Civil Air Patrol members sustaining serious injuries.

All in all, Civil Air Patrol flew over 500,000 hours of war related missions other than coastal patrols, 41 of its members giving their lives in the achievement of these missions. And much of this without any remuneration since all they received was reimbursement for operating expenses and subsistence pay. Not only did they spend thousands of dollars of their own money in this effort, but many of them also lost their aircraft. The War Department, in recognition of such sacrifices, awarded 25 War Department decorations for exceptional civilian service and 825 air medals to those Civil Air Patrol members who distinguished themselves the most.

On July 1, 1946 President Harry S. Truman signed Public Law 476 of the 79th Congress, which incorporated the Civil Air Patrol as a benevolent nonprofit corporation. Two years later, on May 26, 1948, Civil Air Patrol became an auxiliary of the United States Air Force, a relationship which still exists today.

The provisions of the federal charter under which it was established in 1946, have not changed since then. Civil Air Patrol has as its principal missions: (1) to promote civil aviation, (2) conduct aerospace training courses, (3) administer a cadet training program, (4) assist in emergency situations, and (5) conduct search and rescue work.

While these new missions may not sound as exciting as its war-time activities, the work that Civil Air Patrol has done in accomplishing these objectives is equally impressive. Civil Air Patrol, through its 35,000 senior and 23,000 cadet members, operates the most comprehensive emergency communication network in the United States. Since the end of the war its members have flown hundreds of thousands of hours in search and rescue missions which have resulted in hundreds of lives saved. Its level of preparedness for emergency situations is as equally impressive in Alaska, California, Alabama, or Washington, D.C. And the hundreds of thousands of boys and girls from age 13 to 18 who have participated in its cadet program are a joy to their parents, their community, and their nation.

The level of patriotism and volunteerism that characterized Civil Air Patrol during the war years is still there. Civil Air Patrol members continue to contribute their time, their energy, and their money to the development of a strong nation not only in space but in every respect. And all this they continue to do for free because they still care.●

By Mr. BENTSEN:

S. 1932. A bill to amend the Inspector General Act of 1978 to establish offices of inspector general in certain departments and agencies, and for other purposes; to the Committee on Governmental Affairs.

INSPECTOR GENERAL ACT AMENDMENTS OF 1981

● Mr. BENTSEN. Mr. President, last week the Senate gave its approval to the largest defense appropriation bill in this Nation's history, authorizing the expenditure of approximately $208 billion for the military, research and development, procurement and related functions of the Department of Defense. Throughout debate on the bill, repeated attempts were made to cut the overall appropriation in an effort to reduce the "swamp of waste and inefficiency" in Defense programs, as identified by the Director of the Office of Management and Budget, David Stockman. However, these amendments were rejected as either frivolous or not specific enough to warrant arbitrarily cutting programs essential to our national defense.

I supported and will continue to support efforts to assure that the United States will have a defense that is second to none. However, I also want to pursue every means available to guarantee that not one nickel of what we spend is wasted, whether it be for defense or any other Government program. I am therefore introducing companion legislation to Chairman BROOK'S H.R. 2098, which was adopted by the House 344 to 65 on May 19, 1981. This legislation amends the Inspector General Act of 1978, by establishing an Office of Inspector General within the Departments of Defense, Justice, Treasury, and the Agency for International Development (AID).

The reduction of waste, fraud, and abuse in Federal programs has been a goal of every Congress and administration in recent history, and numerous studies and hearings have been conducted to determine the best means to accomplish this goal. In 1978, Congress passed the Inspector General Act to establish an office of Inspector General within certain departments and agencies, with independent authority to conduct audits and investigations relating to programs and operations within those agencies. The act also empowered the Inspectors General to provide leadership and coordination and recommend policies for activities designed to promote economy, efficiency and effectiveness in the administration of Federal programs and operations; and to prevent and detect fraud and abuse in such programs and operations.

The 1978 act excluded the Departments of Defense, Education, Justice, State, Treasury, and AID out of concern by some that activities of these agencies were sufficiently different from those of the agencies covered, and to allow additional time to study the feasibility of applying the act to these agencies. These studies have been completed and statutory Inspectors General were subsequently established for the Departments of Education and State.

I see no logical reason for the continued exclusion from the act of the Departments of Defense, Justice, Treasury, and AID.

Since enactment, the act though initially opposed by every department and agency covered has gained widespread acceptance and approval. According to former Assistant Deputy Attorney Charles Ruff, in testimony before the Task Force on Government Efficiency, by the House Committee on the Budget, the new Inspectors General:

> * * * have the most dramatic impact, not only in terms of the detection of fraud and other forms of loss, but in beginning to try to do something about them. (October 30, 1979, p. 17).

The Reagan administration has also gone on record supporting legislation to establish Inspectors General for those agencies and departments not covered by the 1978 act. In testimony before the Legislation and National Security Sub-

committee, House Committee on Government Operations, Edwin L. Harper, Deputy Director of the Office of Management and Budget stated:

> The commitment to combat waste and inefficiency is one that must transcend this administration. . . . This is one of the reasons why we support legislatively mandated Inspectors General.

If this administration and Congress continue to ask the American people to tighten their belts; to accept less from their Government in essential social programs; and, to support our efforts to reduce Federal spending and balance the budget, we must not tolerate the exclusion of any department or agency from efforts to ferret out waste, fraud, and abuse in Government programs.

During World War II, this Nation was strongly committed to the war effort, and the American people sacrificed tremendously while the majority of our resources were directed toward defense spending. However, Harry Truman, then serving in the U.S. Senate, chaired an oversight committee to make sure that every dollar that the American people appropriated for the war effort was spent for that purpose and not wasted by reason of fraud or inefficiency. Mr. Truman's diligent efforts earned him recognition among his colleagues and the current administration, and eventually catapulted him to higher public office.

Mr. President, I sincerely believe that every Member of this Congress should be no less committed to eliminating waste, fraud, and abuse in Government programs and operations than President Truman was, and I am proud to introduce this legislation that will aid us tremendously in achieving that goal.●

By Mr. HART (for himself and Mr. THURMOND):

S. 1933. A bill to permit persons who convey certain lands in Colorado to the United States for the expansion of the Fort Carson military installations to treat the conveyance of such lands as involuntary conversions for the purposes of section 1033 of the Internal Revenue Code of 1954; to the Committee on Finance.

TAX TREATMENT OF CERTAIN CONVEYANCES

● Mr. HART. Mr. President, today the distinguished chairman of the Military Construction Subcommittee of the Armed Services Committee and I are introducing legislation to provide necessary tax relief for 42 landowners in southern Colorado who will be affected by the acquisition by the U.S. Army of some 244,000 acres of their rangeland to be used for military maneuver training by the 4th Infantry Division (MECH).

This bill provides for a 24-month deferral of capital gain taxes to private landowners who willingly sell land to the Federal Government located in the so-called Pinon Canyon parcel. These landowners are eligible for, but not automatically granted such tax relief under the provisions of section 1033 of the Internal Revenue Code of 1954.

Mr. President, the Senate passed this measure as an amendment to the Military Construction Authorization of 1982, S. 1408. However, due to certain jurisdictional problems in the House of Representatives, this amendment was not included in the final House-Senate conference report.

Mr. President, this legislation is extremely important as part of a series of amendments I offered and which are part of the Military Construction bill to help mitigate some of the adverse impacts the Fort Carson land acquisition program will have on the State of Colorado.

Clearly, in the interest of national defense, the 4th Infantry Division now stationed at Fort Carson is in need of additional maneuver land for training. The readiness of the division depends on its ability to adequately train its personnel in a credible field environment.

The bill that Senator THURMOND and I offer today will simply help in expediting the acquisition process and help those private landowners reduce any financial hardships associated with that process.

I would like to thank the Senator from South Carolina for his strong support of this legislation.●

By Mr. BAUCUS:

S. 1934. A bill to amend the Internal Revenue Code of 1954 to insure periodic payments for damages received on account of personal injuries or sickness, and for other purposes; to the Committee on Finance.

PERIODIC PAYMENT SETTLEMENT ACT OF 1981

● Mr. BAUCUS. Mr. President, I am today introducing legislation that would amend the Internal Revenue Code by adding new language to sections 104 and 162 of the Code. My bill deals with the taxation of periodic payments received by taxpayers due to settlements or court awards in personal injury litigation. Under present law, awards received by successful plaintiffs for personal injury actions are tax free.

In the past, these awards have typically been paid by defendants to successful plaintiffs in the form of a single payment settlement. This approach has proven unsatisfactory, however, in many cases because it assumes that injured parties will wisely manage large sums of money so as to provide for their lifetime needs. In fact, many of these successful litigants, particularly minors, have dissipated their awards in a few years and are then without means of support.

Periodic payment settlements, on the other hand, provide plaintiffs with a steady income over a long period of time and insulate them from pressures to squander their awards. Because of these advantages, so-called structured settlements or periodic payment settlements are becoming nearly the norm in large personal injury cases, and will probably replace the lump-sum form of settlement because of the obvious advantages to all parties—namely, increased benefits to the plaintiffs and reduced cost to the casualty insurers.

Typically, periodic payment settlements are accomplished by a three-party arrangement involving the plaintiffs and defendants and the services of a third-party trustee who receives funds from the defendant and makes agreed payments to the plaintiff. The advantage of such a system to the parties are clear. What remains unclear, however, is how periodic payments are treated for tax purposes.

The code is silent on such plans but a number of taxpayers have sought private rulings from the Internal Revenue Service concerning the tax treatment of periodic payment awards. In a series of published rulings, private letter rulings and administrative decisions, the Treasury Department has taken the position that periodic payments to plaintiffs may be excluded from a taxpayer's income, and that the third parties who are assigned the obligation to make these payments for defendants do not realize income either.

The rationale of the Treasury Department is that, as long as the amounts received by a third-party trustee equal the amount owed by that trustee to a successful plaintiff, the arrangement is a novation of debt and which does not result in taxable income to either party.

If Treasury's position is so clear, then why the need for legislation? The answer is simple: Pursuing a private ruling from the Treasury Department is expensive and time consuming. The judicial economy achieved by expediting the settlement of thousands of personal injury cases is lost through delays and costs incurred in seeking private rulings from the Treasury Department.

The legislation I propose today remedies this problem by adopting for all taxpayers the position taken by Treasury in the cases of several private rulings involving periodic payment awards. The Treasury and the staff of the Joint Committee on Taxation have considered this issue and have no problems with the approach I have taken in my bill. Following is section-by-section analysis of the bill.

First. Section 2(a) of the bill adds a new paragraph (6) to section 104(a) of the Internal Revenue Code. The new paragraph provides that an assignee of an obligation to pay personal injury damages does not realize income upon receipt of amounts from the assignor to fund the future obligations. The Internal Revenue Service has already so ruled in a private letter ruling.

Second. Section 2(b) of the bill adds a new section 104(b)(1) to the Internal Revenue Service Code to provide that personal injury damages are nontaxable to recipients whether the payor is the person originally liable or an assignee of that person. The Internal Revenue Service has also so ruled in a private case. New code section 104(b)(2), also added by section 2(b) of the bill, codifies the concepts set forth in published revenue rulings; that is, Rev. Rul. 77–230, 1977–2 C.B. 214 and Rev. Rul. 79–220, 1979–2 C.B. 74, relating to the "constructive receipt" and "economic benefit" concepts in the income tax area.

Third. Section 2(c) of the bill adds a new code section 162(h) to provide a deduction to an assignee for periodic payments to a recipient of personal injury damages. Although the Internal Revenue Service has ruled privately that a deduction is allowable, the Service has not stated whether the deduction is an ordinary and necessary business

expense under section 162 or an interest deduction under section 163.●

By Mr. KENNEDY:

S. 1935. A bill relating to the number of immigrant visas for Taiwan; to the Committee on the Judiciary.

IMMIGRANT VISAS FOR TAIWAN

● Mr. KENNEDY. Mr. President, when the United States normalized relations with the People's Republic of China in 1978, the immigration quota which previously belonged to Taiwan automatically switched to the People's Republic. In the process, some 400,000 Americans of Taiwanese descent lost some of their ability to reunite with their families. The inequities that have resulted are clearly seen in a table which I ask unanimous consent to have printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE I

Excluding the peculiar year of 1979, comparing figures in 1978, 1980 and 1981 shows that under present conditions, the 20,000 quota is and will increasingly be filled by people from the Chinese mainland. Therefore, Americans of Taiwan descent will lose their preferred position in reuniting families as the 20,000 quota for China closes for them. The chart below indicates this tendency in action.

CHINA IMMIGRANT VISAS FOR UNITED STATES

Visa granting office	Taipei	Hong Kong	Peking	Canton	Other	Adjustment in United States
1978	7,417	5,389	0	0	2,470	4,202
1980	4,274	8,663	684	1,915	1,428	2,880
1981 (through August)	3,729	6,256	631	4,466	963	3,376

Mr. KENNEDY. Since then I have repeatedly urged action to remedy this inequity. Congress explicitly sanctioned such action when it enacted the Taiwan Relations Act. Section 4(b)(6) of this Act (P.L. 96-8) provides that "Taiwan may be treated in the manner specified in the first sentence of section 202(b)" of the Immigration and Nationality Act which relates to the annual numerical limitation on immigrant visas to other countries.

Regrettably, the administration has viewed this provision as an "option"—which it has refused to take. I have strongly urged the Department of State to take the administrative action clearly permitted by the Taiwan Relations Act and to grant Taiwan the same visa numbers others have—and which it had prior to 1978.

My most recent letter, Mr. President, was to Secretary of State Haig, and I ask unanimous consent that the text be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMMITTEE ON THE JUDICIARY,
Washington, D.C., May 7, 1981.

Hon. ALEXANDER M. HAIG, JR.,
Secretary of State,
Department of State, Washington, D.C.

DEAR MR. SECRETARY: Last year I wrote to urge the Department of State to review its interpretation of Section 4(b)(6) of P.L. 96-8, the Taiwan Relations Act. This section provides that "Taiwan may be treated in the manner specified in the first sentence of Section 202(b)" of the Immigration and Nationality Act, which relates to the annual numerical limitation on immigrant visas provided other countries and territories under the Act.

In the past, the Department of State has concluded that the Taiwan Relations Act gives it the "option" of alloting 20,000 visas to Taiwan—the current worldwide country ceiling. However, in a recent case before the Board of Immigration Appeals, a judge found that Taiwan is actually "entitled" to a separate numerical allocation. Also, since I last wrote, the Select Commission on Immigration and Refugee Policy has issued its final report recommending that there should be no distinction in the size of the ceiling set on colonies and dependent countries or independent nations. The Commission concluded that all should be allocated equal numbers.

As you know, there are hundreds of family reunion and other deserving cases that are languishing in Taiwan because of the backlogs resulting from the unfair numerical limitation imposed upon Taiwan subsequent to our normalization of relations with the People's Republic of China. Without detracting in any way from our important relations with the People's Republic, I would urge you to review the Department's current position in light of the Select Commission's recommendations.

In providing additional immigration numbers for Taiwan, the United States would be acting within the clear authority of the Taiwan Relations Act. Given this, as well as the recommendations of the Select Commission, I believe that we can and should now proceed, in a manner completely consistent with our full diplomatic relations with Beijing, to facilitate the entry of family reunion and other immigration cases—from Taiwan, under current law, and from Hong Kong and other territories under the legislative recommendations of the Select Commission.

Again, I appreciate your reviewing this issue.

With best wishes,
Sincerely,

EDWARD M. KENNEDY,
Ranking Minority Member, Subcommittee on Immigration and Refugee Policy.

Mr. KENNEDY. Unfortunately, the administration has not acted on this recommendation, so the only course left for Congress is legislation to mandate that Taiwan be considered eligible under section 202(b) of the Immigration and Nationality Act.

The bill I am introducing today accomplishes this simple task. This is also the goal of a companion provision introduced by Congressman SOLARZ in the House of Representatives, and which has been added as an amendment to the pending foreign assistance authorization bill.

I hope, Mr. President, that the Senate conferees will recede to the House position and allow expeditious action on the Taiwan immigration question—which has, for 2 years, unfairly penalized Americans of Taiwanese descent in petitioning for their family members to join them in the United States. But should this provision not be accepted in conference, I stand ready to move on the bill I am introducing today.

Congress has made it clear, time and again, that our normalization of relations with the People's Republic of China should not penalize people from Taiwan. I know there is strong bipartisan support for this effort, which I hope will be resolved before Congress adjourns.

Mr. President, I ask that the text of my bill be printed at this point in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the approval referred to in the first sentence of section 220(b) of the "Immigration and Nationality Act" shall be considered to have been granted with respect to Taiwan (China).●

By Mr. CANNON (for himself, Mrs. KASSEBAUM, Mr. PACKWOOD, Mr. FORD, Mr. RIEGLE, Mr. INOUYE, Mr. EXON, Mr. STEVENS, Mr. GORTON, Mr. KASTEN, and Mr. SCHMITT):

S. 1936. A bill to require members of the National Transportation Safety Board to be chosen from individuals with expertise in the fields of accident reconstruction, safety engineering, transportation safety, or transportation regulation; to the Committee on Commerce, Science, and Transportation.

SELECTION OF MEMBERS OF THE NATIONAL TRANSPORTATION SAFETY BOARD

Mr. CANNON. Mr. President, I am today introducing a short, simple, and most needed bill together with Senators KASSEBAUM, PACKWOOD, FORD, RIEGLE, INOUYE, EXON, STEVENS, GORTON, KASTEN, and SCHMITT.

This bill consists of one sentence that says the members of the National Transportation Safety Board shall be appointed based on their qualifications and expertise in transportation and accident investigation. NTSB is a technical board which may have to determine whether an airplane crash was due to a stress crack or a fatigue crack in a piece of metal. For all forms of transportation this Board is responsible for saving thousands of lives by determining the cause of accidents and recommending actions to see that we do not repeat our mistakes. It is technical, critical work and no place for laymen who spend their entire term trying to learn the job.

This bill is almost identical to the one the Senate passed in 1974 which also would have required all five members of the NTSB to have background in accident investigation or safety engineering. Unfortunately, in conference, that restriction was reduced to apply to only two of the five members which is the law today.

By approving this simple, important bill we can make the NTSB a better agency and transportation safer for us all.

The entire bill reads as follows:

The President shall appoint individuals to be members of the Board on the basis of technical qualification, professional standing and demonstrated knowledge in the fields of accident reconstruction, safety engineering, human factors, transportation safety, or transportation regulation.

This bill is supported by the Airline Pilots Association and the Aircraft Owners and Pilots Association.

● Mrs. KASSEBAUM. Mr. President, I am joining with Senator CANNON in sponsoring a bill which would require the President to appoint all members of the National Transportation Safety Board upon the basis of "technical qualifications, professional standing, and demonstrated knowledge in the fields of accident reconstruction, safety engineering, human factors, transportation safety, or transportation regulation."

When the Senate first considered legislation creating an independent safety board, it proposed that all five Members have expertise in the field of accident reconstruction, safety engineering, or transportation safety. Unfortunately, in our conference with the House, we compromised. Today only two members of the Board are required to have this technical training.

While there have been some talented and conscientious individuals appointed to the Board, who have not possessed technical expertise in transportation safety, there has been a tendency to appoint some individuals whose political affiliations outweigh their qualifications to serve. This, in the view of many people in the transportation industry, and in the view of many Members of Congress, has only served to jeopardize the credibility of the Board's recommendations.

The National Transportation Safety Board is charged with the responsibility to investigate and determine the facts, conditions, and circumstances, including the probable cause, of accidents occurring in the aviation, highway, railroad, pipeline, and marine, modes, and other catastrophic accidents which occur in connection with the transportation of people or property. At one point the Board was a part of the Department of Transportation. In 1974, Congress elected to remove the Board from the aegis of the DOT making it independent so that the findings and opinions expressed by the Board would not be tainted by possible charges of bias.

The Board is not a regulatory body. It functions as an independent determiner of probable cause in the event of accidents. Its recommendations are forwarded to the various transportation regulatory bodies for action. If the Board is not held in high regard by other transportation agencies, its recommendations are not likely to be taken seriously. This weakens the entire purpose of the Board, jeopardizing its significant role of preventing future accidents.

The Senate Aviation Subcommittee, of which I am chairman, intends to take this legislation up for consideration promptly. I have no doubt that we will recommend it favorably, and that the full Commerce Committee will do likewise. It is important that we begin now to take steps to insure the quality and integrity of the Board.●

By Mr. McCLURE (by request):

S. 1937. A bill to extend the expiration date of section 252 of the Energy Policy and Conservation Act; by unanimous consent, jointly referred to the Committee on Energy and Natural Resources and to the Committee on the Judiciary, with the proviso that both committees shall report the bill on or before March 10, 1982, or both committees, or either one, having failed to report the bill, shall be thereafter discharged from further consideration thereof and the bill shall thereby be placed on the calendar.

EXTENSION OF SECTION 252 OF THE ENERGY POLICY AND CONSERVATION ACT

● Mr. McCLURE. Mr. President, at the request of the administration I am introducing legislation that would amend the Energy Policy and Conservation Act by extending the expiration date of section 252 of that act. The expiration date in the current law is April 1, 1982. The amendment would extend the date to June 30, 1985, which is also the expiration date for titles I and II of the act. Those titles relate to domestic energy supplies, the strategic petroleum reserve, and standby energy authorities, including authorities with respect to the international energy program.

Section 252 of the Energy Policy and Conservation Act authorizes U.S. oil companies to participate in voluntary agreements for implementing the allocation and information provisions of the agreement on an international energy program. That program provides a mechanism for an oil allocation system to be utilized by the participating countries in the event of a major oil supply disruption. Section 252 also provides a limited defense against any antitrust suits that may be brought against U.S. oil companies participating in the international energy program. The antitrust defense is limited to actions taken in implementing the allocation and information provisions of the program.

The agreement creating the international energy program was originally signed in 1974 as the result of an effort by the United States to promote cooperation among major industrial countries in reducing dependence on imported oil.

There are presently 21 signatories to the agreement, consisting of most of the principal industrialized oil-consuming nations. The agreement provided for creation of the International Energy Agency as an autonomous entity within the Organization for Economic Cooperation and Development.

The agreement also provided that the IEA would serve as the medium for the operation of an international oil sharing system for use during oil supply emergencies, and an information system on the international oil market. It also required each country to establish an emergency petroleum storage program, and to have a means for restraining demand for petroleum products in the event of an interruption of petroleum supplies to the IEP countries.

Section 252 of EPCA sets out procedures applicable to the development or carrying out of voluntary agreements and plans of action to implement the allocation and information provisions of the international energy program. Under this authority, U.S. oil companies entered into the voluntary agreement and plan of action to implement the international energy program. At present, 21 U.S. oil companies, including both major international oil companies and independent oil companies, are participants in the voluntary agreement.

The antitrust defense made available by section 252(f) is essential to the participation of the U.S. oil companies in the voluntary agreement, and, through it, in the IEP. The IEP, in turn, can function effectively only with participation by U.S. and foreign oil companies, which are primary sources of information about conditions in the international oil market and would be the primary actors in redistributing oil if the IEP's emergency-sharing provisions were activated.

As I have previously noted, the current expiration date of section 252 is April 1, 1982. If the Congress fails to act by that date and section 252 is allowed to expire, U.S. oil companies participating in the international energy program would be compelled to cease their participation in the program. If that should occur, the allocation mechanism of the program could not operate effectively in the event of any new disruption of oil supplies in the international oil market.

During the last Congress, the expiration date was extended on three separate occasions. During this Congress, the date was extended two additional times on a short-term basis. It was changed from March 15 to September 30, 1981, and then to April 1, 1982. It is now time for Congress to avoid the necessity for these periodic amendments by enacting a long-term extension.

Last July, prior to the most recent extension, the Senator from Washington (Mr. JACKSON) and I introduced a bill that would have extended the expiration date of section 252 to June 30, 1985. The bill was supported by the administration, and it was favorably reported by the Committee on Energy and Natural Resources.

Following the committee's action, I engaged in discussions with the distinguished chairman of the Judiciary Committee, Senator THURMOND, and the Senator from Ohio (Mr. METZENBAUM), concerning a proposal for another short-term extension as an alternative to the proposed date of June 30, 1985. It was suggested that both the Committee on Energy and Natural Resources and the Judiciary Committee should be provided the opportunity to review certain issues concerning U.S. participation in the international energy program.

We agreed that the Committee on Energy and Natural Resources would hold oversight hearings on the international energy program and the participation in that program by both the U.S. Government and U.S. oil companies. We further agreed that the Judiciary Committee would have the opportunity to examine the antitrust aspects of such participation.

Accordingly, the bill was amended to extend section 252 to April 1, 1982, rather than June 30, 1985. This short extension ultimately was approved by the Congress and the President.

Participation by the United States in the International Energy Agency is central to the pursuit of our long-term international energy objectives. In general terms, the IEA provides a unique and effective forum for consultations and joint actions with our principal allies in the industrialized world. It represents a

shared commitment to cooperate in dealing with one of the most critical issues of our time.

More specifically, in terms of facing oil shortages, the U.S. benefits from the IEA emergency sharing commitment. Our participation in the allocation program reduces our vulnerability to politically inspired embargoes directed solely at the United States. Moreover, during a general triggering of the system, member countries would share the shortfall equitably, and the result would be a reduction in the devastating ratcheting of prices that otherwise would result from individual countries scrambling for oil on their own.

I am pleased to note, Mr. President, that the legislation would not result in an increase in the budgetary requirements for the Department of Energy.

Mr. President, I am pleased to note that extensive discussions with the distinguished chairman of the Judiciary Committee have led to the consent agreement for a joint referral of this bill until March 10, 1982. After that date, either committee would be discharged if it has not reported and the bill would be placed on the calendar. That schedule will allow both committees to have the time necessary to hold hearings and act in a timely fashion in reporting this legislation. Thereafter, we intend to move expeditiously to bring this matter before the full Senate, leading to final congressional action before the April 1, 1982, expiration date now in law.

Mr. President, I do want to emphasize that the consent agreement for joint referral is intended solely to provide an opportunity for the Judiciary Committee and the Senator from Ohio to conduct a review of the antitrust aspects of section 252. The agreement does not alter the continued jurisdiction of the Committee on Energy and Natural Resources over this provision of the Energy Policy and Conservation Act for purposes of the referral of any other legislation on this issue.

Hopefully, the referral arrangement for this bill will provide the full opportunity for the Judiciary Committee to complete an examination of these provisions of law, that will allay any concerns about abuses under the provisions. I again thank my good friend from South Carolina, the distinguished chairman of the Judiciary Committee, for his complete cooperation in this matter.

Mr. President, I ask unanimous consent that the bill and transmittal letter be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1937

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 252(j) of the Energy Policy and Conservation Act (42 U.S.C. § 6272(j)) is amended by striking "April 1, 1982," and inserting in its place "June 30, 1985".

DEPARTMENT OF ENERGY,
Washington, D.C., November 27, 1981.

Hon. GEORGE BUSH,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is proposed legislation "[t]o extend the expiration date of section 252 of the Energy Policy and Conservation Act."

This proposed legislation is part of the Department of Energy Legislative Program for the 97th Congress. The Office of Management and Budget advises that, from the standpoint of the Administration's program, there is no objection to the presentation of this legislation for the consideration of the Congress.

PURPOSE OF THE LEGISLATION

This bill would amend subsection 252(j) of the Energy Policy and Conservation Act (EPCA) by changing the expiration date of section 252 from April 1, 1982, to June 30, 1985. The extension would continue the antitrust defense afforded by section 252(f) of EPCA to United States oil companies participating in the Agreement on an International Energy Program (IEP), thus facilitating the continued participation of United States oil companies in the IEP. This proposal is identical to the Administration's proposal of July 22, 1981, introduced as S. 1512 on July 23, 1981, which was superseded by passage of Public Law 97-50 containing the April 1, 1982 expiration date.

BACKGROUND

The IEP was originally signed in 1974 as the result of an effort by the United States to promote cooperation among major industrial countries in reducing dependence on imported oil. There are presently 21 signatories to the IEP, consisting of most of the principal industrialized oil consuming nations. The IEP provided for creation of the International Energy Agency (IEA) as an autonomous entity within the Organization for Economic Cooperation and Development and, under the auspices of the IEA, of an international oil sharing system for use during oil supply emergencies, and an information system on the international oil market. It also required each country to establish an emergency petroleum storage program, and to have a means for restraining demand for petroleum products in the event of an interruption of petroleum supplies to the IEP countries.

Section 252 of EPCA sets out procedures applicable to the development or carrying out of voluntary agreements and plans of action to implement the allocation and information provisions of the IEP. Under this authority, effective March 21, 1976, United States oil companies entered into the Voluntary Agreement and Plan of Action to Implement the International Energy Program (the Voluntary Agreement) (41 F.R. 13998, April 1, 1976). At present, 21 United States oil companies, including both major international oil companies and independent oil companies, are participants in the Voluntary Agreement.

The antitrust defense provided in section 252(f) is essential to the participation of United States oil companies in the Voluntary Agreement and, through it, in the IEP. The IEP, in turn, can function effectively only with participation by United States and foreign oil companies which are primary sources of information about conditions in the international oil market and would be the primary actors in redistributing oil if the IEP's emergency sharing provisions were activated.

This bill simply extends to June 30, 1985, the effectiveness of the section 252 antitrust defense, thereby synchronizing its expiration with that of Titles I and II of EPCA, and assuring continuity of U.S. company participation in the IEP. All of the other conditions and safeguards presently incorporated in that section will remain unchanged.

COST AND BUDGET DATA

Enactment of this legislation would cause no apparent increase in budgetary requirements for the Department of Energy.

Sincerely,

R. TENNEY JOHNSON,
General Counsel.●

By Mr. DECONCINI (for himself, Mr. DOMENICI, and Mr. CANNON):

S.J. Res. 133. A joint resolution to authorize and request the President to designate August 14, 1982, as "National Navajo Code Talkers Day"; to the Committee on the Judiciary.

NATIONAL NAVAJO CODE TALKERS DAY

Mr. DECONCINI. Mr. President, on behalf of myself and Senators DOMENICI and CANNON, I am introducing today a resolution to establish August 14, 1982, as "National Navajo Code Talkers Day."

Just over 40 years ago, the Japanese Empire inflicted a devastating blow to the American military with a surprise attack on Pearl Harbor which crippled our Pacific fleet. Despite heavy losses, it was crucial for the United States to maintain a foothold in the Pacific. But the American military effort was repeatedly and consistently frustrated by the rapidity with which ingenious Japanese cryptologists were able to decipher our combat codes.

Philip Johnston, a Los Angeles engineer, who had grown up on the Navajo Reservation as the son of missionary parents, had an ingenious idea for a secret weapon. He was convinced that the Navajo language with its complex verb forms and tonal characteristics would be an ideal base for the development of a code which would be impregnable to Japanese cryptologists. The code he had in mind would substitute Navajo words for military terms. The code would always be used orally and never reduced to writing.

In early 1942, Mr. Johnston approached the U.S. Marine Corps with his concept and after a successful demonstration, 29 young Navajo men were recruited into the corps from the Arizona and New Mexico reservations for unique communications training. Thus was born the first group of Navajo Code Talkers.

The initial group constructed a code to include the 211 words most frequently used in military lexicon. A Navajo word was substituted for the military term. For example, a howitzer became the Navajo word for short big gun. Words not included in the code were spelled out with each English letter assigned a Navajo equivalent. For the most frequently used letters of the alphabet, alternate words were selected. For instance, the letter "a" became the Navajo word for ant, apple or axe depending on whether it was the first, second, or third use of that letter in a word.

Ultimately, the code was expanded to include 450 terms, all of which had to be committed to memory. Once memorized, the Navajo Code Talkers could encode, transmit, and decode messages much more rapidly than any other existing method. The ingenuity of the code itself coupled with the exceptional bilingual fluency of the Code Talkers created a devastating weapon. It was never deciphered by the Japanese throughout the war.

Over the course of the war, approximately 400 Navajo Code Talkers were trained as marine signalmen and more than 250 served in actual combat. They provided the crucial communications network for the invasion of Guadalcanal as

well as other islands in the Pacific. The Code Talkers served with courage and distinction alongside their marine comrades under intense combat fire. Many marines believe that Iwo Jima would never have been taken by American forces had it not been for the Navajo Code Talkers.

Since the Code Talkers work required absolute secrecy, they never enjoyed the national acclaim they so richly deserved. These men returned to their Southwest homelands as quietly as they had left.

I hope the Congress will not allow the unique contribution of the Navajo Code Talkers to fade into history without notice. This illustrious yet unassuming group of Navajo marines has waited long enough for their Government to acknowledge the crucial role the Code Talkers played in the successful resolution of the war effort in the Pacific.

Since August 14 is the anniversary of the surrender of the Japanese, I think this is a particularly appropriate day to honor the contribution of the Navajo Code Talkers to American military intelligence. I urge all of my colleagues to join me in supporting this resolution.

By Mr. ARMSTRONG (for himself, Mr. RIEGLE, Mr. ANDREWS, Mr. BAUCUS, Mr. BOSCHWITZ, Mr. BURDICK, Mr. D'AMATO, Mr. DIXON, Mr. DURENBERGER, Mr. HATFIELD, Mr. HEINZ, Mr. INOUYE, Mr. JOHNSTON, Mr. LEVIN, Mr. MCCLURE, Mr. MITCHELL, Mr. MOYNIHAN, Mr. NUNN, Mr. PELL, Mr. RANDOLPH, Mr. SARBANES, Mr. SASSER, Mr. HATFIELD, Mr. TSONGAS, Mr. WALLOP, Mr. WEICKER, Mr. WILLIAMS, Mr. ZORINSKY, Mr. GARN, Mr. CRANSTON, Mr. DENTON, and Mr. LEAHY):

S.J. Res. 134. Joint resolution to designate 1982 as the "National Year of Disabled Persons"; to the Committee on the Judiciary.

NATIONAL YEAR OF DISABLED PERSONS

Mr. ARMSTRONG. Mr. President, we are now in the final quarter of the International Year of the Disabled Persons. We have witnessed a tremendous outpouring of concern and interest in the outstanding programs developed this past year in our country. While much has been achieved, there is a need and desire to continue working toward the goals that have been established. For this reason, DONALD RIEGLE and I, today, are introducing a resolution which will designate 1982 as the National Year of Disabled Persons. This will continue the strong momentum that has been building during the International Year and assure the continuity of a movement based on a community involvement; people working together to enhance the role and contribution of disabled persons. I believe this will make the difference in years to come for the 35 million Americans with disabilities.

The International Year of Disabled Persons has generated exemplary programs and involved thousands of communities in response to the challenge put forth by the United Nations General Assembly. The U.S. Council, a group of concerned citizens of which I am an honorary sponsor, has developed two key partnership programs, community and corporate, through which individuals can help develop and participate in programs that meet needs of the disabled citizens in that area. This new initiative for human services by communities and corporations to solve community-based problems is something the Federal Government cannot possibly do.

The response to this challenge has been extremely encouraging across the Nation. There seems to be a real concern by Americans in all sectors of society that disabled people must be brought more into the mainstream of life. The Governors of all 55 States and territories, 330 national organizations, and 270 corporations have joined with the U.S. Council in carrying out programs in this special year. In my State of Colorado, over 25 communities are participating in programs to meet local needs.

In the city of Boulder, Colo., the community designated a special theme for each month of the year—February was Accessible Housing Month, December is Independent Living Month—and the community provides a game plan for each month. In Florissant, Mo., there is a waiting list to get into one of Missouri's community residences for mentally impaired residents. It is so lengthy that many disabled persons are forced into State institutions until space in these homes is available. Members of that community are working to find a local residence for mentally retarded adults without families. Many of them work in the community, and citizens are working to keep them there.

The coastal town of Miramar, Fla., has experienced so many tropical storms and hurricanes, they have devised an emergency assistance program to evacuate all disabled persons, and have their empty homes secured by police and fire department cadets. Vernon Parrish, La., formed a handyman crew to perform home repairs and general maintenance for disabled members of their community.

These communities have come together to form a committed group of disabled and nondisabled citizens to identify needs, set goals, and develop programs to meet their goals. Progress is being made and resources are being tapped. But further additional action is required to increase public understanding of the unfulfilled needs and potential contributions of disabled persons. Further progress should be made toward achieving the following long-term goals of and for disabled persons promoted during the International Year of Disabled Persons: First, expanded educational opportunity; second, improved access to housing, buildings, and transportation; third, expanded employment opportunity; fourth, expanded participation in recreational, social, and cultural activities; fifth, expanded and strengthened rehabilitation programs and facilities; sixth, purposeful application of biomedical research aimed at conquering major disabling conditions; seventh, reduction in the incidence of disability by expanded accident and disease prevention; eighth, expanded application of technology to minimize the effects of disability; and ninth, expanded international exchange of information and experience to benefit all disabled persons.

I very much hope all my colleagues will provide the leadership in their States and in the Senate to continue the work begun in the International Year of Disabled Persons. While the IYDP will end officially on December 31, 1981, there is a need and a desire for continued activity in the face of challenges and problems that will not go away at the end of the year. Interest and commitment remain high for participation in the community-based activities, and I believe this resolution, designating 1982 as the "National Year of Disabled Persons," will encourage all those working with disabled persons to continue their most worthwhile efforts.

This resolution does not call for, or imply, an increase in Government financial support for programs in the area of disability. Rather, it draws upon local initiative and resources, and will help to insure that America remains a world leader in opening and maintaining opportunities for disabled persons.

By Mr. PELL (for himself, Mr. BOSCHWITZ, Mr. PERCY, Mr. SARBANES, Mr. ZORINSKY, Mr. TSONGAS, Mr. CRANSTON, Mr. DODD, Mr. PRESSLER, Mr. EAGLETON, Mr. WILLIAMS, Mr. MOYNIHAN, Mr. LEAHY, Mr. BRADLEY, Mr. CHILES, Mr. LEVIN, Mr. HOLLINGS, Mr. BAUCUS, Mr. HUDDLESTON, Mr. RIEGLE, Mr. METZENBAUM, Mr. JOHNSTON, Mr. DIXON, Mr. SASSER, Mr. GARN, Mr. GORTON, Mr. NICKLES, Mr. HEINZ, Mr. SPECTER, Mr. D'AMATO, and Mr. HART):

S.J. Res. 135. Joint resolution expressing the sense of Congress that the Government of the Soviet Union should respect the rights of its citizens to practice their religion and to emigrate, and that these matters should be among the issues raised at the 38th meeting of the United Nations Commission on Human Rights at Geneva in February 1982; to the Committee on Foreign Relations.

PRACTICE OF RELIGION IN THE SOVIET UNION

● Mr. PELL. Mr. President, on behalf of myself and 30 other Senate colleagues, I am introducing today a joint resolution urging the President to instruct the American delegation to the February 1982 meeting of the United Nations Commission on Human Rights to call upon the Soviet Union to respect the rights of its citizens to practice their religion and to emigrate; to stop the harassments, arrests, and trials of Soviet Jews; and to stop the assaults on Jewish self-study groups.

December 10 is celebrated throughout the world as "Human Rights Day." It is fitting and proper that on this day, we show our support for Soviet Jewry and our intention to see that the Soviet Union fulfills its obligations on human rights.

As a party to the United Nations Charter and various international covenants on human rights, and as a signatory of the Helsinki accords. the Soviet Union has pledged respect for human

rights and fundamental freedoms and has accepted political and legal obligations in these areas. In addition, the Constitution of the Union of Soviet Socialist Republics imposes obligations on the Soviet Government to respect and guarantee freedom of speech, of assembly, of conscience; the freedom to conduct religious worship; and the rights of Soviet citizens to education, to privacy, and to the inviolability of their person and home. Nevertheless, the Soviet Union has consistently and fragrantly violated these obligations especially in its treatment of Soviet Jews.

Through its policies and practices the Soviet Government institutes and fosters the growth of antisemitism. In an effort to prevent the development of Jewish identity, Soviet authorities suppress most Yiddish and Hebrew cultural activities, censor literature, and harass Jews who engage in religious worship. Jews have been subject to an ongoing antisemitic/anti-Zionist propaganda campaign which, in recent years, has intensified and expanded.

For many years, the Soviet Government has followed the practice of harrassing, arresting, and trying Jews on capricious and trumped-up charges. In the last few years, the number of these trials has risen sharply. Most often Jews who have been active in the dissident human rights, and Jewish emigration movements are the targets of Soviet injustice. Brave men and women such as Anatoly Shcharansky, Viktor Brailovsky, and Ida Nudel, to name only a few, have risked their lives and endured unbearable suffering to force the Soviet Union to grant to its citizens, Jewish and non-Jewish alike, fundamental freedoms and human rights.

Traditionally, Jews have been excluded from governmental and party leadership positions and from service in the diplomatic, economic, and military bureaucracies. They have, however, held prominent positions in the scientific and technological communities. Employment in these fields was made possible because Jews were permitted to enter Soviet universities and to pursue graduate and postgraduate degrees. In the last decade, this situation has changed drastically. Discrimination against Jews in higher education has been instituted and is increasing at an alarming rate. As a result, the number of Jews employed in scientific and technological positions is declining significantly.

Today, Jews in the Soviet Union find themselves in a "Catch-22" situation. The Government's antisemitic policies and practices threaten their economic, physical, and emotional security. As discrimination continues to increase, more and more Soviet Jews see emigration as the only viable means of self-preservation. Yet, the chances of obtaining an exit visa are growing smaller every day.

Although the Soviet Union does not recognize the right of its citizens to emigrate, the Soviet Government has sporadically allowed Jews to leave under a policy of family reunification. The Soviet Government controls the ebb and flow of Jews to Israel and other countries in the West through a variety of administrative practices and restrictions which are placed on the application process. As more and more restrictions have been imposed in the last 2 years, Jewish emigration has decreased dramatically.

In 1979 a record level 50,000 Jews were allowed to leave. In 1980 the number plummeted to 20,000. Jewish emigration for 1981 is even more depressed. As of November, only about 8,500 Jews have left for the West. As these figures indicate, emigration is no longer a means by which Soviet Jews can escape the frightening and discriminatory policies and practices of the Soviet Government.

Mr. President, for many years I have worked to try to alleviate the plight of Soviet Jews and to force the Soviet Union to grant basic human rights and fundamental freedoms to all of its citizens. As a member and former cochairman of the Commission on Security and Cooperation in Europe, I have participated in numerous hearings on the problems of Soviet Jewry and striven to secure the rights of oppressed people not only in the Soviet Union but also in Eastern Europe.

Like many of my colleagues, I have cosponsored legislation, such as the Jackson-Vanik amendment, indicating American disapproval of Soviet violations in the area of human rights. I have also made many representations to American and Soviet officials on behalf of Soviet Jewish citizens who have been harassed and often imprisoned unjustly or denied permission to join their families in the West. I believe that my efforts and those of my colleagues have served the cause of human rights in the Soviet Union.

In my view the Soviet Union is responsive to the pressure of public opinion in the West. The time has come for us to bring that pressure to bear once again. The situation in which Soviet Jews find themselves today can be remedied with our help. The resolution which I am introducing today is a signal to the Soviet Union that we will not stand by silently and watch as the world did in 1941 when 3,000 Jews were murdered at Babi Yar. We will speak out, and one day we will prevail.

Mr. President, I ask unanimous consent that the full text of my resolution be printed in the RECORD at this point.

There being no objection, the joint resolution was ordered to be printed in the RECORD, as follows:

S.J. RES. 135

Whereas the Soviet authorities have mounted a triple assault on their Jewish community, for example: (1) exit permits have dropped to less than 100 families per month and are still declining, with the result that the emigration rate currently is 10 percent of that for 1979, (2) frequent harassments, arrests, and trials have became an almost daily occurrence, and (3) unparalleled assaults on Jewish self-study groups occur in the major urban areas; and

Whereas such harrassment and obstacles to free movement violate the obligations of the Soviet Union to respect the rights of freedom of thought, conscience, expression, religion, and emigration, as provided for in the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the Final Act of the Conference on Security and Cooperation in Europe at Helsinki, and the Constitution of the Union of Soviet Socialist Republics: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That it is the sense of the Congress that—

(1) the President should instruct the United States delegation to the United Nations Commission on Human Rights meeting in Geneva in February 1982 to carry to the Commission the message that the Soviet Union should respect the rights of its citizens to practice their religion and to emigrate, should stop its harassments, arrests, and trials of the members of its Jewish community, and should stop its assaults on Jewish self-study groups;

(2) the Government of the Soviet Union should comply with its obligations under the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, the Final Act of the Conference on Security and Cooperation in Europe at Helsinki, and the Constitution of the Union of Soviet Socialist Republics, by ceasing the indiscriminate arrests and trials of Jewish activists, by ending the assaults on Jewish self-study groups, and by opening its doors to those who wish to emigrate;

(3) the President should express to the Government of the Soviet Union the strong and continuing opposition of the United States to such harassment of its citizenry, and the obstacles it presents to those who wish to emigrate; and

(4) the President should reiterate to the Government of the Soviet Union that the United States, in evaluating its relations with other nations, will consider the extent to which they honor their commitments under international law, particularly their commitments concerning human rights.

SEC. 2. The President shall transmit copies of this resolution to the Ambassador of the Soviet Union to the United States and to the Chairman of the Presidium of the Supreme Soviet.●

● Mr. SASSER. Mr. President, today, December 10, is celebrated around the world as "Human Rights Day." I am pleased to join with my colleague, Senator PELL, and others in commemoration of the 33d anniversary of the U.N. Declaration of Human Rights. I want to commend the distinguished ranking minority member of the Foreign Relations Committee for selecting a most appropriate way to support Human Rights Day.

A resolution urging the President to instruct the U.S. delegation to the February 1982 meeting of the U.N. Human Rights Commission to call upon the Soviet Union to respect the rights of its citizens to practice their religion and to emigrate. I wholeheartedly endorse this resolution and urge its unanimous passage by the Senate.

The oppression and persecution of Jews in the Soviet Union are at the heart of this resolution. The systematic efforts by the Soviet Government to eradicate the history and traditions of Judaism and to prevent the free emigration of its Jewish people, are at the center of the human rights struggle.

I want to make note at this point, Mr. President, of the very encouraging reports coming from the Soviet Union in the last 24 hours with respect to the possible emigration of Andrei Sakharov's daughter-in-law and, consequently, the end of the Sakharovs' hunger strike. One

of the Soviet Union's most brilliant scientist for decades, Andrei Sakharov became known throughout the world as a champion of human rights when he received the Nobel Peace Prize in 1975 after years of speaking out against Kremlin policies.

It is not only his renown and his contributions as a physicist that are causing such an extraordinary response from Soviet officials. It is his visibility as a courageous spokesman for human rights that has the power to influence the Kremlin. Andrei Sakharov and his wife, Yelena Bonner, may live to see the success of their hunger strike in a personal way in reuniting Liza Alexeyeva and Alexei Semenov. If Alexeyeva's exit permit is granted the implications will reach far beyond the fulfillment of one family's dreams.

For the near term, however, the future of thousands of Jews is not nearly so full of hope.

Scientists, physicians, educators, writers, professionals of all types among the Jewish population are stripped of the right to pursue their life's work, to contribute to the well-being of their fellow men. Tradesmen, journeymen, and workers are denied jobs on trumped up political charges. Jews of every occupation are sentenced to internal exile and committed to infamous "psychiatric hospitals" almost on a moment's notice. They are victims of massive propaganda attacks by the Soviet Government, which publishes books, pamphlets, and newspapers to spread libelous untruths about Judaism.

Perhaps the most malicious and bizarre is the widely published claim that the 100,000 Jews who were machinegunned into a mass grave at Babi Yar 30 years ago were victims of collusion between some so-called Zionist conspiracy and the Nazis. The massacre at Babi Yar was one of the most unspeakable crimes of the Second World War and it happened outside Kiev.

The implication that people of the Jewish faith conspired in this atrocity is just one example of the lengths to which the Soviets will go in their program of destruction of Jewish history. Israel is not even mentioned as a nation in the history books studied by Russian schoolchildren. Even the smallest private meetings among Jews, to teach and learn Hebrew, Yiddish, Jewish culture and tradition, are broken up by Soviet authorities, resulting in arrest and imprisonment or internal exile in many cases.

There are, miraculously, Jewish families, individuals, who want to stay in the Soviet Union. Risking their lives, their health, and the practice of their faith, they are determined to keep working toward a day when their fundamental human rights will be recognized in their country. They deserve our profound admiration and continuing support. They are on the front lines of the battle to secure basic human rights for all people.

There are also thousands upon thousands of Jews who wish to live in freedom either in Israel or in another nation which respects their right to the free exercise of religion. They also deserve our admiration and support. For the Soviet Government to deny these people the right to emigrate, to hold them virtual prisoners, is counter to the most basic of human rights. We are witnessing an alarming drop in the number of exit visas issued to Soviet Jews. Monthly permits have fallen to a level of one-fifth that in 1980, less than one-tenth of the rate in 1979. Our response must be swift and sure.

The Soviet Union is a signatory to the "Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the Helsinki Final Act." By these and even by their own constitution, the Soviets are obligated to respect human rights. We know that as a practice these rights are not respected in the Soviet Union. That is why our response must be unequivocal in the 28th meeting of the U.N. Commission on Human Rights in Geneva in Feburary.

The Soviets must not be allowed to carry on with this brutal hypocrisy without the most strenuous and resounding response from the United States. The Soviets do not like to be embarrassed. If we do not take action, they will be allowed to continue their policies in peace, without fear of setback in the court of world opinion. The United States must be on record on this matter. This joint resolution serves notice on the world community of this country's enduring commitment to the cause of human rights, most especially for the valiant Soviet Jewry.●

● Mr. KENNEDY. Mr. President, on December 10, 1948, the United Nations adopted the Universal Declaration of Human Rights, setting forth a common standard of justice for the people of all nations. We commemorate the 33d anniversary of that event because it changed the context of international affairs. It established that human rights are matters of international concern—matters which transcend political and geographical boundaries. It told governments that they no longer could hide their abuses behind a false claim of national sovereignty. It told the people of the world that the end to World War II also was going to mean a new beginning for the rights of individuals.

In the more than three decades since, a vast percentage of the people of Africa and Asia and the Caribbean have achieved independence and hope. The latest advance, and one made more compelling because it brought to political power through a free election a long exploited black majority, was Zimbabwe.

We also can take pride in the growing human rights movement—reflected here in the United States and around the world, in an explosion of groups such as Amnesty International, the International League for Human Rights, the International Human Rights Law Group, the International Commission of Jurists, and a host of others, all dedicated to advancing the cause of human rights.

What should give us most hope is that these organizations, as well as many religious organizations, are looking at human rights in the way the universal declaration intended—not as rights only for those in Western countries or only for those in Eastern bloc countries, but rather as rights of all. Rabbi Hillel said it best:

> If I am not for myself, who will be for me? But if I am only for myself, then who am I? And if not now, then when?

The concern for human rights must be for all peoples—not only those with whom we share ethnic bonds or race or national allegiance. It must be for all.

The human rights movement is perhaps the strongest guarantee against momentary changes of governments that the demand of history is for an expansion of freedom, of equality and of human dignity.

The past 33 years also has seen a framework for international monitoring of human rights violations established with the adoption of the International Covenants on Civil and Political Rights, the International Covenant on Economic, Social and Cultural Rights, the America Convention on Human Rights and other legal accords of the global community for the protection of individual rights.

If there is some pride to be taken internationally in the coming into force of these convenants and the development of the human rights machinery to monitor adherence, then the United States must honesty review its own degree of support for these concepts.

For we have yet to ratify the first human rights treaty, the Genocide Convention, whose sole purpose is to prevent a recurrence of the holocaust, the most barbaric and horrendous destruction of human life in modern history. We also have yet to ratify the other international convenants against human rights abuse. But I would hope that at least before this session of Congress is over, that we can begin to make amends by ratifying the Genocide Convention.

If there is one area in which the United States must be in the forefront, it is in the area of human rights. It is part of our country's heritage and part of our sense of who we are as a people.

On this 33d anniversary of the adoption of the Universal Declaration of Human Rights, let us say clearly that torture and arbitrary imprisonment and summary executions and disappearances and denials of the rights of speech and press are to be condemned wherever they occur.

In all too many countries, today, among those we call allies and among those we call adversaries, there are abuses of fundamental human rights. We ask for the release of Sakharov and Shcharansky in the Soviet Union as well as the political leader Kim Dae Jung in Korea, and the poet, Armando Valladares in Cuba. We ask for answers to the please of the mothers of the thousands of disappeared in Argentina, for the rights of labor unions in Chile and in Poland, for an end to arbitrary justice in Ethiopia and to apartheid in South Africa, for a halt of terrorism by Libya and the PLO.

The distance we have traveled is significant and much has been accomplished. The strength of the human rights movement around the world and

here at home cannot be questioned. But the struggle goes on and the effort to advance the cause of human rights must be a major element of our foreign policy.

We must also seek to support those efforts by international organizations such as WHO, UNICEF, UNESCO and the development institutions to help nations break the bonds of poverty that hold millions in ignorance, disease, and hunger. For we also recognize the right to minimum standards of well-being as part of the content of the human rights movement.

Our foreign policy must also make clear that when governments engage in the abuse of individual human beings, through physical abuse and repression, we will not stand silent. We must show not only by quiet diplomacy—which can be a valid and important instrument of policy—but by our actions and by our public advocacy, that we are committed to the cause of human dignity.

On this anniversary, let us rededicate ourselves to the principles found within the Universal Declaration and let us recognize that our stature as a nation always will reside far more in the ideals that we stand for as a people, than the military might of our armies or the economic production of our industries.●

● Mr. CHILES. Mr. President, the plight of the Soviet Jew today is indeed a sorrowful one. The Kremlin has systematically assaulted the spirits and human dignity of all Soviet Jews. The rate of emigration by Jews is at an 11-year low. The indiscriminate arrest and imprisonment of Jews has become commonplace. Surely all peoples of the free world are appalled by the Soviet Union's inhumane treatment of brave Soviet citizens, such as Andrei Sakharov, who refuses to be muzzled by a government bent on oppressing its Jewish citizens.

But just as disturbing as those chronicled inhumanities are the less-publicized but equally damaging acts of antisemitism the Kremlin has sanctioned: Jewish culture, history and religion study groups forced to disband; the government media used as a vehicle to defame and to malign Jewish citizens; Jewish scientists and scholars disbarred and discredited. The list of atrocities that the Soviet Union has perpetrated on its Jewish population is endless.

Mr. President, such actions by the Soviet Union are in violation of its obligations under the "Universal Declaration of Human Rights" and indeed mock the expressed intent and clear language of that declaration.

The Soviet Union's activities in humiliating and in persecuting Soviet Jews is an affront to the free world and to the standards of our civilization. We in Congress cannot be silent in the face of the open harrassment and oppression of Jews by the Soviet Union.

I am pleased to cosponsor the joint resolution, introduced by my colleague Senator PELL, which expresses the sense of the Congress that the Government of the Soviet Union should respect the rights of its citizens to practice their religion and to emigrate, and that the U.S. delegation to the United Nations Commission on Human Rights should be instructed by the President to carry this message to the Commission.●

ADDITIONAL COSPONSORS

S. 43

At the request of Mr. SASSER, the Senator from Arizona (Mr. DECONCINI) was added as a cosponsor of S. 43, a bill to amend the Congressional Budget Act of 1974 to require the Director of the Congressional Budget Office to prepare and submit, for every bill or resolution reported in the House or the Senate which has certain specific economic consequences, an estimate of the cost which would be incurred by State and local governments in carrying out or complying with such bill or resolution.

S. 1131

At the request of Mr. DANFORTH, the Senator from Texas (Mr. BENTSEN) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1348

At the request of Mr. SASSER, the Senator from Massachusetts (Mr. TSONGAS) was added as a cosponsor of S. 1348, a bill to amend the Internal Revenue Code of 1954 to clarify certain requirements which apply to mortgage subsidy bonds.

S. 1829

At the request of Mr. DANFORTH, the Senator from South Carolina (Mr. THURMOND) was added as a cosponsor of S. 1829, a bill to amend the Internal Revenue Code of 1954 to provide certain tax incentives for individuals and businesses in depressed rural areas, and for other purposes.

S. 1852

At the request of Mr. JEPSEN, the Senator from South Dakota (Mr. PRESSLER) was added as a cosponsor of S. 1852, a bill to amend the Export-Import Bank Act of 1945 to provide for the extension of credit for agricultural commodities.

S. 1879

At the request of Mrs. KASSEBAUM, the Senator from Colorado (Mr. ARMSTRONG) was added as a cosponsor of S. 1879, a bill to amend the Milwaukee Railroad Reconstructing Act and the Rock Island Transition and Employee Assistance Act to facilitate the purchase of lines of bankrupt carriers to provide for continued rail and for other purposes.

S. 1880

At the request of Mr. THURMOND, the Senator from Ohio (Mr. METZENBAUM) and the Senator from Vermont (Mr. LEAHY) were added as cosponsors of S. 1880, a bill to amend the manufacturing clause of the copyright law.

S. 1881

At the request of Mr. SASSER, the Senator from Nevada (Mr. CANNON), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from Maryland (Mr. MATHIAS) were added as cosponsors of S. 1881, a bill to provide for the issuance of a commemorative stamp to honor the dedication of the Vietnam Veterans Memorial.

SENATE JOINT RESOLUTION 58

At the request of Mr. THURMOND, the Senator from Georgia (Mr. NUNN) was added as a cosponsor of Senate Joint Resolution 58, a joint resolution proposing an amendment to the Constitution altering Federal fiscal decisionmaking procedures.

SENATE JOINT RESOLUTION 93

At the request of Mr. HAYAKAWA, the Senator from Alabama (Mr. DENTON) was added as a cosponsor of Senate Joint Resolution 93, a joint resolution to clarify that it is the basic policy of the Government of the United States to rely on the competitive private enterprise system to provide needed goods and services.

SENATE CONCURRENT RESOLUTION 51

At the request of Mr. WILLIAMS, the Senator from Vermont (Mr. LEAHY) and the Senator from Alabama (Mr. HEFLIN) were added as cosponsors of Senate Concurrent Resolution 51, a concurrent resolution relating to the Federal involvement in housing.

SENATE RESOLUTION 255—RELATIVE TO THE REQUESTED EXTRADITION OF ZIAD ABU EAIN TO ISRAEL

Mr. QUAYLE (for himself, Mr. PACKWOOD, Mr. COHEN, Mr. KASTEN, Mr. MOYNIHAN, Mr. D'AMATO, Mr. BOSCHWITZ, Mr. GORTON, Mr. MATTINGLY, Mr. LUGAR, Mrs. HAWKINS, Mr. DODD, Mr. EAST, Mr. BIDEN, Mrs. KASSEBAUM, Mr. KENNEDY, Mr. JEPSEN, Mr. LEVIN, Mr. ZORINSKY, and Mr. THURMOND) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 255

Whereas Ziad Abu Eain was arrested in Chicago on August 21, 1979, on the accusation by the State of Israel of having killed two children and injuring 36 other civilians as the result of a bomb he planted;

Whereas the United States of America and the State of Israel are parties to a treaty of extradition;

Whereas the Government of the State of Israel has requested the extradition of Ziad Abu Eain to stand trial on charges stemming from that incident;

Whereas Ziad Abu Eain has enjoyed the full protections of the judicial system of the United States while appealing his extradition to the Supreme Court;

Whereas the Supreme Court affirmed a lower court decision to permit the extradition; and

Whereas the lack of timely action by the Department of State raises the possibility of Ziad Abu Eain being permitted to go free: Now, therefore, be it

Resolved, That it is the sense of the Senate that Ziad Abu Eain should be immediately remanded to the custody of Israeli officials and that the Secretary of State do whatever is necessary to ensure that Ziad Abu Eain is extradited to stand trial for the murders with which he has been charged.

SEC. 2. The Secretary of the Senate shall transmit a copy of this resolution to the Secretary of State.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENTS OF COMMERCE, JUSTICE, STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS

AMENDMENT NO. 656

(Ordered to be printed and to lie on the table.)

Mr. SPECTER (for himself, Mr. KENNEDY, and Mr. METZENBAUM) submitted an amendment intended to be proposed by them to the bill (H.R. 4169) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

AMENDMENT NOS. 657 THROUGH 968

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted 312 amendments intended to be proposed by him to the bill, H.R. 4169, supra.

DEPARTMENT OF JUSTICE AUTHORIZATION ACT, 1982

AMENDMENT NOS. 969 THROUGH 1234

(Ordered to be printed and to lie on the table.)

Mr. WEICKER submitted 263 amendments intended to be proposed by him to the bill (S. 951) to authorize appropriations for the purpose of carrying out the activities of the Department of Justice for fiscal year 1982, and for other purposes.

AMENDMENT NO. 1235

(Ordered to be printed and to lie on the table.)

Mr. HEFLIN submitted an amendment, intended to be proposed by him, to the bill, S. 951, supra.

COMMERCE, JUSTICE, STATE, AND JUDICIARY APPROPRIATIONS—1982

AMENDMENT NO. 1236

(Ordered to be printed and to lie on the table.)

Mr. BRADLEY submitted an amendment, intended to be proposed by him, to the bill (H.R. 4169) making appropriations for the Departments of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

AMENDMENT NO. 1237

(Ordered to be printed and to lie on the table.)

Mr. DANFORTH submitted an amendment, intended to be proposed by him, to the bill, H.R. 4169, supra.

DEPARTMENT OF JUSTICE AUTHORIZATION ACT, 1982

AMENDMENT NO. 1238

(Ordered to be printed and to lie on the table.)

Mr. WALLOP (for himself and Mr. CRANSTON) submitted an amendment intended to be proposed by them to the bill, S. 951, supra.

AUTHORITY FOR COMMITTEES TO MEET

SUBCOMMITTEE ON CRIMINAL LAW

Mr. McCLURE. Mr. President, I ask unanimous consent that the Subcommittee on Criminal Law of the Committee on the Judiciary be authorized to meet during the session of the Senate on Thursday, December 10, at 9:30 a.m., to hold a hearing on S. 613, a bill to amend the Hobbs Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. McCLURE. Mr. President, I ask unanimous consent that the Judiciary Committee be authorized to meet during the session of the Senate on Friday, December 11, to hold executive nomination hearings.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. HELMS. Mr. President, I ask unanimous consent that the Committee on Energy and Natural Resources be authorized to meet during the session of the Senate on Thursday, December 10, at 9 a.m., to hold a hearing on S. 1867, the Reclamation Reform Act of 1981.

The PRESIDING OFFICER. Without objection, it is so ordered.

SUBCOMMITTEE ON IMMIGRATION AND REFUGEE POLICY

Mr. BAKER. Mr. President, I ask unanimous consent that the Subcommittee on Immigration and Refugee Policy of the Committee on the Judiciary be authorized to meet during the session on Friday, December 11, at 1:30 p.m., to hold an oversight hearing on nonimmigration business visas.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON THE JUDICIARY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on Friday, December 11, at 12 noon, to hold a hearing on the nominations of Harold Ryan to be a U.S. district judge of the district of Idaho; David Russell to be a U.S. district judge for the eastern, western, and northern districts of Oklahoma; and Glenn L. Archer, Jr., to be an Assistant Attorney General for the Tax Division of the Department of Justice.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON RULES AND ADMINISTRATION

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Rules and Administration be authorized to meet during the session of the Senate at 5 p.m. on Monday, December 14, to consider pending legislative and administrative business, including Senate Resolution 244, increasing the limitation on expenditures by the Select Committee on Aging for the procurement of consultants, and authorization for testing of personal computers for Senatorial Offices.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON LABOR AND HUMAN RESOURCES

Mr. BAKER. Mr. President, I ask unanimous consent that the Labor and Human Resources Committee be authorized to hold a full committee business meeting during the session of the Senate at 11 a.m. on Tuesday, December 15, to consider S. 234, the Community Home Health Services Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I inquire of the minority leader if he is in a position to clear certain nominations on the Executive Calendar for action at this time by unanimous consent.

Mr. ROBERT C. BYRD. Yes, Mr. President.

The nominations beginning on page 2, going through page 3, and going through page 4, with the exception of the one nomination under the Department of the Treasury, have been cleared on this side.

Mr. BAKER. I thank the minority leader.

These items are cleared on our calendar as well.

I ask unanimous consent that the Senate go into executive session for the purpose of considering the nominations just identified.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I ask unanimous consent that the nominations so identified be considered and confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations are considered en bloc and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

THE JUDICIARY

Ronald P. Wertheim, of the District of Columbia, to be an associate judge of the Superior Court of the District of Columbia.

DEPARTMENT OF EDUCATION

Lilla Burt Cummings Tower, of Texas, to be Director of the Institute for Museum Services.

DEPARTMENT OF STATE

Milan D. Bish, of Nebraska, now Ambassador to Barbados, Saint Vincent and the Grenadines and Saint Lucia, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Commonwealth of Dominica and Ambassador Extraordinary and Plenipotentiary of the United States of America to Antigua and Barbuda.

Kenneth Lee Brown, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the People's Republic of the Congo.

Franklin S. Forsberg, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sweden.

John Hathaway Reed, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Socialist Republic of Sri Lanka, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Maldives.

The following-named career members of the senior Foreign Service, class of career minister, for the personal rank in recognition of especially distinguished service over a sustained period:

Alfred Leroy Atherton, Jr., of Florida, to be Career Ambassador.

Arthur W. Hummel, Jr., of Maryland, to be Career Ambassador.

Walter J. Stoessel, Jr., of the District of Columbia, to be Career Ambassador.

Gerald E. Thomas, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Cooperative Republic of Guyana.

Mark Evans Austad, of Arizona, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Norway.

Walter Leon Cutler, of Maryland, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Tunisia.

Francis Terry McNamara of Vermont, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Gabonese Republic, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Republic of Sao Tome and Principe.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Carlos Salman, of Florida, to be a member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring Dec. 17, 1982.

BOARD FOR INTERNATIONAL BROADCASTING

Frank Shakespeare, of Connecticut, to be a member of the Board for International Broadcasting for a term expiring May 20, 1983.

INTER-AMERICAN FOUNDATION

Thomas O. Enders, of Connecticut, to be a member of the Board of Directors of the Inter-American Foundation for a term expiring Sept. 20, 1984.

Mr. Peter McPherson, of Maryland, to be a member of the Board of Directors of the Inter-American Foundation for the remainder of the term expiring Sept. 20, 1986.

NOMINATIONS PLACED ON THE SECRETARY'S DESK IN THE FOREIGN SERVICE

Sundry nominations placed on the Secretary's desk in Foreign Service.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominations were confirmed en bloc.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

RESOLUTION DISAPPROVING THE SUBMISSION OF NEEDS ANALYSIS FOR STUDENT ASSISTANCE—SENATE RESOLUTION 256

Mr. BAKER. Mr. President, on behalf of the distinguished Senator from Vermont (Mr. STAFFORD) and the distinguished Senator from Rhode Island (Mr. PELL), I send a resolution to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The legislative clerk read as follows:

A resolution (S. Res. 256) to disapprove the submission of the needs analysis for student assistance transmitted to the Congress on October 13, 1981, expressing the sense of the Senate with respect to the family contribution schedule.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. STAFFORD. Mr. President, this is a resolution disapproving the schedule of expected family contributions for the Pell grant program for academic year 1982–83 submitted by the Secretary of Education to the Congress on October 13, 1981. This resolution is in accordance with section 482(a) of the Higher Education Act of 1985, which gives either body of the Congress the authority to disapprove the family contribution schedule.

This resolution complements the action of the Senate in its adoption of my amendment to House Joint Resolution 357, which would modify the distribution of Pell grants currently required by law. The Stafford amendment is also incorporated in House Joint Resolution 370, and is necessary due to the fact that appropriations for the Pell grant program will be substantially less than originally contemplated when Congress enacted the Higher Education Amendments of 1980, Public Law 96–475. Under the Education Amendments of 1980, which would have provided for increased Pell grant awards for increasing numbers of students, the cost of the Pell grant program at full funding would have exceeded $4 billion. At less than the full funding level, Pell grant award levels must either be severely restricted, or the assessment rates on discretionary income must be so high, as to limit eligibility for hundreds of thousands of otherwise eligible students. Neither approach—and the administration has chosen the latter in its family contribution schedule—is acceptable.

The Stafford amendment, Mr. President, removed the need to improve such high assessment rates on the hard-earned income of parents and students as proposed by the administration in the schedule sent to Congress on October 13. On October 29, the Subcommittee on Education, Arts, and Humanities, of which I am the chairman and of which Senator PELL is the ranking minority member, held a hearing to consider that schedule. The administration witness at the subcommittee hearing admittedly characterized the schedule as "relatively harsh." I would characterize it as "regressive," as it imposes, at the minimum, a 40-percent assessment, or tax rate, on family discretionary income, virtually four times more than that imposed in the last schedule, for the 1981–82 academic year.

I realize that such high assessment rates are one way to meet a lower appropriations level, but it must also be understood that such rates would eliminate some 900,000 needy students from the Pell grant program and would effectively repeal the Middle Income Student Assistance Act of 1978.

Basically, Mr. President, the administration has informed us that it does not, in fact, want the schedule it has proposed to be implemented, but rather would like to see changes which would meet its proposed appropriations level for the Pell grant program—a level both the Appropriations Committee and the House have rejected, and which I, too, cannot in good conscience support. My amendment to House Joint Resolution 357, and this resolution of disapproval, with its accompanying recommendations for modifying the administration's family contribution schedule, would go a long way toward reaching the equitable distribution of Pell grant funds which the administration proposes to achieve.

This resolution, Mr. President, includes suggestions for modifying the family contribution schedule, as required by the Stafford amendment, with the following additions:

First, that the family-size offsets and dependent student offsets be indexed for inflation; last year, for the first time, these factors were not updated, and the effect was to require needy families to make a much greater parental contribution.

Second, that there be a base asset reserve of $25,000; an additional reserve of $25,000 for home equity; and a further reserve of $80,000 for farm or business assets, the total reserve per family not to exceed $100,000. This would go part way toward the more liberalized asset treatment of the 1980 amendments, while protecting those who do not own their own homes. Furthermore, families whose homes, farms, or businesses have been subject to rapid increases in valuation, due to inflation, should not be penalized, or should not be forced into a second mortgage in an extremely tight housing market.

Third, assessment rates on discretionary income should range from 11 percent on the first $5,000 of income to 25 percent on any amount over $15,000, as proposed by the administration. These progressive and reasonable rates are consistent with the intent of Congress in allowing the Secretary of Education to establish a series of assessment rates, and will insure that the greatest proportion of Pell grant awards go to students from the lowest-income families.

Fourth, that the treatment of income of married independent students with no dependents be equivalent to that of single independent students. If both married individuals are students, their combined income should be treated as if they were single independent students.

Mr. President, prompt consideration of this resolution, and a prompt response by the Secretary of Education, is necessary. The submission of the original family contribution schedule by the administration, on October 13, was more than 6 weeks late—it was required to be sent to Congress by September 1. This delay has prevented the timely finalization of a schedule for distributing Pell grants at the time when millions of prospective and current students are determining their plans for the next academic year. Students and their institutions have experienced severe dislocation during the past 2 years due to unreasonable actions and delays in receiv-

ing applications and awards from the Department of Education. This should not be allowed to continue in the future and agreement on the final family contribution schedule should be reached at the earliest possible moment.

It is imperative that these modifications be made in order to implement an equitable and fair distribution of Pell grants in the most timely manner, so that students can make informed choices as to the financing of their higher education. I urge the Senate's adoption of this resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 256) was agreed to, as follows:

S. RES. 256

Resolved, That the proposed 1982–1983 Needs Analysis Formula for the Pell Grant, the National Defense Student Loan, the College Work-Study, and the Supplemental Educational Opportunity Grant Programs Transmitted to the Congress on October 13, 1981, is disapproved pursuant to the provisions of section 482(a) of the Higher Education Act of 1965.

SEC. 2. It is the sense of the Senate that, in addition to the conditions applied to Pell Grants pursuant to the joint resolution entitled, "A Joint Resolution making further continuing appropriations for the fiscal year 1982, and for other purposes", the family contribution schedule for the 1981–1982 academic year be the family contribution schedule for the 1982–1983 academic year, except that—

(1) the family-size offsets and the dependent-student offsets for both dependent students and independent students used for academic year 1981–1982 be used for academic year 1982–1983 and be increased by the applicable percentage increase in the Consumer Price Index prepared by the Department of Labor;

(2) the assets for the determination of expected family contribution under section 482 (b)(5)—

(A) be determined, for families of dependent students and independent students with dependents, by deducting an asset reserve of not less than $25,000 from the net value of all assets,

(B) if net assets include a principal place of residence, be determined by deducting an additional reserve of $25,000 from net assets, and

(C) if net assets include farm or business assets, be determined by deducting an additional reserve of $80,000 from net assets,

except that the total net asset reserve for each family not exceed $100,000;

(3) the assessment rate applied to the discretionary income of families with dependent students be—

(A) 11 percent on the first $5,000 of discretionary income,

(B) 13 percent on discretionary income between $5,001 and $10,000,

(C) 18 percent on discretionary income between $10,001 and $15,000, and

(D) 25 percent on any amount over $15,000;

(4) the same assessment rates applies to the discretionary income of single dependent students, notwithstanding section 482(b), be used as were used in academic year 1981–1982;

(5) the assessment rate for an independent student who has one or more dependents (other than a spouse), notwithstanding section 482(c)(1)(D), be 25 percent of the discretionary income of that student; and

(6) the same assessment rate applied to the discretionary income of single independent students be applied to married independent students (with no dependents other than a spouse) except that if both individuals are students the individuals be treated as if they were single independent students.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDERS FOR FRIDAY

RECESS UNTIL 9 A.M.

Mr. BAKER. Mr. President, I ask unanimous consent that the order previously entered for the convening of the Senate at 9:30 a.m. tomorrow be modified to provide for the Senate to meet, after it recesses today, at 9 a.m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR SPECTER

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of the two leaders under the standing order tomorrow, the senior Senator from Pennsylvania (Mr. SPECTER) be recognized on special order for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECOGNITION OF SENATOR MATTINGLY

Mr. BAKER. Mr. President, I ask unanimous consent that following on after the recognition of the Senator from Pennsylvania the Senator from Georgia (Mr. MATTINGLY) be recognized on special order for not to exceed 15 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

TRANSACTION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that after the recognition of Senators as provided for herein there be a brief period for the transaction of routine morning business to extend not past the hour of 10 a.m. in which Senators may speak for not more than 2 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

RESUMPTION OF CONSIDERATION OF H.J. RES. 370 ON TOMORROW

Mr. BAKER. Mr. President, I ask unanimous consent that at 10 a.m. on tomorrow the Senate resume consideration of the continuing resolution.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. BAKER. Mr. President, I have no further business to transact.

I inquire of the minority leader if there is any further matter he wishes to address before the Senate.

Mr. ROBERT C. BYRD. Mr. President, I thank the majority leader. I have none.

Mr. BAKER. I thank the minority leader.

RECESS UNTIL 9 A.M. TOMORROW

Mr. BAKER. Mr. President, I move now in accordance with the order previously entered that the Senate stand in recess until the hour of 9 a.m. on tomorrow.

There being no objection, the Senate, at 10:55 p.m., recessed until tomorrow, Friday, December 11, 1981, at 9 a.m.

CONFIRMATIONS

Executive nominations confirmed by the Senate December 10, 1981:

DEPARTMENT OF EDUCATION

Lilla Burt Cummings Tower, of Texas, to be Director of the Institute for Museum Services.

DEPARTMENT OF STATE

Milan D. Bish, of Nebraska, now Ambassador Extraordinary and Plenipotentiary of the United States to Barbados, Saint Lucia and Saint Vincent and the Grenadines, to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Commonwealth of Dominica and as Ambassador Extraordinary and Plenipotentiary of the United States of America to Antigua and Barbuda.

Kenneth Lee Brown, of California, a Career Member of the Senior Foreign Service, class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the People's Republic of the Congo.

Franklin S. Forsberg, of Connecticut, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Sweden.

John Hathaway Reed, of Maine, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Socialist Republic of Sri Lanka, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Maldives.

The following-named Career Members of the Senior Foreign Service, class of Career Minister, for the personnal rank of Career Ambassador in recognition of especially distinguished service over a sustained period:

To be career ambassador

Alfred Leroy Atherton, Jr., of Florida.

Arthur W. Hummel, Jr., of Maryland.

Walter J. Stoessel, Jr., of District of Columbia.

Gerald E. Thomas, of California, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Cooperative Republic of Guyana.

Mark Evans Austad, of Arizona, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Norway.

Walter Leon Cutler, of Maryland, a Career Member of the Senior Foreign Service, class of Career Minister to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Tunisia.

Francis Terry McNamara, of Vermont, a Career Member of the Senior Foreign Service, class of Counselor, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Gabonese Republic, and to serve concurrently and without additional compensation as Ambassador Extraordinary and Plenipotentiary of the United States of America to the Democratic Republic of Sao Tome and Principe.

U.S. INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Carlos Salman, of Florida, to be a Member of the Board of Directors of the Overseas Private Investment Corporation for a term expiring December 17, 1982.

BOARD FOR INTERNATIONAL BROADCASTING

Frank Shakespeare, of Connecticut, to be a member of the Board for International Broadcasting for a term expiring May 20, 1983.

INTER-AMERICAN FOUNDATION

Thomas O. Enders, of Connecticut, to be a member of the Board of Directors of the Inter-American Foundation for a term expiring September 20, 1984.

M. Peter McPherson, of Maryland, to be a member of the Board of Directors of the Inter-American Foundation for the remainder of the term expiring September 20, 1986.

The above nominations were approved subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

THE JUDICIARY

Ronald P. Wertheim, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of 15 years.

DEPARTMENT OF STATE

Senior Foreign Service nominations beginning Joseph F. Christiano, for the class of Minister-Counselor, and ending Daniel Taher, for the class of Counselor, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on December 1, 1981.

Foreign Service nominations beginning Wayne Hoshal, to be a Career Member of the Senior Foreign Service, class of Counselor, and ending David Grant Smith, to be a Secretary in the Diplomatic Service of the United States of America, which nominations were received by the Senate and appeared in the CONGRESSIONAL RECORD on December 1, 1981.

HOUSE OF REPRESENTATIVES—*Thursday, December 10, 1981*

The House met at 10 a.m.

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

The people that walked in darkness have seen a great light; those who dwelt in a land of deep darkness, on them has light shined.—Isaiah 9: 1, 2.

O God, during this season of light and hope direct us in the paths of peace and good will. In spite of the forces of darkness and evil that seek to destroy, enable us to pursue Your peace that passes all human understanding. Grant to those who are responsible for the affairs of state, the vision of a world at peace where people are recognized as the fulfillment of Your divine creation. May we seek justice and rightousness that Your will may be known and Your truth triumph over evil. In Your name, we pray. Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. CORCORAN. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on the Speaker's approval of the Journal.

The SPEAKER. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 346, nays 29, answered "present" 2, not voting 56, as follows:

[Roll No. 346]

YEAS—346

Albosta	Bailey (PA)	Boland
Alexander	Barnard	Boner
Anderson	Beard	Bonker
Andrews	Bedell	Bouquard
Annunzio	Beilenson	Bowen
Anthony	Benedict	Breaux
Archer	Benjamin	Brinkley
Ashbrook	Bennett	Brodhead
Aspin	Bereuter	Broomfield
Atkinson	Bethune	Brown (OH)
Badham	Bevill	Broyhill
Bafalis	Biaggi	Burgener
Bailey (MO)	Blanchard	Burton, Phillip
Butler	Green	Michel
Campbell	Gregg	Mikulski
Carman	Grisham	Mineta
Carney	Guarini	Minish
Chappell	Gunderson	Mitchell (NY)
Chappie	Hagedorn	Moakley
Cheney	Hall, Ralph	Moffett
Clausen	Hall, Sam	Molinari
Clinger	Hamilton	Mollohan
Coats	Hammerschmidt	Montgomery
Coelho	Hance	Moore
Coleman	Hansen (ID)	Moorhead
Collins (IL)	Hansen (UT)	Morrison
Collins (TX)	Hartnett	Mottl
Conable	Hatcher	Murphy
Conte	Heckler	Murtha
Conyers	Hefner	Myers
Corcoran	Hendon	Napier
Courter	Hertel	Natcher
Coyne, James	Hightower	Nelson
Coyne, William	Hiler	Nowak
Craig	Hillis	O'Brien
Crane, Daniel	Holland	Oakar
D'Amours	Hollenbeck	Oberstar
Daniel, Dan	Hopkins	Obey
Daniel, R. W.	Horton	Oxley
Daub	Hoyer	Panetta
de la Garza	Hubbard	Parris
Deckard	Huckaby	Pashayan
DeNardis	Hughes	Patman
Derrick	Hunter	Patterson
Derwinski	Hutto	Pease
Dicks	Hyde	Perkins
Dingell	Ireland	Petri
Dixon	Jeffords	Peyser
Donnelly	Jeffries	Pickle
Dornan	Jenkins	Porter
Downey	Jones (NC)	Price
Duncan	Jones (OK)	Pritchard
Dunn	Jones (TN)	Pursell
Dwyer	Kastenmeier	Quillen
Dyson	Kazen	Railsback
Eckart	Kildee	Rangel
Edgar	Kindness	Ratchford
Edwards (AL)	Kogovsek	Regula
Edwards (CA)	Lagomarsino	Reuss
Edwards (OK)	Lantos	Rinaldo
Emery	Latta	Ritter
English	Leach	Roberts (KS)
Erdahl	Leath	Roberts (SD)
Erlenborn	LeBoutillier	Robinson
Ertel	Lee	Rodino
Evans (DE)	Lehman	Roe
Evans (GA)	Leland	Roemer
Evans (IN)	Lent	Rogers
Fary	Levitas	Rosenthal
Fascell	Lewis	Rostenkowski
Fazio	Livingston	Roth
Fenwick	Loeffler	Roukema
Ferraro	Long (LA)	Rousselot
Fiedler	Long (MD)	Roybal
Fields	Lott	Rudd
Findley	Lujan	Russo
Fish	Luken	Sawyer
Flippo	Lungren	Schneider
Florio	Markey	Schulze
Foglietta	Marks	Schumer
Foley	Marlenee	Sensenbrenner
Ford (MI)	Marriott	Shamansky
Ford (TN)	Martin (IL)	Shannon
Fowler	Martin (NC)	Sharp
Frank	Martin (NY)	Shaw
Frenzel	Matsui	Shelby
Frost	Mattox	Shumway
Fuqua	Mazzoli	Shuster
Gaydos	McClory	Siljander
Gibbons	McCollum	Simon
Gilman	McCurdy	Skeen
Gingrich	McDade	Skelton
Ginn	McDonald	Smith (AL)
Glickman	McEwen	Smith (IA)
Gonzalez	McGrath	Smith (NE)
Gore	McHugh	Smith (NJ)
Gradison	McKinney	Smith (OR)
Gramm	Mica	Smith (PA)
Snowe	Traxler	Williams (MT)
Snyder	Trible	Wilson
Solarz	Udall	Winn
Spence	Vander Jagt	Wirth
St Germain	Vento	Wolf
Stangeland	Walgren	Wolpe
Stanton	Wampler	Wortley
Staton	Washington	Wright
Stenholm	Watkins	Wyden
Stokes	Weaver	Wylie
Stratton	Weber (MN)	Yates
Studds	Weber (OH)	Yatron
Stump	Weiss	Young (FL)
Synar	White	Young (MO)
Tauke	Whitehurst	Zablocki
Tauzin	Whitley	Zeferetti
Taylor	Whittaker	
Thomas	Whitten	

NAYS—29

Barnes	Emerson	Lowry (WA)
Brown (CO)	Evans (IA)	Miller (OH)
Clay	Gejdenson	Mitchell (MD)
Coughlin	Goodling	Paul
Dannemeyer	Harkin	Sabo
Daschle	Hawkins	Schroeder
Dickinson	Holt	Solomon
Dorgan	Jacobs	Walker
Dowdy	Johnston	Young (AK)
Dreier	Kramer	

ANSWERED "PRESENT"—2

Ottinger	Swift

NOT VOTING—56

Addabbo	Dougherty	McCloskey
Akaka	Dymally	Miller (CA)
Applegate	Early	Neal
AuCoin	Fithian	Nelligan
Bingham	Forsythe	Nichols
Bliley	Fountain	Pepper
Boggs	Garcia	Rahall
Bolling	Gephardt	Rhodes
Bonior	Goldwater	Richmond
Brooks	Gray	Rose
Brown (CA)	Hall (OH)	Santini
Burton, John	Heftel	Savage
Byron	Howard	Scheuer
Chisholm	Kemp	Seiberling
Crane, Philip	LaFalce	Stark
Crockett	Lowery (CA)	Volkmer
Danielson	Lundine	Waxman
Davis	Madigan	Williams (OH)
Dellums	Mavroules	

□ 1015

Mr. BENNETT changed his vote from "nay" to "yea."

So the Journal was approved.

The result of the vote was announced as above recorded.

MESSAGE FROM THE PRESIDENT

A messsage in writing from the President of the United States was communicated to the House by Mr. Saunders, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed without amendment a bill of the House of the following title:

H.R. 3484. An act to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington.

The message also announced that the Senate had passed with an amendment in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 4482. An act to establish a U.S. Court of Appeals for Federal Circuit, to establish a U.S. Claims Court, and for other purposes.

The message also announced that the Senate had passed bills and a concurrent resolution of the following titles, in which the concurrence of the House is requested:

S. 881. An act to amend the Small Business Act to strengthen the role of the small, innovative firms in federally funded research and development, and to utilize Federal research and development as a base for technological innovation to meet agency needs and to contribute to the growth and strength of the Nation's economy;

S. 1700. An act to establish a U.S. Court of Appeals for the Federal Circuit, to establish a U.S. Claims Court, and for other purposes; and

S. Con. Res. 50. Concurrent resolution reaffirming the congressional budget for the U.S. Government for the fiscal years 1982, 1983, and 1984.

GOVERNMENT SHOULD BALANCE ITS BOOKS

(Mr. ANDERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ANDERSON. Mr. Speaker, earlier this week it was reported, according to the administration's latest internal estimates, that the Federal budget deficit will reach $109 billion this year, $152 billion in 1983, and $162 billion in 1984—for a grand total of $423 billion deficit over the next 3 years. Wednesday morning we saw the front-page article in the Washington Post, "Reagan Aides Abandon GOP Stance on Deficits." In part, it states that—

President Reagan's top economic advisors yesterday abandoned the traditional Republican stance that government deficits are the main cause of inflation. . . . William A. Niskanen, a member of the Council of Economic Advisors, stunned a conference sponsored by the American Enterprise Institute by arguing that "in general, concern about the (Federal) deficit has been misplaced. There is no direct or indirect connection between deficits and inflation," he said.

Needless to say, I like many of my colleagues do not subscribe to Mr. Niskanen's simplistic assumption. In fact, I strongly believe that there is a direct correlation between deficit spending and the inflation rate. Congress must learn to live within its means—just as millions of American families must. I am certainly amazed that in 1984, a year when we expected to have a balanced budget, the President's advisors are now projecting a deficit in excess of $160 billion. Obviously, Reaganomics is not working.

As you know, again this year I have introduced legislation to mandate a balanced budget. This measure House Joint Resolution 71, proposes an amendment to the Constitution of the United States to provide for balanced budgets and the elimination of the Federal indebtedness. Specifically, my bill would:

First, require Congress to assure that the total outlays of the Government, during any fiscal year, do not exceed the total receipts of the Government during such fiscal year;

Second, permit expenditures to exceed national revenues in time of national emergency, as declared by the President, but never by more than 10 percent; and

Third, provide that during the fifth fiscal year beginning after the ratification of this amendment, and for the next 19 succeeding fiscal years, in order to retire the national debt, the total receipts of the Government shall exceed outlays by an amount equal to 5 percent of the Federal indebtedness at the beginning of the fifth fiscal year.

In conclusion, Mr. Speaker, I feel that above all, most Americans would like to see the Government balance its books and retire the debt. We can take the first step in achieving this goal through Congress adoption of my legislation mandating a balanced budget and retiring the debt once and for all. I encourage cosponsorship of House Joint Resolution 71, and solicit your support in achieving early passage.

SENIOR CITIZENS SUFFER FROM LOSS OF HOUSING

(Mr. GEJDENSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GEJDENSON. Mr. Speaker, yesterday I put in a resolution asking the administration not to end the section 8 and section 202 housing program. The people of my district and people all around the country, especially senior citizens and handicapped, are in great need for new housing units.

In my part of the country, many of the senior citizens are forced out of their homes. Old colonial homes are difficult to maintain and heat and they are forced to look for alternative housing units.

In many rural parts of Connecticut and around the Nation there are not sufficient rental units available. No new units have been built in my area without some kind of Government subsidy in recent years.

Unless we have this program or some other program many senior citizens will be forced to either live with relatives or to live in cramped or unfit quarters.

I think the President early on talked about the truly needy. Maybe we should have the President come to eastern Connecticut or any other part of Connecticut and tell which senior citizen is not truly in need of housing. I think the Congress and the administration must work together to see that either the section 8 program or some similar program is put into place.

HOME BUYERS ARE NOT TO BLAME

(Mr. PICKLE asked and was given permission to address the House for 1 minute and to revise and exend his remarks.)

Mr. PICKLE. Mr. Speaker, home buyers are already strangling from the tight noose of high interest. Now, OMB apparently wants to kick the chair out from under them and watch the American home buyer dangle in the breeze. OMB believes in the old brand of hard justice. The only problem is that they want to lynch an innocent party.

Home buyers are not to blame for faulty budget projections. Home buyers are not to blame for rising unemployment. Home buyers are not to blame for the deficit which Mr. Stockman now says will exceed $100 billion next year.

Home buyers, in fact, are not to blame for anything, unless it is for wanting their own little piece of the American dream, and not having money enough to pay for it.

And yet, Mr. Speaker, if OMB has its way, we are going to punish home buyers once again by making it harder for veterans and farmers and young families to afford a house. Last year "Ginnie Mae" money accounted for 72 percent of FHA loans, and 45 percent of VA loans. This year, in the smackdab middle of the worst housing depression since the 1930's, Ginnie Mae had proven even more important.

So, with only one family in five able to afford a new home, with more than a million construction workers out of jobs, with bankruptcies in the housing industry at a record high, and with the two most important guaranteed mortgage loan programs in the country utterly dependent on the Ginnie Mae, you might guess the administration would be moving to beef up the program.

You would be wrong, of course. OMB wants to cut back on Ginnie Mae another $10 billion next year. Still, even that is rather generous considering they want to completely do away with Ginnie Mae by 1987. You do not siphon gas from your car, Mr. Speaker, if you are planning on going anywhere, and we should not be taking money from the housing market right now unless we want it to sputter and die.

ADMINISTRATION HAS NO FISCAL POLICY

(Mr. ALEXANDER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. ALEXANDER. Mr. Speaker, today this House will take up the continuing appropriations resolution for fiscal year 1982 which our committee voted out yesterday afternoon.

This is the resolution that has been revised following the President's veto to which he referred as a budget-busting bill.

I would like to invite the members of the press and the American people to observe the debate on the continuing appropriations resolution, the so-called budget-busting bill, because I suggest that two facts will become apparent. One is that the reason for the veto was for the purpose of increasing foreign aid, and secondly is that this administration has no fiscal policy. It is just blatantly anti-Government.

THE PRESIDENT'S CHRISTMAS SPIRIT

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, the President of the United States first official act in office was to promulgate an Executive order creating a job freeze. His Federal budget when announced called for the reduction by several hundred thousand over a 5-year period of Federal jobs.

Yesterday the President felt the Christmas spirit and decided to allow the air traffic controllers, who wrongfully struck against the Government, to seek other Federal employment. The President should have handed the air traffic controllers a pan and told them to go mine the ocean for gold, for the amount of opportunity that it is going to provide them in terms of being rehired. They are not going to find jobs, because there are none.

Mr. Speaker, it is important for us to recognize that air travel is not as safe as it once was. It is causing economic hardship and the time has come for the President to extend the true meaning of the Christmas spirit by rehiring on a selective basis the air traffic controllers. To do less is to do irreparable harm, in my opinion, to our country.

ECONOMIC AID PACKAGE FOR NORTHERN IRELAND

(Mr. BIAGGI asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. BIAGGI. Mr. Speaker, in honor of "Human Rights Day," I am introducing legislation that would provide $50 million in first-time foreign aid to Northern Ireland.

Even a cursory examination of the economic situation in Northern Ireland reveals a country facing fiscal chaos. The tragedy of Ulster—already claiming over 2,000 lives—is a direct symptom of the economic deterioration the society is facing. Overall employment is reaching 13 percent and nearing 40 percent in some Catholic neighborhoods. Lack of job opportunities affects not only those wage earners which must support families but those young people who are seeking to enter the job market. No generation is exempt from the unemployment situation there.

My bill would specifically limit the use of this aid to rehabilitation, humanitarian, construction, and other economic revitalization purposes. It requires that funds be controlled by our Agency for International Development which must work in full and complete consultation with all parties which have a legitimate political and economic interest in Northern Ireland, including the Governments of Great Britain and Ireland, local governments and their elected officials and other parties with vested interests.

Critical to this legislation is that prior to distribution of any U.S. aid under this program, Great Britain must declare its intention to initiate a phased and orderly withdrawal from Ulster.

Mr. Speaker, this legislation will provide an appropriate vehicle to initiate a just and lasting solution to the crisis in Northern Ireland by first equitably addressing the economic needs of its citizens. With the millions we spend in foreign aid each year, a small portion should be earmarked for this troubled area of the world.

I urge my colleagues to join me in this effort and help us honor "Human Rights Day" in an appropriate fashion.

WHAT ARE OUR CUTS DOING TO EDUCATION?

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, I have taken this floor many times to talk about the problems existing in higher education and particularly for students who are trying to go to college in this country to further their education.

I have just returned from a meeting with 650 college financial aid officers. In listening to the problems, which I wish all Members could listen to, you recognize what we are doing to education today by the cuts that we have already made.

Mr. Speaker, it is my understanding that a substitute for the continuing resolution will be offered by one who has previously been a strong supporter of education that will even cut education further than the drastic cuts that have been made.

This is truly a tragedy and one that I hope the Members on both sides will think carefully on, because you are voting against millions of young people in this country if that substitute and the cuts on education go through.

THE CORPORATE ATTITUDE

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS of Montana. Mr. Speaker, for 1 year now the American people have been treated to a chorus of corporate advertisements which extol the value of supply-side economics, the value of a major tax cut for wealthy corporations, all on the basis that it would be good for free enterprise and it would unshackle competition. The most vocal of those corporate advertisers has been the Mobil Oil Corp. For 11 months we have listened to what they preached and now for the past 30 days we have seen what they practice. They want to use their vast empire of wealth to buy out the competition and to intimidate the opposition.

The irony of that will not be lost upon the American people.

BOO BIRDS

(Mr. WALKER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WALKER. Mr. Speaker, every sports fan knows about "boo birds." The boo birds are the people that sit in the stands, criticize the bad play, yell at the coach, but never offer an alternative that they could be held responsible for.

It seems to me that the Democrats here in the House have for months now become the political equivalent of boo birds. They have criticized and criticized but offered no alternatives except their own failed big spending policies of the past. They have no ideas, only protests.

For instance, they criticized high interest rates for weeks; but interest rates are now coming down dramatically under the President's program. Have we heard that good news from the Democrats?

They criticize the plight of the housing industry; but when it was announced yesterday that the President's program is now beginning to result in lower mortgage rates and recovery ahead, have we heard from the

Democrats? Have we heard from the boo birds?

Of course, the boo birds now have new issues. They are still protesting, but just as their past criticisms have had no substance, neither do their latest offerings.

Boo birds in sports are often the athletes who cannot make it in the real game. That may also be true here in the House.

UPDATE ON ALASKAN NATURAL GAS PIPELINE LEGISLATION

(Mr. CORCORAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. CORCORAN. Mr. Speaker, I have asked for this time this morning in order to address the issue of where we find ourselves in terms of the situation on the Alaskan natural gas pipeline waiver legislation.

As you may remember, yesterday after the House acted on the House joint resolution involved, I objected to the unanimous consent request by our distinguished colleague, the gentleman from Arizona, to substitute the House-passed version into the Senate version. I did that for reasons which later on today I will discuss; but the point of my remarks at this time is to report that, indeed, we will have more time to debate this issue.

Because of my action, the House was left with one of two options; first, to send the measure to the Senate for further action there; or second, to convene an emergency meeting of the Committee on Rules so that the House today or at some future point could consider on the merits the Senate-passed joint resolution on the Alaskan gas pipeline. The second option was exercised and that committee will be bringing us a rule on Senate Joint Resolution 115.

That rule is a good rule. I intend to support the rule. We will finally get full debate on this measure and I hope on that basis we will kill this turkey for good.

REPORT ON FOREIGN TARIFF AND NONTARIFF BARRIERS AFFECTING U.S. EXPORTS OF ALCOHOLIC BEVERAGES—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States; which was read, and, together with the accompanying papers, referred to the Committee on Ways and Means:

To the Congress of the United States:

In accordance with Section 854(a) of the Trade Agreements Act of 1979 (P.L. 96-39), I hereby submit to you a report on foreign tariff and nontariff barriers affecting United States exports of alcoholic beverages.

RONALD REAGAN.

THE WHITE HOUSE, *December 10, 1981.*

APPOINTMENT OF CONFEREES ON H.R. 4241, MILITARY CONSTRUCTION APPROPRIATIONS, 1982

Mr. GINN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Georgia? The Chair hears none, and appoints the following conferees: Messrs. GINN, BEVILL, HEFNER, ADDABBO, LONG of Maryland, CHAPPELL, ALEXANDER, WHITTEN, REGULA, BURGENER, EDWARDS of Oklahoma, LOEFFLER, and CONTE.

ANNOUNCEMENT BY THE SPEAKER

The SPEAKER. It had been the intention of the Chair to recognize the Committee on Appropriations to bring up the continuing resolution. The chairman is here; but as the Chair understands, the Republicans have requested a half an hour delay.

Mr. WHITTEN. That is my understanding, Mr. Speaker. They have not done it directly, but I have been so advised.

The SPEAKER. Then we will go forward with the rule on the Alaskan pipeline.

The Chair recognizes the gentleman from Louisiana (Mr. LONG).

PROVIDING FOR A WAIVER OF LAW PURSUANT TO THE ALASKA NATURAL GAS TRANSPORTATION ACT

Mr. LONG of Louisiana. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 296 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. Res. 296

Resolved, That upon the adoption of this resolution it shall be in order to take from the Speaker's table the joint resolution (S.J. Res. 115) to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976, and to consider said joint resolution in the House.

The SPEAKER. The gentleman from Louisiana (Mr. LONG) is recognized for 1 hour.

Mr. LONG of Louisiana. Mr. Speaker, I yield the customary 30 minutes to the gentleman from Tennessee (Mr. QUILLEN) for purposes of debate only, and pending that, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 296 provides that it shall be in order to take from the Speaker's table Senate Joint Resolution 115 to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976 and to consider the joint resolution in the House.

This is not an unprecedented rule, Mr. Speaker. Special orders, or rules, have been used on numerous occasions to provide for the taking of a Senate bill or resolution from the Speaker's table and thereafter considering the measure in the House or in the Committee of the Whole. In fact, such procedure, is routinely provided in rules when a House bill is being considered for which there is a Senate-passed companion measure being held at the Speaker's table. This Senate hook-up, as it is commonly referred to, has been a routine parliamentary technique used by the Rules Committee to expedite the flow of legislation in the House. The rationale has been simply that once the House has perfected and passed a legislative measure, that no single Member of the House should be able to impede the will of the House by objecting to a unanimous-consent request to bring up the Senate measure and passing it or perfecting it by striking the Senate text and inserting in lieu thereof the House-passed measure.

As my colleagues know, on Tuesday, December 8, 1981, the House debated House Joint Resolution 341, the Alaska gas pipeline approval resolution. On Wednesday, the House passed the resolution by a vote of 233 to 173. After passage of House Joint Resolution 341, a unanimous-consent request was made to take the Senate companion measure, Senate Joint Resolution 115, from the Speaker's table for consideration. An objection was heard to that request. Consequently, the only means by which the House would be able to take up the Senate bill and thus complete the procedural requirements of its earlier decision would be by the adoption of a rule. The Committee on Rules met late yesterday afternoon and by a rollcall vote of 13 to 1 ordered a rule reported that would make in order the consideration of Senate Joint Resolution 115 in the House.

The rule simply provides for the considerationin of the joint resolution. The procedure outlined in section 8 of the Alaska Natural Gas Transportation Act of 1976 would govern the actual parliamentary situation. I would also like to point out to my col-

leagues that section 8 of the act specifically states that—

This subsection is enacted by Congress as an exercise of the rulemaking power of each House of Congress, respectively, and as such it is deemed a part of the rules of each House . . . and it supersedes other rules only to the extent that it is inconsistent therewith . . . and with full recognition of the constitutional right of either House to change the rules (so far as those rules relate to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

Consequently, a special order providing for the consideration of the joint resolution which is in itself a temporary amendment to the rules of the House is perfectly in order.

For the benefit of Members, I would like to outline the procedure for consideration as provided in the Alaska Natural Gas Transportation Act of 1976. The joint resolution would be considered for 1 hour with the time equally divided between those favoring and those opposing the resolution. No amendment to, or motion to recommit the resolution would be in order. In other words, there would be 1 hour of debate and then an up-or-down vote on the proposition.

Mr. Speaker, the Committee on Rules listened yesterday to a variety of arguments both favoring and opposing the joint resolution and the procedure for considering it. It was the decision of the committee that the procedure specified by the rule is perfectly in order and that this procedure allows the House to carry out its will in the most expeditious manner. At the same time the rule allows Members opposed to the substance of the joint resolution additional time to debate the matter and if they can so convince their colleagues to overturn the earlier decision of the House.

Mr. Speaker, this is a fair and equitable rule and I urge its adoption.

□ 1045

Mr. QUILLEN. Mr. Speaker, I yield myself as much time as I may use.

Mr. Speaker, I agree with the gentleman from Louisiana. This is a good resolution. We should consider the Senate version. The gentleman has ably described the provisions of the resolution, and we should get down to the business of approving the measure.

Remember back in 1973 when the consumers of this Nation were down on their knees begging for energy? We do not want that to happen again. The pipeline should be built, and this waiver is necessary in order to get the construction underway.

Mr. Speaker, I urge the adoption of the resolution.

Mr. Speaker, at this time I yield 10 minutes to the gentleman from Illinois (Mr. CORCORAN).

Mr. CORCORAN. Mr. Speaker, first of all I want to thank the gentleman from Tennessee (Mr. QUILLEN) for yielding me this time in order to discuss this rule and to explain to my colleagues why, because of an action I took yesterday, we are presently in the position we find ourselves concerning the waiver package for the Alaska natural gas pipeline.

Mr. Speaker, after my objection to the unanimous-consent request of our distinguished colleague from Arizona (Mr. UDALL) one of our other colleagues called me mischievous. Others probably thought worse things but said nothing.

Well, Mr. Speaker, I would, of course, prefer to be known as a nice guy and an effective legislator, but when it comes to a choice, I prefer the latter. For some, I hope my role yesterday was that of a bad guy in a white hat; and for others I hope there was a kinder verdict.

Now, Mr. Speaker, let me address this rule and why it is being considered. After my action yesterday, the House was faced, in my judgment, with two options: First, send House Joint Resolution 341 passed by the House with a vote of 223 to 173 to the Senate for further consideration of the pipeline waiver package; or second, convene an emergency meeting of the Rules Committee so that the pipeline waiver package passed by the Senate, Senate Joint Resolution 115, could be considered by the House at some point prior to December 21, the date on which action must be taken or the waiver proposal dies.

It was this second option which was employed, and that is why we are considering this pending rule which I support.

Now why did I object yesterday? As I said then and reiterate today, I regretfully chose to take that unusual parliamentary opportunity because of the shabby procedural treatment that this matter of considerable public policy importance has been given since the completion of its consideration under the normal committee process. Our committee chairmen could not have been more fair. We had 7 days of public hearings, with 63 witnesses; however, once that process had been completed there was an obvious attempt to railroad this legislation through the House with very limited debate, and under the most unusual circumstances, whereby debate would be held on one day and the vote would be taken the next day.

Now, Mr. Speaker, I realize that we do that on occasion with the suspension calendar, where we have debate on one day and the vote the next day. I do not particularly like this procedure, but at least the public interest is protected by two factors; First, only legislation which has little or no controversy is ever placed on the so-called suspension calendar; and second, a two-thirds vote of the Members voting on the question is required before a measure on suspension can pass this House.

Mr. Speaker, you and I both know that neither of these tests is met with the Alaska natural gas pipeline waiver package. There is controversy about this legislation, and it increases day by day if not hour by hour. Second, a two-thirds vote was not required to pass House Joint Resolution 341, but only a simple majority, and indeed if a two-thirds vote had been required, the Alaska natural gas pipeline waiver package would have been rejected by this House yesterday.

Second, I chose to exercise my right to object yesterday because, on more than one occasion during the course of consideration of House Joint Resolution 341, attempts were made by both opponents and proponents of this resolution to, by unanimous consent, get additional time for debate. And on all occasions those requests were denied by overenthusiastic proponents of this waiver package, who may find that when the final history is written on this controversial legislation, that their action—which produced my reaction yesterday—may well be the final legal point on which this proposed waiver package will be toppled in the U.S. Supreme Court. I have always felt that a good legislator is characterized by three things: First, knowledge of the issue; second, knowledge of the rules of procedure; and third, a sense of fairplay. I think it would be interesting if, in the final action on this question, it was a failure on the third count—fairplay—that proves to be the Achilles heel of the Alaska natural gas pipeline wavier package.

Let me say finally, Mr. Speaker, that despite the problems we have had up to this point on this measure, this is indeed a good rule. As I said a moment ago, there is clearly now a legal cloud on the Alaska natural gas pipeline waiver package, and it may well be defeated already by virtue of what could happen in future court decisions. I say this because in my judgment the Alaska Natural Gas Transportation Act itself, established in 1976, provides in section 8D(5)B:

• • • it shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to or, thereafter within such 60-day period, to consider any other resolution respecting the same Presidential decision.

Nonetheless, we have finally been granted under this rule what has been requested on several occasions by myself and others in a variety of ways. We are finally going to get some additional time to debate this legislation on the merits. That is what I have been seeking since the House resolution was sent from the committees of jurisdiction to the House. I hope my colleagues will consider very carefully

the arguments both for and against this waiver package and recognize that we are not talking about access to the natural gas in Alaska; we are not talking about the project itself—that has already been established. We want to keep the proposal alive. We want to get that gas at Prudhoe Bay on the North Slope of Alaska down to the lower 48 States, but we don't need it in 1986 and we don't need it under the financing scheme that is contained in these waivers. There are other, much better, ways of providing legislative assistance to this project which many of my colleagues and I will be discussing when we debate Senate Joint Resolution 115.

I urge my colleagues to support this rule.

Mr. BETHUNE. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from Arkansas.

Mr. BETHUNE. Mr. Speaker, I would like to say to the gentleman that he should be complimented for the action that he has taken here. I do not see any reason for the gentleman to be apologetic. Insofar as anyone would say that the gentleman is mischievous because he has stood up for the right as he sees it here in this Chamber is making an unwarranted accusation.

Frankly, it occurs to me that the debate on this very complex matter has been rather truncated, and I cannot find any reason to suggest that the gentleman is doing anything other than being extremely responsible. If this proposal can stand the light of day, then it should be passed; and if it cannot, than it should be defeated. I cannot see any harm ever in discussing issues, and when people begin to protest about fair and open debate about a bill, I get more and more suspicious.

I said yesterday, after some study, that this gas deal stinks, and the more we stir it, the more it stinks. I appreciate the gentleman giving us this opportunity to look into this matter in all its ramifications. We owe it to the people of this country.

Mr. CORCORAN. I thank the gentleman for his comments.

The SPEAKER pro tempore. (Mr. FORD of Tennessee). The gentleman has 1½ minutes remaining.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from California.

Mr. JOHN L. BURTON. Mr. Speaker, I would like to thank the gentleman, and associate myself with the remarks of my good friend from Arkansas. I commend the gentleman on what he is doing. The gentleman is protecting the people of this country against the special interests, and he is to be commended for it.

Mr. CORCORAN. I thank the gentleman.

Mr. QUILLEN. Mr. Speaker, will the gentleman yield?

Mr. CORCORAN. I yield to the gentleman from Tennessee.

Mr. QUILLEN. Mr. Speaker, since we have our good friend from California on this side of the aisle, I will yield 1 additional minute to the gentleman from California (Mr. JOHN L. BURTON).

Mr. JOHN L. BURTON. I thank the gentleman from Tennessee.

Mr. CORCORAN. I thank the gentleman from Tennessee on both counts, for his recognition of our friend from California and also the additional 1 minute.

Let me conclude by saying I do support this rule. I support the rule because it accomplishes, despite the cloud that now rests on the legislation, what we have been seeking all along, and that is a full opportunity to debate this issue, to look at the pros and to look at the cons, look at the arguments and the merits of this measure, to be given an opportunity, as every Member of this House ought to be afforded, to evaluate the legislation on the basis of the merits, not simply on the basis of other considerations outside the purview of this Chamber.

So I would hope that as we have found increasingly on this legislation from the first time that the Members of Congress voted, and that occurred in the Senate Energy Committee, where the vote was 14 to 1, and the next vote was the Senate itself, and the vote there had about 15 percent in opposition, the next vote was the House Interior and Insular Affairs Committee, about 20 percent in opposition, the next vote was the House Energy and Commerce Committee, and we had about 28 percent in opposition. Yesterday we had over 45 percent of the Members of this House voting in opposition. I hope we would keep on that trend line.

I hope that, as I have seen, my prediction will be fulfilled; that as more and more Members of Congress see this legislation, they like it less, and they are going to reject it overwhelmingly.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the distinguished gentleman from New York (Mr. OTTINGER).

Mr. OTTINGER. I thank the distinguished gentleman from Louisiana for extending this time to me.

Mr. Speaker, I would like to say that at last the Rules Committee has provided for an opportunity to debate this matter while the Members are here, and I think we are here again because of the efforts to steamroll this matter through the House, having the debate at a time when there were no votes scheduled on Tuesday, when a great many of the Members would not be available to hear the debate, and then having the vote yesterday without the possibility for any debate. I think we are really here because of the efforts of the proponents of this legislation to try and cut off a reasonable consideration of this legislation.

□ 1100

If the gentleman from North Carolina (Mr. JOHNSTON) and the gentleman from Alaska (Mr. YOUNG) had not sought to prevent us from having even a 5- or 10-minute consideration of this matter before it was considered in the House, I do not think we would be here.

Mr. YOUNG of Alaska. Mr. Speaker, will the gentleman yield?

Mr. OTTINGER. I will yield briefly.

Mr. YOUNG of Alaska. I think, as the good gentleman knows, the law is very specific. There is only 1 hour of debate. We would have been breaking the law. That is a law which the gentleman voted on, by the way. He voted in favor of it. I have the record on how he voted in 1976 and 1977. In fact, the gentleman voted for this rule. So, do not say it was a discourtesy on my behalf. We are following the law.

We have got the rule here today, and the gentleman is having time to debate it now. He had this well orchestrated and I commend him for his tactics. It was well done.

Mr. OTTINGER. I would resume my time and point out to the gentleman that while he was insisting on the rules yesterday and the day before with respect to consideration of this, when the rules did not work in his favor he ran to the Rules Committee and tried to get a new set of rules on which this ought to be considered.

I am going to have to oppose this rule, not because I am not appreciative of the Rules Committee for attempting to provide adequate debate, but because I think that what they have done is to provide an illegal procedure that will subject this matter to challenge in the courts. The statute says that is shall not be in order to move to reconsider the vote by which such resolution was agreed to or disagreed to or thereafter within such 60-day period to consider any other resolution respecting the same Presidential decision.

We had a consideration of this matter yesterday and a vote was had, so that we either have a situation now where we are reconsidering that vote today, which is against the statute, or we can say the Senate resolution is a different resolution and we are considering that anew, in which case we are in violation of the second part of this statute.

Now, as the distinguished gentleman from Louisiana pointed out, the statute does provide that these are rules matters and they can be changed, but I would like to point out that section 8(g)(2) of the Alaskan Natural Gas Transportation Act states that the

waiver is effective only, "upon enactment of a joint resolution pursuant to the procedure specified in subsections (c) and (d) of this section, * * * within the first period of 60 calendar days of continuous session of Congress."

The rule we are considering now does not directly change these procedures. It merely provides for consideration of Senate Joint Resolution 115. In fact, it ignores these procedures. Hence, the Senate Joint Resolution 115 is being passed pursuant to other procedures, and I think a legal challenge will clearly be raised. Senator METZENBAUM and myself have announced that we will in fact proceed against these waivers in court if they are approved according to these defective procedures which are being provided.

I think that the result of all this is because of the tremendous steamroller that was attempted to be put through to try and benefit the gas and oil companies at the expense of the people of the United States—in this case, the consumers—and I am very alarmed at the degree to which the very real energy crisis that faces us has been used to effect that kind of transfer from the people, from the taxpayers, from the consumers, to the energy companies.

We have passed all kinds of tax breaks for the energy companies.

The SPEAKER pro tempore (Mr. FORD of Tennessee). The time of the gentleman from New York has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 additional minutes to the gentleman from New York.

Mr. OTTINGER. I thank the gentleman for yielding to me.

We have provided subsidies through the Synthetic Fuels Corporation for the energy companies, and now we are trying to say that we are going to have consumer guarantee for a project which the energy companies themselves are not prepared to finance. As I pointed out in debate yesterday, this includes not just a pipeline but a $4.5 billion processing plant which the oil companies are not prepared to build for themselves.

The gentleman from Alaska has said that Alaska is now considering making some contribution to this project. They stand to gain about $20 billion from it. If they were prepared to contribute to this project, I do not know why they did not put their money up front and have a deal where perhaps the consumers would not have to bear this kind of risk.

Lastly, let me say this is not a question of whether a pipeline will be built or will not be built. That is the way it has been presented to us. I consider that a form of blackmail; either you take these waivers, which even the proponents have said really are disadvantageous and undesirable, and they would not like to support it if they have no alternative, or have no gas pipeline at all. We can pass new waivers. The gentleman from Illinois has a bill, which I do not particularly favor, which would deregulate Alaska gas and allow the project to be financed that way. The President could send up new waivers, so the way this is presented to us as an all or nothing package I think is simply unfair.

But, I think what we are faced with now is a procedure, because of the steamroller put through to get these benefits to the energy companies, which is illegal and is going to subject it to legal challenge. The banks certainly are not going to put up the money with a lawsuit pending.

I recommend that we defeat this package and start over again to provide a fair and equitable way to bring the natural gas down for the benefit of the people of the United States.

Mr. QUILLEN. Mr. Speaker, it is estimated that the Prudhoe Bay field will supply 5 percent of the needs of consumers of America for the next 25 years. Right now, we are getting oil from Libya that could be replaced by natural gas in our homes and in our factories. Why do we have to deal with a country that is threatening to kill our President?

I think our foresight action today should be centered on energy self-sufficiency. Approval of this measure is getting the job done. It is getting the pipeline built. It is getting the natural gas to the consumers of this country, and we should be looking to self-sufficiency from one of the sources of this great country.

Mr. Speaker, I yield 4 minutes to the gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Speaker, first I would like to congratulate again the leadership of the mischievous gentleman from Illinois (Mr. CORCORAN) on this bill. I would like to stress that this bill has philosophical as well as practical problems. On philosophical grounds, a free enterprise society implies risk taking—by entrepreneurs, not consumers.

The waiver package denies this philosophy in a novel, unprecedented approach that deserves a second look.

On practical grounds—and this is where the bill's advocates feel their arguments are strongest—we ought to look carefully at what the implications are. Practically speaking, if we give this carte blanche guarantee to the construction companies, it will cause the cost of construction of this pipeline to go up because there will be no incentives whatsoever to hold the costs down. The companies will proceed with construction with a guarantee that they can pass on any cost to the consumers, whereas otherwise that guarantee would not be as ironclad without the waiver package.

Second, the package will cause the price of the natural gas produced in the lower 48 States to go up as well because, with the higher price of natural gas from Alaska based on the cost of this pipeline, it is inconceivable that the producers in the lower 48 States are not going to push to have their prices go up by the same amount.

Incredibly, for the first time in modern history in this country, there is very serious talk in the oil industry that the price of natural gas will exceed the cost of crude oil. That has never happened in modern times, but it is going to happen if this waiver package goes through despite the fact that we have abundant reserves of natural gas in this country, despite the fact that natural gas is cheap to produce in contrast with crude oil. Apparently you do not have to be an Arab to act like a shiek.

In this respect, it should be stressed that when we began consideration of this pipeline, we had a very different assessment of what this country's natural gas reserves were. Today it looks as if we are in very decent shape with respect to natural gas production; we simply will not be needing to import natural gas in large amounts.

Finally, it should be noted that what is at stake is not just increased consumer costs to homeowners, but jobs themselves. This is not just a consumer ripoff bill; it is a job-jeopardization bill as well. The cost of production of products as diverse as corn, tractors, and backhoes are going to go up, thus severely undercutting our competitive position abroad. After all, the one competitive advantage we have over the Japanese, Germans, and others in international heavy industry trade today is the cheaper cost of natural gas in this country.

This is thus above all a question of equity, and what is really at stake is a transfer of wealth and people from energy-consuming States to energy-producing States.

The waiver package represents a classic special interest issue which should not be approved.

Mr. SMITH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I yield to my colleague.

Mr. SMITH of Iowa. Mr. Speaker, I think something else has not been pointed out here, and I would like to have the gentleman's comment on it. Eventually, we are going to reach the point where gas is priced comparable to oil. At that time, if the cost of the pipeline has already been paid for by consumers, they are still going to get the same price for the gas but they will not be paying for the full cost of the pipeline from that price they are receiving for gas at that time. So, what we are really doing is transferring onto consumers an additional cost of

the pipeline instead of delaying and taking it out of that price that is comparable to oil at a later time.

Mr. LEACH of Iowa. The gentleman makes a valid point, but I would like to stress that recent projections in the oil industry are that for the first time natural gas prices may go even higher than oil prices; at stake is not just comparability in pricing but higher costs for natural gas. Such a prospect is unjustified. Natural gas and crude oil are two different products, and all of us in this country ought to look very seriously at the ramifications of new pricing projections.

Mr. CORCORAN. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I yield.

Mr. CORCORAN. Mr. Speaker, I thank the gentleman.

I want to compliment both gentlemen from Iowa for their contibutions. One of the interesting aspects——

The SPEAKER pro tempore. The time of the gentleman from Iowa has expired.

Mr. QUILLEN. Mr. Speaker, I yield one-half minute to the gentleman from Iowa.

Mr. LEACH of Iowa. I yield to the gentleman from Illinois.

Mr. CORCORAN. Let me make the point that one of the provisions is the so-called regulatory certainty provisions. Ordinarily when you have the consumers paying on a construction work in progress rate procedure, you have the opportunity through the Public Utility Commission to get a refund, to get credit for the construction, of the money that they have paid in for the contruction of the project. With regulatory certainty, the regulatory agencies involved in the 48 States, as well as the Federal regulatory commission, will not be in a position to do that after the FERC acts on the waivers on the ill-advised decision that is before us.

Mr. QUILLEN. Mr. Speaker, I yield 5 minutes to the gentleman from Alaska (Mr. YOUNG).

Mr. SHARP. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, I thank the gentleman for yielding.

First of all, this is not construction work in progress. This is a postconstruction payment that is possible under this after a date is set by the Federal Energy Regulatory Commission, and after completion of one or two segments of the project.

Second, all of these costs that might at any time go to the consumers are regulated by the Federal Energy Regulatory Commission. People are acting as if it does not exist. After this Congress completes its action, FERC must go through a very elaborate process and determine whether a certificate ought to be granted for this pipeline, as it must on any pipeline in this country, and under the same standards. That is the fundamental protection of American consumers.

Third, people are acting as if the Federal Government is suddenly going to become indifferent to this project once it is completed.

□ 1115

We established under ANGTA, the law that got this process started, the Office of the Federal Inspector, a very aggressive operation that is designed to supervise every financial decision made, every contract made, and every business arrangement made by this pipeline to help the Federal Regulatory Commission determine what actual costs can legitimately go to the consumer.

Mr. Speaker, let me say to the Members that people have got a good many wrong ideas about this. I am delighted that we have this rule and that we are going to have 2 hours of debate because maybe we will have an opportunity to straighten out some of the more outlandish kinds of statements about what is going on here. I do not deny that we have a tough judgment that we are facing on this project and in the way we are proceeding. That is true. But we at least ought to try to be faithful to the American people and the American press on what some of these issues are—and, by the way, they ought to be faithful in return—and see that both sides get heard.

Mr. YOUNG of Alaska. Mr. Speaker, I thank the gentleman from Indiana (Mr. SHARP) for his eloquent and factual statement.

I have never seen an issue that has been so distorted and so maligned by the media and by those who are frankly opposing this under the guise of consumership.

What upsets me, as our good majority leader pointed out, is how short our memories are. In 1973 I stood in this well and argued for the Alaskan oil line, and everybody said, "It is going to cost the consumer. Let's not build it. We don't need it."

Where would we be today if we did not have the Alaska oil line? Where would you be? What is this glut or overamount of gas that we have now? From all the reports, all we know is that we are still importing 3,465,000 barrels of oil a day. That is more than we imported in 1973.

How many of your homes and your schools and your factories were shut down in 1973 and 1974 because we did not have natural gas or oil? I did not know that all of a sudden in this country, with people out there in the service stations paying $1.45 a gallon for gasoline and with the highest heating bills that have ever been paid in history, that all of a sudden there is now a surplus of energy. I would like to see where it is. There is a lot of hot air around here, I will tell you that, but that is the only surplus of energy I see.

Mr. JOHN L. BURTON. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. Not right now.

Mr. Speaker, let me say that the Rules Committee is doing this body a great service by bringing this bill back to the floor. I am upset and disturbed that for the first time in 50 years, to my knowledge, we have never accepted the other body's identical bill. Let us think about that for a moment. A precedent was set yesterday by this House.

I worked on the Alaska Natural Gas Line Act in 1976, as well as the rest of the Members, and the intent of this act was—in fact, it spells it out—that if both bodies act in the affirmative, it shall go to the President. Because of a technicality used by my good friend, we are now hung up on this issue again. But hopefully my colleagues who voted for this bill yesterday will recognize it for what it is.

It is a proconsumer bill. It is a waiver package that will provide the Nation with 100 years of energy, not 25 years of energy.

Some people ask me, "Well, why can't the pipeline be built another way?" I will tell the Members something. There is not going to be another waiver package. There will not be a pipeline built via Canada. There will be a pipeline built to Tidewater, and the gas will be sold to the highest bidders, which will be the Orient. Then when your people are cold and your schools are shut down and your factories are shut down, ask yourselves, "Did I truly help the consumer?" I say that you did not.

I compliment the Rules Committee. I urge the committee as a whole to again give this Nation the right to be self-sufficient in the energy it so badly needs. If we do not do that, all of us should hang our heads in shame because we have done ourselves a great disservice under guise of protecting the consumer. By voting against this, we are really hurting ourselves in the long run.

Mr. LUJAN. Mr. Speaker, will the gentleman yield?

Mr. YOUNG of Alaska. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Speaker, I want to compliment the gentleman from Alaska (Mr. YOUNG) for that statement and for what he said in these statements that have been made that we do not need this. The gentleman will remember that years ago, in the fifties perhaps, we thought we had a lot of oil, and we started implementing ways of limiting it.

The SPEAKER pro tempore. The time of the gentleman from Alaska (Mr. YOUNG) has expired.

Mr. QUILLEN. Mr. Speaker, I yield 1 additional minute to the gentleman from Alaska (Mr. YOUNG).

Mr. LUJAN. Mr. Speaker, will the gentleman yield further?

Mr. YOUNG of Alaska. I yield to the gentleman from New Mexico.

Mr. LUJAN. Mr. Speaker, I thank the gentleman for yielding.

We started limiting the amount of oil that could be pumped out of wells in the United States. What happened? Because the companies had to go someplace else and recover their expenditures quicker, we got left holding the bag, and that is why we have the shortage of oil that the gentleman speaks of.

Mr. YOUNG of Alaska. Mr. Speaker, the gentleman is absolutely right. And I will tell the Members that the same thing could happen again. If we have a surplus of gas, let us use it. Let us not let Qadhafi make his threats good. Let us use our gas in this Nation where we need it. Let us use it on the east coast and in the Midwest where we need it. Let us use our Alaskan gas.

Mr. LONG of Louisiana. Mr. Speaker, I yield 4 minutes to the gentleman from Oregon (Mr. WEAVER).

Mr. WEAVER. Mr. Speaker, I thank the gentleman from Louisiana (Mr. LONG) for yielding me this time.

First, I want to commend and compliment the gentleman from Illinois (Mr. CORCORAN) for acting responsibly to his constituents and the people of this country by exercising his right to object to a unanimous-consent request. The gentleman brought about this debate, and I want to thank him very much for that very excellent contribution.

I would like to say that this rule should be defeated for the very simple reason that the original law passed in 1977 is defective. Its waiver provisions are obtuse, and it contains many other provisions that actually harm the possibility of constructing this pipeline.

I think that every Member of this House—and I would not question this for a minute—wants that natural gas out of the Prudhoe Bay field to benefit our people. There is no question of that. But let us defeat this rule and bring in new legislation to cure the defects of the existing law.

First of all, the oil companies who own the gas, Exxon, Arco, and Sohio, are prohibited from being a part of the pipeline under the law. This waiver would allow them to go 30 percent. That is not enough. Now, the pipeline promoters will have in the end almost no capital involved in this; almost none of their money will be involved. The risk will be entirely on the consumer because of the various tax depreciation and investment tax credit advantages and the front-end loading on rates.

Let me tell the Members what this means to the consumer. The testimony from the people who are promoting the pipeline was that the gas will cost $17 a thousand cubic feet in the first year, 1987, if the pipeline is completed. That is $80 a barrel for oil. That is proconsumer? Eighty dollars a barrel for oil, $17 a thousand cubic feet?

What if they do not buy it? Even if they do not buy the gas, they are going to have to pay for the pipeline anyway, and that $17 is mainly paying for the pipeline.

So I say let the oil companies put up the money, build the pipeline, and risk their own capital. Let them pledge the gas and oil in the Prudhoe Bay field, and then if they want to, under the free enterprise system, build this pipeline.

There are alternatives, however, that could be much, much cheaper. One alternative mentioned in the hearings was building methanol plants at Prudhoe Bay and shipping the liquid methanol down the existing oil pipeline. That has not been thoroughly explored. Good heavens, when we have a chance of saving $20 or $30 billion, should that not at least be explored?

By killing this rule and allowing new legislation to be developed to allow for the exploration of new alternatives, allowing the oil companies to put up their collateral to finance it through the free enterprise system, we will be doing everyone a service.

Is there a danger that the pipeline will be killed if we defeat this rule? No. Sohio, Arco, and Exxon have all said they are reinjecting the gas into the fields without the loss of a cubic foot, and they can do that indefinitely. So there is no hurry. The gas is not going to go away. We are going to have it when we need it down the line. It will not be ready for 7 years anyway.

So let us explore the alternatives, Mr. Speaker, and defeat this rule.

The SPEAKER pro tempore. The Chair will state that the gentleman from Louisiana (Mr. LONG) has 14 minutes remaining, and the gentleman from Tennessee (Mr. QUILLEN) has 6½ minutes remaining.

Mr. QUILLEN. Mr. Speaker, I yield 3 minutes to the gentleman from Colorado (Mr. BROWN).

Mr. BROWN of Colorado. Mr. Speaker, I rise as an advocate of expanding our natural gas supplies and as one who acknowledges the very sincere efforts of the sponsors of this measure to expand our energy independence. I also rise as one who is opposed to this measure.

This measure includes in it a provision that would transfer the gas conditioning plant from the private sector to the public utility sector. The gas conditioning plant is that portion of the project that takes the gas and makes it pipeline quality, putting it in shape to traverse through the pipeline. It is an important part of the project. It is normally a part that is handled through the private enterprise sector. To transfer it over to the public utility sector is an assault on free enterprise. it is not necessary to reduce the scope of free enterprise in this Nation for the advancement of this project.

The project should stand on its own feet, and we make a great mistake, I think, in the diminution of the free enterprise system by this waiver.

A second consideration I would hope all Members would look at is the price. This gas, at the lowest estimate I have heard in this Chamber, will cost $8 a thousand cubic feet. The highest estimates from the committees of reference indicate that it could cost $19 per thousand cubic feet. Decontrolled gas right now sells from $5 to $6. This gas is not a good buy for anyone.

At this point, Mr. Speaker, I would like to yield to my colleague, the gentleman from Illinois (Mr. CORCORAN), for an inquiry regarding the position of the Republican leadership on this measure.

Mr. CORCORAN. Mr. Speaker, I thank the gentleman from Colorado (Mr. BROWN) for yielding.

First of all, let me report that I have not heard from the President of the United States. I have not been taken to any woodshed or anything of that nature.

Second, I think it is interesting to note that of the Republican leadership, the Republican leader, the gentleman from Illinois (Mr. MICHEL), voted against this waiver package yesterday. The second man on the totem pole, our friend, the gentleman from Mississippi (Mr. LOTT), did vote in favor of the project. However, the third person on the totem pole, the chairman of the House Republican Conference, the gentleman from New York (Mr. KEMP), voted against this project.

I think the reason that happened is that we have finally gotten the leadership of the House, as well as many Members, to evaluate this measure on the merits. When we look at the economics of the case, I think we have to conclude, as I will be debating further on when we consider the joint resolution in debate, that on the economics of the case this particular financing mechanism for the project—not the project itself but the financing mechanism itself—should be rejected so we can find other alternatives. And there are many other alternatives which we have been denied the opportunity to examine.

Mr. OTTINGER. Mr. Speaker, will the gentleman yield?

Mr. BROWN of Colorado. I yield to the gentleman from New York.

Mr. OTTINGER. Mr. Speaker, I congratulate the gentleman from Colora-

do (Mr. BROWN) and associate myself with his remarks.

I would just point out that the gas-processing plant that consumers are being asked to pay for is no small matter. It is $4.5 billion.

Mr. LONG of Louisiana. Mr. Speaker, I yield 6 minutes to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Speaker, I need to refer to a couple of things that have been mentioned in debate: First of all, the claim that is likely to be raised in court should the waiver package be passed, and that somehow this procedure today violates the statute and, therefore, involves reconsideration of the resolution as the statute denies.

Let me say to the Members that that is a tortured interpretation of the statute. It would nullify the intent of the statute, and I think it is very important that we just make that clear here on the record so that when the efforts of the opponents are made to bring it up in court, there will at least be a note made here at this point.

The Senate resolution and the House resolution are identical except for the number. ANGTA never contemplated that the House-passed and Senate-passed resolution could not be merged for Presidential signature. It would be contrary to the intent of ANGTA to prevent the resolution contemplated in it from being enacted on such a technical misreading of the statute. ANGTA clearly contemplated the enactment by each House of such a resolution, and obviously did not contemplate the failure of such a resolution on the grounds that adopting the number of the other legislation one would constitute a separate resolution.

What the language of ANGTA intended was that the defeat of the waiver would not allow the same procedures to be used on a second waiver within the same period, not that the same waiver, once passed, could not be sent to the President for his signature.

The opponents of this rule are clearly making a procedural argument in order to thwart the will of the House and achieve the defeat of a measure the House has already adopted.

If ANGTA can be read the way these Members would have it be read—to prevent the adoption of the very resolution it allows—then ANGTA was defective. Any statute should be interpreted to remove unintended defects, and certainly should be by the Congress itself. We should not interpret ANGTA against ANGTA's clear, and undisputed purpose: The effective enactment of a waiver resolution.

The rule would allow us to correct this erroneous interpretation of the statute by providing for consideration of the Senate-passed resolution identical to the House resolution passed just yesterday. I urge all Members to support the rule and then to support the passage of the Senate resolution, the same resolution they passed yesterday.

I do not think that the procedural argument, however, is relevant to what most of us are trying to consider.

Let me address very quickly just one or two of the issues that we will have time in the hour of debate to raise. Let us take the most recent one, the gas conditioning plant. As it stands now and as it would stand if we reject this waiver package, our consumers are going to pay for this gas-conditioning plant, and they are going to pay for it without any Federal supervision, without any cost controls from the Office of the Federal Inspector, and without any review of the Federal Energy Regulatory Commission.

The oil companies, if they build this, can milk the consumers for whatever they want out of it.

All right, that is the way it stands now. That is the way some of these critics want to leave it. They argue that we should not let it under the waiver package become subject to utility regulation, as they say. Such regulation is good for the consumers, I say to the Members. The Office of the Federal Inspector is going to be in there supervising every contract that is let for the conditioning plant. The Federal Energy Regulatory Commission is going to have to advise and determine whether or not those legitimate costs can be passed to the consumers.

Right now the consumer is without protection if we reject this piece of the waiver, because its unregulated costs can be added to the wellhead price of Alaskan gas.

Mr. Speaker, we are going to want to deal with the price question, but my time is very limited now. There are gross distortions on the price questions involved in here, and I would like to address this because it is very important. It has to do with the preliminary tariff schedule, which is likely to be changed so that our consumers are not facing anything like the claim of $19 per thousand cubic feet.

□ 1130

The average that virtually everybody has agreed to on the studies of this project is that the cost of gas, including this very expensive transportation system, is going to range between $4.50 per 1,000 cubic feet and $5.50 per 1,000 cubic feet over the 20-year average. That is going to be, unless something goes terrifically wrong, a good deal for consumers unless you think oil prices are coming down. I certainly hope they do, but we have been through a painful decade in which that has not been our experience.

Let me say something about the process of consideration. There has been a lot of talk as if there is some deliberate effort to exclude the American people from consideration and hearing of this issue. There had been some talk as if there has been an effort to prevent the Members of this House from having the best information. I do not particularly like the truncated debate we have been forced into, but the Members of this House voted overwhelmingly for the rules we are under. The Members of the other body voted overwhelmingly. The reason they did that is because one of the hardest lessons we have learned from the 1970's is that government indecision on the local level, to the State level, to the Federal level, has denied us important energy resources. Our consumers have paid and paid and paid every time they did not have energy available.

My colleagues can look around at the billions of dollars, billions I think our consumers are being overcharged, and some of it can be traced to indecision in this body because we could not make a timely decision. So in 1977 the overwhelming majority of Republicans and Democrats in the House and the other body said we are starting on a tough project here, we will not allow it to be botched up in court every 2 weeks. We cannot allow the Congress to take 1 year and 2 years to reconsider every issue, and they established the procedures that we are voting on today. This was not me, not the Democratic leadership, not the Republican leadership, not the President of the United States. This body made that determination in good faith.

Second, the procedures we are operating under were triggered by the President of the United States after rather extended and torturous consideration within the administration, after consideration and consultation with Democratic and House Republican and Democratic leaders in both bodies. They started this project. They rejected the first proposals and they rejected them because some of us who are standing here defending the propsal said there is no way we will support the waiver package that the American banks want, the waiver package the the pipeline sponsors want, the package that the oil companies wanted. It was an outrage. It was a ripoff. A lot of the debate is aimed at that original package, but that is not even before us. A lot of the claims about the consumer guarantees are in reference to the original package that is not under consideration because many of us privately and publicly rejected it, because the President rejected it and, instead, sent what we are considering right now.

So let us understand where we are. Let me quickly conclude about the process to give my colleagues my best judgment. We knew the time was short, so our subcommittee on both the original package and the package

that we are now voting on, sought out over 75 consumer, business, labor organizations in this country. We sought out the news media to take a look at this issue. We had a devil of a time getting everybody to come in and give us a judgment. We invited every human being in this country to testify that anybody suggested might want to testify, and heard from everybody that requested to be heard, and for 7 days we heard 63 witnesses. Overwhelmingly, the conclusion was there is not another alternative around. This project is the only feasible choice. You can delay today and you will cost the American consumers, if this project goes forward at all, at least $3 billion in construction costs, next year. You may cost them 5 years of delay, and then you will have to explain to them how many billions more that is going to cost. Nobody knows for sure.

I would like to answer in more detail, and I will have the time in the next hour, some of the specifics about the economics of this project, the specifics about how the regulatory system works, and how it will work, after the waiver is passed

Mr. LONG of Louisiana. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. SCHEUER).

Mr. SCHEUER. Mr. Speaker, we have heard a great deal of discussion about the cost to consumers of this project. I too have grave misgivings about the costs. I wish we had made a better deal on the waivers and had not had to saddle consumers with the cost of this project before it is constructed.

But as Grover Cleveland said once a century ago, we are faced with a condition and not a theory. The condition is that we must choose not between this deal we are looking at and a better deal, which I would have liked. It is this deal or total uncertainty, and the very great likelihood of doing nothing for a long period of time.

This would deeply complicate and exacerbate our relationship with Canada. A succession of American Presidents have given them our assurance that we are going to go ahead with this project and they have acted in reliance on that, and they would be deeply aggrieved if we let our commitment lapse.

Second of all, it would injure significantly our ability to eyeball the Arab sheiks, the Persian Gulf oil sheiks, either in terms of an increase in the price of oil or the likelihood of another oil embargo. We can say well, go ahead with your oil embargo your continuous OPEC price increases, our American consumers have pulled in their belts a hitch, our automobile drivers have reduced our consumption of energy, by 19 or 20 percent in the last year. This Alaskan project will give us an amount of oil equal to our Libyan imports today, equal to one-third of our Saudi imports today. Think of the value of that to our country. Think of the value to us of diminishing our reliance on Persian Gulf oil, on foreign oil, which is recycling over $100 billion a year from our economy to the OPEC countries, over $100 billion a year.

Mr. QUILLEN. Mr. Speaker, I yield 2 minutes to the gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Speaker, first I want to commend the gentleman from Illinois (Mr. CORCORAN) for his brilliant leadership on this issue. I commend the Rules Committee for bringing us a rule which will allow us to more fully discuss the question.

I believe it is very important for the Members of the House to recognize that this waiver package is before us because the gas that will come from Alaska may not be marketable. The question about the marketability of the gas is the major risk for the investors in this project. It is because those investors are unwilling to assume the risk and cannot find adequate financial backing for this risky project that we are being asked to make waivers.

We do not need to take the word of the gentleman from Indiana or the gentleman from Illinois or anyone else about the risks that are involved in this project. If there were no risk on the marketability of this gas; if, in fact, as the gentleman from Indiana suggests, the price would be only $4.50 or $5 per 1,000 cubic feet, we would not be here today because the banks of the world would be willing to finance this project.

But because there is substantial danger that the price will be $13 to $20 per 1,000 cubic feet that we are here trying to transfer risk away from investors to consumers.

The choice before us, then, is how we finance the project. We can look either to the Federal Government, to the producers of the gas, to the consumers of the gas, or to the State of Alaska. We have chosen not to look first to the State of Alaska or the producers of the gas. Instead, we have decided to look first to the consumers.

I suggest to my collegues that that is the issue. When we provide waivers, should we provide waivers to provide that the risk be transferred to consumers first, or should we look first to the State of Alaska and to the producers of natural gas. I submit that it is extremely important that we first look to the State of Alaska and to the producers of the gas and then look to the consumers rather than the other way around. That, I believe, is the issue before us.

Mr. QUILLEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Alaska (Mr. YOUNG).

Mr. YOUNG of Alaska. Mr. Speaker, I would like to comment, and I thank the gentleman for yielding, on this comment about the State of Alaska being involved. The State has a commission. We are looking to the investment and we are very interested in the conditioning plant. That is our big goal.

It is ironic to me, if the gentleman will pay attention to this, that he is asking the State—and I have never asked the State of Iowa to participate in something that will help the State of Alaska, I have never seen this happen before, but all of a sudden we are looking to the State of Alaska. We want to deliver the gas to the American market.

I will tell you this, my friend, I will tell you this, the State of Alaska, if this waiver package is not passed, will participate in building the pipeline, but it will not go to the gentleman's consumers.

Mr. QUILLEN. Mr. Speaker, I yield myself such time as I may consume.

In controlling the time on this side of the aisle I support the rule but, in order to be fair, I have yielded over 20 minutes to the opposition to Senate Joint Resolution 115 because I think fairness should prevail. In doing that, I stress again to the Members that the consumers of this Nation demand energy self-sufficiency.

There have been those who have spoken out on the floor against the rule. However, I want to ask the gentleman from Illinois, Mr. CORCORAN, if, in fact, he did not make the statement that he supports the rule.

Mr. CORCORAN. Mr. Speaker, will the gentleman yield?

Mr. QUILLEN. I yield to the gentleman.

Mr. CORCORAN. I emphatically support the rule and I also want to express my thanks to the gentleman from Tennessee, Mr. QUILLEN, and the other members of the Rules Committee for their very favorable consideration and very courteous treatment on this particular issue.

Mr. QUILLEN. I thank the gentleman.

The SPEAKER pro tempore. All time of the gentleman from Tennessee (Mr. QUILLEN) has expired.

Mr. LONG of Louisiana. Mr. Speaker, I yield 5 minutes to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Speaker, when we debated this identical resolution a couple of days ago I said it was a close call for me on the merits of this issue and it really is. PHIL SHARP and I have fought a lot of fights on the side of consumer organizations, and I have not yet been named Exxon Man of the Year, as I pointed out.

It is a close call, and I appreciate the debate. But I resent the insinuations we have had here all this morning about how some steamroller was going on, that some evil people had prevented the Members of this House from

learning the real truth about this matter.

Let me just refer to a couple of things, if I may. The President of the United States, after a long administration study, on October 15 said, "Here is a package of waivers," and sent it to the Congress. The Senate of the United States, and it is not easy to fool all of those folks over there, voted on November 19, 75 to 15, something on that order, to approve the waiver package. This House yesterday voted 233 to 173 for this waiver package, the exact same bill that we are going to have before us.

The Rules Committee, a well-known legislative forum that meets upstairs in this building, yesterday heard all of these desperate charges the consumers had that the time had not been made available for adequate debate, and then voted by 13 to 1 to take this up again.

Let me remind my colleagues that what we have before us, except for the Senate resolution on one bill and the House resolution on another bill, is exactly the bill we voted on yesterday. We can argue the merits and we will be getting into that a good deal. But I want to discuss the procedures, so do not let anybody tell you around here anybody has been rolled or anybody has not had a fair procedure.

I went to the Speaker to try to get another week delay on this when it appeared we would be here next week. I tried to get the vote put off and asked unanimous consent so that they would have another day. So do not let anybody tell you that you have not had due process around here. You have had due process and this House today ought to put this thing to rest. We ought not to say today when we act that we do not like this procedure.

But the one point I wanted to make is that we get along here on trust and good will and unanimous consent. Yesterday was the first time in my 20 years here when a unanimous-consent request by the manager of a bill, where you had passed the House bill, gone to the Speaker's desk and asked unanimous consent to take the identical Senate bill, and that unanimous-consent request was objected to. So as a result we have had an hour debate under the rule and we are going to have another hour of debate on the identical resolution which we approved yesterday. I hope we will put it to rest.

Mr. DINGELL. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from Michigan.

Mr. DINGELL. I thank the gentleman for yielding. Every single argument now being used by the opponents of this bill is based on an analysis generated by the staff of the Committee on Energy and Commerce. The analysis was prepared so that everybody would have a full chance to not only understand the arguments for this proposal, but also the arguments against this proposal. Yet after having considered those arguments, the Committee on Energy and Commerce, having full information on this matter, voted overwhelmingly to recommend to the House that this proposal be approved.

There has been full debate. There has been full information. The system has functioned properly and well and the matter has been handled honorably. We ought to dispose of it for good and all and end the frivolity of considering the matter twice simply to satisfy the particular concerns of a particular Member.

Mr. UDALL. Our committee went into this at great length and approved it by a very large vote also, 32 to 9.

I want to make a couple of important points. I will try to get to my good friend from New York (Mr. OTTINGER) when we get in the House, if he does not already have time.

Mr. ROUSSELOT. Mr. Speaker, will the gentleman yield?

Mr. UDALL. I yield to the gentleman from California.

Mr. ROUSSELOT. I appreciate my colleague yielding. Will we have any new information in this additional hour that we will be debating that we did not have yesterday?

Mr. UDALL. Not that I am aware of. We have tried to respond to all of the charges that have been made.

I will review for the gentleman a couple of pieces of additional information.

Mr. ROUSSELOT. I would like to hear.

□ 1145

Mr. UDALL. We need energy. We are in trouble. This natural gas supply that we are going to get will, in the first stage, before we really go all the way provide energy equivalent to 10 nuclear plants. It is equivalent, in energy terms, to building 10 nuclear plants at a cost of $22 billion at today's prices.

Well, there are some other facts, but I want to take a moment to put this in focus, if I can, a little bit.

There is this basic principle of utility law that we all support and which has worked will. We tell the phone company, we tell our light or gas company, "We are going to give you a monopoly, and the risk is going to be on the company and the investors, and if you will dig down and put up your money, we will let you build a plant and give you a monopoly, and then you can begin to charge the consumers."

So, ordinarily, there is a fundamental rule that you do not charge the consumers until the plant is built and it is ready to deliver electricity or gas or whatever it is.

Here we have said, "This is a kind of unusual instance."

The SPEAKER pro tempore. The time of the gentleman from Arizona (Mr. UDALL) has expired.

Mr. LONG of Louisiana. Mr. Speaker, may I inquire as to how much time is remaining?

The SPEAKER pro tempore. The gentleman has 1 minute remaining.

Mr. LONG of Louisiana. Mr. Speaker, I yield the 1 additional minute to the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. I thank the gentleman.

This is a project that is going to cost $22.5 billion in 1980 dollars. It is needed. We are going to get this gas down here some way. We are saying that under very unusual circumstances, beginning in 1986, if and when one of the major components of this is already in operation, and when $20 or $30 billion of private capital has gone into this, then we may at that point have a little bit of prebilling so that consumers, particularly in the upper Middle West in this country, are going to have a long-term supply of natural gas.

So this is a fair bill. These waivers are waivers that we ought to support and uphold. I would urge the Members to support the rule, and I would urge the Members to pass the resolution again this afternoon, and maybe we will not have to be back here tomorrow to pass it a third time.

The SPEAKER pro tempore. All time has expired.

Mr. LONG of Louisiana. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. UDALL. Mr. Speaker, pursuant to the provisions of House Resolution 296 just adopted, I call up from the Speaker's table the Senate joint resolution (S.J. Res. 115) to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

The Clerk read the Senate joint resolution, as follows:

S.J. RES. 115

Resolved by the Senate and House of Representatives of the United States of American in Congress assembled, That the House of Representatives and Senate approve the waiver of the provision of law (Public Law 95-158, Public Law numbered 688, Seventy-fifth Congress, second session, and Public Law 94-163) as proposed by the President, submitted to the Congress on October 15, 1981.

The SPEAKER pro tempore. Pursuant to section 8(d)(5) of Public Law 94-586, the gentleman from Arizona (Mr. UDALL) will be recognized for 30 minutes, and the gentleman from Illi-

nois (Mr. CORCORAN) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Arizona (Mr. UDALL).

PARLIAMENTARY INQUIRY

Mr. DANNEMEYER. Mr. Speaker, I have a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. DANNEMEYER. Mr. Speaker, it is my understanding that the division of time on this issue was to have been 15 minutes on the pro side and 15 minutes on the con side on the Democrat side, and similarly on the Republican side. That was the understanding I had with the gentleman from Arizona, the gentleman from Indiana and the gentleman from Illinois (Mr. CORCORAN). If I heard the Chair correctly, I think he indicated something different with respect to that understanding.

It is my understanding the gentleman from New York (Mr. OTTINGER) would have the 15 minutes on the con side from the Democrat side of the aisle.

The SPEAKER pro tempore. The gentleman from Arizona may yield time. Under the statute, the proponents are given 30 minutes and the opponents are given 30 minutes. If the gentleman from Arizona would like to yield 15 minutes of his time, he may do so.

Mr. UDALL. Mr. Speaker, we propose on this side to yield half of our 30 minutes to those opposed and half to those who are in favor.

The SPEAKER pro tempore. The gentleman from Illinois may yield 15 minutes of his time.

Mr. CORCORAN. First of all, Mr. Speaker, we are under a rule at this point rather than a statute; but, second, I do intend to yield 15 minutes to the distinguished gentleman from New Mexico (Mr. LUJAN) for those who are in support of this resolution.

The SPEAKER pro tempore. The Chair recognizes the gentleman from Arizona (Mr. UDALL).

Mr. UDALL. Mr. Speaker, we have arranged so that the gentleman from Illinios, who has been very fair about yielding time, will give 15 minutes to Members designated by the gentleman from New Mexico (Mr. LUJAN), or others who are in favor of the resolution. On this side, with our 30 minutes, the gentleman from Indiana (Mr. SHARP) and I have agreed that the gentleman from New York (Mr. OTTINGER), and other Members on my committee who want time, half of our time will go to the opponents of the resolution.

Mr. OTTINGER. Mr. Speaker, who will control the opponents' time?

Mr. UDALL. I understand that I control 30 minutes and the gentleman from Illinois controls 30 minutes. We will treat the gentleman fairly. In fact, if the gentleman will confer and tell me which speakers, a total of 14 or 15 minutes, we can come to some agreement.

The SPEAKER pro tempore. The gentleman from Arizona (Mr. UDALL) is recognized.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. SEIBERLING).

Mr. SEIBERLING. Mr. Speaker, we all have the deepest respect for our distinguished colleague, the gentleman from Arizona (Mr. UDALL), and he is always fair. But let me say that the situation under which these waivers were discussed in the Interior Committee—and I cannot speak for the Commerce Committee—was most unusual. In the first place, there were no hearings in the committee as such. The hearings were combined hearings by both committees, and only a small number of members in each committee attended those hearings. I happen to have been one who attended the majority of all of the hearings and heard the witnesses. Most of the members on our committee did not. And, what is more, when we had the debate in the Interior Committee, we never did get to a discussion of the merits of this particular set of waivers. The discussion was very brief and was largely on peripheral matters. There was no comprehensive presentation of either the effect or the purpose of the waivers.

So I do not think that most of the members of the Interior Committee really understood the issues behind this.

Now, let me just make one other point in my 2 minutes, and that is there is not only no assurance that if these waivers are approved the financing plan will go forward, but if they are disapproved there is no reason why the proponents of this pipeline system cannot come back to us and present a set of proposals that is more in line with the interests of the consumers both in terms of getting gas in the future and getting it at a reasonable price.

The price in 1987 for gas coming out of this pipeline will be the equivalent of $98 per barrel of oil. Is that what consumers want? Certainly not. Of course, as the gentleman from Indiana (Mr. SHARP) says, over the following 20 years, the costs will be spread out and the average price will be much less. But the FERC, if we vote down this package of waivers, could be directed by the Congress to require that the costs of the financing be spread out so that they will be the same at the start of the 20-year period as at the end. If we do that, then instead of paying $17 per 1,000 cubic feet. comsumers will pay $4.50 or $4.95, or whatever the average price turns out to be.

Mr. CORCORAN. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I am delighted to be at this point in our legislative process on this matter. I think, in the debate involving the rule we did go a little bit far afield beyond the rule itself, perhaps, to discuss the issues of the resolution involved, but I think under the circumstances, that was certainly appropriate; and now we are at a point where we can examine this question very closely.

One of the key considerations that led to my opposition to the waiver package is the economic gas supply situation in many of the lower 48 States today, particularly those supplied by interstate markets.

The second consideration, the one which gets all of the attention, of course, is the anticonsumer aspect of the waivers, having to do with "regulatory certainty," having to do with the pre-billing procedures, and of course there are other such significant provisions in the waiver package.

But all of them are not flawed; it is the waiver package as a whole which is ill-advised and, unfortunately unamendable that is a bad deal. The basic condition which starts the chain of mischief that they could cause to 60 percent of the gas consumers in the United States is the economic market condition in the gas industry today. We have a glut of gas today and we will have this surplus in the interstate market for the next decade.

And the primary consideration, in my judgment, why so many Members, once they learn more and more about this issue, conclude, as I did during the course, not at the outset of our committee hearings on this matter, but during the course of those hearings, that this particular waiver package, this particular financing scheme was ill-advised, has to do with the market conditions.

We are not, let me say to my colleagues in the House of Representatives in the 1970's. This is not 1973 or 1974 or 1976, or what have you, where we had the shortage of supply in the interstate gas market. In fact, in a very ironic twist, today what we have is a shortage of supply in the intrastate gas markets. That is why in Louisiana, Texas, and Oklahoma, they are bidding up the so-called deep gas to $10, $11, and $12. The way to correct that problem is to deal with the National Gas Policy Act of 1978, not the gas at Prudhoe Bay in Alaska.

The urgency of the need is the overriding consideration. The need factor is the compelling factor in this argument against the waiver package. As I pointed out in the debate we had yesterday, the U.S. Geological Survey has shown about a 20-percent increase in the amount that is available compared with their exhaustive study in 1975. The point of all this is that with the high cost of transporting the gas from

Alaska, from the Prudhoe Bay field on the North Slope of Alaska, which will amount to $15 a thousand cubic feet, added to the price that is provided for in the Natural Gas Policy Act of $3, we are talking about $18 gas in 1986 coming into a market that is in a glut condition. So it will not be marketable. Now, that is not going to last for 20 or 30 years. But in 1986 it will be glutted. They will not be able to sell it, and the result is that the consumers will be asked to pay off the debt which represents 75 percent of the financing project. That is why these waivers are bad, and that is why they are potentially the greatest consumer ripoff in the history of the United States.

Mr. Speaker, I intended to yield 15 minutes to the distinguished gentleman from the Interior Committee, Mr. LUJAN; however, in his absence, I yield 15 minutes to the distinguished gentleman from Alaska (Mr. YOUNG).

The SPEAKER pro tempore. The gentleman from Alaska (Mr. YOUNG) is recognized for 15 minutes.

□ 1200

Mr. YOUNG of Alaska. We will alternate it, Mr. Speaker.

Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. DANNEMEYER).

The SPEAKER pro tempore. Without objection, the gentleman from California (Mr. DANNEMEYER) is recognized for 5 minutes.

There was no objection.

Mr. DANNEMEYER. Mr. Speaker, over the last several days I have been almost amused by that savior of the consumer, Ralph Nader, who has been prowling about seeking to work his mischief certainly on behalf of the consumers of the country.

I rise in support of these waivers because I happen to believe that the adoption of them is definitely in the interest of the consumers of this country.

I would like to talk for the few moments that have been allotted to me at this time about our dear savior of consumers, Mr. Nader, and put in perspective something of what the gentleman has contributed to the shortage of energy in this country.

Our problem in terms of shortage of oil and natural gas is traceable back to about 1959 when at that time President Eisenhower adopted a policy of limiting imports to not more than 12 percent of our annual usage. We felt that to exceed 12 percent usage of imported oil would establish a dependence on foreign nations that was contrary to our national interest.

The small producers, in Texas, Oklahoma, and Louisiana liked that because it insulated them from the cheap foreign oil which was selling for under a dollar a barrel.

Domestic oil in this country was selling for about $1.90 a barrel in 1969.

Soon, about that time, in 1969, Mr. Nader began to wonder about and figure out that, well, he would advance the cause of consumers in this country by raising the percentage we could import and so bring in more of this cheap foreign oil.

Now at that time, the Seven Sisters, the major producers and marketers of oil in the country and the world, did not particularly object to import quotas preventing an increase above 12 percent, because frankly, they were selling most of that foreign oil from the Middle East and Europe and doing pretty good at it. But Mr. Nader and his friends convinced people in this Congress that we should raise the import quota about that time because it would help the environment to burn some of that sweet crude from Libya—my colleagues all remember Libya, the source of current trouble on the international scene—and so they beat the drum and we began importing quantities of foreign oil that raised our annual use from 12 percent up to about 35 percent and then 40 percent, and then most recently I think the highest point in the seventies was around 45 percent of our oil came from foreign nations. We painfully remember what those foreign nations did to us once they had the addict on the line.

First, they jumped the price in 1973 by a factor of four, from about $3 a barrel to $12, and then in 1979 they did it to us again by raising the price up to what it is today, in the mid-thirties—and so, the savior of consumers of America, as a result of the policies he sold to all of us in the beginning of the seventies, established our dependence on foreign oil and permitted that choke to come around the neck of the American economic system.

Now Mr. Nader is wandering about this country telling the media that he wants to help the consumers of this Nation from being taken advantage of again. After what he brought us in the seventies, do we want more of the same, more dependence on foreign sources of oil?

Tragically I hope we do not go that course. I hope we do not follow that distinguished gentleman's statement as to what course the Nation should take. I hope we have the courage quite frankly to do in America what our major competitors in the world, the Soviets, have set about to do. It is strange that history would work out this way. The Soviet Union is currently in the process of building a pipeline from Siberia to Western Europe, to transmit its natural gas.

If I remember correctly, the price they finally negotiated was about $5.50 per thousand cubic feet delivered in West Germany.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. DANNEMEYER) has expired.

Mr. YOUNG of Alaska. Mr. Speaker, I yield one additional minute to the gentleman from California.

Mr. DANNEMEYER. The question is, there is a Communist society, they are a bureaucracy gone amuck. If they were to build that pipeline, the question arising in our society is, Can we in our system build one here? Not to run gas from one foreign nation to another, which the Members will recall from their geography passes over Poland and Germany and parts of it into Czechoslovakia, but do we have the perspicacity in this country to build this pipeline from Alaska down to the lower 48 States where the consumers are? I hope we do. I happen to believe it is in the public interest. It is in the national interest that we get on the road to energy independence and 5 percent of our natural gas supply from this pipeline is reason enough why we should grant these waivers, because they waive nothing more than requirements that were put in this law in 1977 that should not have been put in there to begin with.

No Federal money is involved. We should give this package a chance to see if the banking community will put up the money to build it.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from New Mexico (Mr. LUJAN).

The SPEAKER pro tempore. Without objection, the gentleman from New Mexico (Mr. LUJAN) is recognized for 2 minutes.

There was no objection.

Mr. LUJAN. Mr. Speaker, it seems to me the problem here is very simple if we look at the options that we have.

We have the option of either building a gas pipeline coming down from Alaska or we have the option of not building it.

It would seem to me the option of building it is the desirable option, otherwise, how would we get gas out of Alaska?

That first decision is a very simple one.

Once we decide that we are going to build that Alaska gas pipeline, we have two options: Who will build it? Does the Federal Government finance it or do we finance it through the private sector?

Again, the decision is very easy. Most of us would agree that it is not an acceptable solution for the Federal Government to build it, it should be built by private industry.

Having made those two decisions, we must have, as we know, in order to be able to finance this line prepayment agreements, and those prepayment agreements call for prepayment as segments are completed.

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Mr. SHARP. Mr. Speaker, will the gentleman yield?

Mr. LUJAN. I yield to the gentleman from Indiana.

Mr. SHARP. I thank the gentleman for yielding.

The designation of this waiver has been wrong all the way through. It is a post construction waiver. We cannot charge anything until one of the three parts has absolutely made the deadline. Their commitment is to be done on the date not that they set but the Federal Government sets. That is the agreed upon date.

Mr. LUJAN. That segment of the line, I must add, must be able to handle the transportation of the gas. You cannot use it during the middle of construction. The orders are, as a matter of fact, that there will be a very short period of time or maybe no period of time where there will be any billing after construction. The orders are that maybe the three will come together and so you start paying as the gas starts flowing.

Mr. UDALL. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts (Mr. MARKEY).

Mr. MARKEY. Mr. Speaker, I want to take this opportunity to clarify a few misconceptions that people have about this bill and this project, and what we are doing here today. Because the waiver package has been presented to us as a case of, "Do you favor the pipeline?", or, "Do you not favor the pipeline?"

It has been presented as an all-or-nothing-at-all project. It has been portrayed an, "Are you with me?", or "Are you against me?" question. That is not the case at all.

The question that is before us today is: Whether or not the waivers which were presented to us by the administration, are the proper inducements that should be given to the producers and to the contractors to expedite the construction of this pipeline.

So the onus is on us, those who believe that these waivers are not proper and are not necessary, to present alternatives. To say that the Congress should reject this proposal and come back within 2 months with a new set of waivers that will more fairly reflect the ability of those who are participating in this project to contribute to it.

What could those set of waivers look like? Well, first of all, what about producer financing. Instead of allowing the Prudhoe Bay gas producers to obtain equity in the project, let us put together producer financing, whereby the producers do not invest in the project, but loan the money to the sponsors to complete the project.

Then a 50 percent, that is right, a 50-percent rate of return on equity is likely to be more negotiable and the consumers will be spared.

Since about 40 percent of the profits in the U.S. manufacturing sector is oil company revenue, why not divert their interest from acquiring every conceivable energy and nonenergy resource in this country for themselves such as Mobil-Marathon or Mobil-U.S. Steel. What is this money going to be used for? Why not have them help in the construction of this project and have the oil companies become the lenders to finance the project? I think producer financing is appropriate because 98 percent of the increase in the net worth of the Fortune 500 companies in 1980 went to oil companies.

Second, as for regulatory certainty, let us give the lenders regulatory certainty consistent with FERC's role of protecting both consumers and sponsors

Third, the package should include Buy American requirements. The Canadians put something in their bill fulfilling the 1977 agreement which made it impossible to use American steel in the construction of their portion of the pipeline. Let us consider a waiver which says that we will use American steel for our portions of the pipeline.

Any package should contain a decontrol clause. Secretary Edwards said that he wants to decontrol natural gas including gas from Prudhoe Bay. Should we give the producers an additional windfall profit on top of the subsidy provided by consumer financing of this pipeline?

Why has this package not included Alaskan participation? Do we not want to discuss Alaskan participation? The State of Alaska under this waiver package will receive a 12-percent severance tax on the Alaskan gas. This amounts to $20 billion going to the State of Alaska, as a result of this deal. Which means every Alaskan gets $40,000 under the waiver package.

Do we want to discuss that in this House, or, do we want to accept this package of waivers?

There are several serious questions that have to be raised. This Congress is on record, as saying either one way of the other: Whether we oppose or support this pipeline, if we reject this particular package of waivers.

What we would be saying is that there is a better way of doing it, that we do not have to accept the $50 billion pig-in-a-poke. If the sponsors and the Alaska gas producers have evidenced more willingness to take risks, and they have not; if the sponsors would promise to build the pipeline if this waiver package is approved, they have not; if the sponsors would promise never to come back for more waivers or more financial support, they have not, then the waiver package would be more acceptable. But they have not been willing to come forward with that kind of guarantees. They have not been willing to give us that kind of assurances. Even if the sponsors would promise that they would use American steel, and they have not; we would be more willing to support or to consider this kind of financing of the project. But, I am not favorably disposed toward a package which gives to us an all-or-nothing-at-all, take-it-or-leave-it, are you with me or agin me.

I support the construction of this pipeline, but I do not support giving a blank check of the American consumer to the pipeline and to the oil companies. We cannot commit the American consumer to pay for this line without any controls and without any opportunity on the part of the consumer over the next 10 years. We should allow them to be able to come back and take a look to see: Whether or not this is the kind of project that we should have put our imprimatur on.

I think, as we stand here today, we have an opportunity. We have an opportunity, which thankfully has been given to us a second time. We have the opportunity to send the bill back to the committees of jurisdiction. We should send this package, to send the waiver, back to the Interior Committee and back to the Energy and Commerce Committee, to let them craft and to construct a set of waivers, which will more adequately meet the needs of the people in this country.

The SPEAKER pro tempore. The time of the gentleman from Massachusetts (Mr. MARKEY) has expired.

Mr. YOUNG of Alaska. Mr. Speaker, I yield one-half minute to the gentleman from Massachusetts (Mr. MARKEY) if he will yield to me.

Mr. MARKEY. I yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. The gentleman has caused me a great deal of concern here. He made the comment that every Alaskan got $40,000. My wife is right now on the phone asking me where her $40,000 is and it is disturbing.

Mr. MARKEY. Tell her it is in the pipeline, it is on the way.

Mr. YOUNG of Alaska. I am really worried about that. I am worried about where the $40,000 is.

Mr. UDALL. Mr. Speaker, I yield 1 minute to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. First of all, Mr. Speaker, we had better clarify about the State of Alaska. They have the gas. They have the oil. If we do not like that, folks, we are going to have to find some mechanism to take over their gas and oil. That is not what we are debating here today. We are debating the pipeline. There is nothing in this waiver package that gives some additional incentives or some additional advantage to Alaska that they do not now have.

Second, concerning all this talk about the producers getting involved in this project, I would ask: Is that not

wonderful, coming from people who, by the way, have usually tried to restrict producers?

What is in this waiver package is there precisely to allow the producers to put their money in so that the American consumer will not have to put any money in, so the Federal Government will not have to put any money in. It is to ask Exxon to step forward and take a risk on their capital, and if they are wrong to lose the money.

That leads to one of the key protections that is still here, that people act as if does not exist.

We are in no way guaranteeing that this pipeline is about to be financed by this waiver package. We hope that it is going to be attractive to private investors. But it is possible that they are going to make calculations—they darn well better—on the economics. They have to take the risk.

PARLIAMENTARY INQUIRIES

Mr. CORCORAN. Mr. Speaker, may I inquire how much time we have remaining?

The SPEAKER pro tempore. The gentleman has 12 minutes remaining and the gentleman from Alaska (Mr. YOUNG) has 6 minutes remaining.

□ 1215

Mr. YOUNG of Alaska. Mr. Speaker, a further parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. YOUNG of Alaska. Mr. Speaker, a point of information. On my records, I had 15 minutes yielded to me. There have been only two people speak, one was for 6 and one was 2 and that is 8; is that not correct?

The SPEAKER pro tempore. The gentleman yielded 5 plus 1 minute to the gentleman from California; 2 minutes to Mr. LUJAN.

Mr. YOUNG of Alaska. To Mr. LUJAN, that is 8.

The SPEAKER pro tempore. The gentleman also yielded half a minute to the gentleman from Massachusetts.

Mr. YOUNG of Alaska. And that gives me 6½?

The SPEAKER pro tempore. That leaves the gentleman 6½.

Mr. YOUNG of Alaska. I just want to make sure, because there are other people waiting.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to my colleague, the gentlewoman from Illinois (Mrs. MARTIN).

Mrs. MARTIN of Illinois. Mr. Speaker, I am not going to speak to my colleagues on the other side of the aisle. The supposed watchdogs of the consumer have taken a long walk on this bill that makes the long march look like a stroll. Instead, I am going to speak to Republicans.

I grant that yesterday I felt vaguely uncomfortable, since being on the same side as Ralph Nader is not a normal point of view for many of us who are avowedly, openly, and happily conservative. This particular bill is, however, in essence the best part of conservatism. The waivers would allow the big companies to put in their money. They will also allow consumers to put in their money without a guarantee that they will ever get the gas.

Now, there is a thought that occurs to me. If the banks do not want to risk this much, if the Exxons do not want to risk this much, does that not perhaps indicate that they do not trust that very market, that perhaps there might not ultimately be a market? That is the nature of risk and success.

I might not care if the pipeline companies make 50-percent profit on their investment; but I do care if the consumers have to virtually underwrite the construction of the pipeline with no guarantee that they will ever get gas in their homes in return.

I will add one thing: only one Member on the opposition side has suggested these waivers will cause a lower price. No one, except that one, has made that foolish error, because what we are really doing is giving consumers the opportunity to invest their money without choice, to get no return, and to pay higher gas prices, and that is a lousy way to run a business or a country.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to my friend, the gentleman from Iowa (Mr. LEACH).

Mr. LEACH of Iowa. Mr. Speaker, I would like to make briefly just one general and one specific observation. In the general sense, in recent years Congress has been called upon to bail out certain large corporations that have gotten into financial trouble. This bill is a novel precedent: We are asked to bail out, through burden-passing to the consumer, large corporations that are financially healthy. This is legislative nonsense.

Finally, one part of this bill calls for consumers to accept the burden of building a gas-conditioning plant in Alaska. Gas processing plants have been built many times in this country, but this is the first one that the consumers are asked to take the risk of paying for. Part of the reason, frankly, is that we have an overbuilt gas-processing industry. Yet it is interesting to point out that during the debate on the rule this morning the gentleman from Alaska indicated, in response to a question, that his State was considering certain burden-sharing for the people of Alaska—that they might consider helping build this gas-conditioning plant. If that is the case, this bill before us today should be defeated because that is a change which should be made in a new bill to come up in the future.

This bill is before us without the right to amend, which is certainly not common coming from the committees of jurisdiction which reported it. If the gentleman from Alaska is going to assure us that maybe the people of Alaska would consider building this processing plant, then all I would say is we must defeat this bill because this costly plant represents $4 to $5 billion worth of new information.

Mr. YOUNG of Alaska. Mr. Speaker, will the gentleman yield?

Mr. LEACH of Iowa. I would be happy to yield to the gentleman from Alaska.

Mr. YOUNG of Alaska. I would like to stress again, this is unfair to ask the State to do it. The State is looking at this project. They are very much interested in it; but if the gentleman would like to mandate it all on the State of Alaska, if you do, you would be breaking constitutional law and the gentleman knows that.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to the gentlewoman from Rhode Island (Mrs. SCHNEIDER).

Mrs. SCHNEIDER. Mr. Speaker, I must rise in strong opposition to the resolution of waiver of Federal law relating to the Alaska natural gas pipeline.

This bill makes a mockery of the democratic process in several ways. First, we are allowed only 1 hour of debate on a bill which will undoubtedly cost consumers billions of dollars. Second, no amendments are in order. Proponents will have you believe that this Nation's energy future rests on approval of this waiver. Not so. The Prudhoe Bay reserves represent one of this country's most precious resources. There is little question that this gas ought to be exploited, and certainly its use can help in reducing our crippling dependence on imported oil.

Unfortunately, we are not presented with a measure which allows for even decent methods for recovery. This bill will allow rich, multinational oil companies to bill their customers long before any gas is delivered. Prebilling is an unconscionable means of making the public, rather than those who will reap the huge profits, take the risk that the pipeline will not come on line.

Furthermore, the State of Alaska stands to make some $20 billion in severance taxes on Prudhoe Bay gas—that is $40,000 for every citizen of that State—without investing one cent. This measure only exacerbates the flow of capital from energy-consuming States to energy-producing States. To make hardworking natural gas consumers pay for a pipeline that will make the State of Alaska richer is to make a mockery of every principle of equity.

Mr. Speaker, the plain fact is that if this pipeline were such a good deal, private capital would be easily available, and private investors would rush to the breach. This resolution is on the floor today because the developer

cannot live up to his promise to use private capital. There are solutions to this dilemma, but a multibillion dollar tax on consumers should not be one of them. It will be a sad day for this House when we can be steamrollered like this.

In closing, I would like to share with my colleagues a transcript of Bill Moyers' commentary on the CBS "Evening News" last night. Mr. Moyers has given us a clear example of why most Americans think so poorly of their elected representatives:

[CBS Evening News, Dec. 8, 1981]

BILL MOYERS COMMENTARY

Bill Moyers: Dan, if you want to know why so many people are fed up with both political parties and have stopped voting, and if you have a strong stomach, I have a case in point.

John McMillian: [on the telephone] What's the count?

Moyers: It starts with this man. His name is John McMillian. He's chairman of Northwest Alaska Pipeline Company. Four years ago, the federal government gave him exclusive rights to build a big pipeline to bring gas all the way from Alaska to consumers in 42 states. He got that franchise on the condition that the pipeline would be built with private funds. But now John McMillian wants to change the rules. He says he's having trouble getting the banks to finance the project, and he wants consumers to put up the money—before the project is finished and whether or not a drop of gas is ever delivered. That's right—he wants the government to force consumers to be his investors, to assume the risks of stockholders without voting rights or dividends. Senator Howard Metzenbaum of Ohio is the only member of the Senate Energy and Natural Resources Committee to vote against the pipeline bill.

Metzenbaum: How could anybody possibly vote for such a piece of legislation? How can anybody go home and explain that to their own constituents? It's wrong. It's a bad deal.

Moyers: Lest you think it's just a liberal Democrat eating sour grapes, listen to a conservative Republican—Congressman Tom Corcoran from Illinois.

Corcoran: Here we have probably, potentially the greatest consumer rip-off in the history of the United States. Thirty-seven billion dollars—and in the debate on our committee, we heard very little from those same people who have been arguing for years and vociferously in behalf of the Consumer Protection Agency. I think they took a walk on this one, probably for political reasons.

Moyers: No wonder John McMillian is smiling. The government is giving him what he wants—lock, stock and barrel, with very little public debate. How did he do it? Pretend you're John McMillian and you want the federal government to change the rules after the game has already started. First, you make friends with the president, because only the president can submit the resolution to undo the rules agreed upon four years ago. And naturally, you hire the public relations firm of Peter Hannaford, former partner of Mike Deaver, one of the president's inner circle. Hannaford, you'll remember, purchased the consulting firm owned by National Security Adviser Richard Allen.

But once you get the Republicans on your side, what about the Democrats? You need their leadership to win the public debate on your proposal. First you hire former Vice President Walter Mondale to be a consultant to your firm. Then you contribute $5,000 to the Committee for the Future of America, Mondale's political action committee. But one high-powered Democrat is not enough—not for a big job like this.

McMillian: [to secretary] Where's Bob?

Secretary: Strauss. I'll call him. He's in Washington. He just got in.

Moyers: That's right—Robert Strauss, former chairman of the Democratic party, and an old friend of John McMillian's. Robert Strauss is also the former chairman of the Democratic party, and a man who knows how to wheel and deal in Congress. Want more clout? How about another firm: White, Fine and Verville—one of whom served as the chairman of the Federal Power Commission under President Johnson. And the law firm of Charles Manatt.

Charles Manatt, the current chairman of the Democratic party? Yes, Charles Manatt. And all the while you spread money around. Just look at the contributions that John McMillian has made, in just the last four years.

Metzenbaum: We've seen a magnificent lobbying effort in connection with this bill. You couldn't hire some of the lobbyists that were hired in this instance, you couldn't have the impact that's been had in this instance, without spending a lot of money. And I would say to you that when you spread that kind of money around, you can be certain it's going to have an impact. It's going to provide access, it's going to provide votes.

McMillian: [on the telephone] All the guys are coming in to raise funds for this.

Moyers: But if you were John McMillian, you don't stop with using your own money. You ask other companies with an interest in the pipeline legislation to put up, too. And they do—$80,000 showered on Congress since January alone.

Metzenbaum: Not long ago, one of my staffers called a staffer for another senator and said, "Is the senator going to be with us on this issue?" And the response was, "Oh no, He couldn't be with you. He took a lot of money from the oil companies during his campaign." That actually happened.

Moyers: And presto—your bill breezes through Congress under rules so unusual that debate was limited to only one hour. Yep: One hour to debate a project that will cost tens of billions of dollars.

Corcoran: John McMillian is going to have a happy Christmas—and a lot of consumers for 20 years, in my judgement, are going to have to pay the price.

Moyers: Shifting the burden of investment from corporations to consumers wasn't the only way to finance this project. But other alternatives were never considered, because John McMillian and the companies know the right people in the right place at the right price. So much for all that Republican talk about free enterprise. And so much for a Democratic party controlled by lawyers and lobbyists, who have offered its soul to the company store. The two-party system is not only up for grabs—it's up for sale.

Mr. UDALL. Mr. Speaker, I yield 3 minutes to the gentleman from Michigan (Mr. DINGELL).

Mr. DINGELL. Mr. Speaker, I have listened to the confusion which abounds in this particular debate now for 2 days. All I can say is there is vast confusion and it needs a great deal of correction.

First of all, the $40,000 per capita State royalty, share and severance taxes going to Alaska is no different than the State royalty, share and severance taxes that any other State would get on minerals to which State royalty, share and severance taxes would apply. It is a red herring of the purest sort.

Second of all, this is one of the biggest projects that has ever been constructed in history. Amassing the amount of capital necessary to finance this project is enormously difficult.

Now, we are accused of having some kind of extraordinary process. It is an extraordinary process, but it is an extraordinary process which was established by the Congress when we passed the Alaska Natural Gas Transportation Act of 1976. We said at the time that we were going to watch every turn of the road to see to it how the project would be financed and constructed.

We put in place a Federal inspector of the pipeline. He will watch to see to it that matters are fairly carried out.

We said if there are going to be any changes in the original understandings, they would have to come back to Congress and have the changes approved.

We said that the changes would not be subject to amendment or we would have worse confusion on the floor than we have today; but we said they had to be approved by both the House and the Senate and we are engaged in that process today. Everyone understood when we passed the Alaska Natural Gas Transportation Act of 1976 that that was going to be the way it was going to be done.

Now, great confusion centers around the question of prebilling. Prebilling and the other provisions of the waiver before us still afford protection for the consumer.

Now, I have heard a lot of people complain that the consumers are going to get it in the neck. Well, when anybody in this society gets it in the neck on anything, it is the consumer, because the consumer is the guy that ultimately pays and there is no way this body can shelter him from that if we are going to get the gas.

Parenthetically, I would like to observe to my colleagues, we need the gas. Over 10 percent of domestic gas reserves are in Alaska. If we have a shutoff and we have cold factories, cold schools and cold homes in Ohio or any of the other States in this Nation, you would see many of the Members who were here today complaining about this bill demanding that we rush out and bring that gas down. However, it won't be an easy process, because putting together a package of this kind is monumental in difficulty

because the project is monumental in size.

Now, how does the prebilling work? It is really very simple. At a given point, FERC issues the final certificate and sets a date certain by which the project should be completed. If FERC chooses to allow possibility of prebilling, if the date certain has passed, and if a segment is completed and other segments are not completed, then there can be billing to allow the payment of some of the costs of constructing the completed segment, but only those costs which are prudent expenditures subject to scrutiny by FERC and the Office of the Federal Inspector of the Alaska Pipeline.

Now, that is what happens. Those are proposals which protect the consumer.

Now, if you do not allow for prebilling, what happens? Probably the whole project will go down, and we will have to start over again. If that occurs, we will see the cost of this project, which is now on the order of $40 or $50 billion, jump to God knows what.

According to the committee staff analysis, the cost of Alaskan natural gas, over the life of the project is expected to be about $5.50 per Mcf in 1982 dollars. With the way gas prices are increasing, Alaskan gas is going to look like a very good buy. I have heard talk about the price of Alaskan gas being equivalent of $97 per barrel oil. Let me just tell you that by the turn of the century you are going to be looking at something like $97 oil because that is what OPEC is going to fix your prices at. Do not look for energy prices to go down.

If you are concerned about the consumer, if you want to see that he gets gas and if you want to see that he gets it under fair prices and under terms where it will be watched by the Federal Inspector, FERC and other agencies, then I say support this proposal.

If you want to see the Alaskan price skyrocket, if you want to see the project's interest costs skyrocket, if you want to see the capital cost of the project skyrocket, then vote down these waivers and you will see your consumers not get the gas, and if they do get it, they will get it at a price that will curl your hair.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. SCHEUER).

Mr. SCHEUER. Mr. Speaker, we have just heard my colleague, the gentleman from Michigan, describe the cost to us in terms of increased energy costs across the board, whether it is coal, gas, or oil, in terms of energy equivalent costs, the increased cost to us of deferring this gasline.

Let me give you another cost. In 1980, when we were beginning to resume filling our strategic petroleum reserves, Sheik Yamani of Saudi Arabia, their Energy Minister, reportedly instructed President Carter to cease and desist filling those strategic petroleum reserves under pain of an embargo by Persian Gulf oil producers.

And what did our President do, rightly or wrongly, under the pressures of our then desperate dependence on Persian Gulf oil? He blinked, and promised Sheik Yamani that we would cease and desist filling our strategic petroleum reserve. And he did just that.

Now, such a state of supine acquiescence to the whim and fancy of a Persian Gulf oil sheik to my mind was a disgraceful, shameful posture, for the United States to adopt.

I am not suggesting that any other President at that time could have taken a more firm, more honorable position for our country, because that was the de facto state of total dependency that we were in.

□ 1230

But I say to my colleagues I do not know if we could quantify the cost to us of that dependence in terms of increased oil prices which reflect, as my colleague from Michigan said, in all other energy prices, and in the ability of the United States to withstand an embargo.

Mr. UDALL. Mr. Speaker, I yield 30 seconds to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Speaker, I would like to reinforce something the gentleman from New York has said. A previous Secretary of Energy, the Secretary of State, and the present Secretary of Defense have indicated the strategic importance of our getting this resource that belongs to us and that will come through a friendly nation to the lower 48.

We have not emphasized the national security aspects of this project as much as perhaps we should have, but I can tell you this: The national security community of this country believes this waiver package ought to go through.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MILLER).

Mr. MILLER of California. Mr. Speaker, I rise in opposition to the waivers. Like my colleague who spoke earlier, the gentleman from Massachusetts (Mr. MARKEY), I am very much opposed to the process by which we have to consider these waivers. It seems if one ever wants to get Congress to act, the first thing one does is create a crisis that is larger than life. Preach doom and gloom to the Congress of the United States. Go out and hire yourself a corps of lobbyists, the best that can be found, and pretty soon one can get the Congress to consider an all-or-nothing package, and that is what has happened here.

There are alternatives to this. Maybe the alternative is not for Mr. McMillan to continue to have the exclusive right to build this pipeline. Perhaps he is not able to do it. But perhaps there are other parties who can do it. I think we have to consider whether or not the producer should do it, since the estimates that we are all working off that have been provided to both committees are that those producers will receive the 50-percent rate of return. If, in fact, that is possible, I question whether or not they would be able to raise the capital in the private market. I would think they would be able to.

I do not think we ought to be voting on this package and have the Representative from Alaska tell us that the State of Alaska is considering or has under consideration whether or not and the extent to which they will participate. We ought to know the extent to which they participate, because we are certainly mandating the extent to which the consumers in the lower 48 will participate.

I can appreciate that it is a windfall and it is a wonderful thing. Under their severance tax, they will get $20 billion. But let me tell the Members: Apparently without the consumers in the lower 48 underwriting this pipeline, they will not get anything from the severance tax, because the gas will be reinjected into the ground, and the oil companies told us they can reinject it there until hell freezes over.

So could we not ask them to continue to help the consumers participate in the construction of this project?

(On request of Mr. PHILLIP BURTON and by unanimous consent, Mr. MILLER of California was allowed to proceed for 1 additional minute.)

Mr. PHILLIP BURTON. Mr. Speaker, will the gentleman yield?

Mr. MILLER of California. I yield to the gentleman from California.

Mr. PHILLIP BURTON. Mr. Speaker, I would like to commend my distinguished colleague, the gentleman from California (Mr. MILLER).

This proposal stinks. It was brought up in the Interior Committee. We spent less than 1 minute per each billion dollars involved in this proposal. We spent something less, or thereabouts, a half hour or so, maybe 35 minutes. The Interior Committee was to be called back. We had a couple of rollcalls. It was uncertain when we left, in the first instance, whether this matter might even be put over for a day or two, so we had a chance to examine its parameters. I went back to the committee room, finding out I had arrived in time just to cast my vote.

Whenever you have a project of this enormity rushed through in this way, it has got to have a certain commonsense judgment odor about it. It stinks.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. MOORHEAD).

The SPEAKER pro tempore. Without objection, the gentleman from California (Mr. MOORHEAD) is recognized for 2 minutes.

There was no objection.

Mr. MOORHEAD. Mr. Speaker, I fully support the pipeline waiver package. I believe that the national security, both physical and economical, is necessary in this plan. We are at the present time dependent upon OPEC oil. We are dependent upon energy from other parts of the world. Everything that we can do to get our country in a better energy situation is certainly helpful to us, and I think helpful to the consumer.

If we can get enough energy to take care of the basic needs of our country and our own resources, you are going to see the price the consumer has to pay for energy from throughout the world coming down, and there will be a limitation on the amount that we have to pay for our own energy that we get from our own resources.

If we delay another 5 years in developing this pipeline, we are going to find that the cost of the pipeline doubles again, and if anyone thinks that it is not the consumer who will pay for it, they are sadly mistaken. It is the consumer who always has to pay the price of developing any product.

I think it is in the consumer's interest that this project be developed and that it be developed now, and we protect our national security against those people who might in the future want to stop all access to energy that we might have, and want to hurt us economically.

Mr. Speaker, adequate supplies of natural gas are essential to the economic and environmental well-being of the country. Natural gas is our most important energy source for stationary applications, supplying nearly 40 percent of the energy requirements for industry and agriculture, 41 percent for residential and commercial buildings, and 15 percent of the energy used by electrical powerplants. In my State of California our recent annual energy consumption was 6.4 quads, or 30 percent of our total energy needs.

Let us make no mistake about it, natural gas is our cleanest burning fossil fuel. It is more environmentally acceptable, as far as I know, than any other source of energy with the possible exception of hydroelectric power and certain other renewables. With natural gas we have none of the environmental side effects of oil, coal, nuclear power, or synthetic fuels. For example, in my State of California, the California Air Resources Board has calculated by substituting natural gas for residual oil in California utility boilers, average emission reduction would result on the order of 95 percent for particulate matter, 50 percent for oxides of nitrogen, and 99.8 percent for oxides of sulfur. There is a clear, measurable, beneficial effect with the respect to the use of natural gas as far as our environment is concerned.

We should be doing everything that we possibly can to encourage the private sector to produce and distribute clean burning, and efficient natural gas for the benefit of U.S. consumers. This Presidential waiver package is a step in the right direction. It is a step in the direction of encouraging the production and distribution of a very important domestic source of energy. I urge my colleagues who are concerned about these matters to vote to favorably report Senate Joint Resolution 115.

Mr. CORCORAN. Mr. Speaker, I yield I minute to my friend on the Committee on Energy and Commerce, the gentleman from Iowa (Mr. TAUKE).

Mr. TAUKE. Mr. Speaker, the chairman of the subcommittee and the chairman of the full Committee on Energy and Commerce have done remarkable work in trying to put into this legislation all the protections that can be afforded. But even with that very strong effort, this legislation, this waiver package, is fatally flawed.

The reason the proponents want to talk about Ralph Nader and our general energy problem rather than talk about the real issues in this legislation is because they do not have answers to the real issues. First, there is a real marketing problem, a real risk of marketing $13 to $20 gas. That is why there is not financing for this in the private sector. That is why we need this waiver package. That risk is real. They refuse to talk about it. Second they do not tell us why the consumer should be asked to pick up this risk, rather than the State of Alaska, or the producers, who will profit from this waiver package.

I believe it is fair to say that the defeat of this legislation will not close the door on the Alaska pipeline; rather, it will open the door to permit the State of Alaska to build that processing plant and permit the producers to help finance this project.

Mr. UDALL. Mr. Speaker, may I have an indication of the time remaining?

The SPEAKER pro tempore. The gentleman from Arizona (Mr. UDALL) has 11½ minutes remaining, the gentleman from Illinois (Mr. CORCORAN) has 5 minutes remaining, and the gentleman from Alaska (Mr. YOUNG) has 4½ minutes remaining.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut (Mr. MOFFETT).

Mr. MOFFETT. Mr. Speaker and colleagues: I basically want to concur with the remarks of the gentleman from Massachusetts (Mr. MARKEY) in the hope that this pipeline will someday be built, but I think it is interesting, and I do not have a great deal of time, so I will just try to tick them off here, what we have done on energy this year and how this fits into it. We finished the job on decontrolling oil, a big boon to the companies. They are now drilling on the New York Stock Exchange floor, as our distinguished chairman, the gentleman from Michigan (Mr. DINGELL), often reminds us, for oil. We have given more massive tax breaks to the industry in the tax bill which was supposed to be something to get the economy going again. We have opened up wilderness areas.

What about alternatives to oil? We have cut conservation as a body now. Some of us have not voted for it, but slashed conservation, solar, wind power, weatherization of the inner city.

How about regulations that are designed to help with alternatives to oil? Applicance efficiency standards, on the way out. Thermostat settings, gone. How about real national security protection? The rationing bill that took 5 years has now been taken down off the shelf and ripped up, thrown away. We do not even need that. The emergency allocation bill, despite the good efforts of the chairman of the subcommittee, is now weakened, because we did not have the votes to do something stronger. And we are rushing toward deregulation of gas. This is just a little stop along the way to do yet another thing without thinking it through.

I think we should address this problem in the proper fashion, in the committee, as the gentleman from Illinois (Mr. CORCORAN) and the gentleman from Massachusetts (Mr. MARKEY) and others have suggested, and if we put a waiver package together, do it with the full participation of the elected representatives of the people.

Mr. YOUNG of Alaska. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. COATS).

The SPEAKER pro tempore. Without objection, the gentleman from Indiana (Mr. COATS) is recognized for 2 minutes.

There was no objection.

Mr. COATS. Mr. Speaker, contradictions seem to abound here today as to just what this waiver package does and does not do. We have heard from several, "Why don't the producers participate in this? Why don't they get involved? Why don't they put up some of their money?" Well, that is exactly one of the components of what we are trying to do with this waiver package.

The previous law said they could not be involved, they could not put up their money. We are simply saying let us pass the waiver package so they will participate in this process. They are

going to have to put up a minimum of $7 billion of equity which cannot be prebilled to the consumer in any way. Until the gas flows and is marketable, there will be no return on that particular investment.

We also heard today about the risk to the consumer. Of course there is a risk to the consumer. There is a risk in obtaining any energy source in this country and paying for it. The consumer will ultimately do that. But what is the greater risk? The greater risk the American people have demonstrated so vocally over this decade is continuing dependence on OPEC oil. What is that risk to the American consumer and what is the risk of not having energy supplies available to our people in this country, domestic energy sources, as an alternative to the blackmail that we have suffered under during the 1970's? What is the risk of the economic decline and disaster that faces this country if we face another oil crisis as we did in 1973? Those risks abound. Of course risks are faced in doing this. But we must move forward. We must demonstrate to the American people that we are willing to utilize and find our existing resources, and domestic resources, to give us energy options available for the future to run this country so we do not have to continue this dependence on OPEC, Libyan oil, and so forth.

Mr. SHARP. Mr. Speaker, will the gentleman yield?

Mr. COATS. I yield to the gentleman from Indiana.

Mr. SHARP. Mr. Speaker, the gentleman has made a very important point that seems to be overlooked by the proponents. If the investors come in and meet the market test, put their money in, they stand to lose a lot of money if this does not work. They are not absolved of that risk by the waiver package.

Mr. UDALL. Mr. Speaker, I yield 4 minutes to the gentleman from New York (Mr. OTTINGER).

Mr. CORCORAN. Mr. Speaker, will the gentleman from New York yield to me?

Mr. OTTINGER. I yield to the gentleman from Illinois.

Mr. CORCORAN. I appreciate the gentleman yielding.

Mr. Speaker, I have been pleased to work with the gentleman on this project. I want to say in rebuttal to what has been said that the real risk here is that the consumers will never indeed get anything to consume. That is the problem. There will not be any gas to consume, so why should they pay for it?

Mr. OTTINGER. Mr. Speaker, I was going to acknowledge very strongly the fairness of the gentleman from Arizona (Mr. UDALL) and my chairman, the gentleman from Michigan (Mr. DINGELL) and the gentleman from Indiana (Mr. SHARP) in trying to handle this in a way in which everybody would get their say, trying to put the debate off, trying to get the extra time that we wanted so that this could be heard. Unfortunately, there were objections made on the other side to their efforts. I think they made every effort to consider this fully and fairly.

Second, I would like to express my appreciation to the gentleman from Illinois (Mr. CORCORAN) for his fine leadership against these waivers, including his procedural tactic yesterday to permit full consideration today.

I would like to say, in answer to the comments of the gentleman from California (Mr. MOORHEAD) and the gentleman from Indiana (Mr. COATS) that the consumer has to pay anyway for these costs: The consumer does not have to pay anyway, regardless of whether or not a project is built. The consumer pays the final costs ordinarily if he gets something in return. One of the objectionable parts of this package is that the consumer has to pay whether or not he gets any gas.

These gentlemen also indicated there are going to be outside investments by banks, the oil companies, and maybe even the State of Alaska. But nobody has been willing to put up one cent of his money—the banks, the oil companies, the State of Alaska, or anybody else—unless they get a guarantee from the consumer, which is what these waivers seek.

□ 1245

They say, "unless we go through with this waiver package that has a consumer guarantee, we are not willing to put up a cent." That really is one of the very basic issues involved here.

We are told that there is very little chance that this pre-billing will take place because it is not required unless target dates are not met. Take a look at every major construction project we have had—military, Department of Energy, any others. They all get delayed, and the provision here is if they do not meet the time schedule set by FERC, then the consumer has to kick in; thus, the consumer has to kick in if the Canadian segment of the project is delayed and the rest of the project is not completed. He has got to kick in whether or not the pipeline is eventually completed or not.

Let me recall to the Members also that this prebilling provision is openended. We talk about the possibility of a $5 average gas price or $19 maximum gas price, but let us take a look at the oil pipeline. When it started out, it was supposed to cost $900 million, and ended up costing $9 billion. With respect to every other major construction project we have seen, we have seen similar escalation, and I bet the Members that the $19 per cubic feet is probably going to be a low price before we are finished.

Certainly the risks of this project are very substantial. I put in a budget resolution calling for an end of all energy subsidies and allowing the free market to take its place in energy. As I understand it, that is the basic philosophy of many of those on the other side, that we ought to have a free market. There is no question that these waivers are a denial of the free market. It is not a Federal subsidy; it is a federally mandated consumer subsidy, regardless of whether or not people get any gas.

I think we can put together a better waiver package. I think if we kill this, we definitely ought to make other arrangements to get the gas. The argument made about national security, about the overwhelming need to get this gas is true in itself but does not justify these waivers. It is the same argument that was used for subsidies for synthetic fuel, for the Clinch River breeder reactor, for every other boondoggle the energy industry has wanted to put on the backs of the taxpayers and consumers of this country.

These arguments are nothing more than blackmail: "You take this lousy package"—everybody who is a proponent of it says that it is a lousy package—"or take nothing."

That, it seems to me, is an argument we ought to finally reject. Let us get ourselves a fair deal in which the consumers will be treated properly to get the gas from Alaska, not be blackmailed into providing more subsidies for the oil companies as a condition of getting this gas.

Mr. CORCORAN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Arkansas (Mr. BETHUNE).

Mr. BETHUNE. Mr. Speaker, I am sure that Members have noticed that lately there is a new refrain on Capitol Hill. It goes something like this: "We need the government's help to facilitate private sector financing, and if we do not get it, some enterprise, some venture is going to fail."

That is the new song of corporate America. It is the new song of business, business people, who ordinarily complain and rail against Government's involvement in private enterprise.

And so, what we have now is a complex arrangement of loans, direct loans, indirect loans, loans guarantees, guarantees that are funneled through Federal financial banks, almost every conceivable way to assist people, particularly corporate America and businesses in getting credit. We are trying to stop that. We have fashioned a credit budget because that is growing faster, believe it or not, than spending in the country.

We are not taking about 40 percent of the credit market from one sort of Government credit extension program or another, and that is ruining the credit market and free enterprise system. But now we see devices like prebilling; we see all sorts of imaginative ways to do the same thing by indirection. So, the list gets longer and longer, and is going to continue, and while we are out cutting everybody else, we ought to start cutting out some of this corporate welfare.

It has been said here that if these waivers are bad, you should have seen the ones they tried to get before they got these. So what it seems to me is, that the Congress is giving way and giving way, and finally have come up with this sort of help for corporate America. We have got to start saying no, and until we start saying no, they are going to continue to be in here at the door and this problem is not going to get better. It is going to get worse if they try to get the handouts and do things by indirect fashion that they would not dare to try to do in a direct fashion.

Mr. YOUNG of Alaska. Mr. Speaker, fellow colleagues, we have debated this issue and I think the facts are clear. This is a proconsumer vote. It is needed for the consumers, and all the rhetoric and all the misnomers have been debated on this public debate are for nought.

But there have been five gentlemen and one lady who spoke about, why does not the State of Alaska participate? Under the Constitution we cannot force a State to participate in this project, but more than that, I have been terribly hurt by the gentlewoman from Rhode Island somehow impugning my Alaskan citizens because they are going to receive $40,000 apiece if this project goes through.

We pay to the OPEC nations $84 billion a year. They are not Americans. They are foreigners that are investing in American lands and buying up our factories. They have brought this Nation to its knees, and I do not hear a word against that. But, my Alaskans, who have the highest unemployment rate, the worst housing conditions, less roads than the Washington, D.C., area itself, are looked upon as blue-eyed Arabs now with resentment from those that have all the facilities, that have had the advancement this great Nation has been able to give to them.

For the life of me, it hurts me in my heart to see my fellow colleagues, some of them feeling as if we are doing something wrong, taking from them; as if we are criminal. I thought we were Americans. We became a State in 1959 with the understanding through this Congress that we would have 104 million acres of land to give us a resource base to bring our people up to the standards of the rest of America, and now I hear the creeping tone of resentment in some people's voices, and that hurts me. I have never heard them speak against those people over there with the things on their heads, driving a Cadillac one way and then leaving it and driving another one the other way—$84 billion a year and being dependent upon us. As my good friend from New York said, making the President stop putting the petroleum in the reserve with the threat of embargo.

I ask the Members, please do not listen to that type of rhetoric. I have said all along that Alaskans want to deliver this gas not because of the so-called $40,000 we are going to receive, but because it is right for the Nation. I have said that we want to participate in the conditioning plant if the legislature sees fit to do so. I have also told people this: If this waiver package does not pass, I am convinced in my own mind that there will be a pipeline built, yes, to tidewater. There is a market in the Orient now. Korea, Taiwan, Japan needs this gas badly, and they have been to see us, but that does not help our consumers.

I ask the Members to vote as they did yesterday for this resolution; protect their consumers, and for goodness sakes, remember that Alaskans are Americans, too.

Mr. UDALL. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana (Mr. SHARP).

Mr. SHARP. Mr. Speaker, I thank the gentleman for yielding. I want to applaud his efforts on this issue because both of us started as deep skeptics of the waiver package, and after we had to hear from so many people of what the alternatives are that it seems to us were not available, we both came to the conclusion that the wisest thing for the American people and consumers in this country was to support this waiver package.

Let me quickly reiterate, if I could, the protections that remain to the American consumer after this waiver passes.

First of all, investors must be attracted to invest once this project has the legal clearance to make its best case to the financial markets. The investors stand to lose their shirts if this thing does not work for the American people and does not produce the gas and does not get it to the lower 48 at a marketable price. People do not like to put up billions of dollars and lose them, so they will analyze it very carefully.

Second, and more importantly, the Federal Energy Regulatory Commission still must make the basic and most fundamental decision that this pipeline as financed is in the national interest, and it will have the welfare of the consumer in mind when approving the project tariff.

Third, the Federal Regulatory Commission will continue throughout this whole process to supervise the rate of return on what the American consumers will pay, and is not permitted to allow unnecessary charges or exorbitant fees or anything of the sort to be passed to the American consumer.

Fourth, the Office of the Federal Inspector is established for this project only, and has over 100 auditors examining the books of the operation that is going to build this in an effort to make sure that we do not get charged unnecessarily for any expense that should not be attributed to the American consumer.

An additional fifth item that has not even been mentioned in this debate so far because it is very complicated to understand is that the way that the tariff schedule works, there is an incentive rate of return on equity, meaning that if the sponsors get done below the cost they and the FERC project, they make more money. If they delay the construction of this project or if it experiences cost overruns, they make less. They get a reduced percentage of profit. It is denied to them by the Federal Regulatory Commission. That is one of the incentives that will help make sure we are never prebilled.

We should enact this waiver on behalf of the American people.

Mr. CORCORAN. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Illinois (Mr. DERWINSKI), who serves on the Foreign Affairs Committee.

Mr. DERWINSKI. Mr. Speaker, when the issue of the Alaska Natural Gas Transporation Act first came up, I was properly aware, from foreign affairs studies, of the relationship between the Government of Canada and the Government of the United States which was developing in connection with this project.

However, my premature judgment changed when I consulted with members of my State delegation and was alerted to the adverse impact on Illinois, as well as other consumers, of the prebilling arrangement under the waiver package.

The commitments with the Government of Canada did not specify what our obligation was or whether such a prebilling system would be necessary. It seems to me that this waiver package goes far beyond the original intent of any agreement with Canada to build this pipeline and sets a dangerous precedent obligating our citizens to pay off the debt should there be a default on any of the construction loans connected with the project.

Therefore, despite my longstanding concern with developing our self-sufficiency in energy supplies, I believe this approach, which transfers the risk that the project may not be completed from the energy companies to the consumers, is philosphically wrong.

Mr. Speaker, I would also like to point out, as a member of the Foreign Affairs Committee, I am naturally aware of the complications we face in our relations with Canada. I do not think that the position opposing these waivers constitutes a problem in our diplomatic relations with our neighbor.

The agreement, the waiver package before us, goes far beyond the original agreement which was not spelled out that precisely. I would also like to point out that those of us who oppose the waiver package are not really in bed with Ralph Nader. He is accidentally right on this issue.

The issue is not the gas pipeline itself. We want it to be built, but we want it to be built in a way that is fair and practical and profitable as applied to consumers.

Also, nobody opposing the waiver package is opposed to the concept of national self-sufficiency. I realize it has been a good debate, it has been a clear debate, it has been a helpful debate, but there is nothing contained in opposition to the waiver package that is anything but a proenergy and proconsumer position.

Mr. CORCORAN. Mr. Speaker, I yield the balance of my time to close debate to the distinguished gentleman from Ohio (Mr. BROWN), possibly the Governor of Ohio.

Mr. BROWN of Ohio. Mr. Speaker, I want to quote a text in my remarks, and the text is on page 34 of the report issued by the Committee on Energy and Commerce on this waiver package (Rept. 97-350, part 2). I want to quote what the chairman of the sponsoring group of pipeline companies stated in 1977 to our committee:

> President [Carter's] decision requires the Alcan project to be privately financed in its entirety. The United States and Canadian governments will not be called upon for financial guarantees. Nor will the consumer have to bear the hypothetical burden of the non-completion of the project.

That is how Mr. McMillan and his friends got the franchise over two competitors, by promising what they could not deliver, and they have not been able to deliver that.

The reason to vote against this waiver package is that it is a bad business deal.

The prebilling waiver provision would authorize the pipeline system partnership—not the oil companies, Naderites—to send bills to the consumers of the participating 10 natural gas pipelines before the entire system is built and capable of transporting gas, whether or not it ever delivers gas, and even if it is never completed. Moreover, by removing the legal authority of the Federal Energy Regulatory Commission to regulate the charges passed on to consumers, the "regulatory certainty waiver" provision would lock in the ability of the pipeline system to bill consumers in advance for its payments to its bankers for both principal and interest on the project, even if the system is never completed.

Now, that is just plain stupid. No assurance of the consumers of paying for it—in having the contingent liability transferred to them—gives any guarantee that the bankers will in fact, put up the money for this project. The bankers told us that in committee, so this is not going to guarantee the project. If we vote down this bad waiver package, it will not doom the pipeline. Let us make that very clear. There will be a new waiver package—a much more equitable one.

The administration got this waiver package and was not pleased with it.

□ 1300

They threw it up here to a group of us. The gentleman from Michigan (Mr. DINGELL), the gentleman from Indiana (Mr. SHARP), the gentleman from North Carolina (Mr. BROYHILL) and I met with a group of Senators over on the Senate side and tried to compromise the issue. We made continuous efforts to negotiate with our colleagues from the other body. They were intransigent. So the administration said, "Let the Congress in its full session try to make a decision."

If we get a negative decision, we will get a better waiver package. And we will get it soon. That is what we ought to have. We can vote this issue down and get the proper package and get this thing going the way it ought to be going.

Mr. CORCORAN and I have introduced one alternative in our bill, H.R. 4980. This legislation would permit the three companies which own the natural gas at the Prudhoe Bay field and the State of Alaska, which owns a 12.5-percent royalty interest in the gas, to build the gas pipeline financed upon the deregulated value of the gas itself. At full value, the natural gas in this field is worth an estimated $280 billion over the life of the reserve. Those are the assets upon which true private financing can be obtained. The waiver before us today would employ the ratepayers of the 10 participating pipelines as if they were assets of their companies to attempt to leverage the necessary financing. And that is simply not acceptable.

The SPEAKER pro tempore. The Chair will state that the gentleman from Arizona (Mr. UDALL) has 3½ minutes remaining.

Mr. UDALL. Mr. Speaker, I yield myself the remaining time at my disposal.

Mr. Speaker, I think that we basically have had a good debate today, and I hope it has been enlightening. However, as everyone has suggested, I thought we could have done with a little less anti-Ralph Nader rhetoric; that does not have too much to do with the issue before us. Ralph Nader has been a good force in America; he has been constructive, in my mind. I have worked with him on a lot of things, if that affects any of our forces on the other side.

We are talking here about the best fuel there is, natural gas. We are talking about $110 billion worth of it sitting up on the North Slope, and we have got to bring it down here. Every day it costs more, and every day we are more dependent on foreign sources of oil.

We are going to kick the Canadians in the teeth if we disapprove this resolution. We took a long time to get them to go with this. There was a treaty, a compact, and Canadian Prime Ministers and American Presidents have renewed it. It is critical, with the relationships we have, that we do not unnecessarily take issue with them and break our rules. We twisted their arms pretty hard to get them on this project.

I emphasize, though, that now we are voting on exactly, word for word, the measure that we had yesterday. I do not know quite how Members are going to explain a yes vote yesterday and a no vote today, as they are urging Members to do.

I am reminded of the vote of Senator Ashurst from Arizona, who was our first Senator who was chairman of the Judiciary Committee. President Roosevelt talked him into sponsoring a bill to increase the Supreme Court from 9 to 15. He thought he could appoint six judges and presumably get a better quality or opinion. Senator Ashurst introduced the bill and got it out of the Judiciary Committee. He got so much hell from home that he turned around and led the fight and defeated his own bill on the Senate floor.

Then he said that he got a telegram from a lady in Phoenix who said, "Thank God for your courageous vote on that Supreme Court bill."

He said, "I wired her back: 'Which one?' "

I hope that we do not have a lot of courageous yes votes yesterday and courageous no votes today, because the right vote is "aye." This is a good project. We will never get a better one. We have this tremendous resource in Alaska that we need down here in the years to come.

Mr. Speaker, I trust that my colleagues will support this resolution, put it to rest, and perhaps tomorrow we will not have another 2 hours of debate on this resolution.

● Mr. LOWERY of California. Mr. Speaker, I rise in support of Senate Joint Resolution 115 which approves President Reagan's proposed waiver of law to remove obstacles to private fi-

nancing of the Alaska natural gas transportation system (ANGTS).

My home State of California is dependent on natural gas as an energy source. Forty-nine percent of California's nontransportation needs are met with natural gas. Ninety-three percent of the households use natural gas for water heating, 91 percent use it for space heating, and 95 percent use it for cooling.

Clearly, the availability of natural gas is critical to the economic well-being and energy security of my State. Therefore, I was alarmed by a recent report issued by Southern California Gas Co. stating that "natural gas supplies currently available to Southern California will not be sufficient to serve the area fully by the 1980's." Given this project shortfall, the need to develop access to new supplies of natural gas is obvious.

Our best potential new source of domestic natural gas is obvious.

Our best potential new source of domestic natural gas is Prudhoe Bay on Alaska's North Slope. The largest single finding of oil and natural gas, proven reserves at Prudhoe Bay are estimated at 26 trillion cubic feet and represent about 13 percent of United States total proven gas reserves. Additional potential gas reserves on Alaska's North Slope left to be discovered are projected at 100 to 200 trillion cubic feet.

The Alaska national gas transportation system will provide access to these proven reserves, equivalent to at least 400,000 barrels of oil per day, with potential energy supplies of perhaps 10 times that amount. The 4,800-mile pipeline will transport natural gas through Alaska and Canada to nearly every State in the Union, and will have an initial capacity to provide over 4 percent of our Nation's daily natural gas needs. The ANGTS will provide a stable and reliable supply of energy to this country; a supply that will not be subject to OPEC embargoes or escalating prices.

At a projected total cost of $40 billion, the pipeline will be the most expensive private construction project ever conceived. Last May, the ANGTS financing plan was presented to four U.S. commercial banks for consideration. In August, the four bank group advised that although the project could be privately financed without governmental guarantees and/or participation, certain steps must be taken to modify the financial requirements established under the 1976 Alaska Natural Gas Transportation Act. This act had specifically provided for the waiver of Federal laws if necessary to facilitate success of the project. The commercial banks told the pipeline sponsors that unless these financial modifications, or waivers, were approved, reliable private sector financing could not be secured for the project. In other words, the pipeline will not be built unless these waivers of law, as proposed to Congress by President Reagan on October 15 and contained in Senate Joint Resolution 115, are approved.

The most controversial provision of the waiver package is the one which would permit prebilling. Senate Joint Resolution 115 would permit billing of U.S. gas consumers for the construction costs of the pipeline before the pipeline is fully operational. The Federal Energy Regulatory Commission (FERC) would establish a "date certain" for expected completion of the entire project, probably 1987. For the purpose of the waiver, the system would be divided into three segments: Canada, Alaska, and the conditioning plant at Prudhoe Bay, each of which would have specific billing schedules. If any one or two of these three segments of the pipeline were completed before the entire pipeline, but after the date certain, consumers, at the discretion of FERC, could be prebilled for the completed segments.

The argument has been raised that this prebilling proposal would lock consumers into multibillion dollar payments whether or not the pipeline is ever completed. This is simply not the case. The prebilling provision of the waiver proposal gives FERC the discretionary power to allow companies planning to move gas through the project to begin billing gas customers: First, only after a date selected by FERC as reasonable completion of the entire system (probably 1987); second, only after full completion and testing of one of two of three basic segments of the line; third, only for the debt service and related costs on the U.S. segments of the project; fourth, only after billions of dollars of the sponsors' own risk capital has been invested without return until project completion; and fifth, only for those costs prudently incurred and actually paid.

The absolute worst case consumer financial risk, a highly unlikely contingency of utter project failure after completion of the two most expensive segments of the system, would involve average consumer payments of less than $1 per month during the 20 years required to discharge the debt in full. One oil embargo or a revolution would add far more to consumer energy bills. In contrast, given a worst case scenario, U.S. private sponsors of the project would lose all their equity investment. In such a case big business would be the big losers—not the consumers. Furthermore, in the event of any delay beyond the "date certain" (assuming FERC has approved the prebilling as just and reasonable), any payments by consumers would serve to reduce and lower their later payments when the system is finished. Consumers would under no circumstances be asked to pay for sections of the system that are not completed.

Approval of the waiver package also fulfills a national commitment to Canada. In July 1980, President Carter informed Prime Minister Trudeau that he would ask Congress to allow the participating Canadian companies to collect their full service costs upon completion of the Canadian segment of the line. In July 1980, Congress expressed its unqualified support for the project in a formal resolution (S. Con. Res. 104). Canada's National Energy Board relied upon this Presidential and congressional support when it acted to permit new gas exports and construction of the pre-build segments in Canada. Reneging on this commitment by not building the Alaskan section of the pipeline would be extemely detrimental to relations with Canada.

What the whole issue boils down to is this: no waiver package means no pipeline. Without acceptance of the waiver package, it will be impossible to obtain private sector financing for what is universally regarded as an invaluable and even essential project. Lack of private financing support would either lead to the project's abandonment or force outright Government financing. The only way to insure private sponsorship and funding of this pipeline project, so vital to our national energy interest, is to approve the waiver package as contained in Senate Joint Resolution 115.●

Mr. UDALL. Mr. Speaker, I move the previous question on the Senate joint resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the third reading of the Senate joint resolution.

The Senate joint resolution was ordered to be read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the Senate joint resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CORCORAN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 230, nays 188, answered "present" 1, not voting 14, as follows:

[Roll No. 347]

YEAS—230

Akaka	Atkinson	Benedict
Albosta	Badham	Benjamin
Alexander	Bafalis	Bennett
Anderson	Bailey (MO)	Bereuter
Anthony	Bailey (PA)	Bevill
Archer	Barnard	Bingham

Bliley	Hansen (ID)	Panetta
Boggs	Hansen (UT)	Pashayan
Bolling	Hartnett	Patman
Bouquard	Hawkins	Patterson
Bowen	Heftel	Paul
Breaux	Hendon	Pickle
Brinkley	Hightower	Porter
Brown (CA)	Hiler	Pritchard
Burgener	Hillis	Quillen
Butler	Holland	Rahall
Byron	Holt	Reuss
Campbell	Hoyer	Rhodes
Carman	Hubbard	Rinaldo
Chappell	Huckaby	Roberts (KS)
Chappie	Hunter	Roberts (SD)
Cheney	Hutto	Robinson
Clausen	Ireland	Roemer
Clinger	Jeffries	Rose
Coats	Jenkins	Rousselot
Coelho	Johnston	Rudd
Collins (TX)	Jones (NC)	Sabo
Conable	Jones (OK)	Santini
Coughlin	Jones (TN)	Scheuer
Courter	Kazen	Schulze
Coyne, James	Kindness	Schumer
Coyne, William	Kogovsek	Sharp
Craig	Lagomarsino	Shaw
Daniel, R. W.	Lantos	Shelby
Dannemeyer	Leath	Shumway
Daschle	LeBoutillier	Shuster
Daub	Lehman	Siljander
de la Garza	Leland	Skeen
Dickinson	Lent	Skelton
Dicks	Lewis	Smith (AL)
Dingell	Livingston	Smith (NE)
Dixon	Loeffler	Smith (NJ)
Dornan	Long (LA)	Smith (OR)
Dowdy	Lott	Smith (PA)
Dreier	Lowery (CA)	Solarz
Duncan	Lowry (WA)	Solomon
Edwards (AL)	Lujan	Stangeland
Edwards (OK)	Luken	Staton
Emerson	Lundine	Stenholm
English	Lungren	Stratton
Erlenborn	Marks	Stump
Evans (DE)	Marlenee	Swift
Evans (IN)	Marriott	Synar
Fazio	Martin (NC)	Tauzin
Ferraro	Martin (NY)	Thomas
Fiedler	Mattox	Trible
Fields	McClory	Udall
Flippo	McCurdy	Vento
Foley	McDonald	Walgren
Ford (MI)	McHugh	Walker
Forsythe	McKinney	Watkins
Frenzel	Mikulski	White
Frost	Miller (OH)	Whitehurst
Fuqua	Mineta	Whitley
Gaydos	Molinari	Whittaker
Gephardt	Montgomery	Williams (MT)
Gibbons	Moore	Wilson
Glickman	Moorhead	Winn
Gore	Morrison	Wortley
Gramm	Murphy	Wright
Green	Murtha	Yatron
Grisham	Myers	Young (AK)
Hall, Ralph	Napier	Young (FL)
Hall, Sam	Nelligan	Young (MO)
Hamilton	Nelson	Zablocki
Hammerschmidt	Nichols	Zeferetti
Hance	Oberstar	

NAYS—188

Addabbo	Burton, Phillip	Dougherty
Andrews	Carney	Downey
Annunzio	Chisholm	Dunn
Applegate	Clay	Dwyer
Ashbrook	Coleman	Dyson
Aspin	Collins (IL)	Early
Barnes	Conte	Eckart
Beard	Conyers	Edgar
Bedell	Corcoran	Edwards (CA)
Beilenson	Crane, Daniel	Emery
Bethune	Crane, Philip	Erdahl
Biaggi	D'Amours	Ertel
Blanchard	Daniel, Dan	Evans (IA)
Boland	Danielson	Fary
Bonior	Davis	Fascell
Bonker	Deckard	Fenwick
Brodhead	Dellums	Findley
Broomfield	DeNardis	Fish
Brown (CO)	Derrick	Florio
Brown (OH)	Derwinski	Foglietta
Broyhill	Donnelly	Ford (TN)
Burton, John	Dorgan	Fountain
Fowler	Mazzoli	Roukema
Frank	McCollum	Roybal
Gejdenson	McDade	Russo
Gilman	McEwen	Savage
Gingrich	McGrath	Sawyer
Ginn	Mica	Schneider
Gonzalez	Michel	Schroeder
Goodling	Miller (CA)	Seiberling
Gradison	Minish	Sensenbrenner
Gray	Mitchell (MD)	Shamansky
Gregg	Mitchell (NY)	Shannon
Guarini	Moffett	Simon
Gunderson	Mollohan	Smith (IA)
Hagedorn	Mottl	Snowe
Harkin	Natcher	Snyder
Hatcher	Neal	Spence
Heckler	Nowak	St Germain
Hefner	O'Brien	Stanton
Hertel	Oakar	Stark
Hollenbeck	Obey	Stokes
Hopkins	Ottinger	Studds
Horton	Oxley	Tauke
Hughes	Parris	Taylor
Hyde	Pease	Traxler
Jacobs	Pepper	Vander Jagt
Jeffords	Perkins	Volkmer
Kastenmeier	Petri	Wampler
Kemp	Peyser	Washington
Kildee	Price	Waxman
Kramer	Pursell	Weaver
LaFalce	Railsback	Weber (MN)
Latta	Rangel	Weber (OH)
Leach	Ratchford	Weiss
Lee	Regula	Whitten
Levitas	Richmond	Williams (OH)
Long (MD)	Rodino	Wirth
Madigan	Roe	Wolpe
Markey	Rogers	Wyden
Martin (IL)	Rosenthal	Wylie
Matsui	Rostenkowski	Yates
Mavroules	Roth	

ANSWERED "PRESENT"—1

Wolf

NOT VOTING—14

AuCoin	Evans (GA)	Howard
Boner	Fithian	McCloskey
Brooks	Garcia	Moakley
Crockett	Goldwater	Ritter
Dymally	Hall (OH)	

□ 1315

The Clerk announced the following pairs:

On this vote:

Mr. Boner of Tennessee for, with Mr. AuCoin against.

Mr. Dymally for, with Mr. Crockett against.

Mr. McCloskey for, with Mr. Moakley against.

Mr. Goldwater for, with Mr. Garcia against.

Mr. PRICE changed his vote from "yea" to "nay."

So the Senate joint resolution was passed.

The result of the vote was announced as above recorded.

GENERAL LEAVE

Mr. UDALL. Mr. Speaker, I ask unanimous consent that all Members may have 5 days to revise and extend their remarks on the Senate joint resolution just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

ELECTION OF MEMBERS TO STANDING COMMITTEES

Mr. MICHEL. Mr. Speaker, I offer a privileged resolution (H. Res. 299) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 299

Resolved, That the following named Members be, and they are hereby, elected to the following standing committees of the House of Representatives:

Committee on Interior and Insular Affairs: Bill Emerson, Missouri.

Committee on Post Office and Civil Service: Wendell Bailey, Missouri.

Committee on veterans' Affairs: John L. Napier, South Carolina.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REQUEST FOR POINT OF ORDER

Mr. WALKER. Mr. Speaker, a point of order. A quorum is not present.

The SPEAKER. There is no question pending at the present time. The gentleman is not recognized.

FURTHER CONTINUING APPROPRIATIONS, 1982

Mr. WHITTEN. Mr. Speaker, pursuant to the order of the House of yesterday, I call up the joint resolution (H.J. Res. 370) making further continuing appropriations for the fiscal year 1982, and for other purposes, and ask for its immediate consideration.

The Clerk read the joint resolution, as follows:

H.J. RES. 370

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1982, and for other purposes, namely:

SEC. 101. (a)(1) Such amounts as may be necessary for projects or activities (not otherwise specifically provided for in this joint resolution) for which appropriations, funds, or other authority would be available in the following appropriations Acts:

Department of Defense Appropriation Act, 1982;

Military Construction Appropriation Act, 1982;

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

Treasury, Postal Service and General Government Appropriation Act, 1982.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed the House as of November 20, 1981, is different from that which

would be available or granted under such Act as passed by the Senate as of November 20, 1981, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority: *Provided*, That where an item is included in only one version of an Act as passed by both Houses as of November 20, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981: *Provided further*, That for the purposes of this joint resolution, when an Act listed in this subsection has been reported to a House but not passed by that House as of November 20, 1981, it shall be deemed as having been passed by that House: *Provided further*, That, in addition to the sums otherwise made available by this paragraph the following additional sums are hereby appropriated: for low income home energy assistance program, $140,000,000 net (which is equivalent to $176,000,000 with a 4 percent reduction applied to the program); for the foster care program authorized by title IV of the Social Security Act, $75,000,000: *Provided*, That the provisions contained in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act for fiscal year 1982 (H.R. 4560), as reported by the Senate Committee on Appropriations on November 9, 1981, related to a limitation on entitlement to payments under parts A and E of title IV of the Social Security Act and transfer of funds under parts B and E of such title (contained in H.R. 4560 as so reported beginning with "provided" on page 39, line 17, and ending on page 40, line 8) shall not be applicable with respect to any sums appropriated pursuant to this joint resolution; for the Community Services Block Grant, $62,552,000; and for the State Block Grant authorized by chapter 2 of the Education Consolidation and Improvement Act of 1981, $140,000,000: *Provided further*, That the college housing loan program shall operate under the terms and conditions as contained in H.R. 4560 as passed the House October 6, 1981, except that the gross commitments for the principal amount of direct loans shall not exceed $75,000,000: *Provided further*, That funds which would be available under H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, for the Government payment of annuitants and employees health benefits, shall be available under the authority and conditions set forth in H.R. 4121 as reported to the Senate on September 22, 1981: *Provided further*, That for the purposes of this joint resolution, the Senate reported level of H.R. 4121, entitled the Treasury, Postal Service, and General Government Appropriation Act, 1982, shall be the level reported by the Senate on September 22, 1981 (S. Rept. No. 97-192).

(4) Whenever an Act listed in this subsection has been passed by only one House as of November 20, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981.

(5) No provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1981, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(6) In addition to any sums otherwise appropriated there is appropriated an additional sum of $25,000,000 which shall be made available for training, job search allowances, and relocation allowances, under sections 236, 237, and 238 of the Trade Act of 1974.

(b) Such amounts as may be necessary for continuing programs and activities, not otherwise provided for, which were conducted in the fiscal year 1981, for which provision was made in and under the terms and conditions of section 101(b) of Public Law 96-536 regarding foreign assistance and related programs, notwithstanding section 10 of Public Law 96-672, and section 15(a) of the State Department Basic Authorities Act of 1956, at a rate for operations not in excess of the current rate provided in fiscal year 1981 or the rate provided for in the budget estimate, whichever is lower: *Provided*, That this section shall be deemed to allow the continuation of the activities of the Department of State for contributions to the United Nations Relief and Works Agency for Palestinian Refugees at a rate of operations not in excess of the current rate: *Provided further*, That notwithstanding any other Act, that none of the funds made available by this Act may be obligated under an appropriation account to which they were not appropriated without the prior written approval of the Committee on Appropriations of both Houses of Congress: *Provided further*, That the limitation on total commitments to guarantee loans by the Export-Import Bank shall be increased by $2,220,000,000 of contingent liability for loan principal.

(c) Such amounts as may be necessary for projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-331) filed in the House of Representatives on November 13, 1981, as if such Act had been enacted into law.

(d) Such amounts as may be necessary for projects or activities provided for in the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1982 (H.R. 4034), at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-222) filed in the House of Representatives on September 11, 1981, as amended by the Senate on November 21, 1981, as if such Act had been enacted into law.

(e) Such amounts as may be necessary for projects or activities provided for in the Department of the Interior and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-315) as approved by the House of Representatives on November 12, 1981, as if such Act had been enacted into law.

(f) Such amounts as may be necessary for projects or activities provided for in the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-313) filed in the House of Representatives on November 4, 1981, as if such Act had been enacted into law.

(g) Notwithstanding any other provision of this joint resolution, such sums as may be necessary shall be available until the transfer and closure proceedings are completed and for the continued operation and improvement of existing facilities not proposed for closure but not in excess of, and under the conditions of the budget request transmitted on November 9, 1981, for operation, improvement, transfer, and closure of Public Health Service hospitals and clinics.

(h) The provisions of section 305 (a), (b), and (d) of H.R. 4120, entitled the Legislative Branch Appropriation Act, 1982, shall apply to any appropriation, fund, or authority made available for the period October 1, 1981, through September 30, 1982, by this or any other Act.

(i) Notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956 and section 701 of the United States Information and Educational Exchange Act of 1948, as amended, such amounts as may be necessary for projects or activities provided for in the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriation Act, 1982, at the rate provided in and under the authority, conditions, allocations, and limitations provided in H.R. 4169 as passed the House of Representatives on September 9, 1981, except that for the following items funding shall be at the rate specified herein:

TITLE I

DEPARTMENT OF COMMERCE

Bureau of the Census: "Salaries and Expenses", $57,200,000; "Periodic Censuses and Programs", $87,898,000;

Economic Development Administration, "Economic Development Assistance Programs", $198,500,000;

International Trade Administration, "Operations and Administration", $151,700,000: *Provided*, That during fiscal year 1982 and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $20,000,000. During fiscal year 1982, total commitments to guarantee loans shall not exceed $38,250,000 of contingent liability for loan principal;

United States Travel and Tourism Administration, "Salaries and Expenses", $7,600,000;

National Oceanic and Atmospheric Administration: "Operations, Research, and Facilities", $823,535,000, of which $10,000,000 is to be derived by transfer from the fund entitled "Promote and develop fishery products and research pertaining to American fisheries"; "Coastal Zone Management", $7,415,000; "Fisheries Loan Fund", $8,000,000; "Foreign Fishing Observer Fund", $3,000,000; "Fishermen's Guaranty Fund", $1,800,000;

Science and Technical Research: "Scientific and Technical Research and Services", $125,528,000, of which $2,042,000 shall be available for necessary expenses to enable the Department of Commerce to enter into an agreement with the Smithsonian Institution to close out the Smithsonian Science

Information Exchange (SSIE), to transfer the assets of the SSIE to the Department of Commerce, and to pay the outstanding net liabilities of SSIE, including severance pay to SSIE employees;

National Telecommunications and Information Administration: "Salaries and Expenses", $16,483,000; "Public Telecommunications Facilities, Planning and Construction", $18,000,000;

Maritime Administration: "Operations and Training", $72,498,000;

RELATED AGENCIES

Federal Communications Commission, "Salaries and Expenses", $76,900,000;

Federal Maritime Commission, "Salaries and Expenses", $11,225,000;

Federal Trade Commission, "Salaries and Expenses", $68,100,000;

International Trade Commission, "Salaries and Expenses", $17,200,000;

Office of the United States Trade Representative, "Salaries and Expenses", $9,000,000: *Provided*, That not to exceed $60,000 shall be available for official reception and representation expenses;

Securities and Exchange Commission, "Salaries and Expenses", $82,906,000;

Small Business Administration: "Salaries and Expenses", $221,945,000: *Provided*, That $14,000,000 of said amount shall be available only for grants for Small Business Development Centers as authorized by section 20(a) of the Small Business Act, as amended. In addition, $19,200,000 for disaster loan making activities, including loan servicing, shall be transferred to this appropriation from the "Disaster Loan Fund"; "Business Loan and Investment Fund", $326,000,000; "Disaster Loan Fund", $0; "Lease Guarantees Revolving Fund", $3,000,000; "Surety Bond Guarantees Revolving Fund", $19,000,000;

United States Metric Board, "Salaries and Expenses", $2,000,000.

TITLE II

DEPARTMENT OF JUSTICE

General Administration, "Salaries and Expenses", $41,233,000, of which $500,000, to remain available until expended, is for the Federal justice research program;

United States Parole Commission, "Salaries and Expenses", $6,200,000;

Legal Activities, "Salaries and Expenses, General Legal Activities", $123,200,000;

"Salaries and Expenses, Antitrust Division", $44,000,000;

"Salaries and Expenses, United States Attorneys and Marshals", $293,450,000;

"Support of United States Prisoners", $24,100,000;

"Fees and Expenses of Witnesses", $27,921,000;

"Salaries and Expenses, Community Relations Service", $5,500,000;

Federal Bureau of Investigation, "Salaries and Expenses", $739,609,000;

Immigration and Naturalization Service, "Salaries and Expenses", $428,557,000;

Federal Prison System, "Salaries and Expenses", $353,000,000; "National Institute of Corrections", $11,186,000; "Buildings and Facilities", $13,731,000, including $1,920,000 for the planning, design, acquisition, and preparation of a site for a Federal Correctional Institution to be located in central Arizona and any necessary relocation or replacement of existing site structures or other improvements, as well as the grading and development of utility distribution systems; "Federal Prison Industries, Incorporated" (Limitation on Administrative and Vocational Training Expenses), $5,066,000;

Office of Justice Assistance, Research, and Statistics, "Law Enforcement Assistance", $93,554,000: *Provided*, That $70,000,000 of said amount shall be available only for grants and administrative expenses authorized by title II of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended: *Provided further*, That $4,000,000 of said amount provided for the program "Treatment Alternatives to Street Crime" shall be allocated solely to implement Part E of the Justice System Improvement Act of 1979;

RELATED AGENCIES

Equal Employment Opportunity Commission, "Salaries and Expenses", $139,889,000 of which not to exceed $18,500,000 is for payments to State and local enforcement agencies for services to the Commission pursuant to title VII of the Civil Rights Act, as amended, and sections 6 and 14 of the Age Discrimination in Employment Act.

TITLE III

DEPARTMENT OF STATE

Administration of Foreign Affairs: "Salaries and Expenses", $893,258,000; "Acquisition, Operation, and Maintenance of Buildings Abroad (Special Foreign Currency Program)", $9,102,000; "Emergencies in the Diplomatic and Consular Service", $4,400,000; "Buying Power Maintenance", $1,500,000;

International Organizations and Conferences: "Contributions to International Organizations", $398,240,000, including funds for the payment of 1982 assessed contributions to the Pan American Health Organization, and to reimburse the Pan American Health Organization for payments under the tax equalization program for employees who are United States citizens; "International Conferences and Contingencies", $7,284,000;

International Commissions: "International Boundary and Water Commission, United States and Mexico, Salaries and Expenses", $7,927,000; "American Sections, International Commissions", $2,847,000; "International Fisheries Commissions", $8,237,000;

"The Asia Foundation", $3,100,000;

RELATED AGENCIES

Board for International Broadcasting, "Grants and Expenses", $86,519,000;

Commission on Security and Cooperation in Europe, "Salaries and Expenses", $404,000;

International Communication Agency: "Salaries and Expenses", $443,286,000; "Salaries and Expenses (Special Foreign Currency Program)", $9,200,000; "Center for Cultural and Technical Interchange Between East and West", $16,880,000; "Acquisition and Construction of Radio Facilities", $19,000,000;

TITLE IV

THE JUDICIARY

Courts of Appeals, District Courts, and Other Judicial Services: "Salaries of Judges", $59,400,000; "Salaries of Supporting Personnel", $263,400,000; "Expenses of Operation and Maintenance of the Courts", $55,600,000; "Bankruptcy Courts, Salaries and Expenses", $81,200,000; "Fees of Jurors and Commissioners", $43,500,000; "Space and Facilities", $123,000,000.

The following authority is hereby granted subject to the approval of the Committees on Appropriations of the House and Senate under the reprograming procedures that apply to the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies in accordance with House Report 97-180 and with section 508 of H.R. 4169 as reported by the Senate Committee on Appropriations on October 30, 1981.

National Oceanic and Atmospheric Administration, "Operations, Research, and Facilities", not to exceed $4,000,000 may be transferred from Salaries and Expenses funds under this appropriation to General Administration, "Salaries and Expenses" in the Department of Commerce;

Federal Communications Commission, "Salaries and Expenses", funds for moving expenses may be reprogramed from appropriations in this joint resolution;

Securities and Exchange Commission, "Salaries and Expenses", funds for moving expenses may be reprogramed from appropriations in this joint resolution.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from November 20, 1981, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) September 30, 1982, whichever first occurs.

SEC. 103. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 104. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 105. All obligations incurred in anticipation of the appropriations and authority provided in this joint resolution for the purposes of maintaining the minimum level of essential activities necessary to protect life and property and bringing about orderly termination of other functions are hereby ratified and confirmed if otherwise in accordance with the provisions of this joint resolution.

SEC. 106. No provision in any appropriation Act for the fiscal year 1982 that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation shall be effective before the date set forth in section 102(c) of this joint resolution.

SEC. 107. Notwithstanding any other provisions of this joint resolution and the provisions of sections 720(b) and 722(a)(1) of the Public Health Service Act, $35,790,000 is appropriated and shall remain available until expended for grants for the construction or expansion of two teaching facilities under section 720(a)(1) of such Act.

SEC. 108. No funds made available pursuant to this continuing resolution may be used to accomplish or implement a proposed reorganization of the Bureau of Alcohol, Tobacco and Firearms before March 30, 1982. Such reorganization plan may be implemented after March 30, 1982, unless disapproved by the House and Senate Committees on Appropriations: *Provided further*, That of the funds made available by this Continuing Resolution for the Bureau of Alcohol, Tobacco and Firearms, $15,000,000 shall be available solely for the enforcement of the Federal Alcohol Administration Act during fiscal year 1982.

SEC. 109. Notwithstanding any other provision of this joint resolution, the Secretary of the Treasury is authorized to transfer up to 2 per centum from any appropriation account provided by this joint resolution for the Department of the Treasury otherwise appropriated in H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, to any other such appropriation account: *Provided*, That the recipient appropriation account is not increased by more than 2 per centum of the amount provided by this joint resolution: *Provided further*, That approval for such transfers is obtained in advance from the House and Senate Committees on Appropriations.

SEC. 110. Notwithstanding any other provision of this joint resolution, funds available to the Federal Building Fund within the General Services Administration may be used to initiate new construction, advance design, and repairs and alteration line-item projects and lease construction projects which are included in either H.R. 4121, as passed by the House, or in H.R. 4121, as reported by the Senate on September 22, 1981.

SEC. 111. It is the sense of the Congress that the President of the United States should not include in his recommendations for revenue enhancements any recommendations which would have the effect of reducing Federal tax incentives for energy conservation or the development of renewable energy sources.

SEC. 112. Notwithstanding any other provision of law, funds provided under this joint resolution for the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), and the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)) shall not be withheld from obligation unless and until a special message specifying a deferral or rescission of budget authority for such programs is officially submitted to the Congress, when the Congress is in session.

SEC. 113. Notwithstanding any other provision of law or of this joint resolution, none of the funds provided in this or any other Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles: *Provided*, That this section shall be in lieu of section 311 (amendment numbered 93) as set forth in the conference report and the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriations Act, 1982 (H.R. 4209), filed in the House of Representatives on November 13, 1981 (H. Rept. No. 97-331).

SEC. 114. Notwithstanding any other provision of law or of this joint resolution, the funds provided for section 18 nonurban formula grants and section 5 urban formula grants in this joint resolution shall be apportioned and allocated using data from the 1970 decennial census for one-half of the sums appropriated and the remainder shall be apportioned and allocated on the basis of data from the 1980 decennial census.

SEC. 115. Notwithstanding any other provision of this joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, entitled "Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982", for school assistance in federally affected areas under title III of such Act shall be available under the authority and conditions set forth in H.R. 4560 as passed the House on October 6, 1981: *Provided*, That the total amount available for entitlements under section 3(a) of the Act of September 30, 1950, as amended, is amended so as to permit payment to any local educational agency under such section 3(a) not to exceed 90 per centum of the amount of such payment for fiscal year 1981, unless the entitlement for such agency is determined under section 3(d)(2)(B) of such Act: *Provided further*, That the provisions of section 3(d)(2)(B) shall be fully funded and not subject to rateable reduction: *Provided further*, That the provisions of section 5(c) shall not apply.

SEC. 116. There are appropriated $750,000 to continue the operations of the Office of Adolescent Pregnancy Programs of the Department of Health and Human Services.

SEC. 117. Funding for sections 501 (a), (b), and (c) of the Refugee Education Assistance Act of 1980 and for the Refugee Act of 1980 shall be at the levels and under the terms and conditions of the Labor-Health and Human Services Education Act, 1982, as passed by the Senate.

SEC. 118. Notwithstanding any other provision of the joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for Student Financial Assistance shall be subject to the following additional conditions:

(1) The maximum Pell Grant a student may receive in 1982-1983 academic year is $1,800, notwithstanding section 411(a)(2)(A)(i)(II) of the Higher Education Act of 1965.

(2) The cost of attendance used for calculating eligibility for and amount of Pell Grants shall be established by the Secretary of Education.

(3) The Secretary of Education may establish or approve separate systems of need analysis for academic year 1982-1983, without regard to the provisions of subsections (a), (b), and (c) of section 482 of the Higher Education Act of 1965, for the programs authorized under subpart 2 of part A, part C, and part E of title IV of the Higher Education Act of 1965.

(4) The family contribution schedule for the 1981-1982 academic year shall be the family contribution schedule for the 1982-1983 academic year, modified by the Secretary of Education to exclude payments under the Social Security Act and title 38, United States Code, described in paragraph (5) and to reflect the most recent and relevant data, except that the Secretary of Education shall establish a series of assessment rates applicable to discretionary income in accordance with section 482(b)(4) of the Higher Education Act of 1965. The modified family contribution schedule under this paragraph shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than 15 days after the date of enactment of this resolution and shall otherwise be subject to the provisions of section 482(a) of the Higher Education Act of 1965.

(5) Notwithstanding the provisions of section 482 (b)(3) and the provisions of section 411(a)(2)(B)(ii), no Pell Grant shall exceed the difference between the cost of attendance at the institution at which the student is in attendance, and the sum of the expected family contribution and any amount paid to, or on account of, the student under the Social Security Act and any amount paid the student under chapters 34 and 35 of title 38, United States Code, and if with respect to any student, it is determined that the amount of a Pell Grant plus the amount of the expected family contribution, the amount paid to, or on account of, the student under the Social Security Act, and the amount paid the student under chapters 34 and 35 of title 38, United States Code, exceeds the cost of attendance for that year, the amount of the Pell Grant shall be reduced until the combination of expected family contribution, the amount of the Pell Grant, and the amount paid under the Social Security Act, and chapters 34 and 35 of title 38 of the United States Code, does not exceed the cost of attendance at such institution.

SEC. 119. For each fiscal year (beginning with the fiscal year which ends September 30, 1982), the Secretary of the Senate is authorized to expend from the contingent fund of the Senate such amount as may be necessary to enable the Secretary to obtain from the General Services Administration the services of a professional archivist. Such services shall be obtained on a reimbursable basis and shall not be obtained except with the consent of the General Services Administration and the Committee on Rules and Administration.

SEC. 120. There is appropriated $69,800,000 for section 611 of the Education of the Handicapped Act which is in addition to amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for such section 611.

SEC. 121. For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, as amended, and the International Health Research Act of 1960, $991,845,000, of which $892,865,538 shall be for allotments under section 100(b)(1), $6,134,462 shall be for activities under section 110(b)(3), $650,000 shall be made available to the Navajo Tribal Council for activities under section 130, and $18,000,000 shall be for activities under section 711 of the Rehabilitation Act of 1973.

SEC. 122. The Attorney General shall exercise his best efforts to ensure that none of the funds appropriated by this joint resolution may be obligated or expended after March 1, 1982, for the detention of any entrant, any applicant for political asylum or for refugee status, or any other alien which would cause the total number of aliens to exceed five hundred and twenty-five at the facility known as Krome North, located in the State of Florida, or to exceed five hundred and twenty-five at any other facility in the State of Florida for the detention of aliens awaiting exclusion, deportation, or resettlement which is not used for such purpose on the date of enactment of this joint resolution.

SEC. 123. There is appropriated an additional $90,000,000 for the payment of windfall benefits, as provided under section 15(d) of the Railroad Retirement Act of 1974, which, together with the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education

and Related Agencies Appropriation Act, 1982, for the payment of such benefits, shall be the maximum amount available for payments through September 30, 1982.

SEC. 124. Notwithstanding any other provision of this joint resolution, each State shall establish such fiscal control procedures as are necessary to assure that the funds made available under this resolution for the low-income energy assistance program are used for payments in accordance with section 2605(b)(1) and (2) of the Omnibus Budget Reconciliation Act of 1981 and that each eligible household receiving such payments does not use the payments for any other purpose than the purpose described in section 2602(a).

SEC. 125. Notwithstanding any other provision of this joint resolution, the provisions of section 210 of the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982 (H.R. 4560), as passed by the House of Representatives on October 6, 1981, and the provisions of section 209 of such Act as reported by the Senate Committee on Appropriations on November 9, 1981, shall be applicable with respect to sums appropriated pursuant to this joint resolution.

SEC. 126. Notwithstanding any other provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 with respect to any independent construction contractor who is engaged by an operator for the construction, repair or alteration of structures, facilities, utilities or private ways or roads located on (or appurtenant to) the surface areas of any coal or other mine, and whose employees work in a specifically demarcated area, separate from actual mining or extraction activities: *Provided*, That no funds shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 on any State or political subdivision thereof.

SEC. 127. There is appropriated the sum of $362,000,000 for the Maternal and Child Health Care Block Grant Act.

SEC. 128. There are appropriated to the Department of Health and Human Services $61,180,000 for activities under the Developmental Disabilities Assistance and Bill of Rights Act of 1981.

SEC. 129. There is appropriated $10,000,000 for part B of title IV of the Comprehensive Employment and Training Act relating to the Job Corps which is in addition to the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for the Job Corps.

SEC. 130. Notwithstanding any other provision of this joint resolution, subject only to the absence of qualified applicants, and within the limits of funds and authority available, the head of each department and agency for which authority to enter into commitments to guarantee or insure is provided for in this joint resolution or H.R. 4034 shall enter into commitments to guarantee or insure in the full amounts provided for in this joint resolution or other applicable law.

SEC. 131. Notwithstanding any other provision of law or of this joint resolution, of the fiscal year 1982 Highway Trust Funds available for emergency relief, $17,000,000 shall be made available for damaged highways or for the prevention of damage to highways in the area affected by eruptions of the Mount Saint Helens volcano.

SEC. 132. Notwithstanding any other provision of title 23, United States Code, or of this joint resolution, the Secretary of Transportation shall approve, upon the request of the State of Indiana, the construction of an interchange to appropriate standards at I-94 and County Line Road at the Porter-La Porte County Line near Michigan City, Indiana, with the Federal share of such construction to be financed out of funds apportioned to the State of Indiana under section 104(b)(5)(A) of title 23, United States Code.

SEC. 133. Notwithstanding any other provision of law, or of this joint resolution any proposal for deferral of budget authority under section 1013 of the Impoundment Control Act of 1974 (31 U.S.C. 1403) with respect to budget authority for expenses related to the Northeast Corridor Improvement Project authorized under title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) shall, upon transmittal to the Congress, be referred to the House and Senate Committees on Appropriations and any amount of budget authority proposed to be deferred therein shall be made available for obligation unless, within a 45-day period which begins on the date of transmittal and which is equivalent to that described in section 1011 (3) and (5) of the Impoundment Control Act of 1974 (31 U.S.C. 1401 (3) and (5)), the Congress has completed action on a bill approving all or part of the proposed deferral.

SEC. 134. Notwithstanding any other provision of law or of this joint resolution, none of the funds appropriated by this joint resolution or by any other Act shall be obligated or expended to increase, after the date of enactment of this joint resolution, any salary of any Federal judge or Justice of the Supreme Court, except as may be specifically authorized by Act of Congress hereafter enacted: *Provided further*, That nothing in this limitation shall be construed to reduce any salary which may be in effect at the time of enactment of this joint resolution nor shall this limitation be construed in any manner to reduce the salary of any Federal judge or of any Justice of the Supreme Court.

SEC. 135. (a) Notwithstanding the provisions of section 305 of H.R. 4120 made applicable by section 101(h) of this joint resolution, but subject to subsection (b) of this section, nothing in section 101(h) shall (or shall be construed to) require that the rate of salary or basic pay, payable to any individual for or on account of services performed after December 31, 1981, be limited to or reduced to an amount which is less than—

(1) $59,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level III of the Executive Schedule under section 5314 of title 5, United States Code;

(2) $58,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code; or

(3) $57,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b)(1) For purposes of subsection (a), any rate of salary or pay shall be considered to correspond to the basic pay for a level of the Executive Schedule if the rate of salary or pay for that office or position is (i) fixed at a rate which is equal to or greater than the rate of basic pay for that level of the Executive Schedule or (ii) limited to a maximum rate which is equal to or greater than the rate of basic pay for such level (or to a percentage of such a maximum rate) by reason of section 5308 of title 5, United States Code, or any other provision of law (other than the provisions of such section 305, as made applicable by section 101(h) of this joint resolution) or congressional resolution.

(2) In applying subsection (a) for any office or position for which the rate of salary or basic pay is limited to a percentage of such a maximum rate, there shall be substituted, in lieu of the amount specified in subsection (a) for that office or position, an amount equal to such percentage of the specified amount.

(c) Any adjustment pursuant to this section made to the pay of any employee or class of employees whose pay is disbursed by the Clerk of the House should be of such amount as to assure, to the maximum extent practicable, that such employees are not paid at rates less than employees or classes of employees whose pay is disbursed by the Secretary of the Senate and who hold equivalent positions.

SEC. 136. (a) Notwithstanding any other provision of this joint resolution and in order to execute congressional responsibilities under the Constitution to provide specific items of expenditures, appropriations made available by this joint resolution shall be reduced proportionally, as indicated, for programs, projects, or activities for which provision would be made in the following appropriation Acts:

Departments of Labor, Health and Human Services, and Education, and Related Agencies, 1982 shall be reduced by 2 percent;

Treasury, Postal Service and General Government Appropriation Act, 1982 shall be reduced by 2 percent;

Military Construction Appropriations Act, 1982 shall be reduced by 3 percent; and

Department of the Interior and Related Agencies Appropriation Act, 1982 shall be reduced by 4 percent except for the education and Indian services activities of the "Operation of Indian Programs" appropriation of the Bureau of Indian Affairs and the clinical services activity of the "Indian Health Services" appropriation of the Health Services Administration.

(b) Total appropriations made available in this joint resolution under the Department of Defense Appropriation Act shall be reduced by 2 percent: *Provided*, That such reductions in total appropriation shall be applied proportionally only to projects and activities in titles IV and V of such Act: *Provided further*, That after the conclusion of the first session of the Ninety-seventh Congress, the level of budget authority for the Department of Defense shall be the level of the conference agreement on the Department of Defense appropriation bill for fiscal year 1982. If such agreement has not been reached by the conclusion of the first session of the Ninety-seventh Congress, the level shall be as set forth by section 101 of this joint resolution.

(c) Appropriations made available to the Department of Agriculture in this joint resolution in areas not involving direct assist-

ance to those engaged in agriculture are hereby reduced in the following amounts:

Office of Governmental and Public Affairs, $359,000;

Scientific activities overseas, $5,000,000;

Contracts and grants for agriculture research under the Act of August 4, 1965, as amended (7 U.S.C. 450i), $10,000,000;

Competitive research grants, $15,000,000;

Payments for carrying out renewable resources extension, $3,500,000;

Public Law 480, $103,528,000;

Rural housing insurance fund, reimbursement for losses in prior years, $97,000,000;

Agricultural credit insurance fund, reimbursement for losses in prior years, $56,000,000; and

Rural development insurance fund, reimbursement for losses in prior years, $24,000,000.

(d) Appropriations made available for the projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, in this joint resolution are hereby reduced in the following amounts:

DEPARTMENT OF TRANSPORTATION

Office of the Secretary, salaries and expenses and/or transportation planning, research, and development, $6,000,000;

Coast Guard, operating expenses, $20,000,000, of which $5,000,000 shall be deducted from the amounts made available for recreational boating safety; acquisition, construction, and improvements, $10,000,000; alteration of bridges, $4,000,000; research, development, test, and evaluation, $2,000,000; offshore oil pollution compensation fund, $3,000,000; and deepwater port liability fund, $3,000,000;

Federal Aviation Administration, operations, $20,000,000; facilities, engineering and development, $5,000,000; facilities and equipment (Airport and Airway Trust Fund), $18,000,000; research, engineering and development (Airport and Airway Trust Fund), $6,000,000; and construction, Metropolitan Washington Airports, $5,000,000;

Federal Highway Administration, limitation on general operating expenses, $5,000,000; highway safety research and development, $2,000,000; highway beautification, $1,000,000; territorial highways, $1,000,000; and interstate transfer grants—highways, $18,000,000;

National Highway Traffic Safety Administration, operations and research, $7,000,000;

Federal Railroad Administration, office of the administrator, $1,000,000; railroad safety, $1,000,000; railroad research and development, $5,000,000; rail service assistance, $5,000,000, of which at least $2,000,000 shall be deducted from amounts made available for the Minority Business Resource Center; Northeast corridor improvement program, $6,000,000; payments to the Alaska Railroad Revolving Fund, $3,000,000; and redeemable preference shares, $7,000,000;

Urban Mass Transportation Administration, administrative expenses, $2,500,000; research, development, and demonstrations and university research and training, $4,000,000; urban discretionary grants, $14,750,000; non-urban formula grants, $14,000,000; urban formula grants, $14,250,000; and interstate transfer grants—transit, $12,000,000;

Research and Special Programs Administration, research and special programs, $6,000,000, of which $3,000,000 shall be deducted from the amounts made available for research and development and $600,000 shall be deducted from amounts made available for grants-in-aid as authorized by section 5 of the Natural Gas Pipeline Safety Act of 1968.

Related Agencies

Interstate Commerce Commission, salaries and expenses, $4,500,000;

Department of the Treasury, Office of the Secretary, investment in fund anticipation notes ($7,000,000); and

United States Railway Association, administrative expenses, $4,000,000.

(e) Reductions made by this section shall not apply to appropriations for those activities involving new spending authority described in section 401(c)(2)(C) of the Congressional Budget Act of 1974 including revenue sharing under the Payment to State and Local Government Fiscal Assistance Trust Fund, activities supported under the budget account entitled "Social Security Administration, Limitation on Administrative Expenses" or from funds available for the administration of the medicare program, the food stamp program, and veterans' medical care.

(f) Reductions made by this section shall not apply to any account, activity, program or project for which funds are provided by a 1982 appropriation Act enacted into law subsequent to the enactment of this joint resolution.

(g) No account, activity, program or project may be terminated as a result of reductions made pursuant to this section.

(h) Should additional outlay reductions be necessary to reach the level currently stated to be acceptable to the Administration and not otherwise accomplished by the provision of this joint resolution, outlays for fiscal year 1982 associated with programs for which substantial increases in budget authority are recommended by the Administration over fiscal year 1981, shall be postponed.

SEC. 137. Notwithstanding any other provision of this joint resolution except section 136, $619,240,000 is appropriated under this joint resolution for payment to the Postal Service Fund for revenue forgone on free and reduced-rate mail.

Notwithstanding any other provision of law, the Postal Service shall promptly adjust preferred rates so as to recover the difference between the amount which was authorized to be appropriated under section 2401(c) of title 39, United States Code, and the amount hereby appropriated. Such adjustment shall be made in accordance with the following subsections:

(a) The amount attributable to the reduction in authorization specified in section 1723(a)(1) of the Omnibus Budget Reconciliation Act of August 13, 1981, shall be recovered from the classes of mail specified in section 1723(b)(1) of such Act.

(b) The remaining amount shall be recovered through proportional adjustment to the rates for each class of reduced-rate mail under section 3626 of title 39, United States Code, after the adjustment required by subsection (a) of this section.

(c) Any adjustments under this section shall look first to the phased rates under section 3626 of title 39, United States Code, and shall not affect the remaining (continuing) rate reductions for any category until phasing for all categories is exhausted.

SEC. 138. Notwithstanding section 102 of this joint resolution, in section 139(b)(3) of Public Law 97-51, strike "1981" and insert "1980".

The SPEAKER. The gentleman from Mississippi (Mr. WHITTEN) is recognized for 1 hour.

GENERAL LEAVE

Mr. WHITTEN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on House Joint Resolution 370, and that I may include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WHITTEN. Mr. Speaker, I yield 30 minutes for purposes of debate only to the gentleman from Massachusetts (Mr. CONTE), pending which I yield myself such time as I may require.

(Mr. WHITTEN asked and was given permission to revise and extend his remarks.)

Mr. WHITTEN. Mr. Speaker, as I have explained several times, there is no pleasure on the part of the committee or perhaps on me as chairman of that committee to have to deal with the subject we have here today, the further continuing resolution. Unfortunately this resolution is necessary because there is no other way for the Government to carry on its business.

For the second straight year the Members of the House, and our committee particularly, has worked overtime to present the appropriation bills to this body. We have passed those bills with the exception of one and on that bill we were delayed due to the lack of authorizing legislation.

May I say that we are in this situation because our friends on the Senate side, for reasons which only they understand, have been unable to take up the appropriation bills. In the absence of a continuing resolution there is no way for the Government to operate.

Mr. Speaker, this is a very serious moment, in my judgment, because of the situation that faces us. I might tell you that I believe we cannot keep going the way we have with constantly increasing appropriations, constantly spending money through entitlements and backdoor spending.

I was the chairman of the study committee that recommended the Budget Act to the Congress. Our intention was to close the backdoor, put activities on budget, and gain control. Unfortunately that instrument has been ignored and the requirements of law have been waived which create this situation we face today.

For the last 37 out of 38 years our Appropriations Committee has been under the budget for those items that are subject to our review. The fault does not lie with the committee that I have the honor to head out rather with these mandatory entitlements.

I do not believe you will find in the history of Congress when there has been more cooperation with the executive branch of the Government. First we are asked to rescind $15.1 billion in last year's expenditures. These were

referred to our various subcommittees and they came in and recommended, with your approval, that we rescind $14.3 billion.

We were further asked, if I may relate to you, to stay under the President's revised March 10 budget and we stayed under the budget and in some instances further reduced programs.

Following that, the President came up with a second request for reductions and now a third request for reductions.

May I say again and call your attention to the fact that we have three equal branches of the Government. Our forefathers, when they set up this Government, thought that the right to veto would be an ample protection for the executive branch so that its powers would not be encroached upon. They gave to the Courts of the United States, the judicial branch, the right to decide matters, so that it could protect itself. Our forefathers also established an appropriation process on the legislative side, the people's branch, mind you, to look after the interests of the people. This is our first and primary duty, perhaps on this side of the Capitol more so than on the Senate side. This was designed so we could protect ourselves by withholding appropriations for the other two branches of Government to the point of protecting the jurisdiction and the responsibility of the people's branch.

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In this last resolution we came out with a proposal that made substantial cuts in programs but we know you cannot keep going that way, now we have got to level off.

During that last conference on the continuing resolution we made these reductions. We also responded to the President by including in that bill certain things that they thought highly desirable and, may I say, they said were necessary.

We made that change and carried that bill to the other body. We stayed there until sometime after 2 o'clock in the morning, and all the conferees, Republican and Democrat, signed it, thinking we had done what we had been requested to do. And all of our friends on this side, Republican and Democrat, except three signed it, but they made no kick or complaint about it.

So we left that conference thinking we had an agreement and that it would be signed.

I used the illustration the other day and quoted my good friend, CLAUDE PEPPER from Florida. He said:

> Our Government is like the ancient Russian troika, a three-horse chariot, all three have to pull in the same direction or else you stand still.

So there is a need for us to do what we can.

Now we are faced with a motion to recommit. Let me describe, briefly, what is involved.

The motion to recommit will provide, based on the statements made yesterday, at least $500 million more for foreign aid.

In addition the substitute, if I read it correctly, will give them a 4-percent reduction with a 6-percent possibility. It gives the executive branch in advance, mind you, the right to impound 2 percent and to decide where to impound it.

I think if you support the substitute, you might as well transfer to the executive branch full control and take the legislative branch out of business. In addition it was said yesterday that the President had given assurances that if we passed this substitute and if every bill met its requirements, he would sign it. Well, if it is going to have to fit this substitute, we will never have a bill, we are out of business.

Mr. MITCHELL of Maryland. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield very briefly to the gentleman.

Mr. MITCHELL of Maryland. I thank the gentleman for yielding, and I will be very brief.

It is my understanding that the further cuts that are imposed are centered and focused on most of the human services programs. What I want to get from the gentleman right now is: What further cuts will be imposed by this substitute on our human services programs?

Mr. WHITTEN. May I say that I am going to have certain parts of this bill handled by those subcommittees that deal in the detail. Let me finish my statement, if I may. That will be covered amply.

Mr. MITCHELL of Maryland. I thank the gentleman.

Mr. WHITTEN. In total, according to the figures issued by my friend and colleague, the gentleman from Massachusetts, there will be a reduction of $2,106 million, according to his figures.

We have in our bill $936 million. You may say, "What is a billion dollars?" May I say that it is peanuts when you compare it to the hundred billion dollar deficit that we are going to have and the reason why we are going to have them.

Do you realize that in the tax bill we have a provision that allows big corporations to defer taxes on tremendous sums of money, indeed billions, by buying tax credits from others? Do you realize that we took the windfall profits tax and cut billions in taxes?

So to make up that tax loss, we are asked for the third time to go to these programs which, as I say, look to the well-being of the American people, to their welfare, to their very life and to their health and well-being.

So I say to you that I hope you will stay with our committee, because we have tried to cooperate, we have gone back, and we have cut where it hurts, we have cut programs we did not wish to. But to go further than that and add an extra billion dollars in further cuts, I say is not the proper way to proceed. We cannot take it out of the bone and sinew of the operations of Government.

Mr. Speaker, in the Agriculture bill we carefully reviewed the bill to determine activities that could be reduced without impacting on the programs that are essential to those engaged in agriculture. As I have pointed out before, Mr. Speaker, the American farmer is now in the worst fix economically that he has been in since the Great Depression. We did recommend reductions of $314,387,000; however, we rejected reductions proposed by the Office of Management and Budget that would have cut back on programs designed to assist the farmer in providing food, clothing, and shelter for the American people.

May I add, Mr. Speaker, that I have urged the Director of the Office of Management and Budget and the Secretary of Agriculture to give more adequate supervision to farm loans, to check each case in order to attempt to work out a plan which will enable the delinquent borrower to meet his obligations. Otherwise, failure to work with the borrower could result in wholesale foreclosures and endanger the entire economy.

Mr. ALEXANDER. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Arkansas.

Mr. ALEXANDER. The gentleman mentioned a minute ago that if the Republican substitute in the nature of a motion to recommit was passed, that Congress would be out of business.

Mr. WHITTEN. Relying on the statements made in the meetings yesterday.

Mr. ALEXANDER. Would the Chairman explain that a little bit? I notice there is a lot of press interest in that matter. Does the Chairman mean that the fundamental jurisdiction of the Congress, by way of the Appropriation Committee, would be altered, as a matter of law, that would change the ability of Congress to appropriate and to establish national priorites?

Mr. WHITTEN. Let me repeat verbatim the statements that were made, that they had been assured that if the bills went to the President in line with this resolution which would last for a year, they would sign them only if they are in line. So I say, for all practical purposes, if we adopt the substitute motion we have taken ourselves out of business.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield briefly to the gentleman from Illinois.

Mr. YATES. The gentleman's bill that he proposes does not contain the additional feature that is proposed in the bill proposed by the gentleman from Massachusetts, and that proposal would give the executive branch the right to reduce programs by 6 percent rather than 4 percent, would it not?

Mr. WHITTEN. It would, by allowing the President to transfer among items within accounts.

Mr. FLORIO. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield briefly to the gentleman from New Jersey.

Mr. FLORIO. Mr. Speaker, I rise in support of the committee resolution. I particularly want to point out that this resolution goes a long way toward solving a critical problem facing 400,000 of our Nation's railroad retirees. As we all know, railroad retirees eligible for a dual benefit component suffered a 21-percent cut in this earned benefit effective October 1.

The cut was a result of an inadequate spending level recommended by the President and included in the first continuing resolution. That resolution provided only $350 million, while $440 million is required to fully fund these benefits. This $90 million shortfall resulted in the 21 percent cut.

Fortunately, the committee resolution provides $440 million for the payment of these benefits. I understand this amount is subject to an additional 2-percent across-the-board cut, for a net total of $431 million. While I would obviously prefer the full $440 million, this resolution comes very close and would insure that full benefits could be paid for the rest of the year.

In contrast, I understand that the minority substitute offered today contains only $379 million—a long way from full funding. That level represents a 14-percent cut in the earned benefits of retirees.

The House has already pledged its opposition to pension cuts to retirees. To carry out that pledge, I urge your support of the committee resolution.

Mr. WHITTEN. That I cannot say. I do not know.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I undertand that when we passed the first continuing resolution, the President then submitted a whole massive package of deferrals and that those deferrals at the rate of 12 percent took effect throughout the period of the continuing resolution. I assume also they continued in effect during the second continuing resolution.

Mr. WHITTEN. I would respond by saying the Congress has the right to act on deferrals and the right to act on rescissions. If the President submits new deferrals at least we will have a chance to deal with it on a majority basis and not through a veto where we have to have a two-thirds vote.

Mr. Speaker, may I say again that we have tried to meet all of the problems that we could foresee. But I assure you that there are bound to be some that we cannot foresee, and that is bound to be. But we are forced into this postion because that which we thought to be sound was vetoed, and we have gone back, with a great deal of pain, and cut some more. I repeat: We have done our share. This is the third bite at the apple. I just simply say that we cannot afford to make it go even further in the substitute. I hope you will stay with our committee.

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Mr. CONTE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in opposition to the committee resolution, and in support of the substitute which I will offer as a motion to recommit.

I hope I can clear the air, and focus attention on the real differences between the chairman's resolution, and mine.

The substitute makes the minimum savings that the President has agreed to accept.

His does not.

The substitute will be signed into law.

His will not.

The substitute will be accepted by the Senate without a conference.

His will not.

These are the essential differences.

If I have not made myself clear, I will be happy to yield for clarification after I have completed my remarks.

The two resolutions are similar in nearly all other important respects.

There is no difference on "protecting the appropriations process," since both resolutions provide that the regular bills shall become the funding mechanism when enacted into law.

There is no difference on "congressional prerogatives," since both resolutions make across-the-board reductions in budget authority for selected bills, and make itemized reductions in budget authority for other bills.

The reduction in the substitute is 4 percent, and the chairman's is 2 percent for one bill, 3 percent for two bills, and 4 percent for one bill.

We exempt many of the same items: Entitlements, general revenue sharing, the food stamp program, and veterans' medical care.

The substitute resolution exempts the IRS and certain specified law enforcement programs, and his does not, but I am not going to say you should vote on that basis.

His cuts are proportional down to the level of projects and activities, while mine are proportional only down to the account level, with a 6 percent floor for cuts in programs and activities.

I happen to think that our formula is a better combination of equity and commonsense discretion for the executive, but I am not going to say you should vote on that basis.

Both resolutions provide for increases in pay for the first three executive levels—increases which are substantially below the rates which would be in effect with no pay cap at all.

Both resolutions provide the same effective rate for Defense.

Both resolutions contain most of the conference agreements in the vetoed continuing resolution.

Both the chairman and I have tried to provide adequate funding for programs we believe in.

The chairman took care of the Department of Agriculture with some of the most creative budget cuts I have seen in 24 years, and if the Members would like some entertainment, I direct their attention to the Agriculture provision on page 33 of the chairman's resolution.

I fought hard for adequate funding for the programs in Health and Human Services—programs I deeply believe in, and have stoutly defended for years.

I will simply say that the substitute resolution is the best possible political compromise under current circumstances, and I will be happy to debate the gentleman from Kentucky on the details of the substitute resolution compared to the Labor-HHS bill which was reported from his committee.

All of us remember the drama and the disappointment of the conference on the last continuing resolution, and the veto.

We worked hard for a compromise, but we failed.

Did we learn anything?

What we should have learned is that we are dealing with a President and his advisors who have a sense of will and determination that this town has not seen since the early days of the Johnson administration.

This President means what he says.

He will not be bluffed, and he will not sign a bill that falls far short of the minimum savings he has said he will accept.

Let me spell it out again.

The substitute resolution will be passed by the Senate without amendment, and will be signed into law.

The Chairman's resolution is an exercise in political fantasy, gamesmanship, and wishful thinking that will lead us all down the road to disaster.

It will be freely amended by the Senate, mangled in conference, and vetoed.

We will be here on Christmas Eve, angry and frustrated, with payless

paydays and another Government shutdown.

And we will have brought it on ourselves if we go down that road.

Vote for the substitute resolution, and let us go home.

DEFENSE AND MILITARY CONSTRUCTION

The Defense portion of the resolution imposes a 2-percent reduction across the board, but with the cut applied proportionately against only the procurement and research and development titles. However, this reduction would fall out when a conference agreement is reached, at which time the conference level would be the rate, or the expiration of the first session of this Congress at which time the lower of the House or Senate levels should be the rate.

In the latter case, budget authority would be $196.7 billion as compared to the fiscal year 1981 level of $171.3 billion, and compared to the $197.6 billion allowed by the House-passed version for fiscal year 1982 and the Senate's $208.5 billion fiscal year 1982 bill as passed.

This is the same provision as was agreed to in the Conference on House Joint Resolution 357 and is identical to the committee bill before us.

Military construction also is cut by 2 percent from the lower of the House- or Senate-passed versions. The base level is $6.3 billion, but with the 2-percent cut, this is reduced to about $6.2 billion. The committee bill cuts Milcon by 3 percent or $191 million.

So, taking into account the President's September Defense request of $200.5 billion and his Milcon request of $7.3 billion, the continuing resolution I offer provides a combined total of $209.9 billion against a request of $207.8. The committee proposal sets $202.8 billion as the combined level, the difference being only the 1-percent differential in the military construction reduction, and my utilization of the Senate-passed version in the base calculation.

Defense is under this resolution until February 15, 1982 and Military Construction for the life of the resolution.

I understand, however, that Defense is expected to go to conference next week, and Military Construction possibly tomorrow.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

For the Department of Housing and Urban Development and independent agencies, the substitute, unlike the committee bill, would allow, with the exception of accounts within the VA, the 4-percent reduction to be applied to accounts at or below the revised budget estimates. Like the committee bill, my substitute specifically exempts veterans entitlement programs, the veterans medical care account and revenue sharing payments from the 4-percent reduction.

Applying the 4-percent reduction to accounts already at the revised budget estimates would result in additional budget authority savings of $755 million and outlay savings of $39 million.

INTERIOR

For the Department of Interior and related agencies, the substitute provides for a 4-percent reduction to be applied proportionately by account to the levels of funding provided in the conference report and joint explanatory statement of the committee on conference, House Report 97-315, to H.R. 4035, as approved by the House of Representatives on November 12, 1981.

Applying this 4-percent reduction to the conference level approved by the House on November 12, 1981, would result in budget authority savings of $300 million.

ENERGY AND WATER

As regards the energy and water appropriations provisions, these are no longer the subject of the debate since the President signed into law H.R. 4144 on December 4.

LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION

The Labor-HHS-Education chapter of this resolution is always the hardest and most critical chapter of any continuing resolution for me. First of all, you all know I don't like to have continuing resolutions—certainly few among us do. But because of delays in the other body that have kept us from getting to conference on the Labor, Health and Human Services bill, we are again faced with the need of a continuing resolution.

Let me tell you what my resolution contains in this regard. It is a responsible package. This resolution provides that the Labor, Health and Human Services, and Education programs be funded at a rate which is the lower of the House-passed or the Senate reported Labor-HHS-Education bills (that is H.R. 4560). The basic rate I have established in this resolution is the basic rate of the vetoed continuing resolution before the 2-percent reduction was applied.

Then, to this basic rate we have made certain exceptions for key human service, education, and health programs that we believe are particularly critical to this Nation. Many of these exceptions are ones that both the House and the Senate agreed upon in the vetoed continuing resolution.

For example, we added to the basic rate an additional $31 million for the maternal and child health block grant; we added $62 million to the community services block grant; we added $45 million for railroad retirement benefits; we added $69.8 million for handicapped education; and $140 million for education block grants; and $175 million for the low income energy assistance program.

I could go on and detail other adjustments, and I will mention some later, but the real point is, that to the basic rate we made some adjustments in these very vital health and human service programs to make sure that their funding levels would preserve them as effective, productive programs: House, $454; Senate, $344; total add-ons, $788.

Then this resolution applies a 4-percent reduction to virtually every discretionary account. You will recall that this House voted to accept a 2-percent reduction less than 3 weeks ago and at that time we did not have all of the adjustments I have provided for here.

The 4-percent reduction produces additional savings over the vetoed continuing resolution of $529 million. Now, we all know that $529 million out of a total budget for this chapter of nearly $85 billion is not a tremendous amount. At the same time we all know I would rather not make a single reduction in this budget, but there are some practical realities that we must come to grips with. Specifically, in order to get a bill signed, we must produce some additional savings over the vetoed continuing resolution.

I fought like crazy with the administration, OMB, and the other body to come up with the package I've brought before you today. It is not perfect and I'll be the first to admit that, but it is a darn good package that takes an even-handed approach to funding these programs at a level we can all live with.

When I first started negotiating this package with the other body, the White House, and OMB, they didn't want any of the add-ons I've mentioned to you. They wanted to take a great deal more budget authority out of this chapter. I fought that! I demanded that the add-ons of the Senate, during the previous continuing resolution, be part of this package—programs like handicaped education, rehabilitation services, developmental disabilities. I fought for those and got every one of them.

I also got every add-on that we Members of the House Conference on the vetoed continuing resolution had fought for. The critical point is that we bargained for these adjustments, we got them, and, we got a guarantee that with the 4-percent reduction we would get a signed bill.

Just yesterday I talked to my good friend, Senator SCHMITT, and he said he is ready to move in the Senate on the regular fiscal 1982 Labor, Health and Human Services and Education appropriations bill. He went further and said that he would push for a conference with the House so that we would have an opportunity to get a Labor-HHS bill passed. I should add that I also got an agreement from the President that he will sign each and every regular appropriations bill that

comes to him this year that is within the parameters of this resolution.

I should also mention that this Labor-Health and Human Services package includes all language provisions of the vetoed continuing resolution. Lots of you had language provisions there you cared about. For example, we made sure there was no cap on the entitlement of the foster care program.

LIMITATIONS ON ADMINISTRATIVE EXPENSES—SOCIAL SECURITY ADMINISTRATIVE EXPENSES; MEDICARE ADMINISTRATIVE EXPENSES; UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES ADMINISTRATIVE EXPENSES

Allow me to explain briefly the savings achieved in my resolution through limitations on the use of trust funds for administrative expenses in three accounts. First, let me say that I negotiated for reductions in these limitations as well. Originally, the package called for limitations amounting to budget authority reductions of $500 million.

The package I have here calls for reductions in budget authority through trust fund limitations of $310 million in budget authority, and $90 million in additional outlay savings by creation of "contingency reserves" in the medicare contractors account and in the administrative account of social security.

Those limitations amount to $400 million in additional savings in this chapter without jeopardizing any of the programs. Let me explain each one:

MEDICARE CONTRACTORS, HEALTH CARE FINANCING ADMINISTRATION

In the medicare contractors account the administration originally was pushing for $116 million in cuts in administrative expenses. My package includes only $13 million in budget authority cuts and the $20 million in the "contingency reserve" which is appropriated to be used if necessary.

ADMINISTRATIVE EXPENSES, SOCIAL SECURITY ADMINISTRATION

In the account for "limitation on administrative expenses" within Social Security Administration, the original cut being urged by the administration was $106 million in budget authority. I refused to accept that reduction in administrative expenses.

My package includes only $36 million in budget authority reductions, not $106 million, and a $70 million "contingency reserve" which is appropriated by my resolution to be used when necessary.

I have a letter from Secretary Schweiker of HHS that I will supply for the RECORD, but let me just tell you that it provides assurance that these two administrative accounts can absorb the respective $13 million and $36 million budget authority cuts I have outlined without endangering the programs or producing additional fraud, waste, or abuse.

GRANTS TO STATES FOR UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES

In the account entitled "Grants to States for Unemployment Insurance and Employment Services," my proposal increases the limitation on administrative expenses by $261 million. That $261 million is a reduction from a March budget base of $2.2 billion.

I know there are concerns about any trust fund limitations, but let me assure you that we have carefully constructed this limitation to assure that, first of all, no State unemployment office may be closed as a result of this limitation. Second, no employees of these offices may be laid off as a result of this limitation. Finally, I have a letter from Secretary Donovan, dated yesterday, stating that "if under the January economic assumptions the 1982 workload is higher than assumed in the September budget request (which is what my limitation reflects), the administration will submit a supplemental budget request to assure the processing of the higher workload."

So, let me just say that this limitation represents a streamlining of unemployment insurance procedures and systems, and reductions in all overhead functions not directly related to the processing of claims, or the collecting of employer taxes, or combatting fraud and abuse.

If it turns out that the savings cannot be achieved as the Department and administration believe they can, then we have assurances that a supplemental request will be made.

Finally, it is important for me to point out that I have, in my resolution, specifically exempted these three trust fund accounts from the across-the-board 4-percent cut. Not one penny will come out of them as a result of the 4-percent cut.

FOREIGN OPERATIONS

The substitute resolution provides $100 million more in budget authority than the committee resolution, or a total of $9.675 billion, including the operations of the Export-Import Bank. This level is composed of the base rate of the lower of fiscal year 1981 levels or fiscal year 1982 budget requests, plus $100 million in additional funding, for an increase in the limitation on direct lending by the Export-Import Bank of $100 million. In addition, one off-budget increase is provided in the amount of $2.2 billion for Export-Import Bank guarantees, which is also included in the committee resolution. The Eximbank provides jobs in the United States, makes U.S. firms more competitive in world markets, and assists our balance of payments.

The $9.7 billion in total budget authority provided in the substitute is $1.4 billion below the House-reported fiscal 1982 bill, $1.9 billion below a Senate-passed bill, and $3.3 billion below comparable authority in fiscal year 1981. It is also $1.5 billion below the President's September budget request.

COMMERCE, JUSTICE, STATE AND THE JUDICIARY

The substitute resolution provides base funding for Commerce, Justice, State, and Judiciary accounts at levels contained in the House-passed version of the fiscal year 1982 bill, H.R. 4169, the same as the committee bill, and under the terms and conditions of fiscal year 1981. The committee bill stipulates the terms and conditions in the House-passed bill, a provision which may well bring a Senate filibuster if adopted by the House. There are numerous exceptions from this base rate, most of which were included in the vetoed continuing resolution.

Total budget authority provided in the substitute for items in this section is $8,517,704,000. This is $1.1 billion below appropriations enacted for fiscal year 1981, $166 million below the House fiscal year 1982 bill, and $153 billion below the Senate fiscal year 1982 bill. It is $594,000 over the committee resolution.

With a few exceptions, individual programs are funded at the same levels in both resolutions.

PAY CAP ADJUSTMENT

Section 142 of the substitute resolution provides a partial lifting of the pay cap imposed on Federal executive, legislative, and judicial officials by section 305 of the legislative branch appropriations bill for fiscal 1982. The cap would not be changed for Members of Congress, but pay ceilings would be adjusted for the following categories: Executive Level III employees would increase from $55,378.50 to $59,500; Executive Level IV employees would increase from $52,750 to $58,500; and Executive Level V employees would increase from $50,112.50 to $57,500. The committee resolution contains the same language.

TRANSPORTATION

As regards the Department of Transportation and related agencies, the substitute resolution provides for a bottomline reduction of 4 percent from the fiscal year 1982 transportation appropriations conference report level filed in the House on November 13, 1981. This compares to a 2.2-percent reduction in the committee resolution. This reduction is achieved, however, through selective cuts—the same method employed in the committee's version of the continuing resolution. In most instances, they are merely an increase in cuts for the same accounts proposed in the committee resolution.

The 4-percent figure represents a reduction of $493 million in budget authority and $306 million in outlays. This compares to $240 million in budget authority and $142 million in

outlays contained in the committee bill.

For the Coast Guard, there is provided a total of $2.1 billion. The operating expenses account is funded at $1,356 billion; the acquisition, construction, and improvements account is at $384 million; retired pay continues to receive $279 million, the same amount it was allocated under the Department of Transportation appropriation conference report for fiscal year 1982.

The Federal Aviation Administration receives $2.48 billion in new appropriations under this substitute measure. The airport development and planning program continues to be capped at the House-Senate transportation conference level of $450 million.

Amtrak continues to be the recipient of a total of $735 million; $569 million in new appropriations and an earlier appropriation of $166 million. This is the same level as contained in the conference report for the fiscal year 1982 Department of Transportation bill.

The Urban Mass Transportation Administration is funded at a level of $3.49 billion. Of that amount, $1.365 billion is for the urban formula grants; A new appropriation of $1.449 billion plus $231 million in unobligated carryover funds for the urban discretionary grants program; $538 million for the interstate transfer grants program for mass transit; and $288 million for the interstate transfer grants program for highways.

LEGISLATIVE INTENT

Mr. Speaker, at this point in the RECORD, I insert prepared material which is intended to constitute legislative intent to accompany my motion to recommit.

Much of the material was based on the statement of managers on House Joint Resolution 357 and the style is therefore somewhat awkward.

However, this statement does represent, so far as possible, the intent of all of the parties who participated in drafting the substitute.

DEFENSE

The recommendation makes no change from the treatment of the Department of Defense and the military construction appropriations bills in the vetoed version of the continuing resolution (H.J. Res. 357); however, the expiration date for Defense in this resolution is February 15, 1982.

MILITARY CONSTRUCTION APPROPRIATIONS

The 2-percent reduction to the Military Construction Appropriations Act amounting to $127 million is to be applied to the following accounts in the following amounts:

Military construction, Army:	
Planning and design	−$8,000,000
Minor construction	−3,000,000
Military construction, Navy: minor construction	−4,000,000
Military construction, Air Force:	
Air Force shortfall	−64,000,000
Minor construction	−3,000,000
North Atlantic Treaty Organization infrastructure	−45,000,000
Total	−127,000,000

The resolution directs that reductions within each account are to be taken from nondomestic projects.

EXECUTIVE PAY

The resolution provides adjustments in pay limitations for certain officials in lieu of the 22.4 per cent increase that otherwise could occur by statute. The new rates would become the statutory rates payable, thus eliminating and foregoing all previously accrued adjustments. Members of the House and Senate are excluded from the adjustments.

ATTORNEY GENERAL AND KROME NORTH

The resolution includes language providing that the Attorney General shall exercise his best efforts to insure that after March 1 1982, the number of aliens detained at the Krome North facility in Miami, Fla. who are seeking entry into the country shall not exceed 525 and that the number of aliens detained at other facilities in the State of Florida who are awaiting exclusion, deportation, or resettlement shall not exceed 525.

The Attorney General must take action to reduce the alien population detained at the Krome North facility and other detention facilities in Florida to no more than 525 persons. This continuing resolution provides funding necessary to finance expenses at Krome North and to activate another detention facility, Fort Drum, in Watertown, N.Y. which will relieve crowding at Florida detention facilities. It is the understanding of the resolution that this facility can be activated within 2 months. Therefore, the resolution has provided that the Attorney General shall exercise his best efforts to reduce the population of detainees at Krome North and other Florida detention facilities to 525 persons by March 1, 1982. The resolution directs the Attorney General, in carrying out the provisions of this section, to provide monthly reports to the Appropriations Committees detailing all efforts and progress in carrying out the intent of the resolution that this limitation be achieved.

REPROGRAMING POLICY

The resolution directs that section 508 of H.R. 4169, as reported by the Senate, concerning reprograming policy shall govern the departments, agencies, commissions, and administrations funded in the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriations Act, 1982.

REPRESENTATION ALLOWANCES

The resolution directs that the authorized ceilings for official representation allowances in H.R. 4169 as passed by the House, shall apply unless specified otherwise.

LEGAL SERVICES CORPORATION

The resolution provides $241,000,000 for the Legal Services Corporation. The resolution directs that unless minimum access to legal assistance is available or provided in all parts of the country within the level of funding available, such funds should be allocated to insure that no greater level of access to legal assistance is available or provided to any part or area of the country than is available or provided to all parts of the country.

FEDERAL EMERGENCY MANAGEMENT AGENCY

The administration transmitted to the Congress on November 19, 1981, an amended budget request for the Federal Emergency Management Agency. The budget amendment redistributes resources among Agency accounts. The effect of the latest proposal is to reduce the disaster relief fund by $23,027,000 to cover shortfalls in the Agency's operating accounts. Tariff rates for the civil defense and national security telecommunications systems were recently increased substantially, requiring the realinement of $10,000,000 in 1982. Of that total, $8,990,000 is reflected in the emergency planning and assistance account and $1,010,000 is included under salaries and expenses. The resolution provides for the tariff increase.

The budget amendment increases the salary and expenses request by $10,510,000 above the restructured March proposal. The revised total is $93,879,000. The major reason for the increase is to cover a $7,500,000 salary shortfall. The other components of the increase are the tariff adjustment addressed above and $2,000,000 for additional space rental charges.

The resolution directs that within the total provided for emergency planning and assistance, the Agency shall make available $4,000,000 to the National Bureau of Standards for the continued operation of the Center for Fire Research. This is the amount requested in the March budget estimate.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION SPECIAL ASSISTANCE FUNCTIONS FUND

The resolution urges the Government National Mortgage Association to award fiscal year 1982 mortgage purchase authority under the special assistance functions fund first to all eligible section 8 and targeted tandem applications which would support urban development action grant projects. The next priority should be those projects that were eligible, but did not receive funding, in the Janu-

ary 1981 allocation. The remaining funding should be made available to projects that receive firm commitments prior to December 29, 1981, on the basis of a computerized random selection lottery.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The resolution restors funds above the amended September budget estimate in the research and development account of the National Aeronautics and Space Adminstration for the following program areas:

Space sciences	+$32,455,000
Space applications	+31,578,000
Aeronautics	+35,963,000
Space research and technology	+12,280,000

In addition, the resolution adds $70,000,000 for application in accordance with the directions set forth in regard to amendment numbered 27 in House Report 97-222, accompanying H.R. 4034. The resolution directs that these amounts may not be used for purposes other than those enumerated above without the approval of the Committees on Appropriations. The recommended increases of $182,276,000 are consistent with a total 1982 research and development program of $4,774,176.000.

VETERANS' ADMINISTRATION

The resolution recommends $57,700,000 for the medical administration and miscellaneous operating expenses account in the Veterans' Administration. Included within the total is $4,000,000 above the budget estimate for the nurse scholarship program.

SMALL BUSINESS ADMINISTRATION

SALARIES AND EXPENSES

The resolution provides $207,945,000 in new budget authority for salaries and expenses of the Small Business Administration and an additional $19,200,000 by transfer from the disaster loan fund, as specified in Senate Report 97-265. The resolution also provides $14 million for Small Business Development Centers. A total of $18,376,000 is provided under "Salaries and expenses" for management assistance programs, including SCORE/ACE, Small Business Institutes, junior college training programs, general contractual assistance, as specified in House Report 97-180, and the Office of International Trade as detailed in Senate Report 97-265. The resolution agrees that $6,600,000 shall be provided for advocacy programs including $1 million for establishing an indicative data base, as specified in House Report 97-180, and $1 million for development of an external small business economic data base, as specified in Senate Report 97-265. The resolution agrees that the rate provides $300,000 in additional funds for the Office of the Inspector General and $175,000 in additional funds for technology transfer programs, as specified in Senate Report 97-265.

BUSINESS LOAN AND INVESTMENT FUND

The resolution provides a rate of $326 million for the business loan and investment fund of the Small Business Administration. The resolution directs that the rate provided shall support a total of $3 billion in guaranteed loans, as specified in Senate Report 97-265, and a total of $225 million in direct loans as detailed in Senate Report 97-265, except that $120 million will be available for direct business loans. The resolution directs that $31 million in unanticipated, unobligated balances shall be used to support the loan levels provided.

DEPARTMENT OF JUSTICE

ADMINISTRATIVELY UNCONTROLLABLE OVERTIME

The resolution directs that the rate of funding provided for the Federal Bureau of Investigation, the Immigration and Naturalization Service, and the Drug Enforcement Administration includes the full amount requested for administratively uncontrollable overtime (AUO) as set forth in Senate Report 97-265.

U.S. ATTORNEYS AND MARSHALS

The resolution directs that the $291,950,000 provided for the U.S. attorneys and marshals include $5 million which shall be available for the U.S. bankruptcy trustees. The resolution further directs that this program is to be financed out of savings realized for the U.S. attorneys and U.S. marshals and that in no event are personnel levels for those activities to be reduced in order to fund the U.S. trustees.

FEDERAL BUREAU OF INVESTIGATION

The Federal Bureau of Investigation has suspended fingerprint identification services provided to States and local authorities, banking, and other financial institutions. The resolution intends that the Director will make every effort to restore such service within the current fiscal year.

IMMIGRATION AND NATURALIZATION

The joint resolution provides $428,557,000 for the Immigration and Naturalization Service. This amount is $41,421,000 higher than that in H.R. 4169 as passed by the House of Representatives but is $45 million less than the level in H.R. 4169 as amended by the Senate. The resolution includes funds for enforcement and detention, but does not provide $35 million for the construction of a permanent new detention facility. The resolution directs that the rate of funding provided is sufficient to maintain the number of border patrol and investigation positions provided in House Report 97-180. In addition, the resolution directs that INS provide positions detailed in Senate Report 97-265 for the Charlotte and Atlanta offices.

FEDERAL PRISON SYSTEM

BUILDINGS AND FACILITIES

The resolution provides that $1,920,000 of the $13,731,000 provided for buildings and facilities for the Federal Prison System shall be used for the acquisition of land, engineering studies, and design of a new correctional facility in Phoenix, Ariz. as provided in Senate Report 97-265.

INTERNATIONAL COMMUNICATION AGENCY

The resolution directs that of the $443,286,000 provided for "Salaries and expenses," $100 million shall be used for educational and cultural exchange activities as defined in the Mutual Educational and Cultural Exchange Act of 1961, as amended, $7,465,000 above the March budget estimate for academic exchange programs.

NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION

The resolution directs that of the total amount provided for the National Telecommunications and Information Administration, "Salaries and expenses" funds shall be allocated to retain 12 of the 19 employees scheduled for termination as proposed in the March 10 budget estimates.

SCIENCE AND TECHNICAL RESEARCH

The resolution directs that within the total amount provided for "Scientific and technical research and services" funds shall be allocated as prescribed in House Report No. 97-180. With regard to the closeout of the Smithsonian Science Information Exchange, the Department of Commerce shall provide to those employees separated from SSIE due to the closeout all rights, benefits, severance pay and other considerations that would be extended and afforded any group of Federal employees under the same conditions.

FEDERAL COMMUNICATIONS COMMISSION

The resolution directs that the Federal Communications Commission shall not move any of its offices in the District of Columbia from their present locations until approval is secured from the Committees on Appropriations of the House and Senate. The resolution further directs that the Commission provide adequate staff and other necessary support for research and other activities for the Temporary Commission on Alternative Financing for Public Telecommunications.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

The resolution intends that of the $820,455,000 provided herein for "Operations, research, and facilities," the rate for those projects and activities listed in Senate Report No. 97-265 shall apply with the following exceptions: Anadromous fishery grants, $3,375,000; Sea Grant, $35 million; Commercial fisheries R. & D., $4 mil-

lion; Sand Point (EXAD), $450,000; Climate data activities, $11,100,000; AFOS, $11,730,000; GOES Satellite, $15,870,000; Weather modification (NOAA), $669,000; Landsat, $1,100,000; Fur Seals, $0; Habitat monitoring, $0; North Dakota/Utah weather modification, $300,000. In addition, $926,500 is provided for the 38 weather stations proposed for termination.

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

The resolution directs that of the $151,700,000 provided for the International Trade Administration, $1 million shall be used to fund the small business export expansion program in fiscal year 1982. The resolution notes that the Department of Commerce did not carry out this program in fiscal year 1981 with the $1 million provided for that purpose, and fully expects the Department to obligate a total of $2 million in fiscal year 1982 for small business export expansion activities.

ECONOMIC DEVELOPMENT ASSISTANCE PROGRAMS

The resolution directs that $198,500,000 be available for economic development assistance programs in the following manner:

	Thousands
Public works	$130,000
Planning assistance	25,500
Districts	−15,000
Indians	−3,000
States	−2,900
Urban	−4,600
Technical assistance	8,000
University centers	−3,000
Research and evaluation programs	2,000
Economic adjustment	33,000
Total	198,500

The resolution futher directs that direct loans of $30 million and any payments for loan defaults shall be derived from the economic development revolving fund.

SECURITIES AND EXCHANGE COMMISSION

The resolution directs that of the $82,906,000 provided for the Securities and Exchange Commission, the Commission shall endeavor to achieve the objectives and carry out the activities, within the resources available, detailed in Senate Report No. 97-265. The resolution further directs that the SEC shall not move any of its offices in the District of Columbia from their present locations until approval is secured from the Committees on Appropriations of the House and Senate.

TRANSPORTATION

OVERALL REDUCTION

The resolution directs a reduction of $493,250,000 from the amounts which would otherwise be made available by this resolution for the projects or activities provided for in the Department of Transportation and Related Agencies Appropriations Act, 1982. In making this reduction, this resolution directs, that to the maximum extent feasible, the earmarkings and directives contained in the conference report and joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriations Act, 1982, will be implemented. Any deviation from the language contained in that report should receive the prior approval of the House and Senate Committees on Appropriations.

URBAN DISCRETIONARY GRANTS

The resolution directs that the reduction for urban discretionary grants appropriations be applied on a pro rata basis for each activity and new start project identified in the statement of managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriations Act, 1982.

URBAN FORMULA GRANTS

The resolution directs that $58,725,000 of the $64,725,000 reduction in the Urban Formula Grants account be pro rata; the remaining $6 million of the $64,725,000 reduction in this account shall be taken from tier IV only.

INTERSTATE TRANSFER GRANTS

The resolution directs in the case of Interstate Transfer Grants, which were specifically earmarked by the conferees on House Joint Resolution 357, that the further reductions in this joint resolution be applied on a pro rata basis to the base as specified in the joint explanatory statement of the managers on House Joint Resolution 357. In addition, for the interstate transfer grants-highway program, of the $288 million, the funding for Oregon shall be $60 million, the funding for Omaha shall be $2 million and the remainder of the funding shall be allocated on a pro rata basis among the other earmarked highway projects.

TRANSPORTATION

EAST ST. LOUIS METROPOLITAN GATEWAY RAILROAD PROJECT

The resolution directs that none of the reduction proposed by this amendment for Federal Railroad Administration, railroad research and development be allocated to the East St. Louis Metropolitan Gateway area railroad restructuring project. The reduction of $7 million from the appropriation redeemable preference shares shall be derived from the amount not specifically earmarked for any project in the statement of the managers accompanying the conference report on the Department of Transportation and Related Agencies Appropriation Act, 1982.

UMTA—PERSONNEL REDUCTIONS

Any personnel reductions in UMTA required by this amendment shall be taken primarily from the Washington, D.C., headquarters office.

ALLOCATING FUNDS, SECTIONS 5 AND 18—CENSUS DATA

The resolution reiterates the conference agreement and joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982, concerning the use of census data in apportioning and allocating funds for section 18 nonurban formula grants and section 5 urban formula grants. The resolution directs that the funds made available by this resolution be apportioned and allocated as soon as possible.

RAILROAD BRANCHLINE ABANDONMENTS

The resolution limits the railroad branchline abandoments in the State of North Dakota to 350 miles.

The House and Senate Appropriations Committees understand that the Illinois Central Gulf Railroad has agreed to cooperate with the State in the continued operation of their railroad lines in North Mississippi.

The resolution reiterates the language appearing on page 28 of the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriation Act, 1982 (H.R. 4209), relating to surcharges, rate increases, and assistance from the Section of Rail Services Planning.

LABOR, HEALTH AND HUMAN SERVICES AND EDUCATION AND RELATED AGENCIES CHAPTER

GRANTS TO STATES FOR UNEMPLOYMENT INSURANCE AND EMPLOYMENT SERVICES

It is the intent of this resolution to assure that State unemployment offices will not closed and employees will not be laid off as a result of limitations on trust funds provided by this resolution. The Secretary of Labor has indicated that if under the January 1982 economic assumptions the 1982 workload for processing unemployment compensation claims is higher than assumed in the September 1981 budget request, the administration will submit a supplemental request. It is the intent of this resolution that under these circumstances a supplemental request would be submitted to the Congress.

It is the intent of this resolution that the States should be reimbursed for all expenditures pursuant to this provision until a supplemental request is approved by Congress and that the Department of Labor will work with the States and the appropriations committees to assure adequate funding levels for operation.

HEALTH CARE FINANCING ADMINISTRATION, PROGRAM MANAGEMENT

The accompanying resolution includes an appropriation of $78,535,000 for the Program Management appropriation of the Health Care Financing Administration, and authorizes the transfer of $872 million in trust funds for Federal administrative costs. The committee has included $14,126,000 for State certification activities. Within this funding level, the Administration will reduce the survey burden on providers with a history of compli-

ance with program conditions of participation, and will target survey resources on facilities which have a history of compliance problems. For medicare contractors, the resolution provides $711 million. It includes $691 million for normal program operations and provides for a $20 million contingency fund to meet unanticipated workload and mandatory cost increases. This level of funding should assure tight management of resources for provider audits and medical and utilization review of claims, including the targeting of these resources on known problem areas, and should insure adequate control over benefit payments. In addition, savings will be achieved by expanding current efforts to streamline contractor operations in areas that do not affect the accuracy of claims payment.

SOCIAL SECURITY ADMINISTRATION, LIMITATION ON ADMINISTRATIVE EXPENSES

The accompanying resolution provides $3,017,000,000 for the limitation on administrative expenses account within the Social Security Administration. This amount includes $70,000,000 as a contingency specifically for automatic data-processing improvements and to provide SSA with sufficient flexibility to meet workloads not anticipated in the current budget estimates. It is understood that sufficient resources are included within this level of funding to carry out normal activities with respect to social security programs as well as to increase preeffectuation review from 15 percent to 35 percent as required by law, to increase the number of continuing disability investigations, and to implement in fiscal year 1982 the new debt collection initiative.

COLLEGE HOUSING

The resolution clarifies that the college housing program is intended to function at a level of $75 million for direct loan commitments. The revolving fund is to be used to first fund the balance of any approved applications of fiscal year 1981 that were not fully funded because of a deficiency in budget authority.

COMMUNITY SERVICES BLOCK GRANTS

The resolution directs the Secretary of Health and Human Services, through the Office of Community Services, to continue to use his existing authority to make loans and loan guarantees through the rural development loan fund authorized under section 681 of the Reconciliation Act of 1981. The resolution concurs with the committee report on H.R. 4560 in allocating discretionary funds under the community services block grant.

BILINGUAL EDUCATION

The resolution intends that for the "bilingual education" appropriation the annual rate of operations under the continuing resolution is $143,810,000, the amount contained in both the House and Senate versions of the Labor, Health and Human Services, and Education appropriation bill for 1982. The resolution intends that the rate of operations for the activities under the total amount available shall be as follows:

	Thousands
Grants to school districts	$82,523
Training grants	30,038
Support services	19,747
Bilingual desegregation grants	7,662
Bilingual vocational training	3,840

HEALTH FACILITIES

The resolution provides $35,790,000 for construction or expansion of two teaching facilities under section 720(a)(1) of the Public Health Service Act. The resolution includes $20,790,000 for the construction or expansion of a teaching facility, the Institute for Advanced Biomedical Research at the University of Oregon Health Science Center, School of Medicine, Portland, Oreg., and $15,000,000 for the construction or expansion of a teaching facility, the Health Sciences Education Building at the Tufts University School of Medicine, Boston, Mass. This item of the resolution is not subject to the reduction provided by section 143 of this resolution.

IMPACT AID

The resolution provides that the payments to any local educational agency under section 3(a) shall not exceed 90 percent of such payments for fiscal year 1981, instead of 85 percent as proposed by the House and 95 percent proposed by the Senate. In determining payments under section 3(b) the Secretary should give priority to local educational agencies in which 20 percent or more of the total number of children in average daily attendance are determined eligible under section 3(b) of Public Law 874. The resolution has provided full funding for section 3(d)(2)(B) of Public Law 874 which gives the Secretary of Education authority to balance the current budgets of qualified, heavily impacted school districts after regular impact aid payments have been computed.

MEDICAID/INDIAN HEALTH FACILITIES

The resolution provides that all medicaid payments to the States for Indian Health Service facilities as defined by section 1911 of the Social Security Act shall be paid entirely by Federal funds and that these amounts shall not be included in the computation of the target amount of Federal medicaid expenditures under section 1903.

ADOLESCENT PREGNANCY

The resolution provides $750,000 to continue the operations of the Office of Adolescent Pregnancy Programs in the Department of Health and Human Services.

MSHA/POTASH

The resolution has included language prohibiting the Mine Safety and Health Administration from classifying a mine in the potash industry as gaseous based upon air samples containing concentrations of methane gas.

PELL GRANTS

The resolution directs that funds available for student financial assistance shall be subject to the following additional conditions:

First. The maximum Pell grant a student may receive in the 1982-83 academic year is $1,800.

Second. The cost of attendance used for calculating eligibility for and amount of Pell grants shall be established by the Secretary of Education.

Third. The Secretary may establish or approve separate systems of need analysis for the academic year 1982-83 for the programs authorized under subpart 2 of part A, part C, and part E of title IV of the Higher Education Act.

Fourth. The family contribution schedule for the 1981-82 academic year shall be the schedule for the 1982-83 academic year, modified by the Secretary to exclude payments under the Social Security Act and title 38, United States Code.

Fifth. No Pell grant shall exceed the difference between the cost of attendance and the sum of the expected family contribution and amounts paid to, or on account of, a student under the Social Security Act and under title 38, United States Code, and if, with respect to any student, it is determined that the amount of the Pell grant plus the expected family contribution and payments under the Social Security Act and title 38 does not exceed the cost of attendance.

The resolution requires that the Secretary of Education defer the use of a single need analysis system as authorized by the Education Amendments of 1980. Rather, for academic year 1982-83 the Secretary has the authority to establish or approve separate systems of need analysis for Federal campus-based student aid programs and to continue to use the family contribution schedule for the Pell grant program. It is the expressed intent of this resolution that the campus-based programs continue to operate under the current system of "sample cases and benchmark figures." The resolution intends that this provision will not require students filing any additional forms or data.

For the purposes of the Pell grant program, the resolution defers the provisions of the family contribution schedule in section 482 of the Higher Education Act of 1965. In its place the academic year 1981-82 Pell grant family contribution schedule will be the schedule for academic year 1982-83. However, the resolution makes certain exceptions to the schedule. Veterans and social security student benefits are to be excluded from treatment

as effective family income; rather, they will now be considered as student assistance to preclude Pell grant overawards. The Secretary is authorized to adjust the schedule to reflect the most recent and relevant data. For example, these adjustments could include updating base year income used to establish Pell grant eligibility; updating the years income used to calculate independent student status; adjusting the amount of support by a parent, which cannot be exceeded in determining independent student status to $750; adjusting for dependent student taxes; and/or adjusting the farm/business asset reserve. The resolution intends that the Secretary set a series of assessment rates applicable to the discretionary income of families of dependent students that seek to meet the funding level provided in this resolution. For the purposes of section 482(a) of the Higher Education Act of 1965, this modified schedule is to be considered as a resubmission of that schedule and will be subject to congressional review as a resubmitted schedule. It is the intent of this resolution that the Pell grant cost of attendance criteria used in academic year 1981–82 be the academic year 1982–83 Pell grant cost of attendance criteria. This criteria is to be used for all references to Pell grant program cost of attendance in this resolution.

RAILROAD RETIREMENT BENEFITS

The resolution provides an additional $45,000,000 for the payment of windfall benefits under section 15(d) of the Railroad Retirement Act of 1974, providing a total appropriation of $395,000,000.

LOW-INCOME ENERGY ASSISTANCE

The resolution includes language relating to the low-income energy assistance program. This language provides that assistance can only be provided to individuals or families who meet the eligibility requirements established in the law and that payments may only be used for energy needs. This language is not intended to prohibit retroactive cash payments to individuals which legitimately relate to energy costs. It is the intent of this resolution that this program be closely monitored by the executive branch in order to insure that Federal funds are spent responsibly. This oversight should include unannounced spot audits as well as the normal review.

It is the intent of this resolution that the Secretary of Health and Human Services spend all of the moneys appropriated under the low-income energy assistance program. The timing of this program is crucial. The Department of Health and Human Services should be aware of the time-critical nature of this program and make certain that States are awarded their portion of the funds on an as-needed basis. Some State programs are designed in such a way that they require as much of their total share as possible early in the fiscal year. Some States are facing a legal or financial situation which prohibits them from advancing State money for the program. Still other States will need to be able to respond to crises brought on by sudden harsh weather. Timely release of funds to these States will help make the program a more effective and successful one.

REIMBURSEMENTS FOR DESI DRUGS

The resolution includes language which makes applicable the provisions of section 210 of the Departments of Labor, Health and Human Services and Education and Related Agencies Appropriations Act, 1982 (H.R. 4560), as passed by the House of Representatives on October 6, 1981, and the provisions of section 209 of such act as reported by the Senate Committee on Appropriations on November 9, 1981.

MINE SAFETY AND HEALTH ADMINISTRATION

The resolution includes language providing that nothwithstanding any other provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 with respect to any independent construction contractor who is engaged by an operator for the construction, repair or alteration of structures, facilities, utilities, or private ways or roads located on (or appurtenant to) the surface areas of any coal or other mine, and whose employees work in a specifically demarcated area, separate from actual mining or extraction activities: Provided that no funds shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Federal Mine Safety and Health Act of 1977 on any State or political subdivision thereof.

This resolution encompasses bill language in the House-passed version of H.R. 4560, which provides that none of the funds appropriated for the Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Federal Mine Safety and Health Act of 1977 with respect to any person engaged in the surface mining of stone, clay, colloidal phosphate, sand, or gravel.

JOB CORPS

In addition to the basic rate the resolution provides an additional $10,000,000 for the Job Corps, providing a total appropriation of $610,000,000 for the Job Corps.

CENTER FOR DISEASE CONTROL

This resolution acknowledges serious concern for the funding of Federal disease prevention programs. The Department of Health and Human Services should assess accurately its funding needs for these disease prevention efforts in order to do the best possible job of preventing and controlling morbidity and mortality associated with various diseases, epidemics and other conditions which endanger the public health. The Department should use available financial resources, including discretionary funds, reprogramings, and supplemental appropriation requests, to supplement its disease control programs.

DEPARTMENT OF EDUCATION, SALARIES AND EXPENSES

For the purposes of achieving reductions provided by section 143 of this resolution, the Department of Education salaries and expenses accounts are intended to include travel and planned consultant services expenses.

FOSTER CARE

This resolution directs that the provisions contained in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act for fiscal year 1982 (H.R. 4560), as reported by the Senate Committee on Appropriations on November 9, 1981, relating to a limitation on entitlement to payments for the foster care program under parts A and E of title IV of the Social Security Act and transfer of funds under parts B and E of such title, shall not be applicable with respect to any sums made available by this resolution.

SPECIAL EDUCATION PERSONNEL DEVELOPMENT

There is considerable concern over the availability of an adequate number of trained special education teaching personnel. According to State reports some 65,000 additional special education personnel are needed tp provide adequate educational services for handicapped school-aged children. It is the intent of this resolution that the Secretary use those means at his disposal, including any discretionary funds, reprogramings, or supplemental requests, in order to meet the substantial needs in the area of special education personnel development. It is further the intention of this resolution that the parent training programs operated by parent coalitions will receive continued funding under "Education for the handicapped" for fiscal 1982.

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. PANETTA. I thank the gentleman for yielding.

As I understand, the gentleman has placed a date of March——

Mr. CONTE. Thirty-first.

Mr. PANETTA. I appreciate the gentleman answering that.

The second thing that concerns me, however, is section 143(e), which is on page 57 of the gentleman's substitute,

which relates to the issue of the 6 percent.

It is my reading of that, although there is a 4-percent reduction that is assigned to various accounts, that as a result of section 143(e), the President would have the authority to cut up to 6 percent in any appropriations account, which strikes me very close to the power of impoundment, and I wonder if the gentleman could speak to that issue.

Mr. CONTE. The language of the substitute is clear. We have a 4-percent cut in each account, but he cannot go over 6 percent for any program or project within our account.

Mr. PANETTA. Can he move, in other words, can he shift that 6 percent into any account? In other words, does he have the ability to move priorities around in any account up to 6 percent?

Mr. CONTE. No.

Mr. PANETTA. The answer is "no."

Mr. CONTE. The answer is "no." That is my intent. I am glad the gentleman asked that question so we have it clear.

Mr. SEIBERLING. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Ohio.

Mr. SEIBERLING. I thank the gentleman for yielding.

I ask the gentleman, we had a huge indigestable mass of deferrals submitted by the President with respect to the first continuing resolution. If the substitute passes, does that mean that the President will no longer submit another huge mass of deferrals and that the existing ones will no longer be in effect, or, are we going to have an additional set of cuts submitted on top of what we have?

Mr. CONTE. If we pass this bill, I have got assurances, and I will talk further later on after my dear friend gets up to speak.

Mr. SEIBERLING. It makes quite a difference.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. YATES. I thank the gentleman for yielding.

I am trying to understand the gentleman's reply to the gentleman from California (Mr. PANETTA), respecting the operation of the 4 percent and the 6 percent. If the gentleman recalls, yesterday in committee I asked for an explanation. The staff on our side believes that within an account the President can take up to a 6-percent reduction on certain accounts and may even provide for nothing to go to some of the accounts if it is within that 6-percent authority.

Does the gentleman think that that power is in his provision?

Mr. CONTE. The language of the substitute is clear. I hope somebody reads the CONGRESSIONAL RECORD. My intent is a 4-percent cut in an account, with no more than 6 percent in any project or program within an account.

Mr. McDADE. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Pennsylvania.

Mr. McDADE. I thank the gentleman for yielding.

I want to commend the gentleman for the work that he has done in presenting this resolution to the House. I want to associate myself with his remarks.

Mr. Speaker, I think it is important for us to recognize that my friend has tried to achieve a balance and has gotten a balance that the President will accept and that we can avoid what the ultimate consequence here is, a potential shut down of everything in the Federal Government, according to the Attorney General's opinion, except for national security items.

Now, on the very question that we are talking about, my friend from Massachusetts tried to say exactly what he understands the 4 percent to be, and let me say what the result is of that negotiation.

Just today the Senate met and the committee on which the gentleman from Illinois and I are privileged to serve has passed the conference report and I am advised that what they did was to insert a section that said, as the gentleman has said, that a 4-percent cut will occur in that bill across the board. That is a matter that my friend and I——

Mr. YATES. Will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Illinois.

Mr. YATES. Proportionately?

Mr. McDADE. That my friend and I have discussed—proportionately. We discussed as we went through the entire negotiations. I think it is important that we recognize we do see a Senate action, as my friend from Massachusetts has said to the House—this continuing resolution applies only until the 31st of March, and every single bill—we have the Defense bill scheduled to go next week—that is acted upon in the interim comes out from under the umbrella of the continuing resolution because of the work of the gentleman from Massachusetts, in trying to achieve—and we all went through the conference, those of us who are on the committee—and we certainly do not want to go back and see, as my friend from Massachusetts said, another exercise.

The President has said he demands that Congress save x amount of dollars. We have negotiated that amount. We are presenting it to the House today with a terminal date of March 31 with the understanding that any bill reported can escape from it. All we have to do is have that bill reported, as my friend from Massachusetts would agree. Then those individual accounts where the congressional input will take place will be accorded by the President of the United States.

We have seen that happen this morning. The Interior bill has been over on the Senate side for a least a month. Now because of the work of the gentleman from Massachusetts we see action. We see that we can get these individual items with individual actions by the Members of this body, on individual appropriation bills, out from under the continuing resolution and sent to the White House.

So I think that we ought to recognize the work of my friend from Massachusetts. Vote this continuing resolution today, the substitute, his substitute, and get on with the business of the Congress, get the Defense bill moved.

I commend the gentleman for the work he has done. I hope that the body will support him.

Mr. SCHEUER. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. SCHEUER. Mr. Speaker, I have a point of inquiry I would like to address to the distinguished chairman of the Appropriations Subcommittee on Labor-HHS, Mr. NATCHER and ranking minority member Mr. CONTE.

I am interested in clarifying a technical matter concerning research under the family planning program, title X of the Public Health Service Act.

As a member of the Health Subcommittee which this summer reported out the 3-year reauthorization of title X, I would remind my colleagues that the new law continues to allow the Secretary of DHHS to make grants for research in population and human reproduction and for studies in program implementation.

The financial support for the projects done at the Center for Population Research is now to be formally drawn from the general NIH authority—sections 301 and 441 of the Public Health Service Act.

Mr. Speaker, I see that in the committee report accompanying H.R. 4560, the fiscal year 1982 Labor-HHS appropriations bill, the committee writes that some of the funds appropriated for title X family planning services may be used to "conduct services related research."

In other words, no additional appropriation is required for this activity; rather, the money is available from whatever level is finally approved for title X services under a final HHS appropriations bill or a continuing resolution.

Would my colleagues from the Labor-HHS Subcommittee confirm for me that a small portion of the funds

available under section 1001 of the Public Health Service Act may go toward continuing the support of projects of national significance in the improvement of services through research and assistance in the quality, efficiency, and organization of such services—and for special projects that demonstrate ways to involve families in the delivery of services?

Mr. CONTE. The gentleman from New York is correct. That is the intent of my resolution.

Mr. WHITTEN. Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky (Mr. NATCHER).

Mr. NATCHER. Mr. Speaker, I rise in support of the resolution offered by the gentleman from Mississippi.

With respect to the 1982 appropriations for the Departments of Labor, Health and Human Services, and Education and Related Agencies, House Joint Resolution 370, which we are considering today, represents a very substantial reduction below the amounts which were contained in H.R. 4560 as it passed the House on October 6. That bill included total appropriations of $87,181,250,000, of which $57,184,687,000 was for entitlement programs which are payments required by law over which we have little or no control in the appropriations process. The balance of $29,996,563,000 was for discretionary programs, for which spending levels are set in the annual appropriation bill. House Joint Resolution 370, as reported from the Appropriations Committee yesterday, December 9, reduces appropriations for discretionary programs by $2,099,397,000 below the amounts in H.R. 4560, as it passed the House. It exceeds the President's September budget request by just about the same amount. In other words, it is just about an even split of the difference between the President's most recent request and the amounts approved by the House. It is $6,957,744,000 less than the amount appropriated for discretionary programs for 1981.

It is unfortunate that we must again provide appropriations for these programs which are so important to the American people, in a continuing resolution, rather than in a regular annual appropriation bill. The Labor-HHS-Education appropriation bill for fiscal year 1981 (H.R. 7998) passed the House on August 27, 1980. It was never reported or passed in the Senate. The House-passed bill was incorporated in continuing resolutions for the entire fiscal year 1981. Our 1982 appropriation bill (H.R. 4560) passed the House on October 6, more than 2 months ago. It was reported from the Senate Appropriations Committee on November 9. We do not know when, if ever, the bill will pass the Senate. Of course, the 1982 fiscal year began on October 1.

The rate for obligations for Labor-HHS-Education programs established in House Joint Resolution 370, as reported from Committee, is very similar to the rate contained in the Conference agreement on House Joint Resolution 357, the continuing resolution which was vetoed. Section 101(a)(3) provides appropriations for each program at the levels in H.R. 4560 as passed the House or as reported in the Senate, whichever is the lower. Exceptions to the general formula are made for certain programs, for which specific dollar amounts are included in the resolution. These programs include: Low income home energy assistance; Foster care; community services block grants; college housing loans; trade adjustment assistance; public health service hospitals and clinics; health teaching facilities; school assistance in federally affected areas; office of adolescent pregnancy; refugee assistance; education of the handicapped; railroad retirement benefits; maternal and child health; development disabilities; Job Corps.

Section 136(a) of the resolution then reduces by 2 percent the amount which would otherwise be made available, either by the general formula, or by specific provisions. The resolution provides that the 2 percent reduction is to be taken proportionally from each program, project, or activity.

The substitute resolution which my friend from Massachusetts, Mr. CONTE, plans to offer, follows the general format of House Joint Resolution 370, as reported from committee, but it differs from it in seveal significant ways: First, it would reduce total budget authority otherwise made available for each appropriation account by 4 percent, instead of the 2 percent provided in the committee resolution.

Second, it would permit budget authority for any program or project within an appropriation account to be reduced by up to 6 percent.

Third, it would reduce budget authority made available through trust fund limitations for administration of social security, medicare, and unemployment insurance by $356,000,000.

Fourth, it provides total 1982 budget authority from both Federal funds and trust funds which is $917,000,000 below the committee resolution.

It should be noted that, if the Conte substitute is adopted, no one will really know how much the reduction would be in each program, since the President is given discretion to cut up to 6 percent of any program or project. The committee resolution does not give him this flexibility.

EDUCATION

The Conte substitute will hit particularly hard on the funds for education programs. It cuts $231 million below the committee resolution. The committee resolution is already $854 million below the amount for education as approved by the House on October 6 when it passed H.R. 4560. That is as far as we should go in cutting funds for education. A further cut of a quarter of a billion dollars is going too far, in my opinion.

The total amount available for education under the Conte proposal would be $12.8 billion, a figure that is fairly close to the President's revised budget which includes a 12-percent reduction in education programs. If you agree to the substitute, the amount for education would be $1.1 billion below the amount passed by the House on October 6. If you agree to the substitute, the amount for education would be $1.35 billion below the appropriation for 1981.

If you look at the effect of the proposed substitute on individual programs, I think you will agree that it simply cuts too much from the programs which have already been trimmed back by the committee. It is important to emphasize that the committee bill has already made cuts. But we hope these cuts will not do serious harm to the programs.

For title I of the Elementary and Secondary Education Act—grants to States and local schools to educate disadvantaged children—the Conte substitute cuts $60 million below the committee resolution. That doesn't seem like a very large sum in a $3 billion program. But it means that 86,000 disadvantaged children will not be able to participate in title I programs. The committee resolution already reduces the number of children served from 4.5 million last year to 4.2 million. That is far enough.

For student aid programs, the Conte substitute cuts another $70 million below the committee resolution. Again that does not seem to be a large amount in these programs which total $3.8 billion. But it means 70,000 young people will have problems in financing their higher education. The committee resolution provides about the same funding as last year for the Pell grant program. The substitute cuts the program by $47.5 million. College work study would be cut by $11 million from the committee resolution. Direct student loans would be cut another $4 million.

For vocational education programs, the Conte substitute cuts another $13.5 million below the committee resolution. A reduction of that amount may not cripple vocational education in this country but here again you are looking at a reduction beyond a reduction already made by the committee resolution. We are being asked to keep chipping away at programs that are needed more now than ever in educating young people for jobs in a shrinking labor market.

RAILROAD RETIREMENT BENEFITS

The committee resolution includes an additional $90 million to provide full funding for railroad retirement dual benefits. The Conte substitute contains only $45 million which, after the 4-percent reduction is applied, is far less than half of what is needed to restore these benefits to the proper amount.

About 400,000 railroad retirees and survivors have had their benefit checks reduced the past 3 months because of insufficient appropriations. The committee version would remedy this unfortunate situation; the Conte substitute would simply perpetuate it for several more months. These are people who need this money restored to make ends meet. They were promised these benefits by the Congress some years ago; they should not be denied them now.

PROCESSING UNEMPLOYMENT INSURANCE CLAIMS

The committee version of this resolution would provide the necessary funding for the processing of unemployment insurance claims. With unemployment at 8.4 percent and rising, this is obviously very important. The Conte substitute cuts this item by over $200 million; this amounts to over 11,000 staff positions that would be eliminated in the local unemployment offices. This is bound to result in long waiting lines in these offices and delayed benefit checks. It also will undoubtedly result in increased error rates in benefit checks and increased fraud and abuse in the unemployment insurance system. The staff in these offices will simply be overwhelmed by the claims volume. One Labor Department estimate indicates that $1 billion could be lost in fraud, abuse, and just plain errors if these staffing reductions are made. That kind of a loss would be several times greater than the administrative savings that would be achieved.

The proponents of the substitute indicate that a supplemental would be forthcoming next year if the situation gets out of hand. That may or may not come to pass; we have seen supplementals promised in the past. The point is that any supplemental would probably come much too late. The increased workload is developing right now and will continue throughout the next several months. But under the Conte substitute, the States would be forced to lay off staff during the peak of the workload and could not hire them back until months later after passage of a supplemental. This is indeed a "penny-wise and pound-foolish" reduction.

MEDICARE AND SOCIAL SECURITY

The Conte substitute proposes reductions in the following administrative areas:

	Million
Medicare contractors	−$33
Social Security Administration	−106

The Department describes the effect of these cuts in medicare and social security administrative expenses as follows:

Medicare contractors.—Reductions would be required in the following areas: audits and settlements, medical and utilization review; medical necessity reviews necessitated by PSRO phase-out; experimental fixed-price contractor audit and reimbursement; other activities primarily affecting beneficiary services; and a general abatement which would liberalize performance standards now required of contractors.

Social security.—Reduce work-years budgeted for general administration, systems, policy, quality assurance and other functions that do not involve direct service to the public; and, through changes in appropriations language, waive the requirement to issue personalized denial notices to disability claimants, to pay for medical evidence for disability insurance claimants and to recover from Social Security and SSI benefits the legal fees of attorneys representing claimants.

Cut back on administrative budget increases requested for pre-effectuation review of disability allowances and investigations of the continuing eligibility for benefits of those now on the disability rolls, and defer implementation of Agency plans to step up debt collection efforts. All administrative decreases in this category would cause increases in program outlays that would exceed the administrative decreases.

NATIONAL INSTITUTES OF HEALTH

The Labor-HHS Education bill which passed the House on October 6, included $3,834,958,000 for NIH. The vetoed continuing resolution included $3,723,601,000. The Conte proposal would further reduce this total to $3,647,609,000. This would be a reduction of $75,992,000 below the vetoed continuing resolution and $187,349,000 below the House-passed bill. These reductions would affect all aspects of the research and training programs of each of the institutes, including the National Cancer Institute, the National Heart, Lung and Blood Institute, the National Institutes of Arthritis, Diabetes and Digestive and Kidney Diseases; Allergy and Infectious Diseases; Child Health and Human Development; Aging, and the National Eye Institute. NIH's ability to support promising new research projects which have been approved for funding by advisory panels would be seriously restricted. Many new research projects would be eliminated. Among other programs eliminated or curtailed would be training of new researchers, and clinical trials of new drugs and treatment procedures.

MAJOR REDUCTIONS

I would like to insert in the RECORD at this point a list of cuts which are contained in the motion to recommit which will be offered by the gentleman from Massachusetts. These cuts are based on a reduction of 4 percent required by Mr. CONTE's amendment in each account. The exact amount of the cut may vary, however, based on the discretion provided by section 143(e) of the substitute which allows reductions up to 6 percent in an individual program or project.

Labor Department:	
Federal funds total	−$81,447,000
Trust funds total	−218,300,880
Key Items:	
Youth employment	−29,683,360
CETA total	−62,971,360
Grants to States for unemployment insurance and employment services (trust fund)	−217,514,000
OSHA	−4,011,200
MSHA	−3,078,000
Labor statistics	−2,165,540
Department of Health and Human Services:	
Federal funds total	−188,506,180
Trust funds total	−121,666,820
Key Items:	
Maternal and child health	−7,240,000
Nursing student assistance	−3,547,200
Preventive health services	−5,920,540
NIH total	−75,992,000
National Cancer Institute	−20,607,120
Alcohol, drug abuse, and mental health	−17,654,940
Low income energy assistance	−2,200,000
Social security administrative expenses	−106,638,000
Refugee assistance	−13,954,000
Head Start	−19,000,000
Programs for the Aging	−13,317,500
Nutrition for the Aging	−7,200,000
Medicare administrative expenses	−33,000,000
Department of Education total	−230,854,280
Key Items:	
Education of the Disadvantaged	−60,270,240
Bilingual education	−2,876,200
Impact aid	−9,100,000
Education for the handicapped	−21,710,000
Rehabilitation of the handicapped	−19,836,000
Vocational and adult education	−15,260,520
Student financial assistance	−69,831,000
Higher and continuing education	−7,732,000
Related agencies:	
Railroad retirement benefits	−52,000,000
Corporation for Public Broadcasting	−2,200,000
Total reductions:	
Federal funds	−561,000,000
Trust funds	−356,000,000
Total	−917,000,000

I believe that the Labor, Health and Human Services and Education Appropriation bill means more to the people in this country than any other appropriations bill that is presented to the House. The people in this country are very much concerned, Mr. Speaker, about the appropriations bills pertain-

ing to defense and pertaining to labor, health and human services and education.

The motion to recommit with instructions to be offered by my dear friend from Massachusetts (Mr. CONTE), will further reduce appropriations for Labor, Health and Human Services and Education by $917 million beyond the reduction of $2.1 billion already contained in the committee's resolution. Think about it, $561 million more in Federal funds, and $356 million more in trust funds, making a total of $917 million.

□ 1400

Now, where does he want to cut it? He wants to cut maternal and child health, $7 million more.

He wants to cut nursing student assistance, $3,547,000 more.

He wants to cut preventive health services, $5,920,000.

He wants to go into the National Institutes of Health. For research on cancer, heart disease, stroke, diabetes, arthritis, and kidney diseases, he wants to go there and cut $75 million.

In the National Cancer Institute alone, he wants to go in and cut $20,607,000.

Low income energy assistance, Mr. Speaker, is a program that means a lot to Members in this House. The President of the United States sent us a request for $1,400,000,000. We added $400,000,000 to it, for a total of $1,800,000,000 and we did that at the request of my friend, the gentleman from Massachusetts, SILVIO CONTE.

One of the largest amounts that has ever been added to our bill since I have been a Member of Congress was that $400 million. We put it back and we did right. If we had it to do again tomorrow, we would do the same thing.

Mr. Speaker, in refugee assistance, he wants to cut $13 million.

For social security administrative expenses, he wants to cut another $106 million. This is $252 million below the level approved by the House on Oct. 6. This cut is a serious mistake.

For Head Start, he wants to cut $19 million. Think about that, I say to the gentleman from Maryland (Mr. MITCHELL), $19 million more in Head Start.

He wants to cut programs for the aging, $13 million more.

He wants to cut nutrition for the aging, $7,200,000 more.

Mr. Speaker, for education of the disadvantaged he wants to cut $60,270,000 more.

Impact aid, he wants to cut $9 million more.

Education for the handicapped—listen to this, Mr. Speaker—education for the handicapped, he wants to cut $21,710,000 more. Think about it.

Vocational and adult education, he wants to cut $15,260,000 more.

Student financial assistance, $69 million more.

Higher and continuing education, $7 million.

Mr. Speaker, these programs have had all of the cuts that we can take. This is the bill that is closest to the hearts of the people in this country. I say frankly, Mr. Speaker, the resolution offered by my chairman, the gentleman from Mississippi, should be adopted, and the motion to recommit which will be offered by my good friend, the gentleman from Massachusetts, should be rejected.

Mr. MITCHELL of Maryland. Mr. Speaker, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from Maryland.

Mr. MITCHELL of Maryland. Mr. Speaker, I thank the gentleman for yielding. I certainly commend him for the zeal with which he has made his statement.

I just wanted to clarify something in my own mind. On those programs that are necessary for human survival, we first cut 25 percent. Now, if the substitute goes through, that is another 4 percent on to the 25 percent, which would make it 29 percent.

Mr. NATCHER. That is correct for many programs.

Mr. MITCHELL of Maryland. Under the provisions of the substitute, it would give to the President the authority to cut another 2 percent. In other words, under the substitute, you could eliminate one-third of the funding for all these programs; is that correct?

Mr. NATCHER. The gentleman is correct.

Mr. MITCHELL of Maryland. I thank the gentleman very much.

Mr. PEYSER. Mr. Speaker, will the gentleman yield?

Mr. NATCHER. I yield to the gentleman from New York (Mr. PEYSER).

Mr. PEYSER. I thank the gentleman for yielding and certainly want to join and compliment him for just an outstanding job and presentation.

The one issue I want to go on again is education. I do this for the Members on the Republican side. After we first cut the Pell grants and the national student loans and all the other programs, guaranteed student loans, many Republicans called and said, "Give us a chance to vote separately on them and we will help you."

Well, right now, if you vote for that substitute you are cutting every one of those programs again after they have been cut.

Mr. NATCHER. The gentleman is right.

Mr. PEYSER. Mr. Speaker, the gentleman stood by his guns on this and we are going to win.

Mr. WALKER. Mr. Speaker, will the gentleman yield to me?

Mr. NATCHER. I yield to the gentleman from Pennsylvania.

Mr. WALKER. Mr. Speaker, I thank the gentleman for yielding.

The gentleman has given us a pretty good litany of all the social welfare spending that you all have put into action over the last several years.

Are these not the exact same categories that over the last 25 years have risen in cost by 1,500 percent, while the Federal Government spending as a whole has gone up by about 700 percent, more than twice the rate of the Federal Government spending?

Mr. NATCHER. I would not agree with the gentleman on 1,500 percent; but let me say to the distinguished gentleman—

Mr. WALKER. Mr. Speaker, if the gentleman will yield, I would say those are confirmed figures.

Mr. NATCHER. Let me say to the gentleman from Pennsylvania, there have been increases in these programs and, my friend, there ought to be increases in them.

I will not agree with the gentleman on his percentage, but I will say to the gentleman, they have increased. These are the programs that are closest to the hearts of the people in this country and certainly they have increased. We have more people living in this country.

Mr. WALKER. Mr. Speaker, will the gentleman yield further?

Mr. NATCHER. I yield further.

Mr. WALKER. I thank the gentleman for yielding.

I wonder why the gentleman does not agree with those figures, because there is firm data to support the fact that over the last 25 years that social welfare spending of this government has gone up by 1500 percent.

Mr. NATCHER. Is the gentleman from Pennsylvania in favor of all the reductions that will be offered in the motion to recommit? Is the gentleman in favor of those reductions?

I want the gentleman to go back to the State of Pennsylvania and tell his people that he is against the children in this country, that he is against the health programs in this country, and he voted these cuts; go back and tell them that.

Mr. WALKER. Mr. Speaker, will the gentleman yield further?

Mr. NATCHER. I yield.

Mr. WALKER. Well, I am in favor of the mandate that the American people gave to this Congress in the last election that said that they wanted the social welfare spending in this country cut. Is the gentleman saying he is against that mandate?

Mr. NATCHER. This bill has already been brought down several billion dollars. We cut it ourselves. We have reduced appropriations for discretionary programs in our bill by over $6.9 billion below fiscal year 1981. Enough is enough.

Now, go back to your people, tell them you voted against the handicapped and you voted against elementary and secondary education. You voted against higher education.

Cancer, heart and stroke, tell them you voted against it.

Mr. Speaker, I hope the resolution as presented by the gentleman from Mississippi is adopted.

Mr. CONTE. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, everyone knows of my unlimited respect for the gentleman from Kentucky. For 24 years we have worked together, fought together, stood shoulder to shoulder fighting for what we believed in, often having to compromise in order to achieve the very goals that we are seeking, to help the very needy people of this great Nation of ours.

These times also call for responsible—and I emphasize responsible—compromise. Anybody can get up here and blast away—responsible compromise is necessary in order to reach those goals.

I believe that what I have offered you today are reasonable compromises. While you were all home I was here for 7 days hammering out these compromises and I will tell you about them now.

You know, I am going to tell you something, and you mark my words. To get on the committee of the gentleman from Kentucky (BILL NATCHER), you have got to take a pledge that there are two things you will not do. You will not fool around with tobacco and you will not fool around with the liquor industry. When I went on there, he found the best customer he ever had. I am a cigar smoker and a bourbon drinker.

Mr. NATCHER. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I will be glad to yield to the gentleman from Kentucky.

Mr. NATCHER. Not only that, I say to the gentleman from Massachusetts (Mr. CONTE), but I have found that the gentleman from Massachusetts is my friend.

Mr. CONTE. Thank you, BILL. You took the steam right out of me.

Now, Mr. Speaker, I know that it is wrong to bet on the floor of the House, but I would like to make a little wager with the gentleman from Kentucky. I bet a bottle of bourbon and a box of cigars that when that HHS bill comes back here from conference, that my compromise in these areas that I will give you will be higher. That is what I am telling you.

Now, let me tell you about them. The chairman speaks of the people's bill and he is right. This is the people's bill. I have said that for years and I say it again today on the floor of this House. I want more than a people's bill. I want a people's bill that is going to become law. That is right. I want a people's law today.

The gentleman's bill is $33 million greater than the continuing resolution that we slaved over 24 hours a day for 3 days with the Senate, $33 million greater than the vetoed continuing resolution. It cannot become law. It will not get through the Senate and it will not get signed into law.

I wish it could, but the practical reality is that it can only become the people's bill, not the people's law. I do not think that is what we are seeking.

The chairman wants a committee bill. I know a lot about that committee bill. I am the ranking member of the subcommittee. I have been a member of that subcommittee for 24 years.

Let me tell you something. I fought for a lot of funding in that bill and I am sure that BILL NATCHER remembers. He told us about the low-income fuel assistance. I was right there fighting for increases over the President's budget.

Look at a couple of the increases we got over the President's budget. There is an additional $44 million for maternal and child health care.

There is $41 million for community health centers.

There is $36 million for family planning.

There is $17 million for the National Health Service Corps.

There is $117 million over the President's budget in alcohol, drug abuse, and mental health.

There is $116 million over the budget for the aging programs.

There is $290 million over the budget for handicapped education.

There is $150 million over the budget for vocational education.

There is $340 million for Pell grants over the budget.

There is $90 million for vocational rehabilitation over the budget.

There is $500 million for title I of elementary education over the budget.

I am proud—I am proud that I fought for those increases in the regular bill and I am proud that we won them, but that is still only a bill, and we need a law if we are going to achieve any of these goals we want, if we are going to help the needy people of this country.

Now, the chairman has also suggested that my proposal does not improve upon any of the program levels established by the committee bill. That is not so.

In addition to the fact that my resolution does achieve enough savings to become the people's law, it also improves on the committee bill in several areas. It adds $24 million for trade adjustment assistance and training activities.

It adds $16½ million for maternal and child health care block grants.

It adds $24 million to community health service program support.

It adds $9 million to primary care family medicine.

It adds a total of $5 million to the Health Resources Administration.

It adds $1.4 million over the committee bill for special health initiative.

My resolution adds $6 million to refugee assistance.

There is a $75 million addition for foster care.

There is $16½ million additional for handicapped education and $8.8 million for vocational rehabilitation.

I could go on and mention that my resolution adds $4.8 million for the veterans cost of instruction program, which was closed out under the House bill. We need this veterans aid program and I am proposing to keep it going.

Finally, I might add that my resolution provides an additional $29 million over the regular House bill for the railroad retirement benefits.

The fact remains, and I made a pledge—I do not recall who asked that question—I made a pledge to the railroad union that we will have a supplemental up here for the balance of that come February of this year.

The fact remains that we can do all the comparing that we want. We can argue about certain specifics of each proposal, but the reality remains that my resolution can be signed into law and the chairman's resolution cannot.

My resolution can become the people's law and all those programs that you believe in, and the gentleman from Kentucky (Mr. NATCHER) and I believe in, can avoid the tragedy of another shutdown and more payless paydays.

My proposal makes a 4 percent reduction after those additions. It gains savings of $561 million in budget authority and $400 million in trust fund limitations.

It has a virtual guarantee of moving quickly through the Senate without a conference to the President's desk for his signature and not a veto.

There need be no shutdowns in this Government; there need be no trade programs or agencies closing their doors because we did not do our job or because we were unable to recognize that the Government is the art of compromise.

Those are the realities that I am facing and those are the ones that I am urging all of you to face.

We have a workable package here. It is not perfect. I do not like all of it. There are things in it that I do not like, but it is a workable, evenhanded package and maintains and protects our investment in humanity.

I might mention here before someone else brings up the issue that the committee proposal does not contain the amendment of $500 million for security assistance which was put in the continuing resolution that was vetoed.

During that conference with the Senate, the gentleman from Mississippi (Mr. WHITTEN) stood up and said he had a call from the President of the United States, that the President needed $500 million for the Middle East.

□ 1415

The gentleman, the statesman that he is and always has been and will continue to be, put in $500 million.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. CONTE. Let me explain the whole thing.

Then the gentleman from Maryland, (Mr. LONG), amended that. It was $500 million for military assistance. The gentleman from Maryland made it $200 million for the economic support fund and $300 million for securities assistance, and then I amended the amendment of the gentleman from Maryland and divided that first $200 million—$100 million for the economic support fund and $100 million for the Export-Import Bank.

The gentleman from Mississippi, (Mr. WHITTEN), in this continuing resolution did not put that $500 million in.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Mississippi.

Mr. WHITTEN. The gentleman is correct. I was asked by the Vice President and the President to put it in because of an emergency basis. I did that, and took the heat that went with it. Notwithstanding that, and the fact that all of the Senate conferees signed the report, and we all agreed, it was vetoed. When the veto came up, I wondered if it might not be as much of an emergency as the President represented to me.

As I repeat, I never have favored continuing resolutions. Necessity has dictated it and I have tried to meet my responsibilities.

Mr. CONTE. The gentleman is absolutely right. We do not disagree.

I only want to make one point. I have taken the $400 million of foreign aid out of my continuing resolution, also, so it will not appear in there. The only difference now is the $100 million for the Export-Import Bank. So the money for foreign aid is out of my bill, like the resolution of the gentleman from Mississippi, (Mr. WHITTEN).

Mr. EDGAR. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Pennsylvania.

Mr. EDGAR. Mr. Speaker, I would like to compliment the gentleman on his leadership over the years, but to point out to the gentleman, if I look carefully at his resolution it is deficient to the tune of $2.4 billion, which is a sizable piece of change, in that if the gentleman does not include in his resolution and we do not include in the continuing resolution money for the municipal sewage treatment construction program, 30 States shut down their program on January 1.

Mr. CONTE. The gentleman is absolutely right. I am with the gentleman on that. There is no authorization. I cannot get it in.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. GREEN. I thank our distinguished ranking minority member for yielding to me.

Mr. Speaker, in regard to the deferrals for fiscal year 1982 that have been submitted by the President, would they or would they not remain in effect under the Republican proposal for the continuing resolution?

Mr. CONTE. Under my continuing resolution, the deferrals are not extended.

Mr. GREEN. I thank the gentleman.

Mr. NAPIER. Will the gentleman yield?

Mr. CONTE. I yield to the gentleman from South Carolina.

Mr. NAPIER. Mr. Speaker, the cost of energy and the need to develop additional energy sources continue to be problems that confront both the private and governmental organizations of our Nation. The costs to develop new energy sources are extremely high, as are the risks involved. When such development activities take place, the cost of the money to the developer also becomes a major factor, and the risks are increased accordingly. Another problem we face in this country is that of municipal waste disposal—where do we put it and how do we pay for its disposal?

These two problem areas have a commonality, and that is the use of municipal waste as a source of energy. When this is undertaken by private developers, both the public and private sectors of our economy benefit. Since both benefit, it is not unreasonable that some of the risks, and perhaps the cost, should be borne by the Government when the private sector undertakes projects that help in solving the public's problem.

Mr. Speaker, I am extremely concerned that the Federal Government is overlooking a useful and available solution to our energy and waste disposal problems by failing to encourage private investments in municipal waste energy projects. For example, the resolution we are now considering contains no money for loan guarantees for municipal waste energy projects, and no Federal agency currently has the funds needed to provide such incentives for the private sector.

Mr. CONTE. The statement you have made is correct. The continuing resolution does not provide any such funding, nor is there any money available under the Energy Security Act of 1980 for such loan guarantees. As you are aware, the administration currently is reviewing all Federal credit activities and programs. With this in mind, I would hope that the administration will consider in its future budget and reprograming requests the need for loan guarantee programs for municipal waste energy facilities.

Mr. NAPIER. I agree completely with your statement. Our future energy needs can be met to the benefit of all by encouraging private industry to undertake projects that would utilize waste and residues from our sources. I sincerely hope that at some point in the near future, sufficient funding can be found to enable the Secretary of Energy to undertake a specific loan guarantee program that will assist the private sector in developing the energy potentials of municipal waste materials. By doing so, we lessen our dependence on foreign sources of energy, and help in abating the tremendous problems we have in disposing of the vast amounts of waste created by our society.

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Louisiana.

Mr. LIVINGSTON. Mr. Speaker, the gentleman from Massachusetts will recall the concern that I and others have had about the savings in the gentleman's substitute under the Employment Security Administration account, and the Unemployment Trust Fund. I understand this has been taken care of by a provision that would prevent closure of State unemployment offices except where those agencies deem it is necessary to streamline their own operations. Is that correct?

Mr. CONTE. That is absolutely correct.

Mr. LIVINGSTON. I thank the gentleman.

Mr. Speaker, I would like to clarify this: Secretary Donovan, I understand, in a letter to the gentleman of December 8, expressed the intent of his Department and the administration to work with the States to enable them to take the necessary actions to process unemployment claims that might result from the savings in this substitute. Basically, the gentleman concurs.

Mr. CONTE. I concur wholeheartedly.

Mr. LIVINGSTON. I appreciate it.

Mr. PICKLE. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Texas very briefly.

Mr. PICKLE. Mr. Speaker, I need to ask the gentleman, with reference to this contingency reserve and the Social Security Administration funds, as I get the gentleman's figures, his bill provides for a $36 million reduc-

tion on the Senate level, but you also have a contingency reserve.

Mr. CONTE. That is right.

Mr. PICKLE. First I want to say this is a terrible policy, to give OMB the right to determine whether an agency such as the Social Security Administration can get any money or not. But aside from that, what I am concerned about is, under the language of the gentleman's bill, we may not be able to get it. The Social Security Administration, if it is cut from administration fees, cannot operate a program. We have an extremely serious crisis now in the computer program and on disability.

Mr. CONTE. I know the gentleman wants to make a speech. I thought the gentleman was going to ask me a question.

I have assurance from them. There is a $36 million reduction in budget authority, from a level of $3.1 billion. That is a reduction of 1.1 percent. My proposal exempts this account from the 4-percent reduction and from the $21.8 million reduction applied against HHS administrative costs. This does set up a contingency reserve of $70 million, which is appropriated and will be used as necessary, but counts as outlay savings.

Mr. PICKLE. Mr. CONTE, we are going to need every dollar of that money.

Mr. GOODLING. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I would be glad to yield to the gentleman from Pennsylvania.

Mr. GOODLING. Mr. Speaker, I would like to make sure the school lunch and child nutrition is included in your section 143. In other words, it is not touched?

Mr. CONTE. It is.

Mr. JEFFORDS. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Vermont.

Mr. JEFFORDS. Mr. Speaker, I would like to clarify how the substitute continuing resolution will affect the special supplemental food program for women, infants, and children (WIC). The conference report on the agricultural appropriations bill (H. Rept. No. 97-313) provides $942 million in new budget authority for the WIC program. A 4-percent reduction will reduce this level to about $904 million. To date, about $150 million in fiscal year 1982 WIC funds have been apportioned to States. So it is my understanding that under the substitute resolution, there would be additional apportionments of about $755 million in fiscal year 1982 WIC funds so that the total apportionments of 1982 funds equal the $904 million—the amount that is provided after the 4-percent reduction. Is this correct?

Mr. CONTE. That is correct. Total funding of $904.3 million in fiscal year 1982 funds—or 4 percent less than the appropriation in the conference report—would be provided to States for the WIC program in fiscal year 1982.

Mr. JEFFORDS. The substitute resolution states that USDA programs are to funded "at the rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-313)." The conference report and statement of managers direct that total funding for WIC in fiscal year 1982 shall be the combined total of the $942 million provided in new budget authority plus all unspent fiscal year 1981 funds. The statement of managers directs that this combined total shall be fully utilized in fiscal year 1982 to bring WIC participation as close as possible to the participation levels prescribed in the original House committee report on the agricultural appropriations bill.

It is my understanding that the only change made in this direction by the substitute continuing resolution is that the total WIC funding made available to States in fiscal year 1982 would now be $904 million plus carryover funds rather than $942 million plus carryover funds. Since the carryover was about $45 million, a total of about $950 million as opposed to about $990 million before the 4-percent reduction, would be available for WIC operations in fiscal year 1982. Is this consistent with the intent of the substitute?

Mr. CONTE. Yes, this is what we intend.

Mr. JEFFORDS. I appreciate the gentleman's remarks. The WIC program already experienced a sharp caseload reduction in the last half of fiscal year 1981—a reduction of about 200,000 low-income women, infants, and children. The availability of about $950 million in new budget authority and carryover funds will at least assume maintenance of the yearend fiscal year 1981 caseload and preclude further caseload reductions.

I want to commend the gentleman from Massachusetts (Mr. CONTE) for his fine work on this legislation. Over the last several weeks, during the appropriations process, we have been treated to quite a show by the ranking minority member on the committee, a refreshing combination of good humor and a genuine desire to find common ground on substantive issues, sprinkled with occasional uses of colorful language and hyperbole. I know he has certainly fought hard for programs helpful, indeed critical to the people of his State and mine, such as low-income fuel assistance. I know it has not been easy for him to accept some funding curtailments during this extremely difficult budget process. While I have taken the position that I would not accept any more domestic program cuts without cuts in defense spending and revenue increases, I realize that we have our backs to the wall—the President has said he will veto anything less than the Conte substitute. The normal functioning of the Government hangs in the balance, as do the jobs of many Federal workers and the convenience and safety of the American public. We cannot afford another costly shutdown like the one we had in November. Accordingly, we need to search for the most rational and equitable way to cut today.

The Conte substitute cuts spending by $1.7 billion more than the committee bill, and comes in $2 billion below the vetoed continuing resolution, House Joint Resolution 357, in outlays. It takes the vetoed resolution as a base, drops the Whitten 2-percent cut, and substitutes a 4-percent across-the-board cut in its place. The across-the-board cut applies to five domestic appropriations bills: Agriculture, HUD, Interior, Labor-HHS, and Treasury/Postal. The Commerce, State, Justice, and Transportation bills are subjected to individual itemizations, and all entitlement programs, general revenue sharing, food stamps, veterans' medical care, and law enforcement activities are exempted from the 4-percent cut.

There are many positive features in the substitute. A long-overdue pay increase, 4.8 percent, is provided for officials and employees in levels three through five of the senior executive schedule, although the pay cap remains in effect for Members of Congress. I think we have used the executive pay issue as a political football long enough.

The substitute includes additional funds for railroad retirement benefit payments, and prohibits the use of funds to shut down any State unemployment offices. Certainly, it is preferable to the committee bill in its treatment of nonurban formula grants, providing $10 million more in this category.

Having said this, I want to turn to some concerns I have with the substitute. This summer, Congress passed the Omnibus Budget Reconciliation Act of 1981, a bill reducing Federal spending by more than $35 billion and affecting hundreds of Federal programs. We gave the President the level of spending reductions he asked for in his program for economic recovery, and he signed the bill with a great deal of satisfaction. But then Congress also passed the tax cut bill. I voted against this legislation because I felt it was loaded down with unnecessary special-interest tax breaks, such as the "lease a loss" and oil provisions, which would fuel hefty deficits. This is precisely what has happened. We now face the prospect of a $109 billion deficit this fiscal year, $150 in fiscal year

1983 and $160 billion in fiscal year 1984.

And so Mr. Reagan after signing the tax cut bill, has come back to us for more budget cuts. He has sent hundreds of deferrals up to the Hill, and he has asked for the $4 billion in domestic outlay reductions which the Conte bill will give him.

My concern is this: Are we going to see, in the coming months, more deferrals and rescissions being sent up here by the Office of Management and Budget? We certainly have not received any pledge from the White House that additional back-door spending reductions of this kind will not be sought. We have repeatedly been asked by the administration to make cuts, and repeatedly we have acquiesced. But when are we going to get a definite word from the President and Mr. Stockman as to what their final budget goals for fiscal 1982 are?

Certainly, if we are going to achieve respectable deficit levels in the near term, we are going to need increased revenues. We can not depend soley on spending cuts. While I do not favor a rollback in accelerated depreciation or the individual tax reductions I certainly think we could eliminate the leasing provision of the tax bill and the breaks for oil. I think we should also examine the possibility of raising excise taxes.

Another serious problem I have with this continuing resolution and the substitute is their provisions for defense. I supported the amendment offered to the Defense appropriations bill last month to cut 2 percent from procurement and R.D.T. & E. and I am pleased to see that at least that is included in the substitute. But this cut is not big enough and it has little meaning for fiscal year 1982 defense spending. As soon as the Congress agrees to the Defense appropriations conference report, it will supersede this 2-percent cut.

Furthermore, what would this cut mean even if it were to go into effect for the entire fiscal year? It would reduce an increase of almost $25 billion in appropriations over the last fiscal year by about $1.6 billion. This at a time when so many other valuable programs are being severely cut or eliminated on the grounds that they are wasteful uses of taxpayer money.

Yet we choose to overlook the waste that goes on in the Defense Department, waste that has been so frequently documented in recent months. For instance, the GAO has indicated that by 1984 we could save $4 to $10 billion per year by implementing changes that would have absolutely no effect on our military strength. Furthermore, according to Mr. ADDABBO, the distinguished Chairman of the Appropriations Subcommittee on Defense, the Pentagon already has $31 billion in unobligated balances and another $140 billion in unexpended moneys.

Mr. Speaker, I fully support the idea of a strong defense, but we will perpetuate the wasteful ways of the Pentagon if we continue to give it everything it wants without demanding more accountability.

One of the most serious reservations I have with the Conte substitute is in the employment training programs. In 1977 the Congress passed the Youth Employment Demonstration Projects Act in response to the critical employment problems of youth in this country, especially minority and low-income youth. The YEDPA passed the House with overwhelming support.

There are grim statistics that show the need for continued support for programs such as title IV-a of CETA. Unemployment rates for youth are much higher than those for adults. In September, figures show teenage unemployment at 18 percent. In November, this figure had risen to 21.8 percent, an increase of almost 4 percent in a span of a mere 2 months.

Despite these depressing figures, title IV-a is not currently being supported by Congress. The 1981 funding level for this program was $825 million, and the 1981 reconciliation level was $576.2 million. The Conte substitute funds the program at only $192 million. How can we justify this appalling lack of support for our Nation's youth? It is unfortunate mistake that will eventually be a very costly one, especially in human terms.

Thank you, Mr. Speaker.

Mr. MYERS. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Indiana.

Mr. MYERS. Mr. Speaker, in the gentleman's letter yesterday, he identified in part 3, as one of the savings, energy and water of $155 million, 4 percent reduction would be $294 million. That bill has become law.

Mr. CONTE. So I lose that outlay savings relating to the energy and water provisions. The President is asking for a $2 billion saving over the amendment of the gentleman from Mississippi.

Mr. WHITTEN. It is no longer $2 billion, because that outlay savings should not be scored. It is about $1.7 billion, I believe.

Mr. MOLINARI. Mr. Speaker, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. MOLINARI. I thank the gentleman for yielding.

Mr. Speaker, on page 56, where the gentleman talks about the reduction of the 4 percent, there is some confusion. I would just like to clear it up for the purpose of the record. The gentleman has the five appropriation acts listed there. At the bottom the gentleman says, "shall be reduced."

Mr. CONTE. Could you hold that question?

The SPEAKER pro tempore. The gentleman from Massachusetts (Mr. CONTE) has 1 minute remaining.

Mr. CONTE. Mr. Speaker, I reserve the balance of my time.

Mr. WHITTEN. Mr. Speaker, I yield 3 minutes to the gentleman from Wisconsin (Mr. OBEY).

Mr. OBEY. Mr. Speaker, I want to state flatly there is not one dime of savings in the amendment of the gentleman from Massachusetts (Mr. CONTE) today. The administration itself estimates that these cuts will result in increases in waste, fraud, and abuse which are larger than the cuts provided in the amendment of the gentleman from Massachusetts (Mr. CONTE).

For instance, in the unemployment insurance account, the administration has asked for a cut of $217 million. I have in my hand, as another gentleman from Wisconsin used to say, an internal memo from the Department of Labor which estimates that in the administration's own judgment that reduction will add $1.1 billion in payments to ineligibles or payment of the wrong amounts to eligibles in unemployment compensation.

I also have in my hand a statement from the Social Security Administration which indicates that the amount of savings provided in the administration cut will be exceeded by the overpayments which are provided under the social security program with the administrative cuts the gentleman has.

IRS. The administration claims $120 million in savings. In fact, the Treasury estimates that that $120 million in savings will result in $1 billion in lost revenue because the IRS estimates that they lose $8 in taxes collected for every dollar lost in administrative funds.

So to summarize, this proposal will wind up costing us, in the words of the administration's own internal memo, over $1 billion. It will result in an undefined amount of loss in social security. They admit it will be a loss greater than the amount actually cut in the amendment. And in IRS, it is obvious that their cuts will cost us $1 billion in lost revenue.

What that means, very simply, is that the cuts in the amendment of the gentleman from Massachusetts, (Mr. CONTE) are largely phony cuts. They do nothing to reduce the deficit because of the increased waste, fraud, and abuse which the internal memos of the administration makes extremely clear.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. OBEY. I yield to the gentleman from Massachusetts.

Mr. CONTE. What did the gentleman say about IRS?

Mr. OBEY. I said that the Treasury Department estimates that every dollar cut in administrative funds will result in an $8 loss of revenue, which means in the gentleman's amendment there is approximately a $1 billion loss in revenue.

Mr. CONTE. I exempted the Internal Revenue Service in my bill.

Mr. OBEY. The gentleman exempted the Internal Revenue Service totally?

Mr. CONTE. Totally, yes.

Mr. OBEY. I am glad the gentleman has seen the light. I assume the gentleman still has the cuts remaining in the unemployment compensation area, and in the words of the administration's own memo, this reduction will result in a $1.1 billion loss to the trust fund in 1982. If the gentleman does not believe it, come and read it.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to the gentleman from California (Mr. FAZIO).

Mr. FAZIO. Mr. Speaker, I rise in strong support of the resolution.

Mr. Speaker, House Joint Resolution 370, the further continuing resolution, finally takes much needed action on the matter of the senior level pay limitation. Section 135 of the bill makes certain adjustments to the pay cap. It adjusts the current limitation on senior level salaries, as follows:

Executive schedule	Current salary	Salary under bill
Level:		
I	$69,630.00	$69,630.00
II	60,662.50	60,662.50
III	55,387.50	59,500.00
IV	52,750.00	58,500.00
V	50,112.50	57,500.00

Lower level managers in the GS-15 through GS-18 ranks, and the Senior Executive Service and similar personnel systems, will receive comparable adjustments to the current salary limitation. The Members of Congress and other Government officials at Executive Level I and II have been excluded from the adjustment-their pay cap has been extended and they will receive no adjustment whatsoever.

Mr. Speaker, the language of section 135 would allow a portion of the last three cost-of-living adjustments due and payable to the senior officials of the Government to go into effect. The October 1979 increase of 7 percent, the October 1980 adjustment of 9.12 percent, and this past October's adjustment of 4.8 percent would have yielded a 22.4-percent adjustment for those whose salaries have been frozen for the past several years. However, the bill provides a much smaller adjustment. We are finally providing some relief to most of the 49,000 senior managers whose salaries have been capped for years.

Each of the 5 million civil servants and military personnel has received these annual cost-of-living adjustments except for the group of senior officials who are making salaries of $50,112.50 and above. Those senior level salaries have been capped since 1977 except for one minor adjustment allowed in 1979.

Many of these 49,000 employees whose salaries are now frozen have had only 1 raise since 1977, a token 5½-percent increase during a period when consumer prices were going up by over 56 percent, and while virtually every other salary in the private and public sectors has been kept at least somewhat comparable to rising prices.

Because of these salary limitations which we have been applying in the past several years, the freeze has reached down to grade GS-14, step 9, in the general schedule. In other words, we are not only squeezing down on so-called senior officials, we are reaching down to middle managers as well. Thus, we now have tens of thousands of employees at five general schedule grades and one executive level making the same salary. All six Senior Executive Service ranks plus the two general schedule grades directly below the SES on the salary scale are constrained to the $50,112.50 level.

This is a ludicrous situation—many employees make the same salary as a superior who is seven levels above in responsibility.

Although there are over 49,000 employees who have their salaries frozen, things will get worse if relief is not granted. If we do not act now, this situation will deteriorate further and I can see no possibility for an equitable adjustment in senior level salaries for the next several years. By 1984, Mr. Speaker, we will have 150,000 employees making the same salary. Virtually all Federal employees down to GS-13 would make the same salary. It has been estimated that 50 percent of the Federal employees in the Washington, D.C., area would make the same salary.

We are creating our own grand of socialism in the Federal City, Mr. Speaker, and everywhere else that Federal workers are employed.

Recently, the General Accounting Office studied this problem and concluded that pay compression is a drastically increasing and major cause of recruitment and retention problems for Federal agencies. They found that many Federal executives are reluctant to accept promotions because the increased responsibilities and duties of the position are not accompanied with higher pay. They also found that low Federal executive salaries and infrequent adjustments are the major sources of difficulty in recruiting well-qualified individuals from outside the Government.

According to GAO, over 95 percent of our best managers in the 55-59 age group are retiring as soon as they are eligible. This ratio has grown from the more normal level of 15 percent just a few years ago. They may not be disappearing in busloads—they do not need to take a bus ride since they cannot afford to save any money to move out of the area when they retire—but make no mistake, they are leaving.

The length of service of our senior managers—people who have prodigious responsibilities in the operation of multimillion or multibillion dollar programs is becoming shorter and shorter. In other words, we are forced to use people with very little experience, and insufficient preparation, to husband our tax dollars and programs because the pay cap is forcing our best and most experienced people to retire or find other jobs. That is false economy and we simply have to deal with that problem.

Mr. Speaker, I think the Members should realize that the extension of the pay cap will cost the Government more money than if it is removed. This is true because retirement annuities of those forced to retire will continue to increase in accordance with the increase in the CPI, and those who retire will be replaced with others who will be promoted into the senior salary levels. Lifting the cap will have a direct effect on reducing the number of retirements of senior managers. This will save the Government millions of dollars in retirement annuities. Thus, a vote to lift the cap will result in an overall savings in the budget and to the taxpayer. And it will help keep our best managers and executives on the job.

The General Accounting Office (GAO) says that raising the executive pay limitation would be cost effective. In a November 10, 1981, letter to Senator STEVENS, GAO said that raising the career executive pay cap to $57,500 would reduce Federal outlays for the first 3 years because executives now at the pay cap would not retire and replacement salary costs would be avoided. GAO told us, based on these assumptions, that the first year savings in outlays would be at least $50 million.

We have been advised by members of the administration that they are still finding it extremely difficult to attract highly competent and experienced personnel from outside the Government to move into key posts because they cannot afford the financial sacrifice, nor do they want to impose such a sacrifice on their families.

We cannot continue to tolerate this situation, Mr. Speaker. It is bad for

morale, it completely undermines our ability to recruit highly qualified managers and technical personnel, and it is totally unfair.

Mr. Speaker, the basic law is fair and equitable. It simply says that these salaries are supposed to be subject to annual cost-of-living adjustments as proposed by the Pay Comparability Commission and the President. Since 1975, when the law was amended to incorporate the so-called executive level of employees, the cost-of-living adjustment provision should have triggered seven adjustments in pay. But that just has not happened. All other civil servants except the senior people have received the full amount of those adjustments—but the senior level people have received only two—a 4.9-percent increase in 1975 and a very modest 5.5-percent adjustment in 1979. These senior people have been denied over 22 percent in cost-of-living adjustments during that period.

Our senior people, members of the Senior Executive Service, and a variety of other administrators, technical, and managerial personnel are being whipsawed by those who would hold their salaries hostage due to political expediency and self-righteous demagoguery.

Mr. Speaker, since 1969, the rise in consumer prices has been over 158 percent. During that 12-year period when the cost of living rose by 158 percent, these same senior officials have received three salary increases which totaled 43 percent. Thus, the purchasing power of their salaries has been reduced by 45 percent.

That means the 1981 salaries of these officials now bring only 55 percent of their 1969 purchasing power. We are driving these people into economic despair, Mr. Speaker, and creating irreparable harm to thousands of our best public servants, and their families.

With what kind of perverse logic do we justify treating some of the most dedicated, hard-working, well-educated, and highly responsible members of the American labor force this way?

The bill provides no adjustment for the level I and level II positions, including Cabinet officers, Members of Congress, various deputy secretaries, and heads of certain agencies. Although these people have been capped along with all the other senior civil servants, they will still be required to sacrifice any adjustment because this is the only way we will be able to provide relief to our Nation's top level civil servants.

I do not believe this is a fair and equitable adjustment in the limitation for the level I and II positions, Mr. Speaker—these people suffer from the same inflationary pressures as every other American—but this is the best we could do under the circumstances.

Mr. Speaker, an under secretary to a major cabinet department, Members of Congress, and the heads of many of our agencies now make $60,662.50 in salary. If the salaries of these officials had only increased at the same rate as the Consumer Price Index since 1969, these salaries would be $109,800 per year. They would have to make 81 percent more than they now make just to stay even with the cost-of-living rise.

If that same official or employee had received salary increments over that period equal to those received by employees in the private industrial sector, their salaries would be over $100,000, or 65 percent higher than they now are.

If we only go back to 1977, the level II salary needed to keep peace with rising costs would have to be $90,100—which is almost $30,000 more than they actually make.

If these salaries had kept pace with the salary increases received by private sector executives, the level II salary would have to be over $85,000.

Instead, Mr. Speaker, that level II salary will remain at $60,662.50, which is $50,000 less than just keeping up with consumer prices since 1969, and $30,000 less than keeping up with the rise in the CPI since 1977, and $25,000 less than the salary increases received by executives in the private sector just since 1977.

For level V and most SES employees, the adjustment would be just $7,387.50, not the $43,000 raise needed to make up for the increase in the cost of living since 1969, or the $24,000 raise needed since 1977. Not the $20,000 needed to keep pace with the rise in executive salaries since 1977, or the $11,000 to keep pace with the rise in average civil service salaries since 1977, or the $19,000 increase in the hourly earnings index.

I will include additional data at the conclusion of my remarks which will further describe the extent of the problem.

Mr. Speaker, the executive level salary situation is in a mess. We need to allow the basic law to work. We need to treat our executives justly—they should not be asked to make this kind of cruel sacrifice for which there is no reward and no public benefit—only frustration, worry, loss of self-esteem, and a wonderment about why they have been singled out to be sacrificial lambs.

Mr. Speaker, the resolution would only allow a portion of these foregone cost-of-living adjustments to be paid. It would partially lift the salary limitation and provide for only a modest adjustment for most of these officials.

It is not a complete solution—but it is the very minimum that has to be done.

Mr. Speaker, I urge the Members to vote their conscience on this issue—not just what is politically expedient. The American people deserve a first class public service—let us give it to them.

And let us give America's senior public servants a chance to earn a reasonable wage and a proper incentive to achieve managerial excellence.

I urge an aye vote on the resolution.

FEDERAL EMPLOYEES AFFECTED BY PAY COMPRESSION—OCTOBER 1981

	Executive branch	Legislative branch [1]	Judicial branch	Military	Total
General schedule	29,641				29,641
General schedule equivalent	1,034			1,097	2,131
Executive schedule (includes 100 Foreign Service Ambassadors)	738				738
Senior Executive Service (SES and SFS)	7,811				7,811
Foreign Service	1,325				1,325
VA Department of Medicine and Surgery	5,527				5,527
Other		1,406	607		2,013
Total	46,076	1,406	607	1,097	49,186

[1] Members and staff.

A comparison of Federal white-collar, blue-collar, and executive salary increases since March 1969.

GENERAL SCHEDULE

Date	Percent increase	Index
March 1969		100.0
July 1969	9.10	109.1
December 1969	6.00	115.6
January 1971	5.96	122.5
January 1972	5.50	129.2
October 1972	5.14	135.8
October 1973	4.77	142.3
October 1974	5.48	150.1
October 1975	5.00	157.6
October 1976	5.17	165.7
October 1977	7.03	177.3
October 1978	5.46	187.0
October 1979	7.02	200.1
October 1980	9.11	218.3
October 1981	4.80	228.8

WG (WASHINGTON, D.C., AREA)

Date	Percent increase	Index
March 1969		100.00
November 1969	6.71	106.71
November 1970	8.95	116.26
November 1971	5.50	122.66
October 1972	5.69	129.64
October 1973	6.80	138.45
April 1974	7.31	148.57
October 1974	6.47	158.19
October 1975	10.37	174.59
October 1976	7.32	187.37
October 1977	8.52	203.34
October 1978	5.50	214.52
October 1979	6.78	229.07
October 1980	8.47	248.46
October 1981	4.73	260.21

EXECUTIVE LEVELS, MEMBERS OF CONGRESS, AND JUDGES

Date	Percent increase	Index
March 1969		100.00
October 1975	4.94	104.94
March 1977	28.92	135.29
October 1979	5.50	142.74

Since 1969, general schedule salaries have increased 129 percent; blue-collar salaries have increased 160 percent; and executive level salaries have increased 43 percent.

CHANGES IN SALARIES FOR EXECUTIVE LEVEL II, MEMBERS OF CONGRESS, AND EXECUTIVE LEVEL V VERSUS CHANGES IN SIGNIFICANT PAY INCREASE INDICATORS

	Percent change since 1969	Percent change since 1977
Key indicators:		
Consumer Price Index	158.4	56.6
Hourly earnings index	151.9	45.3
Average general schedule	128.8	38.0
Employment cost index (wages and salaries)	(1)	48.1
Executive level II, Members of Congress	42.7	5.5
Executive level V	39.2	5.5

[1] Not available.

The current salary of the level II employee is $60,662.50. If that salary had been allowed to increase with the percentage increases in the Consumer Price Index since March 1969, the level II salary would be $109,831 by September 1981.

SALARY AND CONSUMER PRICE INCREASES FOR EXECUTIVE LEVEL II AND MEMBERS OF CONGRESS SINCE MARCH 1969

	March 1969	October 1975	October 1976	October 1977	October 1978	October 1979	October 1980	October 1981
March 1969 salary adjusted by CPI	$42,500	$64,773	$68,197	$70,125	$78,979	$88,778	$99,993	$109,831
Scheduled rate	42,500	44,600	46,800	57,500	60,700	65,000	70,900	74,300
Payable rate	42,500	44,600	44,600	57,500	57,500	60,622	60,662	60,662

Note.—Based on CPI–W for September 1981.

REFERENCE POINTS FOR SALARIES OF SELECTED FEDERAL OFFICIALS

	Actual and scheduled salaries				Salaries adjusted by key indicators	
	1969 salary	1977 salary	1981 actual salary	1981 scheduled rate [1]	1969 CPI [2]	1977 CPI [3]
Vice President, Speaker of the House, and Chief Justice	$62,500	$75,000	$79,125	$96,800	$161,500	$117,500
Associate Justice	60,000	72,000	96,800 93,000	93,000	155,000	112,800
Level I	60,000	66,000	69,630	85,200	155,000	106,500
President pro tempore, majority and minority leaders	49,500	65,000	68,575	83,900	127,900	101,800
Level II, Members of Congress, and appeals court judges	42,500	57,500	60,662	74,300	109,800	90,000
District court judges	40,000	54,500	74,300 70,300	70,300	103,400	85,300
Level III	40,000	52,500	55,387	67,800	103,400	82,200
Level IV	38,000	50,000	52,750	64,600	98,200	78,300
Level V	36,000	47,500	50,112	61,300	98,200	74,400

[1] The scheduled rate is the rate that would be payable if there were no appropriations limitation.
[2] March 1969 salary adjusted by CPI–W (September 1981), rounded to the nearest hundred dollars.
[3] March 1977 salary adjusted by CPI–W (September 1981), rounded to the nearest hundred dollars.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Maryland (Mr. LONG).

Mr. LONG of Maryland. Mr. Speaker, in the language on the continuing resolution regarding foreign assistance, in both the committee version and the Republican substitute, certain words have been added of a technical nature which clarify the intent of the House in regard to the meaning of the phrase "current rate." Immediately after this phrase the new words "provided in fiscal year 1981" were added. The effect of this language is to make clear that "current rate" means the level actually appropriated in fiscal year 1981 rather than the actual level of funds which were both appropriated and also available because of unique circumstances from previous years.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Florida (Mr. LEHMAN).

Mr. LEHMAN. Mr. Speaker, I would like to draw the attention of the House to a matter I have discussed with the distinguished chairman of the Subcommittee on Commerce, Justice, State, and the Judiciary. That is the growing problem of crime by Cuban/Haitian entrants.

Many of the Members will have seen the article this week in the Washington Post which described the experience law enforcement officials in the Bronx have had with Marielito criminals. These same problems exist, multiplied, in south Florida, where the great majority of the entrants have settled.

Even before the Mariel boatlift began, Dade County and the State of Florida had been ordered by courts to depopulate jails and prisons. Then came the influx of at least 125,000 Cubans, including at least 5,000 "hardened" criminals. As of this morning, Dade County jails held about 1,000 prisoners; 324 of these are Marielitos awaiting trial for a variety of offenses; 52 for murder, 42 for armed robbery, 10 for kidnaping, over 50 for weapons offenses, and others for rape and other serious crimes. Their presence in the Dade County jails costs the county $28 per prisoner per day or $9,072 today.

Forty-two Marielitos have been convicted of felonies and are serving sentences in Florida State penal institutions. Their daily cost is $22 per person per day, or $924 today, but their long-term impact is much greater. To house this unplanned population increase, Florida will have to accelerate the construction of additional prison beds, at a cost of $50,300 per bed.

The State of Florida has asked the Federal Government for help, and there have been limited attempts at short-term relief. However, the Federal Government now says there is no money to deal with the problem any more.

Florida taxpayers are being forced to bear the costs of keeping entrants charged with or convicted of crimes off the streets. It was the Federal Government which failed to screen the criminals out, failed to support sponsorship arrangements, failed to provide the assistance which might have kept still other entrants from turning to crime. Yet that Federal Government now expects these already beleaguered people to spend their State and local tax money to have their own courts do the screening and their own jails and prisons hold entrant criminals.

It has been said again and again by officials at all levels of government that refugees, entrants, and other aliens coming into this country are a Federal responsibility. They are here due to Federal policies—or, as in the case of the Mariel boatlift, due to the failure of Federal policy. States and

localities have little or no voice in determinations of numbers to be admitted or places of resettlement. It is increasingly obvious, however, that the administration's commitment to meeting this Federal responsibility does not extend to requesting funds sufficient to aid the States and localities which must provide necessary services to refugees and entrants, or which must deal with these newcomers when something goes wrong.

At the very least, the people of Florida have the right to expect that the Federal Government should bear the cost of determining whether an entrant, who has no legal status, has violated his parole by committing a crime, and of incarcerating or deporting convicted offenders. They might also expect that the Federal Government would remove such violators.

I am pleased that Chairman NEAL SMITH has offered to lend his assistance to the Members from Florida and other affected States in our efforts to get the administration to focus on this serious and growing problem, to give it some priority, and to try to help us. As he told me, Mr. Speaker, "I assume there will be a request by the administration for some supplemental appropriations early next session. I realize the problem you have been pursuing diligently is a serious matter and will certainly give every consideration to any appropriate remedy at that time."

Mr. Speaker, with Chairman SMITH's help, we trust we will be able to work out this crisis.

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Texas (Mr. PICKLE).

Mr. PICKLE. Mr. Speaker, I would like to further outline the enormous problems that will be created for the Social Security Administration by the Conte continuing resolution amendment.

The Conte amendment, if these estimates are accurate, cuts SSA's administrative budget by $252 million from the House-approved level in the regular appropriation bill, and is even $107 million less than the Senate level. I understand the amendment does have a $70 million "contingency fund," but that would be completely under the control of OMB. It is totally inappropriate to give such control to OMB officials who are not accountable to any outside authority for their actions, and allow them to usurp the authority of officials responsible to Congress, such as the Commissioner of Social Security. About all this contingency reserve is going to do is enable us to get the checks out in August if the administration breaks down so badly we cannot get them out in July.

The basic problem is that SSA cannot keep on taking cuts in staffing and administrative dollars and still do its job. SSA already has a severe administrative crisis. The agency is struggling with a massive computer problem, which very nearly prevented this year's July benefit increase from being processed in time, and which continues to cause long delays and errors in processes such as issuing social security numbers and crediting workers with the correct amount of wages. Meanwhile, the Congress and the administration have been demanding that SSA perform additional tasks such as reviews of current disability beneficiaries to make sure they are really disabled, and collecting money due the Government because of erroneous payments. We cannot ask SSA to do all this, and then not give them the resources to do it.

The Department has frankly stated that if this cutback is passed, they will pay out more in erroneous benefits than they will save in administrative dollars. This is exactly true, and that is why this cutback just flat does not make any sense—it is real penny-wise and pound-foolish thinking. It will actually cost the trust funds money and it will worsen service to the public.

This is not a discretionary program. The checks must go out and we are all better served if SSA can get those checks out on time and without error.

Following this statement is a chart detailing the cuts in administrative expenses envisioned in the 12-percent reduction now facing social security.

The $70 million contingency reserve would restore a part of this money "only to the extent necessary for additional automatic data processing expenses, to process workloads not anticipated in the budget estimates, and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate" in the administration of certain portions of the Social Security Act, "and after maximum absorption of such costs within the remainder of the existing limitation has been achieved."

In other words, the program administration has really been cut $107 million below the Senate level, and $252 million below the absolute rock bottom of what is needed to run the program because none of this contingency is going to be made available to do the jobs that we already know today face the social security program.

What is going to happen is that we are going to spend much more in erroneous benefit payments than this amendment is going to save—provided of course that we can get the benefit payments out at all come the next crisis in the social security computer system.

This is a classic case of asking a horse to pull the plow on an empty stomach.

OFFICE OF CHILD SUPPORT ENFORCEMENT

Limitation on administrative expenses

[Effect of Senate and House Action and of the President's September amendments; in millions of dollars]

1981 comparable	2,777,050
1982:	
Request	3,318,680
Senate allowance	3.218,680
House allowance	3,198,680
President's September amendments	2,946,838

SENATE ACTION

The Senate has reduced the $170 million contingency fund in the March Budget Request for implementation of the Reconciliation Act by $100 million leaving $70 million to implement the provisions of this Act in 1982. Most of the funds in the Reconciliation Act contingency are needed for implementation of the Social Security minimum benefit provision, including the administrative impact on the SSI program.

The Senate moved the effective date of this provision so that lower monthly benefit payments for those now receiving the Social Security minimum would be initially made on August 3, 1982 rather than April 3, as under current law.

Without sufficient administrative funds to implement the minimum benefit provision, most of the estimated $650 million fiscal year 1982 benefit savings in the Social Security program cannot be obtained and most of the estimated increase in SSI benefits ($191 million) will not be incurred.

Moving the effective date of the minimum benefit forward by 4 months in fiscal year 1982 does not accomplish substantial savings in the administrative budget. The heavy administrative costs of implementation have to be incurred before the effective date and during the month when the first reduced checks are payable and the month thereafter. The administrative resources are needed to provide notices to those potentially affected, to handle a large volume of inquiries, to calculate the new benefit, to respond to beneficiary questions and allegations of additional earnings which effect benefits and to take and process new claims. Therefore, even with the revised effective date, almost the entire administrative cost of the minimum benefit provision has to be incurred during fiscal year 1982, and the Senate allowance reduces administrative funds for Reconciliation Act work by about 60 percent.

Further, the movement of the effective date provided by the Senate creates severe computer systems problems for the Social Security Administration. Under present law the automatic Social Security benefit increase is effective for checks payable in July. This benefit rate increase and the elimination of the minimum benefit each require a large amount of computer time. Rescheduling the effective date for minimum benefit elimination to checks payable in August produces conflicting and competing demands on a fixed level of computer hardware during approximately the same period of time.

HOUSE ACTION

The House reduced the 1982 Revised President's Budget request for $3,318,680,000 by $120,000,000 to $3,198,680,000. This amount is $20,000,000 less than the $3,218,680,000 approved by the Senate.

The House added language which prohibits SSA from spending any funds after Sep-

tember 30, 1981 to reduce or eliminate the "minimum benefit" for current social security beneficiaries. As a result of the House action most of the estimated $650 million of fiscal year 1982 benefit savings in the Social Security program cannot be obtained and most of the estimated increase in SSI benefits ($191 million) will not be incurred.

PRESIDENT'S SEPTEMBER AMENDMENT

The President's budget of $2,946,838,400 (as amended in September) is $371,800 less than the March budget request of $3,318,680,000. It is $271,800,000 lower than the Senate allowance of $3,218,680,000 and $251,800,000 lower than the House allowance of $3,198,680,000.

In order to obtain the reduction of about $372 million from the March budget request, the following steps would be taken:

[In millions of dollars]

	Reduction from		
	March budget	Senate allowance	House allowance
Delete the special contingency reserve for new legislation. Most of these funds were to be used for implementation of the minimum benefit provision of the Reconciliation Act. No funds will be available to implement future minimum benefit legislation, such as the provision passed by the Senate on October 15	170	70	50
Delete funds for research grants and contracts and delete one-half of funds budgeted for special employment programs	16	16	16
(This reduces the March budget by $186,000,000 million, which is one-half of the total reduction contained in the President's September Amendment.)			
Delete funds for new construction projects (and reduce the amount available for construction in the appropriation language) and hold travel and consultant services costs to the 1981 level	20	20	20
Reduce work-years budgeted for general administration, systems, policy, quality assurance and other functions that do not involve direct service to the public; and, through changes in appropriations language, waive the requirement to issue personalized denial notices to disability claimants, to pay for medical evidence of record for disability insurance claimants and to recover from Social Security and SSI benefits the legal fees of attorneys representing claimants. (Suggested appropriation language will be sent under separate cover.)	43	43	43
Delete a portion of the regular $50 million contingency reserve which protects the Agency against workload increases and State agency costs that exceed the budget estimates	30	30	30
Cut back on administrative budget increases requested for pre-effectuation review of disability allowances and investigations of the continuing eligibility for benefits of those now on the disability rolls, and defer implementation of Agency plans to step up debt collection efforts. All administrative decreases in this category would cause increases in program outlays that would exceed the administrative decreases	93	93	93
(This reduces the March budget by $372,000,000.)			

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. SIMON).

Mr. SIMON. Mr. Speaker, I rise in support of House Joint Resolution 370, the continuing resolution favorably reported by the Committee on Appropriations and providing funds to continue operating the Federal Government through the remainder of this fiscal year. Many of my colleagues have some reservations about the committee's resolution because it does not provide the level of funding for domestic programs they believe is necessary. I share those concerns.

Some of my colleagues on the other side of the aisle believe that the committee bill goes too far and think we are seeking another confrontation with the President over Federal spending. I intend to support the continuing resolution drafted by my friend from Mississippi and the chairman of the committee for two simple reasons:

First, the committee bill is the House bill and it represents the Congress proper exercise of its constitutional authority to provide appropriations for Federal programs. House Joint Resolution 370 is not OMB's bill, it is not the President's bill and it is not the Senate's bill—ladies and gentlemen of the House, it is our bill.

Second, the committee bill strikes an adequate balance between the needs of our Nation and our mutual desire to restore some balance to the Federal budget and exercise some fiscal restraint. The committee bill provides for the Nation's needs while exercising fiscal restraint.

As chairman of the House Subcommittee on Postsecondary Education, I want to call to the attention of my colleagues two important provisions in the committee bill. The bill provides adequate levels of funding for the major Federal student financial assistance programs and higher education programs so important to the Nation's commitment to equal opportunity and access to postsecondary educational opportunities for low- and middle-income students. While these funding levels are not as high as we would like them to be, the committee bill holds the line against further massive reductions in student aid. The bill also included several provisions which will permit the Department to implement the Pell grant program for the 1982-83 school year in a timely manner.

The substitute, which my friend and colleague from Massachusetts Mr. CONTE has offered, is an open invitation to the administration to reduce funding for student assistance and other important domestic programs. For example, the Office of Management and Budget is already preparing rescission requests for fiscal year 1982 which would have disastrous consequences:

[Amounts in millions]

	Dec. 15 continuing resolution	House Joint Resolution 370	1982 rescission
Pell	$2,346.0	$2,326.5	$1,600
SEOG	370.0	284.2	243
CWS	550.0	539.0	361
NDSL	186.0	182.3	179
SSIG	76.8	75.2	0

I do not believe that my colleagues want to vote to close any of our institutions of higher education, nor do they want to deny deserving high school graduates the opportunity to pursue a postsecondary education. It is clear that the administration's commitment to educational opportunity is on the wane—have we thrown in a towel too?

I urge my colleagues to support the committee's resolution.

Mr. WHITTEN. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. YATES).

Mr. YATES. Mr. Speaker, my good friend, the gentleman from Massachusetts, SILVIO CONTE, and he is my good friend, stated in the event the bill that is filed by the gentleman from Mississippi is passed and not the bill offered by the gentleman from Massachusetts, the President will veto the bill. He will not veto the bill of the gentleman from Massachusetts. Therefore, the bill of the gentleman from Massachusetts (Mr. CONTE) must be called the President's bill. It is not the people's bill, as the gentleman insists. The people's bill is the bill of the gentleman from Mississippi.

The whole argument seems to me to be ridiculous. It is said, the President will veto the bill even though there is only a difference of $1.1 billion between the 2 bills. Instead of having a deficit of $109 billion at the end of this year, we might have a deficit $1½ billion less.

Mr. CONTE. Mr. Speaker, will the gentleman yield?

Mr. YATES. Of course I yield to my friend, the gentleman from Massachusetts.

Mr. CONTE. Mr. Speaker, when the gentleman says this is the President's bill——

Mr. YATES. The gentleman said it was the President's bill, not I. The gentleman said when the Labor-HHS bill goes to conference he is going to offer higher levels for the various programs, more than are in this substitute. These are the President's levels.

Mr. CONTE. I said the President will sign my bill, and that I spent all of last week during the recess working out a responsible compromise.

Mr. YATES. I was here, too.

Mr. CONTE. I know it. I am not saying the gentleman was not here, and I hope he enjoyed himself.

Mr. YATES. I worked, Silvio.

Mr. CONTE. I did. I spent the whole 7 days coming up with this compromise, and finally they said they would go along with it.

Mr. YATES. It is the President's bill.

Mr. CONTE. It is a compromise bill. It is partly my bill, no matter what you say, even though you doubt it.

Mr. YATES. I doubt that.

Mr. WHITTEN. Mr. Speaker, I yield 1 minute to the gentleman from Iowa (Mr. SMITH).

Mr. SMITH of Iowa. Mr. Speaker, I want to point out that the reason most of the separate appropriations bills have not come back from the Senate

to the House is because the administration got the Senate to hold them up for several months because they want to pass the defense and foreign aid bills first so they can maneuver later on for more cuts than are proposed today in health programs and grants to State and local governments. That is what is going to happen if we adopt a March 31, deadline as proposed in the Conte motion's substitute. If they can secure passage of the defense bill, and the initial foreign aid bill, then in order to make more room for the extra $2 billion in foreign aid, the administration will be back here March 31, asking for even more cuts in the grants to State and local governments.

I also want to point out there are a couple of other differences in these bills that are very important with regard to the Legal Services Corporation. The restrictions on the activities of the Legal Services Corporation, which are contained in H.R. 3480 as passed the House, are in the committee bill; they are not in the Conte substitute. And also, there is the fisheries loan fund that a good many of the Members are interested in. This program provides low interest loans to financially troubled fishermen who are in danger of losing their vessels through default on their mortgages. Funds for this program are in the bill of the gentleman from Mississippi, Mr. WHITTEN, and there is not a dime for this vital loan program in the Conte substitute. So I want to remind those Members who have been contacting us and saying that they have got to have some money for those poor fishermen, if they vote for the Conte substitute they are voting against the fishermen. I would also want to remind those Members who voted earlier this year for the restrictions on the Legal Services Corporation contained in H.R. 3480, if they vote for the Conte substitute they are voting against those restrictions.

□ 1430

Mr. WHITTEN. Mr. Speaker, I yield such time as he may consume to the gentleman from Alabama (Mr. BEVILL).

Mr. BEVILL. Mr. Speaker, I rise in support of Chairman WHITTEN's motion.

Mr. Speaker, I have been a strong advocate of reduced Government spending during my 15 years in this House. I believe that one of the most beneficial acts that Congress could do for this country is to balance the Federal budget.

I have voted for reductions in Government spending and I am proud of those votes. However, I am most distressed at the choice we have before us today. The administration's proposal would have the country cut its domestic programs even further, while at the same time making huge increases in the foreign aid program.

At a time of recession, inordinately high interest rates and sustained inflation, which have combined to cause undue suffering to millions of Americans, we are asked to cut worthy programs even deeper so that we can send billions of dollars to foreign countries.

I opposed earlier attempts to cut social security minimum payments in an effort to balance the budget. I opposed giving oil companies huge tax breaks while the average American wage earner got virtually no tax relief. And I now rise to oppose making deeper cuts in domestic programs in order to send more American money overseas to foreign countries.

I would urge my colleagues to vote against further cutting our worthy programs to educate our youngsters, to care for our aged, to feed our hungry and to rehabilitate our disabled in exchange for sending billions of dollars to foreign countries.

Mr. Speaker, I urge my colleagues to support the committee bill, House Joint Resolution 370, which my chairman and my fellow members of the Appropriations Committee have worked long and hard in writing. It is a just bill of which this Nation can be proud.

Mr. CONTE. Mr. Speaker, I yield such times as he may consume to the gentleman from California (Mr. ROUSSELOT).

Mr. ROUSSELOT. Mr. Speaker, I appreciate my colleague's yielding.

Mr. Speaker, I want to make certain that I clearly understand the final decisions regarding child welfare and foster care payments in the continuing resolution. It is my understanding that this resolution continuing funding for fiscal year 1982 maintains the provisions in Public Law 96-272, the Adoption Assistance and Child Welfare Act of 1980, regarding titles VI-B and IV-E/A. This means that the Senate language which put a cap on foster care, far below the reconciliation provisions, and made changes in the allocation formula and the requirements for transfer of funds, was dropped, and the House provisions prevailed. Specifically this means:

First, an appropriation for title IV-B, Child Welfare Services, of $163.5 million;

Second, funds for titles IV-A/E of $246 million with the entitlement language retained; and

Third, funding for adoption assistance of $5 million with entitlement language.

Additionally, rumors have come to my attention that this legislation does not adequately cover funding for the title IV-A foster care program. In order to remove any doubt about this, I would like to know if it was the Appropriations Committee's intention to adequately fund the title IV-A and the title IV-E foster care program, regardless of which program the State chooses to operate under?

Mr. CONTE. Mr. Speaker, if the gentleman will yield; yes, we removed the cap.

Mr. ROUSSELOT. I appreciate that.

I am pleased that this final agreement maintains the flexibility in Public Law 96-272 and protects implementation of the changes in the child welfare system which Congress worked on for 5 years. These changes have already proven cost effective in demonstration projects conducted at the State and local levels and have supported the basic premise in Public Law 96-272 that the provision of specified services can reduce the need for costly out-of-home care for dependent, neglected, and abused children.

The provisions in this law have been reaffirmed many times by Congress: In the overwhelming vote for final passage, in approval of the full appropriation for the law in 1981, and in fully protecting the law and its funding levels in the Omnibus Reconciliation Act. I am pleased that once again Congress has reaffirmed its commitment to this important piece of legislation by protecting the law in the continuing resolution.

Mr. CONTE. Mr. Speaker, I yield such time as he may consume to the gentleman from Pennsylvania (Mr. COUGHLIN).

Mr. COUGHLIN. Mr. Speaker, I want to compliment the distinguished minority leader.

Mr. CONTE. Mr. Speaker, I yield such time as he may consume to the gentleman from Illinois (Mr. O'BRIEN).

(Mr. O'BRIEN asked and was given permission to revise and extend his remarks.)

Mr. O'BRIEN. Mr. Speaker, I rise in support of the Conte motion.

Mr. Speaker, I rise in support of the substitute offered by my colleague, SILVIO CONTE, for continuing appropriations for fiscal year 1982.

The Conte substitute is $2.7 billion below the vetoed continuing resolution. It is a good compromise, and a responsible bill. It helps bring about a budget policy that was mandated by the voters 13 months ago. And, it will help diminish the economic mess in which we now find ourselves. I urge passage of the Conte substitute.

Mr. ALEXANDER. Mr. Speaker, I rise in support of the further continuing appropriations resolution for fiscal 1982 because it is the product of the deliberation of the Congress which is more sensitive to the priorities of the American people than the administration's substitute resolution offered by the gentleman from Massachusetts (Mr. CONTE). The substitute resolution has demonstrated its insensitivity to the people's needs. Americans everywhere are confused by the inconsist-

ent action of the administration which has recently come out of the Keynesian closet revealing itself to the American people, that it has no coherent economic policy to balance the Federal budget by 1984 as promised by President Reagan.

The inconsistent actions of the administration on fiscal matters increasingly indicates that this administration is responding to a political doctrine based upon the premise that the Federal Government is the source of all economic problems.

Mr. Speaker, instead of an economic policy pursuing a clear and coherent direction, this administration is misguided by an economic theology which is producing record deficits, higher unemployment, prolonged recession, and uncertain interest rates.

With so much confusion and indirection, it is important for citizens to be reminded that 37 out of the past 38 years Congress has appropriated less money that Presidents have requested.

The President's March budget proposals had asked for $20 billion more than the Congress appropriated for fiscal year 1981, including requests for a $29 billion increase in defense spending, a 17-percent increase for defense. Then, in September, the President cut his March requests from $451.7 to $428.7 billion—with by far the greatest majority of these cuts coming in programs for our people—farmers, the handicapped, schoolchildren, the ill, the aged, college students, the poor, and on and on.

When he made his new budget proposals the President told the Nation—which was already sliding deep into a recession—that he would take nothing less than the cuts he had dictated.

Those dictates were too much even for the Republican congressional leadership to swallow. So, the new confrontation the administration wanted with the Congress—to take national attention off the confessions of David Stockman about the manipulations of Reagonomics, and the scandal about the President's top national security adviser taking payoffs—was set up.

The Reagan White House led both the Republican and Democratic congressional leadership to believe the President would sign the continuing appropriations resolution Congress agreed on last month.

But, wanting some different topics in the headlines, the President vetoed that resolution—setting off an expensive Government shutdown operation that no one in the administration wants to put a price tag on, but which is generally agreed to have cost the Federal Government millions of dollars that could have been more productively used in providing services to our people.

The President vetoed that resolution even though it was under the level his White House representatives had led Congress to believe he would accept.

Now, before us today is another continuing resolution offered by our House Committee on Appropriations. It provides even less money than did the vetoed resolution.

Notwithstanding the erratic action of the administration, the Congress is being consistent in maintaining its direction of appropriating less money than Presidents have requested.

Mr. ROSTENKOWSKI. Mr. Speaker, I rise to express my strong reservations about several sections in this resolution affecting matters within the jurisdiction of the Committee on Ways and Means.

SECTION 101

First, section 101 of the Conte substitute provides for reductions in the amount of administrative moneys for social security, medicare, and the unemployment compensation program. The program most affected by the Conte substitute is unemployment compensation which absorbs a $173 million reduction from the level provided in House Joint Resolution 370.

In all programs there is substantial evidence that these administrative budget reductions are penny wise but pound foolish in that benefit costs are likely to rise substantially. For example, HHS maintains in public documents that administrative decreases in the areas of preeffectuation review of disability allowances and investigations of the continuing eligibility of individuals currently on the rolls will result in increases in program outlays which exceed administrative decreases. Unofficially, they estimate that $1 of reduced administrative expenses will cause $4 of increase budget outlays.

HCFA documents show that each $1 reduction in medicare auditing would result in $11 of increased benefit outlays. Blue Cross analysis shows a saving of $26 for each dollar of reduced auditing. Furthermore if the reductions are actually made, auditors will be laid off and will be employed by hospitals. It will then take 3 years to train new personnel to do the same auditing tasks. In addition, beneficiary services would be cut back leading to higher levels of complaints and slower processing time. GAO analysis shows similar increases in benefit outlays for each $1 of reduced administrative expenses.

The Interstate Conference of Employment Security Agencies estimated conservatively that there would be an increase of $4 for each $1 of reduced administrative expenditures. The administrative reductions would result in fewer employer audits and reduced collection activities. In addition, there would be a drop in the percent of first payments made promptly. In 1975 when claims went up substantially, only 74 percent of first payments were made promptly compared to 89 percent currently.

SECTION 109

Section 109 of the Conte substitute provides that no funds made available pursuant to this continuing resolution may be used to accomplish or implement a proposed reorganization of the Bureau of Alcohol, Tobacco, and Firearms before March 30, 1982. The resolution further states that a reorganization plan may be implemented after March 30, 1982, unless disapproved by the House and Senate Committees on Appropriations.

As you know, the Bureau administers various aspects of numerous Federal excise taxes. I must only assume that the language in this concurrent resolution is not meant to limit but is intended to expand the authority of the Congress to require the Bureau to remain in existence. The committee is also concerned with the continued existence of the Bureau because of its role in administering the tax laws. However, the procedure proposed here is most unusual, and I would hope that the Appropriations Committee would work closely with our committee in resolving this issue.

SECTION 112

Section 112 of the Conte substitute attempts to prohibit in certain circumstances the enforcement of revenue ruling 81-216, and regulations reaching the same result.

The section would prohibit the enforcement of the ruling in the case of bonds which are backed by a State or locality where the proceeds of the bonds are not to be used by very large corporations—with more than $25 million in capital expenditures, worldwide, in a 3-year period.

First of all, on procedural grounds, we have a provision in a continuing appropriations resolution which attempts to negate a proper interpretation by the Internal Revenue Service of a substantive provision of the tax laws by limiting the discretion of the Service in its internal use of its administrative moneys.

Not only is the provision not properly within the purview of the appropriations process, but this resolution has even gone to the point of expanding its scope to broaden its impact. Those of us on the tax writing committees find this to be improper and, in a sense, irresponsible inasmuch as the matter addressed by the amendment is a complex one with policy implications which should be carefully reviewed by the tax-writing committees prior to the taking of congressional action.

In a more important sense, I would like to inform my colleagues that it is my view that this action will have no substantive effect. It will not result in the issuance of bonds which would be prohibited absent the existence of this

appropriations rider. It should be pointed out that, inasmuch as this language in no way amends the Internal Revenue Code, it cannot affect the legal basis under which bonds can be issued under existing law. Since it is customary for bond counsel to issue opinions on the legal basis for the tax exemption of the bonds in question, I want to make this statement at this time so that no bond counsel or potential purchaser would improperly construe that this simple funds limitation has the effect of legalizing the bonds in question. Once the continuing resolution expires, the IRS will be able to enforce the revenue ruling in question, revenue ruling 81-216, even as to the interest earned on bonds issued during the period of this appropriations freeze.

Agreement to section 112 of this resolution will prevent the IRS from issuing rulings under the provision of the proposed regulations that provides an exception to the August 23, 1981, effective date. The proposed regulation allows such rulings in cases where there has been a significant financial commitment prior to August 23, 1981, and where such commitments were based on the revenue rulings revoked by the proposed regulations. Without such rulings from the IRS no issuer who anticipates being covered by this grandfather clause will be able to proceed. Section 112 of the continuing resolution will deny IRS the funds to process requested rulings. Thus not only will section 112 be ineffective in accomplishing the objectives of its supporters, it will result in the prevention of some bonds that would have been granted exceptions to the ruling from being issued.

I would want to inform my colleagues that I have discussed this issue at great length with the chairman of the Senate Committee on Finance who shares my view that this language is ineffectual in achieving the purpose which it seeks to accomplish. The sole effect of this language is to delay IRS action in this area. It cannot and does not, the sense of the Congress language relating to future periods notwithstanding, change the underlying law which in the end controls the legal basis for the granting of the tax exemption.

It is unfortunate for the entire legislative process that one or two law firms specializing in the processing of these transactions have attempted to modify the tax laws without going through the appropriate committees which Congress established to deal with the tax laws. In so doing, they have added nothing—except confusion to the whole area of tax-exempt bonds.

SECTION 113

Section 113 of the Conte substitute states the sense of the Congress that the President should not include in his recommendations for revenue enhancements any recommendations which have the effect of reducing Federal tax incentives for energy conservation or the development of renewable energy sources. No proposal has been submitted to the Congress to reduce or repeal any of the special Federal tax incentives for energy conservation or for renewable energy source investments. It is inappropriate for the Congress to voice its opposition to a portion of the President's potential proposals on revenue enhancement before it becomes clear whether such proposals actually will be made and what specific revenue increases those proposals will request. In fact this language has no substantive effect.

Mr. DAUB. Mr. Speaker, an item in this continuing resolution I would like to bring to the attention of my colleagues is the reduction which has been made in funding for medicare intermediaries and carriers. In an effort to reduce administrative costs, it should be pointed out that contractor costs under medicare amount to less than 2 percent—an extraordinarily low administrative cost. In addition, for every $1 spent on auditing activities by these contractors, $26 of benefits are saved. What we must be cautious of is funding such a critical function at such a low level that a supplemental request may be necessary later on this fiscal year. Having spoken with 1 of the 11 private contractors for medicare, I rise to tell my colleagues that it is possible that our offices may be inundated with complaints regarding the slow processing of claims, increased cases of fraud and abuse, and declining quality of service. These contractors will continue to operate until their budget runs out and when that happens—well, I know our caseworkers have plenty to do right now. I urge you to keep this hidden cost in mind. Whether a supplemental appropriation will be necessary or not, I cannot say; however, the possibility exists if the funding for this function is below the 1981 level of $694 million. The substitute resolution we are voting on today funds the program at a level of $692 million with a $20 million contingency fund to be dispersed by OMB as needed with the assistance of OMB, funding should be sufficient for this function. Medicare represents a huge program—paying out over $47 billion of benefits this year. Without adequate funding for medicare contractors, we simply will not have sufficient controls on the outflow of benefit dollars for this vital program that is so important for providing health care for our older citizens.

● Mr. FRENZEL. Mr. Speaker, I rise in support of the Conte substitute to the committee proposal for House Joint Resolution 370, our most recent continuing resolution.

Like the continuing resolutions we passed in September and November, the committee bill is simply too expensive. It is an attempt by the House leadership to bypass its own budgetary process and continue its discredited habits of overspending.

Mr. CONTE'S substitute represents another step in our return to fiscal sobriety. Although only a small step up in savings, it will bring us closer to the President's October request and to the budget targets we set for ourselves last spring. I will vote for the Conte substitute, and I urge my colleagues to join me in doing so.

The President's original request for savings was $13 billion. He tailored that down to $8 billion and then to $4 billion. The committee version of this bill contains savings of only $2 billion. The Conte substitute includes savings of $4 billion.

The committee which produced House Joint Resolution 370 has taken us over budget year after year. Supplementals and third resolutions have become the norm. A vote in support of the committee bill is a vote in favor of the fiscal policy which got us into our current mess. We cannot avoid large Federal deficits, but we ought to try to reduce them. The committee resolution only increases those huge deficits.

The Conte substitute is an equitable solution which deserves the support of both parties. It heads us once again in the direction of legislative consistency and fiscal sobriety which we so need. It meets the President's $4 billion savings figure, and it sets the stage for continued fiscal responsibility as we move into our 1983 budgetary cycle.

If this country is going to make its needed economical comeback then Congress must act within the boundaries of fiscal restraint. The last election mandated a return to fiscal responsibility. I believe my constituents, at least, believe more Federal spending can be cut. The Conte substitute answers these beliefs. Our policy for economic recovery will not work if we give up our efforts to reduce spending.

Running the Government by continuing resolution is not in accord with sound fiscal practice. The Conte substitute must be passed, but following that, we still must pass the individual appropriations bill at the targeted levels, and as expeditiously as possible.●

● Mrs. SCHNEIDER. Mr. Speaker, we are faced today not with the most desirable plan, but with a necessary compromise to keep the Government running.

I intend to support the substitute offered by Mr. CONTE, which achieves a savings of about $4 billion in fiscal year 1982—an important first step in reducing a growing budget deficit. Furthermore, the substitute measure, compared to the continuing resolution

offered by the Appropriations Committee, makes a more appropriate allowance for human needs. The committee bill axes domestic programs with little regard for priorities or genuine need. The substitute, on the other hand, represents a more fair, balanced approach.

Despite the fact that the Republican substitute calls for less overall spending than the committee bill, I am pleased that many areas particularly important to a vital human service delivery system are actually funded at a higher level. For example, low income energy assistance is almost $170 million higher, and handicapped and special education are funded at $15.3 million more than the committee bill. Trade adjustment assistance will receive $24 million more, and five primary health programs—maternal and child care, primary care, health research, community centers and special health—will be funded at a total of $55 million over the committee bill.

Finally, the Northeast and Midwest do not take it on the chin, as we have when the House considered earlier stopgap funding measures. I will continue to work to bring equity to Government spending. We in the Northeast and Midwest for too long have seen our tax dollars, like the Sun, sink slowly into the west to finance pork barrel projects and tobacco farmers. Federal spending policies, which have tended to favor the Sun Belt, have contributed to the economic problems particular to our part of the country—high unemployment, a loss of industry, a declining tax base. I agree with the President that Government spending must be reduced, but I will fight tooth and nail to see that human services will not be sacrificed on the altar of dams, canals, and sugar farms, not to mention waste and abuse.

I am particularly happy that the Republican leadership has agreed to support and encourage a motion by the gentlewoman from New Jersey, Mrs. ROUKEMA, to instruct the House conferees on the Defense appropriations bill to respect the House-passed figures, which are some $10 billion lower than the level passed by the Senate. Hopefully, significant savings will result, and I am pleased that the Northeast-Midwest "Gypsy Moth" Republicans, of which I am a member, were able to convince the leadership to agree.

Throughout the debate on appropriations for this fiscal year, I have objected to the lack of scrutiny given Pentagon spending, compared to the fine-toothed comb applied to Government spending in other areas. There is no question in my mind that additional, significant savings can be achieved in defense spending. I firmly believe that a mean, lean, deterrent-oriented force is this country's best protection, not a slothful, fat-laden military.

It is unfortunate that Congress must go through this exercise again. Final action has yet to take place on 10 of the 13 regular appropriations bills. Once again, I agree with the President that this is no way to run a railroad—and certainly no way to run a country. I urge prompt action on the appropriations bills that remain, so as to meet our responsibility to the people that elected us.●

● Mr. DERWINSKI. Mr. Speaker, I regret that the parliamentary procedure involved in the continuing appropriations bill for fiscal 1982 prevented the House from considering my Air Traffic Control Revitalization Act. This is good, progressive legislation which I am proud to have introduced.

It is a temporary, 3-year-emergency measure to consolidate the rebuilding of our civilian air traffic control system which was hit with a massive illegal strike beginning on August 3 of this year. This temporary, 3-year-premium-pay-plan would allow the Federal Aviation Administrator to grant extra compensation totaling 11.6 percent of basic pay to employees directly concerned with the control of live air traffic. It would also permit retired air traffic controllers to receive their full annuities while the system is being rebuilt. In sum, this provision is essential to the prompt and effective restructuring of the safest and most extensive civilian air traffic network in the world.

Both on the floor and in the Post Office and Civil Service Committee, objections were raised to this legislation and virtually all of them have been answered. It was argued, for example, that this legislation was introduced too long after the strike to be emergency legislation, but the Department of Transportation did not want to be accused of circumventing a certified union of its employees by coming to us, so it waited until the decertification of PATCO by the Federal labor relations authority in late October. After that decision, this legislation was promptly introduced.

If PATCO members remained on the job, they would be in line for the same pay increases which this legislation provides for the dedicated employees who chose to obey the law and to continue to provide a safe air traffic system.

Another complaint has been that this legislation will set a precedent which will make the entire Federal work force clamor for an 11.6-percent raise. The truth is that this substitute merely follows through on what the FAA conceded to PATCO before the strike: Dealing with live air traffic is a uniquely crucial employee function not comparable to other Federal jobs. Had no strike occurred, we would have undoubtedly ratified some collective-bargaining agreement with a large negotiated raise, and it would have set no precedent for Federal employees who do not directly deal with the lives of the millions of Americans in the flying public. For this same reason, it makes no sense to say that we are giving any thought on hard-earned benefits which all controllers could have had if they had obeyed the law.

Because all the objections to this measure have been answered in committee or on the floor, and because time is of the essence in this matter, I strongly supported the inclusion of the Air Traffic Control Revitalization Act in the continuing resolution.

My legislation is a demonstration of the Government's good faith commitment to the loyal, dedicated controllers who remained on the job and performed extraordinarily in difficult circumstances.

Finally, my legislation represents the logical response to the situation that was created by the national officers of the PATCO organization who misled and misinformed rank and file Members. For years, overly vocal members in the organization seemed to thrive on purposely advocating extreme adversary positions which ultimately contributed to the demise of their union. PATCO officers victimized their own members.

I am confident this legislation will be back on the floor early next session where members of this body will have an opportunity to support all of its meritorious and logical provisions.●

● Mr. MICHEL. Mr. Speaker, there are a number of issues before us today. Let us above all be practical in dealing with them. Do we want to pass a continuing resolution that will be signed into law, or do we want to play another game of brinkmanship?

If we adopt the committee resolution, we will have to deal with another lengthy list of Senate amendments. We will be headed for another series of midnight conferences. We will be asking for another Presidential veto. And finally, we will be inviting ourselves to spend Christmas here.

The President's bottom line is $4 billion in domestic outlay savings, $2 billion more than the vetoed resolution provided for. I do not think that is unreasonable. It is less than half of what he proposed in September.

The Conte substitute meets that bottom line. The President supports the Conte substitute. He is committed to signing it into law.

Senator BAKER assures me that the Senate will accept it as is, and send it directly on to the President, thus avoiding the rigors of another marathon conference.

The Conte substitute makes very little in the way of change from the vetoed resolution. It uses that resolution as a base, and instead of a 2-percent cut, it substitutes a 4-percent across-the-board cut in the domestic

discretionary accounts. That change picks up a billion dollars. Another $700 million is achieved by including the Senate November base for the Treasury/Postal Service bill and by funding the social security, health care financing, and unemployment administrative expense accounts at the September budget levels.

According to CBO, these changes produce total additional reductions of $2.3 billion in budget authority and $1.7 billion in outlays.

The committee resolution, on the other hand, cuts budget authority by only $941 million, and outlays by just $619 million, less than a third of what the President asked for. In fact, in some areas the committee even added money over and above the vetoed resolution. So the committee resolution hardly represents a good faith effort toward achieving a solution to the problem we face.

The Conte substitute exempts from the 4-percent cut all entitlement programs, food stamps, general revenue sharing, and veterans medical care, and unlike the committee resolution, it also exempts Federal law enforcement agencies and programs, such as the FBI, the Drug Enforcement Administration, IRS, and the law enforcement activities of the Customs Service, Secret Service, and the Coast Guard.

The defense, military construction, and foreign aid appropriations bills are funded at the same level as in the vetoed resolution. I particularly point this out in regard to foreign aid, because there has been a lot of demagogic rhetoric surrounding the subject. The foreign aid level in the Conte substitute is exactly the level provided for in the vetoed resolution. It is the level proposed in conference by the gentleman from Mississippi and supported by the members on his side of the aisle. It represents a cut of over a billion dollars below the budget recommendation, and almost $1 billion below the Appropriations Committee's own foreign aid bill.

In fact, it should be noted that those same people who complained in full committee about the level of foreign aid in the Conte substitute turned around and added an additional $2.2 billion themselves in foreign aid funding in committee, for Eximbank loans.

The Conte substitute goes along with virtually all the individual agreements agreed to by the conference on the vetoed resolution. In fact, as one of the authors of the substitute, I can state unequivocally our intention that the conference report on the resolution also be the governing document for this substitute, and that the additional percentage cuts we provide be applied on a pro rata basis to the funding levels set forth in that conference report for individual projects and programs. It is my understanding that the gentleman from Massachusetts agrees with that observation.

The Conte substitute will produce nearly $2 billion in additional savings and at the same time avoid another crisis in Government that would do all of us an injustice. Some may think that $2 billion is only a drop in the bucket, but it is much more than that. It is a savings of substance. It is a message of substance. Those who argue otherwise harbor the kind of attitude which led to our budget problems in the first place. If we are going to ignore trying to make savings because they may not be massive in nature, then we will never make headway in bringing the budget into balance.

If we cannot agree on a reasonable compromise like the Conte substitute then I submit we will never agree on anything. It is time to compromise. It is time to act.●

● Ms. OAKAR. Mr. Speaker, I am opposed to the Conte substitute. Last June, this Congress gave the President $35 billion in budget cuts, and in July placed its imprimatur on the tax bill. The tax bill has included devastating—and costly—loopholes, such as a $33 billion windfall to the oil companies over the next 10 years. In October, the first continuing resolution mandated an additional $4 billion in cuts in domestic programs.

Now we are faced with the Conte substitute which would force even further cuts in human services. These cuts are made at a deficit created by an economic policy which provides loopholes for big business and the oil companies and provides more money for foreign aid.

This is being done at the price of our own citizens well-being. We are asked to cut further human services for the people of this Nation by another $1 billion.

The Democrats are consistently blamed for adding Christmas tree ornaments to the myriad bills that come before us. Let me say for the record, Mr. Speaker, that the only tinsel in the Conte substitute is for foreign aid; the people of this Nation will be fortunate if they have but a tree, let alone any ornaments.

The Conte substitute would be devastating for the vast majority of American people. The Conte substitute attacks the elderly, the struggling American family, the mothers, the children, the students, and the handicapped.

Programs for the aging would be reduced by over $20 million. Meals on Wheels would be drastically cut, Older American Volunteer programs would be dramatically decreased; Retired Senior Volunteers programs would be virtually inoperative. Even Mrs. Reagan's favored Foster Grandparents program would, for all practical purposes, be phased out.

The maternal and child health block grant would be reduced by over $7 million. Prenatal and postnatal health services would be slashed, adolescent pregnancy counseling, and sudden infant death research and treatment significantly diminished.

The proposed reduction in the preventive health services block grant would negatively impact on fluoridation programs, rat control programs, rape crisis centers, lead-based paint poisoning, and home-health services.

Education programs would be reduced by well over $200 million. Special education for the disadvantaged would be reduced by over $60 million. Bilingual education would be decreased by over $2 million. You might recall a recent Washington Post editorial that punctuated the need for increased foreign language training in order to maintain our competitiveness in the international market.

Who, in effect, is paying for the bill for the noble goal of balancing the budget? Considering the reality that the grandmothers and grandfathers of our Nation are footing a disproportionate amount of the bill, do we now deplete education programs and preclude opportunities for the youth of our Nation as well? What is our future?

The Conte substitute earmarks a $52 million reduction railroad retirement benefit cut. Railroad retirees have already suffered cuts in their checks due to the so-called windfall portion of their pensions. Despite the fact that the continuing resolution authorized funding through December, retirees have been docked additional moneys because of the Office of Management and Budget's arbitrary decision to hold the line on the President's unapproved 12-percent across-the-board cuts. The Conte substitute calls for further slashing of these benefits.

Mr. Speaker, when will this unconscionable assault of the hardworking American people stop? I strongly urge my colleagues to overwhelmingly defeat the Conte substitute and support the House version of the continuing resolution.●

● Mr. GILMAN. Mr. Speaker, permit me to focus the attention of my colleagues on section 108 of the amendment in the nature of a substitute to House Joint Resolution 370, offered by the gentleman from Massachusetts (Mr. CONTE).

That section provides $230 million for public service appropriations for the Postal Service. House Joint Resolution 370 as reported by the Committee on Appropriations, eliminates the public service appropriation. As a member of the Committee on Post Office and Civil Service, I recognize the importance of continuing the public service appropriation, until the financial status of the Postal Service

improves. Accordingly, I urge my colleagues to consider the importance of maintaining funding for that purpose at least at the level provided for by the amendment in the nature of a substitute.

Mr. Speaker, even the $230 million level of funding provided in that amendment represents a significant reduction in the Postal Service's public service appropriation. The Postal Reorganization Act, authorized a system of declining public service appropriations until the Postal Service would be able to "break-even," that is pay its expenses solely out of revenues. That act provided for a public service appropriation of $644 million in fiscal year 1982—a full $414 million more than even the Conte measure provides.

The public service appropriation, was designed to reimburse the Postal Service, until such time when a break-even situation would be achieved, for public service costs incurred by it in providing a maximum degree of effective and regular postal service nationwide (which now includes 6-day mail delivery), and in communities where post offices may not be deemed to be self-sustaining.

Moreover, in recent testimony before our committee, Postmaster General William F. Bolger, noted that an elimination of the entire public service appropriation would force the Postal Service to reexamine current service levels and would accelerate the Postal Service's schedule for rate increases.

Accordingly, Mr. Speaker, in an effort to maintain current service levels and to postpone any further rate increases for as long as possible, I urge my colleagues to consider that the amendment offered by the gentleman from Massachusetts (Mr. CONTE) provides $230 million for the Postal Service's public service appropriation, while the measure reported by the Committee on Appropriations does not provide any funding for the public service appropriation.●

● Ms. FERRARO. Mr. Speaker, as a member of the Post Office and Civil Service Committee, I have supported continuing the public service subsidy to the Postal Service. This subsidy insures that services that are in the public interest but not cost effective, such as 6-day mail delivery and keeping small post offices open, are provided to the public.

Had I been a member of the Appropriations Committee, I would have pressed to include that subsidy in the Democratic continuing resolution. I can understand why members of the Appropriations Committee were influenced by the Postal Service assertion that the subsidy is not essential. I do not share the optimism of the U.S. Postal Service on this issue, and I feel that 6-day delivery and small post offices are too important to risk losing. We should not play roulette in hopes that these services, admittedly uneconomical but essential nonetheless, would survive.

Despite my support for the public service subsidy, I could not vote for the Republican continuing resolution. The increased program cuts which it calls for are bad for Queens, bad for New York, and bad for the country. The Republicans have not succeeded in cutting deficits, cutting unemployment, or significantly cutting inflation. Their success has come in cutting benefits to the needy and deserving while creating a recession. I believe this latest Republican proposal will bring more of the same bad news for the working men and women of America, as well as those who are out of work or retired and therefore I opposed its enactment.●

The SPEAKER. The gentleman from Mississippi has 2 minutes remaining.

Mr. WHITTEN. Mr. Speaker, I yield the remaining time to myself.

Mr. Speaker, I think we have a situation here that illustrates what I have been trying to point out to the Members. We worked hard on the previous continuing resolution and came up with a good bill. We listened to the requests of the President and the Vice President. We went to the other side and worked up to 2 o'clock and got an agreement. It was vetoed.

We are faced now with a substitute that was drawn up during the Thanksgiving recess in about 3 days, and now we have heard revised this morning. So, let me tell my Democratic colleagues that what we face in Congress for the next 3 years, if we follow this practice, is to do what the President tells us to do or it will be vetoed.

I say again to my colleagues on my right, if there is a time when we need to stand up for the rights of the Congress as such and not be kow-towed by the threat of a veto, it is time for us to stand up and be counted.

May I say again, the Conte substitute will drastically reduce domestic programs essential to the health and well-being of the American people. To those Members who might say that it is not bad, please remember we cut $14.3 billion. We cut again, and now we cut the third time some $936 million. I urge the Members to vote against the substitute motion, stay with us, and let us again reassert the right of the Congress to do what it should do, and particularly the House of Representatives, where we are the Members responsible for our actions.

Mr. OBEY. Mr. Speaker, will the gentleman yield?

Mr. WHITTEN. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Speaker, I would like to correct the record. The gentleman from Massachusetts said that IRS was exempted from the cuts. That is not correct. As I understand it, IRS is still $120 million below the Whitten amendment. It is exempted only from 4-percent cuts, which means there will still be $1 billion in lost revenue alone under the Conte amendment.

Mr. WHITTEN. Let me repeat again, I urge the Members to support the committee and vote against the Conte substitute. The Conte substitute is a result of the President's veto and now to say in advance, "I will sign this and veto that."

We are going to have to stand up along the line, or else we are going to be run by the President, and we know who his chief adviser is.

I am not one to use names normally, but I do not know of any economist in the United States that agrees with the Budget Director's opinion. I do not know where the source of his power might be, but when all the Republican Senators of the United States on this conference signed their agreement, when their leaders sign it, and after everybody left there, and then it gets vetoed, I would say to the Members that we are the captives of the executive branch unless we stand up here and now and support the committee.

The SPEAKER. Pursuant to the order of the House of December 9, 1981, the previous question is ordered.

The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the joint resolution?

Mr. CONTE. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CONTE moves to recommit House Joint Resolution 370 to the Committee on Appropriations, with instructions to that Committee to report the joint resolution back to the House forthwith, with the following amendment:

Strike out all after the resolving clause, and insert lieu thereof:

SEC. 101. (a)(1) Such amounts as may be necessary for projects or activities (not otherwise specifically provided for in this joint resolution) for which appropriations, funds, or other authority would be available in the following appropriations Acts:

Department of Defense Appropriation Act, 1982;

Military Construction Appropriation Act, 1982;

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

Treasury, Postal Service and General Government Appropriation Act, 1982.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed the House as of December 15, 1981, is different from that which would be available or granted under such Act as passed by the Senate as of December 15, 1981, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority: *Provided,* That where an item is included in only one version of an Act as passed by both Houses as of December 15, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981: *Provided further,* That for the purposes of this joint resolution, when an Act listed in this subsection has been reported to a House but not passed by that House as of December 15, 1981, it shall be deemed as having been passed by that House: *Provided further,* That, in addition to the sums otherwise made available by this paragraph the following additional sums are hereby appropriated: for low income home energy assistance program, $175,000,000; for the foster care program authorized by title IV of the Social Security Act, $75,000,000: *Provided further,* That the provisions contained in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act for fiscal year 1982 (H.R. 4560), as reported by the Senate Committee on Appropriations on November 9, 1981, related to a limitation on entitlement to payments under parts A and E of title IV of the Social Security Act and transfer of funds under parts B and E of such title (contained in H.R. 4560 as so reported beginning with "provided" on page 39, line 17, and ending on page 40, line 8) shall not be applicable with respect to any sums appropriated pursuant to this joint resolution; for the family medicine residency training programs authorized by section 786 of the Public Health Service Act, $10,000,000; for the Community Services Block Grant, $62,552,000; and for the State Block Grant authorized by chapter 2 of the Education Consolidation and Improvement Act of 1981, $140,000,000; and for the Office of Smoking and Health, as authorized by section 301 of the Public Health Service Act, $1,500,000: *Provided further,* That the college housing loan program shall operate under the terms and conditions as contained in H.R. 4560 as passed the House October 6, 1981, except that the gross commitments for the principal amount of direct loans shall not exceed $75,000,000: *Provided further,* That notwithstanding the rate otherwise established by this subsection, and notwithstanding section 143 of this joint resolution, for the Department of Labor Grants to States for Unemployment Insurance and Employment Services account, $19,272,000 in new budget authority is appropriated, and no more than $1,913,384,000 may be expended from the Employment Security Administration account in the Unemployment Trust Fund: *Provided further,* That no funds provided by this joint resolution shall be used for administrative or other expenses in connection with the closure of any State unemployment office, except in such cases as may be determined by the respective State agency to render its services more efficient. *Provided further,* That notwithstanding the rate otherwise established by this subsection, for carrying out, except as otherwise provided, titles XI, XVIII, and XIX of the Social Security Act, and sections 1526 and 1533(d) of the Public Health Service Act, $78,535,000, with not to exceed $872,000,000, to be transferred to this appropriation as authorized by section 201(g)(1) of the Social Security Act, from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds referred to therein, but not subject to the reduction contained in section 143 of this joint resolution; none of these funds shall be used to pay the expenses of Statewide Professional Standards Review Councils; $20,000,000 of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes (31 U.S.C. 665), only to the extent necessary and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of title XVIII, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved: *Provided further,* That notwithstanding the rate otherwise established by this subsection, for necessary expenses for the Social Security Administration, not more than $3,017,000,000 may be expended as authorized by section 201(g)(1), of the Social Security Act, from any one or all of the trust funds referred to therein, but not subject to the reduction contained in section 143 of this joint resolution; $70,000,000 of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes (31 U.S.C. 665), only to the extent necessary for additional automatic data processing expenses, to process other workloads not anticipated in the budget estimates, and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of titles XVI and XVIII and section 221 of the Social Security Act, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved: *Provided further,* That funds which would be available under H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, for the Government payment of annuitants and employees health benefits, shall be available under the authority and conditions set forth in H.R. 4121 as reported to the Senate on September 22, 1981: *Provided further,* That for the purposes of this joint resolution, the Senate reported level of H.R. 4121, entitled the Treasury, Postal Service, and General Government Appropriation Act, 1982, shall be the level reported by the Senate on September 22, 1981 (S. Rept. No. 97-192), as modified on November 17, 1981.

(4) Whenever an Act listed in this subsection has been passed by only one House as of December 15, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981.

(5) No provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1981, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(6) In addition to any sums otherwise appropriated there is appropriated an additional sum of $25,000,000 which shall be made available for training, job search allowances, and relocation allowances, under sections 236, 237, and 238 of the Trade Act of 1974.

(b) Such amounts as may be necessary for continuing programs and activities, not otherwise provided for, which were conducted in the fiscal year 1981, for which provision was made in and under the terms and conditions of section 101(b) of Public Law 96-536 regarding foreign assistance and related programs, notwithstanding section 10 of Public Law 91-672, and section 15(a) of the State Department Basic Authorities Act of 1956, at a rate for operations not in excess of the current rate provided in fiscal year 1981 or the rate provided for in the budget estimate, whichever is lower, and under the more restrictive authority: *Provided,* That the limitation on gross obligations for the principal amount of direct loans by the Export-Import Bank shall be increased by $100,000,000, and the limitation on total commitments to guarantee loans by the Export-Import Bank shall be increased by $2,220,000,000 of contingent liability for loan principal: *Provided further,* That this section shall be deemed to allow the continuation of the activities of the Department of State for contributions to the United Nations Relief and Works Agency for Palestinian Refugees at a rate of operations not in excess of the current rate.

(c) Such amounts as may be necessary for projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-331) filed in the House of Representatives on November 13, 1981, as if such Act had been enacted into law, except that appropriations made available for the projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, in this joint resolution are hereby reduced in the following amounts:

DEPARTMENT OF TRANSPORTATION

Office of the Secretary, salaries and expenses and transportation planning, research, and development, $4,500,000;

Coast Guard, operating expenses, $48,400,000, of which $5,000,000 shall be deducted from the amounts made available for recreational boating safety; acquisition, construction, and improvements, $16,000,000; alteration of bridges, $4,000,000; research, development, test, and evaluation, $4,000,000; offshore oil pollution compensation fund, $3,000,000; and deepwater port liability fund, $3,000,000;

Federal Aviation Administration, operations, $125,000,000; facilities, engineering and development, $9,000,000; facilities and equipment (Airport and Airway Trust Fund), $24,000,000; research, engineering and development (Airport and Airway Trust Fund), $16,000,000; and construction, Metropolitan Washington Airports, $5,000,000;

Federal Highway Administration, highway safety research and development, $2,000,000; highway beautification,

$1,500,000; territorial highways, $1,000,000; and interstate transfer grants-highways, $37,000,000;

National Highway Traffic Safety Administration, operations and research, $7,000,000;

Federal Railroad Administration, office of the administrator, $500,000; railroad safety, $2,500,000; railroad research and development, $9,000,000; rail service assistance, $4,000,000, of which at least $2,000,000 shall be deducted from amounts made available for the Minority Business Resource Center; Northeast corridor improvement program, $6,000,000; and redeemable preference shares, $7,000,000;

Urban Mass Transportation Administration, administrative expenses, $3,000,000; research, development, and demonstrations and university research and training, $10,000,000; urban discretionary grants, $29,500,000; non-urban formula grants, $4,000,000; urban formula grants, $64,750,000; and interstate transfer grants-transit, $22,000,000;

Research and Special Programs Administration, research and special programs, $9,000,000, of which $2,500,000 shall be deducted from the amounts made available for research and development and $750,000 shall be deducted from amounts made available for grants-in-aid as authorized by section 5 of the Natural Gas Pipeline Safety Act of 1968;

RELATED AGENCIES

Architectural and Transportation Barriers Compliance Board, salaries and expenses, $100,000;

National Transportation Safety Board, salaries and expenses, $2,000,000;

Civil Aeronautics Board, salaries and expenses, $1,500,000;

Interstate Commerce Commission, salaries and expenses, $4,000,000;

Department of the Treasury, Office of the Secretary, investment in fund anticipation notes, ($7,000,000); and

United States Railway Association, administrative expenses, $4,000,000.

(d) Such amounts as may be necessary for projects or activities provided for in the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1982 (H.R. 4034), at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-222) filed in the House of Representatives on September 11, 1981, as if such Act had been enacted into law, with the following new title:

"TITLE V

"SEC. 501. Notwithstanding any other provision of this Act—

"(1) The amount of the increase in contract authority under the heading 'HOUSING PROGRAMS, ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING', shall be $897,177,848, and the amount of the increase in budget authority under such heading shall be $17,373,528,040.

"(2) The amount appropriated under the heading 'HOUSING PROGRAMS, HOUSING COUNSELING ASSISTANCE', shall be $3,520,000.

"(3) The amount appropriated under the heading 'SOLAR ENERGY AND ENERGY CONSERVATION BANK, ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS', shall be $23,000,000.

"(4) The amount appropriated under the heading 'COMMUNITY PLANNING AND DEVELOPMENT, COMMUNITY DEVELOPMENT GRANTS', shall be $3,600,000,000.

"(5) The amount appropriated under the heading 'COMMUNITY PLANNING AND DEVELOPMENT, URBAN DEVELOPMENT ACTION GRANTS', shall be $458,000,000.

"(6) The amount appropriated under the heading 'POLICY DEVELOPMENT AND RESEARCH, RESEARCH AND TECHNOLOGY', shall be $20,000,000.

"(7) The amount appropriated under the heading 'FAIR HOUSING AND EQUAL OPPORTUNITY, FAIR HOUSING ASSISTANCE', shall be $5,016,000.

"(8) The amount appropriated under the heading 'MANAGEMENT AND ADMINISTRATION, WORKING CAPITAL FUND', shall be $528,000.

"(9) The amount appropriated under the heading 'DEPARTMENT OF DEFENSE—CIVIL, CEMETERIAL EXPENSES, ARMY, SALARIES AND EXPENSES', shall be $4,476,000.

"(10) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, SALARIES AND EXPENSES', shall be $562,837,000.

"(11) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, RESEARCH AND DEVELOPMENT', shall be $167,759,000.

"(12) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, ABATEMENT, CONTROL AND COMPLIANCE', shall be $395,000,000.

"(13) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, BUILDINGS AND FACILITIES', shall be $3,621,000.

"(14) The amount appropriated under the heading 'EXECUTIVE OFFICE OF THE PRESIDENT, COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY', shall be $919,000.

"(15) The amount appropriated under the heading 'EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF SCIENCE AND TECHNOLOGY POLICY', shall be $1,578,000.

"(16) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, FUNDS APPROPRIATED TO THE PRESIDENT, DISASTER RELIEF', shall be $301,694,000.

"(17) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, SALARIES AND EXPENSES', shall be $93,879,000.

"(18) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, STATE AND LOCAL ASSISTANCE', shall be $121,829,000.

"(19) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, EMERGENCY PLANNING AND ASSISTANCE', shall be $67,906,000.

"(20) There are appropriated, out of any money in the Treasury not otherwise appropriated, for the repayment of notes dated April 17, 1979, and September 28, 1979, issued by the Director of the Federal Emergency Management Agency to the Secretary of the Treasury pursuant to section 15(e) of the Federal Flood Insurance Act of 1956 (42 U.S.C. 2414(e)), $328,240,000.

"(21) The amount appropriated under the heading 'DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF CONSUMER AFFAIRS', shall be $1,760,000.

"(22) The amount appropriated under the heading 'NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, RESEARCH AND DEVELOPMENT', for the Space Shuttle including space flight operations shall not exceed $3,104,900,000: *Provided*, That the limitations subject to the approval of the Committees on Appropriations contained under this heading shall not be affected by this subsection.

"(23) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, RESEARCH AND RELATED ACTIVITIES', shall be $1,010,000,000.

"(24) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, SCIENCE EDUCATION ACTIVITIES', shall be $22,000,000.

"(25) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)', shall be $3,080,000.

"(26) The amount appropriated under the heading 'SELECTIVE SERVICE SYSTEM, SALARIES AND EXPENSES', shall be $18,633,000.

"(27) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, OFFICE OF REVENUE SHARING, SALARIES AND EXPENSES', shall be $6,148,000.

"(28) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, NEW YORK CITY LOAN GUARANTEE PROGRAM', shall be $822,000.

"(29) The amount appropriated under the heading 'VETERANS ADMINISTRATION, COMPENSATION AND PENSIONS', shall be $13,824,000,000.

"(30) The amount appropriated under the heading 'VETERANS ADMINISTRATION, READJUSTMENT BENEFITS', shall be $1,938,800,000.

"(31) The amount appropriated under the heading 'VETERANS ADMINISTRATION, MEDICAL AND PROSTHETIC RESEARCH', shall be $128,215,000.

"(32) The amount appropriated under the heading 'VETERANS ADMINISTRATION, MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES', shall be $57,700,000.

"(33) The amount appropriated under the heading 'VETERANS ADMINISTRATION, CONSTRUCTION, MAJOR PROJECTS', shall be $378,338,000.

"(34) The amount appropriated under the heading 'VETERANS ADMINISTRATION, CONSTRUCTION, MINOR PROJECTS', shall be $102,942,000, of which not to exceed $30,018,000 shall be available for the Office of Construction.

"(35) The amount appropriated under the heading 'VETERANS ADMINISTRATION, GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES', shall be $15,840,000.

"(36) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, INVESTMENT IN NATIONAL CONSUMER COOPERATIVE BANK', shall be $43,000,000: *Provided*, That the final Government equity redemption date for the National Consumer Cooperative Bank shall occur on December 31, 1981.

"(37) During fiscal year 1982, gross obligations of not to exceed $75,960,000 are authorized for payments under section 230(a) of the National Housing Act, as amended, from the insurance fund chargeable for benefits on the mortgage covering the property to which the payments made relate, and payments in connection with such obligations are hereby approved.

"(38) The amount appropriated under the heading 'HOUSING PROGRAMS, PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS—FISCAL YEAR 1981', shall remain available until September 30, 1982: *Provided*, That any part of the foregoing amount which has not been obligated before the forty-fifth calendar day following the enactment of this joint resolution, shall be deemed obligated notwithstanding the provisions of 31 U.S.C. 200(a).

"(39) The Congress also disapproves the deferral under the heading 'VETERANS' ADMINISTRATION, (DISAPPROVAL OF DEFERRAL)', of the Washington, District of Columbia, and Long Beach, California, projects as contained in deferral notice D82-140.

"(40) Notwithstanding any other provision of this Act, including any other provision of this title, any agency may before December 31, 1981, transfer to salaries and expenses from other sources made available to it by this Act, such amounts as may be required if the aggregate amount available for salaries and expenses, after such transfer, does not exceed the amount contained for such purposes in this Act before the application of the changes contained in title V: *Provided*, That such transfers shall be subject to the approval of the Committees on Appropriations: *Provided further*, That in the Department of Housing and Urban Development not to exceed (1) $34,000,000 shall be available for data processing services, (2) 12 full-time permanent positions and 16 staff years shall be available for the Immediate Office of the Assistant Secretary for Administration, and (3) 26 full-time permanent positions and 27 staff years shall be available for the Office of the Assistant Secretary for Legislation and Congressional Relations: *Provided further*, That in the National Aeronautics and Space Administration not to exceed (1) 150 full-time permanent positions shall be available for the Office of the Comptroller, and (2) 120 full-time permanent positions shall be available for the Office of External Relations: *Provided further*, That in the Veterans' Administration not to exceed (1) $1,500,000 shall be available for the Office of Planning and Program Evaluation, and (2) 649 staff years shall be available for the Supply Service.".

(e) Such amounts as may be necessary for projects or activities provided for in the Department of the Interior and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-315) as approved by the House of Representatives on November 12, 1981, as if such Act had been enacted into law.

(f) Such amounts as may be necessary for projects or activities provided for in the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-313) filed in the House of Representatives on November 4, 1981, as if such Act had been enacted into law.

(g) The provisions of section 305 (a), (b), and (d) of H.R. 4120, entitled the Legislative Branch Appropriation Act, 1982, shall apply to any appropriation, fund, or authority made available for the period October 1, 1981, through March 31, 1982, by this or any other Act.

(h) Notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956 and section 701 of the United States Information and Educational Exchange Act of 1948, as amended, such amounts as may be necessary for projects or activities provided for in the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriation Act, 1982, at the rate provided in H.R. 4169 as passed the House of Representatives on September 9, 1981, and under the authority and conditions provided in the applicable appropriation Act for fiscal year 1981, except that for the following items funding shall be at the rate specified herein:

TITLE I

DEPARTMENT OF COMMERCE

Bureau of the Census: "Salaries and Expenses", $57,200,000; "Periodic Censuses and Programs", $87,898,000;

Economic Development Administration, "Economic Development Assistance Programs", $198,500,000;

International Trade Administration, "Operations and Administration", $151,700,000: *Provided*, That during fiscal year 1982 and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $20,000,000. During fiscal year 1982, total commitments to guarantee loans shall not exceed $38,250,000 of contingent liability for loan principal;

United States Travel and Tourism Administration, "Salaries and Expenses", $7,600,000;

National Oceanic and Atmospheric Administration: "Operations, Research and Facilities", $830,455,000, of which $10,000,000 is to be derived by transfer from the fund entitled "Promote and develop fishery products and research pertaining to American fisheries"; "Coastal Zone Management", $7,415,000; "Fisheries Loan Fund", $0; "Foreign Fishing Observer Fund", $4,000,000; "Fishermen's Guaranty Fund", $1,800,000;

Science and Technical Research: "Scientific and Technical Research and Services", $125,528,000, of which $2,042,000 shall be available for necessary expenses to enable the Department of Commerce to enter into an agreement with the Smithsonian Institution to close out the Smithsonian Science Information Exchange (SSIE), to transfer the assets of the SSIE to the Department of Commerce, and to pay the outstanding net liabilities of SSIE, including severance pay to SSIE employees;

National Telecommunications and Information Administration: "Salaries and Expenses", $16,483,000; "Public Telecommunications Facilities, Planning and Construction", $18,000,000;

Maritime Administration: "Operations and Training", $74,898,000;

RELATED AGENCIES

Federal Communications Commission, "Salaries and Expenses", $76,900,000;

Federal Maritime Commission, "Salaries and Expenses", $11,225,000;

Federal Trade Commission, "Salaries and Expenses", $68,774,000;

International Trade Commission, "Salaries and Expenses", $17,200,000;

Office of the United States Trade Representative, "Salaries and Expenses", $9,000,000: *Provided*, That not to exceed $60,000 shall be available for official reception and representation expenses;

Securities and Exchange Commission, "Salaries and Expenses", $82,906,000;

Small Business Administration, "Salaries and Expenses", $221,945,000: *Provided*, That $14,000,000 of said amount shall be available only for grants for Small Business Development Centers as authorized by section 20(a) of the Small Business Act, as amended. In addition, $19,200,000 for disaster loan making activities, including loan servicing, shall be transferred to this appropriation from the "Disaster Loan Fund"; "Business Loan and Investment Fund", $326,000,000; "Disaster Loan Fund", $0; "Lease Guarantees Revolving Fund", $3,000,000; "Surety Bond Guarantees Revolving Fund", $19,000,000;

United States Metric Board, "Salaries and Expenses", $2,000,000.

TITLE II

DEPARTMENT OF JUSTICE

General Administration, "Salaries and Expenses", $41,233,000, of which $500,000, to remain available until expended, is for the Federal justice research program;

United States Parole Commission, "Salaries and Expenses", $6,200,000;

Legal Activities, "Salaries and Expenses, General Legal Activities", $123,200,000;

"Salaries and Expenses, Antitrust Division", $44,000,000;

"Salaries and Expenses, United States Attorneys and Marshals", $291,950,000;

"Support of United States Prisoners", $24,100,000;

"Fees and Expenses of Witnesses", $27,921,000;

"Salaries and Expenses, Community Relations Service", $5,500,000;

Federal Bureau of Investigation, "Salaries and Expenses", $739,609,000;

Immigration and Naturalization Service, "Salaries and Expenses", $428,557,000;

Federal Prison System, "Salaries and Expenses", $353,000,000; "National Institute of Corrections", $11,186,000; "Buildings and Facilities", $13,731,000, including $1,920,000 for the planning, design, acquisition, and preparation of a site for a Federal Correctional Institution to be located in central Arizona and any necessary relocation or replacement of existing site structures or other improvements, as well as the grading and development of utility distribution systems; "Federal Prison Industries, Incorporated: (Limitation on Administrative and Vocational Training Expenses)", $5,066,000;

Office of Justice Assistance, Research, and Statistics, "Law Enforcement Assistance", $93,554,000: *Provided*, That $70,000,000 of said amount shall be available only for grants and administrative expenses authorized by title II of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended: *Provided further*, That $4,000,000 of said amount provided for the program "Treatment Alternatives to Street Crime" shall be allocated solely to implement part E of the Justice System Improvement Act of 1979;

RELATED AGENCIES

Equal Employment Opportunity Commission, "Salaries and Expenses", $139,889,000 of which not to exceed $18,500,000 is for payments to State and local enforcement agencies for services to the Commission pursuant to title VII of the Civil Rights Act, as amended, and sections 6 and 14 of the Age Discrimination in Employment Act.

TITLE III

DEPARTMENT OF STATE

Administration of Foreign Affairs; "Salaries and Expenses", $890,758,000; "Acquisition, Operation and Maintenance of Buildings Abroad (Special Foreign Currency Program)", $9,102,000; "Emergencies in the Diplomatic and Consular Service", $4,400,000; "Buying Power Maintenance", $1,500,000;

International Organizations and Conferences: "Contributions to International Organizations", $398,240,000, including funds for the payment of 1982 assessed contributions to the Pan American Health Organization, and to reimburse the Pan American Health Organization for payments under the tax equalization program for employees who are United States citizens; "International Conferences and Contingencies", $7,284,000;

International Commissions; "International Boundary and Water Commission, United States and Mexico, Salaries and Expenses", $7,927,000; "American Sections, International Commissions", $2,847,000; "International Fisheries Commissions", $8,237,000; and

"The Asia Foundation", $4,100,000.

RELATED AGENCIES

Board for International Broadcasting, "Grants and Expenses", $86,519,000;

Commission on Security and Cooperation in Europe, "Salaries and Expenses", $404,000; and

International Communication Agency: "Salaries and Expenses", $443,286,000; "Center for Cultural and Technical Interchange Between East and West", $16,880,000; "Acquisition and Construction of Radio Facilities", $19,000,000.

TITLE IV

THE JUDICIARY

Courts of Appeals, District Courts, and Other Judicial Services: "Salaries of Judges", $59,400,000; "Salaries of Supporting Personnel", $263,400,000; "Expenses of Operation and Maintenance of the Courts", $55,600,000; "Bankruptcy Courts, Salaries and Expenses", $81,200,000; "Fees of Jurors and Commissioners", $43,500,000; "Space and Facilities", $123,000,000.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from December 15, 1981, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) March 31, 1982, whichever first occurs.

Subsection (c) of this section shall not reduce the availability of funds which would remain available beyond March 31, 1982, under the terms and conditions otherwise effective under this joint resolution.

SEC. 103. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 104. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 105. All obligations incurred in anticipation of the appropriations and authority provided in this joint resolution for the purposes of maintaining the minimum level of essential activities necessary to protect life and property and bringing about orderly termination of other functions are hereby ratified and confirmed if otherwise in accordance with the provisions of this joint resolution.

SEC. 106. No provision in any appropriation Act for the fiscal year 1982 that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation shall be effective before the date set forth in section 102(c) of this joint resolution.

SEC. 107. Notwithstanding any other provisions of this joint resolution and the provisions of sections 720(b) and 722(a)(1) of the Public Health Service Act, $35,790,000 is appropriated and shall remain available until expended for grants for the construction or expansion of two teaching facilities under section 720(a)(1) of such Act.

SEC. 108. Notwithstanding any other provision of this joint resolution except section 143, $869,240,000 is appropriated under this joint resolution for payment to the Postal Service Fund, of which $230,000,000 shall be available for public service costs and $639,240,000 shall be available for revenue forgone on free and reduced-rate mail. Notwithstanding any other provision of law, the Postal Service shall promptly adjust preferred rates so as to recover the difference between the amount which was authorized to be appropriated under section 2401(c) of title 39, United States Code, and the amount hereby appropriated. Such adjustments shall be made in accordance with the following subsections:

(a) The amount attributable to the reduction in authorization specified in section 1723(a)(1) of the Omnibus Budget Reconciliation Act of August 13, 1981, shall be recovered from the classes of mail specified in section 1723(b)(1) of such Act.

(b)(1) The remaining amount shall be recovered through proportional adjustment, except as provided in paragraph (2) of this subsection, to the rates for each class of reduced-rate mail under section 3626 of title 39, United States Code, after the adjustment required by subsection (a) of this section.

(2) The adjustment made under paragraph (1) of this subsection shall provide for recovery of $20,000,000 less from mail under former sections 4358(a), 4454(b), and 4554(c) of title 39, United States Code, and $20,000,000 more from the other affected categories, than if such adjustment were fully proportional for all affected categories.

(c) Any further adjustments needed because of section 143 of this resolution shall be proportional as provided in subsection (b)(1) of this section without regard to subsection (b)(2).

(d) Any adjustments under this section shall look first to the phased rates under section 3626 of title 39, United States Code, and shall not affect the remaining (continuing) rate reductions for any category until phasing for all categories is exhausted.

SEC. 109. No funds made available pursuant to this continuing resolution may be used to accomplish or implement a proposed reorganization of the Bureau of Alcohol, Tobacco and Firearms before March 30, 1982. Such reorganization plan may be implemented after March 30, 1982, unless disapproved by the House and Senate Committees on Appropriations: *Provided*, That of the funds made available by this Continuing Resolution for the Bureau of Alcohol, Tobacco and Firearms, $15,000,000 shall be available solely for the enforcement of the Federal Alcohol Administration Act during fiscal year 1982.

SEC. 110. Notwithstanding any other provision of this joint resolution, the Secretary of the Treasury is authorized to transfer up to 2 per centum from any appropriation account provided by this joint resolution for the Department of the Treasury otherwise appropriated in H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, to any other such appropriation account: *Provided*, That the recipient appropriation account is not increased by more than 2 per centum of the amount provided by this joint resolution: *Provided further*, That approval for such transfers is obtained in advance from the House and Senate Committees on Appropriations.

SEC. 111. Notwithstanding any other provision of this joint resolution, funds available to the Federal Building Fund within the General Services Administration may be used to initiate new construction, advance design, and repairs and alteration line-item projects and lease construction projects which are included in either H.R. 4121, as passed by the House, or in H.R. 4121, as reported by the Senate on September 22, 1981.

SEC. 112. (a) None of the funds appropriated by this joint resolution may be used to—

(1) enforce Revenue Ruling 81-216 or the proposed amendments to Income Tax Regulations sections 1.103-7 and 1.103-10 which were published in the Federal Register on October 8, 1981, or

(2) propose, promulgate, or enforce any ruling or regulation reaching the same result as, or a result similar to, such Revenue Ruling or Regulations,

in connection with a qualified issue, or

(3) issue rulings or regulations which treat as exempt from taxation under section 103(b)(6) of the Internal Revenue Code of 1954 any interest earned on an obligation the proceeds of which are used for a disqualified facility.

(b)(1) For purposes of subsection (a), the term "qualified issue" means a single issue (whether or not part of a composite or multiple series of issues)—

(A) all of the obligations of which are directly or indirectly guaranteed or secured in whole or in part by—

(i) a State or political subdivision thereof or an instrumentality of either, or

(ii) in the case of an issue all of the proceeds of which are used for agricultural purposes, a qualified person (within the meaning of section 46(c)(8)(D) of the Internal Revenue Code of 1954 determined without regard to clauses (iii) and (iv) thereof), and

(B) none of the proceeds of which are used in connection with a disqualified facility or a facility with respect to which, at any time before January 1, 1987—

(i) any disqualified person used more than 5 percent of the facility, or

(ii) more than 25 percent of the facility is (in the aggregate) used by disqualified persons.

For purposes of subparagraph (B), use by a related person (within the meaning of section 103(b)(6)(C) of such Code) shall be treated as use by the disqualified person.

(2)(A) For purposes of paragraph (1), the term "disqualified person" means a person (other than an exempt person within the meaning of section 103(b)(3) of such Code) which has aggregate capital expenditures for any purpose which, for the period beginning October 1, 1979, and ending September 30, 1982, exceed $25,000,000.

(B) For purposes of determining the aggregate capital expenditures of any person under subparagraph (A), there shall be taken into account the capital expenditures of all persons which are—

(i) related persons (within the meaning of section 103(b)(6)(C) of such Code) with respect to such person; or

(ii) guarantors of any portion of the issue with respect to which a determination is being made under this subsection other than a guarantor which—

(I) is a State or a political subdivision thereof or an instrumentality of either,

(II) in the case of an issue all of the proceeds of which are used for agricultural purposes, a person described in paragraph (1)(A)(ii), or

(III) one or more financial institutions which are not related persons (within the meaning of section 103(b)(6)(C) of such Code to the user of the proceeds of the isssue.

(C) For purposes of this paragraph, the term "capital expenditures" has the meaning given such term by section 103(b)(6)(D) of such Code, except that such term shall not include any amount paid or incurred by the taxpayer which constitutes a qualified research expense (within the meaning of section 44F(b) of such Code).

(c) For purposes of subsection (a) and subparagraph (b)(1)(B), a "disqualified facility" is any private or commercial—

(i) golf course,

(ii) country club,

(iii) massage parlor, or

(iv) tennis club.

(d) It is the sense of the Congress that after August 23, 1981, and until Congress enacts legislation which affects section 103(b)(6) of such Code, the Secretary of the Treasury or his delegate should in all cases enforce any ruling or regulation described in subsection (a) (1) or (2) in a manner consistent with the provisions of subsection (a).

SEC. 113. It is the sense of the Congress that the President of the United States should not include in his recommendations for revenue enhancements any recommendations which would have the effect of reducing Federal tax incentives for energy conservation or the development of renewable energy sources.

SEC. 114. Notwithstanding any other provision of law, funds provided under this joint resolution for the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), and the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)) shall not be withheld from obligation unless and until a special message specifying a deferral or rescission of budget authority for such programs is officially submitted to the Congress, when the Congress is in session.

SEC. 115. Notwithstanding any other provision of law or of this joint resolution, none of the funds provided in this or any other Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles: *Provided*, That this section shall be in lieu of section 311 (amendment numbered 93) as set forth in the conference report and the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriations Act, 1982 (H.R. 4209), filed in the House of Representatives on November 13, 1981 (H. Rept. No. 97-331).

SEC. 116. Notwithstanding any other provision of law or of this joint resolution, the funds provided for section 18 nonurban formula grants and section 5 urban formula grants in this joint resolution shall be apportioned and allocated using data from the 1970 decennial census for one-half of the sums appropriated and the remainder shall be apportioned and allocated on the basis of data from the 1980 decennial census.

SEC. 117. Notwithstanding any other provision of this joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, entitled "Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982", for school assistance in federally affected areas under title III of such Act shall be available under the authority and conditions set forth in H.R. 4560 as passed the House on October 6, 1981: *Provided*, That the total amount available for entitlements under section 3(a) of the Act of September 30, 1950, as amended, is amended so as to permit payment to any local educational agency under such section 3(a) not to exceed 90 per centum of the amount of such payment for fiscal year 1981, unless the entitlement for such agency is determined under section 3(d)(2)(B) of such Act: *Provided further*, That the provisions of section 3(d)(2)(B) shall be fully funded and not subject to rateable reduction: *Provided further*, That the provisions of section 5(c) shall not apply.

SEC. 118. Notwithstanding section 1903(s) of the Social Security Act, all medicaid payments to the States for Indian health service facilities as defined by section 1911 of the Social Security Act shall be paid entirely by Federal funds, and notwithstanding section 1903(t) of the Social Security Act, all medicaid payments to the States for Indian health service facilities shall not be included in the computation of the target amount of Federal medicaid expenditures.

SEC. 119. There are appropriated $750,000 to continue the operations of the Office of Adolescent Pregnancy Programs of the Department of Health and Human Services.

SEC. 120. Notwithstanding any provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration, shall be used to classify a mine in the potash industry as gassy based upon air samples containing concentrations of methane gas, unless such classification standard has been adopted through formal rulemaking on or before November 5, 1981.

SEC. 121. Amounts at the level provided in H.R. 4560 as passed by the House are available for general departmental management, Department of Health and Human Services, and the program direction and support services activity, Assistant Secretary for Health.

SEC. 122. Notwithstanding any other provision of this joint resolution, appropriations for administrative costs including but not limited to salaries and expenses, travel and consultant services in this joint resolution for the Department of Health and Human Services are hereby reduced by $21,800,000: *Provided*, That none of this reduction shall be taken from activities supported under the budget account entitled "Social Security Administration, Limitation on Administrative Expenses" or from funds available for the administration of the Medicare program.

SEC. 123. Funding for sections 501 (a), (b), and (c) of the Refugee Education Assistance Act of 1980 and for the Refugee Act of 1980 shall be at the levels and under the terms and conditions of H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981.

SEC. 124. Notwithstanding any other provision of the joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for Student Financial Assistance shall be subject to the following additional conditions:

(1) The maximum Pell Grant a student may receive in 1982-1983 academic year is $1,800, notwithstanding section 411(a)(2)(A)(i)(II) of the Higher Education Act of 1965.

(2) The cost of attendance used for calculating eligibility for and amount of Pell Grants shall be established by the Secretary of Education.

(3) The Secretary of Education may establish or approve separate systems of need analysis for academic year 1982-1983, without regard to the provisions of subsections (a), (b), and (c) of section 482 of the Higher Education Act of 1965, for the programs authorized under subpart 2 of part A, part C, and part E of title IV of the Higher Education Act of 1965.

(4) The family contribution schedule for the 1981-1982 academic year shall be the family contribution schedule for the 1982-1983 academic year, modified by the Secretary of Education to exclude payments under the Social Security Act and title 38, United States Code, described in paragraph (5) and to reflect the most recent and relevant data, except that the Secretary of Education shall establish a series of assessment rates applicable to discretionary income in accordance with section 482(b)(4) of the Higher Education Act of 1965. The modified family contribution schedule under this paragraph shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than 15 days after the date of enactment of this resolution and shall otherwise be subject to the provisions of section 482(a) of the Higher Education Act of 1965.

(5) Notwithstanding the provisions of section 482(b)(3) and the provisions of section 411(a)(2)(B)(ii), no Pell Grant shall exceed the difference between the cost of attendance at the institution at which the student is in attendance, and the sum of the expected family contribution and any amount paid to, or on account of, the student under the Social Security Act and any amount paid the student under chapters 34 and 35 of title 38, United States Code, and if with respect to any student, it is determined that the amount of a Pell Grant plus the amount of the expected family contribution, the amount paid to, or on account of, the student under the Social Security Act, and the amount paid the student under chapters 34 and 35 of title 38, United States Code, exceeds the cost of attendance for that year, the amount of the Pell Grant shall be reduced until the combination of expected family contribution, the amount of the Pell Grant, and the amount paid under the Social Security Act, and chapters 34 and 35 of title 38 of the United States Code, does not exceed the cost of attendance at such institution.

SEC. 125. For each fiscal year (beginning with the fiscal year which ends September 30, 1982), the Secretary of the Senate is authorized to expend from the contingent fund of the Senate such amount as may be necessary to enable the Secretary to obtain from the General Services Administration the services of a professional archivist. Such services shall be obtained on a reimbursable basis and shall not be obtained except with the consent of the General Services Administration and the Committee on Rules and Administration.

SEC. 126. There is appropriated $69,800,000 for section 611 of the Education of the Handicapped Act which is in addition to amounts appropriated under this joint resolution which would otherwise be made

available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for such section 611.

SEC. 127. For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, as amended, and the International Health Research Act of 1960, $991,845,000, of which $892,865,538 shall be for allotments under section 100(b)(1), $6,134,462 shall be for activities under section 110(b)(3), $650,000 shall be made available to the Navajo Tribal Council for activities under section 130, and $18,000,000 shall be for activities under section 711 of the Rehabilitation Act of 1973.

SEC. 128. The Attorney General shall exercise his best efforts to ensure that none of the funds appropriated by this joint resolution may be obligated or expended after March 1, 1982, for the detention of any entrant, any applicant for political asylum or for refugee status, or any other alien which would cause the total number of aliens to exceed five hundred and twenty-five at the facility known as Krome North, located in the State of Florida, or to exceed five hundred and twenty-five at any other facility in the State of Florida for the detention of aliens awaiting exclusion, deportation, or resettlement which is not used for such purpose on the date of enactment of this joint resolution.

SEC. 129. There is appropriated an additional $45,000,000 for the payment of windfall benefits, as provided under section 15(d) of the Railroad Retirement Act of 1974, which, together with the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, for the payment of such benefits, shall be the maximum amount available for payments through September 30, 1982.

SEC. 130. Notwithstanding any other provision of this joint resolution, each State shall establish such fiscal control procedures as are necessary to assure that the funds made available under this resolution for the low-income energy assistance program are used for payments in accordance with section 2605(b) (1) and (2) of the Omnibus Budget Reconciliation Act of 1981 and that each eligible household receiving such payments does not use the payments for any other purpose than the purpose described in section 2602(a).

SEC. 131. Notwithstanding any other provision of this joint resolution, the provisions of section 210 of the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982 (H.R. 4560), as passed by the House of Representatives on October 6, 1981, and the provisions of section 209 of such Act as reported by the Senate Committee on Appropriations on November 9, 1981, shall be applicable with respect to sums appropriated pursuant to this joint resolution.

SEC. 132. Notwithstanding any other provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 with respect to any independent construction contractor who is engaged by an operator for the construction, repair or alteration of structures, facilities, utilities or private ways or roads located on (or appurtenant to) the surface areas of any coal or other mine, and whose employees work in a specifically demarcated area, separate from actual mining or extraction activities: *Provided*, That no funds shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 on any State or political subdivision thereof.

SEC. 133. There is appropriated the sum of $362,000,000 for the Maternal and Child Health Care Block Grant Act.

SEC. 133a. Notwithstanding section 102 of this joint resolution, section 139(b)(3) of Public Law 97-51 is amended by striking out "1981" and inserting in lieu thereof "1980".

SEC. 134. There are appropriated to the Department of Health and Human Services $61,180,000 for activities under the Developmental Disabilities Assistance and Bill of Rights Act of 1981.

SEC. 135. There is appropriated $10,000,000 for part B of title IV of the Comprehensive Employment and Training Act relating to the Job Corps which is in addition to the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for the Job Corps.

SEC. 136. Notwithstanding any other provision of this joint resolution, subject only to the absence of qualified applicants, and within the limits of funds and authority available, the head of each department and agency for which authority to enter into commitments to guarantee or insure is provided for in this joint resolution or H.R. 4034 shall enter into commitments to guarantee or insure in the full amounts provided for in this joint resolution or other applicable law.

SEC. 137. Notwithstanding any other provision of law or of this joint resolution, of the fiscal year 1982 Highway Trust Funds available for emergency relief, $17,000,000 shall be made available for damaged highways or for the prevention of damage to highways in the area affected by eruptions of the Mount Saint Helens volcano.

SEC. 138. Notwithstanding any other provision of title 23, United States Code, or of this joint resolution, the Secretary of Transportation shall approve, upon the request of the State of Indiana, the construction of an interchange to appropriate standards at I-94 and County Line Road at the Porter-La Porte County Line near Michigan City, Indiana, with the Federal share of such construction to be financed out of funds apportioned to the State of Indiana under section 104(b)(5)(A) of title 23, United States Code.

SEC. 139. Notwithstanding any other provision of law, or of this joint resolution, any proposal for deferral of budget authority under section 1013 of the Impoundment Control Act of 1974 (31 U.S.C. 1403) with respect to budget authority for expenses related to the Northeast Corridor Improvement Project authorized under title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) shall, upon transmittal to the Congress, be referred to the House and Senate Committees on Appropriations and any amount of budget authority proposed to be deferred therein shall be made available for obligation unless, within a 45-day period which begins on the date of transmittal and which is equivalent to that described in section 1011 (3) and (5) of the Impoundment Control Act of 1974 (31 U.S.C. 1401 (3) and (5)), the Congress has completed action on a bill approving all or part of the proposed deferral.

SEC. 140. Notwithstanding any other provision of law or of this joint resolution, none of the funds appropriated by this joint resolution or by any other Act shall be obligated or expended to increase, after the date of enactment of this joint resolution, any salary of any Federal judge or Justice of the Supreme Court, except as may be specifically authorized by Act of Congress hereafter enacted: *Provided*, That nothing in this limitation shall be construed to reduce any salary which may be in effect at the time of enactment of this joint resolution nor shall this limitation be construed in any manner to reduce the salary of any Federal judge or of any Justice of the Supreme Court.

SEC. 141. Notwithstanding any other provision of law or of this joint resolution:

(a) Section 4109 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(c) Notwithstanding subsection (a)(1) of this section, the Administrator, Federal Aviation Administration, may pay an individual training to be an air traffic controller of such Administration, during the period of such training, at the applicable rate of basic pay for the hours of training officially ordered or approved in excess of 40 hours in an administrative workweek.".

(b) Section 5532 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(f)(1) Notwithstanding any other provision of law, the retired or retainer pay of a former member of a uniformed service shall not be reduced while such former member is temporarily employed, during the period described in paragraph (2) or any portion thereof, under the administrative authority of the Administrator, Federal Aviation Administration, to perform duties in the operation of the air traffic control system or to train others to perform such duties.

"(2) The provisions of paragraph (1) of this subsection shall be in effect for any period ending not later than December 31, 1984, during which the Administrator, Federal Aviation Administration, determines that there is an unusual shortage of air traffic controllers performing duties under the administrative authority of such Administrator.".

(c)(1) Chapter 55 of title 5, United States Code, is amended by inserting after section 5546 the following new section:

"§5546a. Differential pay for certain employees of the Federal Aviation Administration

"(a) The Administrator of the Federal Aviation Administration (hereafter in this section referred to as the 'Administrator') may pay premium pay at the rate of 5 percent of the applicable rate of basic pay to—

"(1) any employee of the Federal Aviation Administration who is—

"(A) occupying a position in the air traffic controller series classified not lower than GS-9 and located in an air traffic control center or terminal or in a flight service station;

"(B) assigned to a position classified not lower than GS-9 or WG-10 located in an airway facilities sector; or

"(C) assigned to a flight inspection crewmember position classified not lower than GS-11 located in a flight inspection field office,

the duties of whose position are determined by the Administrator to be directly involved in or responsible for the operation and maintenance of the air traffic control system; and

"(2) any employee of the Federal Aviation Administration who is assigned to a flight test pilot position classified not lower than GS-12 located in a region or center, the duties of whose position are determined by the Administrator to be unusually taxing, physically or mentally, and to be critical to the advancement of aviation safety.

"(b) The premium pay payable under any subsection of this section is in addition to basic pay and to premium pay payable under any other subsection of this section and any other provision of this subchapter.".

(2) The analysis of chapter 55 of such title is amended by inserting after the item relating to section 5546 the following new item:

"5546a. Differential pay for certain employees of the Federal Aviation Administration.".

(d) Section 5546a of title 5, United States Code (as added by subsection (c) of this section), is amended by adding at the end thereof the following new subsections:

"(c)(1) The Administrator may pay premium pay to any employee of the Federal Aviation Administration who—

"(A) is an air traffic controller located in an air traffic control center terminal;

"(B) is not required as a condition of employment to be certified by the Administrator as proficient and medically qualified to perform duties including the separation and control of air traffic; and

"(C) is so certified.

"(2) Premium pay paid under paragraph (1) of this subsection shall be paid at the rate of 1.6 percent of the applicable rate of basic pay for so long as such employee is so certified.

"(d)(1) The Administrator may pay premium pay to any air traffic controller of the Federal Aviation Administration who is assigned by the Administrator to provide on-the-job training to another air traffic controller while such other air traffic controller is directly involved in the separation and control of live air traffic.

"(2) Premium pay paid under paragraph (1) of this subsection shall be paid at the rate of 10 percent of the applicable hourly rate of basic pay times the number of hours and portion of an hour during which the air traffic controller of the Federal Aviation Administration provides on-the-job training.

"(e)(1) The Administrator may pay premium pay to any air traffic controller or flight service station specialist of the Federal Aviation Administration who, while working a regularly scheduled 8-hour period of service, is required by his supervisor to work during the 4th through 6th hour of such period without a break of 30 minutes for a meal.

"(2) Premium pay paid under paragraph (1) of this subsection shall be paid at the rate of 50 percent of one-half of the applicable hourly rate of basic pay.

"(f)(1) The Administrator shall prescribe standards for determining which air traffic controllers and other employees of the Federal Aviation Adminstration are to be paid premium pay under this section.

"(2) The Administrator may prescribe such rules as he determines are necessary to carry out the provisions of this section.".

(e) Section 5547 of title 5, United States Code, is amended by adding at the end thereof the following: "The first sentence of this section shall not apply to any employee of the Federal Aviation Administration who is paid premium pay under section 5546a of this title.".

(f) Section 8339(e) of title 5, United States Code, is amended by inserting before the period "unless such employee has received, pursuant to section 8342 of this title, payment of the lump-sum credit attributable to deductions under section 8334(a) of this title during any period of employment as an air traffic controller and such employee has not deposited in the Fund the amount received, with interest, pursuant to section 8334(d) of this title".

(g) Section 8344 of title 5, United States Code, is amended by adding at the end thereof the following new subsection:

"(h)(1) Subject to paragraph (2) of this subsection, subsections (a), (b), (c), and (d) of this section shall not apply to any annuitant receiving an annuity from the Fund while such annuitant is employed, during any period described in section 5532(f)(2) of this title or any portion thereof, under the administrative authority of the Administrator, Federal Aviation Administration, to perform duties in the operation of the air traffic control system or to train other individuals to perform such duties.

"(2) Paragraph (1) of this subsection shall apply only in the case of any annuitant receiving an annuity from the Fund who, before August 3, 1981, applied for retirement or separated from the service while being entitled to an annuity under this chapter.".

(h)(1) The amendments made by subsections (b), (c), (e), and (g) of this section shall take effect at 5 o'clock ante meridian (eastern daylight time), August 3, 1981.

(2) The amendments made by subsections (a) and (d) of this section shall take effect on the first day of the first applicable pay period beginning after the date of the enactment of this joint resolution.

(3) The amendment made by subsection (f) of this section shall take effect on the date of the enactment of this joint resolution.

(4) Notwithstanding any other provision of this section, or any other provision of law, payments under this section shall be made only from appropriations provided in appropriation Acts.

SEC. 142. (a) Notwithstanding the provisions of section 305 of H.R. 4120 made applicable by section 101(g) of this joint resolution, but subject to subsection (b) of this section, nothing in section 101(g) shall (or shall be construed to) require that the rate of salary or basic pay, payable to any individual for or on account of services performed after December 31, 1981, be limited to or reduced to an amount which is less than—

(1) $59,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level III of the Executive Schedule under section 5314 of title 5, United States Code;

(2) $58,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code; or

(3) $57,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b)(1) For purposes of subsection (a), any rate of salary or pay shall be considered to correspond to the basic pay for a level of the Executive Schedule if the rate of salary or pay for that office or position is (i) fixed at a rate which is equal to or greater than the rate of basic pay for that level of the Executive Schedule or (ii) limited to a maximum rate which is equal to or greater than the rate of basic pay for such level (or to a percentage of such a maximum rate) by reason of section 5308 of title 5, United States Code, or any other provision of law (other than the provisions of such section 305, as made applicable by section 101(g) of this joint resolution) or congressional resolution.

(2) In applying subsection (a) for any office or position for which the rate of salary or basic pay is limited to a percentage of such a maximum rate, there shall be substituted, in lieu of the amount specified in subsection (a) for that office or position, an amount equal to such percentage of the specified amount.

(c) Any adjustment pursuant to this section made to the pay of any employee or class of employees whose pay is disbursed by the Clerk of the House should be of such amount as to assure, to the maximum extent practicable, that such employees are not paid at rates at less than employees or classes of employees whose pay is disbursed by the Secretary of the Senate and who hold equivalent positions.

SEC. 143. (a) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the following appropriation Acts:

the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982;

the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1982;

the Department of the Interior and Related Agencies Appropriation Act, 1982;

the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

the Treasury, Postal Service, and General Government Appropriation Act, 1982;

shall be reduced by 4 per centum.

(b) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the Military Construction Appropriation Act, 1982, shall be reduced by 2 per centum.

(c) The reductions made by subsections (a) and (b) of this section shall be applied proportionally to each appropriation account.

(d) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the Department of Defense Appropriation Act, 1982, shall be reduced by 2 per centum. The reduction in this subsection shall be taken only from appropriation accounts in titles IV and V of that Act, and shall be applied proportionally to those accounts. After the conclusion of the first session of the Ninety-seventh Congress, the level of budget authority for the Department of Defense shall be the level of the conference agreement on the Department of Defense Appropriation Act, 1982, and this section shall not apply to that level. If such agreement has not been

reached by the conclusion of the first session of the Ninety-seventh Congress, the level shall be as set forth in section 101(a) of this joint resolution, and this section shall not apply to that level.

(e) The reduction made by this section shall be applied so that the budget authority provided in this joint resolution within any appropriation account for any program or project shall not be reduced by more than 6 per centum.

(f) The reduction made by this section shall be applied so that no program or project shall be terminated.

(g) The reduction made by this section shall not apply to budget authority made available by this joint resolution for:

the Food Stamp program;

the Veterans' Administration medical care account;

any account, program or project involving spending authority defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344);

the Payment to State and Local Government Fiscal Assistance Trust Fund (31 U.S.C. 1221-1263);

accounts of the Veterans' Administration where budget authority otherwise provided by this joint resolution would be at or below the revised budget estimates;

the Internal Revenue Service, the Federal Bureau of Investigation, and the Drug Enforcement Administration in the Department of Justice, the law enforcement activities of the Customs Service and the Secret Service in the Department of the Treasury, and the law enforcement activities of the Coast Guard.

(h) This section shall not apply to any appropriation account, program or project for which budget authority is provided by a 1982 appropriation Act enacted into law subsequent to the enactment of this joint resolution.

SEC. 144. Notwithstanding section 102 of this joint resolution, appropriations and funds made available and authority granted pursuant to this joint resolution for appropriation accounts, programs, and projects for which provision would be made in the Department of Defense Appropriation Act, 1982, shall be available from December 15, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) February 15, 1982, whichever first occurs.

Mr. CONTE (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the motion to recommit be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. FORD of Michigan. Mr. Speaker, reserving the right to object, I would like to ask the gentleman which version this is?

Mr. CONTE. This is the one the gentleman can raise his point of order on.

Mr. FORD of Michigan. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

POINT OF ORDER

Mr. FORD of Michigan. Mr. Speaker, I make a point of order against the motion to recommit.

The SPEAKER. The gentleman will state his point of order.

Mr. FORD of Michigan. Mr. Speaker, I raise the point of order against the motion to recommit on the basis that the instructions contain matter which is not germane to the joint resolution.

The general rule, as stated in section 18.1 of chapter 28 of Deschler's Procedure, is as follows:

It is not in order to propose, as part of a motion to recommit, any proposition which would not be germane if proposed as an amendment to the bill.

Mr Speaker, section 141 of the amendment in the motion to recommit with instructions contains matter which clearly is not germane to the joint resolution.

Specifically, section 141 authorizes additional pay for air traffic controllers and certain other employees of the Federal Aviation Administration, exempts such employees from the limitation on premium pay, and exempts military and civil service retirees who are reemployed by FAA from those provisions of existing law which prohibit the simultaneous receipt of civil service pay and retirement pension.

The provisions of section 141 are nongermane for several reasons.

First, section 141 permanently authorizes payment of additional compensation whereas the provisions of the continuing resolution are limited to fiscal year 1982.

Second, the subject matter of all of the provisions of section 141 of the amendment are within the jurisdiction of the Committee on Post Office and Civil Service—not the Committee on Appropriations.

Finally, Mr. Speaker, the provisions of section 141 of the amendment are not germane to the fundamental purpose of the continuing resolution.

The fundamental purpose of House Joint Resolution 370 is to appropriate funds for certain programs and activities in fiscal year 1982 or to limit the use of funds for certain programs and activities. Section 141 which authorizes additional pay for certain employees of the FAA clearly is not germane to that purpose of the resolution.

Mr. Speaker, I insist upon my point of order.

The SPEAKER. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. CONTE. Mr. Speaker, if the gentleman from Michigan, my good friend, insists on his point of order and wants to deny the air traffic controllers this pay raise before Christmas, I must concede the point of order.

The SPEAKER. The Chair sustains the point of order.

MOTION TO RECOMMIT WITH INSTRUCTIONS OFFERED BY MR. CONTE

Mr. CONTE. Mr. Speaker, I offer another motion to recommit with instructions.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. CONTE moves to recommit House Joint Resolution 370 to the Committee on Appropriations, with instructions to that Committee to report the joint resolution back to the House forthwith, with the following amendment: Strike out all after the resolving clause, and insert in lieu thereof:

SEC. 101. (a)(1) Such amounts as may be necessary for projects or activities (not otherwise specifically provided for in this joint resolution) for which appropriations, funds, or other authority would be available in the following appropriations Acts:

Department of Defense Appropriation Act, 1982;

Military Construction Appropriation Act, 1982;

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

Treasury, Postal Service and General Government Appropriation Act, 1982.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed the House as of December 15, 1981, is different from that which would be available or granted under such Act as passed by the Senate as of December 15, 1981, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority: *Provided*, That where an item is included in only one version of an Act as passed by both Houses as of December 15, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981: *Provided further*, That for the purposes of this joint resolution, when an Act listed in this subsection has been reported to a House but not passed by that House as of December 15, 1981, it shall be deemed as having been passed by that House: *Provided further*, That, in addition to the sums otherwise made available by this paragraph the following additional sums are hereby appropriated: for low income home energy assistance program, $175,000,000; for the foster care program authorized by title IV of the Social Security Act, $75,000,000: *Provided further*, That the provisions contained in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act for fiscal year 1982 (H.R. 4560), as reported by the Senate Committee on Appropriations on November 9, 1981, related to a limitation on entitlement to payments under parts A and E of title IV of the Social Security Act and transfer of funds under parts B and E of such title (contained in H.R. 4560 as so reported beginning with "provided" on page 39, line 17,

and ending on page 40, line 8) shall not be applicable with respect to any sums appropriated pursuant to this joint resolution; for the family medicine residency training programs authorized by section 786 of the Public Health Service Act, $10,000,000; for the Community Services Block Grant, $62,552,000; and for the State Block Grant authorized by chapter 2 of the Education Consolidation and Improvement Act of 1981, $140,000,000; and for the Office of Smoking and Health, as authorized by section 301 of the Public Health Service Act, $1,500,000: *Provided further*, That the college housing loan program shall operate under the terms and conditions as contained in H.R. 4560 as passed the House October 6, 1981, except that the gross commitments for the principal amount of direct loans shall not exceed $75,000,000: *Provided further*, That notwithstanding the rate otherwise established by this subsection, and notwithstanding section 143 of this joint resolution, for the Department of Labor Grants to States for Unemployment Insurance and Employment Services account, $19,272,000 in new budget authority is appropriated, and no more than $1,913,384,000 may be expended from the Employment Security Administration account in the Unemployment Trust Fund: *Provided further*, That no funds provided by this joint resolution shall be used for administrative or other expenses in connection with the closure of any State unemployment office, except in such cases as may be determined by the respective State agency to render its services more efficient: *Provided further*, That notwithstanding the rate otherwise established by this subsection, for carrying out, except as otherwise provided, titles XI, XVIII, and XIX of the Social Security Act, and sections 1526 and 1533(d) of the Public Health Service Act, $78,535,000, with not to exceed $872,000,000, to be transferred to this appropriation as authorized by section 201(g)(1) of the Social Security Act, from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds referred to therein, but not subject to the reduction contained in section 143 of this joint resolution; none of these funds shall be used to pay the expenses of Statewide Professional Standards Review Councils; $20,000,000 of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes (31 U.S.C. 665), only to the extent necessary and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of title XVIII, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved: *Provided further*, That notwithstanding the rate otherwise established by this subsection, for necessary expenses for the Social Security Administration, not more than $3,017,000,000 may be expended as authorized by section 201(g)(1), of the Social Security Act, from any one or all of the trust funds referred to therein, but not subject to the reduction contained in section 143 of this joint resolution; $70,000,000 of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes (31 U.S.C. 665), only to the extent necessary for additional automatic data processing expenses, to process other workloads not anticipated in the budget estimates, and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of titles XVI and XVIII and section 221 of the Social Security Act, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved: *Provided further*, That funds which would be available under H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, for the Government payment of annuitants and employees health benefits, shall be available under the authority and conditions set forth in H.R. 4121 as reported to the Senate on September 22, 1981: *Provided further*, That for the purposes of this joint resolution, the Senate reported level of H.R. 4121, entitled the Treasury, Postal Service, and General Government Appropriation Act, 1982, shall be the level reported by the Senate on September 22, 1981 (S. Rept. No. 97-192), as modified on November 17, 1981.

(4) Whenever an Act listed in this subsection has been passed by only one House as of December 15, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981.

(5) No provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1981, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(6) In addition to any sums otherwise appropriated there is appropriated an additional sum of $25,000,000 which shall be made available for training, job search allowances, and relocation allowances, under sections 236, 237, and 238 of the Trade Act of 1974.

(b) Such amounts as may be necessary for continuing programs and activities, not otherwise provided for, which were conducted in the fiscal year 1981, for which provision was made in and under the terms and conditions of section 101(b) of Public Law 96-536 regarding foreign assistance and related programs, notwithstanding section 10 of Public Law 91-672, and section 15(a) of the State Department Basic Authorities Act of 1956, at a rate for operations not in excess of the current rate provided in fiscal year 1981 or the rate provided for in the budget estimate, whichever is lower, and under the more restrictive authority: *Provided*, That the limitation on gross obligations for the principal amount of direct loans by the Export-Import Bank shall be increased by $100,000,000, and the limitation on total commitments to guarantee loans by the Export-Import Bank shall be increased by $2,220,000,000 of contingent liability for loan principal: *Provided further*, That this section shall be deemed to allow the continuation of the activities of the Department of State for contributions to the United Nations Relief and Works Agency for Palestinian Refugees at a rate of operations not in excess of the current rate.

(c) Such amounts as may be necessary for projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-331) filed in the House of Representatives on November 13, 1981, as if such Act had been enacted into law, except that appropriations made available for the projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, in this joint resolution are hereby reduced in the following amounts:

DEPARTMENT OF TRANSPORTATION

Office of the Secretary, salaries and expenses and transportation planning, research, and development, $4,500,000;

Coast Guard, operating expenses, $48,400,000, of which $5,000,000 shall be deducted from the amounts made available for recreational boating safety; acquisition, construction, and improvements, $16,000,000; alteration of bridges, $4,000,000; research, development, test, and evaluation, $4,000,000; offshore oil pollution compensation fund, $3,000,000; and deepwater port liability fund, $3,000,000;

Federal Aviation Administration, operations, $125,000,000; facilities, engineering and development, $9,000,000; facilities and equipment (Airport and Airway Trust Fund), $24,000,000; research, engineering and development (Airport and Airway Trust Fund), $16,000,000; and construction, Metropolitan Washington Airports, $5,000,000;

Federal Highway Administration, highway safety research and development, $2,000,000; highway beautification, $1,500,000; territorial highways, $1,000,000; and interstate transfer grants-highways, $37,000,000;

National Highway Traffic Safety Administration, operations and research, $7,000,000;

Federal Railroad Administration, office of the administrator, $500,000; railroad safety, $2,500,000; railroad research and development, $9,000,000; rail service assistance, $4,000,000, of which at least $2,000,000 shall be deducted from amounts made available for the Minority Business Resource Center; Northeast corridor improvement program, $6,000,000; and redeemable preference shares, $7,000,000;

Urban Mass Transportation Administration, administrative expenses, $3,000,000; research, development, and demonstrations and university research and training, $10,000,000; urban discretionary grants, $29,500,000; non-urban formula grants, $4,000,000; urban formula grants, $64,750,000; and interstate transfer grants-transit, $22,000,000;

Research and Special Programs Administration, research and special programs, $9,000,000, of which $2,500,000 shall be deducted from the amounts made available for research and development and $750,000 shall be deducted from amounts made available for grants-in-aid as authorized by section 5 of the Natural Gas Pipeline Safety Act of 1968;

RELATED AGENCIES

Architectural and Transportation Barriers Compliance Board, salaries and expenses, $100,000;

National Transportation Safety Board, salaries and expenses, $2,000,000;

Civil Aeronautics Board, salaries and expenses, $1,500,000;

Interstate Commerce Commission, salaries and expenses, $4,000,000;

Department of the Treasury, Office of the Secretary, investment in fund anticipation notes, ($7,000,000); and

United States Railway Association, administrative expenses, $4,000,000.

(d) Such amounts as may be necessary for projects or activities provided for in the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1982 (H.R. 4034), at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-222) filed in the House of Representatives on September 11, 1981, as if such Act had been enacted into law, with the following new title:

"TITLE V

"SEC. 501. Notwithstanding any other provision of this Act—

"(1) The amount of the increase in contract authority under the heading 'HOUSING PROGRAMS, ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING', shall be $897,177,848, and the amount of the increase in budget authority under such heading shall be $17,373,528,040.

"(2) The amount appropriated under the heading 'HOUSING PROGRAMS, HOUSING COUNSELING ASSISTANCE', shall be $3,520,000.

"(3) The amount appropriated under the heading 'SOLAR ENERGY AND ENERGY CONSERVATION BANK, ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS', shall be $23,000,000.

"(4) The amount appropriated under the heading 'COMMUNITY PLANNING AND DEVELOPMENT, COMMUNITY DEVELOPMENT GRANTS', shall be $3,600,000,000.

"(5) The amount appropriated under the heading 'COMMUNITY PLANNING AND DEVELOPMENT, URBAN DEVELOPMENT ACTION GRANTS', shall be $458,000,000.

"(6) The amount appropriated under the heading 'POLICY DEVELOPMENT AND RESEARCH, RESEARCH AND TECHNOLOGY', shall be $20,000,000.

"(7) The amount appropriated under the heading 'FAIR HOUSING AND EQUAL OPPORTUNITY, FAIR HOUSING ASSISTANCE', shall be $5,016,000.

"(8) The amount appropriated under the heading 'MANAGEMENT AND ADMINISTRATION, WORKING CAPITAL FUND', shall be $528,000.

"(9) The amount appropriated under the heading 'DEPARTMENT OF DEFENSE—CIVIL, CEMETERIAL EXPENSES, ARMY, SALARIES AND EXPENSES', shall be $4,476,000.

"(10) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, SALARIES AND EXPENSES', shall be $562,837,000.

"(11) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, RESEARCH AND DEVELOPMENT', shall be $167,759,000.

"(12) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, ABATEMENT, CONTROL AND COMPLIANCE', shall be $395,000,000.

"(13) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, BUILDINGS AND FACILITIES', shall be $3,621,000.

"(14) The amount appropriated under the heading 'EXECUTIVE OFFICE OF THE PRESIDENT, COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY', shall be $919,000.

"(15) The amount appropriated under the heading 'EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF SCIENCE AND TECHNOLOGY POLICY', shall be $1,578,000.

"(16) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, FUNDS APPROPRIATED TO THE PRESIDENT, DISASTER RELIEF', shall be $301,694,000.

"(17) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, SALARIES AND EXPENSES', shall be $93,879,000.

"(18) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, STATE AND LOCAL ASSISTANCE', shall be $121,829,000.

"(19) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, EMERGENCY PLANNING AND ASSISTANCE', shall be $67,906,000.

"(20) There are appropriated, out of any money in the Treasury not otherwise appropriated, for the repayment of notes dated April 17, 1979, and September 28, 1979, issued by the Director of the Federal Emergency Management Agency to the Secretary of the Treasury pursuant to section 15(e) of the Federal Flood Insurance Act of 1956 (42 U.S.C. 2414(e)), $328,240,000.

"(21) The amount appropriated under the heading 'DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF CONSUMER AFFAIRS', shall be $1,760,000.

"(22) The amount appropriated under the heading 'NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, RESEARCH AND DEVELOPMENT', for the Space Shuttle including space flight operations shall not exceed $3,104,900,000: *Provided*, That the limitations subject to the approval of the Committees on Appropriations contained under this heading shall not be affected by this subsection.

"(23) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, RESEARCH AND RELATED ACTIVITIES', shall be $1,010,000,000.

"(24) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, SCIENCE EDUCATION ACTIVITIES', shall be $22,000,000.

"(25) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)', shall be $3,080,000.

"(26) The amount appropriated under the heading 'SELECTIVE SERVICE SYSTEM, SALARIES AND EXPENSES', shall be $18,633,000.

"(27) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, OFFICE OF REVENUE SHARING, SALARIES AND EXPENSES', shall be $6,148,000.

"(28) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, NEW YORK CITY LOAN GUARANTEE PROGRAM', shall be $822,000.

"(29) The amount appropriated under the heading 'VETERANS ADMINISTRATION, COMPENSATION AND PENSIONS', shall be $13,824,000,000.

"(30) The amount appropriated under the heading 'VETERANS ADMINISTRATION, READJUSTMENT BENEFITS', shall be $1,938,800,000.

"(31) The amount appropriated under the heading 'VETERANS ADMINISTRATION, MEDICAL AND PROSTHETIC RESEARCH', shall be $128,215,000.

"(32) The amount appropriated under the heading 'VETERANS ADMINISTRATION, MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES', shall be $57,700,000.

"(33) The amount appropriated under the heading 'VETERANS ADMINISTRATION, CONSTRUCTION, MAJOR PROJECTS', shall be $378,338,000.

"(34) The amount appropriated under the heading 'VETERANS ADMINISTRATION, CONSTRUCTION, MINOR PROJECTS', shall be $102,942,000, of which not to exceed $30,018,000 shall be available for the Office of Construction.

"(35) The amount appropriated under the heading 'VETERANS ADMINISTRATION, GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES', shall be $15,840,000.

"(36) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, INVESTMENT IN NATIONAL CONSUMER COOPERATIVE BANK', shall be $43,000,000: *Provided*, That the final Government equity redemption date for the National Consumer Cooperative Bank shall occur on December 31, 1981.

"(37) During fiscal year 1982, gross obligations of not to exceed $75,960,000 are authorized for payments under section 230(a) of the National Housing Act, as amended, from the insurance fund chargeable for benefits on the mortgage covering the property to which the payments made relate, and payments in connection with such obligations are hereby approved.

"(38) The amount appropriated under the heading 'HOUSING PROGRAMS, PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS—FISCAL YEAR 1981', shall remain available until September 30, 1982: *Provided*, That any part of the foregoing amount which has not been obligated before the forty-fifth calendar day following the enactment of this joint resolution, shall be deemed obligated notwithstanding the provisions of 31 U.S.C. 200(a).

"(39) The Congress also disapproves the deferral under the heading 'VETERANS' ADMINISTRATION, (DISAPPROVAL OF DEFERRAL)', of the Washington, District of Columbia, and Long Beach, California, projects as contained in deferral notice D82-140.

"(40) Notwithstanding any other provision of this Act, including any other provision of this title, any agency may before December 31, 1981, transfer to salaries and expenses from other sources made available to it by this Act, such amounts as may be required if the aggregate amount available for salaries and expenses, after such transfer, does not exceed the amount contained for such purposes in this Act before the application of the changes contained in title V: *Provided*, That such transfers shall be subject to the approval of the Committees on Appropriations: *Provided further*, That in the Department of Housing and Urban Development not to exceed (1) $34,000,000 shall be available for data processing services, (2) 12 full-time permanent positions and 16 staff years shall be available for the Immediate Office of the Assistant Secretary for Administration, and (3) 26 full-time permanent positions and 27 staff years shall be available for the Office of the Assistant Secretary for Legislation and Congressional Relations: *Provided further*, That in the National Aeronautics and Space Administration not to exceed (1) 150 full-time permanent positions shall be available for the Office of the Comptroller, and (2) 120 full-time permanent positions shall be available for the Office of External Relations: *Provided further*, That in the Veterans' Administration not to exceed (1) $1,500,000 shall be available for the Office of Planning and Program Evaluation, and (2) 649 staff years shall be available for the Supply Service.".

(e) Such amounts as may be necessary for projects or activities provided for in the Department of the Interior and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-315) as approved by the House of Repre-

sentatives on November 12, 1981, as if such Act had been enacted into law.

(f) Such amounts as may be necessary for projects or activities provided for in the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-313) filed in the House of Representatives on November 4, 1981, as if such Act had been enacted into law.

(g) The provisions of section 305 (a), (b), and (d) of H.R. 4120, entitled the Legislative Branch Appropriation Act, 1982, shall apply to any appropriation, fund, or authority made available for the period October 1, 1981, through March 31, 1982, by this or any other Act.

(h) Notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956 and section 701 of the United States Information and Educational Exchange Act of 1948, as amended, such amounts as may be necessary for projects or activities provided for in the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriation Act, 1982, at the rate provided in H.R. 4169 as passed the House of Representatives on September 9, 1981, and under the authority and conditions provided in the applicable appropriation Act for fiscal year 1981, except that for the following items funding shall be at the rate specified herein:

TITLE I

DEPARTMENT OF COMMERCE

Bureau of the Census: "Salaries and Expenses", $57,200,000; "Periodic Censuses and Programs", $87,898,000;

Economic Development Administration, "Economic Development Assistance Programs", $198,500,000;

International Trade Administration, "Operations and Administration", $151,700,000: *Provided*, That during fiscal year 1982 and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $20,000,000. During fiscal year 1982, total commitments to guarantee loans shall not exceed $38,250,000 of contingent liability for loan principal;

United States Travel and Tourism Administration, "Salaries and Expenses", $7,600,000;

National Oceanic and Atmospheric Administration: "Operations, Research and Facilities", $830,455,000, of which $10,000,000 is to be derived by transfer from the fund entitled "Promote and develop fishery products and research pertaining to American fisheries"; "Coastal Zone Management", $7,415,000; "Fisheries Loan Fund", $0; "Foreign Fishing Observer Fund", $4,000,000; "Fishermen's Guaranty Fund", $1,800,000;

Science and Technical Research: "Scientific and Technical Research and Services", $125,528,000, of which $2,042,000 shall be available for necessary expenses to enable the Department of Commerce to enter into an agreement with the Smithsonian Institution to close out the Smithsonian Science Information Exchange (SSIE), to transfer the assets of the SSIE to the Department of Commerce, and to pay the outstanding net liabilities of SSIE, including severance pay to SSIE employees;

National Telecommunications and Information Administration: "Salaries and Expenses", $16,483,000; "Public Telecommunications Facilities, Planning and Construction", $18,000,000;

Maritime Administration: "Operations and Training", $74,898,000;

RELATED AGENCIES

Federal Communications Commission, "Salaries and Expenses", $76,900,000;

Federal Maritime Commission, "Salaries and Expenses", $11,225,000;

Federal Trade Commission, "Salaries and Expenses", $68,774,000;

International Trade Commission, "Salaries and Expenses", $17,200,000;

Office of the United States Trade Representative, "Salaries and Expenses", $9,000,000: *Provided*, That not to exceed $60,000 shall be available for official reception and representation expenses;

Securities and Exchange Commission, "Salaries and Expenses", $82,906,000;

Small Business Administration, "Salaries and Expenses", $221,945,000: *Provided*, That $14,000,000 of said amount shall be available only for grants for Small Business Development Centers as authorized by section 20(a) of the Small Business Act, as amended. In addition, $19,200,000 for disaster loan making activities, including loan servicing, shall be transferred to this appropriation from the "Disaster Loan Fund"; "Business Loan and Investment Fund", $326,000,000; "Disaster Loan Fund", $0; "Lease Guarantees Revolving Fund", $3,000,000; "Surety Bond Guarantees Revolving Fund", $19,000,000;

United States Metric Board, "Salaries and Expenses", $2,000,000.

TITLE II

DEPARTMENT OF JUSTICE

General Administration, "Salaries and Expenses", $41,233,000, of which $500,000, to remain available until expended, is for the Federal justice research program;

United States Parole Commission, "Salaries and Expenses", $6,200,000;

Legal Activities, "Salaries and Expenses, General Legal Activities", $123,200,000;

"Salaries and Expenses, Antitrust Division", $44,000,000;

"Salaries and Expenses, United States Attorneys and Marshals", $291,950,000;

"Support of United States Prisoners", $24,100,000;

"Fees and Expenses of Witnesses", $27,921,000;

"Salaries and Expenses, Community Relations Service", $5,500,000;

Federal Bureau of Investigation, "Salaries and Expenses", $739,609,000;

Immigration and Naturalization Service, "Salaries and Expenses", $428,557,000;

Federal Prison System, "Salaries and Expenses", $353,000,000; "National Institute of Corrections", $11,186,000; "Buildings and Facilities", $13,731,000, including $1,920,000 for the planning, design, acquisition, and preparation of a site for a Federal Correctional Institution to be located in central Arizona and any necessary relocation or replacement of existing site structures or other improvements, as well as the grading and development of utility distribution systems; "Federal Prison Industries, Incorporated: (Limitation on Administrative and Vocational Training Expenses)", $5,066,000;

Office of Justice Assistance, Research, and Statistics, "Law Enforcement Assistance", $93,554,000: *Provided*, That $70,000,000 of said amount shall be available only for grants and administrative expenses authorized by title II of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended: *Provided further*, That $4,000,000 of said amount provided for the program "Treatment Alternatives to Street Crime" shall be allocated solely to implement part E of the Justice System Improvement Act of 1979;

RELATED AGENCIES

Equal Employment Opportunity Commission, "Salaries and Expenses", $139,889,000 of which not to exceed $18,500,000 is for payments to State and local enforcement agencies for services to the Commission pursuant to title VII of the Civil Rights Act, as amended, and sections 6 and 14 of the Age Discrimination in Employment Act.

TITLE III

DEPARTMENT OF STATE

Administration of Foreign Affairs; "Salaries and Expenses", $890,758,000; "Acquisition, Operation and Maintenance of Buildings Abroad (Special Foreign Currency Program)", $9,102,000; "Emergencies in the Diplomatic and Consular Service", $4,400,000; "Buying Power Maintenance", $1,500,000;

International Organizations and Conferences: "Contributions to International Organizations", $398,240,000, including funds for the payment of 1982 assessed contributions to the Pan American Health Organization, and to reimburse the Pan American Health Organization for payments under the tax equalization program for employees who are United States citizens; "International Conferences and Contingencies", $7,284,000;

International Commissions; "International Boundary and Water Commission, United States and Mexico, Salaries and Expenses", $7,927,000; "American Sections, International Commissions", $2,847,000; International Fisheries Commissions", $8,237,000; and

"The Asia Foundation", $4,100,000.

RELATED AGENCIES

Board for International Broadcasting, "Grants and Expenses", $86,519,000;

Commission on Security and Cooperation in Europe, "Salaries and Expenses", $404,000; and

International Communication Agency: "Salaries and Expenses", $443,286,000; "Center for Cultural and Technical Interchange Between East and West", $16,880,000; "Acquisition and Construction of Radio Facilities", $19,000,000.

TITLE IV

THE JUDICIARY

Courts of Appeals, District Courts, and Other Judicial Services: "Salaries of Judges", $59,400,000; "Salaries of Supporting Personnel", $263,400,000; "Expenses of Operation and Maintenance of the Courts", $55,600,000; "Bankruptcy Courts, Salaries and Expenses", $81,200,000; "Fees of Jurors and Commissioners", $43,500,000; "Space and Facilities", $123,000,000.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from December 15, 1981, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) March 31, 1982, whichever first occurs.

Subsection (c) of this section shall not reduce the availability of funds which would remain available beyond March 31, 1982, under the terms and conditions otherwise effective under this joint resolution.

SEC. 103. Appropriations made and authority granted pursuant to this joint resolution

shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 104. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 105. All obligations incurred in anticipation of the appropriations and authority provided in this joint resolution for the purposes of maintaining the minimum level of essential activities necessary to protect life and property and bringing about orderly termination of other functions are hereby ratified and confirmed if otherwise in accordance with the provisions of this joint resolution.

SEC. 106. No provision in any appropriation Act for the fiscal year 1982 that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation shall be effective before the date set forth in section 102(c) of this joint resolution.

SEC. 107. Notwithstanding any other provisions of this joint resolution and the provisions of sections 720(b) and 722(a)(1) of the Public Health Service Act, $35,790,000 is appropriated and shall remain available until expended for grants for the construction or expansion of two teaching facilities under section 720(a)(1) of such Act.

SEC. 108. Notwithstanding any other provision of this joint resolution except section 143, $869,240,000 is appropriated under this joint resolution for payment to the Postal Service Fund, of which $230,000,000 shall be available for public service costs and $639,240,000 shall be available for revenue forgone on free and reduced-rate mail. Notwithstanding any other provision of law, the Postal Service shall promptly adjust preferred rates so as to recover the difference between the amount which was authorized to be appropriated under section 2401(c) of title 39, United States Code, and the amount hereby appropriated. Such adjustments shall be made in accordance with the following subsections:

(a) The amount attributable to the reduction in authorization specified in section 1723(a)(1) of the Omnibus Budget Reconciliation Act of August 13, 1981, shall be recovered from the classes of mail specified in section 1723(b)(1) of such Act.

(b)(1) The remaining amount shall be recovered through proportional adjustment, except as provided in paragraph (2) of this subsection, to the rates for each class of reduced-rate mail under section 3626 of title 39, United States Code, after the adjustment required by subsection (a) of this section.

(2) The adjustment made under paragraph (1) of this subsection shall provide for recovery of $20,000,000 less from mail under former sections 4358(a), 4454(b), and 4554(c) of title 39, United States Code, and $20,000,000 more from the other affected categories, than if such adjustment were fully proportional for all affected categories.

(c) Any further adjustments needed because of section 143 of this resolution shall be proportional as provided in subsection (b)(1) of this section without regard to subsection (b)(2).

(d) Any adjustments under this section shall look first to the phased rates under section 3626 of title 39, United States Code, and shall not affect the remaining (continuing) rate reductions for any category until phasing for all categories is exhausted.

SEC. 109. No funds made available pursuant to this continuing resolution may be used to accomplish or implement a proposed reorganization of the Bureau of Alcohol, Tobacco and Firearms before March 30, 1982. Such reorganization plan may be implemented after March 30, 1982, unless disapproved by the House and Senate Committees on Appropriations: *Provided*, That of the funds made available by this Continuing Resolution for the Bureau of Alcohol, Tobacco and Firearms, $15,000,000 shall be available solely for the enforcement of the Federal Alcohol Administration Act during fiscal year 1982.

SEC. 110. Notwithstanding any other provision of this joint resolution, the Secretary of the Treasury is authorized to transfer up to 2 per centum from any appropriation account provided by this joint resolution for the Department of the Treasury otherwise appropriated in H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, to any other such appropriation account: *Provided*, That the recipient appropriation account is not increased by more than 2 per centum of the amount provided by this joint resolution: *Provided further*, That approval for such transfers is obtained in advance from the House and Senate Committees on Appropriations.

SEC. 111. Notwithstanding any other provision of this joint resolution, funds available to the Federal Building Fund within the General Services Administration may be used to initiate new construction, advance design, and repairs and alteration line-item projects and lease construction projects which are included in either H.R. 4121, as passed by the House, or in H.R. 4121, as reported by the Senate on September 22, 1981.

SEC. 112. (a) None of the funds appropriated by this joint resolution may be used to—

(1) enforce Revenue Ruling 81-216 or the proposed amendments to Income Tax Regulations sections 1.103-7 and 1.103-10 which were published in the Federal Register on October 8, 1981, or

(2) propose, promulgate, or enforce any ruling or regulation reaching the same result as, or a result similar to, such Revenue Ruling or Regulations,

in connection with a qualified issue, or

(3) issue rulings or regulations which treat as exempt from taxation under section 103(b)(6) of the Internal Revenue Code of 1954 any interest earned on an obligation the proceeds of which are used for a disqualified facility.

(b)(1) For purposes of subsection (a), the term "qualified issue" means a single issue (whether or not part of a composite or multiple series of issues)—

(A) all of the obligations of which are directly or indirectly guaranteed or secured in whole or in part by—

(i) a State or political subdivision thereof or an instrumentality of either, or

(ii) in the case of an issue all of the proceeds of which are used for agricultural purposes, a qualified person (within the meaning of section 46(c)(8)(D) of the Internal Revenue Code of 1954 determined without regard to clauses (iii) and (iv) thereof), and

(B) none of the proceeds of which are used in connection with a disqualified facility or a facility with respect to which, at any time before January 1, 1987—

(i) any disqualified person used more than 5 percent of the facility, or

(ii) more than 25 percent of the facility is (in the aggregate) used by disqualified persons.

For purposes of subparagraph (B), use by a related person (within the meaning of section 103(b)(6)(C) of such Code) shall be treated as use by the disqualified person.

(2)(A) For purposes of paragraph (1), the term "disqualified person" means a person (other than an exempt person within the meaning of section 103(b)(3) of such Code) which has aggregate capital expenditures for any purpose which, for the period beginning October 1, 1979, and ending September 30, 1982, exceed $25,000,000.

(B) For purposes of determining the aggregate capital expenditures of any person under subparagraph (A), there shall be taken into account the capital expenditures of all persons which are—

(i) related persons (within the meaning of section 103(b)(6)(C) of such Code) with respect to such person; or

(ii) guarantors of any portion of the issue with respect to which a determination is being made under this subsection other than a guarantor which—

(I) is a State or a political subdivision thereof or an instrumentality of either,

(II) in the case of an issue all of the proceeds of which are used for agricultural purposes, a person described in paragraph (1)(A)(ii), or

(III) one or more financial institutions which are not related persons (within the meaning of section 103(b)(6)(C) of such Code to the user of the proceeds of the isssue.

(C) For purposes of this paragraph, the term "capital expenditures" has the meaning given such term by section 103(b)(6)(D) of such Code, except that such term shall not include any amount paid or incurred by the taxpayer which constitutes a qualified research expense (within the meaning of section 44F(b) of such Code).

(c) For purposes of subsection (a) and subparagraph (b)(1)(B), a "disqualified facility" is any private or commercial—

(i) golf course,

(ii) country club,

(iii) massage parlor, or

(iv) tennis club.

(d) It is the sense of the Congress that after August 23, 1981, and until Congress enacts legislation which affects section 103(b)(6) of such Code, the Secretary of the Treasury or his delegate should in all cases enforce any ruling or regulation described in subsection (a) (1) or (2) in a manner consistent with the provisions of subsection (a).

SEC. 113. It is the sense of the Congress that the President of the United States should not include in his recommendations for revenue enhancements any recommendations which would have the effect of reducing Federal tax incentives for energy conservation or the development of renewable energy sources.

SEC. 114. Notwithstanding any other provision of law, funds provided under this joint resolution for the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), and the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)) shall not be withheld from obligation unless and until a special message specifying a deferral or rescission of budget authority for such pro-

grams is officially submitted to the Congress, when the Congress is in session.

SEC. 115. Notwithstanding any other provision of law or of this joint resolution, none of the funds provided in this or any other Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles: *Provided*, That this section shall be in lieu of section 311 (amendment numbered 93) as set forth in the conference report and the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriations Act, 1982 (H.R. 4209), filed in the House of Representatives on November 13, 1981 (H. Rept. No. 97-331).

SEC. 116. Notwithstanding any other provision of law or of this joint resolution, the funds provided for section 18 nonurban formula grants and section 5 urban formula grants in this joint resolution shall be apportioned and allocated using data from the 1970 decennial census for one-half of the sums appropriated and the remainder shall be apportioned and allocated on the basis of data from the 1980 decennial census.

SEC. 117. Notwithstanding any other provision of this joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, entitled "Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982", for school assistance in federally affected areas under title III of such Act shall be available under the authority and conditions set forth in H.R. 4560 as passed the House on October 6, 1981: *Provided*, That the total amount available for entitlements under section 3(a) of the Act of September 30, 1950, as amended, is amended so as to permit payment to any local educational agency under such section 3(a) not to exceed 90 per centum of the amount of such payment for fiscal year 1981, unless the entitlement for such agency is determined under section 3(d)(2)(B) of such Act: *Provided further*, That the provisions of section 3(d)(2)(B) shall be fully funded and not subject to rateable reduction: *Provided further*, That the provisions of section 5(c) shall not apply.

SEC. 118. Notwithstanding section 1903(s) of the Social Security Act, all medicaid payments to the States for Indian health service facilities as defined by section 1911 of the Social Security Act shall be paid entirely by Federal funds, and notwithstanding section 1903(t) of the Social Security Act, all medicaid payments to the States for Indian health service facilities shall not be included in the computation of the target amount of Federal medicaid expenditures.

SEC. 119. There are appropriated $750,000 to continue the operations of the Office of Adolescent Pregnancy Programs of the Department of Health and Human Services.

SEC. 120. Notwithstanding any provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration, shall be used to classify a mine in the potash industry as gassy based upon air samples containing concentrations of methane gas, unless such classification standard has been adopted through formal rulemaking on or before November 5, 1981.

SEC. 121. Amounts at the level provided in H.R. 4560 as passed by the House are available for general departmental management, Department of Health and Human Services, and the program direction and support services activity, Assistant Secretary for Health.

SEC. 122. Notwithstanding any other provision of this joint resolution, appropriations for administrative costs including but not limited to salaries and expenses, travel and consultant services in this joint resolution for the Department of Health and Human Services are hereby reduced by $21,800,000: *Provided*, That none of this reduction shall be taken from activities supported under the budget account entitled "Social Security Administration, Limitation on Administrative Expenses" or from funds available for the administration of the Medicare program.

SEC. 123. Funding for sections 501 (a), (b), and (c) of the Refugee Education Assistance Act of 1980 and for the Refugee Act of 1980 shall be at the levels and under the terms and conditions of H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981.

SEC. 124. Notwithstanding any other provision of the joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for Student Financial Assistance shall be subject to the following additional conditions:

(1) The maximum Pell Grant a student may receive in 1982-1983 academic year is $1,800, notwithstanding section 411(a)(2)(A)(i)(II) of the Higher Education Act of 1965.

(2) The cost of attendance used for calculating eligibility for and amount of Pell Grants shall be established by the Secretary of Education.

(3) The Secretary of Education may establish or approve separate systems of need analysis for academic year 1982-1983, without regard to the provisions of subsections (a), (b), and (c) of section 482 of the Higher Education Act of 1965, for the programs authorized under subpart 2 of part A, part C, and part E of title IV of the Higher Education Act of 1965.

(4) The family contribution schedule for the 1981-1982 academic year shall be the family contribution schedule for the 1982-1983 academic year, modified by the Secretary of Education to exclude payments under the Social Security Act and title 38, United States Code, described in paragraph (5) and to reflect the most recent and relevant data, except that the Secretary of Education shall establish a series of assessment rates applicable to discretionary income in accordance with section 482(b)(4) of the Higher Education Act of 1965. The modified family contribution schedule under this paragraph shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than 15 days after the date of enactment of this resolution and shall otherwise be subject to the provisions of section 482(a) of the Higher Education Act of 1965.

(5) Notwithstanding the provisions of section 482(b)(3) and the provisions of section 411(a)(2)(B)(ii), no Pell Grant shall exceed the difference between the cost of attendance at the institution at which the student is in attendance, and the sum of the expected family contribution and any amount paid to, or on account of, the student under the Social Security Act and any amount paid the student under chapters 34 and 35 of title 38, United States Code, and if with respect to any student, it is determined that the amount of a Pell Grant plus the amount of the expected family contribution, the amount paid to, or on account of, the student under the Social Security Act, and the amount paid the student under chapters 34 and 35 of title 38, United States Code, exceeds the cost of attendance for that year, the amount of the Pell Grant shall be reduced until the combination of expected family contribution, the amount of the Pell Grant, and the amount paid under the Social Security Act, and chapters 34 and 35 of title 38 of the United States Code, does not exceed the cost of attendance at such institution.

SEC. 125. For each fiscal year (beginning with the fiscal year which ends September 30, 1982), the Secretary of the Senate is authorized to expend from the contingent fund of the Senate such amount as may be necessary to enable the Secretary to obtain from the General Services Administration the services of a professional archivist. Such services shall be obtained on a reimbursable basis and shall not be obtained except with the consent of the General Services Administration and the Committee on Rules and Administration.

SEC. 126. There is appropriated $69,800,000 for section 611 of the Education of the Handicapped Act which is in addition to amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for such section 611.

SEC. 127. For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, as amended, and the International Health Research Act of 1960, $991,845,000, of which $892,865,538 shall be for allotments under section 100(b)(1), $6,134,462 shall be for activities under section 110(b)(3), $650,000 shall be made available to the Navajo Tribal Council for activities under section 130, and $18,000,000 shall be for activities under section 711 of the Rehabilitation Act of 1973.

SEC. 128. The Attorney General shall exercise his best efforts to ensure that none of the funds appropriated by this joint resolution may be obligated or expended after March 1, 1982, for the detention of any entrant, any applicant for political asylum or for refugee status, or any other alien which would cause the total number of aliens to exceed five hundred and twenty-five at the facility known as Krome North, located in the State of Florida, or to exceed five hundred and twenty-five at any other facility in the State of Florida for the detention of aliens awaiting exclusion, deportation, or resettlement which is not used for such purpose on the date of enactment of this joint resolution.

SEC. 129. There is appropriated an additional $45,000,000 for the payment of windfall benefits, as provided under section 15(d) of the Railroad Retirement Act of 1974, which, together with the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, for the payment of such benefits, shall be the maximum amount available for payments through September 30, 1982.

SEC. 130. Notwithstanding any other provision of this joint resolution, each State shall establish such fiscal control procedures as are necessary to assure that the funds made available under this resolution for the low-income energy assistance program are used for payments in accordance with section 2605(b) (1) and (2) of the Omnibus Budget Reconciliation Act of 1981 and that each eligible household receiving such payments does not use the payments for any other purpose than the purpose described in section 2602(a).

SEC. 131. Notwithstanding any other provision of this joint resolution, the provisions of section 210 of the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982 (H.R. 4560), as passed by the House of Representatives on October 6, 1981, and the provisions of section 209 of such Act as reported by the Senate Committee on Appropriations on November 9, 1981, shall be applicable with respect to sums appropriated pursuant to this joint resolution.

SEC. 132. Notwithstanding any other provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 with respect to any independent construction contractor who is engaged by an operator for the construction, repair or alteration of structures, facilities, utilities or private ways or roads located on (or appurtenant to) the surface areas of any coal or other mine, and whose employees work in a specifically demarcated area, separate from actual mining or extraction activities: *Provided*, That no funds shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 on any State or political subdivision thereof.

SEC. 133. There is appropriated the sum of $362,000,000 for the Maternal and Child Health Care Block Grant Act.

SEC. 133a. Notwithstanding section 102 of this joint resolution, section 139(b)(3) of Public Law 97-51 is amended by striking out "1981" and inserting in lieu thereof "1980".

SEC. 134. There are appropriated to the Department of Health and Human Services $61,180,000 for activities under the Developmental Disabilities Assistance and Bill of Rights Act of 1981.

SEC. 135. There is appropriated $10,000,000 for part B of title IV of the Comprehensive Employment and Training Act relating to the Job Corps which is in addition to the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for the Job Corps.

SEC. 136. Notwithstanding any other provision of this joint resolution, subject only to the absence of qualified applicants, and within the limits of funds and authority available, the head of each department and agency for which authority to enter into commitments to guarantee or insure is provided for in this joint resolution or H.R. 4034 shall enter into commitments to guarantee or insure in the full amounts provided for in this joint resolution or other applicable law.

SEC. 137. Notwithstanding any other provision of law or of this joint resolution, of the fiscal year 1982 Highway Trust Funds available for emergency relief, $17,000,000 shall be made available for damaged highways or for the prevention of damage to highways in the area affected by eruptions of the Mount Saint Helens volcano.

SEC. 138. Notwithstanding any other provision of title 23, United States Code, or of this joint resolution, the Secretary of Transportation shall approve, upon the request of the State of Indiana, the construction of an interchange to appropriate standards at I-94 and County Line Road at the Porter-La Porte County Line near Michigan City, Indiana, with the Federal share of such construction to be financed out of funds apportioned to the State of Indiana under section 104(b)(5)(A) of title 23, United States Code.

SEC. 139. Notwithstanding any other provision of law, or of this joint resolution, any proposal for deferral of budget authority under section 1013 of the Impoundment Control Act of 1974 (31 U.S.C. 1403) with respect to budget authority for expenses related to the Northeast Corridor Improvement Project authorized under title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) shall, upon transmittal to the Congress, be referred to the House and Senate Committees on Appropriations and any amount of budget authority proposed to be deferred therein shall be made available for obligation unless, within a 45-day period which begins on the date of transmittal and which is equivalent to that described in section 1011 (3) and (5) of the Impoundment Control Act of 1974 (31 U.S.C. 1401 (3) and (5)), the Congress has completed action on a bill approving all or part of the proposed deferral.

SEC. 140. Notwithstanding any other provision of law or of this joint resolution, none of the funds appropriated by this joint resolution or by any other Act shall be obligated or expended to increase, after the date of enactment of this joint resolution, any salary of any Federal judge or Justice of the Supreme Court, except as may be specifically authorized by Act of Congress hereafter enacted: *Provided*, That nothing in this limitation shall be construed to reduce any salary which may be in effect at the time of enactment of this joint resolution nor shall this limitation be construed in any manner to reduce the salary of any Federal judge or of any Justice of the Supreme Court.

SEC. 141. (a) Notwithstanding the provisions of section 305 of H.R. 4120 made applicable by section 101(g) of this joint resolution, but subject to subsection (b) of this section, nothing in section 101(g) shall (or shall be construed to) require that the rate of salary or basic pay, payable to any individual for or on account of services performed after December 31, 1981, be limited to or reduced to an amount which is less than—

(1) $59,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level III of the Executive Schedule under section 5314 of title 5, United States Code;

(2) $58,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code; or

(3) $57,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b)(1) For purposes of subsection (a), any rate of salary or pay shall be considered to correspond to the basic pay for a level of the Executive Schedule if the rate of salary or pay for that office or position is (i) fixed at a rate which is equal to or greater than the rate of basic pay for that level of the Executive Schedule or (ii) limited to a maximum rate which is equal to or greater than the rate of basic pay for such level (or to a percentage of such a maximum rate) by reason of section 5308 of title 5, United States Code, or any other provision of law (other than the provisions of such section 305, as made applicable by section 101(g) of this joint resolution) or congressional resolution.

(2) In applying subsection (a) for any office or position for which the rate of salary or basic pay is limited to a percentage of such a maximum rate, there shall be substituted, in lieu of the amount specified in subsection (a) for that office or position, an amount equal to such percentage of the specified amount.

(c) Any adjustment pursuant to this section made to the pay of any employee or class of employees whose pay is disbursed by the Clerk of the House should be of such amount as to assure, to the maximum extent practicable, that such employees are not paid at rates at less than employees or classes of employees whose pay is disbursed by the Secretary of the Senate and who hold equivalent positions.

SEC. 142. (a) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the following appropriation Acts:

the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982;

the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1982;

the Department of the Interior and Related Agencies Appropriation Act, 1982;

the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

the Treasury, Postal Service, and General Government Appropriation Act, 1982;

shall be reduced by 4 per centum.

(b) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the Military Construction Appropriation Act, 1982, shall be reduced by 2 per centum.

(c) The reductions made by subsections (a) and (b) of this section shall be applied proportionally to each appropriation account.

(d) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the Department of Defense Appropriation Act, 1982, shall be reduced by 2 per centum. The reduction in this subsection shall be taken only from appropriation accounts in titles IV and V of that Act, and shall be applied proportionally to those accounts. After the conclusion of the first session of the Ninety-seventh Congress, the level of budget authority for the Department of Defense shall be the level of the conference agreement on the Department of Defense Appropriation Act, 1982, and this section shall not apply to that level. If such agreement has not been

reached by the conclusion of the first session of the Ninety-seventh Congress, the level shall be as set forth in section 101(a) of this joint resolution, and this section shall not apply to that level.

(e) The reduction made by this section shall be applied so that the budget authority provided in this joint resolution within any appropriation account for any program or project shall not be reduced by more than 6 per centum.

(f) The reduction made by this section shall be applied so that no program or project shall be terminated.

(g) The reduction made by this section shall not apply to budget authority made available by this joint resolution for:

the Food Stamp program;

the Veterans' Administration medical care account;

any account, program or project involving spending authority defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344);

the Payment to State and Local Government Fiscal Assistance Trust Fund (31 U.S.C. 1221-1263);

accounts of the Veterans' Administration where budget authority otherwise provided by this joint resolution would be at or below the revised budget estimates;

the Internal Revenue Service, the Federal Bureau of Investigation, and the Drug Enforcement Administration in the Department of Justice, the law enforcement activities of the Customs Service and the Secret Service in the Department of the Treasury, and the law enforcement activities of the Coast Guard.

(h) This section shall not apply to any appropriation account, program or project for which budget authority is provided by a 1982 appropriation Act enacted into law subsequent to the enactment of this joint resolution.

SEC. 143. Notwithstanding section 102 of this joint resolution, appropriations and funds made available and authority granted pursuant to this joint resolution for appropriation accounts, programs, and projects for which provision would be made in the Department of Defense Appropriation Act, 1982, shall be available from December 15, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) February 15, 1982, whichever first occurs.

Mr. CONTE (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the motion to recommit be dispensed with and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. FORD of Michigan. Mr. Speaker, I reserve the right to object.

Mr. CONTE. Mr. Speaker, I give the gentleman from Michigan my word that this does not contain the pay raise for the air controllers. It has nothing to do with the air controllers.

Mr. FORD of Michigan. I thank the gentleman, and I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. WRIGHT. Mr. Speaker, I reserve the right to object. I, too, would like to know which version this is. Is this the prenegotiated version or the postnegotiated version?

Mr. CONTE. This is the version without the pay raise for the air traffic controllers, a provision determined to be nongermane to this appropriations resolution.

Mr. WRIGHT. Is this the one that has been worked out with the so-called boll-weevil group?

Mr. CONTE. Well, I think this is a consensus resolution. I would appreciate the vote of the gentleman from Texas. I am sure that way down deep in his heart he would like to see this go through.

Mr. WRIGHT. I just want to be sure, because Members, before they vote on this, I think are entitled to know what it contains.

Mr. CONTE. I have explained everything on the floor of the House.

Mr. WRIGHT. Reserving the right to object, has the President signed off on this? Will he sign this agreement as newly negotiated?

Mr. CONTE. Well, knowing the gentleman in the well as I do, and the kind, understanding person that he is, I am sure that he will sign it.

Mr. WRIGHT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

Mr. EDGAR. Mr. Speaker, reserving the right to object, the motion that the gentleman is introducing at this point is his second motion, and it is very difficult for the gentleman from Pennsylvania to know the details of what is in this legislation. As I understand the process, the gentleman will only have 5 minutes to tell us what is in this negotiated substitute which he is now offering, minus the air traffic controllers' salary increase.

I wonder if the gentleman, in asking unanimous consent not to have the whole substitute read, intends to request unanimous consent for perhaps 5 or 10 additional minutes so that he can be clear in telling us what is in this particular substitute, given all the changes that have been made in the last 24 hours.

Mr. CONTE. I can assure the gentleman if I may, Mr. Speaker——

The SPEAKER. The gentlemen on both sides, Mr. WHITTEN on the Democratic side and Mr. CONTE, if there is no objection to dispensing with the reading, will have 5 minutes apiece to debate the motion.

Mr. EDGAR. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER. The gentleman from Massachusetts (Mr. CONTE) is recognized for 5 minutes.

Mr. CONTE. I will be very brief, Mr. Speaker, because, in answer to the gentleman from Pennsylvania, there is not much more that I can say. I said everything that is in the motion. If the gentleman has the committee print, the only changes that are made from the committee print are that we add language not permitting the closure of State employment offices. We changed foreign aid, we reduce the $400 million that was in there for foreign aid in the committee print. We changed the expiration date from the full year, September 30, to March 31, which the gentleman from Pennsylvania wanted so badly.

We make some technical corrections, and we exempt from the 4-percent cut any VA accounts which are at or below the revised budget estimates and bring it to the same as the Whitten motion.

Mr. Speaker, this continuing resolution that I offer as a substitute is $1.7 billion in budget authority below the Whitten resolution, and $2.7 billion below the vetoed continuing resolution. It is a responsible compromise. As I said, we spent 7 days here, 7 days to get some of these social net programs back into the continuing resolution at a higher figure before the 4 percent cut. I think we won a good compromise here. I think we have a good, responsible C.R. here. I know that we have had a long and arduous session here in the Congress, and nerves are frayed at this point. Everyone wants to get home to their constituents, to their loved ones back in their districts, and their families to spend Christmas.

Mr. Speaker, I can guarantee that if this continuing resolution substitute, which saves $1 billion $700 million in budget authority, is not accepted, it will go to the Senate and from there it will go to conference.

□ 1445

The gentleman from Mississippi is an artist at this; he loves it. He is wide awake at 2 and 3 o'clock in the morning. The Senators love to pontificate, and they go until 2 or 3 o'clock in the morning, and we will be here on the 15th, 16th, 17th, and 18th. Cancel your airplane flights. To the gentleman from Texas who is hollering, let us stay, maybe you do not have any reason to go home, I say to the gentleman from Texas, but I do; I have my grandchildren, and I want to go home and see them.

So let us vote for this continuing resolution. It will be signed by the President, it will be passed by the Senate, and there will be no conference and we will look darned good to the American public.

Mr. Speaker, I say to the Members, let us pass this responsible continuing resolution.

The SPEAKER. The Chair recognizes the gentleman from Mississippi (Mr. WHITTEN).

Mr. WHITTEN. Mr. Speaker, it is quite interesting to see my friend, the gentleman from Massachusetts, with whom I have worked so closely on other occasions, describe the pontification and the ability and the likelihood of the Senate's doing a lot of talking. It is quite surprising and unusual in him to notice that in someone else.

May I say, Mr. Speaker, that we all can see what is happening here. As I recalled to the Members earlier in the debate on the question of whether we would have the date of February 3 or December 15, in the current resolution, we could see then that our Republican friends would insist that we take the Presidents orders and wrap it up by Christmas and say, "Despite our position as Members of Congress and our obligation to the people, we will just have to take the President's bill so we can go home for Christmas."

Not only that, but as the gentleman on the other side knows, the House was delayed five times today while they wrote the substitute bill that we are to vote on. This was discussed yesterday. The gentleman's bill, the substitute, was printed over night. It was delivered this morning, and then rewritten a few minutes ago.

What I say to my colleagues is that this goes a little further than who wins the immediate vote. I repeat again—and I want the Members to think about it—that we are going to be operating for the next 3 years under the threat of "If you want to go home, if you want the Senate to agree, if you want the President to sign the bill, you have got to do what he says." Maybe not in those words, but that is what it amounts to.

I say that we all took an oath to look after the people's interests. It was never intended that the legislative body be made subject to the dictates of the President, and certainly not when he is getting the poor advice that in my opinion he is receiving. Certainly we do not want to accept this and should not accept the Conte proposal when the Republican leadership in the Senate and the House were thoroughly satisfied when we leaned over to agree with the White House.

I say again that we have Members on this side who know that the economic situation in the country back home is so terrible that they want the President to take the responsibility that is going to be his. I do not happen to be one of those for the reason that when the current recession becomes a depression, it will be too terrible to wish on the American people.

I was a member of the Mississippi Legislature, Mr. Speaker, when I was 21 years old. You could not buy a sack of flour on credit in the State of Mississippi nor for that matter in many other States. I am proud to have driven a truck doing construction work all during the summer, sold high school graduation rings and invitations the first month of school in order to go to college on a shoestring.

It did not hurt me, and it will not hurt the next fellow. But if you go back, even with that there was only 1 out of 10 who went to college as compared to those today.

I say to the Members—and I hate to bring this up—that we should read the history of what preceded the last depression. The President of the United States, Mr. Hoover, and the President under the Democrats, Mr. Roosevelt in his first year, tried the present approach that we are taking, cutting out essential governmental activities. There is no way to meet our problems by cutting back, and certainly there is no way to cut back further the programs that mean so much to the economy and equally to the health and well-being of the people of the United States—after we have twice made substantial cuts, which under the substitute will give more to foreign aid and more money for "increased military spending", when they have more than $30 billion unobligated and more than $125 billion unexpended.

I was talking to the former head of one of the armed services today. He said, "You know, we could not get tents because they kept trying to find a tent that will keep us warm in Alaska and cool on the Equator." We do not have ammunition; we do not have spare parts—but not because of lack of money.

We cut the health programs that means so much to people in all sections of our Nation, and I say again to my Democratic friends that we are going to operate for the next 3 years this way if we let the threat of veto affect us on the pending continuing resolution.

This substitute is going to end just before Easter. Then they will say, follow the President and his adviser if you want to go home Easter.

It is time to stand up. I am asking the Members to stand up. The only thing that will bring a change is for this depression to get to the point where it is like it was when I was in the Mississippi Legislature, and a member of the ways and means committee, the tax committee. We had to pass a sales tax.

Incidentally, the people marched on the Governor. I had voted for that bill and it passed by two-thirds of a vote. Somebody asked me, "What did you do when they marched on the Governor?" I replied, "I stood around like I was part of the crowd."

But the point of all this is that we find plenty of economists who can tell us what brought about that depression. But it lasted 10 years, and we cannot find one who can tell us why it lasted for 10 years.

I say to my friends that we are on the road. Unemployment is becoming rampant with fewer contracts for construction. Here we are turning the whole operation over to the President to continue as he has to listen to the Director of the Bureau of the Budget, with whom nobody I know agrees. I read in yesterday's paper that Mr. Laffer, who started this Supply Side economics theory, said, "I can't go with the fellow Stockman."

Mr. Speaker, I ask the Members to vote with the committee and against this substitute. Let us meet our responsibility to retain the power of the legislative branch of government, the people's branch and not become subservient to the executive branch, whoever is President.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and the Speaker announced that the noes appeared to have it.

RECORDED VOTE

Mr. CONTE. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 222, noes 194, not voting 17, as follows:

[Roll No. 348]

AYES—222

Andrews	Daub	Heckler
Archer	Davis	Hefner
Ashbrook	Deckard	Hendon
Atkinson	DeNardis	Hightower
Badham	Derwinski	Hiler
Bafalis	Dickinson	Hillis
Bailey (MO)	Dornan	Holland
Barnard	Dreier	Holt
Bedell	Duncan	Hopkins
Benedict	Dunn	Horton
Bennett	Edwards (AL)	Huckaby
Bereuter	Edwards (OK)	Hunter
Bethune	Emerson	Hutto
Bliley	Emery	Hyde
Breaux	English	Ireland
Broomfield	Erdahl	Jeffords
Brown (CO)	Erlenborn	Jeffries
Brown (OH)	Evans (DE)	Jenkins
Broyhill	Evans (IA)	Johnston
Burgener	Fenwick	Kemp
Butler	Fiedler	Kindness
Campbell	Fields	Kramer
Carman	Findley	Lagomarsino
Carney	Fish	Latta
Chappell	Forsythe	Leach
Chappie	Fountain	Leath
Cheney	Frenzel	LeBoutillier
Clausen	Fuqua	Lee
Clinger	Gilman	Lent
Coats	Gingrich	Lewis
Coleman	Goodling	Livingston
Collins (TX)	Gradison	Loeffler
Conable	Gramm	Lott
Conte	Gregg	Lowery (CA)
Corcoran	Grisham	Lujan
Coughlin	Gunderson	Lungren
Courter	Hagedorn	Madigan
Coyne, James	Hall, Ralph	Marks
Craig	Hammerschmidt	Marlenee
Crane, Daniel	Hance	Marriott
Crane, Philip	Hansen (ID)	Martin (IL)
Daniel, R. W.	Hansen (UT)	Martin (NC)
Dannemeyer	Hartnett	Martin (NY)

McClory	Pursell	Snyder
McCollum	Quillen	Solomon
McCurdy	Railsback	Spence
McDade	Regula	Stangeland
McDonald	Rhodes	Stanton
McEwen	Rinaldo	Staton
McGrath	Ritter	Stenholm
McKinney	Roberts (KS)	Stump
Michel	Roberts (SD)	Tauke
Miller (OH)	Robinson	Tauzin
Mitchell (NY)	Roemer	Taylor
Molinari	Rogers	Thomas
Montgomery	Roth	Trible
Moore	Roukema	Vander Jagt
Moorhead	Rousselot	Walgren
Morrison	Rudd	Walker
Mottl	Sawyer	Wampler
Myers	Schneider	Watkins
Napier	Schulze	Weber (MN)
Nelligan	Sensenbrenner	Weber (OH)
Nelson	Shaw	White
Nichols	Shelby	Whitehurst
O'Brien	Shumway	Whitley
Oxley	Shuster	Whittaker
Parris	Siljander	Williams (OH)
Pashayan	Skeen	Winn
Paul	Smith (AL)	Wolf
Petri	Smith (NE)	Wortley
Pickle	Smith (NJ)	Wylie
Porter	Smith (OR)	Young (AK)
Pritchard	Snowe	Young (FL)

NOES—194

Addabbo	Ford (MI)	Obey
Akaka	Ford (TN)	Ottinger
Albosta	Fowler	Panetta
Alexander	Frank	Patman
Anderson	Frost	Patterson
Annunzio	Gaydos	Pease
Anthony	Gejdenson	Pepper
Applegate	Gephardt	Perkins
Aspin	Gibbons	Peyser
Bailey (PA)	Ginn	Price
Barnes	Glickman	Rahall
Beilenson	Gonzalez	Rangel
Benjamin	Gore	Ratchford
Bevill	Gray	Reuss
Biaggi	Green	Richmond
Bingham	Guarini	Rodino
Blanchard	Hall, Sam	Roe
Boggs	Hamilton	Rose
Boland	Harkin	Rosenthal
Bolling	Hatcher	Rostenkowski
Bonior	Hawkins	Roybal
Bonker	Heftel	Russo
Bouquard	Hertel	Sabo
Bowen	Hollenbeck	Santini
Brinkley	Hoyer	Savage
Brodhead	Hubbard	Scheuer
Brown (CA)	Hughes	Schroeder
Burton, John	Jacobs	Schumer
Burton, Phillip	Jones (NC)	Seiberling
Byron	Jones (OK)	Shamansky
Chisholm	Jones (TN)	Shannon
Clay	Kastenmeier	Sharp
Coelho	Kazen	Simon
Collins (IL)	Kildee	Skelton
Conyers	Kogovsek	Smith (IA)
Coyne, William	LaFalce	Smith (PA)
D'Amours	Lantos	Solarz
Daschle	Lehman	St Germain
de la Garza	Leland	Stark
Dellums	Levitas	Stokes
Derrick	Long (LA)	Stratton
Dicks	Long (MD)	Studds
Dingell	Lowry (WA)	Swift
Dixon	Luken	Synar
Donnelly	Lundine	Traxler
Dorgan	Markey	Udall
Dougherty	Matsui	Vento
Dowdy	Mattox	Volkmer
Downey	Mavroules	Washington
Dwyer	Mazzoli	Waxman
Dyson	McHugh	Weaver
Early	Mica	Weiss
Eckart	Mikulski	Whitten
Edgar	Miller (CA)	Williams (MT)
Edwards (CA)	Mineta	Wilson
Ertel	Minish	Wirth
Evans (IN)	Mitchell (MD)	Wolpe
Fary	Moffett	Wright
Fascell	Mollohan	Wyden
Fazio	Murphy	Yates
Ferraro	Murtha	Yatron
Flippo	Natcher	Young (MO)
Florio	Neal	Zablocki
Foglietta	Nowak	Zeferetti
Foley	Oberstar	

NOT VOTING—17

AuCoin	Danielson	Hall (OH)
Beard	Dymally	Howard
Boner	Evans (GA)	McCloskey
Brooks	Fithian	Moakley
Crockett	Garcia	Oakar
Daniel, Dan	Goldwater	

□ 1500

The Clerk announced the following pairs:

On this vote:

Mr. Dan Daniel for, with Mr. AuCoin against.

Mr. McCloskey for, with Mr. Moakley against.

Mr. Goldwater for, with Ms. Oakar against.

Mr. Beard for, with Mr. Danielson against.

Messrs. BROYHILL, HOLLAND, NELSON, and ANDREWS changed their votes from "no" to "aye."

So the motion to recommit was agreed to.

The result of the vote was announced as above recorded.

Mr. WHITTEN. Mr. Speaker, pursuant to the action just taken by the House, I report House Joint Resolution 370 back to the House with an amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment: Strike out all after the resolving clause, and insert in lieu thereof:

SEC. 101. (a)(1) Such amounts as may be necessary for projects or activities (not otherwise specifically provided for in this joint resolution) for which appropriations, funds, or other authority would be available in the following appropriations Acts:

Department of Defense Appropriation Act, 1982;

Military Construction Appropriation Act, 1982;

Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

Treasury, Postal Service and General Government Appropriation Act, 1982.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed the House as of December 15, 1981, is different from that which would be available or granted under such Act as passed by the Senate as of December 15, 1981, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority: *Provided*, That where an item is included in only one version of an Act as passed by both Houses as of December 15, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981: *Provided further*, That for the purposes of this joint resolution, when an Act listed in this subsection has been reported to a House but not passed by that House as of December 15, 1981, it shall be deemed as having been passed by that House: *Provided further*, That, in addition to the sums otherwise made available by this paragraph the following additional sums are hereby appropriated: for low income home energy assistance program, $175,000,000; for the foster care program authorized by title IV of the Social Security Act, $75,000,000: *Provided further*, That the provisions contained in the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act for fiscal year 1982 (H.R. 4560), as reported by the Senate Committee on Appropriations on November 9, 1981, related to a limitation on entitlement to payments under parts A and E of title IV of the Social Security Act and transfer of funds under parts B and E of such title (contained in H.R. 4560 as so reported beginning with "provided" on page 39, line 17, and ending on page 40, line 8) shall not be applicable with respect to any sums appropriated pursuant to this joint resolution; for the family medicine residency training programs authorized by section 786 of the Public Health Service Act, $10,000,000; for the Community Services Block Grant, $62,552,000; and for the State Block Grant authorized by chapter 2 of the Education Consolidation and Improvement Act of 1981, $140,000,000; and for the Office of Smoking and Health, as authorized by section 301 of the Public Health Service Act, $1,500,000: *Provided further*, That the college housing loan program shall operate under the terms and conditions as contained in H.R. 4560 as passed the House October 6, 1981, except that the gross commitments for the principal amount of direct loans shall not exceed $75,000,000: *Provided further*, That notwithstanding the rate otherwise established by this subsection, and notwithstanding section 143 of this joint resolution, for the Department of Labor Grants to States for Unemployment Insurance and Employment Services account, $19,272,000 in new budget authority is appropriated, and no more than $1,913,384,000 may be expended from the Employment Security Administration account in the Unemployment Trust Fund: *Provided further*, That no funds provided by this joint resolution shall be used for administrative or other expenses in connection with the closure of any State unemployment office, except in such cases as may be determined by the respective State agency to render its services more efficient. *Provided further*, That notwithstanding the rate otherwise established by this subsection, for carrying out, except as otherwise provided, titles XI, XVIII, and XIX of the Social Security Act, and sections 1526 and 1533(d) of the Public Health Service Act, $78,535,000, with not to exceed $872,000,000, to be transferred to this appropriation as authorized by section 201(g)(1) of the Social Security Act, from the Federal Hospital Insurance and the Federal Supplementary Medical Insurance Trust Funds referred to therein, but not subject to the reduction contained in section 143 of this joint resolution; none of these funds shall be used to pay the expenses of Statewide Professional Standards Review Councils; $20,000,000 of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes (31 U.S.C. 665), only to the extent necessary and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of title XVIII, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved:

Provided further, That notwithstanding the rate otherwise established by this subsection, for necessary expenses for the Social Security Administration, not more than $3,017,000,000 may be expended as authorized by section 201(g)(1), of the Social Security Act, from any one or all of the trust funds referred to therein, but not subject to the reduction contained in section 143 of this joint resolution; $70,000,000 of the foregoing amount shall be apportioned for use pursuant to section 3679 of the Revised Statutes (31 U.S.C. 665), only to the extent necessary for additional automatic data processing expenses, to process other workloads not anticipated in the budget estimates, and to meet mandatory increases in costs of agencies or organizations with which agreements have been made to participate in the administration of titles XVI and XVIII and section 221 of the Social Security Act, and after maximum absorption of such costs within the remainder of the existing limitation has been achieved: *Provided further*, That funds which would be available under H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, for the Government payment of annuitants and employees health benefits, shall be available under the authority and conditions set forth in H.R. 4121 as reported to the Senate on September 22, 1981: *Provided further*, That for the purposes of this joint resolution, the Senate reported level of H.R. 4121, entitled the Treasury, Postal Service, and General Government Appropriation Act, 1982, shall be the level reported by the Senate on September 22, 1981 (S. Rept. No. 97-192), as modified on November 17, 1981.

(4) Whenever an Act listed in this subsection has been passed by only one House as of December 15, 1981, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate for operations of the current rate or the rate permitted by the action of the one House, whichever is lower, and under the authority and conditions provided in applicable appropriation Acts for the fiscal year 1981.

(5) No provision which is included in an appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act of 1981, and which by its terms is applicable to more than one appropriation, fund, or authority shall be applicable to any appropriation, fund, or authority provided in the joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and the Senate.

(6) In addition to any sums otherwise appropriated there is appropriated an additional sum of $25,000,000 which shall be made available for training, job search allowances, and relocation allowances, under sections 236, 237, and 238 of the Trade Act of 1974.

(b) Such amounts as may be necessary for continuing programs and activities, not otherwise provided for, which were conducted in the fiscal year 1981, for which provision was made in and under the terms and conditions of section 101(b) of Public Law 96-536 regarding foreign assistance and related programs, notwithstanding section 10 of Public Law 91-672, and section 15(a) of the State Department Basic Authorities Act of 1956, at a rate for operations not in excess of the current rate provided in fiscal year 1981 or the rate provided for in the budget estimate, whichever is lower, and under the more restrictive authority: *Provided*, That the limitation on gross obligations for the principal amount of direct loans by the Export-Import Bank shall be increased by $100,000,000, and the limitation on total commitments to guarantee loans by the Export-Import Bank shall be increased by $2,220,000,000 of contingent liability for loan principal: *Provided further*, That this section shall be deemed to allow the continuation of the activities of the Department of State for contributions to the United Nations Relief and Works Agency for Palestinian Refugees at a rate of operations not in excess of the current rate.

(c) Such amounts as may be necessary for projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-331) filed in the House of Representatives on November 13, 1981, as if such Act had been enacted into law, except that appropriations made available for the projects or activities provided for in the Department of Transportation and Related Agencies Appropriation Act, 1982, in this joint resolution are hereby reduced in the following amounts:

DEPARTMENT OF TRANSPORTATION

Office of the Secretary, salaries and expenses and transportation planning, research, and development, $4,500,000;

Coast Guard, operating expenses, $48,400,000, of which $5,000,000 shall be deducted from the amounts made available for recreational boating safety; acquisition, construction, and improvements, $16,000,000; alteration of bridges, $4,000,000; research, development, test, and evaluation, $4,000,000; offshore oil pollution compensation fund, $3,000,000; and deepwater port liability fund, $3,000,000;

Federal Aviation Administration, operations, $125,000,000; facilities, engineering and development, $9,000,000; facilities and equipment (Airport and Airway Trust Fund), $24,000,000; research, engineering and development (Airport and Airway Trust Fund), $16,000,000; and construction, Metropolitan Washington Airports, $5,000,000;

Federal Highway Administration, highway safety research and development, $2,000,000; highway beautification, $1,500,000; territorial highways, $1,000,000; and interstate transfer grants-highways, $37,000,000;

National Highway Traffic Safety Administration, operations and research, $7,000,000;

Federal Railroad Administration, office of the administrator, $500,000; railroad safety, $2,500,000; railroad research and development, $9,000,000; rail service assistance, $4,000,000, of which at least $2,000,000 shall be deducted from amounts made available for the Minority Business Resource Center; Northeast corridor improvement program, $6,000,000; and redeemable preference shares, $7,000,000;

Urban Mass Transportation Administration, administrative expenses, $3,000,000; research, development, and demonstrations and university research and training, $10,000,000; urban discretionary grants, $29,500,000; non-urban formula grants, $4,000,000; urban formula grants, $64,750,000; and interstate transfer grants-transit, $22,000,000;

Research and Special Programs Administration, research and special programs, $9,000,000, of which $2,500,000 shall be deducted from the amounts made available for research and development and $750,000 shall be deducted from amounts made available for grants-in-aid as authorized by section 5 of the Natural Gas Pipeline Safety Act of 1968;

RELATED AGENCIES

Architectural and Transportation Barriers Compliance Board, salaries and expenses, $100,000;

National Transportation Safety Board, salaries and expenses, $2,000,000;

Civil Aeronautics Board, salaries and expenses, $1,500,000;

Interstate Commerce Commission, salaries and expenses, $4,000,000;

Department of the Treasury, Office of the Secretary, investment in fund anticipation notes, ($7,000,000); and

United States Railway Association, administrative expenses, $4,000,000.

(d) Such amounts as may be necessary for projects or activities provided for in the Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1982 (H.R. 4034), at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-222) filed in the House of Representatives on September 11, 1981, as if such Act had been enacted into law, with the following new title:

"TITLE V

"SEC. 501. Notwithstanding any other provision of this Act—

"(1) The amount of the increase in contract authority under the heading 'HOUSING PROGRAMS, ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING', shall be $897,177,848, and the amount of the increase in budget authority under such heading shall be $17,373,528,040.

"(2) The amount appropriated under the heading 'HOUSING PROGRAMS, HOUSING COUNSELING ASSISTANCE', shall be $3,520,000.

"(3) The amount appropriated under the heading 'SOLAR ENERGY AND ENERGY CONSERVATION BANK, ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS', shall be $23,000,000.

"(4) The amount appropriated under the heading 'COMMUNITY PLANNING AND DEVELOPMENT, COMMUNITY DEVELOPMENT GRANTS', shall be $3,600,000,000.

"(5) The amount appropriated under the heading 'COMMUNITY PLANNING AND DEVELOPMENT, URBAN DEVELOPMENT ACTION GRANTS', shall be $458,000,000.

"(6) The amount appropriated under the heading 'POLICY DEVELOPMENT AND RESEARCH, RESEARCH AND TECHNOLOGY', shall be $20,000,000.

"(7) The amount appropriated under the heading 'FAIR HOUSING AND EQUAL OPPORTUNITY, FAIR HOUSING ASSISTANCE', shall be $5,016,000.

"(8) The amount appropriated under the heading 'MANAGEMENT AND ADMINISTRATION, WORKING CAPITAL FUND', shall be $528,000.

"(9) The amount appropriated under the heading 'DEPARTMENT OF DEFENSE—CIVIL, CEMETERIAL EXPENSES, ARMY, SALARIES AND EXPENSES', shall be $4,476,000.

"(10) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, SALARIES AND EXPENSES', shall be $562,837,000.

"(11) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, RESEARCH AND DEVELOPMENT', shall be $167,759,000.

"(12) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, ABATEMENT, CONTROL AND COMPLIANCE', shall be $395,000,000.

"(13) The amount appropriated under the heading 'ENVIRONMENTAL PROTECTION AGENCY, BUILDINGS AND FACILITIES', shall be $3,621,000.

"(14) The amount appropriated under the heading 'EXECUTIVE OFFICE OF THE PRESIDENT, COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY', shall be $919,000.

"(15) The amount appropriated under the heading 'EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF SCIENCE AND TECHNOLOGY POLICY', shall be $1,578,000.

"(16) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, FUNDS APPROPRIATED TO THE PRESIDENT, DISASTER RELIEF', shall be $301,694,000.

"(17) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, SALARIES AND EXPENSES', shall be $93,879,000.

"(18) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, STATE AND LOCAL ASSISTANCE', shall be $121,829,000.

"(19) The amount appropriated under the heading 'FEDERAL EMERGENCY MANAGEMENT AGENCY, EMERGENCY PLANNING AND ASSISTANCE', shall be $67,906,000.

"(20) There are appropriated, out of any money in the Treasury not otherwise appropriated, for the repayment of notes dated April 17, 1979, and September 28, 1979, issued by the Director of the Federal Emergency Management Agency to the Secretary of the Treasury pursuant to section 15(e) of the Federal Flood Insurance Act of 1956 (42 U.S.C. 2414(e)), $328,240,000.

"(21) The amount appropriated under the heading 'DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF CONSUMER AFFAIRS', shall be $1,760,000.

"(22) The amount appropriated under the heading 'NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, RESEARCH AND DEVELOPMENT', for the Space Shuttle including space flight operations shall not exceed $3,104,900,000: *Provided*, That the limitations subject to the approval of the Committees on Appropriations contained under this heading shall not be affected by this subsection.

"(23) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, RESEARCH AND RELATED ACTIVITIES', shall be $1,010,000,000.

"(24) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, SCIENCE EDUCATION ACTIVITIES', shall be $22,000,000.

"(25) The amount appropriated under the heading 'NATIONAL SCIENCE FOUNDATION, SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)', shall be $3,080,000.

"(26) The amount appropriated under the heading 'SELECTIVE SERVICE SYSTEM, SALARIES AND EXPENSES', shall be $18,633,000.

"(27) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, OFFICE OF REVENUE SHARING, SALARIES AND EXPENSES', shall be $6,148,000.

"(28) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, NEW YORK CITY LOAN GUARANTEE PROGRAM', shall be $822,000.

"(29) The amount appropriated under the heading 'VETERANS ADMINISTRATION, COMPENSATION AND PENSIONS', shall be $13,824,000,000.

"(30) The amount appropriated under the heading 'VETERANS ADMINISTRATION, READJUSTMENT BENEFITS', shall be $1,938,800,000.

"(31) The amount appropriated under the heading 'VETERANS ADMINISTRATION, MEDICAL AND PROSTHETIC RESEARCH', shall be $128,215,000.

"(32) The amount appropriated under the heading 'VETERANS ADMINISTRATION, MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES', shall be $57,700,000.

"(33) The amount appropriated under the heading 'VETERANS ADMINISTRATION, CONSTRUCTION, MAJOR PROJECTS', shall be $378,338,000.

"(34) The amount appropriated under the heading 'VETERANS ADMINISTRATION, CONSTRUCTION, MINOR PROJECTS', shall be $102,942,000, of which not to exceed $30,018,000 shall be available for the Office of Construction.

"(35) The amount appropriated under the heading 'VETERANS ADMINISTRATION, GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES', shall be $15,840,000.

"(36) The amount appropriated under the heading 'DEPARTMENT OF THE TREASURY, INVESTMENT IN NATIONAL CONSUMER COOPERATIVE BANK', shall be $43,000,000: *Provided*, That the final Government equity redemption date for the National Consumer Cooperative Bank shall occur on December 31, 1981.

"(37) During fiscal year 1982, gross obligations of not to exceed $75,960,000 are authorized for payments under section 230(a) of the National Housing Act, as amended, from the insurance fund chargeable for benefits on the mortgage covering the property to which the payments made relate, and payments in connection with such obligations are hereby approved.

"(38) The amount appropriated under the heading 'HOUSING PROGRAMS, PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS—FISCAL YEAR 1981', shall remain available until September 30, 1982: *Provided*, That any part of the foregoing amount which has not been obligated before the forty-fifth calendar day following the enactment of this joint resolution, shall be deemed obligated notwithstanding the provisions of 31 U.S.C. 200(a).

"(39) The Congress also disapproves the deferral under the heading 'VETERANS' ADMINISTRATION, (DISAPPROVAL OF DEFERRAL)', of the Washington, District of Columbia, and Long Beach, California, projects as contained in deferral notice D82-140.

"(40) Notwithstanding any other provision of this Act, including any other provision of this title, any agency may before December 31, 1981, transfer to salaries and expenses from other sources made available to it by this Act, such amounts as may be required if the aggregate amount available for salaries and expenses, after such transfer, does not exceed the amount contained for such purposes in this Act before the application of the changes contained in title V: *Provided*, That such transfers shall be subject to the approval of the Committees on Appropriations: *Provided further*, That in the Department of Housing and Urban Development not to exceed (1) $34,000,000 shall be available for data processing services, (2) 12 full-time permanent positions and 16 staff years shall be available for the Immediate Office of the Assistant Secretary for Administration, and (3) 26 full-time permanent positions and 27 staff years shall be available for the Office of the Assistant Secretary for Legislation and Congressional Relations: *Provided further*, That in the National Aeronautics and Space Administration not to exceed (1) 150 full-time permanent positions shall be available for the Office of the Comptroller, and (2) 120 full-time permanent positions shall be available for the Office of External Relations: *Provided further*, That in the Veterans' Administration not to exceed (1) $1,500,000 shall be available for the Office of Planning and Program Evaluation, and (2) 649 staff years shall be available for the Supply Service.".

(e) Such amounts as may be necessary for projects or activities provided for in the Department of the Interior and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-315) as approved by the House of Representatives on November 12, 1981, as if such Act had been enacted into law.

(f) Such amounts as may be necessary for projects or activities provided for in the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982, at a rate for operations and to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference (H. Rept. No. 97-313) filed in the House of Representatives on November 4, 1981, as if such Act had been enacted into law.

(g) The provisions of section 305 (a), (b), and (d) of H.R. 4120, entitled the Legislative Branch Appropriation Act, 1982, shall apply to any appropriation, fund, or authority made available for the period October 1, 1981, through March 31, 1982, by this or any other Act.

(h) Notwithstanding section 15(a) of the State Department Basic Authorities Act of 1956 and section 701 of the United States Information and Educational Exchange Act of 1948, as amended, such amounts as may be necessary for projects or activities provided for in the Departments of Commerce, Justice, and State, the Judiciary and Related Agencies Appropriation Act, 1982, at the rate provided in H.R. 4169 as passed the House of Representatives on September 9, 1981, and under the authority and conditions provided in the applicable appropriation Act for fiscal year 1981, except that for the following items funding shall be at the rate specified herein:

TITLE I

DEPARTMENT OF COMMERCE

Bureau of the Census: "Salaries and Expenses", $57,200,000; "Periodic Censuses and Programs", $87,898,000;

Economic Development Administration, "Economic Development Assistance Programs", $198,500,000;

International Trade Administration, "Operations and Administration", $151,700,000: *Provided*, That during fiscal year 1982 and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $20,000,000. During fiscal year 1982, total commitments to guarantee loans shall not exceed $38,250,000 of contingent liability for loan principal;

United States Travel and Tourism Administration, "Salaries and Expenses", $7,600,000;

National Oceanic and Atmospheric Administration: "Operations, Research and Facilities", $830,455,000, of which $10,000,000 is to be derived by transfer from the fund entitled "Promote and develop fishery products and research pertaining to American

fisheries"; "Coastal Zone Management", $7,415,000; "Fisheries Loan Fund", $0; "Foreign Fishing Observer Fund", $4,000,000; "Fishermen's Guaranty Fund", $1,800,000;

Science and Technical Research: "Scientific and Technical Research and Services", $125,528,000, of which $2,042,000 shall be available for necessary expenses to enable the Department of Commerce to enter into an agreement with the Smithsonian Institution to close out the Smithsonian Science Information Exchange (SSIE), to transfer the assets of the SSIE to the Department of Commerce, and to pay the outstanding net liabilities of SSIE, including severance pay to SSIE employees;

National Telecommunications and Information Administration: "Salaries and Expenses", $16,483,000; "Public Telecommunications Facilities, Planning and Construction", $18,000,000;

Maritime Administration: "Operations and Training", $74,898,000;

RELATED AGENCIES

Federal Communications Commission, "Salaries and Expenses", $76,900,000;

Federal Maritime Commission, "Salaries and Expenses", $11,225,000;

Federal Trade Commission, "Salaries and Expenses", $68,774,000;

International Trade Commission, "Salaries and Expenses", $17,200,000;

Office of the United States Trade Representative, "Salaries and Expenses", $9,000,000: *Provided,* That not to exceed $60,000 shall be available for official reception and representation expenses;

Securities and Exchange Commission, "Salaries and Expenses", $82,906,000;

Small Business Administration, "Salaries and Expenses", $221,945,000: *Provided,* That $14,000,000 of said amount shall be available only for grants for Small Business Development Centers as authorized by section 20(a) of the Small Business Act, as amended. In addition, $19,200,000 for disaster loan making activities, including loan servicing, shall be transferred to this appropriation from the "Disaster Loan Fund"; "Business Loan and Investment Fund", $326,000,000; "Disaster Loan Fund", $0; "Lease Guarantees Revolving Fund", $3,000,000; "Surety Bond Guarantees Revolving Fund", $19,000,000;

United States Metric Board, "Salaries and Expenses", $2,000,000.

TITLE II

DEPARTMENT OF JUSTICE

General Administration, "Salaries and Expenses", $41,233,000, of which $500,000, to remain available until expended, is for the Federal justice research program;

United States Parole Commission, "Salaries and Expenses", $6,200,000;

Legal Activities, "Salaries and Expenses, General Legal Activities", $123,200,000;

"Salaries and Expenses, Antitrust Division", $44,000,000;

"Salaries and Expenses, United States Attorneys and Marshals", $291,950,000;

"Support of United States Prisoners", $24,100,000;

"Fees and Expenses of Witnesses", $27,921,000;

"Salaries and Expenses, Community Relations Service", $5,500,000;

Federal Bureau of Investigation, "Salaries and Expenses", $739,609,000;

Immigration and Naturalization Service, "Salaries and Expenses", $428,557,000;

Federal Prison System, "Salaries and Expenses", $353,000,000; "National Institute of Corrections", $11,186,000; "Buildings and Facilities", $13,731,000, including $1,920,000 for the planning, design, acquisition, and preparation of a site for a Federal Correctional Institution to be located in central Arizona and any necessary relocation or replacement of existing site structures or other improvements, as well as the grading and development of utility distribution systems; "Federal Prison Industries, Incorporated: (Limitation on Administrative and Vocational Training Expenses)", $5,066,000;

Office of Justice Assistance, Research, and Statistics, "Law Enforcement Assistance", $93,554,000: *Provided,* That $70,000,000 of said amount shall be available only for grants and administrative expenses authorized by title II of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended: *Provided further,* That $4,000,000 of said amount provided for the program "Treatment Alternatives to Street Crime" shall be allocated solely to implement part E of the Justice System Improvement Act of 1979;

RELATED AGENCIES

Equal Employment Opportunity Commission, "Salaries and Expenses", $139,889,000 of which not to exceed $18,500,000 is for payments to State and local enforcement agencies for services to the Commission pursuant to title VII of the Civil Rights Act, as amended, and sections 6 and 14 of the Age Discrimination in Employment Act.

TITLE III

DEPARTMENT OF STATE

Administration of Foreign Affairs; "Salaries and Expenses", $890,758,000; "Acquisition, Operation and Maintenance of Buildings Abroad (Special Foreign Currency Program)", $9,102,000; "Emergencies in the Diplomatic and Consular Service", $4,400,000; "Buying Power Maintenance", $1,500,000;

International Organizations and Conferences: "Contributions to International Organizations", $398,240,000, including funds for the payment of 1982 assessed contributions to the Pan American Health Organization, and to reimburse the Pan American Health Organization for payments under the tax equalization program for employees who are United States citizens; "International Conferences and Contingencies", $7,284,000;

International Commissions; "International Boundary and Water Commission, United States and Mexico, Salaries and Expenses", $7,927,000; "American Sections, International Commissions", $2,847,000; "International Fisheries Commissions", $8,237,000; and

"The Asia Foundation", $4,100,000.

RELATED AGENCIES

Board for International Broadcasting, "Grants and Expenses", $86,519,000;

Commission on Security and Cooperation in Europe, "Salaries and Expenses", $404,000; and

International Communication Agency: "Salaries and Expenses", $443,286,000; "Center for Cultural and Technical Interchange Between East and West", $16,880,000; "Acquisition and Construction of Radio Facilities", $19,000,000.

TITLE IV

THE JUDICIARY

Courts of Appeals, District Courts, and Other Judicial Services: "Salaries of Judges", $59,400,000; "Salaries of Supporting Personnel", $263,400,000; "Expenses of Operation and Maintenance of the Courts", $55,600,000; "Bankruptcy Courts, Salaries and Expenses", $81,200,000; "Fees of Jurors and Commissioners", $43,500,000; "Space and Facilities", $123,000,000.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall be available from December 15, 1981, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) March 31, 1982, whichever first occurs.

Subsection (c) of this section shall not reduce the availability of funds which would remain available beyond March 31, 1982, under the terms and conditions otherwise effective under this joint resolution.

SEC. 103. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

SEC. 104. Expenditures made pursuant to this joint resolution shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 105. All obligations incurred in anticipation of the appropriations and authority provided in this joint resolution for the purposes of maintaining the minimum level of essential activities necessary to protect life and property and bringing about orderly termination of other functions are hereby ratified and confirmed if otherwise in accordance with the provisions of this joint resolution.

SEC. 106. No provision in any appropriation Act for the fiscal year 1982 that makes the availability of any appropriation provided therein dependent upon the enactment of additional authorizing or other legislation shall be effective before the date set forth in section 102(c) of this joint resolution.

SEC. 107. Notwithstanding any other provisions of this joint resolution and the provisions of sections 720(b) and 722(a)(1) of the Public Health Service Act, $35,790,000 is appropriated and shall remain available until expended for grants for the construction or expansion of two teaching facilities under section 720(a)(1) of such Act.

SEC. 108. Notwithstanding any other provision of this joint resolution except section 143, $869,240,000 is appropriated under this joint resolution for payment to the Postal Service Fund, of which $230,000,000 shall be available for public service costs and $639,240,000 shall be available for revenue forgone on free and reduced-rate mail. Notwithstanding any other provision of law, the Postal Service shall promptly adjust preferred rates so as to recover the difference between the amount which was authorized to be appropriated under section 2401(c) of title 39, United States Code, and the amount hereby appropriated. Such adjustments shall be made in accordance with the following subsections:

(a) The amount attributable to the reduction in authorization specified in section 1723(a)(1) of the Omnibus Budget Reconciliation Act of August 13, 1981, shall be recovered from the classes of mail specified in section 1723(b)(1) of such Act.

(b)(1) The remaining amount shall be recovered through proportional adjustment, except as provided in paragraph (2) of this subsection, to the rates for each class of re-

duced-rate mail under section 3626 of title 39, United States Code, after the adjustment required by subsection (a) of this section.

(2) The adjustment made under paragraph (1) of this subsection shall provide for recovery of $20,000,000 less from mail under former sections 4358(a), 4454(b), and 4554(c) of title 39, United States Code, and $20,000,000 more from the other affected categories, than if such adjustment were fully proportional for all affected categories.

(c) Any further adjustments needed because of section 143 of this resolution shall be proportional as provided in subsection (b)(1) of this section without regard to subsection (b)(2).

(d) Any adjustments under this section shall look first to the phased rates under section 3626 of title 39, United States Code, and shall not affect the remaining (continuing) rate reductions for any category until phasing for all categories is exhausted.

SEC. 109. No funds made available pursuant to this continuing resolution may be used to accomplish or implement a proposed reorganization of the Bureau of Alcohol, Tobacco and Firearms before March 30, 1982. Such reorganization plan may be implemented after March 30, 1982, unless disapproved by the House and Senate Committees on Appropriations: *Provided*, That of the funds made available by this Continuing Resolution for the Bureau of Alcohol, Tobacco and Firearms, $15,000,000 shall be available solely for the enforcement of the Federal Alcohol Administration Act during fiscal year 1982.

SEC. 110. Notwithstanding any other provision of this joint resolution, the Secretary of the Treasury is authorized to transfer up to 2 per centum from any appropriation account provided by this joint resolution for the Department of the Treasury otherwise appropriated in H.R. 4121, entitled the Treasury, Postal Service and General Government Appropriation Act, 1982, to any other such appropriation account: *Provided*, That the recipient appropriation account is not increased by more than 2 per centum of the amount provided by this joint resolution: *Provided further*, That approval for such transfers is obtained in advance from the House and Senate Committees on Appropriations.

SEC. 111. Notwithstanding any other provision of this joint resolution, funds available to the Federal Building Fund within the General Services Administration may be used to initiate new construction, advance design, and repairs and alteration line-item projects and lease construction projects which are included in either H.R. 4121, as passed by the House, or in H.R. 4121, as reported by the Senate on September 22, 1981.

SEC. 112. (a) None of the funds appropriated by this joint resolution may be used to—

(1) enforce Revenue Ruling 81-216 or the proposed amendments to Income Tax Regulations sections 1.103-7 and 1.103-10 which were published in the Federal Register on October 8, 1981, or

(2) propose, promulgate, or enforce any ruling or regulation reaching the same result as, or a result similar to, such Revenue Ruling or Regulations,

in connection with a qualified issue, or

(3) issue rulings or regulations which treat as exempt from taxation under section 103(b)(6) of the Internal Revenue Code of 1954 any interest earned on an obligation the proceeds of which are used for a disqualified facility.

(b)(1) For purposes of subsection (a), the term "qualified issue" means a single issue (whether or not part of a composite or multiple series of issues)—

(A) all of the obligations of which are directly or indirectly guaranteed or secured in whole or in part by—

(i) a State or political subdivision thereof or an instrumentality of either, or

(ii) in the case of an issue all of the proceeds of which are used for agricultural purposes, a qualified person (within the meaning of section 46(c)(8)(D) of the Internal Revenue Code of 1954 determined without regard to clauses (iii) and (iv) thereof), and

(B) none of the proceeds of which are used in connection with a disqualified facility or a facility with respect to which, at any time before January 1, 1987—

(i) any disqualified person used more than 5 percent of the facility, or

(ii) more than 25 percent of the facility is (in the aggregate) used by disqualified persons.

For purposes of subparagraph (B), use by a related person (within the meaning of section 103(b)(6)(C) of such Code) shall be treated as use by the disqualified person.

(2)(A) For purposes of paragraph (1), the term "disqualified person" means a person (other than an exempt person within the meaning of section 103(b)(3) of such Code) which has aggregate capital expenditures for any purpose which, for the period beginning October 1, 1979, and ending September 30, 1982, exceed $25,000,000.

(B) For purposes of determining the aggregate capital expenditures of any person under subparagraph (A), there shall be taken into account the capital expenditures of all persons which are—

(i) related persons (within the meaning of section 103(b)(6)(C) of such Code) with respect to such person; or

(ii) guarantors of any portion of the issue with respect to which a determination is being made under this subsection other than a guarantor which—

(I) is a State or a political subdivision thereof or an instrumentality of either,

(II) in the case of an issue all of the proceeds of which are used for agricultural purposes, a person described in paragraph (1)(A)(ii), or

(III) one or more financial institutions which are not related persons (within the meaning of section 103(b)(6)(C) of such Code to the user of the proceeds of the issue.

(C) For purposes of this paragraph, the term "capital expenditures" has the meaning given such term by section 103(b)(6)(D) of such Code, except that such term shall not include any amount paid or incurred by the taxpayer which constitutes a qualified research expense (within the meaning of section 44F(b) of such Code).

(c) For purposes of subsection (a) and subparagraph (b)(1)(B), a "disqualified facility" is any private or commercial—

(i) golf course,

(ii) country club,

(iii) massage parlor, or

(iv) tennis club.

(d) It is the sense of the Congress that after August 23, 1981, and until Congress enacts legislation which affects section 103(b)(6) of such Code, the Secretary of the Treasury or his delegate should in all cases enforce any ruling or regulation described in subsection (a) (1) or (2) in a manner consistent with the provisions of subsection (a).

SEC. 113. It is the sense of the Congress that the President of the United States should not include in his recommendations for revenue enhancements any recommendations which would have the effect of reducing Federal tax incentives for energy conservation or the development of renewable energy sources.

SEC. 114. Notwithstanding any other provision of law, funds provided under this joint resolution for the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966 (42 U.S.C. 1786), and the commodity supplemental food program as authorized by section 4(a) of the Agriculture and Consumer Protection Act of 1973 (7 U.S.C. 612c (note)) shall not be withheld from obligation unless and until a special message specifying a deferral or rescission of budget authority for such programs is officially submitted to the Congress, when the Congress is in session.

SEC. 115. Notwithstanding any other provision of law or of this joint resolution, none of the funds provided in this or any other Act shall hereafter be used by the Interstate Commerce Commission to approve railroad branchline abandonments in the State of North Dakota by the entity generally known as the Burlington Northern Railroad, or its agents or assignees, in excess of a total of 350 miles: *Provided*, That this section shall be in lieu of section 311 (amendment numbered 93) as set forth in the conference report and the joint explanatory statement of the committee of conference on the Department of Transportation and Related Agencies Appropriations Act, 1982 (H.R. 4209), filed in the House of Representatives on November 13, 1981 (H. Rept. No. 97-331).

SEC. 116. Notwithstanding any other provision of law or of this joint resolution, the funds provided for section 18 nonurban formula grants and section 5 urban formula grants in this joint resolution shall be apportioned and allocated using data from the 1970 decennial census for one-half of the sums appropriated and the remainder shall be apportioned and allocated on the basis of data from the 1980 decennial census.

SEC. 117. Notwithstanding any other provision of this joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, entitled "Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982", for school assistance in federally affected areas under title III of such Act shall be available under the authority and conditions set forth in H.R. 4560 as passed the House on October 6, 1981: *Provided*, That the total amount available for entitlements under section 3(a) of the Act of September 30, 1950, as amended, is amended so as to permit payment to any local educational agency under such section 3(a) not to exceed 90 per centum of the amount of such payment for fiscal year 1981, unless the entitlement for such agency is determined under section 3(d)(2)(B) of such Act: *Provided further*, That the provisions of section 3(d)(2)(B) shall be fully funded and not subject to rateable reduction: *Provided further*, That the provisions of section 5(c) shall not apply.

SEC. 118. Notwithstanding section 1903(s) of the Social Security Act, all medicaid payments to the States for Indian health service facilities as defined by section 1911 of the Social Security Act shall be paid entirely by Federal funds, and notwithstanding section 1903(t) of the Social Security Act, all medicaid payments to the States for Indian health service facilities shall not be

included in the computation of the target amount of Federal medicaid expenditures.

SEC. 119. There are appropriated $750,000 to continue the operations of the Office of Adolescent Pregnancy Programs of the Department of Health and Human Services.

SEC. 120. Notwithstanding any provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration, shall be used to classify a mine in the potash industry as gassy based upon air samples containing concentrations of methane gas, unless such classification standard has been adopted through formal rulemaking on or before November 5, 1981.

SEC. 121. Amounts at the level provided in H.R. 4560 as passed by the House are available for general departmental management, Department of Health and Human Services, and the program direction and support services activity, Assistant Secretary for Health.

SEC. 122. Notwithstanding any other provision of this joint resolution, appropriations for administrative costs including but not limited to salaries and expenses, travel and consultant services in this joint resolution for the Department of Health and Human Services are hereby reduced by $21,800,000: *Provided*, That none of this reduction shall be taken from activities supported under the budget account entitled "Social Security Administration, Limitation on Administrative Expenses" or from funds available for the administration of the Medicare program.

SEC. 123. Funding for sections 501 (a), (b), and (c) of the Refugee Education Assistance Act of 1980 and for the Refugee Act of 1980 shall be at the levels and under the terms and conditions of H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981.

SEC. 124. Notwithstanding any other provision of the joint resolution, the funds made available by this joint resolution which would be available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for Student Financial Assistance shall be subject to the following additional conditions:

(1) The maximum Pell Grant a student may receive in 1982-1983 academic year is $1,800, notwithstanding section 411(a)(2)(A)(i)(II) of the Higher Education Act of 1965.

(2) The cost of attendance used for calculating eligibility for and amount of Pell Grants shall be established by the Secretary of Education.

(3) The Secretary of Education may establish or approve separate systems of need analysis for academic year 1982-1983, without regard to the provisions of subsections (a), (b), and (c) of section 482 of the Higher Education Act of 1965, for the programs authorized under subpart 2 of part A, part C, and part E of title IV of the Higher Education Act of 1965.

(4) The family contribution schedule for the 1981-1982 academic year shall be the family contribution schedule for the 1982-1983 academic year, modified by the Secretary of Education to exclude payments under the Social Security Act and title 38, United States Code, described in paragraph (5) and to reflect the most recent and relevant data, except that the Secretary of Education shall establish a series of assessment rates applicable to discretionary income in accordance with section 482(b)(4) of the Higher Education Act of 1965. The modified family contribution schedule under this paragraph shall be submitted to the President of the Senate and the Speaker of the House of Representatives not later than 15 days after the date of enactment of this resolution and shall otherwise be subject to the provisions of section 482(a) of the Higher Education Act of 1965.

(5) Notwithstanding the provisions of section 482(b)(3) and the provisions of section 411(a)(2)(B)(ii), no Pell Grant shall exceed the difference between the cost of attendance at the institution at which the student is in attendance, and the sum of the expected family contribution and any amount paid to, or on account of, the student under the Social Security Act and any amount paid the student under chapters 34 and 35 of title 38, United States Code, and if with respect to any student, it is determined that the amount of a Pell Grant plus the amount of the expected family contribution, the amount paid to, or on account of, the student under the Social Security Act, and the amount paid the student under chapters 34 and 35 of title 38, United States Code, exceeds the cost of attendance for that year, the amount of the Pell Grant shall be reduced until the combination of expected family contribution, the amount of the Pell Grant, and the amount paid under the Social Security Act, and chapters 34 and 35 of title 38 of the United States Code, does not exceed the cost of attendance at such institution.

SEC. 125. For each fiscal year (beginning with the fiscal year which ends September 30, 1982), the Secretary of the Senate is authorized to expend from the contingent fund of the Senate such amount as may be necessary to enable the Secretary to obtain from the General Services Administration the services of a professional archivist. Such services shall be obtained on a reimbursable basis and shall not be obtained except with the consent of the General Services Administration and the Committee on Rules and Administration.

SEC. 126. There is appropriated $69,800,000 for section 611 of the Education of the Handicapped Act which is in addition to amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for such section 611.

SEC. 127. For carrying out, to the extent not otherwise provided, the Rehabilitation Act of 1973, as amended, and the International Health Research Act of 1960, $991,845,000, of which $892,865,538 shall be for allotments under section 100(b)(1), $6,134,462 shall be for activities under section 110(b)(3), $650,000 shall be made available to the Navajo Tribal Council for activities under section 130, and $18,000,000 shall be for activities under section 711 of the Rehabilitation Act of 1973.

SEC. 128. The Attorney General shall exercise his best efforts to ensure that none of the funds appropriated by this joint resolution may be obligated or expended after March 1, 1982, for the detention of any entrant, any applicant for political asylum or for refugee status, or any other alien which would cause the total number of aliens to exceed five hundred and twenty-five at the facility known as Krome North, located in the State of Florida, or to exceed five hundred and twenty-five at any other facility in the State of Florida for the detention of aliens awaiting exclusion, deportation, or resettlement which is not used for such purpose on the date of enactment of this joint resolution.

SEC. 129. There is appropriated an additional $45,000,000 for the payment of windfall benefits, as provided under section 15(d) of the Railroad Retirement Act of 1974, which, together with the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, for the payment of such benefits, shall be the maximum amount available for payments through September 30, 1982.

SEC. 130. Notwithstanding any other provision of this joint resolution, each State shall establish such fiscal control procedures as are necessary to assure that the funds made available under this resolution for the low-income energy assistance program are used for payments in accordance with section 2605(b) (1) and (2) of the Omnibus Budget Reconciliation Act of 1981 and that each eligible household receiving such payments does not use the payments for any other purpose than the purpose described in section 2602(a).

SEC. 131. Notwithstanding any other provision of this joint resolution, the provisions of section 210 of the Departments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982 (H.R. 4560), as passed by the House of Representatives on October 6, 1981, and the provisions of section 209 of such Act as reported by the Senate Committee on Appropriations on November 9, 1981, shall be applicable with respect to sums appropriated pursuant to this joint resolution.

SEC. 132. Notwithstanding any other provision of law, none of the funds appropriated for the Department of Labor, Mine Safety and Health Administration shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 with respect to any independent construction contractor who is engaged by an operator for the construction, repair or alteration of structures, facilities, utilities or private ways or roads located on (or appurtenant to) the surface areas of any coal or other mine, and whose employees work in a specifically demarcated area, separate from actual mining or extraction activities: *Provided*, That no funds shall be obligated or expended to prescribe, issue, administer or enforce any standard, rule, regulation or order under the Federal Mine Safety and Health Act of 1977 on any State or political subdivision thereof.

SEC. 133. There is appropriated the sum of $362,000,000 for the Maternal and Child Health Care Block Grant Act.

SEC. 133a. Notwithstanding section 102 of this joint resolution, section 139(b)(3) of Public Law 97-51 is amended by striking out "1981" and inserting in lieu thereof "1980".

SEC. 134. There are appropriated to the Department of Health and Human Services $61,180,000 for activities under the Developmental Disabilities Assistance and Bill of Rights Act of 1981.

SEC. 135. There is appropriated $10,000,000 for part B of title IV of the Comprehensive Employment and Training Act relating to the Job Corps which is in addition to the amounts appropriated under this joint resolution which would otherwise be made available under H.R. 4560, the De-

partments of Labor, Health and Human Services, and Education and Related Agencies Appropriation Act, 1982, as reported to the Senate on November 9, 1981, for the Job Corps.

SEC. 136. Notwithstanding any other provision of this joint resolution, subject only to the absence of qualified applicants, and within the limits of funds and authority available, the head of each department and agency for which authority to enter into commitments to guarantee or insure is provided for in this joint resolution or H.R. 4034 shall enter into commitments to guarantee or insure in the full amounts provided for in this joint resolution or other applicable law.

SEC. 137. Notwithstanding any other provision of law or of this joint resolution, of the fiscal year 1982 Highway Trust Funds available for emergency relief, $17,000,000 shall be made available for damaged highways or for the prevention of damage to highways in the area affected by eruptions of the Mount Saint Helens volcano.

SEC. 138. Notwithstanding any other provision of title 23, United States Code, or of this joint resolution, the Secretary of Transportation shall approve, upon the request of the State of Indiana, the construction of an interchange to appropriate standards at I-94 and County Line Road at the Porter-La Porte County Line near Michigan City, Indiana, with the Federal share of such construction to be financed out of funds apportioned to the State of Indiana under section 104(b)(5)(A) of title 23, United States Code.

SEC. 139. Notwithstanding any other provision of law, or of this joint resolution, any proposal for deferral of budget authority under section 1013 of the Impoundment Control Act of 1974 (31 U.S.C. 1403) with respect to budget authority for expenses related to the Northeast Corridor Improvement Project authorized under title VII of the Railroad Revitalization and Regulatory Reform Act of 1976 (Public Law 94-210) shall, upon transmittal to the Congress, be referred to the House and Senate Committees on Appropriations and any amount of budget authority proposed to be deferred therein shall be made available for obligation unless, within a 45-day period which begins on the date of transmittal and which is equivalent to that described in section 1011 (3) and (5) of the Impoundment Control Act of 1974 (31 U.S.C. 1401 (3) and (5)), the Congress has completed action on a bill approving all or part of the proposed deferral.

SEC. 140. Notwithstanding any other provision of law or of this joint resolution, none of the funds appropriated by this joint resolution or by any other Act shall be obligated or expended to increase, after the date of enactment of this joint resolution, any salary of any Federal judge or Justice of the Supreme Court, except as may be specifically authorized by Act of Congress hereafter enacted: *Provided*, That nothing in this limitation shall be construed to reduce any salary which may be in effect at the time of enactment of this joint resolution nor shall this limitation be construed in any manner to reduce the salary of any Federal judge or of any Justice of the Supreme Court.

SEC. 141. (a) Notwithstanding the provisions of section 305 of H.R. 4120 made applicable by section 101(g) of this joint resolution, but subject to subsection (b) of this section, nothing in section 101(g) shall (or shall be construed to) require that the rate of salary or basic pay, payable to any individual for or on account of services performed after December 31, 1981, be limited to or reduced to an amount which is less than—

(1) $59,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level III of the Executive Schedule under section 5314 of title 5, United States Code;

(2) $58,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level IV of the Executive Schedule under section 5315 of title 5, United States Code; or

(3) $57,500, if such individual has an office or position the salary or pay for which corresponds to the rate of basic pay for level V of the Executive Schedule under section 5316 of title 5, United States Code.

(b)(1) For purposes of subsection (a), any rate of salary or pay shall be considered to correspond to the basic pay for a level of the Executive Schedule if the rate of salary or pay for that office or position is (i) fixed at a rate which is equal to or greater than the rate of basic pay for that level of the Executive Schedule or (ii) limited to a maximum rate which is equal to or greater than the rate of basic pay for such level (or to a percentage of such a maximum rate) by reason of section 5308 of title 5, United States Code, or any other provision of law (other than the provisions of such section 305, as made applicable by section 101(g) of this joint resolution) or congressional resolution.

(2) In applying subsection (a) for any office or position for which the rate of salary or basic pay is limited to a percentage of such a maximum rate, there shall be substituted, in lieu of the amount specified in subsection (a) for that office or position, an amount equal to such percentage of the specified amount.

(c) Any adjustment pursuant to this section made to the pay of any employee or class of employees whose pay is disbursed by the Clerk of the House should be of such amount as to assure, to the maximum extent practicable, that such employees are not paid at rates at less than employees or classes of employees whose pay is disbursed by the Secretary of the Senate and who hold equivalent positions.

SEC. 142. (a) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the following appropriation Acts:

the Agriculture, Rural Development, and Related Agencies Appropriation Act, 1982;

the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1982;

the Department of the Interior and Related Agencies Appropriation Act, 1982;

the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriation Act, 1982; and

the Treasury, Postal Service, and General Government Appropriation Act, 1982;

shall be reduced by 4 per centum.

(b) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the Military Construction Appropriation Act, 1982, shall be reduced by 2 per centum.

(c) The reductions made by subsections (a) and (b) of this section shall be applied proportionally to each appropriation account.

(d) Notwithstanding any other provision of this joint resolution, and except as otherwise provided in this section, total budget authority provided by this joint resolution for appropriation accounts for which provision would be made in the Department of Defense Appropriation Act, 1982, shall be reduced by 2 per centum. The reduction in this subsection shall be taken only from appropriation accounts in titles IV and V of that Act, and shall be applied proportionally to those accounts. After the conclusion of the first session of the Ninety-seventh Congress, the level of budget authority for the Department of Defense shall be the level of the conference agreement on the Department of Defense Appropriation Act, 1982, and this section shall not apply to that level. If such agreement has not been reached by the conclusion of the first session of the Ninety-seventh Congress, the level shall be as set forth in section 101(a) of this joint resolution, and this section shall not apply to that level.

(e) The reduction made by this section shall be applied so that the budget authority provided in this joint resolution within any appropriation account for any program or project shall not be reduced by more than 6 per centum.

(f) The reduction made by this section shall be applied so that no program or project shall be terminated.

(g) The reduction made by this section shall not apply to budget authority made available by this joint resolution for:

the Food Stamp program;

the Veterans' Administration medical care account;

any account, program or project involving spending authority defined in section 401(c)(2)(C) of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93-344);

the Payment to State and Local Government Fiscal Assistance Trust Fund (31 U.S.C. 1221-1263);

accounts of the Veterans' Administration where budget authority otherwise provided by this joint resolution would be at or below the revised budget estimates;

the Internal Revenue Service, the Federal Bureau of Investigation, and the Drug Enforcement Administration in the Department of Justice, the law enforcement activities of the Customs Service and the Secret Service in the Department of the Treasury, and the law enforcement activities of the Coast Guard.

(h) This section shall not apply to any appropriation account, program or project for which budget authority is provided by a 1982 appropriation Act enacted into law subsequent to the enactment of this joint resolution.

SEC. 143. Notwithstanding section 102 of this joint resolution, appropriations and funds made available and authority granted pursuant to this joint resolution for appropriation accounts, programs, and projects for which provision would be made in the Department of Defense Appropriation Act, 1982, shall be available from December 15, and shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) February 15, 1982, whichever first occurs.

Mr. WHITTEN (during the reading). Mr. Speaker, I ask unanimous consent

that the amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the joint resolution, as amended.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. YATES. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The vote was taken by electronic device and there were—yeas 218, nays 197, not voting 18, as follows:

[Roll No. 349]

YEAS—218

Andrews	Emery	Leach
Aspin	Erdahl	Leath
Atkinson	Erlenborn	LeBoutillier
Badham	Ertel	Lee
Bafalis	Evans (DE)	Lent
Bailey (MO)	Evans (IA)	Levitas
Barnard	Fenwick	Lewis
Bedell	Fields	Livingston
Benedict	Findley	Loeffler
Bennett	Fish	Lott
Bereuter	Flippo	Lowery (CA)
Bethune	Foley	Lujan
Bliley	Forsythe	Luken
Bonker	Fountain	Lundine
Bowen	Fowler	Lungren
Breaux	Frenzel	Madigan
Brinkley	Fuqua	Marks
Broomfield	Gibbons	Marlenee
Brown (OH)	Gilman	Marriott
Broyhill	Gingrich	Martin (IL)
Burgener	Ginn	Martin (NC)
Butler	Goodling	Martin (NY)
Byron	Gradison	McClory
Campbell	Gramm	McCollum
Carman	Grisham	McCurdy
Carney	Gunderson	McDade
Chappell	Hagedorn	McEwen
Chappie	Hammerschmidt	McGrath
Cheney	Hansen (UT)	McKinney
Clausen	Hartnett	Mica
Clinger	Hatcher	Michel
Coats	Heckler	Miller (OH)
Coleman	Hefner	Mitchell (NY)
Conable	Heftel	Molinari
Conte	Hendon	Montgomery
Corcoran	Hightower	Moore
Coughlin	Hiler	Moorhead
Courter	Hillis	Morrison
Coyne, James	Holland	Myers
Daniel, R. W.	Holt	Napier
Daub	Hopkins	Neal
Davis	Horton	Nelligan
Deckard	Huckaby	Nelson
DeNardis	Hunter	Nichols
Derrick	Hutto	O'Brien
Derwinski	Hyde	Oxley
Dickinson	Ireland	Parris
Dicks	Jeffords	Pashayan
Dornan	Jeffries	Pickle
Duncan	Jenkins	Porter
Dunn	Kemp	Pritchard
Dyson	Kindness	Pursell
Edwards (AL)	Lagomarsino	Quillen
Emerson	Latta	Railsback
Regula	Shuster	Vander Jagt
Rhodes	Simon	Walgren
Rinaldo	Skeen	Walker
Ritter	Smith (AL)	Wampler
Roberts (KS)	Smith (NE)	Weber (MN)
Roberts (SD)	Smith (NJ)	Weber (OH)
Robinson	Snowe	White
Roemer	Solomon	Whitehurst
Rogers	Spence	Whitley
Rose	Stangeland	Whittaker
Roth	Stanton	Williams (OH)
Roukema	Staton	Winn
Rudd	Stenholm	Wolf
Sawyer	Stump	Wortley
Schneider	Tauke	Wylie
Schulze	Tauzin	Young (AK)
Shaw	Taylor	Young (FL)
Shelby	Thomas	Young (MO)
Shumway	Trible	

NAYS—197

Addabbo	Foglietta	Patman
Akaka	Ford (MI)	Patterson
Albosta	Ford (TN)	Paul
Alexander	Frank	Pease
Anderson	Frost	Pepper
Annunzio	Gaydos	Perkins
Anthony	Gejdenson	Petri
Applegate	Gephardt	Peyser
Archer	Glickman	Price
Ashbrook	Gonzalez	Rahall
Bailey (PA)	Gore	Rangel
Barnes	Gray	Ratchford
Bellenson	Green	Reuss
Benjamin	Gregg	Richmond
Bevill	Hall, Ralph	Rodino
Biaggi	Hall, Sam	Roe
Bingham	Hamilton	Rosenthal
Blanchard	Hance	Rostenkowski
Boggs	Hansen (ID)	Rousselot
Boland	Harkin	Roybal
Bonior	Hawkins	Russo
Bouquard	Hertel	Sabo
Brodhead	Hollenbeck	Santini
Brown (CA)	Hoyer	Savage
Brown (CO)	Hubbard	Scheuer
Burton, John	Hughes	Schroeder
Burton, Phillip	Jacobs	Schumer
Chisholm	Johnston	Seiberling
Clay	Jones (NC)	Sensenbrenner
Coelho	Jones (OK)	Shamansky
Collins (IL)	Jones (TN)	Shannon
Collins (TX)	Kastenmeier	Sharp
Conyers	Kazen	Siljander
Coyne, William	Kildee	Skelton
Craig	Kogovsek	Smith (IA)
Crane, Daniel	Kramer	Smith (OR)
Crane, Philip	LaFalce	Smith (PA)
D'Amours	Lantos	Snyder
Danielson	Lehman	St Germain
Dannemeyer	Leland	Stark
Daschle	Long (LA)	Stokes
de la Garza	Long (MD)	Stratton
Dellums	Lowry (WA)	Studds
Dingell	Markey	Swift
Dixon	Matsui	Synar
Donnelly	Mattox	Traxler
Dorgan	Mavroules	Udall
Dougherty	Mazzoli	Vento
Dowdy	McDonald	Volkmer
Downey	McHugh	Washington
Dreier	Mikulski	Watkins
Dwyer	Miller (CA)	Waxman
Early	Mineta	Weaver
Eckart	Minish	Weiss
Edgar	Mitchell (MD)	Whitten
Edwards (CA)	Moffett	Williams (MT)
Edwards (OK)	Mollohan	Wilson
English	Mottl	Wirth
Evans (GA)	Murphy	Wolpe
Evans (IN)	Murtha	Wright
Fary	Natcher	Wyden
Fascell	Nowak	Yates
Fazio	Oberstar	Yatron
Ferraro	Obey	Zablocki
Fiedler	Ottinger	Zeferetti
Florio	Panetta	

NOT VOTING—18

AuCoin	Daniel, Dan	Hall (OH)
Beard	Dymally	Howard
Bolling	Fithian	McCloskey
Boner	Garcia	Moakley
Brooks	Goldwater	Oakar
Crockett	Guarini	Solarz

□ 1515

The Clerk announced the following pairs:

On this vote:

Mr. Goldwater for, with Mr. Brooks against.

Mr. McCloskey for, with Mr. Moakley against.

Mr. Beard for, with Mr. Dan Daniel against.

Messrs. KRAMER, PETRI, ASHBROOK, SENSENBRENNER, ALEXANDER, HANSEN of Idaho, and EDWARDS of Oklahoma changed their votes from "yea" to "nay."

So the joint resolution, as amended, was passed.

The result of the vote was announced as above recorded,

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 884) entitled "An act to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fibers, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4035) entitled "An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes."

The message also announced that the Senate agrees to the amendments of the House to the amendments of the Senate numbered 2, 4, 6, 9, 11, 12, 20, 21, 33, 35, 36, 41, 55, 64, 74, 77, 78, 86, 95, 97, 104, 106, 111, 112, and 117 to the above-entitled bill.

The message also announced that the Senate agrees to the amendment of the House to the amendment of the Senate numbered 73, to the above-entitled bill, with an amendment.

□ 1530

PUBLIC HOUSING OPERATING SUBSIDY UNDER CONTINUING RESOLUTION

(Mr. GONZALEZ asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GONZALEZ. Mr. Speaker, I am compelled to advise the House that the amount provided in the resolution just passed will create immense prob-

lems for the public housing agencies of the Nation; crisis for some.

The very minimum that public housing authorities need to operate with—to provide maintenance and to pay bills—is vastly greater than what is provided in the resolution.

If we provided $1.5 billion for public housing operating subsidies this fiscal year, that would only amount to 85 percent of the actual need. The resolution will provide less than $1 billion, not even enough to meet 75 percent of that actual need.

The consequence of this is to place housing authorities in a greater bind than ever. They have already deferred maintenance to the point of no return. They have laid off personnel. They have exhausted financial reserves.

What can they now do to cut spending further?

For some, the answer will inevitably be to shut down apartments, which is an incredible thing to do in situations—and they are everywhere—where the waiting list for places to live is years long. There is no way that shutting down public housing units can be justified, in the face of the enormous need and the outright hardships that will be thrust on people who are displaced or refused a place in which to live.

For some housing authorities, the only solution will be to shut down completely—and there are some who have assured me that they will do just that—for they have cut to the bone, and now have no choice but to cast the skeleton in the grave.

What this resolution provides is $450 million less than the demonstrated, documented, absolutely rockbottom needs of housing authorities as established by my subcommittee in exhaustive research at the beginning of this year.

This cut is tragic, it is shameful, and it guarantees that our investment in public housing will not be safeguarded—that our low-cost housing stock will be demeaned and diminished, some of it demolished, and the poorest people in this country subjected to burdens that they cannot shoulder. It is unjust and it is unwise.

I know that the Committee on Appropriations suggests that a later look will be taken—but I say this: No housing authority can plan or operate on the kind of roller coaster that they have been subjected to this year.

With respect to other housing and community development items, the same can be said: No one can plan on anything, because the Federal Government is not keeping its commitments and does not have its budgetary house in order—as witnessed by the comedy of contradictions coming from the White House yesterday.

DEPARTMENT OF THE INTERIOR AND RELATED AGENCIES APPROPRIATIONS, 1982

Mr. YATES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4035) making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes, with the remaining Senate amendment to the House amendment to the Senate amendment numbered 73, and concur therein. The Clerk read the title of the bill.

The Clerk read the remaining Senate amendment to the House amendment to the Senate amendment numbered 73, as follows:

At the end of the amendment of the House of Representatives to the amendment of the Senate numbered 73, before the period, insert ": *Provided further*, That notwithstanding any other provision of this Act, budget authority provided by this Act is hereby reduced by the following amounts: Department of the Interior, $145,955,000; Forest Service, $59,581,000; Department of Energy, $56,947,000; Indian Health Service, $26,950,000; Indian Education, $3,244,000; Navajo and Hopi Indian Relocation Commission, $419,000; Smithsonian Institution, $5,939,000; National Gallery of Art, $1,242,000; Woodrow Wilson International Center for Scholars, $78,000; National Endowment for the Arts, $5,960,000; National Endowment for the Humanities, $5,440,000; Institute of Museum Services, $480,000; Commission of Fine Arts, $12,000; Advisory Council on Historic Preservation, $65,000; National Capital Planning Commission, $94,000; Franklin Delano Roosevelt Memorial Commission, $1,000; Pennsylvania Avenue Development Corporation, $762,000; Federal Inspector for the Alaska Gas Pipeline, $1,143,000; and Holocaust Memorial Council, $32,000: *Provided further*, That such reductions shall be ratably applied to each account, program, activity and project".

Mr. YATES (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. YATES. Mr. Speaker, when the House considered the conference report on the Interior and related agencies appropriation bill for fiscal year 1982 on November 12, a motion to recommit the report to conference failed by a vote of 199 to 199. That motion was made to permit the conferees to make further reductions. The Senate has further amended the bill to make reductions of $314,244,000 below the conference agreement of $7,541,651,000. The bill, as further amended by this Senate amendment, now provides appropriations of $7,227,307,000. It is $62,771,000 below the revised March 10, 1981, request when that request is adjusted for items such as SPRO and timber purchaser road construction which are now off budget.

This reduction is made proportionately to all appropriations, activities, and projects. If this causes problems for individual construction or land acquisition projects, reprograming procedures included in House Report 95-1251 and Senate Report 95-1063 should be followed to mitigate those problems.

I will insert a table in the RECORD showing in detail how the funds in this bill are allocated. Reprograming procedures are to be followed to request changes from this allocation:

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)

	Conference Report	Amended Conference Report	Difference
TITLE I - DEPARTMENT OF THE INTERIOR			
BUREAU OF LAND MANAGEMENT			
Management of Lands and Resources			
Energy and Minerals Management			
Energy Onshore			
Coal Leasing	23,813	22,860	-953
Oil & Gas Leasing	20,957	20,119	-838
Geothermal leasing	2,838	2,724	-114
Oil Shale and Tar Sands leasing	3,844	3,690	-154
Subtotal, Energy onshore	51,452	49,393	-2,059
Energy offshore			
Leasing	11,127	10,682	-445
Environmental studies	30,267	29,056	-1,211
General administration	5,950	5,712	-238
Subtotal, Energy offshore	47,344	45,450	-1,894
Non-Energy Onshore			
Mineral Material Sales	2,381	2,286	-95
Mining Law Administration	5,733	5,504	-229
Mineral Leasing	2,331	2,238	-93
Subtotal, Non-Energy Onshore	10,445	10,028	-417
Subtotal, Energy and Minerals Management	109,241	104,871	-4,370
Lands and Realty Management			
Energy Related Realty	8,312	7,980	-332
Non-energy Related Realty	30,786	29,555	-1,231
Withdrawal Processing and Review	5,564	5,341	-223
Subtotal, Lands and Realty Management	44,662	42,876	-1,786
Renewable Resources Management			
Forest Management			
Public Domain	8,644	8,298	-346
Western Oregon	2,228	2,139	-89
Subtotal, Forest Management	10,872	10,437	-435
Range Management			
Wild Horses & Burros	6,826	6,553	-273
Grazing	46,726	44,857	-1,869
Subtotal, Range Management	53,552	51,410	-2,142

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS) Continued

	Conference Report	Amended Conference Report	Difference
Wildlife Habitat Management	19,936	19,139	-797
Soil, Water, & Air Management	22,028	21,147	-881
Recreation Management			
Natural and Cultural Resources	5,452	5,234	-218
Wilderness	16,739	16,069	-670
Recreation Resources	7,818	7,505	-313
Subtotal, Recreation Management	30,009	28,808	-1,201
Fire Management	9,513	9,132	-381
Subtotal, Renewable Resources Management	145,910	140,073	-5,837
Planning and Data Management			
Multiple Use Planning	12,937	12,420	-517
Data Management	15,509	14,889	-620
Subtotal, Planning and Data Management	28,446	27,309	-1,137
Cadastral Survey			
Alaska Surveys	12,224	11,735	-489
Lower 48 States Surveys	14,282	13,711	-571
Subtotal, Cadastral Survey	26,506	25,446	-1,060
Fire control			
Firefighting	4,150	3,984	-166
Rehabilitation	600	576	-24
Subtotal, Firefighting and Rehabilitation	4,750	4,560	-190
Law Enforcement	1,854	1,780	-74
Common program services transfer	-71,079	-68,236	2,843
General Administration	79,841	76,647	-3,194
Total, Management of Lands and Resources	370,131	355,326	-14,805
Acquisition, Construction, and Maintenance			
Construction & Acquisition			
Buildings	606	582	-24
Recreation	670	643	-27
Transportation	760	730	-30
Acquisition	1,900	1,824	-76
Subtotal, Construction & Acquisition	3,936	3,779	-157

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Maintenance			
Buildings	3,050	2,928	-122
Recreation	3,599	3,455	-144
Transportation	2,816	2,703	-113
Subtotal, Maintenance	9,465	9,086	-379
General administration transfer	-681	-654	27
Total, Acquisition, Construction, and Maintenance	12,720	12,211	-509
Payments in Lieu of Taxes			
Payments to Local Governments	99,500	95,520	-3,980
Oregon & California Grant Lands			
Construction and Acquisition	4,465	4,286	-179
Maintenance	7,000	6,720	-280
Renewable Resource Management	48,061	46,138	-1,923
Planning and Data Management	579	556	-23
General administration and common program services transfer	-5,117	-4,912	205
Total, Oregon & California Grant Lands	54,988	52,788	-2,200
Land Acquisition			
Bureau of Land Management:			
Acquisitions	2,830	2,717	-113
Acquisition Management	307	295	-12
Total	3,137	3,012	-125
Range Improvement Fund			
Improvement to Public Lands	12,500	12,500	---
Farm Tenant Act Lands	1,000	1,000	---
Total, Range Improvements	13,500	13,500	---
Service Charges, Deposits, and Forfeitures			
Rights-of-way Processing	8,250	7,920	-330
Adopt-a-horse program	900	864	-36
Repair of Damaged Lands	850	816	-34
Total, Service Charges, Deposits, and Forfeitures	10,000	9,600	-400

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Miscellaneous Trust Funds			
Base Program	100	100	---
Total, Bureau of Land Management	564,076	542,057	-22,019
OFFICE OF WATER RESEARCH AND TECHNOLOGY			
Salaries and Expenses			
Water Resources Research & Development			
State Water R&D Institutes	3,465	3,216	-249
(Effect of FY 1981 deferral)	(2,745)	(2,745)	---
Water Research & Development:			
Reuse	950	912	-38
Subtotal	4,415	4,128	-287
Saline Water Research & Development			
Research:			
Membrane	400	384	-16
Development:			
Membrane	2,000	1,920	-80
Thermal	700	672	-28
Reuse	900	864	-36
Subtotal	4,000	3,840	-160
Technology Transfer & Information Dissemination			
Technology Transfer	150	144	-6
Water Research Scientific Info. Ctr.	600	576	-24
Subtotal	750	720	-30
General Program Support	2,029	1,948	-81
Total, OWRT	11,194	10,636	-558
(Effect of FY 1981 deferral)	(2,745)	(2,745)	---
U.S. FISH AND WILDLIFE SERVICE			
Resource Management			
Habitat Preservation			
Environmental Contaminant Evaluation	11,191	10,743	-448
Land and Water resource development planning	14,301	13,729	-572
Biological Services	12,964	12,445	-519
Cooperative units	4,629	4,444	-185
Subtotal	43,085	41,361	-1,724

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Wildlife Resources			
Migratory birds	68,750	66,000	-2,750
Mammals and non-migratory birds	18,889	18,133	-756
Animal damage control	17,632	16,927	-705
Interpretation & recreation	11,920	11,443	-477
Subtotal	117,191	112,503	-4,688
Fishery Resources			
Fish Hatcheries	25,821	24,788	-1,033
Fishery Assistance	4,043	3,881	-162
Fishery Research	12,451	11,953	-498
Fishery Law Enforcement	252	242	-10
Subtotal	42,567	40,864	-1,703
Endangered Species	20,086	19,283	-803
Administration	---	---	---
Common program services	-22,758	-21,847	911
General Administration	29,360	28,186	-1,174
Total, Resource Management	229,531	220,350	-9,181
Construction and Anadromous Fish			
Construction and rehabilitation			
Refuges	5,211	5,003	-208
Hatcheries	536	515	-21
Fishery research facilities	696	668	-28
Dam safety	649	623	-26
Common program services	-131	-126	5
Subtotal, Construction & Rehabilitation	6,961	6,683	-278
Migratory Bird Conservation Account			
Advance Appropriation	1,250	1,200	-50
National Wildlife Refuge Fund			
Payments in Lieu of Taxes	6,000	5,760	-240
Land Acquisition			
Fish and Wildlife Service:			
Acquisitions	16,139	15,494	-645
Acquisition Management	1,039	997	-42
Total	17,178	16,491	-687
Total, Fish and Wildlife Service	260,920	250,484	-10,436

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
NATIONAL PARK SERVICE			
Operation of the National Park System			
Park Management			
Management of park areas	70,673	67,846	-2,827
Concessions management	2,717	2,608	-109
Interpretation and Vistor Services	64,248	61,678	-2,570
Visitor protection and safety	65,817	63,184	-2,633
Maintenance	230,945	221,710	-9,235
Resources management	81,779	78,508	-3,271
Information publications	3,122	2,997	-125
International Park Affairs	394	378	-16
Volunteers-in-parks	250	240	-10
Subtotal	519,945	499,149	-20,796
Common Program Services	-26,052	-25,010	1,042
Subtotal	493,893	474,139	-19,754
General Administration	31,965	30,686	-1,279
Forest Fire Suppression and Rehabilitation	1,200	1,152	-48
Park Recreation and Wilderness Planning			
Water resources	1,567	1,504	-63
Rivers and trails	1,072	1,029	-43
General management plans	2,525	2,424	-101
Subtotal	5,164	4,957	-207
Statutory or Contractual Aid for Other Activities			
Roosevelt Campobello International Park Commission	372	357	-15
Ice Age National Scientific Reserve	588	564	-24
Lowell Historic Preservation Canal Commission	400	384	-16
Folger Theater	300	288	-12
Corcoran Gallery	300	288	-12
Falls of Clyde	50	48	-2
Ozette Village Archeological Site	20	19	-1
Subtotal	2,030	1,948	-82
Total, Operation of the National Park System	534,252	512,882	-21,370
NATIONAL RECREATION AND PRESERVATION			
Recreation Programs:			
Planning	251	241	-10
Park and Recreation Technical Services	1,970	1,891	-79
Subtotal	2,221	2,132	-89

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Natural Programs:			
Resource Area Designation	877	842	-35
Federal Real Property	438	420	-18
Natural Area Programs	279	268	-11
Subtotal	1,594	1,530	-64
Cultural Programs:			
Maintenance of the National Register	1,909	1,833	-76
Technical Preservation Services	1,148	1,102	-46
National Architectural and Engineering Record	964	925	-39
Interagency Archeological Services	2,050	1,968	-82
Subtotal	6,071	5,828	-243
Environmental and Compliance Review	602	578	-24
Grant administration	2,400	2,304	-96
Total, National Recreation and Preservation	12,888	12,372	-516
Urban Park and Recreation Fund			
Grants to Cities	8,000	7,680	-320
Historic Preservation Fund			
Grants-in-aid	21,900	21,024	-876
National Trust for Historic Preservation	4,600	4,416	-184
Total, Historic Preservation Fund	26,500	25,440	-1,060
Construction			
Buildings and Utilities			
Advance Planning	5,000	4,800	-200
Lump Sum Projects	3,000	2,880	-120
Project Planning	9,027	8,666	-361
Line Item Construction Projects	72,608	69,704	-2,904
Common program services transfer	-914	-878	36
Total, Construction	88,721	85,172	-3,549
Land Acquisition and State Assistance			
Assistance to States			
Administrative expenses	4,564	4,381	-183
National Park Service			
Acquisitions	88,583	85,040	-3,543
Acquisition management	8,500	8,160	-340
A/S Fish, Wildlife and Parks	---	---	---
Pinelands National Reserve	6,126	5,881	-245
Total, land acquisition and state assistance	107,773	103,462	-4,311

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Park Restoration and Improvement			
Park Restoration and Improvement	---	---	---
John F. Kennedy Center for the Performing Arts			
Base program	4,544	4,362	-182
Common program services transfer	-229	-220	9
Total, JFK	4,315	4,142	-173
Total, National Park Service	782,449	751,150	-31,299
GEOLOGICAL SURVEY			
Surveys, Investigations, and Research			
National Mapping, Geography and Surveys			
Primary quadrangle mapping	35,745	34,315	-1,430
Modernization of mapping technology	4,142	3,976	-166
Digital mapping	4,034	3,873	-161
Revision	10,423	10,006	-417
Orthophotoquads	6,520	6,259	-261
Small intermediate and special mapping	15,894	15,258	-636
Cartographic and geographic Information	3,913	3,756	-157
Subtotal	80,671	77,443	-3,228
Geologic and Mineral Resource Surveys and Mapping			
Earthquake hazards reduction	34,425	33,048	-1,377
Volcano Hazards	10,135	9,730	-405
Ground failure & construction hazards	2,877	2,762	-115
Reactor hazards research	3,202	3,074	-128
Geologic framework	13,787	13,236	-551
Geomagnetism	2,229	2,140	-89
Climate change	1,058	1,016	-42
Mineral resource surveys	40,838	39,204	-1,634
Energy resource surveys	39,614	38,029	-1,585
Offshore geologic surveys	22,096	21,212	-884
Subtotal	170,261	163,451	-6,810
Water Resources Investigations			
Federal Program	50,259	48,249	-2,010
Federal-State program	46,946	45,068	-1,878
Energy hydrology	16,352	15,698	-654
Subtotal	113,557	109,015	-4,542

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Conservation of Lands and Minerals			
Outer Countinental Shelf Funds	68,480	65,741	-2,739
Federal and Indian lands	44,173	42,406	-1,767
Royalty management	16,170	15,523	-647
Subtotal	128,823	123,670	-5,153
Earth sciences applications			
Earth resources observation system	12,554	12,052	-502
Environmental affairs	1,549	1,487	-62
Land resource data applications	945	907	-38
Subtotal	15,048	14,446	-602
General Administration	3,513	3,372	-141
Facilities	10,494	10,074	-420
General reduction	-7,216	-6,926	290
Total, Surveys, Investigations & Research	515,151	494,545	-20,606
Exploration of National Petroleum Reserve in Alaska			
Barrow Area Gas Operation, Exploration and Development			
Operation and maintenance	2,288	2,196	-92
Digital Cartography			
Digital cartography	---	---	---
Total, Geological Survey	517,439	496,741	-20,698
BUREAU OF MINES			
Mines and Minerals			
Minerals Research:			
Mineral Health and Safety Technology	57,700	55,392	-2,308
Minerals Environmental Technology	12,815	12,302	-513
Minerals Resources Technology	37,646	36,140	-1,506
Subtotal	108,161	103,834	-4,327
Minerals Information:			
Data Collection and Analysis	21,540	20,678	-862
Land Assessments	12,709	12,201	-508
Public Affairs	-75	-72	3
Subtotal	34,174	32,807	-1,367
Mineral Institutes	9,629	9,244	-385
Total, Bureau of Mines	151,964	145,885	-6,079

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
OFFICE OF SURFACE MINING RECLAMATION AND ENFORCEMENT			
Regulation and Technology			
State Regulatory Program Grants	25,450	24,432	-1,018
Federal Regulatory Programs			
State and Federal Programs	15,959	15,321	-638
Federal inspection and enforcement	12,753	12,243	-510
Technical support	6,941	6,663	-278
Subtotal	35,653	34,227	-1,426
Congressional and Public Affairs	-150	-144	6
Total, Regulation and Technology	60,953	58,515	-2,438
Abandoned Mine Reclamation Fund			
State Reclamation Program Grants	61,600	59,136	-2,464
Federal Reclamation Programs			
Fund management	7,077	6,794	-283
Interior reclamation projects	30,708	29,480	-1,228
Rural lands reclamation program	5,300	5,088	-212
Technical support	1,650	1,584	-66
Subtotal	44,735	42,946	-1,789
Total, Abandoned Mine Reclamation Fund	106,335	102,082	-4,253
Total, Office of Surface Minins Reclamation and Enforcement	167,288	160,597	-6,691
BUREAU OF INDIAN AFFAIRS			
Operation of Indian Programs			
Education			
School Operations	186,961	179,483	-7,478
Johnson O'Malley Educational Assistance	27,035	25,954	-1,081
Continuins Education	54,851	52,657	-2,194
Subtotal, Education	268,847	258,094	-10,753
Indian Services			
Tribal Government Services	25,287	24,276	-1,011
Social Services	94,628	90,843	-3,785
Law Enforcement	35,053	33,651	-1,402
Housins	31,386	30,131	-1,255
Self-Determination Services	51,520	49,459	-2,061
Navajo-Hopi Settlement Program	4,352	4,178	-174
Subtotal, Indian Services	242,226	232,538	-9,688

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Economic Development and Employment Programs			
Employment Development	28,848	27,694	-1,154
Business Enterprise Development	8,739	8,389	-350
Road Maintenance	20,702	19,874	-828
Subtotal, Economic Development and Employment Programs	58,289	55,957	-2,332
Natural Resources Development			
Natural Resources, General	980	941	-39
Agriculture	24,205	23,237	-968
Forestry	26,668	25,601	-1,067
Water Resources	7,000	6,720	-280
Wildlife & Parks	13,505	12,965	-540
Fire Suppression	800	768	-32
Minerals and Mining	7,950	7,632	-318
Irrigation and Power	6,258	6,008	-250
Subtotal, Natural Resources Development	87,366	83,872	-3,494
Trust Responsibilities			
Environmental Quality Services	926	889	-37
Rights Protection	18,312	17,580	-732
Real Estate and Financial Trust Services	29,981	28,782	-1,199
Subtotal, Trust Responsibilities	49,219	47,251	-1,968
General Management and Facilities Operation			
Management and Administration	56,360	54,106	-2,254
Program Support Services	5,345	5,131	-214
Facilities Management	88,761	85,211	-3,550
Subtotal, General Management and Facilities Operation	150,466	144,448	-6,018
Consolidated Tribal Governmental Programs	---	---	---
Reduction in Personnel Compensation	-9,886	-9,494	392
Reduction in Travel	-881	-846	35
IMPL spend out	-10,000	-9,600	400
Total, Operation of Indian Programs	835,646	802,220	-33,426
Construction			
Buildings and Utilities	49,413	47,436	-1,977
Irrigation Systems	48,116	46,192	-1,924
Total, Construction	97,529	93,628	-3,901

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Road Construction			
Base Program	49,125	47,160	-1,965
Trust Funds			
Base Program	28,000	28,000	---
Revolving Fund for Loans			
Limitation on direct loans	(14,770)	(14,770)	---
Indian Loan Guaranty and Insurance Fund			
Limitation on guaranteed loans	(27,630)	(27,630)	---
Total, Bureau of Indian Affairs	1,010,300	971,008	-39,292
TERRITORIAL AFFAIRS			
Administration of Territories			
Guam			
Economic Development Fund	250	240	-10
Construction grants	11,715	11,246	-469
Subtotal, Guam	11,965	11,486	-479
American Samoa			
Judiciary	750	720	-30
Operations grants	17,650	16,944	-706
Construction grants	7,395	7,099	-296
Economic Development Fund	250	240	-10
Special program grants	150	144	-6
Subtotal, American Samoa	26,195	25,147	-1,048
Northern Marianas			
Operations grants	13,225	13,225	---
EDLF	2,805	2,805	---
Construction grants, covenant	6,412	6,412	---
Construction grants, other	1,350	1,296	-54
Subtotal, Northern Marianas	23,792	23,738	-54
Federal Comptrollers			
Virgin Islands	871	836	-35
Trust Territory and Northern Marianas	935	898	-37
American Samoa	569	546	-23
Guam	841	807	-34
Subtotal, Federal Comptrollers	3,216	3,087	-129

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Virgin Islands hospital grant	22,400	21,505	-895
Northern Mariana Federal Laws Commission	200	192	-8
Office of Territorial Affairs	1,911	1,835	-76
Total, Administration of Territories	89,679	86,990	-2,689
Trust Territory of the Pacific Islands			
Operations grants	70,430	67,613	-2,817
Construction grants	8,900	8,544	-356
Total, Trust Territory of the Pacific Islands	79,330	76,157	-3,173
Total, Territorial Affairs	169,009	163,147	-5,862
OFFICE OF THE SOLICITOR			
Salaries and Expenses			
Legal Services	18,333	17,600	-733
Total, Office of the Solicitor	18,333	17,600	-733
OFFICE OF THE SECRETARY			
Departmental Management			
Departmental Direction			
Immediate Office	1,190	1,142	-48
Executive Secretariat	173	166	-7
Cons. & Legis. Affairs	1,006	966	-40
Equal Opportunity	1,243	1,193	-50
Field Coordination	125	120	-5
Public Affairs	650	624	-26
Small & Disadvantaged Business Utilization	445	427	-18
Subtotal, Departmental Direction	4,832	4,638	-194
Program Direction and Coordination			
A/S Energy and Minerals	756	726	-30
A/S Land and Water Resources	791	759	-32
A/S Fish and Wildlife and Parks	745	715	-30
A/S Indian Affairs	726	697	-29
A/S Territorial and International Affairs	400	384	-16
Subtotal, Program Direction and Coordination	3,418	3,281	-137

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Policy, Budget & Administration			
A/S Policy, Budget & Administration	801	769	-32
Secretarial Operations	1,779	1,708	-71
Environmental Project Review	984	945	-39
Acquisition & Property Management	1,059	1,017	-42
Personnel Management	1,414	1,357	-57
Administrative Services	1,300	1,248	-52
Information Resources Management	4,395	4,219	-176
Policy Analysis	1,400	1,344	-56
Budget Office	1,700	1,632	-68
Outer Continental Shelf Program	503	483	-20
Subtotal, Policy, Budget and Administration	15,335	14,722	-613
Office of Water Policy	1,842	1,768	-74
Hearings and Appeals	5,894	5,659	-235
Minerals Policy and Research Analysis	671	644	-27
Endangered Species Committee	100	96	-4
Central Services	9,342	8,969	-373
Alaska Subsistence Grant	1,000	960	-40
Total, Departmental Management	42,434	40,737	-1,697
Office of Construction Management			
Salaries and expenses	4,000	3,840	-160
Office of Inspector General			
Salaries and expenses	10,770	10,339	-431
Total, Office of the Secretary	57,204	54,916	-2,288
Grand Total, Department of the Interior	3,710,176	3,564,221	-145,955
TITLE II - RELATED AGENCIES			
DEPARTMENT OF AGRICULTURE			
FOREST SERVICE			
Forest Research			
Resource Protection Research			
Fire and atmospheric science	10,804	10,372	-432
Forest insect and disease	24,501	23,521	-980
Renewable resource evaluation	15,605	14,981	-624
Renewable resource economics	5,744	5,514	-230
Surface environment and mining	2,245	2,155	-90
Subtotal	58,899	56,543	-2,356

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Resource Management Research			
Trees and timber management	24,560	23,578	-982
Forest watershed management	11,292	10,840	-452
Wildlife, range and fish habitat	10,884	10,449	-435
Forest recreation	2,582	2,479	-103
Forest products	21,396	20,540	-856
Forest Engineering	3,467	3,328	-139
Subtotal	74,181	71,214	-2,967
General administration transfer	-18,088	-17,365	723
Total, Forest Research	114,992	110,392	-4,600
State and Private Forestry			
Cooperative Resource Protection			
Forest Pest Management	24,400	23,424	-976
Rural fire control	14,930	14,333	-597
Subtotal	39,330	37,757	-1,573
Cooperative Resource Management			
Rural forestry assistance	17,505	16,805	-700
Urban forestry assistance	1,800	1,728	-72
Assistance in management and technology	4,900	4,704	-196
Subtotal	24,205	23,237	-968
General Forestry Assistance			
Gifford Pinchot Institute	580	557	-23
FIRESCOPE	1,000	960	-40
Special projects	3,875	3,720	-155
Subtotal	5,455	5,237	-218
General administration transfer	-2,675	-2,569	106
Total, State and Private Forestry	66,315	63,662	-2,653
National Forest System			
Minerals and General Land Activities			
Minerals	24,599	23,615	-984
Land Management Activities	25,203	24,195	-1,008
Land Line Location	31,205	29,957	-1,248
Maintenance of Facilities	15,615	14,990	-625
Payments to Employee's Comp Fund	---	---	---
Subtotal	96,622	92,757	-3,865

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Resource Protection and Maintenance			
Fire protection	178,380	171,245	-7,135
Fire Control	4,275	4,104	-171
Cooperative law enforcement	4,502	4,322	-180
Road maintenance	81,250	78,000	-3,250
Trail maintenance	14,251	13,681	-570
Subtotal	282,658	271,352	-11,306
Timber Sales			
Timber resource planning	12,500	12,000	-500
Silvicultural examination	27,390	26,294	-1,096
Sales preparation and harvest administration	168,446	161,708	-6,738
Subtotal	208,336	200,002	-8,334
Reforestation and Stand improvement			
Reforestation	75,439	72,421	-3,018
Stand improvement	29,184	28,017	-1,167
Nurseries	18,652	17,906	-746
Subtotal	123,275	118,344	-4,931
Recreation management			
Recreation use	102,849	98,735	-4,114
Wilderness	7,952	7,634	-318
Cultural resources	8,199	7,871	-328
Subtotal	119,000	114,240	-4,760
Wildlife and fish habitat management			
Wildlife and fisheries support	24,366	23,391	-975
Habitat improvement	19,860	19,066	-794
Subtotal	44,226	42,457	-1,769
Range activities			
Range management	33,087	31,764	-1,323
Range improvements	3,936	3,779	-157
Wild horse and burro management	450	432	-18
Noxious Farm Weed Control	1,072	1,029	-43
Subtotal	38,545	37,004	-1,541
Soil and water management			
Soil and water support	24,588	23,604	-984
Soil and water improvements	2,435	2,338	-97
Soil and water inventories	14,382	13,807	-575
Subtotal	41,405	39,749	-1,656
General administation	-195,565	-187,743	7,822
General Administration	248,572	238,629	-9,943
Total, National Forest System	1,007,074	966,791	-40,283

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Construction and Land Acquisition			
Facilities	20,693	19,865	-828
Roads and trails			
Direct road construction	282,340	271,047	-11,293
Timber purchaser road construction	---	---	---
Trail construction	4,718	4,529	-189
Subtotal	287,058	275,576	-11,482
General administration transfer	-42,650	-40,944	1,706
Total, Construction and Land Acquisition	265,101	254,497	-10,604
Timber Receipts Transfer			
Transfer to General Fund	-78,700	-78,700	---
Timber Purchaser Credits			
Timber Purchaser Credits	(242,542)	(242,542)	---
Land Acquisition			
Forest Service:			
Acquisitions	23,367	22,433	-934
Acquisition Management	3,989	3,829	-160
Total	27,356	26,262	-1,094
Acquisition of Lands for National Forests, Special Acts			
Base Program	754	724	-30
Acquisition of Lands to Complete Land Exchanges			
Base Program	327	314	-13
Rangeland Improvements			
Base program	7,500	7,200	-300
Miscellaneous Trust Fund			
Miscellaneous trust fund	90	86	-4
Total, Forest Service	1,410,809	1,351,228	-59,581

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
DEPARTMENT OF ENERGY			
Fossil Energy Research and Development			
Coal			
Mines R&D			
Underground coal mining	10,950	10,512	-438
Coal preparation	3,000	2,880	-120
Subtotal	13,950	13,392	-558
Liquefaction			
Demonstration plants	12,300	11,808	-492
Direct hydrogenation	23,000	22,080	-920
Solvent extraction	30,000	28,800	-1,200
Third generation processes	16,300	15,648	-652
Indirect liquefaction	12,000	11,520	-480
Support studies and engineering evaluations	8,600	8,256	-344
Subtotal	102,200	98,112	-4,088
Surface Coal Gasification			
High Btu gasification	9,000	8,640	-360
Low Btu gasification	15,200	14,592	-608
Technical support	10,000	9,600	-400
Peat Gasification	4,000	3,840	-160
Third generation processes	16,550	15,888	-662
Subtotal	54,750	52,560	-2,190
In-situ coal gasification	8,300	7,968	-332
Advance Research & Technology Development	48,700	46,752	-1,948
Advanced environmental control technology			
Flue gas cleanup	6,500	6,240	-260
Gas stream cleanup	10,400	9,984	-416
Technology support	5,500	5,280	-220
Subtotal	22,400	21,504	-896
Heat engines & heat recovery			
Central power systems	9,100	8,736	-364
Dispersed power systems	6,500	6,240	-260
Subtotal	15,600	14,976	-624
Combustion systems			
Atmospheric fluidized beds	11,300	10,804	-496
(Effect of transfer of unobligated funds)	(1,100)	(1,100)	---
Pressurized fluidized beds	15,500	14,460	-1,040
(Effect of transfer of unobligated funds)	(10,500)	(10,500)	---
Advanced combustion technology	1,100	1,056	-44
Alternate fuel utilization	4,400	4,224	-176
Subtotal	32,300	30,544	-1,756

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Fuel cells	35,900	34,464	-1,436
Magnetohydrodynamics	23,000	21,840	-1,160
(Effect of fiscal year 1981 deferral)	(6,000)	(6,000)	---
Equipment not related to construction	3,800	3,648	-152
University coal research	5,400	5,184	-216
Subtotal, Coal	366,300	350,944	-15,356
Petroleum			
Enhanced oil recovery	16,100	15,456	-644
Oil shale	18,950	18,192	-758
Advanced process technology	3,700	3,552	-148
Equipment not related to construction	2,250	2,160	-90
Subtotal, Petroleum	41,000	39,360	-1,640
Gas			
Enhanced gas recovery	9,000	8,520	-480
(Effect of fiscal year 1981 deferral)	(3,000)	(3,000)	---
Equipment not related to construction	200	192	-8
Subtotal, Gas	9,200	8,712	-488
Program direction	14,600	14,016	-584
Total, Fossil Energy Research and Development	431,100	413,032	-18,068
(Effect of fiscal year 1981 deferral)	(9,000)	(9,000)	---
Fossil Energy Construction			
Solvent refined coal I demo plant (78-2-d)			
(Effect of fiscal year 1981 deferral)	(135,000)	(129,600)	(-5,400)
Surface water containment facility, Pittsburgh ETC	1,000	960	-40
General plant projects	3,000	2,880	-120
PFB-Combined Cycle Pilot Plant (80-FE-11)	---	---	---
Total, Fossil Energy construction	4,000	3,840	-160
(Effect of fiscal year 1981 deferral)	(135,000)	(129,600)	(-5,400)
Total, Fossil Energy	435,100	416,872	-18,228
Naval Petroleum and Oil Shale Reserves			
Naval petroleum reserves Nos. 1 & 2	195,597	187,773	-7,824
Naval petroleum reserve No. 3	22,869	21,954	-915
Headquarters	997	957	-40
Subtotal	219,463	210,684	-8,779
Shale oil development program			
Shale reserves development	2,560	2,458	-102
Total, Naval Petroleum and Oil Shale Reserves	222,023	213,142	-8,881

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Energy Conservation			
Buildings & community systems			
Building systems	19,397	18,622	-775
Community systems	4,000	3,840	-160
Urban waste	5,000	4,800	-200
Technology & consumer products			
(Effect of fiscal year 1981 deferral/transfer)	(11,000)	(10,560)	(-440)
Analysis & technology transfer	1,000	960	-40
Appliance standards	1,700	1,632	-68
Federal energy management program	500	480	-20
Residential conservation service			
(Effect of fiscal year 1981 deferral/transfer)	(3,500)	(3,360)	(-140)
Capital equipment	453	435	-18
Program direction	3,100	2,976	-124
Subtotal, Buildings & community systems	35,150	33,745	-1,405
(Effect of fiscal year 1981 deferral/transfer)	(14,500)	(13,920)	(-580)
Industrial			
Waste energy reduction	2,400	1,904	-496
(Effect of fiscal year 1981 deferral/transfer)	(10,000)	(10,000)	---
Industrial process efficiency	2,900	2,580	-320
(Effect of fiscal year 1981 deferral/transfer)	(5,100)	(5,100)	---
Industrial cogeneration			
(Effect of fiscal year 1981 deferral/transfer)	(5,000)	(4,800)	(-200)
Implementation & commercialization	2,400	2,304	-96
Program direction	2,250	2,160	-90
Subtotal	9,950	8,948	-1,002
(Effect of fiscal year 1981 deferral/transfer)	(20,100)	(19,900)	(-200)
Transportation			
Vehicle Propulsion R&D	13,900	12,504	-1,396
(Effect of fiscal year 1981 deferral/transfer)	(21,000)	(21,000)	---
Alternative fuels utilization	4,150	3,984	-166
Electric/hybrid vehicle program	19,600	18,816	-784
Transportation utilization programs	1,000	960	-40
Capital equipment	250	240	-10
Program direction	1,500	1,440	-60
Subtotal	40,400	37,944	-2,456
(Effect of fiscal year 1981 deferral/transfer)	(21,000)	(21,000)	---
State/Local programs			
Emergency energy conservation program	2,000	1,920	-80
Energy policy and conservation grants (EPCA)	16,000	15,000	-1,000
(Effect of fiscal year 1981 deferral/transfer)	(9,000)	(9,000)	---
Energy extension service			
(Effect of fiscal year 1981 deferral/transfer)	(10,000)	(9,600)	(-400)
Schools & hospitals	---	---	---
(Effect of fiscal year 1981 deferral/transfer)	(50,000)	(48,000)	(-2,000)

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Weatherization	42,400	32,893	-9,507
(Effect of fiscal year 1981 deferral/transfer)	(107,600)	(111,107)	(3,507)
Program Direction	7,000	6,720	-280
Subtotal	67,400	56,533	-10,867
(Effect of fiscal year 1981 deferral/transfer)	(176,600)	(177,707)	(1,107)
Multi Sector			
Energy Conversion Technology	---	---	---
(Effect of fiscal year 1981 deferral/transfer)	(8,170)	(7,843)	(-327)
Inventors program	5,000	4,784	-216
(Effect of fiscal year 1981 deferral/transfer)	(400)	(400)	---
Appropriate technology	3,000	2,880	-120
Capital equipment	400	384	-16
Program direction	190	182	-8
Subtotal, Multi Sector	8,590	8,230	-360
(Effect of fiscal year 1981 deferral/transfer)	(8,570)	(8,243)	(-327)
Total, Energy Conservation	161,490	145,400	-16,090
(Effect of fiscal year 1981 deferrals)	(67,762)	(67,762)	---
(Effect of transfers)	(173,008)	(173,008)	---
Economic Regulatory Administration			
Fuels Conversion			
(Effect of fiscal year 1981 deferral)	(5,000)	(4,800)	(-200)
Utility Programs & Regulatory Intervention			
Power supply & reliability	5,000	4,800	-200
Compliance			
Major refiners	6,800	5,200	-1,600
(Effect of fiscal year 1981 deferral)	(15,700)	(16,400)	(700)
All other			
(Effect of fiscal year 1981 deferral)	(12,500)	(12,000)	(-500)
Subtotal	6,800	5,200	-1,600
(Effect of fiscal year 1981 deferral)	(17,000)	(16,320)	(-680)
Fuels regulation	3,600	3,456	-144
Emergency preparedness	2,000	1,920	-80
Office of Hearings and Appeals	5,000	4,800	-200
Program administration	1,500	1,240	-260
(Effect of fiscal year 1981 deferral)	(5,000)	(5,000)	---
Total, ERA	23,900	21,416	-2,484
(Effect of fiscal year 1981 deferral)	(38,200)	(38,200)	---
Strategic Petroleum Reserve			
Planning	9,000	8,640	-360
Storage facilities development	178,496	171,356	-7,140
Program Administration	11,912	11,436	-476
Total, Strategic Petroleum Reserve	199,408	191,432	-7,976

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
SPR Petroleum Account			
Petroleum acquisition and transportation	(3,684,000)	(3,684,000)	---
Energy Information Administration			
Energy applied analysis	8,000	7,680	-320
Collection, production & dissemination	40,592	38,969	-1,623
Data validation	3,000	2,880	-120
Data information services	30,615	29,390	-1,225
Total, Energy Information Administration	82,207	78,919	-3,288
Total, Department of Energy	1,124,128	1,067,181	-56,947
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
HEALTH SERVICES ADMINISTRATION			
Indian Health Services			
Clinical services			
IHS and tribal health delivery			
Hospital and health clinic programs	325,146	312,139	-13,007
Dental health program	18,629	17,884	-745
Mental health program	7,800	7,488	-312
Alcoholism program	16,969	16,290	-679
Maintenance and repair	8,611	8,267	-344
Contract care	115,028	110,427	-4,601
Subtotal, Clinical services	492,183	472,495	-19,688
Preventive health			
Sanitation	14,677	14,090	-587
Public health nursing	8,301	7,969	-332
Health education	2,285	2,194	-91
Community health representation program	30,000	28,800	-1,200
Subtotal, Preventative health	55,263	53,053	-2,210
Urban health projects	8,500	8,160	-340
Indian health manpower	6,000	5,760	-240
Tribal management	2,744	2,634	-110
Program management	50,886	48,851	-2,035
Equity health care fund	14,054	13,492	-562
Reduction offset by Medicare/Medicaid collections	-5,000	-4,800	200

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Medicare/Medicaid Reimbursements			
Hospital and clinic accreditation	(25,000)	(25,000)	---
Indian health services	(5,000)	(5,000)	---
Subtotal	(30,000)	(30,000)	---
Total, Indian Health Services	624,630	599,645	-24,985
Indian Health Facilities			
Hospitals			
New and Replacement	9,928	9,531	-397
Modernization and repair	200	192	-8
Subtotal, Hospitals	10,128	9,723	-405
Outpatient Care Facilities	10,014	9,613	-401
Sanitation Facilities	28,625	27,480	-1,145
Hospital and health clinic programs			
Personnel Quarters	350	336	-14
Total, Indian Health Facilities	49,117	47,152	-1,965
Total, Indian Health	673,747	646,797	-26,950
DEPARTMENT OF EDUCATION			
Indian Education			
Part A-Payments to School Districts	57,250	54,960	-2,290
Part B-Special Projects for Indian Students	15,500	14,880	-620
Part C-Special Projects for Indian Adults	5,430	5,213	-217
Administration	2,916	2,799	-117
Total, Indian Education	81,096	77,852	-3,244
NAVAJO/HOPI INDIAN RELOCATION COMMISSION			
Salaries and Expenses			
Operation of the Commission	10,481	10,062	-419

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
SMITHSONIAN INSTITUTION			
Salaries and Expenses			
Science			
Assistant Secretary for Science	340	326	-14
National Museum of Natural History	16,348	15,693	-655
Astrophysical Observatory	5,777	5,546	-231
Tropical Research Institute	2,844	2,730	-114
Radiation Biology Laboratory	2,086	2,003	-83
National Air and Space Museum	6,783	6,512	-271
Chesapeake Bay Center	944	906	-38
National Zoological Park	9,539	9,157	-382
Center for the Study of Man	743	713	-30
Subtotal, Science	45,404	43,586	-1,818
History and Art			
Assistant Secretary for History and Art	360	346	-14
National Museum of American History	8,309	7,977	-332
National Museum of American Art	3,963	3,804	-159
National Portrait Gallery	2,826	2,713	-113
Hirshhorn Museum and Sculpture Garden	2,522	2,421	-101
Freer Gallery of Art	860	826	-34
Archives of American Art	658	632	-26
Cooper-Hewitt Museum	769	738	-31
Museum of African Art	800	768	-32
Subtotal, History and Art	21,067	20,225	-842
Public Service			
Assistant Secretary for Public Service	330	317	-13
Anacostia Neighborhood Museum	756	726	-30
International Exchange Service	247	237	-10
Division of Performing Arts	462	444	-18
Smithsonian Institution Press	944	906	-38
Subtotal, Public Service	2,739	2,630	-109
Museum Programs			
Assistant Secretary for Museum Programs	2,671	2,564	-107
Office of the Registrar	137	132	-5
Conservation-Analytical Laboratory	1,025	984	-41
Smithsonian Institution Libraries	3,284	3,153	-131
Office of Exhibits Central	1,406	1,350	-56
Traveling Exhibition Service	260	250	-10
Smithsonian Archives	424	407	-17
National Museum Act	811	779	-32
Subtotal, Museum Programs	10,018	9,619	-399

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Special Programs			
American and Folklife Studies	591	567	-24
International Environmental Science Program	626	601	-25
Academic and Educational Programs	624	599	-25
Major Exhibition Program	875	840	-35
Collections Management Inventory	792	760	-32
Museum Support Center Equipment	4,495	4,315	-180
Native American Program	33	32	-1
Subtotal, Special Programs	8,036	7,714	-322
Administration	9,503	9,123	-380
Support Activities			
Office of Facilities Planning & Engineering Services	1,486	1,427	-59
Office of Protection Services	12,094	11,610	-484
Office of Plant Services	23,476	22,536	-940
Subtotal, Support Activities	37,056	35,573	-1,483
Total, Salaries and Expenses	133,823	128,470	-5,353
Special Foreign Currency Program			
Grant Program	4,500	4,320	-180
Construction and Improvements National Zoological Park			
Base Program	1,150	1,104	-46
Restoration and Renovation of Buildings			
Base Program	8,000	7,680	-320
Construction			
South Quadrangle Development	1,000	960	-40
Total, Construction and Improvements	10,150	9,744	-406
Total, Smithsonian	148,473	142,534	-5,939
NATIONAL GALLERY OF ART			
Salaries and Expenses			
Care and Utilization of Art Collections	8,779	8,428	-351
Operation and Maintenance of Buildings and Grounds	14,799	14,207	-592
Protection of Buildings, Grounds, and Contents	4,728	4,539	-189
General Administration	2,751	2,641	-110
Total, National Gallery of Art	31,057	29,815	-1,242

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Woodrow Wilson International Center for Scholars			
Salaries and Expenses			
Fellowship Program	1,009	968	-41
Scholar Support	178	171	-7
Public Services	227	218	-9
General Administration	486	467	-19
Building Requirements	50	48	-2
Total, Woodrow Wilson Center	1,950	1,872	-78
NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES			
National Endowment for the Arts			
Salaries and Expenses			
Artists-in-Schools	5,075	4,872	-203
Dance	7,992	7,672	-320
Design Arts	4,786	4,595	-191
Expansion Arts	7,316	7,023	-293
Fellows	101	97	-4
Folk Arts	2,829	2,716	-113
Inter Arts	4,956	4,758	-198
International	126	121	-5
Literature	4,497	4,317	-180
Media Arts	9,632	9,247	-385
Museums	10,803	10,371	-432
Music	9,796	9,404	-392
Opera / Musical Theatre	3,034	2,913	-121
Special Constituencies	252	242	-10
State Programs	22,173	21,285	-888
Theatre	6,928	6,651	-277
Visual Arts	6,834	6,561	-273
Research	505	485	-20
Total, Regular programs	107,635	103,330	-4,305
Administration	11,365	10,910	-455
Total, Salaries and Expenses	119,000	114,240	-4,760
Matching Grants			
Matching Grants	15,000	14,400	-600
Challenge Grants	15,000	14,400	-600
Total, Matching Grants	30,000	28,800	-1,200
Total, Arts	149,000	143,040	-5,960

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
National Endowment for the Humanities			
Salaries and Expenses			
State Programs	21,177	20,329	-848
Public Programs			
Media Grants	8,800	8,447	-353
Museums and Historical Organizations	7,200	6,912	-288
Public Libraries	2,760	2,650	-110
Subtotal	18,760	18,009	-751
Education Programs			
Institutional Grants	6,036	5,795	-241
Higher Education / Regional and National	3,960	3,802	-158
Elementary and Secondary	4,900	4,704	-196
Subtotal	14,896	14,301	-595
Fellowships			
Endowment Fellowships	6,280	6,029	-251
Other Study Programs	7,683	7,376	-307
Subtotal	13,963	13,405	-558
Research Grants	16,360	15,705	-655
Special Programs			
Special Projects	8,284	7,953	-331
Planning and Analysis	760	730	-30
Subtotal	9,044	8,683	-361
Subtotal, Program funds	94,200	90,432	-3,768
Administration	11,800	11,328	-472
Total, Salaries and Expenses	106,000	101,760	-4,240
Matching Grants			
Matching Grants	8,400	8,064	-336
Challenge Grants	21,600	20,736	-864
Total, Matching Grants	30,000	28,800	-1,200
Total, Humanities	136,000	130,560	-5,440
Total, National Foundation on the Arts and the Humanities	285,000	273,600	-11,400

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS) —Continued

	Conference Report	Amended Conference Report	Difference
Institute of Museum Services			
Grants to Museums:			
Operating Support Grants	10,580	10,157	-423
Special Project Grants	750	720	-30
Museum Services Board	70	67	-3
Subtotal	11,400	10,944	-456
Program Administration	600	576	-24
Total, Institute of Museum Services	12,000	11,520	-480
COMMISSION OF FINE ARTS			
Salaries and Expenses			
Base Programs	303	291	-12
ADVISORY COUNCIL ON HISTORIC PRESERVATION			
Salaries and Expenses			
Advisory Services	1,632	1,567	-65
NATIONAL CAPITAL PLANNING COMMISSION			
Salaries and Expenses			
Base Program	2,361	2,267	-94
FRANKLIN DELANO ROOSEVELT MEMORIAL COMMISSION			
Salaries and Expenses			
Base Program	30	29	-1
PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION			
Salaries and Expenses			
Salaries and Expenses	2,340	2,246	-94
Land Acquisition and Development (Borrowing Authority)			
Property Acquisition	2,500	2,400	-100
Public Development			
Public Improvements	12,850	12,336	-514
Program Support Costs	1,350	1,296	-54
Total, Public Development	14,200	13,632	-568

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NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Total, Pennsylvania Avenue Development Corporation	19,040	18,278	-762
FEDERAL INSPECTOR FOR ALASKA GAS PIPELINE			
Permitting and Enforcement			
Base program	28,568	27,425	-1,143
Holocaust Memorial Council			
Salaries and expenses	800	768	-32
Total, Title II, Related Agencies	3,831,475	3,663,086	-168,389
Grand total	7,541,651	7,227,307	-314,344
TITLE I - DEPARTMENT OF THE INTERIOR			
Bureau of Land Management	564,076	542,057	-22,019
Office of Water Research and Technology	11,194	10,636	-558
Fish and Wildlife Service	260,920	250,484	-10,436
National Park Service	782,449	751,150	-31,299
Geological Survey	517,439	496,741	-20,698
Bureau of Mines	151,964	145,885	-6,079
Office of Surface Mining Reclamation and Enforcement	167,288	160,597	-6,691
Bureau of Indian Affairs	1,010,300	971,008	-39,292
Territorial Affairs	169,009	163,147	-5,862
Office of the Solicitor	18,333	17,600	-733
Office of the Secretary	57,204	54,916	-2,288
Total, Title I - Department of the Interior	3,710,176	3,564,221	-145,955
TITLE II - RELATED AGENCIES			
Forest Service	1,410,809	1,351,228	-59,581
Department of Energy	(1,124,128)	(1,067,181)	(-56,947)
Fossil Energy	435,100	416,872	-18,228
Energy production, demonstration and distribution	222,023	213,142	-8,881
Energy Conservation	161,490	145,400	-16,090
Economic Regulatory Administration	23,900	21,416	-2,484
Strategic Petroleum Reserve	199,408	191,432	-7,976
Energy Information Administration	82,207	78,919	-3,288
Indian Health	673,747	646,797	-26,950
Indian Education	81,096	77,852	-3,244
Navajo and Hopi Indian Relocation Commission	10,481	10,062	-419
Smithsonian	148,473	142,534	-5,939
National Gallery of Art	31,057	29,815	-1,242

NEW BUDGET AUTHORITY (IN THOUSANDS OF DOLLARS)—Continued

	Conference Report	Amended Conference Report	Difference
Woodrow Wilson International Center for Scholars	1,950	1,872	-78
National Endowment for the Arts	149,000	143,040	-5,960
National Endowment for the Humanities	136,000	130,560	-5,440
Institute of Museum Services	12,000	11,520	-480
Commission of Fine Arts	303	291	-12
Advisory Council on Historic Preservation	1,632	1,567	-65
National Capital Planning Commission	2,361	2,267	-94
Franklin Delano Roosevelt Memorial Commission	30	29	-1
Pennsylvania Avenue Development Corporation	19,040	18,278	-762
Federal Inspector for the Alaska Pipeline	28,568	27,425	-1,143
Holocaust Memorial Council	800	768	-32
Total, Title II - Related Agencies	3,831,475	3,663,086	-168,389
Grand total	7,541,651	7,227,307	-314,344

The SPEAKER. Is there objection to the initial request of the gentleman from Illinois?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. YATES. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks on the Senate amendment just concurred in, and that I may insert a table in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PROVIDING FOR CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 230, SECOND CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1982

Mr. DERRICK. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 295 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 295

Resolved, That upon the adoption of this resolution it shall be in order to consider the concurrent resolution (H. Con. Res. 230) reaffirming the congressional budget for the United States Government as set forth in the first concurrent resolution on the budget for the fiscal year 1982 (H. Con. Res. 115, Ninety-seventh Congress) in the House, and the previous question shall be considered as ordered on said current resolution to final adoption without intervening motion.

The SPEAKER. The gentleman from South Carolina (Mr. DERRICK) is recognized for 1 hour.

Mr. DERRICK. Mr. Speaker, I yield the usual 30 minutes for purposes of debate only to the gentleman from Ohio (Mr. LATTA), pending which I yield myself such time as I may consume.

Mr. Speaker, House Resolution 295 is a straightforward rule providing for consideration in the House of House Concurrent Resolution 230, reaffirming the congressional budget for the U.S. Government as set forth in the first concurrent resolution on the budget for fiscal year 1982 which was adopted last spring.

The special procedures for consideration of the budget resolution are set forth in the Budget Act and would permit 10 hours of debate, consideration in the Committee of the Whole under the 5-minute rule, and no motion to reconsider or recommit. However, due to the impending close of this session of Congress and the provision of the Budget Act that prohibits adjournment sine die unless action has been completed on the second budget resolution, the Committee on Rules prudently agreed to provide a mechanism for expediting consideration of House Concurrent Resolution 230.

Mr. Speaker, it was the committee's intention to facilitate timely consideration of the second budget resolution. House Resolution 295, therefore, provides for consideration in the House. During the debate in the Rules Committee it was understood that this rule would permit consideration under the hour rule and no amendments would be in order unless the floor manager yielded for that purpose. This rule is necessarily tightly structured to preserve the substance and intent of the second budget resolution.

House Concurrent Resolution 230 is simply a restatement of the first budget resolution. It provides an opportunity to allow the President to implement his economic program and gives the Congress and the administration additional time to reassess the economic assumptions on which this budget is based and if necessary, alter spending and revenue limits during the next session.

Mr. Speaker, enactment of House Concurrent Resolution 230 will enable bills which may be subject to delayed enrollment under the terms of the first concurrent resolution on the budget, to be enrolled by the clerk and sent to the President for signature.

House Resolution 295 is intended to provide the House with a reasonable expedited procedure for consideration of the second budget resolution.

The Congress is presently working under serious time constraints to conclude its business and the urgency of this legislation is apparent.

Mr. Speaker, I am sure issues involved here will be thoroughly debated when the budget resolution is considered. I urge my colleagues to adopt House Resolution 295 so that we may proceed to that debate.

(Mr. LATTA asked and was given permission to revise and extend his remarks.)

Mr. LATTA. Mr. Speaker, in the absence of a rule we would have to consider this budget resolution under procedures laid out under the Budget Act.

The Budget Act first requires that a budget resolution be considered only after a 10-day layover period which begins the date the report is available to the members.

The Budget Act provides for 10 hours of general debate on the budget resolution with amendments to be considered under the 5-minute rule. Mr. Speaker, if we hope to wind down this session of the Congress, it is necessary

to come with an expedited procedure, and this is what this rules provides.

The rule makes in order to consider the second budget resolution in the House rather than in the Committee of the Whole House. This means there will be 1 hour of debate and no amendments. This expedited procedure is useful in this particular situation because the second budget resolution made in order by this rule simply reaffirms the budget as set forth in the first budget resolution.

The revenue and spending targets adopted in the first resolution on May 20, 1981, will become the spending ceiling and revenue floor for fiscal year 1982.

Mr. Speaker, this rule and the second budget resolution represents a reasonable solution to the problem confronting us before adjournment. It will allow us to take adequate time in the next session in order to work out new budget levels based on new economic data which will be available at that time. This is better in my humble opinion than attempting to rush through a major budget provision in the closing days of this session.

Mr. Speaker, under the Budget Act the Congress may not, and I repeat, may not adjourn sine die until it has completed action the second budget resolution.

I support this rule so that the House can proceed to consider such a second budget resolution and adjourn this Congress sine die.

Frankly, I know of no better way to save taxpayers' dollars and to keep from further bankrupting the future of our grandchildren than to adjourn this Congress sine die.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Illinois (Mr. FINDLEY).

FARM BILL CONFERENCE REPORT

(By unanimous consent, Mr. FINDLEY was allowed to speak out of order.)

Mr. FINDLEY. Mr. Speaker, I asked for this opportunity in order to discuss the question of the farm bill conference report.

In earlier days I was a newspaper editor, and in that capacity often dealt with letters to the editor. In a sense what I say now is a "letter to the editor," a message to all my friends of this body and particularly to one of the people of my life experience I respect most highly, the gentleman from Washington (Mr. FOLEY).

And I ask for the opportunity to speak out of order because the theme is timely, in fact time is very short.

This body will soon have before it the question of approval of the farm bill conference report. If a majority of this body approves, I am confident the legislation will become law. If not, American agriculture will be governed beginning next year by the 1949 act with all the uncertainties, disruptions, and high costs it entails.

Republicans, for example, must support the conference report in far greater numbers than when the legislation was first before this body. Then a majority of Republicans voted no. I was among them, because I preferred the Senate version which was then the alternative.

Now differences between House and Senate have been reconciled. The project was accomplished from the House side under the able leadership of the chairman of the House Committee on Agriculture, the gentleman from Texas (Mr. DE LA GARZA). He did an admirable job of guiding House interests to the reconciliation objective.

I support the compromise. I urge its approval. And yet I recognize the great difficulty we face in securing a majority to vote affirmative. More than 100 Members of both parties must vote "yes" if the report is to be approved.

Critical to the outcome is the position of the gentleman from Washington (Mr. FOLEY). He is highly respected by all who know him. He has been a member of the Committee on Agriculture for 18 years, and served for several years as chairman, leaving that position to become majority whip of this body.

He has continued his close work on the Agriculture Committee and serves as chairman of the Subcommittee on Wheat, Soybeans and Feed Grains. I sit at his side as senior Republican on that subcommittee. I have worked closely with him on many issues over the 18 years of our acquaintance. And these undertakings have ranged far beyond the work of the Agriculture Committee.

This experience has given me a unique appreciation of the high character and commitment of the gentleman. Few others would have had the opportunity to observe him at close range for so long a period. In my view he always puts the public interest above more narrow interests.

I have sat with him in both public and private discussions in the lengthy work of the farm bill conference, and have observed firsthand his actions and reactions during the process.

He was reasonable and conciliatory on the adjustment of loan rates and target prices—and other matters. In fact, I was pleased and at times surprised at his willingness to go the second mile.

Frankly, I was disappointed that further compromise could not be accomplished to meet certain of his objectives.

From this experience I can understand the factors that led Mr. FOLEY to cast his vote against approval of the report.

But now the question is approval of the conference report by the full membership of the House, and there hopefully he will see his responsibility taking on a new broader dimension. He is a Member of great respect on both sides of the aisle, and on the Democratic side, along with Mr. DE LA GARZA, is considered the preeminent authority and spokesman on what is best for the farmer.

In that circumstance I am hopeful—indeed confident—that the better angels of Mr. FOLEY's nature will prevail, as they always have in the past, and that he will give his good name in support of the conference report.

All of us who have enjoyed the privilege of service on the Agriculture Committee remember with fondness the service of another Texan, Bob Pogue of Waco, and we remember how he and Mr. FOLEY worked so well together, each as chairman and vice chairman. With Mr. Pogue's retirement and new responsibilities for Mr. FOLEY as Democratic whip, the Texas-Washington alliance is again in place and I know the gentleman from Washington certainly will continue to give his full support to his current Texas chairman.

Enactment of the report is crucial to the well-being of our Nation. Reverting to the 1949 farm legislation would be little short of a calamity.

Mr. FOLEY's support is crucial. Let those better angels sing out.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Speaker, I think the question that is really before the House is at what level will the projected deficit pique the conscience of the collective Members of this House so that we will take action to do something to move that deficit downward.

It is in response to that question that I rise in opposition to this closed rule, this gag rule, that the Rules Committee has reported for consideration by the House.

First, on two procedural matters. The Budget Act of 1974 provides that the work product of the Budget Committee is to be made available to the Members for a period of 10 days before it can be taken up. The record shows this work product of the Budget Committee was filed on December 8. That is obviously not 10 days ago. That particular rule was waived by unanimous consent on November 16.

Nonetheless, we are violating the spirit of the 10-day rule because frankly the Members have not had a chance to analyze what is in it.

The Budget Act also provides that we can debate it for 10 hours. This closed rule telescopes that 10 hours down to 1 hour—a substantial reduction.

And what do we have with respect to the premises upon which this second budget resolution is based? When we first voted on this matter, earlier this year, the projected deficit for fiscal year 1982 was $37.6 billion; for 1983, $19 billion; for 1984, a $1 billion surplus. These are now obsolete.

The figures in the committee report, on House Concurrent Resolution 230, if the Members will look at it, that would be considered without amendments if we adopt this closed rule, show the deficit for fiscal year 1982 is now projected at $89.1 billion; for 1983, at $118.7 billion; and for 1984, at $129.9 billion.

Then just in the last few days we have had some new internal administration figures come out that project the revised deficit for fiscal year 1982 at $119 billion; in fiscal year 1983, at $152 billion; and for fiscal year 1984, at $162 billion.

Again I ask the question, At what level will the projected deficit pique the conscience of the Members of this institution so that we will take corrective action? It is in that spirit that this Member from California drafted and presented to the House for its consideration a series of special orders beginning on September 11 of this year down through October 7, about a dozen of them, where he enumerated 272 items totaling some $52 billion in budget reductions, in fiscal year 1982, where we could reduce this projected deficit that stares us all in the face.

I think we should understand that if we decline to defeat this rule, we are precluding this Member from California or any other Member from presenting an opportunity for the Members of this House to vote on the chance of reducing spending during fiscal year 1982.

Let us put that in perspective.

When we voted on this issue earlier this year, there were at least three proposals before the House. One of them was a balanced budget, advocated by the gentleman from Arizona (Mr. UDALL), which balanced it without cutting taxes; another was advocated by the Congressional Black Caucus, which substantially raised taxes and claimed to be balanced; the third, Gramm-Latta I, contained a deficit of $31 billion. This Member from California attempted to get a rule from the Rules Committee in May that would have permitted the House to consider balancing the budget by reducing spending by the sum of some $52 billion, which was the proposal at the time.

I was denied the opportunity of presenting that option to the House. There comes a time when one begins to get the feeling around here that the institution, the House itself, does not want to have the opportunity or permit Members to vote on whether or not we really want to reduce spending. Again, we cannot bring the matter to a vote. Why? Because this rule today is closed. It does not tolerate an amendment, it does not tolerate a motion to recommit, it is up or down on the basis of the proposal before the House.

□ 1545

I submit that it is a gag rule and we should not tolerate it.

The SPEAKER pro tempore (Mr. FARY). The time of the gentleman from California has expired.

Mr. LATTA. Mr. Speaker, I yield 2 additional minutes to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Speaker, we should also at this time, I believe, put in perspective the growth of certain indices that are available on which we can base our intellectual judgment as to whether or not this is a proper course to pursue.

Between 1957 and 1982, the increase in the gross national product went up 644 percent during that 25-year span.

The increases in the Consumer Price Index during that period was 244 percent.

The increase in personnel income was 666 percent.

Here is the increase percentagewise in budget outlays in that 25-year period: 842 percent. In other words, during the 25-year span from 1957 to 1982, budget outlays increased by several hundred percentage points more than personal income.

Is it any wonder why the people of this country feel like they are getting further behind as time goes on?

For the last 2 years the Federal Reserve Board has altered its policies in terms of monetary growth. It has assumed a posture of a more moderate rate of monetary growth. It claims it is no longer monetizing the public debt. This means if deficits of the magnitude we are talking about come into existence, there is only one way they can be financed and that is in the credit markets. The Federal Government today is consuming at least 43 percent of the credit that is available in the financial markets. If we close our eyes to these projected deficits we are talking about for another 4 months and permit spending at the current level, we are going to exacerbate the demands on the credit markets of this Nation and probably further drive up the cost of credit, preventing economic recovery for our Nation.

There are only two alternatives, really. You can either increase taxes or decrease spending. All I am suggesting in fairness is that the Members of this House should have the opportunity of voting on whether or not we choose to reduce spending by the magnitude that this Member from California proposes, some $42 billion.

I object to the rule and request the Members to reject this rule, the gag rule that it is.

Mr. DERRICK. Mr. Speaker, I yield 5 minutes to the gentleman from Oregon (Mr. WEAVER) for purposes of debate only.

Mr. WEAVER. Mr. Speaker, I thank my colleague, the gentleman from South Carolina.

Mr. Speaker, this budget represents the worst of both possible worlds. It has a horrendous $109 billion deficit, while at the same time cutting funds for programs that are badly needed by our people. Therefore, it badly wants amendment and the rule does not allow amendments.

Now, as the gentleman from California has just very clearly stated, that if the Federal Reserve Board does not print money in order to cover this deficit, it will once again drive interest rates sky high, and I might say that interest rates in the last week or two are already back on an upward course.

This can be rectified, given the policies of the Federal Reserve Board and the provisions of the budget bill by only one thing; that is economic depression, and I say depression with a capital "D." In my State of Oregon we already are in a depression. In my congressional district, dependent upon the timber industry, which is dependent on the depressed housing industry, I have as much as 30 percent unemployment. Hundreds of businesses are going bankrupt. Major firms are going bankrupt.

The possibilities of their recuperating are almost nil under this budget. Housing is made to bear the brunt both of the spending cuts as well as the horrendous deficit.

I want to tell my colleagues in the House of Representatives that what is happening in Oregon, and let me tell you for just a moment, what is happening in Oregon, grown men and women are coming into my office, people who have worked all their lives and are bursting into tears. They are crying, they are breaking down because they are desperate. Their unemployment compensation has run out. They have been cut off from any possibility of the welfare rolls by new provisions and by budget cuts. They have nowhere to turn. There are no jobs.

The younger people are leaving Oregon. Recently we did a survey and it was difficult to find the man of the family at home. He was in Wyoming or Houston, Tex., seeking employment. So the depression in Oregon is only the augur of what is going to happen in the rest of the country, and inescapably so, because with this budget with this deficit, its tax decreases for the wealthy and its spending cuts, there is only one way that Government revenues and expenditures and interest rates can be brought to a more stable condition and that is through economic depression, and let me tell you, we are going to have it. Unemployment is not going to stop at 9 percent. Unemployment is going to go to 12 percent, to 15 percent, and up.

As the economy unravels, you will not put it back together again. As people lose their homes and lose their jobs, you will find increasing unemployment in a vicious cycle. As home prices fall in this country, people will pull in their horns and not buy in the same way as housing prices rose they said we should buy in order to participate in the gains. They will fear the loss in equity that is occurring already and will occur in the real estate crash that has to come, that is unavoidable, from the terms of this budget.

Now, we are living on the sins of the past. The budget is not the only thing to blame. It is simply the thing that is putting the quietus on the economy. We should be taking steps now to rectify what we are going to be facing.

Mr. LATTA. Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. DERRICK. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the yeas appeared to have it.

Mr. DANNEMEYER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 248, nays 154, not voting 31, as follows:

[Roll No. 350]

YEAS—248

Addabbo	Campbell	Evans (IN)
Akaka	Chappell	Fary
Albosta	Cheney	Fascell
Alexander	Clausen	Fazio
Anderson	Clay	Ferraro
Andrews	Clinger	Findley
Annunzio	Coelho	Flippo
Anthony	Conable	Foglietta
Aspin	Conte	Foley
Atkinson	Corcoran	Ford (MI)
Bafalis	Coyne, William	Fountain
Bailey (MO)	D'Amours	Fowler
Bailey (PA)	Daniel, R. W.	Frost
Bedell	Danielson	Fuqua
Beilenson	Daschle	Gaydos
Benedict	de la Garza	Gephardt
Benjamin	Derrick	Gibbons
Bennett	Dickinson	Ginn
Bethune	Dicks	Gore
Bevill	Dingell	Gradison
Biaggi	Dixon	Gray
Bingham	Donnelly	Green
Blanchard	Dorgan	Guarini
Bliley	Dowdy	Hall, Ralph
Boggs	Downey	Hall, Sam
Boland	Duncan	Hance
Bonior	Dwyer	Harkin
Bouquard	Dyson	Hatcher
Bowen	Edwards (AL)	Heckler
Breaux	Edwards (CA)	Hefner
Brinkley	Edwards (OK)	Heftel
Brodhead	English	Hendon
Broyhill	Erlenborn	Hertel
Burton, Phillip	Ertel	Hightower
Butler	Evans (DE)	Hillis
Byron	Evans (IA)	Holland
Holt	Murtha	Shannon
Horton	Myers	Shaw
Huckaby	Napier	Shelby
Hutto	Natcher	Shuster
Hyde	Nichols	Simon
Ireland	Nowak	Skelton
Jenkins	Oberstar	Smith (AL)
Jones (OK)	Obey	Smith (PA)
Jones (TN)	Oxley	Snowe
Kastenmeier	Panetta	Solarz
Kazen	Parris	St Germain
Kemp	Pashayan	Stanton
Kildee	Patterson	Stark
Latta	Pease	Staton
Leath	Pepper	Stenholm
LeBoutillier	Perkins	Stokes
Lehman	Peyser	Stratton
Leland	Pickle	Studds
Livingston	Porter	Stump
Long (LA)	Price	Swift
Long (MD)	Pritchard	Synar
Lott	Pursell	Thomas
Lowry (WA)	Quillen	Traxler
Lujan	Rahall	Udall
Lundine	Railsback	Vander Jagt
Markey	Regula	Volkmer
Marks	Reuss	Walgren
Marriott	Rhodes	Wampler
Martin (IL)	Richmond	Watkins
Martin (NC)	Rinaldo	Waxman
Martin (NY)	Robinson	Weber (OH)
Matsui	Rodino	White
Mavroules	Roe	Whitehurst
Mazzoli	Rogers	Whitley
McCurdy	Rose	Wilson
McHugh	Rosenthal	Wirth
McKinney	Rostenkowski	Wolf
Mica	Roukema	Wolpe
Michel	Roybal	Wright
Mikulski	Rudd	Wyden
Miller (CA)	Russo	Wylie
Mineta	Sawyer	Yatron
Minish	Scheuer	Young (AK)
Mollohan	Schneider	Young (MO)
Morrison	Schumer	Zablocki
Mottl	Seiberling	Zeferetti
Murphy	Shamansky	

NAYS—154

Applegate	Forsythe	McClory
Archer	Frank	McCollum
Ashbrook	Frenzel	McDade
Badham	Gejdenson	McEwen
Barnard	Gilman	McGrath
Barnes	Gingrich	Miller (OH)
Bereuter	Glickman	Mitchell (MD)
Broomfield	Gonzalez	Mitchell (NY)
Brown (CO)	Goodling	Moffett
Brown (OH)	Gramm	Molinari
Burgener	Gregg	Moore
Burton, John	Grisham	Moorhead
Carman	Gunderson	Neal
Carney	Hagedorn	Nelligan
Chappie	Hamilton	Nelson
Coats	Hammerschmidt	O'Brien
Coleman	Hansen (ID)	Ottinger
Collins (IL)	Hansen (UT)	Patman
Collins (TX)	Hartnett	Paul
Conyers	Hawkins	Petri
Coughlin	Hiler	Rangel
Courter	Hollenbeck	Ratchford
Coyne, James	Hopkins	Ritter
Craig	Hoyer	Roberts (KS)
Crane, Daniel	Hubbard	Roberts (SD)
Crane, Philip	Hughes	Roemer
Dannemeyer	Hunter	Roth
Daub	Jacobs	Sabo
Davis	Jeffords	Savage
Dellums	Jeffries	Schroeder
DeNardis	Johnston	Schulze
Derwinski	Kindness	Sensenbrenner
Dougherty	Kramer	Sharp
Dreier	LaFalce	Shumway
Dunn	Lagomarsino	Siljander
Eckart	Leach	Skeen
Emerson	Lee	Smith (IA)
Emery	Lent	Smith (NE)
Erdahl	Levitas	Smith (NJ)
Evans (GA)	Lewis	Smith (OR)
Fenwick	Loeffler	Snyder
Fiedler	Lowery (CA)	Solomon
Fields	Lungren	Spence
Fish	Madigan	Stangeland
Florio	Marlenee	Tauke
Ford (TN)	Mattox	Tauzin
Taylor	Weber (MN)	Winn
Trible	Weiss	Wortley
Vento	Whittaker	Yates
Walker	Whitten	Young (FL)
Washington	Williams (MT)	
Weaver	Williams (OH)	

NOT VOTING—31

AuCoin	Dornan	Lantos
Beard	Dymally	Luken
Bolling	Early	McCloskey
Boner	Edgar	McDonald
Bonker	Fithian	Moakley
Brooks	Garcia	Montgomery
Brown (CA)	Goldwater	Oakar
Chisholm	Hall (OH)	Rousselot
Crockett	Howard	Santini
Daniel, Dan	Jones (NC)	
Deckard	Kogovsek	

□ 1600

The Clerk announced the following pairs:

On this vote:

Mr. Moakley for, with Mr. McDonald against.

Mr. Jones of North Carolina for, with Mr. Garcia against.

Until further notice:

Mrs. Chisholm with Mr. McCloskey.

Mr. AuCoin with Mr. Rousselot.

Ms. Oakar with Mr. Dornan of California.

Mr. Lantos with Mr. Santini.

Mr. Brooks with Mr. Beard.

Mr. Howard with Mr. Goldwater.

Mr. Montgomery with Mr. Deckard.

Mr. Luken with Mr. Edgar.

Mr. Brown of California with Mr. Dan Daniel.

Mr. Early with Mr. Crockett.

Mr. Bonker with Mr. Dymally.

Mr. Boner of Tennessee with Mr. Hall of Ohio.

Mr. Fithian with Mr. Kogovsek.

Messrs. BEREUTER, WASHINGTON, HAWKINS, SMITH of New Jersey, and APPLEGATE changed their votes from "yea" to "nay."

Messrs. STUMP, GORE, and RUSSO changed their votes from "nay" to "yea."

Mr. SAVAGE changed his vote from "yea" to "present."

Mr. SAVAGE changed his vote from "present" to "nay."

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

□ 1610

PERMISSION TO FILE CONFERENCE REPORT ON S. 1086, OLDER AMERICANS ACT OF 1981, AND MAKING IN ORDER CONSIDERATION OF CONFERENCE REPORT

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the Senate bill (S. 1086) to extend and revise the Older Americans Act of 1965, and for other purposes, and that it may be in order bring up the conference report at any time after it is filed.

The SPEAKER pro tempore. (Mr. FARY). Is there objection to the request of the gentleman from Kentucky?

There was no objection.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT APPROPRIATIONS, 1982

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 4034) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes, with the remaining Senate amendment to the House amendment to the Senate amendment numbered 4, and concur therein.

The Clerk read the title of the bill.

The Clerk read the remaining Senate amendment to the House amendment to the Senate amendment numbered 4, as follows:

On page 47, after line 5, of the House engrossed bill, insert:

TITLE V

SEC. 501. Notwithstanding any other provision of this Act—

(1) The amount of the increase in contract authority under the heading "HOUSING PROGRAMS, ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING", shall be $897,177,848, and the amount of the increase in budget authority under such heading shall be $17,373,528,040.

(2) The amount appropriated under the heading "HOUSING PROGRAMS, HOUSING COUNSELING ASSISTANCE", shall be $3,520,000.

(3) The amount appropriated under the heading "SOLAR ENERGY AND ENERGY CONSERVATION BANK, ASSISTANCE FOR SOLAR AND CONSERVATION IMPROVEMENTS", shall be $23,000,000.

(4) The amount appropriated under the heading "COMMUNITY PLANNING AND DEVELOPMENT, COMMUNITY DEVELOPMENT GRANTS", shall be $3,600,000,000.

(5) The amount appropriated under the heading "COMMUNITY PLANNING AND DEVELOPMENT, URBAN DEVELOPMENT ACTION GRANTS", shall be $458,000,000.

(6) The amount appropriated under the heading "POLICY DEVELOPMENT AND RESEARCH, RESEARCH AND TECHNOLOGY", shall be $20,000,000.

(7) The amount appropriated under the heading "FAIR HOUSING AND EQUAL OPPORTUNITY, FAIR HOUSING ASSISTANCE", shall be $5,016,000.

(8) The amount appropriated under the heading "MANAGEMENT AND ADMINISTRATION, WORKING CAPITAL FUND", shall be $528,000.

(9) The amount appropriated under the heading "DEPARTMENT OF DEFENSE—CIVIL, CEMETERIAL EXPENSES, ARMY, SALARIES AND EXPENSES", shall be $4,476,000.

(10) The amount appropriated under the heading "ENVIRONMENTAL PROTECTION AGENCY, SALARIES AND EXPENSES", shall be $562,837,000.

(11) The amount appropriated under the heading "ENVIRONMENTAL PROTECTION AGENCY, RESEARCH AND DEVELOPMENT", shall be $167,759,000.

(12) The amount appropriated under the heading "ENVIRONMENTAL PROTECTION AGENCY, ABATEMENT, CONTROL AND COMPLIANCE", shall be $395,000,000.

(13) The amount appropriated under the heading "ENVIRONMENTAL PROTECTION AGENCY, BUILDINGS AND FACILITIES", shall be $3,621,000.

(14) The amount appropriated under the heading "EXECUTIVE OFFICE OF THE PRESIDENT, COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY", shall be $919,000.

(15) The amount appropriated under the heading "EXECUTIVE OFFICE OF THE PRESIDENT, OFFICE OF SCIENCE AND TECHNOLOGY POLICY", shall be $1,578,000.

(16) The amount appropriated under the heading "FEDERAL EMERGENCY MANAGEMENT AGENCY, FUNDS APPROPRIATED TO THE PRESIDENT, DISASTER RELIEF", shall be $301,694,000.

(17) The amount appropriated under the heading "FEDERAL EMERGENCY MANAGEMENT AGENCY, SALARIES AND EXPENSES", shall be $93,879,000.

(18) The amount appropriated under the heading "FEDERAL EMERGENCY MANAGEMENT AGENCY, STATE AND LOCAL ASSISTANCE", shall be $121,829,000.

(19) The amount appropriated under the heading "FEDERAL EMERGENCY MANAGEMENT AGENCY, EMERGENCY PLANNING AND ASSISTANCE", shall be $67,906,000.

(20) There are appropriated, out of any money in the Treasury not otherwise appropriated, for the repayment of notes dated April 17, 1979, and September 28, 1979, issued by the Director of the Federal Emergency Management Agency to the Secretary of the Treasury pursuant to section 15(e) of the Federal Flood Insurance Act of 1956 (42 U.S.C. 2414(e)), $328,240,000.

(21) The amount appropriated under the heading "DEPARTMENT OF HEALTH AND HUMAN SERVICES, OFFICE OF CONSUMER AFFAIRS", shall be $1,760,000.

(22) The amount appropriated under the heading "NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, RESEARCH AND DEVELOPMENT", shall be $4,973,100,000 of which not to exceed $3,104,900,000 shall be available for the Space Shuttle including space flight operations: *Provided*, That the limitations subject to the approval of the Committees on Appropriations contained under this heading shall not be affected by this subsection.

(23) The amount appropriated under the heading "NATIONAL SCIENCE FOUNDATION, RESEARCH AND RELATED ACTIVITIES", shall be $1,010,000,000.

(24) The amount appropriated under the heading "NATIONAL SCIENCE FOUNDATION, SCIENCE EDUCATION ACTIVITIES", shall be $22,000,000.

(25) The amount appropriated under the heading "NATIONAL SCIENCE FOUNDATION, SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)", shall be $3,080,000.

(26) The amount appropriated under the heading "SELECTIVE SERVICE SYSTEM, SALARIES AND EXPENSES", shall be $18,633,000.

(27) The amount appropriated under the heading "DEPARTMENT OF THE TREASURY, OFFICE OF REVENUE SHARING, SALARIES AND EXPENSES", shall be $6,148,000.

(28) The amount appropriated under the heading "DEPARTMENT OF THE TREASURY, NEW YORK CITY LOAN GUARANTEE PROGRAM", shall be $822,000.

(29) The amount appropriated under the heading "VETERANS ADMINISTRATION, COMPENSATION AND PENSIONS", shall be $13,824,000,000.

(30) The amount appropriated under the heading "VETERANS ADMINISTRATION, READJUSTMENT BENEFITS", shall be $1,938,800,000.

(31) The amount appropriated under the heading "VETERANS ADMINISTRATION, MEDICAL AND PROSTHETIC RESEARCH", shall be $128,215,000.

(32) The amount appropriated under the heading "VETERANS ADMINISTRATION, MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES", shall be $57,700,000.

(33) The amount appropriated under the heading "VETERANS ADMINISTRATION, CONSTRUCTION, MAJOR PROJECTS", shall be $378,338,000.

(34) The amount appropriated under the heading "VETERANS ADMINISTRATION, CONSTRUCTION, MINOR PROJECTS", shall be $102,942,000, of which not to exceed $30,018,000 shall be available for the Office of Construction.

(35) The amount appropriated under the heading "VETERANS ADMINISTRATION, GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES", shall be $15,840,000.

(36) The amount appropriated under the heading "DEPARTMENT OF THE TREASURY, INVESTMENT IN NATIONAL CONSUMER COOPERATIVE BANK", shall be $43,000,000: *Provided*, That the final Government equity redemption date for the National Consumer Cooperative Bank shall occur on December 31, 1981.

(37) During fiscal year 1982, gross obligations of not to exceed $75,960,000 are authorized for payments under section 230(a) of the National Housing Act, as amended, from the insurance fund chargeable for benefits on the mortgage covering the property to which the payments made relate, and payments in connection with such obligations are hereby approved.

(38) The amount appropriated under the heading "HOUSING PROGRAMS, PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS—FISCAL YEAR 1981", shall remain available until September 30, 1982: *Provided*, That any part of the foregoing amount which has not been obligated before the forty-fifth calendar day following the enactment of this joint resolution, shall be deemed obligated notwithstanding the provisions of 31 U.S.C. 200(a).

(39) The Congress also disapproves the deferral under the heading "VETERANS ADMINISTRATION, (DISAPPROVAL OF DEFERRAL)", of the Washington, D.C., and Long Beach, Calif., projects as contained in deferral notice D82-140.

(40) Notwithstanding any other provision of this Act, including any other provision of this title, any agency may before December 31, 1981, transfer to salaries and expenses from other sources made available to it by this Act, such amounts as may be required if the aggregate amount available for salaries and expenses, after such transfer, does not exceed the amount contained for such purposes in this Act before the application of the changes contained in title V: *Provided*, That such transfers shall be subject to the approval of the Committees on Appropriations: *Provided further*, That in the Department of Housing and Urban Development not to exceed (1) $34,000,000 shall be available for data processing services, (2) 12 full-time permanent positions and 16 staff years shall be available for the Immediate Office of the Assistant Secretary for Administration, and (3) 26 full-time permanent positions and 27 staff years shall be available for the office of the Assistant Secretary for Legislation and Congressional Relations: *Provided further*, That in the National Aer-

onautics and Space Administration not to exceed (1) 150 full-time permanent positions shall be available for the Office of the Comptroller and (2) 120 full-time permanent positions shall be available for the Office of External Relations: *Provided further*, That in the Veterans Administration not to exceed (1) $1,500,000 shall be available for the Office of Planning and Program Evaluation and (2) 649 staff years shall be available for the Supply Service.

(41) Notwithstanding any other provision of this Act, section 140 of H.J. Res. 357, as passed by the Senate on November 20, 1981 shall apply to programs, projects or activities contained in this Act: *Provided*, That section 140 shall remain in effect for the programs, projects or activities in this Act through September 30, 1982.

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that further reading of the Senate amendment be dispensed with, and that it be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

The SPEAKER. Is there objection to the initial request of the gentleman from Massachusetts?

Mr. GREEN. Mr. Speaker, reserving the right to object, and I shall not object, I see the distinguished minority whip is present, and I will yield to the gentleman from Mississippi (Mr. LOTT).

Mr. LOTT. Mr. Speaker, I thank the gentleman for yielding.

I would just like to take this time to state to the membership that after consultation with the distinguished chairman, the gentleman from Massachusetts, the distinguished ranking minority member, the gentleman from New York, and with the chairman of the committee in the Senate, Senator GARN, and after consultation with the administration, I am advised that as we understand it, the agreement that has been reached in conference and the figures that are in this conference report at this time, unless there has been something new added that we are not aware of, they do not have any objections to it being brought up at this time and the House voting on the conference report.

Mr. BOLAND. Mr. Speaker, will the gentleman yield?

Mr. GREEN. I yield to the gentleman from Massachusetts.

Mr. BOLAND. Mr. Speaker, I thank the gentleman for yielding.

The gentleman from Mississippi states it precisely as it is. Nothing has been added to this bill since the agreement was reached on November 21 with the Senate.

Mr. LOTT. If the gentleman will yield further, it is my understanding that this conference report now is approximately $59 million over the continuing resolution level that we just passed; is that correct?

Mr. BOLAND. The outlays are about $40 million above, nearly identical with the substitute which was recently passed in the House.

Mr. LOTT. The substitute continuing resolution?

Mr. BOLAND. Exactly.

Mr. LOTT. I thank the gentleman.

Mr. GREEN. Reserving the right to object, let me confirm on my side the same thing.

Mr. BOLAND. Mr. Speaker, on November 21, 1981, the Senate took up the conference report on the regular 1982 appropriation bill (H.R. 4034) and adopted it with certain changes from the earlier House action. The Senate changes reflected the agreements reached between the House and the Senate on the HUD part of House Joint Resolution 357—the continuing appropriation measure which the President vetoed. The one change from H.R. 4034 as referenced in House Joint Resolution 357 and as passed by the Senate on November 21 is in the application of a general reduction.

House Joint Resolution 357 provided for an across-the-board, 2-percent reduction to all accounts not entitlements or specifically exempted. The Senate, on H.R. 4034, provided for a targeted 4-percent reduction to certain accounts. Those accounts which were already at below the September budget estimate were not affected by the 4-percent reduction. In other words, the HUD programs will be continued the way they would have been under the vetoed resolution with the exception that instead of a 2-percent, across-the-board cut, there will be the targeted 4-percent reduction.

This bill provides $60,376,132,520 in budget authority for the agencies and programs funded in the HUD bill. On a comparable basis, factoring in supplemental requests totaling $1,242,900,000 for entitlement programs for the Veterans' Administration, this measure is now approximately $1,500,000,000 in budget authority below the original conference agreement reached last September. That is a reduction of approximately 50 percent of what the President requested in September.

The provisions made in this bill for HUD-independent agencies accounts are not what I would prefer to see. I would rather send to the President a HUD appropriation bill for 1982 reflecting the original conference agreement on H.R. 4034. But I recognize that that is not possible. We have had to compromise further—and we have compromised. I think the bill contains the best that we can presently do for the HUD programs.

The bill includes $1,298,496,000 for public housing operating subsidies. This represents both $148,000,000 in fiscal year 1981 supplemental funds and a March request for 1982 of $1,204,600,000 less the targeted 4-percent reduction. The general revenue sharing program—which was slated for a $550,000,000 reduction in the September budget estimates—has been protected at the March level. Nearly one-half of the proposed reduction of $500,000,000 for community development grants and urban development action grants has been restored.

Nearly the entire funding contained in the original conference agreement for the Solar and Energy Conservation Bank and for the National Consumer Cooperative Bank has been retained.

Veterans medical care programs have been protected. This preserves the $292,000,000 that was added for this activity in the original conference agreement on H.R. 4034. The additional funds will continue to support 5,181 staff years that have been targeted for reduction in the March budget request.

The bill also includes the $50,000,000 restoration above the September request for the Environmental Protection Agency's salaries and expenses account. There has been considerable concern within the Congress and elsewhere that the administration is reducing the resources and personnel available to the EPA to such an extent that it may not be able to carry out its legislative mandates. In view of that concern—the additional funds were added. Even after the application of the general 4-percent reduction, this still represents an increase of more than $27,000,000 above the September request.

One other important point in connection with the EPA—is that a provision has been retained which permits any agency to transfer funds from a program account to a salaries and expense account if necessary. With that provision the EPA—or any other agency—has the flexibility of making available additional resources for personnel or personnel-related expenses.

The bill contains a partial restoration of the proposed reductions in both the National Aeronautics and Space Administration and the National Science Foundation. In the case of NASA, nearly 55 percent of the proposed reduction from the original conference agreement has been retained. The specific earmarkings of the $182,276,000 restored in the NASA research and development account are contained in the House report accompanying the joint resolution which just passed.

Mr. Speaker, in connection with the Government National Mortgage Association, the committee's report urges the Department of Housing and Urban Development to distribute mortgage purchase authority under the special assistance functions fund in a certain manner. First, let me say that in general I would prefer allowing the Department to establish its own priorities in the distribution of the authority. However, this year the Depart-

ment has been very slow in determining how to use the funds. The report language is intended to provide guidance and urge the Department to delay no further.

Second, the proposed priority system appears to me to be the most equitable. Indeed, I understand this is the method the Department was considering using in any event. It provides top priority for those section 8 and targeted tandem projects which will assist urban development action grant projects. Not to place the highest priority on these applications could jeopardize certain UDAG projects. I do not think we should harm what has become one of the most successful urban redevelopment programs. The next priority is for those projects which did not receive commitments in the January 1981 allocation. The remaining authority should be used in a computerized random selection lottery. I feel this is the most equitable distribution.

There has been considerable interest in the GNMA distribution of mortgage purchase authority. Other proposals have been discussed which further reduce the balance of authority available for the lottery. I have opposed these measures because I believe a lottery system is most fair. Let me add that the House Appropriations Committee originally supported a level of $3.6 billion for this program in 1982. This obviously would have supported many more applications. I also want this body to know that I will work hard to insure that additional authority is provided in 1983—with or without a budget request. This will help to provide relief for those projects that do not receive assistance under the authority of the 1982 bill.

Before I close, let me take a minute to review the 4-percent general reduction. It is important to understand that the general reduction does not apply to every account in the bill. The reduction applies only to those accounts which are greater than the September budget estimate. I know there are Members who believe that an across-the-board reduction affecting all accounts would be more equitable. I disagree strongly with that approach. Several accounts in the HUD bill have been reduced by the full 12 percent in connection with the administration's September budget estimates. A general across-the-board reduction affecting all accounts would further reduce those programs. The result would be reductions totaling more than 12 percent. I do not believe that is fair or equitable.

Mr. GREEN. Mr Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the initial request of the gentleman from Massachusetts?

Mr. GONZALEZ. Mr. Speaker, reserving the right to object, I merely wanted to ask a question of the distinguished chairman with respect to what this conference agreement reflects, if any, with respect to the public housing operating subsidies?

Mr. BOLAND. I will be delighted to respond to the gentleman from Texas. The amounts now in this bill for public housing operating subsides are identical to those amounts which are carried in the substitute agreement. Let me read them to the gentleman.

For 1982, the amount carried in this bill is $1,156,416,000 and for the fiscal year 1981 supplemental, the amount carried in this bill is $142,080,000. Both those amounts are identical to the amounts carried in the substitute continuing resolution passed in this House today.

Mr. GONZALEZ. I thank the chairman, and I withdraw my reservation of objection.

● Mr. MONTGOMERY. Mr. Speaker, on November 22, 1981, during the debate on House Joint Resolution 357, the second continuing resolution, which was vetoed by the President on November 23, I clarified for my colleagues, based on a discussion I had had with the distinguished chairman of the Appropriations Subcommittee on HUD Independent Agencies, Mr. BOLAND, certain matters regarding Veterans' Administration health-care staff appropriations. In a statement appearing on page H8788 of the daily edition of the RECORD for that date, I described for my colleagues the employment levels for which appropriations had been intended to be made in that resolution for three Veterans' Administration health-care accounts. Those accounts are the medical care account, the medical and prosthetic research account, and the medical administration and miscellaneous operating expenses—MAMOE—account.

Since the amount being provided by the pending resolution, as amended, for the medical care account is the same as and the amount for the MAMOE account is only slightly less than the amount intended to be provided in House Joint Resolution 357, I have asked the gentleman from Massachusetts whether the employment levels now intended to be funded under those accounts are the same.

Mr. Speaker, the very able gentleman from Massachusetts has informed me that the numbers of full-time equivalent employees that I noted on November 22 for the medical care and medical administration and miscellaneous operating expense accounts are the numbers for which appropriations are intended to be made by the pending resolution as amended. He has also indicated to me that with respect to the medical care account, those numbers do not include the so-called common services adjustment FTEE's.

Mr. Speaker, I would also note that the amount being appropriated for the medical and prosthetic research account under the pending measure is somewhat more than was intended to be appropriated by House Joint Resolution 357 for that account. I inquired of the gentleman from Massachusetts whether the research account FTEE level intended to be funded by this measure is also reduced. Mr. BOLAND has informed me that the research account employment level intended to be funded by this resolution as amended is the same as intended to be provided under House Joint Resolution 357, that is, 4113 FTEE's. I also confirmed that the FTEE levels with respect to the MAMOE and research accounts I have just made reference to are the levels intended to be funded taking into account the general provision in this resolution for percentage reductions in various accounts and, that with respect to all three accounts, the statement I made on November 22 regarding pay raise costs is fully applicable.

In regard to the MAMOE account, Mr. Speaker, it should also be noted that included within the total amount provided is $4 million for the VA nurse scholarship program.

Mr. Speaker, I want to express my deep appreciation to the distinguished gentleman from Massachusetts, Mr. BOLAND; the ranking minority member of the subcommittee, Mr. GREEN and, of course, Mr. Speaker, the very able and distinguished gentleman from Mississippi, JAMIE WHITTEN, for the sensitivity they have shown in providing adequate levels of benefits and services for veterans programs. There had to be some reductions but I have absolutely no problem at all with the resolution proposed by the Appropriations Committee as it pertains to all veterans accounts and I applaud the members of the Appropriations Committee for the outstanding work they have done in that regard.

Finally, Mr. Speaker, I want to commend the distinguished ranking minority member of the committee, the very able gentleman from Massachusetts, Mr. CONTE, for his work for our veterans and especially for his willingness to accept the same levels of appropriations for veterans accounts as those contained in House Joint Resolution 370. The funding levels and employment levels contained in Mr. CONTE's substitute for veterans accounts are the same as those contained in House Joint Resolution 370. There is no difference. I appreciate the care he has taken to make certain that there are no further reductions in these accounts beyond those already made in the other body.●

The SPEAKER. Is there objection to the initial request of the gentleman from Massachusetts?

There was no objection.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. BOLAND. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the measure just considered, and to include extraneous matter, tables, charts, and other information.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

PERMISSION TO CONSIDER SENATE CONCURRENT RESOLUTION 50 IN LIEU OF HOUSE CONCURRENT RESOLUTION 230, SECOND CONCURRENT RESOLUTION ON THE BUDGET, 1982

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent that it be in order to consider Senate Concurrent Resolution 50 in lieu of House Concurrent Resolution 230, under the provisions of House Resolution 295.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma.

There was no objection.

SECOND CONCURRENT RESOLUTION ON THE BUDGET, 1982

Mr. JONES of Oklahoma. Mr. Speaker, pursuant to the provisions of House Resolution 295 and the order of the House, I call up the Senate concurrent resolution (S. Con. Res. 50) reaffirming the congressional budget for the United States for the fiscal years 1982, 1983, and 1984, and ask for its immediate consideration.

The Clerk read the Senate concurrent resolution as follows:

S. CON. RES. 50

Resolved by the Senate (the House of Representatives concurring), That pursuant to section 310(a) of the Congressional Budget Act of 1974, the concurrent resolution on the budget most recently agreed to with respect to the fiscal year1982 (H. Con. Res. 115, Ninety-seventh Congress) is hereby reaffirmed.

SEC. 2. It is the sense of the Congress that—

Whereas the current budget projections are for large deficits in the range of $76,000,000,000 to $92,000,000,000 in fiscal year 1982; in the range of $96,000,000,000 to $136,000,000,000 in fiscal year 1983; and in the range of $103,000,000,000 to $165,000,000,000 in the fiscal year 1984; and

Whereas these large deficits are a primary cause of the historically high interest rates now prevailing; and

Whereas these interest rates are bringing many small businessmen, the automobile industry, farmers, and the housing sector near collapse; and

Whereas the unemployment rate has reached 8 per centum and is likely to increase further; and

Whereas the economy has entered into a recession which could last for many months:

Now, therefore, it is the sense of the Congress that the economic crisis now facing the American people is so severe that solutions must be found immediately; and

Further, it is the sense of the Congress that the President should submit a plan as soon as possible, to bring interest rates down, to decrease unemployment, to decrease substantially inflation, and to balance the budget in fiscal year 1984; and

Further, it is the sense of the Congress that Presidential guidance and leadership is essential to reach these goals.

SEC. 3. Further, it is the sense of the Senate that prompt congressional action is required to bring interest rates down, decrease unemployment, decrease substantially inflation, and to balance the budget in fiscal year 1984; therefore, it is the sense of the Senate that the Budget Committee report no later than March 31, 1982, a combined revised second concurrent resolution on the budget for fiscal year 1982 and a proposed first resolution on the budget for fiscal year 1983, which resolution shall also contain a budget for fiscal year 1984 that shall balance revenues and outlays;

Further, it is the sense of the Senate that Federal outlays be reduced and the Federal budget be balanced through spending reductions in all parts of the budget, including entitlement programs, and revenue increases achieved other than through changes in the accelerated cost recovery system or the individual rate reductions recently enacted in the Economic Recovery Tax Act; and

Further, it is the sense of the Senate that the plan to be submitted by the Committee should be a balanced plan which provides for Federal outlays no greater than 20½ per centum of gross national product in fiscal year 1984.

□ 1620

The SPEAKER pro tempore (Mr. RUSSO). The gentleman from Oklahoma (Mr. JONES) is recognized for 1 hour.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA) for purposes of debate only, pending which I yield myself such time as I may consume.

Mr. Speaker, during discussion of the previous debate on the continuing appropriations, one of our colleagues sitting next to me got up to leave and said he was confused by all of the numbers that were being discussed. I agree with his view. I think there has been a lot of confusion this year about the budget and the appropriations process. Much of this confusion, I submit, was deliberate—deliberate by the administration, deliberate by those who wanted to score political victories.

But I hope that out of the confusion this year which has led to an economic program that has not been working, that we will have a better opportunity next year to put together an honest and realistic budget.

But there should be no confusion about why we are here this afternoon. The law requires that before a session of Congress can adjourn, the second budget resolution must be in place. There should also be no confusion about the fact that this budget resolution, this second resolution, will take us through the rest of this fiscal year, meeting the spending targets and the revenue targets as outlined therein.

My colleagues may well ask, why are we here if this budget resolution really is not honest and realistic? The fact is we are here because this is the only thing upon which we could reach an agreement between the House, the other body, and the administration. Once the deficits hit—one that the majority of the Budget Committee predicted would happen earlier this year—the hard choices to reduce those deficits and to get back on a path that all of us hope to achieve, simply could not be agreed upon.

Basically, the decision was made that the policy differences would be settled next year when we begin debate on the 1983 fiscal year and when, inevitably, we are going to have to have a third budget resolution. As I said, the deficits are something that were not anticipated in the Gramm-Latta/Reagan program that was passed in the spring. The deficits were predicted, however, by the majority of the Budget Committee. They were predicted because the policy mix that was brought about in the administration's program was internally inconsistent and could not achieve the goals it set out for itself.

Frankly, I have been very disturbed in recent days to hear this administration downplay even more the role of deficits in achieving a sound economic policy. Yesterday, a member of the Council of Economic Advisers said that large deficits neither directly nor indirectly affect this economy. Secretary Regan, the Secretary of the Treasury, in discussing the problems about the deficit, also described yesterday the issue before us today and he said, "This is not a matter of economics but of appearances." What we are doing here today is keeping in place the Reagan/Gramm-Latta budget passed by the Congress last May.

There is, however, one thing in that budget that certainly is worthy of praise, and that is consistency. From the time it was presented, from the time it was passed, and right up to today, its quality has never changed. Its numbers are as sound as they were the day the Office of Management and Budget cynically reprogramed its computers.

In any event, I think it is important that the budget process itself be preserved and that we will have a discipline of the budget intact before this Congress adjourns this session.

Early next year, we will have to have a third budget resolution in order to

meet the new demands of this economy. So I would hope that even though those of us who did not support Gramm-Latta in the spring and who felt it could not be achieved, and those who did support it will join together in at least keeping the budget process alive and in putting this discipline on the Federal budget, at least until we can deal realistically with it early in 1982.

Mr. Speaker, at this time, I yield 30 minutes to the gentleman from Ohio (Mr. LATTA).

Mr. LATTA. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, at the outset, let me say I agree with the position as outlined by the chairman. There is no question that we will have a third budget resolution and that is not unprecedented. We have had third budget resolutions before.

I do not think there is any question that we are at the closing days of this session and that we do not have the time nor the economic figures necessary to go into a full-blown review of the budget. There have been some changes since we passed the first concurrent budget resolution, and I think this is the proper approach to take. Certainly, when the time comes for the third budget resolution, we will have more statistics and hopefully we will have some figures that both the gentleman from Oklahoma and I can agree with.

Let me, just for the record, point out what has happened since the first budget resolution was passed. We passed the first resolution at $695.5 billion. By July, interest on the debt had risen $10.5 billion and entitlement programs had also increased. We have heard a lot about these entitlement programs and I can recall when I first came to Congress, we called this backdoor spending. They merely came in the back door of the Treasury and raided it without going through the appropriation process. They have refined that "backdoor spending" and now they call it "entitlement programs."

These are the so-called uncontrollables that we like to talk about back home; we, the Congress, put them in place and they now amount to 58 percent of the budget that some people say we cannot do anything about. By July, those so-called entitlements had increased expected 1982 spending by $2.5 billion. Congressional action during that period added another $1.4 billion. We ended up with a midsession review in July of $708.8 billion.

Then we come along with another review in September and we added interest on the debt of $5.6 billion. Entitlements again added an additional $6 billion and other congressional action $1.9 billion. So, in September, the Reagan budget was $722.3 billion.

Then we came along since that time and saw that interest on the national debt increased by $3.9 billion. Again entitlements—that this Congress put in place and that some claim we cannot do anything about, although I dispute that assertion—added another $5.8 billion to the expected fiscal year 1982 outlays, and other congressional action added $2.9 billion. So we actually add or come out with a figure of about $730.9 billion, after taking into account the reductions contained in the continuing appropriations bill just passed.

Thus, between the first budget resolution and the present, interest on the debt increased about $20 billion, entitlement programs about $14.3 billion, and other programs by virtue of congressional action increased about $5.1 billion.

So those are the figures. That is how we get where we are today. I think, as we stand here, we ought to try and assess where we have come this year.

This year, 1981, has been a historical year in this Congress, particularly as far as the budget process is concerned. This Congress has accomplished more changes in law than perhaps at any recent time in history.

□ 1630

We have cut back on the growth of Federal spending. We have lowered personal and business income taxes. But certainly there is much to do in the second session of this Congress that we have not done in this first session as far as the budget of this country is concerned. People out in my part of the country want us to do something about the runaway spending that is still going on in this country, the runaway deficit financing that is still afoot in this country.

Let me say that this administration is still committed to doing something about it.

Some Members seem to prefer to focus on several recent and discouraging statistics, and certainly they are discouraging, as anybody is laid off and unemployment increases. But perhaps all of us would be well advised to consider some of the enormous successes that we have had over this last year. To fully understand our success, however, we have to compare our experience under the Carter administration and that under the Reagan administration in key areas of the economy.

When Jimmy Carter took office, inflation was running at 4.8 percent. When he left office, it was rising at the rate of 12.4 percent. This affects all Americans, and especially those in the lower income brackets. Under the Reagan administration it is 9.6 percent.

The prime interest rate at the time President Carter took office was 6.25 percent, believe it or not. And when he left office in January of this year, it was 21.5 percent. Now it is 15.5 percent and still heading downward.

When Jimmy Carter took office, Federal spending was increasing at a rate of 12.3 percent. When he left office, the rate of increase was 14 percent. The latest estimate of the growth in outlays under the Reagan administration is 10.6 percent for fiscal year 1982. In my humble judgment, it is still too high.

When Jimmy Carter was inaugurated, Federal revenues were increasing at a rate of 6.8 percent per year. When he left office, revenues were rising at a rate of 11.6 percent per year. Latest estimates project growth in revenues under the Reagan administration of 3.7 percent in fiscal year 1982.

Now, let us take a closer look at where we were at this time last year and where we are this year under the leadership of President Reagan.

One year ago, inflation, as I indicated, was 12.4 percent. That was the second year in a row of double-digit inflation. Never had we seen that in the history of our Nation. Understandably, inflation was the biggest problem facing the American people. We have seen a dramatic decline in the inflation this year. Consumer prices have risen at an annual rate this year of 9.6 percent. Last month they rose at an annual rate of 4.4 percent. Clearly, we are turning the corner on inflation. Yesterday we learned that the producer price index has risen 7.1 percent over the last year, compared with 12.4 percent for the preceding year. Also important is the fact that the rate of increase has slowed to 6.3 percent.

Last year, inflation was simply a part of a much larger problem. The economy as a whole was very sick. Interest rates on 3-month Treasury bills were 15.7 percent. That is right; 15.7 percent last year on 3-month Treasury bills. Interest rates were tripled during the Carter administration. It has been a long difficult year, but those rates are now down to about 10.5 percent and they are expected to decline further.

The gross national product is another measure of the health of the economy. The rise in real GNP has not been as dramatic. Though production rose at the end of 1980, for the year as a whole real GNP declined by 0.2 percent. During 1981, though we have entered into a recessionary cycle, output has still risen at a rate just over 2 percent, a marked improvement over 1980.

The improvement in our economic affairs has not been without cost, Mr. Speaker. The unemployment rate has risen from 7.5 percent in the last quarter of 1980 to 8 percent in the current quarter. And no one—no one—likes those figures. If you talk with the man or woman without a job, you had

better talk about a 100-percent unemployment rate because that is what is important to him. He does not care about statistics. He wants a chance to earn a living. He does not want a chance merely for a handout or a dole. He wants to do something productive in his community. He wants to be doing something productive. And that is what this administration wants him to do. That is what the President's program is all about. It is designed so that it will stimulate savings and investment and create jobs. It is designed to restore the incentive to work. We have seen the improvement in just 1 year.

Inflation, as I said, is down; interest rates are down; a dramatic improvement on both scores. There have been 730,000 new jobs created this year. During all of 1980, only 300,000 new jobs were created. So we are seeing some improvement in this area, but obviously not enough.

All we hear from some people are complaints. It kind of reminds me of the little businessman on Main Street, in a little community, who was always advertising. He had a good business going, and somebody came along and convinced him that some day they were going to have a little recession and that he better reduce his advertising and reduce his expenditures. So he started doing that. And naturally his sales dropped off; soon, as far as that little businessman was concerned, he was in a recession. I think that is about what we are faced with here today.

I think the President's program is not working as well as we would like, but it is working. There are individuals who claim that his policies, in effect only since October 1, have sent us into a recession. Well, that is nonsense because you are not going to get into a recession because of the policies of this administration just since October 1. What brought us into a recession was the spending policies we have been following in the administrations of the past and in this Congress. We have always got to keep in mind that no administration, no President, has spent one single red cent that is not first appropriated by this Congress. So let us not blame the incumbent in the White House for excessive spending.

Now we are hearing from some quarters that we should raise taxes and start spending more money that we do not have. That is what we have been doing for the last 30 years. Well, we just started to relax the tax burden of the American people. We just gave them a chance to spend and invest more of their own money rather than having government spend it for them. And I kind of think the American people are going to get used to the idea and they are going to like it.

You will hear some Members say, perhaps, that this is Mr. Reagan's recession, his interest rates, his inflation. Nonsense. These are the same people who supported bankrupt policies of past Congresses and past administrations, the policies of spend and spend and spend and tax and tax and tax. And now they are unwilling to pay the bill. The inflation rate tripled under the Carter administration. As I indicated, productivity fell from 5 percent per year to below zero. The economy was in a shambles. We are now on a painful road to recovery—and I stress the word "painful," as well as the word "recovery." We are having to pay the bill for past excesses.

Perhaps the best example of those past excesses is the fact that, according to the background material presented to the Budget Committee, overall Federal outlays in fiscal year 1982 will exceed the target in the first budget resolution by approximately $40 billion. Of that amount, $20 billion will be needed for additional interest payments on the national debt—much higher than previously estimated. Also, another $14 billion will go to entitlement programs and other mandated spending by Congress. In other words, we can consider ourselves successful in part of our task; namely, that of controlling a portion of the Federal spending programs. But now we must turn our attention to the rest of the programs under the control of this Congress, and particularly in the entitlement area.

Speaking about entitlements, we have got an awful lot of entitlement programs to look at. We are not merely talking about social security or older people. I have in hand a long list of such programs that I could name right now, but we do not want to go into that. Suffice it to say that we have got a lot of them to look at.

The American people realize how difficult the task is that we have before us. They know what it is like to have to live within a budget. But they told us a year ago that they expect us to develop a budget characterized by a lower tax burden and lower spending.

The facts indicate that we are at least making progress, though not enough, in fulfilling the mandate of the American people. While the tax burden for fiscal year 1982 was projected by the previous administration to be 22.1 percent of the gross national product, we have reduced that to 20.4 percent. we have cut spending over fiscal years 1982–84 by $167 billion in budget authority and $131 billion in outlays.

What we have been doing is painful, but we have been successful in doing it. I think that we have some additional successes ahead of us in the next Congress that the American people will approve of.

The SPEAKER pro tempore. The gentleman from Ohio (Mr. LATTA) has consumed 14 minutes, and the gentleman from Oklahoma (Mr. JONES) has consumed 5 minutes.

Mr. JONES of Oklahoma. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would say that I appreciate the comments of the gentleman from Ohio. There is a certain amount of truth to the fact that pyschology and faith in the program is important. But I think realistically we have to look at this economic program and ask serious questions as to whether or not it is working.

□ 1640

To the 9 million people who are out of work, it is not a rumor, it is a fact. To the auto industry that has seen a drop off of 37 percent since January, that is not a rumor, that is a fact, except in luxury cars, such as Rolls Royces, where they are having booming sales as the year has gone on.

So I think it is important that we put reality in touch with faith in the program if we are ever going to make sure that it works.

Mr. Speaker, I yield 5 minutes to the gentleman from Texas (Mr. MATTOX).

Mr. MATTOX. Mr. Speaker, I listened with some amazement at the opening remarks of our friend on the other side of the aisle. There is a continuing effort to blame what is now taking place on the Carter administration. There is a continuing effort to engage in what I would call doubletalk.

I am pleased to see that my good friend from New York is there at the table on the other side because when we were considering the first budget resolution in the spring, he served as a prophet for the administration and for the Republican Party when he enunciated at that time that the Republican Party no longer worshiped at the altar of a balanced budget. There were some of us who were utterly amazed to hear that statement, but his prophecy has proven to be totally and completely correct.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. MATTOX. I yield to the gentleman from New York.

Mr. KEMP. I thank the gentleman for yielding.

I said I do not "worship at the shrine of a balanced budget," and I speak for myself alone. You may worship at the shrine of a balanced budget, but I worship at the economic shrine of full employment and price stability. That is my goal and President Reagan's goal. And I think that trying to get a balanced budget the way Herbert Hoover tried in the 1930's, and Jimmy Carter tried in the 1970's and you are proposing now just will not work. You cannot have a balanced budget without full employment and price stability.

Mr. MATTOX. I appreciate the gentleman's statement, but I think we probably ought to go back and look at the record and I think the record will probably say that the gentleman was referring to the Republican Party.

But more importantly, that is part of the doubletalk that I am talking about. When the gentleman talks about the 9 million Americans who are out of work and when the gentleman starts——

Mr. KEMP. Is the gentleman accusing me of doubletalk?

Mr. MATTOX. I am talking in the general context of this administration about a kind of doubletalk that is taking place here today. That doubletalk deals with full employment, on the one hand and then talks about prosperity, but talks as if those 9 million Americans who are unemployed do not exist. Yet this is the highest number in the last 22 years. Tell them about this doubletalk program that is bringing us into real prosperity.

I am glad to be able to get to address this group because I am oppose to this resolution. I think it is an absolute mistake. I think it is an absolute mistake we are engaging in passing this resolution and I would ask my colleagues to vote against it.

The Gramm-Latta program that we passed was full of half truths, was full, we learn now, of basically dishonest figures. We learn now that it was put together in haste, and now that we know that it was a mistake, how can we justify continuing with it in the future?

I do not think that we can. When we look at exactly what the real figures show, the figures in this resolution are absurd. This resolution says we are going to have a deficit of $37.65 billion. The reality that is floating out of the OMB now is that the real deficit that Mr. Stockman and others have been attempting to hide is somewhere in the neighborhood of $109 billion for this fiscal year. $109 billion with cumulative effect estimated on the low side of $360 billion in the next 3 years.

I submit to my colleagues when we look at those figues, if the people who stood before us say we are for a balanced budget, it is unreal. It is amazing to me that only yesterday the Republican Party basically was saying deficits do not cause inflation. Now today deficits do not matter.

Now if that is not doubletalk I have never heard of it, and I would say to the gentleman from Ohio, that deficits do cause inflation, and I would say that they are going to casue some problems, they are going to cause more unemployment, and I think in the long run we would be far better off if we defeat this resolution.

Mr. Speaker, today we are considering the second concurrent resolution on the budget for fiscal year 1982. What we have before us is a reaffirmation of the Gramm/Latta substitute adopted on May 20, 1981. This substitute projects a deficit of $37.65 billion. It is being sold on the floor of the House as a "stopgap measure" in order to give the President and the administration sufficient time to place their economic program in tune with reality.

I oppose this measure. The Gramm/Latta proposal was nonsense in the first place. It was based on unrealistic assumptions and it was hastily contrived. Moreover, its principal salesman, David Stockman, did not believe in it.

We cannot have an economic recovery program, no matter what administration sponsors it, that is based upon half truths or, in some instances, deliberate falsehoods. We cannot formulate public policy based upon mere accommodation to political pressure because we feel the President is popular.

We do not have a $37.65 billion deficit; we have a $109 billion deficit—and the Republican economic advisers say that high deficits do not matter. I assume that all of my dear colleagues on the other side of the aisle will have to throw away all of their old newsletters wherein they complained about deficit spending. I suspect they will now be quoting JACK KEMP, who said that the Republican Party "no longer worships at the altar of the balanced budget."

This Gramm-Latta fiasco, which is before us, is being considered under a closed rule which I recall the Republicans generally oppose when they have an amendment. The reason we have a closed rule is to prevent anyone from offering an amendment that would reduce the deficit or balance the budget. Certainly, we have also precluded any positive action, either on the revenue or spending side, that would address the problem or rising unemployment.

We cannot continue to dodge the issues in this country in order to accommodate an economic recovery program that has not only failed to meet the administration's expectations, but has failed to meet anyone's expectations.

I do not intend to participate in this make-believe game. I urge Members of both parties to face reality. Let us start designing programs that will balance the budget and protect necessary national priorities.

Therefore, I vigorously oppose this resolution.

I wish to insert also for the RECORD my dissenting views:

The House Budget Committee has reported out a resolution that incorporates the same figures and is based on the same economic assumptions contained in the Gramm-Latta First Budget Resolution. Obviously, since none of these figures is valid, this action is intended as a stop-gap measure, in order to confrom to the provisions of the Budget and Impoundment Control Act, which requires a spending ceiling and revenue floor be in place before adjournment. In essence, action has been deferred until next year. By then we will have a more realistic assessment of the policies that have been enacted in terms of their impact on our economy.

Of course, it goes without saying the Gramm-Latta proposal was nonsense in the first place. It never had any realistic assumptions and was nothing more than a careless, hastily contrived measure, which its principal salesman, David Stockman, didn't believe in.

Nevertheless, this action has been necessitated because of the failure of this Administration to develop and implement a consistent economic plan that conforms to economic realities. We receive proposals in September that are labeled as absolutely essential for the success of the economic recovery program, only to have them delayed or abandoned a few weeks later. It is going to be very difficult to know what to believe when this Administration gets its act together, if it ever does, and presents a budget to us next year. Budget Director Stockman's private assessments, which have now been made public, are that Reaganomics won't work, that the tax bill favors the rich at the expense of the poor and middle class, and that the Defense Department has at least $30 billion worth of waste and inefficiencies.

Stockman's various comments, as reported in the Atlantic Monthly, reflect his growing disenchantment with the Administration's program:

"None of us really understands what's going on with all these numbers. You've got so many different budgets out and so many different baselines and such complexity now . . . And it didn't quite mesh. That's what happened. But, you see, for about a month and a half we got away with that because of the novelty of all these budget reductions . . . There was a certain dimension of our theory that was unrealistic . . . The supply-siders have gone too far. They created this nonpolitical view of the economy, where you are going to have big changes and abrupt turns, and their happy vision of this world is growth and no inflation with no pain."

Mr. Stockman also acknowledged that "the defense numbers got out of control . . ." He said, "As soon as we get past this first phase in the process, I'm really going to go after the Pentagon. The whole question is blatant inefficiency, poor deployment of manpower, contracting idiocy . . . I think there's a kind of swamp of $10 to $20 to $30 billion worth of waste that can be ferreted out if you push hard."

Regarding the tax cut, which is partial to the rich, Stockman said, "The hard part of the supply-side tax cut is dropping the top rate from 70 to 50 percent—the rest of it is a secondary matter . . . Kemp-Roth was always a Trojan horse to bring down the top rate." He went on to admit, "It's kind of hard to sell 'trickle-down' so the supply-side formula was the only way to get a tax policy that was really 'trickle down.' Supply-side is 'trickle down' theory."

In any event, the Budget Committee is willing to take a wait-and-see attitude. I do object, however, to the fact that we have not updated the economic assumptions and applied them to this resolution. Let no one be mislead by this Republican-sponsored proposal to reaffirm the First Budget Resolution which states the deficit in 1982 will only be $37 billion or that we will have a balanced budget by 1984. The real deficits

are $109 billion in Fiscal Year 1982, $119.0 billion in Fiscal Year 1983, and $132.4 billion in Fiscal Year 1984. This is a cumulative deficit of $360.4 billion in the next three years. Thus, every figure contained in this report will have to be changed next year. I can only hope that our delay will not contribute to the current recession. Unfortunately, I believe it will and, therefore, I cannot support this resolution.

Mr. WIRTH. Mr. Speaker, will the gentleman yield?

Mr. MATTOX. I yield to the gentleman from Colorado.

Mr. WIRTH. I thank the gentleman for yielding.

Is the gentleman suggesting that in this resolution we are going to vote for a budget deficit of $37½ billion? We are saying that is what the deficit is going to be?

In reality it is going to be $106 billion; is that right?

Mr. MATTOX. $106 billion. I do not know what reality is, but I am absolutely positive it is not $37 billion.

Mr. WIRTH. Gramm-Latta says $37½ billion.

Mr. MATTOX. That is right.

Mr. WIRTH. Does the gentleman know anything about the economic growth assumptions in this budget resolution?

Mr. MATTOX. I do know something about them.

Mr. WIRTH. What are they in this resolution?

Mr. MATTOX. The assumptions that are being made are that this prosperity is going to go forward, everything is going to take place, it is going to be peaches and cream and roses.

Mr. LATTA. Mr. Speaker, I yield 5 minutes to the gentleman from New York (Mr. KEMP).

Mr. KEMP. Mr. Speaker, it is one thing to stand in the well of the House and boo President Reagan's attempt to get the economy back on the right track. It is another thing to stand up here as the previous speaker has done and not have a single alternative. What is the gentleman from Texas' alternative to cutting spending, reducing the runaway borrowing of the Federal Government, lowering the tax burden on the private sector of this Nation and the American people, and reducing the regulatory burden. It must be to raise spending, increase the borrowing requirements, increase taxes, and perhaps even expand the regulatory burden on enterprise and enterprising Americans.

I think that is a bankrupt alternative. I do not think that the American people think it is much of an alternative. I do not believe the American people are going to trust the leadership of this country to a party or to an individual who simply stands on the sidelines booing Ronald Reagan for what he is trying to do: Restore this country's economy and get America back on the road to what I believe is absolutely essential—and which, as I mentioned earlier in my colloquy with my friend from Texas, is something that all of us ought to agree to on both sides of the aisle—that is, high levels of economic growth, full employment, and price stability. I submit to this House that this is something which has not been achieved in this country in a long time, certainly not under President Carter and indeed not since President John Kennedy, in the early sixties.

Mr. MATTOX. Mr. Speaker, will the gentleman yield?

Mr. KEMP. I yield briefly to my friend.

Mr. MATTOX. The gentleman is not suggesting we on this side of the aisle are standing here booing, is he?

Mr. KEMP. I heard no alternative. If the gentleman allows, I will take my time back to ask him to tell us what his economic alternative is. Does the gentleman really advocate raising taxes in a recession?

Mr. MATTOX. If the gentleman will yield further, if the gentleman will recall, at the time that the gentleman made his statement about the Republican Party not worshipping at the altar of a balanced budget——

Mr. KEMP. I say to the gentleman that I am not going to give him time to put words in my mouth. I said in the Budget Committee hearings that this Member himself worships at none other than the shrine of full employment and price stability.

Now I have said that in the hearings on Humphrey-Hawkins as well. The gentleman may disagree with the way I would like to achieve this, but at least come forth with some alternative. To criticize without giving an alternative except to raise taxes and further increase unemployment is unexcusable.

Mr. MATTOX. The point I was going to make to the gentleman, at the time the gentleman made the statement, whatever the statement was that the gentleman made, I was in the process of offering an alternative, and that alternative was to accept most of the cuts that President Reagan was recommending, but, at the same time, not engage in the disastrous mismanagement of our tax system that was recommended by the Republican Party.

Mr. KEMP. I am glad the gentleman pointed out to us that in effect he would raise taxes even more than they have gone up in 1981. There has been a $15 billion tax increase on the personal income of the American people in 1981. I think that has helped cause the recession. I think putting off the tax cut until October of 1981 has helped cause the recession.

Walter Heller, Barry Bosworth, a number of Keynesian economists have all suggested that cutting the tax rate was an antirecessionary policy. The gentleman can disagree with the tax cuts, but the gentleman himself has no solution to the problem of unemployment.

Let me take my time back long enough to make my statement and then if the gentleman wants to engage in another debate, I will be happy to do so.

For the record—those who are on the floor today are not as numerous perhaps as those who might read the RECORD tomorrow—we now have the alternative, we now know what the gentleman from Texas really had in mind.

□ 1650

Do not reduce taxes, let them continue to grow.

Social security taxes went up by $6 billion, income taxes went up with inflation to the tune, as I said before, of $9 billion. For the record, here are some interesting facts about the tax cut.

COMBINED EFFECTS ON INDIVIDUAL TAX PAYMENTS OF PERSONAL TAX CUTS AND SOCIAL SECURITY INCREASES AND BRACKET CREEP

	Increase			Personal tax cuts [2]	Net change
	Social security [1]	Bracket creep	Total		
Calendar year:					
1981	6	13	19	−4	15
1982	13	28	41	−41	0
1983	19	53	72	−84	−12
1984	26	77	103	−116	−13
1985	43	104	147	−148	−1
1986	58	135	193	−181	12

[1] Increase in tax rates plus increase in base above that consistent with growth of incomes.
[2] Rate reductions, indexing, and reduction of marriage penalty.
Source: Office of Tax Analysis.

I frankly think that is what Mr. Carter had in mind for the economy. He thought if we continued to let taxes climb as a percent of our gross national product, if we continued to let the social security tax climb as a percent of the payroll, if we continued to let inflation just push the American people into higher and higher tax brackets, that ultimately we could balance the budget. Now, whether you call it an explicit tax increase or an implicit tax increase, the American people knew that the percentage of their income which they could use themselves for the purchase of automobiles or houses or to save or to invest was rapidly shrinking due to this impact of inflation operating within the environment of a steeply graduated tax code.

Now, make no mistake about it, this Member disagrees with putting off the tax cut. If anything, we should have accelerated the tax cut, as the gentleman from Pennsylvania wishes to do, and continue our efforts to control spending.

Mr. Speaker, I am very disturbed that the major economic concern of

the Congress and OMB has become the size of the Federal deficit. The official deficit for President Carter's last budget, fiscal year 1981, was about $59 billion. Now, by some unofficial estimates, the deficit could grow to $150 billion or more in the next few years. What follows is an explanation of how this could happen.

OMB's July estimates for the deficit, assuming we did not enter a serious recession was estimated at $42.5 billion for fiscal year 1982, $52.7 billion in fiscal year 1983, and $44.2 billion in fiscal year 1984. This includes the revenue effects of the Reagan tax cut and the Gramm-Latta budget reconciliation package.

Since July, however, OMB's new deficit estimates have increased by $230 billion for the 3 years: $96.7 billion in fiscal year 1982, $126.5 billion in fiscal year 1983, and $145.7 billion in fiscal year 1984.

Why such an abrupt jump in a few months, with no change in policy? The answer is the deepening recession.

The deteriorating economy alone will account for a cumulative increase of $185 billion in the fiscal year 1982-84 deficits. This is caused by three factors.

First, reduced receipts due to lower GNP—as workers are laid off and businesses go bankrupt, the Government collects less revenue $142 billion.

Second, increased spending on unemployment-related transfer payment—$11.8 billion.

Third, higher interest rates, which raise debt-service costs—$31.5 billion.

Three-year recession-caused deficit increase—$185.3 billion. In other words, more than four-fifths of OMB's estimated budget deficit increase is the result of the deteriorating economy.

The deficit picture could become even worse unless we take action. Incredibly, OMB's September estimates do not fully reflect the recent rise in the unemployment rate to 8 percent, or recent predictions that the rate may hit over 9 percent. Each 1 percentage-point increase in the unemployment rate widens the deficit by about $25 billion—a signal to Congress that ultimately the first task of controlling the deficit is to control the recession.

What should we do? There are basically three choices.

First, do nothing. This choice would indicate confidence in all facets of current policy, and complacency with the projected size of the deficit. This really is not an option.

Second, raise taxes. The past 6 months indicate what's wrong with this idea. Six months ago, Congress faced precisely such a choice: whether to enact the Reagan tax cuts effective January 1, 1981, or to postpone the incentives. Congress opted for the delay, in the belief that underlaying the tax cuts would save revenue. Automatic social security tax increases and tax bracket creep amount to $19 billion in 1981 alone. Permitting the increases was supposed to reduce the deficit, reassure the credit markets and bring down interest rates.

Instead, just the opposite has happened. Interest rates rose at first. The hoped-for increase in revenues was offset by the budget impact of the gathering recession. The deficit has ballooned by far more than the amount of revenue which was supposed to be saved.

The last time Congress raised taxes during a recession was under Herbert Hoover. In 1932, Congress retroactively more than doubled income tax rates across the board in an effort to restore confidence in the money markets. The unemployment rate averaged 24.9 percent in 1933. The budget remained in deficit, which is exactly what will happen if Congress today raises tax rates as a means of saving revenue.

Third, accelerate the tax rate cut, reform monetary policy, and continue budget restraint; this is the only real option. The strategy would recognize the vital role of tax reduction in preventing further economic decline. Economists are now talking positively of the effect of the July 1982 tax cut on the gathering recession. Why not move that tax cut forward as an antirecessionary measure? Clearly, economic growth and further spending cuts should be used to control the deficit. Monetary policy should aim at lowering inflation and interest rates.

According to a study by the U.S. Chamber of Commerce, using the DRI econometric model, the positive effects of moving up the individual tax cuts by 6 months would offset nearly 60 percent of the estimated revenue loss. On the other hand, the study found, delaying the tax cuts 6 months would require a $15 billion tax increase for each $10 billion narrowing the deficit. This is because of the negative economic effect of the tax increase.

The fact that interest rates rose when the tax cuts were delayed, then fell as the recession swelled the deficit, indicates that fiscal policy is not the chief determinant of high-interest rates. The experience of the past year indicates that we have an inefficient monetary policy which, together with the delay of the President's tax cut program, has led to the deterioration of the economy.

Current Federal Reserve policy, unchanged since the Carter administration, is clearly out of tune with the President's economic program which seeks growth, not recession. It is time to recognize that attempts to fix the quantity of money have been a failure. As long as this policy continues, there will be a gap between the supply and demand for money, which will destabilize interest rates, the economy and President Reagan's program. It is time that Congress realize it cannot solve a monetary problem with a fiscal solution, and vice versa. It is time for the Federal Reserve to return to its proper target: A constant value or price of money.

I want to stand here and join those, who I think are many, responsible Members on both sides of the aisle and say, as I said on this floor many times, a recession is not a answer to inflation.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. LATTA. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. KEMP. I appreciate that.

I want to suggest the unemployment is unacceptable to both sides of this aisle, as I believe it is to the President.

It was recently said that "Unemployment is the price you must pay for fighting inflation"—wrong. I criticized the gentleman in the administration that made that statement or anyone else. That is barbaric economic policy and I said that publicly.

I think this Nation can have full employment and stable prices. I do not mean full employment at 4.5 or 5.1 percent. I do not see any reason why any American who wants a job and is willing to work cannot have a job. What that requires of this body is to continue the efforts to help the President hold down spending and borrowing, but also to bring about the reforms in tax policy that the gentleman from Pennsylvania (Mr. WALKER) is advocating and to put pressure on Mr. Voelker to bring about an end to a recession that I think has been welcomed by the Federal Reserve as they try to fight inflation by letting unemployment go up.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 2 minutes to the distinguished majority whip, the gentleman from Washington (Mr. FOLEY).

Mr. FOLEY. Mr. Speaker, I had asked the gentleman from New York to yield, and I understand he was on limited time and it was difficult to do; but I hoped the gentleman would not leave the record with the assumption that Democrats were in favor of doing away with the tax cut or in favor of increasing taxes for the American people. He has proved too much respect for the truth, I think, to leave that impression.

Mr. KEMP. Mr. Speaker, will the gentleman yield?

Mr. FOLEY. Yes.

Mr. KEMP. I think I was suggesting that the gentleman from Texas, who wanted not to cut taxes in 1981, was implicitly agreeing to a tax increase. I think even the gentleman from Washington would agree.

Mr. FOLEY. The gentleman from Washington made some references to

what was passed in the tax bill. As the gentleman knows, there were many more things in the tax reduction bill than just the reduction on personal income taxes across the board, as the gentleman proposed.

Mr. KEMP. There certainly was.

Mr. FOLEY. And the so-called Recovery Act that the gentleman from Oklahoma (Mr. JONES) was the principal cosponsor along with the gentleman from New York (Mr. CONABLE) and the gentleman from New York (Mr. KEMP).

Mr. KEMP. That is right.

Mr. FOLEY. And a number of us cosponsored that legislation, so tax reduction has been supported on both sides of this aisle.

Mr. KEMP. I am glad to hear the gentleman agree.

Mr. FOLEY. There are some elements that I would hope the gentleman would recognize in the bill that was passed that were subject to criticism on both sides of the aisle, not the main features of reduction for personal income taxes or even business capital recovery, but some elements such as the leasing provisions that have come under a little bit of criticism as far as whether they were accepted or not.

Mr. KEMP. Mr. Speaker, would my friend yield?

Mr. FOLEY. I yield on that point.

Mr. KEMP. I appreciate my friend yielding. I just want to thank him for endorsing the personal rate reductions that were pushed by President Reagan and this Member and with which apparently the gentleman is agreeing; but I want to remind the gentleman——

Mr. FOLEY. I will tell the gentleman that in the last Congress, before there was a President Reagan in office, I introduced legislation to reduce the personal income tax level, as the gentleman may know.

Mr. KEMP. Well, I am glad to know that. I wish I had gotten some support from the gentleman back when it was kind of lonely out there.

Mr. FOLEY. Well, the gentleman had it, but did not recognize it.

Mr. KEMP. Oh, is that right? I am sorry that I failed to recognize the gentleman's support.

I will say this, his own party's tax cut would have cut the corporate income tax by 30 percent for Mobil Oil, Exxon, and others.

Mr. FOLEY. Well, if the gentleman will allow me to recover my time, I was accused, by the way, in an editorial in one of my newspapers of supporting a tax reduction in personal income taxes that benefited only the rich and I was accused in another letter by my opponent of having introduced a bill that was essentially similar to that of the gentleman from New York (Mr. KEMP), and this was apparently a criticism offered by my political opponent by one of the gentleman's staff.

But in any case, the record ought to be clear that Democrats as well as Republicans and Democrats in more numbers in the last Congress and Republicans supported the idea of reducing the cost of business, to encourage capital formation and to develop a new sense of industrial revitalization.

The Jones-Conable bill was, in fact, cosponsored by more Democrats than Republicans; so let us not leave the record in any kind of confusion about that.

Mr. KEMP. It sounds like trickle down economics to me.

Mr. FOLEY. The gentleman declines to yield and I would like to finish my statement briefly.

Second, I think it is probably true that there is a little too much credit given in both parties that everything that happens is the credit or the blame of the administration that is in office; but I find it very strange that my friends on the other side of the aisle, while crediting everything that happened in President Carter's administration as a direct result of his policies, apparently absolve anything that happens in this administration as the result of the policies of the present incumbent.

The fact of the matter is that the present incumbent, the President of the United States, said last year what the gentleman from New York said in the well, that he did not believe recession was a way to cure inflation and he did not believe that unemployment was a way to cure inflation, but his Secretary of Commerce said when the recession was announced that it was probably a necessary recession, and Mr. Speakes for the White House said that it was a price we would have to pay.

Mr. LATTA. Mr. Speaker, I yield 3 minutes to the gentleman from Ohio (Mr. REGULA).

Mr. REGULA. Mr. Speaker, I thank the gentleman for yielding.

I rise to highlight the language in the report that was coauthored by the gentleman from California (Mr. PANETTA), and myself. I know that he will be commenting on it. I commend him for the effort that he put into this, because what this language does in effect is urge the various committees to evaluate the administration's recommendations in terms of reducing outlays as well as enacting additional revenue sources.

It is quite obvious from the lack of new numbers in the second resolution before us today that the first resolution is taking on an enhanced importance this year.

I would suspect that in 1982 the same thing will be true.

Therefore, it is essential to those who serve on the Budget Committee that the March 15 reports from the committee be pragmatic in their evalution of the administration's recommendations as far as changes in entitlement law, as well as other sections in the law.

I think it is especially important that the committee evaluate the administration recommendations in a realistic way and that their reports on March 15 established what they feel are the priorities.

□ 1700

We have heard many complaints this year from the various members of committees that the Budget Committee usurps their prerogatives in establishing priorities. Therefore, we emphasize in the language authored by the gentleman from California and myself that in making the March 15 recommendations, they should have a realistic input on what their priorities are in terms of any change in the basic law.

I would also hope we can agree on common numbers as we work on the budget resolution for fiscal year 1983. A lot of the problems this year have arisen from the fact that judgments are based on different sets of numbers. I know that the gentleman from California (Mr. PANETTA) and others have urged OMB and CBO to try to get a common base so that in developing our first budget resolution we are working from the same set of numbers with the same impact.

All of the items contained in the Panetta-Regula language are directed toward getting a realistic first budget resolution that will diminish the necessity to work with reconciliation under time constraints. We feel that the committees need time to act in a thoughtful manner in determining priorities and looking at changes in the basic law that will enable us to reduce spending.

We just heard the gentleman from Washington say that the majority party endorses many of the tax cuts. Therefore, it would follow that the majority party would also endorse the idea that we have to reduce spending wherever possible. We hope that as a result of the language that is included in the report the committees will make a strong effort to bring to the Budget Committee thoughtful, realistic numbers in their March 15 recommendations.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The gentleman from Oklahoma (Mr. JONES) has 17 minutes remaining, and the gentleman from Ohio (Mr. LATTA) has 7 minutes remaining.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 5 minutes to the gentleman from California (Mr. PANETTA) a member of the committee.

Mr. PANETTA. Mr. Speaker, this second budget resolution, without question, is simply a restatement of

the first budget resolution, and that is it, period. In that sense it is more a symbolic statement of political realities than a budget statement of budget realities.

Clearly, this resolution does not reflect what is happening in the economy today, either in terms of growth, which was anticipated at 5 percent and is now somewhere around 1 percent, or unemployment, which we know now is in the vicinity of 9 percent, or in terms of the deficit, which we anticipated to be somewhere between $37 to $42 billion in the first budget resolution and now is anticipated to be about $109 billion.

It is not something new in the budget process that in the second budget resolution we are adopting the principles that were established in the first budget resolution. We have done this in the past. The second budget resolution has not necessarily been a reflection of budget realities, no matter when we have done it. I think we recognize the fact that the first budget resolution is really the principal document, particularly with reconciliation following from that resolution.

Now, if the second budget resolution is not a reflection of budget realities, then what are the symbolic statements that are being made here? What political realities are being stated in this second budget resolution?

I think it is, first of all, a statement that this is the year of Reaganomics. Whether you think it is a Trojan horse or whether you think it is a riverboat gamble, or whether you think it is just good, pure, supply-side economics, the reality is that this is the President's budget and this is the President's year. It was his budget resolution that was adopted. Reconciliation was largely fashioned by Mr. Stockman and OMB. The tax cut was certainly the President's, and the continuing appropriation which we enacted today was in line with the President's recommendations.

I do not think there is any question but that today, as we deal with the budget resolution, we are simply reaffirming that the economic policy this country is now operating under is that of the President. What you want to attribute to the Carter administration or any other administration is one thing; but the reality is that the economic policy we have today is that of the President.

Second, this is also a statement of the fact that we are really not too sure about what is going on in the economy. We really do not know what the impact of the tax cut will be. And we are now in the process of trying to evaluate just exactly where this economy is going in the next few months.

Second, nobody has really offered a very viable alternative. Even the President, when he suggested in September that we ought to have $16 billion in additional reductions, never submitted specifics to the Congress on revenue measures, on credit budget measures, or on entitlement reductions, all of which were suggested as part of that package. So we never got specifics from the administration.

Also, Republicans in the Budget Committee never offered a 12-percent reduction or a 6-percent reduction, or any kind of alternative. And for that matter, the Democrats, having offered an alternative in the first budget resolution, did not offer a new approval either. So we do not have any alternatives at this time to consider, and for that reason we have fallen back on the first budget resolution.

The basic focus of battle—and this is probably the primary statement of this resolution—is no longer in this year. The focus is in the next year. It will be on the third budget resolution for 1982, which is inevitable, and it will be on the first budget resolution for 1983. Hopefully at that time both parties can present alternatives that are fairer and better balanced than the one we are dealing with today.

Reconciliation will clearly be a part of that process, and to the extent I think the language that was adopted by the committee lays the groundwork for House committees to begin to consider what is going to be one of the greatest challenges this Congress has ever faced, which is reconciliation, with a weak economy, in an election year. It is going to be a massive challenge for us all.

So in summary I would say this: that the resolution is basically a statement that this is the President's year, it is the President's policy, and it will be the President's consequences in terms of what happens in the economy.

I would urge Members, therefore, to vote accordingly.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. MINETA), a member of the committee.

Mr. MINETA. Mr. Speaker, I would like to discuss the EPA construction grants with the chairman in relation to the proposed second budget resolution funding levels.

The President has said that he would request $2.4 billion for the program if reform legislation is enacted. Agreement was reached today by the House-Senate conferees and the conference report will be ready for House consideration in a matter of days. In the meantime, I want to make sure that the proposed second budget resolution totals could accommodate the possible funding of this program.

It is my understanding that the spending action to date, including the House-passed continuing resolution, would leave substantial budget authority remaining under the second budget resolution. This remaining amount would be sufficient to accommodate a $2.4 billion budget authority level for the construction grants program. Given the probable timing of appropriations action and the fact that the fiscal year has already begun, the outlay impact will be negligible. I would appreciate the chairman's confirmation of this information.

Mr. JONES of Oklahoma. If the gentleman will yield, the gentleman is absolutely right in your understanding of the situation at this time. If legislative reform is signed by the President and the President submits a funding request to Congress for the construction grants program, the proposed second budget resolution could accommodate a $2.4 billion budget authority level.

Mr. Speaker, I also want to compliment the gentleman for staying after this particular issue. He has been the leading spokesman in the Budget Committee to make sure that this happens.

Mr. Speaker, I yield 2 minutes to the gentleman from Florida (Mr. NELSON), a member of the committee.

Mr. NELSON. Mr. Speaker, I would like to have a brief colloquy with my Budget Committee chairman. In many of the formula programs we are not making the effort to use the most recent census data in the allocation of formula grants. One of the largest is title I of the Elementary and Secondary Education Act. This program is tied to the decennial census. I feel that as a matter of national policy, we ought to encourage the agencies to use the most recent 1980 data.

In the continuing resolution of the Senate, there is language that instructs the Secretary of Education to utilize the 1980 census data for allocation of fiscal year 1982 title I and other education programs if such data becomes available before the date on which grants are made.

The problem is actually twofold:

First. We would like to have the poverty data available from the Census Bureau as soon as possible before next summer for the ESEA title I funds. Otherwise this will put off for another whole school year to 1983-84 the allocation of these funds with the more recent data.

Second. In Florida, we have an additional problem. The Department of Education last February, made a head count of all of the refugee children in the school systems. Assuming that all of these children are below the poverty level, we would request that the Census Bureau certify these numbers so that these children may be counted by the Department of Education as eligible for allocation. There are about 16,000 of these refugee children in the Miami school system.

I feel that the Congress in its oversight capacity wants to insure equity in the allocation of title I of the ESEA funds. In Executive Order No. 12256, all other Federal programs have been adjusted to include this number of refugees, except for title I of the ESEA.

Because of my concern for this I signed a letter from our delegation to the Director of the Census Bureau Bruce Chapman expressing these concerns. We are awaiting his response. I have also spoken with the gentleman from New York (Mr. GARCIA), who is chairman of the House Subcommittee on Census and Population. He shares my concern and has agreed to work with the Census Bureau to try to have these poverty figures expedited for the use of the Department of Education as soon as possible. Unfortunately, he is out of town today on official business, otherwise he would participate in this colloquy.

I thank you, Mr. Speaker, for this opportunity to share my concerns on this issue.

□ 1710

Mr. JONES of Oklahoma. I thank the gentleman from Florida, and I appreciate his bringing this to our attention. It is my hope that we can use the most recent census data available for calculating the payments under these programs, and I will certainly work with the gentleman and with Mr. GARCIA to that end.

Mr. NELSON. I thank the chairman, and I would just like to make one other comment. The economic assumptions we are using under this second budget resolution, like a growth rate of 4.2 percent and unemployment at 7.2 percent, I suppose if we believe that, we believe in the tooth fairy.

Mr. JONES of Oklahoma. This is the time to have faith, I suppose, this time of the year.

Mr. Speaker, I yield 1 minute to the gentleman from New York (Mr. WEISS).

Mr. WEISS. Mr. Speaker, I feel that Gramm-Latta and its consequences were awful the first time around, and it has been proved to be past its time.

Mr. Speaker, today's debate on the second budget resolution is both economically and legislatively absurd. Even worse, it is totally irrelevant. This second budget resolution, a simple restatement of the first budget resolution, is but another step down the road to economic chaos and the development of the imperial presidency. It ignores economic reality; it ignores our legislative responsibility.

The first step in this process was the passage of the first budget resolution for 1982, the so-called Gramm-Latta budget. This resolution drastically altered the budget process in contravention of the legislative intent of the budget Control and Impoundment Act of 1974.

For only the second time since the passage of this act, the process of reconciliation was used on the first resolution. Reconciliation was intended by the authors of the act to be used as a tool to increase revenues or cut spending during the consideration of the second resolution in September. This goes to the heart of the second resolution, that it is a tool the Congress may use to increase or control Federal spending in response to the changes in the economy since the passage of the first resolution. Instead, the use of reconciliation on the first resolution renders its figures mandatory spending ceilings instead of the targets or guidelines clearly intended by the authors of the Budget Act.

This first resolution mandated reductions in Federal spending for the current fiscal year, and the next three as well. Massive cuts in domestic programs such as CETA, health services, housing assistance and others were all predicated on an economic theory which even the Vice President at one time termed "voodoo economics." That model which now even the administration has apparently abandoned, was fraudulent from its inception.

In passing the first resolution, the Congress failed in its responsibility to develop an effective, reasonable economic policy. Reconciliation was then used to tie the hands of Congress. The administration said that if we cut Federal spending, if we passed a tax cut, that the rate of unemployment for 1982 would be 7.3 percent, and in 1983 6.6 percent. Yet the current rate of unemployment is 8.4 and climbing. The administration promised that the deficit for 1982 would be $37.65 billion in 1982 and fall to $19 billion next year. Yet the administration's own economists now projects a deficit of $109 billion this year and $152 billion in 1983.

Of course we have now been assured by members of this adminstration that Federal deficits are not really a factor in inflation, that we should learn to live with them. But the rhetoric, or economic philosophy which drove the Congress to accept the Gramm-Latta budget resolution, to accept reconcilation, and massive cuts in Federal spending was that the deficit must be reduced at all costs in order to halt inflation. What is the administration's position?

Simply because the adminstration may be developing a new economic policy, or more likely trying to disguise their "voodoo economics," does not mean that the Congress has to follow their lead. On the contrary, the Congress has the right and the authority to reassert dominion over what is a congressional responsibility—the formulation of economic policy.

Yet the second budget resolution which simply accepts and reaffirms the Reagan program is based on the contention that we in the Congress should wait for the administration to issue their new proposals.

I submit that we do not have the luxury of waiting. We must address not only the problem of a faltering economy, but the shifting balance of power between the branches of government as well. The Congress must begin to formulate a reasoned economic policy, one which will help to put this Nation back on the track to a thriving, healthy economy.

The administration's program and projections are wrong. Unemployment is not 7.3 percent, the deficit is not $37 billion. These are the realities. However difficult it may be, we have a responsiblity to deal with these realities. We can no longer bury our heads in the sand and hope that the economy will rebound in spite of Reaganomics. Nor can we expect or wait for the President to provide us with honest answers.

A rational economic program is within our reach. Passage of a realistic responsible second budget resolution would be a first step. This resolution is not.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from Minnesota (Mr. FRENZEL).

Mr. FRENZEL. Mr. Speaker, I rise in support of the second budget resolution (H. Con. Res. 230). While this bill is based on noncurrent economic assumptions, it does reaffirm the intentions of the first budget resolution which we passed in May. Because I feel it is important that we recommit ourselves to a program for improved fiscal responsibility, I urge my colleagues to join me in supporting this resolution.

Everybody knows the predicted deficit figures have more than doubled since we passed the first resolution. We know House Concurrent Resolution 230 is a holding action designed to give us time to evaluate current conditions. Obviously a third resolution will be needed.

I believe that passing this resolution reaffirms our commitment to gaining control of the Federal purse strings, to fighting the escalating deficits, and to the congressional budget process. Further, this resolution as written will allow us to await the President's January budget message while maintaining the intentions of our economic recovery program.

Work on this resolution has proved the need for a consistent method of budgetary scorekeeping. Working on a budget with figures drawn from three different sources and three different sets of economic assumptions is ludicrous and inefficient. In the coming year, we must streamline the budget

process and agree to an understandable method for reporting funding levels. In that way, perhaps we can avoid the last minute push to complete a second resolution which, like this resolution, is a stopgap measure rather than a substantive one.

As soon as the President makes his budget recommendations next year Congess will begin an even more difficult budget cycle than this year. We need still more spending cuts. Cuts in defense spending will have to be considered, too. My hope and expectation is that Congress will not reverse the progress it made during the past year in bringing Federal expenditures under control. The transition from the budgetary disaster which the Reagan administration inherited to responsible Government spending will not be an easy one. While we may not be able to bring the deficit to zero by 1984, we should never abandon our attempts to reduce it and bring it under control.

While the path to economic recovery may be a difficult one, the benefits from recovery will be many. The American people are still demanding reduced inflation, reduced spending, and reduced Federal presence in the credit markets. I believe we can best serve these needs by passing the second resolution (H. Con. Res. 230).

Mr. JONES of Oklahoma. Mr. Speaker, I yield 3 minutes to the gentleman from Maryland (Mr. MITCHELL).

Mr. MITCHELL of Maryland. Mr. Speaker, my colleagues in the House, I will, of course, vote against the second budget resolution because all that it does is to perpetuate the fraud on the American people when we passed the first budget resolution. It was a fraud and still is. The Gramm-Latta reconciliation was a fraud. I think it is a mistake for the Members of this honorable body to simply perpetuate a fraud.

I think we have got to understand exactly what is happening. We have a budget resolution before us based upon absolutely phony projections—absolutely phony—phony projections in terms of productivity, phony projections in terms of where the employment will be, phony projections in terms of how much revenue will be coming in. It is absolutely phony.

But there is a method to this madness, and I want the Members to understand what the method is, for as long as we are dealing with phony figures we can then justify doing almost anything that we want to do to destroy various social programs. Here is the reality. We have a deficit which was greatly higher than anyone had projected, and thus some members of the administration and some Members of this House are given a golden opportunity to say, "Well, in order to end this, what we must do is to end another social program or to cut another social program grievously."

Bear in mind, ladies and gentleman, my colleagues, bear in mind that almost all of the members of the Reagan administration and far too many members of this House are operating on one theory of government, and that theory says that the Government should not provide housing, should not provide educational opportunities, should not provide jobs, should not provide anything to meet the needs of people. If that is the theory, then it is easy to undo those programs in the name of the greater good or summa bona of the Nation by reducing deficits, saying that in order to reduce we have got to end any money that will come into title I, end all section 8, end all public training programs.

That is the scenario, and I do not need to spell it out any more. I just wish that those who embrace this position would be a little more honest. I wish they would come out and say, "No, we do not want to just cut the program; we want to end it." I think a vote on ending a program would be far more meaningful than the duplicitous road we are pursuing in nibbling away at programs and artificially creating situations that would justify the end of them.

My friend, the gentleman from California (Mr. PANETTA), said that this is kind of a symbolic thing. My friend, the gentleman from Minnesota (Mr. FRENZEL), said it is really a copout. Whatever it is, I do not care how we describe it, it is lousy. It is lousy, and it is a deception. It is a deception primarily designed to facilitate the destruction of programs on which so many people's lives depend.

Mr. FRENZEL. Mr. Speaker, will the gentleman yield?

Mr. MITCHELL of Maryland. I yield to the gentleman from Minnesota.

Mr. FRENZEL. Mr. Speaker, may I ask the gentleman, are the numbers any phonier this year than they were in our last year's budget resolution?

Mr. MITCHELL of Maryland. Oh, yes.

Mr. FRENZEL. When we asked for a balanced budget and got a $60 billion deficit?

Mr. MITCHELL of Maryland. Yes. Those were slightly tainted figures. These are phony ones, as Mr. Stockman indicated. They are phony.

The SPEAKER pro tempore. The Chair will state that the gentleman from Ohio (Mr. LATTA) has 5 minutes remaining, and the gentleman from Oklahoma (Mr. JONES) has 5 minutes remaining.

Mr. LATTA. Mr. Speaker, I yield 1 minute to the gentleman from Ohio (Mr. WYLIE).

Mr. WYLIE. Mr. Speaker, I thank my friend, the gentleman from Ohio, for yielding this time to me.

I take this time to try to clear up something in my own mind about this budget resolution. I might say that the resolution was not on the schedule for this week, and I only had a chance to examine it a little while ago.

This resolution, as I read it, fixes the deficit for fiscal year 1982 at $37.65 billion, for fiscal year 1983 at $19.05 billion, and a surplus of $1.05 billion for fiscal year 1984.

Now, I might say that I am one of those who at least worships the concept of a balanced budget, so I am going to vote for this resolution because it does call for a balanced budget by fiscal year 1984.

But my question to my friend, the gentleman from Ohio (Mr. LATTA), is this: If I understand the debate that has developed here, the figures are not realistic and the resolution does not realy mean anything; is that a fair question?

Mr. LATTA. Mr. Speaker, will the gentleman yield?

Mr. WYLIE. I am glad to yield to the gentleman from Ohio.

Mr. LATTA. Mr. Speaker, let me say that if the gentleman was on the floor when I made my opening remarks, he will remember that I pointed out step by step the increases that have been mandated in the budgets since the beginning of the year when we passed the first budget resolution, and we started out with $695.5 billion, as the gentleman has indicated, and we are now up to about $730.9 billion, but we have to pass this budget resolution.

The SPEAKER pro tempore. The time of the gentleman from Ohio (Mr. WYLIE) has expired.

Mr. LATTA. Mr. Speaker, I yield 30 additional seconds to the gentleman from Ohio (Mr. WYLIE).

Mr. Speaker, if the gentleman will yield further, we have to pass this resolution in order to adjourn this Congress, and as I indicated, the best way to save money is to adjourn this Congress and do it now.

Mr. WYLIE. Mr. Speaker, I thank the gentleman from Ohio (Mr. LATTA).

So we are really passing this resolution to comply with the law. But, may I say I really do like the idea that it calls for a budget surplus by 1984, which I regard as a commendable goal.

Mr. LATTA. Mr. Speaker, I yield 1½ minutes to the gentleman from California (Mr. LEWIS).

Mr. LEWIS. Mr. Speaker, I rise first to ask a question of the gentleman from Ohio (Mr. LATTA), the ranking minority member of the committee.

If I am not mistaken, in the gentleman's opening remarks he outlined some of the contrasts that he saw in this administration's economic results versus what he saw in the previous administration. I think he specifically outlined figures relative to the rate of inflation when Jimmy Carter came

into office and the rate of inflation when he left. Did the gentleman not say it was something like 6¼ percent when he entered office; is that correct?

Mr. LATTA. No. Mr. Speaker, if the gentleman will yield, when he entered office, the inflation rate was only 4.8 percent.

Mr. LEWIS. Just 4.8 percent?

Mr. LATTA. The gentleman confused that with the 6.5 percent. That is what the prime rate was when he entered office.

Mr. LATTA. The gentleman is telling me the rate of inflation was 4.8 percent?

Mr. LATTA. The gentleman is correct.

Mr. LEWIS. And what was it when he left office?

Mr. LATTA. About 12.6 percent.

Mr. LEWIS. It was 12.6 percent when he left office, and the gentleman just said that the interest rate was 6¼ percent when he entered office, but it was 21½ percent when he ended his administration?

Mr. LATTA. I am afraid the gentleman is right.

Mr. LEWIS. It is amazing that I do not read about that in the newspapers. It seems to me that Reaganomics is one thing, but what some are asking for is to return to "Tiponomics."

Mr. PANETTA. Mr. Speaker, will the gentleman yield?

Mr. LEWIS. I do not think I have the time to yield unless the gentleman would like to yield me more time.

What they are looking for is business as usual, more Government spending and more Government regulation. I wish the headlines would talk about that, because this would just take us back to Tiponomics.

Mr. MITCHELL of Maryland. Mr. Speaker, will the gentleman yield?

Mr. LEWIS. I do not believe I have the time.

The SPEAKER pro tempore. The time of the gentleman from California (Mr. LEWIS) has expired.

Mr. MITCHELL of Maryland. So it is too late. The gentleman's time has expired. I just wanted to know whether he is one of those who wants to end all social programs.

The SPEAKER pro tempore. Let us have order in the Chamber.

Mr. LATTA. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. DANNEMEYER).

Mr. DANNEMEYER. Mr. Speaker, I thank the gentleman for yielding me this time.

The Members know that the box we are in is that we are attempting to sweep under the rug the fact that the deficit which we thought would exist when we first considered this budget resolution in June has grown by a factor of at least twice to maybe $80 or $100 billion.

The only way we are going to resolve that, to right the fiscal policy of our Nation, is to increase taxes or decrease spending. Those are the only two alternatives.

As far as this Member of Congress is concerned, I have attempted to present to the House for its consideration a proposal which would at least let the Members vote on whether we would reduce spending. One would think, what is wrong with that, for the Members to consider that as an option? But the answer is that we just adopted a rule by a majority of some 40 votes which precludes any Member of this House from even putting before the House for a vote whether we want to reduce spending as an option.

Now, the total of spending reductions that this Member developed comes to some $42 billion, and when we talk around this place with policymakers and some of the senior Members, we get this litany that says: "Well, you know, you're a junior Member from California. You really have not learned yet that we cannot reduce spending. There is no practical way to reduce spending because, you see, these constituencies are built into the system, and the moment we try to cut their budgets they will rise up in indignation and throw the Members out of Congress who attempt to cut their benefits."

That is the litany, and I just do not choose to believe that. There are a lot of taxpayers out there, and there is a recent poll I have seen that indicates that 58 percent of the American people want additional budget cuts as a means of balancing the budget.

Mr. Speaker, I would hope that we would have a chance to vote on that. Maybe someday we will.

The SPEAKER pro tempore. The Chair will state that the gentleman from Oklahoma (Mr. JONES) has 5 minutes remaining, and the time of the gentleman from Ohio (Mr. LATTA) has expired.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 30 seconds to the gentleman from Missouri (Mr. VOLKMER).

Mr. VOLKMER. Mr. Speaker, I just want to announce for the Members who would like to further discuss the budget that I have a special order for tonight to discuss deficits and the budget. Because of the press of time, we as nonmembers of the Budget Committee do not have an opportunity to do so, so I invite any and all Members to come in after we have finished, maybe by 7 or 7:30, and we will be talking about the budget, taxes, and deficits.

Mr. JONES of Oklahoma. Mr. Speaker, I yield 1 minute to the gentleman from Oklahoma (Mr. WATKINS).

Mr. WATKINS. Mr. Speaker, I thank the gentleman from Oklahoma for yielding at this time to me.

I would like to address this to the gentleman from California, and I know your area because a number of years ago as a youngster I used to go to California and pick up a few potatoes in his area. I am sure the gentleman from California knows, as fact, the administration's admission of a $109 billion deficit in 1982, $153 billion in 1983, and $162 billion in 1984, that adds up close to $424 billion and climbing worth of deficits in the next 36 months. That is nearly a half trillion dollars worth of deficits just the next 36 months.

If all areas of the Federal budget other than and with the exception of defense, veterans and entitlement of social security, pensions, and interest on the national debt, which is bound to increase, were cut, it would not wipe out the near one-half trillion deficit the administration is going to have. The administration will have to have some type of increased revenues, increased taxes. I do not know what the proposal is going to be, but I am willing for him to come forth with that particular proposal, because we cannot get the deficit down just by cutting those areas that he has proposed and that he is willing to cut.

So I would like to make that point so the people will not be misled by those who propose that only budget cuts will balance the budget.

Mr. JONES of Oklahoma. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, I will close the debate by asking my colleagues to support this budget resolution so that we can maintain the discipline of the Budget Act until early next year when we will have to have a third budget resolution and debate it in the context of new policy decisions for fiscal year 1983.

Mr. Speaker, I yield back the balance of my time.

□ 1730

The SPEAKER pro tempore. Pursuant to House Resolution 295 and the order of the House of today, the previous question is ordered.

The question is on the Senate concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. MITCHELL of Maryland. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device and there were—yeas 206, nays 200, not voting 27, as follows:

[Roll No. 351]

YEAS—206

Akaka	Anthony	Aspin
Andrews	Ashbrook	Atkinson

Bafalis	Gingrich	Napier
Bailey (MO)	Ginn	Natcher
Barnard	Glickman	Nelligan
Benedict	Goodling	Nichols
Bennett	Gradison	O'Brien
Bereuter	Gramm	Ottinger
Bethune	Green	Oxley
Bevill	Grisham	Panetta
Bliley	Gunderson	Parris
Boggs	Hagedorn	Pashayan
Boland	Hall, Sam	Pickle
Bouquard	Hammerschmidt	Price
Bowen	Hance	Pritchard
Broomfield	Hansen (UT)	Quillen
Broyhill	Hartnett	Railsback
Butler	Hatcher	Regula
Byron	Hefner	Rhodes
Campbell	Heftel	Ritter
Carman	Hightower	Roberts (KS)
Carney	Hillis	Roberts (SD)
Chappell	Holland	Robinson
Chappie	Holt	Rogers
Cheney	Horton	Rose
Clausen	Hunter	Roukema
Clinger	Hutto	Rudd
Coleman	Hyde	Santini
Conable	Ireland	Sawyer
Conte	Jeffries	Schulze
Corcoran	Jenkins	Shaw
Coughlin	Jones (NC)	Shelby
Coyne, James	Jones (OK)	Shuster
Craig	Kindness	Skeen
Daniel, R. W.	Kramer	Skelton
Daub	Lagomarsino	Smith (AL)
Davis	Latta	Smith (NE)
de la Garza	Leach	Smith (NJ)
Deckard	LeBoutillier	Smith (PA)
DeNardis	Lee	Solomon
Derrick	Lent	Spence
Dickinson	Livingston	Stangeland
Donnelly	Long (LA)	Stanton
Dougherty	Long (MD)	Staton
Dowdy	Lott	Stratton
Downey	Lowery (CA)	Stump
Duncan	Lujan	Taylor
Dunn	Lungren	Thomas
Dyson	Madigan	Trible
Edwards (AL)	Marks	Vander Jagt
Emerson	Marlenee	Walgren
Emery	Marriott	Wampler
English	Martin (IL)	Watkins
Erdahl	Martin (NC)	Weber (OH)
Erlenborn	Martin (NY)	White
Evans (DE)	Mazzoli	Whitehurst
Evans (IA)	McCurdy	Whitley
Fenwick	McDade	Whittaker
Fiedler	McEwen	Williams (OH)
Findley	McGrath	Wilson
Flippo	McKinney	Winn
Foley	Mica	Wolf
Forsythe	Michel	Wortley
Fountain	Miller (OH)	Wylie
Fowler	Mitchell (NY)	Young (AK)
Frenzel	Mollohan	Young (FL)
Fuqua	Montgomery	Young (MO)
Gephardt	Morrison	Zablocki
Gibbons	Murtha	

NAYS—200

Addabbo	Coelho	Evans (IN)
Albosta	Collins (IL)	Fary
Alexander	Collins (TX)	Fascell
Anderson	Conyers	Fazio
Annunzio	Courter	Ferraro
Applegate	Coyne, William	Fields
Archer	Crane, Daniel	Fish
Badham	Crane, Philip	Florio
Bailey (PA)	D'Amours	Foglietta
Barnes	Danielson	Ford (MI)
Beilenson	Dannemeyer	Ford (TN)
Benjamin	Dellums	Frank
Bingham	Derwinski	Frost
Blanchard	Dicks	Gaydos
Bonior	Dingell	Gejdenson
Bonker	Dixon	Gilman
Breaux	Dorgan	Gonzalez
Brinkley	Dreier	Gore
Brodhead	Dwyer	Gray
Brown (CO)	Dymally	Gregg
Burgener	Early	Guarini
Burton, John	Eckart	Hall, Ralph
Burton, Phillip	Edgar	Hamilton
Chisholm	Edwards (CA)	Hansen (ID)
Clay	Edwards (OK)	Harkin
Coats	Ertel	Hawkins
Heckler	Moore	Sensenbrenner
Hendon	Moorhead	Shamansky
Hertel	Mottl	Shannon
Hiler	Murphy	Sharp
Hollenbeck	Myers	Shumway
Hopkins	Nelson	Siljander
Hoyer	Nowak	Simon
Hubbard	Oberstar	Smith (IA)
Huckaby	Obey	Smith (OR)
Hughes	Patman	Snowe
Jacobs	Patterson	Snyder
Jeffords	Paul	Solarz
Johnston	Pease	St Germain
Kastenmeier	Pepper	Stark
Kazen	Perkins	Stenholm
Kemp	Petri	Stokes
Kildee	Peyser	Studds
Kogovsek	Porter	Swift
LaFalce	Pursell	Synar
Leath	Rahall	Tauke
Lehman	Rangel	Tauzin
Leland	Ratchford	Traxler
Levitas	Reuss	Udall
Lewis	Richmond	Vento
Loeffler	Rinaldo	Volkmer
Lowry (WA)	Rodino	Walker
Luken	Roe	Washington
Lundine	Roemer	Waxman
Markey	Rosenthal	Weaver
Matsui	Rostenkowski	Weber (MN)
Mattox	Roth	Weiss
Mavroules	Rousselot	Whitten
McClory	Roybal	Williams (MT)
McCollum	Russo	Wirth
McHugh	Sabo	Wolpe
Mikulski	Savage	Wright
Miller (CA)	Scheuer	Wyden
Mineta	Schneider	Yates
Minish	Schroeder	Yatron
Mitchell (MD)	Schumer	Zeferetti
Moffett	Seiberling	

NOT VOTING—27

AuCoin	Crockett	Howard
Beard	Daniel, Dan	Jones (TN)
Bedell	Daschle	Lantos
Biaggi	Dornan	McCloskey
Bolling	Evans (GA)	McDonald
Boner	Fithian	Moakley
Brooks	Garcia	Molinari
Brown (CA)	Goldwater	Neal
Brown (OH)	Hall (OH)	Oakar

□ 1740

The Clerk announced the following pairs:

On this vote:

Mr. McCloskey for, with Mr. Moakley against.

Mr. Goldwater for, with Mr. Jones of Tennessee against.

Mr. Beard for, with Mr. Dan Daniel against.

Mr. Brown of Ohio for, with Mr. AuCoin against.

Until further notice:

Mr. Biaggi with Mr. Molinari.

Ms. Oakar with Mr. Dornan of California.

Mr. Brooks with Mr. Howard.

Mr. Lantos with Mr. McDonald.

Mr. Evans of Georgia with Mr. Neal.

Mr. Boner of Tennessee with Mr. Brown of California.

Mr. Garcia with Mr. Crockett.

Mr. Daschle with Mr. Fithian.

Mr. Bedell with Mr. Hall of Ohio.

Messrs. STARK, FAZIO, FIELDS, ZEFERETTI, RALPH M. HALL, LEWIS, WILLIAM J. COYNE, FASCELL, ROSTENKOWSKI, and FOGLIETTA changed their votes from "yea" to "nay."

Mr. LUJAN changed his vote from "nay" to "yea."

So the Senate concurrent resolution was concurred in.

The result of the vote was announced as above recorded.

□ 1750

GENERAL LEAVE

Mr. JONES of Oklahoma. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on House Concurrent Resolution 230.

The SPEAKER pro tempore (Mr. Russo). Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

CONFERENCE REPORT ON S. 884

Mr. DE LA GARZA submitted the following conference report and statement on the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 97-377)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That this Act, with the following table of contents, may be cited as the "Agriculture and Food Act of 1981".

TABLE OF CONTENTS

TITLE I—DAIRY

Sec. 101. Federal milk marketing orders.
Sec. 102. Legal status of producer handlers.
Sec. 103. Milk price support.
Sec. 104. Transfer of dairy products to veterans hospitals and the military.
Sec. 105. Dairy indemnity program.
Sec. 106. Reduction of dairy product inventories.
Sec. 107. Dairy program operation report.

TITLE II—WOOL AND MOHAIR

Sec. 201. Extension of support program; support price.

TITLE III—WHEAT

Sec. 301. Loan rates, target prices, disaster payments, wheat acreage reduction and set-aside program, and land diversion for the 1982 through 1985 crops of wheat.
Sec. 302. Nonapplicability of certificate requirements.
Sec. 303. Suspension of marketing quotas and producer certificate provisions.
Sec. 304. Suspension of quota provisions.
Sec. 305. Nonapplicability of section 107 of the Agricultural Act of 1949 to the 1982

through 1985 crops of wheat.

TITLE IV—FEED GRAINS

Sec. 401. Loan rates, target prices, disaster payments, feed grain acreage reduction and set-aside program, and land diversion for the 1982 through 1985 crops of feed grains.
Sec. 402. Nonapplicability of section 105 of the Agricultural Act of 1949 to the 1982 through 1985 crops of feed grains.

TITLE V—COTTON

Sec. 501. Suspension of base acreage allotments, marketing quotas and related provisions.
Sec. 502. Loan rates and target prices, disaster payments, cotton acreage reduction program, and land diversion for the 1982 through 1985 crops of upland cotton.
Sec. 503. Commodity Credit Corporation sales price restrictions.
Sec. 504. Miscellaneous cotton provisions.
Sec. 505. Skiprow practices.
Sec. 506. Preliminary allotments for 1986 crop of upland cotton.
Sec. 507. Upland cotton loan differentials.
Sec. 508. Extra long staple cotton price support.

TITLE VI—RICE

Sec. 601. Repeal of provisions relating to national acreage allotments, allocations, apportionment, marketing quotas, and penalties.
Sec. 602. Loan rates, target prices, disaster payments, rice acreage reduction program, and land diversion for the 1982 through 1985 crops of rice.
Sec. 603. Report on trading of rice futures.

TITLE VII—PEANUTS

Sec. 701. Suspension of marketing quotas and acreage allotments.
Sec. 702. National poundage quota and farm poundage quota.
Sec. 703. Sale, lease, or transfer of farm poundage quota.
Sec. 704. Marketing penalties; disposition of additional peanuts.
Sec. 705. Price support program.
Sec. 706. Reports and records.
Sec. 707. Suspension of certain price support provisions.

TITLE VIII—SOYBEANS

Sec. 801. Soybean price support.

TITLE IX—SUGAR

Sec. 901. Sugar price support.

TITLE X—GRAIN RESERVES AND NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

Subtitle A—Grain Reserves

Sec. 1001. Producer reserve program for wheat and feed grains.
Sec. 1002. Forgiveness of violations.
Sec. 1003. Disaster reserve.
Sec. 1004. Conforming amendment.

Subtitle B—National Agricultural Cost of Production Standards Review Board

Sec. 1005. Establishment of Board.
Sec. 1006. Membership of Board.
Sec. 1007. Functions of Board.
Sec. 1008. Board meetings.
Sec. 1009. Recommendations to Secretary.
Sec. 1010. Reports.
Sec. 1011. Support services.
Sec. 1012. Compensation.
Sec. 1013. Authorization for appropriations.
Sec. 1014. Termination.

TITLE XI—MISCELLANEOUS

Subtitle A—Miscellaneous Commodity Provisions

Sec. 1101. Payment limitations for wheat, feed grains, upland cotton, and rice.
Sec. 1102. Finality of determinations.
Sec. 1103. Commodity Credit Corporation sales price restrictions for wheat and feed grains.
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TITLE I—DAIRY

Federal Milk Marketing Orders

Sec. 101. (a) The Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937 is further amended by—

(1) striking out in subparagraph (B) of subsection 8c(5) all that part of said subparagraph (B) which follows the comma at the end of clause (c) and inserting in lieu thereof the following: "(d) a further adjustment to encourage seasonal adjustments in the production of milk through equitable apportionment of the total value of the milk purchased by any handler, or by all handlers, among producers on the basis of their marketings of milk during a representative period of time, which need not be limited to one year, and (e) a provision providing for the accumulation and disbursement of a fund to encourage seasonal adjustments in the production of milk may be included in an order.";

(2) striking out the period at the end of subsection 8c(17) and adding in lieu thereof the following: ": Provided further, That if one-third or more of the producers as defined in a milk order apply in writing for a hearing on a proposed amendment of such order, the Secretary shall call such a hearing if the proposed amendment is one that may legally be made to such order. Subsection (12) of this section shall not be construed to permit any cooperative to act for its members in an application for a hearing under the foregoing proviso and nothing in such proviso shall be construed to preclude the Secretary from calling an amendment hearing as provided in subsection (3) of this sec-

tion. The Secretary shall not be required to call a hearing on any proposed amendment to an order in response to an application for a hearing on such proposed amendment if the application requesting the hearing is received by the Secretary within ninety days after the date on which the Secretary has announced the decision on a previously proposed amendment to such order and the two proposed amendments are essentially the same."; and

(3) inserting after the phrase "pure and wholesome milk" in section 8c(18) the phrase "to meet current needs and further to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs".

(b) The provisions of subsection (a) shall become effective January 1, 1982, and shall terminate December 31, 1985.

Legal Status of Producer Handlers

Sec. 102. The legal status of producer handlers of milk under the provisions of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Agreement Act of 1937, shall be the same subsequent to the adoption of the amendment made by the Agriculture and Food Act of 1981 as it was prior thereto.

Milk Price Support

Sec. 103. Section 201 of the Agricultural Act of 1949, as amended by section 150 of the Omnibus Budget Reconciliation Act of 1981, is amended by—

(1) striking out everything in subsection (c) after the first sentence and inserting in lieu thereof the following: "Notwithstanding the foregoing, (1) effective for the period beginning with the date of enactment of this provision and ending September 30, 1982, the price of milk shall be supported at such level as determined by the Secretary, but not less than $13.10 per hundredweight for milk containing 3.67 per centum milk fat; and (2) effective for each of the fiscal years ending September 30, 1983, September 30, 1984, and September 30, 1985, the price of milk shall be supported at such level as determined by the Secretary, but not less than $13.25, $14.00, and $14.60, respectively, per hundredweight for milk containing 3.67 per centum milk fat: Provided, That, for each fiscal year during the period beginning October 1, 1982, and ending September 30, 1985, if the Secretary estimates as of the beginning of any such fiscal year that the net cost of Government price support purchases of milk or the products of milk will be less than $1,000,000,000 during the fiscal year, the price of milk shall be supported at such level as determined by the Secretary, but not less than 70 per centum of the parity price therefor as of the beginning of the relevant fiscal year: Provided further, That if the Secretary estimates that net Government price support purchases of milk or the products of milk will be less than 4.0 billion pounds (milk equivalent) in fiscal year 1983; 3.5 billion pounds (milk equivalent) in fiscal year 1984; and 2.69 billion pounds (milk equivalent) in fiscal year 1985, the price of milk shall be supported at such level as determined by the Secretary, but not less than 75 per centum of the parity price therefor as of the beginning of the relevant fiscal year. Such price support shall be provided through the purchase of milk and the products of milk."; and

(2) repealing subsection (d).

Transfer of Dairy Products to Veterans Hospitals and the Military

Sec. 104. Section 202 of the Agricultural Act of 1949 is amended by striking out "1981" in subsections (a) and (b) and inserting in lieu thereof "1985".

Dairy Indemnity Program

Sec. 105. Section 3 of the Act of August 13, 1968 (7 U.S.C. 450l), is amended by striking out "1981" and inserting in lieu thereof "1985".

Reduction of Dairy Product Inventories

Sec. 106. The Secretary of Agriculture shall utilize, to the fullest extent practicable, the authorities under the Commodity Credit Corporation Charter Act (including exportation of dairy products at not less than prevailing world market prices), the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), and other authorities available to the Secretary to reduce inventories of dairy products held by the Commodity Credit Corporation so as to reduce net Commodity Credit Corporation expenditures to the estimated outlays for the milk price support program used in developing budget outlays under the Congressional Budget Act of 1974 for the appropriate fiscal year.

Dairy Program Operation Report

Sec. 107. Not later than December 31, 1982, the Secretary of Agriculture shall submit to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry a report describing the strengths and weaknesses of existing Federal programs and the consequences of possible new programs, for controlling or minimizing surpluses of fluid milk and the products thereof. The report shall include, but need not be limited to, an assessment, on a region by region basis, of the effect of existing and proposed pricing mechanisms on supply and demand conditions, including the impact on farm income and consumer costs. The report shall also describe the social costs and benefits associated with such programs.

TITLE II—WOOL AND MOHAIR

Extension of Support Program; Support Price

Sec. 201. Section 703 of the National Wool Act of 1954 is amended by—

(1) striking out "1981" in subsection (a) and inserting in lieu thereof "1985"; and

(2) striking out all that follows the comma in subsection (b) after the word "Provided" and inserting in lieu thereof the following: "That for the marketing years beginning January 1, 1982, and ending December 31, 1985, the support price for shorn wool shall be 77.5 per centum (rounded to the nearest full cent) of the amount calculated according to the foregoing formula.".

TITLE III—WHEAT

Loan Rates, Target Prices, Disaster Payments, Wheat Acreage Reduction and Set-Aside Program, and Land Diversion for the 1982 Through 1985 Crops of Wheat

Sec. 301. Effective only for the 1982 through 1985 crops of wheat, the Agricultural Act of 1949 is amended by adding after section 107A a new section as follows:

"Sec. 107B. Notwithstanding any other provision of law—

"(a) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of wheat at such level, not less than $3.55 per bushel, as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat: Provided, That if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchases for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $3 per bushel.

"(b)(1)(A) In addition, the Secretary shall make available to producers payments for each of the 1982 through 1985 crops of wheat in an amount computed as provided in this subsection. Payments for any such crop of wheat shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to wheat.

"(B) The payment rate for wheat shall be the amount by which the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop

is less than the established price per bushel.

"(C) The established price for wheat shall be not less than $4.05 per bushel for the 1982 crop, $4.30 per bushel for the 1983 crop, $4.45 per bushel for the 1984 crop, and $4.65 per bushel for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(D) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for wheat in accordance with the proviso in subsection (a) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for wheat by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: Provided, That any payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1015 of the Agriculture and Food Act of 1981.

"(E) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as provided in subparagraph (C) of this paragraph, if the Secretary

determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their wheat acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of wheat. The proclamation shall be made not later than August 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1982 crop, the proclamation shall be made as soon as practicable after enactment of the Agriculture and Food Act of 1981. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 per centum nor less than 80 per centum.

"(3) The individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (e)(2) of this section by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (e)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(e)(1) Notwithstanding any other provision of this section, the Secretary may provide for any crop either for a program under which the acreage planted to wheat would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) of this subsection if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than August 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1982 crop, the Secretary shall announce such program as soon as practicable after enactment of the Agriculture and Food Act of 1981.

"(2) If a wheat acreage limitation program is announced under paragraph (1) of this subsection, such limitation shall be achieved by applying a uniform percentage reduction to the acreage base for each wheat-producing farm. Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph shall be the acreage planted on the farm to wheat for harvest in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to wheat for harvest in the two crop years immediately preceding the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to wheat for harvest shall include any acreage which the producers were prevented from planting to wheat or other nonconserving crop in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity, by (B) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) of this subsection for a crop of wheat, subsection (c) of this section shall not be applicable to such crop, including any prior announcement which may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for

harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1) of this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) of this subsection with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. In determining the amount of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation or set-aside program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producer, on the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2) of this section, but may be required if a set-aside program is established under subsection (e)(3) of this section.".

Nonapplicability of Certificate Requirements

Sec. 302. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (which deal with marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1982, through May 31, 1986.

Suspension of Marketing Quotas and Producer Certificate Provisions

Sec. 303. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1982 through 1985 crops of wheat.

Suspension of Quota Provisions

Sec. 304. Public Law 74, Seventy-seventh Congress (55 Stat. 203, as amended) shall not be applicable to the crops of wheat planted for harvest in the calendar years 1982 through 1985.

Nonapplicability of Section 107 of the Agricultural Act of 1949 to the 1982 Through 1985 Crops of Wheat

Sec. 305. Section 107 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of wheat.

TITLE IV—FEED GRAINS

Loan Rates, Target Prices, Disaster Payments, Feed Grain Acreage Reduction and Set-Aside Program, and Land Diversion for the 1982 Through 1985 Crops of Feed Grains

Sec. 401. Effective only for the 1982 through 1985 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105A a new section as follows:

"Sec. 105B. Notwithstanding any other provision of law—

"(a)(1) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of corn at such level, not less than $2.55 per bushel, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn: Provided, That if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for corn for such marketing year, the Secretary may reduce the level of loans and purchases for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $2 per bushel.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1982 through 1985 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b) of this Act.

"(b)(1)(A) The Secretary shall make available to producers payments for each of the 1982 through 1985 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection. Payments for any such crop of feed grains shall be computed by multiplying (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the farm program payment yield for the crop. In no event may payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to such feed grains.

"(B) The payment rate for corn shall be the amount by which the higher of—

"(i) the national weighted average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under subsection (a) of this section for such crop

is less than the established price per bushel.

"(C) The established price for corn shall be not less than $2.70 per bushel for the 1982 crop, $2.86 per bushel for the 1983 crop, $3.03 per bushel for the 1984 crop, and $3.18 per bushel for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of proportion of the value of the total production derived from each crop.

"(D) Notwithstanding the foregoing provisions of this section, if the Secretary adjusts the level of loans and purchases for corn in accordance with the proviso in subsection (a)(1) of this section, the Secretary shall provide emergency compensation by increasing the established price payments for corn by such amount as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made: Provided, That any such payments under this subparagraph shall not be included in the payments subject to limitations under the provisions of section 1015 of the Agriculture Food Act of 1981.

"(E) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines fair and reasonable in relation to the rate at which payments are made available for corn.

"(F) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2) of this subsection.

"(2)(A) Except as provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage which the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains which the producers are able to harvest on any farm is less than the result of multiplying 60 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 per centum of the established price for the crop for the deficiency in production below 60 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their feed grain acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(c)(1) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1982 crop, the proclamation shall be made as soon as practicable after enactment of the Agriculture and Food Act of 1981. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 per centum nor less than 80 per centum.

"(3) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (e)(2) of this section by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (e)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(d) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable. Notwithstanding the foregoing provisions of this subsection, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State or county program payment yields.

"(e)(1) Notwithstanding any other provision of this section, the Secretary may provide for any crop either for a program under which the acreage planted to feed grains would be limited as described in paragraph (2) or a set-aside program as described in paragraph (3) of this subsection if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain

reasonable and stable supplies and prices and to meet a national emergency. The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1982 crop, the Secretary shall announce such progam as soon as practicable after enactment of the Agriculture and Food Act of 1981.

"(2) If a feed grain acreage limitation program is announced under paragraph (1) of this subsection, such limitation shall be achieved by applying a uniform percentage reduction to the acreage base for each feed grain-producing farm. Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm. The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph shall be the acreage planted on the farm to feed grains for harvest in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to feed grains for harvest in the two crop years immediately preceding the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to feed grains for harvest shall include any acreage which the producers were prevented from planting to feed grains or other nonconserving crop in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (A) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity, by (B) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. If an acreage limitation program is announced under paragraph (1) of this subsection for a crop of feed grains, subsection (c) of this section shall not be applicable to such crop, including any prior announcement which may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3) If a set-aside program is announced under paragraph (1) of this subsection, then as a condition of eligibility for loans, purchases, and payments authorized by this section, the producers on a farm must set aside and devote to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect. The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary. If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms. The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary to correct for abnormal factors affecting production, and to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary deems necessary.

"(4) The regulations issued by the Secretary under paragraphs (2) and (3) of this subsection with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producers on the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(f) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(g) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this section.

"(h) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(i) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this section.

"(j) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(k) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this section if an acreage limitation program is established under subsection (e)(2) of this section, but may be required if a set-aside program is established under subsection (e)(3) of this section.".

Nonapplicability of Section 105 of the Agricultural Act of 1949 to the 1982 Through 1985 Crops of Feed Grains

Sec. 402. Section 105 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of feed grains.

TITLE V—COTTON

Suspension of Base Acreage Allotments, Marketing Quotas and Related Provisions

Sec. 501. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 shall not be applicable to upland cotton of the 1982 through 1985 crops.

Loan Rates and Target Prices, Disaster Payments, Cotton Acreage Reduction Program, and Land Diversion for the 1982 Through 1985 Crops of Upland Cotton

Sec. 502. Effectively only for the 1982 through 1985 crops of upland cotton, section 103 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(g)(1) The Secretary shall, upon presentation of warehouse receipts reflecting accrued storage charges of not more than sixty days, make available for the 1982 through 1985 crops of upland cotton to producers nonrecourse loans for a term of ten months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one-and-one-sixteenth-inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States the smaller of (A) 85 per centum of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during three years of the five-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, or (B) 90 per centum of the average, for the fifteen-week period beginning July 1 of the year in which the loan level is announced, of the five lowest-priced growths of the growths quoted for Middling one-and-three-thirty-seconds-inch cotton C.I.F. northern Europe (adjusted downward by the average difference during the period April 15 through October 15 of the year in which the loan is announced between such average northern European price quotation of such quality of cotton and the market quotations in the designated United States spot markets for Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9)). In no event shall such loan level be less than 55 cents per pound. If for any crop the average northern European price determined under clause (B) of the first sentence of this paragraph is less than the average United States spot market price determined under clause (A) of the first sentence of this paragraph, the Secretary may, notwithstanding the foregoing provisions of this paragraph, increase the loan level to such level as the Secretary may deem appropriate, not in excess of the average United States spot market price determined under clause (A) of the first sentence of this paragraph. The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1982 crop such determination and announcement shall be made as soon as practicable after enactment of the Agriculture and Food Act of 1981, and such level shall not thereafter be changed. Nonrecourse loans provided for in this subsection shall, upon request of the producer during the tenth month of the loan period for the cotton, be made available for an additional term of eight months, except that such request to extend the loan period shall not be approved in a month when the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six-month period.

"(2) Whenever the Secretary determines that the average price of Strict Low Middling one-and-one-sixteenth-inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 per centum of the average price of such quality of cotton in such markets for the preceding thirty-six months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The amount of the special quota shall be equal to twenty-one days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent three months for which data are available.

"(B) If a special quota has been established under this paragraph during the preceding twelve months, the amount of the quota next established hereunder shall be the smaller of twenty-one days of domestic mill consumption calculated as set forth in subparagraph (A) of this paragraph or the amount required to increase the supply to 130 per centum of the demand.

"(C) As used in subparagraph (B) of this paragraph, the term 'supply' means, using the latest official data of the Bureau of the Census, the United States Department of Agriculture, and the United States Department of the Treasury, the carryover of upland cotton at the beginning of the marketing year (adjusted to four-hundred-and-eighty-pound bales) in which the special quota is established, plus production of the current crop, plus imports to the latest date available during the marketing year, and the term 'demand' means the average seasonally adjusted annual rate of domestic mill consumption in the most recent three months for which data are available, plus the larger of average exports of upland cotton during the preceding six marketing years or cumulative exports of upland cotton, plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under the provisions of this paragraph, a ninety-day period from the effective date of the proclamation shall be allowed for entering cotton under such quota.

Notwithstanding the foregoing provisions of this paragraph, a special quota period shall not be established that overlaps an existing quota period.

"(3)(A) In addition, payments shall be made for each of the 1982 through 1985 crops of upland cotton to the producers on each farm at a rate equal to the amount by which the higher of—

"(i) the average market price received by farmers for upland cotton during the calendar year which includes the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) of this subsection for such crop,

is less than the established price per pound times in each case the farm program acreage for cotton (determined in accordance with paragraph (7) of this subsection, but in no event on a greater acreage than the acreage actually planted to cotton for harvest), multiplied by the farm program payment yield for cotton (determined in accordance with paragraph (8) of this subsection).

"(B) The established price for upland cotton shall not be less than the higher of (i) $0.71 per pound for the 1982 crop, $0.76 per pound for the 1983 crop, $0.81 per pound for the 1984 crop, and $0.86 per pound for the 1985 crop, plus any adjustment made for changes in production costs as provided in subparagraph (C) of this paragraph, or (ii) 120 per centum of the loan level determined for such crop under paragraph (1) of this subsection.

"(C) The prices referred to in clause (i) of the preceding subparagraph may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(D) The total quantity on which payments would otherwise be payable to a producer for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (4) of this subsection.

"(4)(A) Except as provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage which the producers were prevented from planting to cotton or other nonconserving crop in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the farm program payment yield established by the Secretary times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton which the producers are able to harvest on any farm is less than the result of multiplying 75 per centum of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33⅓ per centum of the established price for the crop for the deficiency in production below 75 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their cotton acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss be-

cause of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(5) The Secretary shall establish for each of the 1982 through 1985 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1982 crop, such announcement shall be made as soon as practicable after enactment of the Agriculture and Food Act of 1981. The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under paragraph (6) of this subsection if the Secretary determines it necessary based upon the latest information, and the Secretary shall announce such revised national program acreage as soon as it has been made. The national program acreage shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than ten million acres.

"(6) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor (not to exceed 100 per centum) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(7) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under paragraph (9)(A) of this subsection by at least the percentage recommended by the Secretary in the announcement of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under paragraph (9)(A) of this subsection, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(8) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding three years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for one or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available. Notwithstanding the foregoing provisions of this paragraph, in the determination of yields, the Secretary shall take into account the actual yields proved by the producer, and neither such yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this paragraph. If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period, or, if such data are not available, on the Secretary's estimate of actual yields for the crop year involved. If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(9)(A) Notwithstanding any other provision of this subsection, the Secretary may establish a limitation on the acreage planted to upland cotton if the Secretary determines that the total supply of upland cotton, in the absence of such limitation, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Such limitation shall be achieved by applying a uniform percentage reduction to the acreage base for each cotton-producing farm. Producers who knowingly produce cotton in excess of the permitted cotton acreage for the farm shall be ineligible for cotton loans and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as a result of a limitation under this subparagraph shall be the acreage planted on the farm to upland cotton for harvest in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to upland cotton for harvest in the two crop years immediately preceding the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to wheat for harvest shall include any acreage which the producers were prevented from planting to cotton or other nonconserving crop in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity, by (ii) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. If an acreage limitation program is announced under this paragraph for a crop of upland cotton, paragraphs (5), (6), and (7) of this subsection shall not be applicable to such crop, including any prior announcement which may have been made under such paragraphs with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(B) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(C) The reduced acreage and the diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(10) An operator of a farm desiring to participate in the program conducted under paragraph (9) of this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producers on the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(11) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(12) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(13) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(14) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

"(15) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(16) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"(17) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans or payments under this subsection.

"(18) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act.".

Commodity Credit Corporation Sales Price Restrictions

Sec. 503. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1986, the tenth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following: "Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells cotton for export, in no event, however, at less than 115 per centum of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, and (2)".

Miscellaneous Cotton Provisions

Sec. 504. Sections 103(a) and 203 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops.

Skiprow Practices

Sec. 505. Section 374(a) of the Agricultural Adjustment Act of 1938 is amended by striking out "1981" and inserting in lieu thereof "1985".

Preliminary Allotments for 1986 Crop of Upland Cotton

Sec. 506. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, as amended, shall again become effective as preliminary allotments for the 1986 crop.

Upland Cotton Loan Differentials

Sec. 507. Section 403 of the Agricultural Act of 1949 is amended by adding at the end thereof the following: "Beginning with the 1982 crop, the quality differences (premiums and discounts for grade, staple, and micronaire) for the upland cotton loan program shall be established by the Secretary by giving equal weight to (1) loan differences for the preceding crop and (2) the market differences for such crop in the nine designated United States spot markets. The Secretary shall establish a study committee of ten members, eight of whom shall be representatives of cotton producers selected to equally represent each of the four major geographic regions which produce and market upland cotton, one of whom shall be a representative of cotton merchants, and one of whom shall be a representative of the textile manufacturers. The committee shall study alternative methods of establishing values of premiums and discounts for grade, staple, and micronaire for the upland cotton loan program that will accurately represent true relative market values and reflect actual market demand for upland cotton produced in the United States. The committee shall submit the results of such study to the Secretary at the earliest practicable date together with such recommendations as the committee considers appropriate. The Secretary may, prior to the announcement of loan rate differences for the 1982 crop of upland cotton, review the procedures and criteria, including the recommendations made by the study committee and the formula provided in the fifth sentence of this section for determining quality differences, including the loan differentials for grade, staple, and micronaire for the upland cotton loan program and, on the basis of such review, revise such procedures and criteria to accurately reflect the actual market value of upland cotton produced in the United States.".

Extra Long Staple Cotton Price Support

Sec. 508. Effective beginning with the 1982 crop of extra long staple cotton, section 101(f) of the Agricultural Act of 1949 is amended to read as follows:

"(f) The provisions of this Act relating to price support for cotton shall apply severally to (1) American upland cotton and (2) extra long staple cotton described in subsection (a) and ginned as required by subsection (e) of section 347 of the Agricultural Adjustment Act of 1938, as amended, except that, notwithstanding any other provision of this Act, price support shall be made available for the 1982 and each subsequent crop of extra long staple cotton through nonrecourse loans as provided in this subsection. If producers have not disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which is not less than 75 per centum or more than 125 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. If producers have disapproved marketing quotas for any crop of extra long staple cotton, price support loans shall be made available to cooperators for such crop at a level which shall be 50 per centum in excess of the loan level established for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) of such crop at average location in the United States. Nothing contained herein shall affect the authority of the Secretary to make price support available for extra long staple cotton in accordance with section 402 of this Act.".

TITLE VI—RICE

Repeal of Provisions Relating to National Acreage Allotments, Allocations, Apportionment, Marketing Quotas, and Penalties

Sec. 601. Effective beginning with the 1982 crop of rice, sections 352, 353, 354, 355, and 356 of the Agricultural Adjustment Act of 1938 are repealed.

Loan Rates, Target Prices, Disaster Payments, Rice Acreage Reduction Program, and Land Diversion for the 1982 Through 1985 Crops of Rice

Sec. 602. Effective only for the 1982 through 1985 crops of rice, section 101 of the Agricultural Act of 1949 is amended by adding at the end thereof a new subsection as follows:

"(i) Notwithstanding any other provision of law—

"(1) The Secretary shall make available to producers in the several States of the United States loans and purchases for each of the 1982 through 1985 crops of rice at such level as bears the same ratio to the loan level for the preceding year's crop as the established price for each such crop bears to the established price for the preceding year's crop. If the Secretary determines that loans and purchases at the foregoing level for any of the 1982 through 1985 crops would substantially discourage the exportation of rice and result in excessive stocks of rice in the United States, the Secretary may, notwithstanding the foregoing provisions of this paragraph, establish loans and purchases for any such crop at such level, not less than $8 per hundredweight, as the Secretary determines necessary to avoid such consequences: Provided, That the loan and purchase level for the succeeding crop shall be established on the basis of the loan and purchase level established for the preceding crop year before the application of the preceding sentence. The loan and purchase level and the established price for each of the 1982 through 1985 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(2)(A) In addition, the Secretary shall make available to producers payments for each of the 1982 through 1985 crops of rice grown in the several States of the United States in an amount computed as provided in this paragraph. Payments for each such crop of rice shall be computed by multiply-

ing (i) the payment rate, by (ii) the farm program acreage for the crop, by (iii) the yield established for the farm. In no event shall payments be made under this paragraph for any crop on a greater acreage than the acreage actually planted to rice.

"(B) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of—

"(i) the national average market price received by farmers during the first five months of the marketing year for such crop, as determined by the Secretary, or

"(ii) the loan level determined under paragraph (1) for such crop.

"(C) The established price for rice shall be not less than $10.85 per hundredweight for the 1982 crop, $11.40 per hundredweight for the 1983 crop, $11.90 per hundredweight for the 1984 crop, and $12.40 per hundredweight for the 1985 crop. Any such established price may be adjusted by the Secretary as the Secretary determines to be appropriate to reflect any change in (i) the average adjusted cost of production per acre for the two crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the two crop years immediately preceding the year previous to the one for which the determination is made. The adjusted cost of production for each of such years may be determined by the Secretary on the basis of such information as the Secretary finds necessary and appropriate for the purpose and may include variable costs, machinery ownership costs, and general farm overhead costs, allocated to the crops involved on the basis of the proportion of the value of the total production derived from each crop.

"(D) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the three preceding years. The actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producers. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(E) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (3) of this subsection.

"(3)(A) Except as provided in subparagraph (C) of this paragraph, if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers on the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year, multiplied by 75 per centum of the yield established for the farm times a payment rate equal to 33⅓ per centum of the established price for the crop.

"(B) Except as provided in subparagraph (C) of this paragraph, if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice which the producers are able to harvest on any farm is less than the result of multiplying 75 per centum of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to producers at a rate equal to 33⅓ per centum of the established price for the crop for the deficiency in production below 75 per centum for the crop.

"(C) Producers on a farm shall not be eligible for disaster payments under this paragraph if crop insurance is available to them under the Federal Crop Insurance Act with respect to their rice acreage.

"(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, the Secretary may make disaster payments to producers on a farm under this paragraph whenever the Secretary determines that—

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, producers on a farm have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crop or from reduced yields, and that such losses have created an economic emergency for the producers;

"(ii) Federal crop insurance indemnity payments and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency, or no crop insurance covered the loss because of transitional problems attendant to the Federal crop insurance program; and

"(iii) additional assistance must be made available to such producers to alleviate the economic emergency.

The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to individual farms so as to assure the equitable allotment of such payments among producers taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(4)(A) The Secretary shall proclaim a national program acreage for each of the 1982 through 1985 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year. The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under subparagraph (B) of this paragraph if the Secretary determines a revision necessary based upon the latest information, and the Secretary shall proclaim such revised national program acreage as soon as it is made. The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop. If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the amount the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(B) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 per centum nor less than 80 per centum.

"(C) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined. The farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under paragraph (5)(A) of this subsection by at least the percentage recommended by the Secretary in the proclamation of the national program acreage. The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under paragraph (5)(A) of this subsection, but for which the reduction is insufficient to exempt the farm from the application of the allocation factor. In establishing the allocation factor for rice, The Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(5)(A) Notwithstanding any other provision of this subsection, the Secretary may establish a limitation on the acreage planted to rice if the Secretary determines that the total supply of rice in the absence of such limitation, will be excessive taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency. Any such limitation shall be announced by the Secretary not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested. Such limitation shall be achieved by applying a uniform percentage reduction to the acreage base for each rice-producing farm. Producers who knowingly produce rice in excess of the permitted rice acreage for the farm shall be ineligible for rice loans, purchases, and payments with respect to that farm. The acreage base for any farm for the purpose of determining any reduction required to be made for any year as the result of a limitation under this subparagraph shall be the acreage planted on the farm to rice for harvest in the crop year immediately preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage planted to rice for harvest in the two crop years immediately preceding the year for which the determination is made. For the purpose of the preceding sentence, acreage planted to rice for harvest shall include any acreage which the producers were prevented from planting to rice or other nonconserving crop in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers. The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base. A number of acres on the farm determined by dividing (i) the product obtained by multiplying the number of acres required to be withdrawn

from the production of rice times the number of acres actually planted to rice, by (ii) the number of acres authorized to be planted to rice under the limitation established by the Secretary shall be devoted to conservation uses, in accordance with regulations issued by the Secretary, which will assure protection of such acreage from weeds and wind and water erosion. The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'. The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of the reduced acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely. If an acreage limitation program is announced under this paragraph for a crop of rice, paragraph (4) of this subsection shall not be applicable to such crop, including any prior announcement which may have been made under such paragraph with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(B) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers. The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted. The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(C) The reduced acreage and the additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies. The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of the foregoing sentence. The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(D) An operator of a farm desiring to participate in the program conducted under this paragraph shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe. The Secretary may, by mutual agreement with the producers on the farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(6) The Secretary shall provide for the sharing of payments made under this subsection for any farm among the producers on the farm on a fair and equitable basis.

"(7) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(8) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this subsection precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines to be equitable in relation to the seriousness of the failure. The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(9) The Secretary may issue such regulations as the Secretary determines necessary to carry out the provisions of this subsection.

"(10) The Secretary shall carry out the program authorized by this subsection through the Commodity Credit Corporation.

"(11) The provisions of subsection 8(g) of the Soil Conservation and Domestic Allotment Act (relating to assignment of payments) shall apply to payments under this subsection.

"(12) Notwithstanding any other provision of law, compliance on a farm with the terms and conditions of any other commodity program may not be required as a condition of eligibility for loans, purchases, or payments under this subsection.".

Report on Trading of Rice Futures

Sec. 603. The Secretary of Agriculture shall by July 31, 1983, submit a report to Congress evaluating the trading of rice futures on the commodity exchanges. The report shall contain an assessment as to whether the rice futures prices effectively reflect the market prices for rice except for certain factors such as carrying charges and storage costs. In addition, the Secretary shall include in such report an assessment of the feasibility of using the seasonal average price received by farmers for rough rice or the futures price for rice as a basis for calculating the support and loan rate for rice as provided for in the Agricultural Act of 1949. Such report shall contain any other recommendations of the Secretary as may relate to these matters.

TITLE VII—PEANUTS

Suspension of Marketing Quotas and Acreage Allotments

Sec. 701. The following provisions of the Agricultural Adjustment Act of 1938 shall not be applicable to the 1982 through 1985 crops of peanuts:

(1) Subsections (a) through (j) of section 358;

(2) Subsections (a) through (h) of section 358a;

(3) Subsections (a), (b), (d), and (e) of section 359;

(4) Part I of subtitle C of title III; and

(5) Section 371.

National Poundage Quota and Farm Poundage Quota

Sec. 702. Effective only for the 1982 through 1985 crops of peanuts, section 358 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(k) The national poundage quota for peanuts for each marketing year shall be 1,200,000 tons for 1982; 1,167,300 tons for 1983; 1,134,700 tons for 1984; and 1,100,000 tons for 1985.

"(l)(1) The national poundage quota established under subsection (k) of this section shall be apportioned among the States so that the poundage quota allocated to each State shall be equal to the percentage of the national poundage quota allocated to farms in the State for 1981.

"(2) Notwithstanding any other provision of this section—

"(A) Beginning with the 1982 marketing year, the reduction in the poundage quota allocated to any State for any marketing year below the poundage quota allocated to such State for the immediately preceding marketing year (which poundage quota, for the 1981 marketing year, shall be deemed to be the total of the farm poundage quotas allocated to farms in the State for such marketing year) shall, insofar as practicable and on such fair and equitable basis as the Secretary may by regulation prescribe, be accomplished by reducing the farm poundage quota for each farm in the State to the extent that the farm poundage quota has not been produced on such farm. For purposes of the foregoing sentence, the farm poundage quota shall be considered as not having been produced on a farm to the extent that (i) during any crop year immediately preceding the crop year for which the adjustment is being made, such quota was not actually produced on the farm because there was inadequate tillable cropland available on the farm to produce such quota; or (ii) during any two of the three crop years immediately preceding the crop year for which the adjustment is made, (I) such quota was not actually produced for any other reason (other than natural disasters or such other reasons as the Secretary may prescribe), or (II) such quota was produced but by another operator on a farm to which the poundage quota (or the acreage allotment upon which such poundage quota was based) was transferred by lease. To achieve the reduction in the State poundage quota in any marketing year, the reductions in farm poundage quotas shall be made first under clause (i) of the preceding sentence and, if necessary, under clause (ii)(I) and then clause (ii)(II) thereof.

"(B) If application of the provisions of subparagraph (A) of this paragraph results in a total reduction of farm poundage quotas that exceeds the reduction in the State poundage quota for the marketing year, the reductions in the farm poundage quotas shall be adjusted upward by the Secretary so that the total reduction of farm poundage quotas equals the reduction in the State poundage quota.

"(C) If application of the provisions of subparagraph (A) of this paragraph results in a total reduction of farm poundage quotas that is less than the reduction in the State poundage quota for the marketing year, the balance of the reduction in the

State poundage quota shall be accomplished by such further reduction in farm poundage quotas for farms in the State as the Secretary determines to be fair and equitable.

"(m) (1) A farm poundage quota shall be established for each farm which had an acreage allotment for the 1981 crop year. The farm poundage quota for any such farm for the 1982 through 1985 marketing years shall be the same as the farm poundage quota for such farm for the immediately preceding marketing year, as adjusted under subsection (1) of this section, but not including any increases for undermarketings from previous marketing years, except that if the farm poundage quota, or any part thereof, is permanently transferred in accordance with section 358a of this Act, the receiving farm shall be considered as possessing the farm poundage quota (or portion thereof) of the transferring farm for all subsequent marketing years.

"(2) The farm poundage quota so determined shall be increased by the number of pounds by which total marketings of quota peanuts from the farm during previous marketing years (excluding any marketing year before the marketing year for the 1980 crop) were less than the total amount of the applicable farm poundage quotas (disregarding adjustments for undermarketings from prior marketing years) for such marketing years. Increases in farm poundage quotas made under this paragraph shall not be counted against the national poundage quota for the marketing year involved.

"(3) Notwithstanding the foregoing provisions of this subsection, if the total of all increases in individual farm poundage quotas under paragraph (2) of this subsection exceeds 10 per centum of the national poundage quota for the marketing year in which such increases shall be applicable, the Secretary shall adjust such increases so that the total of all such increases does not exceed 10 per centum of the national poundage quota.

"(n) For each farm for which a farm poundage quota was established for the 1981 crop of peanuts, and when necessary for purposes of this Act, a farm yield of peanuts shall be determined for each farm. Such yield shall be equal to the average of the actual yield per acre on the farm for each of the three crop years in which yields were highest on the farm out of the five crop years 1973 through 1977. In the event that peanuts were not produced on the farm in at least three years during such five-year period or there was a substantial change in the operation of the farm during such period (including, but not limited to, a change in operator, lessee who is an operator, or irrigation practices), the Secretary shall have a yield appraised for the farm. The appraised yield shall be that amount determined to be fair and reasonable on the basis of yields established for similar farms which are located in the area of the farm and on which peanuts were produced, taking into consideration land, labor, and equipment available for the production of peanuts, crop rotation practices, soil and water, and other relevant factors.

"(o) Not later than December 15 of each calendar year (or in the case of the 1982 crop, as soon as practicable after enactment of the Agriculture and Food Act of 1981), the Secretary shall conduct a referendum of farmers engaged in the production of quota peanuts in the calendar year in which the referendum is held to determine whether such farmers are in favor of or opposed to poundage quotas with respect to the crops of peanuts produced in the four calendar years immediately following the year in which the referendum is held, except that, if as many as two-thirds of the farmers voting in any referendum vote in favor of poundage quotas, no referendum shall be held with respect to quotas for the second, third, and fourth years of the period. The Secretary shall proclaim the result of the referendum within 30 days after the date on which it is held, and if more than one-third of the farmers voting in the referendum vote against quotas, the Secretary also shall proclaim that poundage quotas will not be in effect with respect to the crop of peanuts produced in the calendar year immediately following the calendar year in which the referendum is held. For purposes of this subsection, if the referendum for the 1982 crop is held after December 31, 1981, it shall be deemed to have been held in calendar year 1981.

"(p) For the purposes of this part and title I of the Agricultural Act of 1949—

"(1) 'quota peanuts' means, for any marketing year, any peanuts produced on a farm having a farm poundage quota, as detemined in subsection (m) of this section, that are eligible for domestic edible use as determined by the Secretary, that are marketed or considered marketed from a farm, and that do not exceed the farm poundage quota of such farm for such year;

"(2) 'additional peanuts' means, for any marketing year (A) any peanuts that are marketed from a farm for which a farm poundage quota has been established and that are in excess of the marketings of quota peanuts from such farm for such year, and (B) all peanuts marketed from a farm for which no farm poundage quota has been established in accordance with subsection (m) of this section.

"(3) 'crushing' means the processing of peanuts to extract oil for food uses and meal for feed uses, or the processing of peanuts by crushing or processing into flakes or otherwise when authorized by the Secretary; and

"(4) 'domestic edible use' means use for milling to produce domestic food peanuts (other than those described in paragraph (3) of this subsection) and seed and use on a farm, except that the Secretary may exempt from this definition seeds of peanuts that are used to produce peanuts excluded under section 359(c) of this Act, are unique strains, and are not commercially available.".

Sale, Lease, or Transfer of Farm Poundage Quota

Sec. 703. Effective only for the 1982 through 1985 crops of peanuts, section 358a of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(i) The owner, or the operator with permission of the owner, of any farm for which a farm poundage quota has been established under this Act may, subject to such terms, conditions or limitations as the Secretary may prescribe, sell or lease all or any part of such poundage quota to any other owner or operator of a farm within the same county for transfer to such farm. The owner or operator of a farm may transfer all or any part of such farm's farm poundage quota to any other farm owned or controlled by such owner or operator that is in the same county or in a county contiguous to such county in the same State and that had a farm poundage quota for the 1981 crop. Notwithstanding the foregoing provisions of this subsection, in the case of any State for which the poundage quota allocated to the State was less than 10,000 tons for the 1981 crop, all or any part of a farm poundage quota may be transferred by sale or lease or otherwise from a farm in one county to a farm in another county in the same State.

"(j) Transfers (including transfer by sale or lease) of farm poundage quotas under this section shall be subject to the following conditions: (1) no transfer of the farm poundage quota from a farm subject to a mortgage or other lien shall be permitted unless the transfer is agreed to by the lienholders; (2) no transfer of the farm poundage quota shall be permitted if the county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act determines that the receiving farm does not have adequate tillable cropland to produce the farm poundage quota; (3) no transfer of the farm poundage quota shall be effective until a record thereof is filed with the county committee of the county to which such transfer is made and such committee determines that the transfer complies with the provisions of this section; and (4) such other terms and conditions that the Secretary may by regulation prescribe.".

Marketing Penalties; Disposition of Additional Peanuts

Sec. 704. Effective only for the 1982 through 1985 crops of peanuts, section 359 of the Agricultural Adjustment Act of 1938 is amended by adding at the end thereof new subsections as follows:

"(f)(1) The marketing of any peanuts for domestic edible use in excess of the farm poundage quota for the farm on which such peanuts are produced shall be subject to penalty at a rate equal to 140 per centum of the support price for quota peanuts for the marketing year (August 1 through July 31) in which such marketing occurs. The marketing of any additional peanuts from a farm shall be subject to the same penalty unless such peanuts, in accordance with regulations established by the Secretary, are either (A) placed under loan at the additional loan rate in effect for such peanuts under section 108A of the Agricultural Act of 1949 and not redeemed by the producers, (B) marketed through an area marketing association designated pursuant to section 108A(3)(A) of the Agricultural Act of 1949, or (C) marketed under contracts between handlers and producers, pursuant to the provisions of subsection (j) of this section. Such penalty shall be paid by the person who buys or otherwise acquires the peanuts from the producer, or if the peanuts are marketed by the producer through an agent, the penalty shall be paid by such agent, and such person or agent may deduct an amount equivalent to the penalty from the price paid to the producer. If the person required to collect the penalty fails to collect such penalty, such person and all persons entitled to share in the peanuts marketed from the farm or the proceeds thereof shall be jointly and severally liable for the amount of the penalty. Peanuts produced in a calendar year in which farm poundage quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though the peanuts are marketed prior to the date on which such marketing year begins. If any producer falsely identifies or fails to certify planted acres or fails to account for the disposition of any peanuts produced on such planted acres, an amount of peanuts equal to the farm's average yield, as determined under section 358(n) of this Act, times the planted acres, shall be deemed to have been marketed in violation of permissible uses of quota and additional peanuts and the penalty in respect thereof shall be paid and remitted by the producer.

"(2) The Secretary shall authorize, under such regulations as the Secretary shall prescribe, the county committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act to waive or reduce marketing penalties provided for under this subsection in cases in which such committees determine that the violations that were the basis of the penalties were unintentional or without knowledge on the part of the parties concerned. Errors in weight that do not exceed one-tenth of 1 per centum in the case of any one marketing document shall not be considered marketing violations except in cases of fraud or conspiracy.

"(g) Only quota peanuts may be retained for use as seed or for other uses on a farm and when so retained shall be considered as marketings of quota peanuts, except that the Secretary may exempt from consideration as marketings of quota peanuts seeds of peanuts that are used to produce peanuts excluded under section 359(c), are unique strains, and are not commercially available. Additional peanuts shall not be retained for use on a farm and shall not be marketed for domestic edible use, except as provided in subsection (k) of this section. Seed for planting of any peanut acreage in the United States shall be obtained solely from quota peanuts marketed or considered marketed for domestic edible use.

"(h) Upon a finding by the Secretary that the peanuts marketed from any crop for domestic edible use by a handler are larger in quantity or higher in grade or quality than the peanuts that could reasonably be produced from the quantity of peanuts having the grade, kernel content, and quality of the quota peanuts acquired by such handler from such crop for such marketing, such handler shall be subject to a penalty equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts that the Secretary determines are in excess of the quantity, grade, or quality of the peanuts that could reasonably have been produced from the peanuts so acquired.

"(i) The Secretary shall require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by area marketing associations designated pursuant to section 108A(3)(A) of the Agricultural Act of 1949. Quota and additional peanuts of like type and segregation or quality may, under regulations prescribed by the Secretary be commingled and exchanged on a dollar value basis to facilitate warehousing, handling, and marketing. Failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to a penalty at a rate equal to 120 per centum of the loan level for quota peanuts on the quantity of peanuts involved in the violation.

"(j) Handlers may, under regulations prescribed by the Secretary, contract with producers for the purchase of additional peanuts for crushing, export, or both. All such contracts shall be completed and submitted to the Secretary (or if designated by the Secretary, the area marketing association) for approval prior to April 15 of the year in which the crop is produced.

"(k) Subject to the provisions of section 407 of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation may be made available for domestic edible use in accordance with regulations established by the Secretary. Additional peanuts received under loan shall be offered for sale for domestic edible use at prices not less than those required to cover all costs incurred with respect to such peanuts for such items as inspection, warehousing, shrinkage, and other expenses, plus (1) not less than 100 per centum of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer, (2) not less than 105 per centum of the loan value of quota peanuts if the additional peanuts are sold after delivery by the producer by not later than December 31 of the marketing year, or (3) not less than 107 per centum of the loan value of quota peanuts if the additional peanuts are sold later than December 31 of the marketing year. For the period from the date additional peanuts are delivered for loan to March 1 of the calendar year following the year in which such additional peanuts were harvested, the area marketing association designated pursuant to section 108A(3)(A) of the Agricultural Act of 1949 shall have sole authority to accept or reject lot list bids when the sales price as determined under this section equals of exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of additional peanuts, except that the area marketing association and the Commodity Credit Corporation may agree to modify the authority granted by this sentence in order to facilitate the orderly marketing of additional peanuts.

"(l)(1) The person liable for payment or collection of any penalty provided for in this section shall be liable also for interest thereon at a rate per annum equal to the rate of interest which was charged the Commodity Credit Corporation by the Treasury of the United States on the date such penalty became due.

"(2) The provisions of this section shall not apply to peanuts produced on any farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts produced on such farm do not share in the peanuts produced on any other farm.

"(3) Until the amount of the penalty provided by this section is paid, a lien on the crop of peanuts with respect to which such penalty is incurred, and on any subsequent crop of peanuts subject to farm poundage quotas in which the person liable for payment of the penalty has an interest shall be in affect in favor of the United States.

"(4) Notwithstanding any other provision of law, the liability for and the amount of any penalty assessed under this section shall be determined in accordance with such procedures as the Secretary by regulations may prescribe. The facts constituting the basis for determining the liability for or amount of any penalty assessed under this section, when officially determined in conformity with the applicable regulations prescribed by the Secretary, shall be final and conclusive and shall not be reviewable by any other office or agency of the Government or any court of law. Nothing in this section shall be construed as prohibiting any court of competent jurisdiction from reviewing any determination made by the Secretary with respect to whether such determination was made in conformity with the applicable law and regulations. All penalties imposed under this section shall for all purposes be considered civil penalties.

"(5) Notwithstanding any other provision of law, the Secretary may reduce the amount of any penalty assessed against handlers under this section if the Secretary finds that the violation upon which the penalty is based was minor or inadvertent, and that the reduction of the penalty will not impair the operation of the peanut program.".

Price Support Program

Sec. 705. Effective only for the 1982 through 1985 crops of peanuts, the Agricultural Act of 1949 is amended by adding a new section as follows:

"Price Support for 1982 through 1985 Crops of Peanuts

"Sec. 108A. Notwithstanding any other provision of law—

"(1) The Secretary shall make price support available to producers through loans, purchases, or other operations on quota peanuts for each of the 1982 through 1985 crops. The national average quota support rate for the 1982 crop of quota peanuts shall be the national average cost of production, including the cost of land on a current value basis, for such crop, as estimated by the Secretary, but in no event less than 27.5 cents per pound, farmers stock basis. The national average quota support rate for each of the 1983, 1984, and 1985 crops of quota peanuts shall be the national average quota support rate for such peanuts for the preceding crop, adjusted to reflect any increase, during the period January 1 and ending December 31 of the calendar year immediately preceding the marketing year for the crop for which a level of support is being determined, in the national average cost of peanut production, excluding any increase in the cost of land, except that in no event shall the national average quota support rate for any such crop exceed by more than 6 per centum the national average quota support rate for the preceding crop. The levels of support so announced shall not be reduced by any deductions for inspection, handling, or storage: Provided, That the Secretary may make adjustments for location of peanuts and such other factors as are authorized by section 403 of this Act.

"(2) The Secretary shall make price support available to producers through loans, purchases, or other operations on additional peanuts for each of the 1982 through 1985 crops at such levels as the Secretary finds appropriate, taking into consideration the demand for peanut oil and peanut meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets: Provided, That the Secretary shall set the support rate on additional peanuts at a level estimated by the Secretary to insure that there are no losses to the Commodity Credit Corporation on the sale or disposal of such peanuts. The Secretary shall announce the level of support for additional peanuts of each crop not later than February 15 preceding the marketing year for the crop for which the level of support is being determined.

"(3)(A) In carrying out paragraphs (1) and (2) of this section, the Secretary shall make warehouse storage loans available in each of the three producing areas (described in 7 CFR 1446.10 (1980 ed.)) to a designated area marketing association of peanut producers that is selected and approved by the Secretary and that is operated primarily for the purpose of conducting such loan activities. The Secretary may not make warehouse storage loans available to any cooperative that is engaged in operations or activities concerning peanuts other than those operations and activities specified in this section and in section 359 of the Agricultural Adjustment Act of 1938. Such area marketing associations shall be used in administrative and supervisory activities relating to price sup-

port and marketing activities under this section and section 359 of the Agricultural Adjustment Act of 1938. Loans made under this subparagraph shall include, in addition to the price support value of the peanuts, such costs as the area marketing association reasonably may incur in carrying out its responsibilities, operations, and activities under this section and section 359 of the Agricultural Adjustment Act of 1938.

"(B) The Secretary shall require that each area marketing association establish pools and maintain complete and accurate records by type, area, and segregation for quota peanuts handled under loan, for additional peanuts placed under loan, and for additional peanuts produced without a contract between a handler and a producer as described in section 359(j) of the Agricultural Adjustment Act of 1938. Net gains on peanuts in each pool, unless otherwise approved by the Secretary , shall be distributed in proportion to the value of the peanuts placed in the pool by each producer. Net gains for peanuts in each pool shall consist of (i) for quota peanuts, the net gains over and above loan indebtedness and other costs or losses incurred on peanuts placed in such pool plus an amount from the pool for additional peanuts to the extent of the net gains from the sale for domestic food and related uses of additional peanuts in the pool for additional peanuts equal to any loss on disposition of all peanuts in the pool for quota peanuts and (ii) for additional peanuts, the net gains over and above the loan indebtedness and other costs or losses incurred on peanuts placed in the pool for additional peanuts less any amount allocated to offset any loss on the pool for quota peanuts as provided in clause (i) of this subparagraph. Notwithstanding any other provision of this section, any distribution of net gains on additional peanuts of any type to any producer shall be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such producer.

"(4) Notwithstanding the foregoing provisions of this section or any other provision of law, no price support shall be made available by the Secretary for any crop of peanuts with respect to which poundage quotas have been disapproved by producers, as provided for in section 358(c) of the Agricultural Adjustment Act of 1938.".

Reports and Records

Sec. 706. Effective only for the 1982 through 1985 crops of peanuts, the first sentence of section 373(a) of the Agricultural Adjustment Act of 1938 is amended by inserting immediately before "all brokers and dealers in peanuts" the following: "all farmers engaged in the production of peanuts,".

Suspension of Certain Price Support Provisions

Sec. 707. Section 101 of the Agricultural Act of 1949 shall not be applicable to the 1982 through 1985 crops of peanuts.

TITLE VIII—SOYBEANS

Soybean Price Support

Sec. 801. Effective only for the 1982 through 1985 crops of soybeans, section 201 of the Agricultural Act of 1949 is amended by—

(1) inserting in the first sentence "soybeans," after "tung nuts,"; and

(2) adding at the end thereof a new subsection as follows:

"(g)(1) The price of soybeans shall be supported through loans and purchases during each of the four marketing years beginning with the 1982 marketing year at a level equal to 75 per centum of the simple average price received by farmers for soybeans for each of the preceding five marketing years, excluding the high and low valued years, except that in no event shall the Secretary establish a support price of less than $5.02 per bushel: Provided, That if the Secretary determines that the average price of soybeans received by producers in any marketing year is not more than 105 per centum of the level of loans and purchases for soybeans for such marketing year, the Secretary may reduce the level of loans and purchases for soybeans for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans, except that the level of loans and purchases shall not be reduced by more than 10 per centum in any year nor below $4.50 per bushel. For the purposes of this subsection, the soybean marketing year shall be the twelve-month period beginning on September 1 and ending August 31. The Secretary shall make a preliminary announcement of the level of price support not earlier than thirty days in advance of the beginning of the marketing year based upon the latest information and statistics available when such level of price support is announced, and shall make a final announcement of such level as soon as full information and statistics are available on prices for the five years preceding the beginning of the marketing year. In no event shall such final level of support be announced later than October 1 of the marketing year for which the announcement applies; nor shall the final level of support be less than the level of support set forth in the preliminary announcement.

"(2) Notwithstanding any other provision of law—

"(A) the Secretary shall not require participation in any production adjustment control program for soybeans or any other commodity as a condition of eligibility for price support for soybeans; and

"(B) soybeans shall not be considered an eligible commodity for any reserve program, and the Secretary shall not authorize payments to producers to cover the cost of storing soybeans.".

TITLE IX—SUGAR

Sugar Price Support

Sec. 901. Effective only for the 1982 through 1985 crops of sugar beets and sugarcane, section 201 of the Agricultural Act of 1949 is amended by—

(1) striking out in the first sentence "honey, and milk" and inserting in lieu thereof "honey, milk, sugar beets, and sugarcane"; and

(2) adding at the end thereof a new subsection as follows:

"(h) The price of each of the 1982 through 1985 crops of sugar beets and sugarcane, respectively, shall be supported in the manner specified below:

"(1) Effective with respect to sugar processed from domestically grown sugar beets and sugarcane beginning with the date of enactment of this subsection through March 31, 1982, the Secretary shall, through purchases of the processed products thereof, support the price of sugarcane at such level as the Secretary determines appropriate to approximate a raw sugar price of 16.75 cents per pound, and the price of sugar beets at such level as the Secretary determines to be fair and reasonable in relation to the support level for sugarcane.

"(2) Effective October 1, 1982, the Secretary shall support the price of domestically grown sugarcane through nonrecourse loans at such level as the Secretary determines appropriate but not less than 17 cents per pound for raw cane sugar for the 1982 crop, 17.5 cents per pound for the 1983 crop, 17.75 cents per pound for the 1984 crop, and 18 cents per pound for the 1985 crop. Effective October 1, 1982, the Secretary shall support the price of domestically grown sugar beets through nonrecourse loans at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for sugarcane. The Secretary shall announce the loan rate to be applicable during any fiscal year as far in advance of the beginning of that fiscal year as practicable consistent with the purposes of this subsection. Loans during any such fiscal year shall be made available not earlier than the beginning of the fiscal year and shall mature before the end of that fiscal year.".

TITLE X—GRAIN RESERVES AND NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

Subtitle A—Grain Reserves

Producer Reserve Program for Wheat and Feed Grains

Sec. 1001. Effective beginning with the 1982 crops, section 110 of the Agricultural Act of 1949 is amended to read as follows:

"Producer Reserve Program for Wheat and Feed Grains

"Sec. 110. (a) The Secretary shall formulate and administer a program under which producers of wheat and feed grains will be able to store wheat and feed grains when such commodities are in abundant supply and extend the time period for their orderly marketing. The Secretary shall establish safeguards to assure that wheat and feed grains held under the program shall not be utilized in any manner to unduly depress, manipulate, or curtail the free market. The authority provided by this section shall be in addition to other authorities available to the Secretary for carrying out producer loan and storage operations.

"(b) In carrying out the producer storage program, the Secretary shall provide original or extended price support loans for wheat and feed grains under terms and conditions designed to encourage producers to store wheat and feed grains for extended periods of time in order to promote orderly marketing when wheat or feed grains are in abundant supply. Loans made under this section shall be made at such level of support as the Secretary determines appropriate, except that the loan rate shall not be less than the then current level of support under the wheat and feed grain programs established under this title. Among such other terms and conditions as the Secretary may prescribe by regulation, the program may provide for (1) repayment of such loans in not less than three years nor more than five years; (2) payments to producers for storage in such amounts and under such conditions as the Secretary determines appropriate to encourage producers to participate in the program; (3) a rate of interest as determined under subsection (c) of this section; (4) recovery of amounts paid for storage, and for the payment of additional interest or other charges if such loans are repaid by producers before the market price for wheat or feed grains has reached the price levels determined under clause (5) of this sentence; and (5) conditions designed to induce producers to redeem and market the wheat or feed grains securing such loans without regard to the maturity dates thereof whenever the Sec-

retary determines that the market price for the commodity has attained a specified level, as determined by the Secretary.

"(c) The rate of interest charged participants in the program authorized by this section shall be not less than the rate of interest charged the Commodity Credit Corporation by the United States Treasury, except that the Secretary may waive or adjust such interest as the Secretary deems appropriate to effectuate the purposes of this section. The Secretary may increase the applicable rate of interest in such amounts and at such intervals as the Secretary determines is appropriate to encourage the orderly marketing of wheat and feed grains securing loans made under this section after the market price for the commodity has attained the level determined under clause (5) of the third sentence of subsection (b) of this section.

"(d) Notwithstanding any other provision of law, the Secretary may require producers to repay loans under this section plus accrued interest and such other charges as may be required by regulation prior to the maturity date thereof if the Secretary determines that emergency conditions exist which require that such commodity be made available in the market to meet urgent domestic or international needs and the Secretary reports such determination and the reasons therefor to the President, the Committee on Agriculture, Nutrition, and Forestry of the Senate, and the Committee on Agriculture of the House of Representatives at least fourteen days before taking such action.

"(e) The Secretary shall announce the terms and conditions of the producer storage program as far in advance of making loans as practicable. In such announcement, the Secretary shall specify the quantity of wheat or feed grains to be stored under the program which the Secretary determines appropriate to promote the orderly marketing of such commodities. The Secretary may place an upper limit on the amount of wheat and feed grains placed in the reserve, but such upper limit may not be less than seven hundred million bushels for wheat and one billion bushels for feed grains.

"(f) Notwithstanding any other provision of law, except as otherwise provided under section 302 of the Food Security Wheat Reserve Act of 1980 and section 208 of the Agricultural Trade Suspension Adjustment Act of 1980, whenever the program authorized by this section is in effect, the Commodity Credit Corporation may not sell any of its stocks of wheat or feed grains at less than 110 per centum of the then current price level at which the Secretary may encourage repayment of producer storage loans with respect to the commodity prior to the maturity dates of such loans, as determined under clause (5) of the third sentence of subsection (b) of this section. The foregoing restriction shall not apply to—

"(1) sales of such commodities which have substantially deteriorated in quality or as to which there is a danger of loss or waste through deterioration or spoilage;

"(2) sales or other disposals of such commodities under (A) the fifth and sixth sentences of section 407 of this Act; (B) the Act of September 21, 1959 (7 U.S.C. 1427 note); and (C) section 813 of the Agricultural Act of 1970; and

"(3) sales of corn for use in the production of alcohol for motor fuel at facilities that—

"(A) began operation after January 4, 1980, and

"(B) whenever supplies of corn are not readily available, can produce alcohol from agricultural or forestry biomass feedstocks other than corn,

when sold at not less than the price at which producers may repay producer storage loans and redeem corn prior to the maturity dates of loans, as determined under clause (5) of the third sentence of subsection (b) of this section, or, whenever the fuel conversion price (as defined in section 212 of the Agricultural Trade Suspension Adjustment Act of (1980) for corn exceeds such price, at not less than the fuel conversion price.

"(g) The Secretary may, with the concurrence of the owner of grain stored under the program authorized by this section, reconcentrate all such grain stored in commercial warehouses at such points as the Secretary deems to be in the public interest, taking into account such factors as transportation and normal marketing patterns. The Secretary shall permit rotation of stocks and facilitate maintenance of quality under regulations which assure that the holding producer or warehouseman shall, at all times, have available for delivery at the designated place of storage both the quantity and quality of grain covered by the producer's or warehouseman's commitment.

"(h) Whenever grain is stored under the provisions of this section, the Secretary may buy and sell at an equivalent price, allowing for the customary location and grade differentials, substantially equivalent quantities of grain in different locations or warehouses to the extent needed to properly handle, rotate, distribute, and locate such commodities which the Commodity Credit Corporation owns or controls. Such purchases to offset sales shall be made within two market days following the sales. The Secretary shall make a daily list available showing the price, location, and quantity of the transactions.

"(i) The Secretary shall use the Commodity Credit Corporation, to the extent feasible, to fulfill the purposes of this section. To the maximum extent practicable consistent with the fulfillment of the purposes of this section and the effective and efficient administration of this section, the Secretary shall utilize the usual and customary channels, facilities, and arrangements of trade and commerce.".

Forgiveness of Violations

Sec. 1002. The Agricultural Act of 1949 is amended by adding at the end thereof a new section as follows:

"Forgiveness of Violations

"Sec. 422. Notwithstanding any other provision of law, whenever a producer samples, turns, moves, or replaces grain or any other commodity which is security for a Commodity Credit Corporation producer loan or is held under a producer reserve program, and does so in violation of law or regulation, the appropriate county committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act may forgive some or all of the penalties and requirements that would normally be imposed on the producer by reason of the violation, if such committee determines that (1) the violation occurred inadvertently or accidentally, because of lack of knowledge or understanding of the law or regulation, or because the producer or the producer's agent acted to prevent spoilage of the commodity, and (2) the violation did not result in harm or damage to the rights or interests of any person. The county committee shall furnish a copy of its determination to the Administrator of the Agricultural Stabilization and Conservation Service and the appropriate State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act. The determination may be disapproved by either the Administrator or the State committee within sixty days after receipt of a copy of the determination. Any determination not disapproved by the Administrator or such State committee within such sixty-day period shall be considered approved.".

Disaster Reserve

Sec. 1003. Section 813 of the Agricultural Act of 1970 (7 U.S.C. 1427a) is amended by striking out "shall" wherever it appears in subsections (a) and (b) of that section and inserting in lieu thereof "may".

Conforming Amendment

Sec. 1004. Section 208 of the Agricultural Trade Suspension Adjustment Act of 1980 is amended by—

(1) striking out "second" and inserting in lieu thereof "third" in subsection (c)(2)(A); and

(2) amending clause (i) of subsection (c)(2)(B) to read as follows:

"(i) if there is a producer storage program in effect for the commodity, at not less than 110 per centum of the then current price level at which the Secretary may encourage repayment of producer storage loans on the commodity prior to the maturity dates of the loans, as determined under clause (5) of the third sentence of section 110(b) of the Agricultural Act of 1949, or".

Subtitle B—National Agricultural Cost of Production Standards Review Board

Establishment of Board

Sec. 1005. There is hereby established an advisory board to be known as the National Agricultural Cost of Production Standards Review Board (hereinafter in this subtitle referred to as the "Board").

Membership of Board

Sec. 1006. (a) The Board shall be composed of eleven members appointed by the Secretary of Agriculture (hereafter in this subtitle referred to as the "Secretary") as follows:

(1) seven members who are engaged in the commercial production of one or more of the various major agricultural commodities produced in the United States. The Secretary shall assure that the major geographical production areas of the major agricultural commodities are represented;

(2) three members who, by virtue of their education, training, or experience, have extensive knowledge of the costs associated with the production of the major agricultural commodities; these members may be drawn from the fields of agricultural economics, banking, finance, accounting, or related areas; and

(3) one member who is an employee of the Department of Agriculture (hereafter referred to in this subtitle as the "Department"), who shall serve at the pleasure of the Secretary, and who shall advise and inform the Board as to the methodology used by the Department in making its cost of production calculations.

(b) The terms of the initial Board members shall expire (as designated by the Secretary at the time of appointment) as follows: two at the end of the first year, two at the end of the second year, three at the end of the third year, and three at the end of the fourth year. Thereafter, the terms of all members, with the exception of the member provided for in subsection (a)(3) of this section, shall be four years, except that any person appointed to fill a vacancy on the Board shall be ap-

pointed only for the unexpired term of such person's predecessor.

(c) With the exception of the member provided for in subsection (a)(3) of this section, no person may serve as a member of the Board for more than two terms.

(d) The Secretary shall designate one member of the Board to serve as Chairman and one member to serve as Vice Chairman, respectively, each of which shall serve as such until his or her respective term expires. The Board member provided for in subsection (a)(3) of this section may not serve as Chairman or Vice Chairman.

Functions of Board

Sec. 1007. The Board shall—

(1) review the adequacy, accuracy, and timeliness of the cost-of-production methodology used by the Department in determining specific cost of production estimates;

(2) advise the Secretary as to whether the cost of production methodology used by the Department in connection with the administration of its price support programs accurately and fairly represents the costs of production incurred by producers;

(3) review the adequacy of the parity formulae;

(4) advise the Secretary on such other matters dealing with the cost of production of agricultural commodities and price support operations as the Secretary may request; and

(5) make such recommendations to the Secretary as the Board deems appropriate, including ways in which the cost of production methodology and parity formulae can be improved.

Board Meetings

Sec. 1008. The Board shall meet twice annually, or more frequently, if necessary, for the purpose of carrying out its functions.

Recommendations to Secretary

Sec. 1009. From time to time, as necessary, the Board shall make written findings and recommendations to the Secretary. The Secretary shall report to the Board on the disposition of these recommendations, including the Secretary's reasons for declining to accept the Board's recommendations, if such declinations are made. The Secretary shall make such reports no later than one hundred and twenty days after the written submission of such recommendations.

Reports

Sec. 1010. Within ninety days after the close of each calendar year and immediately prior to the Board's expiration, the Board shall submit a written report to the Secretary, the Senate Committee on Agriculture, Nutrition, and Forestry, and the House Committee on Agriculture. This report shall outline the activities undertaken by the Board since its inception or last annual report and shall include any findings and recommendations made to the Secretary during the reporting period.

Support Services

Sec. 1011. The Secretary shall provide such staff personnel, clerical assistance, services, materials, and office space as are essential to assist the Board in carrying out its duties.

Compensation

Sec. 1012. The members of the Board shall serve without compensation, if not otherwise officers or employees of the United States, except that they shall, while away from their homes or regular places of business in the performance of services for the Board, be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

Authorization for Appropriations

Sec. 1013. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle.

Termination

Sec. 1014. The Board established in this subtitle shall cease to exist on September 30, 1985.

TITLE XI—MISCELLANEOUS

Subtitle A—Miscellaneous Commodity Provisions

Payment Limitations for Wheat, Feed Grains, Upland Cotton, and Rice

Sec. 1101. Notwithstanding any other provision of law—

(1) The total amount of payments (excluding disaster payments) that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice shall not exceed $50,000 for each of the 1982 through 1985 crops.

(2) The total amount of disaster payments that a person shall be entitled to receive under one or more of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice shall not exceed $100,000 for each of the 1982 through 1985 crops.

(3) The term "payments" as used in this section shall not include loans or purchases, or any part of any payment that is determined by the Secretary of Agriculture to represent compensation for resource adjustment (excluding land diversion payments) or public access for recreation.

(4) If the Secretary determines that the total amount of payments that will be earned by any person under the program in effect for any crop will be reduced under this section, any acreage requirement established under a set-aside or acreage limitation program for the farm or farms on which such person will be sharing in payments earned under such program shall be adjusted to such extent and in such manner as the Secretary determines will be fair and reasonable in relation to the amount of the payment reduction.

(5) The Secretary shall issue regulations defining the term "person" and prescribing such rules as the Secretary determines necessary to assure a fair and reasonable application of such limitation: Provided, That the provisions of this section that limit payments to any person shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. The rules for determining whether corporations and their stockholders may be considered as separate persons shall be in accordance with the regulations issued by the Secretary on December 18, 1970, under section 101 of the Agricultural Act of 1970.

Finality of Determinations

Sec. 1102. The first sentence of section 385 of the Agricultural Adjustment Act of 1938 is amended to read as follows: "The facts constituting the basis for any Soil Conservation Act payment, any payment under the wheat, feed grain, upland cotton, and rice programs authorized by the Agricultural Act of 1949 and this Act, any loan, or price support operation, or the amount thereof, when officially determined in conformity with the applicable regulations prescribed by the Secretary or by the Commodity Credit Corporation, shall be final and conclusive and shall not be reviewable by any other officer or agency of the Government.".

Commodity Credit Corporation Sales Price Restrictions for Wheat and Feed Grains

Sec. 1103. Effective only for the marketing years for the 1982 through 1985 crops, section 407 of the Agricultural Act of 1949 is amended by—

(1) striking out in the third sentence the language following the third colon and inserting in lieu thereof the following: "Provided, That the Corporation shall not sell any of its stocks of wheat, corn, grain sorghum, barley, oats, and rye, respectively, at less than 115 per centum of the current national average loan rate for the commodity, adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges.";

(2) striking out in the fifth sentence "current basic county support rate including the value of any applicable price-support payment in kind (or a comparable price if there is no current basic county support rate)" and inserting in lieu thereof the following: "current basic county loan rate (or a comparable price if there is no current basic county loan rate)"; and

(3) striking out in the seventh sentence ", but in no event shall the purchase price exceed the then current support price for such commodities" and inserting in lieu thereof the following: "or unduly affecting market prices, but in no event shall the purchase price exceed the Corporation's minimum sales price for such commodities for unrestricted use".

Application of Terms in the Agricultural Act of 1949

Sec. 1104. Effective only for the 1982 through 1985 crops of wheat, feed grains, upland cotton, and rice, section 408(k) of the Agricultural Act of 1949 is amended to read as follows:

"References to Terms Made Applicable to Wheat, Feed Grains, Upland Cotton, and Rice

"(k) Reference made in sections 402, 403, 406, 407, and 416 to the terms 'support price', 'level of support', and 'level of price support' shall be considered to apply as well to the level of loans and purchases for wheat, feed grains, upland cotton, and rice under this Act; and references made to the terms 'price support', 'price support operations', and 'price support program' in such sections and in section 401(a) shall be considered as applying as well to the loan and purchase operations for wheat, feed grains, upland cotton, and rice under this Act.".

Supplemental Set-Aside and Acreage Limitation Authority

Sec. 1105. Effective for the 1982 through 1985 crops of wheat and feed grains, section 113 of the Agricultural Act of 1949 is amended to read as follows:

"Supplemental Set-Aside and Acreage Limitation Authority

"Sec. 113. Notwithstanding any other provision of law or prior announcement made by the Secretary to the contrary, the Secretary may announce and provide for a set-aside or acreage limitation program under section 105B(e) or 107B(e) of this title for

one or more of the crops of wheat and feed grains if the Secretary determines that such action is in the public interest as a result of the imposition of restrictions on the export of any such commodity by the President or other member of the executive branch of Government. In order to carry out effectively a set-aside or acreage limitation program authorized under this section, the Secretary may make such modifications and adjustments in such program as the Secretary determines necessary because of any delay in instituting such program.".

Normally Planted Acreage and Target Prices

Sec. 1106. Section 1001 of the Food and Agriculture Act of 1977 is amended to read as follows:

"*Sec. 1001.* (a) Notwithstanding any other provision of law, whenever a set-aside program is in effect for one or more of the 1982 through 1985 crops of wheat and feed grains, the Secretary of Agriculture may require, as a condition of eligibility for loans, purchases, and payments for such crops, under the Agricultural Act of 1949, that producers not exceed the acreage on the farm normally planted to crops designated by the Secretary, adjusted as deemed necessary by the Secretary to be fair and equitable among producers and reduced by any set-aside or diverted acreage. Such normal crop acreage for any crop year shall be determined as provided by the Secretary. The Secretary may require producers participating in the program to keep such records as the Secretary determines necessary to assist in making such determination.

"(b) Notwithstanding any other provision of law—

"(1) Whenever the Secretary, for one or more of the 1982 through 1985 crops of wheat and feed grains, requires that producers not exceed the acreage on the farm normally planted to crops designated by the Secretary in accordance with subsection (a) of this section, the Secretary may increase the established price payments for any such commodity by such amount (or if there are no such payments in effect for such crop by providing for payments in such amount) as the Secretary determines appropriate to compensate producers for not exceeding the acreage on the farm normally planted to crops designated by the Secretary and participation in any required set-aside with respect to such commodity.

"(2) In determining the amount of any payments for any commodity under this subsection, the Secretary shall take into account changes in the costs of production resulting from not exceeding the acreage on the farm normally planted to crops designated by the Secretary and participation in any required set-aside with respect to such commodity.

"(3) If payments are provided for any commodity under this subsection, the Secretary may provide for payments for any other commodity in such amount as the Secretary determines necessary for effective operation of the program.

"(4) The Secretary shall adjust any payments under this subsection to reflect, in whole or in part, any land diversion payments for the commodity for which an increase is determined.".

Normal Supply

Sec. 1107. Notwithstanding any other provision of law, if the Secretary of Agriculture determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1982 through 1985 crops of such commodity is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year.

Nonquota Tobacco Subject to Quota

Sec. 1108. Effective beginning with the 1982 crop of tobacco, section 320 of the Agricultural Adjustment Act of 1938 is amended to read as follows:

"*Sec. 320.* (a) Notwithstanding any other provision of law, effective with respect to the 1982 and subsequent crops of tobacco, any kind of tobacco for which marketing quotas are not in effect that is produced in an area where marketing quotas are in effect for any kind of tobacco shall be subject to the quota for the kind of tobacco for which marketing quotas are in effect in that area. If marketing quotas are in effect in an area for more than one kind of quota tobacco, nonquota tobacco produced in the area shall be subject to the quota for the kind of quota tobacco produced in the area having the highest price support under the Agricultural Act of 1949.

"(b) Subsection (a) of this section shall not apply to—

"(1) Maryland (type 32) tobacco when it is nonquota tobacco and produced in a quota area on a farm for which a marketing quota for Maryland (type 32) tobacco was established when marketing quotas for such kind of tobacco were last in effect;

"(2) cigar-filler (type 41) tobacco when it is nonquota tobacco and produced in Pennsylvania;

"(3) cigar-wrapper (type 61) tobacco when it is nonquota tobacco and produced in Connecticut and Massachusetts, and cigar-wrapper (type 62) tobacco when it is nonquota tobacco and produced in Georgia and Florida; and

"(4) tobacco produced in a quota area that is represented to be nonquota tobacco and that is readily and distinguishably different from all kinds of quota tobacco, as determined through the application of the standards issued by the Secretary for the inspection and identification of tobacco.".

Tobacco Program Cost

Sec. 1109. It is the intent of Congress that the tobacco price support and production adjustment program be carried out in such a manner as to result in no net cost to the taxpayers other than such administrative expense as is incidental to the implementation of any commodity program. To accomplish this objective, the Secretary of Agriculture shall promulgate such regulations and policies as are currently within the Secretary's existing authority by January 1982. The Secretary shall recommend to Congress by January 1982 any legislative changes the Secretary believes necessary and proper to achieve this objective.

Subtitle B—General Provisions

Special Grazing and Hay Program

Sec. 1110. Section 109 of the Agricultural Act of 1949 is amended by—

(1) striking out "1981" in the first sentence of subsection (a) and inserting in lieu thereof "1985";

(2) striking out "Under the special program in the second sentence of subsection (a) and inserting in lieu thereof "If a special program is implemented"; and

(3) inserting ", reduced acreage, or land diversion" in subsection (d) after "acreage set-aside".

Emergency Feed Program

Sec. 1111. (a) The fifth sentence of section 407 of the Agricultural Act of 1949 is amended by striking out "shall" wherever it appears and inserting in lieu thereof "may".

(b)(1) The first sentence of section 1105(a) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(a)) is amended by inserting "and poultry" after "maintenance of livestock".

(2) Paragraphs (1) and (2) of section 1105(b) of the Food and Agriculture Act of 1977 (7 U.S.C. 2267(b)) are amended by inserting "or poultry" after "livestock" wherever it appears.

Farm Income Protection Insurance Program Study

Sec. 1112. (a) It is the sense of Congress that the concept of farm income protection insurance should be studied in order to determine whether such a concept might provide the basis for an acceptable alternative to the commodity price support, income maintenance, and disaster assistance programs currently administered by the United States Department of Agriculture for the benefit of United States farmers. Toward this objective, the Secretary of Agriculture shall appoint a special task force to study and report on such concept.

(b) The special task force appointed by the Secretary shall be composed of the following: a total of three representatives of agricultural commodity organizations and general farm organizations, three representatives of the private insurance industry (including stock companies, mutual companies, agents, or brokers), two full-time farmers, one official of the Federal Crop Insurance Corporation, one official of the Agricultural Stabilization and Conservation Service, two individuals from appropriate academic fields, and the designated representative of the Secretary of Agriculture. The designated representative of the Secretary shall serve as the chairman of the special task force.

(c) The study conducted by the special task force shall include, but not be limited to, an analysis of the following:

(1) the characteristics of a farm income protection insurance program;

(2) the feasibility of such a program as a substitute for the commodity price support, income maintenance, and disaster assistance programs administered by the Department of Agriculture for United States farmers;

(3) the appropriate roles of the private insurance industry and the Federal Government in the development, implementation, and administration of such a program;

(4) alternate mechanisms for administering such a program;

(5) the acceptability of such a program to farmers; and

(6) the costs associated with the development and implementation of such a program.

(d) Not later than eighteen months following enactment of this Act, the special task force shall transmit to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives copies of the report on farm income protection insurance and any legislative changes that the special task force recommends for purposes of establishing a farm income protection insurance program. Minority views, if submitted in a timely manner, shall be included in the

report prepared and transmitted by the special task force.

(e) The Secretary of Agriculture shall provide such staff personnel, clerical assistance, services, materials, and office space as may be required to assist the special task force in carrying out its duties.

(f) In conducting its study and preparing its report and recommendations, the special task force may obtain the assistance of Department of Agriculture employees, and, to the maximum extent practicable, the assistance of employees of other Federal departments or agencies who may have relevant expertise in the areas of insurance, income maintenance, disaster assistance, agriculture, program management, and program evaluation.

(g) Members of the special task force shall serve without compensation, if not otherwise officers or employees of the United States, except that, while away from their homes or regular places of business in the performance of services under this section, they shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

(h) The special task force shall be dissolved forty-five days after submission of the report required in subsection (d) of this section.

State Agency Authority for Grain Inspections at Export Port Locations

Sec. 1113. (a) The first sentence of section 7(e)(2) of the United States Grain Standards Act (7 U.S.C. 79(e)(2)) is amended by striking out "If the Administrator determines" and all that follows down through "the criteria in subsection (f)(1)(A) of this section," and inserting in lieu thereof: "If the Administrator determines, pursuant to paragraph (3) of this subsection, that a State agency is qualified to perform official inspection, meets the criteria in subsection (f)(1)(A) of this section, and (A) was performing official inspection at an export port location under this Act of July 1, 1976, or (B)(i) performed official inspection at an export port location at any time prior to July 1, 1976, (ii) was designated under subsection (f) of this section on the date of enactment of the Agriculture and Food Act of 1981 to perform official inspections at locations other than export port locations, and (iii) operates in a State from which total annual exports of grain do not exceed, as determined by the Administrator, 5 percent of the total amount of grain exported from the United States annually,".

(b) The provisions of this section shall become effective one hundred and eighty days after enactment of this Act.

Distribution of Surplus Commodities; Special Nutrition Projects

Sec. 1114. (a) Notwithstanding any other provision of law, whenever Government stocks of commodities are acquired under the price support programs and are not likely to be sold by the Commodity Credit Corporation or otherwise used in programs of commodity sale or distribution, such commodities shall be made available without charge or credit to nutrition projects under the authority of the Older Americans Act of 1965 (42 U.S.C. 3001 et seq.), to child nutrition programs providing food service, and to food banks participating in the special nutrition projects established under section 211 of the Agricultural Act of 1980. Such distribution may include bulk distribution to congregate nutrition sites and to providers of home delivered meals under the Older Americans Act of 1965. The Commodity Credit Corporation is authorized to use available funds to operate the program under this subsection and to further process products to facilitate bonus commodity use.

(b) Section 211 of the Agricultural Act of 1980 (7 U.S.C. 4004) is amended by—

(1) striking out "demonstration projects" wherever that phrase occurs in subsections (a) and (b) and inserting in lieu thereof "special nutrition projects";

(2) striking out "a report to Congress on October 1, 1982," in subsection (d) and inserting in lieu thereof "to Congress a progress report on July 1, 1983, and a final report on January 1, 1984,";

(3) striking out "demonstration projects" in subsection (d) and inserting in lieu thereof "special nutrition projects";

(4) redesignating subsection (f) as subsection (g) and inserting after subsection (e) the following new subsection:

"(f) The Secretary shall minimize paperwork requirements placed on food banks which participate in the special nutrition projects established under this section and shall otherwise encourage food banks to participate in such projects."; and

(5) striking out "to carry out this section $356,000" in subsection (g), as redesignated by paragraph (4) of this subsection, and inserting in lieu thereof "such sums as may be necessary to carry out this section".

(c) The heading for section 211 of the Agricultural Act of 1980 is amended to read as follows:

"Distribution of Excess Agricultural Commodities Through Community Food Banks"

(d) Section 4(b) of the Food Stamp Act of 1977 shall not apply with respect to distribution of surplus commodities under section 211 of the Agricultural Act of 1980.

Perishable Agricultural Commodities

Sec. 1115. (a) Paragraphs (6) and (7) of section 1 of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499a (6) and (7)), are amended by striking out "$200,000" and inserting in lieu thereof "$230,000".

(b) Section 3(b) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499c(b)), is amended by striking out "$150", "$50", and "$1,000", and inserting in lieu thereof "$300", "$150", and "$3,000", respectively.

(c) Sections 6(c) and 6(d) of the Perishable Agricultural Commodities Act, 1930 (7 U.S.C. 499f (c) and (d)), are amended by striking out "$3,000" wherever it appears and inserting in lieu thereof "$15,000".

Department of Agriculture Advisory Committees

Sec. 1116. (a) Title XVIII of the Food and Agriculture Act of 1977 (7 U.S.C. 2281 et seq.) is amended to read as follows:

"TITLE XVIII—DEPARTMENT OF AGRICULTURE ADVISORY COMMITTEES

"Purposes

"Sec. 1801. The purposes of this title are to—

"(1) require strict financial and program accounting by advisory committees of the Department of Agriculture;

"(2) assure balance and objectivity in the membership of such advisory committees; and

"(3) prevent the formation or continuation of unnecessary advisory committees by the Department of Agriculture.

"Definitions

"Sec. 1802. When used in this title—

"(1) the term 'Secretary' means the Secretary of Agriculture of the United States;

"(2) the term 'Department of Agriculture' means the United States Department of Agriculture; and

"(3) the term 'advisory committee' means any committee, board, commission, council, conference, panel, task force, or other similar group, or any subcommittee or other subgroup thereof that is established or used by the Department of Agriculture in the interest of obtaining advise or recommendations for the President or the Department of Agriculture, except that such term excludes any committee which (A) is composed wholly of full-time officers or employees of the Federal Government, (B) is established by statute or reorganization plan, or (C) is established by the President.

"Membership on Advisory Committees

"Sec. 1803. (a) No person other than an officer or employee of the Department of Agriculture may serve simultaneously on more than one advisory committee, unless authorized by the Secretary.

"(b) Not more than one officer or employee of any corporation or other non-Federal entity, including all subsidiaries and affiliates thereof, may serve on the same advisory committee at any one time, unless authorized by the Secretary.

"(c) No person other than an officer or employee of the Department of Agriculture may serve for more than six consecutive years on a advisory committee, unless authorized by the Secretary.

"Annual Report

"Sec. 1804. The Secretary shall annually transmit to the appropriate committees of Congress having legislative jurisdiction or oversight with respect to the agency within the Department of Agriculture that provides support services to an advisory committee, and to the Library of Congress—

"(1) a copy of the report concerning that advisory committee prepared in compliance with section 6(c) of the Federal Advisory Committee Act (5 U.S.C. App.);

"(2) a list of the members of that advisory committee which shall specify the principal place of residence, persons or companies by whom they are employed, and other major sources of income, as defined by the Secretary, of each member; and

"(3) a statement of the amount of expenses incurred in connection with advisory committee meetings by any member of an advisory committee for which reimbursement was received from any source other than the United States or the member's employer.

"Budget Prohibitions

"Sec. 1805. No advisory committee may expend funds in excess of its estimated annual operating costs by more than 10 per centum or $500, whichever is greater, until it provides the Secretary with an explanation of the need for the additional expenditure and the Secretary approves such additional expenditure.

"Termination of Advisory Committees

"Sec. 1806. The Secretary shall terminate any advisory committee upon a finding that any such advisory committee—

"(1) has expended funds in excess of its estimated annual operating costs by more than 10 per centum or $500, whichever is greater, without the prior approval of the Secretary pursuant to the provisions of section 1805 of this title;

"(2) has failed to file all reports required under the provisions of the Federal Advisory Committee Act or this title;

"(3) has failed to meet for two consecutive years;

"(4) is responsible for functions that otherwise would be or should be performed by Federal employees; or

"(5) does not serve or has ceased to serve an essential public function.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out the items relating to sections 1801 through 1809 and inserting in lieu thereof the following items:

"Sec. 1801. Purposes.
"Sec. 1802. Definitions.
"Sec. 1803. Membership on advisory committees.
"Sec. 1804. Annual report.
"Sec. 1805. Budget prohibitions.
"Sec. 1806. Termination of advisory committees.".

Cost of Production Study

Sec. 1117. Section 808 of the Agricultural Act of 1970 (7 U.S.C. 1441a) is amended by—

(1) adding after the phrase "all typical variable costs," the following: "including interest costs,"; and

(2) striking out "equal to the existing interest rates charged by the Federal Land Bank, and return for management comparable to the normal management fees charged by other comparable industries. These studies shall be based upon the size unit that requires one man to farm on a full-time basis." and inserting in lieu thereof ", and a return for management.".

Unlawful to Offer for Sale or Advertise Protected Seed When Not Certified by a State Agency

Sec. 1118. Section 501 of the Federal Seed Act (7 U.S.C. 1611) is amended to read as follows:

"Sec. 501. It shall be unlawful in the United States or in interstate or foreign commerce to sell or offer for sale or advertise, by variety name, seed not certified by an official seed certifying agency, when it is a variety for which a certificate of plant variety protection under the Plant Variety Protection Act specifies sale only as a class of certified seed: Provided, That seed from a certified lot may be labeled as to variety name when used in a mixture by, or with the approval of, the owners of the variety.".

Protection Against the Introduction and Dissemination of Plant Pest

Sec. 1119. The Federal Plant Pest Act (7 U.S.C. 150aa et seq.) is amended by—

(1) redesignating subsections (b), (c), and (d) in section 105 as (c), (d), and (e), respectively, and adding a new subsection (b) as follows:

"(b)(1) Whereas, the existence of a plant pest new to or not theretofore known to be widely prevalent or distributed within and throughout the United States on any premises in the United States would constitute a threat to crops, other plant life, and plant products of the Nation and thereby seriously burden interstate or foreign commerce, whenever the Secretary determines that an extraordinary emergency exists because of the presence of such plant pest on any premises in the United States, and that the presence of such plant pest anywhere in the United States threatens the crops, other plant life, or plant products of the United States, the Secretary may (A) seize, quarantine, treat, apply other remedial measures to, destroy, or otherwise dispose of, in such manner as the Secretary deems appropriate, any product or article of any character whatsoever, or means of conveyance which the Secretary has reason to believe is infested or infected by or contains any such plant pest; (B) quarantine, treat, or apply other remedial measures to, in such manner as the Secretary deems appropriate, any premises, including articles on such premises which the Secretary has reason to believe is infested or infected by any such plant pest: Provided, That any action taken under clauses (A) and (B) shall be consistent with the provisions of the Federal Insecticide, Fungicide, and Rodenticide Act: Provided further, That such action may be taken under this subsection only if the Secretary finds after review of measures taken by the State or other jurisdiction and after consultation with the Governor that the measures being taken are inadequate. Before any action is taken in any State or other jurisdiction under this subsection, the Secretary shall notify the Governor of the State or other jurisdiction, shall issue a public announcement and shall file a statement for publication in the Federal Register of the action the Secretary intends to take together with the findings and reasons therefor: Provided, That if it is not possible to make such a filing with the Federal Register prior to taking action, the filing shall be made within a reasonable time, not to exceed five business days, after commencement of the action. If the Secretary wishes to change any action previously taken under this subsection, the Secretary shall follow the procedure set forth in the preceding sentence. The cost of any action taken by the Secretary under this subsection shall be at the expense of the United States.

"(2) The Secretary may pay compensation to producers and other persons for economic losses incurred by them as a result of the quarantine, destruction, or other action taken under the authority of paragraph (1) of this subsection. The determination by the Secretary of the amount of any compensation to be paid under this subsection shall be final.

"(3) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subsection."; and

(2) adding after the second semicolon in section 107 the following: "to stop and inspect without a warrant any person or means of conveyance moving intrastate upon probable cause to believe that the person or conveyance is carrying any product or article subject to treatment or disposal under the provisions of this Act or the regulations issued thereunder;".

Authority To Release Bee Germ Plasm

Sec. 1120. Section 103 of the Department of Agriculture Organic Act of 1944 (7 U.S.C. 283) is amended by adding immediately before the period "and may release bee germ plasm to the public".

User Fees for Reports and Publications

Sec. 1121. The Secretary of Agriculture may furnish upon request copies of pamphlets, reports, or other publications prepared in the Department of Agriculture in carrying out agricultural economic research and statistical reporting functions authorized by law, and charge such fees therefor as the Secretary may determine to be reasonable: Provided, That the imposition of such charges shall be consistent with the provision of title V of the Act of August 31, 1951, (31 U.S.C. 483a), except that all moneys received in payment for work or services performed or for documents, reports, or other publications provided shall be deposited in a separate account or accounts to be available until expended and may be used to pay directly the costs of such work, services, documents, reports, or publications, and to repay or make advances to appropriations or funds which do or will initially bear all or part of such costs.

Inspection and Other Standards for Imported Meat Products

Sec. 1122. Section 20 of the Federal Meat Inspection Act (21 U.S.C. 620) is amended by adding at the end thereof a new subsection as follows:

"(f) Notwithstanding any other provision of law, all carcasses, parts of carcasses, meat, and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines, capable of use as human food, offered for importation into the United States shall be subject to the inspection, sanitary, quality, species verification, and residue standards applied to products produced in the United States. Any such imported meat articles that do not meet such standards shall not be permitted entry into the United States. The Secretary shall enforce this provision through (1) the imposition of random inspections for such species verification and for residues, and (2) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country in accordance with methods approved by the Secretary. The provisions of this subsection shall become effective six months after enactment of the Agriculture and Food Act of 1981.".

TITLE XII—AGRICULTURAL EXPORTS AND PUBLIC LAW 480

Subtitle A—General Export Provisions

Agricultural Export Credit Revolving Fund

Sec. 1201. Section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) is amended by adding at the end thereof a new subsection as follows:

"(d)(1) There is hereby established in the Treasury a revolving fund to be known as the Agricultural Export Credit Revolving Fund, which shall be available without fiscal year limitation for use by the Commodity Credit Corporation (hereafter referred to in this subsection as the 'Corporation') for financing in accordance with this section and section 5(f) of the Commodity Credit Corporation Charter Act the following—

"(A) commercial export sales of United States agricultural commodities out of private stocks or stocks owned or controlled by the Corporation on credit terms of not to exceed three years;

"(B) export sales of United States breeding animals (including, but not limited to, cattle, swine, sheep, and poultry), including the cost of freight from the United States to designated points of entry in other nations; and

"(C) the establishment of facilities in importing countries to improve the capacity of such countries for handling, marketing, processing, storing, or distributing fungible agricultural commodities produced in and exported from the United States (through the use of local currency generated from the sale of United States agricultural commodities).

"(2) The Corporation shall use the revolving fund only to extend credit for purposes of market development and expansion and only where there is substantial potential for developing or enhancing regular commercial markets for United States agricultural commodities.

"(3) The Secretary of Agriculture shall ensure that the revolving fund is used in such a manner as to involve equitable use of the funds to finance sales to the greatest feasible number of countries consistent with maximizing market opportunities. In carrying out this objective, the Secretary shall establish procedures under which—

"(A) not less than 85 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the purposes provided in clause (A) of paragraph (1) of this subsection; and

"(B) not to exceed 25 per centum of the estimated amount in the revolving fund for any fiscal year shall be made available for the financing of credit sales to any one country for the purposes described in paragraph (1) of this subsection.

"(4) There are authorized to be appropriated to the Agricultural Export Credit Revolving Fund such sums as may be necessary to carry out the provisions of this subsection. All funds received by the Corporation in payment for credit extended by the Corporation using the revolving fund, including interest or other receipts on investments and credit obligations, in financing export sales of the types specified in paragraph (1) of this subsection shall be added to and become a part of such revolving fund.

"(5) The Secretary shall submit an annual report to Congress not later than December 1 of each year with respect to the use of the revolving fund in carrying out export credit sales by the Corporation in the previous fiscal year. Such report shall include, for the previous fiscal year, the names of the countries extended credit under this subsection, the total amount of such credit extended to each such country, the names of the United States exporters that received any such credit, the total amount of credit provided to each such exporter stated separately for each commodity for which the credit was extended, and a discussion and evaluation of the market development and expansion activities of the Corporation under this subsection during such fiscal year. The first such report shall be submitted to Congress not later than December 1, 1982.

"(6) The revolving fund created by this subsection is abolished effective October 1, 1985, and all unobligated money in such fund on September 30, 1985, shall be transferred to and become part of the miscellaneous receipts account of the Treasury.

"(7) The authority provided under this subsection shall be in addition to, and not in lieu of, any authority granted to the Secretary or the Corporation under any other provision of law.

"(8) The authority provided under this subsection to incur obligations to make loans shall be effective only to the extent that such obligations do not exceed annual limitations on new direct loan obligations which shall be provided in annual appropriations Acts.".

Congressional Consultation on Bilateral Commodity Supply Agreements

Sec. 1202. As soon as practicable before the Government of the United States enters into any bilateral international agreement, other than a treaty, involving a commitment on the part of the United States to assure access by a foreign country or instrumentality thereof to United States agricultural commodities or products thereof on a commercial basis, the President is encouraged to notify and consult with the appropriate committees of Congress for the purpose of setting forth in detail the terms of and reasons for negotiating such agreement.

Special Standby Export Subsidy Program

Sec. 1203. (a) In order to discourage foreign countries or instrumentalities thereof from using subsidies to promote the exportation of agricultural commodities, the Secretary of Agriculture shall formulate a special standby export subsidy program for agricultural commodities or products thereof produced in the United States. Such program shall be designed to neutralize the effects of export subsidy programs instituted by foreign countries or instrumentalities to encourage exports of their agricultural commodities to foreign markets other than the United States.

(b) The Secretary may implement the special standby export subsidy program formulated under subsection (a) of this section only after the President—

(1) makes a determination under section 301 of the Trade Act of 1974 (19 U.S.C. 2411) that action by the United States is appropriate to obtain the elimination of an act, policy, or practice of a foreign country or instrumentality that results in—

(A) substantial displacement of United States exports of agricultural commodites to foreign markets, or

(B) prices for agricultural commodities in foreign markets materially below prices which suppliers of the same agricultural commodities produced in the United States must charge in order to supply such commodities to the same markets;

(2) makes a determination that such act, policy, or practice of the foreign country or instrumentality concerned involves the use of export subsidies to encourage exports of such country's or instrumentality's agricultural commodities to foreign markets other than the United States; and

(3) fails to reach a mutually acceptable resolution through consultation with the foreign country or instrumentality concerned.

(c) The Secretary shall use the Commodity Credit Corporation in carrying out the special standby export subsidy program authorized by this section.

(d) Notwithstanding any other provision of this section, the Secretary shall not implement the special standby export subsidy program for cotton.

(e) The authority provided under this section shall be in addition to, and not in lieu of, any authority granted to the Secretary or the Commodity Credit Corporation by any other provision of law.

Agricultural Embargo Protection

Sec. 1204. Notwithstanding any other provision of law—

(a) If the President or other member of the executive branch of the Federal Government causes the export of any agricultural commodity to any country or area of the world to be suspended or restricted for reasons of national security or foreign policy under the Export Administration Act of 1979 or any other provision of law, and if such suspension or restriction of the export of such agricultural commodity is imposed other than in connection with a suspension or restriction of all exports from the United States to such country or area of the world, and if sales of such agricultural commodity for export from the United States to such country or area of the world during the year preceding the year in which the suspension or restriction is imposed exceed 3 per centum of the total sales of such commodity for export from the United States to all foreign countries during the year preceding the year in which the suspension or restriction is in effect, the Secretary of Agriculture shall compensate producers of the commodity involved by—

(1) making payments available to such producers, as provided in subsection (b) of this section;

(2) on the date on which the suspension or restriction is imposed, establishing the loan level for such commodity under the Agricultural Act of 1949, if a loan program is in effect for the commodity, at 100 per centum of the parity price for the commodity, as determined by the Secretary on the date of the imposition of the suspension or restriction; or

(3) undertaking any combination of the measures described in clauses (1) and (2) of this subsection.

(b) If the Secretary makes payments available to producers pursuant to clause (1) of subsection (a) of this section, the amount of such payment shall be determined by—

(1) in the case of an agricultural commodity for which payments are authorized to be made to producers under title I of the Agriculture Act of 1949, multiplying (A) the producer's farm program payment yield or the yield established for the farm for the commodity involved, times (B) the farm program acreage established for the commodity, times (C) the amount by which the average market price per unit of such commodity received by producers during the sixty-day period immediately following the date of the imposition of the suspension or restriction is less than 100 per centum of the parity price for such commodity, as determined by the Secretary on the date of the imposition of the suspension or restriction; or

(2) in the case of other agricultural commodities for which price support is authorized for producers under the Agricutural Act of 1949, multiplying the amount by which the average market price per unit of such commodity received by the producers during the sixty-day period immediately following the date of the imposition of the suspension or restriction is less than 100 per centum of the parity price for such commodity, as determined by the Secretary on the date of the imposition of the suspension or restriction, by the quantity of such commodity sold by the producer during the period that the suspension or restriction is in effect.

(c) The payments made pursuant to clause (1) of subsection (b) of this section shall be made for each marketing year or part thereof during which the suspension or restriction is in effect and shall be made in equal amounts at ninety day intervals, beginning ninety days after the date of the imposition of the suspension or restriction.

(d)(1) Any loan level established pursuant to clause (2) of subsection (a) of this section shall remain in effect as long as the suspension or restriction described in subsection (a) remains in effect.

(2) Any commodity loan the level of which is increased by the Secretary pursuant to clause (2) of subsection (a) of this section shall be made available to producers of the commodity without interest.

(e) The Secretary may issue such regulations as are deemed necessary to carry out the provisions of this section.

(f) The Secretary shall use the Commodity Credit Corporation in carrying out the provisions of this section.

(g) The provisions of this section shall become effective with respect to any suspension or restriction of the export of any agricultural commodity, as described in subsection (a) of this section, implemented after the date of enactment of this Act.

Development of Plans to Alleviate Adverse Impact of Export Embargoes on Agricultural Commodities

Sec. 1205. In order to alleviate, to the maximum extent possible, the adverse impact on farmers, elevator operators, common carriers, and exporters of agricultural commodities when the President or other member of the executive branch of the Federal Government causes the export of any agricultural commodity to any country or area of the world to be suspended or restricted, the Secretary of Agriculture shall—

(1) develop a comprehensive contingency plan that includes—

(A) an assessment of existing farm programs with a view to determining whether such programs are sufficiently flexible to enable the Secretary to efficiently and effectively offset the adverse impact of such a suspension or restriction or restriction on farmers, elevator operators, common carriers, and exporters of commodities provided for under such programs;

(B) an evaluation of the kinds and availability of information needed to determine, on an emergency basis, the extent and severity of the impact of such a suspension or restriction on producers, elevator operators, common carriers, and exporters; and

(C) the development of criteria for determining the extent, if any, to which the impact of such a suspension or restriction should be offset in the case of each of the sectors referred to in clause (1)(B) of this section;

(2) for any suspension or restriction for which compensation is not provided under section 1204 of this title, develop and submit to Congress such recommendations for changes in existing agricultural programs, or for new programs, as the Secretary considers necessary to handle effectively, efficiently, economically, and fairly the impact of any such suspension or restriction;

(3) for any suspension or restriction for which compensation is provided under section 1204 of this title, develop and submit to Congress a plan for implementing and administering section 1204; and

(4) require the Commodity Credit Corporation, before such corporation purchases any contracts for the purpose of offsetting the impact of a commodity suspension or restriction, to—

(A) prepare an economic justification for each commodity involved in the suspension or restriction to determine if such a purchase is necessary;

(B) estimate any suspension- or restriction-related benefits and detrimental effects to the exporters, and use both estimates in determining the extent, if any, Federal assistance is needed; and

(C) limit its purchases to only those types and grades of commodities suspended or restricted from shipment and make such purchases at prices at or near the current market prices.

Consultation on Grain Marketing

Sec. 1206. Congress encourages the Secretary of Agriculture, in coordination with other appropriate Federal departments and agencies, to continue to consult with representatives of other major grain exporting nations toward the goal of establishing more orderly marketing of grain and achieving higher farm income for producers of grain.

Expansion of International Markets for United States Agricultural Commodities and Products Thereof

Sec. 1207. (a) It is the sense of Congress that, in order to further assist in the development, maintenance, and expansion of international markets for United States agricultural commodities and the products thereof, the Secretary of Agriculture should and is requested to—

(1) use the intermediate credit program authorized under section 4 of the Food for Peace Act of 1966 (7 U.S.C. 1707a) to improve the capability of importing nations to purchase and use United States agricultural commodities and the products thereof on a long-term basis;

(2) ask Congress, at the earliest practicable date, for funds for the agricultural export credit revolving fund in an amount sufficient to meet the demand for short-term credit authorized to be made available under section 4 of the Food for Peace Act of 1966;

(3) establish, insofar as practicable, the maximum number of United States Agricultural Trade Offices in other nations authorized by section 605A of the Act of August 28, 1954 (7 U.S.C. 1765a);

(4) use, to the maximum extent practicable, existing authority to ensure full utilization of the levy-free quota, established during the Tokyo round of the multilateral trade negotiations, for the export sale of United States high quality beef to the European Economic Community;

(5) expand, to the fullest extent possible, the market development activities of the Foreign Agricultural Service of the Department of Agriculture in developed, developing, market, and nonmarket foreign countries with particular emphasis on (A) continuation of the cooperator programs at the same funding level (adjusted for inflation) as provided during fiscal year 1970; (B) a more active export market development program for value added farm products and processed foods; and (C) the implementation of a full-scale program for forestry products, including commodity information, trade policy, and market development for such products;

(6) ensure that the European Economic Community observes its commitments under the General Agreement on Tariffs and Trade regarding the tariff-free binding on imports of soybeans and corn gluten feed;

(7) consult with the appropriate officials of the Government of Japan with the objective of increasing the export sales of citrus fruits and high quality beef to Japan and to develop mutually acceptable standards for the certification of lettuce and other specialty crops for export to Japan; and

(8) use the authority under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), to establish a special standby export subsidy program for United States agricultural commodities and the products thereof, the export of which has been restricted by foreign government subsidies.

(b) It is further declared to be the sense of Congress that any special standby export subsidy program established by the Secretary of Agriculture pursuant to subsection (a)(8) of this section should be (1) consistent with United States international obligations, and (2) designed to neutralize the effects of those foreign agricultural commodity subsidy programs that—

(A) the President has determined, pursuant to section 301 of the Trade Act of 1974 (19 U.S.C. 2411), are acts, policies, or practices described in section 301(a) of such Act that should be eliminated by appropriate action of the United States; and

(B) have, as the result of the appropriate dispute settlement procedures, been found to be in violation of the General Agreement on Tariffs and Trade or the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (relating to subsidies and countervailing measures), if applicable.

Increased Usage of Protein Byproducts Derived From Alcohol Fuel Production

Sec. 1208. (a) Congress finds that the use of the protein byproduct resulting from the production of fuel alcohol from agricultural commodities may make it possible for the United States to make available significantly increased amounts of protein to meet the food needs of developing countries without any increase in handling, storage, and transportation facilities. It is the sense of Congress that serious consideration should be given to the potential of this protein byproduct and that, if found to be feasible, this protein byproduct should be included in the Department of Agriculture's commodity export and donation programs.

(b) Accordingly, the Secretary of Agriculture shall continue to investigate the potential for using the protein byproduct resulting from the production of fuel alcohol from agricultural commodities in meeting the food needs of developing countries through food for peace programs carried out under the Agricultural Trade Development and Assistance Act of 1954 and through the export credit sales program carried out under section 4 of the Food for Peace Act of 1966 and section 5(f) of the Commodity Credit Corporation Charter Act.

(c) The Secretary shall also continue to investigate the potential for using the protein byproduct resulting from the production of fuel alcohol from agricultural commodities in the distribution of food products under the commodity donation program carried out under clause (3) of section 416 of the Agricultural Act of 1949 and under section 210 of the Agricultural Act of 1956.

(d)(1) Not later than twelve months after enactment of this Act, the Secretary shall include the results of the investigations referred to in subsections (b) and (c) of this section in an appropriate report to Congress.

(2) The Secretary shall thereafter provide to Congress each year a description of the efforts being made by the Department to make available, as part of the programs referred to in subsections (b) and (c) of this section, the protein byproduct resulting from the production of fuel alcohol from agricultural commodities. The information for all such programs shall be included in the report submitted pursuant to section 408(a) of the Agricultural Trade Development and Assistance Act of 1954, or in any other appropriate annual report to Congress.

Exemption for Protein Byproducts

Sec. 1209. The Act entitled "An Act authorizing Commodity Credit Corporation to purchase flour and cornmeal and donating same for certain domestic and foreign purposes", approved August 19, 1958 (7 U.S.C. 1431 note), is amended in the proviso by inserting "(except that this limitation does not apply in the case of the protein byproduct resulting from the production of fuel alcohol from agricultural commodities)" immediately after "processed".

Subtitle B—Public Law 480

Self-Help Measures To Increase Agricultural Production; Verification of Self-Help Provisions

Sec. 1210. (a) Section 109(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended by—

(1) inserting in paragraph (3) immediately before the semicolon ", and reducing illiteracy among the rural poor";

(2) striking out the period at the end of paragraph (10) and inserting in lieu thereof "; and"; and

(3) inserting the following new paragraph immediately after paragraph (10);

"(11) carrying out programs to improve the health of the rural poor.".

(b) Section 109 of the Agricultural Trade Development and Assistance Act of 1954 is amended by adding at the end thereof a new subsection as follows:

"(d)(1) In each agreement entered into under this title and in each amendment to such an agreement, the economic development and self-help measures which the recipient country agrees to undertake shall be described (A) to the maximum extent feasible, in specific and measurable terms, and (B) in a manner which ensures that the needy people in the recipient country will be the major beneficiaries of the self-help measures pursuant to each agreement.

"(2) The President shall, to the maximum extent feasible, take appropriate steps to assure that, in each agreement entered into under this title and in each amendment to such an agreement, the self-help measures agreed to are additional to the measures that the recipient country otherwise would have undertaken irrespective of that agreement or amendment.

"(3) The President shall take all appropriate steps to determine whether the economic development and self-help provisions of each agreement entered into under this title, and of each amendment to such an agreement, are being fully carried out.".

Requirement for Invitations for Bids on Title I Purchases

Sec. 1211. Section 115(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting "from private stocks" in the first sentence after "food commodities".

Title II Authorization Ceiling

Sec. 1212. Section 204 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out in the first sentence "$750,000,000" and inserting in lieu thereof "$1,000,000,000".

Overseas Market Development

Sec. 1213. Section 402 of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out in the second sentence "wine or beer" and inserting in lieu thereof "wine, beer, distilled spirits, or other alcoholic beverage".

Valuation of Commodities

Sec. 1214. Section 403(b) of the Agricultural Trade Development and Assistance Act of 1954 is amended by inserting "a price not greater than" after "valued at".

Annual Report

Sec. 1215. Section 408(a) of the Agricultural Trade Development and Assistance Act of 1954 is amended by striking out "April 1" and inserting in lieu thereof "February 15".

Extension of Program

Sec. 1216. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 is amended by—

(1) striking out in the first sentence "1981" and inserting in lieu thereof "1985"; and

(2) striking out in the second sentence "Food and Agriculture Act of 1977" and inserting in lieu thereof "Agriculture and Food Act of 1981".

TITLE XIII—FOOD STAMP AND COMMODITY DISTRIBUTION AMENDMENTS OF 1981

Short Title

Sec. 1301. This title may be cited as the "Food Stamp and Commodity Distribution Amendments of 1981".

Household Definition

Sec. 1302. Section 3(i) of the Food Stamp Act of 1977 is amended by inserting before the period at the end of the first sentence the following: ", or receives supplemental security income benefits under title XVI of the Social Security Act or disability or blindness payments under title I, II, X, XIV, or XVI of the Social Security Act".

Alaska's Thrifty Food Plan

Sec. 1303. Clause (2) of section 3(o) of the Food Stamp Act of 1977 is amended to read as follows:

"(2) make cost adjustments in the thrifty food plan for Hawaii and the urban and rural parts of Alaska to reflect the cost of food in Hawaii and urban and rural Alaska,".

Adjustment of the Thrifty Food Plan

Sec. 1304. Section 3(o) of the Food Stamp Act of 1977 is amended by striking out clause (6) and all that follows through the end of clause (9), and inserting in lieu thereof the following: "(6) on October 1, 1982, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twenty-one months ending the preceding June 30, 1982, and (7) on October 1, 1983, and each October 1 thereafter, adjust the cost of such diet to the nearest dollar increment to reflect changes in the cost of the thrifty food plan for the twelve months ending the preceding June 30: Provided, That the periods upon which such adjustments are based shall be subject to revision by Act of Congress".

Reimbursement Exclusion

Sec. 1305. Section 5(d)(5) of the Food Stamp Act of 1977 is amended by adding before the comma the following: ": Provided, That no portion of benefits provided under title IV-A of the Social Security Act, to the extent it is attributable to an adjustment for work-related or child care expenses, shall be considered such reimbursement.".

Energy Assistance Payments; Excluded Payments of Other Programs

Sec. 1306. Section 5(d) of the Food Stamp Act of 1977 is amended by striking out "(10)" and all that follows through the period, and inserting in lieu thereof the following: "(10) any income that any other Federal law specifically excludes from consideration as income for purposes of determining eligibility for the food stamp program, and (11) any payments or allowances made under (A) any Federal law for the purpose of providing energy assistance, or (B) any State or local laws for the purpose of providing energy assistance, designated by the State or local legislative body authorizing such payments or allowances as energy assistance, and determined by the Secretary to be calculated as if provided by the State or local government involved on a seasonal basis for an aggregate period not to exceed six months in any year even if such payments or allowances (including tax credits) are not provided on a seasonal basis because it would be administratively infeasible or impracticable to do so.".

Disallowance of Deductions for Expenses Paid by Vendor Payments

Sec. 1307. Section 5(e) of the Food Stamp Act of 1977 is amended by adding in the fourth and fifth sentences after "entitled" the following: ", with respect to expenses other than expenses paid on behalf of the household by a third party,".

Attribution of Income and Resources to Sponsored Aliens

Sec. 1308. Section 5 of the Food Stamp Act of 1977 is amended by adding a new subsection as follows:

"(i)(1) For purposes of determining eligibility for and the amount of benefits under this Act for an individual who is an alien as described in section 6(f)(2)(B) of this Act, the income and resources of any person who as a sponsor of such individual's entry into the United States executed an affidavit of support or similar agreement with respect to such individual, and the income and resources of the sponsor's spouse if such spouse is living with the sponsor, shall be deemed to be the income and resources of such individual for a period of three years after the individual's entry into the United States. Any such income deemed to be income of such individual shall be treated as unearned income of such individual.

"(2)(A) The amount of income of a sponsor, and the sponsor's spouse if living with the sponsor, which shall be deemed to be the unearned income of an alien for any year shall be determined as follows:

"(i) the total yearly rate of earned and unearned income of such sponsor, and such sponsor's spouse if such spouse is living with the sponsor, shall be determined for such year under rules prescribed by the Secretary;

"(ii) the amount determined under clause (i) of this subparagraph shall be reduced by an amount equal to the income eligibility standard as determined under section 5(c) of this Act for a household equal in size to the sponsor, the sponsor's spouse if living with the sponsor, and any persons dependent upon or receiving support from the sponsor or the sponsor's spouse if the spouse is living with the sponsor; and

"(iii) the monthly income attributed to such alien shall be one-twelfth of the amount calculated under clause (ii) of this subparagraph.

"(B) The amount of resources of a sponsor, and the sponsor's spouse if living with the sponsor, which shall be deemed to be the resources of an alien for any year shall be determined as follows:

"(i) the total amount of the resources of such sponsor and such sponsor's spouse if such spouse is living with the sponsor shall be determined under rules prescribed by the Secretary;

"(ii) the amount determined under clause (i) of this subparagraph shall be reduced by $1,500; and

"(iii) the resources determined under clause (ii) of this subparagraph shall be deemed to be resources of such alien in addition to any resources of such alien.

"(C)(i) Any individual who is an alien shall, during the period of three years after entry into the United States, in order to be an eligible individual or eligible spouse for purposes of this Act, be required to provide to the State agency such information and documentation with respect to the alien's sponsor and sponsor's spouse as may be necessary in order for the State agency to make any determination required under this section, and to obtain any cooperation from

such sponsor necessary for any such determination. Such alien shall also be required to provide such information and documentation which such alien or the sponsor provided in support of such alien's immigration application as the State agency may request.

"(ii) The Secretary shall enter into agreements with the Secretary of State and the Attorney General whereby any information available to such persons and required in order to make any determination under this section will be provided by such persons to the Secretary, and whereby such persons shall inform any sponsor of an alien, at the time such sponsor executes an affidavit of support or similar agreement, of the requirements imposed by this section.

"(D) Any sponsor of an alien, and such alien, shall be jointly and severally liable for an amount equal to any overpayment made to such alien during the period of three years after such alien's entry into the United States, on account of such sponsor's failure to provide correct information under the provisions of this section, except where such sponsor was without fault, or where good cause for such failure existed. Any such overpayment which is not repaid shall be recovered in accordance with the provisions of section 13(b)(2) of this Act.

"(E) The provisions of this subsection shall not apply with respect to any alien who is a member of the sponsor's household, as defined in section 3(i) of this Act.".

Resources

Sec. 1309. Section 5(g) of the Food Stamp Act of 1977 is amended by inserting "(other than those relating to licensed vehicles)" after "June 1, 1977" in the second sentence.

Annualization of Work Registration

Sec. 1310. Section 6(d)(1)(i) of the Food Stamp Act of 1977 is amended by striking out "six" and inserting in lieu thereof "twelve".

Work Requirements

Sec. 1311. Section 6(d) of the Food Stamp Act of 1977 is amended by—

(1) striking out ", unless the household was certified for benefits under this Act immediately prior to such unemployment" in clause (iii) of paragraph (1);

(2) inserting "(including the lack of adequate child care for children above the age of five and under the age of twelve)" after "good cause" in clause (iv) of paragraph (1);

(3) inserting before the semicolon at the end of clause (A) of paragraph (2) ", in which case, failure by such person to comply with any work requirement to which such person is subject that is comparable to a requirement of paragraph (1) shall be the same as failure to comply with that requirement of paragraph (1)"; and

(4) striking out "twelve" and inserting in lieu thereof "six" in paragraph (2)(B).

State Issuance Liability

Sec. 1312. Section 7(f) of the Food Stamp Act of 1977 is amended to read as follows:

"(f) Notwithstanding any other provision of this Act, the State agency shall be strictly liable to the Secretary for any financial losses involved in the acceptance, storage and issuance of coupons, including any losses involving failure of a coupon issuer to comply with the requirements specified in section 11(e)(21), except that in the case of losses resulting from the issuance and replacement of authorizations for coupons and allotments which are sent through the mail, the State agency shall be liable to the Secretary to the extent prescribed in the regulations promulgated by the Secretary.".

Access of Comptroller General to Information

Sec. 1313. Section 9(c) of the Food Stamp Act of 1977 is amended by adding at the end thereof the following: "Such purposes shall not exclude the audit and examination of such information by the Comptroller General of the United States authorized by any other provision of law.".

Reporting of Abuses by the Public

Sec. 1314. Section 9 of the Food Stamp Act of 1977 is amended by adding at the end thereof a new subsection as follows:

"(e) Approved retail food stores shall display a sign providing information on how persons may report abuses they have observed in the operation of the food stamp program.".

Retail Redemption

Sec. 1315. Section 10 of the Food Stamp Act of 1977 is amended by striking out the term "banks" whenever it appears and inserting in lieu thereof the following: "financial institutions which are insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation".

Sixty-Day Transfer of Certification

Sec. 1316. Section 11 of the Food Stamp Act of 1977 is amended by striking out subsection (b).

Notice of Verification

Sec. 1317. Section 11(e)(2) of the Food Stamp Act of 1977 is amended by inserting after the second period the following new sentence: "Each application shall also contain in understandable terms and in prominent and boldface lettering a statement that the information provided by the applicant in connection with the application for a coupon allotment will be subject to verification by Federal, State, and local official to determine if such information is factual and that if any material part of such information is incorrect, food stamps may be denied to the applicant, and that the applicant may be subjected to criminal prosecution for knowingly providing incorrect information.".

Recertification Notice

Sec. 1318. Section 11(e)(4) of the Food Stamp Act of 1977 is amended by—

(1) striking out "immediately prior to or at" and inserting in lieu thereof "prior to"; and

(2) striking out "it" after "advising" and inserting in lieu thereof "the household".

Disclosure of Information to Comptroller General, Law Enforcement Officials

Sec. 1319. Section 11(e)(8) of the Food Stamp Act of 1977 is amended by inserting before the semicolon the following: ", except that (A) such safeguards shall not prevent the use or disclosure of such information to the Comptroller General of the United States for audit and examination authorized by any other provision of law, and (B) notwithstanding any other provision of law, all information obtained under this Act from an applicant household shall be made available, upon request, to local, State or Federal law enforcement officials for the purpose of investigating an alleged violation of this Act or any regulation issued under this Act".

Restoration of Lost Benefits

Sec. 1320. (a) Section 11(e)(11) of the Food Stamp Act of 1977 is amended to read as follows:

"(11) upon receipt of a request from a household, for the prompt restoration in the form of coupons to a household of any allotment or portion thereof which has been wrongfully denied or terminated, except that allotments shall not be restored for any period of time more than one year prior to the date the State agency receives a request for such restoration from a household or the State agency is notified or otherwise discovers that a loss to a household has occurred;".

(b) Section 14 of the Food Stamp Act of 1977 is amended by—

(1) inserting "(a)" immediately after the section designation; and

(2) adding a new subsection as follows:

"(b) In any judicial action arising under this Act any food stamp allotments found to have been wrongfully withheld shall be restored only for periods of not more than one year prior to the date of the commencement of such action, or in the case of an action seeking review of a final State agency determination, not more than one year prior to the date of the filing of a request with the State for the restoration of such allotments or, in either case, not more than one year prior to the date the State agency is notified or otherwise discovers the possible loss to a household.".

Information

Sec. 1321. Section 11(e) of the Food Stamp Act of 1977 is amended by—

(1) striking out "and" at the end of paragraph (18);

(2) striking out the period at the end of paragraph (19) and inserting in lieu thereof a semicolon; and

(3) adding at the end thereof new paragraphs as follows:

"(20) that information available from the Social Security Administration under the provisions of section 6103(i)(7) of the Internal Revenue Code of 1954, and information available from agencies administering State unemployment compensation laws under the provisions of section 303(d) of the Social Security Act, shall be requested and utilized by the State agency (described in section 3(n)(1) of this Act) to the extent permitted under the provisions of such sections, except that the State agency shall not be required to request such information from the Social Security Administration if such information is available from the agency administering the State unemployment compensation laws; and

"(21) that, in project areas or parts thereof where authorization cards are used, and eligible households are required to present photographic identification cards in order to receive their coupons, the State agency shall include, in any agreement or contract with a coupon issuer, a provision that (A) the issuer shall (i) require the presenter to furnish a photographic identification card at the time the authorization card is presented, and (ii) record on the authorization card the identification number shown on the photographic identification card; and (B) if the State agency determines that the authorization card has been stolen or otherwise was not received by a household certified as eligible, the issuer shall be liable to the State agency for the face value of any coupons issued in the transaction in which such card is used and the issuer fails to comply with the requirements of clause (A) of this paragraph.".

Nutrition Education Program

Sec. 1322. Section 11(f) of the Food Stamp Act of 1977 is amended to read as follows:

"(f) To encourage the purchase of nutritious foods, the Secretary is authorized to extend food and nutrition education to reach food stamp program participants,

using the methods and techniques developed in the expended food and nutrition education and other programs.".

Alaskan Fee Agents

Sec. 1323. Section 11 of the Food Stamp Act of 1977 is amended by adding thereto a new subsection as follows:

"(m) The Secretary shall provide for the use of fee agents in rural Alaska. As used in this subsection 'fee agent' means a paid agent who, although not a State employee, is authorized by the State to make applications available to low-income households, assist in the completion of applications, conduct required interviews, secure required verification, forward completed applications and supporting documentation to the State agency, and provide other services as required by the State agency. Such services shall not include making final decisions on household eligibility or benefit levels.".

Minimum Mandatory Court Sentence for Criminal Offenses; Work Restitution Program

Sec. 1324. Subsections (b) and (c) of section 15 of the Food Stamp Act of 1977 are amended to read as follows:

"(b)(1) Subject to the provisions of paragraph (2) of this subsection, whoever knowingly uses, transfers, acquires, alters, or possesses coupons or authorization cards in any manner not authorized by this Act or the regulations issued pursuant to this Act shall, if such coupons or authorization cards are of a value of $100 or more, be guilty of a felony and shall, upon the first conviction thereof, be fined not more than $10,000 or imprisoned for not more than five years, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not less than six months nor more than five years and may also be fined not more than $10,000 or, if such coupons or authorization cards are of a value of less than $100, shall be guilty of a misdemeanor, and, upon the first conviction thereof, shall be fined not more than $1,000 or imprisoned for not more than one year, or both, and upon the second and any subsequent conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than $1,000. In addition to such penalties, any person convicted of a felony or misdemeanor violation under this subsection may be suspended by the court from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 6(b)(1) of this Act.

"(2) In the case of any individual convicted of an offense under paragraph (1) of this subsection, the court may permit such individual to perform work approved by the court for the purpose of providing restitution for losses incurred by the United States and the State agency as a result of the offense for which such individual was convicted. If the court permits such individual to perform such work and such individual agrees thereto, the court shall withhold the imposition of the sentence on the condition that such individual perform the assigned work. Upon the successful completion of the assigned work the court may suspend such sentence.

"(c) Whoever presents, or causes to be presented, coupons for payment or redemption of the value of $100 or more, knowing the same to have been received, transferred, or used in any manner in violation of the provisions of this Act or the regulations issued pursuant to this Act, shall be guilty of a felony and, upon the first conviction thereof, shall be fined not more than $10,000 or imprisoned for not more than five years, or both, and, upon the second and any subsequent conviction thereof, shall be fined not more than $10,000 or imprisoned for not more than five years, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not less than one year nor more than five years and may also be fined not more than $10,000, or, if such coupons are of a value of less than $100, shall be guilty of a misdemeanor and, upon the first conviction thereof, shall be fined not more than $1,000 or imprisoned for not more than one year, or both, and, upon the second and any subsequent conviction thereof, shall be imprisoned for not more than one year and may also be fined not more than $1,000. In addition to such penalties, any person convicted of a felony or misdemeanor violation under this subsection may be suspended by the court from participation in the food stamp program for an additional period of up to eighteen months consecutive to that period of suspension mandated by section 6(b)(1) of this Act.".

Staffing

Sec. 1325. Section 16(b)(1) of the Food Stamp Act of 1977 is amended by striking out ", including, but not limited to, staffing standards such as caseload per certification worker limitations,".

Incentives for Error Reduction Efforts and Corrective Action Plans

Sec. 1326. Section 16 of the Food Stamp Act of 1977 is amended by—

(1) inserting before the period at the end of the first sentence of subsection (c) the following: ", and, effective October 1, 1981, which also meets the standard contained in paragraph (1)(B) of this subsection"; and

(2) striking out "October 1, 1978" in subsection (d), and inserting in lieu thereof "October 1, 1981", and by inserting "(2)" after "subsection (c)".

Social Security Account Numbers

Sec. 1327. The first sentence of section 16(f) of the Food Stamp Act of 1977 is amended by striking out "may" and inserting in lieu thereof "shall".

Extending and Amending Cash-Out Pilot Projects

Sec. 1328. Section 17(b)(1) of the Food Stamp Act of 1977 is amended to read as follows:

"(b)(1) The Secretary may conduct on a trial basis, in one or more areas of the United States, pilot or experimental projects designed to test program changes that might increase the efficiency of the food stamp program and improve the delivery of food stamp benefits to eligible households, including projects involving the payment of the value of allotments or the average value of allotments by household size in the form of cash to eligible households all of whose members are age sixty-five or over or any of whose members are entitled to supplemental security income benefits under title XVI of the Social Security Act or to aid to families with dependent children under part A of title IV of the Social Security Act, the use of countersigned food coupons or similar identification mechanisms that do not invade a household's privacy, and the use of food checks or other voucher-type forms in place of food coupons. The Secretary may waive the requirements of this Act to the degree necessary for such projects to be conducted, except that no project, other than a project involving the payment of the average value of allotments by household size in the form of cash to eligible households, shall be implemented which would lower or further restrict the income or resource standards or benefit levels provided pursuant to sections 5 and 8 of this Act. Any pilot or experimental project implemented under this paragraph and operating as of October 1, 1981, involving the payment of the value of allotments in the form of cash to eligible households all of whose members are either age sixty-five or over or entitled to supplemental security income benefits under title XVI of the Social Security Act shall be continued until October 1, 1985, if the State so requests.".

Nutritional Monitoring

Sec. 1329. Section 17(c) of the Food Stamp Act of 1977 is amended by adding at the end thereof the following: "Further, the Secretary shall, by way of making contracts with or grants to public or private organizations or agencies, implement pilot programs to test various means of measuring on a continuing basis the nutritional status of low income people, with special emphasis on people who are eligible for food stamps, in order to develop minimum common criteria and methods for systematic nutrition monitoring that could be applied on a nationwide basis. The locations of the pilot programs shall be selected to provide a representative geographic and demographic cross-section of political subdivisions that reflect natural usage patterns of health and nutritional services and that contain high proportions of low income people. The Secretary shall report on the progress of these pilot programs on an annual basis commencing on July 1, 1982, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate, together with such recommendations as the Secretary deems appropriate.".

Pilot Projects To Simplify the Processing of Applications for Certain AFDC, SSI, and Medicaid Recipients

Sec. 1330. Section 17 of the Food Stamp Act of 1977 is amended by adding at the end thereof a new subsection as follows:

"(f) The Secretary may conduct no more than two Statewide pilot projects (upon the request of a State) and no more than fourteen pilot projects in political subdivisions of States (upon the request of any such political subdivision) in which households that include one or more recipients of aid to families with dependent children under part A of title IV of the Social Security Act, of supplemental security income under title XVI of the Social Security Act, or of medical assistance under title XIX of the Social Security Act, and whose income does not exceed the applicable income standard of eligibility described in section 5(c) of this Act shall be deemed to satisfy the application requirements prescribed under section 5(a) of this Act and the income and resource requirements prescribed under sections (d) through (g) of section 5 of this Act. For any pilot project carried out under this subsection, allotments provided pursuant to section 8(a) of this Act shall be based upon household size and (1) benefits paid to such household under part A of title IV or title XVI of the Social Security Act, or (2) income as determined for eligibility under title XIX of the Social Security Act, or at the option of the political subdivision or the State, the standard of need for such size household under such programs, except that the Secretary shall adjust the value of such allotments as

may be necessary to ensure that the average allotment by household size for households participating in such pilot project and receiving such aid to families with dependent children, such supplemental security income, or such medical assistance, as the case may be, is not less than the average allotment which would have been provided under this Act but for the operation of this subsection, for each category of households, respectively, in such pilot project area, for any period during which such pilot project is in operation. The Secretary shall evaluate the impact of such pilot projects on recipient households, administrative costs, and error rates. The administrative costs of such projects shall be shared in accordance with the provisions of section 16 of this Act. In implementing this section, the Secretary shall consult with the Secretary of Health and Human Services to ensure that to the extent practicable, in the case of households participating in such pilot projects, the processing of applications for, and determinations of eligibility to receive, food stamp benefits are simplified and are unified with the processing of applications for, and determinations of eligibility to receive, benefits under such titles of the Social Security Act.".

Food Stamp Funding and Program Extension

Sec. 1331. Section 18(a) of the Food Stamp Act of 1977 is amended in the first sentence thereof by—

(1) striking out "and" after "September 30, 1980;"; and

(2) inserting before the period at the end thereof the following: "; and not in excess of $11,300,000,000 for the fiscal year ending September 30, 1982".

Incentives, Sanctions, and Claims

Sec. 1332. Section 18 of the Food Stamp Act of 1977 is amended by adding a new subsection as follows:

"(e) Funds collected from claims against households or State agencies, including claims collected pursuant to sections 7(f), 11(g) and (h), 13(b), and 16(g) of this Act, claims resulting from resolution of audit findings, and claims collected from households receiving overissuances, shall be credited to the food stamp program appropriation account for the fiscal year in which the collection occurs. Funds provided to State agencies under section 16(c) of this Act shall be paid from the appropriation account for the fiscal year in which the funds are provided.".

Workfare

Sec. 1333. The Food Stamp Act of 1977 is amended by adding at the end thereof a new section as follows:

"Workfare

"Sec. 20. (a) The Secretary shall permit any political subdivision, in any State, that applies and submits a plan to the Secretary in compliance with guidelines promulgated by the Secretary to operate a workfare program pursuant to which every member of a household participating in the food stamp program who is not exempt be virtue of the provisions of subsection (b) of this section shall accept an offer from such subdivision to perform work on its behalf, or may seek an offer to perform work, in return for compensation consisting of the allotment to which the household is entitled under section 8(a) of this Act, with each hour of such work entitling that household to a portion of its allotment equal in value to 100 per centum of the higher of the applicable State minimum wage or the Federal minimum hourly rate under the Fair Labor Standards Act of 1938.

"(b) The household members who shall be exempt from workfare requirements are those who are either (1) mentally or physically unfit; (2) under eighteen years of age; (3) sixty years of age or over; (4) subject to and currently involved at least twenty hours a week in a work training program under a work registration requirement pursuant to title IV of the Social Security Act; (5) a parent or other member of a household with responsibility for the care of a child under age six or of an incapacitated person; (6) a parent or other caretaker of a child in a household where there is another member who is subject to the requirements of this subsection or is employed fulltime; (7) a regular participant in a drug addiction or alcoholic treatment and rehabilitation program; or (8) an individual described in sections 6(d)(2)(D) of (F) of this Act.

"(c) No operating agency shall require any participating member to work in any workfare position to the extent that such work exceeds in value the allotment to which the household is otherwise entitled or that such work either exceeds twenty hours a week or would, together with any other hours worked in any other compensated capacity by such member on a regular or predictable part-time basis, exceed thirty hours a week.

"(d) The operating agency shall—

"(1) not provide any work that has the effect of replacing or preventing the employment of an individual not participating in the workfare program;

"(2) provide the same benefits and working conditions that are provided at the job site to employees performing comparable work for comparable hours; and

"(3) reimburse participants for actual costs of transportation and other actual costs all of which are reasonably necessary and directly related to participation in the program but not to exceed $25 in the aggregate per month.

"(e) The operating agency may allow a job search period, prior to making workfare assignments, of up to thirty days following a determination of eligibility.

"(f) In the event that any person fails to comply with the requirements of this section, neither that person nor the household to which that person belongs shall be eligible to participate in the food stamp program for two months, unless that person or another person in the household satisfies all outstanding workfare obligations prior to the end of the two-month disqualification period.

"(g)(1) The Secretary shall pay to each operating agency 50 per centum of all administrative expenses incurred by such agency in operating a workfare program, including reimbursements to participants for work-related expenses as described in subsection (d)(3) of this section.

"(2) The Secretary may suspend or cancel some or all of these payments, or may withdraw approval from a political subdivision to operate a workfare program, upon a finding that the subdivision has failed to comply with the workfare requirements.".

Extension of Authorities, Penalties for Fraud, and Miscellaneous Provisions

Sec. 1334. Effective October 1, 1981, section 4 of the Agriculture and Consumer Protection Act of 1973 is amended by—

(1) striking out "1978, 1979, 1980, and 1981", in the first sentence of subsection (a) and inserting in lieu thereof: "1982, 1983, 1984, and 1985"; and

(2) adding a new subsection as follows:

"(c) Whoever embezzles, willfully misapplies, steals or obtains by fraud any agricultural commodity or its products (or any funds, assets, or property deriving from donation of such commodities) provided under this section, or under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431), section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), or section 709 of the Food and Agriculture Act of 1965 (7 U.S.C. 1446a-1), whether received directly or indirectly from the United States Department of Agriculture, or whoever receives, conceals, or retains such commodities, products, funds, assets, or property for personal use or gain, knowing such commodities, products, funds, assets, or property have been embezzled, willfully misapplied, stolen, or obtained by fraud shall, if such commodities, products, funds, assets, or property are of a value of $100 or more, be fined not more than $10,000 or imprisoned not more than five years, or both, or if such commodities, products, funds, assets, or property are of value of less than $100, shall be fined not more than $1,000 or imprisoned for not more than one year, or both."

Commodity Supplemental Food Program—Pilot Projects for the Elderly and Administrative Costs

Sec. 1335. Effective October 1, 1981, section 5(a) of the Agriculture and Consumer Protection Act of 1973 is amended to read as follows:

"(a) In carrying out the supplemental feeding program (hereinafter referred to as the 'commodity supplemental food program') under section 4 of this Act, the Secretary (1) may institute two pilot projects directed at low-income elderly persons, including, where feasible, distribution of commodities to such persons in their homes, which projects shall operate no longer than two years, and (2) shall provide to the State agencies administering the commodity supplemental food program, for each of the fiscal years 1982 through 1985, funds appropriated from the general fund of the Treasury in amounts equal to the administrative costs of State and local agencies in operating the program, except that the funds provided to State agencies each fiscal year may not exceed 15 per centum of the amount appropriated for the provision of commodities to State agencies.".

Food Distribution Program for Certain Indian Households

Sec. 1336. Notwithstanding any other provision of law, the Secretary of Agriculture may establish a food distribution program in the State of Oklahoma to provide food commodities to eligible Indian households and such other households as the Secretary determines appropriate in connection therewith. In determining eligibility for such program the Secretary may take into account such considerations as (1) the extent and nature of the governmental jurisdiction which a tribal organization exercises or has authority to exercise over the land on which the household resides; (2) whether the household resides in "Indian country" as defined in section 1151 of title 18, United States Code; (3) whether the household resides within an Indian service area designated by the Bureau of Indian Affairs, United States Department of the Interior; (4) the tribal membership or Indian status of persons in the household; and (5) whether the household resides in an urban area. The Secretary shall not allow any tribal organization to administer such distribution of commodities unless the Secretary determines that the

tribal organization is capable of effectively and efficiently administering such distribution over defined geographic areas. The Secretary may pay such amounts for administrative costs of such distribution as the Secretary finds necessary for effective and efficient administration of such distribution of a tribal organization. No household shall be eligible to participate simultaneously in the food stamp program under the Food Stamp Act of 1977 and in the food distribution program established under authority of this section.

Authority of Office of Inspector General

Sec. 1337. Any person who is employed in the Office of the Inspector General, Department of Agriculture, who conducts investigations of alleged or suspected felony criminal violations of statutes, including but not limited to the Food Stamp Act of 1977, administered by the Secretary of Agriculture or any agency of the Department of Agriculture and who is designated by the Inspector General of the Department of Agriculture may—

(1) make an arrest without a warrant for any such criminal felony violation if such violation is committed, or if such employee has probable cause to believe that such violation is being committed, in the presence of such employee;

(2) execute a warrant for an arrest, for the search of premises, or the seizure of evidence if such warrant is issued under authority of the United States upon probable cause to believe that such violation has been committed; and

(3) carry a firearm;

in accordance with rules issued by the Secretary of Agriculture, while such employee is enaged in the performance of official duties under the authority provided in section 6, or described in section 9, of the Inspector General Act of 1978 (5 U.S.C. App. 6, 9). The Attorney General of the United States may disapprove any designation made by the Inspector General under this section.

Effective Date

Sec. 1338. Except as otherwise specifically provided, the amendments made by this title shall be effective upon such dates as the Secretary of Agriculture may prescribe, taking into account the need for orderly implementation.

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1981

Short Title

Sec. 1401. This title may be cited as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981".

Findings

Sec. 1402. Section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101) is amended by—

(1) striking out the word "and" at the end of paragraph (8); and

(2) adding new paragraphs (10) and (11) at the end thereof as follows:

"(10) it is and has been the policy of the United States to support food and agricultural research, extension, and teaching in the broadest sense of these terms. The partnership between the Federal Government and the States, as consummated in legislation and cooperative agreements, and the cooperative nature of efforts to implement this policy in cooperation with the food and agricultural industry has been eminently successful. Cooperative research, extension, and teaching programs have provided the United States with the most productive and efficient food and agricultural system in the world. This system is the basis of our national affluence and it provides vast amounts of food and fiber to other people around the world. However, the food and agricultural system is dynamic and constantly changing. The research, extension, and teaching programs that support the food and agricultural system must be maintained and constantly adjusted to meet ever changing challenges. National support of cooperative research, extension, and teaching efforts must be reaffirmed and expanded at this time to meet major needs and challenges in the following areas:

"(A) Food and agricultural system productivity.—Increases in agricultural productivity have been outstanding, however, productivity growth in the past decade has slowed. It is imperative that improved technologies and management systems be developed to maintain and enhance agricultural productivity in order for agricultural production in the United States to meet the demand of a rising world population, rising costs of production, and limitations on energy consumption. Improved productivity in food and agricultural processing and marketing sectors is a critical need in the national effort to achieve a strong economy.

"(B) Development of new food, fiber, and energy sources—Programs to identify and develop new crop and animal sources of food, fiber, and energy must be undertaken to meet future needs.

"(C) Agricultural energy use and production.—Much of the current agricultural technology is relatively energy intensive. It is critical that alternative technologies be developed to increase agricultural energy efficiency and to reduce dependence on petroleum based products. Furthermore, agriculture provides the United States with alternative potential sources of energy that must be assessed and developed.

"(D) Natural resources.—Improved management and conservation of soil, water, forest, and range resources are vital to maintain the resource base for food and fiber production. An expanded program in the area of soil and water conservation research is needed to develop more economical and effective conservation systems. Five key objectives of this research are:

"(i) sustaining soil productivity;

"(ii) developing more cost-effective and practical conservation technologies;

"(iii) managing water in stressed environments;

"(iv) protecting the quality of the nation's surface water and groundwater resources; and

"(v) establishing integrated multidisciplinary organic farming research projects designed to foster the implementation of the major recommendations of the Department of Agriculture Report and Recommendations on Organic Farming, July 1980.

"(E) Promotion of the health and welfare of people.—The basic objectives of food and agricultural research, extension, and teaching programs are to make the maximum contribution to the health and welfare of people and to the economy of the United States through the enhancement of owner-operated family farms, to improve community services and institutions, to increase the quality of life in rural America, and to improve the well-being of consumers. The rapid rate of social change, economic instability, and current energy problems increase the need for expanded programs of research and extension in family financial management, housing and home energy consumption, food preparation and consumption, human development (including youth programs), and development of community services and institutions.

"(F) Human nutrition.—The challenge to meet the food needs of the world continues, but there is an increasing need to address nutrition research and educational issues associated with diet resulting from changing life styles and with respect to special groups such as the elderly, teenagers, infants, and pregnant women.

"(G) International food and agriculture.—The greatest challenge facing mankind through the next two decades will be to produce adequate food for an expanding world population. This challenge demands a dedicated effort by the Federal Government and the State cooperative institutions, and other colleges and universities to expand international food and agricultural research, extension, and teaching programs. Improved cooperation and communications by the Department of Agriculture and the cooperators with international agricultural research centers, counterpart agencies and universities in other countries, is necessary to improve food and agricultural progress throughout the world.

"(11) Long-range planning for research, extension, and teaching is a key element in meeting the objectives of this title; accordingly, all of the elements in the food and agricultural science and education system are encouraged to expand their planning and coordination efforts.".

Purposes

Sec. 1403. Section 1403 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3102) is amended by—

(1) amending paragraph (2) to read as follows:

"(2) undertake the special measures set forth in this title to improve the coordination and planning of agricultural research, extension, and teaching programs, identify needs and establish priorities for these programs, assure that national agricultural research, extension, and teaching objectives are fully achieved, and assure that the results of agricultural research are effectively communicated and demonstrated to farmers, processors, handlers, consumers, and all other users who can benefit therefrom;";

(2) striking out in paragraph (4) the comma after "programs" the first time it appears and striking out "including the initiatives specified in section 1402(8) of this title,";

(3) striking out "scientific" in paragraph (5); and

(4) striking out "training and research" in paragraph (7) and inserting in lieu thereof "research, extension, and teaching".

Definitions

Sec. 1404. Section 1404 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103) is amended by—

(1) amending paragraph (8) to read as follows:

"(8) the term 'food and agricultural sciences' means basic, applied, and developmental research, extension, and teaching activities in the food, agricultural, renewable natural resources, forestry, and physical and social sciences, in the broadest sense of these terms, including but not limited to, activities relating to:

"(A) agriculture, including soil and water conservation and use, the use of organic waste materials to improve soil tilth and fertility, plant and animal production and protection, and plant and animal health;

"(B) the processing, distributing, marketing, and utilization of food and agricultural products;

"(C) forestry, including range management, production of forest and range products, multiple use of forest and rangelands, and urban forestry;

"(D) aquaculture;

"(E) home economics, including consumer affairs, food and nutrition, clothing and textiles, housing, and family well-being and financial management;

"(F) rural community welfare and development;

"(G) youth development, including 4-H clubs;

"(H) domestic and export market expansion for United States agricultural products; and

"(I) production inputs, such as energy, to improve productivity;";

(2) amending paragraph (12) to read as follows:

"(12) the term 'State' means any one of the fifty States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Marianas, the Trust Territory of the Pacific Islands, the Virgin Islands of the United States, and the District of Columbia;";

(3) striking out "and" immediately after the semicolon in paragraph (13);

(4) amending paragraph (14) to read as follows:

"(14) the term 'teaching' means formal classroom instruction, laboratory instruction, and practicum experience in the food and agricultural sciences and matters relating thereto (such as faculty development, student recruitment and services, curriculum development, instructional materials and equipment, and innovative teaching methodologies) conducted by colleges and universities offering baccalaureate or higher degrees;";

(5) adding at the end thereof new paragraphs (15) and (16) as follows:

"(15) the term 'cooperating forestry schools' means those institutions eligible to receive funds under the Act of October 10, 1962 (16 U.S.C. 582a et seq.), commonly known as the McIntire-Stennis Act of 1962; and

"(16) the term 'State cooperative institutions' or 'State cooperative agents' means institutions or agents designated by—

"(A) the Act of July 2, 1862 (7 U.S.C. 301 et seq.), commonly known as the First Morrill Act;

"(B) the Act of August 30, 1890 (7 U.S.C. 321 et seq.), commonly known as the Second Morrill Act, including the Tuskegee Institute;

"(C) the Act of March 2, 1887 (7 U.S.C. 361a et seq.), commonly known as the Hatch Act of 1887;

"(D) the Act of May 8, 1914 (7 U.S.C. 341 et seq.), commonly known as the Smith-Lever Act;

"(E) the Act of October 10, 1962 (16 U.S.C. 582a et seq.), commonly known as the McIntire-Stennis Act of 1962; and

"(F) subtitles E, L, and M of this title;".

Responsibilities of the Secretary and Coordinating Role of the Department of Agriculture

Sec. 1405. Section 1405 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3121) is amended by—

(1) striking out "Secretary of Health, Education, and Welfare" in paragraph (1) and inserting in lieu thereof "Secretary of Health and Human Services";

(2) striking out "other" in paragraph (5);

(3) inserting "or proposed" in paragraph (6) after "actions taken";

(4) striking out "and" at the end of paragraph (8);

(5) striking out the period in paragraph (9) and inserting in lieu thereof a semicolon; and

(6) adding at the end thereof the following new paragraphs:

"(10) coordinate all agricultural research, extension, and teaching activities conducted or financed by the Department of Agriculture with the periodic renewable resource assessment and program provided for in sections 3 and 4 of the Forest and Rangeland Renewable Resources Planning Act of 1974 and the appraisal and program provided for in sections 5 and 6 of the Soil and Water Resources Conservation Act of 1977; and

"(11) take the initiative in overcoming barriers to long-range planning by developing, in conjunction with the States, State cooperative institutions, the Joint Council, the Advisory Board, and other appropriate institutions, a long-term needs assessment for food, fiber, and forest products, and by determining the research requirements necessary to meet the identified needs.".

Subcommittee on Food, Agricultural, and Forestry Research

Sec. 1406. (a) Section 1406 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 is amended by striking out the title and inserting in lieu thereof "Subcommittee on Food, Agricultural, and Forestry Research".

(b) Section 401(h) of the National Science and Technology Policy, Organization, and Priorities Act of 1976 (42 U.S.C. 6651(h)) is amended by—

(1) striking out "Subcommittee on Food and Renewable Resources" and inserting in lieu thereof "Subcommittee on Food, Agricultural, and Forestry Research";

(2) striking out "Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Health and Human Services"; and

(3) striking out "Energy Research and Development Administration" and inserting in lieu thereof "Department of Energy".

(c) Section 257(b) of the Energy Security Act (42 U.S.C. 8852(b)) is amended in paragraph (1) by striking "Subcommittee on Food and Renewable Resources" and inserting in lieu thereof "Subcommittee on Food, Agricultural, and Forestry Research".

Joint Council on Food and Agricultural Sciences

Sec. 1407. (a) Section 1407(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(a)) is amended by striking out "of five years" and inserting in lieu thereof "that expires September 30, 1985".

(b) Section 1407(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(b)) is amended to read as follows:

"(b) The Joint Council shall be composed of not fewer than twenty-five representatives of organizations or agencies which conduct or assist in conducting programs of research, extension, or teaching in the food and agricultural sciences, including State cooperative institutions; other colleges and universities having a demonstrable capacity to carry out food and agricultural research, extensions, or teaching; agencies within the Department of Agriculture which have significant research, extension, or teaching responsibilities; the Office of Science and Technology Policy; other Federal agencies determined by the Secretary to be appropriate, and other public and private institutions, producers, and representatives of the public who are interested in and have a potential to contribute, as determined by the Secretary, to the formulation, of national policy in the food and agricultural sciences. Members shall be appointed for a term of up to three years by the Secretary from nominations made by the organizations and agencies described in the preceding sentence. The terms of members shall be staggered. To ensure that regional differences are properly considered, at least one-half of the members of the Joint Council shall be appointed by the Secretary from among distinguished persons engaged in agricultural research, extension, or teaching programs at land-grant colleges and universities and State agricultural experiment stations. To ensure that other agricultural institutional views are considered by the Joint Council, two of the members of the Joint Council shall be appointed by the Secretary from among persons who are distinguished representatives of other colleges and universities having a demonstrable capacity to carry out food and agricultural research, extension, or teaching. The Joint Council shall be jointly chaired by the Assistant Secretary of Agriculture responsible for research, extension, and teaching, and a person to be elected from among the non-Federal membership of the Joint Council.".

(c) Section 1407(d)(1) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(1)) is amended to read as follows:

"(1) The primary responsibility of the Joint Council is to bring about more effective research, extension, and teaching in the food and agricultural sciences in the United States by improving planning and coordination of publicly and privately supported food and agricultural science activities and by relating Federal budget development and program management to these processes.".

(d) Section 1407(d)(2)(E) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(2)(E)) is amended by striking out "efforts" and all that follows through "planning," and inserting in lieu thereof "in the food and agricultural sciences, by using, wherever possible, the existing regional research, extension, and teaching organizations of State cooperative institutions to provide regional planning and coordination,".

(e) Section 1407(d)(2)(G) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122(d)(2)(G)) is amended to read as follows:

"(G) submit a report—

"(i) not later than June 30 of each year, specifying the Joint Council's recommendations on priorities for food and agricultural research, extension, and teaching programs; delineating suggested areas of responsibility among Federal, State, and private organizations in carrying out such programs; and specifying the levels of financial and other support needed to carry out such programs;

"(ii) not later than November 30 of each year, specifying ongoing research, extension, and teaching programs; accomplishments of such programs; and future expectations of these programs; and

"(iii) not later than June 30, 1983, outlining a five-year plan for food and agricultural sciences that reflects the coordinated views of the research, extension, and teaching community; and updating this plan every two years thereafter.

Each such report shall be submitted to the Secretary of Agriculture. Minority views, if timely submitted, shall be included in such report.".

(f) Section 1407 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3122) is amended by adding at the end thereof the following new subsections:

"(e) The meetings of the Joint Council shall be publicly announced in advance and shall be open to the public. Appropriate records of the activities of the Joint Council shall be kept and made available to the public on request.

"(f) The Federal Advisory Committee Act (5 U.S.C. App.) and title XVIII of the Food and Agriculture Act of 1977 shall not apply to the Joint Council.".

National Agricultural Research and Extension Users Advisory Board

Sec. 1408. (a) Section 1408(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123 (a)) is amended by striking out "of five years" and inserting in lieu thereof "that expires September 30, 1985".

(b) Section 1408(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(b)) is amended by—

(1) striking out "twenty-one" and inserting in lieu thereof "twenty-five" and inserting "to serve staggered terms" after "Secretary"; and

(2) amending paragraph (1) to read as follows:

"(1) eight members representing producers of agricultural, forestry, and agricultural products, from the various geographical regions,"

(c) Section 1408(f)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3123(f)(2)) is amended by—

(1) striking out "October 31" in subparagraph (E) and inserting in lieu thereof "July 1"; and

(2) striking out "March 1 of" in subparagraph (F) and inserting in lieu thereof "February 20 of".

Existing Research Programs

Sec. 1409. Section 1409 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3124) is amended by striking out "Health, Education, and Welfare" each time it appears and inserting in lieu thereof "Health and Human Services".

Federal-State Partnership

Sec. 1410(a). The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding a new section as follows:

"Federal-State Partnership and Coordination

"Sec. 1409A. (a) A unique partnership arrangement exists in food and agricultural research, extension, and teaching between the Federal Government and the governments of the several States whereby the States have accepted and have supported, through legislation and appropriations—

"(1) research programs under—

"(A) the Act of March 2, 1887 (7 U.S.C. 361a et seq.), commonly known as the Hatch Act of 1887;

"(B) the Act of October 10, 1962 (16 U.S.C. 582a et seq.), commonly known as the McIntire-Stennis Act of 1962;

"(C) subtitle E of this title; and

"(D) subtitle G of this title;

"(2) extension programs under subtitle G of this title and the Act of May 8, 1914 (7 U.S.C. 341 et seq.), commonly known as the Smith-Lever Act; and

"(3) teaching programs under—

"(A) the Act of July 2, 1862 (7 U.S.C. 301 et seq.), commonly known as the First Morrill Act;

"(B) the Act of August 30, 1890 (7 U.S.C. 321 et seq.), commonly known as the Second Morrill Act; and

"(C) the Act of June 29, 1935 (7 U.S.C. 329), commonly known as the Bankhead-Jones Act.

This partnership in publicly supported agricultural research, extension, and teaching involving the programs of Federal agencies and the programs of the States has played a major role in the outstanding successes achieved in meeting the varied, dispersed, and in many cases, site-specific needs of American agriculture. This partnership must be preserved and enhanced.

"(b) In order to promote research and education in food and human nutrition, the Secretary may establish cooperative human nutrition centers to focus resources, facilities, and scientific expertise on particular high priority nutrition problems identified by the Department. Such centers shall be established at State cooperative institutions; and at other colleges and universities, having a demonstrable capacity to carry out human nutrition research and education.

"(c) In order to meet the increasing needs of consumers and to promote the health and welfare of people, the Secretary shall ensure that the cooperative research, extension, and teaching programs of the various States adequately address the challenges described in paragraph (10) of section 1402 of this title. The Secretary may implement new cooperative initiatives in home economics and related disciplines to address such challenges.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting immediately after the item relating to section 1409 the following new item:

"Sec. 1409A. Federal-State partnership and coordination.".

Secretary's Report

Sec. 1411. Section 1410 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3125) is amended by—

(1) striking out "February 1" and inserting in lieu thereof "January 1";

(2) striking out "and" at the end of paragraph (2);

(3) striking out the period at the end of paragraph (3) and inserting in lieu thereof a semicolon and the word "and"; and

(4) adding at the end thereof a new paragraph as follows:

"(4) in the report of January 1, 1984, the Secretary's needs assessment developed pursuant to the provisions of section 1405(11) of this title.".

Libraries and Information Network

Sec. 1412. Section 1411 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3126) is amended by—

(1) striking out "and" at the end of subsection (a)(4);

(2) striking out the period at the end of subsection (a)(5) and inserting in lieu thereof a semicolon and "and";

(3) adding a new paragraph at the end of subsection (a) as follows:

"(6) the Department of Agriculture establish mutually valuable working relationships with international and foreign information and data programs."; and

(4) amending subsection (b)(3) to read as follows:

"(3) providing notification about these collections on a regular basis to the State cooperative extension services, State educational agencies and other interested persons.".

Staff Support for the Joint Council and the Advisory Board

Sec. 1413. Section 1412(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3127(a)) is amended to read as follows:

"(a) To assist the Joint Council and the Advisory Board in the performance of their duties, the Secretary may appoint, after consultation with the cochairperson of the Joint Council and the chairperson of the Advisory Board—

"(1) a full-time executive director who shall perform such duties as the cochairperson of the Joint Council and the chairperson of the Advisory Board may direct and who shall receive compensation at a rate not to exceed the rate payable for GS-18 of the General Schedule established in section 5332 of title 5, United States Code; and

"(2) a professional staff of not more than five full-time employees qualified in the food and agricultural sciences, of which one shall serve as the executive secretary to the Joint Council and one shall serve as the executive secretary to the Advisory Board.".

General Provisions; Additional Assistant Secretary of Agriculture

Sec. 1414. (a) Section 1413 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3128) is amended by adding at the end thereof the following new subsections:

"(c) There are authorized to be appropriated annually such sums as Congress may determine necessary to carry out the provisions of section 1412 of this title and subsection (b) of this section.

"(d) The Subcommittee on Food, Agricultural, and Forestry Research, the Joint Council, and the Advisory Board shall improve communication and interaction among themselves and with others in the agricultural science and education system through such mechanisms as the exchange of reports, joint meetings, and the use of liaison representatives.

"(e) The President shall appoint, by and with the advice and consent of the Senate, an Assistant Secretary of Agriculture who shall perform such duties as are necessary to carry out this title and who shall receive compensation at the rate now or hereafter prescribed by law for Assistant Secretaries of Agriculture.".

(b) Section 5315 of title 5, United States Code, is amended in the item relating to Assistant Secretaries of Agriculture by striking out "(5)" and inserting in lieu thereof "(6)".

Program for Competitive, Special, and Facilities Grants for Agricultural Research

Sec. 1415. (a) Section 2(b) of the Act of August 4, 1965 (7 U.S.C. 450i(b)), is amended by—

(1) inserting in the second sentence after "on Food and Agricultural Sciences" the following: "and the National Agricultural Research and Extension Users Advisory Board";

(2) inserting after the second sentence the following:

"For purposes of the preceding sentence, high priority research shall include—

"(1) basic research aimed at the discovery of new scientific principles and techniques that may be applicable in agriculture and forestry;

"(2) research aimed at the development of new and innovative products, methods, and technologies relating to biological nitrogen fixation, photosynthesis, and other processes which will improve and increase the production of agricultural and forestry resources;

"(3) basic and applied research in the fields of animal productivity and health;

"(4) basic and applied research in the fields of soil and water;

"(5) basic and applied research in the field of human nutrition; and

"(6) research to develop new strains of crops and new promising crops, including guayule, jojoba, and others."; and

(3) striking out "for the fiscal year ending September 30, 1982," in the last sentence and inserting in lieu thereof "for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985,".

(b) Section 2(c) of the Act of August 4, 1965 (7 U.S.C. 450i(c)) is amended by—

(1) inserting "research foundations established by land-grant colleges and universities," in paragraph (1) after "land-grant colleges and universities,"; and

(2) amending paragraph (2) to read as follows:

"(2) to State agricultural experiment stations, land-grant colleges and universities, research foundations established by land-grant colleges and universities, colleges and universities receiving funds under the Act of October 10, 1962 (16 U.S.C. 582a et seq.) and accredited schools or colleges of veterinary medicine, to facilitate or expand ongoing State-Federal food and agricultural research programs that (A) promote excellence in research, (B) promote the development of regional research centers, (C) promote the research partnership between the Department of Agriculture and such colleges and universities, such research foundations or State agricultural experiment stations, or (D) facilitate coordination and cooperation of research among States.".

(c) Section 2(d) of the Act of August 4, 1965 (7 U.S.C. 450i(d)) is amended by—

(1) striking out "the purchase of equipment" and all that follows through the dash and inserting in lieu thereof "the renovation and refurbishment (including energy retrofitting) of research spaces in buildings of spaces to be used for research, and the purchase and installation of fixed equipment in such spaces. Such grants may be used for new construction only for auxiliary facilities and fixed equipment used for research in such facilities, such as greenhouses, insectaries, and research farm structures and installations. Such grants shall be made to—";

(2) striking out "available; and" in paragraph (1) and inserting in lieu thereof "available;";

(3) striking out the period at the end of paragraph (2) and inserting in lieu thereof a semicolon; and

(4) inserting after paragraph (2) the following new paragraphs:

"(3) each forestry school not described in paragraph (1) of this subsection, which is eligible to receive funds under the Act of October 10, 1962 (16 U.S.C. 582a et seq.), in an amount which is equal to 10 per centum of the funds received by such school under that Act; and

"(4) each college eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute, in an amount which is equal to 10 per centum of the funds received by such college under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977.".

Amendments to the Research Facilities Act of 1963

Sec. 1416. Section 4(a) of the Act of July 22, 1963 (7 U.S.C. 390c(a)), is amended by striking out "for the fiscal year ending September 30, 1982," and inserting in lieu thereof "for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985,".

Apportionment of Funds Appropriated for Schools of Veterinary Medicine

Sec. 1417. Section 1415(c)(2) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3151(c)(2)) is amended by striking out the colon and the proviso.

Federal Support of Higher Education in the Food and Agricultural Sciences

Sec. 1418. (a) Section 1417(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(a)) is amended to read as follows:

"(a)(1) The Secretary shall promote and develop higher education in the food and agricultural sciences by formulating and administering higher education programs.

"(2) The Secretary may make grants to land-grant colleges and universities, and to other colleges and universities having a demonstrable capacity to carry out food and agricultural teaching, for a period not to exceed five years—

"(A) to strengthen institutional capacities to respond to State, national, or international educational needs in the food and agricultural sciences;

"(B) to attract students and to educate them as needed in the food and agricultural sciences, and to attract needed professionals to provide for their professional improvement in the food and agricultural sciences;

"(C) to design and implement innovative food and agricultural educational programs; and

"(D) to facilitate cooperative agreements between two or more eligible institutions to maximize the use of faculty and facilities to improve their food and agricultural teaching programs.

Such grants shall be made without regard to matching funds, but each recipient institution shall have a significant ongoing commitment to the food and agricultural sciences generally and to the specific subject area for which such grant is to be used.

"(3) The Secretary may make competitive grants to colleges and universities for a period not to exceed five years—

"(A) to develop or administer programs to meet unique food and agricultural educational problems; and

"(B) to administer and conduct specialized programs to attract individuals for undergraduate and graduate programs and to administer and conduct graduate fellowship programs to meet regional and national objectives in the food and agricultural sciences.

Such grants shall be made without regard to matching funds provided by recipients.".

(b) Section 1417(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(c)) is amended by adding at the end thereof the following: "There are hereby transferred to the Secretary all the functions and duties of the Secretary of Education under the Act of June 29, 1935 (7 U.S.C. 329) applicable to the activities and programs for which funds are made available under section 22 of such Act.".

(c) Section 1417(d) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3152(d)) is amended by striking out "for the fiscal year ending September 30, 1982," and inserting in lieu thereof "for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985,".

Transfer of Functions Under the Second Morrill Act

Sec. 1419. There are hereby transferred to the Secretary of Agriculture all the functions and duties of the Secretary of Education under the Act of August 30, 1890 and the tenth and eleventh paragraphs under the heading "Emergency Appropriations." of the Act of March 4, 1907 (7 U.S.C. 321 et seq.).

National Agricultural Science Award

Sec. 1420. (a) Section 1418 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3153) is amended by—

(1) amending the section heading to read as follows: "National Agricultural Science Award";

(2) amending subsection (a) to read as follows:

"(a) The Secretary shall establish the National Agricultural Science Award for research or advanced studies in the food and agricultural sciences, including the social sciences. Two such awards, one for each of the categories described in subsection (d) of this section, shall be made in each fiscal year.";

(3) redesignating subsections (c) and (d) as subsections (d) and (e), respectively; and

(4) inserting immediately after subsection (b) a new subsection as follows:

"(c) The awards shall be open to persons in agricultural research, extension, teaching, or any combination thereof.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out the following:

"Sec. 1418. National agricultural research award."

and inserting in lieu thereof the following:

"Sec. 1418. National agricultural science award."

Redesignation of Instruction Funding

Sec. 1421. (a) The first section of the Act of August 30, 1890 (7 U.S.C. 322) is amended by striking out "agriculture, the mechanic arts," and all that follows through "industries of life" and inserting in lieu thereof "food and agricultural sciences".

(b) The eleventh paragraph under the heading "Emergency Appropriations." of the Act of March 4, 1907 (7 U.S.C. 322) is amended by striking out "agriculture and the mechanic arts" the second place it appears and inserting in lieu thereof "food and agricultural sciences".

Alcohol and Industrial Hydrocarbons

Sec. 1422. Section 1419(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3154(a)) is amended by—

(1) striking out in the first sentence "colleges and universities, and Government corporations" and inserting in lieu thereof

"colleges, universities, Government corporations, and Federal laboratories" and striking out in the third sentence "colleges, universities and Government corporations" and inserting in lieu thereof "colleges, universities, Government corporations, and Federal laboratories";

(2) striking out "four" in the sixth sentence; and

(3) striking out "and September 30, 1982" in the sixth sentence and all that follows through the period at the end thereof and inserting in lieu thereof the following: "September 30, 1982, September 30, 1983, September 30 1984, and September 30, 1985: Provided, That the total amount of such appropriations shall not exceed $40,000,000 during the eight-year period beginning October 1, 1977, and shall not exceed such sums as may be authorized by law for any fiscal year subsequent to such period: Provided further, That not more than a total of $5,000,000 may be awarded to the colleges and universities of any one State.".

Nutrition Education Program

Sec. 1423. Section 1425 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3175) is amended by—

(1) amending subsection (b) to read as follows:

"(b) In order to enable low-income individuals and families to engage in nutritionally sound food purchasing and preparation practices, the expanded food and nutrition education program conducted under section 3(d) of the Act of May 8, 1914 (7 U.S.C. 343(d)), shall provide for the employment and training of professional and paraprofessional aides to engage in direct nutrition education of low-income families and in other appropriate nutrition education programs. To the maximum extent practicable, such program aides shall be hired from the indigenous target population."; and

(2) adding a new subsection as follows:

"(c) Beginning with the fiscal year ending September 30, 1982—

"(1) Any funds annually appropriated under section 3(d) of the Act of May 8, 1914, for the conduct of the expanded food and nutrition education program, up to the amount appropriated under such section for such program for the fiscal year ending September 30, 1981, shall be allocated to each State in the same proportion as funds appropriated under such section for the conduct of the program for the fiscal year ending September 30, 1981, are allocated among the States; with the exception that the Secretary may retain up to 2 per centum of such amount for the conduct of such program in States that did not participate in such program in the fiscal year ending September 30, 1981.

"(2) Any funds appropriated annually under section 3(d) of the Act of May 8, 1914, for the conduct of the expanded food and nutrition education program in excess of the amount appropriated under such section for the conduct of the program for the fiscal year ending September 30, 1981, shall be allocated as follows:

"(A) 4 per centum shall be available to the Secretary for administrative, technical, and other services necessary for the administration of the program.

"(B) The remainder shall be allocated among the States as follows:

"(i) 10 per centum shall be distributed equally among all States; and

"(ii) the remainder shall be allocated to each State in an amount which bears the same ratio to the total amount to be allocated under this subparagraph as the population of the State living at or below 125 per centum of the income poverty guidelines prescribed by the Office of Management and Budget (adjusted pursuant to section 673(2) of the Omnibus Budget Reconciliation Act of 1981 (42 U.S.C. 9902)), bears to the total population of all the States living at or below 125 per centum of the income poverty guidelines, as determined by the last preceding decennial census at the time each such additional amount is first appropriated. The provisions of this subparagraph shall not preclude the Secretary from developing educational materials and programs for persons in income ranges above the level designated in this subparagraph.".

Repeal of Section 1426 of the National Agricultural Research Extension, and Teaching Policy Act of 1977

Sec. 1424. (a) Section 1426 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3176) is repealed.

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1426. Nutrition education materials."

and inserting in lieu thereof

"Sec. 1426. Repealed.".

Human Nutrition Research and Information Management System

Sec. 1425(a). Section 1427 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3177) is amended to read as follows:

"Human Nutrition Research and Information Management System

"Sec. 1427. The Secretary and the Secretary of Health and Human Services shall formulate and submit to Congress, within one hundred and eighty days after the date of enactment of this section, a plan for a human nutrition research management system. This system shall be based on on-line data support capability allowing for fiscal accounting, management, and control of cross-agency human nutrition research activities. The plan shall provide for management activities of all agencies managing funds for human nutrition research activities under existing authorities and contain recommendations for any additional authorities necessary to achieve a human nutrition research management system.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by striking out

"Sec. 1427. Report to Congress."

and inserting in lieu thereof

"Sec. 1427. Human nutrition research and information management system.".

Conforming Amendment

Sec. 1426. Section 1429 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3191) is amended by revising the last sentence thereof to read as follows: "It is recognized that the total animal health and disease research and extension efforts of the several State colleges and universities and of the Federal Government would be more effective if there were close coordination between such programs, and it is further recognized that colleges and universities having accredited schools or colleges of veterinary medicine and State agricultural experiment stations that conduct animal health and disease research are especially vital in training research workers in animal health.".

Eligible Institutions for Animal Health and Disease Research Funds

Sec. 1427. Section 1430 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3192) is amended by amending paragraphs (1) and (2) to read as follows:

"(1) the term 'eligible institution' means an accredited school or college of veterinary medicine or a State agricultural experiment station that conducts animal health and disease research;

"(2) the term 'dean' means the dean of an accredited school or college of veterinary medicine;".

Animal Health Science Research Advisory Board

Sec. 1428. Section 1432(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3194(a)) is amended by striking out "of five years" and inserting in lieu thereof "that expires September 30, 1985".

Appropriations for Animal Health and Disease Research Programs at Eligible Institutions

Sec. 1429. Section 1433(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195(a)) is amended by striking out the first sentence and inserting in lieu thereof: "There are authorized to be appropriated such funds as Congress may determine necessary to support continuing animal health and disease research programs at eligible institutions, but not to exceed $25,000,000 annually for the period beginning October 1, 1981, and ending September 30, 1985, and not in excess of such sums as may after the date of enactment of this title be authorized by law for any subsequent fiscal year.".

Appropriations for Research on Specific National or Regional Animal Health or Disease Problems

Sec. 1430. (a) Section 1434(a) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196 (a)) is amended to read as follows:

"(a) There are authorized to be appropriated such funds as Congress may determine necessary to support research on specific national or regional animal health or disease problems, but not to exceed $35,000,000 annually for the period beginning October 1, 1981, and ending September 30, 1985, and not in excess of such sums as may after the date of enactment of this title be authorized by law for any subsequent fiscal year.".

(b) Section 1434(b) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196(b)) is amended to read as follows:

"(b) Notwithstanding the provisions of section 1435 of this title, funds appropriated under this section shall be awarded in the form of grants, for periods not to exceed five years, to eligible institutions.".

(c) Section 1434 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3196) is amended by adding at the end thereof the following new subsections:

"(c) In order to establish a rational allocation of funds appropriated under this section, the Secretary shall establish annually priority lists of animal health and disease problems of national or regional significance. Such lists shall be prepared after consultation with the Joint Council, the Advisory Board, and the Board. Any recommenda-

tions made in connection with such consultation shall not be controlling on the Secretary's determination of priorities. In establishing such priorities, the Secretary, the Joint Council, the Advisory Board, and the Board shall consider the following factors:

"(1) any health or disease problem which causes or may cause significant economic losses to any part of the livestock production industry;

"(2) whether current scientific knowledge necessary to prevent, cure, or abate such a health or disease problem is adequate; and

"(3) whether the status of scientific research is such that accomplishments may be anticipated through the application of scientific effort to such health or disease problem.

"(d) Without regard to any consultation under subsection (c), the Secretary shall, to the extent feasible, award grants to eligible institutions on the basis of the priorities assigned through a peer review system. Grantees shall be selected on a competitive basis in accordance with such procedures as the Secretary may establish.

"(e) In the case of multiyear grants, the Secretary shall distribute funds to grant recipients on a schedule which is reasonably related to the timetable required for the orderly conduct of the research project involved.".

Extension at 1890 Land-Grant Colleges, Including Tuskegee Institute

Sec. 1431. Section 1444 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3221) is amended by—

(1) inserting "and ending with the fiscal year ending September 30, 1981," in the second sentence of subsection (a) immediately after "Beginning with the fiscal year ending September 30, 1979,";

(2) inserting immediately after the second sentence of subsection (a) a new sentence as follows: "Beginning with the fiscal year ending September 30, 1982, there shall be appropriated under this section an amount not less than 5½ per centum, and for each fiscal year thereafter, through the fiscal year ending September 30, 1985, an amount not less than six per centum of the total appropriations for such year under the Act of May 8, 1914 (7 U.S.C. 341 et seq.).";

(3) inserting "current at the time each such additional sum is first appropriated" in subsection (b)(2)(B) after "the last preceding decennial census" both times it appears;

(4) striking out "administrative head for extension" in subsection (c) and inserting in lieu thereof "extension administrator", and inserting "and each five years thereafter" before the period; and

(5) striking out "submitted by the proper officials of each institution," in subsection (d) and inserting in lieu thereof "submitted, as part of the State plan of work,".

Agriculture Research in 1980 Land-Grant Colleges, Including Tuskegee Institute

Sec. 1432. (a) Section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) is amended by—

(1) adding at the end of subsection (b)(1) a new sentence as follows: "These administrative funds may be used for transportation of scientists who are not officers or employees of the United States to research meetings convened for the purpose of assessing research opportunities or research planning.";

(2) inserting "current at the time each such additional sum is first appropriated" in subsection (b)(2)(B) after "the last preceding decennial census" both times it appears; and

(3) striking out "chief administrative officer" each time it appears in subsections (c) and (d) and inserting in lieu thereof "research director".

(b)(1) The Secretary of Agriculture shall make a grant of funds appropriated under paragraph (5) of this subsection to the one college of all the colleges eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute, which on the date of the enactment of this title—

(A) has initiated a dairy goat research program; and

(B) has the best demonstrable capacity to carry out dairy goat research.

(2) Any grant received under paragraph (1) by such college may be expended to—

(A) pay expenses incurred in conducting dairy goat research;

(B) print and disseminate the results of such research;

(C) contribute to the retirement of employees engaged in such research;

(D) plan, administer, and direct such research; and

(E) construct, acquire, alter, and repair buildings necessary to conduct such research.

(3)(A) Under the terms of such grant, funds appropriated under paragraph (5) of this subsection for a fiscal year shall be paid to such college in equal quarterly installments beginning on or about the first day of October of such year upon vouchers approved by the Secretary of Agriculture.

(B) Not later than sixty days after the end of each fiscal year for which funds are paid under this subsection to such college, the research director of such college shall submit to the Secretary a detailed statement of the disbursements in such fiscal year of funds received by such college under this subsection.

(C) If any of the funds so received by such college are by any action or contingency misapplied, lost, or diminished, then—

(i) such college shall replace such funds; and

(ii) the Secretary shall not distribute to such college any other funds under this subsection until such replacement is made.

(4) For purposes of section 1445(e) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222(e)), research and experiments funded under this subsection shall be deemed to be research and experiments funded under section 1445 of such Act.

(5) There is authorized to be appropriated to the Secretary to carry out this subsection, for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, and September 30, 1985, an amount equal to one per centum of the aggregate amount of funds appropriated under section 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3222) in the fiscal year preceding the fiscal year for which funds are authorized to be appropriated under this paragraph.

Authority To Award Grants to Upgrade 1890 Land-Grant College Research Facilities

Sec. 1433. (a) It is hereby declared to be the intent of Congress to assist the institutions eligible to receive funds under the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute (hereinafter referred to in this section as "eligible institutions"), in the acquisition and improvement of research facilities and equipment so that eligible institutions may participate fully with the State agricultural experiment stations in a balanced attack on the research needs of the people of their States.

(b) There are authorized to be appropriated to the Secretary of Agriculture for the purpose of carrying out the provisions of this section $10,000,000 for each of the fiscal years ending September 30, 1982, September 30, 1983, September 30, 1984, September 30, 1985, and September 30, 1986, such sums to remain available until expended.

(c) Four per centum of the sums appropriated pursuant to this section shall be available to the Secretary for administration of this grants program. The remaining funds shall be available for grants to the eligible institutions for the purpose of assisting them in the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings to strengthen their capacity to conduct research in the food and agricultural sciences.

(d) Grants awarded pursuant to this section shall be made in such amounts and under such terms and conditions as the Secretary shall determine necessary for carrying out the purposes of this section.

(e) Federal funds provided under this section may not be utilized for the payment of any overhead costs of the eligible institutions.

(f) The Secretary may promulgate such rules and regulations as the Secretary may deem necessary to carry out the provisions of this section.

Authorization for Appropriations for Solar Energy Model Farms and Demonstration Projects

Sec. 1434. Section 1454 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3263) is amended by striking "September 30, 1981" and inserting in lieu thereof "September 30, 1985".

Solar Energy Definition

Sec. 1435. Section 1457 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3282) is amended to read as follows:

"Sec. 1457. For purposes of this subtitle, the term 'solar energy' means energy derived from sources (other than fossil fuels) and technologies included in the Federal Non-Nuclear Energy Research and Development Act of 1974, as amended.".

International Agricultural Research and Extension

Sec. 1436. Section 1458 of the National Agricultural Research Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3291) is amended to read as follows:

"Sec. 1458. (a) The Secretary, subject to such coordination with other Federal officials, departments, and agencies as the President may direct, is authorized to—

"(1) expand the operational coordination of the Department of Agriculture with institutions and other persons throughout the world performing agricultural and related research and extension activities by exchanging research materials and results with such institutions or persons and by conducting with such institutions or persons joint or coordinated research and extension on problems of significance to food and agriculture in the United States;

"(2) assist the Agency for International Development with food, agricultural, research and extension programs in developing countries;

"(3) work with developed and transitional countries on food, agricultural and related research and extension, including the training of persons from such countries engaged in such activities and the stationing of scientists at national and international institutions in such countries;

"(4) assist United States colleges and universities in strengthening their capabilities for food, agricultural, and related research and extension relevant to agricultural development activities in other countries; and

"(5) further develop within the Department of Agriculture highly qualified and experienced scientists who specialize in international programs, to be available for the activities described in this section.

"(b) The Secretary shall draw upon and enhance the resources of the land-grant colleges and universities, and other colleges and universities, for developing linkages among these institutions, the Federal Government, international research centers, and counterpart agencies and institutions in both the developed and less-developed countries to serve the purposes of agriculture and the economy of the United States and to make a substantial contribution to the cause of improved food and agricultural progress throughout the world.

"(c) The Secretary may provide specialized or technical services, on an advance of funds or a reimbursable basis, to United States colleges and universities carrying out international food, agricultural, and related research, extension, and teaching development projects and activities. All funds received in payment for furnishing such specialized or technical services shall be deposited to the credit of the appropriation from which the cost of providing such services has been paid or is to be charged.".

Authorization for Appropriations for Existing and Certain New Agricultural Research Programs

Sec. 1437. Section 1463 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3311) is amended by—

(1) striking out "and $780,000,000 for the fiscal year ending September 30, 1982," in subsection (a) and inserting in lieu thereof "$780,000,000 for the fiscal year ending September 30, 1982, $780,000,000 for the fiscal year ending September 30, 1983, $835,000,000 for the fiscal year ending September 30, 1984, and $890,000,000 for the fiscal year ending September 30, 1985.";

(2) striking out "and $220,000,000 for the fiscal year ending September 30, 1982," in subsection (b) and inserting in lieu thereof "$220,000,000 for the fiscal year ending September 30, 1982, $230,000,000 for the fiscal year ending September 30, 1983, $240,000,000 for the fiscal year ending September 30, 1984, and $250,000,000 for the fiscal year ending September 30, 1985,"; and

(3) adding at the end thereof a new subsection as follows:

"(c) Notwithstanding any other provision of law effective beginning October 1, 1983, not less than 25 per centum of the total funds appropriated to the Secretary in any fiscal year for the conduct of the cooperative research program provided for under the Act of March 2, 1887, commonly known as the Hatch Act (7 U.S.C. 361a et seq.); the cooperative forestry research program provided for under the Act of October 10, 1962, commonly known as the McIntire-Stennis Act (16 U.S.C. 582a et seq.); the special and competitive grants programs provided for in sections 2(b) and 2(c) of the Act of August 4, 1965 (7 U.S.C. 450i); the animal health research program provided for under sections 1433 and 1434 of this title; the native latex research program provided for in the Native Latex Commercialization and Economic Development Act of 1978 (7 U.S.C. 178 et seq.); and the research provided for under various statutes for which funds are appropriated under the Agricultural Research heading or a successor heading, shall be appropriated for research at State agricultural experiment stations pursuant to the provision of the Act of March 2, 1887.".

Authorization for Appropriations for Extension Programs

Sec. 1438. Section 1464 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3312) is amended by striking out "and $350,000,000 for the fiscal year ending September 30, 1982," and inserting in lieu thereof "$350,000,000 for the fiscal year ending September 30, 1982, $360,000,000 for the fiscal year ending September 30, 1983, $370,000,000 for the fiscal year ending September 30, 1984, and $380,000,000 for the fiscal year ending September 30, 1985,".

Miscellaneous Provisions

Sec. 1439. (a) The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding in subtitle K the following new sections:

"Program Evaluation Studies

"Sec. 1471. (a) The Secretary shall regularly conduct program evaluations to meet the purposes of this title and the responsibilities assigned to the Secretary and the Department of Agriculture in this title. Such evaluations shall be designed to provide information that may be used to improve the administration and effectiveness of agricultural research, extension, and teaching programs in achieving their stated objectives.

"(b) The Secretary is authorized to encourage and foster the regular evaluation of agricultural research, extension, and teaching programs within the State agricultural experiment stations, cooperative extension services, and colleges and universities, through the development and support of cooperative evaluation programs and program evaluation centers and institutes.

"General Authority To Enter Into Contracts, Grants, and Cooperative Agreements

"Sec. 1472. (a) The purpose of this section is to confer upon the Secretary general authority to enter into contracts, grants, and cooperative agreements to further the research, extension, or teaching programs in the food and agricultural sciences of the Department of Agriculture. This authority supplements all other laws relating to the Department of Agriculture and is not to be construed as limiting or repealing any existing authorities.

"(b) The Secretary may enter into contracts, grants, or cooperative agreements, for periods not to exceed five years, with State agricultural experiment stations, State cooperative extension services, all colleges and universities, other research or education institutions and organizations, Federal and private agencies and organizations, individuals, and any other contractor or recipient, either foreign or domestic, to further research, extension, or teaching programs in the food and agricultural sciences of the Department of Agriculture.

"(c) The Secretary may vest title to expendable and nonexpendable equipment and supplies and other tangible personal property in the contractor or recipient when the contractor or recipient purchases such equipment, supplies, and property with contract, grant, or cooperative agreement funds and the Secretary deems such vesting of title a furtherance of the agricultural research, extension, or teaching objectives of the Department of Agriculture.

"(d) Unless otherwise provided in this title, the Secretary may enter into contracts, grants, or cooperative agreements, as authorized by this section, without regard to any requirements for competition, the provisions of section 3709 of the Revised Statutes (41 U.S.C. 5), and the provisions of section 3648 of the Revised Statutes (31 U.S.C. 529).

"Restriction on Treatment of Indirect Costs and Tuition Remission

"Sec. 1473. Funds made available by the Secretary under established Federal-State partnership arrangements to State cooperative institutions under the Acts referred to in section 1404(16) of this title and funds made available under subsection (c)(2) and subsection (d) of section 2 of the Act of August 4, 1965 (7 U.S.C. 450i) shall not be subject to reduction for indirect costs or for tuition remission. No indirect costs or tuition remission shall be charged against funds in connection with cooperative agreements between the Department of Agriculture and State cooperative institutions if the cooperative program or project involved is of mutual interest to all the parties and if all the parties contribute to the cooperative agreement involved.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by inserting immediately after the item relating to section 1470 the following new items:

"Sec. 1471. Program evaluation studies.
"Sec. 1472. General authority to enter into contracts, grants, and cooperative agreements.
"Sec. 1473. Restriction on treatment of indirect costs and tuition remission.".

Aquaculture and Rangeland Research

Sec. 1440(a). The National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3101 et seq.) is amended by adding at the end thereof the following new subtitles L and M:

"Subtitle L—Aquaculture

"Purpose

"Sec. 1474. It is the purpose of this subtitle to promote research and extension activities of the institutions hereinafter referred to in section 1475(b), and to coordinate their efforts as an integral part in the implementation of the National Aquaculture Act of 1980 (16 U.S.C. 2801 et seq.) by encouraging landowners, individuals, and commercial institutions to develop aquaculture production and facilities and sound aquacultural practices that will, through research and technology transfer programs, provide for the increased production and marketing of aquacultural food products.

"Aquaculture Assistance Programs

"Sec. 1475. (a) The Secretary may develop and implement a cooperative research and extension program to encourage the development, management, and production of important aquatic food species within the several States and territories of the United States, in accordance with the national aquaculture development plan, and revisions thereto, developed under the National Aquaculture Act of 1980.

"(b) The Secretary may make grants to—

"(1) land-grant colleges and universities;

"(2) State agricultural experiment stations; and

"(3) colleges, universities, and Federal laboratories having a demonstrable capacity to conduct aquacultural research, as determined by the Secretary;

for research and extension to facilitate or expand promising advances in the production and marketing of aquacultural food species and products. Except in the case of Federal laboratories, no grant may be made under this subsection unless the State in which the grant recipient is located makes a matching grant to such recipient equal to the amount of the grant to be made under this subsection, and unless the grant is in implementation of the national aquaculture development plan, and revisions thereto, developed under the National Aquaculture Act of 1980.

"(c) The Secretary may assist States to formulate aquaculture development plans for the enhancement of the production and marketing of aquacultural species and products from such States and may make grants to States on a matching basis, as determined by the Secretary. The aggregate amount of the grants made to any one State under this subsection may not exceed $50,000. The plans shall be consistent with the national aquaculture development plan, and revisions thereto, developed under the National Aquaculture Act of 1980.

"(d) To provide for aquacultural research, development, and demonstration projects having a national or regional application, the Secretary may establish in existing Federal facilities or in cooperation with State agencies (including State departments of agriculture), and land-grant colleges and universities, up to four aquacultural research, development, and demonstration centers in the United States for the performance of aquacultural research, extension work, and demonstration projects. Funds made available for the operation of such regional centers may be used for the rehabilitation of existing buildings or facilities to house such centers, but may not be used for the construction or acquisition of new buildings or facilities.

"(e) Not later than one year after the effective date of this subtitle and not later than March 1 of each subsequent year, the Secretary shall submit a report to the President, the House Committee on Agriculture, the House Committee on Appropriations, the Senate Committee on Agriculture, Nutrition, and Forestry, and the Senate Committee on Appropriations, containing a summary outlining the progress of the Department of Agriculture in meeting the purposes of the programs established under this subtitle.

"Aquaculture Advisory Board

"Sec. 1476. (a) The Secretary shall establish within the Department of Agriculture a board to be known as the Aquaculture Advisory Board (hereinafter in this subtitle referred to as the "Board") which shall have a term that expires September 30, 1985, and which shall be composed of the following twelve members appointed by the Secretary—

"(1) four representatives of agencies of the Department of Agriculture which have significant research, extension, or teaching responsibilities;

"(2) two representatives of cooperative extension services;

"(3) two representatives of State agricultural experiment stations; and

"(4) four representatives of national aquaculture organizations.

Members of the Board shall serve without compensation, if not otherwise officers or employees of the United States. While away from their homes or regular places of business in the performance of services for the Board, members of the Board shall be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 and 5707 of title 5, United States Code.

"(b) The board shall meet at the call of the Secretary, but at least annually, to consult with and advise the Secretary with respect to the implementation of this subtitle and to recommend priorities for the conduct of research and extension programs authorized in this subtitle, under such rules and procedures for conducting business as the Secretary may, in the Secretary's discretion, prescribe.

"Authorization of Appropriations

"Sec 1477. (a) There is authorized to be appropriated $7,500,000 for each fiscal year beginning after the effective date of this subtitle, and ending with the fiscal year ending September 30, 1985, and not in excess of such sums as may after the date of enactment of this subtitle be authorized by law for any subsequent fiscal year.

"(b) Funds appropriated under subsection (a) shall be allocated by the Secretary for work to be done as mutually agreed upon between the Secretary and the institutions described in section 1475(b). The Secretary shall, whenever possible, consult with the Board in developing plans for the use of these funds.

"Subtitle M—Rangeland Research

"Purpose

"Sec. 1478. It is the purpose of this subtitle to promote the general welfare through improved productivity of the Nation's rangelands, which comprise 60 per centum of the land area of the United States. Most of these rangelands are unsuited for cultivation, but produce a great volume of forage that is inedible by humans but readily converted, through an energy efficient process, to high quality food protein by grazing animals. These native grazing lands are located throughout the United States and are important resources for major segments of the Nation's livestock industry. In addition to the many livestock producers directly dependent on rangelands, other segments of agriculture are indirectly dependent on range-fed livestock and on range-produced forage that can be substituted for grain in times of grain scarcity. Recent resource assessments indicate that forage production of rangeland can be increased at least 100 per centum through development and application of improved range management practices while simultaneously enhancing wildlife, watershed, recreational, and aesthetic values and reducing hazards of erosion and flooding.

"Rangeland Research Program

"Sec. 1479. The Secretary may develop and implement a cooperative rangeland research program in coordination with the program carried out under the Renewable Resources Extension Act of 1978 to improve the production and quality of desirable native forages or introduced forages which are managed in a similar manner to native forages for livestock and wildlife. The program shall incude studies of: (1) management of rangelands and agricultural land as integrated systems for more efficient utilization of crops and waste products in the production of food and fiber; (2) methods of managing rangeland watersheds to maximize efficient use of water and improve water yield, water quality, and water conservation, to protect against onsite and offsite damage of rangeland resources from floods, erosion, and other detrimental influences, and to remedy unsatisfactory and unstable rangeland conditions; (3) revegetation and rehabilitation of rangelands including the control of undesirable species of plants; and (4) such other matters as the Secretary considers appropriate.

"Rangeland Research Grants

"Sec. 1480. The Secretary may make grants to land-grant colleges and universities, State agricultural experiment stations, and to colleges, universities, and Federal laboratories having a demonstrable capacity in rangeland research, as determined by the Secretary, to carry out rangeland research. Except in the case of Federal laboratories, this grant program shall be based on a matching formula of 50 per centum Federal and 50 per centum non-Federal funding.

"Reports

"Sec. 1481. Not later than one year after enactment of this subtitle, and not later than March 1 of each successive year, the Secretary shall submit a report to the President, the House Committee on Agriculture, the House Committee on Appropriations, the Senate Committee on Agriculture, Nutrition, and Forestry, and the Senate Committee on Appropriations, outlining the progress of the Department of Agriculture in meeting the program requirements set forth in section 1479 of this subtitle.

"Rangeland Research Advisory Board

"Sec. 1482. (a) The Secretary shall establish a board to be known as the Rangeland Research Advisory Board which shall have a term that expires September 30, 1985, and which shall be composed of the following twelve members appointed by the Secretary:

"(1) four representatives of agencies of the Department of Agriculture which have significant research, extension, or teaching responsibilities;

"(2) four representatives of the State agricultural experiment stations; and

"(3) four representatives of national rangeland and range livestock organizations.

The members shall serve without compensation, if not otherwise officers or employees of the United States, except that they shall, while away from their homes or regular places of business in the performance of services for the Board, be allowed travel expenses, including per diem in lieu of subsistence, in the same manner as persons employed intermittently in the Government service are allowed expenses under sections 5701 through 5707 of title 5, United States Code.

"(b) The Board shall meet at the call of the Secretary, but at least once annually, to consult with and advise the Secretary with respect to the implementation of this subtitle and to recommend priorities for the conduct of programs authorized under this subtitle, under such rules and procedures for conducting business as the Secretary shall prescribe.

"Appropriations

"Sec. 1483. (a) There are authorized to be appropriated, to implement the provisions of this subtitle, such sums not to exceed $10,000,000 annually for the period beginning October 1, 1981, and ending September 30, 1985, and thereafter such sums as may after the date of enactment of this subtitle

be authorized by law for any subsequent fiscal year.

"(b) Funds appropriated under this section shall be allocated by the Secretary to eligible institutions for work to be done as mutually agreed upon between the Secretary and the eligible institution or institutions. The Secretary shall, whenever possible, consult with the Board in developing plans for the use of these funds.".

(b) The table of contents of the Food and Agriculture Act of 1977 is amended by adding at the end of title XIV the following new items:

"SUBTITLE L—AQUACULTURE

"Sec. 1474. Purpose.
"Sec. 1475. Aquaculture assistance programs.
"Sec. 1476. Aquaculture Advisory Board.
"Sec. 1477. Authorization of appropriations.

"SUBTITLE M—RANGELAND RESEARCH

"Sec. 1478. Purpose.
"Sec. 1479. Rangeland research program.
"Sec. 1480. Rangeland research grants.
"Sec. 1481. Reports.
"Sec. 1482. Rangeland Research Advisory Board.
"Sec. 1483. Appropriations.".

Cooperative State Forestry

Sec. 1441. (a) Section 1 of the Act of October 10, 1962 (16 U.S.C. 582a), commonly known as the McIntire-Stennis Act of 1962, is amended by adding at the end thereof the following: "It is also recognized that the provisions of this Act are essential to assist in providing the research background that undergirds the Forest and Rangeland Renewable Resources Planning Act of 1974, the Renewable Resources Extension Act of 1978, and the Soil and Water Resources Conservation Act of 1977.".

(b) Section 2 of the Act of October 10, 1962 (16 U.S.C. 582a-1), is amended by adding at the end thereof the following: "If more than one institution within a State are certified as qualifying for assistance, then it shall be the responsibility of such institutions, in agreement with the Secretary, to develop complementary programs of forestry research for the State.".

(c) Sections 5 and 6 of the Act of October 10, 1962 (16 U.S.C. 582a-4 and 582a-5), are amended to read as follows:

"Sec. 5. (a) The Secretary shall prescribe such regulations as may be necessary to carry out this Act and to furnish such advice and assistance through a cooperative State forestry research unit in the Department as will best promote the purposes of this Act.

"(b) The Secretary shall appoint a council of not fewer than sixteen members which shall be constituted to give representation to Federal and State agencies concerned with developing and utilizing the Nation's forest resources, the forest industries, the forestry schools of the State-certified eligible institutions, State agricultural experiment stations, and volunteer public groups concerned with forests and related natural resources. The council shall meet at least annually and shall submit a report to the secretary on regional and national planning and coordination of forestry research within the Federal and State agencies, forestry schools, and the forest industries, and shall advise the Secretary on the apportionment of funds. The Secretary shall seek, at least once each year, the advice of the council to accomplish efficiently the purposes of this Act.

"Sec. 6. Apportionments among participating States shall be determined by the Secretary after consultation with the council appointed under section 5. In making such apportionments, consideration shall be given to pertinent factors including non-Federal expenditures for forestry research by State-certified eligible institutions, areas of non-Federal commercial forest land, and the volume of timber cut annually. Three per centum of such funds as may be appropriated shall be made available to the Secretary for administration of this Act. These administrative funds may be used for transportation of scientists who are not officers or employees of the United States to research meetings convened for purposes of assessing research opportunities or research planning.".

Prohibition Against Reduction of State Funds Upon Increase in Federal Allotment

Sec. 1442. (a) Section 3 of the Act of March 2, 1887 (7 U.S.C. 361c), commonly known as the Hatch Act, is amended by adding at the end thereof a new subsection (g) as follows:

"(g) If in any year the amount made available by a State from its own funds (including any revenue-sharing funds) to a State agricultural experiment station is reduced because of an increase in the allotment made available under this Act, the allotment to the State agricultural experiment station from the appropriation in the next succeeding fiscal year shall be reduced in an equivalent amount. The Secretary shall reapportion the amount of such reduction to other States for use by their agricultural experiment stations.".

(b) Section 4 of the Act of October 10, 1962 (16 U.S.C. 582a-3), commonly known as the McIntire-Stennis Act, is amended by adding at the end thereof the following: "If in any year the amount made available by a State from its own funds (including any revenue-sharing funds) to a State-certified institution eligible for assistance under this Act is reduced because of an increase in the allotment made available under this Act, the allotment of such State-certified institution from the next succeeding appropriation shall be reduced in an equivalent amount. The Secretary shall reapportion the amount of such reduction to other eligible colleges and universities of the same State if there be any that qualify therefor and, if there be none, the Secretary shall reapportion such amount to the qualifying colleges and universities of other States participating in the forestry research program.".

Excess Federal Property

Sec. 1443. Section 202(d)(2) of the Federal Property and Administrative Services Act of 1949 (40 U.S.C. 483(d)(2)) is amended by—

(1) striking out the word "or" at the end of subpargraph (C);

(2) striking out the period at the end of subparagraph (D) and inserting in lieu thereof a semicolon and the word "or"; and

(3) adding the following new subparagraph immediately after subparagraph (D):

"(E) property furnished by the Secretary of Agriculture to any State or county extension service engaged in cooperative agricultural extension work pursuant to the Act of May 8, 1914 (7 U.S.C. 341 et seq.); any State experiment station engaged in cooperative agricultural research work pursuant to the Act of March 2, 1887 (7 U.S.C. 361a et seq.); and any institution engaged in cooperative agricultural research or extension work pursuant to sections 1433, 1434, 1444, or 1445 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3195, 3196, 3221, and 3222) or the Act of October 10, 1962 (16 U.S.C. 582a et seq.), where title is retained in the United States. For the purpose of this provision, the term 'State' means any one of the fifty States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Commonwealth of the Northern Marianas, the Trust Territory of the Pacific Islands, the Virgin Islands of the United States, and the District of Columbia.".

Rural Development and Small Farm Research and Extension

Sec. 1444. (a) Title V of the Rural Development Act of 1972 (7 U.S.C. 2661 et seq.) is amended by striking out sections 501 through 508 and inserting in lieu thereof the following:

"Sec. 501. Purposes and Goals.—(a) The overall purpose of this title is to foster a balanced national development that provides opportunities for increased numbers of the people of the United States to work and enjoy a high quality of life dispersed throughout our Nation by providing the essential knowledge necessary for successful programs of rural development. It is further the purpose of this title to—

"(1) provide multistate regional agencies, States, counties, cities, multicounty planning and development districts, businesses, industries, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups and others involved with public services and investments in rural areas or that provide or may provide employment in these areas the best available scientific, technical, economic, organizational, environmental, and management information and knowledge useful to them, and to assist and encourage them in the interpretation and application of this information to practical problems and needs in rural development;

"(2) provide research and investigations in all fields that have as their purpose the development of useful knowledge and information to assist those planning, carrying out, managing, or investing in facilities, services, businesses, or other enterprises, public and private, that may contribute to rural development;

"(3) increase the capabilities of, and encourage, colleges and universities to perform the vital public service roles of research, and the transfer and practical application of knowledge, in support of rural development;

"(4) expand small farm research and extend training and technical assistance to small farm families in assessing their needs and opportunities and in using the best available knowledge on sound economic approaches to small farm operations and on existing services offered by the Department of Agriculture and other public and private agencies and organizations to improve their income and to gain access to essential facilities and services; and

"(5) support activities to supplement and extend programs that address special research and education needs in States experiencing rapid social and economic adjustments or unique problems caused by rural isolation and that address national and regional rural development policies, strategies, issues, and programs.

"(b) the goals of this title are to—

"(1) encourage and support rural United States, in order to help make it a better place to live, work, and enjoy life;

"(2) increase income and improve employment for persons in rural areas, including the owners or operators of small farms, small businesses, and rural youth;

"(3) improve the quality and availability of essential community services and facilities in rural areas;

"(4) improve the quantity and quality of rural housing;

"(5) improve the rural management of natural resources so that the growth and development of rural communities needed to support the family farm may be accommodated with minimum effect on the natural environment and the agricultural land base;

"(6) improve the data base for rural development decisionmaking at local, State, and national levels; and

"(7) improve the problem solving and development capacities and effectiveness of rural governments, officials, institutions, communities, community leaders, and citizen groups in—

"(A) improving access to Federal programs;

"(B) improving targeting and delivery of technical assistance;

"(C) improving coordination among Federal agencies, other levels of government, and institutions and private organizations in rural areas; and

"(D) developing and disseminating better information about rural conditions.

"Sec. 502. Programs Authorized.—The Secretary of Agriculture may conduct, in cooperation and coordination with colleges and universities, the following programs to carry out the purposes and achieve the goals of this title.

"(a) Rural Development Extension Programs.—Rural development extension programs shall consist of the collection, interpretation, and dissemination of useful information and knowledge from research and other sources to units of multistate regional agencies, State, county, municipal, and other units of government, multicounty planning and development districts, organizations of citizens contributing to community and rural development, businesses, Indian tribes on Federal or State reservations or other federally recognized Indian tribal groups, and industries that employ or may employ people in rural areas. These programs also shall include technical services and educational activities, including instruction for persons not enrolled as students in colleges or universities, to facilitate and encourage the use and practical application of this information. These programs may also include feasibility studies and planning assistance.

"(b) Rural Development Research.—Rural development research shall consist of research, investigations, and basic feasibility studies in any field or discipline that may develop principles, facts, scientific and technical knowledge, new technology, and other information that may be useful to agencies of Federal, State, and local government, industries in rural areas, Indian tribes on Federal and State reservations or other federally recognized Indian tribal groups, and other organizations involved in community and rural development programs and activities in planning and carrying out such programs and activities or otherwise be practical and useful in achieving the purposes and goals of this title.

"(c) Small Farm Research Programs.—Small farm research programs shall consist of programs of research to develop new approaches for initiating and upgrading small farm operations through management techniques, agricultural production techniques, farm machinery technology, new products, new marketing techniques, and small farm finance; to develop new enterprises that can use labor, skills, or natural resources available to the small farm family; or that will help to increase the quality and availability of services and facilities needed by the small farm family.

"(d) Small Farm Extension Programs.—Small farm extension programs shall consist of extension programs to improve small farm operations, including management techniques, agricultural production techniques, farm machinery technology, marketing techniques and small farm finance; to increase use by small farm families of existing services offered by the Department of Agriculture and other public and private agencies and organizations; to assist small farm families in establishing and operating cooperatives for the purpose of improving their family income from farming or other economic activities; to increase the quality and availability of services and facilities needed by small farm families; and to develop new enterprises that can use labor, skills, or natural resources available to the small farm family.

"(e) Special Grants Programs.—Special grants programs shall consist of extension and research programs to strengthen research and education on national and regional issues in rural development, including the assessment of alternative policies and strategies for rural development and balanced growth; to develop alternative strategies for national and regional investment, and the creation of employment, in rural areas; to develop alternative energy policies to meet rural development needs; and to strengthen rural development programs of agencies of the Department of Agriculture and those in other Federal departments and agencies.

"Sec. 503. Appropriation and Allocation of Funds.—(a) There are authorized to be appropriated such sums as are necessary to carry out the purposes of this title.

"(b) Such sums as are appropriated to carry out the provisions of sections 502(a) and 502(b) of this title shall be distributed by the Secretary of Agriculture as follows:

"(1) 4 per centum shall be retained by the Secretary for program administration and national coordination of State programs, and program assistance to the States;

"(2) 10 per centum shall be used to finance work serving two or more States in which colleges or universities in two or more States cooperate or that is conducted by one college or university to serve two or more States;

"(3) 20 per centum shall be allocated equally among the States; and

"(4) 66 per centum shall be allocated to each State as follows: One-half in an amount that bears the same ratio to the total amount to be allotted as the rural population of the State bears to the total rural population of all the States, as determined by the last preceding decennial census current at that time; and one-half in an amount that bears the same ratio to the total amount to be allotted as the farm population of the State bears to the total farm population of all the States, as determined by the last preceding decennial census current at that time:

Provided, That, beginning with the fiscal year ending September 30, 1982, no State may receive more than $75,000 until all States have been allotted a minimum of $75,000.

"(c) Such sums as are appropriated to carry out the provisions of section 502(e) of this title shall be distributed by the Secretary to colleges and universities, on a competitive or matching fund basis, according to the Secretary's determination of the projects and manner of funding that show the most promise of fulfilling the objectives of section 502(e) of this title.

"(d) Funds appropriated under this title may be used to pay salaries and other expenses of personnel employed to carry out the functions authorized by this title; to obtain necessary supplies, equipment, and services; and to rent, repair, and maintain facilities needed, but not to purchase or construct buildings.

"(e) Payment of funds to any State for programs authorized under sections 502(a), 502(b), 502(c), and 502(d) of this title shall be contingent upon approval by the Secretary of a plan of work and budget for such programs and compliance with such regulations as the Secretary may issue under this title. Plans for work shall be jointly developed in each State by the land-grant colleges and universities eligible to receive funds under the Act of July 2, 1862 (7 U.S.C. 301 et seq.), and the Act of August 30, 1890 (7 U.S.C. 321 et seq.), including Tuskegee Institute. In States in which there is no land-grant institution eligible to receive funds under the Act of August 30, 1890, the land-grant institution eligible to receive funds under the Act of July 2, 1862, shall be responsible for developing plans of work and budgets. In the development of the plans of work and budgets, consideration shall be given to involvement of the resources and expertise of the colleges and universities serving the region in which the plans and budgets are to be applied.

"(f) Funds shall be available for use by each State in the fiscal year for which appropriated and the next fiscal year following the fiscal year for which appropriated. Funds shall be budgeted and accounted for on such forms and at such times as the Secretary shall prescribe.

"(g) Funds provided to each State under this title may be used to finance programs through or at private and publicly supported colleges and universities other than the institutions responsible for administering the programs, as provided under section 504 of this title.

"Sec. 504. Cooperating Colleges and Universities.—(a) To ensure national coordination with other federally supported agricultural research and extension programs, administration of each State program shall be the responsibility of the colleges and universities eligible to receive funds under the Act of July 2, 1862, and the Act of August 30, 1890, including Tuskegee Institute. In States that contain more than one such institution, such administration shall be the responsibility of the institution designated by mutual agreement of all such institutions, subject to approval by the Secretary of Agriculture. The Secretary shall pay funds available to each State to such institution or university. Such administration shall be coordinated with other federally supported agricultural research and extension programs conducted in the State.

"(b) All private and publicly supported colleges and universities in a State shall be eligible to participate in programs authorized under this title. Officials at universities or colleges other than those responsible for administering the programs that wish to participate in these programs shall submit program proposals to the college or university officials responsible for administering the programs who shall consider such proposals in the process of developing the budgets and plans of work.

"(c) The institution of each State responsible for administering the programs authorized under this title shall designate an official who shall be responsible for the overall coordination of the programs.

"(d) The institution in each State responsible for administering the programs authorized under this title shall name an advisory council to review and approve budgets and plans of work conducted under this title and to advise the chief administrative officer of the institution administering the programs on matters pertaining to the programs. An existing State rural development committee or council may be named to perform this function, or a new council may be appointed by the chief administrative officer or officers. The committee or council named or appointed shall consist of at least twelve members and shall include persons representing farmers, business, labor, banking, local government, multicounty planning and development districts, public and private colleges and universities in the State, and Federal and State agencies involved in rural development.

"Sec. 505. Withholding Funds.—If the Secretary of Agriculture determines that a State is not eligible to receive part or all of the funds to which it is otherwise entitled for programs under sections 502(a) and 502(b) of this title because of a failure to comply with regulations issued by the Secretary under this title, the facts and reasons therefor shall be reported to the President, and the amount involved shall be kept separate in the Treasury until the expiration of the Congress next succeeding the session of the legislature of the State from which funds have been withheld in order that the State may, if it should so desire, appeal to Congress from the determination of the Secretary. If the next Congress shall not direct such sum to be paid, it shall be covered into the Treasury. If any portion of the moneys that are received by the designated officers of any State for the support and maintenance of programs authorized under this title shall by any action or contingency be diminished or lost, or be misapplied, it shall be replaced by the State.

"Sec. 506. Definitions.—For the purposes of this title—

"(a) 'rural development' means the planning, financing, and development of facilities and services in rural areas that contribute to making those areas desirable places in which to live and make private and business investments; the planning, development, and expansion of business and industry in rural areas to provide increased employment and income; the planning, development, conservation, and use of land, water, and other natural resources of rural areas to maintain or improve the quality of the environment for people and business in rural areas; and the building or improvement of institutional, organizational, and leadership capacities of rural citizens and leaders to define and resolve their own community problems;

"(b) 'State' means the several States, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands of the United States, and the Commonwealth of the Northern Mariana Islands; and

"(c) 'small farm' means any farm (1) producing family net income from all sources (farm and nonfarm) below the median nonmetropolitan income of the State; (2) operated by a family dependent on farming for a significant though not necessarily a majority of its income; and (3) on which family members provide most of the labor and management.

"Sec. 507. Regulations.—The Secretary of Agriculture may issue such regulations as the Secretary determines necessary to carry out the provisions of this title.".

(b) Section 509 of the Rural Development Act of 1972 (7 U.S.C. 2669) is redesignated as section 508, and section 510 of the Rural Development Act of 1972 (7 U.S.C. 2670) is repealed.

Increased Emphasis on Marketing Education Programs for Small and Medium Size Family Farming Operations

Sec. 1445. In carrying out marketing research and education programs, the Secretary of Agriculture shall take such steps as may be necessary to increase the efforts of the Department of Agriculture in providing marketing education programs for persons engaged in small and medium size family farm operations.

Soybean Research Advisory Institute

Sec. 1446. (a)(1) There is established within the Department of Agriculture a temporary advisory body to be known as the Soybean Research Advisory Institute (hereinafter in this section referred to as the "Advisory Institute").

(2) The Advisory Institute shall be composed of eleven members appointed by the Secretary of Agriculture (hereinafter in this section referred to as the "Secretary"). Members appointed to the Advisory Institute shall be individuals who are recognized soybean research experts and shall represent the interest of soybean producers, soybean processors, land grant colleges and universities, Federal research agencies, and private industry. The Secretary shall, to the maximum extent practicable, balance the membership of the Advisory Institute geographically on the basis of the soybean producing areas of the United States.

(3) The Secretary shall designate a representative of the soybean producers to serve as Chairman of the Advisory Institute.

(b) It shall be the function of the Advisory Institute to—

(1) assess the effectiveness of the ongoing soybean research programs in the United States;

(2) assess the impediments to increased United States soybean production, including the soybean cyst nematode, and consider the most effective means of removing such impediments;

(3) evaluate the available means and the potential for increasing soybean production in the United States;

(4) estimate the amount of funds required to carry out a coordinated program of national soybean research to develop means of effectively increasing the overall United States soybean production and profitability; and

(5) develop plans for and sponsor an international conference on soybean research for the purpose of comparing and sharing current information on the production and utilization of soybeans.

(c) The Advisory Institute shall submit to the Senate Committee on Agriculture, Nutrition, and Forestry and the House Committee on Agriculture, not later than March 1, 1983, a comprehensive report on the findings of the Advisory Institute regarding research on soybean production and utilization. The Advisory Institute shall also include in such report its recommendations for actions that should be taken to ensure that an effective soybean research program is carried out in the United States.

(d) Members shall receive no compensation for service on the Advisory Institute but may be paid, while in the performance of their duties away from their homes or regular places of business, travel expenses, including per diem in lieu of subsistence, as authorized by sections 5701 through 5707 of title 5, United States Code, for persons employed intermittently in Government service.

(e) The Advisory Institute shall cease to exist on the day on which it submits its report to the committees referred to in subsection (c).

Administrative Jurisdiction Over Lands

Sec. 1447. It is the intent of Congress that dual administration and jurisdiction by the Department of Agriculture and Interior over certain lands currently administered by the Secretary of Agriculture should be avoided. Therefore, the Secretary of Agriculture shall have sole administrative jurisdiction of the following described lands: The United States Sheep Experiment Station in Idaho and Summer Range in Montana. These lands, containing a total of 45,013 acres of land, more or less, were withdrawn by Executive Orders 3767, dated December 19, 1922; 2268, dated October 30, 1915; 2491, dated November 21, 1916; 3141, dated August 6, 1919; and 3165, dated September 3, 1919, for agricultural experiment purposes.

TITLE XV—RESOURCE CONSERVATION

Subtitle A—Soil and Water Conservation

Policy

Sec. 1501. Congress hereby reaffirms its policy to promote soil and water conservation, improve the quality of the Nation's waters, and preserve and protect natural resources through the use of effective conservation and pollution abatement programs.

Subtitle B—Special Areas Conservation Program

Findings

Sec. 1502. Congress finds that—

(1) studies by the Department of Agriculture indicate that billions of tons of soil are eroded annually from non-Federal lands in the United States, much of which represents soil eroded from cropland;

(2) nearly one-half of the four hundred and thirteen million acres of cropland have soils with moderate, high, or very high risk of damage by sheet and rill erosion;

(3) the severity of erosion-related problems varies widely from one geographic area to the next;

(4) some of the most productive agricultural areas of the United States are also those having the most serious and chronic erosion-related problems;

(5) solutions to such chronic erosion-related problems should be designed to address the local social, economic, environmental, and other conditions unique to the area involved to ensure that the goals and policies of the Federal Government are effectively integrated with the concerns of the local community;

(6) certain range and pasturelands in the United States are producing less than their potential and therefore their productive capacity could be substantially improved by application of intensified range and pasture management practices; the protection of these lands is essential to controlling erosion, improving ecological conditions, enhancing wildlife and riparian habitats, improving water quality and yield, and meeting the need to produce food and fiber in a manner that is more energy efficient; and

(7) there is a need for—

(A) reducing seepage from on-farm and off-farm irrigation ditches and conveyance systems;

(B) improving water conservation and utilization; and

(C) installing measures to capture on-farm irrigation return flows.

Formulation and Implementation of Special Areas Conservation Program

Sec. 1503. (a) The Secretary of Agriculture (hereafter in this subtitle referred to as the "Secretary") shall establish a program for the conservation of soil, water, and related resources in special areas designated pursuant to section 1504 (hereafter in this subtitle referred to as "designated special areas") by providing technical and financial assistance to owners and operators or groups of owners and operators of farm, ranch, and certain other lands at their request. Such assistance with respect to State, county, and other public land shall be limited to those lands that are an integral part of a private farm operating unit and under the control of the private land owner or operator.

(b) To carry out the program established under this subtitle, the Secretary may enter into contracts with owners and operators of farm, ranch, or other land in a designated special area having such control over the land as the Secretary deems necessary. Contracts may be entered into with respect to land in a designated special area which is not farm or ranch land only if the erosion-related problems of such land are so severe as to make such contracts with respect to such land necessary for the effective protection of farm or ranch land in that designated special area. Contracts under this subtitle shall be designed to provide assistance to the owners or operators of such farm, ranch, or other land to make voluntary changes in their cropping systems which are needed to conserve or protect the soil, water, and related resources of such lands, and to carry out the soil and water conservation practices and measures needed under such changed systems and uses.

(c) The basis for such contracts shall be a conservation plan approved by the Secretary and the soil and water conservation district in which the land on which the plan is to be carried out is situated. The Secretary shall provide to the land owner or operator, upon request, such technical assistance as may be needed to prepare and submit to the Secretary a conservation plan that—

(1) incorporates such soil and other conservation practices and measures as may be determined to be practicable to protect such land from erosion or water-related problems;

(2) outlines a schedule for the implementation of changes in cropping systems or use of land or of water and of conservation practices and measures proposed to be carried out on the farm, ranch, or other land during the contract period;

(3) is designed to take into account the local social, economic, and environmental conditions, which will help solve the particular erosion or water-related problems of the designated area;

(4) may allow for such varying levels of conservation application as are appropriate to address the problems and may be developed to cover all or part of a farm, ranch, or other land as determined to be necessary to solve the conservation problems;

(5) may include practices and measures for enhancing fish and wildlife and recreation resources and for reducing or controlling agricultural-related pollution; and

(6) identifies those conservation practices and measures, including planned grazing systems, needed to improve vegetative conditions, reduce erosion, and conserve water on range and pasturelands.

(d) The land owner or operator, in any contract entered into under this subtitle, shall agree—

(1) to carry out the plan for the owner's or operator's farm, ranch, or other land substantially in accordance with the schedule outlined therein unless any requirement thereof is waived or modified by the Secretary pursuant to subsection (f);

(2) to forfeit further payments under the contract and refund to the United States all payments received thereunder, including interest, upon violation by the owner or operator of the contract at any stage during the time the owner or operator has control of the land if the Secretary, after considering the recommendations of the soil and water conservation district board for the district in which the lands are located, determines that such violation is of such a nature as to warrant termination of the contract, or to make refunds, including interest, or accept such payment adjustments as the Secretary may deem appropriate if the Secretary determines that the violation by the owner or operator does not warrant termination of the contract;

(3) not to adopt any practice or measure specified by the Secretary in the contract which would tend to defeat the purposes of the contract; and

(4) upon transfer, during the contract period, of the rights or interests of the owner or operator in the farm, ranch, or other land on which the plan is to be carried out, to forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, including interest, unless the transferee of any such land agrees with the Secretary to assume all obligations of the contract.

(e) In return for such agreement by the landowner or operator, the Secretary shall agree to share the cost of carrying out those conservation practices and measures set forth in the contract for which the Secretary determines that cost sharing is appropriate and in the public interest. The portion of the costs to be shared shall be that part which the Secretary determines is necessary and appropriate to effectuate the implementation, and, if applicable, the maintenance of the conservation practices and measures under the contract, including the cost of labor. In determining the share of costs to be borne by the Federal Government, the Secretary shall take into consideration the particular social, economic, and environmental conditions of the geographic area involved and the degree of conservation to be achieved. The Secretary shall determine the maximum amount of cost-share assistance that may be provided to any single recipient. If adjustments from cultivated crops to permanent vegetative cover or changes in crop varieties are undertaken as a conservation practice or measure under the contract, cost-share assistance may be provided under such contract with regard to the income lost as a result of such adjustments.

(f) The Secretary may terminate any contract with a landowner or operator by mutual agreement with the owner or operator if the Secretary determines that such termination would be in the public interest. The Secretary may agree to such modification of contracts previously entered into as the Secretary may determine to be desirable to carry out the purposes of the program or facilitate the practical administration thereof or to accomplish equitable treatment with respect to similar conservation or other programs administered by the Secretary.

(g) The Secretary may also enter into contracts with landowners or operators for the purpose of maintaining any conservation practice or measure established under this subtitle or other conservation practice or measure which has been adequately established, and to provide necessary assistance to retain the practice or measure on the land. The provisions and administration of such contracts shall be in accordance with the requirements set forth in subsections (b) through (f) of this section.

Program To Be Directed at Specific Problems

Sec. 1504. (a) The program established under this subtitle shall be directed toward identifying and correcting such erosion-related or water management-related problems as may exist within each designated special area. Assistance under this subtitle may be provided to any geographical area of the United States only if such area is first designated by the Secretary as having severe and chronic erosion-related or water management-related problems.

(b) In designating a geographic area as a special area under this subtitle, the Secretary shall review national resources inventory data, river basin plans, special studies, and other resource information; consider tons of soil loss prevented, acres protected, and volume of water conserved; and evaluate the degree and type of interagency cooperation, the degree of local acceptance of the planned target activity, and the significant favorable and adverse impacts of the targeted activity. The Secretary shall prepare and publish a report setting forth an assessment of the problems, objectives, and priorities in such area, and a schedule for the implementation of the program under this subtitle. The report shall also indicate how the program with respect to such area takes into consideration ongoing programs of Federal, State, and local agencies, including soil conservation districts, relating to soil and water conservation, pollution abatement, or the improvement or protection of forest land. The Secretary shall, to the extent practicable, assure that all Department of Agriculture conservation programs operating in a designated special area complement the conservation objectives outlined for such area.

Contract Limitations

Sec. 1505. Special areas may be designated pursuant to section 1504 of this subtitle at any time within the period beginning on the date of enactment of this subtitle and ending on September 30, 1991. Contracts authorized by subsections (b) and (g) of section 1503 of this subtitle may be entered into at any time within ten years after the designation of the special area to which they relate and may not exceed ten years in duration. The total dollar amount of such contracts that may be entered into in any one fiscal year shall not exceed such amounts as may be provided for in advance in appropriations Acts.

Notification of Congress and Approval of Designations

Sec. 1506. The Secretary shall submit a copy of each special area report developed and published pursuant to section 1504(b) of this subtitle to the Committee on Agriculture, Nutrition, and Forestry of the Senate and to the Committee on Agriculture of the House of Representatives at least forty-five days prior to entering into any contract

under section 1503 of this subtitle with respect to land in the designated special area.

Utilization of Services and Facilities

Sec. 1507. In carrying out the provisions of this subtitle, the Secretary may utilize the services of local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act and the technical services of the Department of Agriculture, soil and water conservation districts, and other State or local agencies. The Secretary may utilize the services and facilities of the Commodity Credit Corporation in carrying out this subtitle.

Improvement of Technology

Sec. 1508. The Secretary may expend funds directly or through grants for such research as is needed to assist in developing new or improving existing technologies for controlling erosion or water-related problems in designated special areas.

Authorization for Appropriations

Sec. 1509. There are authorized to be appropriated annually, to be available until expended, such sums as may be necessary to carry out the program authorized by this subtitle.

Report to Congress

Sec. 1510. The Secretary shall submit a report to Congress by January 1, 1986, and at the end of each five-year interval thereafter concerning the operation of the program provided for in this subtitle. Such report shall contain an evaluation of the operation of such program and shall include recommendations for such additional legislation as may be necessary to solve identified soil, water, and related resources problems in areas designated by the Secretary under this subtitle and to utilize new technology and research related to such problems.

Protection of Participants

Sec. 1511. No person shall be disqualified from participating in, or suffer any forfeiture or reduction of benefits under, any other program administered by the Secretary by virtue of participation in the program provided for in this subtitle.

Subtitle C—Amendments to the Small Watershed Program and to the Bankhead-Jones Farm Tenant Act

Amendments to Small Watershed Program

Sec. 1512. (a) Section 2 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1002) is amended by changing the period at the end thereof to a semicolon and inserting immediately thereafter the following: "or any Indian tribe or tribal organization, as defined in section 4 of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450b), having authority under Federal, State, or Indian tribal law to carry out, maintain, and operate the works of improvement.".

(b) Section 2 of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1002) is further amended by striking out "$1,000,000" and inserting in lieu thereof "$5,000,000".

(c) Section 3(6) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1003(6)) is amended by inserting "energy," after "wildlife,".

(d) Section 4(1) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1004(1)) is amended by changing the semicolon at the end thereof to a colon and inserting immediately thereafter the following: "Providing further, That the Secretary shall be authorized to bear an amount not to exceed one-half of the costs of the land, easements, or rights-of-way acquired or to be acquired by the local organization for mitigation of fish and wildlife habitat losses, and that such acquisition is not limited to the confines of the watershed project boundaries;".

(e) Section 5(3) of the Watershed Protection and Flood Prevention Act (16 U.S.C. 1005(3)) is amended by striking out "$1,000,000" and inserting in lieu thereof "$5,000,000".

(f) Section 5(4) of the Watershed Protection Flood Prevention Act (16 U.S.C. 1005(4)) is amended by striking out "$1,000,000" and inserting in lieu thereof "$5,000,000".

Amendment to the Bankhead-Jones Farm Tenant Act

Sec. 1513. Section 31 of title III of the Bankhead-Jones Farm Tenant Act (7 U.S.C. 1010) is amended by inserting "developing energy resources," after "dams and reservoirs,".

Subtitle D—Matching Grants for Conservation Activities

Grants Program

Sec. 1514 (a) The Secretary of Agriculture (hereafter referred to in this subtitle as the "Secretary") may formulate and implement a program for furthering the conservation of soil, water, and related resources through annual grants to local units of government through State soil conservation agencies. Such grants shall be for noncapital expenditures in furtherance of local and State conservation objectives specified in section 1516 of this subtitle.

(b) Such grants shall be made to augment rather than to replace other technical and financial assistance programs of the Department of Agriculture.

(c) A local unit of government may be eligible for a grant under subsection (a) if it—

(1) has in effect a current long-range program which the State soil conservation agency determines is adequate to meet local and State laws and objectives;

(2) has in effect a current annual work plan which is consistent with the long-range program in paragraph (1) of this subsection; and

(3) certifies to the Secretary or the Secretary's designee at the State level that it has arranged for equal matching funds or in-kind services to the local unit from regional, State, local, or private sources.

(d) Whenever the Secretary determines that a component of the long-range program or annual work plan involves primarily a national rather than a local or State objective, the State or local matching funds required for the national component of the long-range program or annual plan need not exceed 25 per centum of the total funds required to accomplish the national objective. The Secretary, by regulation, shall define those objectives which are national in scope.

Program Implementation and Review

Sec. 1515. (a) The State soil conservation agency, the State Agricultural Stabilization and Conservation committee, and the Secretary or the Secretary's designee at the State level shall review programs and work plans under section 1514(c) of this subtitle, and may recommend additions or changes in order to meet urgent State, multistate, and national conservation needs or priorities as developed under the Soil and Water Resources Conservation Act of 1977 or similar authority.

(b) For purposes of implementing the program and plan, the local unit of government is encouraged to seek information from and the cooperation of—

(1) local agencies, organizations, and citizens; and

(2) agencies of the Department of Agriculture or other Federal agencies, cooperative extension services, and others that may be designated by the Secretary or the Governor to serve as advisers.

Plans

Sec. 1516. (a) Long-range programs and annual work plans may include any of the following soil, water, and related resource conservation objectives: (1) soil erosion prevention and control; (2) cropland, forest, woodland, pasture, or rangeland improvement; (3) water conservation, development, and management, and water quality improvement; (4) agricultural land retention or preservation; (5) demonstration projects to test and publicize the effectiveness of natural resource management systems adapted to local conditions; (6) fish and wildlife habitat improvement; (7) animal waste management; (8) watershed protection and flood prevention; (9) sediment control and stormwater management in urbanizing areas; (10) environmentally sound energy conservation and production; (11) leadership in natural resources aspects of rural community planning and development; or (12) any other purpose authorized or required by local or State conservation laws.

(b) If an objective has been identified which will require more than one year to complete or reach, the Secretary or the Secretary's designee may enter into a long-term agreement of not more than ten years with the local unit of government or State agency to provide funding assistance for the term of the agreement. Such assistance shall be contingent upon the amount of funds appropriated under section 15.19 of this subtitle.

Matching Funds

Sec. 1517. (a) Federal matching grant funds, as mutually agreed upon by the State soil conservation agency and the Secretary, may be used to provide technical assistance to land owners and operators for planning and application of soil and water conservation practices and measures and natural resource management systems.

(b) Such technical assistance shall be administered by the State soil conservation agency through local soil and water conservation districts.

(c) Such technical assistance shall be fully coordinated with technical assistance provided through ongoing Federal, State, and local resource conservation programs, and shall be in accord with established technical standards or guidelines.

(d) The basis for the transfer of grant funds shall be a grant agreement entered into by the Secretary or the Secretary's designee with the local unit of government or State agency.

Records

Sec. 1518. (a) Each local unit of government or State agency receiving assistance under this subtitle shall keep such records as the Secretary requires, including records which fully disclose the amount and disposition by such unit or agency of the proceeds of such grants, the total cost of the projects or undertakings in connection with which such funds are given or used, and the amount of that portion of the costs of the projects or undertakings supplied by other sources, and such other records as will facilitate an effective audit.

(b) The Secretary and the Comptroller General of the United States or any of their duly authorized representatives shall have access for the purpose of audit and examination to any books, documents, papers, and records of each local unit of government or State agency that are pertinent to the grants under this subtitle.

Authorization for Appropriations

Sec. 1519. (a) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle, such sums to remain available until expended.

(b) No funds shall be appropriated to carry out this subtitle for the fiscal year beginning October 1, 1992, and subsequent fiscal years, except as authorized by law enacted after the effective date of this subtitle.

(c) The Secretary shall report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry on the progress of the program authorized by this subtitle. The first such report shall be submitted by January 1, 1986, and a succeeding report by January 1, 1991. Each such report shall include an evaluation of the program and the Secretary's recommendations for strengthening it.

Subtitle E—Conservation Loan Program

Conservation Loans

Sec. 1520. (a) Section 4(h) of the Commodity Credit Corporation Charter Act is amended by inserting immediately after the second sentence the following: "To encourage the alleviation of natural resource conservation problems that reduce the productive capacity of the Nation's land and water resources or that cause degradation of environmental quality, the Corporation may, beginning with enactment of the Agriculture and Food Act of 1981, make loans to any agricultural producer for those natural resource conservation and environmental enhancement measures that are recommended by the applicable county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act and are included in the producer's conservation plan approved by the local soil and water conservation district; such loans shall be for a period not to exceed ten years at a rate of interest based upon the rate of interest charged the Corporation by the United States Treasury; the Corporation may make loans to any one producer in any fiscal year in an amount not to exceed $25,000; loans up to $10,000 in amount may be unsecured and loans in excess of $10,000 shall be secured; and the total of such unsecured and secured loans made in each fiscal year shall not exceed $200,000,000: Provided, That the authority provided by this sentence to make loans shall be effective only to the extent and in such amounts as may be provided for in prior appropriation Acts.".

Subtitle F—Reservoir Sedimentation Reduction Program

Formulation of Program

Sec. 1521. The Secretary of Agriculture (hereafter referred to in this subtitle as the "Secretary") may formulate and implement a program for testing the feasibility of reducing excessive sedimentation in existing reservoirs. Such an assistance program shall be implemented on the watershed drainage areas of no more than five publicly owned reservoirs. The Secretary shall select for the program those reservoirs in which excessive amounts of sediment are being deposited because of critical soil erosion problems in the watershed drainage area.

Plans

Sec. 1522. For each reservoir and drainage area selected under section 1521 of this subtitle, a plan shall be prepared that includes an assessment of the problems, a listing of objectives and priorities, and an implementation plan for achieving the objectives. The Secretary shall enter into an agreement with the soil and water conservation districts containing land within the reservoir or drainage area, an agency of State government designated by the Governor, and units of local government that have recognized interests in the reservoir, for the purpose of preparing the plan. The plan shall be signed by the Secretary, or the Secretary's designee, and the other parties to the agreement.

Approval of Plans

Sec. 1523. The Secretary shall submit each plan developed under section 1522 of this subtitle to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives. The Secretary may implement any such plan only after each such committee adopts a resolution approving the plan.

Authorization for Appropriations

Sec. 1524. There are authorized to be appropriated, for each of the fiscal years 1983 through 1987, such sums as may be necessary for carrying out the provisions of this subtitle, such sums to remain available until expended.

Report

Sec. 1525. The Secretary shall submit a report evaluating the program authorized under this subtitle to Congress by January 1, 1987. The report shall include a recommendation as to whether the program should be extended and, if so, how it could be strengthened.

Subtitle G—Volunteers for Department of Agriculture Programs

Establishment of Program

Sec. 1526. (a) The Secretary of Agriculture (hereafter referred to in this subtitle as the "Secretary") may establish a program to use volunteers in carrying out the programs of the Department of Agriculture.

(b) The Secretary may accept, subject to regulations issued by the Office of Personnel Management, voluntary service for the Department of Agriculture for such purpose if the service:

(1) is to be without compensation; and

(2) will not be used to displace any employee of the Department of Agriculture including the local, county, and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act.

(c) Any individual who provides voluntary service under this subtitle shall not be considered a Federal employee, except for purposes of chapter 81 of title 5, United States Code (relating to compensation for injury), and sections 2671 through 2680 of title 28, United States Code (relating to tort claims).

Authorization for Appropriations

Sec. 1527. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle, such sums to remain available until expended.

Subtitle H—Resource Conservation and Development Program

Purpose

Sec. 1528. It is the purpose of this subtitle to encourage and improve the capability of State and local units of government and local nonprofit organizations in rural areas to plan, develop, and carry out programs for resource conservation and development.

Definitions

Sec. 1529. As used in this subtitle—

(1) The term "area plan" means a resource conservation and utilization plan which is developed for a designated area of a State or States through a planning process and which includes one or more of the following elements:

(A) a land conservation element, the purpose of which shall be to control erosion and sedimentation;

(B) a water management element, the purpose of which shall be to provide for the conservation, utilization, and quality of water, including irrigation and rural water supplies, the mitigation of floods and high water tables, construction, repair, and improvement of dams and reservoirs, improvement of agricultural water management, and improvement of water quality through control of nonpoint sources of pollution;

(C) a community development element, the purpose of which shall be the development of natural resources based industries, protection of rural industries from natural resource hazards, development of aquaculture, development of adequate rural water and waste disposal systems, improvement of recreation facilities, improvement in the quality of rural housing, provision of adequate health and education facilities, and satisfaction of essential transportation and communication needs; or

(D) other elements, the purpose of which may include energy conservation or protection of agricultural land, as appropriate, from conversion to other uses, or protection of fish and wildlife habitats.

(2) The term "designated area" means a geographic area designated by the Secretary to receive assistance under this subtitle.

(3) The term "planning process" means the continuous effort by any State, local unit of government, or local nonprofit organization to develop and carry out effective resource conservation and utilization plans for a designated area, including development of an area plan, goals, objectives, policies, implementation activities, evaluations and reviews, and the opportunity for public participation in such efforts.

(4) The term "financial assistance" means the cost-sharing arrangements that are available under this subtitle through Federal contracts, grants, or loans.

(5) The term "local unit government" means any county, city, town, township, parish, village, or other general-purpose subdivision of a State, any local or regional special district or other limited political subdivision of a State, including any soil conservation district, school district, park authority, and water or sanitary district, or any Indian tribe or tribal organization established under Federal, State, or Indian tribal law.

(6) The term "nonprofit organization" means any community association, wildlife group, or resource conservation organization that is incorporated and approved by the Secretary for the purpose of providing to any rural area those public facilities or services included in the area plan for such rural area.

(7) The term "Secretary" means the Secretary of Agriculture.

(8) The term "State" means the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, Guam, the Com-

monwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and American Samoa.

(9) The term "technical assistance" means any service provided by personnel of the Department of Agriculture or non-Federal personnel working through the Department of Agriculture, including, but not limited to, inventorying, evaluating, planning, designing, supervising, laying out and inspecting works of improvement, and the providing of maps, reports, and other documents associated with the services provided.

(10) The term "works of improvement" means the facilities installed or being installed in accord with an area plan.

Resource Conservation and Development Program

Sec. 1530. The Secretary shall establish a resource conservation and development program under which the Secretary shall make available to States, local units of government, and local nonprofit organizations the technical and financial assistance necessary to permit such States, local units of government, and local nonprofit organizations to operate and maintain a planning and implementation process needed to conserve and improve the use of land, develop natural resources, and improve and enhance the social, economic, and environmental conditions in rural areas of the United States.

Selection of New Designated Areas

Sec. 1531. The Secretary shall select designated areas for assistance under this subtitle on the basis of the elements specified in section 1529(1).

Authority of the Secretary

Sec. 1532. In carrying out the provisions of this subtitle, the Secretary may—

(1) provide technical assistance to any State, local unit of government, or local nonprofit organization within a designated area to assist in developing and implementing an area plan for that area;

(2) cooperate with other departments and agencies of the Federal Government, State, and local units of government, and with local nonprofit organizations in conducting surveys and inventories, disseminating information, and developing area plans;

(3) assist in carrying out an area plan approved by the Secretary for any designated area by providing technical and financial assistance to any State, local unit of government, or local nonprofit organization designated to receive such assistance by the Governor or legislature of the State concerned; and

(4) enter into agreements with States, local units of government, and local nonprofit organizations, as provided in section 1533.

Agreements; Terms and Conditions

Sec. 1533. (a) Technical and financial assistance, including loans, may be provided by the Secretary to any State, local unit of government, or local nonprofit organization to assist in carrying out works of improvement specified in an area plan approved by the Secretary only if—

(1) such State, local unit of government, or local nonprofit organization agrees in writing to carry out such works of improvement and to finance or arrange for financing of any portion of the cost of carrying out such works of improvement for which financial assistance is not provided by the Secretary under this subtitle;

(2) the works of improvement for which assistance is to be provided under this subtitle are included in an area plan and have been approved by the State, local unit of government, or local nonprofit organization to be assisted;

(3) the Secretary determines that assistance to finance the type of works of improvement concerned is not reasonably available to such State, local unit of government, or local nonprofit organization under any other Federal program;

(4) the works of improvement provided for in the area plan are consistent with any current comprehensive plan for such area;

(5) the cost of the land or an interest in the land acquired or to be acquired under such plan by any State, local unit of government, or local nonprofit organization is borne by such State, local unit of government, or local nonprofit organization; and

(6) the State, local unit of government, or local nonprofit organization participating in an area plan agrees to maintain and operate all works of improvement installed under such plan.

(b) Loans made under this subtitle shall be made on such terms and conditions as the Secretary may prescribe, except that such loans shall have a repayment period of not more than thirty years from the date of completion of the work of improvement for which the loan is made and shall bear interest at the average rate of interest paid by the United States on its obligations of a comparable term, as determined by the Secretary of the Treasury.

(c) Assistance may not be made available to any State, local unit of government, or local nonprofit organization to carry out any area plan unless such plan has been submitted to and approved by the Secretary.

(d) The Secretary may withdraw technical and financial assistance with respect to any area plan if the Secretary determines that such assistance is no longer needed or that sufficient progress has not been made toward developing or implementing the elements of such plan.

Resource Conservation and Development Policy Board

Sec. 1534. (a) The Secretary shall establish within the Department of Agriculture a Resource Conservation and Development Policy Board.

(b) Such board shall be composed of seven employees of the Department of Agriculture selected by the Secretary. One member shall be designated by the Secretary to serve as chairman.

(c) It shall be the function of such board to advise the Secretary regarding the administration of the provisions of this subtitle, including the formulation of policies for carrying out the program provided for by this subtitle.

Evaluation of Program

Sec. 1535. The Secretary shall evaluate the program provided for in this subtitle to determine whether such program is effectively meeting the needs of, and the objectives identified by, the States, local units of government, and local nonprofit organizations participating in such program. The Secretary shall submit a report to Congress containing the results of the evaluation not later than December 31, 1986, together with the Secretary's recommendations for continuing, terminating, redirecting, or modifying such program.

Limitation on Provision of Assistance

Sec. 1536. The program provided for in this subtitle shall be limited to providing technical and financial assistance to not more than two hundred and twenty-five active designated areas.

Supplemental Authority of the Secretary

Sec. 1537. The authority of the Secretary under this subtitle to assist States, local units of government, and local nonprofit organizations in the development and implementation of area plans shall be supplemental to, and not in lieu of, any authority of the Secretary under any other provision of law.

Authorization for Appropriations

"Sec. 1538. There are authorized to be appropriated for each of the five fiscal years beginning October 1, 1982, and ending September 30, 1987, such sums as may be necessary to carry out the provisions of this subtitle, except that not more than $15,000,000 may be appropriated for loans for any fiscal year. Funds appropriated pursuant to this subtitle shall remain available until expended.

Subtitle I—Farmland Protection Policy Act

Short Title

Sec. 1539. This subtitle may be cited as the "Farmland Protection Policy Act".

Findings, Purpose, and Definitions

"Sec. 1540. (a) Congress finds that—

(1) the Nation's farmland is a unique natural resource and provides food and fiber necessary for the continued welfare of the people of the United States;

(2) each year, a large amount of the Nation's farmland is irrevocably converted from actual or potential agricultural use to nonagricultural use;

(3) continued decrease in the Nation's farmland base may threaten the ability of the United States to produce food and fiber in sufficient quantities to meet domestic needs and the demands of our export markets;

(4) the extensive use of farmland for nonagricultural purposes undermines the economic base of many rural areas;

(5) Federal actions, in many cases, result in the conversion of farmland to nonagricultural uses where alternative actions would be preferred;

(6) the Department of Agriculture is the agency primarily responsible for the implementation of Federal policy with respect to United States farmland, assuring the maintenance of the agricultural production capacity of the United States, and has the personnel and other resources needed to implement national farmland protection policy; and

(7) the Department of Agriculture and other Federal agencies should take steps to assure that the actions of the Federal Government do not cause United States farmland to be irreversibly converted to nonagricultural uses in cases in which other national interests do not override the importance of the protection of farmland nor otherwise outweigh the benefits of maintaining farmland resources.

(b) The purpose of this subtitle is to minimize the extent to which Federal programs contribute to the unnecessary and irreversible conversion of farmland to nonagricultural uses, and to assure that Federal programs are administered in a manner that, to the extent practicable, will be compatible with State, unit of local government, and private programs and policies to protect farmland.

(c) As used in this subtitle—

(1) the term "farmland" includes all land defined as follows:

(A) prime farmland is land that has the best combination of physical and chemical characteristics for producing food, feed,

fiber, forage, oilseed, and other agricultural crops with minimum inputs of fuel, fertilizer, pesticides, and labor, and without intolerable soil erosion, as determined by the Secretary. Prime farmland includes land that possesses the above characteristics but is being used currently to produce livestock and timber. It does not include land already in or committed to urban development or water storage;

(B) unique farmland is land other than prime farmland that is used for production of specific high-value food and fiber crops, as determined by the Secretary. It has the special combination of soil quality, location, growing season, and moisture supply needed to economically produce sustained high quality or high yields of specific crops when treated and managed according to acceptable farming methods. Examples of such crops include citrus, tree nuts, olives, cranberries, fruits, and vegetables; and

(C) farmland, other than prime or unique farmland, that is of statewide or local importance for the production of food, feed, fiber, forage, or oilseed crops, as determined by the appropriate State or unit of local government agency or agencies, and that the Secretary determines should be considered as farmland for the purposes of this subtitle;

(2) the term "State" means any of the fifty States, the District of Columbia, the Commonwealth of Puerto Rico, the commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, or any territory or possession of the United States;

(3) the term "unit of local government" means the government of a county, municipality, town, township, village, or other unit of general government below the State level, or a combination of units of local government acting through an areawide agency under State law or an agreement for the formulation of regional development policies and plans;

(4) the term "Federal program" means those activities or responsibilities of a department, agency, independent commission, or other unit of the Federal Government that involve (A) undertaking, financing, or assisting construction or improvement projects; or (B) acquiring, managing, or disposing of Federal lands and facilities. The term "Federal program" does not include construction or improvement projects that on the effective date of this subtitle are beyond the planning stage and are in either the active design or construction state; and

(5) the term "Secretary" means the Secretary of Agriculture.

Farmland Protection Policy

Sec. 1541. (a) The Department of Agriculture, in cooperation with other departments, agencies, independent commissions, and other units of the Federal Government, shall develop criteria for identifying the effects of Federal programs on the conversion of farmland to nonagricultural uses.

(b) Departments, agencies, independent commissions, and other units of the Federal Government shall use the criteria established under subsection (a) of this section, to identify and take into account the adverse effects of Federal programs on the preservation of farmland; consider alternative actions, as appropriate, that could lessen such adverse effects; and assure that such Federal program, to the extent practicable, are compatible with State, unit of local government, and private programs and policies to protect farmland.

(c) The Department of Agriculture may make available to States, units of local government, individuals, organizations, and other units of the Federal Government information useful in restoring, maintaining, and improving the quantity and quality of farmland.

Existing Policies and Procedures

Sec. 1542. (a) Each department, agency, independent commission, or other unit of the Federal Government, with the assistance of the Department of Agriculture, shall review current provisions of law, administrative rules and regulations, and policies and procedures applicable to it to determine whether any provision thereof will prevent such unit of the Federal Government from taking appropriate action to comply fully with the provisions of this subtitle.

(b) Each department, agency, independent commission, or other unit of the Federal Government, with the assistance of the Department of Agriculture, shall, as appropriate, develop proposals for action to bring its programs, authorities, and administrative activities into conformity with the purpose and policy of this subtitle.

Technical Assistance

Sec. 1543. The Secretary is encouraged to provide technical assistance to any State or unit of local government, or any nonprofit organization, as determined by the Secretary, that desires to develop programs or policies to limit the conversion of productive farmland to nonagricultural uses.

Farmland Resource Information

Sec. 1544. (a) The Secretary, through existing agencies or interagency groups, and in cooperation with the cooperative extension services of the States, shall design and implement educational programs and materials emphasizing the importance of productive farmland to the Nation's well-being and distribute educational materials through communications media, schools, groups, and other Federal agencies.

(b) The Secretary shall designate one or more farmland information centers to serve as central depositories and distribution points for information on farmland issues, policies, programs, technical principles, and innovative actions or proposals by local and State governments.

Grants; Contracts

Sec. 1545. The Secretary may carry out the purposes of this subtitle, with existing facilities and funds otherwise available, through the use of grants, contracts, or such other means as the Secretary deems appropriate.

Report

Sec. 1546. Within one year after the enactment of this subtitle, the Secretary of Agriculture shall report to the Committee on Agriculture, Nutrition, and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on the progress made in implementing the provisions of this subtitle. Such report shall include information on—

(1) the effects, if any, of Federal programs, authorities, and administrative activities with respect to the protection of United States farmland; and

(2) the results of the reviews of existing policies and procedures required under section 1544(a) of this subtitle.

Statement of Limitation

Sec. 1547. (a) This subtitle does not authorize the Federal Government in any way to regulate the use of private or non-Federal land, or in any way affect the property rights of owners of such land.

(b) None of the provisions or other requirements of this subtitle shall apply to the acquisition or use of farmland for national defense purposes.

Prohibition

Sec. 1548. This subtitle shall not be deemed to provide a basis for any action, either legal or equitable, by any State, local unit of government, or any person or class of persons challenging a Federal project, program, or other activity that may affect farmland.

Effective Date

Sec. 1549. The provisions of this subtitle shall become effective six months after the date of enactment of this Act.

Subtitle J—Miscellaneous Provisions

Local Search and Rescue Operations

Sec. 1550. The Secretary of Agriculture may assist, through the use of Soil Conservation Service personnel, vehicles, communication equipment, and other equipment or materials available to the Secretary, in local search and rescue operations when requested by responsible local public authorities. Such assistance may be provided in emergencies caused by tornadoes, fires, floods, snowstorms, earthquakes, and similar disasters.

Reclamation

Sec. 1551. Section 406(d) of the Surfacing Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236(d)) is amended by adding at the end thereof the following new sentence: "Notwithstanding any other provision of this section with regard to acreage limitations, the Secretary of Agriculture may carry out experimental reclamation treatment projects to control erosion and improve water quality on all lands within a hydrologic unit, consisting of not more than 25,000 acres, if the Secretary determines that treatment of such lands as a hydrologic unit will achieve greater reduction in the adverse effects of past surface mining practices than would be achieved if reclamation was done on individual parcels of land.".

Payments for Land Removed From Production for Conservation Purposes

Sec. 1552. (a). The Secretary of Agriculture may enter into contracts to provide financial assistance in the form of payments to owners and operators of cropland located in counties where the soil normally freezes to a depth of at least four inches annually who remove such land from agricultural production for a period not to exceed one year for the purpose of installing enduring conservation measures which involve excavation of the soil. The payments under such contracts shall be in such amounts as determined by the Secretary to be necessary to effectuate the purposes of this subtitle but shall not exceed an amount equal to the number of acres of cropland removed from agricultural production for such purpose multiplied by 50 per centum of the typical annual rent, as determined by the Secretary, paid for similar land in the country. Financial assistance may not be provided under this section with respect to any conservation measure without the approval of the soil and water conservation district board for the district in which the land is located, and may not, in the aggregate, be provided in any year with respect to more than one-half of 1 per centum of the cropland in any county.

(b) There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this section, such sums to remain available until expended.

Conservation Tillage

Sec. 1553. (a) Congress finds that—

(1) domestic and international demand for agricultural products from the United States is great and is expected to significantly increase over the next twenty years;

(2) the ability of the United States to provide agricultural products to meet that demand is seriously impaired by the annual loss of five billion tons of soil due to wind and water erosion;

(3) the battle against soil erosion is being lost despite the annual expenditure of millions of dollars by the Federal Government on research, technical assistance, and conservation incentives to control soil erosion;

(4) conservation tillage practices are estimated to reduce soil erosion by 50 to 90 per centum over conventional farming practices; and

(5) conservation tillage may result in better yields, greater land use flexibility, decreased fuel use, decreased labor and equipment costs, increased retention of soil moisture, and more productive land than conventional farming practices and may be adaptable to a broad range of soil types and slopes throughout the country.

(b) It is the sense of Congress that the Secretary of Agriculture should, and is hereby urged and requested to—

(1) direct the attention of our Nation's farmers to the costs and benefits of conservation tillage as a means of controlling soil erosion and improving profitability; and

(2) conduct a program of research designed to resolve any unanswered questions regarding the advantages and disadvantages of conservation tillage over other soil conservation practices.

Regulations

Sec. 1554. The Secretary of Agriculture shall prescribe such regulations as may be necessary to carry out the provisions of this title.

TITLE XVI—CREDIT, RURAL DEVELOPMENT, AND FAMILY FARMS

Farmers Home Administration Real Estate and Operating Loans to Cooperatives

Sec. 1601. (a) The last sentence of section 302 of the Consolidated Farm and Rural Development Act (7 U.S.C. 1922) is amended by striking out "cooperatives, corporations, and partnerships", and inserting in lieu thereof "corporations and partnerships", and by inserting immediately before the period at the end thereof the following: "in the case of cooperatives, corporations, and partnerships".

(b) The last sentence of section 311(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1941(a)) is amended by striking out "cooperatives, corporations, and partnerships", and inserting in lieu thereof "corporations and partnerships", and by inserting immediately before the period at the end thereof the following: "in the case of cooperatives, corporations, and partnerships".

Equalizing Access to Credit for Widows and Other Single Parents

Sec. 1602. The second sentence of section 303(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1923(a)) is amended by striking out "are married or".

Lease of Facilities

Sec. 1603. Section 331(i) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1981(i)) is amended by inserting immediately after "consent to" the following: "(1) long-term lease of facilities financed under this title notwithstanding the failure of the lessee to meet any of the requirements of this title if such long-term leases are necessary to ensure the continuation of services for which financing was extended to the lessor, and (2)".

Borrower's Net Worth

Sec. 1604. Section 333(a) of the Consolidated Farm and Rural Development Act (7 U.S.C. 1983(a)) is amended by inserting "(1)" immediately after "the applicant" and inserting before the semicolon at the end thereof the following: ", and (2) to furnish a written statement showing the applicant's net worth".

Extension of the Emergency Agricultural Credit Adjustment Act of 1978

Sec. 1605. Section 211 of the Emergency Agricultural Credit Adjustment Act of 1978 (7 U.S.C. prec. 1961 note) is amended by striking out "September 30, 1981" and inserting in lieu thereof "September 30, 1982: Provided, That the Secretary may not make new contracts of insurance or guarantee under this title that will cause the total amount of money borrowed under such contracts during any fiscal year to exceed $600,000,000".

Farm Storage Facility Loan Program

Sec. 1606. Section 4(h) of the Commodity Credit Corporation Charter Act, as amended by section 151 of the Omnibus Budget Reconciliation Act of 1981, is amended by inserting after "growers" at the end of the fourth proviso of the second sentence the following: ", except that the Secretary shall make such loans in areas in which the Secretary determines that there is a deficiency of such storage".

Rural Telephone Bank Amendment

Sec. 1607. Section 406 of the Rural Electrification Act of 1936 (7 U.S.C. 946) is amended by—

(1) inserting in the second sentence of subsection (a) "but not later than fiscal year 1991" after "thereafter", and striking out "$300,000,000" and inserting in lieu thereof "$600,000,000"; and

(2) striking out in the first sentence of subsection (c) "September 30, 1985" and inserting in lieu thereof "September 30, 1995", and striking out "and after the amount of class A and class B stock issued totals $400,000,000,".

United States Policy on Family Farms

Sec. 1608. Section 102 of the Food and Agriculture Act of 1977 is amended to read as follows:

"*Family Farms*

"Sec. 102. (a) Congress reaffirms the historical policy of the United States to foster and encourage the family farm system of agriculture in this country. Congress believes that the maintenance of the family farm system of agriculture is essential to the social well being of the Nation and the competitive production of adequate supplies of food and fiber. Congress further believes that any significant expansion of nonfamily owned large-scale corporate farming enterprises will be detrimental to the national welfare. It is neither the policy nor the intent of Congress that agricultural and agriculture-related programs be administered exclusively for family farm operations, but it is the policy and the express intent of Congress that no such program be administered in a manner that will place the family farm operation at an unfair economic disadvantage.

"(b) In order that Congress may be better informed regarding the status of the family farm system of agriculture in the United States, the Secretary of Agriculture shall submit to Congress, by July 1 of each year, a written report containing current information on trends in family farm operations and comprehensive national and State-by-State data on nonfamily farm operations in the United States. The Secretary shall also include in each such report (1) information on how existing agricultural and agriculture-related programs are being administered to enhance and strengthen the family farm system of agriculture in the United States, (2) an assessment of how tax, credit, and other Federal laws may encourage the growth of nonfamily farm operations and investment in agriculture by nonfamily farm interests, both foreign and domestic, and (3) such other information as the Secretary deems appropriate or determines would aid Congress in protecting, preserving, and strengthening the family farm system of agriculture in the United States.".

TITLE XVII—FLORAL RESEARCH AND CONSUMER INFORMATION

Short Title

Sec. 1701. This title may be cited as the "Floral Research and Consumer Information Act".

Congressional Findings and Declaration of Policy

Sec. 1702. Flowers and plants are an integral part of American life, contributing a natural and beautiful element, especially in urban areas, to what is increasingly a manmade, artificial environment for this country's citizens. Providing comfort and pleasure for many special occasions as well as for everyday living, flowers and plants work against visual pollution and, in the case of green plants, generate oxygen within their environment. The flowers and plants to which this title refers are cut flowers, potted flowering plants, and foliage plants. These flowers and plants are produced by many individual producers throughout the United States and in foreign countries. These products move in interstate and foreign commerce, and those that do not move in such channels of commerce directly burden or affect interstate commerce of these products. The maintenance and expansion of existing markets and the development of new or improved markets and uses are vital to the welfare of flower and plant producers, brokers, wholesalers, and retailers throughout the Nation. The floral industry within the United States is comprised mainly of small- and medium-sized businesses. The producers are primarily agriculturally-oriented companies rather than promotion-oriented companies. The development and implementation of coordinated programs of research and promotion necessary for the maintenance of markets and the development of new markets have been inadequate. Without cooperative action in providing for and financing such programs, individual flower and plant producers, wholesalers, and retailers are unable to implement programs of research, consumer and producer information, and promotion necessary to maintain and improve markets for these products. It is widely recognized that it is in the public interest to provide an adequate, steady supply of fresh flowers and plants to the consumers of the Nation. The American consumer requires a continuing supply of quality and affordable flowers and plants as an important element in the quality of life. It is, therefore, declared to be the policy of Congress and the purpose of this title that it is essential and in the public interest to authorize the establishment of an orderly pro-

cedure for the development and financing, through an adequate assessment, of an effective and coordinated program of research, consumer and producer education, and promotion designed to strengthen the floral industry's position in the marketplace and maintain, develop, and expand markets for flowers, plants, and flowering plants. Nothing in this title may be construed to dictate quality standards or provide for control of production or otherwise limit the right of individual flower and plant producers to produce commercial flowers and plants. Nothing in this title may be construed as a trade barrier to flowers and plants produced in foreign countries, and this title treats foreign producers equitably.

Definitions

Sec. 1703. As used in this title—

(1) The term "Secretary" means the Secretary of Agriculture of the United States Department of Agriculture.

(2) The term "person" means any individual, group of individuals, partnership, corporation, association, cooperative, or any other entity.

(3) The term "cut flowers" means all flowers and decorative foliage used as fresh-cut flowers, fresh-cut decorative foliage, dried, preserved, and processed flowers, or dried and preserved decorative foliage, produced either under cover or in field operations.

(4) The term "potted flowering plants" means those plants that normally produce flowers, primarily produced in pots or similar containers, that are primarily used for interior decoration, whether grown under cover or in field operations.

(5) The term "foliage plants" means those plants, normally without flowers, primarily produced in pots or similar containers, that are primarily used for interior decorations, whether grown under cover or in field operations.

(6) The term "propagational material" means any plant material used in the propagation of cut flowers, potted flowering plants, and foliage plants, including cuttings, bulbs and corms, seedlings, canes, liners, plants, cells or tissue cultures, air layers and bublets, rhizomes, and root stocks. This term does not include seeds.

(7) The term "flowers and plants" means cut flowers, potted flowering plants, foliage plants, and propagational material.

(8) The term "United States" means the fifty States of the United States of America, the territories and possessions of the United States of America, and the District of Columbia.

(9) The term "promotion" means any action, including paid advertising, to advance the image or desirability of cut flowers, potted flowering plants, and foliage plants.

(10) The term "research" means any type of research to advance the image, desirability, or marketability of cut flowers, potted flowering plants, and foliage plants.

(11) The term "consumer education" means any action to provide information on the care and handling of cut flowers, potted flowering plants, and foliage plants.

(12) The term "marketing" means the sale or other disposition in commerce of cut flowers, potted flowering plants, and foliage plants.

(13) Unless otherwise noted, the term "producer" means any person who produces domestically, for sale in commerce, cut flowers, potted flowering plants, or foliage plants.

(14) The term "Floraboard" means the board provided for under section 1707 of this title.

(15) The term "importer" means any person who imports cut flowers, potted flowering plants, or foliage plants from outside of the United States or who acts as an agent, broker, or consignee of any person or nation that produces flowers and plants outside of the United States for sale in the United States.

(16) The term "commodity group" means that portion of the flower and plant industry devoted to the production and importation of any one of the following: (A) cut flowers; (B) potted flowering plants; or (C) foliage plants.

(17) The term "cost of plant material" means the actual price paid by a producer for any propagational material or any other flowers and plants used in the production of flowers and plants. This term does not include the cost of seeds.

Floral Research and Promotion Orders

Sec. 1704. To effectuate the declared policy of this title, the Secretary shall, subject to the provisions of this title, issue and, from time to time, may amend orders applicable to persons engaged in production, sale, importation, or handling of flowers and plants. Such orders shall be applicable to all production or marketing areas, or both, in the United States.

Notice and Hearing

Sec. 1705. Whenever the Secretary has reason to believe that the issuance of an order will tend to effectuate the declared policy of this title, the Secretary shall give due notice and opportunity for hearing upon a proposed order. Such hearing may be requested and a proposal for an order submitted by an organization certified pursuant to section 1716 of this title, or by any interested person affected by the provisions of this title, including the Secretary.

Finding and Issuance of an Order

Sec. 1706. After notice and opportunity for hearing as provided in section 1705 of this title, the Secretary shall issue an order if the Secretary finds, and sets forth in such order, upon the evidence introduced at such hearing, that the issuance of such order and all the terms and conditions thereof will tend to effectuate the delared policy of this title.

Required Terms in Orders

Sec. 1707. Orders issued pursuant to this title shall contain the following terms and conditions and, except as provided in section 1708 of this title, no others:

(1) Providing for the establishment and appointment by the Secretary of a board to be named "Floraboard", which shall consist of not more than seventy-five voting members, and defining its powers and duties, which shall include only the powers to (A) administer such order in accordance with its terms and provisions, (B) make rules and regulations to effectuate the terms and provisions of such order, (C) receive, investigate, and report to the Secretary complaints of violations of such order, and (D) recommend to the Secretary amendments of such order. The term of an appointment to the Floraboard shall be for three years with no member serving more than two consecutive three-year terms: Provided, That of the initial appointments, one-third shall be for a term of one year and one-third shall be for a term of two years. The Floraboard shall appoint from its members an executive committee, consisting of not more than fifteen members, whose membership shall, to the maximum extent practicable, reflect the membership composition of the Floraboard, and whose commodity group representation shall be proportional to that of the Floraboard. Such executive committee shall have the authority to employ a staff and conduct routine business within the policies determined by the Floraboard.

(2) Providing that the Floraboard shall be composed of producers and importers appointed by the Secretary from nominations submitted by organizations certified pursuant to section 1716 of this title or if the Secretary determines that a substantial number of producers or importers are not members of or their interests are not represented by any such certified organization then from nominations made by such producers or importers in a manner authorized by the Secretary. Certified organizations shall submit one nomination for each position on the Floraboard. Initially, the Floraboard shall be composed of one-third producers and importers of cut flowers, one-third producers and importers of potted flowering plants, and one-third producers and importers of foliage plants. Two years after assessment of funds commences pursuant to an order, and periodically thereafter, the Floraboard shall adjust the commodity group representation of these commodity groups on the basis of the amount of assessments, less refunds, collected from each commodity group. There shall at all times be more producers representing a particular commodity group on the Floraboard than importers representing that commodity group. In addition to commodity group representation, the periodic adjustment of the membership of the Floraboard shall reflect, to the maximum extent practicable, the proportionate share of assessments, less refunds, collected from producers, in each of several geographic areas of the United States to be defined by the Secretary, and the proportionate share of assessments, less refunds, collected from importers of flowers and plants imported into the United States from each country.

(3) Providing that the Floraboard shall, subject to the provisons of paragraph 8 of this section, develop and submit to the Secretary for approval advertising, sales promotion, consumer education, research, and development plans or projects and that any such plan or project must be approved by the Secretary before becoming effective.

(4) Providing that the Floraboard shall, subject to the provisions of paragraph 8 of this section, submit to the Secretary for aproval budgets on a fiscal period basis of its anticipated expenses and disbursements in the administration of the order, including probable costs of advertising, promotion, consumer education, research, and development projects.

(5) Providing that—

(A) For each sale of flowers and plants by a producer within the United States, such producer shall pay an assessment to the Floraboard based on the dollar value of such sales transaction minus the cost of plant material. If the producer is a retailer, the assessment will be based on the then current wholesale value of the flowers and plants less the cost of plant material. In the case of consignment sales, the assessment shall be paid by the producer based on the dollar value of the sale of flowers and plants less the sales commission, freight cost, and cost of plant material.

(B) For each sale of imported flowers and plants within the United States by the importer of such flowers and plants, such importer shall pay an assessment to the Floraboard based on the dollar value of such sales transaction, without deducting the cost of plant material. If the importer is a retailer,

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the assessment will be made on the purchase price. In the case of consignment sales, the assessment shall be paid by the importer and shall be based on the dollar value of the sale of flowers and plants less the sales commission and cost of transportation within the United States.

(C) The assessments provided for in this section shall be remitted to the Floraboard, at the time and in the manner prescribed in the order and regulations thereunder, and shall be used for such expenses and expenditures (including provision for a reasonable reserve and those administrative costs incurred by the Department of Agriculture after an order has been promulgated under this title) as the Secretary finds are reasonable and likely to be incurred by the Floraboard under the order during any period specified by the Secretary.

(6) Providing that the initial rate of assessment, which rate shall remain in effect for the first two years after an order is approved in a referendum, shall not exceed one-half of 1 per centum of the value of flowers and plants sold, as determined under the provisions of paragraph (5) of this section: Provided, That the Floraboard may thereafter increase or decrease the rate of assessment prescribed by the order by no more than one-quarter of 1 per centum of the value of flowers and plants sold per year: Provided further, That in no event shall the rate of assessment exceed 1½ per centum of the value of flowers and plants sold.

(7) Providing that the Floraboard shall maintain such books and records and shall prepare and submit to the Secretary, from time to time, such reports as the Secretary may prescribe, and providing for appropriate accounting by the Floraboard with respect to the receipt and disbursement of all funds entrusted to it.

(8) Providing that the Floraboard, with the approval of the Secretary, may enter into contracts or agreements for development and carrying out of the activities authorized under the order pursuant to sections 1708(1) and (2) of this title and for the payment of the cost thereof with funds collected pursuant to the order. The Floraboard may contract with industry groups, profit or nonprofit companies, private and State colleges and universities, and governmental groups. Any such contract or agreement shall provide (A) that the contracting party shall develop and submit to the Floraboard a plan or project together with a budget or budgets which shall show estimated costs to be incurred for such plan or project, (B) that any such plan or project shall become effective upon the approval of the Secretary, and (C) that the contracting party shall keep accurate records of all its transactions and make periodic reports to the Floraboard of activities carried out and an accounting for funds received and expended, and such other reports as the Secretary may require.

(9) Providing that the Floraboard may convene, from time to time, advisory panels drawn from the production, importation, wholesale, and retail segments of the flower and plant industry to assist in the development of marketing and research programs.

(10) Providing that no funds collected or received by the Floraboard shall in any manner be used for the purpose of influencing governmental policy or action, except as provided by paragraph (1)(D) of this section.

(11) Providing that Floraboard members and members of any advisory panels convened shall serve without compensation but shall be reimbursed for their reasonable expenses incurred in performing their duties as members of the Floraboard or advisory panel.

Permissive Terms in Orders

Sec. 1708. Orders issued pursuant to this title may contain one or more of the following terms and conditions:

(1) Providing for the establishment, issuance, effectuation, and administration of appropriate plans or projects for advertising, sales promotion, urban beautification, and consumer education with respect to the use of flowers and plants, and for the disbursement of necessary funds for such purposes: Provided, That any such plan or project shall be directed toward increasing the general demand for flowers and plants and shall make no reference to a private brand or trade name: Provided further, That no such advertising, consumer education, urban beautification, or sales promotion program shall make use of unfair or deceptive acts or practices with respect to the quality, value, or use of any competing product.

(2) Providing for establishing and carrying on research, marketing, and development projects, and studies with respect to the sale, distribution, marketing, or utilization of flowers and plants, to the end that the marketing and utilization of flowers and plants may be encouraged, expanded, improved, or made more acceptable, for the dissemination of the data collected by such activities and for the disbursement of necessary funds for such purposes.

(3) Providing that producers, wholesalers, retailers, and importers of flowers and plants maintain and make available for inspection such books and records as are specified in the order and that such persons file reports at the time, in the manner, and having the content prescribed by the order, to the end that information and data shall be made available to the Floraboard and to the Secretary which is appropriate or necessary to the effectuation, administration, or enforcement of this title, or any order or regulation issued pursuant to this title: Provided, That all information so obtained shall be kept confidential by employees of the Department of Agriculture and the Floraboard, and only such information as the Secretary deems relevant shall be disclosed by them, and then only in a suit or administrative hearing brought at the direction, or upon the request, of the Secretary, or in a suit or administrative hearing to which the Secretary or any officer of the United States is a party, and involving the order with reference to which the information to be disclosed was furnished or acquired. Nothing in this section shall be deemed to prohibit (A) the issuance of general statements based upon the reports of the number of persons subject to an order, or statistical data collected therefrom, which statements do not identify the information furnished by any person, (B) the publication by the Floraboard of general statements relating to refunds made by the Floraboard during any specific period, including regional information on refunds, (C) the publication by the Floraboard of information on the amount of assessments collected from each commodity group and the rate of refund in each commodity group, or (D) the publication by direction of the Secretary of the name of any person violating any order, together with a statement of the particular provisions of the order violated by such persons. No information obtained pursuant to the authority of this title may be made available to any agency or officer of the Federal Government for any purpose other than the implementation of this title and any investigatory or enforcement actions necessary for the implementation of this title. Any person violating the provisions of this paragraph shall, upon conviction, be subject to a fine of not more than $1,000 or to imprisonment for not more than one year, or to both, and, if an officer or employee of the Floraboard or the Department of Agriculture, shall be removed from office.

(4) Terms and conditions incidental to and not inconsistent with the terms and conditions specified in this title and necessary to effectuate the other provisions of such order.

Requirement of Referendum

Sec. 1709. (a) The Secretary shall conduct a referendum among domestic producers and importers not exempt under section 1712 of this title who, during a representative period determined by the Secretary, have been engaged in the production or importation of flowers and plants, for the purpose of ascertaining whether the issuance of an order is approved or favored by such domestic producers and importers. No order issued pursuant to this title shall be effective unless the Secretary determines that the issuance of such order is approved or favored by not less than two-thirds of the producers and importers voting in such referendum, or by a majority of the producers and importers voting in such referendum if such majority produced and imported not less than two-thirds of the total value of the flowers and plants produced and imported by those producers and importers voting in such referendum during a representative period defined by the Secretary.

(b) The Secretary shall be reimbursed from assessments for all costs incurred by the Government in connection with the conduct of the referendum, except for the salaries of Government employees.

Suspension and Termination of Orders

Sec. 1710. (a) Whenever the Secretary finds that any order issued under this title, or any provisions thereof, obstructs or does not tend to effectuate the declared policy of this title, the Secretary shall terminate or suspend the operation of such order or such provisions thereof.

(b) The Secretary may conduct a referendum at any time, and shall hold a referendum on request of 10 per centum or more of the number of producers and importers voting in the referendum approving the order, to determine whether such producers and importers favor the termination or suspension of the order, and shall suspend or terminate such order six months after the Secretary determines that suspension or termination of the order is approved or favored by a majority of the producers and importers voting in such referendum who, during a representative period determined by the Secretary, have been engaged in the production or importation of flowers and plants.

(c) The termination or suspension of any order, or any provision thereof, shall not be considered an order within the meaning of this title.

Provisions Applicable to Amendments

Sec. 1711. The provisions of this title applicable to orders shall be applicable to amendments to orders.

Exemptions

Sec. 1712. Any producer or importer whose total sales of flowers and plants do not exceed $100,000 during a twelve consecutive month period prior to the date an assessment is due and payable shall be exempt

from assessments under this title under such conditions and procedures as may be prescribed in the order or rules and regulations issued thereunder and shall not vote in any referendum under this title: Provided, That the Floraboard shall have the discretion to make annual adjustments in the level of exemption to account for inflation. For the purpose of this section, a producer's or importer's total sales shall include, in those cases in which the producer or importer is an individual, sales attributable to such person's spouse, children, grandchildren, and parents; in those cases in which the producer or importer is a partnership or a member of a partnership, sales attributable to the other partners; and, in those cases in which the producer or importer is a corporation, sales attributable to any corporate subsidiaries of which such corporation owns 50 per centum or more of the stock, or if such subsidiaries are not corporations, subsidiaries which are controlled by such corporation. In addition, in determining a producer's or importer's total sales, the sales of any corporation in which such producer or importer owns 50 per centum or more of the stock shall be attributed to such producer or importer. For these purposes stock in the same corporation which is owned by such producer's or importer's spouse, children, grandchildren, parents, partners, and any corporation 50 per centum or more of whose stock is owned by the producer or importer shall be treated as owned by the producer or importer.

Producer or Importer Refund

Sec. 1713. Notwithstanding any other provisions of this title, any producer or importer who pays an assessment shall have the right to demand and receive from the Floraboard a refund of such assessment: Provided, That such demand shall be made by such producer or importer in accordance with regulations and on a form and within a time period prescribed by the Floraboard and approved by the Secretary, but in no event more than sixty days after the end of the month in which the assessment was paid. Such refund shall be made not later than sixty days after submission of proof satisfactory to the Floraboard that the producer or importer paid the assessment for which refund is sought.

Petition and Review

Sec. 1714. (a) Any person subject to any order may file a written petition with the Secretary, stating that any such order or any provisions of such order or any obligations imposed in connection therewith is not in accordance with law and praying for a modification thereof or to be exempted therefrom. Such person shall thereupon be given an opportunity for a hearing upon such petition, in accordance with regulations prescribed by the Secretary. After such hearing, the Secretary shall make a ruling upon the prayer of such petition which shall be final if in accordance with law.

(b) The district courts of the United States in any district in which such person is an inhabitant, or carries on business, are hereby vested with jurisdiction to review such ruling, provided a complaint for that purpose is filed within twenty days from the date of the entry of such ruling. Service of process in such proceedings may be had upon the Secretary by delivering to the Secretary a copy of the complaint. If the court determines that such ruling is not in accordance with law, it shall remand such proceedings to the Secretary with directions either (1) to make such ruling as the court shall determine to be in accordance with law, or (2) to take such further proceedings as, in its opinion, the law requires. The pendency of proceedings instituted pursuant to subsection (a) of this section shall not impede, hinder, or delay the United States or the Secretary from obtaining relief pursuant to section 1715(a) of this title.

Enforcement

Sec. 1715. (a) The several district courts of the United States are vested with jurisdiction specifically to enforce, and to prevent and restrain any person from violating, any order or regulation made or issued pursuant to this title. Any civil action authorized to be brought under this subsection shall be referred to the Attorney General for appropriate action: Provided, That nothing in this title shall be construed as requiring the Secretary to refer to the Attorney General violations of this title whenever the Secretary believes that the administration and enforcement of the program would be adequately served by administrative action pursuant to subsection (b) of this section or suitable written notice or warning to any person committing such violations.

(b)(1) Any person who violates any provisions of any order or regulation issued by the Secretary pursuant to this title, or who fails or refuses to pay, collect, or remit any assessment or fee duly required thereunder, may be assessed a civil penalty by the Secretary of not less than $500 or more than $5,000 for each such violation. Each violation shall be a separate offense. In addition to or in lieu of such civil penalty the Secretary may issue an order requiring such person to cease and desist from continuing such violation or violations. No penalty may be assessed or cease and desist order issued unless such person is given notice and opportunity for a hearing before the Secretary with respect to such violation. The order of the Secretary assessing a penalty or imposing a cease and desist order shall be final and conclusive unless the affected person files an appeal from the Secretary's order with the appropriate United States court of appeals.

(2) Any person against whom a violation is found and a civil penalty assessed or cease and desist order issued under paragraph (1) of this subsection may obtain review in the court of appeals of the United States for the circuit in which such person resides or carries on business or in the United States Court of Appeals for the District of Columbia Circuit by filing a notice of appeal in such court within thirty days from the date of such order and by simultaneously sending a copy of such notice by certified mail to the Secretary. The Secretary shall promptly file in such court a certified copy of the record upon which such violation was found. The findings of the Secretary shall be set aside only if found to be unsupported by substantial evidence.

(3) Any person who fails to obey a cease and desist order after it has become final and unappealable, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, shall be subject to a civil penalty assessed by the Secretary, after opportunity for a hearing and for judicial review pursuant to the procedures specified in paragraphs (1) and (2) of this subsection, of not more than $500 for each offense, and each day during which such failure continues shall be deemed a separate offense.

(4) If any person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or after the appropriate court of appeals has entered final judgment in favor of the Secretary, the Secretary shall refer the matter to the Attorney General who shall recover the amount assessed in any appropriate district court of the United States. In such action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

Certification of Organizations

Sec. 1716. The eligibility of any organization to represent producers of flowers and plants of any producing area of the United States or importers of flowers and plants, for purposes of requesting the issuance of an order under section 1705, or making nominations under section 1707(2) of this title, shall be certified by the Secretary. Certification shall be based, in addition to other available information, upon a factual report submitted by the organization which shall contain information deemed relevant and specified by the Secretary for the making of such determination, including, but not limited to, the following:

(1) geographic territory covered by the organization's active membership;

(2) nature and size of the organization's active membership, the proportion of such active membership accounted for by producers and importers, and information as to the volume of production by State or the volume of importation by country accounted for by the organization's producer and importer members;

(3) the extent to which the producer and importer membership of such organization is represented in setting the organization's policies;

(4) evidence of stability and permanency of the organization;

(5) sources from which the organization's operating funds are derived;

(6) functions of the organization;

(7) whether the majority of the governing board of the organization is composed of producers and importers; and

(8) the organization's ability and willingness to further the aims and objectives of this title.

The primary consideration in determining the eligibility of any organization shall be whether its membership consists of a substantial number of producers and importers who produce and import a substantial volume of flowers and plants. The Secretary shall certify any organization which is found to be eligible under this section, and the Secretary's determination as to eligibility shall be final. Whenever more than one organization is certified in any geographic area, such organizations may caucus to determine the area's nominations under section 1707(2) of this title.

Regulations

Sec. 1717. The Secretary may issue such regulations as may be necessary to carry out the provisions of this title.

Investigations; Power To Subpena and Take Oaths and Affirmations; Aid of Courts

Sec. 1718. The Secretary may make such investigations as are deemed necessary to carry out the Secretary's responsibilities under this title or to determine whether a producer, importer, wholesaler, retailer, or other seller of flowers and plants, or any other person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of any provisions of this title, or of any order, or rule or regulation issued under this title. For the purpose of such investigation, the Secretary is empowered to administer oaths and

affirmations, subpena witnesses, compel their attendance, take evidence, and require the production of any books, papers, and documents which are relevant to the inquiry. Such attendance of witnesses and the production of any such records may be required from any place in the United States. In case of contumacy by, or refusal to obey a subpena to, any person, including a producer of flowers and plants, the Secretary may invoke the aid of any court of the United States within the jurisdiction of which such investigation or proceeding is carried on, or where such person resides or carries on business, in requiring the attendance and testimony of witnesses and the production of books, papers, and documents; and such court may issue an order requiring such person to appear before the Secretary, there to produce records, if so ordered, or to give testimony touching the matter under investigation. Any failure to obey such order of the court may be punished by such court as a contempt thereof. All processes in any such cases may be served in the judicial district wherein such person is an inhabitant or wherever such person may be found.

Separability

Sec. 1719. If any provision of this title or the application thereof to any person or circumstances is held invalid, the validity of the remainder of this title and of the application of such provision to other persons and circumstances shall not be affected thereby.

Authorization

Sec. 1720. There are authorized to be appropriated out of any money in the Treasury not otherwise appropriated such funds as are necessary to carry out the provisions of this title. The funds so appropriated shall not be available for payment of the expenses or expenditures of the Floraboard in administering any provisions of any order issued pursuant to the terms of this title.

TITLE XVIII—EFFECTIVE DATE

Sec. 1801. Except as otherwise provided herein, the provisions of this Act shall become effective on enactment.

And the House agree to the same.

That the Senate recede from its disagreement to the amendment of the House to the title of the bill.

E DE LA GARZA,
GEORGE E. BROWN, Jr.,
DAVID R. BOWEN,
CHARLIE ROSE,
FRED RICHMOND,
BILL WAMPLER,
PAUL FINDLEY,
(On all matters except title IX of the Senate bill and modifications committed to conference),
TOM HAGEDORN,
TOM COLEMAN,
RON MARLENEE,
WILLIAM M. THOMAS,

The following solely for consideration of section 915 and title XI (except for section 1112 and subtitle B) of the House amendment and sections 1002, 1111, 1113, 1201-1203, and 1205, and title XIII of the Senate bill:

CLEMENT J. ZABLOCKI,
L. H. FOUNTAIN,
DANTE B. FASCELL,
LEE H. HAMILTON,
JONATHAN B. BINGHAM,
WM. S. BROOMFIELD,
LARRY WINN, Jr.,
BENJAMIN A. GILMAN,
ROBERT J. LAGOMARSINO,

The following solely for consideration of title IX of the Senate bill and modifications thereof committed to conference:

ARLAN STANGELAND,

The following solely for consideration of title VII of the House amendments and title VII of the Senate bill:

JOE SKEEN,

Managers on the Part of the House.

JESSE HELMS,
BOB DOLE,
S. I. HAYAKAWA,
RICHARD G. LUGAR,
THAD COCHRAN,
WALTER D. HUDDLESTON,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 884) to revise and extend programs to provide price support and production incentives for farmers to assure an abundance of food and fiber, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text. The committee of conference recommends a substitute for both the Senate bill and the House amendment.

Except for clarifying, clerical, and necessary conforming changes, the differences between the two Houses and the substitute agreed to in the conference are noted below:

SHORT TITLE

The *Senate* bill provides that the Act may be cited as the "Agriculture and Food Act of 1981".

The *House* amendment provides that the Act may be cited as the "Food and Agriculture Act of 1981".

The *Conference* substitute adopts the *Senate* provision.

TITLE I—DAIRY

*(1) Dairy base plans (Sec. 101)**

The *Senate* bill deletes authority for the Class I base plan by not extending the current provision and makes authority for seasonal base plans permanent. (Sec. 101)

The *House* amendment is similar except that the seasonal base plan authority is extended for 4 years. (Sec. 103(a)(1))

The *Conference* substitute adopts the *House* amendment.

(2) Other marketing agreement Act amendments (Sec. 101)

(a) The *House* amendment extends the authority under which, if one-third of the producers supplying milk under a marketing order individually petition for a marketing order amendment hearing, the Secretary is required to hold a hearing if the amendment may be legally made to the order. (Sec. 103(a)(2))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment extends for four years the pricing criteria used in Federal milk marketing orders under which the price is to ensure a quantity of milk "to meet current needs and further to assure a level of farm income adequate to maintain productive capacity sufficient to meet anticipated future needs." (Sec. 103(a)(3))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(3) Milk price support (Sec. 103)

The *Senate* bill provides that for the period beginning October 1, 1981, and ending September 30, 1985, the minimum level of support for milk shall be 70 percent of parity unless the Secretary estimates that the anticipated net cost of CCC purchases will exceed $750,000,000, in which case the support level may be adjusted as the Secretary determines appropriate, but not less than the support level for the prior marketing year, nor less than $13.10 per hundredweight of milk. The Secretary is also authorized to adjust the support level in accordance with the foregoing for the remainder of fiscal year 1982 even though a different level of support may have previously been established in accordance with existing law. (Sec. 103)

The *House* amendment provides that upon enactment and for the remainder of fiscal year 1982, the minimum level of support for milk shall be $13.10 per hundredweight. For fiscal year 1983, the minimum support level would be 72.5 percent of parity. Beginning October 1 of fiscal year 1984 through the end of fiscal year 1985, the minimum support level would be 70 percent of parity except that whenever the Secretary estimates that net CCC purchases during any of such years would be less than 3.5 billion pounds milk equivalent, the minimum support level would be 75 percent of parity as of the beginning of the relevant fiscal year. (Sec. 101)

The *Conference* substitute provides that the minimum level of support for milk (per hundredweight) shall be $13.10 for fiscal year 1982 (from the date of enactment of the bill through September 30, 1982), $13.25 for fiscal year 1983, $14.00 for fiscal year 1984, and $14.60 for fiscal year 1985. However, for each of the fiscal years 1983 through 1985 the minimum level of support would be set at: (i) 70 percent of parity if, as of the beginning of the relevant fiscal year, the Secretary estimates that the anticipated net cost of CCC purchases will be less than $1 billion during the fiscal year, and (ii) 75 percent of parity if, as of the beginning of the relevant fiscal year, the Secretary estimates that net CCC purchases (milk equivalent) will be less than 4.0 billion pounds in fiscal year 1983, 3.5 billion pounds in fiscal year 1984, and 2.69 billion pounds in fiscal year 1985.

(4) Casein imports

The *Senate* bill expresses the sense of Congress that imports of casein are materially interfering with the operation of the dairy price support program and that a limitation, not more than the average casein imports during the five-year period preceding 1981, should be established under section 22 of the Agricultural Adjustment Act. The Secretary of the Senate is directed to transmit these views to the Chairman of the

* The section references after (i) each numbered item, (ii) the description of the *Senate* bill, and (iii) the description of the *House* amendment are references to the *Conference* substitute, S. 884 as passed by the Senate, and the House amendments thereto, respectively.

International Trade Commission to be made part of the record of the investigation into this issue currently underway. (Sec. 107)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision. The conferees believe, however, that imports of casein are materially interfering with the operation of the dairy price support program and that a limitation should be established, under section 22 of the Agricultural Adjustment Act, at a level not more than the average casein imports during the 5-year period preceding 1981. It is the intent of the conferees that these views be transmitted to the Chairman of the International Trade Commission to be made part of the record of the investigation into this issue currently under way.

(5) Reduction of dairy product inventories (Sec. 106)

The *Senate* bill directs the Secretary to use available authorities to reduce inventories of CCC dairy products so as to reduce net CCC outlays under the dairy price support program to the level of estimated outlays used in developing budget outlays under the Congressional Budget Act of 1974. (Sec. 106)

The *House* amendment encourages the Secretary to use available authorities to reduce excess dairy product inventories held by CCC. (Sec. 106(a))

The *Conference* substitute adopts the *Senate* provision.

(6) Encouragement of casein production

The *House* amendment directs the Secretary to examine the feasibility of using CCC inventories of nonfat dry milk and other excess supplies of dairy products to assist in the production of casein and caseinates. Findings are to be reported to the Chairmen of the House and Senate Agriculture Committees within 90 days after passage of this legislation. (Sec. 106(b))

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(7) Regional food security (Sec. 107)

The *House* amendment directs the Secretary to make recommendations to Congress, within 1 year after enactment of the bill, regarding changes in the design and administration of the milk price support program and Federal milk marketing orders in order to guarantee regional production self-sufficiency and food security. (Sec. 107)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with a modification requiring the Secretary to report to the House and Senate Agriculture Committees by December 31, 1982, on the strengths and weaknesses of existing programs and the consequences that new programs could have on controlling or minimizing surpluses of milk. The report would also contain a regional assessment of the effect of proposed pricing mechanisms and a description of social costs and benefits associated with such programs.

(8) Dairy product sales to Russia

The *House* amendment authorizes and encourages the Secretary to enter into an agreement with Russia for the sale of up to 220 million pounds of government stocks of butter at $1.05 per pound and the sale of such amounts of nonfat dry milk at 50 cents per pound and cheese at 68 cents per pound as can be agreed upon by the respective parties. (Sec. 108)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

TITLE II—WOOL AND MOHAIR

(1) Price Support (Sec. 201)

The *Senate* bill extends the price support provisions for shorn wool for 4 years and establishes the price support level at 75 percent of the formula rate prescribed in the statute. (Sec. 202)

The *House* amendment extends for 4 years the shorn wool price support provisions, keeping the present support level at 85 percent of the formula rate. (Sec. 201)

The *Conference* substitute establishes the price support level at 77.5 percent of the formula rate.

The conferees wish to reemphasize the declaration of policy contained in the National Wool Act of 1954. Section 702 of that Act reads as follows:

It is hereby recognized that wool is an essential, strategic, and energy-efficient commodity which is not produced in the United States in sufficient quantities and grades to meet the domestic needs; and that the desired domestic production of wool is impaired by predatory animals and by the depressing effects of wide fluctuations in the price of wool in the world markets. It is hereby declared to be the policy of Congress, as a measure of national security and to promote the general economic welfare, a positive balance of trade, and the efficient use of the Nation's resources, to encourage the continued domestic production of wool at prices fair to both producers and consumers in a manner which will assure a viable domestic wool industry in the future.

(2) Payments

The *Senate* bill deletes the provision that the total of all wool price support payments shall not exceed an amount equal to 70 percent of the accumulated totals of gross receipts from duties collected under Schedule 11 of the Tariff Act of 1930. (Sec. 203)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(3) Reimbursement

The *Senate* bill repeals the provision which limits the annual appropriation for reimbursement of the Commodity Credit Corporation for any expenditures made in connection with wool price support payments to producers to an amount that does not exceed 70 percent of the gross receipts from duties collected during the calendar year preceding the beginning of the fiscal year on articles subject to duties under Schedule 11 of the Tariff Act of 1930. (Sec. 204)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

TITLE III—WHEAT

(1) Wheat loan rates (Sec. 301)

(a) The *Senate* bill provides that loans and purchases for the 1982 through 1985 crops of wheat will be made available to wheat producers at a level, not less than $3.50 per bushel, that the Secretary determines will maintain the competitive relationship of wheat to other grains. (Sec. 301)

The *House* amendment provides for the Secretary to make available to producers loans and purchases for the 1982 crop of wheat at not less than $3.55 per bushel, and for each of the 1983 through 1985 crops of wheat at not less than such level as bears the same ratio to the loan level for the preceding year's crop as the target price for each such crop bears to the target price for the preceding year's crop. If the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 percent of the level of loans and purchases for wheat for such marketing year, the Secretary may reduce the level of loans and purchases for wheat for the next marketing year by the amount determined necessary to maintain domestic and export markets for grain, but not more than 10 percent in any year nor below $3 per bushel. (Sec. 301)

The *Conference* substitute provides that the loan and purchase rate for each of the 1982 through 1985 crops of wheat would be such rate, not less than $3.55 per bushel, as the Secretary determines will maintain the competitive relationship of wheat to other grains. In addition, the *Conference* substitute adopts the *House* amendment authorizing the Secretary to make a downward adjustment in the level of loans and purchases for wheat if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 105 percent of the level of loans and purchases for wheat for such marketing year.

(b) The *House* amendment also provides that if a set-aside program is in effect, the loan rate otherwise determined under the bill must be increased by 5 percent unless the producer elects to set aside 30 percent of the farm's previous year's plantings in which event the loan rate for such producer must be increased by 15 percent. (Sec. 302)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment. The conferees encourage the Secretary, however, to use the discretionary authority provided by the bill to increase the loan rate to the maximum extent feasible, whenever a set-aside or acreage reduction program is in effect for wheat, for those producers who cooperate with the program.

(2) Wheat target prices (Sec. 301)

(a) The *Senate* bill requires that target price payments for each of the 1982 through 1985 crops of wheat be made available to eligible producers. (Sec. 301)

The *House* amendment gives the Secretary discretion to make such payments available unless the domestic carryover from the previous year's crop exceeds 1 billion bushels, in which event target price payments are mandatory. (Sec. 301)

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill provides that the minimum target prices (per bushel) will be: $4.00 for the 1982 crop; $4.20 for the 1983 crop; $4.40 for the 1984 crop; and $4.60 for the 1985 crop. The Secretary has discretion to establish a higher target price for any such crop as appropriate to reflect any change in (i) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year previous to the one for which the determination is made. The *Senate* bill also gives the Secretary discretion to use the factors provided in current law in determining the adjusted cost of production. (Sec. 301)

The *House* amendment provides that for the 1982 crop of wheat the target price will be $4.20 per bushel and for each of the 1983 through 1985 crops of wheat, the target price will be the target price for the previous crop adjusted to reflect any change in (i) the average adjusted cost of production per acre estimated for the 2-year period which includes the crop year for which the target price will be applicable and the immediately preceding crop year, from (ii) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year for which the target price will be applicable. The *House* amendment limits the Secretary to the factors provided in current law in determining the adjusted cost of production. (Sec. 301)

The *Conference* substitute provides that the minimum wheat target prices (per bushel) would be $4.05 for the 1982 crop, $4.30 for the 1983 crop, $4.45 for the 1984 crop, and $4.65 for the 1985 crop, and that the target price may be increased for each of the 1982 through 1985 crops to reflect changes in costs of production based on the formula set forth in the *Senate* bill.

(c) The *House* amendment provides that if the Secretary adjusts the level of loans and purchases for wheat because in the previous year the average producer price did not exceed 105 percent of the loan rate, the Secretary must provide emergency compensation by increasing the target price payments for wheat by such amount (or if there are no such payments in effect for such crop by providing for payments in such amount) as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made. Payments under this provision are not subject to the payment limitation. (Sec. 301)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(d) The *House* amendment provides that in determining the target price and the loan rate for the 1984 and 1985 crops, the Secretary must use as a base in making adjustments the target price and loan rate for the previous year that would have resulted had the actual cost of production figures, as determined by the Secretary for those years, been used. (Sec. 301)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(3) Wheat disaster payments (Sec. 301)

(a) The *Senate* bill makes prevented planting and reduced yield disaster payments available, for each of the 1982 through 1985 crops of wheat, for producers for whom Federal crop insurance is not available on their wheat acreage. (Sec. 301)

The *House* amendment makes disaster payments available to wheat producers of the 1982 through 1985 crops in any county in which Federal subsidized crop insurance is not generally offered for that crop prior to planting. (Sec. 301)

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill gives the Secretary discretion to make disaster payments available to any wheat producer for the 1982 through 1985 crops if disaster losses have created an economic emergency that cannot be alleviated by crop insurance and other Federal assistance programs. (Sec. 301)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(4) Wheat acreage limitations and set-aside program (Sec. 301)

(a) The *Senate* bill authorizes an acreage limitation to be imposed on the acreage planted to wheat if the Secretary determines that the total supply of wheat will be excessive in the absence of such limitation, taking into account the need for adequate carryover. Producers who knowingly plant wheat in excess of the permitted acreage would not be eligible for wheat loans, purchases, and payments (see paragraph (c) below). (Sec. 301)

The *House* amendment requires a set-aside of cropland for any year if the Secretary estimates that the domestic carryover at the end of the preceding year will exceed 6 percent of total world usage for that year. If a set-aside is in effect, as a condition of eligibility for wheat loans, purchases, and payments, a producer must set aside to conservation uses the required amount of cropland (see paragraph (d) below). (Sec. 302)

The *Conference* substitute authorizes the Secretary to provide either for an acreage limitation program as set forth in the *Senate* bill, or a set-aside program as in the *House* amendment, except that it deletes the requirements in the *House* amendment for a set-aside if the domestic carryover exceeds 6 percent of total world usage.

(b) The *House* amendment requires the set-aside to be announced not later than August 1 prior to the calendar year in which the crop is harvested, except that for the 1982 crop, the announcement must be made as soon as practicable after enactment of the bill. (Sec. 302)

The *Senate* bill contains no comparable provision for the acreage limitation program.

The *Conference* substitute requires the acreage limitation or set-aside program to be announced not later than August 15 prior to the calendar year in which the crop is harvested, except that for the 1982 crop the announcement must be made as soon as practicable after enactment of the bill.

(c) The *Senate* bill provides that any acreage limitation would be based on a uniform percentage reduction applied to the wheat acreage planted to harvest (including acreage prevented from planting because of a condition beyond the producer's control) in the crop year preceding the year for which the determination is made or, at the discretion of the Secretary, the average acreage in the preceding 2 crop years. (Sec. 301)

The *House* amendment retains current law which provides that if a set-aside program is in effect the Secretary may limit the acreage planted to wheat and for the limitation to be applied on a uniform basis to all wheat producing farms. (Sec. 302)

The *Conference* substitute adopts the *Senate* provision to apply if the Secretary elects to provide for an acreage limitation program and the *House* amendment to apply if the Secretary should provide for a set-aside program.

(d) The *Senate* bill provides that in the event of an acreage limitation program there shall be devoted to conservation uses a number of acres determined by dividing (i) the product of the number of acres required to be withdrawn from wheat production times the number of actually planted acres, by (ii) the number of acres authorized to be planted to wheat. (Sec. 301)

The *House* amendment provides that if a set-aside is in effect, producers must set aside to conservation uses cropland acreage at least equal to a specified percent of the farm's previous year's plantings as determined by the Secretary, *but not less than 15 percent of such plantings.* (Sec. 302)

The *Conference* substitute adopts the *Senate* provision to apply if the Secretary elects to provide for an acreage limitation program and the *House* amendment to apply if the Secretary should provide for a set-aside program, except that the *Conference* substitute deletes the minimum required set-aside provided in the *House* amendment.

(e) The *House* amendment requires the Secretary to permit set-aside acreage to be devoted to hay and grazing. (Sec. 302)

The *Senate* bill authorizes the Secretary to permit hay and grazing on the reduced acreage. (Sec. 301)

The *Conference* substitute adopts the *Senate* provision. The conferees expect, however, that the Secretary carefully consider the need for permitting hay and grazing on the set-aside or reduced acreage.

(f) The *House* amendment requires that with respect to land farmed under summer fallow practices in 3 of the last 5 years, the Secretary must consider the effects of soil erosion in determining the amount of land to be idled and that in no case may the Secretary require farmers to idle more than 60 percent of their cropland when included with land already idled by summer fallow practices where summer fallow practices are in effect. (Sec. 302)

The *Senate* bill contains no comparable provision.

The *Conference* substitute provides that whenever a set-aside or acreage limitation program is announced, in determining the amount of land to be idled, the Secretary should consider the effects of soil erosion in areas where summer fallow practices are in effect so that equity may be provided among all producers.

(5) Wheat paid diversion program (Sec. 301)

The *Senate* bill authorizes a paid diversion program if needed to assist in obtaining necessary adjustments in the total acreage of wheat; in which event, the Secretary may require participation in that program as a condition of eligibility for loans, purchases, and any payments under the bill. (Sec. 301)

The *House* amendment also authorizes a paid diversion program but does not authorize the Secretary to condition loans, purchases, and payments under the wheat program on participation in the diversion program. (Sec. 302)

The *Conference* substitute adopts the *House* amendment.

(6) Payments for wildlife food plots and public access (Sec. 301)

The *House* amendment retains current law which authorizes the Secretary to pay an appropriate share of the cost of practices on the set-aside and diverted acreage devoted to wildlife food plots and habitat and authorizes an additional payment if the producer agrees to permit public access to the farm. (Sec. 302)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(7) Authorization to permit local ASC committees to waive program requirements (Sec. 301)

The *Senate* bill authorizes the Secretary to permit county and State ASC committees to waive or modify deadlines and other program requirements in cases in which failure

to meet such requirements does not affect the program adversely. (Sec. 301)

The *House* amendment contains no comparable provision, but does authorize the Secretary, in the event of a producer's failure to comply fully with the program, to make program benefits available in such amounts as the Secretary determines equitable. A comparable provision also appears in the *Senate* bill. (Sec. 302)

The *Conference* substitute adopts the *Senate* provision.

(8) Assignment of payments (Sec. 301)

The *Senate* bill makes the assignment of payment provisions of the Soil Conservation and Domestic Allotment Act applicable to payments under the program. These provisions specifically authorize written assignment of payments by producers as security for cash or advances to finance making a crop, handling or marketing the commodity, or performing a conservation practice and set forth the procedures applicable thereto. (Sec. 301)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(9) Cross-compliance (Sec. 301)

The *Senate* bill prohibits program provisions which would require compliance on a farm with the terms and conditions of any other commodity program as a condition of eligibility for program benefits. (Sec. 301)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision for any acreage limitation program that should be announced, but not for any set-aside program that should be announced.

TITLE IV—FEED GRAINS

(1) Corn loan rates (Sec. 401)

The *Senate* bill provides for loans and purchases for each of the 1982 through 1985 crops of corn to be made available to producers of corn at a level, not less than $2.50 per bushel, that the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains. (Sec. 401)

The *House* amendment provides for the Secretary to make available to producers loans and purchases for the 1982 crop of corn at not less than $2.65 per bushel, and for each of the 1983 through 1985 crops of corn at not less than such level as bears the same ratio to the loan level for the preceding year's crop as the target price for each such crop bears to the target price for the preceding year's crop. If the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 percent of the level of loans and purchases for corn for such marketing year, the Secretary may reduce the level of loans and purchases for corn for the next marketing year by the amount determined necessary to maintain domestic and export markets for grain, but not more than 10 percent in any year nor below $2 per bushel. (Sec. 401)

The *Conference* substitute provides that the loan and purchase rate for each of the 1982 through 1985 crops of corn would be such rate, not less than $2.55 per bushel, as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains. In addition, the *Conference* substitute adopts the *House* amendment authorizing the Secretary to make a downward adjustment in the level of loans and purchases for corn if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 105 percent of the level of loans and purchases for corn for such marketing year.

(2) Grain sorghum loan rates (Sec. 401)

The *Senate* bill provides that the loan and purchase level for grain sorghums would be at such level as is fair and reasonable in relation to the level for corn, taking into consideration the feeding value in relation to corn and the other factors specified in section 401(b) of the Agricultural Act of 1949. (Sec. 401).

The *House* amendment provides that the grain sorghum loan rate would be set at such level as is fair and reasonable in relation to the level for corn, taking into consideration the feeding value and the average transportation costs to market of grain sorghums in relation to corn. (Sec. 401).

The *Conference* substitute adopts the *Senate* provision.

(3) Oats loan rates (Sec. 401)

The *Senate* bill provides that loans and purchases for oats would be at such level as is fair and reasonable in relation to the level for corn, taking into consideration the feeding value in relation to corn and the other factors specified in section 401(b) of the 1949 Act. (Sec. 401)

The *House* amendment provides for loans and purchases for oats at such level as is fair and reasonable in relation to the level that loans and purchases are made available for corn, wheat, and barley, taking into consideration the weight of a bushel of oats as compared to these comparison grains, the value of oats as a specialty animal feed, the value of oats as a human food, the value of oats as a soil conservation crop, and other factors specified in section 401(b) of the 1949 Act. The level of loans and purchases on each crop of oats cannot be less than a rate computed by multiplying the loan rate for each comparison crop by a fraction, the denominator of which is the weight of a bushel of the comparison crop and the numerator of which is the weight of a bushel of oats, adding the resulting numbers and dividing by three. (Sec. 401)

The *Conference* substitute adopts the *Senate* provision.

(4) Adjustment in feed grain loan rates (Sec. 401)

The *House* amendment provides that if a set-aside program is in effect, the feed grain loan rates otherwise determined under the bill must be increased by 5 percent, unless the producer at his option elects to set aside 25 percent of the farm's previous year plantings in which event the feed grain loan rates for such producer must be increased by 10 percent. (Sec. 402)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment. The conferees encourage the Secretary, however, as in the case of wheat, to use the discretionary authority provided by the bill to increase the loan rate to the maximum extent feasible, whenever a set-aside or acreage reduction program is in effect for corn, for those producers who cooperate with the program.

(5) Feed grain target prices (Sec. 401)

(a) The *Senate* bill requires that target price payments for each of the 1982 through 1985 crops of corn, and grain sorghums, be made available to eligible producers. (Sec. 401)

The *House* amendment gives the Secretary discretion to make such payments available, unless the domestic carryover from the previous year's crop of corn exceeds 1.3 billion bushels, in which event target price payments are mandatory for corn and grain sorghums. (Sec. 401)

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill requires that target price payments be made available for each of the 1982 through 1985 crops of oats. (Sec. 401)

The *House* amendment makes target price payments for oats discretionary with the Secretary. (Sec. 401)

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill provides that the minimum target price for corn (per bushel) would be: $2.70 for the 1982 crop; $2.85 for the 1983 crop; $3.00 for the 1984 crop; and $3.15 for the 1985 crop. The Secretary has discretion to establish a higher target price for any such crop as appropriate to reflect any change in (i) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year for which the determination is made, from (ii) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year previous to the one for which the determination is made. The *Senate* bill gives the Secretary discretion to use the factors provided in current law in determining the adjusted cost of production. (Sec. 401)

The *House* amendment provides that for the 1982 crop of corn, the target price will be $2.90 per bushel and for each of the 1983 through 1985 crops of corn, the target price will be the target price for the previous crop adjusted to reflect any change in (i) the average adjusted cost of production per acre estimated for the 2-year period which includes the crop year for which the target price will be applicable and the immediately preceding crop year, from (ii) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year for which the target price will be applicable. The *House* amendment limits the Secretary to factors provided in current law in determining the adjusted cost of production. (Sec. 401)

The *Conference* substitute provides that the minimum corn target prices (per bushel) would be $2.70 for the 1982 crop, $2.86 for the 1983 crop, $3.03 for the 1984 crop, and $3.18 for the 1985 crop, and that the target price may be increased for each of the 1982 through 1985 crops to reflect changes in costs of production based on the formula set forth in the *Senate* bill.

(d) The *House* amendment provides that if the Secretary adjusts the level of loans and purchases for corn because in the previous year the average producer price did not exceed 105 percent of the loan rate, the Secretary must provide emergency compensation by increasing the target price payments for corn by such amount (or if there are no such payments in effect for such crop by providing for payments in such amount) as the Secretary determines necessary to provide the same total return to producers as if the adjustment in the level of loans and purchases had not been made. Payments under this provision are not subject to the payment limitation. (Sec. 401)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(e) The *House* amendment provides that in determining the target price and the loan rate for the 1984 and 1985 crops, the Secre-

tary must use as a base in making adjustments the target price and loan rate for the previous years that would have resulted had the actual cost of production figures, as determined by the Secretary for those years, been used. (Sec. 401)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(6) Feed grain disaster payments (Sec. 401)

The *Senate* bill makes disaster payments available for feed grains under the same conditions as the *Senate* bill provides for wheat. (Sec. 401)

The *House* amendment makes disaster payments available for feed grains under the same conditions as the *House* amendment provides for wheat. (Sec. 401)

The *Conference* substitute adopts the *Senate* provision.

(7) Feed grain acreage limitations and set-aside program (Sec. 401)

(a) The *Senate* bill authorizes an acreage limitation to be imposed on acreage planted to feed grains if the Secretary determines that the supply of feed grains will be excessive in the absence of such limitation, taking into account the need for an adequate carryover. Producers who knowingly plant feed grains in excess of the permitted acreage would not be eligible for feed grain loans, purchases, and payments (see paragraph (c) below). (Sec. 401)

The *House* amendment requires a set-aside of cropland for any year if the Secretary estimates that the domestic carryover of corn at the end of the preceding year will exceed 18 percent of the previous year's total use. If a set-aside is in effect, as a condition of eligibility for feed grain loans, purchases, and payments, producers must set aside to conservation uses the required amount of cropland (see paragraph (d) below). (Sec. 402)

The *Conference* substitute authorizes the Secretary to provide either for an acreage limitation program as set forth in the *Senate* bill, or a set-aside program as in the *House* amemdment, except that it deletes the requirement in the *House* amendment for a set-aside if the domestic carryover exceeds 18 percent of the previous year's total use.

(b) The *House* amendment requires the set-aside to be announced not later than November 1, before the calendar year in which the crop is harvested. (Sec. 402)

The *Senate* bill contains no comparable provision for the acreage limitation program.

The *Conference* substitute requires that any acreage limitation or set-aside program must be announced not later than November 15 prior to the calendar year in which the crop is harvested, except that for the 1982 crop the announcement must be made as soon as practicable after enactment of the bill.

(c) The *Senate* bill provides that any acreage limitation would be based on a uniform percentage reduction applied to the feed grain acreage planted to harvest (including prevented planting acreage) in the preceding crop year or, at the discretion of the Secretary, the average acreage in the preceding 2 crop years. (Sec. 401)

The *House* amendment retains current law which provides that if a set-aside program is in effect, the Secretary may limit the acreage planted to feed grains, and for the limitation to be applied on a uniform basis to all feed grain producing farms. (Sec. 402)

The *Conference* substitute adopts the *Senate* provision to apply if the Secretary elects to provide for an acreage limitation program and the *House* amendment to apply if the Secretary should provide for a set-aside program.

(d) The *Senate* bill provides that in the event of an acreage limitation program there shall be devoted to conservation uses a number of acres determined by dividing (i) the product of the number of acres required to be withdrawn from feed grain production times the number of actually planted acres, by (ii) the number of acres authorized to be planted to feed grains. (Sec. 401)

The *House* amendment provides that if a set-aside is in effect producers must set-aside and devote to conservation use cropland acreage at least equal to a specified percent of the farm's previous year's plantings, as determined by the Secretary, *but not less than 15 percent.* (Sec. 402)

The *Conference* substitute adopts the *Senate* provision to apply if the Secretary elects to provide for an acreage limitation program and the *House* amendment to apply if the Secretary should provide for a set-aside program, except that the *Conference* substitute deletes the minimum required set-aside in the *House* amendment.

(e) The *Senate* bill authorizes the Secretary to exempt producers of malting barley from complying with the acreage limitation program as a condition of eligibility for program benefits. (Sec. 401)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(8) Feed grain paid diversion program (Sec. 401)

The *Senate* bill authorizes a paid diversion program if needed to assist in obtaining necessary adjustments in the total acreage of feed grains; in which event the Secretary may require participation in that program as a condition of eligibility for program benefits. (Sec. 410)

The *House* amendment also authorizes a paid diversion program but does not authorize the Secretary to condition program benefits on participation in the diversion program. (Sec. 402)

The *Conference* substitute adopts the *House* amendment.

(9) Payments for wildlife food plots and public access (Sec. 401)

The *House* amendment retains current law which authorizes the Secretary to pay an appropriate share of the cost of practices on the setaside and diverted acreage devoted to wildlife food plots and habitat and authorizes an additional payment if the producer agrees to permit public access to the farm. (Sec. 402)

The *Senate* bill contains no comparable provision.

The *conference* substitute adopts the *House* amendment.

(10) Authorization to permit local ASC committees to waive program requirements (Sec. 401)

The *Senate* bill authorizes the Secretary to permit county and State ASC committees to waive or modify deadlines and other program requirements in cases in which failure to meet such requirements does not affect the program adversely. (Sec. 401)

The *House* amendment contains no comparable provision, but does authorize the Secretary, in the event of a producer's failure to comply fully with the program, to make program benefits available in such amounts as the Secretary determines equitable. A comparable provision also appears in the *Senate* bill. (Sec. 402)

The *conference* substitute adopts the *Senate* provision.

(11) Assignment of payments (Sec. 401)

The *Senate* bill makes the assignment of payment provisions of the Soil Conservation and Domestic Allotment Act applicable to payments under the program. These provisions specifically authorize written assignment of payments by producers as security for cash or advances to finance making a crop, handling or marketing the commodity, or performing a conservation practice and set forth the procedures applicable thereto. (Sec. 401)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(12) Cross-compliance (Sec. 401)

The *Senate* bill prohibits program provisions which would require compliance on a farm with the terms and conditions of any other program as a condition of eligibility for program benefits. (Sec. 401)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision for any acreage limitation program that should be announced but not for any set-aside program that should be announced.

TITLE V—COTTON

(1) Upland cotton target prices (Sec. 502)

The *Senate* bill provides minimum target prices (per pound) of: $0.71 for the 1982 crop, $0.76 for the 1983 crop, $0.81 for the 1984 crop, and $0.86 for the 1985 crop of upland cotton. The Secretary could establish a higher target price for any such crop as appropriate to reflect changes in (i) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year previous to the one for which the determination is made. The *Senate* bill also gives the Secretary discretion to use the factors provided in current law in determining the adjusted cost of production. (Sec. 502)

The *House* amendment provides that the target price for each of the 1982 through 1985 crops shall be 120 percent of the loan level for the applicable crop. (Sec. 502(2))

The *Conference* substitute provides that for the 1982 through 1985 crops of upland cotton, the established price shall not be less than the higher of (i) $0.71 per pound for the 1982 crop, $0.76 per pound for the 1983 crop, $0.81 per pound for the 1984 crop, and $0.86 per pound for the 1985 crop, plus any adjustment made for changes in production costs, or (ii) 120 percent of the loan level determined for such crop.

The conferees note that both the *Senate* bill and the *House* amendment provide that the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938, shall again become effective as preliminary allotments for the 1986 crop. It is assumed by the conferees that the Department of Agriculture would handle acreage allotments for wheat in a similar manner.

(2) Upland cotton loan differentials (Sec. 507)

The *Senate* bill provides that beginning with the loan program for the 1982 crop of upland cotton, the Secretary, in establishing loan differentials, is required to give equal weight to (i) loan differences for the preceding crop, and (ii) market differences for the crop in the nine designated U.S. spot markets. The Secretary is also required to establish a committee to study alternative methods for establishing the values of premiums and discounts for grade, staple, and micronaire under the upland cotton load program that will ensure that the premiums and discounts represent true relative market values and reflect actual market demand. Prior to announcement of loan differentials for the 1982 crop of upland cotton, the Secretary may review the criteria and procedures for determining quality differences (including the recommendations of the study committee and the formula provided above) and, on the basis of the review, revise the procedures and criteria to accurately reflect the actual market value of upland cotton in the United States. (Sec. 507).

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(3) Import duties for special upland cotton quota

The *Senate* bill provides that any upland cotton described in items 955.01 through 955.03 of the Appendix to the Tariff Schedules of the United States imported into the United States when a special quota is in effect under the upland cotton program, shall be deemed an import under the special quota until that quota is filled and any such cotton shall be free of duty. (Sec. 502)

The *House* amendment contains no comparable provision.

(NOTE.—A similar provision was deleted by the House from the *House* amendment because of the requirements of Article 1, Section 7 of the Constitution that all bills for raising revenue shall originate in the House. The provisions were included instead in H.R. 4566, as passed by the House.)

The *Conference* substitute deletes the *Senate* provision.

(4) Upland cotton disaster payment (Sec. 502)

The *Senate* bill makes disaster payments available for upland cotton under the same conditions as the *Senate* bill provides for wheat (except as to the formula for payments). (Sec. 502)

The *House* amendment makes disaster payments available for upland cotton under the same conditions as the *House* amendment provides for wheat (except as to the formula for payments). (Sec. 502(3))

The *Conference* substitute adopts the *Senate* provision.

(5) Upland cotton acreage limitations (Sec. 502)

(a) The *Senate* bill uses as the base for any acreage reduction program the acreage planted on the farm for harvest (including any prevented planting acreage) in the preceding crop year or, at the discretion of the Secretary, the average acreage planted to upland cotton for harvest in the 2 crop years preceding the year for which the determination is made. (Sec. 502)

The *House* amendment provides that the base shall be the acreage planted to cotton in the preceding year, or if no cotton was so planted (i) the larger of the acreages planted to cotton in the 2 years prior to that year or (ii) the average acreage planted to cotton in such 2 years, as determined by the Secretary. (Sec. 502(6))

The *Conference* substitute adopts the *Senate* provision.

It is the intention of the conferees that the Secretary give substantial weight and consideration to conservation uses recommended by the State Agricultural Stabilization and Conservation committee. Also, for any area where wind and water erosion of cropland is not a problem, the Secretary shall authorize clean tillage as an approved conservation practice.

(b) The *Senate* bill authorizes the Secretary to make adjustments to provide for an equitable acreage base. (Sec. 502)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(6) Upland cotton paid diversion program (Sec. 502)

The *Senate* bill authorizes a paid diversion program if needed to assist in obtaining necessary adjustments in the total acreage of upland cotton; in which event, the Secretary may require participation in that program as a condition of eligibility for loans, purchases, and any payments under the bill. (Sec. 502)

The *House* amendment also authorizes a paid diversion program but does not authorize the Secretary to condition loans, purchases, and any payments under the cotton program on participation in the diversion program. (Sec. 502(6))

The *Conference* substitute adopts the *House* amendment.

(7) Payments for wildlife food plots and public access (Sec. 502)

The *House* amendment authorizes the Secretary to pay an appropriate share of the cost of practices on the diverted acreage devoted to wildlife food plots and habitat and authorizes an additional payment if the producer agrees to permit public access to the farm. (Sec. 502)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(8) Failure to comply fully with program requirements (Sec. 502)

The *Senate* bill authorizes the Secretary in cases of a producer's failure to comply fully with program provisions to make loans and payments in such amounts as determined to be equitable in relation to the seriousness of the failure. In addition, the *Senate* bill authorizes the Secretary to permit State and county ASC Committees to waive or modify time deadlines and other program requirements where it would not adversely affect the program. (Sec. 502)

The *House* amendment requires the Secretary in cases of a producer's failure to comply with the terms and conditions of the program, including time deadlines prescribed under the program, to permit State and county committees to make loans and payments in such amounts as they determine are equitable in relation to the seriousness of the default. (Sec. 502(8))

The *Conference* substitute adopts the *Senate* provision.

(9) Offsetting compliance prohibition (Sec. 502)

The *House* amendment prohibits any regulations that condition loans and payments on offsetting compliance procedure. (Sec. 502)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

It is the intention of the conferees that persons who own or operate more than one farm would be eligible for program benefits on complying farms as long as the cotton acreage on the noncomplying farms does not exceed the cotton acreage base as determined under the acreage limitation provision.

(10) Extra long staple cotton (Sec. 508)

The *House* amendment decreases the loan level for the 1982 and subsequent crops of extra long staple cotton from a range under current law of between 85 percent and 135 percent to a range of not less than 75 percent or more than 125 percent in excess of the loan level for Strict Low Middling one and one-sixteenth inch upland cotton. This loan level is made available to cooperators of any crop for which marketing quotas have not been disapproved. The *House* amendment also deletes provisions of current law relating to price support payments. (Sec. 507)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

TITLE VI—RICE

(1) Rice target prices (Sec. 602)

The *Senate* bill provides that the minimum target prices (per hundredweight) for rice will be: $10.73 for the 1982 crop; $11.23 for the 1983 crop; $11.73 for the 1984 crop; and $12.23 for the 1985 crop. The Secretary has discretion to establish a higher target price for any such crop as appropriate to reflect any change in (i) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year for which the determination is made from (ii) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year previous to the one for which the determination is made. The *Senate* bill also gives the Secretary discretion to use the factors provided in current law in determining the adjusted cost of production. (Sec. 602)

The *House* amendment provides that the target price for each of the 1982 through 1985 crops will be the target price for the previous year's crop adjusted to reflect any changes in (i) the average adjusted cost of production per acre estimated for the 2 crop year period immediately preceding the year for which the determination is made, from (ii) the average adjusted cost of production per acre for the 2 crop years immediately preceding the year previous to the one for which the target price is being determined, divided by the normal yield. The *House* amendment limits the Secretary to the factors provided in current law in determining the adjusted cost of production. (Sec. 602)

The *Conference* substitute provides that the minimum rice target prices (per hundredweight) would be $10.85 for the 1982 crop, $11.40 for the 1983 crop, $11.90 for the 1984 crop, and $12.40 for the 1985 crop, and that the target price may be increased for each of the 1982 through 1985 crops to reflect changes in costs of production based on the formula set forth in the *Senate* bill.

(2) Farm yield (Sec. 602)

The *House* amendment provides that if no rice was produced on a farm during the 3-year period prior to the year for which a yield is established, the yield shall be deter-

mined taking into consideration comparable farm yields in the area and other appropriate factors. (Sec. 602)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(3) Rice disaster payments (Sec. 602)

(a) The *Senate* bill makes disaster payments available to rice producers under the same conditions as the *Senate* bill provides for wheat producers, except as to the formula for payments. (Sec. 602)

The *House* amendment makes disaster payments available to rice producers under the same conditions as the *House* amendment provides for wheat producers, except as to the formula for payments. (Sec. 602)

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill provides for the computation of prevented planting disaster payments on the basis of 75 percent of the farm program payment yield times one-third of the target price for rice. (Sec. 602)

The *House* amendment provides for the computation of prevented planting disaster payments on the basis of 100 percent of the yield established for the farm times one-third of the target price for rice. (Sec. 602)

The *Conference* substitute adopts the *Senate* provision.

(4) Rice acreage limitation and set-aside (Sec. 602)

(a) The *Senate* bill authorizes acreage limitations to be imposed on the acreage planted to rice if the Secretary determines that the total supply of rice will be excessive in the absence of such limitation, taking into account the need for an adequate carryover. Producers who knowingly produce rice in excess of the permitted acreage would not be eligible for rice loans, purchases, and payments (see paragraph (c) below). (Sec. 602)

The *House* amendment requires a set-aside of cropland for any marketing year if the Secretary determines that the total supply of rice will be excessive in the absence of such limitation, taking into account the need for an adequate carryover. If a set-aside is in effect, as a condition of eligibility for rice loans, purchases, and payments, producers must set aside to conservation uses the required amount of cropland and meet program limitations on the rice acreage planted to harvest (see paragraphs (c) and (d) below). (Sec. 602)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* amendment requires the Secretary to announce any set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested. (Sec. 602)

The *Senate* bill contains no comparable provision for the acreage limitation program.

The *Conference* substitute adopts the *House* amendment.

(c) The *Senate* bill provides that any acreage limitations would be based on a uniform percentage reduction applied to the rice acreage planted on the farm to rice for harvest (including acreage prevented from planting because of a condition beyond the control of the producer) in the year preceding the year for which the determination is made or at the Secretary's discretion, the average acreage in the preceding 2 crop years. (Sec. 602)

The *House* amendment provides that in the event of a set-aside program, producers on a farm must limit the rice acreage planted for harvest for the crop year to an acreage that when added to the acreage required to be set aside will not exceed the sum of the acreage planted for harvest plus the rice program set-aside acreage, if any, for the previous crop year. If the planted acreage was abnormal in the previous crop year for reasons beyond the producer's control, the Secretary must adjust the acreage used in such determination based on fair and equitable factors. (Sec. 602)

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* bill provides that in the event of an acreage limitation program there shall be devoted to conservation uses on the farm a number of acres determined by dividing (i) the product of the number of acres required to be withdrawn from production times the number of actually planted acres, by (ii) the number of acres authorized to be planted to rice. (Sec. 602)

The *House* amendment provides that if there is a set-aside program there shall be set aside and devoted to conservation uses an acreage of cropland equal to a specified percentage, as determined by the Secretary, of the rice acreage planted for harvest for the crop year for which the set-aside is in effect. (Sec. 602)

The *Conference* substitute adopts the *Senate* provision.

(5) Paid diversion program (Sec. 602)

The *Senate* bill authorizes a paid diversion program if needed to assist in obtaining necessary adjustments in the total acreage of rice; in which event, the Secretary may require participation in that program as a condition of eligibility for program benefits. (Sec. 602)

The *House* amendment authorizes a paid diversion program if the Secretary determines it necessary to assist in adjusting the national acreage of rice to desirable goals, but does not authorize the Secretary to require participation in the program as a condition of eligibility for program benefits. (Sec. 602)

The *Conference* substitute adopts the *House* amendment.

(6) Payments for wildlife food plots and public access (Sec. 602)

The *House* amendment retains current law which authorizes the Secretary to pay an appropriate share of the cost of practices on the set-aside and diverted acreage devoted to wildlife food plots and habitat and authorizes an additional payment if the producer agrees to permit public access to the farm. (Sec. 602)

The *Senate* bill contains no comparable provision.

The *Conference substitute adopts the House* amendment.

(7) Authorization to permit local ASC committees to waive program requirements (Sec. 602)

The *Senate* bill authorizes the Secretary to permit county and State ASC committees to waive or modify deadlines and other program requirements in cases in which failure to meet such requirements does not adversely affect the program. (Sec. 602)

The *House* amendment contains no comparable provision, but does authorize the Secretary, in the event of a producer's failure to comply fully with the program, to make program benefits available in such amounts as the Secretary determines equitable. A comparable provision also appears in the *Senate* bill. (Sec. 602)

The *Conference* substitute adopts the *Senate* provision.

(8) Assignment of payments (Sec. 602)

The *Senate* bill makes the assignment of payment provisions of the Soil Conservation and Domestic Allotment Act applicable to payments under the program. These provisions specifically authorize written assignment of payments by producers as security for cash or advances to finance making a crop, handling or marketing the commodity, or performing a conservation practice and set forth the procedures applicable thereto. (Sec. 602)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(9) Cross-compliance (Sec. 602)

The *Senate* bill prohibits program provisions which would require compliance on a farm with the terms and conditions of any other commodity program as a condition of eligibility for program benefits. (Sec. 602)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(10) Safeguards for tenants and sharecroppers (Sec. 602)

The *Senate* bill requires the Secretary to provide adequate safeguards to protect the interests of tenants and sharecroppers. (Sec. 602)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(11) Report on trading in rice futures (Sec. 603)

The *House* amendment requires the Secretary to submit a report to Congress, on or before July 31, 1983, evaluating the trading of rice futures on the commodity exchanges. The report shall contain an assessment as to whether rice futures prices effectively reflect market prices, and as to the feasibility of using the seasonal average price received by farmers for rough rice or the futures price as a basis for calculating the loan rate for rice. (Sec. 604)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

TITLE VII—PEANUTS

(1) Suspension of marketing quotas and acreage allotments (Sec. 701)

The *Senate* bill suspends, effective only for the 1982–1985 crops, the marketing quota and acreage allotment provisions of the Agricultural Adjustment Act of 1938 relating to peanuts. (Sec. 701)

The *House* amendment repeals, effective beginning with the 1982 crop, the marketing quota and acreage allotment provisions of the Agricultural Adjustment Act of 1938 relating to peanuts. (Sec. 701)

The *Conference* substitute adopts the *Senate* provision. The conferees expect the Secretary to maintain adequate records to permit effective implementation of the suspended provisions of the Agricultural Adjustment Act of 1938 should they become applicable at some time in the future.

(2) National poundage quota and farm poundage quota (Sec. 702)

For the 1982–1985 crops of peanuts:

(a) The *Senate* bill directs the Secretary to announce a minimum national poundage quota for peanuts of not less than 1,240,000 tons, reduced in each crop year by the

amount of any forfeited farm poundage quotas. (Sec. 702)

The *House* amendment contains no comparable provision.

The *Conference* substitute establishes the national poundage quota at 1,200,000 tons for 1982, 1,167,300 tons for 1983, 1,134,700 tons for 1984, and 1,100,000 tons for 1985. It also provides that the annual reductions in the national poundage quota are to be achieved, to the extent possible, by reducing the farm poundage quotas for farms that do not produce peanuts, and therefore, eliminates any reference to reduction in the national poundage quota by the amount of any forfeited farm poundage quotas.

(b) The *Senate* bill requires that (1) the minimum national poundage quota be apportioned to each State on the basis of the percentage of the national poundage quota that was allocated to farms in the State for 1981, and (2) the State poundage quota be allocated among counties in the State in accordance with regulations established by the Secretary and other provisions of the bill. (Sec. 702)

The *House* amendment contains no comparable provision.

The *Conference* substitute provides that the national poundage quota for each year shall be apportioned to the States on the basis of the percentage of the national poundage quota that was allocated to farms in the State for 1981, and that the year-to-year reductions in the State poundage quotas shall be achieved by reducing farm poundage quotas for farms in the State to the extent that such quotas are not produced on the farms to which the quotas are assigned. The *Conference* substitute also provides for calculating State poundage quotas for 1981 since, under legislation then in effect, State poundage quotas were not established for that year.

The *Conference* substitute would, in implementing the farm poundage quota reduction concept adopted by the conferees, except from the category of farms not producing peanuts, farms on which the farm poundage quota was not produced because of natural disasters or other reasons as the Secretary may by regulation prescribe, such as transfers of quotas from one farm to another farm of the same owner.

Further, because under legislation governing the 1977 through 1981 crops of peanuts acreage allotments rather than farm poundage quotas were subject to transfer, the *Conference* substitute contains a reference to transfers of allotments for purposes of applying provisions relating to production in past years; however, only farm poundage quotas will be subject to transfer for the 1982 through 1985 crops.

(c) The *Senate* bill requires that farm base production poundage be established for each farm that had an acreage allotment for the 1981 crop. The farm base production poundage is to be the same for the 1982-1985 crops as it was for the 1981 crop, except that if any of such poundage is permanently transferred, the receiving farm is to be considered as possessing the poundage of the transferring farm for all subsequent marketing years. If any of the farm base production poundage is allocated to a farm on which there is inadequate cropland available to produce the amount of the base production poundage on the farm, or if peanuts are not actually produced on the farm in at least one of any three consecutive crop years, the portion of such poundage that cannot be produced or that is not produced is to be forfeited. To the extent that such poundage is comprised of quota poundage, it is to be deducted from the national poundage quota for all subsequent years, except that if any of the farm base production poundage was leased for production in 1980 or 1981, or any subsequent year, the leased portion is to be allocated to the person to whom it was most recently leased if such person has adequate tillable cropland to produce such poundage. (Sec. 702)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision. The conferees note that establishment of farm base production poundages and the forfeiture thereof are unnecessary inasmuch as the farm poundage quota is the basic element in the structure of the *Conference* substitute. Also, the *Conference* substitute abolishes all distinctions between additional peanuts produced by poundage quota holders (old growers) and those produced by new growers.

(d) The *Senate* bill requires that, for each farm for which a farm base poundage quota was established for the 1981 crop, and when otherwise necessary, a farm yield be determined for the farm. The yield is to be the average actual yield per acre for the farm for the three crop years in which yields were highest on the farm out of the five crop years 1973-1977. If peanuts were not produced on the farm in at least three years of such five-year period or if there was a substantial change in the operation of the farm during that period, the Secretary is to have a yield appraised for the farm that is to be an amount determined to be fair and reasonable considering yields for similar farms in the area. (Sec. 702(n))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with a conforming amendment substituting the term "farm poundage quota" for the term "farm base production poundage".

(e) The *Senate* bill requires the Secretary to establish a farm poundage quota for each farm for which a farm base production poundage was established for the 1981 crop. Such quota is to be equal to the farm base production poundage multiplied by a factor determined by dividing the State poundage quota by the sum of all farm base production poundages in the State for the 1981 marketing year. The poundage quota so determined is to be increased by the pounds by which marketings of quota peanuts from the farm during marketing years beginning with the marketing year for the 1980 crop were less than the farm poundage quota. Further, for any crop, a quantity of peanuts equal to the quantity undermarketed during such previous years may be produced and marketed in subsequent years and be considered quota peanuts if the producer planted an acreage on the farm to peanuts in such previous year that, when multiplied by the farm yield, should have yielded 75 percent of the quota poundage for the farm for such previous year. However, if the total of all the increases in individual farm poundage quotas for undermarketings exceed 10 percent of the national poundage quota for a marketing year, the Secretary is to adjust the increases so that the total will not exceed such percentage. (Sec. 702(o))

The *House* amendment contains no comparable provision.

The *Conference* substitute requires the establishment of a farm poundage quota for each farm that had an acreage allotment for the 1981 crop, and provides that such quota shall be the same as that for the immediately preceding marketing year, with adjustments as described above to reflect year-to-year reductions in the national and State poundage quotas. The conferees recognize that the total of farm poundage quotas so established will not precisely equal the national poundage quota due to factors such as rounding. Such total, however, shall be equal, as nearly as practicable, to the national poundage quota. The *Conference* substitute also provides for the carrying forward to subsequent years of undermarketings from a farm for prior years, up to an annual limit of not more than 10 percent of the national poundage quota.

The *Conference* substitute provides that any increases in farm poundage quotas through the "carry forward" provisions are not to be counted against the national poundage quota. The conferees intend that undermarketings likewise not be considered a part of the base farm poundage quota otherwise established for the farm for purposes of determining poundage quotas under other provisions of the bill.

(f) The *Senate* bill directs the Secretary, by December 15 of each calendar year, to conduct a referendum of farmers producing quota peanuts in that year to determine whether the producers favor or oppose poundage quotas for peanuts produced in the four subsequent calendar years, except that if as many as two-thirds of those voting favor such quotas, no referendum is to be held for the other three years of the period. If more than one-third of those voting oppose quotas, the Secretary is to proclaim that quotas will not be in effect for the following year. (Sec. 702(p))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment providing that if the referendum is held after December 31, 1981, it shall be deemed to have been held in calendar 1981.

(g) The *Senate* bill defines certain terms as follows:

(1) "quota peanuts" means, for any marketing year, any peanuts produced on a farm having a farm base production poundage that are eligible for domestic edible use, are marketed or considered marketed, and do not exceed the farm poundage quota for the farm;

(2) "additional peanuts" means (i) any peanuts, for any marketing year, that are marketed from a farm having a farm base production poundage and which are in excess of the marketings of quota peanuts from the farm, and (ii) all peanuts marketed from a farm having no farm base production poundage;

(3) "crushing" means the processing of peanuts to extract oil for food use and meal for feed use, or the processing of peanuts by crushing or otherwise; and

(4) "domestic edible use" means use for milling to produce domestic food peanuts and seed, and use on a farm, except the Secretary may exempt from this definition seeds of peanuts used to produce peanuts which were not picked or threshed or which were marketed as boiled peanuts, are unique strains, and are not commercially available. (Sec. 702(q))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment adding the processing of peanuts into flakes to the definition of "crushing", making a conforming change in the definition of "domestic

edible use", and substituting "farm poundage quota" for "farm base production poundage".

(3) Sale, lease, or transfer of farm poundage quota (Sec. 703)

For the 1982-1985 crops of peanuts:

(a) The *Senate* bill permits the owner or operator of any farm having a farm base production poundage to sell or lease any part of the right to all or any part of such poundage to any other owner or operator of a farm within the same State, and permits the owner of a farm to transfer all or part of such poundage to any other farm owned or controlled by such person. (Sec. 703(i))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment (1) generally limiting transfers of farm poundage quotas (rather than farm base production poundage) to other farms within the same county; (2) permitting the owner or operator of a farm to transfer such poundage to another farm owned or controlled by such owner or operator if it is within the same county or a contiguous county within the same State and had a farm poundage quota for 1981; and (3) in States having a State poundage quota of less than 10,000 tons for the 1981 crop, allowing transfers of farm poundage quotas to any other farm within the State.

(b) The *Senate* bill subjects transfers of farm base production poundage to the following conditions:

(1) no transfer may be made from a farm subject to a mortgage or other lien without agreement by the lienholders; (2) no transfer may be made if the county committee determines that the receiving farm does not have adequate acreage to produce the farm poundage quota; (3) no transfer may be effective until a record thereof is filed with the county committee and the committee determines that the transfer complies with applicable provisions of law; and (4) the transfer meets other terms and conditions prescribed by the Secretary. (Sec. 703(j))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with a conforming amendment substituting "farm poundage quota" for "farm base production poundage".

(4) Marketing penalties; disposition of additional peanuts (Sec. 704)

For the 1982-1985 crops of peanuts:

(a) The *Senate* bill subjects the marketings of any peanuts for domestic edible use in excess of the farm poundage quota to a penalty at the rate of 140 percent of the support price for quota peanuts for the marketing year (August 1 through July 31). It also subjects the marketings of any additional peanuts from a farm to the same penalty unless such peanuts are (1) placed under loan at the additional loan rate and not redeemed; (2) marketed through a designated area marketing association; or (3) marketed under a contract between handlers and producers pursuant to provisions specified elsewhere in the bill. The penalty is to be paid by the person who acquires the peanuts from the producer or by the agent through whom the producer markets the peanuts, and such person or agent may deduct the amount of the penalty from the price paid the producer. If the person required to collect the penalty fails to do so, such person and all persons entitled to share in the peanuts or their proceeds are made jointly and severally liable for the penalty. Peanuts produced in a calendar year in which poundage quotas are in effect for the marketing year beginning therein are subjected to penalties even if they are marketed prior to the date on which such marketing year begins. Further, if a producer falsely identifies or fails to certify planted acres or fails to account for the disposition of peanuts produced on such acres, a quantity of peanuts equal to the calculated production on such acreage is subjected to penalty. (Sec. 704(f)(1))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill directs the Secretary to authorize county committees to waive or reduce marketing penalties in cases in which they determine that violations were unintentional or without the knowledge of the parties concerned. Errors in weight not exceeding one tenth of one percent on any one marketing document are not to be considered violations except in cases of fraud or conspiracy. (Sec. 704 (f)(2))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision. The conferees intend, however, that regulations issued by the Secretary to implement this provision will provide for application of existing administrative review procedures to decisions of county committees in such matters.

(c) The *Senate* bill imposes, upon the person liable for the payment or collection of penalties, liability for interest thereon, at the rate charged the Commodity Credit Corporation by the Treasury on the date the penalty became due. (Sec. 704(f)(3))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* bill makes its penalty provisions inapplicable to peanuts produced on a farm on which the acreage harvested for nuts is one acre or less if the producers who share in the peanuts do not share in peanuts produced on any other farm. (Sec. 704(f)(4))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(e) The *Senate* bill imposes, until the penalty is paid, a lien in favor of the United States on any crop of peanuts subject to penalty and on any subsequent crop subject to quotas in which the person liable for the penalty has an interest. (Sec. 704(f)(5))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(f) The *Senate* bill provides that the liability for and amount of any penalty shall be determined by procedures prescribed by the Secretary, and that the facts on which the determination is made as provided by the Secretary, shall be final and conclusive and not reviewable. It provides, however, that nothing therein precludes review of any determination by the Secretary as to whether the decision was made in conformity with applicable law and regulations. And it provides that all penalties imposed under its terms are to be considered civil penalties. (Sec. 704(f)(6))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment authorizing the Secretary to reduce any penalty assessed against handlers if the violation was minor or inadvertent, and will not impair operation of the peanut program.

(g) The *Senate* bill permits only quota peanuts to be retained for seed and other uses on a farm and provides that peanuts so retained shall be considered marketings of quota peanuts unless the Secretary exempts from this provision seeds of peanuts used to produce peanuts which are not picked or threshed or which are marketed as boiled peanuts, are unique strains, and are not commercially available. It prohibits the retention of additional peanuts for use on a farm and the marketing of such peanuts for domestic edible use. And it requires that seed for planting any domestic peanut acreage be obtained solely from quota peanuts. (Sec. 704(g))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(h) The *Senate* bill subjects any peanut handler to a penalty of 120 percent of the loan level for quota peanuts with respect to any quantity of peanuts marketed for domestic edible use by the handler from any crop and that the Secretary determines is in excess of the quantity, grade, or quality which could reasonably have been produced from the quantity of peanuts having the grade, kerneal content, and quality of quota peanuts acquired by the handler. (Sec. 704(h))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(i) The *Senate* bill directs the Secretary to require that the handling and disposal of additional peanuts be supervised by agents of the Secretary or by designated area marketing associations. It permits quota and additional peanuts of like type and segregation or quality to be commingled and exchanged on a dollar value basis to facilitate warehousing, handling and marketing. (Sec. 704(i))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision, with an amendment to make clear that, as under current law, failure by a handler to comply with regulations issued by the Secretary governing the disposition and handling of additional peanuts shall subject the handler to penalty at the rate of 120 percent of the loan level for quota peanuts.

(j) The *Senate* bill permits handlers to contract with producers for the purchase of additional peanuts for crushing and export. It requires that the contracts be completed and submitted to the Secretary for approval before April 15 of the year in which the crop is produced, except that if a handler contracts with a producer for additional peanuts produced on a farm having a farm base production poundage at a price equal to or in excess of 105 percent of the loan rate for quota peanuts, the peanuts may be used as quota peanuts if the contract is approved before April 15 of the crop year and all of the producer's quota peanuts have been contracted for before or at the same time that the producer's additional peanuts are contracted for. (Sec. 704(j))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment striking the provision giving old producers (those

having farm poundage quotas), but not new producers, the opportunity to contract for the sale of additional peanuts for domestic edible use.

(k) The *Senate* bill permits, subject to the minimum sales price provisions of the Agricultural Act of 1949, any peanuts owned or controlled by the Commodity Credit Corporation to be made available for domestic edible use. It requires that additional peanuts received under loan be offered for sale for domestic edible use at prices that cover at least all costs incurred with respect to the peanuts plus not less than (1) 100 percent of the loan value of quota peanuts if the additional peanuts are sold and paid for during the harvest season upon delivery by and with the written consent of the producer; (2) 105 percent of such value if the additional peanuts are sold after delivery by the producer but not later than December 31 of the marketing year; and (3) 107 percent of such value if the additional peanuts are sold after December 31, except that additional peanuts produced outside the farm base production poundage shall not be sold into domestic channels until all quota peanuts and additional peanuts produced within the farm base production poundage have been contracted for. From the date additional peanuts are delivered for loan to April 1 of the calendar year following the year in which the peanuts were harvested, the designated area marketing associations are given sole authority to accept or reject bids when the sales price determined as provided above equals or exceeds the minimum price at which the Commodity Credit Corporation may sell its stocks of peanuts unless an association and the Commodity Credit Corporation agree that bids may otherwise be accepted or rejected to facilitate the orderly marketing of the peanuts. (Sec. 704(k))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment striking the prohibition, in connection with the sale of additional loan peanuts for domestic edible use, on the sale for such use of additional peanuts produced by new growers until quota peanuts and additional peanuts produced by old producers have been contracted for. The *Conference* substitute also makes a conforming change substituting "farm poundage quota" for "farm base production poundage", and changes the April 1 date to March 1.

(5) Price support program (Sec. 705)

(a) For the 1982–1985 crops of peanuts, unless otherwise noted:

(1) The *Senate* bill directs the Secretary to make price support available to producers on quota peanuts through loans, purchases or other operations. It fixes the national average quota support rate for 1982-crop quota peanuts at the national average cost of production, including land, but not less than $596 per ton. Such rate for each of the 1983, 1984, and 1985 crops is fixed at the rate for the preceding crop, adjusted to reflect the change of the cost of production, excluding the cost of land, between January 1 and December 31 of the calendar year preceding the marketing year for which the level of support is being determined. The levels of support, once announced, may not be reduced by any deductions, but the Secretary may make adjustments for location and other factors specified in the Agricultural Act of 1949.

(2) The *Senate* bill directs the Secretary to make price support available to producers on additional peanuts produced on a farm having a farm base production poundage, and that do not exceed such poundage, through loans, purchases or other operations. It directs the Secretary to set the level of support as the Secretary finds appropriate, taking into consideration the demand for peanut oil and meal, expected prices of other vegetable oils and protein meals, and the demand for peanuts in foreign markets, but provides that the support rate shall be set at a level the Secretary estimates will insure that there are no losses to the Commodity Credit Corporation on the sale or disposal of the peanuts. The Secretary is directed to announce the support level for each crop not later than February 15 preceding the marketing year for which support is being determined.

(3) The *Senate* bill authorize the Secretary to make price support available to producers on additional peanuts that are in excess of a farm's base production poundage or are produced on a farm having no such poundage through loans, purchases, or other operations. It authorizes the Secretary to set the level of support, taking into consideration the same factors to be considered in establishing the level of support for other additional peanuts, but at a level the Secretary estimates will result in no loss to the Commodity Credit Corporation on the program. The Secretary is directed to announce the level of support, if any, by February 15 preceding the marketing year for which the level of support is to be in effect. (Sec. 705 (1), (2) and (3))

The *House* amendment, effective beginning with the 1982 crop, includes peanuts among the designated non-basic commodities for which the Secretary is directed to make price support available, and provides that the price of peanuts shall be supported at such level as the Secretary considers appropriate, taking into consideration the eight factors specified in section 401(b) of the Agricultural Act of 1949, the cost of production, any change in the index of prices paid by farmers for production items, interest, taxes, and wage rates during the period of January 1–December 31 of the calendar year preceding the crop year for which the level of support is being determined, the demand for peanut oil and meal, expected prices for other vegetable oils and protein meals, and the demand for peanuts in foreign markets. (Sec. 702)

The *Conference* substitute reduces the minimum support rate for 1982 crop quota peanuts to 27.5 cents per pound, farmers stock basis; (2) provides that the support rate for each of the 1983 through 1985 crops of quota peanuts shall be the rate for the preceding crop, adjusted to reflect any increase in the national average cost of peanut production, excluding any increase in cost of land; (3) limits any increase in the national average quota support rate for such crops to six percent of such rate for the preceding crop; and (4) requires the Secretary to support the price of additional peanuts of the 1982 through 1985 crops on the same basis without regard to whether such peanuts are produced by old or new producers.

(b) The *Senate* bill directs the Secretary to make warehouse storage loans available in each of the three producing areas to an area marketing association selected and approved by the Secretary. It prohibits the Secretary from making such loans available to any cooperative engaged in operations or activities concerning peanuts other than those specified above and in section 359 of the Agricultural Act of 1938. It requires that the area marketing associations be used in administrative and supervisory activities relating to peanut marketing and price support. Loans to the associations are to include, in addition to the price support value of peanuts, other costs reasonably incurred in carrying out their peanut marketing and price support activities. (Sec. 705(4)(A))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill directs the Secretary to require the area marketing associations to establish pools and maintain complete records by type for quota and additional peanuts under loan and for additional peanuts produced without a contract between handlers and producers, and to establish separate pools for such additional peanuts (1) marketed in excess of farm poundage quotas but not in excess of farm base production poundages, and (2) marketed in excess of such poundages or from farms having no base production poundage. Net gains on peanuts in each pool are to consist of (1) for quota peanuts, net gains over the loan indebtedness and other costs or losses incurred on pool peanuts plus an amount from the additional peanut pool to the extent that net gains from the sales from such pool for domestic food use equal any loss on disposition of all peanuts in the quota peanut pool, and (2) for additional peanuts, net gains over the loan indebtedness and other costs or losses incurred on pool peanuts less any amounts allocated to offset any loss incurred on the quota peanut pool. Any distribution of net gains on additional peanuts of any type to any producer is to be reduced to the extent of any loss by the Commodity Credit Corporation on quota peanuts of a different type placed under loan by such producer. (Sec. 705 (4)(B))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment (1) directing the Secretary to require each area marketing association to establish pools and maintain records for loan peanuts by area and segregation as well as by type, and (2) removing any distinction, for loan pool purposes, between additional peanuts produced by old producers and those produced by new producers.

(d) The *Senate* bill prohibits the Secretary from making price support available for any crop with respect to which poundage quotas have been disapproved by producers. (Sec. 705(5))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(6) Reports and records (Sec. 706)

The *Senate* bill extends for four years provisions of law requiring peanut producers to keep such records and make such reports as the Secretary finds necessary to enable the Secretary to carry out responsibilities under the Agricultural Adjustment Act of 1938. (Sec. 706)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(7) Suspension of certain price support provisions (Sec. 707)

The *Senate* bill suspends, for the 1982–1985 crops, permanent provisions of law re-

lating to price supports for peanuts as a basic agricultural commodity. (Sec. 707)

The *House* amendment, effective beginning with the 1982 crop, repeals permanent provisions of law relating to price supports for peanuts as a basic agricultural commodity and strikes peanuts from the list of commodities designated by law as basic agricultural commodities. (Sec. 701(b))

The *Conference* substitute adopts the *Senate* provision.

TITLE VIII—SOYBEANS

(1) Soybean price support (Sec. 801)

(a) The *Senate* bill requires the Secretary to make available to producers for each of the 1982 through 1985 crops price support for soybeans at a level equal to 75 percent of the simple average price received by farmers for soybeans for each of the preceding 5 marketing years, excluding the high and the low valued years. (Sec. 801)

The *House* amendment is the same except that the level of support would be equal to 75 percent of the average Chicago quoted cash price for number 1 yellow soybeans for each of the preceding 5 marketing years, excluding the high and the low valued years. (Sec. 801)

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* amendment provides that if the Secretary determines that the average price of soybeans received by producers in any marketing year is not more than 105 percent of the support level for soybeans for such marketing year, the Secretary may reduce the level of loans and purchases for soybeans for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for soybeans. However, the level of loans and purchases may not be reduced by more than 10 percent in any year nor below $4.50 per bushel. (Sec. 801)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

TITLE IX—SUGAR

(1) Sugar price support (Sec. 901)

The *Senate* bill requires the Secretary to support the price of each of the 1982 through 1985 crops of sugar beets and sugarcane as follows:

(1) Effective with respect to sugar processed from domestically grown sugar beets and sugarcane from the date of enactment of the provision through March 31, 1982, the Secretary is required to provide such support through purchases of processed sugar products or through other operations at such level as the Secretary determines appropriate to approximate a raw sugar price of 19.6 cents per pound.

(2) Effective October 1, 1982, the Secretary is required to support the price of domestically grown sugarcane and sugar beets through nonrecourse loans. In the case of sugarcane the loans would be at such level as the Secretary determines appropriate but not less than 18 cents per pound for raw cane sugar for the 1982 crop, 18.5 cents per pound for the 1983 crop, 19 cents per pound for the 1984 crop, and 19.5 cents per pound for the 1985 crop. In the case of sugar beets the loans would be at such level as the Secretary determines to be fair and reasonable in relation to the level of loans for raw cane sugar. The Secretary must announce the loan rate for any fiscal year as far in advance of the beginning of the year as practicable. Loans could not be made available before the beginning of the fiscal year and would have to mature before the end of that fiscal year. (Sec. 901)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment (1) requiring the Secretary to support the price of sugar processed from the date of enactment of the bill through March 31, 1982, through purchases at a level determined appropriate to approximate a raw sugar price of 16.75 cents per pound; and (2) establishing the support price for the 1982 through 1985 sugarcane crops under the nonrecourse loan provision at such level as the Secretary determines to be appropriate but not less than 17 cents per pound for the 1982 crop, 17.5 cents per pound for the 1983 crop, 17.75 cents per pound for the 1984 crop, and 18 cents per pound for the 1985 crop.

TITLE X—GRAIN RESERVES AND NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

SUBTITLE A—GRAIN RESERVES

(1) Producer reserve program (Secs. 1001 and 1002)

(a) The *Senate* bill provides the Secretary of Agriculture discretionary authority to carry out the producer storage program for wheat and feed grains. (Sec. 1001)

The *House* amendment requires the Secretary to carry out the program. (Sec. 902)

The *Conference* substitute adopts the *House* amendment.

(b) The *Senate* bill requires that loans made under the producer storage program shall be made at the same level of support as provided under the regular loan program for wheat or feed grains or at such higher level as the Secretary deems appropriate. (Sec. 1001)

The *House* amendment requires that loans made under the producer storage program shall be made at such level of support as the Secretary deems appropriate except that the loan rate may not be less than 110 percent of the current support level under the regular wheat or feed grain program and in no event less than $3.85 per bushel in the case of wheat and $2.80 per bushel in the case of corn. (Sec. 902)

The *Conference* substitute adopts the *Senate* provision with an amendment providing that loans under the producer storage program shall be made at a level not less than the current support level under the regular wheat and feed grain programs.

The conferees expect that the Secretary in making use of this authority would provide a loan rate for the producer reserve sufficiently in excess of the regular loan rate as to encourage producer participation in the program.

(c) The *Senate* bill provides that the program may provide for certain other terms and conditions. (Sec. 1001)

The *House* amendment requires that the program provide for certain other terms and conditions. (Sec. 902)

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* bill authorizes the Secretary to provide for redemption and marketing of wheat and feed grains stored under the program without regard to the maturity dates of the loans (release of the commodities) whenever the Secretary determines that the market price for the commodity has reached a specified level as determined by the Secretary. (Sec. 1001)

The *House* amendment provides that whenever the Secretary determines that the market price of wheat or feed grains has, on each of 15 consecutive market days, reached a level in excess of 125 percent of the then current level of support under the regular wheat or feed grain program, the Secretary may remove the penalties for early repayment. Whenever the market price during such 15-day period exceeds 135 percent of the regular support level, the Secretary may terminate storage payments; and whenever the market price during such 15-day period exceeds 145 percent in the case of feed grains and 160 percent in the case of wheat of the regular support level, the Secretary may impose market rates of interest. (Sec. 902)

The *Conference* substitute adopts the *Senate* provision.

(e) The *House* amendment requires the Secretary to prescribe conditions under which the Secretary may extend for all producers in a State, for a period of 30 days and for such additional 30-day periods as necessary, the date for termination of storage payments or imposition of market rates of interest in the settlement of loans redeemed if (i) the Agricultural Stabilization and Conservation State committee for such State submits a request for the delay and (ii) the Secretary does not deny the request in writing within 10 days after the request is submitted. (Sec. 902)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

The *Conference* substitute confers broad discretion on the Secretary to establish terms and conditions for the producer reserve program. In exercising this discretion, the conferees urge that when the market price for the commodity has reached the release level, the Secretary give serious consideration to delaying the date for termination of storage payments and the imposition of market rates of interest in settlement of loans in any State or area upon receipt of recommendations therefor from the State ASC committee. This is important since the announcement of market prices having reached the release level may trigger deliveries of grain in such quantities in certain areas as to create serious disruption of transportation facilities, thereby causing delay in the expeditious settlement of loans and hardship to producers in any private sale of grain and otherwise to the local economy. Furthermore, the release of grain is based on a national average price. In certain areas of the country the actual market price may be substantially below the national average release level. To require the release of grain in such areas at the same time as elsewhere in the country could cause serious economic dislocation to producers.

(f) The *Senate* bill provides that the rate of interest to be charged participants in the producer storage program shall not be less than the rate of interest charged the Commodity Credit Corporation by the Treasury except that the Secretary may waive or adjust interest. In addition, the Secretary is authorized to increase the rate of interest in such amounts and at such intervals as the Secretary determines appropriate when the market price for wheat or feed grains reaches the release level. (Sec. 1001)

The *House* amendment provides that the rate of interest charged participants shall be based upon the rate charged CCC except that the Secretary may waive or adjust interest. In addition, the rate of interest with respect to wheat or feed grains under the producer storage program stored during the 15-day period when market prices exceed

the levels specified in item (d) above shall, beginning immediately after the end of such period, be the market rate of interest as determined by the Secretary. (Sec. 902)

The *Conference* substitute adopts the *Senate* provision.

(g) The *Senate* bill requires the Secretary to report to the President and the Senate and House agriculture committees at least 14 days before taking action with respect to a determination (and the reason therefor) that an emergency condition exists that makes it necessary to require producers to repay loans plus accrued interest and other charges prior to the maturity dates of the loans. (Sec. 1001)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(h) The *Senate* bill requires the Secretary to specify the quantity of wheat or feed grains to be stored under the program and authorizes an upper limit on the amount of wheat and feed grains placed in the reserve, except that the upper limit may not be less than 700 million bushels for wheat and 1 billion bushels for feed grains. (Sec. 1001)

The *House* amendment prohibits the Secretary from placing any limit on the quantity of wheat or feed grains that may be stored under the program. (Sec. 902)

The *Conference* substitute adopts the *Senate* provision.

(i)(A) The *Senate* bill provides that whenever the producer storage program is in effect the Commodity Credit Corporation may not sell any of its stocks of wheat or feed grains at less than 110 percent of the current release price level under the program. (Sec. 1001) (NOTE: Under current law this minimum is 105 percent of the current call level under the producer storage program.)

The *House* amendment establishes the minimum resale level for CCC wheat and feed grains, whenever a producer storage program is in effect, at 105 percent of the price level at which the Secretary may encourage repayment of producer storage loans by the imposition of market rates of interest, that is, whenever the market price for 15 consecutive market days exceeds 145 percent in the case of feed grains and 160 percent in the case of wheat of the current level of support under the regular feed grain and wheat programs. (Sec. 902)

The *Conference* substitute adopts the *Senate* provision.

(B) The *House* amendment provides that the restriction on the sale of CCC stocks when a producer storage program is in effect shall not apply to—

(i) sales or other disposals under the fifth and sixth sentences of section 407 of the Agricultural Act of 1949 (emergency feed program) and section 813 of the Agricultural Act of 1970 (disaster reserve); and

(ii) sales of corn for use in the production of alcohol for motor fuel. (Sec. 902)

The *Senate* bill contains no comparable provision. (NOTE: Sections 1003 and 1106 of the *Senate* bill repeal the provisions referred to in clause (i) above.)

The *Conference* substitute adopts the *House* amendment.

(j) The *House* amendment authorizes the Agricultural Stabilization and Conservation county committee to forgive part or all of the penalties and requirements that would normally be imposed whenever a producer samples, turns, moves, or replaces grain or any other commodity which is security for a Commodity Credit Corporation producer loan or is held under a reserve program in violation of the law or regulations. In order to exercise such authority the county committee would have to determine that the violation occurred inadvertently, by accident, because of lack of knowledge or understanding of the law or regulations, or because the producer or his agent acted to prevent spoilage of the commodity, and that the violation did not result in harm or damage to the rights or interests of any party and a majority of the committee so certifies to the State ASC committee. (Sec. 902)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment providing that either the Administrator of the Agricultural Stabilization and Conservation Service or the State ASC committee shall have 60 days to disapprove the action of the county committee to forgive a violation and any such action not disapproved within 60 days shall be considered approved.

(k) The *Senate* bill requires the Secretary to use the Commodity Credit Corporation, to the extent feasible, to fulfill the purpose of the producer storage program. (Sec. 1001)

The *House* amendment permits the Secretary to use the CCC for such purpose. (Sec. 902)

The *Conference* substitute adopts the *Senate* provision.

(2) International emergency food reserve

The *Senate* bill repeals section 111 of the Agricultural Act of 1949 which encouraged the President to enter into negotiations to develop an international system of food reserves and to establish and maintain a food reserve as a contribution by the United States toward such a system. (Sec. 1002)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

The conferees note that in 1980 the United States adopted the Food Security Wheat Reserve Act to establish a national reserve solely to assist in meeting emergency humanitarian food needs in developing countries. Section 111 of the Agricultural Act of 1949 encourages the United States to enter into negotiations with other countries to establish similar food reserves. By deleting the *Senate* provision, the conferees do not intend that this action should be interpreted as indicating United States support for international controls of any such reserves.

(3) Disaster reserve (Sec. 1003)

The *Senate* bill repeals section 813 of the Agricultural Act of 1970 which provides that the Secretary shall establish a disaster reserve of not to exceed 75 million bushels of wheat, feed grains, and soybeans in order to alleviate distress resulting from a natural disaster. The commodities to be designated for the disaster reserve are to be acquired through the price support program if available or through purchase, in which event hay or other livestock forage may also be acquired. (Sec. 1003)

The *House* amendment contains no comparable provision.

The *Conference* substitute makes the disaster reserve provisions of section 813 discretionary with the Secretary.

(4) Conforming amendment (Sec. 1004)

The *Senate* bill amends the Agricultural Trade Suspension Adjustment Act of 1980 to change the level at which stocks of commodities in a trade suspension reserve may be released, from 105 percent of the call level under the producer storage program to 105 percent of the release level under that program. (Sec. 1004) (NOTE: The call level is eliminated by the bill.)

The *House* amendment contains no comparable provision.

The *Conference* substitute sets the stock release level at 110 percent of the release level under the producer storage program.

SUBTITLE B—NATIONAL AGRICULTURAL COST OF PRODUCTION STANDARDS REVIEW BOARD

(5) Membership of Board (Sec. 1006)

The *Senate* bill provides for an 11 member National Agricultural Cost of Production Standards Review Board. The Board is to be composed of 7 members who are engaged in the commercial production of a major agricultural commodity, 3 members with knowledge of the costs of producing major agricultural commodities who may be drawn from the fields of agricultural economics, banking, finance, accounting, or related areas, and an employee of the Department of Agriculture who shall advise the Board as to the methodology used by the Department in making its cost of production calculations. The Department representatives serves for an indefinite period at the pleasure of the Secretary of Agriculture and may not serve as Chairman or Vice-Chairman of the Board. (Sec. 1602)

The *House* amendment provides for an 8 member Board composed of 7 members who produce a major agricultural commodity and who rely on that activity for their principal source of income, and 1 member with knowledge of the costs of producing agricultural commodities and with adequate background in the fields of agricultural economics and accounting. (Sec. 1002)

The *Conference* substitute adopts the *Senate* provision.

(6) Functions of the Board (Sec. 1007)

The *Senate* bill provides that the Board shall review the cost of production methodology used by the Department in determining cost of production estimates. (Sec. 1603)

The *House* amendment provides that the Board shall review the cost of production formulas and the implementation of those formulas in determining specific cost of production figures, including the information relied upon in arriving at such formulas. In addition, the Board may submit findings of actual costs of production to the Department. (Sec. 1003(a))

The *Conference* substitute adopts the *Senate* provision.

(7) Board meetings (Sec. 1008)

The *Senate* bill requires the Board to meet twice annually, or more frequently, if necessary. (Sec. 1604)

The *House* amendment requires the Board to meet annually, or more frequently, if necessary. Also, the Board shall, to the extent feasible, schedule its meetings to permit prepublication review of the annual Department of Agriculture cost of production reports. (Sec. 1003(d))

The *Conference* substitute adopts the *Senate* provision.

(8) Recommendations to Secretary (Sec. 1009)

The *Senate* bill requires the Secretary of Agriculture to report to the Board, within 120 days after written submission, on the disposition of recommendations of the Board to the Secretary. (Sec. 1605)

The *House* amendment requires the Secretary to make such reports promptly. (Sec. 1003(b))

The *Conference* substitute adopts the *Senate* provision.

(9) Reports (Sec. 1010)

The *Senate* bill requires the Board to submit a written report 90 days after the end of each calendar year and immediately prior to the Board's expiration. The report will deal with the Board's activities and recommendations and is to be submitted to the Secretary, in addition to the House and Senate Agriculture Committees. (Sec. 1606)

The *House* amendment requires an annual report without specifying when it is to be submitted and requires that the report include a listing of the recommendations made to the Secretary and their disposition. (Sec. 1003(c))

The *Conference* substitute adopts the *Senate* provision.

(10) Transfer of functions

The *House* amendment requires the Secretary of Agriculture to transfer to the Board any functions duplicating those provided for in this subtitle which are currently being carried out elsewhere in the Department. (Sec. 1007)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(11) Termination (Sec. 1014)

The *Senate* bill provides that the Board shall cease to exist on September 30, 1985. (Sec. 1610)

The *House* amendment provides that the authority of the Board shall be applicable for the 1982 through 1985 crop years. (Sec. 1008)

The *Conference* substitute adopts the *Senate* provision.

TITLE XI—MISCELLANEOUS

SUBTITLE A—MISCELLANEOUS COMMODITY PROVISIONS

(1) Payment limitations (Sec. 1101)

The *Senate* bill provides that no payment (excluding disaster payments) may be made under any of the annual programs established under the Agricultural Act of 1949 for wheat, feed grains, upland cotton, and rice to any State or political subdivision or agency of a State. (Sec. 1101(6))

The *House* amendment retains current law which provides that the payment limitation shall not be applicable to lands owned by States, political subdivisions, or agencies thereof, so long as such lands are farmed primarily in the direct furtherance of a public function, as determined by the Secretary. (Sec. 901)

The *Conference* substitute adopts the *House* amendment.

(2) Finality of determinations (Sec. 1102)

The *Senate* bill makes permanent an amendment to section 385 of the Agricultural Adjustment Act of 1938 providing for finality of determinations by the Secretary with regard to any payment, loan, or other activity under the wheat, feed grain, upland cotton, and rice programs. (Sec. 1102)

The *House* amendment makes this same provision effective only for the 1982 through 1985 crops. (Sec. 903)

The *Conference* substitute adopts the *Senate* provision.

(3) Supplemental set-aside authority (Sec. 1105)

The *House* amendment authorizes the Secretary for the 1982 through 1985 crops of wheat and feed grains to provide for a set-aside of cropland, notwithstanding any prior announcement to the contrary, if an embargo is placed on exports of any such commodity. (Sec. 905)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment applying the authority to either an acreage limitation or set-aside program.

(4) Normally planted acreage and target prices (Sec. 1106)

The *House* amendment provides that for the 1982 through 1985 crops of wheat and feed grains the Secretary may require, as a condition of eligibility for loans, purchases, and payments under the Agricultural Act of 1949, that producers not exceed the acreage on the farm normally planted to crops designated by the Secretary, adjusted as deemed necessary by the Secretary to be fair and equitable. The normal crop acreage for any crop year would be reduced by any set-aside and diverted acreage and would be determined based on the acreage planted to such crops during the preceding two years. The Secretary may require producers participating in the program to keep necessary records.

The *House* amendment also provides that whenever the Secretary requires producers not to exceed their normal crop acreage, the Secretary may increase the target price payments for the commodity involved (or if no payments are in effect for such crop provide for payments) in such amount as the Secretary determines appropriate to compensate producers for not exceeding their normal crop acreage and participating in the required set-aside. In determining the amount of payments, the Secretary shall take into account changes in cost of production resulting from not exceeding the normal crop acreage. If payments are provided for any commodity under this provision, the Secretary may provide for payments for any other commodity as necessary for effective operation of the program. The Secretary shall adjust payments under this provision to reflect any land diversion payments. (Sec. 908)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment to (i) authorize the Secretary, whenever a set-aside is in effect, to require producers not to exceed the acreage on the farm normally planted to crops designated by the Secretary and reduced by any set-aside or diverted acreage and (ii) allow the Secretary discretion in establishing the base acreage.

The conferees urge the Secretary, in exercising the Secretary's discretionary authority to determine the acreage base for normal crop acreage purposes, to give consideration to current production patterns so as not to discriminate among the farm regions of the country.

(5) Reduction in interest to discourage price support loan defaults

The *House* amendment authorizes the Secretary to progressively reduce interest charges on Commodity Credit Corporation loans up to the amount of the cost of one year of storage charges in order to neutralize the incentive to default in a period of declining prices. Any such reduction may not exceed the total amount of interest due. (Sec. 909)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(6) Normal supply (Sec. 1107)

The *House* amendment provides that, notwithstanding any other provision of law, if the Secretary determines that the supply of wheat, corn, upland cotton, or rice for the marketing year for any of the 1982 through 1985 crops of such commodities is not likely to be excessive and that program measures to reduce or control the planted acreage of the crop are not necessary, such a decision shall constitute a determination that the total supply of the commodity does not exceed the normal supply and no determination to the contrary shall be made by the Secretary with respect to such commodity for such marketing year. (Sec. 910)

(NOTE: The effect of the provision would be to cause determinations to be made as to whether there is a surplus of the specified commodities for the purpose of the reclamation programs administered by the Department of the Interior on the same basis and using the same criteria as used for the commodity programs administered by the Department of Agriculture.)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(7) Nonquota tobacco subject to quota (Sec. 1108)

The *House* amendment provides that Maryland (type 32) tobacco, when it is nonquota tobacco, may not be exempted from the provisions of section 320 of the Agricultural Adjustment Act of 1938. Section 320 makes nonquota tobacco produced in any area of the Nation where marketing quotas are in effect for any kind of tobacco subject to the quota for the quota tobacco traditionally produced in that area, except for tobacco that the Secretary finds is readily and distinguishably different from any kind of quota tobacco. (Sec. 916)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment, incorporating it in a restatement of section 320 of the Agricultural Adjustment Act of 1938. Section 320, which was originally enacted in 1974, is designed to preserve the effectiveness of the tobacco program by discouraging the production of tobacco not under quota in areas of the Nation where tobacco farmers have elected to comply with marketing quotas.

In the restatement, the *Conference* substitute makes it clear that section 320 does not apply to tobacco produced in any State where marketing quotas are in effect when such tobacco is represented to be nonquota tobacco *and* such tobacco is readily and distinguishably different from all kinds of quota tobacco, as determined through the application of standards issued by the Secretary for the inspection and identification of tobacco.

The conferees intend that the Secretary, in implementing section 320, construe the term "area" to mean the entire State in which any kind of quota tobacco is produced. This construction will avoid the disruption caused by the production of nonquota tobacco in States where producers have approved marketing quotas and will help ensure the effectiveness of the tobacco program in those States.

The *Conference* substitute also narrows the *House* amendment so as to exempt Maryland (type 32) tobacco from the application of section 320 when it is nonquota to-

bacco *and* produced in a quota area on a farm for which a marketing quota for Maryland (type 32) tobacco was established when marketing quotas for that kind of tobacco were last in effect (1965). In accordance with existing law, the *Conference* substitute also exempts from the application of section 320 certain types of cigar tobacco that have never been under quota but are produced within a State where marketing quotas for other kinds of tobacco are in effect.

The conferees, in recognition of the need for the Secretary to distinguish between quota and nonquota tobaccos in the administration of the tobacco program, intend that the Secretary make that determination through the application of (i) the standards issued for the inspection and identification of quota tobaccos and (ii) such certification procedures as the Secretary deems appropriate and necessary.

(8) Tobacco program cost (Sec. 1109)

The *House* amendment expresses the intent of Congress that the tobacco program be administered in such a manner as to result in no net cost to the taxpayers, other than incidental administrative expense. The Secretary is directed to promulgate regulations within his existing authority to carry out this objective by January 1, 1982, and to make any recommendations for legislative changes to achieve this objective no later than January 1982. (Sec. 917)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with a conforming amendment to make both dates January 1982.

(9) Support program for oil sunflower seeds

The *House* amendment requires the Secretary to support the price of the 1981 through 1985 crops of sunflower seeds through loans and purchases at such level, not less than $8.00 per hundredweight, as the Secretary determines appropriate in relation to competing commodities and taking into consideration domestic and foreign supply and demand factors. Loans under this program shall not be made earlier than the beginning of the fiscal year and shall mature before the end of such fiscal year. (Sec. 919)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment. The conferees, however, urge the Department of Agriculture to seriously consider using its discretionary authority to implement a sunflower loan program in the event of a serious disruption in the market for sunflowers.

SUBTITLE B—GENERAL PROVISIONS

(10) Special grazing and hay program (Sec. 1110)

The *Senate* bill amends the special wheat acreage grazing and hay program to clarify that it is discretionary with the Secretary and to change the reference to acreage set-aside provisions to reduced acreage and land diversion provisions. (Sec. 1105)

The *House* amendment contains no comparable provisions.

The *Conference* substitute adopts the *Senate* provision.

(11) Emergency feed program (Sec. 1111)

(a) The *Senate* bill deletes provisions requiring that the Commodity Credit Corporation, on such terms and conditions as the Secretary deems are in the public interest, provide farm commodities or products for purposes of relieving distress caused by (i) economic conditions or (ii) major disasters, and make feed available for assistance in preserving foundation herds of livestock in areas where the Secretary determines an emergency exists. (Sec. 1106(a))

The *House* amendment retains these provisions but makes them discretionary. (Sec. 911)

The *Conference* substitute adopts the *House* amendment.

(b) The *Senate* bill amends section 1105 of the Food and Agriculture Act of 1977 to give the Secretary discretionary authority to implement an emergency feed program for purposes of assisting poultry producers struck by natural disasters, the same as is currently authorized for livestock producers. (Sec. 1106(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(12) Farm income protection insurance program study (Sec. 1112)

The *Senate* bill directs the Secretary to appoint a 13-member special task force to study the concept of farm income protection insurance and the feasibility of such insurance as an alternative to the current price support, income maintenance, and disaster assistance programs of the Department of Agriculture. The task force would be composed of representatives of commodity and farm organizations, the insurance industry, Department of Agriculture officials, farmers, and individuals from academic fields. The task force will report to the Senate and House Agriculture committees within 18 months of the passage of the bill and will be dissolved not later than 45 days thereafter. (Sec. 1107)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(13) State agency authority for grain inspections at export port locations (Sec. 1113)

The *Senate* bill amends the United States Grain Standards Act to permit the Administrator of the Federal Grain Inspection Service, effective 180 days after enactment of the bill, to delegate authority to perform official grain inspection and weighing functions at export port locations to State agencies that performed official inspection at an export port location prior to July 1, 1976, and are designated to perform official inspection at locations other than export port locations on the date of enactment of this provision. (Sec. 1108)

NOTE.—Currently, only State agencies that were performing official inspections at export port locations on July 1, 1976, may be delegated such authority.)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment adding an additional criterion to further limit the application of this provision to State agencies that operate in States from which total annual exports of grain do not exceed, as determined by the Administrator, 5 percent of the total amount of grain exported from the United States annually.

In connection with adopting this provision which broadens the Administrator's present authority to delegate official inspection authority at export port locations to certain State agencies that otherwise would be ineligible for such delegation, it is of the utmost importance that the highest level of integrity be preserved in the official inspection and weighing program. Accordingly, it is the intent of the conferees that the Administrator should, when reviewing the qualifications of each new applicant for such delegation, give due consideration to any history of performance of grain inspection functions under the Act as well as other relevant considerations. In addition, it is the intent of the conferees that no authority should be delegated to any agency under this provision unless the Administrator is satisfied that such agency will comply with all provisions of the Act, and of the regulations and instructions thereunder, and that the integrity of the inspection and weighing program will be maintained.

(14) Distribution of surplus commodities, special nutrition projects (Sec. 1114)

(a) The *Senate* bill provides that when government stocks of surplus commodities acquired under the price support programs exceed those amounts needed for distribution to domestic commodity programs and foreign food assistance, and amounts anticipated to be purchased by the commercial trade, such commodities shall be made available without charge or credit to nutrition projects established under the authority of the Older Americans Act of 1965 and to child nutrition programs. (Sec. 108)

The *House* amendment provides that government stocks of commodities acquired under the price support programs shall be made available without charge or credit to nutrition projects established under the authority of the Older Americans Act of 1965, to child nutrition programs, and to food banks participating in the food bank program established under section 211 of the Agricultural Act of 1980. (Sec. 914(a))

The *Conference* substitute adopts the *House* amendment with an amendment specifying that the surplus Government stocks of commodities to be made available under authority of this provision should be those that are not likely to be sold by the CCC or otherwise used in programs of commodity sale or distribution. In acquiring stocks under the price support programs, the Department should, wherever possible, purchase the commodity to be supported in a variety of forms so as to facilitate resale or distribution and thereby minimize storage costs. For example, when the department is acquiring cheese, it should, wherever practicable, purchase a variety of cheeses, not just Cheddar.

(b) The *House* amendment converts the food bank demonstration project established pursuant to section 211 of the Agricultural Act of 1980 into a permanent food bank program. Such sums as may be necessary to carry out the program would be authorized to be appropriated, and the Secretary would be directed to minimize the paperwork requirements placed on participating food banks. Section 4(b) of the Food Stamp Act of 1977 restricting distribution of commodities in areas where the food stamp program is in operation shall not apply to the distribution of surplus commodities made through the food banks. (Sec. 914(b))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment to change the food bank demonstration projects to special nutrition projects and to change the date of the Secretary's final report regarding the projects from October 1, 1982, to January 1, 1984. In addition, the amendment directs the Secretary to submit a progress report on the special nutrition

projects to Congress on July 1, 1983. It is the expectation of the conferees that at the time the final report is sent to Congress action will be taken to either continue or terminate the special nutrition projects.

(15) Department of Agriculture advisory committees (Sec. 1116)

The *Senate* bill revises title XVIII of the Food and Agriculture Act of 1977, relating to advisory committees at the Department of Agriculture, to eliminate unnecessary duplication with the provisions of the Federal Advisory Committee Act (FACA), to reduce the reporting and recordkeeping requirements, and to provide the Secretary with flexibility in the administration of the title. The provisions of title XVIII do not apply to Department of Agriculture advisory committees that are composed entirely of Federal Government employees, are established by statute or reorganization plan, or are established by the President.

The Senate bill—

(a) retains the purposes and definitions contained in current law;

(b) retains the membership limitations in current law that prohibit any person who is not a Department of Agriculture employee from simultaneously serving on more than one advisory committee; that prohibit more than one person from the same organization from serving on the same advisory committee; and that limit the term of any member to 6 consecutive years. However, the Secretary is authorized to waive any of the limitations in appropriate cases;

(c) reduces the requirements for the annual report to require only a copy of the report prepared under the FACA that is applicable to the advisory committee; a list of the members of each committee including their principal places of residence, employers, and other major sources of income as determined by the Secretary; and a statement of expenses, incurred by each member in connection with advisory committee business, for which reimbursement was received from any source other than the United States or the member's employer;

(d) retains the provisions regarding budget prohibitions that provide that no advisory committee shall expend funds in excess of 10 percent of its estimated annual operating costs, or $500, whichever is greater, until such time as the committee explains the need for the additional expenditures to the Secretary; but deletes current provisions requiring advisory committees to prepare a comprehensive explanation as to why any additional expenditures were not known at the time the budget was estimated and prohibiting approval by the Secretary of additional expenditures unless the Secretary finds they are essential to the advisory committee's mission; and

(e) retains the provisions for termination of advisory committees that expend funds in excess of their estimated annual operating costs by more than 10 percent, or $500, whichever is greater, without prior approval of the Secretary; that fail to file all required reports; that fail to meet for 2 consecutive years; that are responsible for functions that would or should be performed by Federal employees; or that do not serve or have ceased to serve an essential function. In addition, the *Senate* provision deletes the requirements that an advisory committee be terminated for failure to comply with any provision of the FACA or this title, and that any advisory committee that is reestablished, after having been terminated, maintain files containing all records, reports, and files of the terminated committee. (Sec. 1109)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(16) Cost of production study (Sec. 1117)

The *Senate* bill amends current law to revise the factors to be included by the Secretary in the annual cost of production study. Variable costs would specifically include interest costs. The study requirements that the return on fixed costs be "equal to the existing interest rates charged by the Federal Land Bank", that the return for management be "comparable to the normal management fees charged by other comparable industries", and that the studies be based on the size unit that requires one man to farm on a full-time basis would be deleted. (Sec. 1131)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(17) Unlawful to offer for sale or advertise protected seed when not certified by a State agency (Sec. 1118)

The *Senate* bill amends the Federal Seed Act to make unlawful the advertising or offering for sale, by variety name, of uncertified seed, when said seed is a variety which may be sold only as a class of certified seed. (NOTE.—Current law makes only the actual sale of such uncertified seed unlawful.) (Sec. 1126)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(18) Federal Plant Pest Act (Sec. 1119)

(a) Both the *Senate* bill and the *House* amendment provide the Secretary with new authority to take remedial measures with respect to plant pests whenever the Secretary determines that an extraordinary emergency exists. The *House* amendment requires that any action taken by the Secretary under such authority must be consistent with the provisions of the Federal Insecticide, Fungicide, and Rodenticide Act. (Sec. 918)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment requires that the Secretary consult with the Governor of the State involved before making a finding that the State's measures are inadequate, prior to taking remedial Federal action with regard to an extraordinary plant pest emergency. (Sec. 918)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment. The conferees note, however, that this provision does not preclude the Secretary from consulting on this matter with whomever else the Secretary chooses, including other appropriate officials of the State involved.

(c) The *House* amendment requires that before the Secretary takes action with regard to an extraordinary plant pest emergency, the Secretary must issue a public announcement and file a statement for publication in the Federal Register detailing the action the Secretary intends to take and the reasons for the action. This procedure must also be followed whenever the Secretary wishes to change any action previously taken. (If the Federal Register statement cannot be filed prior to taking the action, it must be filed on the first business day following the action.) (Sec. 918)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment providing that if the Federal Register statement cannot be filed prior to taking the action, it must be filed within a reasonable time, not to exceed 5 business days, after commencement of the action.

(d) The *House* amendment requires that the cost of any action taken by the Secretary under the extraordinary emergency provisions be at the expense of the United States. (Sec. 918)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment. The conferees understand that the language in the bill that reads "The cost of any action taken by the Secretary under this subsection shall be at the expense of the United States" means those costs in excess of ongoing Federal-State cooperative cost-sharing programs that are attributable to the declaration of an extraordinary emergency and does not mean the United States shall be held responsible for those portions of the program that were initiated independently of the extraordinary emergency and before a declaration of extraordinary emergency was made, but may be continued throughout the duration of the extraordinary emergency. Nor does it mean that the United States shall be held responsible for actions taken by the State that do not have the concurrence of the Secretary of Agriculture. It is the conferees' understanding that the State will make good faith efforts to eradicate infestations of plant pests without reliance upon the Federal Government, and, in this regard, bear the cost of such efforts.

Further, the conferees note that the language in the bill does not conflict with the views of the Senate Appropriations Committee expressed in its report on the Agriculture, Rural Development, and Related Agencies Appropriations bill for fiscal year 1982 (S. Rept. No. 97-248). In that report, the Committee stated: "The Committee expects the Department to continue its efforts in assuring that Federal expenditures do not displace reasonable levels of State, local, or private contributions for cooperative control programs, and furthermore, expects the policy of prior notification of Congress of any proposed exercise of the emergency authority [specified in P. L. 97-46] to be continued."

(e) The *House* amendment gives the Secretary discretion to pay compensation for losses incurred as a result of the Secretary's actions to control the plant pests under the extraordinary emergency provision. (Sec. 918)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(19) Continuation of Federal crop insurance pilot programs

The *House* amendment requires the Federal Crop Insurance Corporation to continue for the 1982 through 1985 crop years, its pilot program through which Federal crop insurance is made available through certain selected county offices of the Agricultural Stabilization and Conservation Service. The Secretary is required to report to Congress by February 1, 1985, on the comparative

costs of all delivery systems used in crop years 1981 through 1984. (Sec. 1601)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(20) White House conference on agriculture

The *House* amendment requests the President to call a White House Conference on Agriculture to be held not later than one year after enactment of the bill. The purpose of the conference would be to study current problems in the agricultural sector and to develop recommendations regarding short-term and long-term solutions to these problems. Members of the conference would be appointed by the President from among heads of agricultural producer organizations and consumer organizations, representatives of the banking industry and agribusiness and agricultural producers. A report would be required to be submitted to the President and Congress within 1 year after the members are appointed. (Sec. 1701)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(21) User fees for reports and publications (Sec. 1121)

The *House* amendment authorizes the Secretary of Agriculture, upon request, to furnish pamphlets, reports, and other publications prepared by the Department of Agriculture in carrying out agricultural economic research and statistical reporting functions and to charge reasonable fees for such materials. All moneys received in payment shall be deposited in a separate Treasury account and may be used to pay direct expenses of such materials or to make advances to the appropriations which will bear these costs. (Sec. 1901)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment. The conferees intend that this provision shall empower the Secretary to furnish, upon request, copies of pamphlets, reports, publications, and other media prepared by the Department and to charge such fees therefor as the Secretary determines to be reasonable. All moneys received in payment for work or services performed or for documents, reports, publications, or other media provided shall be deposited in a separate account or accounts to be available until expended and may be used to pay directly the cost of such work, service, documents, reports, publications, or other media and to repay or make advances to appropriations of funds which do or will initially bear all or part of such costs.

(22) Inspection and other standards for imported meat products (Sec. 1122)

The *Senate* bill amends the Federal Meat Inspection Act, effective October 1, 1981, to require that all meat products *imported into* the United States meet the standards for inspection, sanitation, quality, species verification, and residue testing applicable to domestically produced meat products, and prohibits the importation into the United States of any meat products that do not meet these standards. The *Senate* bill also prohibits the importation into the United States of all meat products that were produced using agricultural chemicals, animal drugs, or *medicated feeds not approved* for the same use in the production of domestic meat products. (Sec. 1439)

The *House* amendment requires that all carcasses, parts of carcasses, meat, and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines, capable of use as human food, *offered for importation* into the United States meet the standards for inspection, sanitation, species verification, and residue testing applicable to the same articles when produced domestically. In addition, it prohibits the importation of *meat or meat food products* produced using agricultural chemicals or animal drugs the use of which: (i) has been prohibited in the production of similar domestic products for reasons of health or safety by final judicial or administrative action that has become effective; or (ii) has been determined by the Secretary to render the products adulterated. The President may waive the restriction on imports in clause (i) if the President finds that it will result in serious damage to the exportation of agricultural products from the United States and reports the basis of that finding to Congress 10 days before the waiver becomes effective.

The *House* amendment provides that the provision will be effective 30 days after enactment, except for the prohibition on the importation of meat and meat food products produced with chemicals or drugs prohibited from use in the production of domestic products, which shall become effective 1 year after enactment and, thereafter, on the same date that a prohibition on domestic use of a chemical or drug becomes effective, unless that date is less than 6 months after the date of the order imposing the prohibition in which case the effective date with respect to imported products will be 6 months after the date of such order. (Sec. 1801)

The *Conference* substitute is a combination of the *Senate* provision and the *House* amendment. It provides that all imported carcasses, parts of carcasses, meat, and meat food products of cattle, sheep, swine, goats, horses, mules, or other equines, capable of use as human food, shall be subject to the same inspection, sanitary, quality, species verification, and residue standards as are applied to similar products produced in the United States, and that any imported meat articles that do not meet such standards shall not be permitted entry into the United States. In addition, the Secretary is directed to enforce the provision through (i) random inspections for species verification and for residues, and (ii) random sampling and testing of internal organs and fat of the carcasses for residues at the point of slaughter by the exporting country through cooperative agreement or other arrangement. This sampling and testing must be done in accordance with methods approved by the Secretary. The provisions become effective 6 months after the date of enactment of the bill. Under the Federal Meat Inspection Act the Secretary has authority to issue regulations to carry out the provisions.

(23) Bankruptcy Act definitions

The *Senate* bill amends the Bankruptcy Act by adding the following definitions:

(a) "farm produce" includes all crops, poultry, livestock or dairy products in an unmanufactured state;

(b) "farm produce storage facility" includes businesses that store farm produce on bailment contact or purchase it in bulk quantities from farmers;

(c) "storage facility receipt" includes any document routinely issued as evidence of ownership of farm produce stored in a storage facility. (Sec. 1116)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(24) Who may be a debtor

The *Senate* bill amends the Bankruptcy Act by restricting the debtor operator of a farm produce storage facility to the remedies found in chapters 7 (liquidation) and 11 (corporate reorganization) of the Bankruptcy Act. (Sec. 1117)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(25) Priorities

The *Senate* bill amends the Bankruptcy Act by creating a priority for claims made by farm producers who suffer loss in connection with the sale or conversion of farm produce to or by a debtor engaged in the business of operating a farm produce storage facility. This priority is limited to $2,000 per farm producer and applies to sales or conversions that take place within 180 days before (1) the filing date of the bankruptcy petition or (2) the date the debtor ceases to do business, whichever occurs first. As a member of the class of general creditors such a farm producer is given priority over payment of taxes and claims for services rendered but ranks below claims for administrative expenses, wages, salaries and commissions, and claims for contributions to employee benefit plans. (Sec. 1120)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(26) Expedited abandonment of farm produce

The *Senate* bill amends the Bankruptcy Act by adding a new section (section 555). This section creates a statutorily mandated timetable applicable to the abandonment of farm produce in bankruptcy proceeding filed by a debtor who operates a farm produce storage facility. Abandonment is a procedural step in bankruptcy whereby the bankruptcy court removes property from its jurisdiction when (i) the court determines that the bankrupt did not have an ownership interest in the property or (ii) the property was subject to a valid security interest held by a third party. This section—

(a) requires that the trustee, within 10 days after the filing of the bankruptcy petition, examine the bankrupt's books and records for purposes of identifying those persons who have, or may claim to have, an ownership interest or a security interest in any farm produce turned over to the trustee by the debtor;

(b) requires that the trustee, within 30 days after the filing of the bankruptcy petition, conduct an audit of the farm produce delivered to the trustee by the debtor, sell the produce for its then market value, and place the proceeds in an interest bearing account;

(c) requires that the bankruptcy court, within 60 days after the filing of the bankruptcy petition, conduct a hearing, after giving notice to all interested parties, and rule on all requests for abandonment then pending. All requests for abandonment must be filed at least 5 days prior to the date of the hearing, except for instances involving excusable neglect. No abandonment request may be considered by the court after the distribution of the farm produce proceeds, except in cases where notice of the pendency of the proceeding was not received by a claimant for reasons beyond the control of the claimant;

(d) requires that the bankruptcy court order abandonment of the proceeds of the farm produce held by the trustee with respect to each claim of an affected creditor or other person who establishes, to the court's satisfaction, that—

(i) the produce was held by the debtor as a bailee only and title to the produce was vested in the claimant, or

(ii) the produce is determined to be a part of the debtor's estate and is of inconsequential value or is burdensome to the estate because the claimant holds a valid security interest in the produce;

(e) provides that a claimant's production of a valid storage facility receipt (or an affidavit verifying ownership of such a receipt in the case where the original receipt has been placed on deposit as collateral for a loan without any assignment of ownership interest) shall be sufficient to establish a right to a share of the proceeds equal in value to the quantity, quality, and type of farm produce specified in the document;

(f) requires that the bankruptcy court, within 90 days after the filing of the bankruptcy petition, direct the trustee to abandon the farm produce proceeds (identified pursuant to the procedures of this section) in the following manner:

(i) Each claimant who establishes that he had stored produce with the bankrupt (but title remained with the claimant) shall receive a pro rata share, in comparison to the shares of like claimants, of the proceeds held by the trustee which are equivalent in value to the quantity, quality, and type of commodities that were originally delivered by the claimant. The value of the produce shall be calculated using the price received by the trustee at the time of its sale. Any storage or handling charges due the bankrupt or the bankrupt's estate shall be deducted before payment is made to the claimant.

(ii) Each claimant who establishes that the debtor's estate contains farm produce which is of inconsequential value or is burdensome to the estate, and in which the claimant holds a security interest, shall receive a pro rata share of the remaining proceeds of the liquidated farm produce, said pro rata share being measured by the value of the claimant's secured interest in the farm produce sold. Any handling charges shall be deducted before distribution is made to the claimant.

(iii) Distribution of the farm produce proceeds which the court orders abandoned must commence within 20 days of the entry of the orders of abandonment;

(g) provides that the compensation and expenses of the court and the trustee which were incurred in connection with the liquidation and abandonment of the farm produce shall be paid—

(i) from funds retained by the trustee in payment of storage and produce delivery charges;

(ii) from accrued interest on farm produce proceeds; and

(iii) from the gross farm produce proceeds held by the trustee prior to the distribution of any such proceeds.

No other expenses of the court or trustees may be deducted from farm produce proceeds;

(h) provides that, if there are farm produce proceeds left over after all claimants have been paid, said unclaimed proceeds shall be held by the court in an interest bearing account for 1 year for the benefit of any person who may present an untimely claim for abandonment in accordance with the section. At the end of the year, the funds shall be distributed pursuant to the provisions of the Bankruptcy Act applicable to estate liquidation;

(i) discourages the frivolous appeal of abandonment orders and resultant stays by requiring the appellant to post an appeal bond equal to the amount of farm produce proceeds affected by the stay. In addition, those persons who successfully defend the appeal of an abandonment order shall be awarded interest and a payment equal to the difference between the farm produce liquidation price and the highest intermediate price reached by the farm produce during the pendency of the appeal;

(j) precludes the treatment of bailed property held by the bankrupt as assets of said bankrupt in a chapter 11 corporate reorganization, unless the owner of the bailed property consents to said treatment;

(k) permits the bankruptcy court to extend the timetable for abandonment of farm produce specified in this section when (a) the case is complex, and (b) the interests of the claimants will not be materially injured by additional delay; and

(l) authorizes the appointment of the director of a State agency which has responsibility for presiding over the liquidation of insolvent farm storage facilities licensed in that State or the Administrator of the Agricultural Marketing Service, USDA, in the case of facilities licensed under the U.S. Warehouse Act, as co-trustee for purposes of executing the provisions contained in this section. The co-trustee shall not be responsible for performing any of the duties required of a trustee pursuant to any of the other provisions of the Bankruptcy Act and shall not receive any compensation from the assets of the estate for the services performed pursuant to this section. (Sec. 1121)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(27) Deposits of agricultural products for storage

(a) The *Senate* bill amends the United States Warehouse Act to provide that any party who deposits agricultural products for marketing, handling, shipping, or other disposition (as well as storage) in a federally licensed warehouse is deemed to have deposited the same subject to the terms of the United States Warehouse Act and any rules and regulations prescribed thereunder. (Sec. 1122(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(b) The *Senate* bill creates a 60-day statutory lien in favor of farm producers who sell farm produce to a warehouseman licensed under the United States Warehouse Act and who have not received the consideration agreed upon. The size of the lien is equal to the consideration agreed upon for the purchase of the produce. The lien runs against products in the facility in excess of those required to satisfy receipted obligations, against like products in transit for which payment has not been made, and against unencumbered products held in other locations for the benefit of the warehouseman. The lien attaches at the time of the formation of the contract for sale. (Sec. 1122(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(28) Statutory liens

The *Senate* bill provides that the power of the trustee in bankruptcy to avoid the fixing of a statutory lien on property of the debtor does not apply to a lien created by the provision described in item 27(b) above. (Sec. 1125)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

TITLE XII—AGRICULTURAL EXPORTS AND PUBLIC LAW 480

SUBTITLE A—GENERAL EXPORT PROVISIONS

(1) Agricultural Export Credit Revolving Fund (Sec. 1201)

(a) The *Senate* bill designates the fund established in this section as the "Agricultural Export Credit Revolving Fund". (Sec. 1201)

The *House* amendment designates the fund as the "Commodity Credit Corporation Revolving Fund for Export Market Development and Expansion". (Sec. 915)

The *Conference* substitute adopts the *Senate* provision.

The conferees note that this section authorizes short-term credit to be made from a new revolving fund to facilitate agricultural exports that would develop U.S. export markets or expand existing ones. The authority provided under this section does not in any way limit the authority conferred on the Commodity Credit Corporation by section 5(f) of the Commodity Credit Corporation Charter Act or any other provision of law but is intended to provide an additional mechanism for promoting export sales of U.S. agricultural commodities.

With budget pressures as restrictive as they are now, the conferees would certainly be reluctant to recommend any new funding unless they believed the program would provide multiple paybacks to a large portion of the economy. The conferees believe this to be the case with the CCC revolving fund.

Moreover, the conferees are not recommending a long-term budget commitment. The revolving fund requires only a one-time appropriation for the initial loans. Principal and interest from repayment would generate moneys for future loans. To ensure the ultimate success of the program, the conferees believe that implementation should not be unduly delayed.

While farm exports have been increasing at a brisk pace over the years, the 1981 level shows a disturbingly smaller increase than that in recent years. In 1980 alone, exports of agricultural commodities contributed a net gain of $29 billion to the U.S. balance of trade to help pay for imported oil. If the level of farm exports is allowed to stagnate, the U.S. trade picture could become quite bleak. It is important to make additional credit available through a revolving fund in an effort to prevent that from happening.

The conferees are confident that the investment made through a one-time appropriation for the revolving fund will return its value to the economy many times over, and the conferees are hopeful that this measure will be funded in fiscal year 1983.

(b) The *House* amendment provides that moneys from the fund shall be used for purposes of *expansion*, as well as for market development, in areas where there is substantial potential for *enhancing*, as well as developing, regular commercial markets for U.S. agricultural commodities. (Sec. 915)

The *Senate* bill contains no provision referring to the *expansion* or *enhancement* of markets. (Sec. 1201)

The *Conference* substitute adopts the *House* amendment.

(c) The *House* amendment requires that the Secretary of Agriculture ensure that the revolving fund is used to equitably finance sales to the greatest feasible number of countries *consistent with maximizing market opportunities.* (Sec. 915)

The *Senate* bill contains the same provision except that it does not use the phrase "maximizing market opportunities." (Sec. 1201)

The *Conference* substitute adopts the *House* amendment.

(d) The *Senate* bill specifies that all funds received by the Commodity Credit Corporation in payment for credit extended from the revolving fund shall be added to and become a part of the fund. (Sec. 1201)

The *House* amendment is the same, except that it specifically refers to *interest or other receipts on investments and credit obligations* as included within the meaning of *all funds.* (Sec. 915)

The *Conference* substitute adopts the *House* amendment.

(e) The *House* amendment requires that the Secretary's annual report to Congress include the names of the United States organizations whose exports are supported through the use of the fund and the total amount of credit provided to each organization. (Sec. 915)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment providing that the report include the names of the exporters in the United States that receive any credit provided under this provision and the total amount of credit provided to each such exporter stated separately for each commodity for which the credit was extended.

(2) Congressional consultation on bilateral commodity supply agreements (Sec. 1202)

The *Senate* bill requires the President to notify and consult with the Senate and House Agriculture Committees, at least 30 days before the United States enters into any bilateral international agreement, other than a treaty, involving a commitment on the part of the United States to assure access by a foreign country or instrumentality to U.S. agricultural commodities or products on a commercial basis, to explain the terms of and reasons for entering into the agreement and to receive recommendations, if any. (Sec. 1202)

The *House* amendment contains no comparable provision.

The *Conference* substitute would encourage the President to notify and consult with the appropriate congressional committees as soon as practicable before the United States enters into any bilateral international agreement, other than a treaty, involving a commitment on the part of the United States to assure access by a foreign country or instrumentality to U.S. agricultural commodities or products on a commercial basis and to explain the terms of and reasons for entering into the agreement.

Also, the conferees intend that the phrase "appropriate committees of Congress" means the House Agriculture Committee, the Senate Agriculture, Nutrition, and Forestry Committee, the House Foreign Affairs Committee, and the Senate Foreign Relation Committee.

(3) Congressional review of certain export sales of Commodity Credit Corporation stocks

The *House* amendment provides that no agreement, entered into after the date of enactment of this provision, providing for the sale, barter, or exchange for export of Commodity Credit Corporation (CCC) owned or controlled commodities, having a fair market value on the world market in excess of $5 million, for which the amount to be received by the CCC is less than 85 percent of the value, shall be valid—

(i) until the Secretary of Agriculture reports to Congress the details of the agreement; and

(ii) unless Congress does not adopt a concurrent resolution disapproving the agreement within 30 days of continuous session after receipt of the Secretary's report.

In addition, for purposes of this section, continuity of session is broken only by adjournment sine die and is defined to exclude days on which either House is not in session because of adjournment longer than 3 days to a day certain. (Sec. 1115)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(4) Special standby export subsidy program (Sec. 1203)

(a) The *Senate* bill directs the Secretary of Agriculture to formulate a special standby export subsidy program for agricultural commodities designed to neutralize export subsidy programs of other countries. The program would be implemented only after the President makes a determination under section 301 of the Trade Act of 1974 that an act, policy, or practice of another country results in substantial displacement of U.S. agricultural exports or results in prices for agricultural commodities in foreign markets materially below prices U.S. suppliers must charge to supply the same market; that the act, policy, or practice of the foreign country involves the use of export subsidies to support that country's commodities in foreign markets other than the United States; and that a mutually acceptable resolution of the matter cannot be obtained through consultations. The special export subsidy program, however, could not be used with respect to cotton. In implementing this program the Secretary is authorized to use the Commodity Credit Corporation. (Sec. 1203(a)-(d))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with amendments to (i) make implementation of the special standby export subsidy program discretionary and (ii) provide that the authority provided by this provision is in addition to, and not in lieu of, any other authority vested in the Secretary of Agriculture or the Commodity Credit Corporation by any other provision of law.

Even though implementation of the special standby export subsidy program is made discretionary, the conferees expect the Secretary to use the authority provided in this section, if the President makes the appropriate determinations, unless the President also determines that other appropriate measures authorized by law would be more effective.

(b) The *Senate* bill contains a finding that Canadian and European Economic Community subsidy programs are causing substantial displacement in export sales of U.S. potatoes. The Secretary is strongly urged to implement a special standby export subsidy program to neutralize the effects on sales of United States potatoes resulting from these subsidy programs. (Sec. 1203(e))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

The conferees are deeply concerned about the loss of sales of fresh and processed potatoes produced in the United States, especially in the Northeast, because of heavy foreign shipments, particularly from Canada and the European Economic Community.

Because of the gravity of the situation, the Department of Agriculture has formed a potato task force to study these and related problems. The conferees call on the Department to complete this study as promptly as possible.

Upon the completion of the study, if the Secretary suspects that serious injury to the domestic potato industry or substantial displacement of export sales of U.S. potatoes is occurring because of foreign subsidies, the Secretary is urged to initiate prompt remedial steps under existing authorities, including that conferred in section 1203, as appropriate, and recommend to Congress further legislation if needed.

(5) Agricultural embargo protection (Sec. 1204)

The *Senate* bill requires the Secretary of Agriculture to compensate farmers in the event of the imposition of a suspension or restriction (embargo), for reasons of national security or foreign policy, on the export of any agricultural commodity to any foreign country after the date of enactment of this title, if the export sales of the embargoed commodity to the foreign country during the year preceding the year in which the embargo was imposed exceed 3 percent of the total export sales of the commodity by the United States to all foreign countries during that same time period, and if the embargo is not imposed in connection with an embargo of all United States exports to such foreign country. If these conditions are met, the Secretary is required to make payments or loans, or both, in specified amounts to producers of the embargoed commodity as follows:

(i) payments would be made in equal amounts at 90-day intervals, beginning 90 days after imposition of the embargo, at a rate equal to the difference between 100 percent of the parity price for the commodity on the date of imposition of the embargo and the average market price for the commodity during the 60-day period immediately following the imposition of export controls. In the case of commodities for which payments to producers are authorized under title I of the Agricultural Act of 1949, the total payment would be based on the rate of payment as determined above times the producer's farm program payment yield, or the farm yield, times the farm program acreage. In the case of other agricultural commodities for which price support is authorized under the Agricultural Act of 1949, total payments would be based on the rate of payment times the amount of the commodity sold by the producer during the period that the export control is in effect. Payments would be made available as long as the embargo is in effect; and

(ii) loans, in lieu of or in addition to payments, would be made available to producers (if a loan program is in effect for the commodity) at 100 percent of parity during the period that the embargo is in effect.

The Secretary is authorized to issue regulations and is directed to use the Commodity Credit Corporation in carrying out these provisions. (Sec. 1204)

The *House* amendment requires the Secretary to increase the loan rate under the Agricultural Act of 1949, if a loan program is in effect for the commodity involved, in the event of a suspension (embargo) on the export sales of certain agricultural commodities to any foreign country to which commercial export sales of the embargoed commodity exceed 50 percent of the average total U.S. commercial export sales to the foreign country for the previous 5 years, or with which the United States otherwise continues commercial trade. This provision would only apply to commodities for which the embargo could reasonably be presumed by the Secretary to reduce the annual tonnage of exports of the affected commodities by more than 2 percent.

The loan rate would be established at 90 percent of parity for any embargo based on reasons other than, or in addition to, national security and at a level not less than the average market price for the commodity during the 15 marketing days preceding the embargo if the embargo is imposed solely for reasons of national security. The increased loan rate would apply to new loans after the date of imposition of the embargo and would continue to be available as long as the embargo is in effect. At the end of the embargo, the loan rate would be adjusted over a 9-month period in four approximately equal steps to the level that would otherwise be in effect for the embargoed commodity if there had been no embargo.

For loans received under this provision, producers would receive payment for storage charges. (Sec. 1108)

The *Conference* substitute adopts the *Senate* provision.

(6) Development of plans to alleviate adverse impact of export embargoes on agricultural commodities (Sec. 1205)

The *Senate* bill provides that in order to alleviate the adverse impact on farmers, elevator operators, common carriers, and exporters resulting from the embargo of export sales of any agricultural commodity to any foreign country, the Secretary of Agriculture shall—

(i) Develop a comprehensive contingency plan including an assessment of the flexibility of existing farm programs to allow for actions to offset the adverse impact of an embargo; an evaluation of the information, including its availability, needed to determine, on an emergency basis, the impact of an embargo; and criteria for determining the extent to which the impact of an embargo should be offset;

(ii) Submit to Congress recommendations for changes in existing programs, or for new programs, necessary to appropriately handle the impact of any embargo for which compensation under section 1204 (of S. 884) is not provided (see item 5 above);

(iii) Submit to Congress a plan for implementing and administering the provisions of section 1204 (of S. 884) providing for compensation; and

(iv) Before the Commodity Credit Corporation (CCC) makes any purchases to offset the impact of an embargo, require the CCC to prepare an economic justification to determine if purchases of any commodity are needed; estimate beneficial and detrimental effects of the embargo on exporters to determine if assistance is needed; and limit any purchases to the types and grades of commodities affected by the embargo and make such purchases at or near the current market prices. (Sec. 1206)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(7) Study of the trade policies and practices of foreign governments with respect to United States agricultural commodities

The *Senate* bill requires the Secretary of Agriculture to conduct a study of the policies and practices of foreign governments that adversely affect exports of U.S. agricultural commodities and report to Congress, within 180 days after enactment of this provision, the results of the study along with recommendations for action considered necessary to protect agricultural trade interests of the United States. (Sec. 1205)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

The conferees recognize that a strong export market for U.S. agricultural commodities and their products is essential not only to the well-being of the agricultural sector of our economy but to the economy of the Nation as a whole. The conferees also recognize that the practices and policies of foreign governments—and those of our major trading partners in particular—can have an important effect on our exports. Therefore, the conferees strongly urge the Secretary of Agriculture, along with other agencies of the Federal Government, to closely monitor the policies and practices of foreign governments, determine whether those policies and practices adversely affect our agricultural exports, take appropriate action under existing law to ameliorate the effects of such policies and practices, and keep the appropriate committees of the Congress advised as to the situation. If existing authorities are inadequate to protect and expand our agricultural export markets, the Secretary is expected to make appropriate legislative recommendations.

(8) Export sales of wheat and feed grains

The *House* amendment expresses the sense of Congress that agreements entered into by the United States for sales of wheat, corn, soybeans, or feed grains to any foreign country should provide for a sales price not less than the cost of producing the commodity. (Sec. 1111)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

In deleting this provision and the study of export grain marketing alternatives in item 10, infra, the conferees wish to make it clear that they expect the Secretary of Agriculture and others in the Executive Branch to exert the maximum effort possible to obtain the highest prices possible for agricultural commodities exported from the United States. Producers of those commodities deserve no less. Specifically, it is the desire of the conferees that the Secretary attempt to achieve the best possible price under existing authority in any sales agreement with a foreign country. In carrying out this task the Secretary is also urged to look at various alternatives that might be developed to provide producers with higher prices for their export commodities—recognizing the administrative difficulties of some of the proposals advocated—and to provide Congress with any legislative recommendations the Secretary might deem appropriate.

(9) Export purchase price

The *House* amendment requires exporters of wheat and feed grains to pay no less than the fair market value of the commodity at the time of purchase. The fair market value shall be determined by the price of the commodity on the appropriate commodity exchange at the time of purchase by the company. (Sec. 1112)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(10) Study of alternative export marketing of grain

The *House* amendment requires the Secretary of Agriculture to conduct a study to develop legislative proposals to provide alternative marketing and pricing programs to assure that American producers of wheat, soybeans, corn, and other feed grains receive an average price from foreign purchasers that is not less than the average domestic cost of production. The average domestic cost of production shall be based on Department of Agriculture statistics and shall include the average acquisition value of land as the cost of land. The Secretary shall transmit these proposals to Congress by January 1, 1983. (Sec. 1113)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(11) Consultation on grain marketing (Sec. 1206)

The *Senate* bill encourages the Secretary of Agriculture, in coordination with appropriate Federal agencies, to continue consultations with other major grain exporting nations toward the goal of establishing more orderly marketing of grain and achieving higher farm income for grain producers. (Sec. 1111)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(12) Expansion of international markets for United States agricultural commodities and the products thereof (Sec. 1207)

The *House* amendment provides that it is the sense of Congress that the Secretary of Agriculture should, in order to assist in the development, maintenance, and expansion of international markets, consult with officials of the Government of Japan to develop mutually acceptable standards for the certification of lettuce and other specialty crops for export to Japan. (Sec. 1114(a)(7))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(13) Increased usage of protein byproducts derived from alcohol fuel production (Sec. 1208)

(a) The *House* amendment expresses a finding of Congress that serious consideration should be given to the potential for using protein byproducts, resulting from the production of alcohol fuel from agricultural commodities, as a source or protein to meet the food needs of developing countries without any increase in handling, transportation, and storage facilities, and that, if feasible, these byproducts should be included in commodity export and donation programs administered by the Department of Agriculture. (Sec. 1109(a))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment directs the Secretary to investigate such potential through the food for peace program, the export credit sales program, and the distribution of food products in connection with specified domestic commodity donation programs.

In addition, the Secretary is required to report the results of these investigations to Congress within 6 months after enactment of this provision, and thereafter, annually provide Congress a description of the efforts being made by the Department to make these protein byproducts available in connection with the specified programs. (Sec. 1109(b)-(d))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment directing the Secretary to (i) continue investigating the potential for using protein byproducts and (ii) include the results of this investigation in an appropriate report to Congress within 12 months after enactment of this Act.

(14) Exemption for protein byproducts (Sec. 1209)

The *House* amendment amends the Act of August 19, 1958 to exempt protein byproducts, resulting from the production of alcohol fuel from agricultural commodities, from the requirement that no food products purchased by the Commodity Credit Corporation under that Act shall constitute less than 50 percent by weight of the grain from which processed. (Sec. 1110)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

SUBTITLE B—PUBLIC LAW 480

(15) Repeal of obsolete provisions and miscellaneous amendments[1]

(a) The *Senate* bill deletes the obsolete reference to sales for foreign currencies in section 101 of Public Law 480 and inserts, in lieu thereof, reference to sales for foreign currencies on credit terms and on terms that permit conversion to dollars. (Sec. 1301)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(b) The *Senate* bill amends section 103(b) of Public Law 480: to delete reference to authority to enter into credit sales for foreign currencies convertible to dollars (this reference is inserted in another section of Public Law 480 by section 1301); to delete reference to maximum credit terms for credit sales for convertible foreign currencies (section 1306 inserts the deleted provision in another section of Public Law 480); and to delete obsolete language, including a reference to section 104(c) of Public Law 480 (section 104(c) was previously repealed in 1975). (Sec. 1302)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(c) The *Senate* bill amends the reference to "friendly country" in section 103(d) of Public Law 480 by deleting the prohibition on sales for foreign currencies to any country or area dominated by a Communist Government. The effect of this change is to remove obsolete language referring to sales for foreign currencies that are no longer authorized. (Sec. 1303)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(d) The *Senate* bill amends section 103(1) to delete the language requiring the President to obtain commitments from purchasing countries to the effect that commodities sold in connection with sales for foreign currencies be specifically marked or identified as being supplied on a concessional basis. The effect of this change is to remove obsolete language referring to sales for foreign currencies. (Sec. 1304)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(e) The *Senate* bill amends section 104 of Public Law 480 to provide that the President may enter into agreements under title I for the purpose of using foreign currencies that have accrued from sales for foreign currencies in connection with agreements entered into *prior to January 1, 1972.* The effect of this change is to clarify that no new sales for foreign currencies have been authorized since 1971. (Sec. 1305(1))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(f) The *Senate* bill deletes the obsolete reference to subsection 104(c) of Public Law 480 in section 104(k). Section 104(c) of Public Law 480 was repealed in 1975. (Sec. 1305(3))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(g) The *Senate* bill amends section 106(a) of Public Law 480 by adding reference to the maximum terms authorized for sales transactions involving convertible local foreign currencies. The effect of this change is to consolidate in one section various provisions relating to credit terms that are presently contained in several sections of Public Law 480. (Sec. 1306)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(h) The *Senate* bill repeals section 108 of Public Law 480. Section 108, which limits the authority of the Commodity Credit Corporation to finance ocean freight charges, is obsolete since it only applies to sales for foreign currencies which have not been authorized since 1971. (Sec. 1307)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(i) The *Senate* bill repeals section 109(b) of Public Law 480 which provides for the allocation, for self-help measures, of a certain percentage of the foreign currencies received under sales for foreign currencies. This provision is obsolete since sales for foreign currencies have not been authorized since 1971. (Sec. 1308(2))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(16) Nonfood relief requirements[2]

The *Senate* bill increases to $10 million the dollar equivalent amount of foreign currencies that are authorized to be used for assistance to meet nonfood emergency and extraordinary relief requirements under title I. Currently, the dollar equivalent amount available for these purposes is $5 million. (Sec. 1305(2))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(17) Self-help provisions (Sec. 1210)

(a) The *Senate* bill amends section 109 of Public Law 480 to include two additional self-help measures that the President will consider before entering into agreements with developing countries; namely, programs to reduce illiteracy and to improve the health of the *rural poor.* (Sec. 1308(1))

The *House* amendment is similar, except that it refers to programs to reduce illiteracy among *farmers* and programs to improve the health of *farmers and their families.* (Sec. 1101(a))

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill requires that, in connection with agreements with developing countries under title I, the economic development and self-help measures agreed to shall be described in *specific and measurable terms.* In addition, this provision requires, in connection with such agreements, that the President take steps to assure that the *self-help measures agreed to* are in addition to the measures the recipient country otherwise *is undertaking* without the new resources. (Sec. 1308(3))

The *House* amendment is similar, except that it requires that the economic development and self-help measures agreed to must be described in *quantitative and measurable terms,* and further provides that the President should satisfy himself that the *economic development measures,* as well as the self-help measures agreed to are in addition to the measures the recipient country *would have undertaken* irrespective of the agreement. (Sec. 1101(b))

The *Conference* substitute adopts the *Senate* provision with regard to describing title I self-help measures in *specific and measurable* terms and in not including *economic development* measures in the additionality requirement. The substitute adopts the *House* provision with regard to applying the additionality requirement in relation to self-help measures which the recipient country *would have undertaken.*

(18) Repeal of title I ceiling

The *Senate* bill repeals section 110 of Public Law 480, which prohibits entering into title I agreements in any calendar year that would require an appropriation to reimburse the Commodity Credit Corporation in an amount exceeding $1.9 billion plus unexpended amounts from prior years, if any. (Sec. 1309)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

[1] The same provisions are contained in the International Security and Development Cooperation Act of 1981 (S. 1196, as passed by the Senate, and H.R. 3566, as reported by the House Committee on Foreign Affairs).

[2] The same provisions are contained in the International Security and Development Cooperation Act of 1981 (S. 1196, as passed by the Senate, and H.R. 3566, as reported by the House Committee on Foreign Affairs).

(19) Overseas market development (Sec. 1213)

The *Senate* bill provides that representatives of the distilled spirits industry, in addition to representatives of the wine and beer industry, are eligible to participate in market development activities carried out by the Foreign Agricultural Service with foreign currencies made available under title I of Public Law 480. (Sec. 1312)

The *House* amendment is similar, except that it refers to *other alcoholic beverages* instead of distilled spirits. (Sec. 1104)

The *Conference* substitute adopts the *Senate* provision with an amendment to include both "distilled spirits or other alcoholic beverage".

(20) Annual report (Sec. 1215)

The *Senate* bill changes the date when the President's annual report to Congress on activities under Public Law 480 is due from April 1 to *July 1* of each year. (Sec. 1313)

The *House* amendment changes the date when this report is due from April 1 to *February 15* of each year. (Sec. 1106)

The *Conference* substitute adopts the *House* amendment.

(21) Extension of program (Sec. 1216)

The *House* amendment amends section 409 of Public Law 480 to provide that new spending authority provided for in title I by the extension of the Act provided by the bill shall be effective for any fiscal year only to such extent or in such amounts as are provided in appropriation acts. (Sec. 1107(2))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

TITLE XIII—FOOD STAMP AND COMMODITY DISTRIBUTION AMENDMENTS OF 1981

(NOTE.—S. 884 contains no provisions comparable to those contained in Title XII of the *House* amendment. S. 1007, the Food Stamp and Commodity Distribution Amendments of 1981, approved by the *Senate*, contains the provisions referred to in the notes below which are comparable to those in the *House* amendment.)

(1) Short title (Sec. 1301)

The *House* amendment provides that this title may be cited as the "Food Stamp and Commodity Distribution Amendments of 1981". (Sec. 1201)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(2) Indian reservations (Sec. 1336)

The *House* amendment includes within the term "reservation" any land over which a tribal organization has authority to exercise any governmental jurisdiction, thereby permitting tribes without reservations, as well as tribes having reservations, to (1) receive assistance under both the food stamp and commodity distribution programs, and (2) administer their own food stamp program. (Sec. 1202)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment which authorizes the Secretary to establish a food distribution program in Oklahoma to provide food commodities to eligible Indian households and other households as the Secretary determines appropriate.

(3) Retail food stores

The *House* amendment limits the types of stores that could be approved for participation in the food stamp program by (1) broadening the definition of "accessory" foods (i.e., foods that cannot be counted as staple foods in meeting the existing test that 50 percent of food sales consist of staple foods) to include snack foods, such as potato chips, pretzels, and popcorn, and dessert items, such as cakes, pies, cookies, and pastries, and (2) adding a new requirement that a store's food sales must represent more than 50 percent of its gross (food and nonfood) sales. The new gross sales test would not apply to (1) establishments with clearly identifiable grocery departments with a full line of grocery items, and (2) establishments selling staple foods that are the only source for staple foods in the immediate area and that meet such other requirements as the Secretary may prescribe. (Sec. 1203)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, would prohibit approval of establishments that sell alcoholic beverages for consumption on the premises.)

The *Conference* substitute deletes the *House* amendment.

(4) Alaska's thrifty food plan (Sec. 1303)

The *House* amendment requires a separate set of food stamp allotments for rural areas of Alaska. (Sec. 1204)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(5) Adjustment of the thrifty food plan (Sec. 1304)

The *House* amendment requires that cost-of-food adjustments to the "thrifty food plan," and, consequently, to food stamp allotment levels, be made on October 1, 1982, and each October 1 thereafter. The October 1982 adjustment would reflect changes in food prices over the 21 months from October 1980 through June 1982; subsequent October adjustments would reflect food price changes over the 12 months ending the preceding June 30. (Sec. 1205)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment providing that the periods upon which the adjustments to the thrifty food plan are based shall be subject to revision by Act of Congress. The conferees intend that Congress consider early in 1982 the periods upon which such adjustments are based, together with the reauthorization for food stamp program appropriations for fiscal years 1983, 1984 and 1985.

(6) Energy assistance payments; excluded payments of other programs (Sec. 1306)

(a) The *House* amendment excludes as income for food stamp program purposes any income that Federal law specifically excludes from consideration as income for such purposes. (Sec. 1206)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment excludes as income for food stamp program purposes any payments or allowances made under any Federal law for the purpose of providing energy assistance. (Sec. 1206)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, requires that any payments or allowances specifically designated for energy assistance by Federal law be excluded as income for food stamp eligibility and benefit calculations.)

The *Conference* substitute adopts the *House* amendment.

(c) The *House* amendment excludes as income for food stamp program purposes any payments or allowances made under any State or local laws for the purpose of providing energy assistance if they are (1) designated as energy assistance by the State or local legislative body, and (2) determined by the Secretary to be provided on a seasonal basis for an aggregate period not to exceed 6 months in any year. (Sec. 1206)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, would not allow State or local energy assistance payments to be excluded as income in the food stamp program.)

The *Conference* substitute adopts the *House* amendment with an amendment that would exclude as income for food stamp program purposes any payments or allowances (including tax credits) that are calculated as if provided on a seasonal basis, even if not provided on a seasonal basis because it would be administratively infeasible or impracticable to do so. The conferees intend that those States that are currently making such payments or allowances that are excluded from income comply with this provision by the close of the next State legislative session, including any special session, that begins after the promulgation of final regulations to implement this provision but in any case not later than six months after promulgation of such regulations.

(7) Disallowance of deductions for expenses paid by vendor payments (Sec. 1307)

The *House* amendment prohibits the deduction from income for food stamp program purposes of expenses paid on behalf of households by third parties. (Sec. 1207(a))

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(8) Attribution of income and resources to sponsored aliens (Sec. 1308)

The *House* amendment requires that a portion of the income and resources of the sponsor of a legally admitted alien, and of the spouse living with the sponsor, be attributed to the alien when applying for food stamps. Sponsors who have executed an affidavit of support or similar agreement as a prerequisite for entry of a permanent resident alien would have the portion of their income exceeding 130 percent of the applicable Federal poverty level for the sponsor's size of household attributed to the alien, along with any countable resources exceeding $1,500. This attribution would apply during the 3 years following the alien's entry. The alien would be required to provide specified information to the State agency. Both the alien and any sponsor would be liable for overpayment of food stamp benefits due to the failure to provide correct information unless the failure was

without fault or for good cause. (Sec. 1207(b))

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains provisions identical to those in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(9) Resources (Sec. 1309)

The *House* amendment would except from the requirement that the Secretary follow regulations in force on June 1, 1977, in determination of household resources, the regulations relating to licensed vehicles. However, the legislative requirement to count the fair market value of any *non-excluded* vehicle to the extent it exceeds $4,500 is not changed. (Sec. 1208)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, allows the Secretary to revise any of the present rules governing assets, except for those which are legislatively established.)

The *Conference* substitute adopts the *House* amendment.

(10) Work requirements (Sec. 1310, 1311)

(a) The *House* amendment extends the scope of the existing law disqualifying *applicant* households for 60 days, if the primary wage earner has voluntarily quit a job without good cause, to include *recipient* households. (Sec. 1209)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except that it would lengthen the disqualification period to 90 days.)

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment automatically disqualifies food stamp households if a member has failed to meet the work requirements of another Federal program if those requirements are comparable to those in the food stamp program. (Sec. 1209)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(c) The *House* amendment (1) exempts from work registration requirements household members charged with the care of children under 6 years of age, and (2) permits household members charged with care of children age 6 through 11 to refuse a job offer and remain eligible if adequate child care for the children is lacking. (Sec. 1209)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except that it does not provide for a "good cause" refusal of a job offer due to lack of child care.)

The *Conference* substitute adopts the *House* amendment.

(d) The *House* amendment changes the frequency with which food stamp recipients subject to the work registration requirements must formally reregister for employment, from once every 6 months to once every 12 months. (Sec. 1210)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(11) State issuance liability (Sec. 1312)

The *House* amendment makes States strictly liable for any losses occurring in the handling and issuing of food stamps, including losses involving failure of coupon issuers to comply with prescribed requirements. However, in the case of losses resulting from mail issuance of authorization documents or allotments, the degree of State liability would be prescribed by the Secretary. (Sec. 1211)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, would also make States strictly liable for any losses occurring in the handling and issuing of food stamps. In cases of mail issuance losses, (1) States with a significant volume of such issuances would be liable for losses involving food stamps themselves to the extent losses exceed one percent of the value of allotments issued by mail, and (2) States would be liable for losses involving authorization documents to the extent prescribed by the Secretary. Further, S. 1007 would authorize the Secretary to restrict the use of mail issuance in any State or part of a State where it is determined that it jeopardizes program integrity or is not cost effective.)

The *Conference* substitute adopts the *House* amendment.

(12) Sixty-day transfer of certification (Sec. 1316)

The *House* amendment eliminates the existing requirement that food stamp benefits remain uninterrupted for up to 60 days when an eligible household moves to another political jurisdiction. (Sec. 1212)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(13) Recertification notice (Sec. 1318)

The *House* amendment removes the requirement that State agencies notify recipient households that their current certification period is expiring immediately before they must reapply to retain uninterrupted eligibility. However, where the expiring certification period is 6 months or longer, notice of the need to reapply would have to be given within the 30 days prior to the start of the last month of the certification period. (Sec. 1213)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except that there is no provision concerning notification in cases where the certification period is 6 months or longer.)

The *Conference* substitute adopts the *House* amendment with an amendment striking out the requirement that notice of the need to reapply be given within 30 days prior to the start of the last month of the certification period where the expiring period is 6 months or longer. The conferees understand that the Secretary will expect State agencies to continue to provide households having certification periods of 6 months or longer with notices of expiration of their certifications no earlier than 30 days prior to the start of the last month of their certification period.

(14) Access of Comptroller General to information (Secs. 1313, 1319)

The *House* amendment provides that the Comptroller General of the United States is to have access to applicant and recipient records and records relating to retail and wholesale food concerns, for audit and examination purposes. (Sec. 1214)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(15) Expedited service

The *House* amendment makes expedited (3-day) service available to households with liquid assets of $100 or less, if (1) their gross monthly income is $150 or less, or (2) they are "destitute" in that their only income for the month of application, in the political jurisdiction where they are applying, is from a new source from which no more than $25 is expected in the 10 days following application. (Sec. 1215)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, makes expedited service available to households with liquid assets of $100 or less, if (1) their gross monthly income is $85 or less, or (2) they are "destitute" migrant or seasonal farmworker households. The definition of a "destitute" migrant or seasonal farmworker household is left to the discretion of the Secretary. State agencies would be required, to the extent practicable, to verify the income and cash resources of applicant households.)

The *Conference* substitute deletes the *House* amendment.

The conferees take note of the fact that even though guaranteed expedited service, certain destitute migrant households may encounter hardships as a result of other provisions already enacted which require the initial month's benefits be prorated from the date of application. Current interim final regulations issued by the Department on September 4, 1981, provide destitute migrants applying late in a month only a few days' benefits on an expedited basis; the next month's allotment will not be issued until the first month's circumstances are verified. Where migrants must seek such verification from outside the State, the issuance of the second month's benefits may be unreasonably delayed. The conferees therefore direct the Department when issuing final regulations on this matter to assure that, when verification must be acquired from outside the State, destitute migrant households applying for expedited service in the second half of the month be provided with a reasonable opportunity to obtain such verification without a loss or delay in benefits.

(16) Restoration of lost benefits (Sec. 1320)

The *House* amendment requires that a request for restoration of improperly denied benefits be made by the household concerned before they are restored. It also provides that benefits not be restored for any period more that 1 year prior to (1) the receipt of a request or discovery of an improper denial and notification of the household by the State agency, in the case of administrative determinations, or (2) in judicial actions, the commencement of court action, discovery and notification of the improper denial by the State agency, or the filing of a

request for restoration of improperly denied benefits. (Sec. 1216)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, has the same provision as the *House* amendment, except that notification of the household does not affect the 1 year period.)

The *Conference* substitute adopts the *House* amendment with an amendment striking out the provision tying the 1 year period for restoration to the date the State agency notifies a household of its lost benefits. The conferees, however, intend that State agencies be required to notify households of known improper denials as soon after discovery as possible and that households be told of the proper form for making a request for restoration of lost benefits.

(17) Information (Sec. 1321)

(a) The *House* amendment requires State agencies to request and use quarterly wage data collected by the Social Security Administration and State unemployment compensation agencies for the purpose of verifying the earnings of food stamp recipients. If the information is not available from State unemployment compensation agencies, the State food stamp agency would be required to request similar earnings information from the Social Security Administration. (Sec. 1217)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except that it would also move up the date after which unemployment compensation agencies must furnish information to State food stamp agencies from January 1983 to January 1982.)

The *Conference* substitute adopts the *House* amendment. The conferees urge the Secretary to work in conjunction with State unemployment compensation agencies to speed up the furnishing of information from those agencies to State food stamp agencies so that such furnishing occurs as soon as possible before January 1, 1983.

(b) The *House* amendment requires that, in areas where authorization cards are used to issue food stamps and recipients are required to use photo identification cards to receive their allotments, contracts between the State agency and issuing agents must stipulate that (1) a photo identification card be furnished at the time an authorization card is presented, and (2) the number on the photo identification card be recorded on the authorization card. If the issuing agent fails to comply with these requirements and the State agency determines that the authorization card was stolen or not received by the eligible household, the issuing agent would be liable for the value of food stamps issued in the transaction. (Sec. 1217)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(18) Nutrition education program (Sec. 1322)

The *House* amendment removes the existing requirement that the Secretary use the Department of Agriculture's expanded food and nutrition education program (EFNEP) to conduct nutrition education activities, replacing it with authority for the Secretary to use the techniques of EFNEP in any food stamp nutrition education activities. (Sec. 1218)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(19) Alaska fee agents (Sec. 1323)

The *House* amendment allows Alaska to use "fee agents" who may not be State employees in administering the food stamp program in rural areas of Alaska, except for certification of eligibility and determination of benefits. (Sec. 1219)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment striking outreach from the activities which may be performed by the fee agents.

(20) Use of certified mail

The *House* amendment requires the Secretary to permit State agencies to use certified mail to issue food stamps, with the Federal Government paying 75 percent of the cost of doing so. (Sec. 1220)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(21) Staffing (Sec. 1325)

The *House* amendment eliminates the requirement that the Secretary establish staffing standards for State agencies administering the food stamp program. (Sec. 1221)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(22) Incentives for error reduction efforts and corrective action plans (Sec. 1326)

The *House* amendment adds to the requirements that States must meet in order to qualify for additional (more than the standard 50 percent) Federal funding of their administrative costs, a requirement that all States, except those with rates of administrative error below 5 percent of benefit payments, develop "corrective action plans" for further reducing error. Further, all States would have to meet requirements set by the Secretary for low rates of improper denial in order to receive additional Federal funding of administrative costs. (Sec. 1222)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains provisions identical to those in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(23) Social Security account numbers (Sec. 1327)

The *House* amendment requires food stamp households to furnish the Social Security account numbers of all household members. (Sec. 1223)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(24) Extending and amending cash-out pilot projects (Sec. 1328)

(a) The *House* amendment extends, through September 1985, the time during which States may continue, at their option, to operate "cash-out" pilot projects paying food stamp benefits in cash, rather than stamps. (Sec. 1224)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment, except that the *Senate* provision extends only to existing cash-out pilot projects.)

The *Conference* substitute adopts the *House* amendment, with an amendment limiting the extension, at State request, of pilot projects through September 30, 1985, to those projects operating as of October 1, 1981, and serving eligible households all of whose members are either age 65 or over entitled to SSI benefits.

(b) The *House* amendment expands "cash-out" pilot projects to include those (1) paying food stamp benefits in standardized cash amounts varied only according to household size, and (2) serving eligible households any one of whose members receives aid to families with dependent children (AFDC) or SSI benefits. (Sec. 1224)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except that (1) the standardized benefits vary according to household size, income and expense characteristics, and (2) all household members must be AFDC or SSI recipients in order to qualify for "cash-out".)

The *Conference* substitute adopts the *House* amendment. The conferees expect that, with respect to projects carried out under this authority, a variety of factors besides household size will be considered in determining the average value of allotments paid to households participating in the projects and such allotments will be adjusted to reflect the presence in the food stamp household of members that are not recipients of AFDC or SSI benefits.

(25) Nutritional monitoring (Sec. 1329)

The *House* admendment requires the Secretary, by way of contracts or grants to public or private organizations, to implement pilot projects that will test means of measuring the nutritional status of low income people in order to develop minimum criteria and methods for monitoring nutritional status that could be applied nationwide. Annual reports to the Agriculture Committees would be required beginning in July 1982. (Sec. 1225)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(26) Study of retrospective accounting and periodic reporting

The *House* amendment requires the Secretary to study the effects of using retrospective accounting and monthly reporting systems in the food stamp program, specifically including a review of the effect of these systems on benefit and administrative costs, rates of administrative error, and the degree to which eligible households are denied benefits for failure to file monthly reports. It also requires pilot projects in which monthly reporting is conducted in conjunction with prospective (rather than retrospective) accounting. An interim report to Congress would be required by March 1, 1983, with a final report due on March 1, 1985. (Sec. 1226)

The *Senate* bill contains no comparable provisions.

The *Conference* substitute deletes the *House* amendment.

(27) Pilot projects to simplify the processing of applications for certain AFDC, SSI, and Medicaid recipients (Sec. 1330)

The *House* amendment authorizes pilot projects in which households having members who are AFDC, SSI, or Medicaid recipients and whose incomes are below the applicable food stamp income eligibility standard would be deemed automatically eligible for food stamp benefits. Their food stamp benefit would be standardized and based on household size and (1) their AFDC or SSI benefit (or income used to determine Medicaid eligibility), or (2) at the State's option, the applicable "standard of need" under such programs. Standardized benefits issued to households in these pilot projects would be adjusted to ensure that average allotments by household size are not less than they would have been if benefits had been determined on an individual household basis under normal rules. These pilot projects could be conducted in any political subdivision, at its request, or Statewide, at a State's request. Consultation with the Secretary of Health and Human Services would be required to ensure unified and simplified processing of applications. Administrative costs of such projects would be shared in accordance with the provisions of section 16 of the Food Stamp Act of 1977. (Sec. 1227)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except (1) it would authorize only two pilot projects, (2) it would not include Medicaid recipients, (3) it would require that all members of the household be AFDC or SSI recipients, (4) it would require that all households have gross incomes below 130 percent of the applicable Federal poverty level, (5) it contains no explicit stipulation that a political subdivision may request to operate a pilot project, and (6) it contains no explicit provision regarding the sharing of administrative costs.)

The *Conference* substitute adopts the *House* amendment with an amendment limiting the number of projects the Secretary may conduct to 2 Statewide projects and 14 projects in political subdivisions. The conferees expect that, in determining the value of allotments paid to each household, factors such as household size, income, and expenses will be taken into account, and the allotments will be adjusted to reflect the presence in the food stamp household of members who are not recipients of AFDC, SSI or Medicaid benefits.

(28) Food stamp funding and program extension (Sec. 1331)

The *House* amendment extends the authorization for appropriations for the food stamp program through September 30, 1985, with the following ceilings on annual appropriations:

	Millions
Fiscal year 1982	$11,300
Fiscal year 1983	11,170
Fiscal year 1984	11,115
Fiscal year 1985 (sec. 1228)	11,305

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, extends the appropriations authorization through September 30, 1985, with the following ceiling on appropriations:

	Millions
Fiscal year 1982	$10,870
Fiscal year 1983	11,290
Fiscal year 1984	11,325
Fiscal year 1985	11,840

The *Conference* substitute adopts the *House* amendment with an amendment striking the authorization for appropriations for fiscal years 1983, 1984, and 1985. The conferees intend that Congress, early in 1982, consider reauthorization of food stamp program appropriations for fiscal years 1983, 1984, and 1985, together with the periods upon which adjustments in the thrifty food plan are based. The conferees recognize that the authorization ceiling in the *Conference* substitute may prove inadequate to allow full funding of benefits. The conferees intend that the Secretary not take any requisite action under section 18(b) of the Food Stamp Act of 1977 to reduce allotments until 60 days have elapsed after the date the Secretary announces any intention to reduce benefits. During this period of time, Congress would have the opportunity to consider legislation to amend the authorization ceiling based upon revised cost estimates.

(29) Incentives, sanctions, and claims (Sec. 1332)

The *House* amendment requires that all funds collected from claims owed the Department of Agriculture be credited to the appropriation account for the fiscal year in which the collection occurs, and that all incentive payments made to States because they have low rates of administrative error be paid out of the appropriation account for the fiscal year in which the payments are made. (Sec. 1229)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(30) Workfare (Sec. 1333)

The *House* amendment directs the Secretary to permit political subdivisions of a State to establish workfare programs for food stamp recipients under which nonexempt recipients would be required to accept public service job offers and work in return for compensation in the form of the household's monthly food stamp benefit. The number of hours of work required of members of a food stamp household would be calculated by dividing the household's monthly benefit by the minimum wage rate.

The *House* amendment also provides that:

Any political subdivision could apply to operate an approved workfare program for its food stamp recipients;

Food stamp recipients normally exempt from work registration would be exempt from having to comply with a workfare requirement, except unemployment compensation registrants and those AFDC work registrants involved in work training less than 20 hours per week;

Workfare job offers would be made by the political subdivision operating the workfare program;

The maximum number of hours that could be required of a household would be 20 hours per week, or when combined with other regular or predictable part-time work, 30 hours per week;

Upon a household member's failure to comply with workfare requirements, the household would be ineligible for food stamps for 2 months, unless someone in the household satisfies all outstanding workfare obligations prior to the end of the 2-month disqualification;

In calculating the workfare administrative costs that the Federal Government will share (50 percent), reimbursements to workfare participants for work-related expenses are to be included; workfare participants must be reimbursed for work-related expenses, up to $25 per month. The Secretary may suspend, cancel, or withdraw the Federal share of administrative expenses on a finding that there is noncompliance with Federal workfare rules by the local jurisdiction;

Workfare jobs may not have the effect of replacing or preventing employment of nonworkfare persons and must provide the same conditions and benefits provided to others performing comparable work for comparable hours;

Political subdivisions operating a workfare program could allow a job search period of up to 30 days prior to a workfare job assignment;

Political subdivisions could establish and operate workfare programs in which participation would be voluntary for food stamp recipients. (Sec.1230)

The *Senate* bill contains no comparable provisions.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provisions as the *House* amendment, except:

It would require that *States* rather than political subdivisions apply to operate workfare programs;

While exempting most recipients normally exempt from work registration, it would not exempt students or those who have registered for work under AFDC or employment compensation rules; States agencies would be allowed to exempt additional categories of recipients;

Job offers could be made by political subdivisions, State agencies, Comprehensive Employment and Training Act (CETA) "prime sponsors," or any other public employer;

The maximum number of workfare hours that could be required would be 40 hours per week, when combined with any other hours worked for compensation in cash or in kind;

Upon failure to comply with workfare requirements, the non-complying *individual* would be ineligible for 6 months and benefits for the remainder of the household could not be increased as the result of the ineligibility of that member;

No provision is made for payment of work-related expenses;

No provision is included relating to providing workfare participants with benefits and conditions comparable to nonworkfare persons;

No provision is included regarding a job search period prior to a workfare assignment;

No provision is included regarding the establishment of workfare programs where participation is voluntary;

To the maximum extent practicable, States and political subdivisions must be allowed to design and operate food stamp workfare programs that are compatible with similar workfare programs they might operate;

States and political subdivisions must be allowed to require that food stamp recipients subject to food stamp workfare requirements comply with any AFDC workfare program they might operate, in which case compliance with an AFDC workfare program would be treated as compliance with food stamp workfare rules;

The Secretary may permit States and political subdivisions to require that food stamp recipients subject to food stamp workfare requirements comply with any non-AFDC workfare programs they might operate, if the Secretary finds that they meet the provisions and protections provided in the Food Stamp Act, in which case compliance with the non-AFDC workfare program would be treated as compliance with food stamp workfare rules;

States would be allowed to provide job counseling to match food stamp workfare participants with suitable workfare jobs and assistance to enable workfare participants to obtain nonworkfare employment;

Federal regulations regarding the establishment and operation of food stamp workfare programs would have to be issued within 60 days of enactment of this legislation;

It would not prevent filling *existing* job vacancies by workfare participants in preference to other applicants; and

Evaluation of workfare programs would be required, with particular emphasis on the extent to which they reduce the need for food stamp benefits and help achieve the purposes of the Food Stamp Act of 1977.

The *Conference* substitute adopts the *House* amendment with an amendment in the nature of a substitute.

The conferees intend that private nonprofit employers be able to participate in this workfare program and extend offers to perform work to food stamp recipients required to work pursuant to this section by virtue of contractual arrangements with the political subdivisions that operate the workfare program.

The conferees intend that the Secretary, to the maximum extent practicable, make it possible for political subdivisions to design and operate workfare programs for food stamp recipients that are compatible and consistent with similar workfare programs operated by such subdivisions. Compliance on the part of a political subdivision with a workfare program operated under title IV of the Social Security Act shall be treated as compliance with food stamp workfare requirements. Compliance on the part of a political subdivision with other workfare programs that the Secretary determines meet the provisions and protections provided under this section shall be treated as compliance with this section's workfare requirement.

The conferees are concerned that the Secretary issue the regulations to implement this section as soon as possible but no later than 120 days after the enactment of this Act and conduct appropriate evaluation of the workfare program, with particular emphasis upon the extent to which the program reduces the need for food stamp benefits and helps to achieve the purposes of the Act.

The conferees do not intend that federally-shared administrative expenses include the costs of equipment, tools or materials used in connection with the work performed by workfare participants or the costs of supervising workfare participants and, further, do not intend that participants be reimbursed for meals away from home. The conferees expect that political subdivisions will keep State agencies informed of their applications for workfare and the operation of their projects.

The *conference* substitute includes a provision that will allow any political subdivision that wishes to apply for and to operate a workfare program. Since enactment of the 1977 farm bill (Public Law 95-113), workfare projects have operated as pilot projects and in some cases have been subject to obstructive tactics by, among others, organizations, persons, firms, or corporations. Section 18(a)(2) of the Food Stamp Act of 1977 provides that no funds appropriated under the Food Stamp Act of 1977 or any other Act of Congress may be used directly or indirectly to interfere with or impede the implementation of any provision of that Act or any rule regulation, or project thereunder, with a certain specified exception.

Now that workfare will become a permanent provision of the Food Stamp Act of 1977, the conferees direct the Comptroller General to prepare a report to Congress concerning section 18(a)(2) of that Act. The conferees intend that such report will contain information regarding how this section has been interpreted; how it has been implemented; and how it might be improved upon if obstructive tactics are found to have occurred.

The report shall be presented to the Congress before the food stamp program is reauthorized for fiscal year 1983.

(31) Reporting of abuses by the public (Sec. 1314)

The *House* amendment requires that stores participating in the food stamp program display a sign providing information on how persons may report observed cases of food stamp abuse. (Sec. 1231)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(32) Notice of verification (Sec. 1317)

The *House* amendment requires that each food stamp application contain a notice to the applicant that the information provided will be subject to verification and that if any *material* part of the information is incorrect food stamps may be denied and criminal prosecution may result. (Sec. 1231)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except that the notice is to warn that criminal prosecution may result if *any* part of the information provided is incorrect.)

The *Conference* substitute adopts the *House* amendment.

(33) Disclosure of information to law enforcement officials (Sec. 1319)

The *House* amendment provides specific authority for local, State, or Federal law enforcement officials to have access to information furnished by food stamp applicants for the purpose of investigating alleged violations of the Food Stamp Act of 1977 or program regulations. (Sec. 1231)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment, except that access could be provided for the purposes of investigating "a possible or alleged" violation.)

The *Conference* substitute adopts the *House* amendment.

(34) Minimum mandatory court sentence for criminal offenses; work restitution program (Sec. 1324)

The *House* amendment requires a prison sentence for the second and subsequent convictions for violations of the Food Stamp Act of 1977 or program regulations. It authorizes courts to suspend any convicted violator from the program for up to 18 months, in addition to any regular disqualification period under the Food Stamp Act of 1977. Further, it authorizes courts to permit work approved by the court as restitution for losses incurred by the violation, and, if the violator agrees to perform the work, to withhold imposition of sentence on condition the work is performed. Upon successful completion of any assigned work, the court may suspend the sentence. (Sec. 1231)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate* contains provisions identical to those in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(35) Extension of authorities, penalties for fraud, and miscellaneous provisions (Sec. 1334)

(a) The *House* amendment would extend, through September 30, 1985, the Secretary's authority to purchase and distribute food commodities to institutions, commodity supplemental food programs, disaster relief areas, summer camps for needy children, needy families on Indian reservations and in the Trust Territory of the Pacific Islands, elderly nutrition projects, and other commodity distribution outlets. (Sec. 1232)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment establishes criminal penalties for the misuse of federally donated commodities of a fine of not more than $1,000 or imprisonment of not more than 1 year (or both) if the value of the commodities involved is less than $100; and a fine of not more than $10,000 or imprisonment for not more than 5 years (or both) if the value of the commodities involved is $100 or more. (Sec. 1232)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains a provision identical to that in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(36) Commodity supplemental food program—pilot projects for the elderly and administrative costs (Sec. 1335)

(a) The *House* amendment requires the Secretary to institute two pilot commodity supplemental food distribution projects directed at low-income elderly persons, including the distribution of commodities to these persons in their homes. (Sec. 1233)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment making institution of the pilot projects discretionary with the Secretary and limiting the operation of the projects to 2 years. The conferees expect the Secretary to report annually to the appropriate authorizing and appropriating Committees of the House and Senate as to the progress and findings of these pilot projects.

(b) The *House* amendment extends, through September 30, 1985, authority to provide administrative funds to operate commodity supplemental food programs

serving low-income pregnant women, new mothers, infants, and children. It provides that these administrative funds: (1) come from annual appropriations from general revenue; (2) be provided through State agencies, not directly to local projects; and (3) be subject to a nationwide limit of 15 percent of the amount appropriated for provision of the commodities. (Sec. 1233)

The *Senate* bill contains no comparable provisions.

(NOTE.—S. 1007, as approved by the *Senate*, contains provisions identical to those in the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(37) Retail redemption (Sec. 1315)

The *House* amendment adds institutions insured by the Federal Savings and Loan Insurance Corporation (savings and loan institutions) as financial institutions permitted to accept food stamps for redemption from retail stores and wholesalers. (Sec. 1234)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(38) Effective date (Sec. 1338)

The *House* amendment stipulates that, except as otherwise provided, the amendments made by this title shall be effective upon such dates as the Secretary prescribes, taking into account the need for orderly implementation. (Sec. 1235)

The *Senate* bill contains no comparable provision.

(NOTE.—S. 1007, as approved by the *Senate*, contains the same provision as the *House* amendment.)

The *Conference* substitute adopts the *House* amendment.

(39) Authority of Office of Inspector General (Sec. 1337)

The *House* amendment gives the following powers to any person employed by the Department of Agriculture's Office of Inspector General who conducts investigations of felony criminal violations of statutes administered by the Secretary of Agriculture, if the person is jointly designated by the U.S. Attorney General and the Department's Inspector General:

The power to make an arrest without a warrant if any criminal felony violation is committed, or if the employee has probable cause to believe that such violation is being committed, in the presence of the employee;

The power to execute a warrant for an arrest, for search of premises, or seizure of evidence, if the warrant is issued under the authority of the United States upon probable cause to believe that a violation has been committed; and

The power to carry a firearm. (Sec. 1236)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment (1) striking the Attorney General as a joint designator of Office of Inspector General personnel to have the powers specified, and (2) providing that the Attorney General may disapprove the designation of such personnel by the Inspector General. The conferees intend that any designation not specifically disapproved by the Attorney General within 30 days after the date of submission shall be deemed approved. Any designation of authority under this section shall apply only while personnel of the Office of Inspector General are engaged in investigations of alleged or suspected felony violations of statutes administered by the Secretary or any agency of the Department of Agriculture.

(40) Household definition (Sec. 1302)

The *House* amendment allows disabled parents living with their children to apply as separate food stamp households. (Sec. 1237)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(41) Reimbursement exclusion (Sec. 1305)

The *House* amendment provides that adjustments made to AFDC benefits on account of work-related or child care expenses cannot be treated as "reimbursements" for those expenses and excluded from being counted as income for food stamp purposes. (Sec. 1238)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

TITLE XIV—NATIONAL AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING POLICY ACT AMENDMENTS OF 1981

(1) Short title (Sec. 1401)

The *House* amendment designated title XIII as the "National Agricultural Research, Extension, and Teaching Policy Act Amendments of 1981". (Sec. 1301)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* provision.

(2) Findings (Sec. 1402)

The *Senate* bill revises the Congressional findings set out in section 1402 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (hereinafter referred to as the 1977 Act) to emphasize: the significant contribution to the Nation's agricultural system resulting from Federal support of agricultural research, extension, and teaching; the need to preserve and strengthen the important Federal-State partnership in the conduct of research, extension, and teaching in the food and agricultural sciences; that the future food supply is jeopardized by inflating costs and declining rates of increase in productivity; and that long-range planning for research, extension, and teaching is a key element in meeting the objectives of the 1977 Act and all elements in the food and education system are encouraged to expand their planning and coordination efforts. (Sec. 1401)

The *House* amendment expands on the existing findings to emphasize the success of the Federal-State partnership in carrying out the policy of the United States to support food and agricultural research, extension, and teaching in cooperation with the food and agricultural industry, and focuses on the need for reaffirmation and expansion of national support of cooperative research, extension, and teaching efforts to meet major needs and challenges in: food and agricultural system productivity; development of new food, fiber, and energy sources; agricultural energy use and production; natural resources; promotion of the health and welfare of people; human nutrition; and international food and agriculture.

The *House* amendment also provides that long-range planning for research, extension, and teaching is encouraged by all elements in the food and agricultural science and education system. (Sec. 1302)

The *Conference* substitute adopts the *House* amendment.

(3) Purposes (Sec. 1403)

The *Senate* bill expands the purposes of the 1977 Act to include improving coordination and planning of extension and teaching activities as well as research in the food and agricultural sciences. (Sec. 1402)

The *House* amendment expands the purposes of the 1977 Act to include improving and strengthening the Federal-State partnership; reducing unnecessary and pernicious regulations; and improving the cooperation among all who are involved in the food and agricultural sciences. (Sec. 1303)

The *Conference* substitute adopts the *Senate* provision.

(4) Definitions (Sec. 1404)

(a) The *Senate* bill broadens the definition of "food and agricultural sciences" by providing that the term encompasses basic, applied, and developmental research, and extension and teaching in the food, agricultural, renewable natural resources, forestry, and social sciences in the broadest sense of those terms, including certain enumerated activities relating to:

Domestic and export market expansion for U.S. agricultural products;

Production inputs to improve productivity;

Animal health;

Human nutrition;

Home economics and family life;

Rangeland management;

Aquaculture; and

Energy production, use, and conservation. (Sec. 1403(1))

The *House* amendment is the same except that it broadens the definition of home economics and also includes reference to "physical sciences". In addition, the *House* amendment enumerates the same activities as in the *Senate* bill, except for "energy production, use, and conservation", plus the following:

Agriculture, including soil and water conservation and use, the use of organic waste materials, plant and animal production and protection, and plant health;

Processing, distributing, marketing, and utilization of food and agricultural products;

Forestry, including production of forest and range products, multiple use of forest and rangelands, and urban forestry;

Rural community welfare and development; and

Youth development.

(Sec. 1304(1))

The *Conference* substitute adopts the *House* amendment.

(b) The *Senate* bill expands the definition of "State," applicable to the 1977 Act, except for subtitle H, to include American Samoa, the Commonwealth of the Northern Marianas, and the Trust Territory of the Pacific Islands. (Sec. 1403(2))

The *House* amendment is the same except that it also makes the definition applicable to subtitle H of the 1977 Act (the current definition of "State" in subtitle H is deleted by section 1329 of the *House* amendment). (Sec. 1304(2))

The *Conference* substitute adopts the *House* amendment.

(c) The *Senate* bill defines the term "teaching" to mean formal classroom instruction, laboratory instruction, and practicum experience in the food and agricultural sciences and related matters conducted by colleges and universities offering baccalaureate or higher degrees. (Sec. 1403(3))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(d) The *House* amendment defines "cooperating forestry schools" as those institutions eligible to receive funds under the McIntire-Stennis Act of 1962. (Sec. 1304(5))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(e) The *House* amendment defines "State cooperative institutions" or "State cooperative agents" as those institutions designated by the First and Second Morrill Acts, including the Tuskegee Institute; the Hatch Act of 1887; the Smith-Lever Act of 1914; the McIntire-Stennis Act of 1962; and subtitles E (Animal Health and Disease Research), L (Aquaculture), and M (Rangeland Research) of this title. (Sec. 1304(5))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(5) Responsibilities of the Secretary and coordinating role of the Department of Agriculture (Sec. 1405)

(a) The *Senate* bill deletes the requirement that the Secretary of Agriculture keep informed of manpower developments in the food and agricultural sciences. (Sec. 1404)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(b) The *House* amendment directs the Secretary to take the initiative in overcoming barriers to long-range planning by developing, in conjunction with the States and appropriate agencies and institutions, a long-term needs assessment for food, fiber, and forest products and by determining the research required to meet the identified needs. (Sec. 1305)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(6) Joint Council on Food and Agricultural Sciences (Sec. 1407)

(a) The *Senate* bill extends the term of the Joint Council to December 31, 1986—basically a 4-year extension. (Sec. 1406(1))

The *House* amendment extends the term of the Joint Council from 5 to 8 years. (Sec. 1307(a))

The *Conference* substitute provides for the term of the Joint Council to expire on September 30, 1985.

(b) The *Senate* bill provides that the Joint Council shall be composed of not fewer than 25 representatives of organizations, agencies, colleges, and universities that conduct or assist in conducting programs or research, extension, or teaching in the food and agricultural sciences, other public and private institutions, producers, and representatives of the public who are interested in and have a potential to contribute to the foundation of national policy in the food and agricultural sciences; provides that the term of members shall be 3 years; and specifies that the Joint Council will be cochaired by the senior policy official at the Department of Agriculture responsible for research, extension, and teaching. (Sec. 1406(2))

The *House* amendment is the same except that it broadens the list of agencies and organizations eligible to be represented on the Joint Council to those involved in "forestry sciences" in addition to food and agricultural sciences; includes as eligible organizations those conducting animal health, aquaculture, and rangeland research; provides that the terms of members shall be *up to* 3 years; provides that Joint Council members must be selected only from nominations submitted by the organizations and agencies eligible to be represented on the Joint Council; and specifies that the Assistant Secretary of Agriculture responsible for research, extension, and teaching will serve as cochairperson. (Sec. 1307(b))

The *Conference* substitute adopts the *House* amendment.

The conferees intend that the land-grant institutions and other institutions eligible to be represented on the Joint Council shall nominate at least three nominees for each vacancy that occurs on the Joint Council after the effective date of this section. Should the Secretary find that the slate of nominees submitted to fill such vacancy needs to be enlarged, it is the understanding of the conferees that the Secretary may request that the nominating institutions submit the names of additional nominees for the Secretary's consideration.

(c) Both the *Senate* bill (Sec. 1406(5)) and the *House* amendment (Sec. 1307(e)) require the Joint Council to submit a report to the Secretary by June 30 of each year containing recommendations on priorities and areas of responsibility among Federal, State and private organizations in carrying out the research, extension, and teaching programs.

In addition, the *House* amendment requires that the annual report of the Joint Council specify the level of financial need and other support necessary to carry out the program; provides for a second annual report on November 30 specifying ongoing research, extension, and teaching programs, their accomplishments, and their future expectations; provides for a report on June 30, 1983, to be updated every 2 years, outlining a 5-year plan for food and agricultural sciences; and requires that all of these reports be submitted to the Congress, the President, and to the constituent organizations of the Joint Council, in addition to the Secretary. (Sec. 1307(b))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment but limits the required distribution of Council reports to the Secretary.

(d) The *Senate* bill provides that these amendments constitute the sole charter under which the Joint Council will operate; authorizes it to establish bylaws; and authorizes it to establish such panels as it finds appropriate to assist it in meeting its responsibilities. These panels are exempted from the Federal Advisory Committee Act and from the provisions of title XVIII of the Food and Agriculture Act of 1977. (Sec. 1406(6))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(7) National Agricultural Research and Extension Users Advisory Board (Sec. 1408)

The *Senate* bill extends the term of the National Agricultural Research and Extension Users Advisory Board to December 31, 1986—basically a 4-year extension. (Sec. 1407)

The *House* amendment extends the term of the Advisory Board from 5 years to 8 years. (Sec. 1308)

The *Conference* substitute provides for the term of the Advisory Board to expire on September 30, 1985.

(8) Existing research programs (Sec. 1409)

The *Senate* bill repeals (by substitution of new provisions) section 1409 of the 1977 Act that relates to coordination of existing research programs and states the intent of Congress not to limit the authority of the Secretary of Health, Education and Welfare. (Sec. 1408)

The *House* amendment retains section 1409 and changes the reference to Health, Education, and Welfare to Health and Human Services. (Sec. 1309)

The *Conference* substitute adopts the *House* amendment.

(9) Federal-State partnership and coordination (Sec. 1410)

(a) The *Senate* bill amends section 1409 of the 1977 Act to enumerate the primary statutes on which the unique Federal-State partnership in food and agricultural research, extension, and teaching is based. (Sec. 1408)

The *House* amendment adds a new section 1409A to the 1977 Act which is the same as the *Senate* bill except that it includes reference to subtitle G of the 1977 Act (relating to research and extension at 1890 land-grant colleges) as a primary statute upon which the partnership, with regard to research and extension, is based. (Sec. 1310)

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment authorizes the Secretary to establish Human Nutrition Centers in State cooperative institutions and other institutions to focus on particular high priority nutrition problems and to promote the health and welfare of the people through cooperative research, extension, and teaching programs including new cooperative initiatives in home economics and related disciplines. (Sec. 1310)

The *Senate* bill has no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(c) The *House* amendment requires the Secretary to assure that the cooperative research, extension, and teaching programs adequately address the challenges set forth in paragraph (10) of section 1302 of the *House* amendment. (Sec. 1310)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(10) Secretary's report (Sec. 1411)

The *House* amendment requires that the Secretary's annual report for January 1, 1983, on research, extension, and teaching activities include the Secretary's long term needs assessment for food, fiber, and forest products developed pursuant to the provisions of section 1305(11) of the *House* amendment. (Sec. 1311)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment changing the date for the Secretary's annual report on this provision to January 1, 1984.

(11) General provisions; additional Assistant Secretary of Agriculture (Sec. 1414)

(a) The *Senate* bill authorizes appropriations for the expenses of the staff of the Joint Council and the Advisory Board. (Sec. 1412(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill requires the Joint Council, the Advisory Board, and the Subcommittee on Food, Agricultural, and Forestry Research, to the extent practicable, to (i) conduct joint meetings and exchange reports, (ii) coordinate such meetings with and distribute such reports to others in the national agricultural research, extension, and teaching system, and (iii) appoint persons to serve as liaisons with each other and other members of such system. (Sec. 1412(a))

The *House* amendment also applies to "others in the agricultural science and education system." (Sec. 1314(a))

The *Conference* substitute adopts the *House* amendment.

(c) The *Senate* bill establishes an additional Assistant Secretary of Agriculture with such duties and responsibilities as the Secretary may prescribe. (Sec. 1412(a) and (b))

The *House* amendment is similar except that it specifies that the new Assistant Secretary will perform duties necessary to carry out research, extension, and teaching programs. (Sec. 1314(a) and (b))

The *Conference* substitute adopts the *House* amendment.

(12) Program for competitive, special, and facilities grants for agricultural research (Sec. 1415)

(a) The *Senate* bill provides that in allocating competitive grants to high priority research under section 2(b) of the Act of August 4, 1965, the Secretary should take into consideration determinations of the Advisory Board in addition to determinations of the Joint Council in identifying high priority research areas. (Sec. 1413(a)(1))

The *House* amendment has no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *House* amendment defines high priority research areas to include: basic research aimed at the discovery of new scientific principles and techniques that may be applicable in agriculture and forestry; research aimed at the development of new and innovative products, methods and technology relating to biological nitrogen fixation, photosynthesis, and other processes that will improve and increase the production of agricultural forestry resources; basic and applied research in the fields of (i) animal productivity and health; (ii) soil and water; and (iii) human nutrition; and research to develop new strains of crops, new promising crops, including guayule and jojoba. (Sec. 1315(a)(1))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment. In defining high priority research areas, however, it is not the intention of the conferees that present funding for ongoing research projects be reduced in order to shift funds into any other high priority areas.

(c) The *Senate* bill extends the authorization for appropriations for competitive research grants through fiscal year 1987 at the level of $50 million annually. (Sec. 1413(a)(2))

The *House* amendment extends the authorization for appropriations through fiscal year 1985 at the following levels: $35 million for fiscal year 1983; $40 million for fiscal year 1984; $45 million for fiscal year 1985. (Sec. 1315(a)(2))

The *Conference* substitute adopts the *Senate* provision but extends the authorization for appropriations only through fiscal year 1985.

(13) Amendments to the Research Facilities Act of 1963 (Sec. 1416)

The *Senate* bill extends the authorization for appropriations for the Research Facilities Act of 1963 through fiscal year 1987 at the current level of $31 million annually. (Sec. 1414)

The *House* amendment extends the authorization for appropriations through fiscal year 1985 at the following levels: $15 million for fiscal year 1982; $19 million for fiscal year 1983; $23 million for fiscal year 1984; and $27 million for fiscal year 1985. (Sec. 1316)

The *Conference* substitute adopts the *Senate* provision but extends the authorization for appropriations only through fiscal year 1985.

(14) Apportionment of funds appropriated for schools of veterinary medicine (Sec. 1417)

The *House* amendment deletes the requirement, from section 1415 of the 1977 Act, that at least 50 percent of the grant funds appropriated under that section must go to States that have accredited schools of veterinary medicine (Sec. 1339)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(15) Federal support of higher education in the food and agricultural sciences (Sec. 1418)

(a) The *Senate* bill amends the 1977 Act to require the Secretary of Education to *delegate* to the Secretary of Agriculture the authority to carry out all functions and duties under the Act of June 29, 1935. (Sec. 1415(1))

The *House* amendment is the same except that it uses the word "*transferred*" instead of "delegate". (Sec. 1317(b))

The *Conference* substitute adopts the *House* amendment.

(b) The *Senate* bill extends the authorization for appropriations for higher education grants for an additional 5 years through fiscal year 1987 at the current level of $50 million. (Sec. 1415(3))

The *House* amendment extends the authorization for appropriations for an additional 3 years through fiscal year 1985 at the following levels: $25 million for fiscal year 1982; $30 million for fiscal year 1983; $35 million for fiscal year 1984; and $40 million for fiscal year 1985. (Sec. 1317(c))

The *Conference* substitute adopts the *Senate* provision but extends the authorization for appropriations only through fiscal year 1985.

(16) Transfer of functions under the Second Morrill Act (Sec. 1419)

The *Senate* bill transfers all *functions of and offices* administered by the Secretary of Education, including teaching funds, under the Act of August 30, 1890, to the Secretary of Agriculture. (Sec. 1416)

The *House* amendment is similar, except that it transfers all *functions and duties.* (Sec. 1318)

The *Conference* substitute adopts the *House* amendment with a technical amendment adding reference to the Act of March 4, 1907.

(17) National Agricultural Science Award (Sec. 1420)

The *Senate* bill changes the title of the award authorized in section 1418 of the 1977 Act to the National Agricultural Science Award; clarifies that these awards may be made for research or advanced studies in the food and agricultural sciences, including the social sciences; and provides that the awards will be open to persons in agricultural research, extension, teaching, or any combination thereof. (Sec. 1417)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(18) Redesignation of instruction funding (Sec. 1421)

The *House* amendment amends the Act of August 30, 1890 (Second Morrill Act) and the Act of March 4, 1907 to specify that funds provided under these Acts for instruction shall be applied only for instruction in the food and agricultural sciences. (Sec. 1319)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(19) Alcohol and industrial hydrocarbons (Sec. 1422)

The *Senate* bill includes Federal laboratories as eligible recipients for research grants in the production and marketing of alcohol and industrial hydrocarbons from agricultural products. In addition, it extends the authorization of appropriations for such grants for 5 years, and limits the total amount to be appropriated over the 10-year period (fiscal years 1978–1987) to $40 million. (Sec. 1418)

The *House* amendment is similar except that it does not extend eligibility for research grants to Federal laboratories, extends the authorization for appropriations for only 3 years, and limits total appropriations for the 8-year period beginning with fiscal year 1978 to $40 million. (Sec. 1320)

The *Conference* substitute adopts the *Senate* provision but extends the authorization of appropriations only through fiscal year 1985 and limits the total amount to be appropriated over the 8-year period to $40 million.

(20) Assessment of food and human nutrition research centers

The *House* amendment requires the Secretary of Agriculture to assess and report to Congress on the accomplishments, costs and benefits of existing regional food and human nutrition research centers as established by the U.S. Department of Agriculture and make recommendations relating to funding levels, the status of grants to build or supply the regional research centers, and progress toward achieving cooperation with States and others in the use of Federal facilities in nutrition research. (Sec. 1321)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

The conferees expect that the regular evaluation of agricultural research, extension, and teaching required elsewhere in this title will include such an assessment of existing regional food and human nutrition research centers established by the Department of Agriculture. The conferees expect that any evaluation of these research centers take into account the fact that recently established centers have not had full opportunity to completely develop their primary missions.

(21) Nutrition education program (Sec. 1423)

The *Senate* bill amends section 1425 of the 1977 Act to establish a new formula for the allocation of funds appropriated for the

conduct of the expanded food and nutrition education program under which any funds annually appropriated under section 3(d) of the Smith-Lever Act for that program, up to the amount appropriated for the program in fiscal year 1981 shall be allocated to the States in the same proportion as the funds were allocated in fiscal year 1981, except that the Secretary may retain up to 2 percent of such funds for allocation to States that did not participate in the program in fiscal year 1981.

In addition, it provides that any funds appropriated annually for the program in excess of the amount appropriated for fiscal year 1981 shall be allocated as follows: 4 percent for administration; 10 percent of the remainder to be distributed equally among the States; and the remainder to be allocated to each State in an amount that bears the same ratio to the total amount to be allocated under the formula as the population of the State living at or below 125 percent of the income poverty guidelines bears to the total population of all the States living at or below 125 percent of such guidelines. (Sec. 1419)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(22) Repeal of section 1426 of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (Sec. 1424)

The *Senate* bill repeals section 1426 of the 1977 Act, which provided for the development and distribution of educational materials on food and nutrition education to state departments of education for use in classrooms and lunchrooms of elementary and secondary schools. (Sec. 1420)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(23) Human nutrition research and information management system (Sec. 1425)

The *House* amendment requires the Secretary of Agriculture and the Secretary of Health and Human Services to formulate and submit to Congress, within 120 days after enactment of the bill, a plan for a human nutrition research and information management system based on on-line data support capability allowing for fiscal accounting, management and control of cross-agency human nutrition research activities. (Sec. 1322)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment extending to 180 days the time for the implementation of the provisions of this section.

(24) Conforming amendment (Sec. 1426)

The *House* amendment amends section 1429 of the 1977 Act to reflect the change in eligible recipients made in section 1324 of the *House* amendment. (Sec. 1323)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(25) Eligible institutions for animal health and disease research funds (Sec. 1427)

(a) The *Senate* bill redefines eligible institutions for purposes of animal health and disease research funding to limit eligibility to State agricultural experiment stations and accredited colleges of veterinary medicine. (Sec. 1421(1))

The *House* amendment makes a similar change except that it also makes accredited *"schools"* of veterinary medicine eligibile and limits eligibility of State agricultural experiment stations to those which conduct animal health and disease research. (Sec. 1324)

The *Conference* substitute adopts the *House* amendment.

(b) The *Senate* bill redefines the term "dean" to mean the dean of an accredited college of veterinary medicine. (Sec. 1421(2))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to include deans of "schools" of veterinary medicine.

(26) Animal Health Science Research Advisory Board (Sec. 1428)

The *Senate* bill extends the term of the Animal Health Science Research Advisory Board to December 31, 1986. (Sec. 1422)

The *House* amendment contains no comparable provision.

The *Conference* substitute provides for the term of the Board to expire on September 30, 1985.

(27) Appropriations for animal health and disease research programs at eligible institutions (Sec. 1429)

The *House* amendment authorizes to be appropriated not to exceed $25 million annually, during fiscal year 1982 through 1985, for continuing animal health and disease research programs at eligible institutions. The current authorization (at the same level) has no termination date. (Sec. 1325)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(28) Appropriations for research on specific national or regional animal health or disease problems (Sec. 1430)

The *House* amendment authorizes an increase in funds for research on specific national or regional animal health or disease problems from $15 million to $35 million annually for the period beginning October 1, 1981, and ending September 30, 1985. The current authorization has no termination date. (Sec. 1326)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(29) Extension at 1890 land-grant colleges, including Tuskegee Institute (Sec. 143)

(a) The *Senate* bill requires that annual appropriations, beginning with fiscal year 1982, for extension at the 1890 land-grant colleges, including Tuskegee Institute, be in an amount not less than 5½ percent of the total appropriations for such year under the Smith-Lever Act. (Sec. 1424(1))

The *House* amendment is similar except that the requirement for appropriations begins with fiscal year 1983, and the amount to be appropriated is not to be less than 7 percent of the Smith-Lever appropriations. (Sec. 1327(1))

The *Conference* substitute adopts the *Senate* provision with an amendment under which the annual appropriation for extension at the 1890 land-grant colleges, including Tuskegee Institute, would be required to be in an amount not less than 5½ percent of the total appropriations for fiscal year 1982 under the Smith-Lever Act, and for each fiscal year thereafter through fiscal year 1985 in an amount not less than 6 percent of the total appropriation for the Smith-Lever Act.

(b) The *Senate* bill requires that a comprehensive program of extension for each State be developed and submitted to the Secretary for approval every 5 years. (Sec. 1424(3))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill requires that the annual plans of work be coordinated with the State plan for extension work and be submitted to the Secretary as part of the State plan by the State director of the cooperative extension service. (Sec. 1424(3))

The *House* amendment provides only that plans of work be submitted to the Secretary by the eligible institution as a part of the State plan of work. (Sec. 1327(4))

The *Conference* substitute adopts the *House* amendment. The conferees believe that the 1890 institutions should continue submitting their plans directly to the Secretary of Agriculture but would expect these institutions to coordinate their plans with the State extension director, such coordination being necessary and helpful towards the development of an effective and efficient extension system.

(30) Agricultural research at 1890 land-grant colleges, including Tuskegee Institute (Sec. 1432)

The *House* amendment adds a new subsection providing that the Secretary of Agriculture shall make a grant to one 1890 college (Prairie View A & M University), which has initiated a dairy goat research program and has the best demonstrable capacity to carry out dairy goat research, to be expended to pay expenses incurred in conducting dairy goat research. These grant funds would be provided on a quarterly basis and must be accounted for within 60 days after the end of the fiscal year in a detailed statement submitted to the Secretary. Lost or unaccounted-for funds must be replaced by the college. Appropriations for this program are authorized through fiscal year 1985 in an amount equal to 1 percent of the aggregate amount appropriated to carry out section 1445 of the 1977 Act in the preceding fiscal year. (Sec. 1328(b))

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(31) Authorization for appropriations for solar energy model farms and demonstration projects (Sec. 1434)

The *Senate* bill amends section 1454 of the 1977 Act to extend the authorization for appropriations for solar energy model farms and demonstration projects through September 30, 1986. (Sec. 1427)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision but extends the authorization for appropriations only through fiscal year 1985.

(32) Solar energy definition (Sec. 1435)

The *House* amendment deletes the definition of "State" from subtitle H, section 1457 of the 1977 Act. The effect is to expand subtitle H to the Commonwealth of the Northern Marianas and the Trust Territory of the Pacific Islands. (Sec. 1329)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(33) International agricultural research and extension (Sec. 1436)

(a) The *Senate* bill authorizes the Secretary to expand the operational coordination of the Department of Agriculture with institutions and other persons throughout the world performing agricultural *and related* research and extension activities and to conduct coordinated research and extension on problems of significance to *food and* agriculture in the United States. (Sec. 1428)

The *House* amendment retains current law which does not include reference to *related* research and extension or to problems of significance relating to *food. (Sec. 1330)*

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill authorizes the Secretary to work with transitional as well as developed countries, to provide for the training of persons from transitional and developed countries when engaged in agricultural and related research and extension activities; and to station scientists at national and international institutions in such countries. (Sec. 1428)

The *House* amendment is similar except that it refers to *food*, agricultural, and related research and extension; does not provide authority for training; and retains the reference in current law to the stationing of *United States* scientists in such countries. (Sec. 1330)

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill requires the Secretary to draw upon and enhance the resources of colleges and universities for developing linkages among such institutions, the Federal Government, international research centers and counterpart agencies, and institutions in both developed and less developed countries to improve food and agricultural programs in the United States and throughout the world. (Sec. 1428)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* bill authorizes the Secretary to provide specialized services, on an advance of funds or a reimbursable basis, to U.S. colleges and universities carrying out international agricultural and related research, extension, and teaching development projects and activities. (Sec. 1428)

The *House* bill is similar except that it applies only to research projects and activities. (Sec. 1330)

The *Conference* substitute adopts the *Senate* provision.

(34) Authorization for appropriations for existing and certain new agricultural research programs (Sec. 1437)

(a) The *Senate* bill amends section 1463(a) of the 1977 Act to extend the authorization for appropriations for agricultural research programs as follows: $780 million for fiscal year 1983; $835 million for fiscal year 1984; $890 million for fiscal year 1985; $945 million for fiscal year 1986; and $1 billion for fiscal year 1987. (Sec. 1429(1))

The *House* amendment only extends the authorization through fiscal year 1985 as follows: $800 million for fiscal year 1983; $820 million for fiscal year 1984; and $840 million for fiscal year 1985. (Sec. 1331(a))

The *Conference* substitute adopts the *Senate* provision but extends the authorization for appropriations only through fiscal year 1985.

(b) The *Senate* bill amends section 1463(b) of the 1977 Act to extend the authorization for appropriations for agricultural research at State experiment stations as follows: $230 million for fiscal year 1983; $240 million for fiscal year 1984; $250 million for fiscal year 1985; $260 million for fiscal year 1986; and $270 million for fiscal year 1987. (Sec. 1429(2))

The *House* amendment only extends the authorization through fiscal year 1985 as follows: $245 million for fiscal year 1983; $270 million for fiscal year 1984; and $295 million for fiscal year 1985. (Sec. 1331(b))

The *Conference* substitute adopts the *Senate* provision but extends the authorization for appropriations only through fiscal year 1985.

(c) The *Senate* bill provides that not less than 25 percent of the funds generally provided for agricultural research in any fiscal year must be appropriated for agricultural research under the provisions of the Hatch Act of 1887 at State agricultural experiment stations. (Sec. 1429(3))

The *House* amendment is the same except that it is effective beginning October 1, 1983. (Sec. 1331(c))

The *Conference* substitute adopts the *House* amendment.

(35) Authorization for appropriations for extension programs (Sec. 1438)

The *Senate* bill extends the authorization for appropriations for extension programs as follows: $360 million for fiscal year 1983; $370 million for fiscal year 1984; $380 million for fiscal year 1985; $390 million for fiscal year 1986; and $400 million for fiscal year 1987. (Sec. 1430)

The *House* amendment only extends the authorization for extension through fiscal year 1985, as follows: $370 million for fiscal year 1983; $390 million for fiscal year 1984; and $410 million for fiscal year 1985. (Sec. 1332)

The *Conference* substitute adopts the *Senate* provision but extends the authorization for appropriations only through fiscal year 1985.

(36) Program evaluation studies (Sec. 1439)

The *Senate* bill requires regular evaluation of agricultural research, extension, and teaching programs by the Secretary and authorizes the Secretary to encourage the regular evaluation of such programs within the States through the development of cooperative evaluation programs. (Sec. 1431(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(37) General authority to enter into contracts, grants, and cooperative agreements (Sec. 1439)

(a) The *Senate* bill authorizes the Secretary to enter into contracts or award grants or enter into cooperative agreements with various institutions and organizations to further the research, extension, or teaching programs in the food and agricultural sciences of the Department. (Sec. 1431(a))

The *House* amendment is the same except such authority extends to recipients "either foreign or domestic". (Sec. 1310)

The *Conference* substitute adopts the *House* amendment.

(b) The *Senate* bill waives any requirements for competition, including advertising, and limitations on the advance of funds. (Sec. 1431(a))

The *House* amendment contains the same waiver but includes the restriction "unless otherwise provided in this title". (Sec. 1310)

The *Conference* substitute adopts the *House* amendment.

(38) Indirect costs and tuition remission (Sec. 1439)

The *Senate* bill prohibits the use of appropriated funds received by State cooperative institutions, under authority of sections 1433, 1434, 1444, and 1445 of the 1977 Act, the Hatch Act of 1887, the Smith-Lever Act, and the McIntire-Stennis Act of 1962, for the reduction of indirect costs or for tuition remission. (Sec. 1431(a))

The *House* amendment is the same, but also includes funds appropriated under the First and Second Morrill Acts, the Act of August 4, 1965, and for aquaculture and rangeland research. In addition, the *House* amendment prohibits charging indirect costs or tuition remission against funds in connection with certain cooperative agreements between the Department and State cooperative institutions involving programs or projects of mutual interest and contribution by all parties involved. (Sec. 1333)

The *Conference* substitute adopts the *House* amendment.

(39) Aquaculture research (Sec. 1440)

The *House* amendment establishes a new subtitle L in the 1977 Act that provides for a program of coordinated research and extension activities to encourage the development management and production of aquatic food species in accordance with the National Aquaculture Act of 1980. This provision would:

authorize the Secretary to make grants to eligible institutions which must be matched by the State in which the institution is located, including Federal laboratories, to fund research and extension activities to advance the production and marketing of acquaculture products;

authorize the Secretary to provide assistance to States in the formulation of aquaculture development plans through matching grants of not more than $50,000 to any one State;

authorize the Secretary to establish in the United States up to four aquaculture research, development, and demonstration centers to work on projects of regional or national application; funds for these centers could not be used for construction or acquisition of new buildings;

require the Secretary to report to Congress and the President, within 1 year after enactment and by March 1 of each year thereafter, on the Department's progress in aquaculture research;

require the Secretary to establish a 12 member Aquaculture Advisory Board, with a term of 5 years, to advise the Secretary and make recommendations; the Board would be composed of 4 officials of the Science and Education Administration of the Department, 2 members representing cooperative extension services, 2 members representing State agricultural experiment stations, and 4 members representing national aquaculture organizations;

authorize appropriations of $7.5 million annually through fiscal year 1985 and provide that funds appropriated will be allocated by the Secretary for work done as mutually agreed by the Secretary and the eligible institutions. (Sec. 1334)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment providing for the term of the Aquaculture Advisory Board to expire on September 30, 1985.

(40) Rangeland research (Sec. 1440)

(a) The *Senate* bill requires that the development and implementation of any rangeland research program be coordinated with the programs carried out under the *Forest and Rangeland Renewable Resources Planning Act of 1974*, the *Soil and Water Resources Conservation Act of 1977*, and the Renewable Resources Extension Act of 1978. (Sec. 1432)

The *House* amendment is similar except that it only requires coordination with the programs carried out under the Renewable Resources Extension Act of 1978. (Sec. 1334)

The *Conference* substitute adopts the *House* amendment.

(b) The *Senate* bill requires the Secretary to establish a Rangeland Research Advisory Board with a term that expires December 31, 1986 (basically a 5-year term). (Sec. 1432)

The *House* amendment establishes the Board for a term of 4 years. (Sec. 1334)

The *Conference* substitute adopts the *House* amendment with an amendment providing for the term of the Rangeland Research Advisory Board to expire on September 30, 1985.

(c) The *Senate* bill authorizes appropriations to carry out the rangeland research provisions of not to exceed $10 million annually. (Sec. 1432)

The *House* amendment authorizes appropriations of $10 million annually for the period October 1, 1981 through September 30, 1985, and thereafter such sums as may be authorized by law. (Sec. 1334)

The *Conference* substitute adopts the *House* amendment.

(41) Cooperative State forestry (Sec. 1441)

(a) The *Senate* bill specifically includes State agricultural experiment stations among the agencies to be represented on the council required to be appointed under the McIntire-Stennis Act of 1962. (Sec. 1433(c))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill authorizes the use of funds made available to the Secretary for administration of the McIntire-Stennis Act of 1962 for the transportation of non-Federal scientists to research meetings. (Sec. 1433(c))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(42) Additional agricultural research support

The *Senate* bill provides for funds under section 32 of the Act of August 24, 1935, to be available to support agricultural research, extension, and teaching programs. (Sec. 1434)

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(43) Prohibition against reduction of State funds upon increase in Federal allotment (Sec. 1442)

The *House* amendment amends the Hatch Act of 1887 and the McIntire-Stennis Act of 1962 to discourage reductions in State funding under these Acts as a result of any increase in Federal funding by requiring the Secretary to reduce succeeding year funding to institutions in any State by an amount equal to any reduction in funding by the State and to reapportion that money to other States. (Sec. 1337)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(44) Excess Federal property (Sec. 1443)

The *Senate* bill amends the Federal Property and Administrative Services Act of 1949 to permit the Secretary to obtain excess Federal personal property and, where title is retained in the United States, to furnish it to State or county extension services, State agriculture experiment stations, 1890 land-grant colleges, including Tuskegee Institute, accredited colleges of veterinary medicine and cooperating forestry schools, to further the purposes of the Smith-Lever Act, the Hatch Act of 1887, the McIntire-Stennis Act of 1962, and the research and extension programs authorized by sections 1433, 1434, 1444, and 1445 of the 1977 Act. (Sec. 1435)

The *House* amendment is similar except that it does not specifically include reference to accredited colleges of veterinary medicine and cooperating forestry schools under the McIntire-Stennis Act of 1962 or to sections 1433 and 1434 of the 1977 Act. In addition, the *House* amendent includes a definition of "State". (Sec. 1338)

The *Conference* substitute adopts the *Senate* provision with an amendment to include the definition of "State" contained in the *House* amendment.

(45) Rural development and small farm research and extension (Sec. 1444)

The *Senate* bill (Sec. 1436(a)) amends title V of the Rural Development Act of 1972, as follows:

Section 501 is amended to express that the overall purpose of the title is to provide opportunities for increased numbers of people to work and enjoy a high quality of life by providing for the support of activities to supplement and extend programs that address special research and education needs in States experiencing rapid social and economic adjustments or unique problems caused by rural isolation, and that address national and regional rural development policies, strategies, issues, and programs, and by identifying specific goals for improving the quality of rural life.

Section 502 is amended to authorize the Secretary in cooperation with colleges and universities to conduct: (i) rural development extension programs consisting of the collection, interpretation, and dissemination of information from research, providing technical services and educational activities, and feasibility studies and planning assistance to a wide range of State and local government units, and organizations involved in community and rural development, Indian tribes, and industries employing people in rural areas; (ii) rural development research including research, investigations, and feasibility studies that may develop information that may be useful in planning and carrying out rural development programs; (iii) small farm research programs consisting of the development of methods to initiate and upgrade small farm operations, the development of new enterprises through which small farm families can make use of the resources available to them, and the development of methods to increase services and facilities needed by small farm families; (iv) small farm extension programs to improve small farm operations, to increase the use of USDA and other services, to assist in the formation of cooperatives, and to develop new enterprises to make better use of resources available to small farm families; and (v) a program of special grants to strengthen research and education and develop strategies on national and regional rural development issues, including energy development and improved federal programs for rural areas.

Section 503 is amended to authorize appropriations as necessary to carry out the purposes of the title. Funds appropriated for rural development research and extension programs are to be distributed as follows: (i) 4 percent to the Secretary for administration; (ii) 10 percent to finance work serving two or more States; (iii) 20 percent to be allocated equally among the States; and (iv) 66 percent to be allocated under a formula based on the ratio of the rural and farm populations of each State to the total rural and farm population of all the States, except that no State may receive more than $75,000 until all States have been allocated a minimum of $75,000. In addition, this section provides: for grant funds to be distributed on a competitive or matching fund basis; for grant funds to be used to pay salaries, to obtain supplies, equipment, and services, and to rent and maintain facilities; that the payment of funds to any State for the rural development research and extension programs, and the small farm research and extension programs, is contingent upon the Secretary's approval of a plan of work and budget for such programs which are to be jointly developed in each State by the land-grant colleges and universities eligible to receive funds under the First and Second Morrill Acts, including Tuskegee Institute; that funds shall be available for use by each State in the fiscal year for which appropriated and the following fiscal year, and shall be accounted for as prescribed by the Secretary; and that the funds provided to each State may be used to finance programs through or at private and public colleges and universities other than the land-grant institutions responsible for administering the programs.

Section 504 is amended to provide: that title V programs will be administered by the eligible land-grant college or university in each State or if there is more than one by the institution mutually agreed upon and approved by the Secretary; and that all private and public supported colleges and universities in a State shall be eligible to participate in title V programs. In addition, this section requires the responsible institution of each State to designate a program coordinator and to name a 12 member advisory council to review and approve budgets and plans of work and to advise the chief administrative officer of such institution with regard to matters pertaining to the programs.

Section 505 is amended to provide that if the Secretary determines that a State is not eligible to receive part or all of the funds to which it is otherwise entitled for rural development research and extension programs that the matter shall be reported to the President and the State may appeal to Congress within a specified period of time.

Section 506 is amended to establish definitions for "rural development", "State", and "small farm".

Section 507 provides that the Secretary may issue regulations.

The *Senate* bill also redesignates section 509 of title V as section 508 and repeals section 510 relating to annual reports by the Secretary. (Sec. 1436(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provisions.

(46) Increased emphasis on marketing education programs for small and medium size family farming operations (Sec. 1445)

The *Senate* bill requires the Secretary to take steps to place greater emphasis on providing marketing education for persons engaged in small and medium size family farming operations in connection with marketing research and education programs. (Sec. 1437)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(47) Soybean Research Advisory Institute (Sec. 1446)

The *Senate* bill establishes a temporary 11 member Soybean Research Advisory Institute within the Department of Agriculture. The members would be appointed by the Secretary from soybean research experts and would represent producers, processors, land-grant colleges and universities, Federal research agencies, and private industry on a geographically balanced basis.

The functions of the Institute would be:

To assess the effectiveness of current soybean research programs in the United States;

To assess impediments to increased U.S. soybean production and ways to eliminate them;

To evaluate available means and the potential for increasing U.S. soybean production;

To estimate the funding requirements to carry out a coordinated national program of soybean research aimed at increasing domestic soybean production and profitability; and

To develop plans for and sponsor an international conference on soybean research.

In addition, the Institute would be required to report its findings regarding research on soybean production and utilization and any recommendations to Congress by March 1, 1983, after which it would cease to exist. Institute members would serve without compensation but would be entitled to travel expenses, including per diem in lieu of subsistence, authorized for persons employed intermittently in U.S. Government service. (Sec. 1438)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(48) Administrative jurisdiction over lands (Sec. 1447)

The *Senate* bill vests in the Secretary of Agriculture sole jurisdiction for the administration of the approximately 45,013 acres of land on which the United States Sheep Experiment Station in Idaho and the Summer Range in Montana are located. (Sec. 1440)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

TITLE XV—RESOURCE CONSERVATION

SUBTITLE A—SOIL AND WATER CONSERVATION

(1) Policy (Sec. 1501)

(a) The *Senate* bill reaffirms the policy of Congress to promote soil and water conservation, improve the quality of the Nation's waters, and preserve and protect natural resources through the use of effective conservation and pollution abatement programs. (Sec. 1501(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill requires the Secretary of Agriculture to submit a report to Congress by December 31, 1981, setting forth a comprehensive soil and water conservation policy, including recommendations as to how the various soil and water conservation programs that are administered by agencies within the Department of Agriculture can be strengthened and improved. (Sec. 1501(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

SUBTITLE B—SPECIAL AREAS CONSERVATION PROGRAM

(2) Findings (Sec. 1502)

The *Senate* bill provides that Congress finds:

(a) studies by the Department of Agriculture indicate that billions of tons of soil are eroded annually from non-Federal lands in the United States, much of which represents soil eroded from croplands;

(b) nearly one-half of the 413 million acres of croplands have soils with moderate, high, or very high risk of damage by sheet and rill erosion;

(c) the severity of erosion-related problems varies widely from one geographic area to the next;

(d) some of the most productive agricultural areas of the United States are also those having the most serious and chronic erosion-related problems;

(e) solutions to such chronic erosion-related problems should be designed to address the local social, economic, environmental, and other conditions unique to the area involved to ensure that the goals and policies of the Federal Government are effectively integrated with the concerns of the local community;

(f) certain range and pasturelands in the United States are producing less than their potential and therefore their productive capacity could be substantially improved by application of intensified range and pasture management practices; the protection of these lands is essential to controlling erosion, improving ecological conditions, enhancing wildlife and riparian habitats, improving water quality and yield, and meeting the need to produce food and fiber in a manner that is more energy efficient; and

(g) there is a need for—

(i) reducing seepage from on-farm and off-farm irrigation ditches and conveyance systems;

(ii) improving water conservation and utilization; and

(iii) installing measures to capture on-farm irrigation return flows. (Sec. 1502)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(3) Formulation and implementation of special areas conservation program (Sec. 1503)

(a) The *Senate* bill provides that contracts, entered into by the Secretary of Agriculture to carry out the special areas conservation program, shall be designed to provide assistance to the owners or operators of the farm, ranch, or other land in the designated area in making voluntary changes in their cropping systems which are needed to conserve or protect the soil, water, and related resources and to carry out the appropriate conservation measures. (Sec. 1503(b))

The *House* amendment is the same except that it includes a reference to contracts designed to provide assistance for voluntary changes in *uses of land or water.* (Sec. 1501(b))

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill provides that the conservation plan that serves as the basis for contracts entered into by the Secretary in connection with the special areas program, must be approved *by the Secretary.* In addition, the Secretary is directed to provide landowners and operators, on request, technical assistance as needed to prepare and submit conservation plans to the Secretary. (Sec. 1503(c))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill provides that the conservation plan include conservation practices and measures determined to be practical to protect the land from *erosion or water-related problems* and to identify *conservation systems,* in addition to identifying conservation measures, needed to reduce erosion and conserve water on range *and pasturelands.* (Sec. 1503(c) (1) and (6))

The *House* amendment provides for the plan to include conservation practices and measures determined to be practical to protect the land from *erosion-related damage,* but makes no reference to identifying *conservation systems* or reducing erosion and conserving water on *pasturelands.* (Sec. 1501(c) (1) and (6))

The *Conference* substitute adopts the *Senate* provision.

(d) The *House* amendment provides for the landowners and operators to develop the conservation plan *in cooperation with* the approving soil and water conservation district board. (Sec. 1501(c)(6))

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(e) The *Senate* bill provides that, under any contract entered into under this subtitle, the landowner or operator must agree that upon transfer, during the contract period, of the rights or interests of the owner or operator in the land on which the plan is to be carried out, the landowner or operator must forfeit all rights to further payments under the contract and refund to the United States all payments received thereunder, including interest, unless the transferee of any such land agrees with the Secretary to assume all obligations of the contract. (Sec. 1503(d)(4))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(f) The *Senate* bill provides that the Secretary shall, in determining the amount of the shared costs, take into consideration the *social and economic conditions* unique to each designated geographic area and the degree of conservation to be achieved. The Secretary shall determine the maximum amount of *cost-share assistance* that may be provided to any single recipient. (Sec. 1503(e))

The *House* amendment provides that, in determining the amount of shared costs, the Secretary shall take into consideration the particular *environmental conditions,* in addition to social and economic conditions, of

the geographic area involved, and shall determine the maximum amount of *financial assistance* that may be provided to any single recipient. (Sec. 1501(e))

The *Conference* substitute adopts the *House* amendment.

(g) The *Senate* bill authorizes the Secretary to agree to modifications of contracts determined to *be desirable to carry out* or facilitate the administration of the program, or to accomplish equitable treatment with respect to similar conservation or *other programs* administered by the Secretary. (Sec. 1503(f))

The *House* amendment is similar, except that it provides for the Secretary to make contract modifications that are determined to *carry out* or facilitate the administration of the program, or to accomplish equitable treatment with respect to *other* similar conservation *or commodity programs* administered by the Secretary. In addition, the *House* amendment allows for contract modifications determined by the Secretary to accommodate adjustments in crop production. (Sec. 1501(f))

The *Conference* substitute adopts the *Senate* provision.

(h) The *Senate* bill provides that the Secretary may also enter into contracts with landowners or operators for the purpose of maintaining any conservation treatment established under this subtitle or other conservation treatment which has been adequately established, and to provide assistance as necessary to retain the treatment on the land. (Sec. 1503(g))

The *House* amendment provides that the Secretary may also enter into contracts with landowners or operators for the purpose of maintaining a conservation practice or measure established under this subtitle *or otherwise established,* and to provide necessary assistance. (Sec. 1501(g))

The *Conference* substitute adopts the *Senate* provision with an amendment to substitute the words "practice or measure" for the word "treatment" wherever it appears.

(4) Program to be directed at specific problems (Sec. 1504)

(a) The *Senate* bill provides that the special areas conservation program be directed toward identifying and correcting erosion-related or *water management-related* problems and that assistance may only be provided to areas designated by the Secretary as having severe and chronic erosion-related or *water management-related* problems. (Sec. 1504(a))

The *House* amendment is the same except that it refers to *irrigation water management problems.* (Sec. 1502(a))

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill provides that *in designating a geographic area as a special area,* the Secretary shall prepare *and publish* a report setting forth an assessment of the problems, objectives, and priorities in the area, a schedule for implementation of the program, and an explanation of how the program takes into consideration ongoing programs, in the area, of Federal, State and local agencies, including soil conservation districts. (Sec. 1504(b))

The *House* amendment is similar, except that it requires the Secretary to prepare the report in connection with *identifying a geographic area as one appropriate for designation* as a special area, and requires that the report also reflect how the program takes into effect ongoing programs of State Agricultural Stabilization and Conservation Committees. The *House* amendment also provides that in designating special areas, the Secretary must review national resources inventory data, river basin plans, special studies, and other resource information; consider tons of soil loss prevented, acres protected and volume of water conserved; and evaluate the degree and type of interagency cooperation, the degree of local acceptance of the present target activity and the significant favorable and adverse impacts of the targeted activity. (Sec. 1502(b))

The *Conference* substitute adopts the *Senate* provision with an amendment providing that, among other things, in making designations of special areas the Secretary would (i) review national resources inventory data, river basin plans, special studies, and other resource information; and (ii) consider tons of soil loss prevented, acres protected, volume of water conserved, the degree and type of interagency cooperation, the degree of local acceptance of the present target activity, and the significant favorable and adverse impacts of the targeted activity.

(c) The *Senate* bill provides that the Secretary shall, within existing authorities, assure that all Department of Agriculture programs operating in a designated special area complement the conservation objectives outlined for such area. (Sec. 1504(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to provide that, to the extent practicable, the Secretary must assure that all Department of Agriculture conservation programs operating in a designated special area complement the conservation objectives outlined for such area.

(5) Contract limitations (Sec. 1505)

The *Senate* bill provides that special areas may be designated at any time within 10 years after the *date of enactment* of this title. (Sec. 1505)

The *House* amendment provides for designation of special areas at any time within 10 years of the *effective date* of this title (October 1, 1981). (Sec. 1503)

The *Conference* substitute adopts the *House* amendment with an amendment providing that the time period during which the designation of special areas can be made will begin with the date of enactment of this subtitle and will end on September 30, 1991.

(6) Notification of Congress and approval of designations (Sec. 1506)

The *House* amendment provides that the Secretary may not enter into a contract with respect to land in a specific area unless the Agriculture Committees of the House and Senate pass resolutions approving the Secretary's report prepared in connection with identifying an area for designation. (Sec. 1504)

The *Senate* bill has no comparable provision.

The *Conference* substitute provides that the Secretary may not enter into a contract with respect to land in a specific area until 45 days after submission to the agriculture committees of the House and Senate of the Secretary's report prepared in connection with identifying and designating the geographic area as a special area.

(7) Improvement of technology (Sec. 1508)

The *Senate* bill provides for the Secretary to expend funds directly or through grants for research to assist in developing *new or improving existing technologies* for controlling *erosion or water-related problems* in designated areas. (Sec. 1508)

The *House* amendment is similar except that it only provides for developing *new technologies* for controlling *erosion-related or irrigation water management problems.* (Sec. 1506)

The *Conference* substitute adopts the *Senate* provision.

(8) Grants

The *House* amendment provides that the Secretary may provide grants to any State containing lands within a designated special area to conduct an evaluation and analysis of the local and State tax structures, rules, and regulations and their impact on the acceptance, implementation, and maintenance of conservation practices, or measures, or other pertinent items that may be needed for an effective program. (Sec. 1507)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(9) Authorization for appropriations (Sec. 1509)

The *Senate* bill authorizes to be appropriated *annually,* to be available until expended, such sums as may be necessary to carry out the program authorized by this subtitle. (Sec. 1510)

The *House* amendment is the same except that it does not specifically require *annual* appropriations. (Sec. 1508)

The *Conference* substitute adopts the *Senate* provision.

(10) Report to Congress (Sec. 1510)

The *Senate* bill provides for the Secretary to submit a report to Congress which shall include recommendations for additional legislation as necessary to solve identified *soil, water, and related resources problems* in designated areas and to utilize new technology and research related to such problems. (Sec. 1511)

The *House* amendment provides for the Secretary to submit a report to Congress which shall include recommendations for additional legislative action necessary to apply related research findings or more effectively solve *erosion-related or irrigation water management problems* in designated areas along with other pertinent matters. (Sec. 1509)

The *Conference* substitute adopts the *Senate* provision.

(11) Protection of participants (Sec. 1511)

The *Senate* bill provides that no person shall be disqualified from participating in, or suffer any forfeiture or reduction in benefits under, any other program administered by the Secretary by virtue of participation in the program provided for in this subtitle. (Sec. 1512)

The *House* amendment provides that the Secretary shall, to the extent feasible, provide for protection of program participants from indirect or direct disqualifications, discrimination, forfeiture, or reduction of eligibility, or penalty under other agricultural programs for participating in the program authorized by this subtitle. (Sec. 1510)

The *Conference* substitute adopts the *Senate* provision.

SUBTITLE C—SMALL WATERSHED PROGRAM AND BANKHEAD-JONES FARM TENANT PROGRAM

(12) Amendments to small watershed program (Sec. 1512)

(a) The *Senate* bill amends the definition of "local organization" in section 2 of the

Watershed Protection and Flood Prevention Act, by expanding the list of organizations embraced therein to include Indian tribes or tribal organizations having authority under Federal, State, or Indian tribal law to carry out, maintain and operate the works of improvement, thus making them eligible to sponsor small watershed projects. (Sec. 1513(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill amends sections 2, 5(3), and 5(4), respectively, of the Watershed Protection and Flood Prevention Act by increasing to $5,000,000 (from the present $1,000,000) the threshold level of the estimated Federal contribution to construction costs of any planned work of improvement under that Act beyond which appropriations for such plan may be made only if such plan has been approved by resolutions adopted by the appropriate committees of the Senate and House of Representatives and beyond which the plans must be submitted to various Federal agencies for comment prior to being transmitted to Congress for approval. (Sec. 1513(b), (e), and (f))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill amends section 3(6) of the Watershed Protection and Flood Prevention Act to authorize the Secretary of Agriculture to contribute toward the costs of conservation and development of the *energy resources* of lands within the area included in the plans for works of improvement under agreements for small watershed projects that are eligible for Federal cost sharing assistance under that Act. (Sec. 1513(c))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(d) The *Senate* bill amends section 4(1) of the Watershed Protection and Flood Prevention Act to authorize the Secretary of Agriculture to share up to one-half of the costs of the land, easements, or rights-of-way acquired or to be acquired by the local organization for mitigation of fish and wildlife habitat losses. Such acquisition is not limited to the confines of the watershed project boundaries. (Sec. 1513(d))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision. In approving this authorization for cost-sharing by the Department of Agriculture, it is the intent of the conferees that the Secretary ensure, to the maximum extent possible, that land acquisition for mitigation of fish and wildlife habitat losses will only be from willing sellers.

(13) Amendment to the Bankhead-Jones Farm Tenant Act (Sec. 1513)

The *Senate* bill amends section 31 of title II of the Bankhead-Jones Farm Tenant Act to add the development of energy resources to the list of purposes, which the Secretary of Agriculture is authorized and directed to develop, under the program of land conservation and utilization authorized in that Act. (Sec. 1514)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

SUBTITLE D—MATCHING GRANTS FOR CONSERVATION ACTIVITIES

(14) Grants program (Sec. 1514)

The *House* amendment directs the Secretary of Agriculture to formulate and implement a program for furthering the conservation of soil, water, and related resources through annual grants, for non-capital expenditures, to local units of government through State soil conservation agencies for use in the furtherance of specified conservation objectives. The grants are to augment rather than replace other technical and financial assistance.

A local unit of government may be eligible for a grant if (i) it has in effect a current long-range program that the State soil conservation agency determines is adequate and a current annual work plan consistent with its long-range program, and (ii) it certifies that it has arranged for equal matching funds or in-kind services from regional, State, local, or private sources. The matching ratio is 50-50 unless the funds are to be used for a primarily national, rather than local or State, objective, in which case the non-Federal share is reduced to no more than 25 percent. (Sec. 1511)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with an amendment providing that the formulation and implementation of the grants program is discretionary with the Secretary rather than mandatory.

(15) Program implementation and review (Sec. 1515)

The *House* amendment encourages the local unit of government, in connection with implementing the plan or program, to seek the input and cooperation of local agencies, organizations, citizens, and agencies of the Department of Agriculture or other Federal agencies, cooperative extension services, and others that the Secretary or the Governor of a State may designate as advisors. The Secretary, or the Secretary's designee at the State level, the State soil conservation agency, and the State Agricultural Stabilization and Conservation Committee may recommend changes or additions to the program or annual plan in order to meet urgent conservation needs or priorities. (Sec. 1512)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(16) Plans (Sec. 1516)

The *House* amendment provides that programs and annual plans may include the following resource conservation objectives: (a) soil erosion prevention and control; (b) cropland, forest, woodland, pasture or rangeland improvement; (c) water conservation, development, and management, and water quality improvement; (d) agricultural land retention or preservation; (e) demonstration projects to test and publicize the effectiveness of natural resource management systems adapted to local conditions; (f) fish and wildlife habitat improvement; (g) animal waste management; (h) watershed protection and flood prevention; (i) sediment control and stormwater management in urbanizing areas; (j) environmentally sound energy conservation and production; (k) leadership in natural resources aspects of rural community planning and development; or (l) other purposes authorized or required by local or State conservation laws. In addition, for objectives which will require more than 1 year to reach, the Secretary is authorized to sign long-term agreements of not more than 10 years with the local unit of government or State agency to provide multi-year funding assistance, contingent upon the appropriation of funds. (Sec. 1513)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(17) Matching funds (Sec. 1517)

The *House* amendment authorizes the use of Federal matching grants, as agreed between the State conservation agency and the Secretary, to provide technical assistance to landowners and operators for planning and application of conservation practices and resource management systems. The assistance would be administered by the State soil conservation agency through local conservation districts, be fully coordinated with technical assistance for ongoing resource conservation programs; and be in accord with established technical standards. The grant funds would be transferred under an agreement entered into by the State soil conservation agency, State ASC Committee and the Secretary or the Secretary's designee. (Sec. 1514)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(18) Records (Sec. 1518)

The *House* amendment requires local units of government or State agencies receiving assistance to keep such records as the Secretary requires, including among others, records that disclose the disposition of grant funds, total cost of projects, and the local portion of the costs. The Secretary and Comptroller General or their representatives shall have access to all records. (Sec. 1515)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(19) Authorization of appropriations (Sec. 1519)

The *House* amendment authorizes appropriation of such sums as may be necessary to carry out this subtitle, to remain available until expended. No appropriations would be authorized after fiscal year 1992, except as otherwise authorized by law. The Secretary is required to report to the House and Senate Agriculture Committees by January 1, 1986, and again by January 1, 1991, evaluating the program and recommending ways to strengthen it. (Sec. 1516)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

SUBTITLE E—CONSERVATION LOAN PROGRAM

(20) Conservation loans (Sec. 1520)

The *House* amendment amends the Commodity Credit Corporation Charter Act to authorize the Commodity Credit Corporation (CCC), beginning October 1, 1981, to make loans to the extent authorized in prior appropriation acts, to agricultural producers for those natural resource conservation and environmental enhancement measures that are recommended by county and State ASC Committees and are included in the producer's approved conservation plan. Loans shall not exceed $25,000 per year to each producer, the loan period shall not exceed 10 years, and the rate of interest shall be based on the rate charged CCC by the Treasury.

Loans of more than $10,000 must be secured and the total of all loans made in each year may not exceed $200 million. (Sec. 1517)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

SUBTITLE G—VOLUNTEERS FOR DEPARTMENT OF AGRICULTURE PROGRAMS

(21) Establishment of program (Secs. 1526 and 1527)

(a) The *Senate* bill *authorizes* the Secretary of Agriculture to recruit and train volunteers for activities related to matters administered by the Secretary through the Soil Conservation Service. The Secretary is authorized to pay the volunteers' incidental expenses for such items as transportation, uniforms, lodging and subsistence. (Sec. 1520)

The *House* amendment *requires* the Secretary to establish a program to use volunteers in carrying out all of the programs of the Department and provides that the program may not be used to displace any departmental employees including local, county, and State ASC Committees, and the Secretary is not authorized to pay incidental expenses of the volunteers. (Sec. 1518)

The *Conference* substitute adopts the *House* amendment with an amendment to make the program discretionary rather than mandatory.

(b) The *House* amendment requires that all funds appropriated for this program remain available until expended. (Sec. 1519)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

SUBTITLE—DESIGNATION OF LANDS SET ASIDE OR DIVERTED

(22) Lands set aside or diverted

The *House* amendment authorizes the Secretary of Agriculture, in connection with any land set-aside or diversion program, to delegate to appropriate local soil and water conservation boards the power to disapprove lands designated by a producer for set-aside or diversion, if the board finds that the designated lands would make a less than average contribution to soil conservation when compared with other lands which the producer could have so designated. In addition, if the designation is disapproved, the local board could specify which of the producer's lands would be acceptable for purposes of set-aside or diversion and the producer would be permitted to submit an amended application to participate in the program. (Sec. 1525)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

SUBTITLE H—RESOURCE CONSERVATION AND DEVELOPMENT

(23) Congressional findings

The *House* amendment makes findings that—

(a) the rural areas of the Nation are confronted by critical resource utilization, economic, and environmental problems;

(b) these problems are the result of increasing pressures on rural areas to meet domestic and foreign demand for food, fiber, and wood; inadequate public and private investment to fund actions to meet the increasing demands on land and national resources; and social, economic, and environmental conditions too complex for individual communities to deal with; and

(c) these problems have caused and, unless remedied, will continue to cause the decline of the family farm system, small business enterprise and job opportunities, as well as a decline in the amenities and environmental quality of rural life throughout the United States. (Sec. 1539(a))

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(24) Definitions (Sec. 1529)

(a) Area plan

The *Senate* bill defines the term "area plan" as a resource conservation and utilization plan for a designated area which includes primary elements of land conservation and water management, and may include one or more secondary elements such as community development or others, the purpose of which is energy conservation, protection of agricultural land from conversion to other uses, or protection of fish and wildlife habitats. (Sec. 1524(1))

The *House* amendment defines the term "area plan" as a resource conservation and utilization plan developed for a designated rural area which includes one or more basic elements of land conservation and utilization, water management, community development, or other basic elements, including energy conservation, environmental protection and the preservation of unique natural and cultural resources. (Sec. 1540(3))

The *Conference* substitute adopts the *Senate* provision with an amendment providing for the resource conservation and utilization plan to include one or more of the specified elements without making any distinction between "primary" and "secondary" elements.

(b) Designated area

The *Senate* bill defines the term "designated area" as a geographic area designated by the Secretary to receive assistance under the program. (Sec. 1524(2))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) Planning process

The *Senate* bill defines the term "planning process" to mean the continuing effort of a State, local unit of government, or local nonprofit organization to develop and carry out effective resource conservation and utilization plans for a *designated area.* (Sec. 1524(3))

The *House* amendment is the same, except that it refers to *designated rural areas.* (Sec. 1540(2))

The *Conference* substitute adopts the *Senate* provision. However, the conferees expect that assistance under the resource conservation and development program be provided by the Secretary primarily for the benefit of rural areas.

(d) Financial assistance

The *Senate* bill defines the term "financial assistance" to mean cost-sharing arrangements made available through Federal contracts, grants or loans. (Sec. 1524(4))

The *House* amendment is the same, except that it does not include Federal contracts as an element in the definition. (Sec. 1540(8))

The *Conference* substitute adopts the *Senate* provision.

(e) Local unit of government

The *Senate* bill defines the term "local unit of government" to include any Indian tribe or tribal organization established under Federal, State or Indian tribal law. (Sec. 1524(5))

The *House* amendment does not include Indian tribes or tribal organizations in this definition; however, it does include any water conservation district and any irrigation, watershed, or drainage district which are not referred to in the *Senate* bill. (Sec. 1540(5))

The *Conference* substitute adopts the *Senate* provision.

(f) Nonprofit organization

The *Senate* bill defines the term "nonprofit organization" to include any community association, wildlife group, or other organization that is incorporated to provide the facilities and services included in the area plan. (Sec. 1524(6))

The *House* amendment is the same, except that it requires that the association, group, or organization be *approved by the Secretary.* (Sec. 1540(6))

The *Conference* substitute adopts the *House* amendment.

(g) State

The *Senate* bill defines the term "State" to include the District of Columbia, Guam, the Commonwealth of the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and American Samoa. (Sec. 1524(8))

The *House* amendment contains no comparable provision in its definition of "State" (Sec. 1504(4))

The *Conference* substitute adopts the *Senate* provision.

(h) Technical assistance

The *Senate* bill defines the term "technical assistance" to include services provided by non-Federal personnel working through the Department of Agriculture, and makes reference to laying out and inspecting *works of improvement.* (Sec. 1524(9))

The *House* amendment contains no comparable provision in its definition of "technical assistance", but does include reference to *advising* which is not in the *Senate* bill. (Sec. 1540(7))

The *Conference* substitute adopts the *Senate* provision.

(25) Resource Conservation and Development Program (Sec. 1530)

(a) The *Senate* bill directs the Secretary of Agriculture to provide technical and financial assistance to permit States, local units of government, and local nonprofit organizations to operate and maintain *a planning and implementation process* for needed resource conservation and development. (Sec. 1525)

The *House* amendment is the same, except that it refers to the operation and maintenance of *a planning process for the development of plans and actions.* (Sec. 1541)

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill includes as one of the program objectives the improvement of *social conditions* in rural areas of the United States. (Sec. 1525)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(26) Selection of designated areas (Sec. 1531)

The *Senate* bill provides that the Secretary shall select designated areas for assistance on the basis of the primary elements of the area resource conservation plan. (Sec. 1526)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with a conforming amendment deleting the reference to "primary" elements of the area plan.

(27) Authority of the Secretary (Sec. 1532)

(a) The *Senate* bill authorizes the Secretary to provide technical assistance to any State, local unit of government, or local nonprofit organization within a *designated area* to assist in developing *and implementing* an area plan for that area. (Sec. 1527(1))

The *House* amendment authorizes the Secretary to provide technical assistance and *advice, upon request,* to any State, local unit of government, or local nonprofit organization within a *designated rural area* to assist in developing an area plan. (Sec. 1542(1))

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill provides that the Secretary may assist in carrying out an area plan approved by the Secretary for any *designated area* by providing technical and financial assistance to *State and* local public agencies and nonprofit organizations. (Sec. 1527(3))

The *House* amendment provides that the Secretary may assist in carrying out an area plan approved by the Secretary for any *rural area* by providing technical and financial assistance to local public agencies and nonprofit organizations. (Sec. 1542(3))

The *Conference* substitute adopts the *Senate* provision.

(28) Agreements; terms and conditions (Sec. 1533)

(a) The *Senate* bill requires that the works of improvement for which assistance is to be provided must be included in an area plan and be approved by the *State agency,* local unit of government, *or nonprofit organization.* (Sec. 1528(a)(2))

The *House* amendment is the same, except that it only requires that the works of improvement be approved by the local unit of government. (Sec. 1543(a)(2))

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill provides for technical and financial assistance only if the cost of the land or interest in land acquired or to be acquired under such plan by any State, local unit of government, or local nonprofit organization is to be borne by such State, local unit of government, or local nonprofit organization. (Sec. 1528(a)(5))

The *House* amendment is the same, *except* in the case of land or interest in land acquired or to be acquired for the purpose of conserving or protecting fish or wildlife, for public recreational purposes, or to protect the public from a threat to its health and welfare. (Sec. 1543(a)(5))

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill provides that the Secretary may withdraw technical and financial assistance if the Secretary determines that such assistance is no longer needed or that sufficient progress has not been made toward developing or implementing the primary elements of the plan. (Sec. 1528(d))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(29) Identification of groups or problems for special consideration in area plans

The *House* amendment provides that any area plan may identify for special emphasis assistance any particular group or any particular natural resource or water utilization problem. (Sec. 1544)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

(30) Resource Conservation and Development Policy Board (Sec. 1534)

The *Senate* bill requires that the members of the Resource Conservation and Development Policy Board must be employees of the Department of Agriculture. (Sec. 1529)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(31) Evaluation of the program (Sec. 1535)

The *Senate* bill requires the Secretary to evaluate the program and submit a report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry by September 30, 1986. (Sec. 1530)

The *House* amendment is the same, except that the Secretary is required to submit the report to *Congress* not later than December 31, 1986. (Sec. 1547)

The *Conference* substitute adopts the *House* amendment.

(32) Limitation on provision of assistance (Sec. 1536)

The *Senate* bill limits the program to providing technical and financial assistance to not more than 225 active designated areas. (Sec. 1532)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(33) Authorization for appropriations (Sec. 1538)

The *Senate* bill authorizes to be appropriated, for each of the 5 fiscal years beginning October 1, 1982, and ending September 30, 1987, such sums as may be necessary to carry out the provisions of this program. The appropriated funds shall remain available until expended. (Sec. 1534)

The *House* amendment authorizes to be appropriated such sums as may be necessary to carry out this program, except that not more than $60 million may be appropriated for technical and financial assistance for any fiscal year and not more than $15 million may be appropriated for loans for any fiscal year. (Sec. 1548)

The *Conference* substitute adopts the *Senate* provision with an amendment providing that not more than $15 million may be appropriated for loans in any fiscal year.

(34) Separability provision

The *House* amendment provides that if a part of this subtitle is invalid, all valid parts that are severable from the invalid part remain in effect. If a part of this subtitle is invalid in one or more of its applications, the part remains in effect in all valid applications that are severable from the invalid part. (Sec. 1549)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

SUBTITLE I—FARMLAND PROTECTION POLICY ACT

(35) Short title (Sec. 1539)

The *Senate* bill designates the subtitle as the "Farmland Protection Policy Act". (Sec. 1535)

The *House* amendment designates the subtitle as the "Agricultural Land Resources Policy Act". (Sec. 1528)

The *Conference* substitute adopts the *Senate* provision.

(36) Technical assistance (Sec. 1543)

The *House* amendment encourages the Secretary of Agriculture to provide technical assistance to any State, locality, or qualifying nonprofit organization for the development of programs or policies to limit the conversion of productive agricultural land to nonagricultural uses. (Sec. 1532)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(37) Farmland resource information (Sec. 1544)

The *House* amendment directs the Secretary, through existing agencies or interagency groups and in cooperation with State Extension services, to design and implement educational programs and materials, and distribute educational materials, emphasizing the importance of agricultural land to the well-being of the Nation. In addition, the Secretary is directed to designate one or more agricultural land information centers to serve as central depositories and distribution points for a broad selection of information regarding agricultural land. (Sec. 1533)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the House amendment.

(38) Grants; contracts (Sec. 1545)

The *House* amendment authorizes the Secretary to carry out the subtitle, with existing facilities and funds otherwise available, through grants, contracts, or other appropriate means. (Sec. 1534)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

SUBTITLE J—MISCELLANEOUS PROVISIONS

(39) Local search and rescue operations (Sec. 1550)

The *Senate* bill authorizes the Secretary of Agriculture, through the use of Soil Conservation Service personnel and equipment, to assist local public authorities, on request, in search and rescue operations carried out in connection with emergencies caused by tornadoes, fires, floods, snowstorms, earthquakes and similar disasters. (Sec. 1543)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(40) Reclamation (Sec. 1551)

The *Senate* bill amends section 406(d) of the Surface Mining Control and Reclamation Act of 1977 to permit the Secretary to carry out, without regard to the statutory acreage limitations otherwise applicable to reclamation projects partially funded by the Department of Agriculture, experimental reclamation treatment projects in all lands within a hydrologic unit when the Secretary determines that the treatment of such land as one hydrologic unit will achieve greater remedial effects than would be achieved if reclamation was individually undertaken on the smaller parcels. (Sec. 1544)

The *House* amendment has no comparable provision.

The *Conference* substitute adopts the *Senate* provision with amendments providing (i) that experimental reclamation treatment projects may be carried out by the Secretary specifically to control erosion and

improve water quality, and (ii) that such projects may involve not more than 25,000 acres of land within any hydrologic unit.

(41) Payments for land removed from production for conservation purposes (Sec. 1552)

(a) The *Senate* bill authorizes the Secretary, in connection with contracts entered into under this section, to make payments in *amounts equal to* the number of acres removed from production for this purpose multiplied by 50 percent of the typical annual rent paid for similar land in the county. (Sec. 1545)

The *House* amendment provides for these payments to be made in such amounts as the Secretary determines to be necessary to effectuate the purposes of the program, but *not to exceed* an amount equal to the number of acres removed from production for this purpose multiplied by 50 percent of the typical annual rent paid for similar land in the county. (Sec. 1526)

The *Conference* substitute adopts the *House* amendment.

(b) The *House* amendment authorizes the appropriation of such sums as may be necessary to carry out the provision of the program, such sums to remain available until they are expended. (Sec. 1527)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(42) Special shelterbelt program

The *Senate* bill provides that—

(a) Congress finds it is in the public interest to establish and maintain shelterbelts for purposes of reducing wind erosion. (Sec. 1115(a))

(b) the Secretary is authorized to formulate and carry out a program, beginning on October 1, 1981, for the establishment and maintenance of shelterbelts and to issue any necessary implementing regulations. (Sec. 1115 (a) and (h))

(c) in effectuating the shelterbelt program, the Secretary is authorized to enter into 5-year agreements with landowners and operators for the establishment and maintenance of shelterbelts identified in an appropriate conservation plan for the entire operating unit. (Sec. 1115(c))

(d) a shelterbelt is defined as a vegetative barrier with a linear configuration composed of trees and shrubs and other approved perennial vegetation. (Sec. 1115(c))

(e) in the agreement with the Secretary, each landowner and operator shall agree—

(i) to establish a conservation plan for his entire operating unit, in cooperation with and approved by the soil and water conservation district, and to carry out the plan;

(ii) to place all land subject to wind erosion into the program;

(iii) not to adopt any practices specified by the Secretary in the agreement that would tend to defeat the purpose of the agreement;

(iv) to forfeit all rights to future payments and refund to the United States any payments received in the event of a violation of the agreement that the Secretary determines warrants termination of the agreement, or to make refunds or accept payment adjustments for violations that do not warrant a termination;

(v) in the event the land is transferred during the term of the agreement, to forfeit all rights to future payments and to refund all payments received during the year of the transfer unless the transferee agrees to assume all obligations under the agreement; and

(vi) to additional provisions included in the agreement by the Secretary to effectuate the purpose of the program. (Sec. 1115(d))

(f) in return for the agreement of the landowner or operator, the Secretary shall (i) bear such part of the cost of the establishment and maintenance of the shelterbelt, as the Secretary determines to be appropriate, and (ii) make an annual payment to the landowner or operator, in an amount to be determined by the Secretary to be fair and reasonable in consideration of the establishment and maintenance of the shelterbelt. The Secretary shall annually reexamine the compensation being provided. (Sec. 1115(e))

(g) the Secretary may terminate any agreement by mutual consent with the landowner or operator, if the Secretary determines that such termination is in the public interest, and may agree to modify any agreement if it is determined that such modification is beneficial to the program. (Sec. 1115(f))

(h) this section is applicable to the several States, Puerto Rico, and the Virgin Islands. (Sec. 1115(g))

(i) there are authorized to be appropriated such sums as are necessary to carry out the provisions of this section. (Sec. 1115(i))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(43) Conservation tillage (Sec. 1553)

(a) The *Senate* bill makes findings to the effect that—

(i) domestic and international demand for American agricultural products is great and increasing;

(ii) the ability of the United States to meet that demand is impaired by the annual loss of 5 billion tons of soil due to erosion;

(iii) the battle against soil erosion is being lost despite annual expenditures of millions of dollars by the Federal Government on conservation research and assistance;

(iv) conservation tillage is estimated to reduce soil erosion by 50 to 90 percent over conventional farming practices; and

(v) conservation tillage may increase yield, decrease fuel use and labor and equipment costs, and increase retention of soil moisture. (Sec. 1127(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill urges and requests the Secretary of Agriculture to—

(i) promote the use of conservation tillage as a means of controlling soil erosion and improving profitability, and

(ii) conduct research to resolve questions regarding the advantages and disadvantages of conservation tillage over other soil conservation practices. (Sec. 1127(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(44) Regulations (Sec. 1554)

The *House* amendment authorizes the Secretary of Agriculture to issue regulations as necessary to carry out this title (Title XV—Resource Conservation). (Sec. 1551)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

TITLE XV—CREDIT, RURAL DEVELOPMENT AND FAMILY FARMS

(1) Farmers Home Administration real estate and operating loans to cooperatives (Sec. 1601)

The *House* amendment deletes the requirement of the Consolidated Farm and Rural Development Act that only cooperatives having an ownership and operating interest in a farm no larger than a family farm are eligible for farm ownership or operating loans. (Sec. 1401)

(NOTE.—The amendment would not change the current requirement that (i) the majority interest in the cooperative be held by owner-operators of family-size farms and (ii) the cooperative, to be eligible, must be unable to obtain sufficient credit elsewhere.)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment with the understanding that in order to ensure that the benefits of this provision would inure to small size cooperatives that consist of operators of family farms, the Farmers Home Administration may administer the provision in such a manner as to limit cooperatives which may qualify for farm ownership or operating loans to those cooperatives whose members do not exceed 50 in number, each of whom operates a farm that is not larger than a family farm.

(2) Equalizing access to credit for widows and other single parents (Sec. 1602)

The *Senate* bill deletes from the Consolidated Farm and Rural Development Act the requirement that the Secretary give preference to persons who are married in making or ensuring farm ownership loans. (Sec. 1129)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(3) Lease of facilities (Sec. 1603)

The *House* amendment authorizes the Secretary to consent to long term leases of facilities financed under the Consolidated Farm and Rural Development Act if such leases are necessary to ensure continuation of services for which the financing was extended. (Sec. 1407)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(4) Borrower's net worth (Sec. 1604)

The *House* amendment directs the Secretary to require applicants for loans under the Consolidated Farm and Rural Development Act to submit written statements showing their net worth. (Sec. 1402)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(5) Report on characteristics of borrowers

The *House* amendment requires the Secretary to submit annually to the House Committee on Agriculture and Senate Committee on Agriculture, Nutrition, and Forestry a report describing the characteristics of borrowers initially receiving farm ownership and operating loans made, insured, or guaranteed under the Consolidated Farm and Rural Development Act. The report is to be made on a State-by-State basis and is to include each borrower's age, education, farming experience, net worth, amount of farm

ownership, operating and other loans outstanding, gross farm income, and other income. All such information is to be provided separately for borrowers receiving low-income loans and those receiving regular loans. (Sec. 1402)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment.

The conferees intend that the Secretary, in administering the FmHA water and waste disposal loan program (as revised under the Omnibus Budget Reconciliation Act of 1981), consider the community's ability to pay in establishing interest rates for loans made for the purpose of upgrading existing facilities or constructing new facilities as required to meet applicable health or sanitary standards. In addition, any area in which the median family income of the persons to be served is below 80 percent of the State nonmetropolitan median family income should be considered an area that has a significant portion of low income persons to be served by such a facility, and the Secretary should provide loans to such areas with interest rates not to exceed 5 percent.

Also, it is the intent of the conferees, with respect to program, that the Secretary—

(a) act at once to establish the project selection system provided in the conference report on the Omnibus Budget Reconciliation Act of 1981;

(b) for the purpose of targeting 75 percent of fiscal year 1982 grant funds under the water and waste disposal grant program to low income areas, determine that a low income community is one in which the persons to be served have a median family income less than 80 percent of the State nonmetropolitan median income; and

(c) permit agencies (such as county health units) to determine whether a proposed facility is needed to meet applicable health and sanitary standards, irrespective of whether such agencies have enforcement powers to require that such standards be met.

(6) Extension of the Emergency Agricultural Credit Adjustment Act of 1978 (Sec. 1605)

The *House* amendment extends through September 30, 1982, the economic emergency loan program authorized by the Emergency Agricultural Credit Adjustment Act of 1978. (Sec. 1403)

The *Senate* bill contains no comparable provision.

The *Conference* substitute provides for the extension of the economic emergency loan program through September 30, 1982, with a modification limiting to $600,000,000 the amount of new loans that may be insured or guaranteed under the program during any fiscal year.

The Emergency Agricultural Credit Adjustment Act of 1978 provides the Secretary broad authority to determine the scope of the economic emergency loan program and eligibility for participation in the program in accordance with the Act's provisions. The statute creates no entitlement for farmers to receive loans and is discretionary in nature. It is the intent of the conferees, in agreeing to an extension of the Act, that the Secretary judiciously use the authority to insure and guarantee loans to farmers under the Act. Of course, the conferees intend that the Secretary use the authority in the Act to cope with economic emergencies.

(7) Farm storage facility loan program (Sec. 1606)

The *House* amendment requires that the Secretary make farm storage facility loans available in areas in which the Secretary determines that there is a deficiency of farm storage facilities. (Sec. 1404)

The *Senate* bill contains no comparable provision.

The *Conference* substitute adopts the *House* amendment.

(8) United States policy on family farms (Sec. 1608)

The *House* amendment directs that there be included in the annual report on family farms an assessment of how reductions in commodity price support programs have affected family farmers and the family farm structure. (Sec. 1406)

The *Senate* bill contains no comparable provision.

The *Conference* substitute deletes the *House* amendment. The conferees urge that the report on family farm operations include an evaluation of the impact of changes in the price support programs on family farmers and the family farm structure.

TITLE XVII—FLORAL RESEARCH AND CONSUMER INFORMATION

(1) Short title (Sec. 1701)

The *Senate* bill provides that this title will be designated as the "Floral Research and Consumer Information Act". (Sec. 1701)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(2) Congressional findings and declaration of policy (Sec. 1702)

The *Senate* bill sets forth findings and a declaration of policy that provide, in part, that—

(a) flowers and plants are an integral part of American life providing natural beauty, comfort, and pleasure;

(b) flowers and plants are produced by many individual growers throughout the United States and in foreign countries and move in or directly burden or affect interstate commerce;

(c) the maintenance, expansion, and development of existing and new markets are vital to the welfare of the floral industry; however, because the industry consists primarily of small businesses, it has been unable to undertake the research and promotion programs necessary to ensure its welfare;

(d) it is in the public interest to provide an adequate and steady supply of fresh flowers and plants;

(e) it is essential and in the public interest to authorize the establishment of an effective and continuous coordinated program of research, education, and promotion designated to strengthen the position of the floral industry in the marketplace; and

(f) nothing in this title shall be construed to erect a trade barrier to flowers and plants produced in foreign countries. (Sec. 1702)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(3) Definitions (Sec. 1703)

The *Senate* bill sets forth definitions for the following terms as used in this title: "Secretary", "person", "cut flowers", "potted flowering plants", "foliage plants", "propagational material" (defined to exclude seeds), "flowers and plants", "United States" (defined to include the 50 States, D.C., and the territories and possessions of the United States.), "promotion", "research", "consumer education", "marketing", "producer", "Floraboard", "importer", "commodity groups", and "cost of plant material". (Sec. 1703)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(4) Floral research and promotion orders (Sec. 1704)

The *Senate* bill provides for the issuance of national orders, and amendments to orders, applicable to persons engaged in production, sale, importation, or handling of flowers and plants. (Sec. 1704)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(5) Notice and hearing (Sec. 1705)

The *Senate* bill provides for the Secretary to give notice and opportunity for hearing on a proposed order when there is reason to believe that issuance of an order will tend to effectuate the policy of this title. A hearing may be requested by certified organizations, the Secretary, or any other interested person. (Sec. 1705)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(6) Finding and issuance of an order (Sec. 1706)

The *Senate* bill provides for the issuance of an order if the Secretary determines, after notice and hearing, that the order will tend to effectuate the policy of this title. This determination must be based on the evidence in the hearing record. (Sec. 1706)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(7) Required terms in orders (Sec. 1707)

The *Senate* bill requires that orders issued under this title contain provisions providing:

(a) for the establishment of a board, designated the "Floraboard", consisting of up to 75 members appointed by the Secretary to staggered 3 year terms; for the Floraboard to administer the order, to make rules and regulations, to investigate violations, and to recommend amendments to the order; and for the Floraboard to appoint from its members an executive committee, of up to 15 members, with authority to hire a staff and conduct routine business;

(b) for the Floraboard to be composed of producers and importers nominated by certified organizations or by other groups of producers or importers under specified circumstances when they are not adequately represented by certified organizations; for the membership of the initial Floraboard to be equally representative of each commodity group within the industry (cut flowers, potted flowering plants, and foliage plants), subject to being periodically adjusted after the first 2 years based on assessments and refunds; and for producer representation on the Floraboard to exceed importer representation at all times;

(c) that all plans and projects of the Floraboard must be submitted to and approved by the Secretary before becoming effective;

(d) that the Floraboard shall annually submit to the Secretary for approval a

budget of anticipated expenses and disbursements;

(e) for the payment of assessments to the Floraboard, as prescribed in the order, for each sale of flowers and plants by producers (based on the dollar value of the sales less the cost of plant material), by producer/retailers (at the wholesale value less the cost of plant material), and by importers (based on the dollar value of the sales, unless the importer is a retailer in which case the assessment will be based on the purchase price). In the case of consignment sales, the assessment would be based on the sales value less commission, stateside freight, and cost of plant material. Assessments would be used to pay reasonable expenses of the Floraboard (including a reserve and USDA administrative costs) as determined by the Secretary;

(f) for the initial assessment, after approval of the order, to be set at not more than one-half of 1 percent of the value of flowers and plants, and after the first 2 years for the Floraboard to make annual adjustments in the assessment rate of up to one-quarter of 1 percent of the value of flowers and plants; not to exceed a maximum rate of 1½ percent;

(g) for the Floraboard to maintain books and records and to submit reports to the Secretary as prescribed and to account appropriately for the receipt and disbursement of funds;

(h) for the Floraboard to enter into contracts and agreements, as approved by the Secretary, with industry groups, profit or nonprofit companies, and private and governmental groups to develop and carry out plans and projects under the order;

(i) for the Floraboard to convene advisory panels representing various segments of the flower and plant industry to assist in the development of marketing and research programs;

(j) that no funds collected by the Floraboard shall be used to influence governmental policy or action except to seek amendments to the order; and

(k) that Floraboard and advisory panel members shall serve without compensation but will be reimbursed for reasonable travel expenses. (Sec. 1707)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision with an amendment to clarify the language relating to the payment of assessments by producers and importers.

The conferees recognize the experience and expertise of the wholesale and retail segments of the industry in marketing and promoting flowers and plants. As adopted, the *Senate* provision provides for payment of all assessments by the producers and importers; therefore, only producers and importers will be members of the Floraboard. However, the conferees desire that the Floraboard utilize the expertise of the wholesale and retail segments of the industry in marketing flowers and plants. Therefore, it is the intent of the conferees that the Floraboard make extensive use of the expertise of the wholesale and retail segments of the industry by appointing and consulting with an advisory panel from those segments of the industry on all marketing and promotion programs of the Floraboard. The conferees consider the wholesale and retail segments of the industry to include florists, mass marketers, and allied trades.

(8) Permissive terms in orders (Sec. 1708)

The *Senate* bill provides that each order may contain one or more provisions providing:

(a) for appropriate plans or projects involving advertising, sales promotion, urban beautification, and consumer information directed toward increasing the general demand for flowers and plants, except that the use of unfair or deceptive acts or practices and references to private brand or trade names in connection with any plans or projects is prohibited;

(b) for research, marketing, and development projects designed to improve and expand marketing and utilization of flowers and plants, and for the dissemination of data collected by such activities;

(c) that producers, wholesalers, retailers, and importers of flowers and plants maintain and make available to the Floraboard and the Secretary, for inspection, specified books and records, and file reports as designated in the order; that such information made available to employees of the Floraboard or the Secretary shall be kept confidential and shall not be released, except as determined necessary by the Secretary in connection with a lawsuit. This restriction would not prevent general statements regarding statistical data not identified to the person that furnished it, publication by the Floraboard of general statements regarding refunds or the amount of assessments and refund rates for commodity groups, or publication by the Secretary of the names of persons violating the order. Any violation would be punishable as a misdemeanor. Such information shall not be made available to other agencies of the Federal Government except as necessary to the implementation and enforcement of this title; and

(d) that the order may contain other terms and conditions necessary and incidental to its administration but not inconsistent with this title. (Sec. 1708)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(9) Requirement of referendum (Sec. 1709)

(a) The *Senate* bill provides that no order shall become effective until it has been approved in a referendum of domestic producers and importers, not exempt from this title, who are engaged in the production or importation of flowers and plants during a representative period determined by the Secretary. Approval requires a favorable vote of two-thirds of the producers and importers voting or of a majority of those voting if they represent two-thirds of the total value of flowers and plants produced and imported by those voting. (Sec. 1709(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill requires that the Secretary be reimbursed from assessments for any expenses incurred in conducting the referendum, except for the salaries of government employees. (Sec. 1709(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(c) The *Senate* bill authorizes the Floraboard to reimburse from assessment funds certain expenses incurred by organizations that work for the adoption of an order. These expenses include legal fees, travel expenses, and educational expenses. Expense claims must be reasonable and properly documented. (Sec. 1709(c))

The *House* amendment contains no comparable provision.

The *Conference* substitute deletes the *Senate* provision.

(10) Suspension and termination of orders (Sec. 1710)

The *Senate* bill requires the Secretary to terminate or suspend any order or provision of an order that the Secretary finds obstructs or does not tend to effectuate the declared policy of this title. In addition, upon the request of at least 10 percent of the number of producers and importers that voted in the referendum approving the order, the Secretary is directed to hold a referendum to determine if any such order should be terminated or suspended, and may conduct such a referendum at any time. The order shall be suspended or terminated 6 months after the Secretary determines that a majority of those voting favor suspension or termination. Termination or suspension of an order, or any provision of an order, shall not be considered to be an order. (Sec. 1710)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(11) Provisions applicable to amendments (Sec. 1711)

The *Senate* bill provides that the provisions of this title applicable to orders are also applicable to amendments to orders. (Sec. 1711)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(12) Exemptions (Sec. 1712)

The *Senate* bill provides for the exemption from assessments of any producer or importer with total sales of flowers and plants of $100,000 or less, subject to annual adjustment by the Floraboard, during the 12 consecutive months prior to the date an assessment is due, as prescribed in the order or in the rules and regulations. Any exempt producer or importer cannot vote in a referendum. Total sales of a producer or importer shall also include the following: for an individual—sales attributable to the individual's spouse, children, grandchildren, and parents; for a partnership—sales attributable to other partners; for a corporation—sales attributed to subsidiaries owned or controlled by the corporation; for any producer or importer—sales attributable to any corporation of which the producer or importer owns 50 percent or more of the stock, including stock owned by the producer's or importer's spouse, children, grandchildren, parents, partners, and corporations. (Sec. 1712)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(13) Producer or importer refund (Sec. 1713)

The *Senate* bill provides that any producer or importer who pays an assessment may demand and receive a refund. To be valid, a refund request must be made in accordance with the requirements in the regulations, but not later than 60 days after the end of the month in which the assessment was paid. Refunds must be made by the Floraboard within 60 days after submission of satisfactory proof that the producer or im-

porter paid the assessment for which the refund is sought. (Sec. 1713)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(14) Petition and review (Sec. 1714)

The *Senate* bill authorizes any person subject to an order to petition the Secretary in writing for modification or exemption from any provision of an order on the grounds that it is not in accordance with law. After opportunity for a hearing, the Secretary will issue a final ruling on the petition. The United States district court in the district where the petitioner resides or conducts business would have jurisdiction to review the Secretary's ruling if a complaint seeking review is filed within 20 days after entry of the ruling. If the court finds the ruling not in accordance with law, it will remand the matter to the Secretary for appropriate action. The pendency of any proceeding to challenge an order will not prevent the Secretary from exercising authority granted in this title to enforce the provisions of the order or regulations. (Sec. 1714)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(15) Enforcement (Sec. 1715)

(a) The *Senate* bill provides that the United States district courts will have jurisdiction to restrain violations of the order or regulations by any person. The Secretary must refer civil actions to the Attorney General for appropriate action, except that the Secretary may, in the alternative, enforce the program through an administrative proceeding or a suitable written notice or warning. (Sec. 1715(a))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(b) The *Senate* bill authorizes the Secretary to enforce the provisions of the order or regulations by administrative action to impose a civil penalty of not less than $500 or more than $5,000 for each violation or to issue a cease and desist order, or both. No civil penalty or cease and desist order may be imposed without notice and an opportunity for a hearing. The Secretary's order will be final unless, within 30 days after the date of the order, it is appealed by the affected person to the United States court of appeals where the person resides or conducts business. The Secretary is directed to provide the court with a certified copy of the administrative record. The Secretary's findings may only be set aside if found to be unsupported by substantial evidence. Any person who fails to obey a final cease and desist order will be subject, after opportunity for a hearing, to the imposition of civil penalties by the Secretary of up to $500 for each day that the failure to comply continues. If any person fails to pay a civil penalty after it becomes final the Secretary shall refer the matter to the Attorney General who shall collect the amount of the penalty in the district court. The order imposing the penalty, however, will not be subject to review in such collection action. (Sec. 1715(b))

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(16) Certification of organizations (Sec. 1716)

The *Senate* bill establishes criteria for the Secretary to follow in certifying organizations, to represent producers or importers of flowers and plants, that may request the issuance of an order or make nominations for Floraboard membership. The main considerations for each organization are:

Geographic territory covered;

Nature and size of the active membership;

Proportion of membership accounted for by producers and importers and the volume of production by State or importation by country that they account for;

Extent of the representation of producer and importer members in setting the organization's policies;

Evidence of stability and permanency;

Source of operating funds;

Functions;

Representation of producers and importers on the governing board; and

Willingness and ability of the organization to further the objectives of this title.

The primary consideration in certifying an organization shall be whether the organization's membership consists of a substantial number of producers and importers who produce and import a substantial volume of flowers and plants. The Secretary is required to certify any organization determined eligible under these criteria. When more than one organization is certified in a geographic area, the organizations may caucus for purposes of making nominations to the Floraboard. (Sec. 1716)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(17) Regulations (Sec. 1717)

The *Senate* bill authorizes the Secretary to issue regulations to carry out this title. (Sec. 1717)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(18) Investigations and subpena power (Sec. 1718)

The *Senate* bill authorizes the Secretary to make any investigation deemed necessary to carry out his responsibilites under this title or to investigate any suspected violation of this title or of an order or rule or regulation issued under this title. The Secretary may administer oaths and affirmations, subpena witnesses and records, and may invoke the aid of the courts of the United States in requiring attendance and testimony of witnesses and production of documents. Failure to obey a court order may be punishable as contempt of court. (Sec. 1718)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(19) Separability (Sec. 1719)

The *Senate* bill provides that if any provision of this title is held invalid, it will not affect the validity of the remainder of the title. (Sec. 1719)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

(20) Authorization (Sec. 1720)

The *Senate* bill authorizes appropriations to carry out the provisions of this title but not to pay any of the expenses of the Floraboard in administering any order. (Sec. 1720)

The *House* amendment contains no comparable provision.

The *Conference* substitute adopts the *Senate* provision.

E DE LA GARZA,
GEORGE E. BROWN, Jr.,
DAVID R. BOWEN,
CHARLIE ROSE,
FRED RICHMOND,
BILL WAMPLER,
PAUL FINDLEY
(on all matters except title IX of the Senate bill and modifications committed to conference),
TOM HAGEDORN,
TOM COLEMAN,
RON MARLENEE,
WILLIAM M. THOMAS,

The following solely for consideration of section 915 and title XI (except for section 1112 and subtitle B) of the House amendment and sections 1002, 1111, 1113, 1201-1203, and 1205, and title XIII of the Senate bill:

CLEMENT J. ZABLOCKI,
L. H. FOUNTAIN,
DANTE B. FASCELL,
LEE H. HAMILTON,
JONATHAN B. BINGHAM,
WM. S. BROOMFIELD,
LARRY WINN, Jr.,
BENJAMIN A. GILMAN,
ROBERT J. LAGOMARSINO,

The following solely for consideration of title IX of the Senate bill and modifications thereof committed to conference:

ARLAN STANGELAND,

The following solely for consideration of title VII of the House amendments and title VII of the Senate bill:

JOE SKEEN,

Managers on the Part of the House.

JESSE HELMS,
BOB DOLE,
S. I. HAYAKAWA,
RICHARD G. LUGAR,
THAD COCHRAN,
WALTER D. HUDDLESTON,

Managers on the Part of the Senate.

FOREIGN ASSISTANCE APPROPRIATIONS AND RELATED PROGRAMS APPROPRIATION BILL, 1982

Mr. BEILENSON. Mr. Speaker, by direction of the Commmittee on Rules, I call up House Resolution 290 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 290

Resolved, That during the consideration of the bill (H.R. 4559) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, all points of order against the following provisions in said bill for failure to comply with the provisions of clause 2, rule XXI are hereby waived: beginning on page 6, line 17 through page 7, line 4; beginning on page 7, line 6 through page 12, line 16; beginning on page

13, lines 9 through 15; and beginning on page 14, line 15 through page 16, line 3; and all points of order against the following provisions in said bill for failure to comply with the provisions of clause 6, rule XXI are hereby waived: beginning on page 10, lines 11 through 23; and beginning on page 12, lines 4 through 8.

LEGISLATIVE PROGRAM

(By unanimous consent, Mr. MICHEL was allowed to speak out of order.)

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I have asked to speak out of order for 1 minute for the purpose of inquiring of the distinguished majority whip the program for the balance of the day and tomorrow. I think Members would be interested in what might be in prospect.

Mr. FOLEY. Mr. Speaker, will the gentleman yield?

Mr. MICHEL. I yield to the gentleman from Washington.

Mr. FOLEY. Mr. Speaker, the program for the balance of today will be the consideration of the rule and general debate only on the foreign operations appropriations bill.

Tomorrow, we will continue with that bill for the purpose of amendment and we will meet, of course, at 10 o'clock and we will expect to adjourn by 3 o'clock tomorrow afternoon.

Because Members have inquired, I should make it clear there was no session contemplated on the weekend, but the House will convene on Monday at noon and the program will be announced tomorrow, but Members should expect votes on Monday and the remaining days of next week, however long into the week it will be necessary to go to complete the program. But for today the rule and general debate only on the foreign operations appropriations, tomorrow amendments, conclusion by 3 o'clock, adjourning over until Monday noon.

Mr. MICHEL. I thank the distinguished majority whip.

Mr. BEILENSON. Mr. Speaker, for purposes of debate, I yield 30 minutes to the gentleman from Arizona (Mr. RHODES), pending which I yield myself such time as I may consume.

Mr. Speaker, all that House Resolution 290 does is waive points of order against certain provisions of H.R. 4559, the Foreign Assistance Appropriations Act for fiscal year 1982. The rule does not provide for consideration of this bill since general appropriations measures are already privileged under the rules of the House, and the general debate time on H.R. 4559 will be determined by unanimous consent of Members rather than by means of a provision in this rule. Also, the bill is open to any germane amendment.

House Resolution 290 waives points or order against sections of the bill under clause 2 of rule XXI—prohibiting unauthorized appropriations and legislation in an appropriations bill—and clause 6, rule XXI (21)—prohibiting reappropriation of unexpended sums from earlier fiscal years. The precise sections for which waivers are recommended are fully stated in the rule. The waivers of clause 2 are necessary because authorizing legislation for the programs involved has not yet been enacted into law. However, all of the necessary authorizations are contained in H.R. 3566, the International Security and Development Cooperation Act, passed yesterday by the House.

Clause 6 waivers are necessary because the bill allows small amounts appropriated in 1981 for the African Development Foundation and for international narcotics control to remain available for expenditure during fiscal year 1982.

Title I of the measure contains almost $1.4 billion for contributions to multilateral assistance organizations, including $850 million toward the sixth replenishment of the International Development Association. This contribution honors a commitment made by the United States in 1980 to help IDA continue its crucial support for the world's poorest nations.

Title II of the bill appropriates $5 billion for direct economic assistance to needy nations. This figure is about 12 percent above the comparable fiscal year 1981 appropriation, and means that many important humanitarian programs, such as population assistance, the economic support fund and agricultural development and nutrition will receive more adequate funding.

Title III appropriates $923 million for military assistance, largely for the implementation of the Camp David accords, and the final title of the bill funds the Export-Import Bank at the program level set forth in this summer's reconciliation bill.

With all these provisions in H.R. 4559, the measure is still more than $180 million below President Reagan's September budget request for foreign assistance.

Mr. Speaker, I stongly urge my colleagues to begin consideration of this important bill by adopting the rule before us.

Mr. RHODES. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 290 waives certain points of order against H.R. 4559, the foreign assistance appropriations for fiscal year 1982.

As H.R. 4559 includes appropriations for a number of programs for which legislation has not yet been enacted, House Resolution 290 waives all points of order against specified provisions in the bill for failure to comply with clause 2 of rule XXI, which prohibits unauthorized appropriations and legislation on general appropriation bills.

The rule also waives clause 6 of rule XXI against two provisions in the bill. This waiver will permit reappropriation of unused funds for continued availability to the African Development Foundation, and the reappropriation of funds for international narcotics control.

Mr. Speaker, as reported by the Appropriations Committee, H.R. 4559 is $1.1 billion under the 1982 budget estimates and is supported by the administration. Consequently, I urge adoption of this resolution so we may proceed to consideration of the bill.

Mr. BEILENSON. Mr. Speaker, I have no further requests for time, and I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

□ 1800

Mr. LONG of Maryland. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 4559) making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes; and pending that motion, Mr. Speaker, I ask unanimous consent that general debate be limited not to exceed 1 hour, the time to be equally divided and controlled by the gentleman from New York (Mr. KEMP) and myself.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Maryland (Mr. LONG).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4559, with Mr. KAZEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the unanimous-consent agreement, the gentleman from Maryland (Mr. LONG) will be recognized for 30 minutes, and the gentleman from New York (Mr. KEMP) will be recognized for 30 minutes.

The Chair recognizes the gentleman from Maryland (Mr. LONG).

Mr. LONG of Maryland. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I submit for your consideration today the foreign assist-

ance and related programs appropriation bill for the fiscal year 1982.

I want to thank the chairman of the full committee, the gentleman from Mississippi (Mr. WHITTEN), and the ranking minority member, the gentleman from Massachusetts (Mr. CONTE) for their cooperation on this bill, a difficult bill under any circumstances.

It has been a special pleasure to work with the gentleman from New York, JACK KEMP, as ranking minority member and with the other members of the subcommittee, the gentleman from Wisconsin (Mr. OBEY), the gentleman from New York (Mr. YATES), the gentleman from New York (Mr. MCHUGH), the gentleman from Florida (Mr. LEHMAN), the gentleman from Texas (Mr. WILSON), the gentleman from California (Mr. DIXON), the gentleman from Pennsylvania (Mr. GRAY), the gentleman from California (Mr. EDWARDS), the gentleman from Louisiana (Mr. LIVINGSTON), the gentleman from California (Mr. LEWIS), and the gentleman from Illinois (Mr. PORTER).

In all my 17 years on this subcommittee as a member and as chairman, I have never seen a more knowledgeable, a more intelligent, or more conscientious membership. Working with them has been a privilege.

Mr. Chairman, before the House today is the foreign assistance and related appropriations bill for fiscal year 1982, an omnibus bill funding a major portion of the foreign policy initiatives of the United States and providing for both bilateral and multilateral development assistance, military assistance and assistance for the Middle East. The Middle East funding constitutes over 35 percent of the total funds recommended in the bill and is critical to stability in that volatile part of the world.

The foreign assistance appropriations bill before us contains $7.6 billion in new budget authority. This is a reduction of about $180 million below the amended budget levels requested by the administration, $4.3 billion below the level in fiscal year 1981, when all foreign assistance appropriations for fiscal year 1981, including the International Monetary Fund, are considered. In relation to the budget resolution allocation, the bill is some $880 million in budget authority below the amount allocated to the subcommittee.

The committee recommends an appropriation of $1.4 billion for the six international financial institutions requesting funds in fiscal year 1982, the Inter-American Development Bank, the World Bank, the International Finance Corporation, the Asian Development Bank, the African Development Fund, and $850 million, the largest single appropriation, for the International Development Association, more commonly known as IDA.

For bilateral economic assistance, the committee is recommending $4.3 billion for the Agency for International Development (AID). AID is charged with the administration of funds for bilateral development assistance, Middle East economic assistance, American schools and hospitals abroad, Sahel development, and disaster assistance. The committee is recommending $806 million for Israel and $771 million for Egypt in economic assistance.

The committee also recommends $37.7 million for the international narcotics program, $12 million for the Inter-American Foundation, $100 million for the Peace Corps and $535 million for various refugee programs.

For the various military assistance programs, the committee is recommending a total of $3.8 billion. This is an increase of $585 million, or 18 percent, over fiscal year 1981 and will provide for new security assistance needs in Egypt, Thailand, Yemen, Portugal, Turkey, Kenya, Liberia, Somalia, Sudan, and countries in the Caribbean and Central America.

Under the committee bill, Israel will receive for military assistance $550 million in forgiven loans and $850 million in loan guarantees, while Egypt will receive $100 million in grants, $100 million in forgiven loans, and a minimum of $500 million in loan guarantees.

In arriving at its recommendations, the committee denied a request for a new program of direct credits which would provide concessional, low-interest loans for the purchase of military equipment by foreign countries. However, to compensate for this, the committee added a total of $600 million in loan guarantees, grants, and forgiven loans.

For the Export-Import Bank, the committee is recommending in direct loans $3,961,000,000. That is $89 million above the President's request, and $8,651,000,000 in loan guarantees, which is about $1.6 billion above the request.

The committee has recommended prohibition against direct aid to Vietnam, Cambodia, Laos, Syria, Angola, and Cuba.

The committee also recommends that two general provisions (sections 521 and 522) prohibiting funds to finance assistance for establishing or expanding production of surplus commodities be retained.

Mr. Chairman, that completes my statement on the bill recommendation. I believe that the bill is a fair one and one that can and should be supported by a majority of the Members.

I urge its adoption.

Mr. KEMP. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, Winston Churchill once said that democracy is the worst form of government except for the alternative. With regard to this foreign assistance appropriation bill, it certainly is not the best way in which to promote economic development or national security, but it is better than the alternative.

President Truman, after World War II, suggested that the seeds of totalitarianism are nurtured by misery and want; they spread and grow in the evil soil of poverty and strife; they reach their full growth when the hope of a people for a better life has died. He said America must keep that hope alive.

Mr. Chairman, I agree with that statement. I agree with efforts made by President Truman and this Nation following World War II, with bipartisan support, to help nations keep the hope for the future alive. And it is in that spirit that I have enjoyed so much working with the chairman and my colleagues on this committee. This is my first year as the ranking member of the Subcommittee on Foreign Operations of the Committee on Appropriations, and I must say I appreciate the effort not only of the chairman, with whom in many ways and in many instances I find myself in agreement, but of my colleagues as well. I want to particularly commend the previous ranking member of the minority, the gentleman from Florida (BILL YOUNG). His have been big shoes for me to fill. His help and that of our staff has been particularly significant in bringing us to the position today where I think we are going to have a foreign operations appropriations bill. It will be the first one in 3 years, and I am glad to be a part of it. I want to thank the chairman once again for his patience and his counsel, as well as his leadership.

□ 1820

President Reagan requested $7.8 billion for foreign assistance in new budget authority, $1.4 billion more than last year's total of $6.4 billion, but $1.5 billion less than that requested by President Carter for fiscal year 1982—$9.3 billion.

The vote on passage will determine whether we will have a new foreign assistance bill, or whether we will fund foreign assistance through a continuing resolution for the third consecutive year. The choice is clear. On the one hand, we can allow foreign assistance to be funded under a bill whose policy rationale and priorities are 3 years old, reflecting the views of an administration that was self-avowedly free of "an inordinate fear of communism" and committed to cutting back U.S. expenditures on national defense; but yet to confront the reality of the Soviets' brutal occupation of Afghanistan, or to feel the pain of America's impotence to take action against fanatics holding Americans hostage.

On the other hand, President Reagan has proposed an economic and military assistance program that represents a conscious and deliberate reordering of foreign assistance priorities to address the national security exigencies of today. As President Reagan recently wrote:

> At a time of international turbulence and uncertainty in many parts of the world, it is imperative that we have sufficient leeway to respond both to the challenges of aggression and to the opportunities for peace.

This bill is designed to meet those imperatives. The continuing resolution cannot.

Make no mistake about it. If the Congress fails to approve a bill for fiscal year 1982, the continuing resolution would provide all but about $100 million of the requested level of bilateral development assistance—excluding ESF—but it would fall short of meeting our security assistance needs by almost $1 billion—$950 million.

That is why this bill is not so much a foreign assistance measure as it is a security assistance measure. And that is why a vote against passage of this bill would be not so much a vote against foreign aid per se as it would be a vote of no confidence in the President's efforts to protect the global security interests of the United States.

This is not to suggest that I am satisfied with this bill in all of its particulars. I want to point out that the committee's recommended level of funding for the International Development Association (IDA) is $30 million over the President's request, which in turn represents an increase of $300 million over fiscal year 1981 levels. The President has requested this increase to fulfill commitments made by previous administrations, and to honor commitments he gave at Cancun.

I do not agree with the President on this item. The Congress has stretched out the authorization for IDA, and I believe that funding should be stretched out as well in order to allow the President's new policies concerning IDA to be put into effect and evaluated before more taxpayer dollars are committed. Accordingly, I would welcome an amendment to reduce funding for IDA to a more prudent level.

Moreover, I believe that the committee's recommended levels of funding are too low. You have heard that the Appropriations Committee has reported out a bill at $7.6 billion in new budget authority, approximately $200 million under the requested levels. But these "savings" came out of security assistance—$250 million in budget authority under the President's request—including ESF—while most bilateral development assistance accounts were increased.

The recognition of our increased security needs is not unique to the present administration. In his budget submission for fiscal year 1982, President Carter requested $4.054 billion for foreign military sales program authority—the bulk of our military assistance program—which is to the penny the same request submitted by President Reagan. By way of contrast, the Appropriations Committee has recommended cutting that level by $558 million, and has made significant reductions in economic support funds—$85 million—and the remaining military assistance programs—$173 million.

These levels were even lower before the full committee adopted an amendment introduced by Congressmen CONTE and WILSON and myself, which added back $300 million of the cuts made by the subcommittee, to help meet the requirements of six strategically important U.S. allies: Egypt, Turkey, Sudan, Thailand, Kenya, and Portugal.

I would have preferred to see these levels more nearly approach the President's request, because I believe that the President's security assistance program is vital not just to the security of our friends and allies in key parts of the world, but also because it is vital to the security of the United States itself.

But in the spirit of the overriding need to adopt a new bill and end the cycle of continuing resolutions that has gone on for far too long, I will refrain from offering an amendment to increase military assistance, although I believe that higher levels are justified.

Just as the unprecented Soviet military buildup has threatened U.S. national defense, so have massive Soviet arms shipments to client states escalated the threat to the security of pro-West governments in many regions of the world. Over the last 10 years, Soviet bloc arms exports have undergone a dramatic increase, as the bloc's share of the total world arms exports has grown from 23 percent to over 40 percent. At the same time, U.S. military assistance has been declining, necessitating a significant increase in security assistance appropriations for this fiscal year.

Nowhere do we face more visible and immediate threats to our vital interests than in the Middle East and Persian Gulf region. That is why over 80 percent of the economic support fund and over 90 percent of foreign military sales (FMS) direct credits and grants (MAP) are targeted for this region, from Turkey on the north to Oman on the east to Kenya on the south. And so I want to take a moment to explain what defeat of this bill would mean to our ability to protect our national security interests in the Middle East/Persian Gulf region.

The willingness of other nations in the region to support Camp David will be greatly influenced by perceptions of America's commitment to assist our friends in the region. In the aftermath of Sadat's assassination, the Government of Egypt is and will continue to be under increasing pressure to pull away from the Camp David process. Our continued support of Mubarak is essential to countering such pressures. Under the level of funding that would be provided under a continuing resolution, it would be impossible to meet our security assistance obligations to Israel and Egypt and still provide essential assistance to other key states in the region and elsewhere throughout the world.

The threat posed by Libya alone adds additional burdens to our security assistance efforts in the region, and further endangers Camp David.

The rise of Libyan military power has been stunning. Libya is Moscow's biggest Third World client in arms traffic. Qadhafi is reported to have bought $12 billion worth of Soviet arms in the last few years, more than could conceivably be used by the Libyans alone.

At present, 10,000 of Libya's 45,000 Soviet-trained troops are deployed along Chad's eastern border with the Sudan. There have been repeated coup attempts against Sudanese President Jaafar Nimeri, which Sudan has attributed to Libyan instigation. Khartoum reported having uncovered a Libyan organized secret undergound army, the details of which emerged just one week before Sadat was assassinated.

Under the level of funding available in the continuing resolution, we would be unable to provide the concessional FMS credits that are required in the Sudan, or to meet the economic support moneys promised Nimeri to help him combat economic instability that Qadhafi seeks to exploit.

The prospects for peace embodied in Camp David cannot flourish when its friends such as Nimeri are left vulnerable to aggression and subversion.

Moreover, our failure to meet security assistance targets in this critical region would seriously impair the ability of our fledgling Rapid Deployment Force to accomplish its mission.

Secure military access requires immediate access to ports, airfields, and other reception facilities, and sustained access to logistical support bases. Neither is currently available to the RDF in the Gulf.

Some military facilities are needed to support routine operations in peacetime. Mombasa, Kenya, is the only Indian Ocean port where U.S. combat ships can have minor repairs performed and where crews can be given liberty. The airfield at Masirah Island, Oman, is the base for routine patrol flights over the Indian Ocean.

Forces flying from the United States to the U.S. facilities in the gulf region

need fuel en route. Laejes airfield in the Azores is the only such refueling facility available.

The Egyptian base at Ras Banas is designed to serve as a rear area base, and is also a potential base for heavy bombers.

Oman is in a position to provide a facility on Masirah Island, to serve as a combat air base at the mouth of the Persian Gulf. Other important Omani facilities include the airfield at Seeb and a small naval base near the Strait of Hormuz.

Finally, the port and airfield at Berbera, Somalia, and the bases at Kenya are essential to ocean patrol.

Each of these countries—Kenya, Oman, Portugal, Egypt, Somalia—is a planned recipient of substantial security assistance moneys from this country. If it becomes necessary to divert funds from some of these countries or other strategically located countries such as Djibouti or North Yemen in order to meet first priority commitments, then we may find their governments less than enthusiastic in granting the United States continued access to bases and facilities vital to our ability to protect our interests in the Middle East or Persian Gulf areas.

Finally, no discussion of our security interests in this region would be complete without addressing the pressing security needs of our NATO ally, Turkey.

As the chairman of the JCS recently testified, "The Russian forces in the Trans-Caucasus are being upgraded, and right now are more combat-ready than they were just before the Russian invasion of Afghanistan." Moreover, the Russian divisions—numbering 26—are capable of "marching from the Trans-Caucasus and Afghanistan in a major move, which would be aimed to take over the Persian Gulf region." Turkey alone has the forces and the proximity ready to meet this threat, in addition to Turkey's longstanding role as the Western bulwark in defense of NATO's southern flank.

The size of Turkey's Armed Forces is second only to the United States in the alliance, yet its military equipment is obsolete as a result of the American arms embargo from 1974-78 and the lower priority accorded to the southern flank relative to central Europe. At the same time, the Turkish economy is seriously weak. That is why Turkey is scheduled to receive $425 million in ESF and FMS assistance. It is clear that this level of funding could not be maintained under the continuing resolution without adversely impacting upon important security assistance efforts in other countries.

In short, if we end up under a CRA in fiscal year 1982, our security assistance requirements in Southwest Asia simply could not be met. The prospects of continuing success under Camp David would grow dim indeed.

Overall, the FMS credits available for the countries other than Egypt and Israel would be reduced from the original request of $1,754.4 million to $746.2 million—a reduction of almost 43 percent.

In Europe this could mean that we have as little as $300 million to cover country programs which in fiscal year 1981 received $600 million.

It would effectively destroy any chance of moving forward with our Caribbean basin initiative.

In East Asia, we could have as little as $150 million for the entire region, $50 million of which would be required to meet our commitment to the Philippines. This would leave only $100 million to cover programs for Korea, Thailand, Indonesia, and Malaysia which received $250 million in fiscal year 1981.

And finally, if we are to meet just the barest of our commitments, by which I mean honoring earmarkings in current law and honoring specific international commitments, under the CR we would be short $50 million in ESF funds and we would be short nearly $400 million in FMS credits. And in the process, we would be forced to abandon many, many countries that look to the United States for invaluable security and economic support funds, such as Liberia, Zambia, Thailand, Lebanon, and Jamaica and far too many others, each of which is important to the United States and our ability to protect our interests in many parts of the world.

In 1947, Harry Truman launched the beginning of the U.S. security assistance efforts. The Truman doctrine pledged that the United States would support "free people who are resisting attempted subjugations by armed minorities or by outside pressure * * *" Specifically addressed then to Soviet pressure on Greece and Turkey, this pledge has come to underlie much of our security and economic assistance programs today.

But as Americans we might remember back to an earlier time, when our country was struggling to be free. The first instructions given to our representative to Paris, one Benjamin Franklin, read:

> You will solicit the Court of France for an immediate supply of twenty or thirty thousand muskets and bayonets and a large supply of ammunition and brass field pieces . . .

Fortunately, Mr. Franklin's ministry was successful. The French agreed to help.

Today, we need the help and cooperation of other countries to make our defense posture workable, to carry out our foreign policy goals, and to preserve both peace and a world environment in which nations can freely choose to live by the principles and values which mean so much to us.

In looking at a map of the globe. I wonder: Which countries scheduled to receive U.S. security assistance can we afford to leave vulnerable to forces promoting instability and disruption? For that is that choice that would have to be made if this bill is not passed. And in the long run, it would be the security of this Nation and our ability to protect our vital interests that would be impaired.

Just as our foreign policy must provide for assisting our allies in defending themselves from military aggression, it must be designed to assist them in building and maintaining strong economies. In announcing the Truman doctrine, President Harry Truman said:

> The seeds of totalitarian regimes are nurtured by misery and want. They spread and grow in the evil and soil of poverty and strife. They reach their full growth when the hope of a people for a better life has died. We must keep hope alive.

I think that all Americans share this great President's view that democracy depends on maintaining the hope of people that the human condition will improve. Only when hope is dead are people willing to surrender control of their lives to totalitarian forces.

But while we recognize this to be the case, we have been negligent in promoting our own system of democratic free-enterprise as the model for economic progress. We have failed to tell those who look to us for leadership that it is the energy and initiative of their own people which are their greatest assets and the keys to economic progress.

To a large degree, our hesitancy has evolved from our own failed experiment with demand management economics and the incentive destroying policies which are only this year being reversed. Ronald C. Nairn cites this as a major factor in the decline of Western leadership. He wrote in his "Wealth of Nations in Crisis":

> We must abandon the despair of the past two decades and the seeming acceptance of a fixed future, either immutable, or where material wherewithal declines . . . we must accept the future as an open and malleable by the mind and hand of man.

Accepting the role of economic leader in the West, we must first get our own house in order. Nairn quotes the Buddha's question, "How can one man stuck in the mud pull out another man stuck in the mud?" This is the dilemma in which we have found ourselves.

In his recent talks with the heads of developing nations, President Reagan has made clear to them the single most important action which the United States can take to assist with the economic problems of the less developed nations is to restore economic growth and prosperity to our domestic economy. In the absence of this restoration, the massive trade on which the

economies of the LDC's depend cannot be increased. Moreover, once we have again proved the success of the "American path of development" we can export the American idea of democratic free enterprise abroad. It is right and it works.

President Reagan has also made clear that he intends to support the international financial institutions which were created at Bretton Woods and that he believes that these institutions can become efficient vehicles for assisting the LDC's to develop domestic and international policies conducive to growth and prosperity. At the same time, the President has aired concerns over the operation of these institutions.

These concerns echo those which my colleagues and I have voiced on this floor and which we have attempted to overcome through the work of our subcommittee. Progress has been slight but with the renewed emphasis on incentives and entrepreneurial initiative which the President is bringing to both multilateral and bilateral economic assistance programs, I am hopeful that some changes can be made.

To provide the President with an opportunity to achieve these changes, the bill before us contains $1.7 billion in contributions to the multilateral development institutions, $2.5 billion in bilateral economic development assistance, and $2.5 billion for the economic support fund. With the exception of the funding level for the International Development Agency, I am supporting these levels.

THE NATURE OF FOREIGN ASSISTANCE

Over the past several years, this Congress has been virtually deadlocked over the issue of foreign economic assistance. I believe that much of the difficulty which we have had has stemmed from conflicting interpretations of our goals and from our failure to separate the components of foreign assistance into its several parts.

Aside from direct military assistance, our aid programs serve three basic objectives. First, and least controversial, is humanitarian assistance. I know of no individual in the Congress or any American who opposes the provision of emergency relief to those who are the victims of natural disasters or who are refugees from political and military disorder. This aid is provided as the direct expression of the compassion and goodwill of the American people.

The second form of economic assistance is that which supports our immediate political interests, usually in countries which are under direct threat or actual attack from totalitarian regimes. Our aid in these cases is the lifeline which allows nations to survive economically while the military threat is eliminated. While we have often engaged in long debate over the appropriateness of supporting one or another nation, our subcommittee and the Congress in general is agreed that it is in the best interests of the United States to provide this assistance.

The third area of foreign economic assistance is funding for economic development. This assistance, whether carried out through bilateral or multilateral agencies, has been the source of major controversy. As we proceed through amendments to the bill, we will undoubtedly discuss at length the individual programs of AID, World Bank, and, most probably, the International Development Association. Before we reach that stage of the debate, I want to lay before my colleagues my ideas on the proper role of economic development assistance.

THE ROLE OF ECONOMIC DEVELOPMENT ASSISTANCE

Those who advocate large programs of foreign economic development assistance usually do so by arguing along a now familiar line. The basic argument is that individuals in underdeveloped nations are incapable of themselves providing the initiative and enterprise which is necessary to call forth sufficient productive resources to sustain economic growth.

The argument then proceeds that since the initiative is not present in the domestic economy, an entire institutional framework of technical expertise, planners and social reformers must be imposed on the domestic economy. Always included in this imposition is the requirement that substantial capital infusions from outside of the economy are mandatory if the economy is to develop.

I submit to my colleagues that these arguments are counter to all experience of economic development and are contrary to our own Nation's experience and philosophy of individual dignity and worth.

There is no need for people of the LDC's to be given anything but the freedom to control their own destiny. As Nairn has eloquently, put it these people have an:

Essential need for freedom—freedom from ideological constraints; freedom from political abuses; freedom for attaining economic literacy and the cessation of punitive economic action; freedom from bureaucratic regulation and mismanagement; freedom for individual creativity.

In contrast to this great need, the economic assistance programs which have evolved since Bretton Woods have been government oriented, imposing ever greater constraints on the economic freedoms of the individuals who are to be helped. It is little wonder that by insisting on systems which run counter to our own domestic philosophy and to systems which have brought prosperity to many nations including most of the Pacific rim nations, we have not only gained enmity of those nations we sought to help but have actually done significant damage to their prospects for economic progress.

The greatest threat to economic progress in all nations is the domestic economic policy of that nation. There is no capital shortage in a nation which encourages enterprise and allows labor and capital to retain the fruits of work and entrepreneurship. The tremendous success of the small individual plots of land cultivated in the Soviet Union and China are the supreme statement of the abilities of people to accumulate capital and produce for the marketplace, however adverse the conditions may be.

The great shame which we as Americans must face in this regard is that we have been the most successful proponents of restricting economic liberty. We have spent 30 years advising other nations to tax and spend, to control and direct investment, run deficits, devalue currencies, limit imports and push exports. Our ideas have been followed. Confiscatory tax policies, state control of productive resources and initiative destroying economic planning are fixtures of economic policy. The result is shattered economies throughout the developing world.

Once these destructive domestic economic policies are in place, a capital shortage inevitably follows. Advocates of massive capital transfers invoke a variety of justifications for the shortfall and for the proposed cure.

The first argument is that the domestic economy is incapable, due to the level of income, of generating a level of savings which can support the required per capita capital base. The key issue here is that there is no standard of required capital. Viewed from the industrialized nations, it is easy to determine that General Motors cannot be recreated in an LDC. Unfortunately, it has not been easy to determine that every LDC does not require steel mills, heavy manufacturing and massive transportation infrastructure.

The assumption is made by advocates of capital transfer that wealth and income will be increased by transferring capital from an area where it is relatively plentiful to one in which it is relatively scarce. Ignored are the reasons for the original distribution: opportunity and reward. Transferring capital to economies which the market has determined are less efficient users of capital results in a reduction of incomes and wealth worldwide.

When the various development assistance agencies evaluate projects, they use the concept of economic rate of return. This differs from a financial rate of return by including subjective measures of social progress and a politically determined discount rate for determining the preference for cur-

rent and future consumption. In this way, projects which have a financial rate of return of 3 percent are provided with capital from Western economies which would have earned a 20-percent financial return. The investments are regarded as equivalent by the developing banks.

What is lost in this transfer of wealth? Over 20 years the income flowing from the investment in the LDC is 23 times smaller than the investment in the West. What this means is that by giving the money to the LDC to invest in the West, the incomes of those in direct poverty could be increased greatly.

A second justification for major capital transfers, and one which is increasingly being made, is that LDC's have developed tremendous difficulties with their balance of payments. Transfer proponents argue that it is necessary for future development for the West to provide "interim" funding to cover these deficits. The facts suggest a different course.

Most balance-of-payments difficulties arise because of inability to repay prior loan commitments. LDC's currently hold $400 billion in loans from the developed nations. During 1980, approximately $91 billion in repayments were due on loans from private and official sources. The much publicized difficulties in Brazil and the recent loan of $5.8 billion to India by the IMF are indicative of the level of financial stress in which many LDC's find themselves.

Why this tremendous debt with no ability to repay? The concessional loans made to LDC's, with their high "economic" rather than financial rates of return, quite simply do not generate sufficient returns to pay interest, much less to repay capital. Moreover, there is increasing evidence, particularly from Poland, that Western banks have been profligate in loans to foreign governments, failing to apply the strict financial criteria which they use for Western borrowers. Thus, the projects funded from both private and official sources are yielding returns which are inadequate for repayment.

Not to be left out of a discussion of balance of payments problems is oil. It is asserted that the West must assist LDC's in paying their energy bills. This is a most curious argument.

Put simply it goes like this: OPEC, a collection of LDC's raises oil prices to its fellow LDC's. The energy bill is paid by private and official capital transfers from the West in that savings are depleted in the LDC's. Balance of payments difficulties result from repayment of these loans which, again, are to be redressed by additional transfers. The cycle of payments may be endless.

THE EFFECTS OF OFFICIAL CAPITAL TRANSFERS

There are four basic effects of capital transfers made through official channels, whether government to government or through the multilateral institutions. First, the individual is demeaned relative to the state. As controller of capital, the state becomes the primary economic agent. Nobel Laureate Theodore W. Schultz put the problem succinctly in writing of the plight of LDC farmers:

> Farm people in low-income countries have virtually no direct contact with the international donor agencies. . . . For all practical purposes farm people have no influence on what these donor agencies are doing that affects their well being.

The state becomes the master.

This state control of productive resources has as its most damaging by-product the destruction of economic skills and initiative. In an economy where distribution of resources is made on political rationale, it is the political mind that is developed rather than the economic. Basic instincts for achievement of economic well-being are disregarded as individuals vie for political favor. While our own economy is not innocent in this regard—witness the Chrysler loan guarantee and the Export-Import Bank—the damage has reached crippling levels in the LDC's.

A second major effect of official capital transfers is that the levels and nature of the projects undertaken are devised, administered, and evaluated by bureaucracies far removed both from the economic conditions of the recipient nations and from the discipline of those whose capital is being transferred. The economic inefficiency and social upheaval which can result from such outside control is immense.

A corollary of this effect is that the receiving agency in the recipient country will begin to tailor projects to the biases of the decision process of the donor. If additional electrical output receives heavy weighting, more projects will provide electrical generation, regardless of potential economic returns. Since rewards to those awarding loans are determined by loans granted and rewards to those administering loans in the recipient nation are determined by grants and loans received, a system which maximizes rewards to the only economic decision-makers evolves as the system which maximizes capital transfer, regardless of economic returns of the ultimate capital use.

This criticism is not to propose that donors should have no input as to the use of funds. Quite to the contrary, I believe that we now have far too little control. The point is that major capital transfers affect distribution of resources at a microeconomic level. Only a pricing system can do this efficiently. The funds which we provide for economic assistance should be used for assisting in the adoption of policies which stimulate capital accumulation and availability without official intervention.

The third major effect of official capital transfers is the reduction of total income and wealth. I referred above to the economic loss from improperly applying evaluation criteria. This loss due to awarding capital to financially less rewarding projects is but the beginning, for it is limited to the error made on particular projects and could be lessened by applying different criteria.

In an economy in which resources are allocated politically, those who have entrepreneurial skills direct them at political ends. For others, motivation is destroyed by the knowledge that hard work, education and self-improvement will have little to do with the well-being of one's family. The all-important incentive structure is destroyed.

Moreover, as political considerations replace economic discipline, distortions appear in the marketplace. The politically more active urban areas press for price controls on agricultural production which rapidly lead to reduced food supplies and calls for food assistance. Political decisions also tend to favor domestic investors and firms at the expense of potential foreign investors. Trade and investment barriers are raised to protect the politically powerful which further restrict output and income.

The Economic loss from these distortions affects all economies. Total wealth and income are reduced by inefficient project choice; gains to trade are substantially eliminated; human capital development is retarded, robbing individuals of the most cherished form of wealth. These distortions, in more and less developed nations alike, are the major reasons for the current worldwide economic convulsions.

The final major effect of capital transfers is one more endemic to the donor nations than to the recipients: The creation of an ethic of guilt and responsibility.

I again refer to the superb work of Peter Bauer who wrote:

> The concept of an underdeveloped world . . . was invented after the Second World War. It did not exist before then.

The fact of actual wealth transfers created an artificial dichotomy between nations which had not previously existed. It proved a useful one, however, for those receiving and administering AID transfers.

By creating an allegedly discontinuous distribution of wealth and applying rhetoric of guilt in relation to former Western colonies, AID administrators were able to receive a virtual free hand in devising systems of state control and income redistribution. The pattern of guilt helped to bring support from political constituencies in the West which were and remain rela-

tively uninformed of the true nature of most LDC's and of their histories.

The creation of AID bureaucracies and an artificially stimulated constituency has led our Nation to make a long series of seriously damaging concessions both economically and politically. A change is long overdue.

A PROGRAM FOR CHANGE

Despite the rather depressing description of our AID past, I believe that its future is bright. The President has laid down the gauntlet to the LDC's that we stand ready to help any nation which is willing to first help itself, but, our assistance will be firmly grounded in sound economic principles.

To bring about the changes which will be required to achieve greater economic growth for all nations I suggest the following minimum reforms to our bilateral and multilateral AID programs:

U.S. participation in any AID program should depend on that institution's willingness to actively promote the policies of democratic free-enterprise on which this Nation was founded.

Assistance should be limited to providing help in developing and adopting policies which increase incentives for labor and capital. The process of massive capital transfers should be abandoned.

A major emphasis of all programs should be the development of the individual and the family as the primary agents of economic activity. The development of a nation's people is its most important objective.

Where it is determined that official capital transfers are absolutely required to achieve the objectives of economic reform, they should be made at market rates of interest and on terms similar to those prevailing in the private market.

Along with promotion of free-enterprise and reduction of capital transfers, we should insist that centralized economic planning be pared to the minimum level which assures political stability. The return to the market place cannot be made by planners.

Both through example and through active negotiations we must encourage adoption of tax rate reduction, a sound monetary standard, free trade and free flow of resources. Our example will be crucial in this. It is essential that we continue the process of returning our domestic economy to the principles on which economic growth and prosperity depend.

These reforms will enable the development agencies to make a positive contribution in pursuit of the American idea of democratic free enterprise and to the growth and prosperity of people worldwide.

Mr. YOUNG of Florida. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I will be happy to yield to my friend from Florida.

Mr. YOUNG of Florida. Mr. Chairman, I first want to compliment the gentleman for the outstanding job he has done in providing leadership in this whole question of foreign policy and foreign assistance. I realize that he is the chairman of the Republican conference, which is a very large responsibility and a time-consuming responsibility, that it is difficult to find the time that he has to do the job that he has done on the Foreign Operations Subcommittee.

I would like to ask the gentleman if he would agree with the thought that we are seeing a change in direction in the foreign policy of the United States, and that this bill as it is being presented today indicates some of that change.

Mr. KEMP. Absolutely. I appreciate the gentleman's comments, and as I said earlier in my remarks—he may have not been here—but I praised him for the thoughtful and progressive leadership he provided this committee for a number of years on the Republican side. Despite, I am sure, the disagreements that might have occurred in the past between himself and our chairman, the chairman has always given the gentleman from Florida high marks.

With regard to his question, I think that there is a change in direction, if that is what the gentleman's question implies, because we are dealing not only with a change of direction, as advanced by this President, but we are also dealing with a change in direction of some of the problems the gentleman has talked about in the past.

For instance, in the frontline area of the world in which there are hopes of eventually working out some modus vivendi between Arab and Israeli neighbors, the Camp David accords offer us the chance to move forward, but that effort will require much assistance. We have ongoing rapid deployment force planning, including security rights of access to military facilities in Oman, Kenya, and Somalia. We are about to send to the Sinai a multinational peacekeeping force supported by this new Congress, which is a new development since the time when the gentleman from Florida was serving as ranking Republican on the subcommittee. We have the threat to the Camp David peace process posed by attacks on it by various Arab nations, some of which are pushing pseudo-peace plans of their own. There is a renewed sense of urgency behind our assistance to Egypt, given the threat by Qadhafi against Egypt and Sudan as well as the terrible tragedy that the whole world suffered when Mr. Sadat was assassinated. I say that as one who feels his loss personally, as do Members on both sides, that if we are to implement the Camp David accords, if we are to enhance the prospects for peace in the Middle East, and if the pro-Western nations of the region are to have a chance at stability; if Sudan is to be able to counter the threat from Libya, and if Somalia and North Yemen are to be able to withstand the threat of attacks on their territorial integrity and remain friends of this country, then it seems to me that we must give some economic assistance as well as security assistance to our key friends and allies in that part of the world.

We know what has happened on the southern flank of NATO. Greece is threatening to pull out of NATO. When the gentleman from Florida was ranking member, Papandreau was not in office threatening to pull out of the alliance. The importance of our ally Turkey, is the defense of the southern flank of NATO, daily grows greater. In the future, Israel may have a role to play in that defense, even as Turkey may prove critical to the defense of the Persian Gulf. In recognition of the realities prevailing in that part of the world, I believe that we need to provide economic assistance, certainly; but perhaps more importantly we need to make available additional security assistance to those nations so that they can begin to meet the threats with which they are faced today.

Mr. YOUNG of Florida. Will the gentleman yield for one additional question?

Mr. KEMP. I will be happy to.

Mr. YOUNG of Florida. On the question of the part of the bill that usually draws the most controversy, that of the international financial institutions, the World Bank, and its soft loan window, the Inter-American Development Bank and all the others, the gentleman would acknowledge that the commitment for IDA VI was made by a previous administration and not by this administration?

Mr. KEMP. I am on record as sharing the gentleman's concern that the sixth replenishment of the soft loan window of the World Bank was made by a previous administration. We have discussed this many times, and I think the chairman in past Congresses had serious problems with that. Let us face it, there are Members in this body on both sides of the aisle who think that soft loans to the Third World are legitimate avenues of developing their economies, whereas I happen to believe that bilateral assistance directed to developing democratic capitalism is a much better way.

I think this bill ends up as somewhat of a compromise in balancing the bilateral assistance to our allies and neighbors and friends and potential friends with our commitments to the multilateral institutions. I emphasize our potential friends because we are trying to build friendships in that part

of the world upon which vital resources and the flow of vital resources to the West and to Japan depends.

I must admit that I am a little bit disappointed that we got ourselves into a position where the sixth replenishment was accepted without the type of debate we would have liked. In the limited debate we have had, the gentleman has been an important participant and has brought to the debate some important criticisms. MICKEY EDWARDS, BOB LIVINGSTON, JERRY LEWIS, and JOHN PORTER have also drawn important attention to the role of the soft loan window of the World Bank. I hope that I have done so as well. However, as one who is trying to work out a very delicate compromise between the various competing interests in the House and the other body, it seems to me that we have a bill that should not be dismembered by violent or dramatic or Draconian cuts or additions in any area.

So, I am willing to sublimate almost my very strong criticism of the sixth replenishment of IDA. I have discussed this with the chairman and other members of the committee, with the treasury and the White House, and we think we have maybe, with a modest amendment here or there, the type of bill with which we can go to the other body and defend. We will help the President meet his commitments in Ottowa and Cancun, because his credibility is at stake and I do not think anybody wants to undercut the President in a very dangerous world, particularly when some of the nations that need that money are part of that carefully balanced superstructure which the President is trying to bring into friendship with the United States.

Mr. YOUNG of Florida. I thank the gentleman.

Mr. KEMP. I did not mean to tell the gentleman how to make a clock when he asked me what time it was.

Mr. YOUNG of Florida. It is important that we know the gentleman's feelings on this, and I want to again compliment him and also Chairman LONG for the ability both gentlemen have to work together to try to get some sense out of this situation.

□ 1830

So let me say publicly how much I appreciate my friend from Florida, not only his personal friendship but his tremendous effort to raise the consciousness level of the country and the administration.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I now yield to my good friend from New Jersey (Mrs. FENWICK) who is trying to get my attention, and I apologize for keeping her waiting.

Mrs. FENWICK. I thank my colleague. I think the gentleman and the chairman and committee wrought a minor miracle to bring about something after such a long passage of time. But I would like to ask the gentleman to express his views. I hope he shares mine, that there is room, that we need both, we need a bilateral for certain countries and situations, and there is enormous use in the multilateral in certain countries for certain kinds of projects. Because something done when conditions are imposed on a country necessary for the proper conduct of their affairs, but difficult for them to do politically and impossible to do if they are seen as the action or the prompting of another single country which then becomes a bully, if the value of the international organizations is that they can impose these conditions as though they were just like bankers who say if you want this loan these are the conditions under which it will be given, for certain projects and certain countries I wonder if it would not be wise, at least I would like to ask the gentleman, does he not feel that they fulfill a place and have a role?

Mr. KEMP. I am sorry. What would have a role?

Mrs. FENWICK. The international organizations with their ability to impose conditions?

Mr. KEMP. I have stated publicly that I do not want to see draconian measures aimed at the multilateral lending agencies. There are many development banks which I think are important.

I must say there is a need for a change and reform. We must find ways in which we can encourage the Third World to develop without having to transfer resources from the developed world to the Third World at the level at which some people suggest. But I thank the gentlewoman for her comments. I am afraid I am using up the time of my committee and I have promised to yield to the gentleman from Louisiana next. But I would yield to the gentleman from Oklahoma if he would like to ask a brief question.

Mr. EDWARDS of Oklahoma. Mr. Speaker, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Oklahoma.

Mr. EDWARDS of Oklahoma. I have just a brief statement. While I have a great number of problems, as the gentleman knows, with the soft loan window of the World Bank, there is some progress I think being made in the administration in the direction of the hard loan parts of the multilateral institutions. I approve of the changes that are being wrought at the Treasury Department in handling that, and I want to compliment the gentleman from New York in what has been put into this bill in terms of security assistance. I think we have put some very important things in the bill in that regard, thanks to the gentleman's efforts, and I appreciate them.

Mr. KEMP. I appreciate my friend from Oklahoma, not only his comments but his yeoman work on the committee. He is a good friend.

Let me just conclude with the point I made a little bit earlier, in fact a twofold point. No. 1, to go on with a continuing resolution, as I think the chairman and many of my friends on the democratic side of the aisle recognize, would be a mistake, a terrible mistake, because it really does not advance this Nation's interests in this very difficult world.

Second, if my colleagues really believe in Camp David, if they really believe that there is a threat to the Persian Gulf and to North Africa, and to the many parts of the world where Soviet arms, coercion and influence are targeted, then frankly I would ask them to look at where this assistance is going, economic development assistance as well as military assistance. It is going to Israel, Egypt, Turkey, Somalia, North Yemen, Sudan, Kenya, Liberia, Portugal, and into the Caribbean where we have vital interests, as well as to Thailand and South Korea.

It seems to me that it is absolutely imperative that both sides of the aisle join together in this compromise bill and support the President's attempts to restore the credibility of our Nation's foreign policy.

With that, Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The Chair recognizes the distinguished gentleman from Florida (Mr. YOUNG).

Mr. YOUNG of Florida. Mr. Chairman, I yield myself such time as I might consume.

Mr. Chairman, I would like to start out by complimenting the distinguished chairman of the subcommittee, the gentleman from Maryland, Dr. LONG, for his preseverance in finally getting this bill to the floor after about 2½ years of frustration when he found it difficult to do so.

I also want to pay high tribute to my colleague on this side, the gentleman from New York (Mr. KEMP) who is the ranking member for this subcommittee and again for having been able to work together to bring this bill out.

Just briefly, Mr. Chairman, I would like to say that we see signs of a new direction in our foreign policy, in our foreign aid programs. I think considerably more directional change is needed, but there is some directional change here in this bill. A large portion of the bill before us this evening deals with the international financial institutions. There is not a whole lot of change in direction there at this point, because of the large amount we are dealing with, the International Development Association of the World

Bank (IDA), the IDA VI replenishment.

I think it is generally well known that President Reagan, did not negotiate the IDA VI replenishment. This was done before he assumed office, but he was agreeable to keeping the commitment of his predecessor, President Carter, in the international communities. The IDA VI commitment is there and supported by President Reagan. I have an idea it is probably supported by the President more than it is supported by some of us here in the House, but that remains to be seen.

Another part of this program that we should pay close attention to is the substantial amounts of money for the economic security fund, the foreign military sales and the foreign military credit guarantees, that are in effect extensions of our own national defense, extensions into those parts of the world that are important to our interests, for example, in the Middle East and in Southwest Asia. We are talking about countries like Egypt and Israel, as the gentleman from Maryland, Dr. LONG, mentioned.

We are also talking about additional and new friends that we have developed in the area, in Somalia, for example, in Oman, Kenya, in Jordan. We have, I think, an obligation to recognize that the role they are willing to play in the quest for world peace is an important role and we certainly want to be good partners in that effort.

□ 1810

I think countries like Portugal that experimented with communism and rejected communism and actually became a part of NATO with the help that we gave them. As I think of Portugal, I have to think of the Azores, which are their islands where our base at Lajes was used for resupply of Israel during the war in 1973. Had it not been for our ability to land in the Azores, we could not have gotten to Israel with resupply, because other nations had denied us overflight authority and had denied us landing rights.

When we talk about the question of the security support funds and these Middle East programs, they become more important as the days go by, because the threat in the Middle East grows severely, the threat from the Soviet Union, the threat from other nations who would deny the flow of oil from countries like Oman, from Saudi Arabia, from other nations in the area.

I believe it is important that we do recognize the responsibility that we have in this regard, and I think this bill does address that, not as much as I would have had it be addressed, but more than it has been in the past.

Mr. Chairman, all in all, we have a bill here that is a step in the right direction. We have a long way to go to get one that many of us can support enthusiastically, but at least those steps are being taken.

Again I want to say, Mr. Chairman, that the gentleman from New York (Mr. KEMP) who will occupy this place in just a few moments, has done an outstanding job in bringing together a new subcommittee on the minority side, all new Members except for himself. And I think that Chairman LONG would concede that they have done an excellent job in learning the issues, learning about the world, understanding just what our role is here, and being willing to be involved in the educational process that takes so many hours and so many days. They have done an excellent job, and I cannot compliment them highly enough.

Mr. Chairman, I reserve the balance of my time.

Mr. LONG of Maryland. Mr. Chairman, I appreciate the remarks of the gentleman from Florida. It was great having him as a ranking member during the last few years. I very much appreciate all the work that he did. We were very glad, however, to have the gentleman from New York (Mr. KEMP) who has been a great ranking member. We have enjoyed that almost as much as having the gentleman from Florida (Mr. YOUNG).

Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts (Mr. STUDDS).

Mr. STUDDS. I thank the chairman of the Subcommittee on National Security Operations for yielding.

Mr. Chairman, this appropriations bill includes $26 million in various categories of military assistance to El Salvador. I oppose this assistance; the majority of the American people oppose this assistance.

It was my intention, until the action of the House yesterday, to offer an amendment to this bill to eliminate military aid to El Salvador. Yesterday, however, the House approved, without controversy, the Bingham-Solarz language placing a series of conditions on this military aid.

If the Bingham-Solarz language is included in the final conference version of the foreign aid authorization bill, one of three circumstances will prevail:

First. The Government of El Salvador will alter its policies; it will begin to assert control over the terrorist elements within the armed forces; it will begin to recognize, protect, and observe the human rights of its own people; and it will begin to seek the meaningful political negotiations which are necessary to bring the civil war in El Salvador to a conclusion. Under these circumstances, our military assistance could legally continue.

Second. A second possibility is that El Salvador's Government will continue on its present path. If this occurs, and the Bingham-Solarz language is applied in good faith, no military assistance to El Salvador will be sent, because it will be illegal.

Third. The third possibility, and the one I most fear, is that El Salvador will continue on its present course, but will receive our military aid, nevertheless, because of the administration's refusal to implement the Bingham-Solarz language in a fair-minded way. It is my suspicion that this third possibility is the most likely, because I do not expect either the Government of El Salvador or the Government of the United States to change its ways in the early months of next year.

I hesitate, however, to prejudge these matters, as I would have to do, if I were to offer an amendment at this point to ban military assistance to El Salvador.

I choose, instead, to presume that the joint House-Senate conference committee will approve the Bingham-Solarz language as it was passed by the House.

I choose, further, to believe that the President will implement these provisions in good faith.

The Bingham-Solarz language, if enacted and implemented, establishes a set of guidelines for military assistance which it would be difficult for any fair-minded person to oppose. As long as it remains the clearly expressed view of the House that military aid to El Salvador only go forward in accord with the Bingham-Solarz language, no further test of House sentiment on this issue is needed.

The House expressed its views on military aid to El Salvador, yesterday. These views were expressed clearly, and it is now the responsbility of the House conferees on the foreign aid authorization to defend the position of the House in conference.

No additional action is needed at this time, on this bill, to make it clear that this House has very grave doubts about the policies currently being pursued by the Reagan administration in El Salvador.

Let me also reiterate what I said yesterday with respect to the authorization bill. There will be no amendment forthcoming, at least from this Member, with respect to military assistance to Guatemala because of my very firm conviction that under present law such assistance is very clearly illegal, Guatemala being, if any nation in the world is, a gross violator of internationally recognized human rights.

Let me also say that the foreign aid authorization bill which passed the House with a margin of comfort which astonished some yesterday did so not only with the apparently reluctant votes of 96 or so of the Members of the minority party, but also with equally reluctant votes of a good many Members of the majority party. Those

votes will not be here in the event Bingham-Solarz is tampered with in the conference. I think it is a safe statement to say there will be no conference report that could pass this House in the event this language is weakened or other major changes of an adverse nature are made by the conferees.

I feel about the appropriation before us as I felt about the authorization yesterday. It is, in my judgment, minimally supportable and will remain so only in the absence of amendments which further weaken it or further distort the balance between military and economic assistance. As it stands now, I believe it is worthy of support by this House.

Mr. LONG of Maryland. Mr. Chairman, I yield 6 minutes to the gentleman from New York (Mr. McHUGH).

Mr. McHUGH. Mr. Chairman, I rise in support of the bill as reported by the Appropriations Committee. Although I do not agree with all of the funding levels recommended in the bill, I believe that H.R. 4559, as reported, is a reasonable compromise and thus deserves the support of the House.

At the very beginning I would like to commend the chairman of the Foreign Operations Subcommittee, Dr. LONG, for his efforts to put together a responsible bill. That has not been easy given the diverse points of view represented on our subcommittee and on the full Appropriations Committee. However, he has been consistently fair in his efforts to compromise legitimate differences among the committee members and in no small measure this bill is the product of those efforts. It has been a pleasure working with him and the other members of our committee.

THE NEED FOR FOREIGN AID

Mr. Chairman, I believe that a foreign aid bill is an essential tool of American foreign policy. No President can adequately address the many and complex international challenges facing our country without being able to extend some economic and security assistance to our friends and allies. No American Government can assume a role of leadership unless, in conjunction with others, it is prepared to recognize and respond to the often staggering economic and security needs in the world.

Unfortunately, foreign aid is all too often seen as nothing more than an international welfare program. The fact is that if properly framed and competently administered, foreign aid serves vital American interests.

For example, our economic and security interests in the Middle East depend upon peace and stability in that region. Among other things they depend upon a strong and secure Israel. They depend upon an economically stable Egypt, the one nation that has, at our urging, taken substantial risks to enter into a more constructive relationship with Israel. Without substantial economic and military assistance from us, there would be not security for either of those nations. Peace and stability could not be maintained in the Middle East. Accordingly, our vital interests could not be assured.

Furthermore, foreign assistance is essential in meeting our responsibilities in the developing world. We are all aware of the widespread poverty and malnutrition which afflicts hundreds of millions there. In cooperation with other nations and international agencies, we have tried to address these needs over the years. In doing so we have not simply been engaging our humanitarian values. We have been advancing our own economic and security interests.

For example, our economic needs require that we expand our export markets. Indeed, we already export one-third of our agricultural production and much goes to the developing world. If we are to expand our markets abroad, it will have to be among those populations that are now large in number but still lack the resources to have more than a subsistence living. With further development, those populations will not only improve their lot, but they will be the purchasers of goods and services from the developed world, including the United States.

Thus, we have a very clear interest in helping those people to improve their lives, for ours will improve with them. However, without a meaningful foreign aid bill, one which provides some measure of development assistance to these people, these are just fatuous sentiments. Of course, aid alone will not do the job—trade and a real commitment on the part of the governments in the developing world are essential and in most cases more important—but aid is an indispensible part of the equation.

THE POLITICAL PROBLEM

Despite the importance of foreign aid to a sound American foreign policy, Congress has had difficulty passing foreign aid appropriations bills. For the past 2 years we have been operating our foreign aid program under a continuing resolution. If we fail to pass this bill, it would mean that period would extend to 3 years. This is no way to run any Federal program.

There are a number of reasons for this problem. As I said earlier, the public perception of foreign aid is not generally positive. Many representatives are therefore reluctant to support foreign aid for political reasons. They simply do not want to explain their votes to skeptical constituents, even if they recognize the importance of this program in the conduct of American foreign policy.

It is no secret that Republicans in large numbers denounced foreign aid during the Carter administration, apparently not feeling sufficiently responsible for the Carter policies to provide the necessary votes. Now, Democrats will be tempted to let President Reagan find the required votes for passage among his Republican supporters, so many of whom have taken the easy political course in the past. The temptation is understandable—it is one I feel myself—but so long as this bill remains responsibly balanced, democrats should support it in the national interest.

Achieving that delicate balance has been another problem in construction a foreign aid bill that can pass. Many members are more sympathetic to military and security assistance than they are to economic and development aid. Others hold an opposite view, rejecting military aid on the grounds that in too many cases it has been an instrument of repression and a destabilizing factor in recipient countries.

Some members prefer bilateral aid to multilateral, while others worry that we are now failing to meet our comitments in international organizations.

These differences with one or another part of the bill provide a ready excuse to vote against it, and many Members have done so in the past. The result has been stalemate and a program which fails to measure up to our responsibilities as a nation.

Clearly, we need a foreign aid bill which provides the President with a reasonable measure of military and economic aid, bilateral and multilateral assistance. I believe this bill, in its present form, comes as close as any one bill can to striking that delicate balance. As such, it deserves our support.

THE PRESIDENT'S BUDGET

As originally presented, the President's budget proposal did not strike a reasonable balance. In my judgment it was weighted too heavily on the side of military assistance. No doubt it reflected the President's priorities, but it certainly did no reflect mine.

For example, the first budget presented by Mr. Reagan in March proposed expenditures of $1,687 million in the security accounts. This represented an increase of 154 percent over spending for these accounts in the prior year. By way of comparison, the President proposed a 20 percent increase in development assistance.

When the President revised his budget figures in September, he proposed an increase in the security accounts of 68 percent—over fiscal 1981—and an increase in development accounts of 8 percent.

These budget proposals reflected this administration's tendency to deal with foreign policy problems by rely-

ing upon military arms transfers. We have observed this in its polices relating to El Salvador, Saudi Arabia and other nations. While arms transfers are certainly appropriate in some cases, I believe the Reagan administration tends to use them as a substitute for dealing with the underlying economic and political problems which so often are at the root of international problems.

Notwithstanding this tendency, and the imbalance reflected in the President's budget proposal, this bill should be passed. This is not the bill proposed by the President. Indeed, the Appropriations Committee has revised the President's numbers, reducing the excessive dollars requested for military assistance.

In essence, this bill is a reasonable compromise. While it would like to have more military aid, the administration now supports it. While I and others would like to see somewhat less military aid, the numbers are supportable and in any case the bill provides for economic and development assistance which is critical in the pursuit of our national interests.

POTENTIAL AMENDMENTS

Mr. Chairman, I understand that some of our Republican colleagues may offer amendments to substantially reduce economic assistance, including the U.S. contribution to the International Development Association (IDA).

If any of these amendments should pass, I would have to oppose final passage of this bill. In my view, such reductions would upset the delicate compromise which this bill now represents. Important international commitments could not be kept, and the bill would once again be unbalanced in favor of military aid.

A substantial reduction in IDA funding would be especially regretable. As a recent study by the Reagan administration makes clear, the multilateral developments institutions like IDA are well run and effective, and the United States has important interests that are well served by our continued participation in them. The types of cuts that are likely to be offered today would severely undermine these institutions, and thus should be opposed as should other amendents that seek to substantially reduce the modest amount of funds contained in this bill for development assistance.

CONCLUSION

Mr. Chairman, I hope that we will be able to pass the bill as reported. As I have tried to stress, the United States has an important role to play in the community of nations, and our continued inability to pass a responsible foreign assistance bill has made it difficult for our Nation to provide the leadership that is needed in these difficult times.

I urge my colleagues to support the bill as reported.

□ 1840

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. MCHUGH. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, let me just make two brief points: No. 1, I thank the gentleman for his support and effort on the committee. The chairman and I both think that the gentleman is a very able Member. I hope it does not sound gratuitous. I appreciate the gentleman's efforts and his concern over development for the economies of the less developed countries. There are many things upon which he and I agree and there are some with which we disagree. I think the gentleman from New York, the chairman, I, and other Republican Members agree with the gentleman's statement. I want him to know that, while I cannot speak for everybody, I will personally do what I can to assure the survival of the balance in this bill and will not support any of those draconian measures that would undercut that equilibrium that we have helped to achieve.

So I thank the gentleman for his efforts, for his friendship, and for his leadership.

Mr. MCHUGH. I thank the gentleman for this remarks.

I close by again urging Members on both sides to support what is a delicately balanced bill and to oppose amendments which might cut back.

Mr. LONG of Maryland. Mr. Chairman, let me say that we are very fortunate on this committee to have both gentlemen from New York (Mr. MCHUGH and Mr. KEMP). They have made very fine contributions, each with different philosophies but, nevertheless, both have been twin towers of strength on this committee. I appreciate very much the work the gentleman has done.

Mr. KEMP. Mr. Chairman, I yield 4 minutes to the gentleman from Massachusetts (Mr. CONTE).

Mr. CONTE. At the outset, Mr. Chairman, I want to take this opportunity to commend the gentleman, MAT MCHUGH, who just spoke in the well. As I sat there, I thought of myself, going back to the Eisenhower administration, when I first got into this business, and going down through Presidents Kennedy, Nixon, Johnson, Ford, and now Reagan. The gentleman is a statesman, and he is consistent.

I believe JACK KEMP has already said it, but I know I have said it, if you go back in the RECORD for the last 20 years, that this is one bill that has no constituency whatsoever. It is not like the public works bill where you are getting irrigation projects or dams or something for your people, or like the agricultural bill, where you are getting farm subsidies or subsidies for dead bees. You earn nothing here for your people. You are giving something away even though it may be in the national interest. It takes a lot of guts, lots of courage.

I want to commend our chairman. I have served under Chairman Vaughan Gary and Otto Passman, and now Dr. LONG. and Doc, you have done a good job. I know how much it means to the gentleman to get this bill across and to get it passed. I will do everything I can to help you tomorrow or Monday, whenever we take it up.

I want to say a word about JACK KEMP. On the Republican side, the ranking Republican designates the ranking Members. I went to JACK and I asked him to take this job. I will tell you, it is a tough job. And JACK was a true soldier, and he took it. He has done a fabulous job, a real difficult job. You are getting harpoons thrown at you, no matter what you do on this, and you come here and the fact that you bring this bill to the floor, which really has your imprint, is a tribute to you, and I really appreciate it, JACK.

Mr. Chairman, I endorse the House foreign assistance appropriations bill. This is balanced legislation including a spectrum of programs which contributes importantly to national security and is in the interest of the American people.

On the security side, I strongly support that emphasis designed to enhance prospects for a durable Mideast peace; and those assistance levels necessary to maintain U.S. access to bases in Sudan, Somalia, Kenya, and Oman. Without such access, the security of the Horn of Africa, the Straits of Hormuz and thus our oil lifeline would be jeopardized.

As for multilateral programs, full support for the International Development Association is important to U.S. security and humanitarian interests. Seven of the top 10 IDA borrowers lie on the periphery of the Indian Ocean and have been subject to recent Soviet efforts to expand influence. The remaining three—Egypt, Sudan, and Kenya—also serve U.S. strategic interests, and, contrary to a statement by one of my colleagues, IDA makes no loans to Cuba or Vietnam.

As the largest source of assistance for agriculture and food production in Africa and South Asia, IDA is vital to the battle against world hunger which afflicts 1 billion people. Thus it serves U.S. humanitarian objectives as well.

President Reagan has given his word that the United States will support its pledge to the IDA VI agreement with 100 countries around the world. It is crucial that the United States follow through on its international commitments if we are to restore this Nation's credibility and leadership.

Unless we give full support to the World Bank contribution in this bill, the United States will lose its World Bank veto, thus endangering U.S. influence in the world's largest development institution. Loss of the U.S. veto could mean turning that institution over to countries whose geopolitical and economic interests do not coincide with our own.

On the bilaterial development side, I applaud the emphasis on agriculture, rural development, and nutrition programs. This strikes at the very severe hunger and malnutrition problem which threatens global political stability and thus is a major U.S. security concern. Similarly, I am encouraged by the solid support in the bill given to such essential humanitarian, grassroots programs as the Peace Corps, Population Planning and Health.

Finally, as regards the Export-Import Bank, I believe that the direct loan authority should be restored to the President's March request level. Only this level of funding is commensurate with the needs of U.S. exporters, the requirements of an increasingly competitive international economy, and is adequate to dynamic trade policy.

In President Reagan's words, this bill represents a carefully—and I might add delicately—balanced approach to economic and security assistance. It is roughly one-third for each of the major accounts—"Security assistance," "Bilateral and multilateral development assistance," and "Eximbank." It is critical to the success of this bill that this delicate balance not be upset. Thus, I urge my colleagues to heed the President's plea that each of this bill's major foreign assistance efforts not be eroded or delayed.

The CHAIRMAN. The Chair will advise the gentleman from New York (Mr. KEMP) that he has 4 minutes remaining, and the gentleman from Maryland (Mr. LONG) has 13 minutes remaining.

Mr. KEMP. With the Chair's indulgence, I was going to ask the chairman if he could yield a few minutes. There are some Members of his committee on the minority side who would like some additional time.

Mr. LONG of Maryland. The gentleman from New York (Mr. MCHUGH) has requested an additional minute; and after that, I would be very happy to yield to the gentleman.

Mr. KEMP. Will the gentleman yield?

Mr. LONG of Maryland. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I want to express my thanks to our ranking minority member on appropriations for his very gracious comments, not only about this gentleman, but also our chairman. I have been on the Appropriations Committee now for 6 of my 11 years in Congress. As I said this morning in the Republican Caucus and want to any publicly, I do not know of a Member of the House who probably has stronger feelings about programs in the interest of the people of the country and of his own district—frankly, in the world—than SIL CONTE. The gentleman said I take a lot of heat. I have not taken any harpoons. While it is difficult politically to support this bill, it is, frankly, an investment in the freedom and peace of this country and our allies. But I have heard harpoons thrown and seen some thrown at the gentleman from Massachusetts. As a Member who is maybe a little bit more conservative than he, I appreciate his leadership these last few days and his friendship and his tremendous contribution, not only to his own district and to this country, but indeed to the foreign policy objectives of our new President, President Reagan.

Mr. CONTE. Thank you, JACK. I appreciate it.

□ 1850

Mr. LONG of Maryland. Mr. Chairman, I yield 1 minute to the gentleman from New York (Mr. MCHUGH).

Mr. MCHUGH. Mr. Chairman, if I can get the attention of the gentleman from Massachusetts, I would simply ask for this time from our chairman to thank the gentleman very much for his kind remarks. He is a person, since I have been in Congress, who has been an example for me, a member of the other party, because on these very tough issues, I have seen him under very adverse circumstances support what is best for the country and it makes it easier for me as a person in the party in opposition to our current President politically to support the President in his reasonable requests on military and economic assistance.

So the example which the gentleman from Massachusetts has shown, not only to me, I am sure, but to others in this Congress, has been an exemplary one and I just want the gentleman to know that I appreciate not only his remarks, but also the constructive influence he has had on this Member, at least, and I am sure on many others as well.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. MCHUGH. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman. I certainly appreciate those remarks.

Mr. KEMP. Mr. Chairman, I yield 6 minutes to the gentleman from Louisiana (Mr. LIVINGSTON), and in so doing I acknowledge the tremendous contribution that my friend from Louisiana has made to this committee and to the Congress, and to the country, and to Reaganomics and supply-side economics, and cutting taxes in the Nation and the inner city.

Mr. LIVINGSTON. Mr. Chairman, I want to thank my friend for his great praise and I want to return it to him. He has been a great leader on this committee and I appreciate his leadership and his friendship as well.

Mr. Chairman, I would also like to echo the remarks by both the gentlemen from New York about the gentleman from Massachusetts. I have enjoyed serving under him on the Appropriations Committee for the last year.

The gentleman from Louisiana is completing his first year as a member of the Subcommittee on Foreign Operations. It has been a pleasure to work with the entire membership of that subcommittee and its capable staff, and, of course, especially our chairman, the gentleman from Maryland (Mr. LONG).

The gentleman from New York, the ranking minority member, (Mr. KEMP), and the ranking minority member of the full committee, the gentleman from Massachusetts (Mr. CONTE), as I said, have been an inspiration to me and I want to compliment them on their accomplishment in bringing this bill to the floor.

As one who has never been a supporter of foreign aid, I thought at the beginning of this Congress that it might be rather difficult to eventually stand before this body and speak in favor of this bill. But it is not difficult.

President Reagan's budget request represents a sensible balance between the development and security assistance and this bill goes far to fulfill that request. The administration and the House Republican Policy Committee favor passage of this bill which provides the President with the wherewithall to implement his firm yet constructive foreign policy in the best tradition of American world leadership.

With our support, I am referring to my colleagues on my left, this can be the foreign policy bill of the best President this country has had in many years. It is a tightly knit bill, even a conservative bill. It is also an irreplaceable tool to help President Reagan in his efforts to maintain stability and demonstrate continuing U.S. commitment in the peace process in the Mideast and the Camp David accords in particular.

A major portion of these appropriations are aimed at maintaining the well being of our friends, Egypt and Israel, who continue to withstand tremendous pressure from others who do not want to see the Camp David accords become a reality.

But my colleagues should support this bill not only because it does these things nor because the administration supports it. The bill stands on its own merits as a reasonable facsimile of the President's budget request at this stage of the legislative process.

In particular, the bill is within the limits set in the President's request for foreign assistance appropriations. In addition, Mr. Chairman, of the $7.6 billion in new budget authority requested by the administration, 63 percent is for security or security related programs that are vital for countries critical to U.S. security. In those I include Israel, Turkey, Greece, Thailand, Sudan, Kenya, and South Korea, among others. These programs help maintain a military balance of power that deters Soviet aggression and expansionism in key areas of the world.

This assistance compliments our own national defense policy of peace through strength, because the strength of friendly countries lessens the chance that we as a nation will have to become directly involved in military operations around the globe.

In essence, if troops become necessary to defend American interests with this bill they would not necessarily be American troops.

The budget request is also weighted substantially in favor of bilateral programs, thereby maximizing U.S. control over foreign assistance spending. Only 14 percent of the President's request is for multilateral development, and again, this is basically the intent set forth in the pending bill.

Most important, Mr. Chairman, this appropriations bill is one of the smallest in terms of new budget authority that is provided in all recent appropriations bill. It is only about 1.7 percent of the entire new budget authority before the Appropriations Committee for fiscal year 1982.

As the gentleman noted earlier, it is also under the administration budget requests which amounts to a cut of some $1.6 billion from the foreign assistance budget request of the previous administration.

This represented a 17-percent cut, the sixth highest percentage cut when ranked among the requests for 13 individual appropriation bills. In short, foreign assistance has clearly felt the budgetary scalpel.

Should we fail to pass this bill we would be abdicating America's leadership role in world affairs. This would harm us most as history has shown that the tendency toward isolationism renders great power weak and makes aggressors strong. For a comparatively small investment—and the United States will spend only about two-tenths of 1 percent of its gross national product on foreign assistance this year, thus ranking us behind Sweden, West Germany, Japan, and 12 other developed nations—we can indeed reap great benefit for ourselves and for the world.

We have a world economy, Mr. Chairman. Developing countries today account for about 40 percent of our manufactured exports, and in turn, provide us with precious raw materials. In addition to this important world trade that flows through our great ports, American business and American workers are direct beneficiaries for our foreign assistance programs. Contracts are won, jobs are created, American products are sold.

Mr. Chairman, we are still the strongest Nation on Earth. But no nation is an island unto itself, and we as the strongest should not try to be. President Reagan has called this legislation a requisite element of our foreign policy. We indeed have a new direction in foreign policy as the gentleman from Florida pointed out a little while ago. And we have a new responsibility to meet by supporting this bill.

Mr. LONG of Maryland. Mr. Chairman, I yield 4 minutes to the gentleman from California (Mr. LEWIS).

Mr. LEWIS. Mr. Chairman, I would like to say to the House that my short service on the Subcommittee on Foreign Operations of the Appropriations Committee has been a most satisfying experience for me—by far the most during the time I have been a Member of the House. That satisfaction has come in no small part as a result of the chairman's work and his willingness to cooperate on a bipartisan basis to move toward a reasonable bill that will benefit all of the people of the United States as we develop a reasonable foreign policy.

I would like also to express my appreciation to our ranking minority member, the gentleman from New York (Mr. KEMP), for the tremendous leadership he has shown, as well as the patience he has shown with me personally. The gentleman from Florida (Mr. YOUNG) has been a mentor in this process for me attempting to get a handle on much of the world in terms of the way our money will affect the future freedom has been perhaps the most significant experience I could expect to have during my career in the House.

In the 1950's there was a book entitled "Wanted, an Asian Policy." If you were to write that book in recent years, it probably would be entitled "Wanted, a Foreign Policy."

For America in my own view has wandered and meandered with little of consistent policy through a number of administrations, not just Democratic administrations or Republican administrations, a number of administrations.

There is a great need for a new redirection of America's leadership in the world and it is my view that as a direct result of the tremendous change that has taken place in the last 24 months, our people are ready for this Congress to forge a new policy. We have a new administration that is dedicated, committed to working for peace and freedom in the world and much of America is once again willing to look at what the House is going to ask them to do.

In this bill we are talking about no small amount of money—in the neighborhood of $11 billion. That money if used properly in a combination of military assistance and foreign assistance with a new hope for redirection of the economies of the world could very well ring the bell for freedom and for our future.

It is my hope in just the days ahead that we will through this dialog on the floor have the opportunity of stimulating people on both sides of the aisle to recognize the great need we have here to move away from our past rhetoric, to move away from that consistent process whereby many a person on this side of the aisle has tended to stand in a feeling of guilt, perhaps, for the way their fathers made their money, and really I think that we could throw money at problems and they would go away; and people on the other side of the aisle are often of the view that we should spend nothing on foreign affairs, that we have no responsibility to people overseas.

Well, those kinds of simplistics cannot be a part of our future. We need to recognize that our foreign policy cannot be a partisan foreign policy. Our people are demanding that America lead once again.

The people of the world desperately need our leadership. Today I speak to my colleagues in a sincere feeling and belief that there is a growing attitude on both sides of the aisle that truly do reflect a new hope for the future of this country and a new future for the world.

Let me say in closing my remarks that the leadership that has been demonstrated by my colleagues with much more experience than I should not be under measured in its value. It has been a great privilege to work with them in the development of this bill.

□ 1900

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. Certainly, I would be pleased to yield.

Mr. KEMP. Mr. Chairman, the gentleman in the well has been more than generous with his compliments about this Member, as well as our chairman.

I personally want to thank the gentleman. I have watched him very carefully on our committee. He deeply cares about these issues of peace and freedom and development throughout the world.

I think the gentleman from California represents the best tradition and principle of politics, which is that you serve your party best by serving your country first. The gentleman, I think, is truly serving his country by attempting to fashion a more progressive foreign policy and economic devel-

opment policy that will truly meet the needs not only of this country, but the rest of the world that is looking to us for so much leadership.

Mr. LEWIS. I thank the gentleman.

Mr. LONG of Maryland. Mr. Chairman, I just wanted to add my remarks to those of the gentleman from New York.

I have in all my 17 years—as a I remarked before, I have never seen a better or even a comparable membership on this committee and the gentleman from California (Mr. LEWIS) has been one of the most enthusiastic, one of the most thoughtful and interested people that we have had and I greatly appreciate the work the gentleman has done, as I have that of the gentleman from California (Mr. EDWARDS), the gentleman from Louisiana (Mr. LIVINGSTON), the gentleman from New York (Mr. KEMP), the gentleman from Illinois (Mr. PORTER) and others.

Mr. LEWIS. I thank the gentleman. I appreciate the time and the opportunity to work with the gentleman from Maryland.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. LONG of Maryland. I yield 1 minute to the gentleman.

Mr. VOLKMER. Mr. Chairman, I have been listening to the debate and I have been quite amazed by some of the statements made here and as one who believes in some economic aid for foreign nations, but I first believe that we need to get our own country strong. What I am seeing in some of the cuts in other programs in our domestic programs and then to see us provide these funds for countries overseas and then I go home and tell my people that they cannot have this and they cannot have that and the other and then we are going to give it to somebody overseas, I do not go along with a lot that was said here tonight.

Mr. LONG of Maryland. Mr. Chairman, I yield back the balance of my time.

● Mr. PATTERSON. Mr. Chairman, I rise in support of adoption of H.R. 4559, the fiscal 1982 foreign operations appropriations bill. I believe the bill represents a fine balance in helping finance the many types of programs the United States carries out internationally. It gives the President the money and the tools he has asked for to support U.S. foreign policy and protect U.S. interests around the world. None of us are necessarily happy with every item in the final legislation, but I believe it is a good bill and a realistic compromise in many respects.

As chairman of the subcommittee of the Banking Committee which has responsibility for the multilateral development bank (MDB) program, I have a firsthand understanding of what these international agencies do. I can assure you they do serve U.S. strategic, economic, and humanitarian concerns. There is no question that there are several areas in which the MDB's can improve their methods of operation—for example, increasing the accent on private sector development and enforcing a greater level of conditionality in their lending which encourages worthwhile economic reforms in the borrower countries. The administration has been pushing the multilateral agencies to put greater emphasis on market economic principles. I believe this is a reasonable objective and we have a reasonable chance of success in that effort. But we have to pay to play. We cannot cut our contribution drastically and still expect other countries to follow our advice in these international banks.

I would challenge the statement that "our contributions to IDA do not foster economic responsibility in the recipient countries." Quite the contrary. The banks are major sources for sound economic advice. They have used their financial leverage effectively to encourage the adoption of micro- and macro-policy changes beneficial to the economies of the borrower countries. The MDB's, however, can be more forceful in this regard than they have been. With renewed U.S. leadership in the multilateral agencies, I think you are going to see them strongly promote a greater level of economic reform in the borrower countries. I will encourage this policy evolution in the coming months.

This bill also provides funding for important U.S. bilateral economic and military aid programs. Through the Agency for International Development, the Unites States provides economic help for our friends and allies internationally, Israel and Egypt, for example, receive over $1.5 billion in direct economic support and another $650 million in special grant military aid. Another $1.3 billion is channeled through AID's development program to help poor countries cope with hunger, disease, overpopulation, illiteracy, and other such problems.

The bill also provided $239 million in military assistance. It helps give 15 of our key allies—Egypt, Turkey, Spain, Yemen, and several Carribean countries, for instance—access to equipment and services they need for their own defense. I am particularly pleased with the guidelines approved yesterday in the authorization bill which provides prudent guidelines for our military assistance activities in Central America. These provide careful attention to the need to preserve human rights as we implement these programs.

Another important accomplishment in today's bill is the improvement in the position of the Eximbank obtained through the amendment of my good and indispensible friend from Massachusetts.

The Export-Import Bank, we should remember, is a contributor to our economy, not a taker of tax money. Ever since the Bank was capitalized at $1 billion in 1945, it has not only refrained from seeking tax money, it has actually returned over a billion dollars to the U.S. Treasury. Our actions today simply raise the ceiling on the portion of retained earnings to be loaned out.

There has been considerable debate today our "additionality"—the extent to which the Bank's operations add export-related jobs which we would otherwise miss. The jobs argument is not theoretical—the jobs are real. Predatory financing by our export competitors is real. They know that it is to their advantage, both for an immediate sale and over the long term for importers to rely on their products, even at artifically low rates of interest. The Export-Import Bank supported direct lending by over 5,700 firms in every State in this country. We need it now, more than ever.

In summary, Mr. Chairman, the House today has taken an important step toward making the world a better place. We have continued our commitment to the lesser developed countries and in doing so have enhanced our own security. We have affirmed that the United States is willing to preserve and extend our leadership role using the wealth it produces to help those in the less developed countries to help themselves and to assist them in becoming producers themselves. This, Mr. Chairman, is the true cutting edge of American foreign policy.●

The CHAIRMAN. All time has expired.

Mr. LONG of Maryland. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. NATCHER) having assumed the chair, Mr. KAZEN, chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, had come to no resolution thereon.

RESIGNATION AS MEMBER OF COMMITTEE ON MERCHANT MARINE AND FISHERIES

The SPEAKER pro tempore laid before the House the following resignation as a member of the Committee on Merchant Marine and Fisheries:

HOUSE OF REPRESENTATIVES
Washington, D.C., October 23, 1981.
Hon. THOMAS P. O'NEILL, Jr.,
Office of The Speaker,
Washington, D.C.

DEAR MR. SPEAKER: I appreciate the confidence of the Caucus in my appointment to the House Budget Committee. Pursuant to House Rules, I resign from my current assignment on the House Committee on Merchant Marine and Fisheries.

Again, I value your support and assistance.

Sincerely,

MIKE LOWRY.

The SPEAKER pro tempore. Without objection, the resignation is accepted.

There was no objection.

CONGRATULATIONS TO UNIVERSITY OF CONNECTICUT SOCCER TEAM

(Mr. DeNARDIS asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. DeNARDIS. Mr. Speaker, I would like to take this opportunity to congratulate the University of Connecticut soccer team which defeated Alabama A. & M. 2 to 1 in overtime on Sunday, December 6, 1981, to capture the NCAA Division I soccer championship.

Under the disciplined leadership of veteran coach Joe Morrone, UCONN Huskies soccer has won the hearts of New Englanders for many years. This year's club has gone one step further, however. In a sport traditionally dominated by students imported from abroad, the Huskies started 10 natives of the United States—most of whom are from the Northeast—and through hard work, hustle, stamina, and tenacious defense achieved its ultimate goal—the national title. This truly is America's team.

A recent article from the December 14, 1981, issue of Sports Illustrated on UCONN's homebreds follows for the benefit of my colleagues.

NO HANKY-PANKY FOR AMERICA'S TEAM

(By Clive Gammon)

After days of the kind of bone-chilling fog Northern California gets so abundantly at this time of year, on Sunday the sun emerged over Stanford Stadium, lighting up one of the most engrossing NCAA soccer title games in years. This was a matchup pitting a team consisting mainly of Nigerians enrolled at Alabama A&M against the University of Connecticut Huskies, a bunch as American as a Big Mac, which prevailed in overtime 2-1.

The final four at Palo Alto may not have been the Notre Dames of collegiate sport—besides A&M and UConn there were Eastern Illinois and Philadelphia Textile—but the weekend brought down some thunder nonetheless. A&M Coach Tim Hankinson watched, horrified, as his Bulldogs, who had taken a one-goal lead over Textile with less than a minute to play in one of Saturday's semis, gave the goal back in less than 30 seconds. There followed three scoreless periods of overtime and then a penalty-kick shootout, which A&M won, making the final score 3-2. When he was able to speak calmly, Hankinson announced, "As of now, I'm leaving Alabama. The job market starts on Monday."

So why is a man who takes his school to the NCAA finals job-hunting? Hankinson is 26, white, Manhattan-raised and privately educated, while the school he serves is predominantly black—as is his team. His difficulties began when the Bulldogs got off to a slow start—2-2-1—including A&M's first-ever home defeat. Says Hankinson: "A lot of people were saying, 'This is the worst team we have ever had; this is the ruination of the program.' It was my fault, it seemed, I didn't know how to recruit; I didn't know how to coach." Hankinson did, however, have an idea about what to do: Apply white handkerchiefs. The handkerchiefs had occurred to Hankinson on a recruiting trip to Nigeria in the spring, when he saw African players wearing colored scarves as good-luck symbols—jujus. "In the U.S. we might call it witchcraft," Hankinson says. In any case, once he had each of his players display a white handkerchief somewhere on his person, the Bulldogs started to win games again. "The handkerchiefs meant our love for each other," Hankinson says. "After we started to wear them, we scored 26 goals to one and went 12 games without losing."

The single goal the Bulldogs conceded in that spell was in a 1-1 tie with Connecticut, and it is revealing of the Huskies' ebullient coach, Joe Morrone, that he had scouted Hankinson's team in painstaking detail when it played the University of Vermont the previous day. "So," said Hankinson, "Morrone had spotted our white handkerchiefs, our juju magic. And when we pulled out ours, UConn pulled out white handkerchiefs of their own. And, strangely enough, it was a 1-1 tie! Magic against magic."

UConn—America's team, some Husky fans had painted on a sheet at Stanford Stadium on Sunday, and the apparent chauvinism was, well, fair enough. There were 10 native U.S. starters on Morrone's team, plus a single Canadian, Graziano Cornolo from Montreal, who, Morrone emphatically pointed out, was referred to him, not recruited. And four of his players came to UConn straight from Joe's own backyard—E. O. Smith High School, which is right next door to the university.

Morrone has got more going for him than hanky-panky. "Connecticut soccer lives on defense," he said, after the Huskies defeated Eastern Illinois 2-1 in the other semifinal. "High-pressure defense. Most of our players don't have the skills of some of the A&M men. We don't have the speed. We make up for that by total commitment."

Morrone is quite modest about his own achievements also, though he has coached for 24 years, and his son, Joe Jr., was the No. 1 pick in the NASL draft last year and then Rookie of the Year with the Tulsa Roughnecks. His other son, Billy, a junior, is a starting midfielder on his Husky team.

On Sunday, the loud checked sports jacket Morrone often affects on the sideline was absent; instead he wore a blue blazer and a subdued blue shirt and tie. He even toned down the MacArthurism he had delivered in October at Stanford when his team had lost 3-0 to the Cardinals ("We shall be back!"). "I said that in a hopeful, not an overconfident way," he said.

In the first half hour of the title game both sides failed to make good on scoring opportunities. Early on, the Huskies' Pedro DeBrito was clear in front of the net but shot badly wide, while the A&M backs showed the same dangerously casual attitude toward defense they had displayed against Textile.

When the deadlock was broken, the reason was that for once Morrone's system of total defense came totally apart. "We overcommitted ourseleves," he said later, and he was right about that, because what A&M Forward Solomon Shiferaw suddenly saw in front of him was a lot of daylight. Streaking ahead, Shiferaw scored after a magnificent 60-yard run, coolly putting a ground shot into the net to the right of Keeper Jim Renehan.

In the first minute of the second half, Connecticut retaliated and who should score but Morrone's boy Billy, who picked up a cross from the right from Graziano Cornolo and put the ball home from eight yards.

Now the game was open again, and the initiative had passed to the Huskies. Unlimited substitution is allowed by the NCAA, and Morrone is a master at it. While A&M substituted not a single player, a stream of Huskies went on and off the field. Said Morrone: "We had to play as a unit, build up and substitute. There was no possible way we could have matched them man for man for 90 minutes."

And the weakness of the Bulldogs manifested itself plainly as the game went on. There were 10 strikers, yes, but no one who could finish off attacking movements. Small, fascinating wars between pairs of players developed, notably one between A&M Striker Nathanial Ogedegbe and Husky Defender Ed Lynch, who played more than 50 minutes. But there was no breakthrough from either side and eventually came overtime, which A&M had experienced in all four previous playoff games.

Less than five minutes into the first sudden-death period, a very large man in a blue blazer was racing across the field, and the Huskies were the 1981 NCAA soccer champions. "I thought, 'God, shall I go out or not?'" Morrone said later. His players were jubilantly piling on each other on the turf near the A&M goalmouth. Morrone did go, of course, and even then he was busy thinking things through. "I went in at an *angle,*" he said. "I tried to *glide* in so as not to hurt anyone."

The thought of the bulky Morrone gliding is somewhat hilarious, but there was only triumph in the air. What had happened was that the Huskies' Pedro DeBrito had gotten the ball on the right, chipped it to the left of the box to Jim Lyman, who crossed to Jim D'Orsaneo, who headed the ball home.

"I knew Jim would go up for the ball," Morrone said. "I knew their back four were tired, and I thought I saw their goalie hesitate. But for a second I couldn't tell if the ball was going into the corner or not. Then I was running. Heck, I never ran as fast in my life."

And it wouldn't have been Morrone had he not been sentimental for a moment. "It's snowing in New England now," he said, "but there'll be a lot of warm hearts for us there."

But discipline wasn't forgotten in the excitement. "We're catching an overnight plane," he said. "We have to be in classes by 11 a.m."

And there was a moment for pride, too. "We assembled a group of players from the Northeast," he said, "and we won. This will

give hope to American players all over the country. We can compete!"

Even against white handkerchiefs.

TELECOMMUNICATIONS ACT OF 1981

(Mr. WIRTH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WIRTH. Mr. Speaker, today I have introduced H.R. 5158, the Telecommunications Act of 1981. This important piece of legislation impacts an extremely important area of our country's economy—our basic communications system. H.R. 5158 is extraordinarily important for the ratepayers in this country, and for the protection of their interests. It is a pro-competitive and pro-user piece of legislation. It contains significant incentives for enhancing our international trade position. It restructures the regulatory authority of the Federal Communications Commission and perhaps most importantly, includes incentives for the maintenance and improvement of a valuable resource in the United States, the best telephone service in the world.

We have been through a long and extensive process in developing this legislation—let me briefly recount this history.

In 1975, Congress became broadly aware of the need to rewrite the common carrier sections of the Communications Act of 1934; in that year—1975—the Consumer Communications Reform Act was introduced. While that specific legislation was not agreed to, it clearly illustrated the need for congressional action, to replace, through legislation, the uncertainty and ambiguity resulting from regulatory and court action. It also properly illustrated the need for a level, competitive playing field, at which all entrants could compete. By its introduction today, the legislation strongly endorses the resolve of the subcommittee to enact legislation in this Congress. And the legislation confirms our commitment to a truly competitive communications environment.

The legislation draws upon predecessor bills: H.R. 3333 and H.R. 6121, both introduced in the 96th Congress; and S. 898, which passed the Senate this year. We have learned from each of these legislative iterations, and have advanced the quality of the legislative product, strengthened the commitment to ratepayers and users, enhanced our competitive and trade position, and restructured the charter of the Federal Communications Commission.

In developing this legislation, the process has been unusually participatory and open. In discussions and drafting sessions, the members of the subcommittee have reached agreement on most of the issues addressed in this very complicated legislation. By agreement I have drafted language expressing the areas of consensus, and have filled out the rest of the legislation. I am deeply indebted to my colleagues and to their staffs for their time, energy, and commitment.

Some fainthearted observers of this legislation will, I am sure, argue that the issues are too complicated or time too short for legislation to be completed in this Congress. To them I must reply that either they are unhappy because they have not gotten everything they want in this legislation, or they underestimate the resolve of the subcommittee, have not measured its commitment to a legislative product in this Congress, and have not followed the unusual analysis and consensus-building that has characterized the process to date. I am attaching a letter from my colleagues that testifies to this process, which has engaged us all.

The legislation will be available in the subcommittee office on Monday, December 14. We will hold another public session in the middle of next week, to answer questions and further explain the legislation to any interested parties. And, as throughout the past year, will look forward to receiving comments, criticisms, and suggestions.

In February the subcommittee will hold formal hearings on H.R. 5158. We are including subcommittee markup in March. We look forward to being in conference with our Senate colleagues this summer, and to the completion of this watershed common carrier legislation in this Congress.

Finally, I should note that I had initially hoped that the bill—H.R. 5158—could be printed in the CONGRESSIONAL RECORD today. However, when I discovered that the cost of that printing would be an additional $8,640 of scare taxpayer funds, I decided against this additional expenditure. In these times when as important a public information vehicle as public broadcasting is suffering severe budget cuts, it is hard to justify such a cost. Thus interested parties will have to wait until Monday, when the legislation will be printed under the normal process available from the subcommittee office.

CONGRESS OF THE UNITED STATES,
Washington, D.C., December 10, 1981.

Hon. TIMOTHY E. WIRTH,
Chairman, Subcommittee on Telecommunications, Consumer, Protection, and Finance, Rayburn House Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: We commend your introduction today of legislation to reform and update the common carrier provisions of the Communications Act of 1934.

The process by which we are writing legislation has been remarkably open (including our series of discussions last month and participation by personal staff in drafting sessions), thorough, and bipartisan—and will continue to be so. We have achieved broad consensus on the direction and purpose of telecommunications reform. We have agreed, for instance, that legislation must be strongly pro-competitive, while ensuring fair treatment of ratepayers, users, and existing suppliers. A bill must also contain incentives for the maintenance and improvement of the public network, and guarantee the continued availability of universal service at affordable rates.

While we have not reached conclusions about all the details of common carrier reform, most of the provisions in your bill reflect our consensus. Your bill gives us a framework for further discussions and hearings, and gives the public an opportunity to comment on our efforts thus far. Introduction of legislation today is an important step in our consensus-building process, a process that will continue in the coming months.

We look forward to working with you in continued close cooperation.

With best wishes,

Sincerely yours,

James M. Collins (Texas), Al Swift (Washington), Tom Tauke (Iowa), Edward Markey (Massachusetts), Tom Bliley (Virginia), Ron Mottl (Ohio), James Scheuer (New York), Billy Tauzin (Louisiana), Marc Marks (Pennsylvania), Henry Waxman (California).

□ 1030

TRIBUTE TO CHUCK STONE, COLUMNIST AND SENIOR EDITOR OF PHILADELPHIA DAILY NEWS

(Mr. FOGLIETTA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FOGLIETTA. Mr. Speaker, I wish to take this opportunity to pay tribute to Chuck Stone, a columnist and senior editor of the Philadelphia Daily News, whose varied career has included service as an aide to the late Congressman Adam Clayton Powell, as well as an educator and television and radio commentator.

On Monday, November 2, 1981, Mr. Stone negotiated the surrender of seven convicts who were holding 38 hostages in the kitchen of Graterford Prison, after they failed in an attempt to escape. The convicts were armed. Their leader, Joseph Bowen, is a man who, at age 35, has spent almost all of his adult life behind bars. In 1974, when Bowen was serving a life sentence for murdering a police officer, he and another inmate fatally stabbed two wardens at Holmesburg Prison.

Mr. Stone entered the besieged prison kitchen with Bowen's brother after talks between the convicts and State officials had reached an impasse. He emerged with a list of terms which formed the basis for a peaceful resolution of the crisis.

In his own account of the experience, Stone wrote:

Saturday night, the governor's office had called me and asked if I would be willing to be involved in negotiations if it could be worked out.

I agreed, but why me? The governor's representative explained: "We know about the

surrender of murder suspects and escaped prisoners to you, and we think you can be helpful in this situation."

My own philosophy reminded me: "Naked and ye clothed me: I was sick and ye visited me: I was in prison and ye came unto me."

Chuck Stone deserves all of the public accolades which he has received, and more, for his successful intervention at Graterford. In undertaking the assignment he risked his own life in the hope of saving others. His candor in admitting his all too realistic fear for his personal safety only enhances the courageous nature of this act. He also demonstrated great skill and understanding in the role of mediator in an intense and volatile situation.

One cannot do justice to the man by praising any single accomplishment, however dramatic and significant, without recognizing the qualification which recommended him for the task, and made his success possible. That qualification is credibility.

Throughout his career, Chuck Stone has fought for justice and compassion, and opposed apathy and indifference to the suffering of others. This record has won him the trust and confidence of all elements of the community. On numerous occasions in the past, accused men and convicts have staked their very lives upon this trust in calling upon him to arrange their surrender to authorities or to mediate their grievances. This was the reason that such diverse individuals as the Governor of Pennsylvania and the mother of Joseph Bowen called upon Stone to intervene at Graterford.

Credibility means that a person's word, judgment, integrity, and values are respected and relied upon. It is the highest compliment society can pay to an individual. It was Chuck Stone's credibility which led to his invitation to mediate the Graterford hostage crisis, and to his success in that endeavor. It is that same credibility which makes him important as a writer, a social critic, and an example of civic responsibility.

INTERNATIONAL HUMAN RIGHTS DAY

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Washington (Mr. BONKER) is recognized for 60 minutes.

Mr. BONKER. Mr. Speaker, today is December 10. It is International Human Rights Day. As such, we commemorate the passage of the U.N. Declaration on Human Rights which was adopted by the General Assembly of the United Nations in 1948.

This is an appropriate occasion to ask for a special order and to highlight human rights. It has been 33 years since the adoption of the U.N. Declaration on Human Rights, but only recently, in the last decade, has the United States begun to establish a true human rights policy.

□ 1910

It started with Congress laying the groundwork in the Foreign Assistance Act to emphasize the importance of human rights in this country's foreign policy. The Congress has accomplished this with full bipartisan support by adoption of various amendments to the Foreign Assistance Act, and I make reference to section 502(b) and section 116. These provisions of the Foreign Assistance Act provide for termination of security and economic assistance to those countries which engage in a consistent pattern of gross violation of human rights. The provisions apply to all countries which are recipients of various forms of American foreign aid, and the provisions attempt to highlight the importance of human rights in this country's foreign policy.

The Congress also adopted the so-called Harkin amendment, section 701, of the Financial Institutions Act of 1977 as amended. This instructs the U.S. representative to the World Bank, to the Asian Development Bank, to the African Development Bank, to the Inter-American Development Bank, and all the other worldwide lending institutions in which we participate to emphasize the importance of human rights by voting against loans or grants to countries that have a record of consistent and gross violations of human rights.

It was Congress that adopted an amendment to the Foreign Assistance Act which requests the State Department to provide to both the Senate and the House on an annual basis, country by country, reports of human rights conditions. At first it required reports on countries who were recipients of U.S. assistance, and later it was expanded to include all the nations of the world. This information is vitally important to Members of Congress who must rely on authoritative and objective sources for a better understanding of the human rights record of the various countries with whom we have relations. If we should proceed to reduce or terminate assistance, then we have a reliable source of information in order to accomplish that work.

The Congress also has established the Bureau of Human Rights and Humanitarian Affairs. The Bureau's Assistant Secretary is supposed to be the in-house advocate for human rights policies within the State Department.

We know that human rights is important, that it must be an integral part of this country's foreign policy. But until we had established an office and made it possible to have that in-house advocacy, we did not have an opportunity to focus directly and continuously on human rights in the formulation of this country's foreign policy.

It was the Congress that passed section 116(e) to the Foreign Assistance Act, which attempts to promote human rights projects and programs. Too often, most of our policies are negative. In other words, if a country violates human rights, if it is deemed a gross violator of human rights, then we terminate aid or we find in some fashion a way to punish that country for its human rights violation. But section 116(e) gives us an opportunity by funding various programs to encourage countries to foster and improve their own human rights records and to set up regional approaches to addressing human rights issues in their respective areas.

Mr. BONKER. Mr. Speaker, over the past decade this Congress, with full bipartisan support, both in the Senate and in the House have attempted to lay the groundwork for this country's human rights policy. These policies, I believe, have helped to develop an awareness, a consciousness by various governments with whom we do business of the importance of human rights in their own internal development.

By our example, human rights has become an integral part of most countries' foreign policy. And we ourselves have attempted to emphasize human rights in our public statements, in our policies, and in our actions.

There should be no reversal whatsoever in the progress and accomplishments that we have made to date.

The Carter administration had laid the groundwork for human rights policy in the conduct of foreign policy during its 4 years. President Carter highlighted human rights in all of his public statements and he challenged countries to place human rights very high on the world agenda.

During the Carter years we found that we had an in-house advocate within the State Department in the person of Patt Derian, who was Assistant Secretary for Human Rights and Humanitarian Affairs.

Now, Mr. Speaker, we have a new administration that perhaps has a different perspective on human rights, but nonetheless we see a deterioration of this country's commitment. For example, the Office of the Assistant Secretary for Human Rights and Humanitarian Affairs remained vacant for the first 11 months of this administration. In addition it has instructed our representatives to the World Bank and other lending institutions to vote in favor of loans and grants to those countries that engage in human rights violations. At the U.N. Commission on Human Rights, we actually reversed our earlier positions of standing in the forefront of human rights issues.

I make reference to the Special Rapporteur on Chile, and to the Working Group on Disappearances, all of which represented considerable effort and were passed by the U.N. Commission on Human Rights. This was done under the leadership of Ambassador Jerry Shestack who led this country's delegation in the 1980 session. Regretably I report that this year our delegation to the U.N. and the Human Rights Commission reversed most of the major human rights positions we had taken earlier.

I am pleased to note that on this very day, on this day that we commemorate the 33d anniversary of the U.N. Declaration on Human Rights, we have a new Assistant Secretary of State for Human Rights and Humanitarian Affairs. I believe that Elliott Abrams will fulfill that assignment and that post with distinction, that he will continue the commitment of his predecessor in that office to a strong human rights policy and to an in-house advocacy within the State Department to make sure that we do not forget the importance and the value and the usefulness of human rights in the conduct of this Nation's foreign policy.

So I wish to take this opportunity to commend Mr. Abrams on the day he is sworn in and to wish him well in the extraordinary task that he has before him.

Mr. Speaker, I think that it is a mistake to look upon human rights as either the principal goal of this Nation's foreign policy, or the centerpiece of this Nation's foreign policy, a reference which was made on several occasions by the past administration. In a recent State Department memo by William Clark it was noted that human rights represents the foundation for this country's foreign policy.

As much as I would like to see human rights be the principal goal, the centerpiece, the foundation of this country's foreign policy, the fact is that that is not the case and it has never been the case. I doubt that in the world of realpolitik we will ever see an occasion when human rights is the principal goal of this country's foreign policy.

But what we can ask and demand is that human rights becomes a major factor in the formulation of our foreign policy not easily discarded or ignored when other policy imperatives come into play. Too often we have seen that when the State Department and the Congress attempts to look at a foreign policy consideration—and human rights is in conflict with some other policy issue, like the strategic interests of a given country or our economic interests in another country—that human rights is too easily and too quickly discarded.

I recall a few years back when Under Secretary Warren Christopher appeared before our committee to comment on the working group which had been formed within the Carter administration to evaluate and make recommendations on human rights issues. We asked the Under Secretary exactly what countries had been denied aid or had assistance reduced because of their human rights record. Mr. Christopher said that Ethiopia and Afghanistan and Pakistan were three of four countries, if I recall, that had received reduced foreign aid because of their human rights record.

I thought Pakistan was interesting at the time because we had cut off aid to that country mostly because of its noncompliance with the nonproliferation treaty, but also because of the brutal slaying of the former President of that country and its overall human rights conditions.

Several weeks after Mr. Christopher appeared before the committee Afghanistan was invaded by the Russians and because of its proximity to Pakistan, all of a sudden we had to provide instant military assistance. If I recall, we offered $400 million in military aid which at the time was rejected by the President of that country because it was not enough.

□ 1920

But nonetheless it highlights the problem with this country's foreign policy establishment that whenever we attempt to factor human rights into this Nation's foreign policy, it is too quickly discarded when it comes into conflict with some other major foreign policy imperative. In this case, it was Russia's invasion of Afghanistan.

Mr. Speaker, over the course of this year the subcommittee, which is the only one in the Congress to have jurisdiction over human rights issues and policy, has taken an evenhanded approach in carrying our country's human rights policy. We believe that human rights violators, whether authoritarian or totalitarian, on the left or the right, should be held accountable for their human rights practices. This country's foreign policy ought to represent an objective and evenhanded approach in attempting to implement our human rights policy.

In that spirit, the subcommittee, especially with the full cooperation of its ranking minority member, Mr. LEACH of Iowa, has been on a steady course of hearings, of oversight hearings on human rights violations wherever they occur. We have attempted to look at congressionally implemented human rights policies to see that the executive branch is carrying out to the fullest extent both the spirit and the letter of our human rights laws. We have tried to look at various countries' human rights records by conducting hearings on all regions of the world.

This morning, the subcommittee conducted hearings on human rights issues in Africa in conjunction with the Subcommittee on Africa. The subcommittee has held 2 days of hearings, on March 12 and 16, 1981, to review the State Department's country reports on human rights practices. It is our interest to see that human rights reports maintain their comprehensiveness and their objectivity and that they are submitted to the Congress on an annual basis.

The subcommittee, on March 26, considered and marked up a resolution which was a sense of Congress expression with respect to Russian dissidents, and House Concurrent Resolution 55, the objectives of the International Year of the Disabled.

The subcommittee has looked at human rights violations in various countries who are recipients of U.S. security assistance. The subcommittee, in the past session of Congress, conducted hearings on the problem of the disappeared person, the result of which is that we passed a resolution in this House and in the Senate instructing our delegation to the United Nations Commission on Human Rights to pursue this problem of disappearances. Indeed, we have included in the definition of what constitutes gross violations of human rights the problem of disappearances. We also had markup on a resolution proclaiming Raoul Wallenberg to be an honorary citizen of the United States, and he stands out as probably the most noble example of a disappeared person.

We have looked at the participation of the United States in UNESCO and the issue of freedom of the press and problems that are occurring within UNESCO. We have looked at human rights problems involving the Baltic States, compliance with the Helsinki accords; in fact, the whole area of human rights violations that exist in Eastern Europe.

We have looked at human rights problems in Latin America, in Argentina, in Guatemala, and in Uruguay, and in countries of Asia including Taiwan. We have looked at implementation of congressionally mandated human rights as they relate to the Middle East, to Asia and as I mentioned earlier, to Africa.

Mr. Speaker, I do not think there is any area where we have ignored or neglected human rights violations. The subcommittee has been open and responsive to the other side of the aisle and to various Members who have submitted resolutions from time to time concerning human rights problems that exist anywhere in the world.

In conclusion, Mr. Speaker, I believe this Nation's commitment to human rights not only reflects our own inherent values, many of which were incorporated in the historic documents

which represent the foundation of this country, but I think that it also represents our own sense of freedom and liberty wherever it should exist in the world. Unless we are able to incorporate those same values, that same sense of freedom and liberty in our foreign policy, then we may be guilty of hypocrisy. That is we attempt to live by one standard at home but refuse to reflect that same standard in our relationships with other nations of the world.

I believe it also represents what is in our best interests in dealing with other foreign nations. You know, human rights may seem to be a bitter pill, particularly as it relates to the so-called friendly countries with whom we have relations, but in the long run our best interest is served by continued emphasis on human rights. Whether it is in the countries in the Middle East or Latin America, Africa, Asia, Europe, as long as we hold dearly to those important values. I do not think we are going to be denied our own political influence anywhere in the world.

Indeed, many of the countries with whom we have had relations in the past which have ignored human rights, we have experienced policy failures. I point to Iran, where we were getting reports constantly about human rights violations when the shah was riding the peak of his career. Because we refused to acknowledge those violations and place pressure on the shah to accord dissident groups more say in his own government, we sat idly by and watched his own personal demise and the failure of our economic interests and political interests in that part of the world.

We ignored the human rights problems in Ethiopia when Haile Salassie covered up a drought which cost the lives of hundreds of thousands of people and resulted in a military coup which disposed of him and implemented a Marxist government. Again, if we had emphasized human rights among our friends, of which Haile Salassie was perceived as one, we still would have influence in that country today.

The same exists in Nicaragua. We ignored the human rights problems there, and now we are faced with an unfriendly regime and further human rights problems.

So, I think it is important not only in the sense of being consistent and faithful to our own historic values and what is right in the world, but also I think it represents what is best for this country's foreign policy.

Mr. Speaker, this is a good opportunity, on the 33d anniversary of the United Nations Declaration on Human Rights, to reinforce those values, to reinforce that commitment. I am certain, now that we have a new Assistant Secretary of the Department of Human Rights and Humanitarian Affairs, that he will join with the Congress in that new commitment so that we can build upon the record of the past and make this a more peaceful and more friendly world for all people.

Mr. Speaker, I would like at this point to have included in the RECORD a report on human rights that has been prepared by myself and the subcommittee.

Mr. Speaker, the report follows:

REPORT ON HUMAN RIGHTS

December 10th, International Human Rights Day, provides the Congress with an opportunity to commemorate the passage of the Universal Declaration on Human Rights by the General Assembly of the United Nations in 1948, and also gives us an opportunity to review the human rights policies of the Reagan Administration over the last year. The following is a human rights report which examines not only Administration compliance with Congressionally-mandated human rights laws, but U.S. participation in international organizations and diplomatic initiatives around the world.

In disregard of Section 624 of the Foreign Assistance Act (which established the State Department Bureau of Human Rights and Humanitarian Affairs and requires the appointment of an Assistant Secretary of State) the Bureau did not have an Assistant Secretary for the first 11 months of the Reagan presidency. During this time, the Human Rights policy has been de-emphasized and subjected to public criticism. The Human Rights Bureau has had its "turf" carved away, its jurisdiction limited, and positions in the Bureau left unfilled.

Over the past year, human rights concerns have been aggressively downgraded and ignored by the highest officials of our government. Secretary of State Alexander Haig announced within days of the inauguration that international terrorism would replace human rights violations as the focus of U.S. foreign policy. President Reagan met with Korea's President Chun Doo Hwan as human rights concerns were minimized in that country. George Bush praised the corrupt and repressive Marcos regime for its "democratic" election. United Nations Ambassador Jeane Kirkpatrick traveled through Latin America praising dictators but refusing to meet with opposition leaders and human rights advocates.

Despite the foregoing, all is not bleak. The appointment of Elliott Abrams in November to head the Bureau of Human Rights and Humanitarian Affairs is an encouraging sign. It is my hope that this Administration is now making a new effort to establish a human rights policy that is even-handed, just, and in the best traditions of our country.

As chairman of the Foreign Affairs Subcommittee on Human Rights and International Organizations, I welcome Mr. Abrams to his post, and look forward to cooperation and consultation with him in the coming months.

Mr. Abrams' first task as the new Assistant Secretary of State for Human Rights and Humanitarian Affairs will be to re-establish his Bureau as the focal point for human rights policy. The law requires the Assistant Secretary of State for Human Rights and Humanitarian Affairs to "maintain continuous observation and review of all matters pertaining to human rights and humanitarian affairs, to gather the information for the human rights reports, and to make recommendations regarding economic and security assistance." Mr. Abrams should reassert his Bureau's involvement in these matters and insist that policy directives and public pronouncements by other State Department officials on human rights matters be coordinated with the Human Rights Bureau—and reflect the American people's unwavering commitment to the protection of human rights.

Administration actions and policies have not matched its public pronouncements. While repressive regimes perceived as friendly to the Reagan Administration have been courted and defended, other similar regimes perceived as unfriendly have been attacked. This policy is in direct contradiction to actions taken by the Congress. We in the Congress have followed the practice of condemning human rights violations no matter where they occur and it is my hope that in the future, this Administration's policy will be closer to that of the Congress. As Undersecretary William Clark's memo said:

". . . We will have to speak honestly about our friends' human rights violations and justify any decision wherein other considerations (economic, military, etc.) are determinative. There is no escaping this without destroying the credibility of our policy, for otherwise we would be simply coddling friends and criticizing foes . . . Our struggle is for political liberty. We seek to improve human rights performance whenever we reasonably can. We desire to demonstrate, by acting to defend liberty and identifying its enemies, that the difference between East and West is the crucial political distinction of our times."

Section 502B of the Foreign Assistance Act states that "no security assistance (including sales of defense articles or services, extensions of credits or licenses for the export of defense articles) may be provided to governments which engage in a consitent pattern of gross violations of human rights." The Congress has made it clear that not only foreign assistance, but commercial arms sales must be denied to governments which torture, assassinate, imprison without trial, and otherwise repress their people. On July 9th, however, the White House announced a new policy directive aimed at loosening human rights and other restrictions on the sale of conventional arms. Since then, the Administration has promoted major sales of military equipment, plus assistance, to the corrupt and brutal Zia regime in Pakistan. It continues to supply repressive regimes, from El Salvador to the Philippines.

Furthermore, in spite of explicit Congressional prohibitions on the sale of crime control equipment to the police or other internal security forces in countries which violate human rights, the Reagan Administration has sold and is considering the sale of crime control equipment to several countries with poor human rights records. Some examples: the State Department failed to comply with Section 502B(2) of the Foreign Assistance Act, which requires prior notification to the Congress of the export of crime control equipment to gross violators when it waived human rights considerations and sold over $1 million-worth of communications equipment to the security forces of Syria. Similarly, the Administraton did not inform the Congress when it sold $100,000 worth of handcuffs and shotguns to the government of Korea. In the case of Guatemala, a clear violator of human rights, the Reagan Administration avoided human rights restrictions on the sale of $3.2 million

of military trucks and jeeps by removing these items from the crime control list.

Section 701 of the International Financial Institutions Act prohibits the United States Executive Directors to the International Financial Institutions from voting for loans to any country whose government engages in a consistent pattern of gross violations of human rights. In direct circumvention of this law, the Reagan Administration reversed past policy of voting against or abstaining on loans to problem countries, and voted for loans to the Republic of Korea, Argentina, Uruguay, Chile, Paraguay, and the Philippines. State Department officials justified the new policy by citing "improvements" in each of these countries. However, international human rights organizations and church sources have consistently refuted the State Department's optimistic analysis and denied that these governments were not violating human rights. The law is absolutely clear: U.S. support for multi-lateral assistance should be denied to gross violators of human rights, and, U.S. votes are not to be used as incentives or rewards for illusory or cosmetic "improvements".

Finally, despite all of its tough talk, the Reagan Administration has clearly indicated that when it comes to sales of grain and technology, "business is business" with the Soviet Union and its satellites. On April 24th, the grain embargo to the Soviet Union was lifted, in spite of the fact that there has been a marked decline in human rights within the Soviet Union, and there has been no resolution of its occupation of Afghanistan. On June 3rd, the President requested a waiver of the Jackson-Vanik restrictions (which prohibit trade concessions to communist countries which restrict emigration) to grant "Most Favored Nation" status to Romania. Romania continues to harass and persecute Jewish families wishing to emigrate, and Jewish emigration is at its lowest point in ten years.

Further areas where the human rights laws have been circumvented:

In an effort to establish a positive dimension to human rights policies, the Congress has annually authorized $1.5 million for special AID education and training programs to encourage or promote increased adherence to civil and political rights. Unfortunately, successful programs funded by this section of the law have been cut back or eliminated because they do not meet the rigid ideological tests of this Administration.

Another part of the Foreign Assistance Act prohibits the promotion of military or paramilitary operations in Angola. The "Clark Amendment" was passed to discourage CIA operations aimed at overturning the Angolan government. The Reagan Administration requested repeal of the Clark Amendment in its FY 1982 foreign aid request.

The Administration requested repeal of Section 620B of the Foreign Assistance Act, which prohibits military aid, sales, or credits to the Government of Argentina. The Argentine Government is responsible for thousands of disappearances, and continues to violate human rights on a consistent basis. Nonetheless, the Administration has made clear its desire to furnish this repressive regime with aid.

On numerous issues, at the 37th session of the United Nations Commission on Human rights and at the 36th session of the General Assembly of the United Nations, the U.S. has been isolated and has lost its leadership role. At the 37th session of the United Nations Commission on Human Rights, the Reagan Administration's representative voted against the continuation of a special rapporteur for Chile and remained silent concerning the continuation of the special working group on missing and disappeared persons. At the United Nations, the Administration's representative has consistently opposed any resolutions critical of repressive regimes such as Guatemala, Chile, and El Salvador. By these votes we have been aligned with regimes that practice terrorism against their own people. This Administration is fond of talking about the alleged double-standard followed in the Carter Administration. Yet, at the international forums, more attention is being paid by U.S. representatives to human rights abuses of repressive regimes perceived as unfriendly, than to human rights abuses of regimes perceived as friendly to the U.S. All of this has isolated the U.S. from our European allies and other democratic nations. They are puzzled, appalled, and astonished, also, the U.S. cast the single no vote at the World Health Organization against the international code for the marketing of infant formula in the Third World and it cast their sole vote in the U.N. Security Council against a resolution condemning South Africa's invasion of Angola.

The human rights record of the past year has been a disappointing one, but not without its bright moments. The Congress has become increasingly involved in human rights concerns, and Congressional and public pressure has tempered the most strident rhetoric of the Administration. A recent State Department memorandum, which accompanied the nomination of Elliott Abrams, indicated a new interest in human rights, and a commitment to denounce human rights violations wherever they occur.

In the coming year, it will be increasingly important for the Congress to monitor foreign assistance, military sales, and diplomatic initiatives. It is clear that the law alone will not prevent the Administration from providing assistance to gross violations of human rights—only Congressional monitoring and public outcry can force compliance.

The President's de-emphasis on human rights concerns early in his Administration has demoralized and jeopardized the work of church groups and human rights activitists around the world. The Congress can—and should—lend its support to individuals seeking asylum, emigration, or release from prison. We in Congress, who live in a free country and represent the American people, have a special obligation to speak for the tortured, the disappeared, those who languish in psychiatric hospitals, and the silenced around the world. We also have an obligation to see that our laws are enforced and our values are articulated by the executive branch.

[Hearings Before the Subcommittee on Human Rights and International Organizations, Committee on Foreign Affairs, Don Bonker, Chairman]

1. FOREIGN ASSISTANCE LEGISLATION FOR FISCAL YEAR 1982: STATE DEPARTMENT COUNTRY REPORTS ON HUMAN RIGHTS PRACTICES; INTERNATIONAL ORGANIZATIONS AND PROGRAMS ACCOUNT; AND SUBCOMMITTEE RECOMMENDATIONS

The Subcommittee held two days of hearings on March 12 and 16, 1981, to review the State Department's Country Reports on Human Rights Practices and the Administration's authorization request for $215 million in U.S. Voluntary Contributions to International Organizations and Programs for FY 1982.

On April 2, the Subcommittee recommended to the full Foreign Affairs Committee amendments to the 1961 Foreign Assistance Act, as amended, to reaffirm and enhance the U.S. commitment to the protection and promotion of human rights in American foreign policy; and to encourage the President to use not less than $1.5 million for Section 116(e) human rights studies.

Appearing before the Subcommittee were the Hon. Patricia Derian, former Assistant Secretary of State for Human Rights and Humanitarian Affairs, and representatives from various non-governmental organizations. The hearings were published as "Part 6, Foreign Assistance Legislation for Fiscal Year 1982."

2. CONSIDERATION AND MARKUP OF H. CON. RES. 50 AND H. CON. RES. 55

The Subcommittee met on March 26, 1981 to consider and markup H. Con. Res. 50 (expressing the sense of the Congress with respect to the health and freedom of Viktor Brailovsky), and H. Con. Res. 55 (expressing the sense of the Congress with respect to implementing the objectives of the International Year of Disabled Persons—1981). The Subcommittee approved the resolutions, as amended, for full Committee action. On April 2, the Foreign Affairs Committee considered the resolutions and reported them favorably as amended by voice vote. On April 7, H. Con. Res. 50 passed the House by voice vote; H. Con. Res. 55 passed the House by recorded vote. On June 19, S. Con. Res. 5 (a companion to H. Con. Res. 50) passed the Senate by voice vote.

Testifying before the Subcommittee were Congressman Hamilton Fish, Jr., of New York, and Congressman Larry Winn, Jr., of Kansas. The hearing and markup were not published.

3. REVIEW OF U.S. POLICY ON MILITARY ASSISTANCE TO ARGENTINA

The Subcommittee and the Subcommittee on Inter-American Affairs held a joint hearing on April 1 to review the Administration's request for resumption of military assistance to Argentina in light of human rights conditions in that country.

Testimony was received from Congressman Peter Peyser, of New York; the Hon. Joseph Karth, a former Member of Congress; the Hon. James Theberge, former U.S. Ambassador to Nicaragua; and representatives from various non-governmental organizations. The hearing was published as "Review of United States Policy on Military Assistance to Argentina."

4. CONSIDERATION AND MARKUP OF H.J.RES. 220

On June 4, the Subcommittee held a joint hearing and markup with the Subcommittee on Europe and the Middle East on H.J. Res. 220, proclaiming Raoul Wallenberg to be an honorary citizen of the United States. The Subcommittee by voice vote reported favorably H.J.Res. 220 for full Committee action. The Foreign Affairs Committee reported the resolution favorably on June 9 by voice vote. H.J.Res. 220 passed the Senate on August 3 and passed the House on September 22. On October 5, it was aproved as public law 97-54.

Testimony was received from U.S. Senator Claiborne Pell, of Rhode Island; Congresswoman Millicent Fenwick, of New Jersey; Congressman Tom Lantos, of California; Congressman Jack Kemp, of New York; and

private witnesses. The hearing and markup were published as "Proclaiming Raoul Wallenberg to be an Honorary Citizen of the U.S."

5. IMPLEMENTATION OF THE WHO'S CODE OF CONDUCT ON INFANT FORMULA MARKETING PRACTICES

The Subcommittee and the Subcommittee on International Economic Policy and Trade held two days of joint hearings on June 16 and 17, on the question of the infant formula marketing code, adopted by the World Health Assemby in May. Implications of the code for infant formula manufacturers and the U.S. vote against the code were addressed.

Appearing before the Subcommittees were representatives of the Administration, industry, non-governmental organizations and the scientific community. The hearings will be printed as "Implementation of the WHO's Code of Conduct on Infant Formula Marketing Practices."

6. UNITED STATES PARTICIPATION IN UNESCO AND PRESS FREEDOM

The Subcommittee held two days of joint hearings, on July 9 and 16, with the Subcommittee on International Operations to consider H. Res. 142 and H. Con. Res. 137, relating to freedom of the press and UNESCO. Developments in UNESCO concerning licensing of journalists and the free flow of news and information worldwide were addressed. On July 16, the Subcommittees favorably reported H. Res. 142, as amended, by recorded vote for full Committee action. The full Committee ordered the resolution reported favorably by voice vote on September 17. H. Res. 142, which expresses the sense of the Congress that UNESCO should cease efforts to attempt to regulate the flow of news and information around the world, was adopted on October 29 as an amendment to the 1981 State Department Authorization hill.

Witnesses appearing before the Subcommittees included U.S. Senator Dan Quayle, of Indiana; Congressman Robert Shamansky of Ohio; Congresswoman Millicent Fenwick, of New Jersey; Assistant Secretary of State for International Organization Affairs, Elliott Abrams; James Conkling, Director, VOA; and representatives of various private media organizations and the academic community. The hearings and markup will be printed as "United States Participation in UNESCO and Press Freedom."

7. IMPLEMENTATION OF CONGRESSIONALLY MANDATED HUMAN RIGHTS POLICY: VOLUME I, PARTS 1-3

The Subcommittee met on July 14 and 30, and September 30, to review the Administration's implementation of Congressionally mandated human rights policy, as set forth in the 1961 Foreign Assistance Act, as amended, and other legislation. The central theme was the Administration's adherence to human rights directives, which require that human rights conditions be a key factor in the formulation and execution of American foreign policy, including foreign military and economic assistance.

Those who presented testimony included: Hon. Walter Stoessel, Under Secretary of State for Political Affairs; Hon. Patricia Derian, former Assistant Secretary for Human Rights; Hon. Robert Drinan, former Member of Congress; Hon. Jerry Shestack, former U.S. Representative to the U.N. Human Rights Commission; and representatives from various non-governmental organizations. The hearings will be printed as "Implementation of Congressionally Mandated Human Rights Policy: Volume I, Parts 1-3."

8. SOVIET VIOLATION OF HELSINKI FINAL ACT: INVASION OF AFGHANISTAN

On July 22, the Subcommittee met jointly with the Commission on Security and Cooperation in Europe to examine the Soviet Union's violation of the Helsinki Final Act through its invasion and continued occupation of Afghanistan.

Testifying before the Subcommittee and Commission were representatives of non-governmental organizations and a leading Afghan freedom fighter. The hearing was printed as "Soviet Violation of Helsinki Final Act: Invasion of Afghanistan."

9. CONSIDERATION AND MARKUP OF H. CON. RES. 111, H. RES. 152 AND H. RES. 193

The Subcommittee held a hearing on July 28, and markup on July 30 on three resolutions on individual violations of human rights in the Ukraine and the Soviet Union. H. Con. Res. 111 concerns the health and safety of Yuriy Shukhevych, H. Res. 152 relates to the continued imprisonment of Anatoly Shcharansky, and H. Res. 193 concerns the freedom and safety of Yuri Badzyo. Testifying was the Chairperson of the Ukrainian Human Rights Committee, and a former Ukrainian political prisoner.

The Subcommittee reported the three resolutions favorably by voice vote for full Committee action on July 30. By voice vote the full Foreign Affairs Committee ordered the resolutions favorably reported on September 17, and the House passed the three resolutions by voice vote on September 21. The hearing and markup will be published as "Human Rights: Ukraine and the Soviet Union."

10. HUMAN RIGHTS IN GUATEMALA

On July 30, the Subcommittee and the Subcommittee on Inter-American Affairs met jointly to review the Administration's decision to resume military assistance to Guatemala; in particular, the approved sale of $3.2 million in military trucks and jeeps to Guatemala.

Representatives of the Administration, academic community and non-governmental organizations presented testimony. The hearing was published as "Human Rights in Guatemala."

11. PROPOSED TRANSFER OF ARMS TO URUGUAY

The Subcommittee met jointly on September 15, with the Subcommittees on International Security and Scientific Affairs and on Inter-American Affairs to examine the Administration's proposal to transfer arms to Uruguay.

Witnesses included the Acting Assistant Secretary of State for Human Rights, Stephen Palmer, the Principal Deputy Assistant Secretary for Inter-American Affairs, Stephen Bosworth, and non-governmental representatives. The hearings will be printed as "Proposed Transfer of Arms to Uruguay."

12. ILLEGAL ACTIVITIES OF TAIWAN AGENTS IN THE UNITED STATES?

The Subcommittee met jointly with the Subcommittee on Asian and Pacific Affairs on October 6, to examine the question of illegal activities of Taiwan agents in the U.S. Testifying in open session was Mrs. Su-jen Chen, wife of a professor who died in Taiwan; Administration witnesses testified in closed session. The hearing will be published as "Illegal Activities of Taiwan Agents in the United States?"

13. IMPLEMENTATION OF CONGRESSIONALLY MANDATED HUMAN RIGHTS POLICY: VOLUME II, PARTS 4-6

The Subcommittee and the Subcommittee on Europe and the Middle East met jointly on November 5, to review implementation of human rights policy in Europe and the Middle East. On November 17, the Subcommittee met with the Subcommittee on Asian and Pacific Affairs to review Administration human rights policy in the Asian and Pacific region. In December, the Subcommittee will meet with the Subcommittee on Africa to review implementation of human rights policy in Africa. The hearings examined the manner in which the State Department's regional bureaus factor human rights legislative provisions into their daily policymaking activites.

Representatives of the State Department's respective regional bureaus and the Human Rights Bureau testified for the Administration. The hearings will be published as "Implementation of Congressionally Mandated Human Rights Policy: Volume II, Parts 4-6."

14. REVIEW OF THE 37TH SESSION AND UPCOMING 38TH SESSION OF THE UNITED NATIONS COMMISSION ON HUMAN RIGHTS

On November 16, the Subcommittee met to review the results of the 37th U.N. Human Rights Commission Session, and to examine preparations for the 38th Session, scheduled for early 1982. The hearing evaluated the effectiveness of the U.S. Delegation and of the Administration's human rights policy in the context of the U.N. Human Rights Commission.

The Chief U.S. Representative and his Deputy to the 37th Commission Session, Michael Novak and Richard Shifter, and private witnesses presented testimony. The hearing will be printed as "Review of the 37th Session and Upcoming 38th Session of the United Nations Commission on Human Rights."

15. U.S. POLICY TOWARD THE PHILIPPINES

The Subcommittee and the Subcommittee on Asian and Pacific Affairs held a joint hearing on November 18, to examine U.S. policy toward the Philippines; in particular, the status of human rights there.

Witnesses were the Deputy Assistant Secretary of State for East Asian and Pacific Affairs, Daniel O'Donohue, Benigno Aquino, former Filippino Senator, an academician and clergyman. The hearing will be printed as "U.S. Policy Toward the Philippines."

16. RELIGIOUS INTOLERANCES

In December, the Subcommittee will begin a series of hearings on religious intolerances as a violation of human rights.

AMNESTY INTERNATIONAL'S HUMAN RIGHTS REPORT

Mr. Speaker: As we commemorate International Human Rights Day, it gives me great pleasure to particularly commend Amnesty International for its outstanding work in the area of human rights. Today, Amnesty International released its annual report, calling for all governments to end human rights violations. The introduction to that report says: "Amnesty International has been dismayed by a tendency among governments to regard certain abuses as more acceptable when committed by friends than by enemies. Human Rights are indivisible." I commend to my distinguished colleagues the following news release from Amnesty International about their 1981 report.

AMNESTY INTERNATIONAL, ISSUING ANNUAL REPORT, CALLS ON GOVERNMENTS TO END HYPOCRISY ON HUMAN RIGHTS

Amnesty International, issuing a worldwide review of political imprisonment, torture and executions, called today for an end of hypocrisy by governments on the subject of human rights.

The call was made in the movement's annual report, an impartial summary of the human rights abuses it combats and of the struggle to eliminate them. The 426-page Amnesty International Report 1981 has individual entries on 117 countries, regional reviews, and analysis of trends, abuses and standards in human rights. It covers the period from May 1, 1980 to April 30, 1981.

The facts and human suffering it details range from political killings by Bolivian troops to the confinement in remote labor camps of Soviet citizens who dissent from official policies. It provided carefully checked information on mass executions in Iran, detention without trial in Zaire, the tortured bodies of suspected critics of the government found regularly in El Salvador, and other challenges to the world's conscience.

The introduction to the report stresses that governments must stop subordinating human rights to foreign policy goals. "Amnesty International has been dismayed by a tendency among governments to regard certain abuses as more acceptable when committed by friends than by enemies," it declares. "Human rights are indivisible. . . .

"The hypocrisy about human rights must be ended. To do less is to risk undermining respect for human rights everywhere," it says.

The report also emphasizes that few of the governments holding prisoners of conscience openly admit that they have violated international human rights standards—even though most have endorsed those standards. Many invoke escape clauses, arguing that they are protecting security or public order. "Some," it says, "offer their own interpretations of international standards, claiming for example that freedom of expression does not include the right to advocate communism, or alternatively, to agitate against communism."

The report points out that while it is impossible to determine whether repression is increasing, public awareness of it is clearly rising. "It is now harder for states to hide repression," it says.

The report describes the work of Amnesty International, which this year marked its 20th anniversary of mobilizing public pressure for the release of prisoners of conscience, fair and prompt trials for all political prisoners, and an end to torture and the death penalty. It has grown to more than 250,000 members and supporters in some 150 countries or territories, with national sections in 40.

On May 1, 1981 its members were working on behalf of 4,517 individual prisoners in 64 countries, either adopted by the movement as prisoners of conscience—imprisoned only for their beleifs or origins—or being investigated for possible adoption. In the previous 12 months, 894 such prisoners had been released and 1,475 new cases taken up. These were in addition to broader efforts for much larger numbers of people under threat.

Relying on its members and supporters for finance, Amnesty International spent £2,027,756 on its international program during the year and £144,306 on relief to prisoners and their families.

TRIBUTE TO ANDREI SAKHAROV

Mr. Speaker, as we commemorate International Human Rights Day, it is especially appropriate to commemorate the life and example of Dr. Andrei Sakharov. I know my Distinguished Colleagues in the Congress share my hopes and prayers for the health and well-being of Dr. Sakharov, his wife Elena Bonner, and his family. The statement of Freedom House, the well-known American human rights group, follows:

STATEMENT OF FREEDOM HOUSE ON ANDREI SAKHAROV AND HUMAN RIGHTS

As we commemorate International Human Rights Day this year, Dr. Andrei Sakharov commemorates the day in his own way, in a hospital in Gorky. The latest news is that the KGB officials have promised that Lisa Alekseyeva will be permitted to emigrate to the United States, but it is not known when. The Sakharov's son has expressed "cautious optimism" about her exit, but great concern about the peril of Dr. Sakharov and Elena Bonner.

Dr. Sakharov, the winner of the Nobel Peace Prize, scientist, and longtime human rights activist, began a hunger strike on November 22nd. This act of desperation on behalf of his daughter-in-law (Miss Lisa Alekseyeva) has once again endangered his life and the life of his wife, Elena Bonner. This time, the Sakharovs have chosen a hunger strike as a method of speaking out against the Soviet Union's outrageous violation of human rights.

Dr. Sakharov's name comes to mind whenever a dissenting voice is stifled in the Soviet Union. From 1968 until his banishment to the isolated town or Gorky in January, 1980, Andrei Sakharov's activities on behalf of Soviet citizens whose rights were violated by their government and by the Party were well known, not only in his own country, but throughout the world. In 1975 Sakharov's selfless devotion to this cause was finally recognized by the Nobel Peace Prize award.

Since the very beginning of Sakharov's public efforts on behalf of his fellow countrymen, he has been attacked, both physically and in the Soviet press—he is called "a slanderer", "an apostate", "a traitor to the Motherland", "a Zionist" (an anti-Semitic epithet in the Soviet Union), "a thief". He and his family, as well as many friends and colleagues, have been subjected to violence, arrest, threats, constant harassment. His scientific colleagues shun him. His work in physics is erased by the official writers of that country's history. He officially does not exist.

All of this culminated in his forced exile to the town of Gorky where he is cut off from friends and from the Western reporters who had helped to relay his appeals and statements.

He shares a lonely apartment, without a telephone, with his wife, guarded by a constant platoon of KGB "goons" who are there to maintain the Sakharovs' separation from the outside world and the world of Moscow. His papers are routinely ransacked. His mail is rerouted through the KGB.

Sakharov is under 24-hour surveillance. Friends are "dissuaded" by the secret police when they attempt to make the trip from Moscow to Gorky. Yet, Sakharov continued to speak out, in his firmly optimistic voice—but this week it has been silenced. He had been asking that the world hear him this time for a personal reason: his step-son's fiancee is being held as a hostage to prevent his activities in Gorky. Liza Alekseyeva is married (by proxy) to Aleksei Semyonov, yet she cannot join her husband in Boston, Massachusetts. All efforts to secure an exit visa for her have failed and the harassments of the Sakharovs and of Liza Alekseyeva continued, until Andrei Sakharov was driven to a last desperate act. On November 22nd, the Sakharovs took the extreme measure of going on hunger strike, to end only when the Soviet Government grants Liza Alekseyeva permission to leave her country and join her husband in the United States. That is all Sakharov is asking.

On the thirteenth day of their hunger strike, the Sakharovs were taken from their apartment without their consent by the KGB. Their exact location and condition are not known, and there has been no comment by Kremlin officials in Moscow. The very actions that have been taken against them are a violation of the Helsinki Accords. These violations of their rights are also forbidden, in principle, by the Universal Declaration of Human Rights.

As free people, and as signatories of the Helsinki Accords, we must condemn such outrageous actions taken against this man for whom the world has such high regard. His fate is a determining factor for the future of human rights throughout the world.

[From Freedom Appeals, No. 11, September-October 1981]

I am convinced that my exile is harmful to the authority of the USSR, to international scientific and technological cooperation, and adds to international tensions. Consequently, it is directly detrimental to the interests of the USSR and the people of our country. It seems that my exile is needed only by certain groups within the Party-state, the KGB, and the Ministry of Foreign Affairs' top echelon, who strive for further repressions against the dissidents.—From an interview with Dr. Sakharov by Agence France-Presse (AFP) on June 1, 1981. Translated for Freedom Appeals magazine by Ludmilla Thorne.

Note.—Freedom Appeals magazine is provided by the Center for Appeals for Freedom of Freedom House, Inc.

RELIGIOUS PERSECUTION AS A VIOLATION OF HUMAN RIGHTS

Mr. Speaker: The problem of religious intolerance and religious persecution is of special interest to me. The Subcommittee on Human Rights and International Organizations begins a series of hearings this month on this issue, during which time we will investigate the persecution of various religious around the world.

The following statement from the Naturei Karta (Guardians of the Holy City) describes the special problems of the Orthodox Jews in Israel:

STATEMENT FOR INTERNATIONAL HUMAN RIGHTS DAY, DECEMBER 10, 1981

It is with deep sadness, that we must turn to members of the United States Congress and beg that they intervene on behalf of orthodox Jews in Jerusalem.

We consider self-expression and peaceful protest to be inalienable rights of members of a free society. The United States government upholds the right of even such abominable organizations as the Ku Klux Klan and the Nazis to demonstrate as long as they do so peacefully. Why is it illegal for Jews in Jerusalem to shout "Shabbos!" be-

cause all their deepest religious feelings are offended by the open desecration of the Sabbath in the holiest of cities. For this simple right that we take for granted, they are beaten, jailed and vilified. Their basic rights to food, water and sanitary facilities are denied them while under detention. Peaceful demonstrations are broken up by police who unmercifully beat up young children and old women merely for shouting the one word "Shabbos!" at the passing of a vehicle.

During the entire past year, these defenseless people have been literally terrorized by the lawless police forces in charge of security for the Holy Land.

Who can forget the Sabbath of March 7, 1981 when hundreds of Israeli police and border forces attacked the Synagogue and Yeshiva Toldos Aharon in Meah Shearim. Dozens of men and children were hospitalized and many more jailed for weeks without recourse to bail, a standard procedure in Israel when dealing with anti-zionist Jews of orthodox beliefs.

Newspaper accounts describing these events prove the havoc wrought in the Yeshiva and Synagogue were caused by the police. Their descriptions are tame compared to the observations of bystanders. The accounts do not tally with the official statement that the "police acted within the law." It is but a small fraction of actions outside of the law committed that night.

Even the Jerusalem Post, an Israeli government subsidized mouthpiece had this to say about the raid: "If Saturday night's police raid on the Toldot Aharon Yeshiva in Mea She'arim had occured anywhere else in the world, the cry of outrage from Jerusalem would have been prodigious. Tear gas fired into a synagogue filled with hundreds of worshippers and children in the midst of Sabbath prayers is a scene that evokes memories best left unevoked."

During the entire summer of 1981, orthodox Jews sought to pray as a peaceful protest against the desecration of gravesites around Jerusalem.

The dead, as the Talmud tells us (Yevomos 63b), suffer when their remains are disturbed. It makes no difference whether their flesh, their blood, their bones, or their dust is disturbed; any disturbance of the dead is anguish for them.

The entire world respects the final resting places of all those who lie therein. Laws have been introduced in many countries, severely punishing those who would want to disturb or desecrate any cemetery.

For this reason, Jews in the Holy City united to protest the desecration by the present regime of the graves of their forefathers.

The scenes that were shown on national television networks in the United States on August 24 and September 1, vividly displayed the cruelty of the Israeli police and soldiers to anyone who happens to look Jewish. Dozens of elderly men and small children were hospitalized and many more jailed by a regime bent on stifling all peaceful protest to their sacrilegious state.

These shocking films, daily news reports, and countless telephone calls from Jerusalem begging for help aroused American Jewry. Well over 3,000 delegates of American Jewish communities led by hundreds of rabbis staged a demonstration and peaceful march on Capitol Hill December 9th, requesting that the U.S. Congress come to the immediate aid of the persecuted Orthodox Jews in Jerusalem. Tens of thousands of Orthodox Jews protested Israel's violation of basic human rights in New York City during Prime Minister Begin's visit to New York in early September.

We must protest the abhorrent liberty allowed Israeli police to maim men, women, and children, young and old indiscriminately in an attempt to halt demonstrations by the living to protest the desecration of the dead. The bloodshed of Jews by Israeli policemen is unpardonable.

And now, even months after the demonstrations were so ruthlessly stopped, orthodox Jews are still being taken to court on presumptuous charges, with months of jail terms plus heavy fines constantly placed before them.

Rabbi Uri Blau, the venerable leader of the Naturei Karta in Jerusalem was physically attacked on more than one occasion, and was arrested. He was placed in a jail cell with six beds and nine criminals without ventilation. Then he was banned from a 25 mile radius of Jerusalem wherein he was born and has never left. He is now being tried for obstructing the desecration of a cemetery.

The Israeli Justice System is now threatening Rabbi Blau with a long prison term, and have warned him against participating in further protests, otherwise he will be confined even longer to a jail cell.

The latest actions leave no doubt as to their intentions: to stifle the cries of the defenseless Jews who have never recognized Israeli sovereignty over the Holy City.

Let the American government demand of the Israeli government that it stop persecuting Jews in Jersualem for their beliefs. There is no justification for the systematic beating and jailing of these people.

We request that the American government make an independent inquiry into the abrogation of the civil and religious liberties of orthodox Jews residing in the Holy Land.

Respectfully yours,

YOSEF BECHER,
(For Naturei Karta).

Mr. Speaker, at this point I would like to yield to the gentleman from Iowa (Mr. LEACH), the ranking minority member of the Subcommittee on Human Rights and International Organizations, and note at the outset that he has been a champion of human rights on the committee. He has represented full bipartisan support of our efforts this past year, and has taken the leadership in a number of areas which has distinguished his own work in the human rights field. It has been a pleasure to work with JIM LEACH, and at this time I yield to the gentleman, the ranking minority member of the subcommittee.

Mr. LEACH of Iowa. Mr. Speaker, I thank the gentleman for his comments and certainly would reciprocate them in far stronger measure. It has been an honor to work with the gentleman from Washington. I would like to associate myself with the remarks.

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I would only stress two things: First, today the administration of the President of the United States swore into the office the new Assistant Secretary for Human Rights, Mr. Elliott Abrams. He is a fine and thoughtful choice. They swore him in with a new demarche, intent, and purpose, as enunciated in the President's speech last Friday on human rights.

Many of us were concerned with some of the initial directions on human rights policy in this administration, but I for one would like to congratulate the President and the State Department for reassessing their original thrust and coming back in a substantially more balanced way.

● Mr. GILMAN. Mr. Speaker, I wish to take this opportunity to thank my colleague, the gentleman from the State of Washington (Mr. BONKER) for his leadership in human rights and for holding this special order today to commemorate International Human Rights Day. As the chairman of the Subcommittee on Human Rights and International Organizations, Congressman BONKER has worked tirelessly to remind us all that every day is human rights day for those around the world who have lost their rights. Even more importantly, for those of us who enjoy the fruits of liberty, he has reminded us that every day must be human rights day if we are to protect those rights.

For the past few months, I have had the privilege of serving as a congressional representative on the U.S. delegation to the United Nations General Assembly. It is, therefore, a special pleasure for me to join in this effort commemorating the 34th anniversary of the adoption by the United Nations of the Universal Declaration of Human Rights on December 10.

Respect for human rights is one of the foundations of our Nation and serves as the guiding principle in our relationships with other nations. On this special occasion, let us reflect on the special obligation that those of us who live in freedom have to our fellow men who are not so fortunate. In this regard, respect for human rights is both a national and an individual responsibility.

Human rights as a national policy does not end or begin with one party or one administration. Instead it is the very foundation upon which our Nation was built and continues to grow. In contrast to the Soviet's perception of human rights as being "a propaganda vehicle of the West" (as stated by their chief justice), President Reagan recently noted:

> The promotion of liberty has always been a central element of our Nation's foreign policy. In my administration, human rights considerations are important in all aspects of our foreign policy. We will speak up against the enemies of freedom, and we will try to help its friends. We will encourage those who seek freedom, not least by telling the simple truth about their efforts and the efforts of those who seek to oppress them.

In addition to the efforts of international organizations and individual nations, an equally important element in the worldwide struggle for human

rights is the work of independent voluntary organizations. One such organization, Freedom House, has spent more than 40 years on their self-appointed mission to promote the defense and development of civil and political liberties.

In honor of this special day, Freedom House has prepared a special message to the American Government and the people on the important role that we as a Nation play in the struggle for freedom around the world. This highly regarded organization seeks to remind us that as the United States is recognized the world over as the leader in the struggle to advance human rights. They pointedly reminded us that with this role comes a special obligation:

To defend America is to defend inalienable human rights, not just the rights of Americans; it is in our national interest to speak and act, insofar as possible, in the world in a manner calculated to convince all peoples that this is the primary significance of our continued existence as a nation.

As we pause to reflect on the significance of this important Human Rights Day, I urge my colleagues to read the text of the following thought provoking statement:

STATEMENT OF FREEDOM HOUSE ON INTERNATIONAL HUMAN RIGHTS DAY

HUMAN RIGHTS IN U.S. FOREIGN POLICY

American foreign policy both expresses fundamental American values and serves American national interests. In supporting the maintenance and expansion of human rights our foreign policy serves both of these functions. To defend America is to defend inalienable human rights, not just the rights of Americans; it is in our national interest to speak and act, insofar as possible, in the world in a manner calculated to convince all peoples that this is the primary significance of our continued existence as a nation. Beside this goal the pursuit of most limited goals in the defense of more parochial national interests pales in significance.

To stand for the rights of peoples is to speak out against their flagrant denials wherever they occur. But as important as this symbolic expression of our commitments is, it is more important to develop policies in defense, communication, trade, foreign aid, and other facets of foreign policy that constructively promote or defend the development of democratic and independent judicial institutions. The most significant and tragic denials of human rights do not occur sporadically out of the sinfulness of human nature. Such denials are patterned and predictable expressions of institutionalized systems of repression—social, economic, or governmental. The fundamental goal of American policy must be to work against the expansion of such systems, whether authoritarian or totalitarian, and where appropriate and feasible to work in concert with other nations and international opinion for their transformation.

We have learned through recent misadventures the pitfalls that lie in the way of pursuing any human rights policy—indeed, any foreign or defense policy. But we cannot opt out. We must learn from our mistakes. This is a long and difficult road, but if we pass it by, we will all lose our way.●

● Mr. HARKIN. Mr. Speaker, as we commemorate international human rights, it gives me particular pleasure to commemorate the work of the Latin American Human Rights Association. The Latin American Human Rights Association was created in August of 1980 to bring together Latin American political leaders and human rights advocates for the cause of supporting democracy and human rights in the Southern Hemisphere. The honorary presidents of the Latin American Human Rights Association are Jaime Roldos, former President of Ecuador (deceased) and Hernan Siles Suazo, the President-elect of Bolivia who was prohibited from taking office by the military coup of 1980. The board of directors includes Carlos Andres Perez, former President of Venezuela (who is president of the board), Dom Helder Camara, the Bishop of Recife Brazil and outstanding human rights leader; Daniel Oduber, the former President of Costa Rica; Father Ernesto Cardenal, the Minister of Culture of Nicaragua; and Jaime Paz Zamora, Vice President-elect of Bolivia.

In their statement commemorating International Human Rights Day, the Latin American Human Rights Association expressed both hope and sorrow—sorrow for the many governments in Latin America which consistently violate human rights, but hope because of the fine people and organizations in Latin America and around the world who work to advance the cause of human rights.

Their statement follows:

STATEMENT FOR INTERNATIONAL HUMAN RIGHTS DAY BY THE LATIN AMERICAN HUMAN RIGHTS ASSOCIATION

The commemoration of a new anniversary of the Universal Declaration of Human Rights is received in Latin America with sorrow and hope. Thirty four years after the nations of the world agreed on these inviolable principles, Latin America still has more repressive governments than governments that express the will of their principles and thus respect the rights of its citizens.

International organizations such as the U.N. Human Rights Commission and Committee, and the O.A.S. Inter-American Commission on Human Rights have denounced Human Rights violations in many countries of the hemisphere. According to their reports some governments engage in a consistent pattern of gross violations of internationally recognized human rights. Such violations are not an accident, but a policy in many of these Latin American dictatorships.

The genocide conducted by former dictator Anastasio Somoza in Nicaragua, the massacres currently taking place in Guatemala and El Salvador, the totalitarian structure of government in Uruguay, the twenty thousand "disappeared" in Argentina, and the constant interruption of Bolivia's attempt to restore a demoncratic process are some signs of the sorrow and pain under which people in our region commemorate this anniversary.

But the emergence of a human rights concern around the world has brought a message of hope to the suffering peoples of Latin America. The U.N. Human Rights Commission has been more involved in Latin American issues than it has ever been before. The U.N. Committee that monitors the covenants on civil and political rights has provided the victims of human rights violations with an international forum through which to be heard. The O.A.S. Inter-American Commission on Human Rights has filed more than seven thousand cases in recent years. Also, the IACHR has prepared among others, reports for the General Assembly describing the situations in Uruguay, Paraguay, Chile, Argentina, El Salvador and most recently Guatemala and Bolivia.

Non-governmental organizations have also played a key role in defending and promoting human rights on an international level. Amnesty International (AI) has made, in this regard, an outstanding contribution. With serious and responsible research work, AI has gained a recognized credibility that can not be ignored, even by the most repressive regimes. The International Federation of Human Rights, the International Commission of Jurists and the Red Cross have also made significant contributions to the defense of human rights.

Regional organizations, such as the Latin American Human Rights Association that we represent in Washington, have brought together people, organizations and leaders from all over the continent to coordinate activities, organize around the human rights issue, establish priorities and strategies, as well as exchange experiences.

We must not fail to underline the fundamental contribution made by American organizations. Organizations, such as WOLA, COHA, ADA and others, show us the importance of the work that can be done from the U.S. for those areas of the world where the basic rights of the people are not respected.

But the most courageous and outstanding struggle to enforce respect for human rights has been fought by the local organizations that work within the countries that live under a total lack of freedom and liberty. Often, their leaders have paid with their lives.

In Bolivia, Chile, El Salvador, Paraguay, Haiti, Argentina, and all over the hemisphere, church, union and lawyer organizations have been established according to the needs and conditions of each specific country. These human rights organizations provide comfort, assistance, legal aid and humanitarian help to the victims and families of human rights violations. The emergence of all these organizations and the strengthening of the international mechanisms, have brought hope and faith to the peoples of Latin America.

Thirty-four years after the Universal Declaration we are assured that the international community has accepted the values recognized in the declaration, and has created the structures and procedures to implement those principles. The right to participate in the government, the right to elect officials, freedom of assembly, freedom of the press, and freedom of association are human rights as basic as the rights of physical integrity and freedom from arbitrary arrest. Only when the people of Latin America become masters of their own destiny will torture, summary executions and illegal deten-

tions end. Only a democratic government will insure the respect for human rights.

This is why we will continue our work to defend human rights by promoting democratic processes in Latin America. We trust that the violations of the human rights of the Latin American people will come to an end by constructing democratic alternatives. We also trust that the American people will react against any attempt on the part of their own Government to interrupt or intervene in any of these processes.

Finally, we would like to commemorate the International Human Rights Day by honoring all those prominent Latin Americans that have given the best of themselves for the cause of human rights. To those who died in their struggle, such as Monsignor Oscar Arnulfo Romero of El Salvador, Father Luis Espinal of Bolivia, Orlando Letelier from Chile, Hector Guiterrez Ruiz from Uruguay, and all the other anonymous freedom fighters. To Nobel Peace Prize winner Adolfo Perez Esquivel of Argentina and all those who continue to work for the promotion of human rights. To the democratic leadership and to the people of Latin America that will finally restore democracy, freedom, and peace in the land of Simon Bolivar, Jose Artigas and San Martin.●

● Mr. STUDDS. Mr. Speaker, on this anniversary of the adoption of the Universal Declaration of Human Rights, I would like to submit for my colleagues a statement from the Lawyers Committee for International Human Rights, summarizing our progress and highlighting the work that remains to be done.

STATEMENT OF DAVID KRAMER, LAWYERS COMMITTEE FOR INTERNATIONAL HUMAN RIGHTS

December 10, 1981 marks the 33rd anniversary of the adoption of the universal declaration of human rights. This anniversary symbolizes both the progress that has been made and the development of truly international human rights movement and the work that remains undone. Since 1948, the U.S. and its western allies have contributed significantly to the development of international human rights laws and institutions. As we look to the future it is increasingly important that the United States and its allies continue to serve in this leadership capacity.

As we celebrate Human Rights Day, there are constant reminders that human rights are being violated throughout the world.

In the Soviet Union, Dr. Andrei Sakharov, one of the foremost champions of human rights in the world, has since 1980, been banished to Gorki where his freedom of movement and expression has been severely restricted. He is currently hospitalized as a result of a fast carried out by him and his wife. They were protesting the Soviet Government's violation of their daughter-in-law's right to leave the country. Dr. Sakharov's courageous stance has apparently caused Soviet authorities to yield and promise that an exit visa will be issued. It is hoped that every possible effort will be made by the United States and others in the international community to assure that Dr. Sakharov is allowed to regain his health and, equally important, that the Soviet government respect his rights of freedom of movement and expression.

In Latin America, Africa, and Asia, human rights abuses remain wide spread. It is important that the United States work aggressively to promote adherence to international human rights standards and to do so in an even handed manner. Finally, the United States must also indicate its commitment to universal human rights by its own actions: ratification of the Convention on the Prevention and Punishment of the Crime of Genocide would be a significant step in this direction.●

● Mr. GARCIA. Mr. Speaker, I am pleased to join my colleagues in commemorating International Human Rights Day—the 33d anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations.

This past October, I addressed members of the North Atlantic Assembly in Munich, West Germany, on the Reagan administration's human rights policy in Latin America. In my speech, I talked about the Reagan administration's policy of turning a blind eye toward regimes that commit human rights violations. The administration has tried to justify this attitude by drawing distinctions between authoritarian and totalitarian regimes. I believe this is specious reasoning. I agree with V. S. Naipul who said, "jargon turns living issues into abstractions." We cannot allow this kind of reasoning to prevail.

The Council on Hemispheric Affairs, a Washington based research and media organization, has kept a constant watch on the Reagan administration's human rights policy in Latin America. The council has done its best to urge the administration to adopt a human rights policy which would prevent the ushering in of a new "Dark Age" for human rights. I would like to submit a statement made by COHA for the RECORD on the administration's human rights policy.

Their statement follows:

STATEMENT OF COUNCIL ON HEMISPHERIC AFFAIRS

While White House officials periodically toast in a pro-forma exercise our nation's professed commitment to human rights, they are reasserting a policy of systematically applying security-oriented solutions to political, economic and social problems in the hemisphere—an approach that has been the basic cause for regional instability and the lack of democratic reforms. The Carter administration, notwithstanding the inconsistency of its own performance in human rights, did succeed in instituting a new understanding that even traditionally friendly governments would be accountable for the manner in which they treated their own citizens. During the Carter era, officially conducted terrorism was no longer dismissed as an unfortunate by-product of the unceasing war against Communism, particularly of the Cuban variety.

Today, the failings of certain military governments are once again being excused, overlooked, and even distorted, in a manner that markedly differs from post-World War II Republican administrations and certainly from Democratic presidencies, especially the ideals of Kennedy's Alliance for Progress.

Despite such gestures as "Human Rights Day," the administration's actions speak louder than its words, and its policies have served to generate an alarming increase in human rights abuses in the hemisphere in the past year. Several days after UN Ambassador Jeane Kirkpatrick's August visit to Chile to explain the administration's new Realpolitik perspective, four leading human rights advocates were deported from the country. Scores more have been arrested, expelled from the country or banished to internal exile. More remarkable was Kirkpatrick's assurance that the ignored appeals made by Washington for the extradition of the killers of Orlando Letelier and Ronnie Moffit would not longer be an impediment to the full normalization of U.S.-Chile relations.

EXCESSES OF ARGENTINA, GUATEMALA, EL SALVADOR IGNORED

Reacting to the enormity of state terror perpetrated by the Argentine military from 1976 to the present, human rights activists in that country have become more vocal in their demands for answers to the fate of 15,000 "disaparecidos" and the 1,000 political prisoners still in jail, while the Reagan administration feverishly and successfully lobbying for a resumption of U.S. military aid by Congress. The intensifying crisis of the Argentine economy under military guidance has provoked heightened clamor for a return to civilian rule, yet U.S. military support can only increase the generals' reticence to stepping down, and worse, tempt them to crack down harder on dissidents.

Although Secretary of State Haig expresses righteous dismay at the periodic closing of La Prensa by the Sandinistas in Nicaragua, he remains mute about the slaughter of more than 30 journalists since 1979 in Guatemala, the murder of a comparable number of newspaper reporters in El Salvador, and the more than 100 journalists murdered or disappeared in Argentina. While the Secretary blames Cuba for fomenting terrorism in Central America, he fails to explain how Cuba is related to the physical annihilation of the Christian and Social Democratic parties by rightwing Guatemalan death squads, or the assassination of 100 university professors of Guatemala's San Carlos University, or the devastation of entire Indian villages in that country's western highlands by security forces. Instead, he dispatches his senior adviser, Gen. Vernon Walters, to assure the Guatemalan military that help is on the way. Politically motivated killings in Guatemala have ballooned to nearly 11,000 in 1981, according to a recent estimate of the New York Times, compared to 3,500 in 1980.

In El Salvador, seemingly every State Department assertion of an increase in control by the Duarte government over the military is followed by reports of new and more outrageous atrocities—forays into Honduran refugee camps by Salvadoran security forces, massacres of fleeing civilians at river crossings by the military with the aid of U.S.-supplied helicopters, mass executions of unarmed teenagers in the streets of San Salvador by the Treasury Police. The reaction of the Reagan administration to the

policies of such extremist regimes is not to place the blame where it lays, with the military hierarchies and their rightwing ancillaries, but rather to discredit the source of the reporting of these atrocities as "leftwing propagandists," a charge that must encompass the bulk of the international press corps. In contrast to Washington's position, nearly every non-State Department organization monitoring the events in El Salvador and Guatemala have reported an increase in human rights violations in the past year, a direct result of Washington's indifference to the excesses.

REASSESSMENT OF CARTER GAINS IN ORDER

Administration spokespersons reasonably ask what gains were made for U.S. foreign policy objectives in Latin America by the Carter approach to human rights. But the answers cannot be quantified by how many countries were "won" or "lost," a tally they persist in using. The U.S.'s renewed commitment to human rights under Carter in Latin America, where countries periodically have suffered from decades of U.S.-encouraged militarization, was essentially based on the notion that this country was determined no longer to subsidize regimes that pull out the fingernails of their citizens. But today, human rights play no role in U.S. relations in the region, except inasmuch as they can be parlayed into a weapon against perceived enemies.

The immediate situation in Central America and elsewhere in the hemisphere begs the question: how much carnage is too much for the U.S. to tolerate on the part of those regimes which it supports? How many atrocities are too many for the U.S. to forgive and forget? Does a threshold exist beyond which our patience is exhausted and the admission is made that a government, as with Guatemala and El Salvador, is irredeemable? A country-by-country review of the hemisphere has yet to show a single instance where the human rights record of a country has improved as a direct product of the Reagan policies.

CELEBRATION MARKS DECLINE IN HUMAN RIGHTS

December 10th marks the anniversary of the UN's Declaration on Human Rights. The Reagan administration is formally celebrating this occasion. But its effective dismantling of this nation's human rights policy fulfills the prophesies of career Foreign Service officers made during the Carter administration, that human rights was just a fad that would fade when a Republican came into office. No one, however, could have foreseen the extreme measures that would be taken, nor the extent to which they would repudiate what existed.

A strong human rights policy represents the fundamental principle upon which this country was founded. Not only in the Bill of Rights, but in speeches by Washington, Hamilton and Jefferson and other founding fathers, the theme of human rights is repeatedly advanced as one of the reasons why this nation sought independence. Human rights is Americanism to the marrow, but the current administration's policies in turning its back on this vital spirit has allied the U.S. with some of the most notorious regimes in the modern history of the region. In exchange for a strong human rights commitment, the administration has substituted meaningless distinctions between "quiet diplomacy" and "intervening in the internal affairs of friendly countries," and between authoritarian and totalitarian regimes. It claims that its policy has worked, but is unable to point to a single country where substantial improvement has occurred under its aegis. What improvements have arisen can be attributed to the policies of the Carter administration, the products of which have been usurped by its successor.

By the standards of human rights, the U.S. has been led into a new Dark Age by an insensitive and extremist leadership in Washington that takes no account of the frightening toll in human misery occurring throughout Latin America that can be linked to its policies. During the presidential campaign Reagan seared Carter for his double standard in human rights. But how to describe his own policies as anything other than a heightening of this standard, when the administration noisily condemns Nicaragua for its unfair jailing of four business leaders for short terms and totally ignores the thousands of political prisoners and victims in Argentina, Chile, Uruguay, Guatemala, El Salvador, Paraguay and Bolivia.●

● Mr. FRANK. Mr. Speaker, I am pleased to join my colleagues in the House of Representatives in commemorating International Human Rights Day, the 33d anniversary of the adoption of the Universal Declaration on Human Rights. I would like to commend the work of human rights groups in this country and around the world who have worked tirelessly to further the cause of human rights. The Church Coalition for Human Rights in the Philippines has collected and distributed information about continued violations of human rights under the Marcos regime, which are a troubling note on this Human Rights Day. Their statement follows:

HUMAN RIGHTS DAY AND THE HUMAN RIGHTS SITUATION IN THE PHILIPPINES BY DR. DANTE C. SIMBULAN, EXECUTIVE DIRECTOR, CHURCH COALITION FOR HUMAN RIGHTS IN THE PHILIPPINES

Today, while we join people all over the world in celebrating the proclamation of the Universal Declaration of Human Rights, the Filipino people are culminating a nationwide protest campaign against the absence and continued denial of those basic rights in the form of public hearings and a national assembly of the victims of militarization and the Marcos dictatorship, the survivors, their relatives and friends.

Indeed, in matters of human rights, the Filipino people have very little, if any, to celebrate under the Marcos dictatorship.

Yet, ironically, the Philippine government is signatory to both the Universal Declaration of Human Rights and the International Covenant on Political and Civil Rights and had likewise ratified the U.N. Covenant on Economic, Social and Cultural Rights. It has also incorporated in the Philippine Constitution these basic rights such as the right to due process, the right to be secure against unreasonable searches and seizures, the right to freedom of speech and of the press and a prohibition against ex post facto laws and bills of attainder, etc.

It is public knowledge, however, that since the imposition of Martial law in September 1972, and even after its so-called "lifting" in January this year, the Marcos regime has continuously violated its international human rights commitments as well as the human rights provisions of the Philippine Constitution. Like other dictatorships elsewhere, the Marcos regime has given the overused excuse that "restrictions may be placed on the exercise of rights [of citizens] in the interest of national security or public safety or public order."

Mr. Marcos has also seen to it that before he "lifted" Martial Law, all his Martial Law powers were kept intact. He had the Constitution changed and made provisions that "all proclamations, orders, decrees, instructions, and acts promulgated, issued, or done by the incumbent President shall be part of the law of the land, and shall remain valid, legal, binding, and effective even after the lifting of Martial Law . . ." (Art. XVII, Sec. 3, para 2 of the Marcos Constitution.)

And so, today, even after the "lifting" of Martial Law and the "elections" proclaimed as evidence of Marcos' adherence to democratic practices and democratic processes by his friends in the U.S. government, we are still swamped by documented accounts of gross violations of internationally recognized human rights, such as:

Arbitrary arrests and denial of due process;

Systematic and severe torture, including cruel, inhuman and degrading treatment during the interrogation process;

Indefinite detention without being informed of the charges and without trial for many years;

Curtailment of press freedom;

Mass arrests, "salvaging" (disappearances), and massacres of innocent civilians in rural Philippines.

It is, therefore, clear from the accounts like the above which we receive from the Philippines that there is still no genuine rule of law under the Marcos government—in spite of optimism and reports of "improvements" from the State Department—but only the unchecked power of Mr. Marcos and the military he commands.

We, therefore, call on everyone to support the legitimate struggle of the Filipino people to win back their democratic rights and freedom which, for so long, had been denied them.●

● Mr. FISH. Mr. Speaker, today we assemble to commemorate the 33d anniversary of the Universal Declaration of Human Rights, unanimously adopted by the General Assembly of the United Nations December 10, 1948. By defining—for the first time—basic human rights, this document set forth "a common standard of achievement for all peoples and all nations."

The concept of human rights can be traced to Greek city-states thousands of years ago where civil and political rights of the individual took root. It was later expounded upon by Locke and Rousseau to include freedom of conscience and right of dissent as inalienable rights to which all individuals are born.

Beginning with American Presidents protesting czarist oppression of Jews in 19th century Russia, the United States has taken the lead in emphasizing obligations to protect and promote basic human rights.

Condemning the Armenian massacre under the Ottoman Empire, Woodrow Wilson declared "The world must be made safe for democracy." President Franklin Delano Roosevelt elaborated

on the scope of human rights by including freedom of economic and social rights, freedom of speech, expression and worship, and freedom from fear. President Truman's belief that a common respect for basic human rights is a requisite for peace, led to U.S. support of a worldwide structure—the United Nations—to promote universal rights.

Unfortunately, the basic human rights we tend to take for granted in this country, are abused daily in the Soviet Union, Eastern Europe, and in Latin America, where injustice and suffering are never ending: human rights commitments, in varying degrees, have been delinquent.

I have consistently spoken out in opposition to repressive policies which deny human rights to individuals throughout the world. Our task in implementing the Universal Declaration of Human Rights is far from complete. Free men everywhere must agree that there are fewer goals which merit our greater effort. We cannot falter in the path toward equality, freedom, and basic rights for every person.

I am particularly concerned over the recent activities of Soviet authorities in reducing exit permits for Soviet Jews, while increasing the pressures of harassment and persecution which drive individuals to seek escape. The treatment of Jews in the Soviet Union epitomizes why we must continue our work to promote the Universal Declaration of Human Rights.

I would like to share with my colleagues a statement from the Center for Russian Jewry in New York regarding the current situation in the Soviet Union. I reprint this statement with the reminder that the Soviet Union is a signatory to the Universal Declaration of Human Rights.

THE UNPRECEDENTED CRISIS OF THE SOVIET JEWISH FREEDOM MOVEMENT

The Jewish freedom movement in the U.S.S.R. is undergoing its most serious crisis since the widespread arrests and trials of 1970–71. The Soviet authorities are mounting a triple assault—

1. Exit permits have dropped to less than 100 families per month and are still declining. The emigration rate is 10 percent of that of 1979.

2. Ceaseless harassment, arrests and trials have become an almost daily occurrence at this time.

3. Unparalleled assaults on Jewish self-study groups in the major urban areas.

The arrest of the distinguished scientist Dr. Victor Brailovsky in November 1980, immediately after the opening of the Madrid review conference on the Helsinki Agreement, set the stage for an unprecedented drive to disintegrate the unofficial Jewish scientific and cultural seminars in the USSR. Brailovsky had been both the leader of the most important of the scientific seminars and chief editor of the unofficial cultural journal, Jews in the U.S.S.R.

In recent weeks, at least two dozen Jewish cultural activists have had their homes raided, been interrogated, arrested and brought to trial by the KGB in Moscow, Leningrad, Kiev, Odessa, Vilnius, Kharkov, Kishinev and Sverdlovsk.

After the July 1981 trial of Evgeny Lein in Leningrad, a new phase opened with the raids on the homes of Roald Zelichonok, also of Leningrad, and the long-suffering Eitan Finkelstein in Vilnius, followed by their interrogations, stated to be connected with the prosecution of Lev Shefer and Vladimir Yelchin of Sverdlovsk.

On October 12th, 95 Moscow unofficial Hebrew teachers and their students courageously appeared at the Supreme Soviet to present a letter complaining about their systematic persecution. Four days later, KGB and policemen burst into the homes of leading Jewish culturalists Pavel Abramovich, Natasha Khassina and Yuli Kosharovsky, confiscating sackfuls of printed materials, books, typewriters, tape records and even radios. In the words of a witness, "they took every scrap of paper with a Hebrew letter on it, and everything that mentioned the word 'Jew' was immediately regarded as evidence", even Khassina's Jewish wedding certificate and her daughter's schoolbooks.

On October 21st and 22nd, Sverdlovsky KGB investigator Filatov interrogated Abramovich, Khassina and Kosharovsky at the Moscow prosecutor's office. He called them "fascist thugs", and it appears that he is preparing a case against them as "Zionist spies engaged in anti-Soviet activity".

One of Russia's most experienced Jewish activists summed up the problem: "The situation is critical . . . They want to blow this thing up to a major trial, not in Moscow, where the Western press is concentrated, but in a provincial city where protests could be muted. I have the feeling that they would like to put Pavel, Yuli and Natasha away, and they found somebody [Filatov] who would do it for them."

Immediate protest action targeted at Ambassador Anatoly Dobrynin in Washington, at the Soviet leadership in Moscow, at the Helsinki Agreement review conference in Madrid and at the U.N. Human Rights Commission meeting in Geneva is called for to halt this most dangerous Kremlin move to destroy the Jewish cultural movement in the U.S.S.R.●

● Mr. HARKIN. Mr. Speaker, today Elliott Abrams was sworn in as Assistant Secretary of State for Human Rights. Finally, after 11 months, we have a person in that office charged with carrying out the moral purposes of U.S. foreign policy. While we will not always agree with him, we must also say that he is light years ahead in his understanding of human rights than was Ernest Lefevre or most of the people considered for this office.

I think it is therefore appropriate that we lay out an agenda for Mr. Abrams. I have such an agenda. It has nine points.

But first, I think we should reflect back on the history of the human rights movement. When the world was larger—when transportation and communication were much slower—we did not pay that much attention to what happened to other people in other parts of the globe.

So an old legal tradition grew up: The individual was not an apt subject of international law. What a nation did with its own individual citizens was its own business, an internal affair. It was of no legitimate concern to other nations.

But as so often happens, time gives way to events. When we say one of the most advanced countries in the world descend into barbarism—and saw the resultant holocaust—our ideas changed.

Out of the ashes of that holocaust, we decided—in the U.N. Declaration of Human Rights in 1948—that the concept that the individual was not an apt subject for international law—was an old concept, which we could no longer harbor.

We recognized that when a government of a country persecutes, tortures, and puts to death its own citizens, the citizens of that country have to turn for help outside their own border.

But the Declaration on Human Rights was just that—a declaration, it had no binding effect.

To put this nonbinding declaration into effect, the United Nations decided they would provide three convenants: The Covenant on the Prevention and Punishment of the Crime of Genocide; the Covenant on Political and Civil Rights; the Covenants in Social, Cultural and Economic Rights.

By 1949, the Genocide Convention became part of the U.N. Treaty. It was not, however, taken up by the U.S. Senate until 1974 and it was defeated twice by filibuster. The other covenants which were completed in 1966 were not sent to the Senate until 1978 by President Carter. They are still languishing in the Senate.

So here we are, the United States says we are in favor of human rights, yet we are unwilling to bind ourselves in treaty form with other countries to see that even the most basic human rights are observed. Wherever I go in the world and talk with government leaders about human rights, they always bring that up to me.

Nonetheless, the declaration and those three covenants represent real progress—an affirmation that what happens in other countries at the hands of the government is a legitimate concern and a cause for action by other governments of the world.

In 1975 we took another step. I introduced legislation—now know as the Harkin amendment—which prohibits economic aid to governments engaged in a consistent pattern of gross violations of the basic human rights of their citizens. That is section 116 of the Foreign Assistance Act.

It was the first time we—as a nation—were willing to put our concern for human rights into operative law. And we did it with the support of the Democratic Congress which approved it and the Republican President who signed it.

Since then, it has been renewed and extended. Similar language now covers

military aid and sales, the way U.S. votes in the multilateral development banks and the dispensing of OPIC insurance and Public Law 480 food for peace loans.

When Jimmy Carter took office, he embraced human rights as his own. Human rights had a shaky start in the Carter administration. There was great bureaucratic resistance. The policy was often faltering and inconsistent. The Carter administration stood silent as tens, if not hundreds of thousands, of people were killed by the Indonesian Army in East Timor.

But the policy was gradually implemented. Human rights concerns—the plight of political prisoners, torture, disappearances, killings—became regular subjects for bilateral discussion between the United States and foreign governments. The racial war in Rhodesia was resolved and the new nation of Zimbawe emerged. Nigeria, Peru, Ecuador, and the Dominican Republic all moved to democracy and greater respect for human rights.

But now I must speak candidly. The last year has not been a happy or even satisfactory one for the human rights movement. The people of Poland have succeeded against enormous odds in achieving greater freedom; their achievement is heartening to us all. However, state-sponsored terrorism in Central America has escalated. The Soviet Union has continued its fierce campaign against dissidents, including the courageous Andre Sakharov. Repression has worsened dramatically in South Korea.

In Washington, the administration has given occasional lipservice to human rights, but no real support. The new administration's efforts to distance itself from the policies of its predecessor have been clumsy, abrasive, and callous.

The Reagan administration has often denounced the Carter administration's human rights policy as too loud, too public, too harsh on some, and too lenient on others. But we know that most of the time the Carter administration relied on the "quiet diplomacy" that the Reagan administration purports to practice.

Human rights concerns were conveyed through private diplomatic channels; these messages carried with them the implicit threat of public criticism, or reduction in assistance, as a spur to action. As a rule, countries were given ample opportunity to redress human rights violations quietly and without embarassment.

We all acknowledge the Carter policy has flaws, but in comparison with what we have seen in the past 11 months, it is a model of sobriety and effectiveness.

Since January 20, the new administration has launched a full-scale attack on the policy of human rights. The new administration signaled its intentions very early by nominating Ernest Lefevre as Assistant Secretary of State for Human Rights. This man had opposed the Carter administration step by step in its successful resolution of the conflict in Zimbabwe. And worse, he had called for the repeal of all human rights law on the premise that the internal affairs of other countries were no concern of the United States.

The Senate Foreign Relations Committee to its credit soundly defeated that nomination. But in the meantime, Secretary Haig announced that international terrorism had replaced human rights as the principal concern for U.S. foreign policy. Despite section 502b of the Foreign Assistance Act, which lays out a clear relationship between the observance of human rights and a government's eligibility to receive U.S. arms, Under Secretary of State for Security Assistance, James Buckley, announced new guidelines to govern foreign military sales, not one of which was human rights.

The Reagan administration has replaced quiet diplomacy with acquiescent diplomacy. Vice President BUSH gushes about the "democratic" character of the dictatorial government of the Philippines. Assistant Secretary of State Enders touts El Salvador—whose brutal military commanders are completely beyond control—as a progressive centrist republic. U.N. Ambassador Kirkpatrick defers to the Argentine Government and refuses to meet with the Mothers of the Plaza del Mayo or any other human rights groups in South America.

Two days after Ambassador Kirkpatrick visited Chile in August and publically embraced the Pinochet government, four opposition leaders including the head of the Chilean Human Rights Commission were expelled from the country. Since then, the administration has signaled the Chilean Government that if Congress lifts the arms embargo it will resume a military relationship with that very repressive government.

Secretary of State Haig continually escalates his rhetoric to new levels of cold war sloganeering.

Secretary Haig muses to the press on almost a daily basis about blockading, destabilizing, or invading Nicaragua. He ignores the evident fact that while the leaders of Nicaragua's peaceful opposition face increasing restrictions, even imprisonment, the leaders of El Salvador's and Guatemala's peaceful oppositions are in exile or dead, either way the victims of government-condoned death squads.

And yet, today Nicaragua receives the bullying; the Salvadorans receive the guns. This is not quiet diplomacy. This is not evenhanded policy.

Moderates within the Nicaraguan Government have told me personally that the Reagan-Haig rhetoric has one effect; it is undermining their position and aiding the most hard-line and repressive faction in the government.

Helping democratic forces in Nicaragua, or anywhere else in Central America, is obviously not a priority for the administration. The conclusion is harsh, but the facts allow no other. The priority, instead, is for the United States to dominate.

The United States need not, cannot, and should not dominate Central America. The people of that region are capable of governing their own lives and futures.

Franklin Roosevelt articulated this premise, 37 years ago when he spoke of the four freedoms, one of which was the freedom from fear.

The guiding principle for achieving freedom from fear, for promoting human rights should be this: Those leaders who do murder, torture, or arbitrarily imprison their opponents, should not receive U.S. assistance.

Mankind has not dropped down to three freedoms just because 51 percent of the American voters preferred Mr. Reagan in the last election.

The freedom from fear—the respect for the physical integrity of each person—will always stand as the basis for all human rights, the fundamental ideal that brings us together here to observe this special day.

I think we should welcome Elliott Abrams to his new job. He seems to be a man of intelligence and good faith, and we wish him well.

He can, if he chooses, help end the hypocrisy and callousness that has characterized the administration's nonpolicy on human rights.

In the spirit of constructive criticism and cooperation, I would like to take this opportunity to present a nine-point agenda for human rights action. It is an agenda of practical principles. Specific proposals for policy accompany each principle. None of the points clash with Mr. Abrams statements on human rights. All of the points would help to advance American interests, to ease suffering, and to save lives.

My proposed agenda has three sections: The first concerns human rights laws; the second, human rights diplomacy; the third, human rights symbolism.

Most important is the law: Simply put, Mr. Abrams should make certain that the administration obeys the laws of the U.S. Congress which has passed several general human rights laws in recent years. This legislation denies foreign assistance to governments guilty of a "consistent pattern of gross violations of internationally recognized human rights." Here is the agenda:

Point 1, respect the law prohibiting arms, whether sold or given, to governments with miserable human rights records.

To cite only the most blatant case, Mr. Abrams should urge the Secretary of State to immediately reject the Guatemalan military regime's pending request for helicopter and airplane parts. The Guatemalan military has become the Khmer Rouge of the Western Hemisphere; it is a small clique of ruthless men willing to cause any level of suffering and death among innocent people in order to preserve their own grip on power.

The American-made helicopter and attack planes the military wants to put into action will not counter any external threat. You and I know that they will instead be used to kill peasants and Indians in remote areas who protest against army massacres and land seizures.

Mr. Abrams knows this too and should make every effort to see that the spare parts are not sold.

Point 2, if aid to a human rights violator is considered absolutely necessary, inform the Congress of the extraordinary circumstances which justify it.

Mr. Abrams ought to prepare such an explanation for the sale of fighter jets and the provision of economic aid to Pakistan. That country remains under martial law. General Zia has jailed key political leaders and has effectively handcuffed the nation's judicial system. Such an explanation would make it clear to General Zia that the United States demands human rights improvements as a condition for future aid.

Point 3, do not sell prescribed crime control equipment to the internal security forces of governments that routinely violate human rights. The law forbids such sales.

Nevertheless, the United States recently sold $1 million worth of communications equipment to the internal security forces of Syria, one of the worst violators of human rights in the Middle East. Mr. Abrams should block any future sales to Syria until that Government changes its repressive ways and opens up its prisons to the Red Cross.

Point 4, vote against World Bank and other multilateral development bank loans to gross and consistent violators of human rights. The law requires a vote of "No," or an abstention.

Mr. Abrams should insist that U.S. delegates to the Inter-American Development Bank vote "No" or abstain on future votes regarding loans to Chile. Amnesty International and other groups have documented increasing torture and arbitrary arrests in Chile. More than 1,200 disappeared persons remain unaccounted for.

At the same time that the U.S. abstains on such votes, Mr. Abrams ought to notify the Chileans privately of specific human rights cases that concern the United States. This will demonstrate the U.S. commitment to human rights without creating a public confrontation.

This should also be done on votes to Uruguay, Paraguay, Argentina, South Korea, and the Philippines.

Point 5, bar the Overseas Private Investment Corporation from providing loan guarantees for business projects in countries with poor human rights records. This point is written into the Corporation's charter.

Since the adoption of the human rights amendment in 1978, the executive branch has not obeyed the law. It has only denied those applications for OPIC insurance or loans for projects in which the host government directly participates. At the very minimum, I believe, the Carter administration violated the law in the case of 20 different projects in 1978 and 1979. Projects were approved for the countries of El Salvador, Indonesia, the Philippines, Haiti, and Pakistan.

I urge Elliott Abrams, in the strongest terms, to review the law, its legislative history and past practices. This is an easy place for the Reagan administration to show a greater commitment to human rights and observance of the human rights laws.

Let me tell you what can happen if we are not careful. Recently Texaco Oil Co. applied for a multimillion-dollar OPIC loan guarantee for an energy project in Guatemala.

Think about it, Texaco is a corporation that made $1.8 billion in profit in the first 9 months of this year. Like the Reagan administration, they are big supporters of free enterprise. Yet they applied for a U.S. Government guarantee—for a project that would benefit only them, and the repressive Government of Guatemala.

Such a guarantee would have violated human rights law; it would have defied a congressional resolution that OPIC not assist big oil companies; and it would have flown in the face of the administration's professed belief in free enterprise.

Well—I am happy to report—Texaco withdrew its loan application. But we, and Mr. Abrams, must be vigilant. Texaco and the other big oil companies and conglomerates will be back with their plans to aid repressive regimes and "destabilize" governments that they do not like.

Effective U.S. foreign policy is not solely restricted to complying with the various human rights laws. The United States can also effectively act to improve the human rights situation through ordinary diplomatic channels.

Point 6, link trade concessions with the human rights situation.

Today, Jewish emigration from Romania is at a 10-year low. Before Romania is granted "Most Favored Nation" status, Mr. Abrams should establish an agreement for a reasonable figure on Jewish emigration.

Point 7, take unilateral diplomatic action to demonstrate our willingness to promote human rights throughout the world, even in countries where we lack influence.

With few ties to Ethiopia, a revolutionary country in the Soviet orbit, we have little leverage to ease that government's repressive ways. But the United States can help. We can aid the Falasha, Ethiopia's black Jews, who face particularly harsh suppression. Mr. Abrams can urge the creation of a special preferential status under the Refugee Act that would enable the Falasha to enter the United States.

Finally, the area of symbolic action.

These are moves that underscore, reiterate, and dramatize the depth of the American belief that human rights are a prerequisite to a just and safe world. They cannot substitute for obeying the human rights laws or for taking forceful diplomatic action. They complement, not replace, substantive human rights action.

Point 8, use the United Nations and other international bodies to gain the support of allies for the U.S. human rights position.

Mr. Abrams ought to lobby the administration to support the U.N. Trust Fund. The Fund sponsors education and training for black South Africans. It is a modest program calling for only $400,000 in U.S. expenditures. The inclusion and increase of this funding in the current foreign aid bill would prove the U.S. support for the human rights aspiration of South Africa's black majority.

Point 9, ask American Embassy personnel to meet with human rights advocates, opposition leaders, clergy, and ordinary citizens involved in human rights cases. These meetings need not be publicized for them to deliver a quiet, powerful message to all concerned.

In the case of Argentina, Mr. Abrams should end the Kirkpatrick policy of disdaining the Argentine human rights movement. We should have regular contact with the Mothers of the Plaza del Mayo. They and other groups can help the United States gather information for the annual State Department human rights reports, and help the United States show its hope for the restoration of democracy.

Embassy officials might also meet with Bishop Tutu and other representatives of the church in South Africa.

This is a modest agenda, a starting point, a set of recommendations to point Mr. Abrams in the right direction.

The Reagan administration seems to have forgotten that it is people who make government. It has forgotten that U.S. economic and military support for murder and torture discredits "quiet" U.S. support for democracy

and justice. It has forgotten that government by force can only succeed for so long, and that when force yields to popular pressure, the people do not forget who has befriended them. For such a case of amnesia, there is only one cure: the constant reminders of the American people and their Representatives in Congress.

When the founders of our country declared that "all men are created equal and endowed by their creator with certain inalienable rights," they voiced the conviction that has inspired and united Americans ever since—the conviction that human beings everywhere are born with certain rights, and that no government can justifiably deny these rights.

Mr. Abrams and the Reagan administration would do well to reaffirm their commitment to this simple but eloquent premise.●

● Mr. BARNES. Mr. Speaker, I am pleased to join my colleagues today in recognizing International Human Rights Day.

Today marks the 34th anniversary of the adoption by the United Nations of the Universal Declaration of Human Rights. In the aftermath of World War II and the shocking atrocities which had taken place, the nations of the world took a stand together in defense of all persons and recognized and affirmed the basic integrity of all human beings. Today we find that more and more people have been wrongfully incarcerated, have faced internal exile because of their political beliefs, and have suffered arbitrary harassment and cruel treatment at the hands of their government. Many are living under violence and oppression and are intimidated and threatened by insurgent guerrilla forces and organized international terrorists. Their lives are being broken by civil strife, armed conflict, widespread prejudice, and ethnic, political, and institutional rivalries. For many, the future is crumbling in the face of chronic economic instability, endemic development problems, and rapid population growth. And for literally millions, the interminable suffering of hunger, disease, and poverty continues and worsens.

More than any other country in the world, the United States has a special commitment and responsibility to help foster peace and social justice in the world. Our history, our values, our principles, and our goals as a nation compel us to stand as a beacon of freedom to the world's oppressed. As chairman of the Foreign Affairs Subcommittee on Inter-American Affairs I have heard first hand the stories of individuals and families whose lives have been devastated by the suspicious disappearance or murder of a relative. These people live in dread fear knowing that their lives are completely at the mercy of the powers that be.

We in the United States are the fortunate ones. We expect, as a matter of course, to travel freely, to voice our opinions, to determine the leadership of our Government, to worship in the manner we choose, to have access to a free flow of information, and to have the chance to pursue a productive life. When we think today of the tragic ordeal that internationally acclaimed scientist and human rights activist Andrei Sakharov and his wife Yelena Bonner have suffered through these past 19 days, and of the emotional trauma of their son Alexey Semyenov and daughter-in-law Liza Alekseyeva, we cannot as a nation stand idly by while the Soviet Union continues this inhumane treatment. We find the dispassion of the Soviet Union intolerable. And we as a government and as a people have spoken openly and forcefully to those who continue to pawn and sacrifice innocent human beings.

America will continue its vigil, and the world will know that our commitment to human rights lies deep in our spirit and our dreams, never to be compromised. Mr. Speaker, I am glad to have this opportunity to share in this reaffirmation of the innate integrity of all individuals, and our Nation's firm resolve to foster the principles of the Universal Declaration of Human Rights.●

● Mr. DERWINSKI. Mr. Speaker, if the crimes of the Khomeini regime in Iran were taking place in a country friendly to the United States, there would be a sustained furor in this country condemning the human rights situation in that country. There is a curious lack of interest in the Iranian post-Shah human rights record, however, despite the fact that it is far worse.

Among the many groups suffering the orgy of repression and terrorism in Iran are the American Christian community, Iranian Jews, and so-called leftists. The murder of members of the Baha'i faith verges on genocide. The Khomeini fanatics have even taken to killing children.

Freedom House, the New York-based human rights monitoring organization, has issued a statement calling attention to the situation in Iran. "Oppression in Iran * * * exceeds that of the days of the late Shah," the statement of Freedom House reads. "By and large America remains silent," Freedom House says.

I reprint for the Members the statement of Freedom House.

STATEMENT OF FREEDOM HOUSE—DECEMBER 10, 1981—AMERICAN RESPONSE TO HUMAN RIGHTS DENIALS IN IRAN

Recent history has caused the interests of the United States and Iran to become inexorably intertwined. For many years we were the "outside power" Iran looked to for disinterested aid in its transition to a modern nationstate. Under the Shah our embrace become too close, so close that when the Shah fell, we became the public scapegoat for all Iran's ills. Yet the Carter administration has also been credited with spawning and then protecting the beginnings of the movement that brought down the Shah. And Iranian students, the largest foreign student contingent in America, were a vital component in the rebellion.

Today the oppression in Iran—execution, imprisonment, torture, the denial of basic rights of expression, organization, religious dissent, and gender inequality—exceeds that in the days of the late Shah. Again, Iranian dissidents, refugees from oppression, escape into freedom in the West, the recently hated West.

By and large America remains silent. We speak of Cuba, the USSR, South Africa, but allow the flagrant abuses in Iran to fall below the horizon of our view.

Understandably, most Americans have little sympathy for Iranian victims, often the very Iranians who recently reviled us. Yet in our preoccupations and hurt we are in danger of repeating for the next generation the mistakes of the last. A test of our dedication to human rights must be to extend our concern to all peoples, to put our country firmly against all oppressions. Let us unequivocably denounce this new terror, even if we cannot for the moment affect it. Only by building this record will we be in a position at some future time to support positively the efforts of yet another Iran to create the institutions of a more democratic society.●

● Mr. GEJDENSON. Mr. Speaker, I am pleased to participate in the commemoration of International Human Rights Day. Too often, the issue of international human rights is pushed to the bottom of our political agenda. Today's proceedings provide an important opportunity to focus national and international attention on present-day struggles for human rights and moral justice.

The Human Rights Commission of the Organization of American States has recently conducted an investigation into the state of affairs in Guatemala. The distressing results of that investigation are contained in concise report, which I would like to introduce into the record. It is my hope that through the efforts of the Commission, there will be an immediate cessation of gross violations of human rights in Guatemala. I would like to express my thanks to the Commission and its able Chairman, Mr. Tom Farer of the Rutgers Law School, for their work in bringing this matter to our attention and for their significant contribution to the cause of human rights. Thank you.

ORGANIZATION OF AMERICAN STATES HUMAN RIGHTS REPORT—OCTOBER 13, 1981

A. CONCLUSIONS

1. In the light of the events and considerations described above, as a general conclusion the Interamerican Commission on Human Rights points out the alarming violence which has been manifested in recent years in Guatemala, which has been instigated or tolerated by the government, which has not adopted the necessary measures to stop it. This violence has translated into an extremely high number of lives and signifies an generalized deterioration in

human rights established by the American Convention of Human Rights.

2. If is true that the number of victims produced by this violence has reached all sectors of the society—including the Armed Forces and those who control political and economic power—there is no doubt that the violence has had greatest impact on leaders of opposition political parties, trade unionists, priests, lawyers, journalists, professors and teachers, as well as thousands of peasants and indigenous peoples who have been assassinated.

3. In the great majority of these cases, deaths caused by the violence can be attributed to the illegal executions and disappearances carried out by the security forces or paramilitary groups who are acting in close collaboration with government authorities, without these authorities providing adequate investigation as to the authors of these crimes.

4. These illegal executions and disappearances, besides violating the right to life, have created an endemic climate of extreme insecurity and terror, which signifies a subversion of the State of Law and, in practice, inhibits the great majority of the sacred rights of the American Convention of Human Rights.

5. The generalized violence which exists in Guatemala has signified, as has been demonstrated in different chapters of this report, that the right to personal freedom, to security and integrity, to justice and due process, to freedom of belief and religion, freedom of thought and expression, to free association, as well as political rights, are by these acts seriously affected and limited, nevertheless the Constitution and Guatemalan law give formal recognition to these rights.

6. The great socio-economic disparities which exist between various sectors of the Guatemalan population have contributed to generalized violence in the country. These disparities, among other aspects, are manifested by the total lack of relationship between the economic growth which Guatemala has experienced in recent years and the quality of life of half of the country's population, whose economic and social rights especially in respect to basic necessities in health, nutrition and education are not fulfilled.

B. RECOMMENDATIONS

In consideration of these conclusions, the Interamerican Commission on Human Rights makes the following recommendations to the Guatemalan Government:

1. Take adequate measures to prevent the occurrence of gross violations to the right to life; terminate the participation and tolerance of government authorities and paramilitary groups in the violence and terrorism; investigate and punish rigorously those responsible for such acts.

2. Investigate and punish with full rigor of the law those responsible for illegal executions, disappearances, arbitrary detentions and torturing.

3. Guarantee the liberty of association, the right to meetings, and trade union rights guaranteed in the Guatemalan Constitution and the American Convention of Human Rights.

4. Carry out a profound and total reorganization of Judicial Power which will make this possible. Once the human and material resources are available, give them sufficient autonomy and power to investigate with efficiency and depth human rights violations and to sanction without fear of reprisals, those who are found responsible for these abuses, who ever they may be.

5. Initiate a broad dialogue with the participation of all sectors of Guatemalan society which can contribute to end the violence and allow a solution to social and economic problems through peaceful and democratic processes.●

● Mr. FAUNTROY. Mr. Speaker, I want to join my colleagues in celebrating International Human Rights Day, the 34th anniversary of the adoption of the Universal Declaration of Human Rights.

We in the Congress can be proud of our efforts to place our country squarely on the high road of human rights throught legislation and the efforts of many of us to relieve oppressed people across the globe and here at home.

These efforts have saved lives, have reduced the still all too widespread use of torture, and have given hope to the voices of freedom in many countries.

We have a continuing obligation to go on with this work to bring good news to the poor and we must continue to hear and act on the cries of the oppressed whether they be victims of the excesses of the right such as in Haiti or South Africa or of the left in the Soviet Union, Indochina, and so forth.

Dr. Martin Luther King, speaking with the wisdom and strength derived from the spiritual and intellectual resources of the black freedom struggle, spoke to the essence of the human rights struggle when he said:

We are all caught up in a network of mutuality, wrapped in a single garment of destiny, and what affects one of us directly affects all of us indirectly.

I can't be what I ought to be until you are what you ought to be. You can't be what you ought to be until I am what I ought to be. This is the inter-related structure of reality.

I would like to include in the RECORD the declaration of the United Presbyterian Church, commemorating the anniversary of the Universal Declaration of Human Rights.

[From Church & Society, May-June 1978]

HUMAN RIGHTS OBSERVANCES

This year marks the thirtieth [thirty-third] anniversary of the Universal Declaration of Human Rights. It is appropriate that the United Presbyterian Church, with its long tradition of advocacy for the rights of persons, should celebrate this occasion. It is regrettable that the world's celebration and ours is marred by widespread violation of the human dignity meant to be protected by that hopeful Declaration of three decades ago.

BACKGROUND

On December 10, 1948, the General Assembly of the United Nations with one accord adopted and proclaimed the Universal Declaration of Human Rights, a brief document embodying the hopes and visions of the nations of a world still reeling from the destruction of the most horrendous conflict recorded in history and longing to create an international institution with character and strength enough to insure a peaceful and just future for all peoples.

The Universal Declaration of Human Rights recognizes that the foundation for "freedom, justice and peace in the world" is the "inherent dignity," and the equal and inalienable rights of all members of the human family. It asserts:

"All human beings are born free and equal in dignity and rights. They are endowed with reason and conscience and should act towards one another in a spirit of brotherhood."

It affirmed:

"Everyone is entitled to . . . the rights and freedoms . . . without distinction of any kind, such as race, colour, sex, language, religion, political or other opinion, national or social origin property, birth or other status."

Among other things, it called for freedom of thought, conscience and religion; of opinion and expression, of assembly and association.

It asserted the right of all to life, liberty, and security, to recognition before and equal treatment under the law, to freedom of movement and residence, to asylum, to a nationality, to marriage and family, to ownership of property, to political involvement and service, to work, to rest and leisure, to an adequate standard of life, and to participation in the cultural life of the community.

It seeks a prohibition on slavery, torture, the inhuman and degrading treatment of individuals, arbitrary arrest, detention or forced exile; arbitrary interference with privacy of home and person; arbitrary deprivation of property; and application of ex post facto laws.

In full awareness that the establishment of a "common standard of achievement for all peoples and all nations" without the force of law, was inadequate to bring about the accomplishment and guarantees of these rights, the United Nations has developed a series of nineteen covenants, conventions and protocols, which, when adopted by member states, are binding upon them. Notable among these are the Convention on the Prevention and Punishment of the Crime of Genocide; the International Covenant of Economic, Social and Cultural Rights, and the International Covenant on Civil and Political Rights.

The Genocide Convention, drafted in 1948, embodies a commitment that the world will never again allow the mass extermination of a people as occurred in Europe during World War II, with the destruction of Jews now known as the Holocaust.

The two covenants are elaborations of aspects of the Universal Declaration, recognizing that the fullness of life embodies not only civil and political rights, but also economic, social, and cultural rights. They are pledges of what governments will seek to assure their own people.

As we celebrate and give thanks for the Universal Declaration, we are saddened that the United States has not ratified the Genocide Convention or either of the major covenants. In fact it has ratified only five of the nineteen standards which have so far emerged to give meaning to the quest for justice, and the world ponders the gap between our rhetoric and our actions. Out nation, which has provided major leadership in the United Nations Organization, and which has been the source of so much of the world's hope for so long in the cause of human rights, must not permit that gap to remain.

We are further saddened by the continuing violation of human rights, documented in virtually every country in the world. Am-

nesty International, in its 1977 report, cites 116 countries with human rights violations, in most cases serious. Some are well known and obvious while others are countries of which most of us are only remotely aware. As Christians we are doubly concerned about this worldwide denial of human dignity. First, because Christian brothers and sisters suffer in each of those lands, sometimes only as victims but often because their faith leads them to challenge the forces of repression. Second, because it violates our understanding of the fullness of life that our God desires for all the nations and peoples of the earth.

Obedient to that vision, the 190th General Assembly (1978) adopts the following resolution:

Whereas, the witness of Jesus Christ for justice is ever before us, as he came to proclaim release to the captives and to set at liberty those who are oppressed;

Whereas, one of the great ends of the church is "the promotion of social righteousness;"

Whereas, the 161st General Assembly (1949) stated: "The declaration of human rights by the United Nations holds immense promise for the welfare of all mankind," and urged every church to make "careful study of this precious document and follow through the United Nations the development of the Covenant of Human Rights," further urging the "passage of such legislation in this country as will be in keeping with our American traditions of freedom and justice to all men and be a guide to those seeking these same rights through the United Nations;"

Whereas, the 162nd General Assembly (1950) and the 164th General Assembly (1952) called for Senate ratification of the Genocide Convention;

Whereas, the 164th General Assembly (1952) recognized "that the peace of the world cannot be secured until international measures to safeguard human rights and freedoms have been adopted by our nation and all other nations" and urged "the United States delegation to the United Nations to press for the completion of the proposed covenants on Human Rights to include the full orbit of political, social, religious, and economic freedoms for individuals and groups;"

Whereas, the 186th General Assembly (1974) called upon "the Senate to consent to the ratification of the human rights conventions pending before it which are intended to promote universal respect for and observance of human rights;"

Whereas, the 186th General Assembly (1974) further requested ". . . the agencies of the General Assembly, in developing programs of mission and ecumenical relations in countries with repressive governments, to give urgent attention to means by which Christians seeking to witness to Christ on behalf of human freedom and justice may be supported;"

Whereas, the 189th General Assembly (1977) called upon the United Presbyterian Church to witness "to the gospel by influencing power structures in the United States and in other countries for change toward greater human freedom, dignity, justice, health, and self-development," and further called "upon all members of the church as Christians and as citizens to concern themselves with all victims of oppression, injustice and terrorism, whether governmental or revolutionary, and seek in solidarity to support such by their prayers, their public witness, and where possible, their personal aid and encouragement and directed the representatives of the church indefatigably to pursue through governmental, ecclesiastical or any other channel open to them in this or other lands, this concern, testimony and commitment of our church."

Therefore, the 190th General Assembly (1978):

1. Reaffirms the conviction that the Universal Declaration of Human Rights affords a vision and hope for a better world in which all people can live in peace, with justice and freedom, through its witness to the worth and dignity of every person.

2. Expresses gratitude to the United Nations for its leadership in giving the peoples of the world the Universal Declaration of Human Rights, and for its diligence in elaborating the covenants and conventions designed to give the Declaration meaning and fulfillment.

3. Applauds the efforts and successes of Amnesty International for their direct, active support of persons deprived of their human rights and expresses gratitude to them for the example they give to the church and the world.

4. Thanks and commends those corporations and businesses that have taken significant actions to advance the causes of human rights and social justice in the United States and other nations.

5. Calls upon the United Nations, through all of its channels and agencies, to strengthen its witness and responsibility in the areas of human rights, particularly through strengthening the role of the Human Rights Commission.

6. Urges the United States Senate to ratify the Convention on the Prevention and Punishment of the Crime of Genocide in 1978, the 30th Anniversary of the Universal Declaration of Human Rights.

7. Calls upon the President of the United States, the State Department, and the United States Ambassador to the United Nations to continue accepting responsibility for human rights advocacy at the United Nations and in all bilateral relations, not as matters of expediency or politics, but as a genuine witness to the heritage of our nation and our hopes for the future.

8. Calls upon the United States Congress to limit military aid and economic assistance to governments that persist in patterns of gross violations of human rights.

9. Calls upon the United Presbyterian Church to use the occasion of the 30th Anniversary of the Universal Declaration of Human Rights to study the Declaration and the Covenants, and to express our commitment to their attainment through such means as

a. Commemoration of the Declaration of Human Rights on Sunday, December 10, through prayer for all those who are suffering the deprivation of their rights and other appropriate means;

b. Participation in the Inter-Religious Urgent Action Network of Amnesty International which seeks to generate support for those imprisoned or persecuted for their beliefs or religion;

c. Presbytery highlighting of concerns, perhaps through focus on a particular country or region for study, witness and advocacy.

10. Requests the Program Agency to provide suggestions and resources for observance of the 30th Anniversary of the Universal Declaration of Human Rights.

11. Requests the General Assembly Mission Council to give priority attention to devising means of implementing recommendations for strengthening human rights witness if additional resources are required.

12. Calls upon the church, at this particular time and place, to pray for and support those whose concerns have been brought before us:

The Presbyterian Church in Taiwan in its stand for self-determination for the people of Taiwan;

The Christian Churches in Latin America in their difficult struggle for the defense of the rights of their people as exemplified by Vicariote de Solidaridad in Chile.

The Urban-Industrial Mission in Korea as it seeks to support workers in their struggle for justice;

The peoples of Uganda whose liberty and lives are destroyed by dictatorial whim;

The peoples of Ethiopia, caught in the purges of a revolutionary government;

The peoples of Burundi, where the Tutsi regime is attempting genocide upon the Hutu, an evangelized Christian tribe;

Christians, Jews, Muslims and other religious groups in Eastern Europe laboring under restrictions of religious liberty and expression;

Individuals suffering for courageous advocacy of human rights such as Yuri Orlof who has just received a harsh prison sentence for alleged anti-Soviet activity;

The Italian people, caught in a struggle against fear and terror, heightened by the tragic death of their former Prime Minister, Aldo Moro;

The people of Nicaragua as they struggle for participation in the political processes which have been dominated by a United States supported family dictatorship for more than forty years.

The Cambodian people, revolutionized following years of war, whose suffering is intentionally masked from the world but verified in fragmentary and horrifying reports;

The Wilmington 10, victims of a cruel and stubbornly maintained miscarriage of justice in our own nation;

The native American peoples of the United States, whose rights and resources are still being taken from them in violation of treaty agreements.

13. Calls upon the Stated Clerk to convey this resolution to all appropriate persons and organizations.●

● Mr. PEASE. Mr. Speaker, as the chairman of the Human Right Committee of Members of Congress for Peace through Law, I would like to compliment my colleague DON BONKER, the chairman of the Subcommittee on Human Rights and International Organizations, for his initiative in organizing this special order commemorating the 34th anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations.

In the past 8 years, Congress has passed numerous human rights statutes which have largely shaped our country's human rights policies. This bipartisan effort has had a large impact—sometimes well-publicized, oftentimes not—in saving lives, in allowing many thousands of people the right to emigrate and in reducing torture and prolonged detention without trial.

But there is widespread concern that the present administration intends to

disregard our human rights laws and downgrade human rights in U.S. diplomacy. The American Ambassador to the United Nations, Jeanne Kirkpatrick, and other high officials have frequently referred to right wing dictatorships as "moderately repressive authoritarian governments." Because they are considered anti-Communist and, therefore, friendly regimes, the administration has offered them increased levels of security assistance, irrespective of their human rights abuses.

There are, however, recent indications that the administration intends to pursue a more balanced policy: In a memorandum, recently approved by the Secretary of State, it was stated that the United States must take a strong stand on political freedom and civil rights if it is to offer a credible alternative to either the totalitarian countries of the left or to the rising tide of neutralism.

This policy implies, indeed requires, even-handed criticism of rights violations in all countries of the world, and it will mean very hard choices which will affect bilateral relations with many friendly countries.

The recently announced nomination of Elliot Abrams as the Assistant Secretary of State for Human Rights and Humanitarian Affairs is a welcome sign that the administration will begin to comply fully with the laws intended to promote human rights.

In closing, I would like to note the importance of international human rights conventions and treaties in our human rights policy. Particularly worthy of note are the Universal Declaration of Human Rights and the Covenants on Civil and Political Rights and on Economic, Social, and Cultural Rights. Taken together, they set a standard for all nations of the world to follow.

Ratification of the two covenants would signify to other countries that our commitment to human rights is a lasting one, transcending the commitment of any one administration. It would also permit us to participate in the work of the Human Rights Commitee, established under the Covenant on Civil and Political Rights, which will interpret and implement the covenant's provisions.●

● Mr. HALL of Ohio. Mr. Speaker, on this day in 1948, representatives of 48 nations to the United Nations agreed to the text of the Universal Declaration of Human Rights. For the first time, the major nations of the world adopted an international bill of rights, setting a goal for the minimum standard of human rights and human dignity which every nation should accord its citizens.

Today, 33 years later, that goal has not been reached. More distressing to us as American citizens, the commitment of the United States to a human rights policy and world implementation of the Universal Declaration of Human Rights has not been consistent.

President Jimmy Carter took the world by surprise when he stressed U.S. concern for international human rights as a major goal of our foreign policy. By contrast, President Ronald Reagan is less concerned with the internal policies of other nations as a criterion for our assistance, which has caused lament among human rights advocates who see a major shift in the U.S. position.

However, it is important to remember that it was Congress, not Carter, which initiated the U.S. human rights policy of the 1970's. Now that the administration has deemphasized this issue, it is up to Congress to take the leadership again and reassert the need for a strong human rights policy which can serve our national interests and promote international peace and stability.

International human rights first became a priority for Congress at the same time it took a more active role in foreign policy during the post-Vietnam war era. With the war over, remnants of the antiwar movement turned their attention to the roots of that conflict and pushed for a tighter control on our involvement with repressive foreign policy governments.

Beginning in 1973, Congress passed a series of progressively tougher provisions banning U.S. assistance to foreign nations engaged in human rights violations, and it also required annual reports on the human rights practices of other nations. In 1976, Congress passed a sweeping bill that would have established a mandatory cutoff of security asssistance to human rights violators, but it was vetoed by President Gerald Ford.

By 1977, when Carter proclaimed in his first inaugural address that "our moral sense dictates a clear-cut preference for those societies which share with us an abiding respect for individual human rights," Congress had already set the basic framework of the U.S. human rights policy.

During the Carter administration, Congress worked with the President to implement that policy. Legislation established the position of Assistant Secretary of State for Human Rights and Humanitarian Affairs, first held by Patricia Derian. Her name and actions became well known and appreciated worldwide by victims of oppression, from dissidents in Argentina to refuseniks in the Soviet Union. Working with the Interagency Committee on Human Rights and Foreign Assistance, informally chaired by Deputy Secretary of State Warren Christopher, Derian insured that human rights was a factor to be considered on foreign policy decisions.

As the focus on human rights shifted from Congress to Carter and expanded in scope, criticism also mounted. Carter officials were challenged by those who believed that U.S. concern about the humane treatment of foreign citizens by their own governments operates against U.S. security interests. However, the dichotomy between these national priorities is artificial. International human rights considerations in reality are an essential element of our own long-term strategic goals.

Cozy relations with repressive foreign governments can ultimately hurt more than help. Recent experience demonstrates that victims of repressive governments are not quick to forget U.S. identification with their former leaders. For example, our uncritical support of the authoritarian regime of Iranian Shah Mohammed Reza Pahlavi alienated us from the Iranian people with devastating results when the Shah was overthrown.

Likewise, our close ties with Nicaragua's despised President Anastasio Somoza has crippled our ability to deal with the Sandinista government which took over following Somoza's resignation.

These scenes could be starting all over again in the Philippines and South Korea. In September of this year, 6,000 people demonstrated in the Philippines and attacked the United States as the imperialist partner of the regime of President Ferdinand Marcos. A month later, rock-throwing students denounced U.S. ties with the Filipino Government during the most violent rioting in Manila since two people were killed in a 1976 riot.

Many Koreans bitterly resent the American aid used to quell a violent uprising in the Korean city Kwang Ju, where the death toll may have reached 300. Anti-Americanism in Korea, which is steadily growing more pronounced, is certain to increase if the State Department approves a pending request by American manufacturers to sell tear gas to the Korean police.

Though the dissidents in these nations may be only a small minority, it is important to keep in mind that the stability of any repressive regime is illusory. As former Secretary of State Edmund S. Muskie said, "The heavy silence of repression is not stability; it is too often the ominous calm before the storm." The lesson, which this administration must learn to heed, is that we cannot afford to sacrifice our essential enduring relationship with the people of a nation for short-term security objectives.

There is no question that our human rights policy has increased global sensitivity to the issue, aided in the release of political prisoners and the emigration of dissidents, eased repres-

sion, and even saved lives. Equally important, yet harder to measure, the heightened U.S. attention to human rights has given renewed hope and encouragement to oppressed peoples the world over.

In view of the reluctance of the Reagan administration to pursue a vigorous human rights policy, Congress must act. Specific steps Congress can take include:

Legislate further restrictions and conditions for military and economic assistance to repressive regimes which consistently violate the human rights of their citizens.

Ratify international treaties related to human rights which have been signed, but not yet approved. These include the Genocide Convention; the International Convention on the Elimination of All Forms of Racial Discrimination; the International Covenant on Economic, Social, and Cultural Rights; the International Covenant on Civil and Political Rights; and the American Convention on Human Rights.

Press the Reagan administration to revive the interagency committee—Christopher group—to coordinate within the executive branch the implementation of an international human rights policy.

Speak out with the tools at its disposal against repressive regimes to demonstrate to the world that America stands behind its ideals of justice and equality. Even symbolic gestures can carry great weight and rally world opinion.

This last point is particularly important in the keen competition for the allegiance of the world's unalined nations. Our genuine concern for the inherent rights of all peoples is a basic American tenet expressed in the very founding documents of the United States. Failure to incorporate those beliefs in our foreign policy is a virtual capitulation to the values expressed by other nations—which are frequently hostile to ours. We cannot be afraid to proclaim boldly our faith in human dignity if we wish that faith to survive.

The ball is now in Congress' court.●

● Mr. ROSENTHAL. Mr. Speaker, among the most thoughtful and conscientious offices in the United States which is concerned with the global effort to insure fundamental human rights throughout the world is the Washington Office on Latin America.

WOLA is responsible for much of the hard factual news and accurate analyses which the Congress receives on the political and social conditions in Latin America.

I am pleased to insert this important essay which describes the goals of the Washington Office and the nature of their work.

The Washington Office on Latin America was established in 1974 by a broad coalition of persons who were concerned about the peoples of Latin America. Most of those who actively participated in WOLA came from religious organizations and academia. All share a common interest in discovering ways to encourage the promotion of human rights in the hemisphere. For many in religious organizations, it had become apparent that the attitude and conduct of the U.S. Government had a profound impact on their ability to carry out their mission in Latin America, however broadly or narrowly that mission is defined.

Decisions made in the White House, the State Department and the Congress greatly effect the lives of all those living in this hemisphere. Most of those effected by these decisions have little understanding of the policy making process. WOLA was originally set up to try to keep in touch with this process, even as it serves as a clearing house for information about human rights violations in Latin America/Caribbean.

WOLA serves primarily as an information source which researches, monitors, documents, interprets and disseminates data about Latin America and U.S. policies toward the region. WOLA is dedicated to facilitating dialogue among a broad spectrum of forces concerned with U.S.-Latin American relations; between government officials and the general public, between Washington and Latin America.

WOLA supports a foreign policy of the U.S. which fosters: Respect for basic human rights; the exercise of Civil Liberties; democratic rule; sovereignty and independence; the fulfillment of basic human needs.

Too often the only Latin American voices heard in Washington come from the economically and politically powerful. Latin American governments and militaries routinely have immediate access to the Executive and Legislative leadership. The staff and constituency of WOLA believes that other, less audible voices should also be heard in the capital of this great nation. Over the years WOLA has worked with literally hundreds of religious and academic leaders, human rights advocates, victims of arbitrary arrest and torture, exiles, and opposition democratic leaders.

The testimony of these persons assist those involved in the overall policy debate by providing other perspectives—a kind of "view from underneath."

WOLA maintains a collaborative relationship with many non-governmental organizations involved in human rights and other justice issues relating to Latin America. WOLA communicates regularly with intergovernmental organizations concerned with human rights, such as the Inter-American Commission on Human Rights of the Organization of American States (IACHR). WOLA prepares individual cases and country evaluations for submission to the UNHRC and the IACHR. WOLA publishes a newsletter and holds seminars and workshops on topics of current interest. WOLA provides briefings for the news media, both domestic and foreign.

The overall human rights panorama and justice quotient in Latin America is rather gloomy at the present. Argentina, Chile, Uruguay and Paraguay and Bolivia are governed by harsh militaries. None of these countries enjoys an independent judiciary and the rights of private citizens are arbitrarily violated by the state. Torture is still practiced. The activities of trade unions, political parties and all other forms of popular expression are severely curtailed. The press is censored and journalists and editors who defy the governments do so only at great personal risk.

The violence in Central America shows no signs of diminishing. Two years ago over 40,000 people were killed during the revolution that successfully overthrew the tyrannical Somoza dictatorship. Since October, 1979, an average of 1,000 people have been killed in El Salvador. According to figures from the Legal Aid Office of the Archdiocese of San Salvador, non-combatants make up the vast majority of those killed, victims of the country's security forces. In Guatemala, chronic official violence has earned the government a strong rebuke from the international community. The Nicaraguan preoccupation with security is another area of concern.

In short, the trends are troubling. Estimates are that over four billion dollars worth of arms are going to Latin America this year. This contrasts with a record low transfer of resources for development. Equipping armies is no way to create conditions for authentic self-development.

Only tiny Costa Rica has no army and this fact has inspired almost unprecedented social tranquility. Thirty three years ago the victorious general, Don Pepe Figueres, declared that in abolishing the army he was offering from Costa Rica to the American continent as a token of "love of civility, democracy and institutional stablilty." Would that more countries could follow that example.●

● Mrs. FENWICK. Mr. Speaker, I would like to join my colleagues in commemorating International Human Rights Day—the 34th anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations.

Wherever there is organized, legalized, government-approved destruction of human rights, the hammer always falls most heavily on the Jews. Roman Catholics, Protestants, and Muslims are suffering in many countries, but in the Soviet Union, it is most particularly the Jews who are persecuted. Only the Jews are singled out as such, and suffer as such. They don't have to dissent in order to be persecuted.

Therefore I think it is appropriate, on this International Human Rights Day to insert in the RECORD this statement from the Union of Councils of Soviet Jews:

HUMAN RIGHTS DAY

Human Rights Day is a time for remembering. On the one hand, there is a reaffirmation of the ideals embodied in the Universal Declaration on Human Rights, the Helsinki Accords, and other international covenants and agreements. On the other hand, we must recognize that the achievement of these ideals, and the vigilance with which records of performance are examined, must continue into the future.

The Union of Councils for Soviet Jews in the oldest national organization concerned with the plight of Jews and others wishing to leave the Soviet Union.

As we join with others, in recognizing Human Rights Day, the Union of Councils for Soviet Jews wishes to call attention to the bleakest period for Soviet Jewry in over a decade. Emigration for Jews and other national and religious groups is at its lowest point since 1970. In November 1981, only

363 Soviet Jews, a record low, were permitted to emigrate; this compares with over 4,000 just two years ago. Concurrent to this decline has been a dramatic increase in Soviet repression at many levels: seminars on Jewish culture are being closed down, Hebrews teachers are threatended with arrest, key Jewish activists are being sent to prison, labor camp, and internal exile, and anti-semitism has become a fact of life in the professions and official news media.

Human Rights Day is a symbol of the hopes of millions for a better life. For Soviet Jews, it is another day for coping with an increasingly desperate situation. As we look ahead, our efforts to promote human rights must be redoubled, to ensure that on December 10, 1982 we are not discussing the Soviet Jew's struggle for human dignity as a phenomenon whose time has passed.●

● Mr. EDGAR. Mr. Speaker, I would like to take the opportunity afforded by this human rights special order to recall to the House the issue of the United States vote to keep the deposed regime of Pol Pot's Democratic Kampuchea in the United Nations.

Many members have become familiar with this issue over the 3 years that the United States has cast a vote to seat the Pol Pot government in the U.N. The vote is justified by our Government on the grounds that the current government of Kampuchea was set in place by the invading Vietnamese Army and thus has no legitimacy. However, there can be no true justification of United States support in an international forum for one of the most brutal regimes in human history. I think all Americans would share the goal of a free and independent Cambodia, but the seating of the Pol Pot government does nothing to further this cause. Our vote to seat Pol Pot denigrates in the world forum the high moral commitment of the United States to global human rights.

I am enclosing a copy of an open letter to President Reagan which was drafted by the American Friends Service Committee and signed by many American public figures who have distinguished themselves as leaders on human rights issues. I am pleased to bring this open letter to the attention of the House:

AN OPEN LETTER TO PRESIDENT REAGAN ON THE REPRESENTATION OF CAMBODIA IN THE UNITED NATIONS BY POL POT'S DEMOCRATIC KAMPUCHEA

DEAR PRESIDENT REAGAN: We are profoundly disturbed that this September for the third year the United States voted to keep the deposed regime of Pol Pot's Democratic Kampuchea in the United Nations.

In an October 17, 1980 campaign statement, you denounced the *"gross hypocrisy"* of the Carter Administration because it *"supported the Pol Pot Communist Cambodian regime, which had slaughtered millions of its own people, in the United Nations."*

Consistent with that view, we urge you to reconsider your own Administration's action and to instruct Ambassador Jeane Kirkpatrick to vote in the future against seating Democratic Kampuchea, or to support a vacant seat, or to abstain.

Neither opposition to invasion nor strategic relations with allies nor "technical grounds" can justify any form of U.S. support for Democratic Kampuchea, one of the most brutal regimes in human history.

We share the goal of an independent Cambodia, free from the presence of any foreign troops. The welfare of its people depends on the restoration of peace and stability, and on the continuation of international humanitarian assistance.

U.S. diplomatic support in the U.N. for Democratic Kampuchea while others provide weapons to Pol Pot's terrorist guerrilla forces prolongs Cambodia's suffering, endangers its fragile recovery, and risks wider war.

We thank you for your careful consideration of this deeply felt and widely shared concern.

Sincerely,

INITIATING SIGNERS

J. Sinclair Armstrong, Chairman, Fund for Peace.

Joan C. Baez, President, Humanitas International.

Asia A. Bennett, Executive Secretary, American Friends Service Committee.

T. Berry Brazelton, M.D., Chief, Child Development Unit, Harvard Medical School.

Mike Farrell, Actor.

Jane Fonda, Actress.

Donald M. Fraser, Mayor of Minneapolis.

Rev. Theodore M. Hesburgh, President, University of Notre Dame.

Donald W. Klein, Associate Professor, Political Science Department, Tufts University.

Rev. Paul McCleary, Executive Director, Church World Service.

Donald L. Ranard, Director, Center for International Policy.

Dr. Joseph Short, Executive Director, Oxfam/America.

Adele Simmons, President, Hampshire College.

Emory C. Swank, U.S. Ambassador to the Khmer Republic, 1970-73.

Richard M. Walden, Executive Director, Operation California.

[From the Bulletin (Philadelphia), Sept. 22, 1981]

OUR VOICE—NO ONE SPEAKS FOR CAMBODIA

The members of the United Nations General Assembly have once again brought discredit on their house by voting to let Cambodia's seat be retained by the deposed Communist government of Pol Pot. The United States did not do itself credit, either, by voting with the majority.

In truth, neither Pol Pot nor the Vietnamese puppet government of Heng Samrin represent the Cambodian people.

In the four bloody years Pol Pot and his Khmer Rouge cutthroats controlled Cambodia, all normal life was disrupted. In a reign of genocidal terror, between 3 million and 7 million Cambodians were systematically butchered.

Since 1979, the Vietnamese, with the support of the Soviet Union, have controlled Cambodia by installing Heng Samrin. Even the puppets have puppets these days in Southeast Asia. The presence of 200,000 Vietnamese troops keeps Heng Samrin in office.

Yet over the past three years, the General Assembly support for Pol Pot has grown slowly but steadily. Jeane Kirkpatrick, our country's chief delegate, stayed away from the voting to show U.S. disapproval of Pol Pot. Yet her deputy, Kenneth Adelman, lined up with China, the principal arms supplier to Pol Pot's guerillas, and voted for his seating.

What is the travesty about? It is power politics, on a global scale, between China and the U.S. on one side, the Soviets and the Vietnamese on the other. To seat Heng Samrin would mean General Assembly approval of Vietnamese aggression. To allow Pol Pot to retain Cambodia's seat means the General Assembly recognizes the legitimacy of his guerilla war in northwestern Cambodia.

Actually, neither man should have a claim to the seat. The General Assembly would do better to condemn both pretenders and leave Cambodia's seat vacant until a peacekeeping force could restore order and insure democratic elections.

That, after all, was what the UN was formed for 35 years ago.

[From the Chicago Tribune, Sept. 17, 1980]

ANOTHER "UGLY" VOTE FOR POL POT

Suppose a few mischievous delegates to the United Nations were to propose that a handfull of aging followers of Adolf Hitler be accredited as the official German representatives to the U.N. They argue that the Nazi regime was the last internationally-recognized German government that was not installed by invading armies.

And suppose further that the United States were to cast its vote in favor of the proposal, explaining that so distasteful an action is necesssary for tactical reasons: The Soviets oppose the seating of the Nazis, so the U.S. must vote in favor of Hitler's heirs to deprive the Russians and their East German puppets of a U.N. victory.

Ridiculous? Obviously. Impossible? No. This is the kind of tortured reasoning being used by the Carter administration to support Pol Pot—the greatest mass murderer since Hitler—in his campaign to retain his seat as Cambodia's U.N. representative. The vote is expected to come this week in the General Assembly. There is an unfortunate precedent for the vote. The American delegation supported Pol Pot at last year's session, even though its members were disgusted at what some of them called an "ugly" vote. One troubled American, the representative on the credentials committee, told with revulsion how the Pol Pot foreign minister, Ieng Sary, rushed up to shake his hand following the vote. "I felt like washing my hands," said the disheartened diplomat.

Yet Secretary of State Edmund Muskie has announced that the U.S. will grasp that bloody hand again this year, even though "we abhor and condemn [the Pol Pot regime's] human rights record and would never support its return to power in Phnom Penh."

So why should we support its return to the dignity of a seat in the United Nations? The reason is the preposterous one hypothesized for the seating of a Nazi representative for Germany: The Soviet Union wishes to unseat Pol Pot and replace him with the regime of Heng Samrin, the premier installed by invading Vietnamese troops. A vote for Pol Pot is a vote against Soviet-sponsored Vietnamese aggression.

Another reason is that the countries of the Association of Southeast Asian Nations [ASEAN], along with China, will vote for Pol Pot. The U.S. delegation feels it must go along with them to help maintain friendly relations and to obtain their support on other issues favored by the United States.

It is the old story of political give and take, of compromise. That is a necessary part of life in any representative body.

But there are compromises that need not be made even for tactical reasons, and compromises that must not be made for reasons of principle. This certainly is one of them. As a matter of tactics, the United States has a number of options short of supporting the despicable Pol Pot that will deprive the Soviets and the Vietnamese of a victory.

One of the proposals put forth by India, and supported by a large number of third world nations, which calls for leaving the seat vacant. That is a vote for a "pox on both your houses," and would be consistent with U.S. opposition both to the murderous Pol Pot and to the puppet Heng Samrin.

Another option, less forthright, would be to abstain. That may be lacking in courage, but at least it would relieve our diplomats of the necessity of washing their hands in lye soap afterwards.

As a matter of principle, it is simply wrong on moral grounds to seat Pol Pot anywhere but in the dock of a criminal trial. He is responsible for the murder of more than two million of his own people and the virtual destruction of Cambodian society. None of the great villains of history, not even Hitler or Stalin, did so much to destroy his own nation.

It will be difficult, of course, for the government to reverse course now that Mr. Muskie has publicly committed himself. To do so could expose the Carter administration to more accusations of vacillation and indecision in foreign policy. But it would take the stain of Cambodian blood from American hands.

SIGNERS OF OPEN LETTER TO PRESIDENT REAGAN PROTESTING U.S. SUPPORT OF POL POT'S DEMOCRATIC KAMPUCHEA

Religious

Algernon D. Black, Leader, American Ethical Union.

Wayne K. Clymer, Resident Bishop, United Methodist Church, Iowa Area.

Jesse R. DeWitt, Bishop, United Methodist Church, Northern Illinois Conference.

Paul G. Gillespie, Executive Minister, Rhode Island State Council of Churches.

Thomas J. Gumbleton, Roman Catholic Bishop, Archdiocese of Detroit.

Charles R. Lawrence, II, President, House of Deputies, Episcopal Church.

Willis J. Merriman, Executive Director, Minnesota Council of Churches.

James A. Nash, Executive Director, Massachusetts Council of Churches.

Peter A. Rosazza, Roman Catholic Bishop, Waterbury, CT.

Eugene L. Stockwell, Associate General Secretary, National Council of Churches.

D. Frederick Wertz, Bishop, United Methodist Church, Washington Area.

Albert S. Axelrad, Rabbi and Chaplain, Brandeis University.

Lee H. Ball, Executive Secretary Emeritus, Methodist Federation for Social Action.

George W. Cole, Synod of So. California & Hawaii, United Presbyterian Church.

John Collins, Co-Director, Clergy and Laity Concerned.

Henry McKennie Goodpasture, Prof. of Christian Missions, Union Theological Seminary, VA.

Gustav H. Kuether, Program Secretary, United Church Board of World Missions.

Larry M. Hill, Presbyterian Chaplain, Harvard University.

Marshall S. Lindsay, Minister, United Methodist Church.

L. Stanley Manierre, Area Minister, American Baptist Churches of Massachusetts.

Victor M. Mercado, Area Secretary, Caribbean & Latin America, American Baptist Churches.

Michael O'Hare, Assoc. Prof., Religious Studies, Benedictine College.

Roger L. Shinn, Prof. of Social Ethics, Union Theological Seminary, NY.

Aid Agency

Stephen G. Cary, Chairperson, American Friends Service Committee.

Wallace T. Collett, Former Chairperson, American Friends Service Committee.

Peter J. Davies, President, Meals for Millions/Freedom from Hunger Foundation.

Newell Flather, Chairperson, OXFAM America.

Tippi Hedren, International Relief Coordinator, Food for the Hungry; Actress.

Paul McCleary, Executive Director, Church World Service.

Joseph Short, Executive Director, OXFAM America.

Arthur Simon, Executive Director, Bread for the World.

Richard M. Walden, Executive Director, Operation California, Inc.

Larry Ward, President, Food for the Hungry International.

Political & Public Interest

Julian Bond, State Senator, Georgia.

Mark B. Cohen, Member, Pennsylvania House of Representatives.

Robert F. Drinan, S.J., Former U.S. Representative; President, Americans for Democratic Action; Professor, Georgetown University Law Center.

Robert W. Edgar, Member of Congress.

Tom Harkin, Member of Congress.

Ronald Dellums Member of Congress.

Eugene "Gus" Newport Mayor of Berkeley, Calif.

Donald M. Fraser, Mayor of Minneapolis.

George McGovern, Former U.S. Senator; President, Americans for Common Sense.

David D. Orr, Alderman, Chicago.

Patricia Schroeder, Member of Congress.

Paul Simon, Member of Congress.

J. Sinclair Armstrong, Chairman of the Board of Trustees, The Fund for Peace.

Robert L. Borosage, Director, Institute for Policy Studies, Washington, DC.

Sharon Bauer Breakstone, Indochina Curriculum Group.

Kay Camp, Past President, Women's International League for Peace and Freedom.

David Cortright, Executive Director, SANE.

Robert H. Cory, Jr., William Penn House, Washington, DC.

Gerhard A. Elston, International Coordinator, Planetary Initiative.

Mark Green, Author/Activist.

Jerome Grossman, President, Council for a Livable World.

George M. Houser, Former Director, American Committee on Africa.

Don Luce, Southeast Asia Resource Center.

Charlotte & Stewart Meacham, Waianae Women's Support Group & Hawaii Friends of Indochina.

Michael Myerson, Executive Director, U.S. Peace Council.

Aryeh Neier, Vice Chairman, Helsinki Watch/Americas Watch Committees.

Donald L. Ranard, Director, Center for International Policy, Washington, DC.

Randall Robinson, Executive Director, TransAfrica, Washington, DC.

Edward Snyder, Executive Secretary, Friends Committee on National Legislation.

Howard E. Sullivan, III, Asia Coordinator, Human Rights Internet, Washington, DC.

Sharon Vinyaratn, Vice President, Pacific Institute.

Amy Young-Anawaty, Executive Director, International Human Rights Law Group.

Michael Harrington, National Chair, Democratic Socialist Organizing Committee.

Writers and the Arts

Tony Adams, Film Producer.

Joan C. Baez, President, Humanitas International.

Malcolm Boyd, Author, Episcopal Priest.

David Dellinger, Writer.

Blake Edwards, Film Producer.

Daniel Ellsberg, Writer.

Gloria Emerson, Writer, Ferris Fellow of Journalism, Princeton University.

Mike Farrell, Actor.

Jane Fonda, Actress.

Denise Levertox, Poet, Teacher, Brandeis University.

Archimedes L. A. Patti, Author.

Vincent & Dorothea Persichetti, Composer & Musician.

Robert Richter, Independent Film Producer.

Sydney H. Schanberg, Journalist, Pulitzer Prize Winner for reporting from Cambodia.

Arthur Schlesinger, Jr., Writer.

Nancy J. Schuster, Writer.

Gail Sheehy, Author.

Martin Sheen, Actor.

Studs Terkel, Radio Commentator, Author.

Jim Wallis, Editor Sojourners Magazine.

Edward Azner, Actor.

Philip M. Stern, Author.

Business, Labor, and Professional

Maxwell Dane, Advertising.

Frances T. Farenthold, Attorney.

John Graham, John Graham Seminars.

W. H. & Carol Ferry, Retired Foundation Executives.

Hamilton Fish, III, Publisher, Nation Magazine.

Russell W. Gibbons, Editor, United Steelworkers of America.

Glenn M. Gordon, M.D., Surgeon, Eugene, OR.

Robert J. Lifton, M.D.

Maryanne Mott, Herman Warsh, Santa Barbara, CA.

Josephine L. Murray, M.D., Cambridge, MA.

C. Lee & Margaret Randol, Physician and Counselor.

Jack Spiegel, Organizing Director, Shoe Div., Amalgamated Clothing & Textile Workers Association.

Benjamin Spock, M.D.

Mrs. Arthur Hays Sulzberger, Retired.

Emory C. Swank, U.S. Ambassador to the Khmer Republic, 1970–1973.

Margery Tabankin, Executive Director, The Arca Foundation.

Philippe Villers, President, Automatix, Inc.

Phillips Ruopp, Foundation Executive.

Richard F. Celeste, Former Director of Peace Corps.

University

Rev. T. M. Hesburgh, President, University of Notre Dame.

Donna E. Shalala, President, Hunter College, CUNY.

Adele Simmons, President, Hampshire College.

Robert Stevens, President, Haverford College.

David J. Steinberg, Vice-President, Brandeis University.

Nina S. Adams, Professor, Sangamon State University.

Derk Bodde, Prof. Emeritus of Chinese Studies, University of Pennsylvania.

Elise Boulding, Prof. of Sociology, Dartmouth College.
T. Berry Brazelton, M.D., Chief, Child Development Unit, Harvard Medical School.
Noam Chomsky, Professor, Massachusetts Institute of Technology.
Loren W. Crabtree, Assoc. Prof. of History, Colorado State University.
Paul Deats, Muelder Prof. of Social Ethics, Boston University.
Ronald K. Edgerton, Assoc. Prof. of History, University of Northern Colorado.
Richard Falk, Milbank Prof. of International Law & Practice, Princeton University.
B. T. Feld, Professor of Physics, Massachusetts Institute of Technology.
Joseph Fletcher, Prof. of Chinese and Central Asian History, Harvard University.
Arthur W. Galston, Professor of Biology, Yale University.
Ann Froines, Director, Women's Studies Program, University of Massachusetts.
Leonard A. Gordon, Professor of History, Brooklyn College, CUNY.
Joan Gussow, Chairperson, Dept. of Nutrition Education, Teachers College, Columbia University.
James P. Harrison, Professor of History, Hunter College, CUNY.
G. Dale Hess, Research Assoc., Dept. of Bioengineering, University of Pennsylvania.
Marshall G. Hurlich, Ass't. Prof., Dept. of Anthropology, University of Washington.
George McT. Kahin, Prof. of International Studies, Cornell University.
Benedict J. Kerkuliet, Assoc. Prof., Dept. of Political Science, University of Hawaii.
Charles F. Keyes, Prof., Dept. of Anthropology, University of Washington.
Dwight Y. King, Assistant Prof. of Political Science, No. Illinois University.
Donald W. Klein, Assoc. Prof., Political Science Dept., Tufts University.
Allan S. Krass, Prof. of Physics and Science Policy, Hampshire College, School of Natural Science.
Judith Ladinsky, Assoc. Prof. of Preventive Medicine, University of Wisconsin Medical School.
Daniel S. Lev, Professor of Political Science, University of Washington.
W. Donald McTaggart, Professor of Geography, Arizona State College.
Everett Mendelsohn, Prof. of the History of Science, Harvard University.
Clark D. Neher, Prof. of Political Science, Northern Illinois University.
L. Mayland Parker, Professor of Geography, Arizona State University.
E. W. Pfeiffer, Professor of Zoology, University of Montana.
William R. Roff, Professor of History, Columbia University.
Milton J. Rosenberg, Professor of Social Psychology, University of Chicago.
James C. Scott, Professor of Political Science, Yale University.
Josef Silverstein, Professor of Political Science, Rutgers University.
John R. W. Smail, Professor of Southeast Asian Studies, University of Wisconsin.
Bardwell L. Smith, Professor of Asian Studies, Carleton College.
Wilhelm G. Solheim, II, Professor of Anthropology, University of Hawaii.
Howard Spodek, Associate Professor of History, Temple University.
Sandra C. Taylor, Associate Professor of History, University of Utah.
Norman Uphoff, Assoc. Prof., Center for International Studies, Cornell University.
George Wald, Biological Laboratories, Harvard University.
Jayne S. Werner, Visiting Scholar, Southern Asian Institute, Columbia University.
Arthur H. Westing, Prof. of Ecology & Dean of Natural Science, Hampshire College.
Quentin D. Young, Clinical Professor, Abraham Lincoln School of Medicine.
Robert L. Youngblood, Associate Professor of Political Science, Arizona State Univ.
Eleanor Zelliot, Professor, Carleton College.
Howard Zinn, Professor of Political Science, Boston University.
Theresa C. Smith, Assistant Professor of International Relations, Rutgers University.
Organizations listed for identification purposes only.●

● Mr. MOFFETT. Mr. Speaker, it is fitting that, on the same day that we are commemorating Human Rights Day, we have received news that the Soviet Union has agreed to allow Yelizaveta Alekseyeva, wife of the stepson of Andrei Sakharov, to join her husband Alexey Semyonov in the United States. Mr. Sakharov's courage and dedication in seeking Ms. Alekseyeva's release, at the risk of his own life, were an inspiration to all of us who are strongly committed to promoting human rights around the world.

Unfortunately, the release of Ms. Alekseyeva represents only one victory amidst an otherwise dismal human rights situation in the world today. In the Soviet Union, the emigration rate has dropped to 10 percent of the 1979 levels, and authorities are reportedly cracking down, ruthlessly, on Jewish cultural groups and human rights organizations. In El Salvador and Guatemala, U.S.-supported regimes continue their support of, and complicity with, torture and assassination of innocent civilians. In Chile and Argentina, tyranny and official intimidation of the citizenry have become an accepted way of life, while thousands of innocent people who have "disappeared" have yet to be accounted for. In the Philippines, South Korea, South Africa, and many other nations, indiscriminate human rights violations are commonplace.

I am concerned that, under the Reagan administration, human rights concerns are no longer receiving the attention in our foreign policy which they deserve. I am pleased that we are taking advantage of this day to focus the attention of this body, and the Nation, on the injustices which abound not only in the Soviet Union and other adversaries of the United States, but also among supposedly friendly nations. We must not forget the plight of those who do not enjoy even the most basic rights which we take for granted. And we must not abandon our fight to help the repressed peoples of the world in their day-to-day struggle for freedom.

At this point, I would like to include in the RECORD a pronouncement, adopted by the United Church of Christ, urging all Americans to aid in the fight for human rights:

CALL TO THE NATION

In accepting its own responsibility for participation in the struggle for human rights and recognizing the responsibility of the people of our nation to become concerned with these critical dimensions of the human rights efforts, the Twelfth General Synod:

1. Calls upon the people of our nation to press our government bodies—municipal, state and federal—to address more vigorously the continuing problems of social, economic and judicial injustice in our own country, affirming the rights of all people to earn a living, correcting those conditions which prevent full equality of opportunity or deny the reality of equal treatment before the law.

2. Calls upon the people of our nation to insist that our federal government—

Phase out systematically all existing involvements in the support of foreign governments that objective international investigations have found guilty of gross and systematic violations of the human rights of their own citizens;

Assume its special responsibility for the defense of human rights in dictatorial countries deemed of strategic importance to our military and economic security;

End both military and economic assistance, and especially programs of intelligence and police training, wherever the regimes in power practice torture, arbitrary detention, and the systematic denial of freedom of religion, speech, press, assembly and of petition for the redress of grievances, including the right of workers to organize for collective bargaining and to resort when necessary to work stoppages in their quest for fair compensation and working conditions.

3. Calls upon the people of our nation to pursue the efforts to seek ratification of the multilateral United Nations human rights treaties which have been approved by the United Nations, signed by the President of the United States, and submitted to the U.S. Senate for ratification.

4. Calls upon the people of our nation to urge the President of the United States to sign the United Nations Optional Protocol on Civil and Political Rights (provides procedures for petition by individuals) and submit it to the U.S. Senate for ratification.●

● Mr. HOLLENBECK. Mr. Speaker, it is a pleasure for me to rise and join my colleagues in recognizing the importance of today's observation of International Human Rights Day—the 34th anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations. I am proud to note that during the last 8 years, Congress has initiated much of the U.S. human rights policies through the passage of legislation and the involvement of Members in human rights issues and cases. I know that I will continue to use all the resources of my office in an effort to ease the plight of those being denied their inalienable rights throughout the world.

I would like to take this opportunity to include in the RECORD the following statement provided to me by Freedom House—a nonpartisan, nongovernmental organization of concerned citizens working against repression worldwide. I believe that this short statement on Poland clearly expresses the need for a continuing U.S. commitment to strong human rights policies.

HUMAN RIGHTS AND POLAND

One cannot think of human rights today without thinking about Poland.

One cannot observe Human Rights Day without paying tribute to the millions of Poles who, since August 1980, have been struggling peacefully, with great courage and dignity, to reclaim for themselves and their children the rights enumerated in the Universal Declaration of Human Rights.

Poles have always valued their independence and been valiant fighters for freedom. Just as the Universal Declaration of Human Rights has, since it was written, set a standard by which peoples everywhere can measure their own degree of freedom, so Solidarity and Polish society have set a standard of steadfastness and patience in the face of countless Communist provocations that is unsurpassed in this century. Indeed, in their peaceful, determined defiance of the once all-powerful communist state apparatus, they have shown us the inexhaustible riches of the human spirit and its infinite capacity for self-sacrifice and renewal in the face of seemingly impossible odds.

The Polish struggle for human rights, whatever its final outcome, will be an inspiration for generations yet to come. Lech Walesa, the leader of Solidarity, was not unaware of this when he told Walter Cronkite recently to "note that we have not fired a single shot" and that "the 21st century should be modeled on a struggle such as the one we have demonstrated."

But it would be an injustice to the Polish people if we were simply to pay homage to their courage in regaining certain rights of which they had been deprived; for the fact is that their struggle is far from over. Nearly all the instruments of their former oppression are still in place—only the fear of them has been broken. There are still many human rights—equal justice, a free press, free elections for a government that truly represents them—they have yet to secure. Meanwhile, those they have won, the regime is already trying to take back. The country is locked in a gigantic civil war with the people on one side and the government, party and police on the other. A massive campaign of sabotage by several hundred thousand communist bureaucrats, who cling doggedly to their government positions is under way. It is designed to bring the country to economic disaster which can then be blamed on Solidarity. If the communists have their way, the Polish people, through sheer hunger and exhaustion, may lose their resolve and be forced to give back what they have so painfully won.

We commend those Members of the U.S. Congress who have expressed their desire to assist Poland in this time of need. It is through this support, that we can hope to serve genuine freedom for the Polish people.●

● Mr. HARKIN. Mr. Speaker, today marked the 33d anniversary of the unanimous adoption of the U.N. Declaration of Human Rights. It ought to be a day of worldwide celebration, but unfortunately, there are still many people throughout the world who suffer continual violation of their basic rights at the hands of their own governments. One such country is the Republic of Korea. I submit to the RECORD a statement by the North American Coalition for Human Rights in Korea which illustrates how the citizens of Korea are celebrating Human Rights Day this year.

On behalf of our fellow citizens of the world community who are living in Korea, Guatemala, the Soviet Union, El Salvador, and many other nations, we in the United States should celebrate our rights by speaking out for those who cannot. On this Human Rights Day, and on every day, we must make it clear to the repressive governments of the world, and our own administration, that we cannot and will not stand idly by as our fellow human beings' basic human rights are being violated.

THE 1981 HUMAN RIGHTS DAY STATEMENT

The North American Coalition for Human Rights in Korea, an organization of over forty religious bodies in the U.S. and Canada, wishes to commend the U.S. Congress for its Members' continuing strong leadership on human rights. This is a critical hour in U.S.-Korea relations and human rights forms the heart of the crisis.

Human Rights Day in South Korea will be a quiet time this year, but it will not be calm. The quiet is one of anxiety and, increasingly, of desperation. Kim Dae-jung and more than 350 other political prisoners will be waiting in the silence of their unheated prison cells for some assurance that behind the closed doors of "quiet diplomacy" the United States government still works for their release.

The press of South Korea will also be quiet, maintaining the same silence imposed on it since last year when 700 journalists were fired on government orders and over 200 journals closed down. Those who continue to write or broadcast do so with extreme care not to offend the government's censors and join the ranks of the unemployable.

The hundreds of persons who have been tortured in army prisons this year will also remain quiet, a fear-ridden reluctance to talk about their experience stifling their testimony to the terror they have known. But the witness of a few of them will speak loudly of what the rest cannot tell.

A silence will also pervade the families of the thousands who have disappeared into Army camps for 'purification', lest their speaking up cause further burtality against their loved ones, an unknown number of whom have died at the hands of the 'purifiers.'

It will also be quiet in North Korea, except as the North Korean government-controlled press denounces human rights abuses south of the DMZ. But the voices of normal political dissent, or voices criticizing the same abuses at home, will remain absent as they have for 35 years.

The Quiet in Korea will also be for listening to the outside world. Human Rights Day has in the past been an occasion to be reminded that those who struggle for justice and a democratic government there are not alone, but are surrounded and supported by the moral consensus of humankind, especially by the government and people of the United States. That support has been seriously eroded in the last year, first by the open welcome to Washington of Korea's military usurper, now the president, Gen. Chun Doo-hwan in February and by the downgrading of human rights in the Reagan Administration's foreign policy. Bitter anger toward the U.S. is now being expressed among our most natural allies in Korea, the advocates of an open democratic society.

It is thus the hope of the North American Coalition that this Human Rights Day may be the occasion for the U.S. Congress and people to reaffirm loudly our commitments to the values expressed in the Universal Declaration of Human Rights—as they apply to the people of Korea as well as Poland, the Soviet Union and Kampuchea. the unnatural quiet in Korea will not end until we have recovered our own voices on behalf of the silenced persons there and everywhere.●

● Mr. LEBOUTILLIER. Mr. Speaker, it is with special urgency that I submit remarks today in conjunction with the observance of Human Rights Day. There can be no greater violation of such rights than the ruthless and systematic destruction of human life. Without question, the Soviet Communists are the premier violators of human rights on our planet today, if not in the history of the world. Nowhere is their dehumanizing onslaught more evident than in Afghanistan.

The courageous and long-persecuted Afghan people are dying. This is no time for platitudes. Rather than ponder the lofty reflections of well-meaning humanitarians, we in the United States and the West must act to save those who seek to live in freedom. Actions do speak louder than words and for that reason we must aid and abet the brave people of Afghanistan in their life-and-death struggle against their Communist invaders.

The history of this struggle is further detailed in the remarks that follow. I extend special thanks to Rosanne Klass, Director of the Afghanistan Information Center for Freedom House for compiling this vital data. Her report follows:

STATEMENTS OF FREEDOM HOUSE FOR INTERNATIONAL HUMAN RIGHTS DAY

AFGHANISTAN: HUMAN RIGHTS AND THE HUMAN SPIRIT

Nowhere in the world today are human rights more brutally and more universally violated than in Afghanistan—starting with that most basic of all rights, the right to live.

For more than 3 years now, the puppet regimes installed by the Soviet Union and directed by its personnel, and the Soviet army itself, have stopped at nothing in their effort to crush the resistance of a proud, independent people to Communist conquest. The violations of human rights in Afghanistan not only read like a litany of all the horrors of the twentieth century. They go further, harkening back to the barbarism of Genghis Khan, who, nearly 800 years ago. also tried to destroy the spirit and the identity of the Afghan people and, when he found he could not do it, tried—like their would-be conquerors today—to destroy the Afghan people themselves.

Since 1978, the political prisons and the torture chambers of Afghanistan's Communist regimes have overflowed with victims. At one prison alone—the infamous Pul-i-Charkhi outside of Kabul—an estimated 35,000 political prisoners were executed in the first 18 months of Communist control—an effort to wipe out the entire educated, pro-democratic leadership class. And after a

much-publicized amnesty during the brief period when world television cameras were allowed into the country, Pul-i-Charkhi and the other prisons are filling up again.

It is not enough for them to mow down prisoners with machinegun fire in the mass midnight executions at the notorious Polygon outside Kabul, or the other killing grounds. Victims are bound and pushed into swift mountain streams to die, or dumped, en masse, into trenches to have the earth bulldozed over hundreds of living bodies; or flung onto the roads to be publicly crushed under the treads of Soviet tanks as an object lesson to their neighbors. Whole villages are wiped out—441 people were slaughtered in a single village only last month. Civilian deaths in the last three years are estimated at half a million—3 percent of the entire population, dead.

Hundreds, even thousands, of villages have been wiped off the map and huge sections of major cities reduced to rubble by bombs, rockets, phosphorus and napalm incendiaries, and strafing. Women and children, the old, even the farm animals, are targeted equally and deliberately. They have been attacked with disabling and lethal chemical weapons, and with the hideous new biological weapons only now being revealed to the world. Wells are poisoned, and crops destroyed just before harvest, to force these people—who once exported food—into submission through dependency on the grain sold to the Kabul regime by its Soviet masters.

While the regime boasts of new rights for women, Afghan women have been forced to prostitute themselves to buy freedom for jailed relatives, or to earn food for their destitute families. While it boasts of education and progress, schoolgirls protesting the Russian invasion of their homeland are gunned down in the streets by Soviet soldiers, and gassed in their classrooms—the blame laid, of course, on mythical "American CIA agents". The schools and the much-vaunted adult literacy courses have been transformed into Marxist propaganda mills, and hundreds of children are taken from their families every month and transported to the Soviet Union and Bulgaria for indoctrination. While puppet president Babrak Karmal piously invokes the name of God, hundreds of religious leaders have been jailed, killed, or driven into exile. More than 2 million Afghans are refugees in Pakistan, and another million in Iran—20 percent of the Afghan nation—and countless others are homeless in their own land.

And that's just the tip of the iceberg.

There is no human right that has not been violated in Afghanistan—not those in the Universal Declaration of Human Rights, or in the Helsinki accord, or those unwritten ones universally accepted by all civilized humanity for the past two thousand years.

And why?

Simply, and solely, because the Afghan people have refused to give up their freedom and have fought for it, have refused to give up their identity and have fought for it, have refused to be conquered and are resisting—successfully, alone and almost unaided—a living, fighting testimony to the human spirit, and to the power of the idea of freedom, if ever there ever was one. For this heinous devotion to freedom they have been—are being—so hideously punished. As we meet today in the name of human rights, let us be aware of this courageous people who are every day pledging to the cause of liberty and humanity their lives, their fortunes, and their sacred honor—and who demonstrate even as we speak that although they can be deprived of life and fortune, no power on earth can deprive them of that honor, and of the dignity which is also, uniquely, a basic human right.●

● Mr. LOWRY of Washington. Mr. Speaker, I am pleased to have an opportunity to join my colleagues in commemorating Human Rights Day. How can the United States expect to have credibility in its dealings with other nations if it does not vigorously undertake efforts to advance human rights throughout the world? I believe that in order for U.S. opposition to human rights abuses to mean anything, it must apply equally to unfriendly and to friendly nations. In this light, I welcome the administration's nomination and the Senate's confirmation of Elliott Abrams to head the State Department's Human Rights Bureau and the State Department's embrace of these principles.

The situation in El Salvador has been one of great concern to me. I am alarmed at the systemic attacks on seemingly every sector of society in El Salvador. Nuns, teachers, labor union officials, workers, journalists, businessmen are murdered. Ordinary citizens are caught in the crossfire. The carnage occurs in the cities and in the countryside. I sponsored House Concurrent Resolution 67 on February 6 as a means of drawing attention to the increasing violence in that country and the need for a negotiated settlement with a democratic government that respects human rights. I have cosponsored bills and resolutions which would place restrictions on aid to El Salvador and suspend that aid if the restrictions were not met. The inclusion of restrictions on aid to El Salvador in the Foreign Assistance Authorization was an important policy provision, one which was essential for my support of the bill.

Though these positive steps have been taken, there is still much more to do. Our support of the universal declaration of human rights must be adhered to in order for civil and political rights be granted to millions of people in the world.

Freedom of the press is too often taken for granted in this country, where violence against journalists is rare. I would like to share with you an "open letter on violence against journalists in El Salvador" which was recently presented to the Salvadoran Ambassador in Washington, the United Nations, the OAS, Members of Congress and representatives of the Democratic Revolutionary Front, a coalition of Salvadoran left-of-center and guerrilla forces. It was signed by close to 1,000 members of news organizations across the country, including CBS, Newsweek, the New York Times, Washington Post, Los Angeles Times, Associated Press, San Francisco Chronicle and Examiner, Newsday, Miami Herald, Milwaukee Journal, Albuquerque Journal and Daily Oklahoman. I welcome the widespread support it received and hope the continued diligence on our part will result in a resolution to this tragic situation. Thank you, Mr. Speaker.

OPEN LETTER ON VIOLENCE AGAINST JOURNALISTS IN EL SALVADOR

"Everyone has the right to freedom of opinion and expression; this right includes the freedom to hold opinions without interference and to seek, receive, and impart information and ideas through any media and regardless of frontiers."—Article 19, Universal Declaration of Human Rights of the United Nations

We, U.S. journalists, are alarmed at an increasing campaign of terrorist violence against journalists in El Salvador. Over the past several months five journalists and one of their interpreters have been killed. Dozens of others, both Salvadoran reporters and foreign correspondents, have been kidnapped, tortured, threatened, or forced to leave the country.

The murder of journalists is the ultimate weapon employed by those who seek to silence a free press. That weapon is being used with impunity in El Salvador and it must be stopped.

Among the recent victims:

The dead: Jaime Suarez, editor-in-chief, La Cronica. Hacked to death. Cesar Najarro, photojournalist, La Cronica. Hacked to death. Ignacio Rodriguez, photojournalist, Mexico's Uno mas Uno. Shot to death.

The disappeared: John Sullivan, U.S. freelance reporter. Vanished from his hotel. Rene Tamsen, WHUR radio reporter. Kidnapped on the street.

The harrassed: Jorge Pinto, editor-publisher, El Independiente. Forced to flee after government tanks surrounded his newspaper and arrested without charges four of his staff. Joe Frazier, AP reporter. Threatened by troops while investigating a shooting. Alan Riding, New York Times correspondent. Forced out by threats. Octavio Gomez, reporter, Los Angeles La Opinion. Kidnapped, beaten, imprisoned, and forced out of the country.

These are only a few of the many documented instances of violence against journalists in El Salvador. Such terrorism must stop.

We publicly call upon the Salvadoran government of President Jose Napoleon Duarte to do everything in its power to halt attacks on journalists; to investigate the numerous acts of violence already documented and arrest and bring to trial those responsible; to search for missing journalists Tamsen and Sullivan; and to release from custody immediately all journalists held without charges. Furthermore, we call upon the government and all political groups in El Salvador to respect journalists' right to gather information safely and freely and to transmit it without interference.

Journalists do not expect reporting in combat to be danger-free. Journalists do not seek special protections. But we call upon the U.S. government, the Organization of American States, and the United Nations to do everything in their power to stop terrorist violence from being used as a weapon against freedom of the press in El Salvador. To ignore this violence today is to encourage its use tomorrow—not only in El Salvador—but around the world.●

● Mr. LAGOMARSINO. Mr. Speaker, as we join together today to mark

International Human Rights Day, I would like to call to the attention of my colleagues the effort of the Government of El Salvador to promote human rights in that country by countering the terrorist attacks from both the right and the left. The government of President Duarte is seeking to establish a truly representative, democratic government, which will be the best means for insuring the protection of human rights for all its citizens.

The following essay, prepared by Freedom House in New York, the respected human rights organization, clearly describes the efforts being made in El Salvador to advance the cause of human rights.

STATEMENT OF FREEDOM HOUSE—HUMAN RIGHTS IN EL SALVADOR

On this International Human Rights Day, we often confine our remarks to the plight of individuals or groups who are persecuted by repressive and totalitarian regimes or confined, tortured and silenced in the dark cells that are mankind's shame. Sometimes, we overlook those countries which, in the throes of tremendous social and political upheaval, are nobly and courageously attempting that most difficult task of building and strenghthening democratic institutions so that in the future the human rights violations of the past will not be committed again.

One such country is beleaguered El Salvador, which in the midst of armed assaults by both the left and right, is attempting to initiate a democratic social revolution against tremendous odds. Under the leadership of José Napoleon Duarte, a man his friend Venezuelan President Herrera Campins called a "convinced democrat", the civilian-military junta has adopted numerous reforms and opened up the political process in that country so that next spring El Salvador might enjoy free elections, and make that difficult and painful transition to democratic government.

Many people in the United States and even some of my colleagues believe that this process is a charade. For them, it is better to be blind to the possible future of El Salvador under the rule of guerrillas who overtly espouse Marxist-Leninism. For them, it is better to ignore the statements by the Salvadoran Archbishop Arturo Rivera y Damas when he says the guerrillas "have made violence and Marxism their watchword, and because of that the majority have turned their backs on them." For them, it is better to ignore the recent statement issued in the United States by Bishop Pedro Aparicio, on behalf of the Salvadoran Bishops Conference, in favor of the continuation of the plans for the March elections and in severe disapproval of the "terrorism" used by the leftist forces in that country.

It would be naive to suggest that atrocities by right-wing paramilitary forces don't continue in that war-torn Central American country. But, undaunted by four right-wing coup attempts and several assassination plots, President Duarte has made considerable progress in curbing the excesses of the far right, both in the military and in the paramilitary groups that do the oligarchy's bidding. He has established an amnesty program that has drawn many defections from the guerrilla forces. Several hundred (some say thousands) of former guerrillas, have been given new identities and jobs around the country, without undue reprisals against them. At least 500 National Guardsmen have been discharged for abuses of power and another 600 are on notice that they will be imprisoned for the slightest violation of the law. Right-wing battalion commanders have been re-assigned to non-combat positions to break up the allegiances among the right-wing. As a result, the Archbishop of San Salvador, Arturo Rivera y Damas, has credited Duarte with "converting" the military to his way of thinking.

The dreadful displacement of Salvadorans—some 250,000 internally displaced and some 100,000 refugees in neighboring Honduras—so dramatically seized upon by the press and used for propaganda purposes by supporters of the left in this country, is, according to the Archbishop, caused by people fleeing not the government forces but the rampant terrorism of the guerrillas. In his statements at Freedom House, Bishop Aparicio, speaking for the Salvadoran Bishop's Conference, cited numerous massacres of campesinos, or peasants, in his own San Vicente archdiocese. Young people, according to the Bishop, are forced to join the guerrillas after their parents have been executed in front of them. Threats of reprisals against their relatives, if they defect, keep the young among the left's ranks. In a statement he brought from the Bishop's Conference, he cited the Salvadoran Church's support for the reformed behavior of the armed forces, and its vigorous condemnation of the left's attacks on the defenseless civilian population in the countryside.

Much has been made of the manner in which the land reform was carried out. This program, for all intents and purposes, is a functioning reality in Salvadoran life. Whatever its flaws, it has achieved a number of things. First, the back of the oligarchic landowning families has been summarily broken. Secondly, ownership of 990,000 of the 3.7 million acres of Salvadoran agricultural land has already been transferred to 210,000 formerly landless campesino families—some 1.25 million people. Another 1,850,000 acres remain in the hands of 120,000 small owner-operator families. In the Marxist revolutions of this century, the slogan of "Land To the Tiller," the idea that won the left its support in the past, has quickly been exposed as a fraud—as evidenced by Vietnam, the Soviet Union, and Cuba. In El Salvador, land reform is an imperfect reality, but it is a reality nonetheless. El Salvador is permanently changed by this reform. The continuation of this process now largely depends on political stability and the end of leftist terrorism.

The present civilian-military junta's commitment to continuing the process of establishing the conditions for elections is likewise absolute. Several political parties in El Salvador are currently registered for this March's elections and now enjoy and ability to discuss their platforms and positions with the Salvadoran public. The media ban on political statements has been lifted. Contrary to many published statements by the opposition, they too are free to participate in the elections if they pledge support for a democratic government. Even so, the Social Democratic party (the MNR) of Mr. Guillermo Ungo and the Communist UDN, both members of the FDR (the Democratic Revolutionary Front), are already officially recognized as legitimate parties by the government. In addition, the Duarte government in July invited the United Nations, the Organization of American States and Amnesty International to be official observers of the election process to make sure that these significant elections will be fair and free of fraud.

In various international arenas, we hear that such elections can not possibly be held until the fighting ceases—until the Duarte government unconditionally comes to the negotiating table with representatives of the guerrillas. This, of course, is an absurd position. When the guerrillas called their final offensive last January, the people of El Salvador ignored their call. Increasingly, the guerrillas have had to revert to their terrorist tactics of the late 1970s to destroy the economy, because they failed to generate any support among the people in the countryside and in the major cities. Why should a government that in the most difficult situation imaginable has embarked on a democratic social revolution throw the democratic process away? The proliferation of political parties in El Salvador is ample proof that the people of El Salvador also support this process.

One wonders today what Romulo Betancourt, the father of Venezuelan democracy, would think of those who would pressure Duarte to abandon his resolve to see the democratic process through to the end. Earlier this year former president Betancourt died in New York, but his greatest legacy lives on in the form of Venezuelan democracy. In the late 1950s, he too found himself faced with right-wing forces bent on returning his great country to military rule. And, at the same time, he faces assassination atempts and guerrilla activities by those supported, armed and trained by Fidel Castro. Duarte's position is not dissimilar. Again, the guerrillas are armed, trained and advised by Castro as well as by his allies the Nicaraguans and the Soviet Union. But our Latin American allies obviously haven't forgotten the Venezuelan precedent. To a country, they rightfully condemned the Mexican-French resolution recognizing the guerrillas. It is on such a day as this that we should recognize how human rights are best guaranteed. They are most protected under a democratic system. In this regard, we should continue to support the Duarte government's resolve to achieve this noble goal, which so many of our Latin American neighbors have also striven to achieve. Only in this way can the agony of El Salvador end and its future be guaranteed.●

● Ms. OAKAR. Mr. Speaker, the annual human rights commemoration on December 12 is meaningful to all Americans. Our country was founded on the principles of human rights. The stirring words of the Declaration of Independence have provided the basis for our laws and for the spirit which has animated our history. Many of the great political struggles during the more than 200 years of our country's existence have been ones involving human rights. One thinks of the efforts to emancipate the slaves, to secure voting rights for women, and the right for workers to organize: all of these have been struggles to secure human rights. The spirit that gave rise to the American Revolution and produced our Constitution encouraged respect for human rights and made it possible for Americans of past generations to win their particular battles for respect and personal liberty. Since we are a nation of human beings, we are

not perfect and work is still required in the never-ending effort to achieve and secure human rights for all our citizens.

The people of the United States have strong ties to countries throughout the world. My own district in Cleveland reflects that in the diverse background of the citizens of Cleveland. It is fitting, therefore, that Americans express their interest in human rights in different parts of the world, and not only at home. Sadly, human rights, which are enshrined in such prominent documents as the Universal Declaration of Human Rights, the Helsinki Final Act, and constitutions of nearly every country, are not respected in fact. In the Soviet Union, Ukrainians, Latvians, Estonians, Lithuanians, Jews, Armenians, Russians, and people of dozens of other nationalities are subjected to crude repressions. This is especially true in the case of those who want to defend their culture or language from russification or who seek to achieve the individual liberties we take for granted.

In Latin America, crushing poverty based on social inequalities and enforced by brutal police forces, oppress the vast majority of people in many countries. The cruel and tragic deaths of the four American churchwomen over a year ago in El Salvador was dramatic proof for most Americans that human life in that tormented country is meaningless. That is the ultimate violation of human rights. The daily indignities of poverty, perpetuated by privilege and enforced by violence, are the cancer that threatens the entire region with civil strife and anarchy. In Asia, a steady stream of refugees shows us the consequences of systematic violations of human rights in Cambodia, Vietnam, China. The imprisonment of intellectuals, labor leaders, students, and others in places like Korea are another blight on the map of the Asian continent. Africa has its own problems with human rights—some are based on the evil system of apartheid, others stem from warfare and social injustice; all manifest symptoms of poverty and oppression. Finally, the Middle East has its own brand of human rights violations that are expressed through systematic terrorism. The sorry litany could go on.

Americans who have fought and won so many human rights struggles must remain committed to the never-ending effort to aid their fellow human beings throughout the world in their individual and collective efforts to achieve the dignity and well-being that we summarize with the phrase "human rights." By pausing to rededicate ourselves to these lofty principles, let us hope that dedication can serve us well at home and abroad in winning the struggle to make human rights a reality throughout the world.●

● Ms. MIKULSKI. Mr. Speaker, on the occasion of International Human Rights Day, it is fitting that we recall the millions of individuals and the myriad of entire countries around the world that have been victims of the most despicable exploitation and human rights violations.

Factfinding tours to various parts of the globe, and meetings with emigrees to the United States, have sharpened my perception of the root causes of such human rights violations. In Cambodia, for example, I experienced the sense of despair and utter powerlessness with which millions of people barely survive the daily task of living. I saw that this was particularly true for women and their children. The struggle for those mothers was even more grinding since on the one hand, they were subjected to rape and other physical expressions of violence, while on the other they were mentally tormented by the sight of their own children starving to death. Later, in Central America, I saw the misery of women from El Salvador who, once again, were the particular victims of physical exploitation, disfiguration, and murder. And, again, children were being used as the medium through which soldiers exercised their power. Babies were being used as target practice, and the bellies of pregnant women were being ripped open in order to murder unborn children. We've all heard about the rape and brutal murder of U.S. nuns in El Salvador, but this is a frequent occurrence for thousands of native women in that country. This can be multiplied many times over, in terms of this sort of explicit human rights violations all over the globe.

At the same time, there are countries where people simply "disappear;" where people are imprisoned and tortured over a period of years, with no formal charges brought or trial undertaken. This is particularly true of Latin America, where women are arrested and the wives, mothers, and children of male prisoners again suffer extraordinarily, since the traditional provider of security and orientation is suddenly wrenched from the family circle.

What I have seen, felt, and learned from those directly affected by explicit human rights violations has convinced me that this is an issue of power and the cravings of those who perpetrate such acts to exercise their political power by attacking the most vulnerable victims. There is something very "macho" about being even a low-level soldier and beating up on defenseless women and children. Not only is this an easier fight to win, but it also insures the esteem of colleagues and serves as a lesson for others to "stay in line." Meanwhile, the generals, national officials, and other government leaders either explicitly order or implicitly condone such practices.

And then there is the other brand of implicit human rights violations, where entire countries are held in control through various forms of mass exploitation. For example, in the Soviet Union and other eastern bloc countries, the Jewish minority is used as a control mechanism, and object lessons are taught through the limitation on movement and religious freedom. Examples are legion. . . .

In summary, I believe that human rights violations result from frustrated, power-hungry dominators, whether they be governments or individuals. Such violations are a mechanism for winning and maintaining control over others, and tend to focus on the exploitation of the weak. Further, I believe that because of the passive, more submissive role assigned to women and children in most societies, they become the most immediate targets for power-seeking zealots.

On this International Human Rights Day, let us pray for the weakest among us and realize that it is they who are the real pawns in the grotesque chess game in which the world is currently engaged.●

● Mr. BRODHEAD. Mr. Speaker, I am glad to have this opportunity of joining my colleagues in the House of Representatives in commemorating International Human Rights Day, the 33d anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations.

There are many human rights groups, both here in the United States and around the world, which have worked tirelessly on behalf of the persecuted, the silenced, the tortured, and the imprisoned. One of the oldest and best known of such groups is the Anti-Defamation League of B'nai B'rith, founded in 1913 to work for the cause of civil rights for all people, regardless of color, religion, or national origin.

On this International Human Rights Day, it gives me great pleasure to commend B'nai B'rith for their work in human rights. I commend the statement of this outstanding organization to the attention of my colleagues:

STATEMENT OF B'NAI B'RITH FOR HUMAN RIGHTS DAY, 1981

Thirty-three years after its adoption by the United Nations, the Universal Declaration of Human Rights remains a dream yet to be fully realized.

It is unprecedented as a moral force of liberty. Its very being is a notice to the totalitarians that human rights is a matter of international law, by which all nations must abide. It possesses a miraculous power to uplift the misery of repression, and grants the victims an inner strength that they are not alone in their ordeal.

The Anti-Defamation League of B'nai B'rith, founded 1913 out of the realization that America had not yet lived up to the promise of democracy to its own citizens, re-

dedicates itself on this anniversary to the concepts embodied in the Universal Declaration of Human Rights.

Americans are fortunate to live in a nation which has recognized its past injustices, and ADL is proud of its role in obtaining passage of the landmark civil rights laws to ensure all our citizens equal opportunity, irrespective of color, religion and national origin.

Justice was obtained only after voices of protest were raised. And in other parts of the world, muffled voices are heard again, longing, as in the case of the Soviet Union, to exercise their basic human right to emigrate and earn a livelihood.

Mindful that its own 67-year battle to secure justice for all people persists to this day, ADL is keenly aware that much stands in the way of full implementation of the Universal Declaration of Human Rights.

But just as the founding fathers of our country set forth an irreversible process, so did the framers of this invaluable document. As a beacon of freedom to the world, America must continue to speak out whenever human rights are denied.●

● Mr. LEHMAN. Mr. Speaker, International Human Rights Day is a most appropriate time to reflect on the state of human rights around the world and to assess the relationship of human rights to U.S. foreign policy.

First, I would like to say that I applaud the appointment of Elliott Abrams as Assistant Secretary of State for Human Rights. His speedy confirmation for this important post also emphasizes the strong support in the Congress for keeping human rights a high priority.

On this 33d anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations, we must acknowledge the great importance of this internationally sanctioned vehicle which has raised human rights concerns to the forefront of foreign policy. To be able to raise objections of human rights violations by member governments in a forum such as the U.N., and to integrate these concerns into the consciousness of diplomacy has improved the lives of people everywhere.

It is difficult to measure the degree to which human lives have benefited from the focus on human rights violations. Although much progress has been made, deplorable conditions for many still exist. To list the countries where this is so will continue to be done annually by the State Department's publication of "Country Reports on Human Rights Practices." Continuing attention to human rights abuses will be given also by the Congress in the process of legislating our foreign aid programs, and in the work of the Commission on Security and Cooperation in Europe.

Religious persecution, political persecution, and economic persecution continue to be directed at not just individuals, but whole peoples. B'hais and Jews in Iran, Falasha Jews in Ethiopia, Soviet Jews, Southeast Asian refugees, Haitians, and people in Latin America suffering from political persecution have great need for international attention and pressure to be imposed on their governments by the international community.

Numerous reports, both governmental and nongovernmental, have documented the deteriorating human rights situation in Guatemala. We have been presented with no refutation of the charges of acts of violence in that country which include murders, kidnappings, tortures, disappearances, and desecration of victims' bodies. The death toll from politically-motivated murders is estimated by the U.S. Department of State to be between 75 and 100 each month. While the government of Guatemala may not be responsible for all that occurs, I find the recent human rights report of the State Department significant: "The Government of Guatemala has not taken steps to halt abuses or carry out serious investigations." Certainly to assist such a government with military hardware in a situation already riddled with violence is misplaced when basic human needs cry for attention.

The treatment of Dr. Andrei Sakharov by the Soviet Union in recent years and in recent days is deplorable. That the Soviet Union is driven to mistreat its and the world's intellectual and cultural giants so harshly speaks for the degree of human rights in that country. Others—Viktor Brailovsky, Aleksandr Paritsky, Vladimir Kislik, Vladimir Tsukerman, Aleksandr Lerner, Anatoly Shcharansky, Ida Nudel, Vladimir and Maria Slepak and many more are victimized by a government that has made commitments but utterly failed to honor the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights, and the Helsinki Final Act.

The situation of Soviet Jews has reached a period of severe crisis. Emigration has come to a virtual halt, harassment and arrests have been intensified, and anti-Semitic activity is growing. While anti-Semitism remains a latent and festering problem in other countries, and we have witnessed increasing episodes around the world, the Soviet government is alone in fostering and institutionalizing anti-Semitism in its policies and official practices. Only a strong U.S. human rights policy can be effective in persuading the Soviets to honor its international human rights commitments, and we must continue our efforts to improve the situation for Soviet Jews who wish to emigrate and for those who wish to remain in the Soviet Union.

The effectiveness of our human rights policies has saved lives and reduced mistreatment. To insure that this continues, we must have a strong human rights policy. We owe that to the victims of prisons, of religious and political persecution, and to ourselves, for without the protection that a strong human rights policy brings, none of us are really protected.●

●Mr. EDGAR. Mr. Speaker, U.S. law requires that human rights considerations be a part of U.S. foreign policy. The administration has spent the past 11 months evading and/or violating existing congressionally mandated human rights legislation. To justify their actions, administration policymakers have resorted to clever, misleading, and inaccurate arguments.

The following memo, written by Bruce Cameron and Jeff Morley of the Americans for Democratic Action's Human Rights Law project, carefully analyzes the administration's legal position. The memo exposes the State Department's legal arguments as a sham. I think that this analysis is an important contribution to Congress struggle to enforce human rights legislation:

In words and actions the Administration has shown that it feels no obligation to observe the human rights clauses written into the Foreign Assistance Act.

In doing so the Administration is acting illegally. The legislative history of the various human rights laws, however, shows very clearly that the Congress *does* expect the Administration to make determinations as to whether or not a government engages in a consistent pattern of gross violations of internationally recognized human rights.

In the case of Section 502B, which applies to security assistance, it is also clear that the Congress did not intend this determination to be made publicly. Finally, the record of the Carter Administration demonstrates without any doubt that it did make determinations that a government was a consistent and gross violator of human rights. It did so in the course of policy making as a matter of law.

The Reagan administration has staked out its legal position in testimony before the Subcommittees on International Development of the House Banking Committee and the Subcommittees of Human Rights and Inter-American Affairs of the House Foreign Affairs Committee. State Department spokesman have stated that the administration is not under any obligation to make a determination that a government is engaged in a consistent pattern of gross violations of internationally recognized human rights.

Assistant Secretary of State for Economic Affairs, Ernest Johnston argued that the Administration does not have to determine *in the process of considering assistance* whether a government is a consistent and gross violator. The Administration's only obligation, Johnston claimed, is to be able to prove that assistance "is going to a country which is not characterized by a consistent pattern of gross violations."

In other words, the Administration contends that it does not have to make a human rights judgment, even a private judgment, on every country considered for assistance; it only has to show, *after assistance has been granted,* that the recipient government is not a gross and consistent violator.

These are very clever arguments: They are also wrong. The Administration, presumably the State Department's legal department, has put forth these arguments to try

to confuse Congress and evade its scrutiny of Administration's actions.

THE WORDING OF THE LAWS

One of the most basic human rights laws is Section 502B of the Foreign Assistance Act (FAA). It states:

"Except under circumstances specified below, no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights."

The Secretary of State who in most cases is directed to implement the law may permit security assistance if "notwithstanding any such practices" he determines "extraordinary circumstances exist . . . and on all the facts it is in the national interest of the United States to provide such assistance."

Section 116 and 239 (l) of the FAA deny respectively, development aid and OPIC insurance and loans, to the government of any country which engages in consistent and gross violations. Section 112 of the Agricultural Trade Development and Assistance Act of 1954 similary prohibits agreements to finance the sale of agricultural commodities to governments which are gross and consistent violators. In all three cases, the laws permit exceptions for projects which "directly benefit needy people in such country."

Section 701 (f) of the International Financial Institutions Act of 1977 instructs the U.S. Executive Directors of multilateral development banks to oppose loans to any country whose government engages in a consistent pattern of gross violations or harbors an exception for projects which "serve the basic human needs of the citizens of such country."

ANALYSIS OF LEGISLATIVE HISTORY

The clearest case revealing the intent of Congress is the legislative history of Section 502B. Section 502B was debated in the House International Relations Committee both in 1975 and 1978 and in each case the law being debated was legally binding on the Administration.

However, President Ford vetoed the bill in 1976 and a conference compromise, removed the legally binding language. Congress succeeded in re-passing the legally binding language in 1978—the debate makes clear that a legal requirement was Congress' goal—and that language is in the law today.

The House Committee debate in 1975 only once directly addressed the problem of whether the law was legally binding. Speaking about the legally binding language, Representative Dante Fascell asked the bill's author Representative Don Fraser if it—the language—would prevent Congress from conducting its own determinations about human rights in recipient countries. Fraser said no. He then explained the one case where the legally binding language would apply automatically:

". . . if the Administration determines a serious question (i.e., 'a consistent pattern of gross violations'—ed.) has arisen, and don't claim a reason (i.e., 'extraordinary circumstances'—ed.), then we say 'no obligations.' "

In summary, Representative Fraser did expect that the Administration would make determinations as to whether there was a consistent pattern of gross violations and that if there were no concurrent finding that there were "extraordinary circumstances" he expected the Administration would be required to deny future security assistance to the country in question.

That part of the law, however, did not find its way into the final act. President Ford vetoed the bill, and ten words were added to the section signed by the President on June 30, 1976. The President signed the amended bill. It read,

"It is further the policy of the United States that except under circumstances specified below, no security assistance may be provided to any country the government of which engages in a consistent pattern of gross violations of internationally recognized human rights." (New language in italic.)

By 1978, Representative Fraser realized that the effect of these ten words was to rob this amendment of the force of law. Accordingly, he offered an amendment on May 3, 1978 to delete those ten words. ". . . this amendment clarifies (previous law—ed.) to make clear that it isn't simply a policy to be disregarded at the will of the Administration." Fraser said.

The Carter Administration, which opposed Fraser's deletion, agreed that this was the effect of the law. Douglas J. Bennet, Assistant Secretary of State for Congressional Relations said: "this amendment is undesirable because it would move a policy statement . . . to an effective legal position *by converting* subjective policy considerations, extraordinary circumstances and *a consistent pattern of gross violations to standards controlling by law"* (emphasis added).

Fraser pointed out that the other human rights law were also legally binding.

"You are now required to make the legal determination with respect to a violator of human rights in the case of every country in which you give economic aid. This is the language of the Harkin amendment. My language simply put this on a parity (with respect to military aid)."

In a later discussion on a substitute amendment, Bennet agreed that the Administration had the obligation with respect to economic aid: ". . . in the case of economic assistance where, as the Congressman . . . points out, we do have specific legal requirements in cases of gross violations."

The Senate bill had no similar amendment, but the Senate conferees did agree to drop the ten words. The Conference Committee report stated that: "the intended effect of this amendment is to substitute for the current policy statement a legal requirement to deny security assistance."

The debate of September 10, 1975 on the Harkin amendment, Section 116 of the FAA, also makes clear Congress' desire that the Administration make these determinations. In a discussion between the sponsor Representative Tom Harkin and Representative Charles Whalen, Harkin explained over and over an expectation that the Administration will "make the determination that these gross violations exist."

While any Administration has leeway in making these determinations the law is intended to be strict. A State Department A.I.D. legal memorandum in 1977 concluded that:

"The phrase 'consistent pattern of gross violations' is a stern test in examining the conduct of a foreign government towards its citizens."

HUMAN RIGHTS DETERMINATIONS IN THE POLICY PROCESS

The implications of the Administration's apparently innocuous position must be recognized. The effect of not identifying human rights violators in the policy process will be a permissive policy of extending assistance to consistent and gross violators. Preventing aid to gross violators will be left, post facto, to Congress. These are not easy determinations, a fact recognized in most of the congressional debates, and requires often information not easily accessible to Congress, e.g., information on the degree of direct involvement in human rights violations of a country's political leaders. In addition, U.S. foreign policy will be compromised by assertions that the Executive is breaking the law and other appearances of Executive-Legislative discord.

Stephen Bosworth, Deputy Assistance Secretary for Inter-American Affairs, extended the Administration's argument by claiming human rights determinations have never been made. Bosworth said:

"The Department has not made a determination in this Administration or the previous one, that any government . . . is engaged in a policy of gross or consistent violations of human rights."

The historical record clearly proves Bosworth wrong. It shows that the Carter Administration made a number of human rights policy decisions based solely on the requirements of the law.

Admittedly the Carter Administration did not make it easy to ascertain when it was acting on its policy and when it was acting on the basis of the law and therefore making a determination that a government was engaged in a consistent pattern of gross violations of internationally recognized human rights. Because it did not want to label a government as a consistent and gross violator, the Carter Administration blurred the distinctions between law and policy in making specific decisions.

(Policy, it should be clear, reflects the degree of emphasis a given Administration chooses to place on human rights. Law, passed by Congress and signed by the President, establishes what the Administration must do vis a vis human rights.)

First, the 1977 legal interpretation of Section 116A concluded, "Because of the need to assure that there is no indication the United States supports a foreign government in the repression of its citizens, it is necessary to examine *all* foreign assistance extended to these governments on a *case-by-case* basis (emphasis added)."

Second, the Operating Manual of the Bureau of Human Rights and Humanitarian Affairs, written at the end of the Carter Administration, also provides clear evidence that the Administration's policy makers routinely made, in the policy process, the human rights determinations required by law.

In discussing the process of making decisions on proposed security assistance to be provided a given country over a year's period, the Manual states:

"Once it is determined that human rights abuses occurring in a country are not of such a nature to render that country ineligible *as a matter of law* to receive security assistance, consideration is given to what should be done as a matter of policy."

Third, the Manual provides examples of such determinations. In the section on security assistance, no examples are given in which a government was denied security assistance because of the provisions of 502B. However, four examples were given where, notwithstanding such a finding, security assistance was provided. The subsection, entitled: "Summary of Policy Application of the Legal Standards," explained,

"Military assistance including weapons sale is denied to countries whose governments torture, summarily execute and or arbitrarily imprison appreachable numbers of their citizens unless national security assist-

ance nonetheless dictate such assistance. Examples of the latter exceptions: Indonesia, the Philippines, South Korea and Zaire."

There can be no serious disagreement as to the implication of those two sentences. During the Carter years, Indonesia, the Philippines, South Korea and Zaire were all found to have governments engaged in consistent pattern of gross violations of internationally recognized human rights.

A State Department official responsible for aspects of Latin America policy during the Carter years told one of the authors that Section 502B made it impossible for him to re-establish a military supply relationship with Guatemala. "It is a gross and consistent violator," the official said.

In August 1978, the State Department's Inter-Agency Group on Human Rights (IAGHR) rejected an overseas Private Investment Corporation project in El Salvador, the expansion of a Phelps Dodge wire and cable plant solely because of that country's poor human rights record.

In reviewing the case, the Manual first took note of the law: "The legislation requires OPIC . . . specifically to deny such programs for investment in countries which engage in a consistent pattern of gross violation of human rights unless the investment will directly benefit the needy or the national security requires OPIC to support the investment."

The IAGHR considered whether the project might qualify for the "benefit the needy" clause of Section 116. The nature of the project, plant expansion, meant it could not qualify for as "basic human needs" assistance.

Thus, the project was judged solely on the "consistent pattern of gross violations" language of Section 116A. As the project was rejected, the Salvadoran government was found to meet the criteria of a gross and consistent violator.

In September 1979, the IAGHR decided to abstain on a loan which did not serve to meet basic human needs (BHN) for Guatemala. The Manual notes the decision was one "which required extensive consideration of other U.S. strategic interests. In the final analysis the Deputy Secretary felt that it was not possible *within the law* to approve non-BHN assistance to Guatemala at that time." (emphasis added)

"Within the law" can only mean one thing: that the Deputy Secretary made his decision based on the wording of the law, not the Administration's policy. In addition, we know that the loan did not serve basic human needs and that there was no concern that Guatemala was harboring international highjackers. Therefore, the only stricture in law barring assistance to Guatemala was the human rights determination. Therefore, it is clear that the Deputy Secretary found Guatemala to be a consistent gross violator.

The Reagan Administration can change policy and has, but it cannot change the laws; only Congress can do that. And until Congress does, this Administration must determine in the course of policy making whether or not governments are engaged in a consistent pattern of gross violations of internationally recognized human rights.●

● Mr. DELLUMS. Mr. Speaker, today the calendar marks the annual observance of International Human Rights Day. However, it is my firm conviction that this is a commitment which should be observed and honored every day of every year by every nation of the global community.

In observance of the occasion, I would like to bring to the attention of my congressional colleagues, and all Americans, the resolution on the Ratification of the International Human Rights Covenants which was adopted earlier this year by the Governing Board of the National Council of Churches of Christ in the U.S.A. The text of the resolution is as follows:

RESOLUTION ON RATIFICATION OF THE INTERNATIONAL HUMAN RIGHTS COVENANTS, NATIONAL COUNCIL OF THE CHURCHES OF CHRIST IN THE U.S.A.

Whereas the National Council of the Churches of Christ in the U.S.A. has affirmed in its Policy Statement on Human Rights that every person "is made in the image of God * * * is of intrinsic worth before God, and that every individual has a right to the fullest possible opportunities for the development of life abundant and eternal"; and has declared, that "denials of rights and freedom that inhere in man's worth before God are not simply a crime against humanity, they are a sin against God"; and

Whereas the National Council of the Churches of Christ on numerous occasions has spoken out and acted on behalf of the improvement and guarantee of human rights throughout the world; and

Whereas the Universal Declaration of Human Rights as proclaimed on December 10, 1948, has become the foundation stone for the building of a significant worldwide movement for the protection of human rights; and

Whereas the principles and goals of the Universal Declaration of Human Rights have been elaborated in two Covenants, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights, which entered into force in 1976; and

Whereas President Jimmy Carter has signed both International Human Rights Covenants in October 1977, and submitted them to the Senate for ratification; and

Whereas the Senate Foreign Relations Committee has held Hearings in November 1979, on the Covenants prior to reporting its recommendations to the full Senate;

Therefore be it resolved: that the National Council of the Churches of Christ in the U.S.A. hereby urges the members of the U.S. Senate more rapidly to ratify the Covenants so that the United States might concretely demonstrate its commitment to the promotion of international standards of human rights and its own willingness to submit to those standards; and

Further that it call on the member churches of the National Council of the Churches of Christ to strengthen educational efforts to inform their constituencies on the content and significance of the Covenants and the importance of their ratification.●

● Mrs. CHISHOLM. Mr. Speaker, on the 34th anniversary of the adoption of the Universal Declaration of Human Rights, it is indeed ironic that the United States is currently engaged in violation of article 13, which guarantees the right of a person to emigrate from their homeland. The interdiction of Haitian vessels on the high seas by our U.S. Coast Guard is in direct violation of article 13. Interdiction certainly violates the principle of nonrefoulement in the U.N. protocol relating to refugees. The return of Haitians to their country, given the gross and consistent pattern of human rights violations, makes a mockery of International Human Rights Day and the U.S. commitments to uphold our international treaty obligations. In particular, I wish to bring to the attention of my colleagues the imprisonment, torture, and mistreatment faced by 26 Haitian prisoners currently incarcerated in the National Penitentiary.

On August 25, 1981, a trial was held in Haiti of 26 persons accused of political crimes. All 26 defendants were accused of arson and "plotting against the internal security of the state." Approximately 11 of the defendants were members of the Haitian Christian Democratic Party (PDCH) which was organized in February 1979 by Sylvio Claude, one of the defendants. Two other defendants were journalists imprisoned during the mass arrests of late November 1980 which eventually resulted in the forced exile of a number of independent Haitian journalists. The background of the remaining 13 defendants demonstrates little connection to the better known defendants.

Following a trial of 19 hours, all defendants were convicted of both charges at 5 a.m. on August 26. Twenty-four of the defendants were sentenced to 15 years at hard labor, and 4 to 1 year in prison. The Haitian League for Human Rights labeled the verdict a "judicial scandal of unbelievable proportions," asserting that no specific, credible evidence had been presented by the government to link any of the accused to the two charges.

These prisoners have faced daily beatings and torture throughout their incarceration. In addition, medical attention has been refused by the Government of Haiti despite appeals by Amnesty International, the Lawyers Committee for International Human Rights, and many other human rights groups. The brutal treatment of these prisoners is indicative of a long and sordid history of human rights abuses by the Government of Haiti. I have included a brief summary of political and economic conditions in Haiti for the benefit of my colleagues.

HAITI: AN ECONOMIC AND POLITICAL PERSPECTIVE: A PATTERN OF HUMAN RIGHTS ABUSES

Throughout much of its history, Haiti has suffered various forms of authoritarian government, severe political instability, egregious, and systematic human rights violations, and related economic deprivation and instability. Human rights violations were so widespread and serious under the regime of Francois Duvalier that they were virtually institutionalized during his rule from 1957 to 1971. Despite a

much publicized, but ill-defined liberalization that was proclaimed by his son, "President-for-life" Jean Claude Duvalier, the Duvalier system of authoritarian government and political persecution based on the military and the Tonton Macoutes has not been significantly altered.

There is no substantial evidence to indicate that liberalization has produced reforms in the following areas: continuing states of exception to and disregard of the rule of law; the large-scale detention, abuse, and torture of persons for political reasons without the substantive provision of any due process protections; the repression of all opposition parties and trade unions; and a total disregard for all fundamental freedoms of expression or communication. This analysis coincides with the evaluation of U.S. State Department in its "Country Reports on Human Rights Practices" for the last 2 years. They conclude:

[In 1979] there were no institutional changes favoring political liberalization, however, and if anything the ability of Haitian citizens to express dissenting political views declined in 1979 (U.S. Dept. of State, Country Reports on Human Rights Practices for 1979), Report to House Foreign Affairs Committee and Senate Foreign Relations Committee, February 4, 1980).

In its most recent 1980 report, the State Department similarly concluded:

Haiti has had a long and troubled history of authoritarian rule characterized by many periods of political instability and serious human rights abuses . . . Executive authority is vested in a president for life . . . In practice, the legislature reflects the will of the president, Jean Claude Duvalier. Advised by a small coterie, he wields almost all actual power. During the eight months that the legislative assembly is in recess, major sections of the constitution concerning protection of individual liberties are suspended, and the president is given full powers to rule by decree (U.S. Dept. of State, Country Reports on Human Rights Practices for 1980, February 2, 1981, p. 459).

When 19-year-old Jean Claude Duvalier formally succeeded his father in 1971, there was no meaningful distinction between the total personal power of the Duvalier family and the Haitian Government; there were no institutions with even the slightest degree of autonomy from this autocracy. The legislature was reduced to rubber stamping bills handed down by the President-for-life, the press was in all meaningful senses the mouthpiece of the National Palace, and opposition political groupings and labor unions were completely crushed. Under the Duvaliers, democratic institutions have been completely stifled, while Haiti has become a government dominated by personal corruption. The 1979 State Department report referred to above concludes that:

Corruption is traditional at all levels of society, and significant amounts of domestic revenues usable for development continue to be diverted to personal enrichment. (U.S. Dept. of State, Country Reports on Human Rights Practices for 1979, p. 344.)

The 1979 report of the World Bank corroborates that in 1977, for example, almost 40 percent of all expenditures and of total revenues were channeled through special checking accounts held at the National Bank that made it virtually impossible to determine their source or eventual disposition (p. lv.) Similarly, a report by the World Council of Churches documents that the Duvaliers receive approximately $70 per head for Haitian cane cutters sold into conditions of near-slavery in the Dominican Republic.[1]

In addition to this pervasive pattern of corruption, contemporary Haiti continues to experience the beating and torture of political activists; severe beatings are the accepted way of processing criminal cases and imposing discipline. It is a routine practice in Haiti to arbitrary detain a person without arrest procedures or any due process protections. Free reign is given to government security forces and there is a complete absence of any system of disciplining them. Many of these people depend financially on extortion and the expropriation of property of opponents of the regime. Seemingly mild by comparison are other equally institutionalized practices of the Haitian Government: a newly enacted, and highly restrictive press censorship law; an absence of any tradition of government service to its citizens; a governmental structure that is pervaded by corruption at all levels, channeling significant amounts of domestic revenues and foreign assistance into personal enrichment of associates of the Duvalier family; the governmental repression of opposition political groups or labor unions; and most recently, the Government's disruption of the activities of the Haitian League for Human Rights.

ECONOMIC AND SOCIAL CONDITIONS IN HAITI

Haiti was once the richest pearl in the French colonial empire. But today it is the most desperately poor nation in this hemisphere. The present authoritarian government of the Duvalier's, coupled with a longstanding and deep tradition of corruption, keeps Haiti's quasi-feudal economy in a solid grip of backwardness, and its people in a stark state of deprivation. Few nations in the world present an economic picture as bleak as that of Haiti. It is one of a handful of nations in the world now called the fourth world because of its utter economic destitution.

It is extremely difficult to quantify and analyze the pervasive poverty and deprivation under which the vast majority of Haitians live, principally because of the Haitian Government's refusal to provide updated statistics to the concerned international agencies. Formally, the Haitian Government is committed to respecting the basic economic and social rights of its population both through numerous provisions in its own constitution and through its ratification of the Inter-American Convention on Human Rights on September 27, 1978. A realization of the full development of these rights is seriously limited by a complex series of restraining political and historical factors which exacerbate problems created by conditions of absolute poverty.

In recent years, considerable attention has been paid at the United Nations and elsewhere to the relationship between violations of basic civil and political rights more dramatically illustrated than in Haiti:

In Haiti, the Government has made no attempt to discipline the military police, the Volunteers for National Security, who are unpaid below the officer ranks, and who make their living by seizing land, demanding bribes, and extorting money from shopkeepers.

No substantial Government reform has been implemented to improve resource distribution in any sector. In an overwhelmingly agricultural country, it is noteworthy that there is no agricultural extension service, no agricultural assistance programs, and no land reform programs either operational or proposed.

In the Northwest section of the country, and in the Arbonite Valley, extensive seizures of peasant land by the Tonton Macoutes loyal to Duvalier continue to terrorize and impoverish the population. Peasants faced with the prospects of such seizures obviously have no inventive to improve their land.

Massive and increasing corruption and mismanagement of public funds directly benefits the highest echelons of the Duvalier government. Approximately 40 percent of Haiti's revenues are channeled through unmarked accounts at the Banque National, facilitating this corruption and resulting in a situation where both domestic revenues and intenational assistance available for development go instead to the personal enrichment of those close to the Duvalier family.[1]

The operation of the Regie du Tabac, the Duvalier family's personal monopoly over many basic commodities, provides another example of this mismanagement and corruption.

For example, in 1977 the Regie collected 4.9 million gourdes, yet only 2.9 million gourdes were made available to the public treasury. The IACHR report of 1980 concluded:

The operatings of the Government's Regie du Tabac also indicated the vast

[1] "Sold Like Cattle: Haitian Workers in the Dominican Republic," World Council of Churches, Dossier Number 10, November 1980.

[1] U.S. Dept. of State, "Country Reports on Human Rights Practices for 1979," p. 344.

reform necessary before respect for human rights can be more than a goal (IACHR Report at p. 74).

The government has done nothing to prevent the distribution of wealth from becoming increasingly skewed in favor of 3 percent of the population.

Finally, the immediate effects of the Duvalier government on the Haitian economy is recalled by the mass exodus of professionals and intellectuals who have been forcibly exiled from Haiti or who have fled their homeland because of a fear of political persecution. The majority of Haitian-trained doctors, lawyers, engineers, teachers, and public administrators are in the United States, Canada, or Africa.

In conclusion, Haiti is a poor country with significantly limited resources, but the Duvalier government has offered nothing but active neglect when confronted with the emergency problems of illiteracy, malnutrition, and disease. Furthermore, the Duvalier regime has greatly exacerbated these problems through land seizures, political instability, massive corruption that siphons off meager public funds and much foreign assistance, and an unwillingness to allow any necessary independence to international relief organizations.

Haiti's desperate economic situation has been well documented in a number of reports by the World Bank, United Nations, Inter-American Foundation, and the U.S. Agency for International Development.

Most Haitians live in dire poverty. In 1977, the average per capita income in Haiti was $232—the lowest in the Western Hemisphere. Moreover, as the World Bank reported in December 1978, more than 60 percent of the population actually lives on incomes as low as $60 per year. According to some estimates, almost 75 percent of the population lives under conditions of absolute poverty. This means that the overwhelming majority of Haitians cannot afford what is considered the minimum standard of consumption of food and nonfood items. Some have estimated that as many as 20,000 Haitians a year die of starvation.

In its 1979 report on Haiti, entitled "Bottom-up Development in Haiti," written by Robert Maquire, the Inter-American Foundation concluded:

The health situation is the worst in the hemisphere. Infant mortality rates are 150 per 1,000 and the average adult life expectancy is 47 years (Gow: 1977). Mortality rates for children under five is ten times that of developed countries (USAID: 1977). Three percent of Haitians have tuberculosis; malaria and illnesses due to malnutrition are widespread; and there was only one doctor to every 13,210 people, one nurse to every 7,460, one hospital bed to every 1,370 (World Bank: 1975).

Sixty percent of all Haitian children suffer from malnutrition, almost 25 percent of them from second and third degree malnutrition, and the average daily caloric intake of 1,700 is well below the Haitian minimum requirement of 2,214 (Zuvekas: 1978b). In 1974, of 129 developing countries, Haiti was 127th in per capita daily caloric consumption and 129th in protein consumption.

Some 80 percent of the adult population is illiterate. The government spends about $1 per person per year on education. Only 26 percent of all rural children aged 6-12 attend school (Zuvekas: 1978b).

Effective combined unemployment and underemployment rates equal approximately 80 percent of the adult population. The Government raised the daily minimum wage to $2.64 on October 1, 1980, but it is estimated that less than 6 percent of the population receive this alleged minimum. Forty percent of Haiti's urban population has no lodging, and slum-dwellers sleep in 4 hour shifts.

The health picture of Haitians defies description. There is little safe drinking water or systematized waste disposal. Eighty percent of children under 6 have malaria, and large numbers also suffer from diarrhea, tuberculosis, typhoid, and tetanus. Few Haitians have access to doctors, a fact perhaps best reflected in a national life expectancy of approximately 42 years, one of the lowest in the world.

The disparity between rich and poor is striking. Approximately 1 percent of the population of Haiti accumulates 44 percent of the national income and the average per capita income of the highest income bracket—comprising less than 1 percent of the population—is 166 times as high as that of the lowest income bracket, comprising 61 percent of the population.[2]

Approximately 7,000 families in Haiti have average annual incomes exceeding $50,000. Of this group, about 3,000 families live in the Port-au-Prince area and have an average annual income estimated at almost $100,000.[3] The concentration of wealth and power in the hands of a small elite in the capital gives rise to a centralization in decisionmaking that contributes strongly to the underdevelopment of rural areas.

In addition, the highly centralized and concentrated system leaves little room for organization at the local level. There are no formal, legally recognized organizations at the community level which represent peasant interests. Thus there is a lack of initiative at that level. Actions are stymied, talent, and resources drained, and a massive sense of fatalism that all decisions are in the hands of the government is pervasive. There is, then, a classic center/periphery system in which the center extracts from the periphery to develop the center. The only reinvestment at the periphery is that necessary to maintain or extend the extraction network.

[2] World Bank 1978.
[3] IHS: 1977.

While this economic structure undoubtedly preserves the Duvalier's centralized political control and prevents the establishment of centers of power elsewhere, it is terribly inefficient, both economically and socially. The Duvalier government is responsible for the collection of revenues and proper expenditure of public funds. However, for more than two decades of this centralized administration of revenues, there have been constant reports of massive Government corruption and mismanagement of public funds, emanating from the highest levels of the Haitian Government. A thorough understanding of this process is made difficult by the irregular bookkeeping practices employed by the Government. In 1977, 30 percent of Haiti's total revenues were channeled through special checking accounts held in the national bank, which made it virtually impossible to determine either their sources or eventual use. In analyzing this procedure, the IACHR report of April 1980 concluded that:

Under these conditions it is questionable whether badly needed foreign assistance programs effectively reach their targets (IACHR Report, at 74).

In its 1979 Report on human rights in Haiti, the U.S. State Department concluded:

Corruption is traditional at all levels of society, and significant amounts of domestic revenues usable for development continue to be diverted to personal enrichment ("Country Reports on Human Rights Practices for 1979," p. 344).

The pattern of corruption that pervades the Haitian Government affects particularly harshly the country's rural population. The civil security forces, or militia, are unpaid, and are encouraged to rely on their fellow citizens for their livelihood. This has resulted in a pattern of wholesale corruption under which the Government has given these forces license to extort with impunity.

In December 1978, Amnesty International reported that:

Widespread repressive and presumably illegal activities by local authorities in Haiti, which often take the form of extortion, are apparently beyond the control of or knowingly tolerated by the Duvalier Government.

Chataigne Dumont, a Tonton Macoute for 6 years, describes the manner in which these forces operate:

One of the most common Macoute practices is the extortion of money from shopkeepers. If they are not given what they want, they can without any fear simply lie about the shopkeeper to the Tonton Macoute Commander, saying that the shopkeeper has spoken bad things about the government. The Commander then would put the shopkeeper in prison, and maybe transfer him to Fort Dimanche, the very bad prison in Port-au-Prince. . . .

Once the Commander, in my presence, ordered a Macoute named Machoutoute to kill

a gardener, who was the keeper of a coconut grove. The master of the grove was not there at the time, and the Commander wanted the grove for himself, so he ordered the killing of the gardener and gave the coconut grove to a Macoute to keep . . . when I left Haiti, this Macoute still maintained the coconut grove for the Macoute Commander (Affidavit of Chataigne Dumont).

In its 1979 Report on Haiti, the Inter-American Foundation summarized the effect of these practices on the rural areas of Haiti:

Since renters and sharecroppers have no security on the land they work, investment is discouraged. Instead, they tend to overwork the land to produce a maximum yearly harvest, often at the cost of environmental damage. This lack of security also affects the peasant freehold farms who rarely have clear title. Facing the very real possibility of appropriation of their land by a gross neg ("big shot"), farmers are also discouraged from investing in their land, and encourated to overwork it. There are substantiated reports of land-grabs, of judges bribed to issue competing land titles, of extortion by locally powerful quasi-governmental authorities. The situation of insecure tenure arrangements is the most severe and debilitating constraint to peasant development in Haiti. . . .

One begins to understand not only why peasants identify justice as one of their needs, but also the extent of the injustice imposed upon them . . . Any improvements to the land itself, or in access to the land may well 'only pave the way for landgrabbing by the relatively wealthy under a cloak of legality' and result in peasant disenfranchisement from the land (Zuvekas: 1978a: 260).

The above description suggests that the human rights situation in Haiti has worsened within the last year. I am hopeful that my colleagues will join me in pressing for the release of these 26 Haitian prisoners. I will be circulating a letter to this effect next week.●

● Mr. OTTINGER. Mr. Speaker, I am delighted to participate in this special order commemorating "Human Rights Day," and want to commend my distinguished colleague from Washington (Mr. BONKER) for organizing this opportunity for Members to speak out on the 34th anniversary of the United Nations' adoption of the Universal Declaration of Human Rights.

Thirty-four years ago, the worlds was suffering from the most brutal and widespread violation of human rights in human history. Today, the magnitude of horror of the Holocaust should serve as a constant reminder that human rights are not a luxury but are the most fundamental rights of all mankind and must be vigorously monitored and protected.

We in the United States have a special moral and strategic responsibility in pursuing human rights throughout the world. Tragically, this administration's record on human rights has amounted to a "diplomacy of complicity" with the world's worst offenders of human rights. The administration has embraced regimes which are engaging in widespread human rights atrocities reminiscent of those which compelled the U.N. to adopt the Universal Declaration of Human Rights 34 years ago.

The administration's weak human rights policies contradict our moral and strategic interests and thwart the President's stated goal of halting Soviet expansionism. We simply cannot obtain broad international condemnation of Soviet human rights violations in Afganistan, Poland, or within its own borders when we embrace regimes which are just as brutal in their human rights offenses. We simply hand the cause of freedom and liberty to the Soviets and their proxies by siding with repressive regimes in South Africa, Latin America, South Korea, and elsewhere.

It has recently been reported that the administration has initiated a commitment to a strong human rights policy. While Elliott Abrams has become Assistant Secretary for Human Rights and Humanitarian Affairs, filling an 11 month vacancy in that position and virtual stagnation in the bureau, I remain greatly concerned about the administration's commitment to maintaining human rights as a fundamental component of our foreign policy. The administration's favorable actions on International Development Bank loans to Chile, Argentina, Paraguay, and South Korea and our continued military assistance to such countries as Argentina, Guatemala, and El Salvador underscore my concern.

The pending Conference on the Foreign Assistance Authorization will provide a test of the seriousness of the administration's commitment to human rights. If that commitment is real, they will resist efforts to side us with the worst elements in the world by repealing the Clark amendment and weakening human rights restrictions on providing military aid to Argentina, Chile, El Salvador, and Guatemala.

Should these restrictions be weakened, we will have once again established our "diplomacy of complicity" in the eyes of the world which can only contribute to a worldwide resurgence of repression. The limited gains of the past few years will be lost, and tortures, disappearances, and denial of civil liberties will increase—practices which the Universal Declaration of Human Rights rejected exactly 34 years ago today.●

● Mr. LEACH of Iowa. Mr. Speaker, 33 years ago, on December 10, 1948, the United Nations adopted the Universal Declaration of Human Rights, an unprecedented international human rights document which asserted that all peoples in all nations had the basic right to life, liberty, security of the person, religion, free expression, equality before the law, and an adequate standard of living.

The Universal Declaration of Human Rights followed by 157 years the ratification of our own Bill of Rights on December 15, 1791. For the last two centuries, the United States has been the leading advocate in the international community for freedom, justice, and self-determination. Those governments and regimes which repress their subjects have felt our strong rebuke and the victims of that repression our outspoken moral and tangible support.

Tragically, many today remain under the burden of political, economic, social, cultural, and religious repression. Jews in the Soviet Union, the Hmong in Laos, freedom fighters in Afghanistan, Bahai's in Iran, Solidarity members in Poland, families of the disappeared in Argentina, the church in Central and Latin America, native Taiwanese in Taiwan, and students and church leaders in Korea, to name a few, continue to struggle against governmental authorities who seek to deny them the rights the Universal Declaration of Human Rights proclaims as theirs. Many, imbued with a strong vision of representative self-government through their association with the people and values of the United States, struggle against unresponsive and dictatorial institutions in an effort to participate in the process of determining their own personal and collective destiny. To us, in the United States, they look for visible world leadership, moral encouragement and practical support.

Under President Reagan, initial administration obstacles to the development of a fully formulated and responsible human rights policy have gradually fallen before the compelling mandate of our long standing, bipartisan human rights commitments and obligations.

As the banking minority member of the Subcommittee on Human Rights and International Organizations, I have been pleased with the gradual shifts in human rights policy and rhetoric which have occurred since the first days of this administration and want to publicly commend the President for setting a new course for the administration on human rights policy. I was also pleased with the President's selection of a new Assistant Secretary of State for Human Rights and Humanitarian Affairs, Elliott Abrams, and look forward to vigorous new leadership on human rights policy under his public stewardship. Few tasks present a greater challenge or call for a more sensitive political response on both the domestic and international fronts than the one which he assumes on this day of historical importance to the cause of international human rights. I wish him the best as he officially assumes office today.

Finally, the President's proclamation on December 5, 1981, designating today as "Human Rights Day," December 15 as "Bill of Rights Day" and the week encompassing both as "Human Rights Week" is an important reminder to all of us in this Chamber and in this Nation to make a greater commitment to the advancement of human rights here and abroad. For the benefit of my colleagues, the entire text of the President's proclamation follows:

[A Proclamation by the President of the United States of America]

BILL OF RIGHTS DAY—HUMAN RIGHTS DAY AND WEEK, 1981

On December 15, 1791, our Founding Fathers rejoiced in the ratification of the first ten amendments to the Constitution of the United States—a Bill of Rights which has helped guarantee all Americans the liberty which we so cherish.

One hundred and fifty-seven years later, on December 10, 1948, the United Nations adopted the Universal Declaration of Human Rights, an effort aimed at securing basic human rights for the people of all nations.

Each of these great documents was born after the bloodshed of a bitter war. We remember the great sacrifices Americans have made for 200 years, from the Revolutionary War, in which our ancestors pledged "their lives, their fortunes, and their sacred honor," to the wars of this century, in which hundreds of thousands of young Americans and millions of others gave their lives on the battlefields of Europe, Asia, and Africa in the struggle for freedom. And, yet, even today, as we celebrate Bill of Rights Day and Human Rights Day, we all are only too well aware that the individual rights declared in these documents are not yet respected in many nations.

We have learned that the lesson our Founding Fathers taught is as true today as it was two centuries ago—liberty depends not upon the state but upon the people. Liberty thrives in the free association of citizens in free institutions: families, churches, universities, trade unions, and a free press.

Mankind's best defense against tyranny and want is limited government—a government which empowers its people, not itself, and which respects the wit and bravery, the initiative, and the generosity of the people. For, above all, human rights of individuals: rights of conscience, rights of choice, rights of association, rights of emigration, rights of self-directed action, and the right to own property. The concept of a nation of free men and women linked together voluntarily is the genius of the system our Founding Fathers established.

We will continue to strive to respect these rights fully in our country and to promote their observance abroad. We could have no greater wish for mankind than that all people come to enjoy these rights.

This year, after nearly 20 years of effort, the United Nations Human Rights Commission and the UN General Assembly have approved a declaration on the elimination of all forms of discrimination based on religion. It begins with words Americans will find familiar, "Everyone will have the right to freedom of thought, conscience and religion." It declares that parents must have the right to teach their children to worship God and that all religions must have the right to teach their faith, to train their clergy, and to observe their customs and holidays.

We in America are blessed with rights secured for us by the sacrifices of our forefathers, but we yearn for the day when all mankind can share in these blessings. Never is there any excuse for the violation of the fundamental rights of man—not at any time or in any place, not in rich countries or poor, not under any social, economic or political system.

Now, therefore, I, Ronald Reagan, President of the United States of America, do hereby proclaim December 10, 1981 as Human Rights Day and December 15, 1981 as Bill of Rights Day, and call on all Americans to observe the week beginning December 10, 1981 as Human Rights Week. During this week let each of us give special thought to the blessings we enjoy as a free people and let us dedicate our efforts to making the promise of our Bill of Rights a living reality for all Americans and, whenever possible, for all mankind.

In witness whereof, I have hereunto set my hand this fourth day of December, in the year of our Lord nineteen hundred and eighty-one, and of the Independence of the United States of America the two hundred and sixth.

RONALD REAGAN.●

● Mr. FASCELL. Mr. Speaker, International Human Rights Day, marking 34 years since the adoption of the Universal Declaration of Human Rights, is an appropriate time to look back and reflect on the unmistakable advances made in human rights around the world since those determined, optimistic early of the United Nations.

Certainly there is legitimate satisfaction to be drawn from the number of people who have come into greater contact with their governments, and gained greater influence over them. The broad impulse toward greater autonomy and self-determination has been felt in every corner of the globe, and its effects have been many and important.

Important, too, is the considerable surge in individual and group rights, with our own civil rights movement playing a leading and even catalytic role in the process. Here in the United States and throughout the world, people have become more sensitive, more alert to the rights of others; and this trend is continuing.

The very phrase "human rights" has gained a currency, a persistent reality, which has transformed it from empty rhetoric into a concept at the very heart of much of government business. The Conference on Security and Cooperation in Europe, and our own Commission for this ongoing conference, are symptoms of this progress, and have also made important contributions to it.

Mr. Speaker, reference to the Commission reminds me that in the U.S. Congress, Members of both parties can be proud of the effort made here to put human rights at the center of American foreign policy. It has been a continuing and often painstaking effort, in which constant congressional attention and determination have unquestionably strengthened the place of human rights in our positions and policies abroad.

This effort has succeeded, and will continue to succeed, because in seeking to identify our country with human rights, we are doing no more and no less than what is demanded of us by our country's heritage, practice, and promise. As I said on the floor of the House last June 4, "nothing is closer to the soul of the American character than its concern for human rights and freedom". That concern must remain our watchword and our guide.

Mr. Speaker, in noting the advances we have made in promoting human rights at home and around the world, I must also stress the distance still before us. In the decades since the Universal Declaration was issued, many people have come to know the particular challenges and joys of independence; but many others have seen their political and personal situations worsen, as totalitarianism and abuse have spread into too many countries and regions. I will not mention names here today; there are so many cases, of every ideological stripe, that rather than focus on particular situations, I prefer to make the point simply that much remains to be done, almost wherever we look.

In sum, commemoration of the progress we have made must also mark our determination to keep up the struggle. Let us take this occasion to dedicate ourselves to continuing the effort; and let us strengthen our determination that human rights shall be promoted, and their abuse decried, in any and every country of the world. ●

GENERAL LEAVE

Mr. BONKER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks, and to include extraneous matter, on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

FRONTLINE DISPATCHES FROM THE NEW STEEL WAR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Pennsylvania (Mr. GAYDOS) is recognized for 60 minutes.

● Mr. GAYDOS. Mr. Speaker, the penetration of apparently dumped foreign steel—steel sold at or below the cost of production—in the United States has averaged 22.3 percent for the last 3 months, and the administration now is attempting to negotiate a cease fire in this wholesale offensive

against international trade agreements.

American steelmakers who had planned to initiate unfair trade cases by this date—cases which could show that our trading partners ignore their agreements and use the tactics of trade war—are withholding their complaints while the administration talks.

Meanwhile, the crisis continues.

When the congressional steel caucus first spoke on this steel war about 3 weeks ago, we had 52,000 steelworkers laid off.

Today we have an estimated 60,000.

When the caucus first spoke, we had 17,000 on short workweeks.

Today we have an estimated 20,000.

And the import clock of the steel caucus now shows one tax-paying steelworker put out of work by apparently subsidized imports every 8 minutes and 15 seconds of every day this year.

Everyday—Sundays and holidays and, soon, Christmas—of this year at the rate of 175 a day.

Last month it was one every 9 minutes . . . 160 a day.

By the way, the crime clock kept by the Department of Justice marks one murder every 23 minutes.

High in basic steel, the losses are even more dreadful in specialty steel.

American specialty steel is effecient and competitive by any standards. They simply are the best in the world at what they do.

Yet foreign specialty steel is selling here at 54 percent less than certain U.S. products.

Apparently subsidized specialty steel in the third quarter reached 47 percent of apparent supply in wire rod; and 40 percent in alloy tool steel; and 26.6 percent in stainless bars; and 11.2 percent in stainless sheet and strip.

The executive committee of the caucus has voted unanimously to support efforts of the specialty steel industry and the United Steelworkers of America to end this particular trade war.

We have called on U.S. Trade Representative Brock to act expeditiously on their petition for relief under section 301 of the Trade Act of 1974.

With 80,000 direct casualties in steel—and all the economic and employment losses that stem from that—we are taking losses at a rate sufficient to call current conditions "The Great Atlantic and Pacific Trade War of the 1980's."

Therefore, I ask the House to consider these remarks as reports and conclusions from the front—from the European theater and the Pacific theater and the Northern Border campaign.

We are losing in each theater, but we are talking. Part of our problem is that we don't seem to be understood because of the way we have let our trading partners come to see us.

For example, there is some indication that the Japanese view us as a colony, as a supplier of raw materials and a consumer of finished products.

I will explore this later, but if there is a chance it is true, it must be changed immediately and by whatever means available.

Trade war is a tricky proposition.

Officially we are at peace.

And those who protest the treacherous things that are being done to the United States under international trade agreements are sternly warned at each protest.

The warners say, "Be quiet and be nice or you'll start a trade war, you protectionists deviate."

The pious warners invoke the memory of the Smoot-Hawley bill and the horrors of retaliations across the world that brought on the Great Depression.

Yet we have tons and tons and up to 16 million tons of apparently dumped steel, and 60,000 steelworkers are laid off.

We have trade war. We simply aren't doing anything to bring it to a just conclusion.

I sometimes think the children of Smoot moved to Europe where their descendants make steel.

And Hawley's are making policy in a ministry of international trade and industry somewhere several thousand miles west of San Francisco.

No one who is practicing trade war on you will tell you that he is—the thief always has an excuse when the cops come.

The warrior will simply say, "You've got to be more efficient," as he thrusts with his subsidy and parries with his barrier.

Barriers and subsidies are indications you are dealing with a war-like party.

One respected standard reference work says unfair trade—and therefore trade war—exists when governments interfere with trade and install policies designed to discourage imports and encourage exports and build fat surpluses.

It says that theories we tend to follow more than others—the free trade theories Adam Smith and David Riccardo laid down about 200 years ago—are honored mostly in the breech by others.

Based on the start provided by Smith and Riccardo, each nation translates its own book of free trade.

Like translations of any manuscript from the writer's native language into another, something is lost in the translation.

Some of these books of free trade read more like Clausewitz on war.

Because their governments put domestic economic peace first and Smith-Riccardo second, the European and Canadian books of free trade are so spotted with the asterisks that designate exceptions that they look as if they serve double duty as flooring for chicken coops.

And sometimes it seems like the Japanese book of free trade has more numbered footnotes than there are dollars in our $15 to $20 billion trade deficit with them.

The asterisks and footnotes denote tariff and non-tariff barriers and subsidies and Government-directed capital investment and most of the vices that the writ of Smith and Riccardo forbids to us.

And if that particular gospel does not stop us, the ghost of Smoot-Hawley does—through fear.

The real gospel—the Prophet Jeremiah—warns,

> He that fleeth fear shall fall into the pit; and he that getteth up out of the pit shall be taken into the snare.

Fearful of offending those with whom we are militarily allied—and whose defense burdens we share or largely carry—we fall into accepting barriers and affronts that deserved harder bargaining.

Fearful of trade war, we are snared by those who are not afraid to use its tactics, and who then scold American workers and manufacturers for being fat, lazy and complacent.

But one of many primary purposes is to offer the House a report from the European Theater of Operations.

This is not my assessment of the European practices.

It comes from Dr. Willy Korf, chairman of Korf Industries and an entrepreneur who makes steel in the United States and Europe.

What are Dr. Korf's credentials?

Well, he outsmarted Krupp in Germany and he is recognized as an innovator in steel and he does over $4 billion in business around the world.

Dr. Korf analyzed European steel—the source of most of the apparent dumping—just a couple of months ago.

Excerpts from his speech will help the House understand why EEC shipments here rise every time things slow down over there.

Dr. Korf said:

> With few exceptions the steel industry in Europe is no longer run on competitive, profit-oriented lines . . . it is regarded as an instrument of social policy by many governments and used to maintain jobs.

Here I must note that 60,000 American steelworkers are unemployed because of dumping.

And now is the time to compare efficiencies. American steelworkers produce a ton of steel in 7.7 manhours. The Japanese do it in 7.3 and the Germans in 9.4. The also-rans are France at 11.9 and Britain at 16.5.

Those policies and efficiency figures are part of the dumping controversy.

But Dr. Korf had more to say.

He said,

Normal market mechanisms do not operate in the steel industry because steel is not subject to genuine competition like other mass-produced goods.

Dr. Korf noted—and this is a direct quotation—that

at the present time, 70 percent of all steel companies (in Europe) are dependent on the state.

And I continue to quote,

In consequence these companies and their managers . . . have come to regard themselves more as employment agencies than business organizations. This probably is one of the roots of the problem.

A little later, Dr. Korf observed that,

Today the EEC has an estimated 25 million tons-per-year excess capacity which is maintained artificially, mainly by Government subsidy.

He also said,

If the steel-consuming industry is prepared to do everything in its power to remain competitive, exports ought to be increased indirectly . . . Japan is an impressive example, especially with regard to its success with automobile exports in the last years.

Japan made about 800,000 cars in 1960. Last year it made about 10 million. The industry's growth was planned around export growth in a big way, a central way, not an incidental way that just happened as they perfected their skills.

And here, Mr. Speaker, it is worth taking note again of Chrysler chairman Lee Iacocca's complaint—a Japanese car selling for $8,000 in Tokyo can be sold here for about $500 less due to a governmental export policy that rebates taxes.

But Dr. Korf had more to say about the Europeans.

He scanned the European horizon—specifically France and Italy and some smaller nations—and saw deeper government involvement coming.

He cautioned, and again I quote him directly, that "dumping prices only cause trouble in international trade," and he pointed to economic politics as the root of the problem.

Why, Dr. Korf even had some kind words for the American steel industry in his remarks on Europe.

He said the Europeans should bite the bullet like the Americans—remember Youngstown and Johnstown and the 102,000 steelmaking jobs gone since the late 1950's—and tailor their capacity to meet their requirements by closing the obsolete and inefficient.

Can you imagine that, Mr. Speaker?

Someone has acknowledged this very important basic industry of ours is moving toward higher competitiveness.

JOE GAYDOS, the chairman of the Steel Caucus, did not say it.

Dr. Willy Korf—the man who outsmarted Krupp—said it.

But I do think he knows what he is talking about, particularly in regard to dumping and artificially maintained excess capacity and the rest of it.

Meanwhile, the Foreign Ministers of the European Economic Community—the community with 25 percent overcapacity which apparently is dumping here—have agreed to ask 14 other nations to limit their steel exports to Europe.

The list includes Japan, which has not participated heavily in the current U.S. import episode. Those nations that are exporting to Europe, if they agree to the limit, will be looking for new markets. There is only one market big enough.

Mr. Speaker, the current situation is unacceptable. The potential situation is an outrage—it would have the Europeans dumping here in violation of international trade agreements while protecting their own markets and directing to us what their barriers turn away.

Whatever it is, it is not free trade.

On the northern border the Trudeau government is pledged to carry out a program of Canadization.

This means that whatever the Government can do to limit imports and strengthen Canadian industry through buy-Canada policies, it will do.

This includes Government procurement policies and the imposition of Canadian content requirements on any project over which the Government has any authority. Provincial governments follow the same general policy. We got a good taste of Canadization in the AlCan Pipeline.

The Canadian half of this 4,800-mile pipeline was subject to certification by the National Energy Board.

The certificate went to the competitor who promised 85 percent Canadian content. And the certificate was conditioned on 85 percent Canadian content. Now, our agreement with the Canadians specified that American steelmakers would have a chance to compete for the pipe. But the Canadians rigged the specifications to allow the use of Canadian-only pipe on the mainline and then refused to waive their 15 percent duty on any other American pipe that could have been used. It made us uncompetitive. Our corresponding duty on Canadian pipe is 2.2 percent.

Their Supply Minister summarizes the policy this way:

Wherever we can establish a competitive atmosphere or ambiance with only Canadian firms, we will invite Canadian firms.

In the area of military cooperation, he said this earlier in the year:

Normally we buy in Canada . . . when we have to purchase outside this country—typically for specialized military equipment—we negotiate a deal with the offshore producer that requires them to spend in Canada an amount equal to the price of the purchase over the life of the contract.

This may be almost reciprocal in that what goes out comes back, but it falls short of what Smith and Riccardo had in mind. These things have the looks of barriers.

Mr. Speaker, I have saved the most difficult report for last.

It is the one from the Pacific Theater.

The Japanese have not engaged to any great degree in the feeding frenzy and predatory pricing that seems to characterize the new steel war.

European imports are up 58.2 percent for the year to date and Canadian imports are up 35.5 percent. But it is the Japanese who have of America the most disturbing view.

A joint Japan-United States economic group—collectively called the Wisemen's Group there—took a look at future trade relations not long ago and drew some conclusions.

The Christian Science Monitor—a newspaper given neither to hyperbole nor hysteria—summarized the findings.

According to the Monitor the Wisemen concluded that the trade imbalance is structural; that America is basically an exporter of raw materials for which there is limited demand; that Japan is a shipper of high-value manufactured goods, for which demand seems limitless.

Said the Monitor correspondent:

It boils down to this: Japan has more to offer U.S. consumers than vice-versa.

Mr. Speaker. The Wisemen came very close to assigning the United States the role of colony, and that simply is not acceptable. It is offensive when you consider that it is not Japan that defends Japan, but the United States. It is one grade up the scale from offensive—it is repugnant—when you consider the deepening and very expensive military preparedness we are undertaking to defend free world oil sources and routes.

This strain on us benefits the Japanese as much—make that more—than it does the United States. The Japanese have no oil. But if this is the way the Japanese see us, it is the way they are going to try to deal with us.

Somebody had better set that straight right away.

Meanwhile, Japan's success in trade through government involvement in industrial development has given new meaning to the term "comparative advantage," and it has been done in a way that ought to have Smith and Riccardo both spinning in their graves in perfect sychronization.

However, Clausewitz—who wrote on war—would merely smile the smile of a professor who sees a bright student applying the old man's theories and making a success of it. He would be satisfied in the knowledge he taught well.

For a good example of how the Japanese blend Smith and Riccardo and Clausewitz to get what they call the Japan way, we need to step away from

steel momentarily and talk about aluminum—aluminum baseball bats.

Baseball is the one thing we have been successful in exporting to Japan in a big way. And the United States has a technological lead on the world in the manufacture of baseball bats. In fact, Jim Easton, of Van Nuys, Calif., is the father of the aluminum baseball bat, and he found a big eager market in Japan in high school baseball.

He was doing about $1 million a year in business there, he said, selling through a Japanese company. "We could not make enough," he went on, explaining the ripeness of the market, "and gradually the competition—in Japan—came on." And suddenly the Hawleys over at the Ministry of International Trade and Industry decided that aluminum baseball bats needed some regulation in what they call the Japan way.

Regulation No. 1—manufacturer identification numbers should not be stamped on bats. Easton said his bats bore the numbers—called run numbers—but that the small markings did not affect the strength of the bat.

Regulation No. 2—a softer aluminum alloy is needed in baseball bats. Easton said this meant the bats could no longer be lightweight, which was part of his specialty's appeal. And he doubts the regulations were applied to his Japanese competitors with the same zeal. The result: Easton is out of the Japanese market.

Who is one of the biggest manufacturers of aluminum baseball bats in Japan?

Why, merely the company through which Easton marketed his bats when he was the technological leader of the world.

Easton believes complaints from Japanese manufacturers—and aluminum is one of Japan's distressed industries—found a friendly ear at the Ministry of International Trade and Industry, and the regulations followed.

By the way, all of this happened without hearings that involved all affected parties—American and Japanese manufacturers and any consumer groups that wanted to speak up.

Due process is a term in the U.S. Constitution.

In trade, it is the difference between the American way and the Japan way.

The only equivalent situation we could conceive here would be to allow Harley-Davidson—the sole remaining American motorcycle manufacturer—to write standards for Yamaha and Suzuki and the rest. And then wink at applying the standards to hogs.

If you have a technological product it will not last too long in the Japanese market, Easton says.

Nevertheless, a comparable aluminum baseball bat sells in Japan today for $70.

Easton estimates he could sell a better bat there for $50 with plenty of profit for everybody—his firm, the three-tier Japanese wholesale level and the retailer.

You see, aluminum requires a lot of energy, and Easton has an edge there, and according to Smith and Riccardo and the unspotted "American Book of Free Trade" he should have the market. But the heavily footnoted "Japan Book" is based on Smith and Riccardo and Clausewitz, which modifies the principle of comparative advantage and turns it into the principle of advantage any way you can get it.

Oh, yes, there is a second and very large Japanese market for baseball bats in the Japan rubberized baseball league.

The simple explanation of that league is that it is close to the way the United States approaches softball—kids and adults play it all over the country. Easton was never allowed to tap that market, he said. And here is what the managing director of the Japan Federation of Sporting Goods Retailers told the "New York Times" when asked about that market this past October:

He said, "those—trade—agreements are not applicable * * * those agreements are one thing and doing business in Japan is another."

Despite that, the Japanese have agreed to talk about the bats and about other apparent barriers to American goods because they are nervous about a projected $20 billion surplus with the United States and another very sizeable one with the Europeans. And, if they really talk about everything that will be a positive step forward. But we have to be careful because there is a possibility they are reading from a page in Clausewitz on war rather than from Smith or Riccardo.

General Clausewitz advises that—when facing a big and determined opponent—the best tactic is, "to exhaust * * * deal with small objectives because they demand less expenditure of you * * * retreat slowly and offer incessant resistance * * * yield not one more inch than the pressure demands."

Easton mentions tokenism when he talks about trying to do business in Japan. He says there is a great deal of it. Remember that Mr. Easton led world technology with the aluminum baseball bat. Therefore, extreme care and great determination and a lot of pressure from Congress had better be involved in negotiating with the Japanese in areas where we assume we lead the world in technology. And those who read General Clausewitz will recall his admonition that what an opponent's will to prevail has been today, it will be tomorrow.

Meanwhile, the "Wall Street Journal" recently reported that two Japanese trading companies handle more exports from America to Japan and other countries than do most U.S. firms.

If Mitsui & Co. qualified for a ranking on "Fortune" magazine's list of the 50 top industrial exporters, it would rank fourth, the Journal said.

I do not think Mitsui has a lot of trouble with the Hawley's over run identification numbers. Even if barriers in the first and second ranks are lowered, there may still be a problem with the Japan way and the marketing of U.S.-made consumer goods.

The potential problem has little to do with product quality. It concerns advertising.

In the United States, no watcher of televised football can sit for one quarter without seeing at least two commercials for Japanese automobiles. Once U.S. Government regulations are met—for truthfulness, for example—the field is wide open to anybody with the cash. This now is the case in Japan too, according to Americans who market there.

However, one product clearance necessary for advertising on Japanese television is the Ministry of International Trade and Industry. (MITI). And one criteria applied by MITI is what competitive effect the product will have on Japanese business and industry.

I cannot represent that this clearance criteria is used as a weapon, but it has some fairly heavy potential. And it is not one of our criteria. It would contradict importer's rights under the U.S. Constitution.

This is the present shape of things in the theaters and campaigns of the great Atlantic and Pacific trade war of the 1980's, Mr. Speaker.

I suggest it is time for Congress to wake up and get involved. Otherwise, the next reading of the steel caucus import clock may very well show one gone every 7 minutes in steel and automobiles and across the national economy.

Mr. MURPHY. Mr. Speaker, I stand before the House of Representatives today to discuss a very serious national problem. That problem is the ever increasing trade deficit and the corresponding loss of jobs and the increased social costs of that unemployment. Understand first that the American trade deficit is significant and is growing. In fact, the total trade deficit for the first three quarters for Japanese-American trade alone stood at $12 billion, with estimates of $15 to $18 billion for calendar year 1981. The most significant contributors to that deficit were automobiles and steel. Of the $12 billion trade deficit, for the first three quarters of this year, automobiles represented $8½ billion with a 1981 projection of $10 billion. The trade deficit in iron and steel stood at $2.36 billion for the first three quarters of 1981

with an annual projection of that deficit of $3.15 billion. If the deficit in steel trading between the United States and Japan is appalling, when measured in net dollars, it is even more scandalous when we examine total dollar sales in steel between the two countries. During the first three quarters of 1981, we imported $2.7 billion of steel from Japanese manufacturers. During that same period we sold only $34 million of steel to them. Our trade deficit with respect to steel is significant on two levels. First of all, I have just documented that it is significant in terms of dollars, but we must also realize that the steel industry is very basic to all industries, and it has a level of significance that transcends the steel industry alone. It is absolutely needed for commercial and military markets. In 1978, 1979, and 1980, 16 percent of our domestic steel consumption was imported. In addition, approximately 3.8 million tons of iron and steel was imported in the form of finished cars and trucks. Japanese imported steel accounted for over half of our imported consumption and represented 8.2 percent of our total domestic usage. My district is heavily dependent on the manufacture and fabrication of steel products. Many of my constituents who formerly worked in the specialty steel industry of southwestern Pennsylvania are now unemployed. Import penetration of the domestic specialty steel market rose from 28.16 percent in the first quarter of 1981 to 32 percent in the second quarter. By August of this year, imports rose to 41.6 percent of the market.

At the same time, capacity utilization by domestic producers dropped to 32 percent during the second quarter from 33 percent in the first quarter of this year. American venture capital has previously been diverted to that specialty steel capacity and it is additionally troublesome to me that that capital commitment is permitted to lay idle while the administration worships at the alter of free trade. The figures that I have just recited for specialty steel are sad but more importantly, they are symptomatic of what occurs when an administration abandons common sense and logic so that it may worship economic philosophies that, at best, work only when they are worshipped by all nations. It would be wise for the administration to channel their evangelical fervor for free trade to the Japanese and West Germans who do not share the administration's deep convictions, and who are reaping the benefits of this ill-advised trade philosophy. As a result of administration policies, imports of steel mill products for the month of October totaled 1,871,511 net tons, an increase of 7.1 percent from September import levels. For the month of September, imports as a percentage of apparent supply represented more than 1 ton in 5 and if imports were curtailed altogether, employment in the steel industry would increase by 25 percent. Certainly a goal that is worth pursuing. Certainly a goal that is attainable. But it is a goal that is not compatible with that false God, free trade. The religious fervor of the Reagan administration to free trade are especially harmful when employment figures in the steel industry are examined.

Layoff and short week statistics from 26 companies which represent about 85 percent of the industry's raw steel production capability as of the week ending November 21, 1981, are appalling. As of that date 58,282 salary and wage employees are on layoff and sacrificed on that alter of free trade. An additional 19,306 employees are on a short workweek waiting for the high priests of free trade in the Treasury Department to sacrifice them next. Who can argue that our trade deficits are harmful cancers that must be eliminated? Who can argue that the net drain of dollars in such deficits is harmful to our economy and undermines the value of the dollar worldwide? Who can argue that the amount of human suffering and discomfort experienced by our unemployed was an unnecessary consequence of free trade advocates who have grabbed control of the economic policies of the Reagan administration? How did these imports affect our steelmaking capacity? You need look only at United States Steel and the nine major steel works that it has or will close in 1979 through 1981: Joliet-Waukegan, Ill., works, 1979; New Haven, Conn., works, 1979; Torrance, Calif., works, 1979; Fairfield, Ala., works: Plate mill, 1979; Wire mill, 1980; Gary, Ind., works, 1979; South Chicago, Ill., works, 1979; Pittsburgh, Pa., works, 1980; Youngstown, Ohio works, 1980; McKees Rocks, Pa., 1981.

Numbers of imported steel do not tell the whole story. Japanese auto imports totaled over 2.9 million vehicles in 1980. That not only had a dramatic impact on the U.S. auto industry, but also significantly reduced demand in other related industries and can be quantified as follows: 480,000 tons of iron, 15,000 tons of zinc, 330,000 tons of plastic, 37,500 tons of copper, 30,000 tons of lead, 318,000 tons of other material, 3,255,000 tons of steel, 274,000 tons of aluminum, 135,000 tons of rubber (14.5 million tires), 120,000 tons of glass.

In 1980, the United States imported 2.9 million vehicles. Of that total, 2.4 million came from Japan, 300,000 from West Germany, and all others 185,000. Not only did this purchase represent many billions of dollars in foreign trade deficits, but the cost in lost jobs here at home is even more staggering. Those 2.9 million vehicles represented a loss of 1,244,811 jobs that can be charged off to the following industries: Prime manufacturers, 423,236; Component parts suppliers, 273,858; Raw material suppliers, 99,585; Transportation—delivery of materials and shipping of vehicles, 136,929; Nonproductive materials, 99,585; Workers employed to provide tools and dies, perishable tools and machine tools, 211,618.

Foreign trade deficits undermine our economy and cost us jobs, but there are two other significant problems created with these increased trade deficits. An increase in foreign imports is a vicious disease that feeds on itself. The massive losses absorbed by the auto industry, for example, has resulted in an extreme shortage of cash necessary to facilitize for new products and component parts. Huge losses have also accounted for the significant layoffs of the engineers necessary to design and develop these new products and components. Cash shortages to buy tooling and facilities have dictated the present and future purchases of many major component parts and assemblies from foreign sources. Increased foreign imports has a very negative effect on tax revenue and increases certain patterns of governmental expenditures beyond budgeted amounts. In February of 1978, the Library of Congress using a 1.7 gross national product multiplier, estimated that tax collections at the State, Federal, and many local level are reduced by $552 for each $1,000 of goods purchased from foreign sources rather than American suppliers. This Library of Congress estimate means that there is a $2,200 tax receipts loss for every $4,000 of imported vehicle, or $6.4 billion annually for the 2.9 vehicles we import. To make matters worse, this $6.4 billion loss does not count the added cost of unemployment compensation, trade readjustment benefits, and welfare payments which average $18,100 per auto worker and over $8,000 per supplier worker during the first year or $1.8 billion for all unemployed auto workers. Earlier, I had documented an excess of 1.25 million jobs lost because of foreign auto imports alone.

Not only is the present threat of Japanese auto imports serious, the trend for the future is ominous when you realize that:

In 1980, Japanese motor vehicle exports were almost 6 million units, up from 0.6 million in 1968. An increase of 874 percent.

In 1980 motor vehicle production in Japan exceeded 11 million units, up from 4.1 million in 1968, or a 170-percent increase.

Worldwide motor vehicle production increased from 37.9 million units in 1973 to 40.6 million in 1979, or an increase of 2.7 million units. The Japanese increase was 2.6 million for the

same period, or 96 percent of the total worldwide increase.

Japanese iron and steel imports worldwide were a scant $1.7 billion in 1968, and now exceed $14 billion, an increase of 725 percent.

The trends shown by the expansion of Japanese sales worldwide and in the United States dictate that this administration do something to stem that tide and to demonstrate a modicum of concern for our citizens at a time when they need that expression of concern more than they have in many years. During the reconciliation process on the continuing resolutions to the 1981 budget, the Reagan administration was willing to sacrifice social security and medicaid payments for foreign aid. Little was said about that blatant disregard for the welfare of our citizens. But that callous attitude displayed to our senior citizens cannot be allowed to spread further to the people who make up the industrial backbone of our Nation. More of the same aggravates the problem. The spin off of worshipping at the alter of free trade is human suffering on a scale unparalleled since the Great Depression of 1929. Our problems will not be solved by inaction. They will not be solved by free trade, trickle-down theories, or supply-side economics. The subject of an increasing balance of trade deficit is not simply a question of free trade. We need to change our entire concept of business and the scale of industrial competition, if we are to survive as an industrial power. The real question is how long will the United States continue to allow its industrial base to be eroded? How many workers, collecting unemployment benefits, TRA, and welfare payments, will the United States allow to remain unemployed by its own industrial slippage? Where do these workers turn for future employment? How many major industries is the United States willing to give up to imported products without an attempt to provide our competitive products?

Our industries were the generous recipients of one of the biggest tax cuts in our Nation's history amid the euphoria of the supply-side advocates and the free traders. Wonderful tales of an awakening American industrial giant were told during the budget cuts and tax cut votes. In fact the opposite has been the case. Industry has earmarked less money for industrial expansion and modernization in the coming fiscal year with these tax cuts than they did in the last fiscal year without them. In fact, what had been predicted by the opponents of the Reagan program, unfortunately, has been coming true. United States Steel is using its available capital to buy an oil company rather than modernizing their production facilities. Many industries have used their tax breaks to pay record dividends to their stockholders. This is not what Congress intended them to use their additional capital for, nor is it likely that Congress would have granted a tax cut had they known what course American big business chose to take. America must embark on a bold program of modernization, retooling, and retraining. While America is in the process of becoming competitive once again there must be rollbacks of Japanese imports to pre-1968 levels. We must alter corporate income tax rates giving them every incentive for reinvestments and modernization but imposing stiff penalties for increases to stockholder's dividends or diversification. Our budget is in horrible shape. Contrary to the sales pitch in the spring, the 1982 budget shows a deficit of $100 billion. The tax reductions we gave to big business were given with the intent of future plant modernization and efficiency. If American industry does not intend to use that income for broad national purposes then that additional income should be applied to the Federal debt.

Finally, America's unemployed workers must be retrained in areas of worker shortage so that our unemployment rates can be reduced. There is no peace time road to prosperity that does not include these three elements. Our Government, unions, and management must realize that we are facing very intense international competition and that we cannot afford further slippage in any industry. There is no lasting solution that does not involve the cooperation and good will of all three sectors working together toward mutual goals. A peaceful and swift solution to our balance of trade problems and all its related maladies requires a renouncement of the religion of free trade and an embracement of the principles of what's best for our country.

● Mr. ATKINSON. Mr. Speaker, the issue of steel imports to the American steel market is a real one. The increasing levels of steel imports result in the loss of jobs for American steel workers, and the further decline of the American steel industry. Even with the provisions that were recently provided to the American steel industry to modernize their factories and revitalize the industry, the increasing levels of steel imports into this country make that much more difficult. This current trend of increasing imports only behooves us to develop a comprehensive steel trade policy.

During the 96th Congress, I proposed a bill which would have made the trigger price mechanism a matter of statutory law. By establishing this protection through an act of Congress, the proposal would have prevented the sort of events which led up to the suspension of the trigger price mechanism by the Department of Commerce. That suspension may have been seen as a sign to allow foreign producers to import steel products without worrying about selling these products at unfairly competitive prices.

I must extend this idea further by proposing that specialty steel be included in the TPM's domain. The American specialty steel industry, unlike most of the industry, is operating with efficient plants and has the capacity to be a competitive factor on the international steel scene. However, as symbolized by last week's section 301 action by the U.S. specialty steel producers, American specialty steel suffers from the anticompetitive aspects of the specialty steel industries in foreign nations. The fact that American specialty steel companies which can produce their product efficiently have to struggle to survive, while foreign governments subsidize their specialty steel companies to export their products, is a signal that we must take action to protect our interests.

The Reagan administration should be applauded for their efforts, and the swiftness with which they acted, to help the steel industry modernize. The accelerated depreciation schedule on equipment, and the steel stretchout legislation will provide our steel producers and conditions under which they can modernize their plants and can again be a competitor in the world steel market.

I urge my colleagues to consider the remarks I have made here, and I hope that we in the Congress can move ahead to assist this centerpiece of our economic system to have a fighting chance to revitalize and contribute to America's economic well-being.●

● Mr. WALGREN. Mr. Speaker, it is most unfortunate that Members of Congress have to take the floor of the House time and time again to attract the Reagan administration's attention to our sagging steel industry and the eroding effect of unfair imports.

The statistics paint a grim picture:

For the month of August, imports of foreign steel products totaled 2.23 million tons. This marked the fifth consecutive month that imports had risen. In January, imports were at 1.28 tons.

The 2.23 million ton figure represents 25 percent of the American market supply, a record high for any month.

Sixty thousand steelworkers are out of work; 20,000 are on short work weeks.

In Pittsburgh, the number of steel or primary metals jobs is at an all-time low:

In 1976 there were 97,200 jobs; today there are 89,000. Each month this year has seen a steady drop. One spokesman told me that half of all Pittsburgh specialty steelworkers are now laid off.

This is indeed a bleak holiday season for many steel families.

President Reagan should be asked how long this Nation can do nothing while a major industrial and defense base is eaten away? When is the Reagan administration going to take action against unfair dumping of steel by foreign countries?

On October 7, the Congressional Steel Caucus wrote President Reagan requesting a meeting to discuss the problems of the steel industry in an effort to develop a comprehensive and reasonable solution to the import problem. After not receiving an answer for 2 months, we sent a second letter. Finally, we got an answer saying that the President could not meet with us.

Two of the administration's major priorities are economic recovery and a strong national defense. It seems to me that an administration that has these goals as its rallying cry would understand that a sound steel industry undergirds our economic prosperity and national defense. It is basic.

Furthermore, a weak steel industry is costly to the American taxpayer. With more and more steel, auto, and related workers unemployed, the cost of public services—such as uemployment compensation, welfare, public health costs go up for the taxpayer. An unemployed person is not just a statistic. Unemployment means misery, unhappiness, and stress and uncertainty around the family dinner table that can be very destructive of the American family.

I believe it is critical for the administration to tackle the steel import problem head on. Former President Carter convened the Steel Tripartite Committee, a group having representatives of Government, industry, labor, and environmental organizations. This committee conducted a thorough examination of certain aspects of the steel industry and recommended to Congress several steps we could take to help the industry modernize and preserve jobs. I believe that this approach—bringing together all the segments of our society with an interest in a healthy steel industry—is the only realistic way to curb unfair imports.

The Steel Caucus on June 6 wrote the President asking that the Tripartite Committee be continued. He answered that he does not intend to activate it, but to establish a close relationship with representatives of the industry. He described this as a more direct approach. I do not believe that the industry's problems are industry's alone, and that is why I prefer the tripartite or coalition approach involving all the parties—including Government—working together to find a mutually acceptable solution. This seems to me to be the only responsible approach.

I call on the President again to activate, reactivate, reestablish, convene—or whatever it takes—the Steel Tripartite Committee. We cannot continue to let foreign steel unemploy our people, weaken our national defense, and drain our industries and communities.●

● Mr. O'BRIEN. Mr. Speaker, the American Specialty Steel Industry though representative of relatively small producers, is vital to our economy and national defense. It produces specialty steel products usually identified as stainless, tool, and die steels, high temperature alloys, electrical, magnetic, refractory electronic, and reactive metals. Specialty steel requires a highly mechanized technology and requires more labor input than any other type steel. This U.S. industry has proven to be the world's most efficient producer of these type steels.

Unfortunately, the American Specialty Steel Industry is being severely injured due to great influxes of imports that have substantially penetrated our market. This trend that has been increasing over the last 2 years. Dramatically illustrated by the third quarter 1981 data, which indicate the amount of import penetration per type product:

[In percent]

Product	Import penetration
Alloy tool and high-speed steels	39.5
Stainless steel:	
Rod	47.0
Bar	26.6
Plate	7.5
Sheet and strip	11.5
Pipe and tubing	58.9

The import penetration is high basically because the foreign steel is sold far below market prices, sometimes as much as 54 percent below the market price in the United States. The foreign producers can afford to sell at below market prices because their losses are made up in government grants, loans, tax rebates, and other similar subsidies.

Unfortunately, specialty steel imports are not covered by the trigger price mechanism (TPM). You may recall past administrations were reluctant to cover specialty steel products under the TPM, except for stainless wire. In lieu of the TPM, a device called a surge mechanism was designed to alert our Government of surges in specialty steel imports, thus restraining dumping and other unfair dumping practices. Essentially, a surge indicates unfair trade practices resulting in foreign dumping or government subsidization. If the Commerce Department finds evidence of dumping or subsidization, appropriate legal action can be taken against foreign producers. Nonetheless, despite the good-faith efforts of the Commerce Department the surge mechanism has been ineffective in dealing with the problem.

Obviously, this situation puts our domestic industry at a great disadvantage in the highly competitive market. The import penetration figures also translate into a serious loss of American jobs. The current rate of unemployment in the domestic specialty steel industry is over 21 percent. Moreover we have also experienced complete shut-downs as witnessed by Bethlehem Steel's withdrawal from its tool steel division. Accordingly, the Specialty Steel Industry of the United States and the United Steel Workers of America have taken its first step in dealing with this problem by filing a section 301 case, describing the array of subsidies which are illegal under the international agreements like the Subsidies Code of the General Agreement on Tariffs and Trade (GATT) and under the American countervailing duty laws. Certainly this action raises the issue of foreign subsidy and our trade problems in a dramatic way.

Hopefully, this section 301 case will push the administration into consultations with the foreign governments involved to seek curtailment or at the very least reductions in the subsidies involved. This would restore the specialty steel industry once more to a fair competitive marketplace.●

● Mr. NELLIGAN. Mr. Speaker, as a member of the congressional delegation from a major steel-producing State, and as a member of the House Armed Services Committee, I would like to express my support for restrictions on imports where such restrictions are clearly in the national interest. I believe the steel industry deserves import protection because it is the backbone of America's industry. Many other types of industry depend on steel for their very survival. A case in point is the automobile industry.

Mr. Speaker, we cannot have free trade without fair trade. If foreign governments continue to subsidize their steel industries, they cannot expect us to continue our policies of free trade. Many American jobs are at stake and, at a time when our Nation is suffering from a high unemployment rate, we simply cannot afford to be the victims of other nations' unfair trade policies.

From my work on the Armed Services Committee, I know that steel is equally essential to the maintenance of our Nation's military strength. Foreign steel, which is subsidized by foreign governments, represents a threat to our basic national security because it weakens one of our basic industries. Therefore, I wholeheartedly support efforts to aid this major industry by providing import relief.

As a member of the Steel Caucus, I want to emphasize my support for ef-

forts to protect our steel industry from unfair foreign competition. I call on all Members of the House to recognize the importance of this industry to the economic and military well-being of the United States, and I urge the fullest support of economic measures which might best protect the industry from unfair foreign trade practices.●

VOLUNTARY PROGRAM OF SODIUM LABELING FOR FOOD PRODUCTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. BROYHILL) is recognized for 10 minutes.

● Mr. BROYHILL. Mr. Speaker, today I am introducing legislation to promote a voluntary program of sodium labeling for appropriate food products. The bill, H.R. 5160, is intended as a substitute for a bill, H.R. 4031, now pending before the Subcommittee on Health and the Environment of the House Committee on Energy and Commerce, that would grant new authority to the Food and Drug Administration to require that virtually all food sold in the United States be relabeled to show the sodium and potassium content.

The Reagan administration, backed up by Congress, has sought to reduce the economic impact of regulation on American business and the American consumer. Reducing unnecessary regulation is important for all sectors of our economy, and is particularly important for food which is so fundamental an item in the American consumer's budget.

Consistent with our national need for regulatory reform, HHS Secretary Schweiker and FDA Commissioner Hayes announced in June of this year a program to encourage voluntary labeling of the sodium content for appropriate foods, in order to provide important nutrition information to consumers. Secretary Schweiker and Commissioner Hayes are dedicated to providing important information of this nature to the public. But they also recognize the important advantages of trying a voluntary program before resorting to more rigid regulatory efforts. For some small businesses, with low volume, this type of labeling will not contribute to the public health. For some categories of food, which contribute little to the American diet, this type of labeling would be wasteful and uninformative. Some food manufacturers can begin labeling sodium content immediately, and others will need a longer period of time to begin this process. The sodium content of some foods is very stable and thus can easily be labeled, whereas the sodium content of other foods is quite variable and labeling will be far more difficult. These differences can be taken into account more readily in a voluntary program than through a regulatory approach.

There was good reason to believe that the American food industry would respond favorably to a voluntary program. Nutrition labeling is currently a voluntary program, and is now used on more than half the packaged food sold in our food stores today. When FDA asked the food industry in the early 1970's to begin labeling the mandatory ingredients in standardized food, even though the law does not require such labeling, the response was overwhelming.

It is therefore not surprising that the food industry has already begun to respond to the request of Secretary Schweiker and Commissioner Hayes for voluntary sodium labeling. In a speech to the National Health Council last month, Commissioner Hayes pointed out that:

> Thus far, our effort has had a measure of success. A number of companies have indicated they will label their foods with sodium information and explore low-sodium foods. In fact, just last week the Bureau of Foods reported to me that by next spring, at least 40 percent of the processed foods on the market will have sodium labeling. This is a threefold increase from the amount of sodium labeling among processed foods when our voluntary effort began.
>
> I am encouraged by this demonstration of support and response from the food industry. It reinforces my faith in the willingness of the private sector to meet, head-on, and important public health challenge.

This is just the beginning. FDA has not yet released guidelines on sodium labeling. Many in the food industry are waiting for these guidelines before they can begin to implement sodium labeling.

Under these circumstances, there is no justification whatever for a bill like H.R. 4031, that would grant new legislative authority to FDA to require sodium labeling on all food. It is far better to pursue the voluntary labeling approach that has now been undertaken. If that approach were to fail—and that now appears highly unlikely—the FDA could then consider taking action under present law to require such labeling.

The bill I am introducing today, as a substitute for H.R. 4031, grants no new legislative authority to FDA. Instead, it requires Secretary Schweiker and Commissioner Hayes to continue to develop and implement a voluntary sodium labeling program for appropriate food products. It provides technical assistance for food manufacturers and processors to implement sodium labeling, minimizing technical compliance problems that may arise in these efforts.

To assure that the matter will not be forgotten, my bill provides for two reports on the progress of voluntary sodium labeling 15 months and 27 months after enactment of this legislation. These reports will include a description of the extent of the cooperation of the manufacturers and processors of food, a description of the actions taken under the program, and, in the second report, any recommendations of the Secretary as to further administrative or legislative actions that should be considered. If the voluntary labeling approach is not adequate to inform the public about the sodium content of food, additional action can then be taken.

I see no need, at this time, for rigid new legislation like H.R. 4031. Any legislation on sodium labeling should build on the initial success of the voluntary labeling approach, not discourage it. If 40 percent of our processed foods are not already programed for sodium labeling in the 4 months since the voluntary program began, and even before FDA labeling guidelines have been issued, we should clearly give the food industry an opportunity to carry this program further before new legislative authority is considered. We should keep a good thing going, not throw a monkey wrench into the middle of the program that Secretary Schweiker and Commissioner Hayes have so carefully nurtured.●

VOTE "NO" ON THE REPUBLICAN SUBSTITUTE FOR THE CONTINUING RESOLUTION

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Wisconsin (Mr. REUSS) is recognized for 5 minutes.

Mr. REUSS. Mr. Speaker, the past few days have furnished a remarkable prelude to this debate on the continuing resolution.

First, the administration's own economists finally produced an economic forecast with an aura of realism to it. Not surprisingly to some of us, that forecast showed that the Reagan economic program means high and rising deficits indefinitely: $109 billion in 1982, over $150 billion in 1983, and over $160 billion in 1984.

Next, the entire Reagan Council of Economic Advisers spent Tuesday morning trying to explain the situation by effecting an instant rewrite of Reagan economic doctrine. Deficits do not matter, we are now told by the same advisers who only a few months ago were staking their lives, their fortunes, and their sacred honor on the proposition that the budget must be balanced by 1984.

Finally, the Treasury, OMB, and the White House disassociated themselves from the advisers, without, however, offering a glimmer of hope that the economic confusion would be sorted out any time soon.

It is tempting to sit back and let the administration stew in its own incon-

sistent juices. If deficits do not matter, we could say, why cut spending at all?

But there is one course of action open to us today that is clearly right, and that is to vote against the Republican substitute that will cut expenditures even more.

We are in a recession. The cause of that recession is high interest rates, in large part engendered by the administration's reckless tax and military programs. At this stage, an even tighter fiscal policy than we now have will make matters worse, not better. And further cuts in spending will make fiscal policy tighter. People will lose their jobs, purchasing power will fall, output and production will be curtailed ever further, and the recovery will be delayed. It is ridiculous to suppose that there exists a mysterious exemption for social spending from the laws of economics: That tax law changes have magical effects on the economy, but spending law changes do not.

In fact, much of the recent administration posturing on deficits seems designed to avoid a simple economic truth: that the state of demand matters. We need a recovery of spending if we are to have a recovery of the economy, whether those who are fixated on the alleged paramountcy of the "supply-side" like it or not.

Indeed, the last time an administration pursued a combination of ever-tighter fiscal policy and deep spending cuts in the face of a recession was during the late 1920's and early 1930's—and all know what happened then. Unless you want to repeat the mistake of Herbert Hoover, vote "No" on the Republican substitute.

STATEMENT ON THE BLACK LUNG BENEFITS REVENUE ACT OF 1981 INTRODUCED ON DECEMBER 7, 1981

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Illinois (Mr. ROSTENKOWSKI) is recognized for 15 minutes.

● Mr. ROSTENKOWSKI. Mr. Speaker, today I am introducing, by request, the Black Lung Benefits Revenue Act of 1981. This legislation represents the culmination of the efforts of many in the Congress, in the administration, and in the coal industry to restore the black lung disability trust fund to fiscal solvency over a period of years. It deserves the support of all those in Congress who desire a fair and balanced resolution to the controversies that have plagued this program since its inception.

This bill contains only those provisions of the black lung disability program and the trust fund that are within the jurisdiction of the Committee on Ways and Means. As such, it provides for a temporary doubling of the present coal excise taxes. These tax increases will remain in effect until the trust fund becomes solvent or until January 1, 1996, whichever occurs first. The bill also includes provisions which require that payments due the trust fund carry a current market rate of interest and which standardize and modernize other trust fund provisions. Finally, the fund is authorized to assume liability for claims previously denied but subsequently granted due to the retroactive application of the 1977 black lung disability amendments enacted in 1978.

An important element in the effort to reform the black lung disability program and to restore the trust fund to solvency involves changes in the eligibility standards and benefit provisions. These provisions are within the jurisdiction of the Committee on Education and Labor and changes to these provisions will be proposed at a later time. However, all parties affected by this legislation have agreed that the Committee on Ways and Means should go forward with those provisions within its jurisdiction. As introduced, the legislation is supported by the administration and a broad coalition of coal producers, mine workers, and others affected by the legislation.

BACKGROUND

The black lung disability trust fund was created in 1978 pursuant to the Black Lung Benefits Revenue Act of 1977 (Public Law 95-227). Revenues for the trust fund are derived from an excise tax on coal. Currently, the tax is 25 cents per ton for surface mined coal and 50 cents per ton for underground coal, with a cap of 2 percent of the sales price. Expenditures from the trust fund are made to pay benefits to coal miners who are totally disabled by coal workers' pneumoconiosis ("black lung") and to their survivors. The trust fund was intended to place primary financial responsibility for the black lung disability program on the coal mining industry rather than the Federal taxpayer.

The trust fund pays benefits for miners who terminated coal mine employment prior to January 1, 1970. If a miner's last coal mine employment occurred after January 1, 1970, one of his employers, designated as the "responsible operator," pays any benefits to which the miner may be entitled. If no "responsible operator" can be found, the trust fund will pay the benefits. The trust fund also pays the administrative costs of a portion of the program.

This financing system was intended to be self-sustaining, but since its creation in 1978, coal tax receipts have never been able to meet trust fund expenditures. As a result, the trust fund has had to borrow money from the general revenues of the Treasury. Since the trust fund must pay interest on advances from the Treasury at increasing rates, the trust fund deficit is growing very fast. The cumulative deficit of the trust fund as of October 30, 1981, was approximately $1.5 billion and the projected deficit for 1995 is $9 billion.

The Subcommittee on Oversight of the Committee on Ways and Means conducted two hearings on the fiscal insolvency of the trust fund, on July 27, 1981, and September 28, 1981. A formal report containing the recommendations of the subcommittee has been filed with the full committee, and the legislation which I am introducing today is consistent with the recommendations of the Oversight Subcommittee.

SUMMARY EXPLANATION OF THE BLACK LUNG BENEFITS REVENUE ACT OF 1981

Section 1 establishes the title of the Act.

Section 2 provides a temporary increase in the excise taxes imposed on coal sold by producers after December 31, 1981. The tax is increased from 50 cents to $1 per ton on coal from underground mines and from 25 cents to 50 cents per ton on coal from surface mines. The limitation in present law which limits the tax to 2 percent of the sales price is increased to 4 percent of the sales price. These tax increases will terminate as of the first of the year following the date when the Trust Fund becomes solvent or on January 1, 1996, whichever occurs first.

Section 3 establishes the Black Lung Disability Fund within the Internal Revenue Code, effective January 1, 1982. The Trust Fund provisions are standardized and modernized to conform to the provisions of other Trust Funds.

These provisions set forth the transfer of taxes and other receipts into the Trust Fund. In addition, repayable advances from the general fund of the Treasury are authorized and will carry an interest rate determined to be the equivalent, at the time the advance is made, of the current average market yield on outstanding U.S. obligations of comparable maturities.

The purposes for which expenditures are permitted to be made from the Trust Fund are generally the same as under present law. However, the Fund will no longer be obligated to pay retroactive benefits in the event of operator nonpayment, and the Fund will assume liability for claims which had been denied before March 1, 1978, and which were subsequently allowed under the 1977 Black Lung Disability amendments.

Section 4 amends Section 424(b) of the Black Lung Benefits Act to establish the interest rate to be applied to all amounts owed the Trust Fund by responsible operators. After a transition period for 1982, the interest rate is to be that established under section 6621 of the Internal Revenue Code which applies generally to tax overpayments and deficiencies. Under the Economic Recovery Tax Act of 1981, this rate is adjusted annually on January 1, based on the average prime rate in the preceding September.

The text of the bill follows:

H.R. 5159

A bill to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; AMENDMENT OF 1954 CODE.

(a) SHORT TITLE.—This Act may be cited as the "Black Lung Benefits Revenue Act of 1981".

(b) AMENDMENT OF 1954 CODE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

SEC. 2. TEMPORARY INCREASE IN AMOUNT OF TAX.

(a) GENERAL RULE.—Section 4121 (relating to tax on coal) is amended by adding at the end thereof the following new subsection:

"(e) TEMPORARY INCREASE IN AMOUNT OF TAX.—

"(1) IN GENERAL.—Effective with respect to sales after December 31, 1981, and before the temporary increase termination date—

"(A) subsection (a) shall be applied—

"(i) by substituting '$1' for '50 cents', and

"(ii) by substituting '50 cents' for '25 cents', and

"(B) subsection (b) shall be applied by substituting '4 percent' for '2 percent'.

"(2) TEMPORARY INCREASE TERMINATION DATE.—For purposes of paragraph (1), the temporary increase termination date is the earlier of—

"(A) January 1, 1996, or

"(B) the first January 1 after 1981 as of which there is—

"(i) no balance of repayable advances made to the Black Lung Disability Trust Fund, and

"(ii) no unpaid interest on such advances."

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to sales after December 31, 1981.

SEC. 3. BLACK LUNG DISABILITY TRUST FUND.

(a) GENERAL RULE.—The Internal Revenue Code of 1954 is amended by adding at the end thereof the following new subtitle:

"SUBTITLE I—TRUST FUND CODE

"SEC. 9500. SHORT TITLE.

"This subtitle may be cited as the 'Trust Fund Code of 1981'.

"CHAPTER 98—TRUST FUND CODE

"Subchapter A. Establishment of Trust Funds.

"Subchapter B. General provisions.

"Subchapter A—Establishment of Trust Funds

"Sec. 9501. Establishment of Black Lung Disability Trust Fund.

"SEC. 9501. ESTABLISHMENT OF BLACK LUNG DISABILITY TRUST FUND.

"(a) CREATION OF TRUST FUND.—

"(1) IN GENERAL.—There is established in the Treasury of the United States a trust fund to be known as the 'Black Lung Disability Trust Fund', consisting of such amounts as may be appropriated or credited to the Black Lung Disability Trust Fund.

"(2) TRUSTEES.—The trustees of the Black Lung Disability Trust Fund shall be the Secretary of the Treasury, the Secretary of Labor, and the Secretary of Health and Human Services.

"(b) TRANSFER OF CERTAIN TAXES; OTHER RECEIPTS.—

"(1) TRANSFER TO BLACK LUNG DISABILITY TRUST FUND OF AMOUNTS EQUIVALENT TO CERTAIN TAXES.—There are hereby appropriated to the Black Lung Disability Trust Fund amounts equivalent to the taxes received in the Treasury under section 4121 or subchapter B of chapter 42.

"(2) CERTAIN REPAID AMOUNTS, ETC.—The following amounts shall be credited to the Black Lung Disability Trust Fund:

"(A) Amounts repaid or recovered under subsection (b) of section 424 of the Black Lung Benefits Act (including interest thereon).

"(B) Amounts paid as fines or penalties, or interest thereon, under section 423, 431, or 432 of the Black Lung Benefits Act.

"(C) Amounts paid into the Black Lung Disability Trust Fund by a trust described in section 501(c)(21).

"(c) REPAYABLE ADVANCES.—

"(1) AUTHORIZATION.—There are authorized to be appropriated to the Black Lung Disability Trust Fund, as repayable advances, such sums as may from time to time be necessary to make the expenditures described in subsection (d).

"(2) REPAYMENT WITH INTEREST.—Repayable advances made to the Black Lung Disability Trust Fund shall be repaid, and interest on such advances shall be paid, to the general fund of the Treasury when the Secretary of the Treasury determines that moneys are available in the Black Lung Disability Trust Fund for such purposes.

"(3) RATE OF INTEREST.—Interest on advances made pursuant to this subsection shall be at a rate determined by the Secretary of the Treasury (as of the close of the calendar month preceding the month in which the advance is made) to be equal to the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the anticipated period during which the advance will be outstanding.

"(d) EXPENDITURES FROM TRUST FUND.—Amounts in the Black Lung Disability Trust Fund shall be available, as provided by appropriation Acts, for—

"(1) the payment of benefits under section 422 of the Black Lung Benefits Act in any case in which the Secretary of Labor determines that—

"(A) the operator liable for the payment of such benefits—

"(i) has not commenced payment of such benefits within 30 days after the date of an initial determination of eligibility by the Secretary of Labor, or

"(ii) has not made a payment within 30 days after that payment is due,

except that, in the case of a claim filed on or after the date of the enactment of the Black Lung Benefits Revenue Act of 1981, amounts will be available under this subparagraph only for benefits accruing after the date of such initial determination, or

"(B) there is no operator who is liable for the payment of such benefits,

"(2) the payment of obligations incurred by the Secretary of Labor with respect to all claims of miners or their survivors in which the miner's last coal mine employment was before January 1, 1970,

"(3) the repayment into the Treasury of the United States of an amount equal to the sum of the amounts expended by the Secretary of Labor for claims under part C of the Black Lung Benefits Act which were paid before April 1, 1978, except that the Black Lung Disability Trust Fund shall not be obligated to pay or reimburse any such amounts which are attributable to periods of eligibility before January 1, 1974,

"(4) the repayment of, and the payment of interest on, repayable advances to the Black Lung Disability Trust Fund,

"(5) the payment of all expenses of administration on or after March 1, 1978—

"(A) incurred by the Department of Labor or the Department of Health and Human Services under part C of the Black Lung Benefits Act (other than under section 427(a) or 433), or

"(B) incurred by the Department of the Treasury in administering subchapter B of chapter 32 and in carrying out its responsibilities with respect to the Black Lung Disability Trust Fund,

"(6) the reimbursement of operators for amounts paid by such operators (other than as penalties or interest) before April 1, 1978, in satisfaction (in whole or in part) of claims of miners whose last employment in coal mines was terminated before January 1, 1970, and

"(7) the reimbursement of operators and insurers for amounts paid by such operators and insurers (other than amounts paid as penalties, interest, or attorney fees) at any time in satisfaction (in whole or in part) of any claim denied (within the meaning of section 402(i) of the Black Lung Benefits Act) before March 1, 1978, and which is or has been approved in accordance with the provisions of section 435 of the Black Lung Benefits Act.

For purposes of the preceding sentence, any reference to section 402(i), 422, or 435 of the Black Lung Benefits Act shall be treated as a reference to such section as in effect immediately after the enactment of this section.

"Subchapter B—General Provisions

"Sec. 9601. Transfer of amounts.

"Sec. 9602. Management of Trust Fund.

"SEC. 9601. TRANSFER OF AMOUNTS.

"The amounts appropriated by any section of subchapter A to any Trust Fund established by such subchapter shall be transferred at least monthly from the general fund of the Treasury to such Trust Fund on the basis of estimates made by the Secretary of the Treasury of the amounts referred to in such section. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"SEC. 9602. MANAGEMENT OF TRUST FUND.

"(a) REPORT.—It shall be the duty of the Secretary of the Treasury to hold each Trust Fund established by subchapter A, and (after consultation with any other trustees of the Trust Fund) to report to the Congress each year on the financial condition and the results of the operations of such Trust Fund during the preceding fiscal year and on its expected condition and operations during the next 5 fiscal years. Such report shall be printed as a House document of the session of the Congress to which the report is made.

"(b) INVESTMENT.—

"(1) IN GENERAL.—It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals. Such investments may be made only in interest-bearing obligations of the United States.

For such purpose, such obligations may be acquired—

"(A) on original issue at the issue price, or

"(B) by purchase of outstanding obligations at the market price.

"(2) SALE OF OBLIGATIONS.—Any obligation acquired by a Trust Fund established by subchapter A may be sold by the Secretary of the Treasury at the market price.

"(3) INTEREST ON CERTAIN PROCEEDS.—The interest on, and the proceeds from the sale or redemption of any obligations held in a Trust Fund established by subchapter A shall be credited to and form a part of the Trust Fund."

(b) REPEAL OF SUBSECTIONS (a), (b), AND (c) OF SECTION 3 OF THE BLACK LUNG BENEFITS REVENUE ACT OF 1977.—Subsections (a), (b), and (c) of section 3 of the Black Lung Benefits Revenue Act of 1977 are hereby repealed.

(c) CLERICAL AMENDMENTS.—

(1) Clause (iii) of section 501(c)(21)(B) is amended by striking out "established under section 3 of the Black Lung Benefits Revenue Act of 1977" and inserting in lieu thereof "established under section 9501".

(2) The table of subtitles for such Code is amended by adding at the end thereof the following new items:

"Subtitle I. Trust Fund Code."

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 1982. Section 9501(c)(3) of the Internal Revenue Code of 1954 (as added by subsection (a)) shall only apply to advances made after December 31, 1981.

(2) SAVINGS PROVISIONS.—The Black Lung Disability Trust Fund established by the amendments made by this section shall be treated for all purposes of law as the continuation of the Black Lung Disability Trust Fund establsihed by section 3 of the Black Lung Benefits Revenue Act of 1977. Any reference in any law to the Black Lung Disability Trust Fund established by such section 3 shall be deemed to include a reference to the Black Lung Disability Trust Fund established by the amendments made by this section.

SEC. 4. AMENDMENTS TO SECTION 424 OF THE BLACK LUNG BENEFITS ACT.

(a) INTEREST ON OPERATOR LIABILITIES—

(1) RATE OF INTEREST.—Subsection (b) of section 424 of the Black Lung Benefits Act is amended by adding at the end thereof the following new paragraph:

"(5) The rate of interest under this subsection—

"(A) for any period during calendar year 1982, shall be 15 percent, and

"(B) for any period after calendar year 1982, shall be the rate established by section 6621 of the Internal Revenue Code of 1954 which is in effect for such period."

(2) CLARIFYING AMENDMENT.—The first sentence of section 424(b)(1) of the Black Lung Benefits Act is amended by inserting "plus interest thereon" after "attributed to him".

(3) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect on January 1, 1982, and shall apply to amounts outstanding on such date or arising thereafter.

(b) CONFORMING AMENDMENT.—Subsection (a) of section 424 of the Black Lung Benefits Act is amended to read as follows:

"(a) For purposes of this section, the term 'fund' means the Black Lung Disability Trust Fund established by section 9501 of the Internal Revenue Code of 1954."●

RESOLUTION CONCERNING THE EXTRADITION OF ZIAD ABU EAIN

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Michigan (Mr. CROCKETT) is recognized for 5 minutes.

● Mr. CROCKETT. Mr. Speaker, I wish to bring to the attention of this body a resolution of inquiry that I, along with Mr. CONYERS, am introducing today. The resolution pertains to the extradition case of a Palestinian, Ziad Abu Eain, which is now being reviewed by the Secretary of State. The Secretary will soon make a final determination regarding the extradition to Israel of Abu Eain.

This resolution, upon adoption, directs the Secretary of State to provide to the House of Representatives certain information concerning the pending extradition proceeding of Ziad Abu Eain. Mr. CONYERS and I have introduced this resolution because the present extradition procedure gives blind discretion to the Secretary of State to make a final determination of extradition; at no point is the Secretary required to make public what considerations have motivated his final decision.

In addition, the limited judicial hearing available under a write of habeas corpus—the only way a judicial hearing can be had in a case such as this—is inadequate. In such a hearing one is circumscribed by technical rules of evidence that would appear to prohibit the court from examining any political factor or other important information that should influence the ultimate decision.

It should be pointed out that the extradition treaty between the United States and Israel prohibits the extradition of people accused of a political offense. It is virtually impossible to litigate what is or is not a political offense when one is confronted by the strictures of these common law rules of evidence.

In light of these procedures and the extraordinary circumstance surrounding this extradition case, I feel that it is incumbent upon this body to request from the Secretary all information in his possession that will have any bearing on his final determination of this matter. I invite my colleagues to join me in requesting a hearing on this matter, which I believe will lay bare for the judgment of the Congress and the ultimate judgment of the American people the question of whether or not extradition should be granted in the case of Ziad Abu Eain.●

MAINTAINING CURRENT WORKABLE INTEREST RATE FOR SECTION 202 ELDERLY HOUSING LOANS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 5 minutes.

● Mr. ST GERMAIN. Mr. Speaker, I would like to address briefly a technical point of major concern which is directly related to the action we are taking today to provide funding for the section 202 program in the current fiscal year. Specifically, I am concerned that the existing interest rate for section 202 loans be maintained in effect for the current fiscal year in order to insure the most efficient use of funds being provided in fiscal year 1982 for this highly successful direct loan program to provide housing for the elderly and handicapped. Under current law, the HUD Secretary annually establishes the interest rate for section 202 loans. He has the discretion to establish a rate which may not exceed the average Treasury borrowing cost for the preceding fiscal year, plus a HUD administrative charge to cover its processing costs and expected losses. Indeed, it may be lower as appropriate to make the program work.

During fiscal year 1981, the loan rate, including HUD's administrative charge, was established at 9¼ percent for both construction and permanent financing. The Secretary is about to establish the rate of loans made during the current fiscal year. Rigid application of last year's record high Treasury borrowing costs would result in a 2½-percent increase in the section 202 loan rate to a new rate of 11¾ percent. I believe it would make more sense to retain the 9¼-percent interest rate.

Clearly raising the interest rate to 11¾ percent would make infeasible many section 202 projects currently being processed or proposed, unless there were a concomitant increase in rental subsidies or other project income to cover the substantial additional debt service requirements resulting from the substantially higher loan rate. Given the limited section 8 funds, increasing rental subsidies would not be appropriate.

Many of my colleagues and I are very much aware of this problem and believe that the Secretary has adequate authority under the statute to provide a remedy. Accordingly, it is our strong sense that the section 202 loan interest rate be kept during the current fiscal year at the rate in effect during the past year. It is further strongly recommended to the Secretary that this be administratively accomplished as soon as possible. Stabilizing the interest rate will assure a continued and stable flow of loan funds to finance section 202 projects without significant drain on the Federal Treasury since Treasury borrowing costs in the current fiscal year are falling well below those experienced last year.●

SHORTSIGHTEDNESS OF ACROSS-THE-BOARD BUDGET CUTS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Colorado (Mr. WIRTH) is recognized for 5 minutes.

● Mr. WIRTH. Mr. Speaker, Barbara S. Thomas, Commissioner of the U.S. Securities and Exchange Commission, has written an article appearing in the November 11, 1981, issue of the National Journal, which points out the shortsightedness of across-the-board budget cuts. While, as a member of the Budget Committee, I strongly believe we must continue to reduce Federal spending, across-the-board cuts make little sense.

In an article entitled "Budget Cuts that Boomerang," Commissioner Thomas noted that to cut back the staff of the SEC, which is a key player in the Nation's efforts to facilitate capital formation, would result in substantial harm to the business community the administration seeks to help. The loss of confidence in the market resulting from reduced Commission presence would diminish the flow of capital into the market. In addition, a reduction in the Commission's budget would force a reduction of staff devoted to certain deregulatory and small business initiatives and would be self-defeating.

The SEC has long been regarded as one of the most effective and efficient of Government agencies. Its staff is lean, even at current levels.

Congress resisted the proposed across-the-board cuts, only to have the Government thrown into crisis when the President vetoed the continuing resolution. I am hopeful that the SEC will survive another review and that this Congress will continue to fund it at a level commensurate with its responsibilities, taking into account the growth of the trading markets and the expansion of the entities under the SEC's jurisdiction. Commissioner Thomas' article follows:

BUDGET CUTS THAT BOOMERANG

(By Barbara S. Thomas)

OMB has recommended that Congress adopt a 12 per cent across-the-board cut in the budgets of nearly all federal agencies for the current fiscal year. The Administration apparently intends these cuts to stimulate business development, by demonstrating its resolve to reduce the federal deficit. Ironically, however, in the case of the Securities and Exchange Commission, these budget cuts will result in substantial harm to the very business community that the Administration is seeking to assist.

In a general sense, of course, it is widely recognized that the SEC's activities are strongly supportive of legitimate business. The Commission is a key player in the nation's efforts to facilitate capital formation, by virtue of its mandate to maintain the honesty and efficiency of the securities markets. A reduced Commission presence in these markets is likely to be reflected in an increase in market manipulation, insider trading and other forms of securities fraud. Over the long term, such misconduct cannot help but have a detrimental effect on the public's confidence in the integrity of the markets, and thereby diminish severely the free flow of capital toward productive enterprises.

What is not so generally recognized is that the Commission, although noted for its zealous pursuit of white-collar crime, also devotes a major portion of its daily staff resources to serving the business community. The Commission, however, is a labor-intensive agency, with a tradition of leanness and efficiency. A 12 per cent budget reduction, coming on top of a 5 per cent cut suffered in fiscal 1981 and a 3 per cent cut already scheduled to occur in 1982 will require the Commission to eliminate one in every five staff positions. These cuts will cause a dramatic reduction in the Commission's ability to continue those functions that directly serve the business community.

For example, the Commission's staff annually reviews and comments upon thousands of corporate filings containing proposed public disclosures that are mandated by law. In many cases, this review brings to light significant omissions or misstatements before an issue of securities reaches the market. It thereby reduces the exposure of corporations, underwriters and others to after-the-fact enforcement actions by the Commission and to substantial liability in lawsuits by individual investors.

If the proposed cuts are enacted, this review function will have to be curtailed sharply. As a result of existing budget constraints, the Commission already has been forced to operate this program in a less-than-satisfactory fashion. Thus, although the Commission now reviews all prospectuses filed by new entrants to the securities markets, it can do no more than sample the remainder. After the proposed 12 per cent cut, the Commission would be able to review only one-third of the filings from new entrants, and none of thse from repeat filers. In addition, the review process would be significantly lengthened, resulting in the inability of some issuers to take advantage of favorable, but rapidly changing, market conditions.

The proposed cutbacks also would deal a severe blow to the Commission's deregulatory efforts, which, of course, directly benefit American business. Since 1978, the Commission has maintained a vigorous program to eliminate or simplify the many rules that specify required corporate disclosures. It also has sought to alleviate the burdens that Commission regulations impose on small businesses seeking to raise capital, by creating broader and more realistic exemptions for such companies. The proposed budget reduction will necessitate a decrease in the staff devoted to these important efforts and, accordingly, delay their implementation.

There is a tendency among some in the business community to rejoice at the news that one or another vexatious regulatory agency will suffer deep reductions in its budget. It is simplistic and often erroneous, however, to equate such budget reductions with deregulation. Duplicative, needless and confusing regulations will remain on the books until the responsible agency acts to clarify or repeal them. In many cases, this will require a careful and sustained effort by a high quality staff. At the Commission, much of that staff will have to be sacrificed to the proposed budget cuts, and parts of the Commission's deregulatory program sacrificed along with them.

The tragedy of these losses is compounded by the paucity of the savings that would be achieved by slashing the SEC's budget. The Commission's *entire* budget for the current fiscal year is only $83 million, nearly two-thirds of which is derived from user fees paid by those who issue or trade securities. Indeed, it may well be possible, through modest increases in these fees, to make the Commission self-sustaining in the near future.

In a larger sense, crippling the SEC would be a tragedy reaching far beyond the immediate cost to business and investors. The SEC is regarded by many as a model government agency, known for its efficiency, competence and dedication. This reputation, and this staff, are the product of many years of careful management and intense devotion by hundreds of people. They were not built in a day, but they could be destroyed virtually overnight.●

INTERNATIONAL SECURITY AND DEVELOPMENT COOPERATION ACT OF 1981

(Mr. PRICE asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. PRICE. Mr. Speaker, there are two provisions in H.R. 3566, the International Security and Development Cooperation Act of 1981, that involve issues of deep concern to the House Armed Services Committee and I would like to address myself to these provisions.

Section 106 establishes a special defense acquisition fund that is designed to make U.S. security assistance programs more responsive, and to reduce the diversion for foreign military sales of equipment from the stocks of U.S. military forces. The Armed Services Committee does not quarrel with the establishment of the fund; however, the committee is concerned with the impact of the fund on the readiness of U.S. forces, on the efficiency of the U.S. defense procurement program and on the strengthening of the U.S. defense production base.

These issues clearly involve matters of great interest to the Committee on Armed Services. Furthermore, the funds that would be used to capitalize the special fund are charged to the national defense budget function (050) which is under the jurisdiction of our committee.

The House Foreign Affairs Committee recommends annual authorization and appropriation to the fund. The Senate adopted an amendment which would establish the funding ceiling for the special defense acquisition fund in section 138 of title 10 and this provision is appropriate since articles to be procured by the special acquisition fund must be procured officially in coordination with the procurement of such articles for the U.S. Armed Forces. Since the funds involved come from the national defense function budget category and are for the pur-

chase of military equipment, the responsibility of the Armed Services Committee for such funds should be clear.

Accordingly, the Senate version of section 106 is preferable and I urge that the House conferees accept such in conference.

The annual report required on the acquisition of articles under this special fund will, I assume, be made available to all interested committees.

The second provision, section 107, relates to the leasing of defense articles. As written, the provision would terminate the lease authority in 10 U.S.C. 2667 with regard to leasing of defense articles to foreign countries and international organizations, and would establish such authority under the Arms Export Control Act.

The Armed Services Committee has the unique expertise to determine what equipment is excess to military requirements and can be made available for leasing. In addition, leases often involve cooperative defense programs with allied military forces that are the business of the Armed Services Committee.

While recognizing the interest of the Foreign Affairs Committee, I believe it would be a serious mistake to remove the expertise of the Armed Services Committee from a review of the impact of leasing of major defense articles. As I view it, no purpose would be served by the provision to deny leasing under section 2667 of title 10, United States Code, other than to restrict the jurisdictional interest in leasing actions.

The Armed Services Committee is capable of determining the impact on the readiness of our Armed Forces of any leasing of defense articles and such determination should be a part of leasing decisions.

The Senate version of section 107, therefore, is to be preferred since it retains the leasing authority in title 10 and more appropriately provides for coordinating the capabilities of both committees as their interests dictate. Additionally, the Senate version of the leasing provision eliminates the provision for legislative review and congressional veto which is a cumbersome provision and likely to cause unjustified delays.

Accordingly, I wish to express my strong support of the Senate bill as regards these two provisions and urge that the Senate provisions be adopted in conference. Such would be much more conducive to the cooperation between interested committees which would more properly contribute to a comprehensive approach to national security.●

THE ENERGY CRISIS IS OVER

(Mr. HAMMERSCHMIDT asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

● Mr. HAMMERSCHMIDT. Mr. Speaker, since some of my colleagues might have missed reading the November issue of Harper's, which includes the cover story entitled, "The Energy Crisis is Over," by William Tucker, I insert it in today's CONGRESSIONAL RECORD.

The illustrious Mr. Tucker offers an interesting slant on deregulation and "how we beat OPEC." The text of the article follows:

THE ENERGY CRISIS IS OVER

(By William Tucker)

On January 28, 1981, after less than a week in office, President Ronald Reagan announced that he was bringing an immediate end to the price controls that had governed American oil for almost ten years, speeding up a process already set in motion by President Carter. With that simple act, the energy crisis of the 1970s ended.

You would have hardly known it from reading the newspapers. Reporters, making their rounds of the usual reliable sources, asked only one constituency—consumer groups—what they thought of the decision. The consumer groups put up their usual howl, complaining that it would only mean higher prices. Thus the Associated Press report of the story, the next day, began like this:

WASHINGTON.—American motorists can expect to pay even more at the gasoline pumps in the next few days as a result of President Reagan's first major economic decision.

Reagan is making good on a campaign promise to remove immediately the remaining price and allocation controls on petroleum.

Angry consumer groups charged that gasoline and heating-oil prices could rise by 8 to 12 cents per gallon over the next few weeks as a result of the decision.

There was not the slightest suggestion of what the long-term effects of the decision might be. Nor has there been since—except for a few scattered editorials in the *Wall Street Journal and The New York Times.*

So the news is told. When President Reagan asked for a review of the situation this summer, his advisers told him that the decision to scrap price controls had effectively ended the energy traumas of the 1970s. Consumption was declining, domestic drilling was skyrocketing, imports were down, and OPEC was starting to fall apart. His response was reported to be: "Why doesn't anybody tell me these things?"

It was a legitimate question. Apart from a few economists, probably no more than a handful of people have yet realized that the current collapse of world oil prices is the direct result of the American people's decision finally to face reality. We have already swallowed the bitter medicine, and the cure is working. Remarkably, nobody has even realized it yet.

Let us take a look at what has happened since President Reagan decided last January to accelerate President Carter's 1979 decision to remove oil price controls by fall 1981, and thus to end, with one stroke, the long-drawn-out attempt to protect consumers from reality.

For a few weeks, oil prices did rise, just as consumer groups had predicted. Within a month, gas prices at the pump had climbed by about ten cents a gallon. Heating oil also went up by about the same amount. Domestic oil price, freed from constraints that had kept them at about twenty-nine dollars a barrel, quickly jumped to around thirty-six dollars a barrel—a change that should have reflected a rise of about fourteen cents at the pump. It looked as if consumers might be in for a rough time.

But then strange things started to happen. As late as December 1980, the Department of Energy had been predicting that world oil supplies would remain tight "indefinitely," and that world oil prices might soon be moving up through the range of $45-50 per barrel.

But by March the major oil companies suddenly found themselves with growing inventories on their hands. By May, refineries had a 20 percent oversupply of oil products, and were starting to worry about storage problems. They did the only sensible thing. They started to cut prices.

By the end of May, heating-oil prices were down throughout the country by four or five cents. Gas prices at the pump fell below their January levels. The national average of gasoline prices across the country fell to its lowest level in two years. Sporadic price wars broke out in various areas. By midsummer, competition between two service stations in Cincinnati had lowered the price of gasoline to seventy-three cents per gallon at one point, and cars were once again lining up outside filling stations—this time to buy the new cheap gas.

Before very long, these events started to have repercussions on the world market. By early summer, every major OPEC nation found itself with growing stockpiles. Libya, always the most militant of OPEC members, lost 60 percent of its customers between April and August because it refused to lower its prices. Nigeria also had large surpluses. OPEC production as a whole has now fallen 30 percent since 1979.

What happened in Mexico was tragicomic. In June, the nation found itself unable to sell its oil at the premium price of forty dollars a barrel anymore. The minister for oil, Jorge Diaz Serrano, faced with a collapsing market, lowered the price of Mexican oil by four dollars. Mexican public opinion, however, accustomed to high prices, was outraged at the decision and demanded that the old price be restored. Jorge Diaz Serrano, till then considered the favorite to succeed Lopez Portillo to the presidency next year, was forced to resign from office, his political career ruined. But the oil still could not be sold at $40 a barrel, and subsequent oil ministers have now lowered the price by $3.90—holding back the last ten cents apparently in an effort to avoid Jorge Diaz Serrano's fate.

The story being told is that Saudi Arabia has deliberately created the oil glut by pumping 10 million barrels of oil a day instead of its previous 8 million, in order to "discipline" other OPEC members and end up with a uniform price of around thirty-four dollars a barrel. Yet many observers are skeptical of this interpretation. They point out that Saudi Arabia has already committed most of its oil revenues, and with prices falling, will not find it easy to cut back to production of 8 million barrels a day again.

In any case, OPEC's attempts at an emergency August meeting to reach agreement on a price, and regain "control" of the market, were a failure. Not only were the members unable to compromise on a unified price of $34-36 a barrel, but their subsequent actions showed that the OPEC coun-

tries themselves are now at the mercy of the market. Two days after the meeting fell apart, Nigeria voluntarily lowered its oil price from $40 to $36 per barrel. It was the largest price reduction an OPEC nation has ever imposed on itself. There is no indication that prices have hit bottom yet. The golden age of OPEC is over.

How did this sudden reversal occur? There are many reasons, but the crucial one—both for its timing and its effect—is the Reagan administration's decision last January to end price control.

It is now possible to examine the related upheavals of the 1970s and put them in perspective. The oil crisis was nothing more than a self-inflicted wound. With the exception of five months in 1973-74 when the Arab states stopped sending oil to the West in retaliation for U.S. support of Israel, no event of the 1970s that we labeled under the rubric of "the oil crisis" was anything more than America's refusal to pay the proper price for its own oil. It was certainly not an oil-company plot or a sign that we were "running out of resources." Oil was the only commodity in the entire economy that was never freed from President Nixon's temporary wage and price controls imposed in 1971. This created an inevitable gap between supply and demand for domestically produced oil. We bridged it by importing more oil, leaving us vulnerable to all the foreign shocks and international intrigues that followed.

Here is the way it happened.

DEPENDENCE ON FOREIGN OIL

The beginning of the oil crisis of the 1970s can be traced to 1968 and the first stirrings of the environmental movement. At the time, though few people remember it, the country was operating under the Oil Import Quota system set up by President Eisenhower in 1959. The policy limited the country's imports to no more than 12 percent of its total consumption. It was honored more in the breach than the observance, however, and imports actually hovered around 19 percent throughout the 1960s.

The original rationale for the quota system was national security. It was argued that if we became to dependent on foreign sources for such an important commodity as oil, we might become vulnerable to cutoffs in time of war or national emergency. The effect of the program, on the other hand, was to give some protection to the small domestic oil companies centered around Texas, Oklahoma, and Louisiana. These are not the oil giants like Exxon, Gulf, Texaco, and the rest of the Seven Sisters. They are the hundreds and hundreds of entrepreneurs who live off small and medium-sized oil holdings—and produce about 60 percent of our own oil. A great deal of the confusion that existed in the early years of the 1970s arose from the failure to distinguish between these small companies and the giants.

The import quotas protected the small companies from the dirt-cheap competition in the Middle East, where oil could be pumped out of the ground for less than ten cents a barrel. Domestic oil was selling at about $1.90 a barrel in 1969. But even with the import quotas, the price to consumers had been steadily falling over the previous twenty years. The oil giants, on the other hand, were slightly hampered by the import quotas, although they never made too much fuss about it. They were prevented from importing great quantities from the Middle East, but, on the other hand, were afforded some protection for their American holdings. They made money by selling Middle Eastern oil to Europe, and did not press much for abolition of the U.S. import restrictions.

The trouble began when environmental groups decided that newly discovered low-sulfur oils in North Africa and Indonesia were just what was needed to clean up air pollution. Before Lyndon Johnson left office, environmental groups in California and New York had wrung concessions out of Interior Secretary Stewart Udall (who administered the quota program) to allow more cheap, low-sulfur crudes to be imported from Libya and Southeast Asia as a substitute for coal in utility boilers. A number of incentives were introduced, and imports began to rise.

Then an odd thing happened. Consumer groups, suddenly aware of all the cheap oil being pumped around the world, began to argue that scrapping the import quotas would produce a consumer bonanza as well. In 1970, Ralph Nader's task force on air pollution (one of the first incarnations of "Nader's Raiders") published a book called Vanishing Air, which questioned the "national-security" argument and argued strenuously that ending the oil import-quota program would solve both environmental and consumer problems. They suggested that the quotas were a "protectionist wall" that "creates a domestic price for petroleum substantially in excess of the world price." It was "estimated to cost American consumers five to eight billion dollars a year."

After the Santa Barbara oil spill of 1969 created new concerns about offshore drilling, the environmentalists' urgings to lift the import quotas became much louder. In 1972 the Sierra Club published a book on coal strip-mining called Stripping, which concluded that scrapping the import quotas would cut down on strip-mining, reduce offshore drilling, clean the air, and solve just about every other environmental difficulty. Criticizing a decision of the Nixon administration not to give up the quotas, the author, John F. Stacks, wrote:

"The scrapping of the import quota task force recommendation to abolish that system will pile more costs onto the consumer, who has already paid more than $30 billion to subsidize the oil industry through quotas and tax giveways."

Soon the case for importing more oil was common currency in consumer and environmental circles.

Unnoticed, however, was that the real turning point in America's energy situation had already passed. In 1970, our domestic oil production peaked at 9.6 million barrels a day, after a century of steady increases. We had run out of "easy oil." Older wells were playing out, and all the new oil lay in environmentally troublesome areas—offshore, in Alaska, and in deeper, unexplored regions of the earth's crust. Americans faced a difficult choice. Either we had to accept a steep rise in American oil prices to pay for the higher costs of drilling and encourage wiser use, or we had to open our doors to more imported oil.

For a long time the Nixon administration resisted making a decision. Task forces were assigned to the problem, and most of them came back with the recommendation that we might as well import more oil. Nixon personally resisted the idea, however. He was still impressed with the national-security argument, and leery of making the country dependent on foreign imports.

Unfortunately, the courage of this position was obviated by a decision in August 1971 to impose an across-the-board temporary wage and price freeze. The controls had an enormous impact on the oil market. Prices should have been climbing rapidly. Production from old wells was leveling off and the development of new sources was proving expensive. A clear signal was needed to tell consumers that the time had come to start conserving.

Instead, the price controls seriously distorted the situation. The artificially low price of domestic oil discouraged expensive new exploration. But it also allowed consumers to go on guzzling oil as if nothing had happened. Consumption rose in 1971-73 at 4 percent per year—a straight-line projection from the old days of falling prices in the 1960s. Nobody noticed that domestic oil was harder to find.

And so, in order to make up for this growing gap between domestic supply and demand, we turned to the solution that was to become the characteristic pattern of the entire decade. We imported more oil. The holes that the environmental movement had already punched in the import-quota program made it easy. All sorts of incentives had been set up allowing refiners bonus quantities of imported crude if they cleaned it of sulfur. The program was easily manipulated so that imported crudes became the stock for other uses as well. By 1973 we were importing close to 30 percent of our oil, an unprecedented foreign dependence. By the time the quotas were scrapped, they were useless anyway. Without even noticing it, we were at the mercy of world events.

THE REASON FOR SHORTAGES

The inevitability of price controls for the benefit of consumers creating shortages of goods is a cardinal point understood by nearly all economists and only a handful of members of the public. I have searched for a metaphor for this phenomenon, and finally found one in an experience a friend of mine had in the Peace Corps. He and his colleagues were trying to teach Indian village women the rhythm method of birth control by giving them a string of thirty beads that represented the days of their menstrual cycle. The eight days representing their fertile period were marked by red beads in the middle of the month. Each day they were to move one bead, refraining from intercourse on the red days. After a while, however, they found the system didn't work. When the dangerous days of the month arrived, the women would simply move all the red beads across the string at once. They assumed that this act of magic would prevent them from getting pregnant.

We do the same thing with prices. The market price of a commodity is nothing more than a reflection of its scarcity relative to its demand. When goods become harder to obtain, the price goes up. But we assume that by artificially lowering the price—asking the government to intervene with price controls, that is—we can make a good less scarce. Instead, the opposite results. With prices artificially low, consumers try to buy more of the commodity, while suppliers reduce production because they cannot recover their costs. The result is an artificial shortage, where goods are scarcer than at the beginning. Our confusion of reality and its symbols only makes things worse and precipitates what we hoped to avoid.

As President Nixon's 1971 price freeze remained in place, the American economy became increasingly characterized by a series of surpluses and shortages. With prices held at rigid, artificial levels, the gaps

between supply and demand became unavoidable. By 1973, steel, concrete, aluminum, and dozens of other basic commodities were becoming unobtainable on the market. The situation coincided with the Club of Rome's jeremiads and the popular conception that we were quickly hitting the bottom of the barrel on resources. Newsweek ran a cover story showing Uncle Sam holding up an empty horn of plenty under the caption "Running Out of Everything?" Apparently, nobody at Newsweek realized that we were only experiencing the inevitable results of price controls (no one, that is, except Milton Friedman, who continually pointed it out in his columns). But by the middle of 1973 the price controls had been phased out, and these shortages quickly solved themselves.

Oil, however, was an exception. So much pressure had already built up behind the price of oil that Congress became afraid to let the market go where it would. It was obvious that the days of twenty-five cents a gallon for gasoline were over. Yet Congress shunned the cure for America's falling domestic production. Oil became the only exception to the general abandonment of price controls; protection was extended through 1975.

Meanwhile, barely noticed events in the Middle East were beginning to indicate that "cheap foreign oil" wasn't going to remain cheap for very long. In 1969, a colonel's revolt in Libya overthrew the pro-Western monarchy. The new military regime, under Colonel Muammer Qaddafi, soon realized it was supplying both Europe and America with low-sulfur oil that could hardly be matched anywhere else in the world. In 1970, the new government imposed a twenty-cent price increase on its concessionaires. The oil companies fussed and fumed, but soon realized that there were no American Marines or strategists for the Central Intelligence Agency waiting in the wings to correct the problem. (In the last such incident, which neither the oil companies nor the producing nations had ever forgotten, the attempt by Mohammed Mossadegh to nationalize Iran's oil concessions and impose a price increase on Western consumers had resulted in a coup masterminded by the CIA, and the installation of the shah. On the eve of the Arab oil boycott, President Nixon was still publicly reminding the Middle Eastern states to beware the "lesson of Mossadegh.") Finally, the oil companies accepted the price increase; they had no choice.

Soon a moribund debating society, the Organization of Petroleum Exporting Countries, founded in 1960 at the instigation of Venezuelan oil minister Juan Pablo Pérez Alfonso, was meeting in earnest in Vienna. By September 1973, OPEC members were presenting a solid front to the oil companies and negotiating for an across-the-board price increase of fifty-three cents to match Libya's efforts. The oil companies protested and said it was impossible. In truth, though, they weren't sure. When the negotiations finally broke down, Sheikh Yamani, the Saudi Arabian OPEC minister, said that the producing nations might just go ahead and do it anyway.

Yet all the while American consumers remained oblivious. Blinded by the continuing price controls, we went on guzzling gas in ever greater amounts as if nothing had happened. Few people were aware that we were importing any of our oil, let alone 30 percent. British journalist Anthony Sampson, whose book The Seven Sisters describes the events leading up to the boycott, says that an "air of unreality" began to enshroud those American businessmen and politicians who could actually see what was happening. In 1972 we set an all-time record for oil consumption, and were headed for another in 1973. When several oil companies formed a delegation to try to warn Nixon administration officials of the growing restiveness in the producing countries, they were politely ignored. On the day Sheikh Yamani and the OPEC ministers broke off negotiations with American oil firms in October 1973, no American newspaper carried the story.

What happened next, of course, is history. The Arabs realized their growing market leverage and exercised it in the oil boycott during the 1973-74 Arab-Israel War. The result of this deliberate supply interruption was the first of the "gas shortage."

But the boycott was over by March, and gas lines ended well before that. Far more important was that the producing nations—to their surprise—found they had a stranglehold on the Western oil market. They quickly raised prices to seven times their 1970 levels, setting in motion what was later called "the greatest and swiftest transfer of wealth in the history." Over the next year, some $112 billion flowed out of consumers' pockets and into the coffers of the oil-producing nations.

What should we have done? Obviously, we should have increased domestic production and cut consumption. The formula for this was not really very difficult. Domestic oil price controls were already artifically discouraging production and stimulating consumption. Getting rid of them would have been the easiest step of all. Then, had we been really serious, we could have done what the Europeans and Japanese have done for decades and taxed comsumption, particularly comsumption of foreign oil. This was exactly what President Ford tried to do in January 1975, when he began his state-of-the-union address by asking Congress to abolish price controls and impose a two-dollar-a-barrel tax on foreign oil. He promised that reducing imports would be the first priority of the administration. Had the nation been willing to give President Ford a hearing, we might have avoided some of the turmoil that followed. Congress, however, had its own ideas.

The battleground became the 1975 Energy Policy and Conservation Act (a political euphemism if ever there was one). At first, Congress seemed willing to go along with President Ford's assessment: foreign dependence was a problem, and price controls were only making things worse. But then a suburban rebellion began in the House of Representatives. Congressmen Andrew Maguire (N.J.), Richard Ottinger (N.Y.), and Toby Moffett (Conn.)—all liberal Democrats representing the three wealthiest suburban counties in the New York area—began a campaign to extend oil price controls. Joined by figures such as Edward Kennedy (Dem.-Mass.), Howard Metzenbaum (Dem.-Ohio), James Abdnor (Dem.-S.D.), and Henry Jackson (Dem.-Wash.) in the Senate, these legislators eventually succeeded in getting through a decision to extend price controls all the way through 1979 and possibly beyond. Not only that, the Energy Research and Development Administration was instructed to lower the price of domestic oil in February 1976 in order to punish the oil companies. It was Congress's election-year present to the nation for 1976.

It worked well. Large Democratic majorities were returned to Congress at the end of the year, with a new Democratic president to lead them. Consumers were already celebrating by surging back to big cars, and guzzling gas again as if the boycott had never happened. Everything seemed fine. Yet the oil price controls remained a time bomb ticking away in the American economy. It finally exploded in 1979, and perhaps helped to carry away the Democratic administration with it.

OPEC'S SHORT, HAPPY LIFE

Few people seem to realize that OPEC's monopoly of the market lasted only about three years. Like any monopoly, it quickly attracted new competition into the field. From 1974 to 1977, the relatively few oil-producing countries probably could have charged any price they wanted to Western consumers. Europe, in particular, had long been accustomed to easy access to Middle Eastern oil, and had few alternatives.

But, as always, the success of a monopoly was also its undoing. The new high price of oil sent geologists scurrying out all over the world looking for new reserves. Britain and Norway developed the fields under the North Sea, the American oil companies were allowed to finish the Alaskan pipeline, and dozens of other small countries began to find and develop deposits. Mexico, it turned out, had had oil all along, but hadn't wanted to reveal its resources for fear of being exploited, as the Arabs had been for decades. In addition, the old patterns of ever increasing consumption were quickly reversed. Yale economist Paul MacAvoy has calculated that OPEC's price distortions only lasted from 1974 to 1977. By that time, the market forces had caught up and supply and demand were back in balance, promoting the wise and efficient use of resources everywhere.

Everywhere, that is, except the United States. Here, unfortunately, events had taken a different turn. Almost from the day in February 1976 when Congress had instructed that the price of domestic oil be lowered, Americans had once again rushed back to their old pre-embargo habits. Over the next twelve months, big-car divisions of the three major auto companies broke sales records in every month of the year. Small cars were left sitting in the lots, and even huge rebate programs failed to win back the public to conservation.

Gasoline consumption also resumed its pre-embargo climb, surpassing the 1973 record in 1977, and breaking it again in 1978. We were headed for even higher consumption in 1979, until events in Iran put a stop to it. Domestic producers, on the other hand, could not begin to hope to make back their money from drilling for new oil. They sat on their hands or put their money into real estate. Once again there was a shortage of domestic oil. And yet there as no time between 1976 and 1979 that motorists couldn't get gas. How did we do it? The answer is the same. We made up for our self-inflicted domestic shortages by importing still more oil. From the crack of the gun in February 1976, our imports once again took off, climbing from 33 percent to almost 50 percent by mid-1979. In fact, it's a good thing the Iranian revolution happened when it did. Had things gone on any longer, the eventual crash, whatever form it took, would have been far worse.

Just about everything Congress did to solve the energy crisis in the 1970s was aimed at one thing—keeping cheap gas flowing to the consumers. Washington was filled with liberal congressmen singing the joys of

conservation and wringing their hands about foreign dependence. Yet not one of them was ever willing to accept the simple formula that would have ended the whole dilemma—paying a market price for our own oil.

It is commonly assumed that the events in Iran and the second "gas shortages" in 1979 finally curbed the nation's appetite for foreign oil. That is not quite correct. Redoubled international oil prices and the resulting rise in the cost of gasoline certainly reminded people of the realities of the world oil situation. But the effect would probably have been temporary once again, had not the second gas shortage finally convinced President Carter that domestic price controls were a self-defeating policy and should be abandoned. Carter bravely announced in late 1979 that he would phase out price controls by the fall of 1981.

Incredibly, even at this late date, congressmen howled, and consumer groups moaned, that the president was abandoning his apparent constitutional responsibility to provide Americans with cheap energy. Yet the payoff came almost immediately. Within one year, U.S. oil imports fell by 25 percent, back to their 1975 level.

Oil drilling increased as never before (although oil is still getting harder to find), and consumers finally began demonstrating hitherto unsuspected capabilities for conserving energy. President Reagan's January decision, which accelerated Carter's schedule by nine months, only completed the process. Drilling for new oil has increased by 50 percent in the last six months. Consumption has dropped another 20 percent. Domestic oil production is holding steady, and consumers—finally deprived of the "protection" of Congress—seem permanently set on a conservation course.

The unanticipated—though predictable—result of this new realism has been that energy prices are now falling on the world market. Throughout the 1970s, our energy policy was to prop up world oil prices by creating a domestic shortage and then making up for it by buying in the world market. Without our support, OPEC would have been defunct by 1977. Now it is falling apart anyway. Americans are buying 2.2 million barrels a day less than we were before President Carter launched the repeal of the price controls in 1979. This is the exact amount of the current world glut. Left to the mercies of supply and demand, OPEC is finding it can do nothing more than set its prices where the market tells it to.

THE SEVEN (WEAK) SISTERS

Are we really out of the woods? Perhaps not entirely. We still import just over 30 percent of our oil, which is about where we were in 1973 just before the embargo. What we could do now is to put a modest tax on imported oil—perhaps two dollars a barrel—in order to pay the costs of building a strategic petroleum reserve; this would be a fair measure of the risks we incur by importing some of our oil. Both Europe and Japan have long used high government taxes to discourage consumption, which is why they were much less affected by the Iranian events than we were, even though they import nearly all their oil.

Yet all these wise and conscientious measures would still have to run the gauntlet of shortsighted "consumer protectors." There are still enough Toby Moffetts and Edward Kennedys in Washington to put on a magic show of preaching conservation with one hand while subsidizing consumption with the other.

Where do the oil companies fit into all this? Those Enemies of the People, of course, were the favorite whipping boys of the mid-1970s. By 1975 it probably didn't seem a bad guess to predict that they would have been nationalized within a few years. It is easy enough now to see what happened to the oil companies in the 1970s, and why we hated them so much. The problem was that the oil companies were getting weaker. During the 1950s and '60s, they had bullied their way through the producing countries, robbing them for the benefit of Europeans and Americans and bringing home the goods at ridiculously low prices. When things got difficult, there were always the Marines and the CIA to hold up our interests.

But in the 1970s all that changed. The oil companies found themselves up against a more firmly knit cartel with better control over the resources than they had. What could we do but hate them? They had failed us miserably. As Eric Hoffer said of revolutions, it is usually when the public feels the government weakening that it expresses all its hidden resentments.

The oil companies have now lost their preeminence in world trade. In 1970 they handled over 90 percent of the transactions between the producing and consuming countries. Now they handle only about 40 percent. More and more, the consuming countries are dealing directly with the producers. In addition, the OPEC nations are building their own refining operations, buying tankers, and moving "downstream" in the oil business.

The future for the oil companies, of course, is not bleak. The value of their remaining oil resources has increased enormously. Their profits have risen by 20 percent per year since 1973. They are still the world's specialists in exploration and drilling technology. In addition, they are diversifying into other fields and energy technologies. They will probably do as they have always done—quite well.

Is the energy crisis over, then? Not quite. Unfortunately, we still have a forty-year-old hangover to deal with—the chaotic state of resources, created by government intervention in the natural-gas industry.

The havoc is almost too complicated to delineate. (For an excellent account, read Tom Bethell's article "The Gas Price Fixers," Harper's, June 1979.) Price controls were originally imposed in 1938 because of a supposed "monopoly." Actually, there was no monopoly at all. Consumers had a choice of several other fuels, and gas drilling is one of the most decentralized industries in the country. One out of every two hundred Americans owns interest in a natural-gas well.

In 1954, one producer tried to raise the price of gas from three to four cents a thousand cubic feet. This ridiculously low price had originally been granted only as an open invitation for the pipeline companies to build their connections into the oil fields. Before that, the producers had flared off their gas as a waste product of oil drilling. But a Wisconsin state consumer authority, reacting to this insignificant price increase, forced the Federal Power Commission to extend its control back to the wellhead price as well. The decision was upheld in the courts, and Congress has never mustered the will to change it.

The results have been utterly perverse. The natural-gas industry became a kind of national utility company. No one was ever encouraged to go out and find more. The only gas we have used is the "waste product" now associated with oil deposits. Yet all indications now are that there are staggering amounts of natural gas—perhaps as much as 200 years' supply at current prices—in different kinds of formations in the earth.

The situation finally reached a crisis with the "natural-gas shortages" of the winter of 1977. These "shortages," again, were nothing but the result of price controls. The law had never extended federal control over pricing within the producing states themselves. By 1977, gas prices in the intrastate market were four times the price in the interstate market. Most producing states, like Texas, Louisiana, and Oklahoma, which collect large royalties, simply refused to send any more gas north, where consumers were still paying 1960s prices; hence the shortages.

The hopelessness of government efforts to anticipate market prices can be seen in the 1978 Natural Gas Policy Act, which at the time was perceived as a victory over the consumer advocates. Toby Moffett and the gas-guzzling suburbanites once again tried to ensure their constituents cheap energy at other people's expense. They failed, in that the Carter administration finally decided on a phased program ending in complete decontrol in 1985. It is said that when the vote against continuing price controls was finally taken, Respresentative Moffett left the House, fell against a tree, and wept.

He could have saved his tears. Congress, in its wisdom, decided to anticipate the future by allowing natural-gas prices to rise to the 1978 level of oil prices—equivalent to $15 a barrel—by 1985. Then they could go where they would. Yet in less than a year that price was already hopelessly out of date. Taking inflation into account, natural-gas consumers are once again paying 1960s prices for energy. (Because of the resulting shortages, industry and utilities are rapidly being squeezed out of the market, and consumption of natural gas is now concentrated almost entirely in home heating.)

The results have been chaos. Congress allowed that all gas found below 15,000 feet could be free from price controls. Previously, most gas had been found at 5,000 feet. This spurred new exploration, which started turning up gas reserves no one had ever dreamed possible. It is now clear that there are probably huge reserves between 5,000 and 15,000 feet as well.

But the owners of gas deposits below 15,000 feet have now become opponents of decontrol. They fear that they will be undersold by all the gas that obviously exists between 5,000 and 15,000 feet. This doesn't promise a very orderly development of resources. In a final irony, the pipeline owners themselves have become a principal opponent of deregulation. They are paid according to the amount of gas that flows through their pipelines. They fear, quite reasonably, that if prices are decontrolled, people will start conserving gas. That will cut down on their pipeline transmission, and lose them money. Thus, as always, the regulated have ended up falling in love with their regulations.

There are already fears that when 1985 arrives Congress will find decontrolling the price of natural gas intolerable. Yet there is hardly any choice. In fact, removing price controls right now—as the Reagan administration is beginning to propose—would be even easier. There is no time like the present for getting rid of price controls. The medicine would be only slightly harder to swallow than our current decontrol of oil

prices, which people have hardly noticed at all.

The only alternative is that natural gas will be a resource that we simply don't use. Once again one may ask: if we are creating artificial shortages by controlling the price of natural gas, where are we making them up? And once again, the answer is the same. We are importing more oil. It is estimated that between one and two million barrels per day of our current oil imports are the result of our failure to use our own natural gas. The subsidy of natural-gas consumers is also delaying the introduction of rooftop solar energy. Decontrol would unquestionably mean higher natural-gas prices, but this would quickly be neutralized by a further drop in the price of oil and the introduction of new technologies. People are never going to conserve, or use solar energy in home heating, as long as they are paying fifteen-year-old prices for natural gas.

But without the foreign oil needed to make up for the natural-gas shortage, OPEC would be about as important to the American economy as a Turkish bazaar.

The energy crisis, then, is half won. We have ended OPEC's dominance of the market within a few short months by swallowing what turned out to be a relatively mild pill and accepting a market price for our own oil. All we have to do now is decontrol our natural-gas prices, and we will be home free. There will be another mild period of adjustment, and soon we will be on a firm, stable, and innovative energy course.

Are we up to it? Can Americans tackle the energy problems of the 1980s?

Stay tuned.●

LEGISLATION TO PROVIDE FIRST-TIME FOREIGN AID TO NORTHERN IRELAND

(Mr. BIAGGI asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. BIAGGI. Mr. Speaker, I take to the floor today to advise my colleagues that in commemoration of Human Rights Day I am introducing legislation that would provide $50 million in first-time foreign aid to Northern Ireland.

Even a cursory examination of the economic situation in Northern Ireland reveals a country facing fiscal crisis. The violence which has already taken 2,000 lives needlessly, is fueled, in part, by the deplorable economic deterioration that has effected the continent. This can most easily be seen in the unemployment statistics where the jobless rate is 13 percent overall and reaches as high as 40 percent in some Catholic neighborhoods. Compare this to our own country which has a current unemployment rate of approximately 9 percent and this contrast becomes even more dramatic. Lack of jobs in Northern Ireland effects everyone—from the household head who has a family to support to the young person looking to enter into the job market. No generation is exempt from the effects of economic decline in Ulster—nor from the violence which springs from it. Further, the once-lucrative tourist trade in Ireland has been seriously damaged because of the violence in the north.

My bill would specifically limit the use of this aid to rehabilitation, humanitarian, construction and other economic revitalization purposes. Further, the bill requires that the funds be controlled solely by our own Agency for International Development. AID, prior to distributing funds, must engage in full and complete consultation with all parties and governments which have a vested economic interest in Northern Ireland through the formation of an advisory board. Appointment to this board must be done by the President, in consultation with Congress. Representatives on this advisory board shall serve without compensation.

It is my intention that Congress maintain an active role in working with AID in determining who shall receive economic assistance under this act. To guarantee that the plan for Northern Ireland developed by AID is equitable and appropriate, the Administration of AID is required to submit the plan to Congress. Unless Congress disagrees with the proposal within 30 calendar days after its submission by concurrent resolution, then the funds, may be obligated as outlined in the plan.

Central to this legislation is the prohibition of assistance under the act unless the Government of Great Britain declares its intention to initiate a phased and orderly withdrawal of its presence from Northern Ireland. If this declaration includes a policy of promoting a reunification of Northern Ireland with the Republic, then aid will also be made available to the continent as well.

The presence of Great Britain in Northern Ireland is evidenced in several ways. The most visible, as well as the most controversial, is the military presence which began in the summer of 1969. Through the "Emergency Powers Act" which suspends all forms of viable local government in Ulster, the British Government is also present in the judicial system which in essence has suspended all time-honored forms of British jurisprudence. Finally, the British presence is felt economically through the massive subsidies it pays to foreign and domestic industry to prop up what has become a economically stagnant society.

The costs associated with the British presence in Northern Ireland are a dramatic illustration of the extent to which Ulster has become a welfare state with an economy that is the major instrument for repression of elements of the population. All told, in 1981–82, Northern Ireland received 1.5 billion pounds from Great Britain—roughly $3 billion or $2,000 a head. A decade ago, Ulster had a balanced, if not too prosperous, economic structure. Now, according to the Cambridge Economic Policy Review, 27 percent of the jobs in private manufacturing have gone, which has resulted in massive subsidies for public sector employment—jobs which have become tools of economic manipulation by the British.

Bob Rowthorn in writing in the Cambridge Review calculated that the conflict has destroyed or prevented the creation of 40,000 jobs in Northern Ireland while the response of Great Britain has been to create 15,000 public sector jobs. The net effect has been to reduce employment by about 25,000—or about 4 percent of the working population. He concludes:

> At the same time, the conflict has created grotesque distortions, turning Ulster into a work-horse economy where more and more jobs owe their existence to administrative fiat and institutionalized charity rather than to rational economic organization. . . . The time is not far removed when an international solution to the problems of Ulster will be the only one that either Dublin or Britain will be able to afford.

Both former President Carter and President Reagan have accepted an economic role for the United States in Northern Ireland. This legislation can serve as a springboard toward advancing a just and lasting solution to the problems there by beginning to address the immediate needs of the citizens there in an equitable fashion. Our commitment need not be permanent. Its duration should be for as long as it takes to effect a change in the status quo.

Mr. Speaker, yesterday the House passed our annual foreign aid bill which provided a total of $5.7 billion for 1982 assistance programs. It is my hope that next year, a small portion of this aid package could be earmarked for Northern Ireland. At such funding levels, a modest investment of $50 million would be instrumental in returning the economy of Northern Ireland to a self-supporting and viable system. Human rights also include economic rights as well. The people of Northern Ireland, which have been subjected to economic repression for over a decade, deserve the opportunity to self-sufficiency and this bill will assist us in beginning this effort.

I urge my colleagues in this effort and help us continue this country's tradition of providing aid to advance values in parts of the globe which parallel our own: Human, civil and economic rights for our friends. In an interdependent world, we have an obligation to do no less.

CONFERENCE REPORT ON S. 1086

Mr. PERKINS submitted the following conference report and statement on the bill (S. 1086) to extend and

revise the Older Americans Act of 1965, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 97-386)

The committee of confernece on the disagreeing votes of the two Houses on the amendments of the House to the bill (SA. 1086) to extend and revise the Older Americans Act of 1965, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the House amendment insert the following:

That (a) this Act may be cited as the "Older Americans Act Amendments of 1981".

(b) Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Older Americans Act of 1965.

PURPOSE AND ADMINISTRATIVE AMENDMENTS

SEC. 2. (a)(1) Section 101(7) is amended by inserting after "cultural," the following: "education and training".

(2) Section 102(1) is amended by striking out "Secretary of Health, Education, and Welfare" and inserting in lieu thereof "Secretary of Health and Human Services".

(3)(A) Section 102(3) is amended by inserting "the Commonwealth of the Northern Mariana Islands," after "Samoa,".

(B) Section 102(6) is amended by striking out "The term" and inserting in lieu thereof "Except for the purposes of title VI of this Act, the term".

(C) Section 102(7) is amended by striking out "The term" and inserting in lieu thereof "Except for the purposes of title VI of this Act, the term".

(b)(1) The heading for section 202 is amended by striking out "Administration" and inserting in lieu thereof "Commissioner".

(2) Section 202(a)(1) is amended by striking out "Department of Health, Education, and Welfare" and inserting in lieu thereof "Department of Health and Human Services".

(3) Section 202(a)(2) is amended by striking out "serve as a clearinghouse for" and inserting in lieu thereof "collect and disseminate".

(4) Section 202(a)(5) is amended by inserting "education and training services (including" after "hospitalization,", by inserting "and" after "training,", and by inserting a closing parenthetical mark after "education".

(5) Section 202(a)(8) is amended by inserting before the semicolon at the end thereof the following: ", and take whatever action is necessary to achieve coordination of activities carried out or assisted by all departments, agencies, and instrumentalities of the Federal Government with respect to the collection, preparation, and dissemination of information relevant to older individuals".

(6) Section 202(a)(12) is amended by striking out "nonprofit".

(7) Section 202(a)(16) is amended by striking out "nonprofit".

(c) Section 202(c) is amended by striking out "Action" and inserting in lieu thereof "the ACTION Agency".

(d)(1) The last sentence of section 203(a) is amended by striking out "purpose" and inserting in lieu thereof "purposes".

(2)(A) Section 203(b) is amended by striking out "purpose" and inserting in lieu thereof "purposes".

(B) Section 203(b)(1) is amended by striking out "of 1973".

(C) Section 203(b)(8) is repealed.

(D) Clauses (9) and (10) of section 203(b) are redesignated as clauses (8) and (9), respectively.

(E) Section 203(b)(8) (as redesignated by subparagraph (D)) is amended by adding after "1965," the following: "title I of the Higher Education Act of 1965, and the Adult Education Act".

(e)(1) Section 204 is repealed.

(2) Sections 205 through 214, and all references thereto, are redesignated as sections 204 through 213, respectively.

(f)(1) Section 204(c) as so redesignated in subsection (e)(2), is amended by striking out "but not less often than four times a year" and inserting in lieu thereof "at least quarterly".

(2) Section 204(d)(5) (as redesignated by subsection (e)(2)) is amended by striking out ", in consultation with the National Information, and Resource Clearing House for the Aging,".

(3)(A) Section 204(g) (as redesignated by subsection (e)(2)) is repealed.

(B) Subsection (h) of section 204 (as redesignated by subsection (e)(2)) is redesignated as subsection (g).

(4) Section 204(g) (as redesignated by subsection (e)(2) and paragraph (3) (B)) is amended to read as follows:

"(g) There are authorized to be appropriated to carry out the provisions of this section $200,000 for fiscal year 1982, $214,000 for fiscal year 1983, and $228,900 for fiscal year 1984.".

(g)(1) Section 205(b) (as redesignated by subsection (e)(2)) is repealed.

(2) Subsections (c) and (d) of section 205 (as redesignated by subsection (e)(2)) are redesignated as subsections (b) and (c), respectively.

(h) Section 206(b) (as redesignated by subsection (e)(2)) is amended—

(1) by striking out "under section 308 or"; and

(2) by striking out "section 209" and inserting in lieu thereof "section 207".

(i) Section 209(b) (as redesignated in subsection (e)(2)) is amended by striking out "the amendment made by".

(j) Section 210(a) (as redesignated by subsection (e)(2)) is amended by striking out ", and of title V of the Act of October 15, 1977 (Public Law 95-134; 91 Stat. 1164),".

(k) Section 213 (as redesignated by subsection (e)(2)) is amended by striking out "the Economic Opportunity Act of 1964" and inserting in lieu thereof "titles VIII and X of the Economic Opportunity Act of 1964 and the Community Services Block Grant Act".

SUPPORTIVE SERVICES AND NUTRITION PROGRAMS

SEC. 3. (a) Section 301(b)(2) is amended—

(1) by inserting "the Department of Education," after "cooperation of";

(2) by striking out "the Community Services Administration,"; and

(3) by inserting after "Transportation" a comma and the following: "the Office of Community Services".

(b)(1) Section 302(3) is amended by inserting after "Social Security Act," the last place it appears therein the following: "any category of institutions regulated by a State pursuant to the provisions of section 1616(e) of the Social Security Act (for purposes of section 307(a)(12)),".

(2) Section 302 is amended by adding at the end thereof the following new paragraph:

"(9) The term 'education and training service' means a supportive service designed to assist older individuals to better cope with their economic, health, and personal needs through services such as consumer education, continuing education, health education, preretirement education, financial planning, and other education and training services which will advance the objectives of this Act.".

(c)(1) Section 303(a) is amended by striking out "and", and by inserting after "1981" the following: ", $306,000,000 for fiscal year 1982, $327,400,000 for fiscal year 1983, and $350,300,000 for fiscal year 1984," and by striking out "social services" and inserting in lieu thereof "supportive services and senior centers".

(2) Section 303(b)(1) is amended by striking out "and", and by inserting after "1981" the following: ", $319,100,000 for fiscal year 1982, $341,400,000 for fiscal year 1983, and $365,300,000 for fiscal year 1984,".

(3) Section 303(b)(2) is amended by striking out "and", and by inserting after "1981" the following: ", $60,000,000 for fiscal year 1982, $64,200,000 for fiscal year 1983, and $68,700,000 for fiscal year 1984,".

(d) The Older Americans Act of 1965 is amended by striking out "social services" each place it appears therein and inserting in lieu thereof "supportive services".

ALLOTMENTS; FEDERAL SHARE

SEC. 4. (a) Section 304(a)(1) is amended by striking out "From the sums appropriated under parts B and C for fiscal years 1979, 1980, and 1981," and inserting in lieu thereof "From the sums appropriated under parts B and C for each fiscal year,".

(b) Section 304(d)(1)(B) is amended by striking out "90 percent in fiscal years 1979 and 1980, and 85 percent in fiscal year 1981, of the cost of social services and nutrition services authorized under parts B and C" and inserting in lieu thereof "85 percent of the cost of supportive services, senior centers, and nutrition services under this title".

(c) Section 304(d)(1) is amended—

(1) by striking out "and" at the end of clause (A);

(2) by redesignating clause (B) as clause (C); and

(3) by adding after clause (A) the following new clause:

"(B) such amount as the State agency determines to be adequate for conducting an effective ombudsman program under section 307(a)(12) shall be available for conducting such program; and".

STATE AGENCY RESPONSIBILITIES

SEC. 5. (a) Section 305(a)(1)(E) is amended by striking out "divide the State into distinct areas" and inserting in lieu thereof "divide the State into distinct planning and service areas (or in the case of a State specified in subsection (b)(5), designate the entire State as a single planning and service area)".

(b) Section 305(a)(2)(A) is amended by striking out "determine for which planning and service area an area plan will be developed, in accordance with section 306, and for each such area designate," and inserting in lieu thereof "except as provided in subsection (b)(5), designate for each such area".

(c) Section 305(b) is amended by adding at the end thereof the following new paragraph:

"(5) A State which on or before October 1, 1980, had designated, with the approval of the Commissioner, a single planning and service area covering all of the older individuals in the State, in which the State agency was administering the area plan, may after that date designate one or more additional planning and service areas within the State to be administered by public or private nonprofit agencies or organizations as area agencies on aging, after considering the factors specified in subsection (a)(1)(E). The State agency shall continue to perform the functions of an area agency for any area of the State not included in a planning and service area for which an area agency has been designated.".

(d) Section 305(c) is amended—

(1) by striking out "or" at the end of clause (3),

(2) by inserting "or" at the end of clause (4), and

(3) by adding after clause (4) the following new clause:

"(5) in the case of a State specified in subsection (b)(5), the State agency;".

AREA PLANS

SEC. 6. (a) The first sentence of section 306(a) is amended by striking out "for a 3-year period" and inserting in lieu thereof "for a two-, three-, or four-year period determined by the State agency,".

(b) Section 306(a)(2) is amended by striking out "at least 50 percent" and inserting in lieu thereof "an adequate proportion".

(c)(1) Section 306(b)(1) is repealed.

(2)(A) Paragraph (2) of section 306(b) is redesignated as subsection (b).

(B) The first sentence of section 306(b) (as redesignated by subparagraph (A)) is amended by striking out "may" and inserting in lieu thereof "shall".

(C) The second sentence of section 306(b) (as redesignated by subparagraph (A)) is repealed.

STATE PLANS

SEC. 7. (a) The first sentence of section 307(a) is amended by striking out "for a 3-year period," and inserting in lieu thereof "for a two-, three-, or four-year period determined by the State agency,".

(b) Section 307(a)(13)(A) is amended by striking out the comma, and by inserting before the semicolon at the end thereof the following: ", and may be made available to handicapped or disabled individuals who have not attained 60 years of age but who reside in housing facilities occupied primarily by the elderly at which congregate nutrition services are provided".

(c) Section 307(a)(13)(B) is amended to read as follows:

"(B) primary consideration shall be given to the provision of meals in a congregate setting, except that each area agency (i) may award funds made available under this title to organizations for the provision of home delivered meals to older individuals in accordance with the provisions of subpart 2 of part C, based upon a determination of need made by the recipient of a grant or contract entered into under this title, without requiring that such organizations also provide meals to older individuals in a congregate setting; and (ii) shall, in awarding such funds, select such organizations in a manner which complies with the provisions of subparagraph (H);".

(d) Section 307(a)(13)(C)(ii) is amended by inserting before the semicolon at the end thereof a comma and the following: "to facilitate access to such meals, and to provide other supportive services directly related to nutrition services".

(e) Section 307(a)(13)(D) is amended by inserting after the clause designation the following: "in the case of meals served in a congregate setting,", and by striking out "or home delivered meals are furnished to eligible individuals who are homebound".

(f) Section 307(a)(13)(I) is amended to read as follows:

"(I) each area agency shall establish procedures that will allow nutrition project administrators the option to offer a meal, on the same basis as meals are provided to elderly participants, to individuals providing volunteer services during the meal hours;".

(g) Section 307(a) is amended—

(1) by striking out "and" at the end of paragraph (15) thereof;

(2) by redesignating paragraph (16) thereof as paragraph (18); and

(3) by inserting after paragraph (15) the following new paragraphs:

"(16) provide, with respect to education and training services, assurances that area agencies on aging may enter into grants and contracts with providers of education and training services which can demonstrate the experience or capacity to provide such services (except that such contract authority shall be effective for any fiscal year only to such extent, or in such amounts, as are provided in appropriations Acts);

"(17) provide assurances that, if a substantial number of the older individuals residing in any planning and service area in the State are of limited English-speaking ability, then the State will require the area agency on aging for each such planning and service area—

"(A) to utilize, in the delivery of outreach services under section 306(a)(2)(A), the services of workers who are fluent in the language spoken by a predominant number of such older individuals who are of limited English-speaking ability; and

"(B) to designate an individual employed by the area agency on aging, or available to such area agency on aging on a full-time basis, whose responsibilities will include—

"(i) taking such action as may be appropriate to assure that counseling assistance is made available to such older individuals who are of limited English-speaking ability in order to assist such older individuals in participating in programs and receiving assistance under this Act; and

"(ii) providing guidance to individuals engaged in the delivery of supportive services under the area plan involved to enable such individuals to be aware of cultural sensitivities and to take into account effectively linguistic and cultural differences.".

(h) Section 307(b) is amended by striking out clause (2) and by redesignating clause (3) as clause (2).

ADMINISTRATION OF STATE PLANS

SEC. 8. Section 308(b) is amended by adding at the end thereof the following new paragraph:

"(6) Notwithstanding any other provisions of this title, with respect to funds received under subsection (a) and subsection (b) of section 303, a State may elect to transfer not more than 20 per centum of the funds appropriated for any fiscal year between programs under part B and part C of this title, for use as the State considers appropriate. The State shall notify the Commissioner of any such election.".

AVAILABILITY OF SURPLUS COMMODITIES

SEC. 9. (a) The first sentence of section 311(a)(4) is amended—

(1) by striking out "In" and inserting in lieu thereof "Subject to the authorization of appropriations specified in subsection (d), in"; and

(2) by striking out "during the three succeeding fiscal years" and inserting in lieu thereof "for each fiscal year thereafter".

(b)(1) Subsection (b) of section 311 is repealed.

(2) Subsection (c) of section 311 is redesignated as subsection (b).

(c) Section 311 (as amended by subsection (b) of this section) is amended by adding at the end thereof the following new subsection:

"(d)(1) There are authorized to be appropriated $93,200,000 for fiscal year 1982, $100,000,000 for fiscal year 1983, and $105,000,000 for fiscal year 1984, to carry out the provisions of this section (other than the provisions of subsection (a)(1)) and such additional sums as may be necessary for each such fiscal year to maintain the level of reimbursement for the number of meals served under such provisions in fiscal year 1981.

"(2) In any fiscal year in which compliance with subsection (a)(4) of this section costs more than the amount authorized under paragraph (1) of this subsection for that fiscal year the Secretary of Agriculture shall reduce the cents per meal level determined pursuant to subsection (a)(4) for that fiscal year as necessary to meet the authorization of appropriation for that fiscal year.".

SERVICES PROGRAMS

SEC. 10. (a) Section 321(a)(1) is amended by striking out "continuing education" and inserting in lieu thereof "education and training".

(b) Section 321(a)(4) is amended—

(1) by inserting "(A)" after "designed";

(2) by striking out "or" and inserting in lieu thereof a semicolon and "(B)"; and

(3) by inserting before the semicolon at the end thereof the following: "; or (C) to prevent unlawful entry into residences of elderly individuals, through the installation of security devices and through structural modifications or alterations of such residences".

(c) Section 321 is amended by striking out "or" at the end of clause (11), by redesignating clause (12) as clause (15), and by inserting after clause (11) the following new clauses:

"(12) services to encourage the employment of older workers, including job counseling and, where appropriate, job development, referral, and placement;

"(13) crime prevention services and victim assistance programs for older individuals;

"(14) a program, to be known as 'Senior Opportunities and Services', designed to identify and meet the needs of older, poor individuals 60 years of age or older in one or more of the following areas: (A) development and provision of new volunteer services; (B) effective referral to existing health, employment, housing, legal, consumer, transportation, and other services; (C) stimulation and creation of additional services and programs to remedy gaps and deficiencies in presently existing services and programs; and (D) such other services as the Commissioner may determine are necessary or especially appropriate to meet the needs of the older poor and to assure them greater self-sufficiency; or".

(d) The heading for part B of title III is amended to read as follows:

"SUPPORTIVE SERVICE AND SENIOR CENTERS".

e. Section 337 is amended by striking out "National Association of Title VII Project Directors" and inserting in lieu thereof "Na-

tional Association of Nutrition and Aging Services Programs".

REVISION OF TRAINING, RESEARCH, AND DISCRETIONARY PROJECTS AND PROGRAMS

SEC. 11. (a) Title IV is amended to read as follows:

"TITLE IV—TRAINING, RESEARCH, AND DISCRETIONARY PROJECTS AND PROGRAMS

"Part—Education and Training

"TRAINING AND RECRUITING PERSONNEL FOR THE FIELD OF AGING

"SEC. 411. The Commissioner may make grants to any public or nonprofit private agency, organization, or institution, and may enter into contracts with any agency, organization, or institution, to assist the Commissioner in recruiting persons to enter the field of aging, training volunteers and persons employed in or preparing for employment in the field of aging (including such stipends to persons participating in training programs as the Commissioner may find appropriate), technical assistance, and other activities related to such training.

"MULTIDISCIPLINARY CENTERS OF GERONTOLOGY

"SEC. 412. The Commissioner may make grants to public and private nonprofit agencies, organizations, and institutions for the purpose of establishing or supporting multidisciplinary centers of gerontology, and gerontology centers of special emphasis.

"Part B—Research, Demonstrations, and Other Activities

"RESEARCH AND DEVELOPMENT PROJECTS

"SEC. 421. The Commissioner may make grants to any public or nonprofit private agency, organization, or institution, and may enter into contracts with any agency, organization, institution, or individual to support research and development related to the purposes of this Act, evaluation of the results of such research and development activities, and collection and dissemination of information concerning research findings, demonstration results, and other materials developed in connection with activities assisted under this title, and conducting of conferences and other meetings for purposes of exchange of information and other activities related to the purposes of this title.

"DEMONSTRATION PROJECTS

"SEC. 422. (a) The Commissioner may after consultation with the State agency in the State involved, make grants to any public agency or nonprofit private organization or enter into contracts with any agency or organization within such State for paying part or all of the cost of developing or operating nationwide, statewide, regional, metropolitan area, county, city, or community model projects which will demonstrate methods to improve or expand supportive services or nutrition services or otherwise promote the well-being of older individuals. The commissioner shall give special consideration to the funding of rural area agencies on aging to conduct model projects devoted to the special needs of the rural elderly. Such projects shall include alternative health care delivery systems, advocacy and outreach programs, and transportation services.

"(b) In making grants and contracts under this section, the Commissioner shall give special consideration to projects designed to—

"(1) meet the special health care needs of the elderly, including—

"(A) the location of older individuals who are in need of mental health services;

"(B) the provision of, or arrangement for the provision of, medical differential diagnoses of older individuals to distinguish between their need for mental health services and other medical care;

"(C) the specification of the mental health needs of older individuals, and the mental health and support services required to meet such needs; and

"(D) the provision of—

"(i) the mental health and support services specified in clause (C) in the communities; or

"(ii) such services for older individuals in mursing homes and intermediate care facilities, and training of the employees of such homes and facilities in the provision of such services;

"(2) assist in meeting the special housing needs of older individuals by—

"(A) providing financial assistance to such individuals, who own their own homes, necessary to enable them (i) to make the repairs or renovations to their homes, which are necessary for them to meet minimum standards, and (ii) to install security devices, and to make structural modifications or alterations, designed to prevent unlawful entry; and

"(B) studying and demonstrating methods of adapting existing housing, or construction of new housing, to meet the needs of older individuals suffering from physical disabilities;

"(3) provide education and training to older individuals designed to enable them to lead more productive lives by broadening the education, occupational, cultural, or social awareness of such older individuals;

"(4) provide preretirement education information and relevant services (including the training of personnel to carry out such programs and the conduct of research with respect to the development and operation of such programs) to individuals planning retirement;

"(5) meet the special needs of, and improve the delivery of services to, older individuals who are not receiving adequate services under other provisions of this Act, with emphasis on the needs of low-income, minority, Indian, and limited English-speaking individuals and the rural elderly;

"(6) develop or improve methods of coordinating all available supportive services for the homebound elderly, blind, and disabled by establishing demonstration projects in ten States, in accordance with subsection (c); and

"(7) improve transportation systems for the rural elderly.

"(c) The Commissioner shall consult with the Commissioner of the Rehabilitation Services Administration, the Commissioner of the Social Security Administration, and the Surgeon General of the Public Health Service, to develop procedures for—

"(1) identifying elderly, blind, and disabled individuals who need supportive services;

"(2) compiling a list in each community of all services available to the elderly, blind, and disabled; and

"(3) establishing an information and referral service within the appropriate community agency to—

"(A) inform those in need of the availability of such services; and

"(B) coordinate the delivery of such services to the elderly, blind, and disabled.

The Commissioner shall establish procedures for administering demonstration projects under subsection (b)(6) not later than 6 months after the effective date of this subsection. The Commissioner shall report to the Congress with respect to the results and findings of the demonstration projects conducted under this section at the completion of the projects.

"SPECIAL PROJECTS IN COMPREHENSIVE LONG-TERM CARE

"SEC. 423. (a)(1) The Commissioner may—

"(A) make grants to selected State agencies, designated under section 305(a)(1), and, in consultation with State agencies, selected area agencies on aging designated under section 305(a)(2)(A), institutions of higher education, and other public agencies and nonprofit private organizations; and

"(B) enter into contracts with any agency, organization, or institution (except that such contract authority shall be effective for any fiscal year only to such extent, or in such amounts, as are provided in appropriations Acts);

to support the development of comprehensive, coordinated systems of community long-term care for older individuals, with special emphasis upon services designed to support alternatives to institutional living and the assessment of need, the development of a plan of care, and the referral of individuals, in the delivery of long-term care services, including noninstitutional and institutional services, where appropriate.

"(2) A grant under this section may be made to pay part or all of the estimated cost of the program (including startup cost) for a period of not more than 3 years, except that no funds may be used to pay for direct services which are eligible for reimbursement under title XVIII, title XIX, or title XX of the Social Security Act.

"(3) A grant made under this section shall be used for the development of programs which provide a full continuum of services. Such services may include adult day health care; monitoring and evaluation of service effectiveness; supported living in public and private nonprofit housing; family respite services; preventive health services; home health, homemaker, and other rehabilitative and maintenance in-home services; services provided by geriatric health maintenance organizations; and other services which the Commissioner determines are appropriate, and which, at a minimum, provide for identification and assessment of the long-term care needs of older individuals, referral of such individuals to the appropriate services, and follow-up and evaluation of the continued appropriateness of such services with provision for re-referral as appropriate.

"(b)(1) In making grants to States under this section, preference shall be given to applicants which demonstrate that—

"(A) adequate State standards have been developed to ensure the quality of services provided;

"(B) the State has made a commitment to carry out the program assisted under this section with the State agency responsible for the administration of title XIX of the Social Security Act or title XX of the Social Security Act, or both such agencies;

"(C) the State will develop plans to finance the comprehensive program assisted under this section; and

"(D) the State agency has a plan for statewide or designated regions of the State containing provisions designed to maximize access by older individuals to long-term care services.

"(2) In awarding grants to or entering into contracts with agencies and organizations under this section, preference shall be given to applicants that possess the capabil-

ity to establish community-based long-term care programs and demonstrate that a need exists for the establishment of such programs in the area to be served.

"(3) Agencies and organizations assisted under this section shall establish procedures for evaluating the program assisted under this section, with respect to the benefits accruing to persons receiving assistance, the feasibility of the administrative model used for comprehensive coordination of services including coordination with other local programs, and the comparative costs and quality of services provided, and shall submit such evaluation to the Commissioner on a periodic basis.

"(c) The Secretary shall involve appropriate Federal departments and agencies in carrying out the provisions of this section in order to assure coordination at the Federal level and to avoid duplication and shall include in the annual report to the Congress required by section 207, a report on the impact of grants made, or contracts entered into, on the experiences of grantees and contractors in meeting the requirements of this section, and on the comparative benefits and costs of projects assisted under this section.

"(d) Sums appropriated to carry out this section shall, to the extent feasible, be used to support programs equitably distributed throughout the Nation between urban and rural areas.

"SPECIAL DEMONSTRATION PROJECTS ON LEGAL SERVICES FOR OLDER AMERICANS

"SEC. 424. (a) The Commissioner shall make grants to, and enter into contracts with, public and private nonprofit agencies or organizations in order to—

"(1) provide support activities to State and area agencies on aging providing, developing, or supporting legal services to older individuals; and

"(2) support demonstration projects to expand or improve the delivery of legal services to older individuals with social or economic need.

"(b) Any grants or contracts entered into under subsection (a)(2) shall contain assurances that the requirements of section 307(a)(15) are met.

"NATIONAL IMPACT ACTIVITIES

"SEC. 425. The Commissioner may carry out directly or through grants or contracts—

"(1) innovation and development projects and activities of national significance which show promise of having substantial impact on the expansion or improvement of supportive services, nutrition services, or multipurpose senior centers, or otherwise promoting the well-being of older individuals; and

"(2) dissemination of information activities related to such programs.

"(b) An amount not to exceed 15 percent of any sums appropriated under section 431 may be used for carrying out this section.

"UTILITY AND HOME HEATING COST DEMONSTRATION PROJECTS

"SEC. 426. The Secretary may, after consultation with the appropriate State agency designated under section 305(a)(1), make grants to pay for part or all of the costs of developing model projects which show promise of relieving older individuals of the excessive burdens of high utility service and home heating costs. Any such project shall give special consideration to projects under which a business concern engaged in providing home heating oil or utility services to low-income older individuals at a cost which is substantially lower than providing home heating oil or utility services to other individuals.

"PART C—GENERAL PROVISIONS

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 431. (a) There are authorized to be appropriated to carry out the provisions of this title $23,200,000 for fiscal year 1982, $24,800,000 for fiscal year 1983, and $26,600,000 for fiscal year 1984.

"(b) No funds appropriated under this title—

"(1) may be transferred to any office or other authority of the Federal Government which is not directly responsible to the Commissioner; or

"(2) may be used for any program or activity which is not specifically authorized by this title.

"PAYMENT OF GRANTS

"SEC. 432. (a) To the extent he deems it appropriate, the Commissioner shall require the recipient of any grant or contract under this title to contribute money, facilities, or services for carrying out the project for which such grant or contract was made.

"(b) Payments under this title pursuant to a grant or contract may be made (after necessary adjustment, in the case of grants, on account of previously made overpayments or underpayments) in advance or by way of reimbursement, and in such installments and on such conditions, as the Commissioner may determine.

"(c) The Commissioner shall make no grant or contract under this title in any State which has established or designated a State agency for purposes of title III unless the Commissioner has consulted with such State agency regarding such grant or contract.".

(b)(1) Section 204(d)(2) (as redesignated by section 2(e)(2)) is amended by striking out "the appraisal of needs required by section 402" and inserting in lieu thereof "an appraisal of needs pursuant to the functions carried out by the Commissioner under section 411".

(2) Section 310 is amended by striking out "section 421" each place it appears therein and inserting in lieu thereof "section 422".

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

"SEC. 12. (a)(1) Section 502(a) is amended by striking out "and who have poor employment prospects".

(2) Section 502 (b)(1)(E) is amended by striking out "whose opportunities for other suitable public or private paid employment are poor".

(3) Section 507(2) is amended by striking out "and who has or would have difficulty in securing employment,".

(b)(1) Section 502(c)(1) is amended by striking out "Community Services Administration" and inserting in lieu thereof "Office of Community Services of the Department of Health and Human Services".

(2) Section 505(b) is amended by striking out "the Director of the Community Services Administration, the Secretary of Health, Education, and Welfare" and insert in lieu thereof ", the Director of the Office of Community Services, the Secretary of Health and Human Services".

(c) Section 502(e) is amended to read as follows:

"(e)(1) The Secretary, in addition to any other authority contained in this title, shall conduct experimental projects designed to assure second career training and the placement of eligible individuals in employment opportunities with private business concerns. The Secretary shall enter into such agreements with States, public agencies, nonprofit private organizations and private business concerns as may be necessary to conduct the experimental projects authorized by this subsection. The Secretary, from amounts reserved under section 506(a)(1)(B) in any fiscal year, may pay all of the cost of any agreements entered into under the provisions of this subsection. The Secretary shall, to the extent feasible, assure equitable geographic distribution of projects authorized by this subsection.

"(2) Not later than 90 days after the date of enactment of the Older Americans Act Amendments of 1981, the Secretary shall issue criteria designed to assure that agreements entered into under paragraph (1) of this subsection—

"(A) will involve different kinds of work arrangements relating to reduced physical exertion; and

"(B) will emphasize projects involving second careers and job placement and give consideration to placement in growth industries and in jobs reflecting new technological skills.

"(3)(A) The Secretary shall carry out an evaluation of the second career training and job placement projects authorized by this subsection.

"(B) The evaluation shall include but not be limited to the projects described in paragraph (2).

"(C) The Secretary shall prepare and submit, not later than one year after the enactment of the Older Americans Act Amendments of 1981, to the Congress an interim report describing the agreements entered into under paragraph (1) and the design for the evaluation required by this paragraph. The Secretary shall prepare and submit to the President and the Congress a final report on the evaluation required by this paragraph not later than February 1, 1984, together with his findings and such recommendations, including recommendations for additional legislation, as the Secretary deems appropriate.

"(D) The Secretary shall make the final report submitted under subparagraph (C) available to interested private business concerns.

"(4) For the purpose of this subsection, 'eligible individual' means any individual who is 55 years of age or older and who has an income equal to or less than the intermediate level retired couples budget as determined annually by the Bureau of Labor Statistics.".

(d) Section 503(b) is amended by striking out "of 1973" each place it appears therein.

(e)(1) Section 506(a)(2) is amended by adding after the first sentence the following: "The Secretary in awarding grants and contracts under such paragraph (1) from such 45 per centum shall, to the extent feasible, assure an equitable distribution of activities under such grants and contracts designed to achieve the allotment among the States described in paragraph (3) of this subsection.".

(2) Section 506(a)(1)(B) is amended—

(A) by striking out "may" and inserting in lieu thereof "shall"; and

(B) by striking out "not to exceed one per centum" and inserting in lieu thereof "which is equal to at least one per centum but not more than three per centum".

(3)(A) Section 506(a)(2) is amended by inserting "to the appropriate public agency of each State" after "allotted".

(B) Section 506(a)(3) is amended by striking out "for projects within each State" and inserting in lieu thereof "to State agency on aging of each State", and by inserting "the

Commonwealth of the Northern Mariana Islands," after "Samoa," each place it appears therein.

(C) Section 506(a)(4)(A) is amended by inserting "the Commonwealth of the Northern Mariana Islands," after "Samoa,".

(f)(1) Section 507(1) is amended by inserting "the Commonwealth of the Northern Mariana Islands," after "Samoa,".

(2) Section 507(3) is amended by inserting "weatherization activities;" after "efforts;".

(g) Section 508 is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS

"SEC. 508. (a) There is authorized to be appropriated to carry out this title—

"(1) $277,100,000 for fiscal year 1982, $296,500,000 for fiscal year 1983, and $317,300,000 for fiscal year 1984; and

"(2) such additional sums as may be necessary for each such fiscal year to enable the Secretary, through programs under this title, to provide for at least 54,200 part-time employment positions for eligible individuals. For purposes of paragraph (2), 'part-time employment position' means an employment position within a workweek of at least 20 hours.

"(b) Amounts appropriated under this section for any fiscal year shall be used during the annual period which begins on July 1 of the calendar year immediately following the beginning of such fiscal year and which ends on June 30 of the following calendar year. The Secretary may extend the period during which such amounts may be obligated or expended in the case of a particular organization or agency receiving funds under this title if the Secretary determines that such extension is necessary to ensure the effective use of such funds by such organization or agency. Any such extension shall be for a period of not more than 60 days after the end of such annual period.".

INDIAN TRIBES

"SEC. 13. (a) Section 603 is amended by striking out "Indians who are aged 60 and older" and inserting in lieu thereof "older Indians".

(b)(1) Section 604(a)(4) is amended by striking out "that a nonprofit private organization selected by the tribal organization will conduct" and inserting in lieu thereof "for".

(2) Section 604(a)(8) is amended by inserting before the semicolon a comma and the following: "except that in any case in which the need for nutritional services for older Indians represented by the tribal organization is already met from other sources, the tribal organization may use the funds otherwise required to be expended under this paragraph for supportive services".

(3) Section 604(a)(10) is amended to read as follows:

"(10) provide that any legal or ombudsman services made available to older Indians represented by the tribal organization will be substantially in compliance with the provisions of title III relating to the furnishing of similar services; and".

(4) Section 604 is amended by striking out subsection (d) thereof, and by redesignating subsection (e) and subsection (f) as subsection (d) and subsection (e), respectively.

(c) Section 605 is amended—

(1) by striking out the subsection designation "(a)", and

(2) by striking out subsection (b).

(d) Section 608(a) is amended to read as follows:

"(a) There are authorized to be appropriated $6,500,000 for fiscal year 1982, $7,000,000 for fiscal year 1983, and $7,500,000 for fiscal year 1984 to carry out the provisions of this title other than section 606.".

TITLE VII PROVIDERS UNDER PART C OF TITLE III

"SEC. 14. (a) Section 501(b) of the Comprehensive Older Americans Act Amendments of 1978 is amended to read as follows:

"(b) No contract awarded after September 30, 1982, shall be entered into for the provision of nutrition services unless such contract has been awarded through a competitive process. Whenever there is no evidence of improved quality of service and cost effectiveness on the part of another bidder, a provider of services who received funds under title VII of the Older Americans Act of 1965 as in effect on September 29, 1978, shall be given preference.".

AVAILABILITY OF APPROPRIATIONS FOR WHITE HOUSE CONFERENCE

"SEC. 15. Sums appropriated under section 207 of the 1981 White House Conference on Aging Act for fiscal year 1981 obligation and expenditure shall remain available for the succeeding fiscal year.

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM

"SEC. 16. Section 2603(2) of the Omnibus Budget Reconciliation Budget Act of 1981 is amended to read as follows:

"(2) the term 'household' means any individual or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated payments for energy in the form of rent;".

COMMUNITY SERVICES BLOCK GRANT

"SEC. 17. (a)(1) Section 673(1) of the Omnibus Budget Reconciliation Act of 1981 is amended by adding at the end thereof the following new sentence: "The term 'eligible entity' includes any limited purpose agency designated under title II of the Economic Opportunty Act of 1964 for fiscal year 1981 which served the general purposes of a community action agency under title II of such Act, unless such designated agency lost its designation under title II of such Act as a result of a failure to comply with the provisions of such Act, and any grantee which received financial assistance under section 221 or section 222(a)(4) of the Economic Opportunity Act of 1964 in fiscal year 1981.".

(2) Section 675(c) of such Act is amended by adding at the end thereof the following new sentences: "The Secretary shall provide to the chief executive officer of each State appropriate information regarding designated limited purpose agencies and grantees which meet the requirements of the second sentence of section 673(1). No eligible entity which receives funds for a project or activity under clause (2)(A)(i) of this subsection may receive funds otherwise available under this subtitle for that project or activity.".

(b) Section 675(c)(2)(A)(ii) of the Omnibus Budget Reconciliation Act of 1981 is amended by inserting a comma after "directly".

(c) Section 682(b)(4) of the Omnibus Budget Reconciliation Act of 1981 is amended by inserting before the period at the end thereof the following: ", to migrant and seasonal farm worker organizations, or to both such entities and such organizations".

AMENDMENT TO HIGHER EDUCATION ACT OF 1965

"SEC. 18. Section 439(1) of the Higher Education Act of 1965 is amended by adding at the end thereof the following new sentence: "The priority established in favor of the United States by section 3466 of the Revised Statutes (31 U.S.C. 191) shall not establish a priority over the indebtedness of the Association issued or incurred on or before September 30, 1982.".

And the Senate agree to the same.

That the House recede from its amendment to the title of the bill.

CARL D. PERKINS,
MARIO BIAGGI,
IKE ANDREWS,
BALTASAR CORRADA,
PAT WILLIAMS,
WILLIAM R. RATCHFORD,
JOHN ASHBROOK,
TOM COLEMAN,
THOMAS E. PETRI,
Managers on the Part of the House.

ORRIN G. HATCH,
JEREMIAH DENTON,
GORDON J. HUMPHREY,
DAN QUAYLE,
TOM EAGLETON,
HOWARD M. METZENBAUM,
EDWARD KENNEDY,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1086) to extend and revise the Older Americans Act of 1965, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The House amendment struck out all of the Senate bill after the enacting clause and inserted a substitute text.

The Senate recedes from its disagreement to the amendment of the House with an amendment which is a substitute for the Senate bill and the House amendment. The differences between the Senate bill, the House amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

PURPOSE AND ADMINISTRATIVE AMENDMENTS

Senate bill

The Senate bill makes clear that any amendments or repeals contained in this Act are amendments to the Older Americans Act of 1965.

House amendment

No provision.

Conference agreement

The House recedes.

Senate bill

The Senate bill adds "education and training" to the list of objectives of the Act.

House amendment

No provision.

Conference agreement

The House recedes.

DEFINITIONS

Senate bill

No provision.

House amendment

The House amendment amends the definition section to add "the Commonwealth of the Northern Mariana Islands" to the definition of "State".

Conference agreement

The Senate receeds.

Senate bill

The Senate bill amends the definitions section so that the definitions of "Indian Tribe" and "tribal organizations" do not apply to grants for Indian tribes under title VI of the Act.

House amendment

No provision.

Conference agreement

The House recedes.

ADMINISTRATION ON AGING

Senate bill

No provision.

House amendment

The House amendment requires that the Commission on Aging be responsible directly to the Secretary of Health and Human Services rather than directly to the "Office of the Secretary".

Conference agreement

The House recedes.

Senate bill

No provision.

House amendment

The House amendment amends section 201(a) by identifying those functions of the Commissioner which may not be delegated to any other officer not directly responsible to the Commissioner, including policymaking, programmatic, regional, fiscal, administrative, and personnel responsibilities.

Conference agreement

The House recedes.

FUNCTIONS OF ADMINISTRATION

Senate bill

No provision.

House amendment

The House amendment changes the heading of section 202 of the Act from "Functions of Administration" to "Functions of Commissioner".

Conference agreement

The Senate recedes.

The conferees wish to emphasize that the ability of the Secretary or officials of the Office of the Secretary who perform common budget, personnel, legislative, grants management, and policy and planning functions will be unaffected by the adoption of this amendment. By "common" functions the conferees mean only those functions, primarily administrative in nature, which are a part of overall Departmental structure and are necessary for the Secretary of HHS to fulfill his or her Department-wide responsibilities in the budget, personnel, legislative, grants-management and policy and planning areas.

Senate bill

No provision.

House amendment

The House amendment amends section 202(a) of the Act to identify the duties and functions listed in the section as the duties and functions of the Commissioner rather than of the Administration on Aging.

Conference agreement

The House recedes.

Senate bill

The Senate bill modifies the existing section 202(a)(1) requirement that the Administration on Aging maintain active review and comment over all federal policies effecting the elderly to specify that such review and comment is only required when the Commissioner determines that to do so will carry out the purposes of the Act.

House amendment

No provision.

Conference agreement

The Senate recedes. The conferees expect that the Commissioner will continue to review and comment on all major policy developments, including those regarding community health and social services developments, affecting the elderly in the Department of Health and Human Services and other Federal agencies. The conferees understand that the resources at the disposal of the Commissioner are too limited to allow him/her to review and comment on all federal policies which affect the elderly regardless of the magnitude of their degree of impact.

Senate bill

The Senate bill strikes "serve as a clearinghouse" from the list of functions of the Administration on Aging.

House amendment

No provision.

Conference agreement

The House recedes.

Senate bill

No provision.

House amendment

The House amendment adds a requirement that the Commissioner take whatever action is necessary to achieve coordination of activities carried out or assisted by all departments, agencies, and instrumentalities of the federal government with respect to the collection, preparation, and dissemination of information relevant to older persons.

Conference agreement

The Senate recedes.

Senate bill

No provision.

House amendment

The House amendment adds education and training programs to the list of programs which the Administration shall assist in establishing to meet the needs of the elderly.

Conference agreement

The Senate recedes.

Senate bill

The Senate bill deletes the requirement that the Commissioner review and comment on all departmental regulations and policies regarding community health and social service development for the elderly. Such comment and review would instead be permissive.

House amendment

No provision.

Conference agreement

The Senate recedes. The conferees expect that the Commissioner will continue to review and comment on all major policy developments, including those regarding community health and social services developments, affecting the elderly in the Department of Health and Human Services and other Federal agencies. The conferees understand that the resources at the disposal of the Commissioner are too limited to allow him/her to review and comment on all federal policies which affect the elderly regardless of the magnitude of their degree of impact.

Senate bill

The Senate bill deletes the requirement that Commissioner advise, consult, and cooperate with the heads of other Federal agencies and department whose programs affect the elderly. Authority for such activities would instead be permissive.

House amendment

No provision.

Conference agreement

The Senate recedes. The conferees expect that the Commissioner will continue to review and comment on all major policy developments, including those regarding community health and social services developments, affecting the elderly in the Department of Health and Human Services and other Federal agencies. The conferees understand that the resources at the disposal of the Commissioner are too limited to allow him/her to review and comment on all federal policies which affect the elderly regardless of the magnitude of their degree of impact.

FEDERAL COUNCIL ON THE AGING

Senate bill

No provision.

House amendment

The House amendment modifies the requirement that the Federal Council on Aging meet "not less than four times a year" to specify that the Council shall meet "at least quarterly".

Conference agreement

The Senate recedes.

Senate bill

The Senate authorizes $200,000, $212,000, and $223,812 for the Federal Council on Aging for fiscal years 1982, 1983, and 1984, respectively.

House amendment

The House amendment authorizes $200,000 for the Federal Council on Aging for fiscal year 1982, and "such sums as may be necessary" for fiscal years 1983, and 1984.

Conference agreement

The conference agreement authorizes $200,000 for fiscal year 1982, $214,000 for fiscal year 1983, and $228,900 for fiscal year 1984 for the Federal Council on Aging.

ADMINISTRATION

Senate bill

No provision.

House amendment

The House amendment modifies the authorization of funds for the administration of the Act to provide that "funds authorized under this section are to be appropriated to the Commissioner".

Conference agreement

The House recedes.

CONTRACTING AND GRANT AUTHORITY

Senate bill

No provision.

House amendment

The House amendment would eliminate the restriction that recipients of a grant or contract under the Act may enter into an agreement with a profit-making organization only where such organization demonstrates clear superiority with respect to the quality of services delivered.

Conference agreement

The House recedes. This restriction was eliminated by the Omnibus Budget Reconciliation Act of 1981.

TECHNICAL ASSISTANCE AND COOPERATION

Senate bill

No provision.

House amendment

The House amendment adds the Department of Education to the list of agencies with which the Commission may coordinate.

Conference agreement

The Senate recedes.

DEFINITIONS FOR TITLE III

Senate bill

No provision.

House amendment

The House amendment adds boarding homes, as defined in Section 1616(e) of the Social Security Act, to the definition of long-term care facility for purposes of the nursing home ombudsman program.

Conference agreement

The Senate recedes.

Senate bill

No provision.

House amendment

The House amendment would add a new paragraph to Section 302 defining "education and training service".

Conference agreement

The Senate recedes.

AUTHORIZATION OF APPROPRIATIONS FOR TITLE III PROGRAMS

Senate bill

The Senate bill authorizes $280,000,000, $301,000,000, and $322,500,000 for supportive services under Part B for fiscal years 1982, 1983, and 1984, respectively.

House amendment

The House amendment authorizes $306,000,000 for supportive services under Part B for fiscal year 1982, and "such sums as may be necessary" for fiscal years 1983, and 1984.

Conference agreement

The conference agreement authorizes $306,000,000, $327,400,000, and $350,300,000 for supportive services under Part B for fiscal years 1982, 1983, and 1984, respectively.

Senate bill

The Senate bill authorizes $360,000,000, $376,000,000, and $396,000,000 for both the congregate and home-delivered nutrition programs for fiscal years 1982, 1983, and 1984, respectively.

House amendment

The House amendment authorizes $319,100,000 for congregate nutrition programs for fiscal year 1982, and "such sums as may be necessary" for fiscal years 1983, and 1984, and $60,000,000 for home-delivered meals programs for fiscal year 1982, and "such sums as may be necessary" for fiscal years 1983, and 1984.

Conference agreement

The conference agreement authorizes $319,100,000, $341,400,000, and $365,300,000 for congregate nutrition programs for fiscal years 1982, 1983, and 1984, respectively.

The conference agreement authorizes $60,000,000, $64,200,000, and $68,700,000 for home-delivered meal programs for fiscal years 1982, 1983, and 1984, respectively.

ALLOTMENT, FEDERAL SHARE

Senate bill

The Senate bill requires the State agency to reserve such amount as it determines to be adequate from its supportive services allotment to conduct an effective ombudsman program.

House amendment

No provision.

Conference agreement

The House recedes.

STATE AGENCY RESPONSIBILITIES

Senate bill

The Senate bill amends the requirement that a State agency on aging serve as an effective and visible advocate for the elderly by reviewing and commenting upon all State plans, budgets, and policies which affect the elderly.

House amendment

No provision.

Conference agreement

The Senate recedes.

Senate bill

The Senate bill authorizes a State, which on or before October 1, 1980, had functioned as a single planning and service area, to designate one or more additional planning and service areas within the State to be administered by an area agency (or agencies) on aging. The State agency would be required to continue to perform the functions of an area agency on aging for the balance of the State.

House amendment

No provision.

Conference agreement

The House recedes.

Senate bill

The Senate bill deletes the requirement that a State agency provide a hearing, upon request, to a unit of general purpose local government having a population of 100,000 or more which makes an application to the State agency to be designated as a planning and service area.

House amendment

No provision.

Conference agreement

The Senate recedes.

AREA PLANS

Senate bill

The Senate bill requires that an area agency develop a plan for a two- three- or four-year period, rather than a three-year period.

House amendment

No provision.

Conference agreement

The House recedes.

The conferees expect that this change will not effect existing requirements for annual evaluation and monitoring of area plans by the State agency.

Senate bill

The Senate bill would eliminate the requirement that a State spend 50 percent of its part B supportive services funds on access, in-home and legal services. The Senate bill would require instead that an area plan have an effective system for the delivery of such services.

House amendment

The House amendment eliminates the requirement that a State spend 50 percent of its supportive services funds on access, in-home and legal services. The House amendment would require instead that "an adequate portion" of area plan funds be spent on such services.

Conference agreement

The Senate recedes.

The deletion of the existing requirement that 50 percent of an area agency's funds be spent on the three priority supportive services reflects the managers recognition that the strict percentage requirement reduced local flexibility and created administrative difficulties. However, the managers emphasize that the new requirement that an "adequate portion" of each area agency's supportive service allotment be spent on the three priority services is not intended to reduce support for the priority services or to allow funding of these services that is de minimus.

Senate bill

The Senate bill amends the requirement that the area agency monitor, evaluate, and comment upon all policies, programs, hearings, levies, and community actions which will affect the elderly, by requiring such activities "to the extent feasible".

House amendment

No provision.

Conference agreement

The Senate recedes.

Senate bill

The Senate bill requires, rather than permits, a State to waive a requirement that area plans develop an effective system for the delivery of access, in-home, and legal services, if the agency demonstrates that services already being furnished are sufficient to meet the need in the area.

House amendment

No provision.

Conference agreement

The House recedes with a conforming amendment.

STATE PLANS

Senate bill

The Senate bill requires that a State agency develop a plan for a two-, three-, or four-year, rather than a three-year period.

House amendment

No provision.

Conference agreement

The House recedes. The conferees expect that this change will not effect existing requirements for annual evaluation and monitoring of State plans by the Commissioner.

Senate bill

No provision.

House amendment

The House amendment allows nutrition services to be made available to handicapped or disabled persons under age 60 who reside in senior citizens centers where meals are served.

Conference agreement

The Senate recedes with an amendment to delete "senior citizens centers" and insert in lieu thereof "housing facilities occupied primarily by the elderly".

Senate bill

The Senate bill amends section 307 to require that each nutrition project will provide meals in a congregate setting or home-delivered meals based upon a determination of need.

House amendment

The House amendment amends section 307 to provide that the State plan give primary consideration to congregate meals.

Conference agreement

The Senate recedes.

Senate bill

The Senate bill eliminates the provision allowing the State agency, for fiscal years 1979 and 1980 to use 20 percent of their nutrition allotment for supportive services and substitutes a new provision allowing nutrition project volunteers to partake in the meals program.

House amendment

The House amendment eliminates the provision allowing a State agency for fiscal years 1979 and 1980 to use 20 percent of their nutrition allotment for supportive services.

Conference agreement

The House recedes with an amendment to insert after "meal" the first time it appears ", on the same basis as meals are provided to elderly participants," and to delete everything after "hours".

Senate bill

The Senate bill requires that the State agency expend for home-delivered meals at least the same percentage expended in fiscal year 1981 and that States establish, as a goal, the expenditure of 15 percent of nutrition funds for home-delivered meals. The Senate bill requires the Commissioner to waive the 1981 maintenance-of-effort requirement if the Commissioner finds that it would place a significant burden on the State.

House amendment

No provision.

Conference agreement

Senate recedes.

Senate bill

The Senate bill requires each State plan to provide procedures under which supportive and nutrition service providers may establish suggested scales for participant contributions and would require that such contributions be used to provide authorized supportive and nutrition services which benefit a majority of program participants.

House amendment

The House amendment adds a provision that charges under existing law be used for access to meals when deemed appropriate.

Conference agreement

The Senate recedes with an amendment to delete the House amendment and insert in lieu thereof "to facilitate access to such meals, and to provide other supportive services directly related to nutrition services".

Senate bill

The Senate bill eliminates the requirement that States spend one percent or $20,000 of their supportive services money, whichever is greater, to operate a nursing home ombudsman program.

House amendment

No provision.

Conference agreement

Senate recedes.

Senate bill.

No provision.

House amendment

The House amendment provides that State plans ensure that area agencies may enter into grants and contracts with providers of education and training services.

Conference agreement

The Senate recedes with a technical amendment. The conferees intend that section 307(a)(14)(A)(iv) be in no way construed to prohibit the use of any facility referred to by that clause for any voluntary, nondenominational practice which is strictly incidental to activities carried out through the use of funds received under this Act.

Senate bill

The Senate bill deletes the existing authority for transfer between congregate and home-delivered meals.

House amendment

No provision.

Conference agreement

Senate recedes.

Senate bill

The Senate bill clarifies that each nutrition project will provide meals in a congregate setting, or home-delivered meals based upon a determination of need.

House amendment

The House amendment provides that the State plan give primary consideration to serving congregate meals, except that an area agency may provide for home-delivered meals based upon a determination of need without requiring that the service provided also provide congregate meals.

Conference agreement

The Senate recedes.

Senate bill

The Senate bill requires that each area agency providing for congregate meal projects will also provide for home-delivered meal projects.

House amendment

No provision.

Conference agreement

The Senate recedes.

Senate bill

The Senate bill clarifies that section 307(a)(13)(D) with respect to the location of nutrition services applies to meals served in a congregate setting.

House amendment

No provision

Conference agreement

The House recedes with an amendment to delete everything after "furnished" the second time it appears in section 307(a)(13)(D).

The modification to Section 307(a)(13)(D) is intended to clarify existing law with respect to location of congregate meal sites. It is in no way intended to alter the nature of or disrupt any aspect of the vital element of personal contact in the home-delivered meals program.

AVAILABILITY OF SURPLUS COMMODITIES

Senate bill

The Senate bill specifies that funds available for commodities are limited by the authorizations in section 311 and eliminates the reference to the donation of commodities in the three fiscal years succeeding 1979 and refers instead to "each fiscal year thereafter".

House amendment

The House amendment changes the reference from three to six succeeding years.

Conference agreement

The House recedes.

Senate bill

The Senate bill repeals the requirement that the Secretary of Agriculture purchase high-protein foods, meat, and meat alternatives for distribution to nutrition projects with funds appropriated under section 311 for each fiscal year ending before October 1, 1981.

House amendment

The House amendment retains the provision and changes the reference to October 1, 1981 to October 1, 1984.

Conference agreement

The House recedes.

Senate bill

The Senate bill provides specific authorizations for the commodities program: $93,200,000, $100,000,000 and $105,000,000 for fiscal years 1982, 1983, and 1984, respectively, and provides that in any fiscal year in which the per meal reimbursement authorized exceeds the authorization for the commodities program for that fiscal year, the Secretary shall reduce the per meal reimbursement.

House amendment

No provision.

Conference agreement

The House recedes with an amendment to add after specified authorizations for each fiscal year, "or such sums as may be necessary to maintain the level of reimbursement for the number of meals served under this program in fiscal year 1981".

SERVICES PROGRAM

Senate bill

The Senate bill deletes the provision that the Commissioner make grants to states for the provision of supportive services and includes instead a provision specifying that each state having an approved plan carry out a program for social services.

House amendment

No provision.

Conference agreement

The Senate recedes.

Senate bill

The Senate bill would add as an allowable supportive service the installation of security devices and structural modifications of residences to prevent unlawful entry.

House amendment

The House amendment would also include the provision of security personnel to prevent unlawful entry into residences.

Conference agreement

The House recedes

Senate bill

The Senate bill would add as an allowable supportive service services to encourage employment.

House amendment

No provision.

Conference agreement

The House recedes.

Senate bill

No provision.

House amendment

The House amendment would add as an allowable supportive service the Senior Opportunities and Services program.

Conference agreement

Senate bill

The Senate bill deletes the provision that the Commissioner make grants to the states

for the provision of nutrition projects and includes instead provisions specifying that each state having an approved plan carry out a program for the establishment and operation of nutrition projects.

House amendment

No provision.

Conference agreement

The Senate recedes.

Senate bill

No provision.

House amendment

The House amendment would change the Part B heading from "Social Services" to "Senior Centers and Supportive Services".

Conference agreement

The *Senate recedes* with an amendment to insert "Supportive Services and Senior Centers" in lieu of "Senior Centers and Supportive Services". Report language would read, "The conferees wish to clarify that no substantive change is intended by this amendment and no new regulations are required."

CONCERNS REGARDING CERTAIN STATES

The Conferees recognize that 23 states including, California, Colorado, Connecticut, Illinois, Indiana, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, West Virginia, Wisconsin, Missouri and Puerto Rico have registered increases in their total number of persons age 60 and over between 1979-1980. However, these increases will not translate into an increase in those given state's percentage of elderly as compared to the national total after increases in the other 39 states are taken into consideration. Consequently, these 23 states, despite having more older citizens, will not receive any increase in their allocation under Title III, and could lose funds even if appropriations are not decreased.

The Conferees are concerned that many of these 23 states may be forced to reduce services under the OAA in FY 1982. Therefore, the Conferees strongly urge that the Department of Health and Human Services, where feasible, act affirmatively to avert reductions in services below those provided in FY 1981. The Secretary may, in his effort to address this critical problem, permit a distribution of funds available under Section 206(g) as redesignated by this Act, to all states, particularly those states facing imminent service reductions, and such allocation of funds should be made as close as possible to the beginning of the fiscal year. To that end, the Conferees suggest that the Secretary consider using the setaside one percent under Section 206(g) of the Act in order to address this problem.

The Conferees would not expect the Secretary to implement this recommendation unless appropriations are at least equal to fiscal year 1981 Levels.

TRAINING AND RECRUITING PERSONNEL FOR THE FIELD OF AGING

Senate bill

The Senate bill requires the Commissioner to collect and disseminate research findings, eliminates a reference to the Clearing House, and eliminates the requirement for a study of rural/urban differences.

House amendment

The House amendment repeals the Training section and includes instead general authority for the Commissioner to make grants or contracts for recruiting and training personnel in the field of aging.

Conference agreement

The Senate recedes.

RESEARCH AND DEVELOPMENT PROJECTS

Senate bill

The Senate bill deletes the special consideration of certain demonstration projects and adds new demonstration projects. Further the Senate bill requires the Commissioner to report to the Congress upon completion of long-term care demonstration projects.

House amendment

The House amendment deletes the specific areas of special consideration in the existing demonstrations section and includes instead general authority for the Commissioner to fund demonstration projects, including projects related to long-term care, special housing needs, and rural transportation. The House amendment also allows the Commissioner to enter into contracts with any agency or organization under long-term care demonstration projects and eliminates the authority for manpower training grants.

Conference agreement

The *Senate recedes* with an amendment to substitute Senate's language in section 12 for Section 422 of the House amendment, and to amend Section 12 by inserting after "to" the second time it appears "(1) meet the special health care needs of the elderly." This will be followed by the text of Section 424 (a) and (b) of the House amendment. Subsections (b)(1) through (b)(7) will be renumbered accordingly.

Although the managers deleted the separate authorization for mental health demonstration projects and placed it within the general demonstration authority, the managers wish to emphasize their intent that mental health demonstration projects are to receive a high funding priority under title IV.

DISCRETIONARY PROJECTS

Senate bill

The Senate bill requires the Commissioner to award grants and contracts to support *pro bono* or reduced fee legal services and by eliminating authority for projects for legal research, technical assistance, training and information dissemination and by eliminating $5,000,000 set-aside for the section.

House amendment

The House amendment repeals the entire section.

Conference agreement

The *House recedes* with an amendment to add a new Sec. 423 (as follows) and renumbering subsequent sections.

"Sec. 423. (a) The Commissioner shall make grants to and enter into contracts with public and private nonprofit agencies or organizations in order to—

(1) provide support activities to State and area agencies on aging providing, developing, or supporting legal services to older individuals; and

(2) support demonstration projects to expand or improve the delivery of legal services to older individuals with social or economic need.

(b) Any grants or contracts entered into under subsection (a)(2) shall contain assurances that the requirements of section 307(a)(15) are met."

In deleting the specific setaside for the Legal Services Demonstration Projects but making it a mandatory authority, the managers do not intend that a pro rata reduction, based on the overall reduction of title IV funds, necessarily be applied to this section. The amount of funding for legal services demonstration projects is discretionary with the Commissioner. The managers also wish to stress their belief that all legal services projects should work to strengthen *pro bono* and reduced fee efforts of the private bar in the provision of legal services to the elderly.

AUTHORIZATIONS FOR TRAINING, RESEARCH, AND DISCRETIONARY PROJECTS

Senate bill

The Senate bill authorizes $23,200,000, $24,700,000, and $26,120,000 for fiscal years 1982, 1983, and 1984 respectively.

House amendment

The House amendment authorizes $23,200,000 for fiscal year 1982 and "such sums" for fiscal years 1983 and 1984. The House amendment also expands the existing prohibition of transfer of funds to "any office or other authority of the federal government".

Conference agreement

The conference agreement authorizes $23,200,000, $24,800,000, and $26,600,000 for fiscal years 1982, 1983, and 1984 respectively. With regard to the House amendment expanding the existing prohibition of fund transfers, the Senate recedes. The conferees clearly do not intend this amendment to preclude cooperative agreements entered into at the discretion of the Commissioner.

MULTIDISCIPLINARY CENTERS OF GERONTOLOGY

Senate bill

No provision.

House amendment

The House amendment eliminates the existing section on gerontology centers and substitutes general authority for the Commissioner to fund such centers.

Conference agreement

The Senate recedes.

SPECIAL PROJECTS IN MENTAL HEALTH CARE

Senate bill

The Senate bill provides that the Commissioner give special emphasis to funding demonstration projects for mental health services and specifies that no funds may be obligated to carry out such projects if funds are appropriated for section 204 of the Mental Health Systems Act.

House amendment

The House amendment authorizes "such sums" for a new section entitled "Special Projects in Mental Health Care".

Conference agreement

The Senate and the House recede. Issue covered elsewhere in the bill.

PAYMENTS OF GRANTS

Senate bill

No provision.

House amendment

The House amendment eliminates the authority for the Commissioner to make multi-categorical grants under Title IV.

Conference agreement

The Senate recedes.

Senate bill

No provision.

House amendment

The House amendment repeals section 401 through 404, related to training, and section 425, related to utility and home heating costs demonstration projects.

Conference agreement

The Senate recedes with an amendment to retain section 425.

COMMUNITY SERVICE EMPLOYMENT FOR OLDER AMERICANS

Senate bill

The Senate bill eliminates references to serving persons with "poor employment prospects".

House amendment

No provision.

Conference agreement

The House recedes.

Senate bill

The Senate bill requires the Secretary of Labor to use at least 1 percent of the funds under Title V to conduct experimental projects concerning placement of participants with private business concerns. The Senate bill further requires the Secretary to conduct an evaluation and demonstration program, and report to Congress. Further, the Senate bill provides that the Secretary shall use the BLS lower living standard to determine eligibility for demonstration program participants.

House amendment

No provision.

Conference agreement

The House recedes with an amendment (1) to add "states" after "such agreements with", (2) to add at the end of (e)(1) "The Secretary shall, to the extent feasible, assure equitable geographic distribution of projects authorized by the subsection.", (3) to amend (4) to read: "For the purpose of this subsection, 'eligible individual' means any individual who is 55 years of age or older and who has an income equal to or less than the intermediate level BLS 'Retired Couples Budget' determined annually by the Secretary, and (4) to establish a ceiling of 3 percent of the funds under Title V to be used for these experimental projects.

Senate bill

The Senate bill provides that the 45 percent of the excess amounts appropriated above the 1978 hold-harmless level would be awarded, to the extent feasible, to assure an equitable distribution of activities among states based on the number of individuals aged 55 and over.

House amendment

No provision.

Conference agreement

The House recedes. The conferees strongly reemphasize that the statutory formula for distribution of title V funds, as codified in the 1978 Older American Act Amendments, and extended for three years under this Act, is the manner in which title V funds shall be distributed between the States and National Contractors. Efforts to distort this formula through other legislative vehicles clearly violate the letter and the spirit of this Act.

The conferees wish to stress that this amendment applies to the distribution of funds among States, not within individual States. Further, it is the desire of the conferees that in awarding contracts under title V, the Secretary take all steps necessary to avoid any disruption in the efficient management of the program and in the continued employment of older workers being served by the program.

Senate bill

The Senate bill clarifies that the 55 percent of the excess over the 1978 hold-harmless level be allotted "to the appropriate public agency of each State".

House amendment

No provision.

Conference agreement

The House recedes with an amendment to provide that the excess be allotted to the state agency on aging.

AUTHORIZATION OF APPROPRIATIONS FOR TITLE V PROGRAMS

Senate bill

The Senate bill authorizes $277,100,000, $293,726,000, and $308,706,000, for the Community Service Employment Program for fiscal years 1982, 1983, and 1984, respectively.

House amendment

The House amendment authorizes $277,100,000, or such sums as are necessary to maintain 54,200 job slots, $293,726,000 or such sums as are necessasry to maintain 54,200 job slots, for fiscal year 1982 and 1983 respectively. The House amendment authorizes, "such sums as may be necessary for fiscal year 1984".

Conference agreement

The conference agreement authorizes $277,100,000 or such sums as are necessary to maintain 54,200 job slots, $296,500,000 or such sums as are necessary to maintain 54,200 job slots, and $317,300,000 or such sums as are necessary to maintain 54,200 job slots, for fiscal years 1982, 1983, and 1984, respectively.

Senate bill

No provision.

House amendment

The House amendment requires that title V be forward funded.

Conference agreement

The Senate recedes.

INDIAN TRIBES

Senate bill

The Senate bill allows funds that would otherwise be required to be expended for nutrition services under Title VI to be used for supportive services when the need for nutrition services is being met from other sources.

House amendment

No provision.

Conference agreement

The House recedes.

Senate bill

The Senate bill requires each tribal organization submitting an application under Title VI to notify the state agency of such application.

House amendment

No provision.

Conference agreement

The Senate recedes.

AUTHORIZATION OF APPROPRIATIONS FOR TITLE VI

Senate bill

The Senate bill authorizes $6,000,000, $6,400,000, and $6,800,000 for Title VI for fiscal years 1982, 1983, and 1984, respectively.

House amendment

The House amendment authorizes $6,500,000 for fiscal year 1982, and such sums as may be necessary for fiscal years 1983 and 1984.

Conference agreement

The conference agreement authorizes $6,500,000, $7,000,000, and $7,500,000, for fiscal years 1982, 1983, and 1984, respectively.

GRANTS AUTHORIZED UNDER TITLE VI

Senate bill

No provision.

House amendment

The House amendment eliminates the age 60 requirement for participation under this title.

Conference agreement

The Senate recedes.

Senate bill

No provision.

House amendment

The House amendment eliminates the requirement that a State's allotment under Title III be reduced by the amount attributable to the Indians being served under Title VI.

Conference agreement

The Senate recedes.

HOME MAINTENANCE AND REPAIR SERVICES

Senate bill

No provision.

House amendment

The House amendment authorizes "such sums as may be necessary" for a new program of home maintenance, repair services, and housing counseling for low income persons age 60 and over.

Conference agreement

The House recedes.

NUTRITION GRANDFATHER CLAUSE

Senate bill

The Senate bill repeals the existing grandfather provision for former Title VII projects.

House amendment

No provision.

Conference agreement

The House recedes with an amendment which retains the existing grandfather for fiscal year 1982, and effective in fiscal year 1983 and thereafter, requires that all nutrition contracts be awarded on a competitive basis and that where there is no evidence of improved quality and cost effectiveness on the part of a new bidder, the existing provider who was receiving funds under Title VII of the Older Americans Act of 1965 on September 30, 1978, shall be given preference.

AVAILABILITY OF APPROPRIATIONS FOR WHITE HOUSE CONFERENCE

Senate bill

The Senate bill provides that sums appropriated for the White House Conference on Aging in fiscal year 1981 remain available for expenditure in fiscal year 1982.

House amendment

No provision.

Conference Agreement

The House recedes. The Conferees urge the White House Conference to dispatch to all delegates and observers the complete and unedited report, including the list of recommendations, for their ratification or disapproval as soon as possible. The Conferees, if needed, will conduct regular oversight of activities to insure that the mandate of the White House Conference on Aging as

stated in Section 203(c) of PL 95-478 is fulfilled.

LOW-INCOME HOME ENERGY ASSISTANCE BLOCK GRANT

Senate bill

The Senate bill amends the definition of "household".

House amendment

No provision.

Conference agreement

The House recedes.

COMMUNITY SERVICES BLOCK GRANT

Senate bill

The Senate bill amends the term "eligible entity", as used in the Community Services Block Grant program, to include those limited purpose agencies that perform the functions of community action agencies, but which are not technically community action agencies.

House amendment

The House amendment amends the term "eligible entity" to include any programs which received funds under Section 221 or Section 222 of the Economic Opportunity Act.

Conference agreement

The *House recedes* with an amendment to expand the definition of "eligible entity" to include those grantees which received funds in fiscal year 1981 under Section 221 and Section 222(a)(4), and to provide that no grantee which receives funds for a particular project under the "pass-through" for eligible entities be eligible for funding of that project under the remaining 10 percent of funds allocated to the States or under the Secretary's discretionary funds under Section 681 of the Community Services Block Grant Act. The following report languages is recommended: "In expanding the definition of 'eligible entity', which applies to fiscal year 1982 only, the managers emphasize that those grantees which received funds in fiscal year 1981 under the Economic Opportunity Act and which are not included in the definition of "eligible entity", should receive preference for funding under the 10 percent remaining funds available to a State. Further, in including the restriction that entities which receive funds for a project under the pass-through may not receive funds for that project under the remaining 10 percent or the Secretary's discretionary fund, the managers do not intend to preclude application on the part of the potential grantees for other available funds. The restriction applies only to those instances where an award of funds for a particular project has been made under the pass-through."

Senate bill

The Senate bill requires that the Secretary of HHS provide to the chief executive officer of each state appropriate information regarding those limited purpose agencies included in the amended definition of "eligible entities". Further, the Senate bill clarifies that non-profit private community organizations may receive grants directly.

House amendment

The House amendment makes a similar clarifying amendment with respect to direct funding of recipients of grants under the Act.

Conference agreement

The House recedes with an amendment to require the Department of Health and Human Services to provide information to states as to all grantees covered under the term "eligible entity", as broadened by the conference agreement.

Senate bill

No provision.

House amendment

The House amendment includes migrant and seasonal farmworker organizations in the transition provisions under the Act.

Conference agreement

The Senate recedes.

STUDENT LOAN MARKETING ASSOCIATION

Senate bill

No provision.

House amendment

The House amendment contains a technical amendment to the Higher Education Act of 1965 clarifying the status of creditors of the Student Loan Marketing Association (Sallie Mae) in the event of a financial reorganization short of complete bankruptcy conducted for the benefit of creditors.

Conference agreement

The Senate recedes with an amendment to limit the application of the amendment to indebtedness of Sallie Mae issued or incurred on or before September 30, 1982. The purpose of this provision is to clarify that indebtedness of Sallie Mae to the United States shall, in all cases have equal priority with other indebtedness of Sallie Mae, regardless of maturity, so long as such other indebtedness was issued or incurred on or before September 30, 1982. Due to Sallie Mae's extensive borrowings from the Federal Financing Bank, the existence of a Federal priority for such borrowing effectively precludes Sallie Mae from selling its debt obligations in the public capital markets. The intent of this provision is to alleviate this situation by placing Sallie Mae's FFB debt on the same parity with other Sallie Mae debt obligations. The conferees recognize that continuing questions exist regarding the operations of Sallie Mae, including questions regarding the application of this amendment. In order to resolve these questions, the conferees intend to hold oversight hearings during the next year in both the House and the Senate regarding Sallie Mae. These hearings will address the overall operations of Sallie Mae, particularly with regard to the new Sallie Mae authorities enacted in Public Law 97-35.

NATIONAL OLDER AMERICANS VOLUNTEER PROGRAMS

Senate bill

No provision.

House amendment

The House amendment provides that authorizations for the Older Americans Volunteer Programs shall be in accordance with the levels established by the Omnibus Budget Reconciliation Act of 1981.

Conference agreement

The House recedes.

CARL D. PERKINS,
MARIO BIAGGI,
IKE ANDREWS,
BALTASAR CORRADA,
PAT WILLIAMS,
WILLIAM R. RATCHFORD,
JOHN ASHBROOK,
TOM COLEMAN,
THOMAS E. PETRI,
Managers on the Part of the House.

ORRIN G. HATCH,
JEREMIAH DENTON,
GORDON J. HUMPHREY,
DAN QUAYLE,
TOM EAGLETON,
HOWARD M. METZENBAUM,
EDWARD KENNEDY,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. MOAKLEY (at the request of Mr. WRIGHT), for December 10 and 11, on account of attending a funeral.

Mr. WORTLEY (at the request of Mr. MICHEL), after 5:45 p.m. today, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. LEWIS) to revise and extend their remarks and include extraneous material:)

Mr. BROYHILL, for 10 minutes, today.

Mr. BEREUTER, for 10 minutes, today.

Mr. GILMAN, for 10 minutes, today.

(The following Members (at the request of Mr. VOLKMER) to revise and extend their remarks and include extraneous material:)

Mr. PANETTA, for 10 minutes, today.

Mr. REUSS, for 5 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. COELHO, for 5 minutes, today.

Mr. ROSTENKOWSKI, for 15 minutes, today.

Mr. VOLKMER, for 30 minutes, today.

Mr. CROCKETT, for 5 minutes, today.

Mr. ST GERMAIN, for 5 minutes, today.

Mr. WIRTH, for 5 minutes, today.

Mr. LAFALCE, for 20 minutes, on December 11.

Mrs. BOGGS, for 30 minutes, on December 11.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. ALEXANDER, and to include extraneous material, during debate on the continuing resolution today.

At the request of Mr. CONTE, Mr. NAPIER to revise and extend his remarks.

Mr. DAUB, immediately prior to the vote on House Joint Resolution 370.

Mr. HAMMERSCHMIDT, and to include extraneous matter, notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $1,920.

Mr. KEMP, following the remarks of Mr. LONG of Maryland, on H.R. 4559 in the Committee of the Whole today.

(The following Members (at the request of Mr. LEWIS) and to include extraneous matter:)

Mr. FINDLEY.
Mr. MITCHELL of New York.
Mr. LOWRY of Washington.
Mr. DERWINSKI in two instances.
Mr. WEBER of Ohio.
Mr. BENEDICT.
Mr. DORNAN of California.
Mr. LEE.
Mr. PARRIS.
Mr. WAMPLER.
Mr. PHILIP M. CRANE.
Mr. WOLF.
Mr. ROTH.
Mr. MILLER of Ohio in three instances.
Mr. NELLIGAN.
Mr. SMITH of Alabama.
Mr. FRENZEL in five instances.
Mr. SCHULZE.
Mr. MCCLORY.
Mr. LOWERY of California.
Mr. HYDE.

(The following Members (at the request of Mr. VOLKMER) and to include extraneous matter:)

Mr. MAVROULES.
Mr. LAFALCE.
Mr. DONNELLY.
Mr. MCDONALD in 10 instances.
Mr. BONIOR of Michigan.
Mr. MINISH.
Mr. FOGLIETTA.
Mr. LANTOS.
Mr. SIMON in two instances.
Mr. HUBBARD.
Mr. STUDDS.
Mr. WEISS.
Mr. FUQUA in five instances.
Mr. SHAMANSKY.
Mr. DE LA GARZA in 10 instances.
Mr. MAZZOLI.
Mr. WYDEN.
Mr. BREAUX.
Mr. PRICE.
Mr. PEYSER.
Ms. OAKAR.
Mr. SCHUMER.
Mr. BLANCHARD.
Mr. ENGLISH.
Mr. DOWNEY.
Mr. OTTINGER.
Mr. BINGHAM.
Ms. FERRARO.
Mr. LUKEN.

ENROLLED BILLS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 3455. An act to authorize certain construction at military installations for fiscal year 1982, and for other purposes; and

H.R. 3484. An act to provide for the minting of half dollars with a design emblematic of the 250th anniversary of the birth of George Washington.

SENATE ENROLLED BILL AND JOINT RESOLUTION SIGNED

The SPEAKER announced his signature to an enrolled bill and a joint resolution of the Senate of the following titles:

S. 1098. An act to authorize appropriations to the National Aeronautics and Space Administration for research and development, construction of facilities, and research and program management, and for other purposes; and

S.J. Res. 115. Joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

ADJOURNMENT

Mr. BONKER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 8 o'clock and 24 minutes p.m.), the House adjourned until tomorrow, Friday, December 11, 1981, at 10 a.m.

MOTION TO DISCHARGE A COMMITTEE FROM THE CONSIDERATION OF A CONCURRENT RESOLUTION

DECEMBER 10, 1981.

TO THE CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to section 21(b)(2)(B) of the Federal Trade Commission Improvements Act of 1980 (15 U.S.C. 57a-1(b)(2)(B)), I, JAMES T. BROYHILL, move to discharge the Committee on Energy and Commerce from the consideration of the concurrent resolution (H. Con. Res. 178), entitled "A concurrent resolution disapproving the Federal Trade Commission trade regulation rule relating to the sale of used motor vehicles," which was referred to said committee September 11, 1981, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. James T. Broyhill.
2. Cleve Benedict.
3. Thomas J. Bliley, Jr.
4. William E. Dannemeyer.
5. Eugene Johnston.
6. John Paul Hammerschmidt.
7. Tom Hagedorn.
8. Ed Weber.
9. James V. Hansen.
10. Ed Bethune.
11. Joe Skeen.
12. Jim Dunn.
13. Ron Marlenee.
14. Thomas F. Hartnett.
15. Robert E. Badham.
16. Carroll A. Campbell, Jr.
17. John L. Napier.
18. Ken Kramer.
19. Toby Roth.
20. Bob Whittaker.
21. Carlos J. Moorhead.
22. Bill Emerson.
23. Tom Loeffler.
24. John M. Ashbrook.
25. John H. Rousselot.
26. Norman D. Shumway.
27. Robert S. Walker.
28. Jack Fields.
29. David Michael Staton.
30. Hank Brown.
31. Gerald B. H. Solomon.
32. Robert W. Daniel, Jr.
33. Bill Hendon.
34. James H. (Jimmy) Quillen.
35. Gene Taylor.
36. Bill Frenzel.
37. Tom Corcoran.
38. Samuel S. Stratton.
39. Phil Gramm.
40. Larry McDonald.
41. Larry J. Hopkins.
42. Eugene V. Atkinson.
43. Clarence E. Miller.
44. Harold Rogers.
45. John J. Rhodes.
46. Wayne Grisham.
47. James M. Collins.
48. W. Henson Moore.
49. G. William Whitehurst.
50. W. G. (Bill) Hefner.
51. Denny Smith.
52. Larry E. Craig.
53. Clint Roberts.
54. Dan Lungren.
55. Thomas J. Tauke.
56. Thomas N. Kindness.
57. Jerry Lewis.
58. Newt Gingrich.
59. Earl Hutto.
60. J. Kenneth Robinson.
61. L. H. Fountain.
62. Wendell Bailey.
63. Eldon Rudd.
64. Frank R. Wolf.
65. John Hiler.
66. Gary A. Lee.
67. Guy V. Molinari.
68. George C. Wortley.
69. Bob McEwen.
70. Judd Gregg.
71. Harold S. Sawyer.
72. Jim Jeffries.
73. Trent Lott.
74. Cooper Evans.
75. Pat Roberts.
76. John LeBoutillier.
77. Daniel B. Crane.
78. Dick Cheney.
79. Philip M. Crane.
80. Charles Pashayan, Jr.
81. Marvin Leath.
82. Ken Holland.
83. Raymond J. McGrath.
84. Charles W. Stenholm.
85. William Carney.
86. Mickey Edwards.
87. George Hansen.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2667. A letter from the Secretary of Transportation, transmitting a systems safety plan for improving the management of railroad safety programs, pursuant to sec-

tion 16(c) of Public Law 96-423; to the Committee on Energy and Commerce.

2668. A letter from the Secretary, Federal Energy Regulatory Commission, transmitting an order of the Commission staying the effective date of a new license for Project No. 176, Escondido Mutual Water Co., city of Escondido, Calif., and Vista Irrigation District, pending completion of judicial review, pursuant to section 14(b) of the Federal Power Act, as amended; to the Committee on Energy and Commerce.

2669. A letter from the Assistant Secretary of Commerce for Administration, transmitting notice of a proposed new records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2670. A letter from the Assistant Secretary of Commerce for Administration, transmitting notice of proposed changes in an existing records system, pursuant to 5 U.S.C. 552a(o); to the Committee on Government Operations.

2671. A letter from the Deputy Administrator of General Services, transmitting an annual report for fiscal year 1981 on the disposal of surplus Federal real property for historic monument purposes, pursuant to section 203(o) of the Federal Property and Administrative Services Act of 1949, as amended; to the Committee on Government Operations.

2672. A letter from the Administrator, National Aeronautics and Space Administration, transmitting the semiannual report of the Inspector General of NASA for the period ending September 30, 1981, pursuant to section 5(b) of Public Law 95-452; to the Committee on Government Operations.

2673. A letter from the Deputy Chief, Army and Air Force Exchange Service, Departments of the Army and Air Force, transmitting the annual report of the Retirement Annuity Plan for Employees of the Army and Air Force Exchange Service, covering calendar year 1980, pursuant to section 121(a)(2) of the Budget and Accounting Procedures Act of 1950, as amended; to the Committee on Government Operations.

2674. A letter from the Adjutant General, Military Order of the Purple Heart, transmitting the audit of the organization for the year ended June 30, 1981, pursuant to section 3 of Public Law 88-504; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DANIELSON: Committee on the Judiciary. H.R. 5021. A bill to extend the date for the submission to the Congress of the report of the Commission on Wartime Relocation and Internment of Civilians (Rept. No. 97-378). Referred to the House Calendar.

Mr. FUQUA: Committee on Science and Technology. H.R. 4564. A bill to establish a uniform Federal system for management, protection, and utilization of the results of federally sponsored scientific and technological research and development; and to further the public interest of the United States domestically and abroad, and for other related purposes; with an amendment (Rept. No. 97-379, Pt. I). Ordered to be printed.

Mr. BROOKS: Committee on Government Operations. Report on administration of shared support services for U.S. agencies overseas (Rept. No. 97-380). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on inadequate control over Government material furnished to DOD contractors (Rept. No. 97-381). Referred to the Committee of the Whole House on the State of the Union.

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 4926. A bill to authorize the Secretary of the Army to acquire, by purchase or condemnation, such interests in oil, gas, coal, and other minerals owned or controlled by the Osage Tribe of Indians as are needed for Skiatook Lake, Okla., and for other purposes; with an amendment (Rept. No. 97-382, Pt. I). Ordered to be printed.

Mr. UDALL: Committee on Interior and Insular Affairs. S. 1119. A bill to correct the boundary of Crater Lake National Park in the State of Oregon, and for other purposes; with an amendment (Rept. No. 97-383). Referred to the Committee of the Whole House on the State of the Union.

Mr. DANIELSON: Committee on the Judiciary. H.R. 3799. A bill to amend title 28, United States Code, to provide that the Federal tort claims provisions of that title are the exclusive remedy in medical malpractice actions and proceedings resulting from federally authorized National Guard training activities, and for other purposes; with amendments (Rept. No. 97-384, Pt. I). Ordered to be printed.

Mr. BINGHAM: Committee on Foreign Affairs. H.R. 5125. A bill to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes; with an amendment (Rept. No. 97-385). Referred to the Committee of the Whole House on the State of the Union.

Mr. PERKINS: Committee of conference. Conference report on S. 1086. (Rept. No. 97-386). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. WIRTH:

H.R. 5158. A bill to amend the Communications Act of 1934 to revise provisions of the act relating to telecommunications, and for other purposes; to the Committee on Energy and Commerce.

By Mr. ROSTENKOWSKI (by request):

H.R. 5159. A bill to amend the Internal Revenue Code of 1954 to provide a temporary increase in the tax imposed on producers of coal, and for other purposes; jointly, to the Committees on Ways and Means and Education and Labor.

By Mr. BROYHILL:

H.R. 5160. A bill to provide that the Secretary of Health and Human Services shall encourage and assist in the voluntary labeling of food for sodium content, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BENEDICT (for himself, Mr. SEIBERLING, and Mr. YOUNG of Alaska):

H.R. 5161. A bill to designate certain lands in the Monongahela National Forest, W. Va., as wilderness; and to designate management of certain lands for uses other than wilderness; to the Committee on Interior and Insular Affairs.

By Mr. BEREUTER:

H.R. 5162. A bill directing the Secretary of the Interior to prepare and submit a "State of the Parks" report to Congress; to the Committee on Interior and Insular Affairs.

By Mr. BIAGGI:

H.R. 5163. A bill to amend the Foreign Assistance Act of 1961 to authorize economic relief and rehabilitation assistance for Ireland; to the Committee on Foreign Affairs.

By Mr. CONABLE (for himself and Mr. SHANNON):

H.R. 5164. A bill to amend the Internal Revenue Code of 1954 to provide that certain museums will not be treated as private foundations; to the Committee on Ways and Means.

By Mr. DUNCAN:

H.R. 5165. A bill to amend the Internal Revenue Code of 1954 to repeal the special leasing provisions enacted by the Economic Recovery Tax Act of 1981; to the Committee on Ways and Means.

By Mr. DUNCAN (for himself and Mr. HEFTEL):

H.R. 5166. A bill to amend the Internal Revenue Code of 1954 to make certain sales of fuel for use in a taxicab exempt from tax, to make permanent the provision for refund of taxes paid on the sale of fuel for use in a taxicab, and for other purposes; to the Committee on Ways and Means.

By Mr. PRICE (BY REQUEST):

H.R. 5167. A bill to repeal the requirement that certain former and retired members of the Armed Forces and civilian employees of the Department of Defense file annual reports with the Secretary of Defense on their employment by defense contractors; to the Committee on Armed Services.

By Mr. WEBER of Ohio (for himself and Mr. DAUB):

H.R. 5168. A bill to amend title II of the Social Security Act to provide generally that benefits thereunder may be paid to aliens only after they have been lawfully admitted to the United States for permanent residence, and to impose further restrictions on the right of any alien in a foreign country to receive such benefits; to the Committee on Ways and Means.

By Mr. EDWARDS of Alabama:

H.R. 5169. A bill to enhance the competitiveness of thrift institutions, to protect depositors and creditors of such institutions, and for other purposes; to the Committee on Banking, Finance and Urban Affairs.

Mr. FRENZEL:

H.R. 5170. A bill to amend the Tariff Schedules of the United States and the Tariff Act of 1930 to expedite the international transmission of business documents, and for other purposes; to the Committee on Ways and Means.

By Mr. ASHBROOK (for himself, Mr. WEBER of Minnesota, Mr. HAGEDORN, and Mr. SMITH of New Jersey):

H.J. Res. 372. Joint resolution to amend the Constitution to establish legislative authority in Congress and the States with respect to abortion; to the Committee on the Judiciary.

By Mrs. SCHROEDER (for herself, Mr. SOLARZ, Mr. STUDDS, Mr. WEISS, Mr. WHITEHURST, Mr. WYDEN, Mr. YATES, Mr. MARKEY, Mr. LEHMAN, Mr. MAVROULES, Mr. LEACH of Iowa, Mr. VENTO, Mr. BONKER, Mr. FRENZEL, Mr. WAXMAN, Mr. MURPHY, Mr. COURTER, Ms. MIKULSKI, Mr. LAFALCE, Mr. MOAKLEY, Mr. BROWN of Colorado, Mr. BEDELL, Mr. REGULA, Mr. MINETA, Mr. WEBER of Ohio, Mr. OTTINGER, Mr. FISH, Mr. GILMAN,

Mr. WIRTH, Mr. LONG of Maryland, Mr. KOGOVSEK, Mr. STARK, Mr. SANTINI, Mr. SMITH of Alabama, Mr. RODINO, Mr. WILSON, Mr. LENT, Ms. OAKAR, Mr. RATCHFORD, Mr. RITTER, Mr. YATRON, Mr. ADDABBO, Mr. ALBOSTA, Mr. ATKINSON, Mr. AUCOIN, Mr. BARNES, Mr. BEARD, Mr. BEILENSON, Mr. BENJAMIN, Mr. BINGHAM, Mr. BLANCHARD, Mr. BOLAND, Mr. BRINKLEY, Mr. BRODHEAD, Mr. JOHN L. BURTON, Mr. CONTE, Mr. WILLIAM J. COYNE, Mr. DOWNEY, Mr. DWYER, Mr. EDGAR, Mrs. FENWICK, Mr. FORD of Michigan, Mr. FORSYTHE, Mr. FRANK, Mr. GEJDENSON, Mr. GOODLING, Mr. GORE, Mr. HOWARD, Mr. HUGHES, Mr. KEMP, Mr. KILDEE, Mr. OBERSTAR, Mr. PEPPER, Mr. PORTER, Mr. PRITCHARD, Mr. ROSENTHAL, Mr. SABO, Mr. SCHEUER, Mr. SCHUMER, Mr. SHAMANSKY, Mr. SMITH of Pennsylvania, Mr. MOFFETT, Ms. FERRARO, Mr. EDWARDS of California, Mr. ARCHER, Mrs. COLLINS of Illinois, Mr. ST GERMAIN, and Mr. CARMAN):

H.J. Res. 373. Joint resolution expressing the sense of Congress that the Government of the Soviet Union should respect the rights of its citizens to practice their religion and to emigrate, and that these matters should be among the issues raised at the 38th meeting of the United Nations Commission on Human Rights at Geneva in February 1982; to the Committee on Foreign Affairs.

By Mr. LONG of Maryland:

H.J. Res. 374. Joint resolution designating September 14 of each year as "Francis Scott Key Day"; to the Committee on Post Office and Civil Service.

By Mr. DUNCAN:

H. Con. Res. 234. Concurrent resolution expressing the sense of the Congress that no limitation should be placed on the Federal income tax deduction for interest paid on a residential mortgage; to the Committee on Ways and Means.

By Mr. CROCKETT (for himself and Mr. CONYERS):

H. Res. 300. Resolution directing the Secretary of State to provide to the House of Representatives certain information concerning the pending extradition proceedings against Ziad Abu Eain; jointly, to the Committees on Foreign Affairs and the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Colorado:

H.R. 5171. A bill to authorize the Secretary of the Interior to convey certain lands in Garfield County, Colo., to Ralph D. and Connie V. Hubbell, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DONNELLY:

H.R. 5172. A bill for the relief of Edgar Gilardi Herrera; to the Committee on the Judiciary.

H.R. 5173. A bill for the relief of Edward Rereira; to the Committee on the Judiciary.

By Mr. DUNCAN:

H.R. 5174. A bill for the relief of John W. Ruth, Sr.; to the Committee on the Judiciary.

By Mr. HUNTER:

H.R. 5175. A bill for the relief of Mona Hardee; to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 18: Mr. PATMAN.

H.R. 517: Mr. HUTTO.

H.R. 556: Mr. RATCHFORD.

H.R. 983: Mr. FORSYTHE, Mr. JOHNSTON, Mr. MCEWEN, Mr. PAUL, and Mr. RUDD.

H.R. 1170: Mr. HUTTO.

H.R. 1313: Mr. CARMAN.

H.R. 2036: Mr. MARTIN of New York, and Mr. CHAPPIE.

H.R. 2488: Mr. ROE, Mr. BLANCHARD, Mr. WYDEN, and Mr. DUNN.

H.R. 3360: Mr. STUMP.

H.R. 3614: Mr. ANTHONY, Mr. RAILSBACK, Mr. NELSON, Mr. WAMPLER, Mr. WOLF, Mr. WHITEHURST, Mrs. SCHNEIDER, Mr. FLORIO, Mr. SMITH of Alabama, Mr. FROST, Mr. SMITH of Pennsylvania, Mr. NAPIER, Mr. CLAY, Mr. MARKEY, Mr. CHAPPELL, Mr. ROSE, and Mr. YATRON.

H.R. 4154: Mr. DORNAN of California.

H.R. 4184: Mr. GUNDERSON, Mr. BEDELL, Mr. LEBOUTILLIER, Mr. WEBER of Minnesota, Mr. JAMES K. COYNE, Mr. BENEDICT, Mr. CHAPPELL, Mr. SHAW, Mrs. BOUQUARD, Ms. FERRARO, Mr. MCCOLLUM, and Mr. GRISHAM.

H.R. 4326: Mr. STARK, Mr. JAMES K. COYNE, Mr. BRINKLEY, Mr. RITTER, Mr. ANTHONY, Mr. DICKS, Mr. DYMALLY, and Mr. GINN.

H.R. 4467: Mr. DECKARD and Mr. VOLKMER.

H.R. 4576: Mr. CHAPPELL, Mr. DERRICK, and Mr. SIMON.

H.R. 4640: Mr. HANSEN of Idaho, Mr. LOWERY of California, Mr. WON PAT, Mr. JEFFRIES, Mr. DAUB, Mr. MARRIOTT, and Mr. JAMES K. COYNE.

H.R. 4645: Mr. LUKEN.

H.R. 4776: Mr. BEDELL, Mr. WIRTH, Mr. LEBOUTILLIER, Mr. CARNEY, Mr. WEBER of Minnesota, Mr. JAMES K. COYNE, Mr. BENEDICT, Mr. CHAPPELL, Mr. SILJANDER, Mrs. BOUQUARD, Ms. FERRARO, Mr. MCCOLLUM, Mr. GRISHAM, and Mr. MARTIN of New York.

H.R. 4790: Mr. EDGAR, Mr. MATSUI, Mr. WON PAT, Mr. MADIGAN, Mr. MITCHELL of New York, Mr. YATRON, Mr. DICKS, Mr. MARTIN of New York, and Mr. HOWARD.

H.R. 4897: Mr. JOHN L. BURTON, Mr. MCCLOSKEY, Mr. JACOBS, and Mr. ROYBAL.

H.R. 4902: Mr. BAILEY of Pennsylvania, Mr. ROBERT W. DANIEL, JR., Mr. FOGLIETTA, Mr. FORSYTHE, Mr. FROST, Mr. GEJDENSON, Mr. GINGRICH, and Mr. PORTER.

H.R. 4930: Mr. BEDELL, Mr. CONTE, and Mr. LEACH of Iowa.

H.R. 4957: Mr. SCHEUER, Mr. MOFFETT, Mr. OTTINGER, Mr. FROST, Mr. OBERSTAR, Mr. FOGLIETTA, Mr. RANGEL, Mr. SHUMWAY, Mr. GIBBONS, Mrs. CHISHOLM, Mr. MATSUI, Mr. BEILENSON, Mr. ERDAHL, Mr. EDWARDS of California, Mr. HANSEN of Utah, Mr. WHITEHURST, Mr. WEISS, and Mr. LAFALCE.

H.J. Res. 151: Mr. ALBOSTA and Mr. WHITTEN.

H.J. Res. 294: Mr. CORCORAN, Mr. KINDNESS, Mr. GRADISON, Mrs. ROUKEMA, and Mr. BROOMFIELD.

H.J. Res. 334: Mr. ROBERT W. DANIEL, JR.

H.J. Res. 348: Mr. ADDABBO, Mr. ALBOSTA, Mr. ANDERSON, Mr. ANNUNZIO, Mr. BAFALIS, Mr. BAILEY of Pennsylvania, Mr. BEARD, Mr. BETHUNE, Mrs. BOGGS, Mr. BRODHEAD, Mr. BROOMFIELD, Mr. BROYHILL, Mr. BURGENER, Mr. BUTLER, Mr. CHAPPELL, Mr. CHAPPIE, Mr. CLINGER, Mr. CONTE, Mr. CORCORAN, Mr. CORRADA, Mr. ROBERT W. DANIEL, JR., Mr. DAUB, Mr. DE LA GARZA, Mr. DERWINSKI, Mr. EMERSON, Mr. FAZIO, Ms. FIEDLER, Mr. FISH, Mr. FORD of Tennessee, Mr. FORD of Michigan, Mr. FORSYTHE, Mr. FRENZEL, Mr. GINGRICH, Mr. GREGG, Mr. GUNDERSON, Mr. HAGEDORN, Mr. SAM B. HALL, JR., Mr. HANSEN of Idaho, Mr. HARKIN, Mr. HOLLAND, Mr. HORTON, Mr. HUGHES, Mr. HYDE, Mr. KINDNESS, Mr. LAGOMARSINO, Mr. LANTOS, Mr. LOTT, Mr. MARTIN of North Carolina, Mr. MILLER of Ohio, Mr. MOLINARI, Mr. MONTGOMERY, Mr. MORRISON, Mr. MYERS, Mr. NAPIER, Mr. NATCHER, Mr. OBERSTAR, Mr. PANETTA, Mr. PASHAYAN, Mr. PORTER, Mr. RAILSBACK, Mr. REUSS, Mr. ROE, Mr. ROGERS, Mr. SAWYER, Mr. SHUMWAY, Mr. SKEEN, Mr. STANGELAND, Mr. STUMP, Mr. TAYLOR, Mr. TRAXLER, Mr. WEBER of Ohio, Mr. WEBER of Minnesota, Mr. WILSON, Mr. WINN, Mr. WOLF, Mr. WON PAT, Mr. WORTLEY, and Mr. ZABLOCKI.

H.J. Res. 350: Mrs. SMITH of Nebraska, Mr. D'AMOURS, Mr. BARNARD, Mr. TAUZIN, Mr. RITTER, Mr. HANSEN of Utah, Mr. EDWARDS of Alabama, and Mr. WYLIE.

H.J. Res. 352: Mr. LAGOMARSINO, Mr. ROSE, Mr. LANTOS, Mr. ROBERT W. DANIEL, JR., Mr. FAZIO, Mr. BOWEN, Mr. FARY, Mr. KASTENMEIER, Mr. JACOBS, Mr. HUGHES, Mr. MURPHY, Mr. LOWRY of Washington, Mr. SUNIA, Mr. BONIOR of Michigan, Mr. BRODHEAD, Mr. OBERSTAR, Mr. ROEMER, Mr. SMITH of Alabama, Mr. WON PAT, Mr. SCHUMER, Mr. MITCHELL of New York, Mr. HUBBARD, Mr. DERWINSKI, Mr. TAUZIN, Mr. FOLEY, Mr. DAUB, Mr. DENARDIS, Mr. ROBERTS of Kansas, Mr. MATSUI, Mr. MOAKLEY, Mr. FISH, Mr. DYSON, Mr. TRAXLER, Mr. COURTER, Mr. EDGAR, Mr. GOLDWATER, Mr. WILSON, Mr. YATRON, Mr. MARTIN of New York, Mr. MARTIN of North Carolina, Mr. BROWN of Colorado, Mr. SAWYER, Mr. LEACH of Iowa, Mr. FORD of Michigan, Mr. MADIGAN, Mr. WHITEHURST, Mr. STUMP, Mr. SMITH of Pennsylvania, Mr. PURSELL, Mr. GEJDENSON, Mr. LEBOUTILLIER, Mr. HOWARD, Mrs. MARTIN of Illinois, Mr. STENHOLM, Mr. RICHMOND, Mr. BINGHAM, Mr. MCHUGH, Mr. GILMAN, Mr. ZABLOCKI, Mr. ERDAHL, Mr. ROE, Mrs. FENWICK, Mr. HANSEN of Idaho, Mr. SIMON, Mr. WEBER of Minnesota, Mr. BENEDICT, Mr. WYDEN, Mr. ROBINSON, Mr. SCHEUER, Mr. BUTLER, Mr. YOUNG of Alaska, Mr. ERTEL, Mr. SEIBERLING, Mr. EVANS of Delaware, Mr. WEAVER, Mr. KEMP, Mr. EVANS of Iowa, Mr. BEDELL, Mr. STANGELAND, Mr. FOGLIETTA, Mr. BAILEY of Pennsylvania, Mr. DASCHLE, Mr. WOLF, Mr. HOYER, Mr. PEPPER, Mr. KRAMER, Mr. GINGRICH, Mr. NELLIGAN, Mr. MAZZOLI, Mr. IRELAND, Mr. PRICE, Mr. MCCOLLUM, Mr. PHILIP BURTON, Mr. LEE, Mr. LONG of Louisiana, Mr. PANETTA, Mr. HARKIN, Mr. CHAPPELL, Mr. CONTE, Mr. TAYLOR, Mr. STANTON of Ohio, Mr. BROWN of Ohio, Mr. HILER, Mr. BETHUNE, Mr. CORCORAN, Mr. SHELBY, Mr. WINN, Mr. FINDLEY, Mr. DOUGHERTY, and Mr. FASCELL.

H.J. Res. 353: Mr. ANNUNZIO, Mrs. MARTIN of Illinois, Mr. PORTER, Mr. DENARDIS, Mr. D'AMOURS, Mr. LENT, Mr. MCDADE, Mr. MADIGAN, Mr. HOPKINS, Mr. LEBOUTILLIER, Mr. WILLIAM J. COYNE, Mr. STRATTON, Mr. GINN, Mr. MATSUI, Mr. CLINGER, Mr. WALGREN, Mr. LAGOMARSINO, Mr. MITCHELL of Maryland, Mr. LUNDINE, Mrs. FENWICK, Mr. GEJDENSON, Mr. GREGG, Mr. JACOBS, Mr. DWYER, Mr. HOYER, Mr. RAHALL, Mr. MCGRATH, Mr. SMITH of Alabama, Mr. CORCORAN, Mr. ARCHER, Mr. MURPHY, Mr. LONG of Maryland, Mr. RINALDO, Mr. ST GERMAIN, and Mrs. HOLT.

H.J. Res. 354: Mr. HUTTO, Mr. BOWEN, Mr. MOTTL, Mr. RUDD, Mr. GRISHAM, Mr. WON PAT, Mr. KEMP, Mr. HAGEDORN, Mr. VENTO, Mr. TRAXLER, Mrs. MARTIN of Illinois, Mr. MAVROULES, Mr. SUNIA, and Mr. SHAMANSKY.

H.J. Res. 363: Mr. RATCHFORD.

H.J. Res. 365: Mr. PATTERSON, Mr. HUBBARD, Ms. OAKAR, Mr. LOWRY of Washington, Mr. HOYER, Mr. ALEXANDER, Mr. DASCHLE, Mr. DORGAN of North Dakota, Mr. DWYER, Mr. ECKART, Mr. HUGHES, Mr. JEFFORDS, Mr. MURPHY, and Mr. UDALL.

H. Con. Res. 100: Mr. RITTER.

H. Con. Res. 103: Mr. CLINGER.

H. Con. Res. 178: Mr. LOTT.

H. Con. Res. 196: Ms. OAKAR.

H. Con. Res. 210: Mr. OBERSTAR, Mr. DREIER, and Mr. PATTERSON.

H. Con. Res. 222: Mr. GINGRICH, Mr. HUTTO, Mr. DUNN, Mr. CLINGER, Mr. GINN, and Mr. KOGOVSEK.

H. Res. 25: Mr. CRAIG.

H. Res. 297: Mr. SANTINI, Mr. MATSUI, Mr. MOLLOHAN, Mr. SIMON, Mr. PEYSER, Mr. LONG of Maryland, Mr. BONIOR of Michigan, Mr. BROWN of Colorado, Mr. NOWAK, Mr. HILLIS, Mr. MARKS, Mr. NELLIGAN, Mr. MOTTL, Mr. FARY, Mr. BRODHEAD, Mr. MINISH, Mr. NAPIER, Mr. STARK, Mr. KILDEE, Mr. FISH, Mr. SEIBERLING, Mr. EDWARDS of California, Mr. HUBBARD, and Mr. MARKEY.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

298. By the SPEAKER: Petition of the city council, New York, N.Y., relative to labeling of sodium content on foods; to the Committee on Energy and Commerce.

299. Also, petition of the Cuban Congressman Conference, Miami, Fla., relative to the Interparliamentary Union Conference held in Havana, Cuba in September, 1981; to the Committee on Foreign Affairs.

300. Also, petition of the Annual Convention, Episcopal Diocese of Western Massachusetts, Springfield, relative to military aid to El Salvador; to the Committee on Foreign Affairs.

AMENDMENTS

Under clause 6 of rule XXIII, proposed amendments were submitted as follows:

H.R. 4559

By Mr. LIVINGSTON:

—Page 4, line 19, strike out "$850,000,000," and insert in lieu thereof "$820,000,000,".

(Amendment as a substitute to the amendment offered by Mr. EDWARDS of Oklahoma.)

—Page 4, line 19, strike out "$850,000,000," and insert in lieu thereof "$820,000,000.

By Mr. PATTERSON:

—Page 23, after line 3, insert the following new section:

SEC. 520. None of the funds appropriated by this Act shall be made available to any multilateral development institution in which the Socialist Republic of Vietnam holds membership unless the President has instructed the United States representative at that institution to oppose new extensions of assistance to Vietnam during fiscal year 1982 in any case where the President has not determined that:

(1) the Socialist Republic of Vietnam is not engaged in a consistent pattern of gross violations of internationally recognized human rights, such as torture or cruel, inhumane, or degrading treatment or punishment, prolonged detention without charges, or other flagrant denial of life, liberty, and the security of person;

(2) the Socialist Republic of Vietnam is cooperating with the United States in helping to account for United States military personnel missing in Southeast Asia;

(3) the Socialist Republic of Vietnam has taken constructive steps to alleviate the conditions which have previously led to massive emigration from that country; and

(4) the Socialist Republic of Vietnam has withdrawn its troops from the territory of Laos and Kampuchea and is not threatening the stability and the security of Southeast Asia.

Page 23, line 4: strike "520" and insert in lieu thereof "521."

Page 23, line 13: strike "521" and insert in lieu thereof "522."

Page 24, line 6: strike "522" and insert in lieu thereof "523."

Page 24, line 19: strike "523" and insert in lieu thereof "524."

Page 25, line 18: strike "524" and insert in lieu thereof "525."

H.R. 4700

By Mr. RAILSBACK:

—In the matter proposed to be added by section 101 of the bill, add at the end of section 273 the following new subsection:

"(f) INFORMATION.—For purposes of this part, the President shall collect information on the pricing, supply, and distribution of petroleum products at the wholesale and retail levels, on a State-by-State basis. Such information shall be substantially of the same type as was collected during September 1981 by the Energy Information Administration pursuant to the Emergency Petroleum Allocation Act of 1973.

EXTENSIONS OF REMARKS

ENCOURAGING ABLE WORKERS TO DELAY RETIREMENT

HON. ROBERT K. DORNAN
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. DORNAN of California. Mr. Speaker, with the current concern over the state of our social security system, we are all searching for innovative ideas to save the program from insolvency. As the current proportion of the U.S. population aged 65 and over grows from the current 11.1 percent to the projected 20.4 percent in the next 50 years, both the Government and the private sector will be responsible for developing new methods to support this expanding segment of our population.

Of the many administration proposals, one noteworthy plan will encourage able workers to delay their retirement and contribute to the work force longer than the current suggested age 65.

Dr. Eberhardt Rechtin, president and chief executive officer of the Aerospace Corp. in El Secundo, Calif., should be lauded for his exemplary efforts to stimulate older workers to contribute their wisdom and experience to his remarkable corporation. At this time, I would like to enclose for the RECORD Dr. Rechtin's inspiring testimony before the Select Committee on Aging, of which I am a member:

TESTIMONY BEFORE THE SELECT COMMITTEE ON AGING BY EBERHARDT RECHTIN

Mr. Chairman and members of the Committee, thank you for your most complimentary invitation to appear before you to describe what our Corporation is doing about increasing the productivity of our work force, particularly the older part of it.

Our company is a California nonprofit corporation, a Federally Funded Research and Development Center (FFRDC), engaged in engineering for national security programs. The total staff is about 4,500 people, half of whom are degreed scientists and engineers. We do no manufacturing. Our product is general systems engineering and integration, largely for the U.S. Air Force, and concerned primarily with the satellites and the launch vehicles this country uses for defense purposes. Our primary responsibility is the certification of readiness for launch of these vehicles and spacecraft. To accomplish that purpose we engage in research, conceptual design, technical support to national security agencies, technical monitoring of the major associate contractors who build the vehicles and satellites, and analysis of the flight results.

These facts about Aerospace have a direct bearing on how we manage our only real asset—the people of Aerospace. It is the knowledge, experience, imagination, initiative, wisdom and enthusiasm of all of us at Aerospace that each year convinces our customers to continue to rely upon us. High on the customers' list of capabilities for which they pay Aerospace is "corporate memory," the cumulative experience of many hundreds of experts over more than twenty years and over 600 satellite launches and operations. It is the long suit of our most experienced people, those over about 50, who began in this space business 20 to 25 years ago.

It should be no surprise that we have innovative personnel policies and are known in the industry as a "people-oriented company." To do our job well we must be people oriented. In addition to the policies affecting the older part of our work force, which I will address in more detail in a minute, we have compensation generally competitive with industry, exceptional Affirmative Action programs, company-sponsored educational programs, first-of-a-kind transportation programs and celebrations of Heritage Weeks—all aimed at making Aerospace attractive to the people who are our most important asset.

Turning now to the older members of our work force: about four years ago we did away with a de facto mandatory retirement age. I say de facto because, although there was no formal requirement that employees leave at 65, there were policies, practices and incentives built into our employment culture that resulted in employees customarily retiring at age 65 or sooner. We now have a variety of options described in more detail in the attachments. These options are presented at regular and popular retirement planning discussion sessions. We hire at any age and pension benefits vest in part after four years and completely at seven years. Pension benefits are credited as long as the employee is with us. Retirees can receive their benefits and work as casuals on a reduced work week as well. Retirees and their spouses are also covered by our health insurance plan—a major financial benefit to them.

As a result, some 2% of our entire work force is now made up of people who might otherwise have left the Company under previous policies and practices. We anticipate the percentage will increase for demographic reasons. More importantly, the older worker-retirees have contributed engineering achievements that far exceeded in value to the company the cost of their salaries. They have "corporate memory" in spades!

Due to the ups and downs in the aerospace industry during the past two decades, and exacerbated by the anti-technology wave between about 1967 and 1977, there are strange anomalies in the distribution of the work force available to the aerospace industry. There are people available from ages 25 to 30, a reduced availability between 30 and 40 and then normal numbers from 40 to 50. Worse yet, national projections indicate a serious gap between the supply and demand of graduating engineers in the late 1980's. To deal with this projection, Aerospace intends to further develop employment policies which will more fully utilize the experience and knowledge of our older workers.

Being an R&D organization, it is natural for us to do R&D on this problem. To that end, we are currently engaged in designing a research project in cooperation with the Andrus Gerontology Center of the University of Southern California. It will investigate the levels of various job-related skills of 200 older and younger Aerospace employees (primarily engineers and scientists) and will research how those skills affect company performance. The results should help us with training programs, job assignments, transfers within the company and changes in job responsibilities in accordance with the strengths of employees, and training programs. We expect this research to improve the effectiveness of the company by enhancing productivity and employee satisfaction.

Another characteristic of our company, generated by the kind of work we do, is the ability to look at tough problems with a kind of emotional detachment. We call it "objectivity," but it is almost a culture with us. So, we have few hesitations in accepting some of the following premises:

Retirement is "not having to work." Retirement does not necessarily mean withdrawing from the work force.

Retirement comes to everyone and it is best for both the individual and the company to plan ahead.

The idea that a career consists of a steadily increasing work load, responsibility load, and compensation, followed by an abrupt termination is illogical. After all, why should someone have a career ended at its peak? A more rational pattern would recognize that the "peak" should be rounded off. This rounding off is probably different for every individual and every job. What are needed are options mutually acceptable to employee and the company.

There seems to be good reason not to keep top managers in the same position too long. Management needs refreshing, especially in these times of accelerating changes in both technological and sociological environments. So, we make a practice of reviewing the careers of managers in our company who have been doing the same job for 10 or more years and considering changes in responsibility or position to improve productivity. This practice is independent of age.

At the risk of going beyond my area of expertise, I would like to suggest some legislative actions that might improve the situation for older workers. These suggestions come from my own experience as well as that of The Aerospace Corporation.

Further increase the upper limit of IRA and Keogh Plans. At Aerospace as in other nonprofits and universities we are eligible for Section 403(b) of the Internal Revenue Code which allows our employees to have the Company put aside, before tax, part of their income for retirement. It works very well across a broad range of salaries and, as a matter of fact, is a strong attraction for engineers and scientists to Aerospace.

The maximum vesting period permitted under "qualified" pension plans be gradually reduced over a statutorily mandated period to (e.g.) five or fewer years. I was personally disturbed by the Department of Labor report to your Committee that con-

cluded that a 7 percent per year turnover implied that there was no problem in our defense business. Seven percent per year and a 10-year service requirement before vesting means that at least 50 percent of the people in such plans would have no accrued retirement for 10 years of work and a significant fraction will have no useful accrual after a whole career. I agreed with a consultant's report[1] to you that said that portable pensions were probably not in the cards and 90% of the problem was vesting. It is true that shorter vesting periods would cost money. Indeed, a principal objection by many companies is the perceived "high costs." If that perception is true, it implies that a major fraction of employees must now be being denied future retirement benefits simply because their careers call for mobility. If the perception is false and the added costs are minimal, then shorter vesting should not be difficult. Requiring a long period of service before vesting clearly works against the older retiree-worker on a second career. I note that universities, through the TIAA/CREF plan, have essentially solved that problem and employees can move freely from university to university without having to meet new service requirements before vesting.

We need to recognize that "rounding off the peak" of a career is biologically, psychologically, and financially sound. One of the better ways of accommodating this rounding off of the peak is by part-time work and consulting. But present practices and laws do not serve as an incentive for such productive work. Social Security benefits are decreased if the individual has earnings. Pension benefits in most plans are not paid if the individual works part time, so the individual is forced to consult with other companies than his original employer. Government workers and military people, when retired, are penalized for working elsewhere in the government ("double dipping"). In short, we have all been treating retirement as an abrupt stop to an increasingly compensated career. I believe we could retain years of productive effort if we—the Government, the industry and the individuals made better provisions for "rounding off the peak."●

[1] Paper by Frank Cummings presented April 6, 1978, to the Retirement Income and Employment Subcommittee.

THE NEW REPUBLICAN LOGIC

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. MATTOX. Mr. Speaker, we are now confronted with a new Republican logic which is directly opposite everything they once said was a matter of economic necessity.

Example 1: High deficits do not cause inflation. Of course, how else could they explain the $109 billion projected deficit.

Example 2: Recessions are not bad because they reduce inflation. Of course, the 9 million people unemployed might have a different view of this situation.

Example 3: The administration promised low interest rates, high productivity, and a balanced budget by 1984. Now they say none of this will happen, at least for a long time. But do not worry, our program will work someday.

As I pointed out in an article in the Dallas Morning News, the administration would have to face reality. I was criticized for being a pessimist and unwilling to give the President a chance. Actually, all I was asking them to do was to tell the truth. That is, that their program was going to cause high deficits and lead us into a recession. Now they are twisting the truth again by claiming that the high deficits they refused to acknowledge before damage the economy. The Harper Valley PTA was far less hypocritical than the Republican Council of Economic Advisers.●

HIGHER EXECUTIVE PAY CAP ESSENTIAL

HON. STAN PARRIS

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. PARRIS. Mr. Speaker, when the Congress approved the last continuing resolution on appropriations on November 22, it missed another opportunity to correct a very serious problem by failing to remove the cap on the salaries of top Government workers.

The Senate had adopted a provision which would have raised the cap on salaries to $58,500. This language was then approved by the conferees and adopted by the House when presented for a final vote. Then, in a maneuver which I am still unable to comprehend, a motion to strike the pay cap language was offered and approved on a voice vote.

In spite of this action, there is more support for removing the cap on the salaries of top Government workers than there has been in the past. The House and Senate have illustrated their support for removing the cap when they voted on the last resolution. The General Accounting Office has released reports which have determined that it would be cost effective to raise the salaries of our senior executives and recommends that Congress take the appropriate action.

As a result of the pay cap, the Federal Government is experiencing a brain drain and a severe morale problem. We have a situation where 9 out of 10 top Government officials are retiring as soon as they become eligible. For this reason, our Government is no longer able to retain its top officials or attract qualified people from the private sector to fill a vacancy in the top ranks of Government. There is also very convincing evidence that this mass exodus from the top ranks of Government is having an adverse impact on sensitive civilian positions within the Department of Defense. If we do not take action now to provide a remedy, we may be jeopardizing our national security.

We have the top seven civil service categories receiving the same rate of pay. Unless we take steps to remove the cap on executive salaries, we can expect low employee morale to continue and we can expect poor performance if we are not going to provide some incentives. Today, our best young executives, aged 35 to 45, are among the most likely to resign. The longer the pay cap is retained, the worse the situation becomes for the Federal Government.

If we want the Government to function effectively, we must correct this inequity by removing the pay cap. I feel that raising the salaries of top Government employees will allow us to retain highly skilled individuals and save the taxpayers money by avoiding the high retirement rates and the high cost of executive replacement.

I urge my colleagues to oppose any last-minute maneuvers or back-door tactics which might try to tie the removal of the pay cap together with salary increase for Members of Congress.●

ALL SAVERS COSTS KEEP GETTING LARGER

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. LaFALCE. Mr. Speaker, I have taken several opportunities in the past few months to express my criticisms of the provision of the administration's tax package which provided for the sale of tax-free all savers certificates. This provision was touted, during the debate on the tax package, as a means of helping out for financially troubled savings and loan industry. But it continues to be increasingly doubtful whether the certificates are serving that purpose since even the very profitable lending institutions are able under the law to sell the certificates.

The other main concern which I have about the all savers certificates arises from the enormous costs to the U.S. Treasury from the sale of the tax-free certificates. Not only was the Congress sold a bill of goods about who would be aided by the certificates, but the estimates about the cost to the U.S. Treasury, spelled t-a-x-p-a-y-e-r-s, were also inaccurate. Even the banking industry which, quite naturally, is fond of the all savers certificates has admitted the financial drain caused by the sale of the certificates.

In the November issue of Savings Bank Journal I found the following:

In fact, while Federal officials originally predicted Government coffers would lose $3 billion in tax revenues based on an expected sale of $65-$70 billion of all savers certificates, revised estimates indicate a *$10 billion tax loss* to the Treasury based on projected all savers certificate sales of $200 billion between October 1 and the program's expiration on December 31, 1982. (emphasis mine)

These revised estimates are something which both the administration and Members of Congress should think about as the much-maligned wild-spending Democrats are told that valuable domestic programs must be further slashed in order to halt our staggering Federal deficits.●

USED CAR RULE

HON. GARY A. LEE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. LEE. Mr. Speaker, I would like to call to the attention of my colleagues several remarks I have recently made in my weekly column to my constituents regarding the proposed FTC used car rule:

FTC USED CAR RULE

Ironic as it may sound, there are times when consumers need protection from "consumer advocates."

I'm smack in the middle of one of those instances right now, in battle with all the popular, white-hatted "protectors" over a regulation offered by the Federal Trade Commission (FTC).

Because I give more credit to the individual consumer for his and her own common sense; and because I don't necessarily believe that the FTC is the wellspring of all wisdom, I introduced a resolution to veto that agency's proposed "used car" regulation and send it back to the drawing board.

Let me explain.

In 1979, as a member of the House Commerce Committee, I voted in favor of a bill directed toward removing some of the major headaches of used car buyers. It said that the FTC should give us regulations for a used car window sticker that would spell out precisely what the buyer's warranty rights would be with that vehicle.

If no warranty is offered, it should be so stated. The sticker would also instruct the buyer to secure any dealer promise in writing. In August, the FTC rule was revealed. It covered the areas that we had ordered.

However, the FTC went too far. In an exercise of enthusiasm, or over-zealousness, the bureaucrats did just what they were ordered not to do by Congress: indirectly mandating that dealers must test and/or inspect each used car.

While the regulation starts by saying that no inspection is called for, in later (of its 50) pages (52,000 words), it lists 14 major systems of the vehicle where any defects, apparently, should be known. FTC demanded that problems in any of these 52 areas be listed on the window sticker.

Certainly on face value it's a worthwhile idea. In theory, consumers should be told of major difficulties with the vehicle which they would expect to pay to repair later.

But in practice, the known-defects rule is a monster. Dealers would be subject to a $10,000 fine if they (or anyone who works for them) knew of anything imperfect with the car that wasn't put on the defects list.

Faced with a potentially disastrous fine, each dealer has two alternatives. He can either risk there being something seriously wrong that isn't obvious to him but might seem obvious to a buyer or he must invest a proven $150 to $300 inspecting the car's 14 major systems.

Who do you suppose will pay that inspection fee? The dealer won't absorb it, particularly on a marginal-profit used car. And you'll get no rebate from the "consumer watchdog" groups.

For your average $200 extra investment, you now have the selling dealer's assessment of what's wrong with it. That money doesn't pay to fix it, and the inspection isn't even expected to cover safety items. The horn, for instance, isn't one of the 52 inspection points.

Consider that you could have driven the car of your choice to a mechanic you trust and, for probably no more than $30, he could give you a better, objective idea of what repairs might loom ahead.

Even if I conceded that the inspection was a good idea—which I don't as it's now written—the regulation itself is so poorly worded, so ambiguous, that it is practically unenforceable, good only for mountains of new lawsuits.

The sales of used cars in America are soaring—unlike the higher and higher priced new car slumps. People are turning in larger numbers to lower-cost used cars as their alternative transportation.

But in the first nine months of this year, says the Wall Street Journal, the price of the average used car went up 31 percent. If we add the inspection price, fewer and fewer Americans will even be able to afford a used car.

My "resolution of disapproval" could, if it's passed, stop the FTC from implementing this regulation. They would then be forced—if they wanted to keep the really valid parts of this intact, as we do—to draft it again.

I'll strongly support a window sticker that discloses warranty information. I'll strongly support a regulation that assures the opportunity for a third-party inspection. And I'll strongly support pro-consumer rules.

But I won't support the process of making some overzealous bureaucrat's ineffective idea into law. The known-defects section of this regulation will help absolutely no one, particularly the consumer. Only half of the used car sales in this entire country are done through dealers, and only dealers are covered by the regulation. Even if this proposal did go into effect, your chance of being "protected" is no more than one in two.

There is a real danger though, that if the regulation isn't stopped here and now, it will make consumers believe that they're protected. We both know that once your guard is down, anything can happen.

In the long run, the "consumer advocates" who insist that you can't live without this regulation really aren't doing you any favors. They've placed their bets on the wrong horse.

You can, however, be assured that when the right one comes along, Congress (and my) money will be on that one.●

BILL TO DESIGNATE THREE WILDERNESS AREAS IN THE MONONGAHELA NATIONAL FOREST, W. VA.

HON. CLEVE BENEDICT

OF WEST VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. BENEDICT. Mr. Speaker, I am pleased to introduce today a bill to designate three wilderness areas in the Monongahela National Forest, W. Va. These areas—Cranberry, Laurel Fork North, and Laurel Fork South—comprise 47,590 acres and provide needed and welcome additions to the National Wilderness Preservation System. All three areas were recommended for wilderness designation in the Forest Service's RARE II study. This legislation will benefit the citizens of West Virginia and our country by making worthy additions to our national treasure of wilderness areas.

The Cranberry area is one of the largest wilderness regions in the East, and it has long been recognized as a unique biologically diverse undeveloped national forest. Much of the area has been closed to motorized use since its designation as the Cranberry Back Country in 1936. Massive mountains divided by steep, narrow drainages are carpeted with a dense forest containing some of the finest northern hardwood and red spruce stands in the East. Cranberry provides excellent opportunities for primitive recreation, and is bordered on the east by the Highland Scenic Highway affording easy access to the areas scenic beauty. At various times throughout the year, the area's botanical qualities provide a home for nearly 50 species of birds. The Laurel Fork North and Laurel Fork South areas share many of these outstanding wilderness qualities. They also include the picturesque Laurel Fork stream with its beaver ponds and trout.

The bill will provide compensation, through land exchange, for the privately owned mineral rights in the Cranberry area. The provisions for this exchange are based on consultation with all interests involved, and provide adequate incentives to both sides to work diligently to resolve the exchange issue in a reasonable and expeditious manner.

During committee consideration of the bill, language will be added to release Seneca Creek, Cheat Mountain, and all RARE II nonwilderness recommended land in West Virginia from further wilderness review until a "second generation" land management plan is developed for the Monongahela National Forest in the 1990's.

I feel this bill represents a consensus on how to proceed on the West Virginia RARE II issue. It will provide the

vehicle necessary to conclude to difficult and long-standing issue, and I urge my colleagues to support this effort.●

PERMANENT RESIDENCE FOR TWO INDIVIDUALS

HON. BRIAN J. DONNELLY

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. DONNELLY. Mr. Speaker, today I have introduced two pieces of legislation which would virtually change the lives of two individuals now residing in Massachusetts. Edgar Morales Herrera, a 16-year-old Guatemalan youth, has been deaf since birth. He entered the United States in December of 1978 and has since lived with his godfather, Mr. Joseph Walsh of Quincy, Mass. Eddie has made tremendous progress at the Boston School for the Deaf and is currently approaching the limits of their training program. Forcing Eddie back to Guatemala would not only retard his learning progress but eliminate his chance of becoming a productive part of any society.

Mr. Edwardo Pereira came to the United States on August 11, 1980, to be treated at the Joselyn Clinic for diabetic retinopathy resulting in virtual total loss of vision. Since there are no treatment centers in Rio de Janeiro, Edwardo's progress in keeping his diabetes under reasonable metabolic control is dependent on staying in the United States. I believe that by allowing these individuals permanent residence we will not only enhance their lives but also of all those around them.●

PRODUCTIVITY

HON. NICHOLAS MAVROULES

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. MAVROULES. Mr. Speaker, it is clear that the Nation has yet to find its way out of the woods of high inflation, low productivity, and fast receding job opportunities.

We, as Americans, have trodden many paths looking for a way out, the latest of which seems to have led us even deeper into the woods.

Mr. Speaker, before we embark down yet another path leading, we believe, to that goal of economic recovery, perhaps we best pause and get our bearings.

And while we are contemplating our economic fortunes, let me commend to the attention of this body the remarks of Richard D. Hill, chairman and chief executive officer of the First National Bank of Boston, given recently at the New England Council's annual conference.

The theme of Mr. Hill's remarks is, "Productivity: Are We Asking the Right Question?"

The remarks follow:

PRODUCTIVITY: ARE WE ASKING THE RIGHT QUESTIONS?

The United States has come a long way since 1973, the year in which its productivity growth peaked and began its rather abrupt decline.

U.S. productivity in manufacturing from 1960–1973 grew at an average annual rate of 3.0 percent. After 1973, the figure dropped to 1.7 percent. At the same time, productivity in other countries continued to increase at a rapid pace. From 1973 to 1980, while the U.S. was plodding along at a 1.7 percent annual increase, Japanese and German rates of productivity growth were at 7.2 percent and 4.8 percent respectively. Why?

In 1973 and 1974 there was a tremendous increase in the price of oil, outrage over the trials and tribulations of Watergate, and the alienation associated with the Vietnam War had just begun. These years seemed to have marked a watershed in the economic and social lives of Americans. The statistics thereafter, by any measure, have revealed adverse trends. Since those years:

Productivity growth has declined;

Expenditures for research and development as a percentage of Gross National Product has remained significantly below the level of the 1960's, when the space program was a national priority;

Investment as a percentage of GNP has declined;

Major industries have begun to encounter serious difficulties. Basic infrastructural industries associated with the steel, automobiles, and agricultural industries—once thought to be invulnerable—are now showing signs of great debility.

The economy, not surprisingly, is reacting negatively to all of these fundamental trends:

The nation has enlarged its balance of trade deficit;

The government deficit is accelerating;

The U.S. world market share of exports continues to decline;

The real value of the dollar is still shrinking;

Interest rates gyrate wildly at elevated levels.

It can no longer be said that the U.S. is a leader in most major technologies. In innumerable product lines the Japanese, Germans and others have demonstrated themselves to be equal or superior in producing high quality, low cost products in precisely those fields and activities once thought to be the exclusive domain of U.S. industry.

Of course, the U.S. has remained strong in some sectors. The high technology enterprises of New England and California are growing and thriving. The U.S. remains a clear market leader in computer technology, for example, but even in this field it may soon be seriously challenged by the Japanese.

How can the U.S., and particularly New England, remain competitive in the world economy during the 1980's? Many suggest the answer can be found in the question, "What is the basic cause of the current calamity?"

Is it an attitudinal change on the part of the population? Has America developed too many social welfare systems which undermine the impetus of the work ethic? Has the psychological impact of Watergate, Vietnam, and the oil crisis brought about a general lethargy, skepticism, and pessimism on the part of the U.S. citizen which is reflected in attitudinal changes which affect productivity?

Is it the product of an overall system of incentives, rewards, and ideas which might be loosely defined as "ideology?" The effect of channeling human and natural resources along lines rewarded by the system may not have been appropriate for the task. Is, for example, increasing government involvement in all facets of our lives one of the causes of our problems?

Is the elaborate tax system, with armies of accountants and lawyers required to interpret it, another cause? What about the "value system" of our stock market which seems to reward short-term performance to the exclusion of long-term trends? Perhaps the system of management incentives which tends to reward short-term performance and those persons adhering to status quo at the expense of the risk takers is the cause.

Does the cause lie with the infrastructure itself? Have the cities that developed on the premise of cheap energy been caught in an urban sprawl which is uneconomic in light of the new realities of energy costs? Are the transportation and communication systems, products of the past, no longer optimum for the nation's needs?

One of the lessons learned from the science of cybernetics is that with economic, ecological, or biological systems, an attempt to identify cause and effect relationships based upon one or two independent variables is impossible. What has been learned is that people live in a world of interrelated systems with feedback and feedforward loops all impacting one on the other. To solve a problem relating to a system, one cannot look at only one variable in that system; one must look at and understand all of the variables and their interrelationships before he attempts to modify the dynamics of the system.

As I see it, the problem we face today is a systems problem demanding a systems approach. People who ask what the fundamental cause of our problem is are missing the point. The point is that there is no one fundamental cause; there are multiple "causes," multiple interrelated aspects of our current socioeconomic malaise which must be dealt with in a holistic way. A recognition of this fact is fundamental to both understanding the overall problem and solving it, because to solve it, the many sub-parts of the problem must be attacked simultaneously in a coordinated fashion, which can only be done if a cybernetic perspective is maintained.●

HOUSE OF REPRESENTATIVES—*Friday, December 11, 1981*

The House met at 10 a.m. and was called to order by the Speaker pro tempore (Mr. FOLEY).

DESIGNATION OF THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, D.C.,
December 11, 1981.

I hereby designate the Honorable THOMAS S. FOLEY to act as Speaker pro tempore on this day.

THOMAS P. O'NEILL, Jr.,
Speaker of the House of Representatives.

PRAYER

The Chaplain, Rev. James David Ford, D.D., offered the following prayer:

Teach us, O God, to use the gifts and opportunities that we have been given in ways that bless Your name and are of benefit to others.

Help us to use our time to be effective in our work and willing to touch those who are needy; help us use our talents so that we contribute to the common good and minister in ways unique to our own gifts; help us to use our treasure to support those near to us and also to lessen the pain of those who have so little. Grant us grace, O God, to do what we can with our time, our talents, and our treasure to reflect the glory and the hope of this blessed season. Amen.

THE JOURNAL

The SPEAKER pro tempore. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

Mr. LIVINGSTON. Mr. Speaker, pursuant to clause 1, rule I, I demand a vote on agreeing to the Speaker's approval of the Journal.

The SPEAKER pro tempore. The question is on the Chair's approval of the Journal.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. LIVINGSTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 328, nays 23, answered "present" 2, not voting 80, as follows:

[Roll No. 352]

YEAS—328

Akaka	Dwyer	Jeffries
Albosta	Dymally	Jenkins
Alexander	Dyson	Johnston
Anderson	Early	Jones (NC)
Andrews	Eckart	Jones (OK)
Annunzio	Edgar	Kastenmeier
Archer	Edwards (CA)	Kazen
Ashbrook	Edwards (OK)	Kildee
Aspin	Emery	Kindness
Atkinson	English	Kogovsek
Badham	Erdahl	Lagomarsino
Bafalis	Erlenborn	Lantos
Bailey (MO)	Ertel	Latta
Bailey (PA)	Evans (DE)	Leach
Barnard	Evans (IN)	Leath
Beilenson	Fary	LeBoutillier
Benedict	Fascell	Lee
Benjamin	Fazio	Leland
Bennett	Fenwick	Lent
Bereuter	Ferraro	Levitas
Bethune	Fiedler	Livingston
Bevill	Fields	Loeffler
Blanchard	Findley	Long (LA)
Bliley	Fithian	Long (MD)
Boland	Flippo	Lowry (WA)
Boner	Florio	Lujan
Bonker	Foglietta	Luken
Bouquard	Foley	Lundine
Bowen	Ford (TN)	Marlenee
Breaux	Fowler	Marriott
Brinkley	Frank	Martin (IL)
Brodhead	Frost	Martin (NC)
Broomfield	Fuqua	Martin (NY)
Broyhill	Gaydos	Matsui
Burgener	Gephardt	Mattox
Burton, Phillip	Gilman	Mazzoli
Butler	Glickman	McClory
Campbell	Goldwater	McCollum
Carman	Gonzalez	McCurdy
Carney	Gore	McDade
Chappell	Gradison	McDonald
Cheney	Gramm	McEwen
Clausen	Gray	McGrath
Clinger	Green	McHugh
Coelho	Gregg	McKinney
Coleman	Grisham	Mica
Collins (TX)	Guarini	Mikulski
Conable	Gunderson	Mineta
Conte	Hagedorn	Minish
Corcoran	Hall (OH)	Mitchell (NY)
Coyne, James	Hall, Ralph	Molinari
Coyne, William	Hall, Sam	Mollohan
Craig	Hamilton	Montgomery
Crane, Daniel	Hammerschmidt	Moore
Crane, Philip	Hansen (ID)	Moorhead
D'Amours	Hansen (UT)	Morrison
Daniel, R. W.	Hartnett	Mottl
Danielson	Heckler	Murphy
Dannemeyer	Hendon	Murtha
Daschle	Hertel	Myers
Daub	Hightower	Napier
Davis	Hillis	Natcher
de la Garza	Hollenbeck	Neal
Deckard	Hopkins	Nelligan
Derrick	Howard	Nelson
Derwinski	Hoyer	Nowak
Dicks	Hubbard	Oberstar
Dingell	Huckaby	Obey
Dixon	Hughes	Oxley
Dorgan	Hunter	Panetta
Dougherty	Hutto	Parris
Dowdy	Hyde	Pashayan
Downey	Ireland	Patman
Duncan	Jeffords	Patterson
Paul	Seiberling	Trible
Perkins	Sensenbrenner	Udall
Petri	Shamansky	Vento
Peyser	Shannon	Volkmer
Pickle	Sharp	Walgren
Porter	Shaw	Wampler
Price	Shelby	Washington
Pritchard	Shumway	Watkins
Quillen	Shuster	Waxman
Rahall	Siljander	Weaver
Railsback	Skeen	Weber (OH)
Rangel	Skelton	Weiss
Reuss	Smith (IA)	White
Rhodes	Smith (NE)	Whitehurst
Rinaldo	Smith (NJ)	Whitley
Ritter	Smith (OR)	Whittaker
Roberts (KS)	Smith (PA)	Whitten
Roberts (SD)	Snowe	Williams (MT)
Robinson	Snyder	Williams (OH)
Rodino	Solarz	Wilson
Roe	Solomon	Winn
Roemer	Spence	Wirth
Rogers	St Germain	Wolf
Rose	Stangeland	Wolpe
Rosenthal	Stanton	Wortley
Rostenkowski	Stenholm	Wright
Roth	Stratton	Wyden
Roukema	Studds	Wylie
Roybal	Stump	Yates
Rudd	Swift	Yatron
Russo	Synar	Young (FL)
Sawyer	Tauke	Young (MO)
Scheuer	Tauzin	Zablocki
Schneider	Taylor	Zeferetti
Schulze	Thomas	
Schumer	Traxler	

NAYS—23

Barnes	Evans (GA)	Miller (CA)
Brown (CO)	Evans (IA)	Miller (OH)
Coats	Forsythe	Mitchell (MD)
Coughlin	Gejdenson	Ratchford
Dickinson	Goodling	Sabo
Dreier	Harkin	Schroeder
Dunn	Hawkins	Stokes
Emerson	Holt	

ANSWERED "PRESENT"—2

Conyers Ottinger

NOT VOTING—80

Addabbo	Edwards (AL)	Markey
Anthony	Fish	Marks
Applegate	Ford (MI)	Mavroules
AuCoin	Fountain	McCloskey
Beard	Frenzel	Michel
Bedell	Garcia	Moakley
Biaggi	Gibbons	Moffett
Bingham	Gingrich	Nichols
Boggs	Ginn	O'Brien
Bolling	Hance	Oakar
Bonior	Hatcher	Pease
Brooks	Hefner	Pepper
Brown (CA)	Heftel	Pursell
Brown (OH)	Hiler	Regula
Burton, John	Holland	Richmond
Byron	Horton	Rousselot
Chappie	Jacobs	Santini
Chisholm	Jones (TN)	Savage
Clay	Kemp	Simon
Collins (IL)	Kramer	Smith (AL)
Courter	LaFalce	Stark
Crockett	Lehman	Staton
Daniel, Dan	Lewis	Vander Jagt
Dellums	Lott	Walker
DeNardis	Lowery (CA)	Weber (MN)
Donnelly	Lungren	Young (AK)
Dornan	Madigan	

□ 1015

So the Journal was approved.

The result of the vote was announced as above recorded.

□ This symbol represents the time of day during the House proceedings, e.g., □ 1407 is 2:07 p.m.

● This "bullet" symbol identifies statements or insertions which are not spoken by the Member on the floor.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Sparrow, one of its clerks, announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1230. An act to provide for the minting of commemorative coins to support the 1984 Los Angeles Olympic Games.

AGRICULTURE CONFERENCE REPORT SHOULD BE DEFEATED

(Mr. PEYSER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PEYSER. Mr. Speaker, today I am introducing into the House and Senator MOYNIHAN is introducing into the Senate a bill to extend the delay in making any adjustments in the price support level for milk and extend the time for conducting referendum on wheat and upland cotton.

Mr. Speaker, what this bill will do is extend the date until March 31, 1982, so that when the agriculture conference reaches the floor next week we will be able to defeat that conference and move immediately on this legislation to protect both the farmer and consumer community in the extension to March 31, 1982.

Mr. Speaker, in defeating the conference, no food stamp issue is involved. The food stamp program continues whether the conference report is defeated or not.

I would just like to say in closing, Mr. Speaker, that this conference totally ignored the wishes of the House both in dealing with sugar and with peanuts, and there are other reasons that will be advanced as to why this conference should be defeated.

CONFERENCE COMMITTEE ON SOCIAL SECURITY MUST ACT BEFORE WE ADJOURN

(Mr. WRIGHT asked and was given permission to address the House for 1 minute.)

Mr. WRIGHT. Mr. Speaker, as this session of Congress approaches adjournment there is one very important piece of business that has not yet been completed. That is restoration of the minimum social security benefit.

If there is one issue that could arouse the skepticism of the American people to the sincerity of the Reagan administration, this is it. Last February, while talking about a safety net, President Reagan's spokesmen proposed elimination of the minimum benefit for those poorest and oldest Americans who otherwise would be entitled to no social security whatever. Last summer as part of the Gramm-Latta budget reconciliation adopted at the President's personal insistence, Congress did indeed eliminate the meager $122 monthly minimum benefit.

On July 31, more than 4 months ago, the House, by a vote of 404 to 20, voted to restore that benefit. Some 2 months later, on September 24, the President in a television speech reversed his Gramm-Latta position and called for restoration of the very benefit he previously sought to eliminate.

The Senate passed an amended form of the bill on October 15, and the two Houses have been in conference since November 4, Thus far there has been no agreement because the Senate has sought to offset one benefit reduction with another.

Time is running out. Already 4,000 people have had their benefits affected. By early next year the number will run into the millions. To allow this to happen when the President and both Houses of Congress are on record favoring restoration would be a terrible tragedy.

Meanwhile, the administration, through its insistence on budget cuts, may be crippling the capacity of the Social Security Administration to carry out its responsibilities. Reductions of more than $100 million in administrative expenses for processing of checks and other activities of social security, including medicare, could add to that tragedy.

DRAFT REGISTRATION SHOULD BE CONTINUED

(Mr. MONTGOMERY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MONTGOMERY. Mr. Speaker, the decision of the Justice Department not to prosecute those young men who fail to register with the Selective Service System is a serious mistake.

A law has been broken and action should be taken. Also it is not fair to the young men who did register and did not break the law. If we had a national emergency and had to call up young men, what would happen is that those who did register would be drafted and put in military service and those who did not register would be free.

We spend billions of dollars on military equipment to be prepared. Doing away with peacetime registration, will be a giant step backward in being prepared militarily. By having the Selective Service System in operation, our Nation would save 3 to 6 months in mobilizing for an emergency.

Let us face it. The all-volunteer system is not working well because we still have manpower shortages in the combat arms of the Active Duty Forces and especially in the Selected Reserve and Individual Ready Reserve.

Mr. Speaker, to have the quality of manpower needed to operate the expensive and highly technical weapons systems we are now buying, it is only a matter of time before we must return to a limited draft to fill up the ranks of our combat and Reserve units. This is not the time to be talking about doing away with draft registration, nor is it proper to delay prosecution of those who fail to register as required by law.

LEGISLATION TO AID HIGH SCHOOL SENIORS

(Mr. VOLKMER asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. VOLKMER. Mr. Speaker, a few weeks ago I related to this House the plight of 14 seniors at Macon High School in my district, a situation that is common in many high schools in my district and throughout the country.

Mr. Speaker, today I am introducing H.R. 5176 to alleviate this problem. My bill will move back the enrollment deadline for high school seniors wanting to go to college and who are eligible for social security benefits from May to October. This measure will give those recipients in the graduating class of 1982 the opportunity to continue their education.

Mr. Speaker, I realize the first criticism of this legislation will be cost, and indeed this bill will cost some money. We have heard time and again from the administration and the minority in this body that the cuts in education and senior citizen programs and in social security are necessary to get this country moving again. Yesterday, in the continuing resolution, funding was reduced for many education and senior citizen programs.

Mr. Speaker, there was no way I could vote for a continuing resolution that reduced benefits for our youth's education when in the same continuing resolution foreign aid was increased and senior citizen programs were reduced, when the pay for top-level Government workers, already making $50,000 to $55,000 a year, was increased by $2,400 to $2,600 a year, and a tax break was given to Members of this Congress.

Mr. Speaker, I hope my colleagues will join me in offering this opportunity to our Nation's high school seniors with the same fervor they have for sending money abroad and spending it on themselves.

□ 1030

HOUSE SHOULD SUPPORT H.R. 5135 TO TEMPORARILY SUSPEND AUTHORITY OF DIDC

(Mr. HUBBARD asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUBBARD. Mr. Speaker, the Depository Institutions Deregulation Committee (DIDC) was created as part of the Depository Institutions Deregulation Act of 1980. The Deregulation Committee was charged with the responsibility of providing for the orderly phaseout and the ultimate elimination of the maximum rates of interest and dividends which may be paid on deposits and accounts as rapidly as economic conditions warrant.

However, the phaseout of such limitations was intended by Congress to be a gradual change.

I believe that on September 22, 1981, the DIDC acted without a substantive understanding of the thrift industry and the impact of its regulations upon all depository institutions, the thrift industry and the mortgage market. It seems that the DIDC has attempted to accelerate the deregulation process without regard for the stability of the thrift industry.

The Deregulation Committee plans to meet on December 16 to consider further proposals on new accounts which will adversely affect depository institutions, the thrift industry, and the mortgage market. Although, through an October 27 letter to DIDC Chairman Donald T. Regan, a majority of the House Banking Committee members requested a postponement of the September 22 regulations until such time as the Banking Committee could review the DIDC's actions, the effective date was not postponed.

It is my hope that all Members of the House will support H.R. 5135, introduced on December 8 by Representative JERRY PATTERSON, to temporarily suspend the authority of the DIDC.

A TRIBUTE TO THE LATE JERRY WURF, UNION LEADER

(Mr. DOWNEY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DOWNEY. Mr. Speaker, I rise with a heavy heart this morning to observe and mourn the passing of a great man, a great New Yorker, a great labor leader, Jerry Wurf, who died last night.

Jerry was militant in the finest sense of the term, and in its most benign sense. He was concerned about the plight of people. He was concerned that they be able to share the economic bounty of this country and at a time when labor leaders and unions were finding the 1970's bitter periods to increase their membership and to grow, his union, the Public Employment Union, quadrupled its membership.

For the public workers in the cities, counties and towns, for the people who serve the public, his passing will be greatly missed, and for those of us who were his friends, we will mourn for his wife and for his family.

SHOCKING INCREASE IN UNEMPLOYMENT

(Mr. MINETA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MINETA. Mr. Speaker, I rise to discuss the shocking increase in unemployment in this country. This increase is disturbing not only because of its magnitude, but also the fact that it is the direct and intended result of administration policies. The White House last week said that unemployment is "the price you have to pay" for bringing down inflation.

Who is it that has to pay? Not the people in the administration, but the autoworkers, the farmworkers, teenagers, minorities, and others who are among the more than 9 million unemployed paying for administration policies. And that 9-million figure does not include people who have been so discouraged by the economic realities that they have given up actively seeking work. That 9-million figure does not include the families of the unemployed.

What happens to these millions of unemployed? Who supports them? Who retains them? Who cares for their children?

We used to have programs in this Nation for caring for such people. Yet the administration's double whammy has put them out of work and cut back on the assistance we used to provide. So much for the safety net.

We all know Everett Dirksen's famous dictum about the Federal budget. Let me update it for today. A million unemployed here, a million there, pretty soon we have a real urgent problem. And pretty soon, my colleagues, is right now.

DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE CREATING PROBLEMS FOR THRIFT INDUSTRY

(Mr. FRANK asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. FRANK. Mr. Speaker, the possibility that the DIDC next Wednesday will further deregulate interest rates without giving the Congress a chance to address the question of deregulating the asset side of thrift institutions is a serious error. It will in the short term add to the problem of higher interest rates which have done so much to pull us into a recession. It will undercut further the ability of the thrifts to serve the housing needs of this country which are in a terrible crisis.

The thrift institutions find themselves in a bind through no fault of their own. National policies have left them with long-term low-yielding mortgages and they simply cannot at this point afford a further increase in the interest rates they pay out.

The goal of deregulation of our financial institution is an important one. It will help the economy function better and give full equity to small and large savers. But it is a goal that must be approached in sensible, phased moves.

I hope that the Banking Committee and the Congress as a whole will address early in the next session the question of a phased deregulation that meets all these needs; but unilateral action now by the DIDC to deregulate the liability side for thrift institutions with no chance for Congress to do comparable work on the assets side will exacerbate the problems of the thrifts, cause a further drain on the Treasury in money that has got to be injected into failing thrifts, and hurt the effort of trying to control interest rates.

I hope the DIDC will hold off, not forever, but for a few months so that we can act in phase on this important problem.

THE WINTER OF ECONOMIC DESPAIR

(Mr. WILLIAMS of Montana asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILLIAMS of Montana. Mr. Speaker, economists both within and without the administration and the Congress are now carefully and cautiously predicting that perhaps this current economic recession may end and perhaps it may end in next year.

Well, that is a cozy and a comfortable prediction, the notion that when you get to the bottom there is nowhere to go but up.

I accept their predictions, but the point is missed and the point is need we have gotten into a current recession? How long and how deep is it going to be? How much unemployment? How many broken dreams? How many college entrances that will be missed? How many homes will not be purchased? How long is it going to take the administration and this Congress to begin to enact new programs which will respond to this winter of our economic despair?

A TRIBUTE TO THE LATE JERRY WURF, UNION LEADER

(Mr. WEISS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WEISS. Mr. Speaker, I rise to express my sorrow on the death of a good friend of many years standing, distinguished labor leader and American, Jerry Wurf, and to express my

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condolences to his wife, Mildred, and to his family.

Jerry Wurf for many, many years was the finest example of a labor leader of the highest character and integrity. A man of deep compassion, concern, commitment, and effectiveness, he was not only an outstanding labor leader, he was an outstanding human being. We will all miss him.

THE DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE HAS BECOME A MONSTER

(Mr. PATTERSON asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. PATTERSON. Mr. Speaker, many of us have been hearing about the DIDC, the Depository Institutions Deregulation Committee, a committee that this Congress created in a bill that we adopted in the last year. In that bill we created a committee that has become a "bureaucratic monster," headed by five Federal regulatory agency chairmen that cannot seem to use their financial expertise to deregulate the financial industry in a fair and important manner, due to their own "special interest" areas.

Congress asked them to deregulate the financial institutions industry on an equitable basis. They have, in fact, commenced to deregulate the beleaguered thrift institutions asset side first in such a manner that if inflation does not get them, if the lack of housing starts does not get them, the DIDC certainly will by design and intent kill the savings and loans, mutual savings banks, and small community banks that have historically financed home loans.

I have introduced, just 2 days ago, H.R. 5135, which would require the DIDC to suspend its actions for a period of 6 months in order to allow Congress to address the real problems that face financial institutions, and the consumer who borrows or saves with them.

I ask for your support for this bill because unless the DIDC is restrained, their five members—composed of the Secretary of the Treasury, the Chairmen of the Federal Reserve Board, the FDIC, the NCUA, and the FHLBB—will destroy the thrift industry and the taxpayers will be forced to make good on the federally insured deposits of the failed institutions.

Please join me in sending a strong message to the DIDC prior to next Wednesday, when they next meet, by cosponsoring H.R. 5135.

THRIFT INDUSTRY FACING SERIOUS CRISIS BECAUSE OF ACTIONS OF DEPOSITORY INSTITUTIONS DEREGULATION COMMITTEE

(Mr. AKAKA asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. AKAKA. Mr. Speaker, today, the thrift industry in this Nation is faced with a serious crisis. While this can be partially attributed to the economy, much of it is due to the actions of the Depository Institutions Deregulations Committee, otherwise known as DIDC.

On December 16, the DIDC is scheduled to consider four proposals for new accounts. One proposal would establish a $25,000 wild card account with 1-day notice of withdrawal—effectively a jumbo certificate of deposit. The second proposal would create a $5,000 minimum, ceiling-free transactions account. The third would create a $10,000 minimum, 91-day account with a floating interest rate tied to the 13-week Treasury bill discount rate. And the fourth proposal would create a new, 3½-year wild card account.

These proposals are in addition to DIDC's refusal to comply with the request of a majority of the House Banking Committee, which on October 30 asked the DIDC to delay implementation of its decision of September 22. That decision created an 18-month wild card IRA/Keogh account.

Clearly, DIDC is not complying with the language of the law enacted by the 96th Congress. The Depository Institutions Deregulation and Monetary Control Act directs DIDC to work toward providing all depositors with a market rate of return on their savings with due regard for the safety and soundness of depository institutions. While DIDC may seem to be complying with the first-half of this directive, it is totally ignoring the other portion of the law which clearly states that the safety and soundness of financial institutions are to be given equal weight in decisionmaking.

I urge my colleagues to take immediate action to place a moratorium on DIDC's actions for at least a period of 6 months.

DEMOCRATS AND THE ECONOMY

(Mr. WYLIE asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous material.)

Mr. WYLIE. Mr. Speaker, late in October I sent out a postal patron newsletter and questionnaire to the people of the district I represent, the 15th Ohio District. Over 16,000 questionnaires were answered and returned so far.

One question I asked was, "Do you approve of President Reagan's performance thus far?" Seventy percent said yes.

I am planning to introduce the entire questionnaire results into the Extension of Remarks.

Also I am including in my remarks here a broadcast editorial on WTVN radio and TV, the central theme of which is, "economic recovery will not come overnight. But a new course has been charted, and it should be given a chance."

Mr. Speaker, the WTVN editorial of December 8, 1981, follows:

DEMOCRATS AND THE ECONOMY

It's becoming more and more popular for the nation's leading Democrats to blame the Reagan Administration for this country's economic plight. Both House Speaker Tip O'Neill and Senator Edward Kennedy recently blasted the President for high unemployment and inflation.

But, it wasn't President Reagan who created the mess we're in today. He's working hard to pull the country out of it, and progress is expected next year.

It's sheer folly for Democrats, after decades of producing big federal and government deficits to turn their political wrath on the Reagan Administration.

Economic recovery will not come overnight. But a new course has been charted, and it should be given a chance. Democratic leaders should concentrate more on responsible talk and on hard work than on biased political rhetoric.

CONGRESSMAN NELLIGAN INTRODUCES H.R. 3001, TO ALLOW CAPITAL PUNISHMENT FOR ATTEMPTED ASSASSINATION OF THE PRESIDENT

(Mr. NELLIGAN asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. NELLIGAN. Mr. Speaker, in the last 2 weeks, we have received reports that a team of Libyan terrorists is seeking to kill the President.

This revelation only confirms what I have suspected for a long time—that Qadhafi is a true madman who seeks only tyranny and brutal destruction.

I have introduced legislation, H.R. 3001, which would allow capital punishment for the attempted assassination of the President or individuals in the line of succession to the Presidency.

I introduced this bill after the March 30 attempt on the life of President Reagan. However, I feel the events of the last 2 weeks reinforce the rationale for this measure.

I feel that enactment of H.R. 3001 at this time would send a forceful message to Qadhafi and like-minded individuals. Enactment of H.R. 3001 would signal that this Nation is willing to impose the ultimate penalty for any attempt on the life of the President.

I urge my colleagues to cosponsor this bill.

DRASTIC CUTS IN LAW ENFORCEMENT CATEGORIES

(Mr. HUGHES asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. HUGHES. Mr. Speaker, yesterday's continuing appropriation bill again had severe cuts in vital law enforcement functions. After having analyzed the cuts yesterday, last evening and this morning, I find that we have taken again drastic cuts in areas such as BATF, which has prime responsibilities for arson and explosives investigations; that cut, $35 million, combined with inflation at roughly 9 to 10 percent, means that that agency is going to have to probably RIF one-third to one-half of the law enforcement personnel responsible for discharging those particular responsibilities at a time when arson and explosive related crimes are increasing at an alarming rate.

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Given inflationary pressures and increased responsibilities the FBI is going to lose ground. The Coast Guard took a severe cut, which means in addition to the cuts for drug interdiction we have taken thus far, we are probably going to have to phase out other essential efforts to combat the flood of drugs coming into the United States.

The U.S. marshals and U.S. attorneys have taken cuts again. We now have 3,000 fugitive warrants in this country that we cannot execute because we do not have personnel or cannot provide the resources to find those individuals. Many of those criminals on the loose are drug related. These cuts are counterproductive and contrary to the public interest.

It seems to me we are going to find in time that that vote yesteday was a most improvident one.

SAVINGS AND LOANS NEED HELP

(Mr. DICKS asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. DICKS. Mr. Speaker, yesterday leading members of the savings and loan industry in the State of Washington met with our congressional delegation.

I was impressed by their description of the deep economic problems facing the thrift industry.

I was also impressed by the fact that my colleague, the gentleman from California, Mr. PATTERSON, has introduced two important pieces of legislation dealing with this crisis. One of these bills, H.R. 5135, would require the Depository Institutions Deregulation Committee, or DIDC, to stop its efforts to deregulate the savings industry for a 6-month period. This seems to be quite timely legislation, in light of recent actions by the DIDC which will add significant costs to doing business without liberalizing the asset structure of the savings and loan industry. If my colleagues will recall, the Depository Institutions Deregulation Act of 1980, Public Law 96-221, called for the "orderly phaseout" of interest rate ceilings, but emphasized maintaining the "safety and soundness of depository institutions." Recent DIDC actions threaten that safety and soundness. If I were on the DIDC, I would wait until the Congress had an opportunity to clarify the intent of the law before taking further steps to deregulate the already fragile savings and loan industry.

I also think it is important that the Reagan administration recognize the deep difficulties facing the savings and loans in this country. I urge the President to impress upon the Federal Reserve Board the necessity of modifying its economic program to bring interest rates down soon. That, in my judgment, is the only thing in the near term which will help the savings and loans survive and flourish.

REQUEST FOR PERMISSION FOR COMMITTEE ON ARMED SERVICES TO FILE REPORT ON HOUSE RESOLUTION 287, DISAPPROVING FURTHER PRODUCTION OF NAVAL PETROLEUM RESERVES 1 AND 3

Mr. WHITE. Mr. Speaker, I ask unanimous consent that the Committee on Armed Services may have until midnight, December 11, 1981, to file the report on House Resolution 287, a resolution to disapprove further production of Naval Petroleum Reserve No. 1 (Elk Hills) and Naval Petroleum Reserve No. 3 (Teapot Dome).

Mr. JOHNSTON. Mr. Speaker, reserving the right to object, has that decision been cleared with the minority?

Mr. WHITE. Mr. Speaker, if the gentleman will yield, I do not know that it has. This is a routine procedure. We have gone through the hearing. The committee has reported out the bill. Of course, it still would have to go through Rules before the bill could come before the full House.

Mr. JOHNSTON. Mr. Speaker, will the gentleman withdraw his request until we have time to check?

Mr. WHITE. I will withdraw the request, Mr. Speaker.

The SPEAKER pro tempore. The gentleman withdraws the request.

AUTHORIZING FUNDS FOR STANDING AND SELECT COMMITTEES OF THE HOUSE OF REPRESENTATIVES

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of a resolution (H. Res. 294) authorizing funds for the standing and select committees of the House of Representatives, which will allow for the continued operation of the standing and select committees during House deliberations on committee funding levels for the second session.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. FRENZEL. Mr. Speaker, reserving the right to object, I reserve the right to object in order to yield to the distinguished chairman so he might explain the nature of House Resolution 294.

Mr. HAWKINS. Mr. Speaker, the resolution is a very routine resolution passed each session.

Section 1 of the resolution will authorize each standing committee of the House, and the two permanent select committees established in the rules of the House, to expend necessary moneys from the contingent fund until the House is able to adopt primary expense resolutions covering such committees, or until March 31, 1982.

Section 2 provides that funds spent by a committee under the continuing resolution shall be debited against amounts authorized in the primary expense resolution.

Section 3 requires compliance with the regulations of the Committee on House Administration, and any rules necessary to administer the continuing resolution.

This resolution will maintain the overall status quo with respect to the expenditure of funds by standing and select committees. Its operative language is identical to the continuing resolution adopted at the beginning of the 97th Congress—House Resolution 9.

The resolution clearly served its purpose in the first session, and everyone is familiar with the meaning and application of the language.

Mr. FRENZEL. I thank the distinguished chairman.

Further reserving the right to object, I second his statement. This is boilerplate to keep us going into the second session of this Congress, which has been passed out of our committee unanimously. It should be promptly passed.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The Clerk read the resolution, as follows:

H. RES. 294

Resolved, That (a) there shall be paid out of the contingent fund of the House, in accordance with subsection (b), for the period beginning January 3, 1982, and ending March 31, 1982, such sums as may be necessary for the continuance of necessary projects, activities, operations, and services, by contract or otherwise, including payment of staff salaries for services performed, by each standing or select committee established in the rules of the House.

(b) Each committee referred to in subsection (a) shall be entitled, for each month during the period specified in subsection (a), to payments out of the contingent fund of the House in amounts equal to 9 per centum of the total amount authorized for use by such committee during the first session of the Ninety-seventh Congress.

SEC. 2. The entitlement of any standing or select committee of the House to payments under this resolution shall cease on the effective date of the primary expense resolution adopted with respect to such committee.

SEC. 3. Funds authorized by this resolution shall be expended pursuant to rules and regulations promulgated by the Committee on House Administration.

The resolution was agreed to.

A motion to reconsider was laid on the table.

REQUEST FOR CONSIDERATION OF HOUSE CONCURRENT RESOLUTION 231, AUTHORIZING ERECTION OF CERTAIN STRUCTURES AT WEST FRONT OF THE CAPITOL IN CONNECTION WITH RALLY COMMEMORATING BIRTH OF DR. MARTIN LUTHER, KING, JR.

Mr. HAWKINS. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 231, which will authorize the erection of sound towers and a stage on the west front of the Capitol in connection with a rally to be held January 15, 1982, in commemoration of the birth of Dr. Martin Luther King, Jr.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

Mr. JOHNSTON. Mr. Speaker, reserving the right to object——

Mr. McDONALD. Mr. Speaker, I object.

The SPEAKER pro tempore. Objection is heard.

Mr. HAWKINS. Mr. Speaker, I withdraw the unanimous-consent request.

PERMISSION TO FILE CONFERENCE REPORT ON H.R. 4241, MILITARY CONSTRUCTION APPROPRIATIONS, 1982

Mr. GINN. Mr. Speaker, I ask unanimous consent that the managers may have until midnight tonight to file a conference report on the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

MAKING IN ORDER ON TODAY OR ANY DAY THEREAFTER CONSIDERATION OF CONFERENCE REPORT ON H.R. 4241, MILITARY CONSTRUCTION APPROPRIATIONS, 1982

Mr. GINN. Mr. Speaker, I ask unanimous consent that it may be in order at any time today, December 11, 1981, or any day thereafter, to consider the conference report and any amendments in disagreement on the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

OMNIBUS TERRITORIES BILL

Mr. WON PAT. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 5139) to authorize appropriations for certain insular areas of the United States, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

Mr. LAGOMARSINO. Mr. Speaker, reserving the right to object, and I shall not object, I take this reservation to ask the gentleman if he will briefly explain what is involved in this legislation.

Mr. WON PAT. If the gentleman will yield, this is the omnibus territories bill. As recommended by the Interior Committee it has four provisions:

First, it provides a mechanism for the recall of the Lieutenant Governor of Guam and members of the Guam Legislature.

Second, it authorizes an extension of the time for the transfer of excess personal property in the Trust Territory of the Pacific Islands.

Third, it provides authority to appropriate up to $150,000 for a Caribbean educational, cultural and technical exchange program at the College of the Virgin Islands.

Fourth, it authorizes guaranteed loans to the American Samoa Power Authority to finance sorely needed power generation facilities. The total authority is limited to $8 million, but the provision specifies that in the case of default—which we would not expect—the U.S. Treasury would be reimbursed from funds that American Samoa would otherwise be entitled to receive under other provisions of law or other Federal programs.

That is a brief summary of the bill, as recommended by the Interior Committee.

Mr. LAGOMARSINO. I thank the gentleman for his explanation, and I support the legislation.

Mr. Speaker, in order to meet the administration's objections, H.R. 5139 represents a significantly scaled down version of H.R. 3659, which we debated on the floor last July 13 and subsequently withdrew. Nevertheless, important territorial issues are addressed in this legislation—namely: First, the amendment of Guam's Organic Act to permit the recall of territorial officials; second, amendment of the date to effect Federal property transfer in the trust territory from October 1, 1982, to the date of trusteeship termination; and third, a fiscal year 1983 authorization of $150,000 as a Federal grant to the government of the Virgin Islands to study and plan for the creation of a Caribbean institution for educational, cultural and technical interchange.

I am especially pleased with the latter provision, for it fits into the President's contemplated Caribbean initiative. And it assures that the U.S. Virgin Islands will not be overlooked in the development of this new plan to spur economic development in the Caribbean basin. Moreover, in the subcommittee's markup, we adopted an amendment—proposed by the administration—which provides $8 million in guaranteed loans to upgrade American Samoa's antiquated power generation system.

Accordingly, Mr. Chairman, I endorse H.R. 5139, as amended, and urge its passage.

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., December 8, 1981.

Hon. ROBERT J. LAGOMARSINO,
House of Representatives,
Washington, D.C.

DEAR MR. LAGOMARSINO: In my letter of October 30, 1981, concerning Congressman Won Pat's proposed amendment to H.R. 3659, I stated that we would be sending revised legislative language on the guaranteeing of loans for American Samoa power generating facilities.

Enclosed is draft legislation that would give the Secretary of the Interior authority to guarantee loans for American Samoa power generating facilities. We recommend that the legislation be enacted.

The American Samoa Government has justified the expenditure of $8 million for power generating facilities designed to meet the territory's power needs and prevent the rash of blackouts now experienced. The legislation provides for borrowing through the private market rather than through the Federal Financing Bank. In addition, there would be a requirement for a plan that would ensure proper training of personnel and an on-going preventative maintenance program. Furthermore, the draft would tighten repayment provisions.

American Samoa needs the power generating equipment. The enclosed draft legislation would provide funding for the facilities, and at the same time ensure repayment of the loan and protection of the guarantor.

The Office of Management and Budget has advised that there is no objection to the submission of this report to the Congress from the standpoint of the Administration's program.

Sincerely,

DONALD PAUL HODEL,
Under Secretary.

● Mr. SUNIA. Mr. Speaker, I rise in support of H.R. 5139, the omnibus territories bill. This measure provides for a few needed authorizations for the U.S. insular areas. Its passage is vital to the needs of our areas.

One of the provisions in this bill—and the one that has the most significance to the power situation in the territory of American Samoa—would authorize up to $8 million in federally guaranteed loans for financing power generation facilities. The people of American Samoa have been experiencing a power generation crisis for some time now, and often suffers blackouts. I believe that this loan guarantee will provide the necessary capital for financing reliable electrical generating facilities in the territory. The Interior Department highly recommended this funding mechanism.

I would also like to take this opportunity to express my appreciation to the chairman and the ranking minority member of the subcommittee on Insular Affairs for their efforts which enable this measure to reach the floor of the House today. The passage of this legislation will meet some of the most immediate needs of our U.S. offshore areas. I urge my colleagues to support this bill. Thank you.●

Mr. LAGOMARSINO. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

There was no objection.

The Clerk read the bill, as follows:

H.R. 5139

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I—GUAM

SEC. 101. Section 7 of the Organic Act of Guam (64 Stat. 384, 487, as amended; 48 U.S.C. 1422a) is further amended as follows:

(1) after "SEC. 7." insert the following new section:

"(a) The people of Guam shall have the right of initiative and referendum, to be exercised under conditions and procedures specified in the laws of Guam.";

and change "Any Governor" to (b) Any Governor, Lieutenant Governor, or member of the legislature";

(2) after the word "Governor" wherever it thereafter appears in the section, insert a comma and the words "Lieutenant Governor, or member of the legislature";

(3) in the first sentence, after "persons voting" insert "respectively" and change "participating in the" to "participating in such"; and

(4) in the second sentence after "votes cast" insert "respectively" and change "at which a" to "at which the".

TITLE II—TRUST TERRITORY OF THE PACIFIC ISLANDS

SEC. 201. In section 402(a) of Public Law 96-567 (94 Stat. 3478) strike "by October 1, 1982," and insert in lieu thereof: "by a date not later then ninety days following termination of the trusteeship agreement governing the administration of the trusteeship agreement governing the administration of the Trust Territory of the Pacific Islands,".

TITLE III—VIRGIN ISLANDS

SEC. 301. (a) There is authorized to be appropriated to the Secretary of the Interior $150,000 for the fiscal year 1983 to be paid as a grant to the government of the Virgin Islands for use by the College of the Virgin Islands to study and plan for the creation of an institution for Caribbean educational, cultural, and technical interchange.

(b) The Secretary may place such stipulation as he deems appropriate on the use of funds appropriated pursuant to subsection (a) of this section.

(c) Grant funds appropriated pursuant to subsection (a) but not obligated or expended during the fiscal year in which they are appropriated shall remain available for obligation or expenditure in subsequent fiscal years.

TITLE IV—MISCELLANEOUS

SEC. 401. Any amount authorized by this Act or by Public Law 96-597 (94 Stat. 3477), but not appropriated for a fiscal year is authorized to be available for appropriations in succeeding fiscal years.

COMMITTEE AMENDMENT

The SPEAKER pro tempore. The Clerk will report the committee amendment.

The Clerk read as follows:

Committee amendment: Page 3, line 12, strike title IV and insert:

TITLE IV—AMERICAN SAMOA

SEC. 401. (a) The Secretary of the Interior (hereafter in this section referred to as "Secretary") is authorized to guarantee for purchase by private parties bonds or other obligations of the American Samoa Power Authority that may be issued in order to finance the purchase, shipment and installation of power generating equipment, and related accessories, and to finance, as needed, overhaul of existing power generating equipment, parts, and lines.

(b) The aggregate principal amount of obligations that may be guaranteed under subsection (a) shall not exceed $8,000,000, and commitments to guarantee such obligations are authorized for any fiscal year only to the extent and in such amounts as provided in advance in appropriation acts. No commitment to guarantee shall be entered into under this section after September 30, 1983.

(c) Guarantees made under subsection (a) shall be on such terms and conditions as the Secretary may prescribe, except that:

(1) No guarantee or commitment to guarantee shall be made unless the Secretary determines that credit is not otherwise available on reasonable terms and conditions and that there exists reasonable financial capability on the part of the American Samoa Power Authority to repay the required interest and principal as determined above;

(2) The proceeds of such issue shall be used only for those items listed in subsection (a) and shall not exceed 90 per centum of the estimated cost of the activity to be financed;

(3) The maturity of any obligations to be guaranteed does not exceed thrity years or 90 per centum of the useful life of the physical assets to be financed by the obligation, whichever is less, as determined by the Secretary;

(4) No guarantee or commitment to guarantee shall be made unless the Secretary determines that the American Samoa Power Authority has a viable plan, with adequate funding, for scheduling preventative and necessary maintenance of the power generating facilities on an on-going basis, and to train personnel to operate the power generating facilities in a professional manner;

(5) No loan shall be guaranteed if the income from such loan is excluded from gross income for the purposes of Chapter 1 of the Internal Revenue Code of 1954, or if the guarantee provides significant collateral or security, as determined by the Secretary, for other obligations the income from which is so excluded;

(6) Obligations shall not be guaranteed if they bear interest (exclusive of guarantee fees and service charges) at rates that the Secretary determines to be excessive, taking into account the range of rates for similar obligations in the private market and the risks assumed by the United States;

(7) The approval of the Secretary of the Treasury shall be required of the interest rates, timing, and other terms and conditions of the financing of guaranteed obligations, except that the Secretary of the Treasury may waive this requirement with respect to the financing of any guaranteed obligation when he determines that such financing does not have a significant impact on the market for Government and Government-guaranteed securities;

(8) The Secretary shall charge and credit to the appropriate account fees in amounts sufficient in his judgment to cover administrative costs associated with such guarantees;

(9) Any guarantee made by the Secretary shall be conclusive evidence of the eligibility of the loan for such guarantee, and the validity of any guarantee so made shall be incontestable, except for fraud or material misrepresentation, in the hands of the holder of the guaranteed loan; and

(10) The Secretary may place such stipulations as he deems appropriate on the bonds or other obligations he guarantees.

(d) (1) If, as a result of a default by the American Samoa Power Authority under a guaranteed obligation, after the lender has made such further collection efforts and instituted such enforcement proceedings as the Secretary may require, the Secretary determines that the lender has suffered a loss, the Secretary shall pay to such lender 90 per centum of such loss, as specified in the guarantee contract. Upon making any such payment, the Secretary shall be subrogated to all the rights of the lender. The United States shall be entitled to recover from the American Samoa Power Authority or the American Samoa Government the

amount of any payments made pursuant to any guarantee entered into under this section. Any payment to the government of American Samoa by any agency or instrumentality of the United States which may be or become due pursuant to any Federal law shall be (1) paid into the general fund of the Treasury as an offset against any claim the United States may have against the American Samoa Government or the American Samoa Power Authority pursuant to his guarantee, or (2) used to fund the maintenance and training planned under subsection (c)(4) of this section, if the Secretary determines that the American Samoa Power Authority is not following the maintenance and training plan. For the purposes of this section, the term "person" contained in section 3466 of the Revised Statutes (31 U.S.C. 191) includes the American Samoa Government and the American Samoa Power Authority.

(2) The Attorney General shall take such action as may be appropriate to enforce any right accruing to the United States as a result of the issuance of any guarantee under this section. Any sums recovered pursuant to this section shall be paid into the general fund of the Treasury.

(3) Nothing in this section shall be construed to preclude any forebearance for the benefit of the American Samoa Power Authority or the American Samoa Government which may be agreed upon by the parties to the guaranteed loan and approved by the Secretary.

(4) Notwithstanding any other provision of law relating to the acquisition, handling, or disposal of property by the United States, the Secretary shall have the right in his discretion to complete, recondition, reconstruct, renovate, repair, maintain, operate, or sell any property acquired by him pursuant to the provisions of this section.

Mr. WON PAT (during the reading). Mr. Speaker, I ask unanimous consent that the committee amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

There was no objection.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. WON PAT. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill just passed.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Guam?

There was no objection.

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION BILL, 1982

Mr. LONG of Mayland. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Maryland (Mr. LONG).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. JOHNSTON. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 363, nays 16, answered "present" 2, not voting 52, as follows:

[Roll No. 353]

YEAS—363

Addabbo	Coyne, James	Fountain
Akaka	Coyne, William	Fowler
Albosta	Craig	Frank
Alexander	Crane, Daniel	Frenzel
Anderson	Crane, Philip	Frost
Andrews	D'Amours	Fuqua
Annunzio	Daniel, Dan	Gaydos
Archer	Daniel, R. W.	Gejdenson
Aspin	Danielson	Gephardt
Atkinson	Daschle	Gibbons
Badham	Daub	Gilman
Bafalis	Davis	Gingrich
Bailey (MO)	de la Garza	Ginn
Bailey (PA)	Deckard	Glickman
Barnard	Dellums	Gonzalez
Barnes	DeNardis	Goodling
Beilenson	Derrick	Gore
Benedict	Derwinski	Gradison
Benjamin	Dicks	Gramm
Bennett	Dingell	Gray
Bereuter	Dixon	Green
Bethune	Donnelly	Gregg
Bevill	Dorgan	Grisham
Bingham	Downey	Guarini
Blanchard	Duncan	Gunderson
Bliley	Dunn	Hagedorn
Boggs	Dwyer	Hall (OH)
Boland	Dymally	Hall, Sam
Boner	Early	Hamilton
Bonior	Eckart	Hammerschmidt
Bonker	Edgar	Hansen (ID)
Bouquard	Edwards (AL)	Hansen (UT)
Bowen	Edwards (CA)	Harkin
Breaux	Edwards (OK)	Hartnett
Brinkley	Emerson	Heckler
Brodhead	Emery	Heftel
Broomfield	English	Hertel
Brown (CO)	Erdahl	Hightower
Broyhill	Ertel	Hiler
Burgener	Evans (DE)	Hillis
Burton, Phillip	Evans (GA)	Holland
Butler	Evans (IA)	Hollenbeck
Byron	Evans (IN)	Hopkins
Campbell	Fary	Horton
Carman	Fascell	Howard
Carney	Fazio	Hoyer
Chappell	Fenwick	Hubbard
Cheney	Ferraro	Huckaby
Clausen	Fiedler	Hughes
Clinger	Fields	Hunter
Coats	Findley	Hutto
Coelho	Fish	Hyde
Coleman	Fithian	Ireland
Collins (TX)	Flippo	Jeffords
Conable	Florio	Jeffries
Conte	Foglietta	Jenkins
Conyers	Foley	Jones (NC)
Corcoran	Ford (TN)	Jones (OK)
Coughlin	Forsythe	Kastenmeier
Kazen	Murtha	Shumway
Kemp	Myers	Shuster
Kildee	Napier	Siljander
Kogovsek	Natcher	Skeen
Lagomarsino	Neal	Skelton
Lantos	Nelligan	Smith (AL)
Latta	Nelson	Smith (IA)
Leach	Nowak	Smith (NE)
Leath	Oberstar	Smith (NJ)
LeBoutillier	Oxley	Smith (OR)
Lee	Panetta	Smith (PA)
Lehman	Pashayan	Snowe
Leland	Patman	Solarz
Lent	Patterson	Spence
Levitas	Paul	St Germain
Lewis	Pease	Stangeland
Livingston	Perkins	Stanton
Loeffler	Petri	Stark
Long (LA)	Peyser	Stenholm
Long (MD)	Pickle	Stokes
Lott	Porter	Stratton
Lowery (CA)	Price	Studds
Lowry (WA)	Pritchard	Stump
Lujan	Pursell	Swift
Luken	Quillen	Synar
Lundine	Rahall	Tauke
Lungren	Railsback	Tauzin
Madigan	Rangel	Taylor
Markey	Ratchford	Thomas
Marks	Regula	Traxler
Marlenee	Reuss	Trible
Marriott	Rhodes	Udall
Martin (IL)	Rinaldo	Vander Jagt
Martin (NC)	Ritter	Vento
Martin (NY)	Roberts (KS)	Volkmer
Matsui	Roberts (SD)	Walgren
Mattox	Robinson	Walker
Mavroules	Rodino	Waxman
Mazzoli	Roe	Weaver
McClory	Rogers	Weber (OH)
McCollum	Rosenthal	Weiss
McCurdy	Rostenkowski	White
McDade	Roth	Whitehurst
McEwen	Roukema	Whitley
McGrath	Roybal	Whittaker
McHugh	Rudd	Whitten
McKinney	Russo	Williams (OH)
Mica	Sabo	Wilson
Michel	Santini	Winn
Mikulski	Sawyer	Wirth
Miller (CA)	Scheuer	Wolf
Miller (OH)	Schneider	Wolpe
Mineta	Schroeder	Wortley
Mitchell (NY)	Schulze	Wright
Moffett	Schumer	Wyden
Molinari	Seiberling	Wylie
Mollohan	Sensenbrenner	Yates
Moore	Shamansky	Yatron
Moorhead	Shannon	Young (AK)
Morrison	Sharp	Young (MO)
Motti	Shaw	Zablocki
Murphy	Shelby	Zeferetti

NAYS—16

Dowdy	Holt	Roemer
Dreier	Jacobs	Rousselot
Dyson	Johnston	Snyder
Hall, Ralph	Kindness	Solomon
Hawkins	McDonald	
Hendon	Mitchell (MD)	

ANSWERED "PRESENT"—2

Goldwater	Ottinger

NOT VOTING—52

Anthony	Dannemeyer	O'Brien
Applegate	Dickinson	Oakar
Ashbrook	Dornan	Obey
AuCoin	Dougherty	Parris
Beard	Erlenborn	Pepper
Bedell	Ford (MI)	Richmond
Biaggi	Garcia	Rose
Bolling	Hance	Savage
Brooks	Hatcher	Simon
Brown (CA)	Hefner	Staton
Brown (OH)	Jones (TN)	Wampler
Burton, John	Kramer	Washington
Chappie	LaFalce	Watkins
Chisholm	McCloskey	Weber (MN)
Clay	Minish	Williams (MT)
Collins (IL)	Moakley	Young (FL)
Courter	Montgomery	
Crockett	Nichols	

□ 1115

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill, H.R. 4559, with Mr. KAZEN in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee of the Whole rose on Thursday, December 10, 1981, all time for general debate had expired.

The Clerk will read.

The Clerk read as follows:

CONTRIBUTION TO THE INTERNATIONAL DEVELOPMENT ASSOCIATION

For payment to the International Development Association by the Secretary of the Treasury, $850,000,000, to be available only upon the enactment of authorizing legislation, for the second installment of the United States contribution to the sixth replenishment, to remain available until expended: *Provided*, That no such payment may be made while the United States Executive Director to the International Bank for Reconstruction and Development is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level IV of the Executive Schedule under section 5315 of title 5, United States Code, or while the alternate United States Executive Director to the Bank is compensated by the Bank at a rate in excess of the rate provided for an individual occupying a position at level V of the Executive Schedule under section 5316 of title 5, United States Code.

AMENDMENT OFFERED BY MR. EDWARDS OF OKLAHOMA

Mr. EDWARDS of Oklahoma. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. EDWARDS of Oklahoma: Page 4, line 19, strike out "$850,000,000" and insert in lieu thereo "$520,000,000".

(By unanimous consent, Mr. EDWARDS of Oklahoma was allowed to proceed for an additional 5 minutes.)

The CHAIRMAN. The gentleman from Oklahoma (Mr. EDWARDS) is recognized for 10 minutes in support of his amendment.

Mr. EDWARDS of Oklahoma. Mr. Chairman, this is not an easy moment for me. I believe in this amendment with all my heart, but it is not easy for me to oppose this President. I have worked with him for a year. I have voted with him for a year consistently. I stood in the snow in New Hampshire and I campaigned for him when my hands were so cold I could not hold a cup of coffee and my mouth was so cold I could not talk.

Mr. Chairman, I believe in Ronald Reagan, and I would not be here today if I did not believe with all my heart that this time, this one time, I just cannot go along.

This is not a minor amendment, and it is not noncontroversial. It is not going to sneak by. This is an amendment to reduce the appropriation for the International Development Association from $850 million to $520 million. It is an amendment to save the taxpayers nearly a third of a billion dollars without taking away a single educational loan or a single food stamp.

Mr. Chairman, I think the Congress has to pass this amendment. I think we have to pass this amendment for two reasons: One, because of equity, and one because of a very necessary change in the direction of American foreign policy.

Since World War II, foreign assistance has been a significant part of America's foreign policy, and I would not stand here and try to tell the Members of this House that there is no role for American foreign aid programs. There is a role. There is a role because sometimes our assistance to small front-line Third World countries may help prevent those countries from being dominated politically, economically, or militarily by the Soviet Union, and to that extent the money spent on foreign assistance is money spent for our own national security interest. And that is true whether it is military assistance or economic assistance.

Sometimes, Mr. Chairman, there is another reason why it is right for American taxpayers to dig into their pockets to help people in another country, and that is to meet our very basic commitment to humanitarian needs. That is why we operate programs to take care of people who suffer from famine or flood or earthquake.

So, Mr. Chairman, I do not maintain at all that foreign assistance is inherently wrong. If we are to be a global power, then the United States needs a carefully structured, carefully administered, bilateral direct foreign assistance program. What we do not need is to pour hundreds of millions of American dollars into multilateral organizations which we do not control, over which we have precious little influence, and which use enormous chunks of American money to benefit greedy nations which suck us dry and consistently oppose American foreign policy.

The World Bank and the International Monetary Fund lend American money to other nations at reduced interest rates. But they do charge interest, and those loans are repaid. I am not asking you today to pull out of the World Bank or the International Monetary Fund, but there is another part of the multilateral development system for which I can find no rational claim on American dollars, and I am talking about IDA—the International Development Association—the soft loan window of the World Bank.

IDA takes hundreds of millions of American dollars and pours them into countries like India, which gets 40 percent of the IDA money—India, a country with 600 million people and massive poverty while the Government of India spends its own money to build nuclear reactors, nuclear weapons, space satellites, and giant sports complexes, and in exchange for our generosity, shows its gratitude by buying massive quantities of Soviet weapons and arrogantly preaching to the United States while refusing to condemn the Soviet invasion of Afghanistan and criticizing us for shooting down two Libyan aircraft after they fired on American pilots.

Mr. Chairman, I have heard a lot in the last couple of days about this so-called Edwards amendment to destroy the American foreign aid program, but I am not attacking the American foregin aid program. I am not attacking the hard-loan development banks, I am not attacking bilateral assistance, and I am not attacking security assistance. What I am doing is offering an amendment to give the Congress, as the voice of the American taxpayer, a chance to say to the State Department that it is time to cut back on our participation in programs which do not recognize the right of this Congress to limit how American dollars are to be spent and which would subsidize this country's enemies.

Let me make another point. Whether you believe the Reagan economic program will work, as I do, or that it will not—and I know that there are some in this room who believe that it will not—the fact is that right now American business is suffering, and it is suffering because of high interest rates and inflation. If an American who owns a business or who wants to buy a home can get a loan at all, the interest rates are so high that they are prohibitive. Builders and realtors and farmers and small businessmen all over the country are feeling the pinch of those high interest rates, and I do not believe that any man or woman in this Congress can vote for a $330 million increase, nearly a third of a billion dollar increase, in appropriations to pay for loans to India with no interest charges, with 50 years to repay, and with 10 years before any kind of repayment is due at all.

You can talk to me about strategy, about conference committees, about coalitions, about the commitments of the previous administration, but there is no way that you can defend the increase in IDA funding that is included in this bill. You just cannot do it. You cannot go the American taxpayer, who for the last 6 months has had to pay 17, 18, 19, or 20 percent interest, and make him pay the taxes for an increase in funding to pay for interest-free loans to build a sports complex in New Delhi.

Mr. Chairman, when somebody asked me about the foreign aid bill as a whole and talked about the great need for the security assistance part of this program—and I agree that we need that part of this program—my response was that the State Department is trying to get us to buy a dog because we like its tail. I support the security assistance part of this program, but this is not a security assistance package. That is a part of it, and the rest of it is a dog.

Mr. Chairman, I have mentioned the high interest rates and the comparison between the high interest rates the American consumer has to pay and the interest-free loans given by IDA, but let me not forget to also point out to my colleagues that this country has been on a spending binge for 50 years, and because of that spending binge, because of the need to tighten our belts and get this economy back in order, and to stop the inflation that was a result of that spending binge, we have asked the American people to swallow some mightily bitter pills. We are cutting back on everything except for a few "sacred cows," and I do not think foreign aid is a "sacred cow."

It would be unconscionable and totally indefensible to reduce student loan benefits, to reduce funding for the Food and Drug Administration, to reduce funding for national defense—cut, cut, cut—and increase IDA spending by a third of a billion dollars. That is an absurd and indefensible proposition, and the State Department ought to be embarrassed to come before the U.S. Congress and even propose such an idea. The American people do not support it, they will not support it, and they will not understand it.

What is more, Mr. Chairman—and this is a very important point, and I want the Members to listen—the administration is negotiating right now on a commitment to the next IDA replenishment, IDA VII, at even more cost to the American taxpayer. If we do not send the State Department today a very clear message that we do not want high commitments to IDA funding, we will be spending even more on IDA in the future.

□ 1130

As I said, Mr. Chairman, my amendment is not minor, it is not noncontroversial, but it is simple. It does one thing. This bill increases the level of funding this year for interest-free loans to countries like India by nearly a third of a billion dollars. It increases the level of IDA funding by U.S. taxpayers from $520 million to $850 million, and my amendment will take that $330 million increase and put it back in the pockets of the American taxpayers.

I ask my colleagues for their support.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from Missouri.

Mr. VOLKMER. I wish to join with the gentleman in his amendment and let him know I, too, support him with the same philosophy that while we are cutting back on other domestic programs where people directly need these funds, that it would be just wrong to increase funding even though it may be for good purposes. I believe the gentleman realizes that and has spoken to that, that there may be some beneficial purposes to foreign nations and foreign people. They may need some help. But we need help also in this country.

I believe the gentleman believes also in the philosophy that when this country gets strong again, then we can perhaps increase these. When we do get our economy back on the track again and the country is strong, and we have the revenues coming in, perhaps we could increase and help others. But we first have to help ourselves and then we can help others.

I support the gentleman's amendment.

Mr. EDWARDS of Oklahoma. I thank the gentleman. He has made a very good point.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield to me?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank my colleague from Oklahoma for yielding. Let me understand if I can what the gentleman has just stated, that already negotiations have begun for the seventh replenishment?

Mr. EDWARDS of Oklahoma. That is my understanding.

Mr. ROUSSELOT. How much is being requested?

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

(At the request of Mr. ROUSSELOT and by unanimous consent Mr. EDWARDS of Oklahoma was allowed to proceed for 2 additional minutes.)

Mr. EDWARDS of Oklahoma. I yield to the gentleman form California.

Mr. ROUSSELOT. Can the gentleman tell us how much our country will be asked to participate for the seventh replenishment, understanding we have not even voted for this additional appropriation? What is being asked for the future?

Mr. EDWARDS of Oklahoma. I cannot tell the gentleman how much is being asked. I am aware that the negotiations are going on and I am told, but I cannot confirm, that OMB is signing off on a higher level of commitment than what we have previously had.

I might say the gentleman made a very important point here about the fact that the Congress has not yet signed off on this, because we have heard a lot about previous commitments. This country is different from other countries. In this country the administration can only commit its own support, and everybody in the world knows that that is contingent on appropriations by the U.S. Congress. The commitment to IDA VI by the previous administration was made with that clear understanding, as the Carter administration has told us, that the commitment was based on whether or not the Congress would go along with it.

Mr. ROUSSELOT. So even while we are debating here today how much should be contributed to this fund, additional negotiations are underway asking for even more?

Mr. EDWARDS of Oklahoma. The gentleman is absolutely correct.

Mr. ROUSSELOT. I think the gentleman's amendment is a very wise amendment. It is certainly reasonable. The gentleman is not "gutting the program" as sometimes people who offer this type of amendment are accused of. I think the gentleman is a member of the committee and has heard the testimony. I am sure that his amendment is a very reasonable one.

Mr. WEISS. Mr. Chairman, will the gentleman yield?

Mr. EDWARDS of Oklahoma. I yield to the gentleman from New York.

Mr. WEISS. Is the gentleman suggesting a conspiracy between the Reagan administration and whom?

Mr. EDWARDS of Oklahoma. The gentleman is not suggesting a conspiracy between anybody and anybody.

Mr. WEISS. It sounded like one to me.

Mr. EDWARDS of Oklahoma. No. The gentleman is only suggesting we need to cut a third of a billion dollars out of the IDA commitment. It is that simple.

AMENDMENT OFFERED BY MR. KEMP TO THE AMENDMENT OFFERED BY MR. EDWARDS OF OKLAHOMA

Mr. KEMP. Mr. Chairman, I offer an amendment to the amendment.

The Clerk read as follows:

Amendment offered by Mr. KEMP to the amendment offered by Mr. EDWARDS of Oklahoma: Strike "$520,000,000" and insert in lieu thereof "$725,000,000".

(By unanimous consent Mr. KEMP was allowed to proceed for 5 additional minutes.)

The CHAIRMAN. The gentleman from New York (Mr. KEMP) is recognized for 10 minutes in support of his amendment.

Mr. KEMP. Mr. Chairman, I thank my colleagues for their indulgence.

I appreciate the comments of my friend from Oklahoma. He is a valued and trusted member of the committee and has done a wonderful job on that committee attempting to bring the attention of the Congress and that Subcommittee on Appropriations to a better understanding of some of the problems of our multilateral banks as well as the soft loan window of the World Bank.

Frankly, Mr. Chairman, I think there are many, many Members of this body that agree with the gentleman's criticisms of the IDA-VI replenishment including those of us who have been fighting this battle for a long time—and by the way we are making progress.

Let me just add a footnote to the gentleman's comments. As he pointed out, Treasury is preparing to negotiate the seventh replenishment and, very frankly, there is a debate raging not only in this body and in the other body but within the administration and in the country, indeed, over economic policy toward the Third World. I personally believe, as I stated last night in general debate that it is absolutely critical to the defense of this country, the vital resources upon which we depend, and the bases, the allies, and friends that we need in this world to have an economic development program that will encourage the Third World to grow, and expand markets for our own enterprise and our own agricultural products. We can debate how agricultural and industrial development should take place in the Third World, but no one can disagree over the need to have a healthy, peaceful, expanding, and prosperous world friendly to the United States and that is the purpose behind President Reagan's foreign assistance program.

The debate of course, is how we can achieve that goal and what role foreign assistance and the World Bank can play in that development. Let me say as I previously stated, I agree with my colleague and I am deeply concerned about IDA. The gentleman from Florida, BILL YOUNG, and myself, and BOB LIVINGSTON, JERRY LEWIS, JOHN PORTER, and other members of the committee, as well as our chairman, and MATT MCHUGH, who is a strong supporter of the soft loan window of the World Bank, have all participated in hearings and have had questions about many of the activities alluded to by my friend from Oklahoma.

IDA loans are made only to governments. The argument is made that in the poorest nations only the government is capable of economic activity. This contention should be rejected as antithetical to free enterprise and to all evidence on the development of economic systems. The private sector is always the most efficient producer and it is absurd to encourage the poorest nations to squander resources on government controlled enterprise.

IDA loans have not been used vigorously to leverage changes in economic policies of recipient nations in favor of free-market, private sector activity. The World Bank is a Western institution. It is destructive of our system of government and economics if such an institution fails to promote it vigorously. To view the advancement of freedom and democracy as political interference in recipient countries is folly.

IDA has made the vast majority of its loans to countries which have consistently followed economic policies opposed to growth. Almost 60 percent of IDA loans have gone to India, Pakistan, Bangladesh, and Indonesia. India alone, hardly a model of economic success, has received 40 percent. IDA and World Bank have been totally unsuccessful at leading these countries to minimal growth, much less prosperity. Why? India taxes incomes above 1,876 U.S. dollars at 33 percent; Bangladesh taxes incomes above 1,471 U.S. dollars at 35 percent; Pakistan taxes incomes above 2,000 U.S. dollars at 35 percent; Indonesia taxes incomes above 13,920 U.S. dollars at 33 percent, better than the rest but almost double U.S. rate for 1981.

IDA loans are made for 50 years at no interest. These should be changed. Young American families now face almost 19-percent interest rates on 30-year mortgages. They can hardly be asked to fund loans abroad which are free of charge. IDA loans should bear an interest rate which at least matches inflation so as to protect the assets of those providing capital. Further, the loan period should be reduced to 30 years so that financing will not continue when the assets backing it are long worn out or obsolete.

Many loans are made to nations which restrict the flow of private capital. India has nationalized many industries and the People's Republic of China, a new and potentially very large borrower of IDA funds, has rejected offers of private Western capital in amounts reported near $30 billion. There can be no case made for channeling capital through international organizations when private capital is freely available.

We are all agreed that these problems must be addressed. I will be the first to insist that the President and Secretary Regan take a firm stance to bring them to resolution. But I do not think that insistence on a draconian reduction in IDA here today accomplishes that goal.

Let me say further to my conservative colleagues for just a moment, the gentleman's comments about India are, in fact, right on target. The IMF the other day loaned India $5.8 billion and they are going to build steel mills to compete with steel plants and steelworker jobs in my district, buy Mirage jets from France, and subsidize energy projects that we are against.

But, ladies and gentlemen, like it or not, our President, on behalf of this Nation, went to Ottawa, went to Cancun, and met with world leaders, particularly those in Africa and throughout the Third World who represent countries in which there are such serious economic and security related problems; and he gave his word to work with them, and suggested changes in global economic policies. The President talked about some of the things the gentleman from Oklahoma talked about. He talked about using the private sector and expanding the role of private enterprise in the Third World. In fact, there were a lot of shaking heads and a lot of surprised leaders frankly, at the President's speech on behalf of democratic capitalism. I was there at the World Bank meeting the day the President talked about using free enterprise, free trade, sound money, and lower taxes as the road to prosperity—some of the things the gentleman supports so eloquently.

With this in mind, I hope the gentleman will agree that my amendment goes to the heart of what I would like to suggest would be a compromise between the full $850 million replenishment on this year's replenishment of IDA-VI and what the gentleman would try to reach in terms of cutting that replenishment to $520 million. I frankly think—and I will say this very candidly—I have made this privately known to him, there will not be a bill this year if his amendment passes. If that happens it kills security assistance to nations vital to our national interest.

We have worked with the chairman, we have worked with the gentleman from New York (Mr. MCHUGH), we have worked with our colleagues on the other side of the aisle, as well as conservatives on this side of the aisle. This is a carefully balanced bill. I know that no one likes it perfectly. I have my own fears and trepidations about seeing this go forth at such a level for the World Bank, but the alternative is to go back to Carter's foreign aid program.

I will say this to you. We have stretched out IDA to 4 years, we are tightening up its operations and we are cutting its funds for 1982.

We are cutting it from $850 million to $725 million. Let me tell you that is causing a lot of pain on the other side of the aisle. But we need their votes too, and, of course, they need our votes. I ask my colleagues to weigh carefully turning our backs on the rest of the world—we cannot afford isolationsim.

As I said last night, there is no alternative to having a foreign aid bill. If you kill this foreign aid bill you are going to end up with a continuing resolution which guts the very programs the gentleman believes are important to the future of this country and the strengthening of allies and friends, and resources, and rapid deployment force bases in that part of the world upon which this Nation depends. Let us not go back to the 1930's when the United States buried its head in the sand and allow fascism and nazism to inflict its holocaust on the world.

In fact, I would say to my colleagues who are sitting right in front of me, the continuing resolution would only increase the redistribution aspects of foreign aid while cutting security assistance to our very important friends and potential friends.

In fact, the choice is even clearer than that. If we fail to approve a bill for fiscal year 1982, the continuing resolution would provide all but about $100 million in new budget authority of the requested level of bilateral development assistance, but it would fall short of meeting our security assistance needs by $950 million.

In simplist terms, our vote today will determine whether or not we will have a viable security assistance program this year.

Nowhere do we face more visible and immediate threats to our vital interest than in the Middle East and Persian Gulf region. That is why over 80 percent of the economic support fund and over 90 percent of foreign military sales (FMS), direct credits and grants (MAP) are targeted for this region, from Turkey on the north to Oman on the east to Kenya on the south. And so I want to take a moment again to expand upon my opening remarks of yesterday to explain what defeat of this bill would mean to our ability to protect our national security interests in the Middle East/Persian Gulf region, and elsewhere.

Under the CR, we would be forced to eliminate economic support funds for Botswana, Djibouti, Liberia, Mauritius, Seychelles, the Sudan, Zambia, Zimbabwe, southern Africa regional grouping, Thailand, Jordan, Lebanon, Tunisia, Middle East regional programs, the entire eastern Caribbean, El Savador, Jamaica, Nicaragua, and the special requirements fund.

The remaining ESF recipients are mandated under earmarkings and international agreements. These requirements alone total $2,154 million, which is over $50 million more than the total available under the CR. Which of these countries would you choose to take money from? Israel? Egypt? Turkey? Or would you wipe out the entire programs for Kenya, Somalia, and Portugal combined to make up that $50 million shortfall? Where can we afford to abrogate commitments given by our Government in return for rights of access to military facilities? Where would you have the administration violate earmarkings the Congress has mandated by law?

Under the CR, we would be forced to eliminate all foreign military sales funding for Indonesia, Korea, Malaysia, Thailand, Jordan, Lebanon, Morocco, Tunisia, Yemen, Botswana, Cameroon, Djibouti, Gabon, Kenya, Liberia, Rwanda, Senegal, Zaire, and the entire Caribbean basin—embracing 12 countries.

Even after that, we would be $400 million short of meeting our barest obligations, by which I mean those funds mandated by earmarkings in law international commitments.

Would you take that $400 million from Egypt—$900 million or Israel—$1,400 million? Or would you wipe out the entire program for Turkey—$400 million? Or would you eliminate the combined programs for the Philippines—$50 million, Oman—$40 million, Portugal—$60 million, Kenya—$51 million, Somalia—$50 million and the Sudan—$100 million and still have to find another $50 million somewhere else?

These are the choices that will have to be made if this bill is not passed.

Now, of course, some of our friends on the other side of the aisle think we should increase the development funds and reduce the military assistance, so it is difficult for them to accept what I am trying to do and what we are trying to do. I appreciate so much the fact that we have reached a compromise and an equilibrium on this bill. By accepting my amendment my colleagues will be doing three things. First, they will be sending a very strong signal to the Treasury, the State Department, and to the administration that they do not accept the full funding over 3 years of IDA-VI.

Second, we oppose any negotiations for IDA-VII.

The Congress and the Foreign Operations Subcommittee have done a great deal this year to accommodate the President's commitment to our allies and to the LDC's. I have personally tempered my opposition to IDA and to the IBRD in order to allow the President and Secretary Regan an opportunity to accomplish their goals in changing these organizations.

It should be perfectly understood, however, that I do not intend to support any attempt to negotiate, authorize, or fund a seventh replenishment of IDA. Appropriations for IDA-VI will not be complete for at least 4 years. It is inappropriate for the administration to begin negotiations for new commitments until there has been an opportunity to conduct proper oversight of IDA-VI.

Third, they will be cutting the appropriation from $850 million to $725 million, which is a $125 million savings. That is not enough for the gentleman from Oklahoma, and I can understand why, but it is a step in the right direction without destroying our emerging consensus.

But let me ask you a question. Are you willing to risk the whole bill, which is upwards of $7.6 billion of economic assistance to those countries that are desperately in need? Are you willing to get security assistance for countries like Turkey, the Sudan, Oman, Kenya, Liberia, jeopardize the security of Egypt and Israel simply because you want to get another $200 million squeezed out of IDA which would disrupt and dislocate this equilibrium we have very carefully drafted with the support of both sides of the aisle?

I think that would be a big mistake ranking up there with turning down assistance to Haile Selassie of Abyssinia in 1936 at the League of Nations when he said "weep not for me, weep for yourself." That mistake contributed to the weeping of millions due to Nazi tyranny.

Let us not turn our backs and let tyranny of a Communist variety have a free hand.

Some people are going to stand up now and say, "How is it, KEMP, that you are supporting foreign aid at a time when we have this problem and we have that problem?" I will tell you how I can do it. I will anticipate the gentleman's question because I know what question the gentleman is going to ask. This is an investment in the future; peace, freedom, and prosperity of this country. It is an investment in peace and stability in the Middle East. Third, it is an investment in our ability to protect our vital interests and those nations upon which we depend as allies.

Frankly, and I will be honest, this is a foreign aid bill, but it is in the interests of this country. It is in the interests of the people of Buffalo, N.Y., to have a foreign aid program that is carefully constructed, which I think this President has attempted to do, that carefully balances the need to encourage development and economic assistance to those nations on the "front line" of the battle for freedom in this predatory world in which we live. At the same time, we have a need to provide assistance, whether economic or military, to nations friendly to the United States that are caught in the throes of Soviet expansion or the Qadhafis or Castros of the world. I think that abandoning them would be irresponsible; and if you ask me our security assistance efforts are in the interests of the people of Oklahoma, or New York and Missouri, as much as the defense bill we passed, or any other bill we pass.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I would yield to the gentleman.

Mr. VOLKMER. The question is more, and I know that the gentleman knows the answer, but I am a little astounded at the reason behind it and would like the gentleman to elaborate on it, the gentleman says that the gentleman from Oklahoma's amendment, if adopted, would be the end of the bill.

As I understand, and the gentleman knows, we will go on and we will pass the bill and it will go to the other body.

Mr. KEMP. Frankly, as I said before, we have been working for 3 years now. The gentleman I know can appreciate the fact that we have been operating on a continuing resolution for 3 years in this Congress and we have not had a bill. If it was that easy, why has there not been a bill in previous Congresses? Our committee has been working for almost 10 months trying to come up with a bill that could take these various competing elements and harmonize or at least amalgamate them and balance the needs and requirements of our President's foreign policy initiatives and Congress constitutional obligations.

I have been working with the gentleman from Pennsylvania (Mr. GRAY), the gentleman from California (Mr. DIXON), the gentleman from New York (Mr. MCHUGH), the gentleman from Maryland (Mr. LONG), and our colleagues on our side of the aisle, and it is tough to reach a compromise, I will tell you, but we have.

If we pass a bill that forces our economic assistance-oriented friends on your side of the aisle to depart from the bill, there will not be a bill.

□ 1145

On the other hand, if your side of the aisle guts security assistance to the Sudan and Somalia and Kenya and Liberia and Turkey and Egypt and Israel, there will not be a bill from our side. So we have a bill that is carefully weighed in the balance and is the best we can do at this time.

I said last night that Churchill remarked one time that democracy is the worst form of government except for the alternatives.

I am just standing up here and saying that this is not a perfect bill. I wish it were. But it is the best we can get. It is the best we can do under the current circumstances.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP), has expired.

(By unanimous consent, Mr. KEMP was allowed to proceed for 3 additional minutes.)

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to my friend, the gentleman from Illinois.

Mr. HYDE. I want to thank the gentleman. I do not think he has ever made a better speech in the well, and what he says is absolutely true.

I listened to the complaints about this particular portion of the foreign aid bill as though it is "us" against "them." We will never have enough money to do everything in our country for our people that we want to do. But the fact is, we do not live in isolation. We cannot pull the blanket over our head and watch the rest of the world in turmoil, in poverty and in chaos, and then profess dismay when the Third World countries, with all of their natural resources, with all of their raw materials and with all of their people, fall prey to marxist philosophy. Take a whole continent like Africa. We have vital interests in Africa. We have vital interests with those poor countries and those poor people. They are our interests. We have vital interests in Central America and we have vital interests in South America and in Asia, with its teeming population. And to say that we can be immune from what happens in those countries is utter nonsense. It is provincial nonsense. I suggest to the Members that we, by participating in IDA, can amass the support of other countries who otherwise would not involve themselves, and pyramid a few dollars—and they are a few dollars in relationship to our gross national product—into an economic weapon against communism.

Must we always use guns? Must we always use nuclear weapons? Must we always use the Navy? Is there not an economic weapon? Of course there is. We get access to raw materials, we develop customers, we help resist the spread of the most pernicious doctrine of our century, and I think it is in our enlightened interest to support this program.

I think the gentleman, by crafting a compromise between what Mr. EDWARDS understandably wants and what the bill wants, has made a very salutary move, and I support it wholeheartedly.

Mr. KEMP. I appreciate what my able and eloquent friend said, and I again want to urge my colleagues to listen carefully to what we have done in the committee.

The original Carter proposal for the IDA VI replenishment was $1,080 million for this year, 1982. President Reagan stretched out the payments, lowering his fiscal year 1982 request to $850 million. We are taking it down to $725 million.

The gentleman from Oklahoma would cut it by 40 percent. Maybe that is the right thing to do. But the exigencies of the moment deny us the luxury of engaging in counting angels that can dance on the head of a pin at the expense of a foreign aid bill that is absolutely essential to this Nation's foreign policy and this President's attempts to restore credibility to the United States in the eyes of the world.

Mr. CONTE. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the Kemp amendment.

Mr Chairman, I support the substitute amendment of Mr. KEMP for $725 million for IDA in fiscal year 1982. This constitutes a cut of 15 percent from the committee recommendation and is nearly $100 million less than the President's request. It is 33 percent below the level contemplated for the United States in the IDA VI replenishment agreement. Thus this amendment calls for a substantial reduction in the U.S. IDA contribution—in line with budget-cutting efforts elsewhere. A 42-percent reduction of $725 million is from the IDA contribution in fiscal year 1979 and a 32-percent reduction from fiscal year 1980.

This level of $725 million is the minimum necessary under this second installment for the United States to fulfill its IDA VI pledge. At this level, the United States will barely make its total commitment in 4 years rather than the 3 years in the original agreement. A contribution below $725 million would make even a 4-year stretchout impossible, and the United States would be welshing on an international agreement with 100 countries around the world.

President Reagan has given his word around the world that the United States will support its pledge to IDA VI. At Cancun, the President stressed the importance of relying upon existing financial institutions to support developing country development. A substantial reduction in IDA appropriations would embarrass the President by directly undermining his policies.

Among the top 10 IDA borrowers, 7 lie on the periphery of the Indian Ocean and have been subject to Soviet efforts to expand influence. The remaining three—Egypt, Sudan, and Kenya—are also situated in key areas. Economic and political stability in each of these countries, which will be greatly enhanced by IDA VI lending, is important to U.S. security.

IDA is the largest source of development assistance for Africa and South Asia, half of which goes for agriculture and food production. These are areas increasingly threatened by hunger and resulting political instability. IDA is projected to supply over 12 percent of the annual increase in Third World food production during the 1980's.

Every dollar the United States reduces its share will back out $2.70 from other donors to IDA. The Edwards amendment ($520 million) would mean reducing IDA lending around the world by over $1.2 billion in fiscal year 1982, or nearly $1 billion

in humanitarian projects to increase food production and improve health, sanitation, and education in the poorest countries of the world.

The administration's influence over IDA policies will be undercut at a time when we are encouraging IDA to use its economic leverage to require sound, growth-oriented economic policies in many countries of sub-Saharan Africa and to adopt a maturation policy which will eventually eliminate relatively creditworthy borrowers, such as India, from eligibility to borrow from IDA, thus freeing up resources for other least-developed countries.

Further reductions in budget authority in fiscal year 1982 will yield only small outlay savings, since estimated outlays from the proposed contribution of $725 million would be only $13 million in fiscal year 1982 and $80 million in fiscal year 1983.

Finally, I want to clear up a couple of statements made by my colleague from Oklahoma (Mr. EDWARDS). He wrote in a dear colleague letter to all Members that IDA money often goes to Cuba and Vietnam.

This is absolutely not so. Cuba has never been a member of IDA and has never received a single loan. In fact Cuba withdrew from the World Bank in 1960 shortly after Castro came to power.

Likewise, Vietnam receives no lending from IDA. It has been the policy of the World Bank since 1978 not to lend to Vietnam.

Mr. EDWARDS also stated that India is a large IDA recipient and does not use IDA lending to feed a vast starving populace, but instead uses the funds to offset expenditures for nuclear weapons, space satellites, et cetera.

The fact is that all IDA loans to India are specifically tied to development projects, most of them for agriculture and food production, which are checked and monitored by the World Bank staff. India is now nearly self-sufficient in food production, largely as a result of IDA projects in the agricultural sector—a sector which is almost entirely privately owned in India.

The CHAIRMAN. The time of the gentleman from Massachusetts (Mr. CONTE) has expired.

(By unanimous consent, Mr. CONTE was allowed to proceed for 2 additional minutes.)

Mr. EDWARDS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Oklahoma.

Mr. EDWARDS of Oklahoma. First of all, I want to say to the gentleman, as I acknowledged to him, the loans to Cuba were not through IDA, and I was wrong on that point. I did tell him that.

In terms of my point, though, about India, what I said was that India uses the IDA money to do things they ought to be doing with their own money, so that they can build sports complexes, and so forth. That was my point.

Mr. CONTE. I get the gentleman's point.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. ROUSSELOT. On the basis of the gentleman's fine statement, the gentleman then believes that the committee's amount of $850 million is in fact too much, because the gentleman is supporting the Kemp amendment.

Mr. CONTE. I go along with the gentleman.

Mr. ROUSSELOT. So the gentleman believes in a reduction?

Mr. CONTE. Politics is the art of compromise.

Mr. ROUSSELOT. So it is just an argument over degree of how much we reduce it?

Mr. CONTE. As a necessary compromise, yes.

Mr. ROUSSELOT. I appreciate the gentleman's response. I urge my colleagues on the basis of Mr. CONTE's statement alone to vote to reduce IDA appropriation.

Mr. CONTE. Let me say this: The other morning we had a joint Republican leadership meeting with the President, and the President brought up this foreign aid business. I asked him the question: "Mr. President, you know you have got a lot of Members on our side of the aisle who may tell you, Mr. President, they are going to vote for the foreign aid bill, but they are going to be out there to drastically cut IDA."

He said, in words as strong as possible, that he feels he has a commitment to 100 countries, and this is the minimum, this is the minimum that JACK KEMP has offered, $725 million.

I know there are a lot of Members on my side of the aisle, and I am not one of them—I do not care how anybody votes—but we have a lot of little spies around here keeping report cards on how people vote, and let me tell you, this is a Reagan vote, a No. 1 Reagan vote. So you want to take your little report cards out, check this one.

Mr. LIVINGSTON. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the substitute amendment.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. LIVINGSTON. I yield to the gentleman from Massachusetts.

Mr. CONTE. Mr. Chairman, I would just like to announce to the House that the Senate just passed the continuing resolution.

Mr. LIVINGSTON. Mr. Chairman, I rise in support of the gentleman's substitute. The gentleman from New York has come forth with what I believe to be a reasonable and effective compromise and one which will salvage this bill, which I believe is very much needed in order to preserve the foreign policy commitments of this President.

Just to get some levels into perspective, let me point out that the current level for funding of IDA under this bill is $850 million. The budget request by the President called for approximately $820 million. The original motion to decrease that level would bring IDA down to $525 million. The gentleman from New York has wisely introduced a substitute which would bring it up again to $725 million.

I had considered introducing an amendment which would cut the IDA funding from the bill level of $850 million down to the President's request of $820 million because, in my discussions with representatives of the administration, I had become aware that it was very deeply felt that the IDA policies represent commitments by this administration to nations abroad and that reductions of any level below the President's request would in fact undermine those commitments.

Nevertheless, I understand that the administration has said that it can accept and live with this $725 million level, and so I can, too, support it. I am not a supporter of multidevelopment banks, nor am I one who believes strongly that Americans should attempt to use their resources for the benefit of people throughout the world before using them to benefit themselves.

Nevertheless, if President Reagan has indicated—and he has—that he needs this level to maintain a steady and ongoing foreign policy, if Secretary Haig and Secretary of the Treasury Regan have also indicated that they need this level—and they have—and they have supported the $820 million level, if the U.S. Chamber of Commerce and the U.S. League of Women Voters and the American Security Council have supported the $820 million level, if former Secretaries of the Treasury John Connally and William Simon have supported funding for IDA at the prescribed commitments made in the past, and they all have, then I believe that we should sit down and seriously consider whether or not we can afford to cut that level by over one-third.

□ 1200

I think that the original amendment introduced by the gentleman from Oklahoma is well intentioned. I think he has offered a lot of sound criticism of the program. But I think he is misdirected if he believes that he is really going to accomplish any successful purpose other than defeating this bill, which will, in turn, ultimately result in a return of foreign policy under the limitations of a continuing resolution

which yesterday cut $400 million from military sales.

I doubt that such a move will seriously assist President Reagan in the development of his foreign policy.

Well, I suggest to the gentleman from Oklahoma that, in fact, the case is that this administration is attempting to redirect its foreign policy and to reassess the participation of the United States in the multilateral development bank, as indicated in this very thick consultation draft of the Department of the Treasury dated September 21, 1981. As a matter of fact, our participation in this multidevelopment bank has even declined in percentage over the last few years. Right now, some 32 other countries provide 73 percent of the IDA funding. Our own contribution has decreased from 42 percent when we first engaged in this program to roughly 27 percent of the total participation today.

I might add that even President Reagan has requested a level of funding of $820 million and we are attempting to reduce that request down to $725 million.

President Carter only a year ago asked for the funding for this program to be set at $1.08 billion.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. LIVINGSTON) has expired.

(At the request of Mr. EDWARDS of Oklahoma and by unanimous consent, Mr. LIVINGSTON was allowed to proceed for 2 additional minutes.)

Mr. EDWARDS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. LIVINGSTON. I yield to the gentleman from Oklahoma.

Mr. EDWARDS of Oklahoma. I thank the gentleman for yielding.

I want to make one point. I think that what we are debating here has a lot to do with the future direction of our foreign policy, as the gentleman has pointed out, and I would remind the gentleman, first of all, that right now this administration is negotiating on IDA VII, and there is great pressure within the administration and from the State Department for a higher level of IDA participation.

Second, I would tell the gentleman and my colleagues, that recently I had a meeting with Secretary Haig in his office and raised this whole point with him, and I am aware of the report the gentleman held up, I have read it, too, from Treasury, and Secretary Haig said to me that he believes in multilaterals, he believes in IDA, and he believes in a continued high level of participation.

I would say to the gentleman that the report is fine reading, but unless this body sends a clear message that we want to move in the other direction, that there will not be a change in the administration's policy, but we will be increasing our level of participation in these organizations.

Mr. LIVINGSTON. I appreciate the gentleman's comments and I might say to the extent that he has attempted to have the administration listen to his pleas and bear them in mind when they renegotiate IDA VII, then I think that he has, to a great degree, succeeded in his effort.

I would hope that it is not his intent, of course—I know it is not his intent, to hamstring the President's foreign policy with this amendment—but I would hope he would recognize that if his amendment passes without a substitute that that indeed might be the ultimate course of action.

So we have a compromise submitted by the gentleman from New York, one which I believe will provide security assistance for our friends, and let us fulfill our commitments under the Camp David accord and the other agreements that we have throughout the world.

Remember, there is money in this bill for Israel and for Egypt to preserve the peace in the Middle East. If this bill does not pass, our continuing resolution that we passed yesterday simply will not fulfill the needs and the requirements of that particular agreement.

Mr. HYDE. Mr. Chairman, will the gentleman yield?

Mr. LIVINGSTON. I yield to the gentleman from Illinois.

Mr. HYDE. I thank the gentleman for yielding.

I want to make one comment. The multilateral banks were our creature. We really started the idea. The idea is to involve other countries in the programs.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. LIVINGSTON) has again expired.

(At the request of Mr. HYDE and by unanimous consent, Mr. LIVINGSTON was allowed to proceed for 1 additional minute.)

Mr. HYDE. If the gentleman will continue to yield, the idea was to involve a lot of other countries whose contributions would not be sufficient to make a difference on a bilateral basis but on a multilateral basis provide the pool of money from which other money can be borrowed and significant development programs can be instituted. It really was our idea.

But another utility, usefulness of the multilaterals, as a bank, independent of this country, can demand certain economic reforms in countries that we might be reluctant to do because we want to use the carrot and the banks can use the stick.

So they do have a usefulness. We need a mix. We need bilaterals and we need the multilaterals. We should not denigrate the utility of multilaterals.

Mr. LIVINGSTON. The gentleman makes a very valid point on the utility of the multilateral banks.

I do not think that the gentleman would argue that perhaps that utility has been diminished in recent years by perhaps less than totally efficient administration.

The CHAIRMAN. The time of the gentleman from Louisiana (Mr. LIVINGSTON) has again expired.

(By unanimous consent, Mr. LIVINGSTON was allowed to proceed for 2 additional minutes.)

Mr. LIVINGSTON. I was about to make the point that this volume dated September 21, 1981, from the Department of Treasury, indicates that the administration is trying to revise that program and trying to upgrade the efficiency of the program.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. LIVINGSTON. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

I assume by the gentleman's support of the Kemp amendment that the gentleman thinks there is sufficient reason to have some kind of a decrease from the higher level of spending provided in the committee version of this appropriation?

Is that correct?

Mr. LIVINGSTON. The gentleman is correct. I would reduce the level to the President's request of $820 million as well.

Mr. ROUSSELOT. So you favor reducing the committee bill from $850 million to $720 million.

I also heard the gentleman say in his comments that he had grave reservations in the past, and prior to going on the Appropriations Committee, as to how effective this money is spent and how it is utilized.

Mr. LIVINGSTON. The gentleman is correct.

Mr. ROUSSELOT. The gentleman would not agree to it going to Libya or something like that?

Mr. LIVINGSTON. That is correct.

Mr. ROUSSELOT. So it is a difference of degree between the gentleman's position and the gentleman who also serves on the committee, the gentleman from Oklahoma (Mr. EDWARDS). Mr. EDWARDS said $520 million is adequate because it is the same as the 1981 year's recommended level.

Mr. LIVINGSTON. The gentleman has touched on a very important point, if I might reclaim my time for a second. It has been the position of the administration that they could live with, but that they need and require $820 million.

I now understand that it is the position of the administration that their foreign policy needs will be met if we reach a level or an agreement here in this body at $725 million.

Mr. ROUSSELOT. So the difference is $200 million; is that right?

Mr. LIVINGSTON. As far as I am concerned, I want to make sure that President Reagan has sufficient money to carry out an effective foreign policy.

Mr. ROUSSELOT. But that all comes out of our U.S. Treasury; does it not?

Mr. LIVINGSTON. Yes.

Mr. ROUSSELOT. That is where we are running this huge deficit; is that right?

Mr. LIVINGSTON. Yes.

Mr. ROUSSELOT. I know the gentleman is as concerned about this as I am.

Mr. LIVINGSTON. As a matter of fact, the gentleman is also concerned about the security of every man, woman, and child in America.

Mr. ROUSSELOT. You bet. That is why I vote for the defense appropriations.

Mr. ZABLOCKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, at the very outset I want to commend the chairman of the Subcommittee on Foreign Operations, the gentleman from Maryland (Mr. LONG), and the ranking Republican member, the gentleman from New York (Mr. KEMP), for the fine job they have done and the expeditious manner in which they have presented this bill, a very important piece of legislation.

Mr. Chairman, the multilateral development banks are an important tool of U.S. foreign policy—every dollar the United States puts in or guarantees is multiplied many times over into funds that are used to help promote economic and political stability in developing countries.

IMF and Multilateral Development Bank funding is a major aspect of the U.S. strategy to bring stability to various countries in the world—Peru several years ago, which now can boast a return to democracy; Jamaica, and Costa Rica today.

The argument is typically made that MDB funding goes to countries that are not friendly to the United States. How much funding has gone to such countries—one would be hard pressed to find 1 percent of MDB funding to such countries. Contrary to recent allegations, Cuba is not even a member. Small amounts did go to Vietnam in 1978, but none today. Where are these unfriendly countries that receive multilateral assistance? The proof of the pudding is that the Soviet Union and its satellites are not members of the MDB's and would love nothing better than for the United States to reduce its commitments—both to reduce the effectiveness of the MDB's and to diminish the U.S. role and leadership in the institutions.

If it is permissible to quote from a Soviet publication, let me bring to the Members' attention a statement from the December 1979 Exonomicheskaya Gazeta (Economic Gazette) in a review of the IBRD—

> The facts concerning IBRD's real activities, however, show that the Bank has always been, and remains, a staunch defender of the capitalist economic system, is an important weapon of neocolonialism, and assists in establishing a private-enterprise sector in the economies of developing countries.

Now, I submit the Soviets understand this. How is it that we do not understand the vital role that the multilateral banks are playing?

If ever there was a shortsighted attempt that would lead directly to undercutting the effectiveness of U.S. foreign policy and its interests around the world, it is the amendment that is now before the committee.

I urge the Members to reject the amendment.

Mr. LEWIS. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, first, let me say that I today expect to give my full support to the passage of this bill. I intend to vote for foreign assistance, as I have in the past, but I would like to make a couple of points regarding, first, the process around here and then, about the multilaterals that we are discussing today.

Our colleague, the gentleman from Illinois (Mr. HYDE), made two very, very important points. Earlier in his comments he suggested that we are living in a shrinking world and never will we have enough money to solve all of the problems here at home, our domestic problem, but nonetheless, we cannot isolate ourselves; that in reality if we are going to preserve freedom, if we are going to make a change in the direction of the world, that indeed America must play a role in helping those countries to help themselves that so desperately need that assistance around the world.

The second point that he made was that we need a mix, that we need bilateral assistance and we need sense and direction and balance in our own foreign policy. There indeed is a role to be played for multilaterals as well.

It gives another option. It can have a significant impact in terms of implementing our policy.

Mr. Chairman, I think each of us should review just for a moment the process we have been through here.

I will never forget the first minor speech I made in the subcommittee dealing with this very question when IDA was before us. We had received a communication from the administration indicating how important it was that we support $850 million for IDA because of previous Carter commitments to these programs. In that communication with my colleagues of the subcommittee I felt it important as I voted for that $850 million to communicate our critical need to reevaluate the effect those programs are having on the very nations we portended to want to assist.

□ 1215

Shortly after that I found that there were no commitments, that indeed, in the previous session, my colleague, the gentleman from Florida (Mr. YOUNG), had made it clear time and time again in the RECORD that there was no commitment until both the authorization and the appropriation process had gone forward. Nonetheless, following that point, the President did make his commitments.

When the authorization was about to come to the floor, it became very clear to some of those that there would be difficulty on the floor, so they back-doored the question of authorization by way of putting it into the reconciliation package. They back-doored it, thereby disallowing the Members to discuss the pros and cons of IDA. That kind of process, to say the least, does not speak well for the House of Representatives.

Then just yesterday we had another development that should be disconcerting to all thinking Members who believe in free exchange. In the continuing resolution that passed the House yesterday, there was an increment for the Eximbank, which you or I may or may not support. Nevertheless, the language was put in the bill very quietly, while at the same time foreign military assistance was decreased. There was not even the courtesy given in that massive exercise to the subcommittee ranking member that would allow him to review the language before full committee vote. There is something wrong with that process when a program such as this must be consistently pushed through the system by the back door.

Now, Mr. Chairman, just a moment on IDA itself. IDA is one facet of a very complex multilateral system. The International Development Association involves the soft loan window of the World Bank, where in cooperation with other nations we provide money at zero interest, except for a small service charge, for as much as 50 years to the developing countries around the world. Whether you agree with that soft loan window or not and the approach or not, it can be at least suggested that you could give the money away for less expense than administering the program.

More important than that, it is time that the House of Representatives and our staff and the Senate look at the real impact of these programs upon those countries we say we wish to help.

We have in the past through these efforts been exporting to foreign countries the very economic policies which we know have proven themselves not to work here at home.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent, Mr. LEWIS was allowed to proceed for 2 additional minutes.)

Mr. LEWIS. Mr. Chairman, it is long overdue that both sides of the aisle reexamine our preconceived notions about these programs. There is little doubt that we could spend another one-quarter of $1 trillion in the next 20 years, as we have in the past 40 years in this area, and be of little real help to those developing countries if we continue to encourage more Government regulations and decreasing opportunity in the private sector.

It is critical in this House this year that we move toward some bipartisan reevaluation of where we have been.

Mr. Chairman, it puts one in a most difficult position when you are encouraged by that which you see your administration beginning to develop hopefully a new policy, when that same administration comes to you and asks you to believe them once again. I am not sure what the decision of this House is going to be in terms of the amendment offered by the gentleman from Oklahoma (Mr. EDWARDS) versus the amendment offered by the gentleman from New York (Mr. KEMP); but I can certainly tell you that both their concerns about turning the basket upside down, which is IDA, is long overdue.

Mr. PHILIP M. CRANE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise reluctantly in opposition to the amendment offered by my distinguished leader, the gentleman from New York, and I rise in support reluctantly of the amendment offered by my colleague, the gentleman from Oklahoma.

I say reluctantly in both instances, because I always favor cuts, particularly in giveaways and, frankly, it would be my position that we should not be involved in IDA at all. As a result, my colleague, the gentleman from Oklahoma, who has recommended a very modest reduction here, I think, does not go far enough.

For all that, I will support any proposition that reduces these levels of funding.

Now, I think there are a couple of comments that have been made in this debate that need to be explored. We have heard, and it has come from our side, the idea that these figures are presumably sacrosanct, that if we touch IDA funding, that somehow that is going to throw the delicate balance off presumably reached by Members on both sides of the aisle of the committee, presumably between Members of this body and the body at the other end of this building or presumably at the level of the White House where they might conceivably contemplate vetoing this legislation if it lost $300 million in funding levels for IDA.

With over $2 billion in this bill for Israel, which I totally support, and with about $1½ billion in this bill in direct assistance for Egypt, which I totally support, I think it is totally unrealistic for anyone to believe that the difference of $300 million in an IDA giveaway funding level is going to jeopardize the survival of those very important, valuable programs.

The second thing I have heard is that somehow Mr. Reagan is keeping a scorecard, to which I would reply, that is his problem.

You know, the fact is that we are put into somewhat of a unique position as Republicans on this debate, because we have as a party historically and consistently argued against foreign giveaway programs.

Now, the assistance to Israel is not a foreign giveaway. The assistance to Egypt is not a foreign giveaway. But we exercise absolutely no control over these moneys that we shovel around the world through the IDA program.

It is in no way enabling us to control foreign policy internationally when we give money in this manner where there is no direct American control.

I heard the question raised, Well, what enemies of the United States are recipients?

I do not view South Yemen as a friend of the United States. I do not think Syria is particularly friendly. I do not view Iraq as particularly friendly.

In short, there are nations who are beneficiaries of our largesse who I do not necessarily see as great friends of the United States; but in addition to that, take India. You know, this is basically a giveaway program for India. There is no nation that is a recipient of IDA funds that is in double digit figures as far as the percentage of IDA moneys that they receive except for India, which gets better than 40 percent.

Now, you would suppose that India is a hurting nation, right? If that is so, why has India invested heavily in our national debt, drawing those high interest rates? At the expense of overburdened Americans—who are suffering excessive interest rates at home, who are paying excessive rates of taxation and who in many instances cannot even qualify for loans—we are providing a direct giveaway to a country that is turning around and investing in American indebtedness so as to capitalize on the high interest rates?

I think there are all kinds of moral questions involved in our actions here. I have heard the argument of my distinguished colleague, the gentleman from Illinois (Mr. HYDE), that we cannot put enough money into solving our problems here at home. To be sure, we cannot; but we simultaneously cannot put enough money into the world to solve the world's problems. As a result, I would suggest that at a time when we are told we may be running a $100 billion deficit in fiscal year 1982, that this is the time to make some modest movement in the direction of trying to deal with some of our domestic problems and dealing with those domestic problems will not be accomplished by continuing to provide such irresponsible dispersal of hard-earned tax dollars of American citizens as IDA provides. Charity does indeed begin at home.

One other point I would like to make is that we did not, we, I say we now from a partisan perspective, did not create this program. We have as a party consistently opposed giveaways.

Now, there have been exceptions to that and I know that the administration may find itself in an awkward position, to which I say, that is their problem.

We in this body are the policymakers. All money bills originate here, and to the extent that power resides in this, the people's body, it is a responsibility of the House of Representatives to make this sort of decision.

Finally, the last question I would ask is, How do you give away what you do not have?

Mr. LAFALCE. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the amendment of the gentleman from New York, but only in contrast with the amendment of the gentleman from Oklahoma.

I would like to preface my remarks by commending both the chairman of the subcommittee and the ranking minority member, the gentleman from New York (Mr. KEMP) for doing an outstanding job.

I think it is a milestone that we are able to have such a bipartisan coalition finally coming forth with a foreign aid bill, rather than a resolution, after 3 long years where we have been unable to reach a meeting of the minds.

I want to commend especially the gentleman from New York, with whom I sometimes have great differences of opinion, but always the most profound respect and personal fondness, and ever increasing in both. I think he has done an outstanding job on this bill.

I think there are some things, though, that must be pointed out. I think we are going to pass the Kemp amendment in preference to the Edwards amendment. I hope we do. Further, I think we are going to pass this entire bill.

I hope that it will herald the beginning of what is needed, and what has for the most part historically existed, a bipartisan approach toward foreign policy issues. We cannot have parti-

sanship when it comes to the way we deal with the rest of the world. For the most part, the United States has been able to conduct itself in a bipartisan fashion on foreign policy, except for the past 4 years.

Yesterday, for the first time in 4 years, we had a majority of Democrats vote for foreign aid, and a majority of Republicans vote for foreign aid. I have heard statements for the first time that I thought I would never hear, that it is important to cities such as San Antonio, Tex., and San Francisco, Calif., and Buffalo, N.Y., that we have foreign aid programs. I agree with those remarks. I wish they would have been uttered over the past 4 years by those uttering them now.

I think because we have, basically, a very conservative Republican President in the White House now, we will be able to conduct from the year 1981, at least through the end of 1984, a bipartisan foreign policy, for the Democrats will rise above partisanship.

But I want to speak now about the future. I do not know what that future is going to bring. In 1985, President Reagan could again be our President. It could be a President BUSH. It could be a President KEMP. It could be a President Mondale. It could be a President KENNEDY. It could be a President anybody. We do not know, but the important point, and I hope all would realize it now, and accept it for the future, is that those who are joined together in a bipartisan fashion in 1981 under President Reagan, and who I hope will continue in 1982, 1983, and 1984, must also do it under the next President, whether that President be Republican or Democract.

□ 1230

That is the spirit in which I approach today's bill. I also hope it will be the spirit in which not only today's bill is approached, but that future foreign aid bills will be approached, especially by those who from today's bill but opposed similar bills over the past 4 years.

Mr. ROUSSELOT. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Edwards amendment. I believe that it is more in the spirit of trying to relieve the American taxpayer of additional burden, and additional Federal debt. Let me comment briefly why.

First of all, the difference between the Kemp amendment and the Edwards amendment is $200 million. That may not seem very significant to the people in this Chamber, but I think it is very significant to the people of America who pay the taxes that keep this Government going. My good colleague, the gentleman from New York (Mr. KEMP), works so aggressively, and properly so, to reduce the tax burden on the people of this country. Therefore, I think it is very important that we continue in the spirit of his previous efforts to lessen the burden on the taxpayer.

Let me talk about this replenishment fund VI. I do not come to the Members without some knowledge and understanding of this. Having been on the Banking and Currency Committee before I served on the Ways and Means Committee, I can tell you that we have debated this issue for many years. I believe that members of this subcommittee have properly spoken.

I want to quote from the committee report, on page 69. My good colleague, the gentleman from New York (Mr. KEMP) said, and I think properly so, "The second major defect in the subcommittee bill is funding for the International Development Association. It was not addressed by the Appropriations Committee adequately," because there are too many defects.

Let me tell the Members what I consider to be one of the major defects of IDA funding. As we ask the American taxpayer to shift their hard-earned dollars over to IDA, we should look at the record of what IDA does with American money.

All loans from this agency, to which we are now being asked to give a very substantial amount of money, have a 10-year grace period where they pay no interest—no interest. How many of the Members' constituents can go and get a mortgage, a business loan, or anything else with no interest for 10 years? I ask all my colleagues on the Democrat side who have screamed and yelled about high interest—right here you can say something about that—do your constituents get no-interest loans? No, but you are going to give it to people overseas—for Libya and Syria, and all those great groups. That is exactly what has been done.

Most of these loans are for 50 years, and after that they pay very little interest. There is a service charge; very little interest. So, there is a real difference made by the amendment offered by my colleague, the gentleman from Oklahoma (Mr. EDWARDS), a member of the committee, who says let us not do damage to this great organization IDA; let us just reduce it from $850 million to $520 million. This is $300 million less to charge to the deficit, and it is the same level of expenditure for this particular organization that we had in 1981, so why should we not stay with that figure? If it was good enough in 1981, why should it not be good enough in 1982, especially as we are asking the American people to tighten their belts on a lot of other domestic programs.

I ask any one of my colleagues on this committee to go back and explain to their constituents how we are going to give to this organization, to enable it to provide no-interest loans, when their own constituents cannot get them. All Mr. EDWARDS is asking to do, as a member of this committee, is to reduce our funding by $300 million.

Mr. PATTERSON. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague from Orange County, a member of the Banking Committee.

Mr. PATTERSON. I thank the gentleman for yielding to me.

Mr. Chairman, as the gentleman knows, having been on the Banking Committee, IDA-eligible countries, those eligible for these no-interest-bearing loans, the average per capita income is under $600 per year.

Mr. ROUSSELOT. It certainly is.

The CHAIRMAN. The time of the gentleman has expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 3 additional minutes.)

Mr. PATTERSON. I would doubt if any of our constituents, or very few, let us say, are in a position of earning less than $600 per year.

Mr. ROUSSELOT. Of course they are not. And, of course, the gentleman knows that nobody is suggesting we stop the program. We have contributed billions to this organization through the years, and I know the gentleman is aware of that, because his committee authorizes it. I am not talking about small millions, but billions that we have contributed to IDA.

As a matter of fact, I am glad you brought that up. We have gone from a level of 40 percent, down to 30 percent with our contributions. We have increased our dollar contribution, however, by billions—1,000 percent. Nobody can say we are not doing our part to help those people of which the gentleman speaks, 1,000 percent in dollar increases is what we have contributed.

I think that all Members should be directed to read the fine statement of my colleague, the gentleman from New York (Mr. KEMP). He said, along with my colleague, the gentleman from California (Mr. LEWIS), our colleague, the gentleman from Florida (Mr. YOUNG), and our colleague, the gentleman from Oklahoma (Mr. EDWARDS):

> The second major defect in the subcommittee bill is the funding for the International Development Association.

We need to take a harder look.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I will in just a moment.

Our colleague, the gentleman from Oklahoma, a very conscientious member of this committee, has merely said we should return to the level of spending for this organization that we carried out in 1981. That is $520 million. That is still a lot of money. It will take care of the various people the gentleman is mentioning, assuming

their government passes it on to the people and does not just use it for their own aggrandizement, which some of them do, as the gentleman well knows. That is why we are looking into this so carefully. All the gentleman from Oklahoma is asking is that we return to the level of spending we had for 1981.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I am delighted to yield to my colleague from New York.

Mr. KEMP. I thank the gentleman for his patience.

Mr. Chairman, the gentleman pointed out that he thought there are members of IDA who ought not to get any funds, either directly or indirectly.

Mr. ROUSSELOT. I do not think I made that statement.

Mr. KEMP. I thought the gentleman was talking about Syria.

Mr. ROUSSELOT. I said interest-free loans.

Mr. KEMP. That is how IDA works, I would say to my friend.

Mr. ROUSSELOT. I am very well aware of that.

Mr. KEMP. My friend mentioned Iraq and Syria.

Mr. ROUSSELOT. I think maybe they should be charged the same interest rate as others, like the gentleman's constituents in Buffalo, who are probably paying 16, 17 percent on a mortgage; right?

Mr. KEMP. The gentleman is against IDA totally.

Mr. ROUSSELOT. That is wrong. I never said that.

Mr. KEMP. The gentleman is against low-interest loans.

Let me get this straight. The gentleman is against IDA if it is cut to $725 million, but he is for IDA if it goes to $520 million.

Mr. ROUSSELOT. I will tell the gentleman what I am for.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 1 additional minute.)

Mr. ROUSSELOT. I will now say to my good colleague, I favor the position of the gentleman from Oklahoma (Mr. EDWARDS), a member of your subcommittee, who has said our level of funding should be exactly the same for 1982 or for the IDA VI replenishment as it was for 1981, and that is $520 million. That is my statement, and that is what I believe in.

Mr. KEMP. Mr. Chairman, will the gentleman yield on that point?

Mr. ROUSSELOT. My colleague, the gentleman from Texas (Mr. SAM B. HALL, JR.) has been very patiently waiting. Why do I not yield to him, and then I will come back.

The CHAIRMAN. The time of the gentleman has again expired.

(On request of Mr. VOLKMER and by unanimous consent, Mr. ROUSSELOT was allowed to proceed for 3 additional minutes.)

Mr. ROUSSELOT. I yield to the gentleman from Texas (Mr. SAM B. HALL, JR.).

Mr. SAM B. HALL, JR. Mr. Chairman, I would like to ask the gentleman from California, looking at page 15 of the report, it indicates that during the hearings on the United Nations the committee reviewed actions of some U.N. programs which seemed to indicate violations of its own rules and regulations. It says:

> The committee is disturbed by actions of certain U.N. voluntary agencies which violate the U.N. Charter. The committee will view any continuation of these violations with concern.

Could the gentleman from California tell me whether or not the International Development Association, IDA, is making any loans to any countries that have violated the U.N. Charter?

Mr. ROUSSELOT. I think they have. But as the gentleman understands, I am sure that is a judgment of the people at the United Nations. Now, I will tell my colleague that I have never been ecstatic about all the work of the United Nations. I think there is great contradiction in what they do. But I am sure that in the case of civil and human rights of which the United Nations is always discussing, there have, in fact, been violations by nations who are receiving IDA loans at this time.

Mr. SAM B. HALL, JR. Does the gentleman know what type of procedures are used before any of these loans are made to see whether or not the countries who have violated the charter do not get any of these funds?

Mr. ROUSSELOT. I have heard that they review violations, but I cannot tell the gentleman in detail how well and thoroughly they do it. It is on the basis of the loan record of IDA. But I am sure they have not always complied with those high concepts of human behavior that many of us believe in.

Mr. EDWARDS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague from Oklahoma, a member of the committee.

Mr. EDWARDS of Oklahoma. Mr. Chairman, I just say in response to the question of the gentleman from Texas, that before our colleague, the gentleman from Florida (Mr. YOUNG), intervened and was able to get the World Bank to act on it, IDA had given money to Vietnam in the amount of $60 million.

Mr. ROUSSELOT. Did you say Vietnam?

Mr. EDWARDS of Oklahoma. That is what I said.

Mr. ROUSSELOT. That answers the gentleman's question. You know how Vietnam has abided by human rights.

Mr. EDWARDS of Oklahoma. If I might just add further, in terms of the quality of the people who receive IDA loans—and my colleague from New York here thinks it is not relevant, because they are not now asking for money, and getting money—but, in fact, Syria has received over $47 million.

Mr. ROUSSELOT. Who is that, again? Syria?

Mr. EDWARDS of Oklahoma. Yes; and the Democratic People's Republic of Yemen has received $110 million in IDA loans.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. Of course I will yield.

Mr. KEMP. The gentleman is talking about $520 million for Syria.

Mr. ROUSSELOT. Syria is not going to get all $520 million, I hope.

Mr. KEMP. I know the gentleman understands my exaggeration. I admit there is a lot of enthusiasm on this bill. The gentleman can appreciate the fact that there are people arguing amongst the family who usually are more in agreement. So I am sure that he will reciprocate if I lower the level of debate.

Mr. KEMP. Section 513 of the bill says, "none," and this is due to the efforts of the gentleman from Florida (Mr. YOUNG) and I supported him. I say to my friend from Oklahoma we will clear up his problem of Syria.

The section reads, "None of the funds appropriated or otherwise made available pursuant to this act shall be obligated or expended to finance directly any assistance or reparations to Angola, Cambodia, Cuba, Laos, the Socialist Republic of Vietnam, Syria," and I will add "indirectly"—I will also add Iraq and Libya. Syria is already there. So let us stop beating a dead horse. Let us recognize that we are either for IDA or we are against it, and do not play a game with our colleagues and try to suggest that $520 million for IDA is better than $720 million in terms of limiting funds to these nations which we all agree are not deserving of our support.

The CHAIRMAN. The time of the gentleman has again expired.

(By unanimous consent, Mr. ROUSSELOT was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, I want to say to my colleague from New York, I have never made the statement, "I am against the IDA." I have agreed with him and the gentleman from Florida (Mr. YOUNG) who has tried to put some criteria on the way we participate in these replenishment funds. I was trying to point out very clearly that this particular agency, international agency, banking, financial institution, makes very substantial

loans interest free. This is what I object to.

□ 1245

Why should we ask our colleagues, our constitutents, to be participating with their tax money in an organization at such a high level when they really do not need it? We have given billions of dollars through the years to this organization. The gentleman knows as a man who is interested in finance, that there is a rollover capability to this organization. As loans are folded out there is new money available.

Mr. VOLKMER. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague from Missouri.

Mr. VOLKMER. Mr. Chairman, I am glad the gentleman yielded at this time, because that is the exact point I wanted to bring out. What we are talking about here is the amount of our additional contribution we are making to IDA.

Mr. ROUSSELOT. Right.

Mr. VOLKMER. They already have all the money——

Mr. ROUSSELOT. They have billions.

Mr. VOLKMER. And we contributed in the past. Some of that is coming in right now.

Mr. ROUSSELOT. Yes; loans being paid back to the IDA.

Mr. VOLKMER. But we do not get any of our money back that we gave them 2 years ago, or 3 years ago, or 4 years ago.

Mr. ROUSSELOT. No.

Mr. VOLKMER. They turn around and reloan that money out.

Mr. ROUSSELOT. That is correct.

Mr. VOLKMER. So it is not just $520 million or $775 million or $850 million IDA will have to loan out.

Mr. ROUSSELOT. Absolutely.

Mr. VOLKMER. They are going to have billions to loan out.

Mr. ROUSSELOT. That is correct.

Mr. EDWARDS of Oklahoma. Mr. Chairman, will the gentleman yield?

Mr. ROUSSELOT. I yield to my colleague from Oklahoma, the author of the very reasonable amendment that is before us.

Mr. EDWARDS of Oklahoma. I thank the gentleman for yielding.

First of all, I would like to say that I think we, all of us on this side feel that the gentleman from New York (Mr. KEMP) is doing something he thinks is important to assist in getting the security assistance part of this package that he believes very strongly in. He is the ranking member of the subcommittee, and I am proud to follow his leadership in most cases because I think he does a very good job. I do not think there is any basic disagreement between us except in terms of what he thinks we have to do to get the bill passed.

But I would like to make a couple of points. One is in terms of the limitations on money going to various countries. The International Development Association does not recognize the right of this Congress to put limitations on, and we can limit anything we want.

For example, Libya is a member of IDA and qualified to receive loans. We could offer an amendment to say that none of this money should go to Libya, but IDA does not recognize our right to do that. I would only make this additional point: I think it is significant whether Syria and Vietnam and South Yemen——

The CHAIRMAN. The time of the gentleman from California has again expired.

(At the request of Mr. EDWARDS of Oklahoma and by unanimous consent, Mr. ROUSSELOT was allowed to proceed for 1 additional minute.)

Mr. ROUSSELOT. I yield to my colleague from Oklahoma, the author of the amendment.

Mr. EDWARDS of Oklahoma. I think it is important to recognize that it does make a difference whether IDA does in fact give money to countries like that, and to South Yemen. That is important to this debate at this point because all I am talking about is the need to send a clear message to the administration, to the State Department, that we do not want to continue negotiating to participate in the IDA VII replenishment at higher levels. If we make only a cosmetic cut in the IDA funds, then we are not sending that message. If we want to really change the direction of our foreign policy and what happens in IDA, we have got to make a significant cut.

Mr. ROUSSELOT. So, with the gentleman's amendment, all he is asking to do is return to the 1981 level of funding, which is $520 million, which is certainly a large amount of money, together with all the money our country has contributed in the past.

That is a reasonable position.

Mr. EDWARDS of Oklahoma. This is the same amount the Senate has passed.

Mr. ROUSSELOT. Oh, the other body has done something similar?

Mr. EDWARDS of Oklahoma. Yes.

Mr. ROUSSELOT. I remember that one of our colleagues over there who came from this body is not chairman of that subcommittee.

Mr. EVANS of Delaware. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the gentleman from California said that there was a real difference in the two amendments, one by my friend from Oklahoma (Mr. EDWARDS) and one by my friend from New York (Mr. KEMP). I would like to say, as one of those who has been attempting to fashion a compromise here, that there is a real difference. There is a real difference between the Kemp amendment and the Edwards amendment because, with the Kemp amendment, we get a foreign assistance bill. With the Edwards amendment there is a real question as to whether or not we will be able to pass a foreign assistance bill that permits the President of the United States to conduct the foreign policy of our country effectively.

This legislation is critical to the economic well-being and to the security of everyone in our Nation. There are few bills that satisfy everyone, and this is certainly no exception.

But, we have achieved a delicate balance, a balance between economic support assistance that is very necessary, security assistance that is extremely necessary, and contributions to the multilateral development institutions that honor our Nation's commitment. When a President of the United States, be he named Carter or Reagan or Ford or Nixon, or whatever, makes a commitment, that commitment is made in the name of the United States of America. Regardless of how we qualify it, the perception among our allies around the globe is that we made a commitment.

There are four good reasons for supporting the foreign assistance bill, and let me start with our moral and humanitarian responsibility as the leader of the free world. It brings to mind not too many months ago an amendment that I introduced which increased funding for the Voice of America. After increasing the Voice of American funds so that we could broadcast to Afghanistan in the Persian dialect, a young man who was sitting up in the gallery came to the side door and asked to see me. I went out and he had tears in his eyes as he said, "Congressman, I want to tell you on behalf of my countrymen how much your amendment meant and how important it was to us that this body adopted it, because you really care, and it shows that you really care."

He went on to say, "Whether you like it or not, the United States is looked up to as the leader in the world." When we stop to think about it, you realize he was exactly right. Regardless of our wishes, it is our destiny to be the leader of the free world.

Now, I realize that in the midst of a recession it is difficult to communicate the need for foreign assistance appropriations on moral and humanitarian grounds, that is for sure. It is difficult to understand the relevance in our own lives, but let me give the Members three relevant factors where the need for accepting this compromise and supporting this bill is absolutely critical to our own economic and security well-being.

One is the strategic important of many of our allies as it relates to their

geographic position on the globe. Look at the Horn of Africa—Somalia, Kenya, Sudan. There is one other nation there, and that is Ethiopia. They are not very friendly to us. The Horn of Africa is, critical to us because it lies along the shipping lanes of the Red Sea. They are important to us.

President Nimeiri—a great supporter of President Reagan, a great supporter of this country—was here not too many days ago. He met with the President, the Vice President, and a bipartisan group here in the Capitol. Everyone told him we were going to assist his country. Before his plane touched down at Khartoum on the way back home, we had cut his economic support assistance by 50 percent under the continuing resolution.

Look at the assistance from a security standpoint for countries as vital to us as Turkey.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from New York.

Mr. KEMP. The gentleman mentioned President Nimeiri of Sudan. I know President Nimeiri is a friend of the gentleman from Delaware.

The CHAIRMAN. The time of the gentleman from Delaware has expired.

(At the request of Mr. KEMP and by unanimous consent, Mr. EVANS of Delaware was allowed to proceed for 2 additional minutes.)

Mr. KEMP. I attended the Foreign Affairs reception for President Nimeiri and literally heard him say that his country and his life are on the line. As the gentleman pointed out, with his desperate economic and military condition, he is still willing to stand up and be a friend of the United States of America to oppose the Soviet Union and Qadhafi and support Camp David. This country needs such friends. We ought to give him a helping hand, and the gentleman from Delaware certainly has been a leader in that.

Mr. EVANS of Delaware. I could not agree with the gentleman more. The per capita income on an annual basis in Sudan is about $236. There are many problems internally and externally. He is threatend from the east by Cubans in Ethiopia and by Colonel Qadhafi from the west. He has been our friend, he needs our assistance. That is directly related to our Nation's security.

Let us look at Turkey and its vital importance to us as a listening post. If we are ever going to get a verifiable, equitable, mutual arms reduction treaty, which we need, we will need Turkey. The continuing resolution provides no security assistance for Turkey.

Oman, on the critical Straits of Hormuz through which much of our oil flows, is not provided security assistance. I can go on and on, but let us get back to our own economy and the relevance of this bill to strengthening the American economy.

The second factor is the expansion of our export markets overseas. If we can stabilize the economies and the political structures of nations in the Third World, we can expand our export markets. Already 40 percent of our exports are sold in the Third World. That is important to American jobs, and for every billion dollars of exports it means 40,000 American jobs together with the dignity and the self-esteem that a job brings.

Finally, this measure becomes even more strikingly relevant when we realize the importance of Third World nations as an irreplaceable source of strategic and critical materials vital to our own Nation's security and to our economy. There are 32 mineral resources that have been designated as strategic and critical. For 24 of those resources, we import over 50 percent. In the case of manganese, for example, we import 97 percent. We do not harden steel and we do not make automobiles and we do not have automobile workers working in a permanent job without manganese.

Titanium, I do not have to explain to my friends who know anything about the aerospace industry how important that is. We import 100 percent of it. We import 90 percent of our cobalt from the Third World. Without cobalt we could not build military or commercial jet engines. I could go on and on and on, but let me just boil it down to one issue very close to home—to one counting, in fact, almost in our backyard—Jamaica.

The CHAIRMAN. The time of the gentleman from Delaware has again expired.

(At the request of Mr. ROUSSELOT and by unanimous consent, Mr. EVANS of Delaware was allowed to proceed for 2 additional minutes.)

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. EVANS of Delaware. I yield to the gentleman from California.

Mr. ROUSSELOT. Mr. Chairman, I appreciate my colleague yielding to me. Now, he is supporting the Kemp amendment which reduces it from $850 million to $725 million?

Mr. EVANS of Delaware. That is correct.

Mr. ROUSSELOT. He does not feel that will do great damage to this bill?

Mr. EVANS of Delaware. Well, as the gentleman from California knows, I have been working very hard for the last week or so trying to work out a compromise that is acceptable to all sides, because there are so many differences of opinion. This is a very fragile compromise.

Mr. ROUSSELOT. But the gentleman does support the Kemp amendment?

Mr. EVANS of Delaware. I do support the Kemp amendment.

Mr. ROUSSELOT. So a reduction is not the issue; it is how much. The gentleman said, I believe his statement was to this House and this body, that the additional $200 million by our colleague, a member of the committee, Mr. EDWARDS, would kill the bill. This is a $12 billion bill, and a difference of $200 million is going to kill the bill?

Mr. EVANS of Delaware. As I said to the gentleman before privately and now here in the well, I think he understands the delicate nature of the compromise. I think he understands that we tried to work out this compromise. I believe we have it worked out.

I would hope that the gentleman would support the Kemp amendment if for no other reason than because we absolutely need a foreign assistance bill.

Mr. ROUSSELOT. It is difficult for me to believe that this bill will go down because of $200 million since it is a $12 billion bill.

The CHAIRMAN. The time of the gentleman from Delaware (Mr. EVANS) has expired.

(By unanimous consent, Mr. EVANS of Delaware was allowed to proceed for 3 additional minutes.)

Mr. EVANS of Delaware. Mr. Chairman, bauxite from Jamaica is critically important to our own Nation's economy because of our need for aluminum. We need bauxite to make aluminum.

It is also important because Edward Seaga, the Prime Minister of Jamaica, is a friend of the United States. He defeated the Marxist Michael Manley in October 1980, in a free and fair election. That country was on the brink of chaos economically and politically. He is beginning to bring Jamaica back, and we need to reinforce his efforts.

When we are considering this bill and this amendment, we should consider the fate of a small country like Jamaica in the Caribbean which is so vitally important to us.

Mr. EDWARDS of Oklahoma. Mr. Chairman, will the gentleman yield on that point for a quick question?

Mr. EVANS of Delaware. I yield to the gentleman from Oklahoma.

Mr. EDWARDS of Oklahoma. May I ask, is Jamaica a member of IDA?

Mr. EVANS of Delaware. Jamaica, of course, is not a member of IDA, but Jamaica receives additional economic support assistance in the bill which it does not receive in the continuing resolution, and that is what I am addressing.

When we consider this bill, we should consider the importance of Jamaica, the symbolic importance of a democratic form of government succeeding where Marxism has failed, and we should consider the effect of the loss of bauxite from Jamaica upon our own national security.

I can guarantee one thing. All of these factors are being considered by our potential adversaries. Maintaining adequate levels of assistance to the nations aided by this bill is not only vital to our national security, it is an integral part of our comprehensive program for the revitalization of the American economy. A vote against this bill is a vote against jobs and a vote against our own security. A vote for the bill is a vote for American jobs, for American security, and for the preservation of those American freedoms all Americans have cherished for so many generations.

Mr. ASHBROOK. Mr. Chairman, I move to strike the requisite number of words, and I rise in support of the amendment.

Mr. Chairman, I was quite interested, listening to my good friend, the gentleman from Massachusetts (Mr. CONTE), to hear him say that there is a report card and this vote will go on the report card. That is fine, let us put this vote on the report card. But I say, particularly to my colleagues on this side, that there has been a report card going on for the last 25 years, and we have had a position. Let us take a look at that position.

I want to direct my attention particularly to those who have in the past supported cuts in foreign aid. If you have always been for foreign aid, if you have always voted against those cuts, fine, do it again.

When the gentleman from Massachusetts (Mr. CONTE) said that, I got out my file. There have been over 200 votes on foreign aid in the 21 years I have been in Congress. My position has usually been somewhat in doubt, I know. During that period of time I have voted for every cut and for every limitation on those 218 votes.

You may say, "That is your vote. Where is everybody else?" Let me tell the Members something. I have been with the majority of the Republican Party on those 218 votes almost every time. As a matter of fact, my position or my vote in opposition to what the majority position of the Republican Party would have been during that period has been lower than my ADA rating.

Have I been out of the mainstream? Of course I have not been out of the mainstream. My party has consistently voted against excessive foreign aid and has consistently voted to limit and to cut wherever possible.

Now, who is changing? I am not going to change. Are you? I guess that is the question that is before us.

As I said, if you voted for it consistently in the past, go ahead.

I remember that in 1969 we were about in this same position. I remember standing up in conference—they were closed in those days—and I notice that a lot of my colleagues on my side of the aisle were changing. I said:

You know something? I do not understand you. What you viewed with alarm in the last administration you now point with pride to. If it was right then, it is right now. If it was wrong then, it is wrong now. Why is it you are going to change, simply because we have a change in administrations?

Some say that this may be the cornerstone of the Reagan administration. Maybe that is what the gentleman from Massachusetts (Mr. CONTE) said when he said we are going to keep a report card. God help us if that is true. The Reagan administration has as its cornerstone increased foreign aid, particularly at the soft loan counter, as those countries vote against us consistently in the United Nations week after week after week. Do we have to do this to get our friends?

I thought, as I listened to some of my colleagues, about all these materials we need. Well, the Soviet Union has only given these Third World countries in the past a little more than subversion and hard times. Where do they get their materials? Do we have to pay for it to get ours? It does not make sense.

Now, I say to my colleagues that as Republicans, if we want to change, fine, we can go ahead and change. But I think you know what you are doing, and I think the American people will know what you are doing.

I take second place to no one in my respect for Ronald Reagan, but I do not belong to that branch of the sheep family that will follow any bellwether over a precipice. I reserve the right to look at the bellwether, the type of bell he is ringing, and what he is saying. I think now, when we are asking everybody to cut, we should cut IDA.

Mrs. FENWICK. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to the gentlewoman from New Jersey.

Mrs. FENWICK. Mr. Chairman, I thank my colleague for yielding with all his usual courtesy.

I do not agree with the gentleman's conclusions. I think that the Constitution of the United States has decreed that the foreign policy is in the hands of the President, and I think it might be natural for many Members of this Congress who are not satisfied with the administration's attitude toward foreign policy to try to cut down his power to operate in that field and then change their minds when they find that there is—not change their minds, but change their voting when they find that there is somebody in charge of the foreign policy of this country whom they trust.

Mr. ASHBROOK. You said it; I did not.

Mrs. FENWICK. And I think that is the point. We have now a Republican President who has asked us for even more money than we are preparing to vote on, and it seems to me unconscionable. It is not up to us to set foreign policy here. The Executive is supposed to do that under the Constitution, and we implement with money to what extent we think wise the funds that he will be able to dispose of in implementing that policy.

I think we cannot be hooked on the fact that the gentleman is against foreign aid. That is not the point. The point is, what is it doing? If it really is producing jobs, if it really is doing something that benefits this country, if it really is in the hand of somebody who is of our frame of mind and intent, it seems to me a very foolish hobgoblin of mind that usually is so acute that it does not usually stick to consistency as the ultimate virtue.

Mr. ASHBROOK. Well, with all those "ifs," if the gentlewoman will stipulate them for the record, I would be glad to rest my case on them.

Mr. VOLKMER. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from New York (Mr. KEMP) and in support of the amendment offered by the gentleman from Oklahoma (Mr. EDWARDS).

I, too, wish to point out to all the Members on the other side that as the gentleman from Massachusetts who spoke earlier said, this is a vote that the President will watch, and this goes on the report card and we should note that the President now supports an increase in funding for foreign aid. I think that is very important.

There is nothing to hide about it now. Nobody is saying, no, that is not really so, that we do not know or we have to look at it and all that. This is the statement. We all know it; we all admit it. The President demands an increase in foreign aid.

The question is whether we are going to suppport that. The question is whether you feel that at this time this Nation, when we are cutting back on programs for students who want to go to college, cutting back minimum social security for people who are 75 and 80 years of age, cutting back on farmers and farm programs, cutting back on nutrition programs for people in this country to eat, cutting back on subsidies so people can not even have energy to heat their homes in the winter, and they may freeze if we have a bad enough winter. While you are doing all those things, you want to say you are going to increase the amount we are going to give to IDA in order for them to pass on the money to foreign people and nations, sometimes for good purposes and other times not, without any interest at all on the loans.

This is not a cut in growth from last year. This is not a cutback in growth; this is an increase, about a 50-percent increase over last year. This is not a

12-percent cutback, this is not a 4-percent cutback, this is not a 2-percent cutback in what the President wants, this is a 50-percent increase for foreign aid.

Now, if the President is going to put this on the report card, I can admire the gentleman from Oklahoma, the gentleman from Ohio, the gentleman from California, and others, who know that they probably will not be able to take those State Department trips as a result of this vote today, because we all know that the Secretary of State is really the one behind this, not necessarily the President. He has been sold on it again by another adviser, just like he was sold on other things by a previous adviser on budget cuts and things like that. He has been sold by Alexander Haig. Secretary Haig, says that we have got to have this.

So if you think you are going to get a State Department trip at taxpayers' expense to some foreign country as the result of an invitation from the State Department, if you vote for Edwards, you probably will not. Or if you think you are going to go to the White House for a State Department dinner, if you vote for Edwards and against Kemp, you probably will not. But be that as it may, I, who does not plan to take one of those trips anyway or get invited to the White House will vote for Edwards. So I do not have nearly as much to lose as you do. I would not go on any of those trips or get those invitations. You have a chance to get those invitations, but if you vote for Edwards, you probably will not. You have got to realize that, and that is very important to some Members here.

Mr. EDWARDS of Oklahoma. Mr. Chairman, if the gentleman will yield, maybe we ought not to be taking State Department trips anyway.

I took a trip, and it was not a State Department trip but a committee trip with the chairman of our subcommittee, the gentleman from Maryland (Mr. LONG), whom I respect very much. He probably regrets that I went on the trip, because one of the places we went was India, and I had a chance to have a meeting with the Finance Minister of India and the External Affairs Minister, and I had a chance to drive by and see their new sports complex and talk to them about their attitudes toward the United States.

It was taking that trip that stirred me up to do this. So maybe we ought to stick to taking committee trips and not count on the State Department.

Mr. VOLKMER. But be that as it may, I would like to get into some other things about what we are doing here in this Congress and what we have done in the past and relay to the Members some things I have seen and where I am coming from after talking to some of the people in my district and why I feel so strongly that $520 million is a sufficient replenishment, a sufficient addition.

Right now what is going on out in my district? Well, we have had farm disasters for the last 2 years. Two years ago, the summer before last, we had a drought, a terrible drought. We had 100° weather, and we got very little corn. Some of our farmers had to go and get a disaster loan.

The CHAIRMAN. The time of the gentleman from Missouri (Mr. VOLKMER) has expired.

(By unanimous consent, Mr. VOLKMER was allowed to proceed for 3 additional minutes.)

Mr. VOLKMER. Mr. Chairman, hopefully it looked like when we started this year, we would have a pretty good crop year, but we had rains. In some parts of my district we had rain from the time they started planting in April all the way up to July 4. They had 50 inches. Every rural county in my district was submitted to be declared a disaster area by my Governor, who is a Republican Governor, to the Department of Agriculture.

What has our Department of Agriculture done for my farmers in the meantime? These are farmers who have no income this year because they could not get anything planted, or if they got the wheat in last year, they could not get it out. This year 40 percent of that wheat is still out there.

What has this Department of Agriculture done for my farmers? Nothing. It has not declared one county, not even one a disaster county. It has not helped one of my farmers, not even with a loan where they would get the money back. But this same administration wants to send this money overseas free of charge, with no interest.

□ 1315

What have we done on the farm bill? You are going to be voting on that farm bill. Just look at it. It is lousy. For America's farmers it is lousy.

But we could not get another half billion for our farmers out of this administration, not for all of the farmers in this country, for all of the programs, we could not get it. But they can get $350 million more for foreign aid, but not for the farm belt of this country.

It is beyond me. I cannot understand it. I do not understand that philosophy.

My philosophy disagrees with that philosophy. I believe we should strengthen ourselves first and then when we are strong enough, then we can help others. You do not continue to weaken your own people and not help your own people who need help, and then turn around and help others.

That is what is being proposed at this time. That is what is being proposed by this administration through the programs that we voted on. You take reconciliation, you take your tax bill, and now you take the foreign aid bill and you add it all up. You are saying, "I will cut back at home, but I am going to increase it for foreigners."

I feel that the gentleman from Oklahoma is doing a great service to the taxpayers of this country and I think my colleagues can, too, by supporting his amendment and defeating the amendment of the gentleman from New York (Mr. KEMP).

Mr. STANTON of Ohio. Mr. Chairman, I move to strike the requisite number of words and rise in support of the Kemp amendment and in opposition to the Edwards amendment.

Mr. Chairman, this has been an extended debate. The ranking member of the subcommittee, the gentleman from New York (Mr. KEMP) is getting nervous. He has not handled this bill before and he would like to just move real fast here. So I am going to try to keep within the 5 minutes a few remarks.

First, the gentleman from California (Mr. ROUSSELOT) asked a good question. And I preface my remarks by saying that I am one of the Republicans that voted for a little over $1 billion last year that Jimmy Carter put in this bill and I supported it. This committee paid over $1 billion a year before and so in case my colleagues want to go to lunch, you know where I am coming from.

Second, I would say to the gentleman from California, what do you say to your constituents when you speak about IDA—not foreign aid, because that is a plus; you get more back for foreign aid—but for IDA? I will tell you what I tell them. I say that I learned when I first came to Congress that there is roughly today a little more than, or there was then about 550 million people in this world who do not have adequate shelter. There are over 1 billion people who do not have access to potable water. There are over 250 million people or possibly 500 million who cannot read or write. The Catholic Relief Service has said over 30 million people go to bed hungry every night.

Ninety percent of the people of the world under those statistics, and we exclude only India because India is not included, 90 percent are covered by IDA. This $750 million for 220 million Americans, I tell my constituents that it is going to cost them $3 a year to give to average income people this $650 million a year or less, it is going to cost $3, and they send me back here by 70 percent of the vote. So if my colleagues are worried about this contribution, make that point.

Second, let me make another point. The difference is not between $200 million between the amendment of my friend from Oklahoma and my friend from New York, but the difference is twofold. First, it is not $200 million; it

is $800 million because it is threefold. Do not get confused about the $200 million for that sole reason. The difference of the $200 million and the difference between the Kemp amendment and the Edwards amendment is this bill, because my friend from Ohio, the next Senator from the State of Ohio, has said on some scorecard that he has consistently always voted against more and always for cuts. I have always voted for every foreign aid bill since I have been in this House for 18 years, and especially for IDA, and I have been its strongest defender. But I would say to my friend from Oklahoma, and I would urge the Members on this side of the aisle, I will vote against this bill on final passage if the Edwards amendment carries. I think it is that important and I feel that strongly, because it is the bill itself.

I have watched the gentleman from New York (Mr. KEMP) who is not necessarily sold on IDA. But the last reason I will support this is because this is the beginning of the dawn of a new era. I say that to my Republican friends because I wanted this bill last year and BILL YOUNG and JACK KEMP fought for it and they got their way and I say publicly they are right. There are meaningful suggested changes this administration can make.

As our friend from California said, IDA is a complete, almost giveaway of 40-year loans. I think that is wrong. For a country like India, that is probably up from last year, India in IDA is up to the $650 million, and they should not have the same standards as Bangladesh down at $90 a year.

There is inequity involved in the committee itself. I personally think the Interamerican Development Bank has 3- to 5-percent loans. IDA I think can be progressed up, and that is what BILL YOUNG has in mind when he says meaningful changes.

Last but not least, somebody said we should worry about the seventh replenishment. You know, we are only halfway through this replenishment and we are years down the road from the next replenishment. I am utterly and completely confident and would ask my colleagues on our side of the aisle to vote against the Edwards amendment. He had to offer this amendment because of his strong feeling, or he would not be justified, like I am not justified in supporting it, but we have heard his argument. But I will rest my faith in the future of these lending institutions working under a new Director of the World Bank who met with Mr. YOUNG. The new Director, Mr. Clawson, did that the first week or two that he was on the job, and that is one more time than his predecessor in 12 years ever walked on to Capitol Hill. So I think it is the dawning of a new era and I will put my faith in JACK KEMP and BILL YOUNG, and let us defeat the Edwards amendment and vote the Kemp amendment and get on with this bill.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. LAFALCE. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to proceed for 2 more minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

Mr. KEMP. Mr. Chairman, reserving the right to object, and I am not going to object, but I want to say to my colleagues if you want to kill the bill, just keep dragging it out. We just do not have the time. I apologize and I will not object, but I wish my colleagues would recognize that we are facing a 3 o'clock time limit, and it is going to scuttle this on an up or down vote, I would say to my colleagues.

Mr. LAFALCE. In deference to arguments of the gentleman from New York, I withdraw my request.

Mr. MCHUGH. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, the time is late but I think it is appropriate that having heard a great deal of debate on the Republican side that at least one or two of us on the Democratic side who have worked on this legislation for so many months state our opinion, for whatever guidance it may be for our colleagues.

I have had the privilege of working on this appropriation subcommittee for some years. I think it is fair to say that one of the most difficult pieces of legislation to put together and pass is the foreign operations appropriation bill. Some of our Members are interested primarily in economic assistance, the means by which we try to help with the very desperate problems of poverty, malnutrition and lack of development in the world, with the instability that results from those problems, and to advance the economic interests of our country, including the development of markets for American goods. Others of our members consider economic assistance an international giveaway. Generally, these Members are more interested in promoting security and military assistance.

Some Members are concerned primarily with bilateral assistance, believing that it gives us more direct political control over the aid which we dispense. Others of us are concerned that the United States is not now meeting its international commitments to the multilateral institutions.

To pull all of these disparate interests together, to put together a coalition which can provide a majority of votes for this kind of a bill, which is politically sensitive under the best of circumstances, is a very difficult task. I believe that this bill comes as close to any one bill can to accomplishing that task this year.

In this context, I hope that the Edwards amendment is defeated, and I reluctantly rise in support of the amendment offered by my friend from New York (Mr. KEMP). The interests of the United States are very much at stake on this issue, and I think that there is a significant difference between the Edwards and the Kemp amendments, a difference which goes far beyond $200 million.

The fact is that any President, regardless of party, needs to conduct foreign policy and essential tools in that foreign policy must be both security and economic assistance, both bilateral and multilateral assistance. With respect to this mix, this bill represents a very delicate balance and, in my judgment, if the amendment offered by my friend and colleague, Mr. EDWARDS, passes, that delicate balance will be upset in a very significant way. As Mr. KEMP, and others have pointed out, if the Edwards amendment is approved the votes to pass this bill will not be forthcoming. That is a fact, whether my colleagues like it or not. Therefore, on that basis alone, I urge my colleagues to reject the Edwards amendment.

Moreover, at stake on this issue is the credibility of the United States in meeting its international commitments. In this connection I think it is important for the Members to understand some of the background.

IDA is an institution which the United States was instrumental in establishing and we have encouraged others over the years to join with us in addressing the very desperate problems of underdevelopment of the Third World through IDA. Seventy-five percent of IDA lending goes to countries with per capita income of less than $360 a year. Many of the countries which receive that assistance are among our closest friends and allies, such as Egypt, Kenya, Pakistan, and Sudan. Certainly we should not turn our backs on those countries by substantially underfunding our share of IDA contributions.

Most importantly, perhaps, our Government entered into an international agreement with 33 other donor countries, pursuant to which we agreed to contribute 27 percent of the sixth replenishment of IDA funds. We are now the only donor country that is behind in its contributions under that agreement.

As a result of our default, IDA is unable to make a binding commitment for any loan to any of the countries with these very low per capita incomes, many of whom are our friends and allies.

The CHAIRMAN. Time of the gentleman from New York has expired.

(By unanimous consent Mr. McHUGH was allowed to proceed for 2 additional minutes.)

Mr. McHUGH. The governments with which we have entered into this agreement see the United States as having failed to meet its commitment. Technically that commitment is subject to appropriations and we have every right to say we are not going to provide the funds. But the fact is that because we have not provided the funds we are, in the eyes of our friends and allies, in the eyes of the international community, significantly in default on this most important international commitment. This is something which does not serve the interests of President Reagan, of the Congress, or of the people of the United States. On that basis also I would urge my colleagues to reject the Edwards amendment.

Indeed, we are hundreds of millions of dollars behind on our pledge to IDA even if the Kemp amendment is agreed to. We will be that much further behind if the Edwards amendment is adopted.

I am not happy, I must say to my colleagues, with the Kemp position. I think we should be appropriating what we have in the bill, which is $850 million; $725 million will simply put us less in default under the international agreement than will the Edwards amendment. For that reason, I reluctantly support the Kemp amendment, recognizing that full funding under the bill is not possible at this time. Moreover, if my colleagues support the Kemp amendment there is a reasonable prospect of passing a foreign aid bill with a bipartisan coalition for the first time in 3 years, which I think is important not just for President Reagan, not just for the Congress, but for vital interests of the United States.

□ 1330

Mr. MILLER of Ohio. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I reluctantly rise to oppose the amendment to the amendment offered by the gentleman from New York (Mr. KEMP) and I support the amendment offered by the gentleman from Oklahoma (Mr. EDWARDS).

As I understand it, in the IDA section of this bill, the amount requested is $850 million. The Edwards of Oklahoma amendment would reduce the $850 million to $520 million, a reduction of $330 million.

The amendment offered by the gentleman from New York would reduce the $850 million to $725 million, a reduction of $125 million.

I have supported the President of the United States in his programs to reduce spending and reduce taxes. I do not expect to go down the road blindfolded on every issue that the President requests. I would like to tell the Members why.

In our Subcommittee on Treasury, Postal Service, General Government of the Committee on Appropriations, each year I request of the Treasury Department a list of foreign holdings of U.S. Treasury securities. Now, that is our national debt. That is money that we have spent in the past.

And, incidentally, not directly involved in this, but West Germany holds $34 billion of our national debt.

We have heard today about the problems of India. Would you believe that India holds $179.8 million of our national debt?

Israel. We have heard of the problems of Israel and Egypt. I am aware that Israel, because of the level of per capita income in that country, does not participate in IDA, but they own $101 million of our national debt.

Egypt. We have heard of Egypt and the problems there. They participate in IDA. Egypt has loaned us $95.6 million so that we can finance our national debt, money that we borrowed and spent, in the past we have spent it but we must continue to borrow somewhere.

I do not intend to take my full 5 minutes. I just wanted to convey the message that the very nations that we are attempting to help, under this particular bill, loan us money to finance our national debt; they own part of our debt securities.

Mr. DERWINSKI. Mr. Chairman, I move to strike the requisite number of words.

Mr. DERWINSKI. Mr. Chairman, I do not wish to sound egotistical, but I hope I could close the debate by demolishing all of the weak arguments for the Edwards of Oklahoma position.

First, I would like to point out that, in my opinion, there has been an overdose of partisanship and an overdose of personalities throughout this entire debate.

I do not happen to think that this is a Reagan issue. I happen to think that this issue goes back to Harry Truman and the Marshall plan. Ever since that time and under every President since then, the United States has been an international leader. All we are really discussing is not some nasty thing called foreign aid giveaways; we are discussing international leadership.

Now, is it a surprise to you that President Reagan suddenly becomes an internationalist with vision? It does not surprise me at all. I would like to give my Republican friends one little example.

You recall in 1976, Mr. Reagan almost demolished Gerry Ford in a few primaries, using the Panama Canal issue. Have you heard a peep from Ronald Reagan about the Panama Canal since he has become President? No. Why? Because it is reality. He inherited a realistic canal treaty and a viable working process from it. He inherited it, and he logically is working with it. He inherited the basic foreign policy.

There are differences from President to President. But what is not different is that the United States is the key to world peace, and the United States is the key to the progress of the world economy. That is all you are talking about.

Now, under Ronald Reagan you are going to have a new program for the Caribbean, aimed at Jamaica, the Dominican Republic and other countries. Is that a foreign aid giveaway? No. That is an investment in the peace and the stability of the Caribbean.

After we get back in January you may have a request from the administration for a special fund for Poland. Is that going to be a foreign aid giveaway? No. That is going to be an investment in the disintegration of the Soviet Empire. And if those moves in the Caribbean are successful, if the investment in the independence of Poland is successful, you are going to achieve a savings by having to invest far less in defense.

So what you are really doing in supporting a bill like this and, more specifically, supporting the statesmanlike position of the gentleman from New York (Mr. KEMP), is that you are actually making an investment in world peace and stability, the very same as you claim to do when you support national defense.

Now, nothing that has been said and nothing that I have heard in this debate has surprised me. The gentleman from New York (Mr. KEMP) is falling in the great footsteps of Averill Harriman, Bobby Kennedy, Jake Javits and the other great international leaders from New York. That is why he is the great man that he is. And let me say, for all of you other doubting Thomases, if the people of this country would have had other thoughts and, instead of a President Reagan we would now have a President PHILIP CRANE, his administration would be asking for just as much, if not more, money.

I urge support of the Kemp substitute.

Mr. LONG of Maryland. Mr. Chairman, I support the Kemp amendment and I hope we can now come to a vote.

Mr. EDWARDS of Oklahoma. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I will not take 5 minutes, but I just want to make two quick points.

I think we have had adequate debate on this, and I think it has been a good debate. I just want to make two closing remarks. One is in terms of the balance that has been reached—the compromise. I think the Members

should know that the bill we have before us has $1.5 billion in it in multilateral assistance, $6 billion, approximately, in bilateral direct economic aid, and only $900 million in military support. And that is the so-called fragile balance we are trying to hold.

The second point is this: The amendment that I offered was to provide only $520 million for IDA. The Kemp substitute is for $725 million. So if you say "aye" for the Kemp substitute, you are voting to spend $205 million more on IDA than if you vote against it and vote for my amendment instead.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. KEMP) to the amendment offered by the gentleman from Oklahoma (Mr. EDWARDS).

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. EDWARDS of Oklahoma. Mr. Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 281, noes 114, not voting 38, as follows:

[Roll No. 354]

AYES—281

Addabbo	Dickinson	Gradison
Akaka	Dicks	Gray
Alexander	Dingell	Green
Andrews	Dixon	Gregg
Annunzio	Donnelly	Guarini
Aspin	Dorgan	Gunderson
Atkinson	Dougherty	Hall (OH)
Badham	Downey	Hamilton
Bafalis	Duncan	Harkin
Bailey (PA)	Dunn	Hartnett
Barnes	Dwyer	Hawkins
Beilenson	Dymally	Heckler
Bereuter	Dyson	Heftel
Bevill	Eckart	Hertel
Bingham	Edgar	Hightower
Blanchard	Edwards (AL)	Hiler
Bliley	Edwards (CA)	Hillis
Boggs	Erdahl	Holland
Boner	Erlenborn	Hollenbeck
Bonior	Ertel	Holt
Bonker	Evans (DE)	Horton
Bowen	Evans (GA)	Howard
Breaux	Evans (IA)	Hoyer
Brodhead	Fary	Hunter
Broomfield	Fascell	Hutto
Burgener	Fazio	Hyde
Burton, Phillip	Fenwick	Ireland
Butler	Ferraro	Jacobs
Byron	Fiedler	Jeffords
Campbell	Findley	Johnston
Carman	Fish	Kastenmeier
Carney	Fithian	Kemp
Chappell	Flippo	Kildee
Cheney	Florio	Kindness
Clausen	Foglietta	Kogovsek
Clinger	Foley	LaFalce
Coats	Ford (MI)	Lantos
Coelho	Ford (TN)	Latta
Conable	Forsythe	Leach
Conte	Frank	LeBoutillier
Conyers	Frenzel	Lee
Coughlin	Frost	Lehman
Coyne, James	Fuqua	Leland
Coyne, William	Gaydos	Lent
D'Amours	Gejdenson	Lewis
Daniel, Dan	Gephardt	Livingston
Danielson	Gibbons	Long (LA)
Daschle	Gilman	Long (MD)
de la Garza	Gingrich	Lott
Dellums	Glickman	Lowery (CA)
DeNardis	Gonzalez	Lowry (WA)
Derrick	Goodling	Lujan
Derwinski	Gore	Luken
Lundine	Patterson	Stanton
Madigan	Pease	Stark
Markey	Pepper	Stokes
Marks	Peyser	Stratton
Martin (NY)	Porter	Studds
Matsui	Price	Swift
Mattox	Pritchard	Synar
Mavroules	Pursell	Tauke
Mazzoli	Railsback	Thomas
McClory	Rangel	Traxler
McDade	Ratchford	Trible
McEwen	Regula	Udall
McGrath	Reuss	Vander Jagt
McHugh	Rhodes	Vento
McKinney	Rinaldo	Walgren
Mica	Robinson	Wampler
Michel	Rodino	Washington
Mikulski	Roe	Waxman
Miller (CA)	Rosenthal	Weaver
Mineta	Rostenkowski	Weber (OH)
Minish	Roukema	Weiss
Mitchell (MD)	Roybal	Whittaker
Mitchell (NY)	Russo	Whitten
Moffett	Sabo	Williams (MT)
Molinari	Savage	Williams (OH)
Morrison	Sawyer	Wilson
Murphy	Scheuer	Winn
Murtha	Schneider	Wirth
Napier	Schroeder	Wolf
Natcher	Schumer	Wolpe
Neal	Seiberling	Wortley
Nelson	Shamansky	Wyden
Nichols	Shannon	Wylie
Nowak	Sharp	Yates
O'Brien	Siljander	Yatron
Oberstar	Smith (NE)	Young (AK)
Obey	Smith (NJ)	Young (FL)
Ottinger	Smith (PA)	Young (MO)
Oxley	Snowe	Zablocki
Panetta	Solarz	Zeferetti
Pashayan	Spence	

NOES—114

Albosta	Grisham	Patman
Anderson	Hagedorn	Paul
Applegate	Hall, Ralph	Perkins
Archer	Hall, Sam	Petri
Ashbrook	Hammerschmidt	Pickle
Bailey (MO)	Hansen (ID)	Rahall
Barnard	Hansen (UT)	Ritter
Benedict	Hendon	Roberts (KS)
Benjamin	Hopkins	Roberts (SD)
Bennett	Hubbard	Roemer
Bethune	Huckaby	Rogers
Bouquard	Hughes	Roth
Brinkley	Jeffries	Rousselot
Brown (CO)	Jenkins	Rudd
Broyhill	Jones (NC)	Santini
Coleman	Jones (OK)	Schulze
Collins (TX)	Kazen	Sensenbrenner
Corcoran	Lagomarsino	Shaw
Courter	Leath	Shelby
Craig	Levitas	Shumway
Crane, Daniel	Loeffler	Shuster
Crane, Philip	Lungren	Skeen
Daniel, R. W.	Marlenee	Skelton
Daub	Marriott	Smith (AL)
Davis	Martin (IL)	Smith (IA)
Deckard	Martin (NC)	Smith (OR)
Dowdy	McCollum	Snyder
Dreier	McCurdy	Solomon
Early.	McDonald	Stangeland
Edwards (OK)	Miller (OH)	Stenholm
Emerson	Mollohan	Stump
Emery	Montgomery	Tauzin
English	Moore	Taylor
Fields	Moorhead	Volkmer
Fountain	Mottl	Walker
Fowler	Myers	Watkins
Ginn	Nelligan	Weber (MN)
Gramm	Parris	White

NOT VOTING—38

Anthony	Clay	McCloskey
AuCoin	Collins (IL)	Moakley
Beard	Crockett	Oakar
Bedell	Dannemeyer	Quillen
Biaggi	Dornan	Richmond
Boland	Evans (IN)	Rose
Bolling	Garcia	Simon
Brooks	Goldwater	St Germain
Brown (CA)	Hance	Staton
Brown (OH)	Hatcher	Whitehurst
Burton, John	Hefner	Whitley
Chappie	Jones (TN)	Wright
Chisholm	Kramer	

□ 1400

The Clerk announced the following pairs:

On this vote:

Mr. Whitehurst for, with Mr. Dannemeyer against.

Mr. Quillen for, with Mr. Chappie against.

Messrs. DREIER, STENHOLM, McCURDY, RUDD, HUGHES, and SKELTON changed their votes from "aye" to "no."

Mr. HUTTO changed his vote from "no" to "aye."

So the amendment to the amendment was agreed to.

The result of the vote was announced as above recorded.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Oklahoma (Mr. EDWARDS), as amended.

The question was taken; and the Chairman announced that the ayes appeared to have it.

RECORDED VOTE

Mr. ROUSSELOT. Mr Chairman, I demand a recorded vote.

A recorded vote was ordered.

The vote was taken by electronic device, and there were—ayes 372, noes 17, not voting 44, as follows:

[Roll No. 355]

AYES—372

Addabbo	Coleman	Evans (GA)
Akaka	Collins (TX)	Evans (IA)
Albosta	Conable	Fary
Alexander	Conte	Fascell
Anderson	Conyers	Fazio
Andrews	Corcoran	Fenwick
Annunzio	Coughlin	Ferraro
Applegate	Courter	Fiedler
Archer	Coyne, James	Fields
Ashbrook	Coyne, William	Findley
Aspin	Crane, Daniel	Fish
Atkinson	Crane, Philip	Fithian
Badham	D'Amours	Flippo
Bafalis	Daniel, Dan	Florio
Bailey (MO)	Daniel, R. W.	Foglietta
Bailey (PA)	Danielson	Ford (TN)
Barnard	Daschle	Forsythe
Barnes	Daub	Fountain
Beilenson	Davis	Fowler
Benedict	de la Garza	Frank
Benjamin	DeNardis	Frenzel
Bennett	Derrick	Frost
Bereuter	Derwinski	Fuqua
Bethune	Dickinson	Gaydos
Bevill	Dicks	Gejdenson
Blanchard	Dingell	Gephardt
Bliley	Dixon	Gibbons
Boggs	Donnelly	Gilman
Boner	Dorgan	Gingrich
Bonior	Dougherty	Ginn
Bonker	Dowdy	Glickman
Bouquard	Downey	Goodling
Bowen	Dreier	Gore
Breaux	Duncan	Gradison
Brinkley	Dunn	Gramm
Brodhead	Dwyer	Gray
Broomfield	Dymally	Gregg
Brown (CO)	Dyson	Grisham
Broyhill	Early	Guarini
Burgener	Eckart	Gunderson
Butler	Edgar	Hagedorn
Byron	Edwards (AL)	Hall (OH)
Campbell	Edwards (CA)	Hall, Ralph
Carman	Edwards (OK)	Hall, Sam
Carney	Emerson	Hamilton
Chappell	Emery	Hammerschmidt
Cheney	English	Hansen (ID)
Clausen	Erdahl	Hansen (UT)
Clinger	Erlenborn	Harkin
Coats	Ertel	Hartnett
Coelho	Evans (DE)	Hawkins

Heckler	McGrath	Schneider
Heftel	McHugh	Schroeder
Hendon	McKinney	Schulze
Hertel	Mica	Schumer
Hightower	Michel	Seiberling
Hiler	Mikulski	Sensenbrenner
Hillis	Miller (CA)	Shamansky
Holland	Miller (OH)	Sharp
Hollenbeck	Mineta	Shaw
Holt	Minish	Shelby
Hopkins	Mitchell (NY)	Shumway
Horton	Moakley	Shuster
Howard	Moffett	Siljander
Hoyer	Molinari	Skeen
Hubbard	Montgomery	Skelton
Huckaby	Moore	Smith (AL)
Hughes	Moorhead	Smith (IA)
Hunter	Morrison	Smith (NE)
Hutto	Mottl	Smith (NJ)
Hyde	Murphy	Smith (OR)
Ireland	Murtha	Smith (PA)
Jacobs	Myers	Snowe
Jeffords	Napier	Snyder
Jeffries	Natcher	Solomon
Jenkins	Neal	Spence
Johnston	Nelligan	Stangeland
Jones (NC)	Nelson	Stanton
Jones (OK)	Nichols	Stark
Kastenmeier	Nowak	Stenholm
Kazen	Oberstar	Stokes
Kemp	Obey	Stratton
Kildee	Ottinger	Studds
Kindness	Oxley	Stump
Kogovsek	Panetta	Swift
Lagomarsino	Parris	Synar
Lantos	Pashayan	Tauke
Latta	Patman	Tauzin
Leach	Patterson	Taylor
Leath	Paul	Thomas
LeBoutillier	Pease	Traxler
Lee	Pepper	Trible
Lehman	Perkins	Udall
Lent	Petri	Vento
Levitas	Peyser	Volkmer
Lewis	Pickle	Walgren
Livingston	Porter	Walker
Loeffler	Price	Wampler
Long (LA)	Pritchard	Washington
Long (MD)	Pursell	Watkins
Lott	Rahall	Waxman
Lowery (CA)	Rangel	Weaver
Lujan	Ratchford	Weber (MN)
Luken	Regula	Weber (OH)
Lundine	Rhodes	White
Lungren	Rinaldo	Whittaker
Madigan	Ritter	Whitten
Markey	Roberts (KS)	Williams (MT)
Marks	Roberts (SD)	Williams (OH)
Marlenee	Robinson	Wilson
Marriott	Rodino	Winn
Martin (IL)	Roe	Wirth
Martin (NC)	Roemer	Wolf
Martin (NY)	Rogers	Wolpe
Matsui	Rosenthal	Wortley
Mattox	Rostenkowski	Wyden
Mavroules	Roth	Wylie
Mazzoli	Roukema	Yates
McClory	Rousselot	Yatron
McCollum	Roybal	Young (AK)
McCurdy	Rudd	Young (FL)
McDade	Russo	Young (MO)
McDonald	Sabo	Zablocki
McEwen	Sawyer	Zeferetti

NOES—17

Bingham	Green	Santini
Burton, Phillip	LaFalce	Savage
Craig	Leland	Scheuer
Deckard	Lowry (WA)	Solarz
Dellums	Mollohan	Weiss
Gonzalez	Reuss	

NOT VOTING—44

Anthony	Crockett	O'Brien
AuCoin	Dannemeyer	Oakar
Beard	Dornan	Quillen
Bedell	Evans (IN)	Railsback
Biaggi	Foley	Richmond
Boland	Ford (MI)	Rose
Bolling	Garcia	Shannon
Brooks	Goldwater	Simon
Brown (CA)	Hance	St Germain
Brown (OH)	Hatcher	Staton
Burton, John	Hefner	Vander Jagt
Chappie	Jones (TN)	Whitehurst
Chisholm	Kramer	Whitley
Clay	McCloskey	Wright
Collins (IL)	Mitchell (MD)	

□ 1410

Mr. STARK and Mr. EDWARDS of California changed their votes from "no" to "aye."

So the amendment, as amended, was agreed to.

The result of the vote was announced as above recorded.

Mr. JONES of Oklahoma. Mr. Chairman, I move to strike the last word.

Mr. Chairman, the bill before us would provide for a total of $11 billion in budget authority and $9 billion in outlays for all foreign assistance programs, including the direct loan programs of the Export-Import Bank.

The program levels set in the bill are substantially below the assumptions in the first budget resolution for fiscal year 1982, and also below the President's September budget request for those same foreign assistance items.

Compared to the spending targets assigned to this bill by the Appropriations Committee, however, there is somewhat of a problem. When the bill was reported by the Appropriations Committee, it was $885 million under its spending target in budget authority and $3 million under the target in outlays. However, subsequent to appropriations committee action on this bill, the administration requested an appropriation of $125 million for the U.S. costs of establishing the multinational force and observers in the Sinai, the so-called MFO. As you know, the administration assigned a very high priority to that item and it was expeditiously approved by the Congress. The costs of the MFO were, however, charged to the same spending target as the cost of this bill. Consequently, as a result of action on the President's urgent request for the MFO funding, the Foreign Operations Subcommittee is in the position of having exceeded its fiscal year 1982 outlay allocation. This situation occurs even though the subcommittee cut over $1.6 billion from the President's original foreign assistance request and reported a bill which is below his revised September request as well.

It is also important to note that the President did not request any offsetting spending reductions at the time he submitted his urgent request for the MFO funding and that the administration fully supports the spending levels in this bill. In fact, Mr. Chairman, as we all know, the administration would actually prefer an increase in spending for the military assistance accounts in this bill.

In view of all the above: The fact that the committee reported the bill within the targets assigned to the Foreign Operations Subcommittee, and that the subcommittee's total spending is still below its discretionary 1982 targets by $760 million in budget authority, this bill would not be subject to any sanctions imposed by the Budget Act or by the fiscal year 1982 budget resolution. Further, I am pleased to report that when total spending for all items in the international affairs function is compared to the total in the budget resolution, this House will have spent over $2.5 billion less in budget authority and $150 million less in outlays than the targets we set for ourselves in the first budget resolution earlier this year.

So Mr. Chairman, if we can just resist adding any amount to the bill before us today, and we can keep the other body from making any substantial additions in conference, we will have accomplished our objectives in the international affairs area.

In conclusion, I believe the Appropriations Subcommittee on Foreign Operations should be commended for accomplishing the task of bringing out a bill in this difficult and controversial area. The bill before us provides the minimum amounts necessary to meet ongoing U.S. commitments, and provides for the orderly administration of a declining level of U.S. bilateral assistance.

AMENDMENT OFFERED BY MR. LEWIS

Mr. LEWIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. LEWIS: Page 5, line 8, immediately before the period insert the following: "*: Provided further*, That in each instance in which the International Development Association has informed the Secretary of the Treasury that it has made loans or loan commitments to a single country in amounts which are cumulatively greater than 15 percent of the total projected funding of the sixth replenishment of the International Development Association, then the sums made available in this paragraph shall be reduced by an amount which is equal to 27 percent of the portion of such loans or loan commitments to such country that exceeds 15 percent of the projected sixth replenishment total".

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. LEWIS. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, I appreciate my friend yielding. I just wanted to take this time to tell my colleagues that the chairman and I have discussed this amendment and a couple of pending amendments, and it is our agreement and belief—held quite sincerely by Members on both sides of the aisle—that we can finish this by 3 o'clock. So, I would hope that my friends and colleagues on the floor would give every consideration to keeping their remarks in such a framework as to allow this bill to move to a hopefully successful completion, but just at least an up or down vote.

Mr. LEWIS. Mr. Chairman and Members, keeping in mind my colleague's comments about the need to be brief in our remarks, let me explain this amendment in very short fashion

and outline the reason for the amendment.

First, earlier in our debate there was a good deal of discussion about multilateral kinds of assistance, and the need for us to reevaluate where we have been and where we should be going in that regard.

One of the elements of multilateral assistance in the World Bank, the International Development Association, needs as much reevaluation as any that I can imagine, and this amendment addresses itself precisely to that point. It would essentially say that where the Board of Directors of the World Bank would make a decision to give an individual recipient country more than 15 percent of the total IDA pool, then from that point the money that we give to the World Bank would be reduced proportionately to the amount that goes beyond that 15 percent.

At this point in time, this amendment, should it become law, would effect only one country that is a recipient of the soft loan window moneys coming from IDA, and that country is India.

As of last year, India was receiving approximately 40 percent of IDA moneys. It is scheduled through IDA VI to receive 36.8 percent of the dollars that are available. There are people in this House on both sides of the aisle who are concerned about the future of developing countries throughout the world.

□ 1420

Many of those countries in Latin America, places like Pakistan and Bangladesh, countries in developing Africa, indeed do need our assistance, indeed they do need our direction. As of this moment India totally dominates that pool and I believe shortcuts the money that might be available for their direct assistance.

I think it is significant, further, to realize India's position in all of this as we examine the need for reevaluation of IDA. First, I think the Members all remember the debate that took place about the time we were making major contributions to India in foreign assistance when that country chose to move forward with their plans to violate our intent in terms of nuclear proliferation. They were not responsive, regardless of world opinion, and went forward with their plans for nuclear development.

Just last year India was involved in a $1.6 billion purchase of military armament from the Soviet Union, hardly a purchase that is logical for a country that has more of the world's poor than any other country.

Just recently India found herself in another interesting position. She has consistently resisted going to the world marketplace for funds that she needed when, indeed, the marketplace was available to that country. Of course, why should India go to the marketplace and pay market interest when she can get the money for free on a 50-year loan.

India just recently had approved a $5.86 billion loan from the Internatinal Monetary Fund, a loan which is moving her in the direction of more reliance upon at least concessional interest-bearing notes. But that reality is complicated by another recent development.

The CHAIRMAN. The time of the gentleman from California has expired.

(By unanimous consent Mr. LEWIS was allowed to proceed for 1 additional minute.)

Mr. LEWIS. But that very reality is complicated by the fact that India is presently negotiating with France to buy very sophisticated Mirage aircraft at approximately the cost of $3 billion. So here is India, a country that under IDA VI we would propose to make eligible for $5.8 billion of soft loan window money, a country that will receive almost $6 billion from the IMF, suddenly, in spite of her millions and millions of starving people, planning to spend another $3 billion for military aircraft.

I would say to my colleagues it is time that all of us reevaluate, reevaluate what we have been doing about IDA and what IDA has been doing to those countries we purport to try to help. It is my personal belief that the progress that we have made in this debate is taking us in that direction, taking us in the direction of insisting that the world back us and help us in that reevaluation.

AMENDMENT OFFEERED BY MR. KEMP AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. LEWIS

Mr. KEMP. Mr. Chairman, I offer an amendment as a substitute for the amendment.

The Clerk read as follows:

Amendment offered by Mr. KEMP as a substitute for the amendment offered by Mr. LEWIS: Strike out all after *"Provided further,"* and insert in lieu thereof: "That the Secretary of the Treasury shall instruct the executive director to undertake negotiations to reallocate the development credits made available through the sixth replenishment to provide a more efficient distribution among recipient nations including a reduction in the maximum development credits provided to any given nation.".

Mr. KEMP. Mr. Chairman, I think it is quite obvious from the remarks made by my distinguished friend from California (Mr. LEWIS) that he has very genuine and sincere concerns about the bulk of IDA concessional loans, soft loans, going to India. At a time when they have been turning their backs on the United States, seeking assistance from the Soviet Union, and have received an IMF loan of $5.8 billion to build steel mills, infrastructure and to subsidize energy sources, these concerns are well founded.

I have many problems with what has happened. In fact, I joined with the gentleman and other colleagues in writing to the President to ask him to please not let the IMF allow India to have that $5.8 billion.

The gentleman, I think made an extremely important point when he said that we should reevaluate how IDA is approaching not only development in the Third World but the distribution of its development credits. As he said quite eloquently, 40 percent of all of the IDA money goes to India and 60 percent of all of the IDA money goes to India, Pakistan, Bangladesh, and Indonesia.

My amendment simply says, my friends, that we ask the Secretary of the Treasury to direct the U.S. Executive Director of the World Bank to reevaluate this distribution. Very frankly, I have discussed this with the chairman, I have discussed it with my colleague from California, and knowing that we share many concerns regarding this issue, it seems to me it would be a mistake not to accept my substitute. We get to where the gentleman wants to go with my substitute, plus, I would say to my friend, I do not think this body ought to do anything, at this dangerous moment for the Indian subcontinent, which might push India closer to the Soviet Union.

I am not suggesting that is the intent or the purpose of the gentleman's amendment because I know that is not his purpose. But I frankly think that my language gives us a chance to work out a more harmonious means of reaching the gentleman's goal, and I would appreciate it if he would support my substitute.

Mr LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I would be glad to yield to the chairman of the subcommittee.

Mr. LONG of Maryland. Mr. Chairman, let me say that I have great sympathy with the objectives of the amendment of the gentleman from California. I have felt for a long while that these were very serious problems that ought to be dealt with. The problem is how you deal with them.

I think the gentleman from New York has come up with a suggestion, with an amendment that may very well enable us to deal with this thing satisfactorily. Let me say I plan, as chairman of the subcommittee, to hold extensive hearings on this matter next year and will propose to try to find well-thought-out remedies if the situation is not corrected by that time.

I know we will have the support of the gentleman from New York and I hope the support of his colleagues on that side of the aisle.

Mr. KEMP. I would like to thank the chairman for his assurance. I

know that will help assuage some of the fears of those on our side of the aisle who are deeply concerned, not only about where India has been turning for arms, but even worse, about India's wounded economy. These are self-inflicted economic wounds. They have one of the most steeply graduated tax systems in the Third World, plus a devaluing currency and trade restrictions—all of the policies that are opposite to what we are trying to do here.

Mr. STANTON of Ohio. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to the gentleman from Ohio.

Mr. STANTON of Ohio. I appreciate my friend yielding. I wish to rise in support of the amendment but assure our friend from California, as I mentioned before, that the subcommittee chaired by the gentleman from California (Mr. PATTERSON) of the Committee on Banking, Finance and Urban Affairs, hopes to get together on the whole subject of India and hold hearings, and I would hope that would meet with the approval of the gentleman from California.

Mr. LEWIS. Mr. Chairman, will the gentleman yield?

Mr. KEMP. I yield to my friend from California, who has done such a great job in this area.

Mr. LEWIS. I thank the gentleman for that last contribution. I want to ask a couple of questions about this substitute.

As I read the language in the gentleman's substitute, he is suggesting, and I gather our chairman is in agreement with him, that we would ask our Executive Director to specifically in his responsibilities on the Board of Directors push for or urge the reevaluation of the distribution of these funds in IDA for replenishment VI. Is that correct?

Mr. KEMP. That is absolutely correct. I would say to my friend not only to reevaluate, but we have in here the word "negotiate," which I think puts even a stronger sense of urgency on the gentleman's goal.

□ 1430

Mr. LEWIS. That was my second question. It seems to me that this language could indicate, especially if the House accepts this language, that we are directing our Executive Director to urge renegotiation of IDA VI as it applies to the very serious question of reevaluating the way IDA moneys are being distributed.

The CHAIRMAN. The time of the gentleman from New York (Mr. KEMP) has expired.

(By unanimous consent, Mr. KEMP was allowed to proceed for 1 additional minute.)

Mr. KEMP. Absolutely. I think the gentleman knows that it is subject to negotiation but that all of us recognize, I think, on both sides of the aisle, that something has to be done to bring about an allocation that is fairer than what is going on today. I would make clear, however, that this would not mean a renegotiation of the IDA VI agreement but of the distribution of development credits, which is not a part of the general agreement.

Mr. LEWIS. I will accept the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York (Mr. KEMP) as a substitute for the amendment offered by the gentleman from California (Mr. LEWIS).

The amendment offered as a substitute for the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from California (Mr. LEWIS), as amended.

The amendment, as amended, was agreed to.

Mr. LONG of Maryland. Mr. Chairman, I ask unanimous consent that the remainder of title I be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The CHAIRMAN. Are there any points of order against that portion of the bill?

The Chair hears none.

Are there any amendments to the remainder of title I?

If not, the Clerk will read.

The Clerk proceeded to read title II.

Mr. LONG of Maryland (during the reading). Mr. Chairman, I ask unanimous consent that title II be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The CHAIRMAN. Are there any points of order against title II?

The Chair hears none.

AMENDMENT OFFERED BY MR. PHILIP M. CRANE

Mr. PHILIP M. CRANE. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

AGENCY FOR INTERNATIONAL DEVELOPMENT

Agriculture, rural development, and nutrition, Development Assistance: For necessary expenses to carry out the provisions of section 103, $700,000,000: *Provided*, That the amounts provided for loans to carry out the purposes of this paragraph shall remain available for obligation until September 30, 1983.

Population, Development Assistance: For necessary expenses to carry out the provision of section 104(b), $240,000,000: *Provided*, That the amounts provided for loans to carry out the purposes of this paragraph shall remain available for obligation until September 30, 1983.

Health, Development Assistance: For necessary expenses to carry out the provisions of section 104(c), $133,405,000: *Provided*, That the amounts provided for loans to carry out the purposes of this paragraph shall remain available for obligation until September 30, 1983.

Education and human resources development, Development Assistance: For necessary expenses to carry out the provisions of section 105, $103,550,000: *Provided*, That $5,700,000 of this amount shall be available only for scholarships for South African students in accordance with the last sentence of section 105(a) of the Foreign Assistance Act of 1961 (as added by title III of the International Security and Development Cooperation Act of 1981): *Provided further*, That the amounts provided for loans to carry out the purposes of this paragraph shall remain available for obligation until September 30, 1983.

Energy, and selected development activities, Development Assistance: For necessary expenses to carry out the provisions of sections 106–107, $137,200,000: *Provided*, That the amount $40,000,000 shall be available only for resettlement services and facilities for refugees and displaced persons in Africa (of which $10,000,000 shall remain available until expended), except that not more than $30,000,000 of this $40,000,000 may be obligated until the Administrator for the Agency for International Development certifies to the Appropriations committees that projects financed with that $30,000,000 have progressed sufficiently to believe that they will be successful in promoting self-sufficiency among refugees and displaced persons in Africa and in integrating or reintegrating them into the economy and society of the countries where they are located, thus helping to alleviate the serious drain which they place on resources of those countries: *Provided further*, That the amounts provided for loans to carry out the purposes of this paragraph shall remain available for obligation until September 30, 1983.

Science and technology, Development Assistance: For necessary expenses to carry our the provisions of sections 106–107, $10,000,000: *Provided*, That the amounts provided for loans to carry out the purposes of this paragraph shall remain available for obligation until September 30, 1983.

Loan allocation, Development Assistance: Of the new obligational authority appropriated under this Act to carry out the provisions of sections 103–107, not less than 35 percent shall be available for loans for fiscal year 1982: *Provided*, That loans made pursuant to this authority to countries whose annual per capita gross national product is greater than $680 but less than $1,100 shall be repayable within twenty-five years following the date on which funds are initially made available under such loans and loans to countries whose annual per capita gross national product is greater than or equal to $1,100 shall be repayable within twenty years following the date on which funds are initially made available under such loans.

American schools and hospitals abroad: For necessary expenses to carry out the provisions of section 214, $20,000,000.

International disaster assistance: For necessary expenses to carry out the provisions of section 491, $27,000,000.

Sahel development program: For necessary expenses to carry out the provisions of section 121, $95,000,000, to remain available until expended: *Provided*, That no part of such appropriation may be available to

make any contribution of the United States to the Sahel development program in excess of 10 per centum of the total contributions to such program: *Provided further,* That of such amount, $2,000,000 shall be used for the African Development Foundation "and, in addition, the unobligated balances as of September 30, 1981, of funds heretofore made available for the African Development Foundation are hereby continued available for the fiscal year 1982 for use for the African Development Foundation."

Payment to the Foreign Service Retirement and Disability Fund: For payment to the "Foreign Service Retirement and Disability Fund," as authorized by the Foreign Service Act of 1946, as amended, $32,552,000.

Economic support fund: For necessary expenses to carry out the provisions of chapter 4 of part II, $2,463,500,000: *Provided,* That of the funds appropriated under this paragraph, not less than $806,000,000 shall be available for Israel and not less then $771,000,000 shall be available for Egypt: *Provided further,* That no funds provided for the Special Requirements Fund shall be obligated or expended without the prior written approval of the Appropriations Committees of both Houses of Congress.

Peacekeeping operations: For necessary expenses to carry out the provisions of section 551, $19,000,000.

Operating expenses of the Agency for International Development: For necessary expenses to carry out the provisions of section 667, $335,632,000: *Provided,* That not more than $20,000,000 of this amount shall be for Foreign Affairs Administrative Support: *Provided further,* That no funds provided in this title may be used to establish any separate office or component within the International Development Cooperation Agency unless the appropriate committees of both Houses of Congress are previously notified fifteen days in advance.

Trade and development: For necessary expenses to carry out the provisions of section 661, $6,907,000, to remain available until expended.

International narcotics control: For necessary expenses to carry out the provisions of section 481, $37,700,000: *Provided,* That these and other funds heretofore made available for international narcotics control may be used in accordance with the provisions of H.R. 3566, as reported May 19, 1981.

The Clerk read as follows:

Amendment offered by Mr. PHILIP M. CRANE: Page 7, line 22, strike out "$240,000,000" and insert in lieu thereof "$211,000,000".

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. PHILIP M. CRANE. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, I would be disposed to accept the gentleman's amendment.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. PHILIP M. CRANE. I yield to the gentleman from New York.

Mr. KEMP. Mr. Chairman, could the gentleman tell us, does it go to the President's mark, or below that?

Mr. PHILIP M. CRANE. Yes. It goes to the President's mark.

Mr. KEMP. I would be willing to accept the President's mark.

Would the Chairman be willing to accept the President's mark of $211 million?

Mr. LONG of Maryland. Yes.

Mr. PHILIP M. CRANE. I thank the gentlemen for accepting the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois (Mr. PHILIP M. CRANE).

The amendment was agreed to.

The CHAIRMAN. Are there any other amendments to title II?

If not, the Clerk will read.

The Clerk proceeded to read title III.

Mr. LONG of Maryland (during the reading). Mr. Chairman, I ask unanimous consent that title III be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The CHAIRMAN. All points of order have been waived to title III.

Are there any amendments to title III?

If not, the Clerk will read.

The Clerk read as follows:

LIMITATION ON PROGRAM ACTIVITY

During fiscal year 1982 and within the resources and authority available, gross obligations for the principal amount of direct loans shall not exceed $3,961,000,000. During fiscal year 1982, total commitments to guarantee loans shall not exceed $8,651,000,000 of contingent liability for loan principal.

AMENDMENT OFFERED BY MR. CONTE

Mr. CONTE. Mr. Chairman, I offer an amendment on behalf of myself and the distinguished gentleman from California (Mr. FAZIO).

The Clerk read as follows:

Amendment offered by Mr. CONTE: On page 17, line 1, strike "$3,961,000,000" and insert in lieu thereof "$4,400,000,000".

Mr. CONTE. Mr. Chairman, I am introducing an amendment which would provide for $4.4 billion in Eximbank direct lending authority for fiscal year 1982—the President's March request.

Even with this amendment, we will be reducing Eximbank direct loan authority by 20 percent from fiscal year 1981—one of the largest single reductions of any program. Reducing Eximbank support any further would be tantamount to unilateral disarmament in international trade.

Let me remind my colleagues that in 1980, the United States ran a $32 billion deficit in merchandise trade.

The Eximbank pays its own way; it operates as a self-sustaining institution and has returned more than $1 billion in dividends to the U.S. Treasury. Budget appropriations represent lending ceilings, not actual outlays.

Eximbank is a critical factor in promoting foreign trade. In fiscal year 1980 Exim supported exports of $18.1 billion, a 33-percent increase over fiscal year 1979.

The Department of the Treasury found that at least 70 percent of the $18.1 billion in exports attributable to Eximbank would not have occurred without Eximbank support. Eximbank helps our international balance of trade, strengthens the dollar, and thus helps ease inflationary pressures.

Eximbank's 1980 operations supported 724,000 American jobs. In the last 3 years, Eximbank has created an estimated 1½ million man-years of new employment.

Without the increase called for under this amendment there would be losses of an estimated $12 billion in U.S. export sales and of more than 600,000 man-years of employment in the United States in the next 5 years.

It is argued that Eximbank helps only five or six of the largest U.S. trading firms. This is false. In the history of bank programs, over 9,000 suppliers in all 50 States have benefited from Eximbank financing commitments.

In the aircraft sector, for example, there are hundreds and hundreds of suppliers and subcontractors who contribute to the manufacture of each aircraft we export.

The United States is involved in a heated international trade competition. In 1980 the General Accounting Office produced a study which found that during 1978 Japan and the United Kingdom supported 35 percent of their exports, France supported 20 percent of its exports and Germany 12 percent. Only 6 percent of American exports were supported by Eximbank financing.

The United States must have a strong Eximbank to counter foreign predatory financing practices. Reducing its funding is, in effect, unilateral disarmament in our country's ability to compete with out trading partners.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, I accept the gentleman's amendment and hope that it will be agreed to.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from New York.

Mr. KEMP. There is an amendment floating around with the gentleman's name on it. Would he take a look at the amendment?

Mr. FAZIO. I have no amendment.

Mr. KEMP. You do not?

Mr. FAZIO. No.

Mr. KEMP. I would like my colleague to yield to the gentleman from Missouri (Mr. VOLKMER) to tell me if he is passing around an amendment with Mr. FAZIO's name on it.

Mr. VOLKMER. I did, but I will ask leave to correct it.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The gentleman from Massachusetts (Mr. CONTE) has the floor.

Mr. CONTE. I do not know what is happening here. What is going on here?

Mr. MOFFETT. Mr. Chairman, will the gentleman from Massachusetts yield for 15 seconds?

Mr. CONTE. I yield to the gentleman from Connecticut.

Mr. MOFFETT. I say to the gentleman from New York and to the gentleman from Massachusetts that I am on your side on this one. It was just an error.

The gentleman had a substitute for the amendment to be offered by the gentleman from California (Mr. FAZIO).

Mr. KEMP. I appreciate the gentleman's explanation. The gentleman, I am sure, appreciates how late in the day this is and passions are high.

Mr. CONTE. Mr. Chairman, I yield to the gentleman from California (Mr. FAZIO).

Mr. KEMP. Will the gentleman yield to me so that I can accept the amendment?

Mr. CONTE. I yield to my good friend, the gentleman from New York.

Mr. KEMP. I appreciate my friend yielding, and I have no objection to his amendment. This should not be seen, however, as support for the Export-Import Bank. I have been a critic of this Bank and all other forms of corporate subsidy. Economic growth, export growth, depend not on subsidy but on entrepreneurship and productivity. Subsidies stimulate neither.

The case made by Exim proponents cannot be substantiated. The redirection of credit from market determined uses to politically determined uses cannot create jobs. It can reallocate them. It can reduce wealth and income through inefficient resource use—but it creates no jobs.

I am not objecting to the Conte amendment, however. I want a bill to carry out the President's foreign policy objectives, objectives we all share. In the spirit of compromise I am accepting the amendment of my distinguished ranking Republican colleague despite my strong objections to this program and the economic distortion which it creates.

Mr. CONTE. I thank the gentleman.

Mr. FAZIO. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. FAZIO. Mr. Chairman, I rise today in support of one the most professionally administered and beneficial programs to come before the Congress, the Export-Import Bank of the United States.

I think all of us in the Congress are aware that by most any yardstick, our Nation's economy is in a recession. I believe Eximbank to be an extremely valuable tool which we can use to help fight the recession and turn the economy around and promote full employment.

Eximbank, as most of us know, was incorporated by Congress as an independent Government institution for the express purpose of encouraging foreign buyers to buy American exports. Exim has fulfilled its mission well, assisting in more than $100 billion in U.S. exports. Last year Exim loans, guarantees, and insurance supported $18.1 billion in U.S. exports.

I think that because Exim's purpose and day-to-day transactions involve foreign purchasers of U.S. goods we forget how important Exim is to our domestic economy. Now, more than ever, our country is not an insular entity. Exports are a vital part of our economic health at home. The Department of Commerce has estimated that each $1 billion in exports supports 40,000 jobs in the United States. Using the Department of Commerce figures, Eximbank's 1980 operations helped support 724,000 American jobs. Exim's commitments have gone to more than 5,700 firms in all 50 States. Each Exim commitment benefits an extensive network of subcontractors and suppliers.

The alternatives to a strong Eximbank are not pleasant. These alternatives are the transfer of jobs, business, and tax revenues to foreign countries.

While I believe Exim to be a key to reducing America's staggering trade deficit and to promoting employment at home, I believe that it is easy to overlook the fact that Exim operates in an extremely efficient and effective manner.

Exim, like any other bank, lends and is repaid. Exim obtains money from its own retained earnings and borrowings. Exim does not receive appropriations from Congress. Exim seeks loan authority only, not direct outlay authority. Exim funds its programs through loan repayments, interest payments, insurance premiums, and guarantee fees. Exim's annual borrowings, usually from the Federal Financing Bank, are quite small. Exim omitted a dividend for the first time in 1980. Exim's total cumulative dividends paid to the Treasury for 1979 and prior years have exceeded $1 billion.

In the face of the escalating international credit war, the United States should not respond by reducing support for Eximbank. Other countries purposely subsidize far greater proportions of their exports than does the United States. In 1980 the General Accounting Office found that during 1978 Japan and the United Kingdom supported 35 percent of their exports, France supported 20 percent of its exports and, Germany 12 percent. Only 6 percent of American exports were supported through Eximbank financing.

The technological advantages that once made American products overwhelmingly desirable have now been narrowed. The competition between products in international trade is now so vigorous and so close that the give-away credit terms offered by some foreign nations are often the factor that makes or breaks a transaction and frequently the transactions involved are into the hundreds of millions of dollars. We must have a strong Eximbank to counter foreign predatory financing practices.

Despite months and years of painstaking effort, our negotiators, and those representing the other nations in the Organization for Economic Cooperation and Development, have failed to establish an agreement on an across-the-board plan to reduce international export credit subsidies. While these negotiations hang in the balance we in the Congress should not signal retreat for America by withdrawing our support of Eximbank.

Let me append a factsheet making these points abundantly clear.

FACTSHEET ON EXIMBANK TO SUPPORT HIGHER FUNDING

PRESENT FUNDING (DIRECT LENDING AUTHORITY) FY 1982

The present levels of projected funding for Exim-direct lending for FY 1982 are:

1. Initial Administration request: $4.4 billion.

2. Omnibus Reconciliation Act of 1981: $5.065 billion (Administration supported this in Gramm-Latta II).

3. House Appropriations Committee: $3.96 billion.

4. Administration's revised budget request: $3.87 billion FY 1981.

5. Senate-passed: $4.7 billion.

Exim was funded at $5.5 billion for direct lending authority for FY 1981. Exim has already made its budget sacrifice for FY 1982—Budget Resolution is $500 million below 1981 level.

THE EXPORT-IMPORT BANK HAS ALWAYS BEEN SELF-SUPPORTING

The bank does not receive any appropriations of taxpayer funds. Since capitalized by Congress in 1945 with $1 billion, it has paid more than $1 billion in dividends to the Treasury, and produced retained earnings of more than $2 billion.

There is no actual appropriation in the budget for the bank, merely an authorization allowing it to borrow funds necessary to support its loan commitments. The cost of that borrowing has historically been absorbed by the bank through repayments, interest earnings, fees for guarantee and insurance premiums—it has never been absorbed by the taxpayer. Even if the Bank incurs deficits in the years ahead, these potential costs would be offset many times over by the U.S. economy's revenue generating benefits.

No money loaned by the bank leaves this country; it is mandated that all disbursements be paid directly to U.S. suppliers of goods and services.

THE EXPORT-IMPORT BANK IS REVENUE PRODUCING

In fiscal year 1980, the bank made $4.578 billion in loans to support $7.7 billion in exports, and $8.6 billion in guarantees and insurance to support $10.4 billion in exports—a total of $18.1 billion in sales for American interests. The high technology, big-ticket sales that create jobs throughout the economy are the most dependent on the direct loan program.

A 1981 study of a typical mass transit equipment export by Wharton Econometric Forecasting Associates, Inc., showed that the Exim Bank-supported sales would return at least $9 to the government for every one dollar in interest-differential cost. The $8 net gain results from increased income tax revenue and reduced government expenditures such as unemployment costs.

THE EXPORT-IMPORT BANK IS JOB PRODUCING

The bank's 1980 operations supported 720,000 American jobs, using the government's estimate that for every $1 billion in exports, 40,000 man-years of employment are supported.

The Administration's proposed cuts—using the government's own formula—would mean the loss of 480,000 American jobs over the next five years ($12 billion in exports).

It has been estimated that one in six American workers is involved in the production of goods sold abroad.

THE EXPORT-IMPORT BANK ASSISTS BUSINESSES BOTH LARGE AND SMALL

More than 5,700 firms in all 50 states have benefited from direct Exim assistance.

Boeing alone helps support 3,500 first-tier subcontractors in 44 states, plus another 50,000 second and third-tier suppliers of materials and services. More than 15,000 first and second-tier subcontractors in 39 states participate in the construction of every Boeing 747.

Nearly 75 percent of every Westinghouse nuclear power plant project is contributed by 1,300 subcontractors, supporting more than 32,000 exporting jobs in 37 states.

Just a single product group in the General Electric Company has 11,000 suppliers and vendors in all 50 states.

THE EXPORT-IMPORT BANK PROVIDES "ADDITIONALITY"

A January, 1981, Treasury Department study of FY 1978 showed that the additionality probability—the estimate of export sales that would not have been possible without Exim-direct credits—was "very high, somewhat higher than 70 percent", a conclusion similar to that made in a study of FY 1976. The report said, "The results suggest that the direct credit program was highly successful in supporting U.S. exports", specifically $3 billion in sales which produced 120,000 American jobs.

A 1980 GAO report said that 44 potential export deals totaling $500 million were lost in 1978 because U.S. exporters were unable to arrange for competitive financing. Another 10 sales—for $434 million—were lost because the available Exim financing was not competitive.

A major American manufacturer says it has the potential for $5 billion in exports during the next two years—plus another $10 billion in "follow-up" orders for the next decade—that will probably be lost without the competitive financing, primarily in the form of direct credits, provided by Exim.

U.S. MANUFACTURERS COMPETE HEAD ON WITH SUBSIDIZED FOREIGN EXPORT FINANCE PROGRAMS

Despite an interim understanding with Europeans and Japanese raising minimum export interest rates to less predatory levels, U.S. exporters still compete under grave disadvantages.

In 1978 and 1979, the average proportions of exports supported by government loan programs in four leading industrial nations were as follows:

United Kingdom, 45.4 percent (Taxpayer-supported).

Japan, 35.4 percent (Taxpayer-supported).

France, 35.3 percent (Taxpayer-supported).

United States, 5.1 percent (Self-supporting).

Yet, any minimum interest rate agreement is meaningless if the U.S. Eximbank does not have adequate funds to lend, and it has to raise its own lending rate unilaterally.

Mr. CONTE. I might say that I not only enjoyed working with the gentleman on this amendment, but I certainly enjoyed working with him on the legislative appropriation bill, and I think everybody else feels the same way.

Mr. MINETA. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. MINETA. Mr. Chairman, I, too, would like to support an increase in the direct borrowing authority for the Export-Import Bank from $3.9 billion to $4.4 billion for fiscal year 1982.

Let me outline my reasons for supporting this increase. First, the Export-Import Bank does not provide foreign aid to nations abroad; it provides American exporters with the ability to offer competitive credit terms to foreign purchasers. American firms are effectively frozen out of export markets for major heavy equipment and machinery if American firms are not able to offer favorable credit terms.

Further, Mr. Chairman, the Export-Import Bank has historically paid its own way and generally has paid more to the Treasury than it has received. In fact, Exim has returned more than $1 billion in dividends to the Treasury. Exim receives no appropriated funds, but only authority to borrow to support American exports. Moreover, the Exim, Mr. Chairman, is cost effective. A recent Wharton study of one typical Exim supported export showed a net return to the U.S. Treasury of 10 times the cost.

Finally, with one in every six American workers involved in the production of goods for export, the Exim is a major job creator; $1 billion in exports supports 40,000 jobs in the United States. If the Exim funding remains at its $3.9 billion level, it will be able to accept little or no new export business and will result in a reduction of man-years of employment in the United States. This must not be permitted to occur, particularly in the midst of a severe economic downturn.

Even if this amendment passes, Mr. Chairman, the Exim funding will be below the $4.7 billion Senate figure, the $5.065 billion reconciliation level, and the $5.5 billion Senate funding it received in fiscal year 1981.

The trade deficit in 1980 was $32 billion. We cannot continue to afford such a huge deficit. Mr. Chairman, I want to urge all of my colleagues to support this bipartisan amendment which will support America's efforts to increase its exports and remain competitive with our foreign trade competitors.

Thank you.

Mr. RATCHFORD. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Connecticut.

Mr. RATCHFORD. I would say to my friend that I want to strongly support the amendment.

In my area, especially the lower Naugatuck Valley, we have today several hundred jobs, American jobs, in a period of high unemployment, because this Bank existed to provide for the financial assistance necessary for a particular company to do business overseas. So it is a good American investment, and I applaud the gentleman from Massachusetts.

Mrs. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the most charming lady in the House, the gentlewoman from Louisiana (Mrs. BOGGS).

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Mrs. BOGGS. Mr. Chairman, I rise in support of the amendment of the gentleman from Massachusetts. I do so with the practical experience which recognizes that foreign trade is essential to the continued development and growth of our national economy and is particularly important to economic growth in my own State, Louisiana. We recognize fully the impact upon this growth that the U.S. balance-of-payments posture exerts. We understand especially the relationship of the agricultural bulk cargoes from our farms and those from the heartland of America to a favorable balance.

In providing access to world markets and supplies, the key Louisiana ports, New Orleans, Baton Rouge, and Lake Charles, help to effect greater utilization of Louisiana's agricultural, human, natural, and industrial resources than can be obtained through purely domestic trade within the United States.

On the production side, all key Louisiana industries and the many supporting small businesses export a greater portion of their production than the national average. These include food processing, paper products,

refined petroleum products, primary metals, fabricated metals, and machinery. In addition to the economic stimulus provided by the supportive role played in production, Louisiana's port industry is itself a major generator of income. A substantial portion of the total impact of foreign trade arises from expenditures associated with the transshipment of cargo, including not only products originating in Louisiana, but also all those cargoes handled by the State's ports which are shipped to and from practically every State within the continental United States, and to most of the nations of the world.

It has been estimated that cargo valued at $8.1 billion was exported through the Port of New Orleans last year and 61 percent of these exports were destined for the developing and undeveloped countries of Latin America, Asia, and Africa. According to a study published earlier this year in the Louisiana Business Survey, more than half of the $10 billion of goods and services produced annually in the Metropolitan New Orleans area each year are in some way dependent on oceangoing commerce. This survey shows that over one-fifth of the half-million jobs in the area can be traced in one way or another to port activity. And almost one-fourth of the wages paid in the New Orleans area can be linked to the port.

The port activities of the State, in turn, support Louisiana's important shipbuilding and repair industry and supply industries which have more than tripled over the last decade.

Trade is essential to New Orleans. It is our very lifeblood but international trade also has a major bearing on our national economy and on our leadership in the world. We must make a concerted effort to pursue additional export markets around the globe. This will help to offset our slumping domestic economy, to keep our factories at or near full production, and to insure that trade deficits become a thing of the past.

The Export-Import Bank is an essential element in achieving this objective.

Mr. DICKS. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Washington.

Mr. DICKS. I thank the gentleman for yielding.

I would like to commend my colleague, the gentleman from Massachusetts, for his usual outstanding leadership. I rise in support of the gentleman's amendment.

Mr. MOFFETT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Connecticut.

Mr. MOFFETT. I thank the gentleman for yielding.

I thank the gentleman for his amendment and concur with what my colleague, the gentleman from Connecticut (Mr. RATCHFORD) said.

We cannot put our heads in the sand and not refuse to get into world markets. We can differ on how to do it, but this bank is an important one.

Mr. Chairman, it might be nice to believe that straight free enterprise, with no government subsidy, would enable us to create an export policy that is competitive with our economic adversaries.

But that is clearly not the case. Our exporting companies are in a brutal fight to penetrate world markets and expand business in them.

In Connecticut, our United Technologies Corp., is at a serious disadvantage versus heavily subsidized companies in other countries.

Without a strong Export-Import Bank, we are without our strongest economic export weapon. We are trying to turn back the clock, to create a dangerous 19th century laissez faire experiment.

As we head toward the end of this century, we had better establish a solid business-labor-government relationship to decide how we are going to make a serious U.S. bid in world markets.

This is indeed no time to put our heads in the sand.

Mr. LOWRY of Washington. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from Washington.

Mr. LOWRY of Washington. I thank the gentleman for yielding.

I rise in strong support of the gentleman's amendment.

I rise in support of the Conte amendment and to commend the leadership of the gentleman from Massachusetts and our colleague Mr. FAZIO.

Government estimates that 40,000 man-years of employment are generated for every $1 billion in exports. Using this calculation, Exim's 1980 operations supported 720,000 American jobs. That is vital to our U.S. economy.

If we lose $12 billion in exports (as expected with the administration's proposed cuts), we lose 480,000 jobs over the next 5 years. That would be devastating.

Direct Exim assistance has gone to more than 5,700 firms in all 50 States. It is of utmost importance to the Seventh Congressional District of Washington.

I urge my colleagues to again support our request for support of this program.

Mr. COELHO. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. COELHO. I thank the gentleman for yielding.

Mr. Chairman, I rise in support of the gentleman's amendment.

Mr. Chairman, I rise today in support of the Conte amendment and for one of the most misunderstood institutions in our Nation, the Export-Import Bank of the United States.

In this time of increasing budget constraints, all of us in the Congress are concerned that the taxpayer receives the greatest value for his or her tax dollar. Eximbank provides an outstanding value at a very low cost.

Exim was incorporated by Congress as an independent Government institution, and since 1948 Exim has operated to assist foreign buyers to purchase American-made products. Exim has promoted U.S. exports efficiently and economically. Exim has assisted in more than $100 billion in U.S. exports. Last year alone Exim loans, guarantees, and insurance supported total exports of $18.1 billion.

Exim already does its job on a shoestring. Exim receives no appropriated funds and thus does not compete for scarce budget dollars. Exim seeks loan authority only, not direct outlay authority. Exim is authorized annually to borrow the resources needed to fulfill its commitments, usually through the Federal Financing Bank. Exim's customers—foreign borrowers—pay its costs, not the U.S. Government or U.S. taxpayers.

Exim is self-sustaining. Exim loans, loan guarantees, and insurance programs are funded by loan repayments, interest payments, insurance premiums and guarantee fees that Exim receives from its users. Since inception Exim has returned more than $1 billion in dividends to the U.S. Treasury.

Exports, and export growth, are a matter of critical importance to our national well-being. Exim finances export sales that would almost certainly be lost without its support.

As many of us know, the U.S. merchandise trade balance has been in deficit for many years. The classic choice in trade policy has been whether to protect jobs by restricting imports, thereby fueling further protectionism, or to create jobs through exports. Our experience, and that of our most succuessful major trading partners, shows that this choice is really no choice at all. We must have continued export growth and Exim is a vital element in this growth.

One in six workers in the United States is involved in the production of goods to be sold abroad. Eximbank is critically important to these workers. In 1980 Exim programs supported an estimated 724,000 American jobs in companies of all types and sizes including subcontractors and small specialty suppliers.

I suggest that we in the Congress face up to what seems to me to be an inescapable reality. We are in a vigorous competition, a continuing trade war, to sell our exports on the world

market. It is still true that American products are usually second to none. However, other nations have made exports a key element of national policy and these nations have provided their exporters with the financial muscle needed to back up these commitments. The General Accounting Office found in a 1980 study that Japan, the United Kingdom, and France, officially supported more than three times the proportion of their 1978 exports than did the United States. Germany, often hailed as a model of a free-trading nation, proportionately supported exports equivalent to twice that supported by Eximbank.

One of our primary exports in world markets has traditionally been advanced technology, but technological edges enjoyed by U.S. exporters are now very slim. With technological comparability, the bargain-basement credit terms offered by some foreign nations are often the factor that make or break an international transaction.

Thus, it seems to me that from the point of view of the broadest national interest it is time for the Congress to recognize four things. First, Exim is a bargain. Second, Exim is a well-managed, well-designed bargain. Third, Exim is a key element in a matter of extreme domestic importance, the health of our export economy. Fourth, Exim is a vital part of our international trade policy.

Mr. ROUSSELOT. Mr. Chairman, will the gentleman yield?

Mr. CONTE. I yield to the gentleman from California.

Mr. ROUSSELOT. I thank the gentleman for yielding.

I say to the gentleman that I hate to do this. What does the gentleman's amendment do? I hate to ask that.

Mr. CONTE. It provides $4.4 billion for the Export-Import Bank.

Mr. ROUSSELOT. $4.4 billion?

Mr. CONTE. Yes.

Mr. ROUSSELOT. What does the bill provide for?

Mr. CONTE. The bill provides for $3.961 billion. That was the original amount.

Mr. ROUSSELOT. $400 million.

Mr. CONTE. That was the original President Reagan request.

Mr. ROUSSELOT. We are raising it $400 million?

Mr. CONTE. That was the original President Reagan request.

Mr. ROUSSELOT. We are raising it $400 million?

Mr. CONTE. It creates jobs.

Mr. ROUSSELOT. I understood all that. I thought we ought to know what it was.

AMENDMENT OFFERED BY MR. VOLKMER AS A SUBSTITUTE FOR THE AMENDMENT OFFERED BY MR. CONTE

Mr. VOLKMER. Mr. Chairman, I offer an amendment as a substitute for the amendent.

The Clerk read as follows:

Amendment offered by Mr. VOLKMER as a substitute for the amendment offered by Mr. CONTE: Page 17, line 1, strike "$3,961,000,000" and insert in lieu thereof "$3,461,000,000".

Mr. VOLKMER. Mr. Chairman, I will not take a lot of time. We went through this this past summer on the supplemental and undoubtedly the individual industries that are affected by this Export-Import Bank have sufficient clout on this floor in order to make sure that they win the day whatever the amount. That is quite obvious to me.

It is like the gentleman from Massachusetts says, it is jobs as far as he is concerned.

I would say it is high-priced jobs. I think we should look at it from the end as to what it actually costs. Some people say that Export-Import makes a lot of money for the United States in credits. It is the amount of credit that is going out as against the amount that it is costing us to subsidize it also and we have to look at that.

The amount of interest that these countries right now pay, or the industries or corporation who make the contracts from the foreign nations, is 12 percent. Right now they are borrowing the money, Exim is borrowing the money at 15½ percent. That is 3½ percent interest subsidy.

Again, how much do my people, how much are my individuals other than the various corporations that may benefit from this, how are they able to get this money? We are actually promoting as far as I am concerned some jobs, yes, I would not deny that. To me it is still a question mark.

If it had not been spent the contracts would not have been let other than for Export-Import. I question that very sincerely. If we look into the number of companies and the number of countries that benefit from this we will find that some of those could very well have afforded to pay at the prevailing rate of interest and purchased the items even without Export-Import.

All it means is a way to subsidize the purchase from these companies like Boeing Aircraft, Westinghouse, and General Electric, McDonnell Douglas and others, that in order for them to make sales abroad and the people who benefit not only are they but the foreign countries, the corporations and some of those like Argentina, and Australia, and France, and Greece and these countries, gee whiz, surely they can benefit their own people with their own money without having us subsidize it.

I am not cutting it back altogether. There is still $3.461 billion. That is still a lot of money, especially in my district to my people.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. I thank the gentleman for yielding.

I would oppose the gentleman's amendment.

Mr. VOLKMER. I would anticipate that.

Mr. LONG of Maryland. And I urge passage of the Conte amendment.

Mr. CONTE. Mr. Chairman, will the gentleman yield?

Mr. VOLKMER. I yield to the gentleman from Massachusetts.

Mr. CONTE. I thank the gentleman for yielding.

I want to concur with the chairman and ranking member and say I oppose the Volkmer substitute amendment. In regard to the estimate of jobs created by the Bank, in 1980 alone Eximbank resulted in 83,000 jobs in California, 68,000 in Illinois, 21,000 in Michigan, 139,000 in New York, and 13,000 jobs in my own State of Massachusetts.

Mr. VOLKMER. I will reclaim my own time and dispute that. I will dispute what the gentleman from Massachusetts says. The gentleman from Massachusetts is saying that these are direct contracts from these companies or these countries from overseas that have purchased these products, that have met these jobs. I would say to the gentleman from Massachusetts and others, many of those contracts would have been there anyway without the Export-Import money and that those would have been done and we would still have had those jobs.

Just because you had this money cut, you are not going to have the jobs. That is not a correct argument. I believe it is a fallacious argument. The jobs would still be there. There may be some lost, but very little and, therefore, I feel for the taxpayers of this country the amount of money, the billion dollars extra in credits that will have to go out in order to take care of this amendment and the money that is paid, that is going to impact on the interest rates our people pay and the interest rates our people pay have a lot to do with the economy of this country and the jobs in the country just as much as the Export-Import Bank does.

Mr. OBEY. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I just want to point out before the House disposes of action on the Eximbank that before the Conte amendment the bill itself was $89 million above the President's September request for the direct loan program and for the loan guarantee program was $1.651 billion above the President's September request.

Now we are told we are supposed to accept an amendment by the gentleman from Massachusetts (Mr. CONTE), which raises that amount even further.

The gentleman from Missouri is correct when he says that the Eximbank is lending money at interest rates lower than the amount which it has to pay for that money in the first place.

According to the House Budget Committee economic estimates, that means that the Eximbank is going to be $1.123 billion short by the end of 1984, fiscal 1984, and it means that on OMB's estimates, it will be $759 million short, which means they will have to come to this House for an appropriation eventually for at least those amounts.

I would therefore suggest, while I would prefer to stick with the committee proposition, I would urge that we certainly vote down the Conte amendment and I do not think the gentleman from Missouri has a bad idea at all—if the executives from the corporations who regularly lecture us on the limitations we ought to be putting on other people's programs, feel so strongly about that, then they ought to be willing to absorb that same sense of sacrifice themselves. I would therefore urge support for the amendment of the gentleman from Missouri. I would urge definite opposition to the amendment offered by the gentleman from Massachusetts, unless my colleagues want one day after the passage of the continuing resolution to be almost $2 billion above the President's September request.

Mr. GLICKMAN. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in support of the Conte amendment and would just make one point. I chair the Subcommittee on Transportation, Aviation and Materials of the Committee on Science and Technology. We are being bombarded by foreign sales, particularly as they relate to the airbus, and there is no way we are going to compete with the extraordinary financial terms that are being given by foreign banks to aircraft purchasers.

In any event, I think it would be very, very inappropriate not to approve the amendment.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield to the gentleman from Wisconsin.

□ 1450

Mr. OBEY. Mr. Chairman, would the gentleman answer this question for me, please. Why should an American airline company which does not use Eximbank financing when they purchase airframes be put at a competitive disadvantage with, for instance, Japan Airlines which can use Eximbank financing in order to purchase airframes which are in direct competition, therefore, with Northwest, with American, and with other airlines? If we believe in good old free enterprise, do we not believe in it on an equal footing for everybody?

Mr. GLICKMAN. If I may just respond, perhaps there is an inequity there; but the fact of the matter is that in the real world every government in the world is offering competitive financing terms at subsidized rates that we cannot compete with without this Bank.

Mr. WILSON. Mr. Chairman, will the gentleman yield?

Mr. GLICKMAN. I yield.

Mr. WILSON. Does the gentleman understand that Eastern Airlines, in buying 300 airbuses from France, got terms much more beneficial than the Eximbank offered them?

Mr. GLICKMAN. Not only do I understand that, but I think that future purchases of airlines in this world will be dominated by foreign manufacturers unless we continue the Eximbank.

Mr. KEMP. Mr. Chairman, would my friend yield?

Mr. GLICKMAN. Yes; I would be glad to yield.

Mr. KEMP. Does everybody know that we are going to kill the bill by talking it to death? Could we please have a chance to get this thing to final passage up or down, one way or another?

The CHAIRMAN. The question is on the amendment offered by the gentleman from Missouri (Mr. VOLKMER) as a substitute for the amendment from Massachusetts (Mr. CONTE).

The question was taken; and on a division (demanded by Mr. VOLKMER), there were—ayes 11, noes 43.

So the amendment offered as a substitute for the amendment was rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts (Mr. CONTE).

The amendment was agreed to.

The CHAIRMAN. Are there further amendments to this title? If not, the Clerk will read.

Mr. LONG of Maryland. Mr. Chairman, I ask unanimous consent that the remainder of title IV and title V be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The CHAIRMAN. Are there any points of order against the bill?

The Chair hears none.

Are there any amendments?

AMENDMENT OFFERED BY MR. ASHBROOK

Mr. ASHBROOK. Mr. Chairman, I offer an amendment.

The portion of the bill to which the amendment relates is as follows:

SEC. 513. None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Angola, Cambodia, Cuba, Laos, the Socialist Republic of Vietnam, or Syria.

The Clerk read as follows:

Amendment offered by Mr. ASHBROOK: Page 21, line 21, immediately after directly insert "or indirectly".

Mr. ASHBROOK. Mr. Chairman, we have been down this road many times before so I will be brief.

My amendment simply inserts the words "or indirectly" in that section of the legislation which prohibits direct funding to the Governments of Angola, Cambodia, Laos, Vietnam, and Syria.

By accepting the language in the committee bill, we are merely prohibiting direct appropriations to our adversaries. We are doing nothing to prevent the flow of American tax dollars to these nations through the channels of international organizations. My amendment would close that dangerous loophole.

During debate on similar Ashbrook indirect aid amendments in the past, the argument has been put forth that we contribute little American money through the indirect route. I suppose one's definition of the word "substantial" would have some bearing on the argument. The fact is that we do contribute substantial amounts to our Communist adversaries as a result of our participation in international organizations like the United Nations and the International Development Association. And I always point out that the American taxpayers pay a proportionately higher amount of money to the United Nations than any other participating nation.

Adoption of this amendment will send a strong signal to those at the World Bank, the IDA and the U.N. that the Congress is no longer going to quietly approve the misappropriation of American tax money to oppressive foreign governments. I am usually told by some of my colleagues that we can't do anything about how our money is spent by international organizations. I don't buy that at all. We have a voice in the United Nations, we have a voice at the World Bank. We should use it. It is simply absurd that the U.S. Congress refuses to accept the idea that we should maintain some sense of control over the flow of our constituents' tax dollars.

In closing, Mr. Chairman, I would just like to associate myself with the remarks made by my good friend, the distinguished gentleman from Oklahoma, who has suggested that if we cannot control the expenditure of substantial American dollars by international lending organizations, then we should seriously consider withdrawing our participation.

I urge adoption of the amendment.

Mr. KEMP. Mr. Chairman, will the gentleman yield?

Mr. ASHBROOK. I yield to my colleague.

Mr. KEMP. Mr. Chairman, I appreciate my friend yielding. As he knows, I cosponsored this amendment and appreciate his leadership on the issue both in the past and here today.

Let me ask my friend: I would like to add the the word "Libya" to the list of nations that are excluded from receiving aid directly or indirectly.

Is it possible to ask unanimous consent to amend the amendment to add the word "Libya" at the end?

Mr. ASHBROOK. Yes. I would say to my colleague certainly, it would be possible. I would agree with it and maybe that is a benchmark of how successful our foreign aid has been, because there only used to be three countries and we keep adding to them as the years go by.

Mr. KEMP. Notwithstanding the gentleman's arguments, we are denying aid directly or indirectly to Angola, Cambodia, Cuba, Laos, the Socialist Republic of Vietnam, Syria, and Libya as he and I expressly stipulated.

Mr. ASHBROOK. That is right.

Mr. KEMP. Mr. Chairman, I ask unanimous consent to modify the Ashbrook amendment, as follows, and I support the amendment strongly:

At the end of the Ashbrook amendment add the following: On page 21, line 23, after the word "Vietnam," add the following: "Libya,".

The CHAIRMAN. Is there objection to the modification offered by the gentleman from New York (Mr. KEMP) to the amendment?

There was no objection.

Mr. McHUGH. Mr. Chariman, I rise in opposition to the amendment.

Mr. Chairman, we have spent, as has been indicated, literally months to put together a compromise bill which is reasonably balanced on both economic and military assistance, multilateral and bilateral assistance.

At literally the eleventh and a half hour this amendment comes forward which will, in effect, destroy that compromise.

The fact is that we have debated this kind of an amendment for years on this bill. The effect of this amendment is to prevent any of the multilateral institutions from accepting contributions from the United States.

This is not just an opinion rendered by me. This is something which every Secretary of the Treasury has said, and we have produced for this body and placed in the RECORD in the past letters from Secretaries of the Treasury, both Republican and Democratic, to preclude this kind of an amendment from passage.

I am astonished that the ranking minority member, with whom I have had the pleasure of working with all these many months, who wants a bill as I do, would accede to this amendment at this time.

I would simply urge the colleagues on my side and others who oppose this fundamental amendment to reject it at this point, and if it is not rejected, we might not have a bill.

Mr. OBEY. Mr. Chairman, will the gentleman yield?

Mr. McHUGH. I yield to the gentleman from Wisconsin.

Mr. OBEY. Mr. Chairman, I thank the gentleman for yielding.

Mr. Chairman, neither the gentleman from New York nor I want to have any funds provided in this bill to go to Angola or Cuba or Cambodia or Laos or Vietnam or Syria or Libya, most especially the latter. But the gentleman is correct. The purpose of this amendment, or at least the result of this amendment, is not to shut off loans by any of the international financial institutions to any of these countries. This Congress does not have the power to do that.

The only effect of this amendment is to shut off U.S. participation in those institutions, and to the extent that we do that, we cripple the U.S. Government to pursue our own interests in world affairs.

We make it impossible for the banks under their charter to receive contributions from this Government.

I would urge the Members of this House to face this issue, to face it squarely, to face it honestly, and not to take the easy way, as is always done, and accept the amendment with the full expectation that it is going to be eliminated in conference.

Sooner or later, we are going to have to explain the complications of these programs to the people we represent. Sooner or later we are going to have to stop ducking our responsibility and it ought to start now.

I, for one, had wanted to support this proposal. I had intended to until the last amendment on the Eximbank was offered.

This amendment means that the United States under the bill as it will pass this House will not be able to participate in the international financial institutions. That cripples us internationally.

There is nothing that Castro, there is nothing that the Soviet Union would like more than to have the United States, either through inadvertence or ignorance, accomplish what we are about to accomplish today if we pass this amendment.

Mr. McHUGH. Mr. Chairman, I thank the gentleman for his remarks. He said it perfectly. This a fundamental obstacle in terms of our participation, in terms of our international leadership. If my friends and colleagues on the Republican side want a bill, they had better vote against this amendment.

The CHAIRMAN. The question is on the amendment, as modified, offered by the gentleman from Ohio (Mr. ASHBROOK).

The question was taken; and on a division (demanded by Mr. ASHBROOK) there were—ayes 22, noes 44.

So the amendment, as modified, was rejected.

□ 1500

AMENDMENT OFFERED BY MR. SILJANDER

Mr. SILJANDER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SILJANDER: Page 25, after line 24, insert the following:

"SEC. 525. None of the funds appropriated under this Act may be used to lobby for, promote, or recommend abortion or to train any individual to perform abortion."

Mr. SILJANDER. Mr. Chairman, I am offering this amendment to the foreign aid assistance appropriations bill to get the U.S. Government out of the business of financing the lobbying, promoting, and recommending of abortion; and the training of any individual—physician, medical student, nurse, or anybody else—in the performance of abortion through funds available through this bill.

Let me be clear, Mr. Chairman, about what this amendment does not apply to. As used in this amendment the word "abortion" is meant to refer to induced abortions, not to spontaneous abortions. Therefore, for example, funding the training of doctors to perform dilation and curettage (D. & C.) operations for a spontaneous abortion would not be prohibited.

Mr. LONG of Maryland. Mr. Chairman, will the gentleman yield?

Mr. SILJANDER. I yield to the gentleman from Maryland.

Mr. LONG of Maryland. Mr. Chairman, we will accept the gentleman's amendment and hope that the gentleman will vote for the bill on final passage.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan (Mr. SILJANDER).

The amendment was agreed to.

● Mr. DIXON. Mr. Chairman, the foreign aid appropriations bill before us seeks a reasonable balance between our international security needs and stark needs of the Third World for assistance to combat hunger, disease, and underdevelopment.

Although more money for development assistance would be preferable, I still strongly believe this bill should be passed by the House.

Our world faces many complex, troublesome problems, and this bill is the major way our country seeks to address them.

Issues of world population, hunger, and of disease and infant mortality are fundamental problems facing the developing world. These countries also need energy alternatives to control the havoc oil prices play on fragile economies.

Solutions are neither simple, nor easily arrived at, but U.S. assistance has made the difference in many regions of the world.

A region for which I have deep concern is Africa. Historically, our foreign aid programs have failed to adequately address the problems facing Africa. The United States accounts for less than 8 percent of assistance to Africa, despite our stature as the wealthiest nation in the world.

This bill helps correct this imbalance, which has been compounded by the failure to enact a regular foreign operations bill in 3 years.

Provisions of this bill include: A $40 million effort to address the development consequences of Africa's refugees, and to help these nations meet long-term needs for semipermanent housing, drinkable water, and health facilities.

A continent rife with conflict, more than half of the world's refugees are African. This initiative was proposed by President Reagan.

This bill provides funding for the South African scholarship program offering educational opportunities for black and colored South Africans denied such opportunity in their own land. This program will develop trained and talented individuals to promote a peaceful transition to majority rule.

This bill also expands population planning efforts in the Africa region, funds the African Development Foundation, and continues the U.S. commitment to the Sahel development program.

Other chapters provide necessary appropriations to support the multilateral development banks, Peace Corps, and other agencies essential to the conduct of our foreign policy and the cause of world development.

This bill deserves the support of the House, and is needed to insure our continued strength as a nation which provides for its allies and helps the world's poor overcome the burden of underdevelopment.●

● Mrs. SCHROEDER. Mr. Chairman, in the spirit of Christmas, I wanted to offer an amendment to transfer $100 million in this bill from war to peace. Out of $7.6 billion in this bill, the transfer of $100 million is just a small symbolic effort to commit ourselves to a foreign policy of humanitarianism, economic development, and peace. The amendment makes the statement that military buildups, increased proliferation of armaments, and warmongering are not the only way for the United States to conduct itself in the world community.

Let no one think that such an amendment will have much effect on our defense posture. The small cut provided in the military assistance program under section 503 of the Foreign Assistance Act of 1961 comes out of a program slated by the Reagan administration for abolition in any case. Indeed, the figure in my amendment for military assistance is precisely the request of the Reagan administration. This bill still contains hundreds of millions for military assistance, education, and loans for foreign military arms sales. The bill contains a ceiling of almost $3 billion in the military credit sales program. Further, we have already approved a $200 billion defense budget, which provides more than ample armament to protect the interests of the United States. The $100 million this amendment takes from the military assistance program appears as little more than an asterisk on the total military budget.

While $100 million is a pittance when you look at the total military budget, it is big money when you look at the other foreign relations programs our country conducts. My amendment gives this $100 million to the Peace Corps, thereby doubling the operating budget of this agency. I remain a strong supporter of the Peace Corps. Peace Corps volunteers of all ages provide needed and appreciated 1-to-1 development assistance in over 60 nations throughout the world. Earlier this week, the House voted overwhelmingly to make the Peace Corps an independent agency, free to run its own program. I opposed this effort because I don't think we ought to be setting up new Federal agencies. Nevertheless, consistent with this action, the House should be willing to provide the Peace Corps with the resources to do the job right. Instead, this appropriations bill, as it stands right now, cuts the budget of Peace Corps below last year's level. When inflation is taken into account the cut is particularly severe.

I have a fundamental philosophical difference with this administration. The administration seems to believe that you win the respect, support, and allegience of Third World nations by providing increased armaments to their governments, which are all too often one-man dictatorships. No matter how repressive the regimes are, this administration sems to think that, so long as the dictators point their weapons at Moscow, we should be sending them more. I, on the other hand, think you win respect and support in Third World countries by providing direct, individual, and essential help to the people of that country. This type of support is far more stable and long lasting than the type of regimes which our Secretary of State is so prone to befriend. Further, by providing Peace Corps assistance we do not place ourselves in the morally indefensible position of supporting offensive governments.

Christmas, with this message of "Peace on Earth" and "Goodwill" is just 2 weeks from today. I wish we could reaffirm our commitment to the message of Christmas by transferring $100 million from military assistance to the Peace Corps. The hour is late and I am told a point of order will be sustained against my amendment. Rather than take up the House's time then by going through such a drill, I just want to express my regret that such a transfer could not be made.●

● Mr. FRENZEL. Mr. Chairman, I urge passage of H.R. 4559, the foreign assistance appropriations for fiscal year 1982. For 2 years our foreign assistance program has been funded under a continuing resolution, and I think it is about time we passed an appropriations bill.

There has traditionally been strong political opposition to foreign aid programs, not least of all because there is no organized constituency with a vested interest in foreign aid. Such opposition is heightened in such times when domestic programs are facing major budget cuts. The tendency to merely look inward and ignore our international responsibilities is tempting but is, in my opinion, ill-advised. We cannot insulate ourselves from the rest of the world.

The goals of our foreign assistance program are varied, encompassing humanitarian, security, and economic interests. As a result, the programs through which we dispense foreign aid are likewise varied.

Our bilateral development aid and contributions to multilateral development banks are targeted toward self-interest and humanitarian need. We build markets, protect our own security, and meet some of the human needs of the world's poor. Along these lines, I especially regret attempts to reduce our participation in IDA, the concessional lending arm of the World Bank Group. I have always thought that multilateral aid was the best approach for development aid. Not only do we get the multiplier effect of other nations' contributions, but tough economic conditions can be imposed that would otherwise draw charges of American colonialism. Further, I am concerned about the signal we are sending the rest of the world by retreating from our commitment to help finance IDA VI.

Improved security is also an aspect of our program that, realistically, cannot be overlooked. This bill includes increases in military aid and the economic support fund, through which economic aid is given to selected countries of special political and security interest to the United States. The primary recipients of such aid are Israel and Egypt. Reports this summer about dissatisfaction among some Egyptian military leaders about delays in American arms shipments highlighted the importance of maintaining this type of support at appropriate

levels. Also, we must recognize that the degree of political freedom within those countries receiving such aid may be greatly improved if the danger of external threats is lessened.

Finally, the economic impact of such aid is too often ignored. Fostering economic development abroad reaps benefits for us as well. Today roughly 8 percent of our GNP is accounted for by exports, and the developing countries—excluding OPEC—account for 29 percent of those exports. Not only does much of the aid we dispense return to the United States through purchases of American goods and services, but such assistance is an investment in the future markets for the American economy.

The President has recently emphasized the importance to the developing countries of overcoming barriers to trade throughout the world. While I agree that the private sector has traditionally been ignored as a tool of economic development, it is also important that such an approach be complemented with a strong foreign assistance program to meet those essential development and security goals that cannot be met simply by a reliance on the private sector.

Despite an unwillingness to pass foreign assistance appropriations in recent year, I hope this one will be passed today.●

● Mr. HAMILTON. Mr. Chairman, I would like to take a minute during our consideration of the foreign aid appropriations bill to describe a private, nonprofit organization which seems to be providing to developing countries around the world the type of American skill and know-how that is so desperately needed. This organization is the Volunteer Development Corps and its specialty is cooperatives.

The Volunteer Development Corps provides short-term, technical help to cooperatives and government agencies in developing countries in Africa, Asia, and Latin America. The Volunteer Development Corps taps the expertise of American professionals who have worked in cooperatives so they know how cooperatives can improve the incomes of farmers and workers, how cooperatives can reduce the cost of farm supplies, insurance, and housing, and how cooperatives can establish services such as electricity, water, and sewage for, particularly, rural areas in developing countries.

Developing countries request qualified people with a specific skill or a special area of expertise and the Volunteer Development Corps finds the needed person. Americans with experience in various cooperative forms of business enterprise then volunteer their services to the Volunteer Development Corps which matches them up with the developing country request and meets their expenses during their project but does not pay them any salary.

The Volunteer Development Corps has a small budget and it receives most of its funds from the Agency for International Development. The Volunteer Development Corps rightly points out however that its most important and valuable resource is not the money from AID but the services of the very skilled, highly qualified American volunteers.

The Volunteer Development Corps demonstrates effectively how we can put our most valuable resource, our own people, to work to provide assistance to the developing countries of the world. Programs such as this take a small amount of funding, in this case under $1 million, and do excellent work which serves both our national interests and the interests of the developing countries of Africa, Asia, and Latin America. The Congress needs to support these programs and seek to sustain and, where possible, increase the funding for these programs.●

● Mr. PORTER. Mr. Chairman, I rise in support of this bill. It has been 3 years since the Congress passed a foreign assistance bill and during all of this time the investment in this area has been provided by continuing resolution. This, of course, is no way to conduct the foreign policy of our Nation. It is a tribute to the gentleman from Maryland, the distinguished chairman, Mr. LONG, and the gentleman from New York, the distinguished ranking minority member of the Foreign Operations Subcommittee, Mr. KEMP, and to the President, that this bill has come to the floor and I believe will be adopted.

The bill continues funds not only for important economic assistance programs, both bilateral and multilateral, but also substantial amounts for military assistance. This assistance is also vital for our Nation's defense purposes just as the economic assistance properly placed can be an investment in the success of our own economy.

Certainly I am not completely happy with the bill. I suspect no one in the House is. There are those who believe the economic assistance should be more and military assistance less and those who believe this priority should be reversed.

I believe the major problem with the bill is that the amounts going to the multilateral development banks fail to be conditioned on two principles that should guide our foreign assistance programs:

First. The encouragement of individual freedom and personal incentive and discouragement of excessively high marginal tax rates, Government controls and regulation is essential to the success of developing countries' economies.

Second. Population control efforts—serious, strong efforts—are absoluetly necessary if the moral purposes of our assistance programs—to improve the standards of living of the people of the underdeveloped countries of the world—are ever to be realized.

Though the bill provides a slight increase for population control assistance, from $190 million to $211 million, carrying forward this principle into the more general assistance programs themselves should be of the highest priority in fashioning our efforts.

It is a singular achievement, however, that we will have a bill at all. The opportunities for demagoguery on a bill of this type are, of course, readily available. It is a tribute to the Congress that, for the most part, those opportunities were allowed to pass. In the face of substantial budgetary cuts in domestic programs, it would be easy to cut out foreign assistance completely. But the majority of the House will, I believe, exercise wise judgment in determining that these funds are appropriated in the best security interests of our own country both militarily and economically, and without them—as the President has made abundantly clear—our foreign policy efforts would be totally crippled.●

The CHAIRMAN. Are there further amendments?

Mr. LONG of Maryland. Mr. Chairman, I move that the Committee do now rise and report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the Chair, Mr. KAZEN, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4559) making appropriations for foreign assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes, had directed him to report the bill back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill, as amended, do pass.

The SPEAKER. Without objection, the previous question is ordered.

There was no objection.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

MOTION TO RECOMMIT OFFERED BY MR. ROUSSELOT

Mr. ROUSSELOT. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. ROUSSELOT. Boy, am I ever.

The SPEAKER. Will the gentleman kindly answer in the affirmative or the negative?

Mr. ROUSSELOT. Mr. Speaker, humbly I say that I am definitely opposed to the bill.

The SPEAKER. The gentleman qualifies.

Mr. ROUSSELOT. I thank the Speaker. He knows that I do.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. ROUSSELOT moves to recommit the bill, H.R. 4559, to the Committee on Appropriations.

The SPEAKER. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER. The question is on the motion to recommit.

The motion to recommit was rejected.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. VOLKMER. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 199, nays 166, not voting 68, as follows:

[Roll No. 356]

YEAS—199

Addabbo	Courter	Forsythe
Annunzio	Coyne, James	Frank
Badham	Coyne, William	Frenzel
Barnes	Danielson	Frost
Beilenson	DeNardis	Fuqua
Benjamin	Dicks	Gejdenson
Bereuter	Dingell	Gilman
Bingham	Dixon	Gingrich
Blanchard	Dorgan	Glickman
Bliley	Dougherty	Gore
Boggs	Downey	Gradison
Bonior	Dwyer	Gray
Bonker	Dymally	Green
Bowen	Eckart	Gregg
Breaux	Edgar	Hagedorn
Broomfield	Edwards (AL)	Hall (OH)
Burgener	Edwards (CA)	Hamilton
Burton, Phillip	Erdahl	Harkin
Butler	Erlenborn	Hawkins
Campbell	Evans (DE)	Heckler
Carman	Fary	Heftel
Carney	Fascell	Hertel
Cheney	Fazio	Hiler
Clausen	Fenwick	Hillis
Clinger	Ferraro	Hollenbeck
Coats	Fiedler	Horton
Coelho	Findley	Howard
Conable	Florio	Hoyer
Conte	Foglietta	Hyde
Corcoran	Foley	Ireland
Coughlin	Ford (TN)	Jeffords
Johnston	Mitchell (MD)	Sharp
Kemp	Mitchell (NY)	Siljander
Kildee	Moakley	Smith (NJ)
LaFalce	Moffett	Smith (PA)
Lagomarsino	Molinari	Snowe
Lantos	Mollohan	Solarz
Leach	Morrison	Stangeland
LeBoutillier	Murtha	Stanton
Lehman	Nelson	Stark
Leland	O'Brien	Stokes
Lent	Oberstar	Stratton
Lewis	Ottinger	Studds
Livingston	Oxley	Swift
Loeffler	Patterson	Synar
Long (LA)	Pepper	Tauke
Long (MD)	Peyser	Thomas
Lowery (CA)	Pickle	Udall
Lowry (WA)	Porter	Vander Jagt
Luken	Price	Vento
Lundine	Pritchard	Washington
Madigan	Rangel	Waxman
Markey	Ratchford	Weber (OH)
Matsui	Regula	Weiss
Mattox	Reuss	Wilson
Mavroules	Rhodes	Winn
Mazzoli	Rinaldo	Wirth
McClory	Roe	Wolf
McGrath	Rostenkowski	Wolpe
McHugh	Roukema	Wortley
McKinney	Sabo	Wyden
Mica	Sawyer	Wylie
Michel	Scheuer	Yates
Mikulski	Schneider	Zablocki
Miller (CA)	Schumer	Zeferetti
Mineta	Seiberling	
Minish	Shamansky	

NAYS—166

Akaka	Gibbons	Panetta
Anderson	Ginn	Parris
Andrews	Gonzalez	Pashayan
Applegate	Goodling	Patman
Archer	Gramm	Paul
Ashbrook	Grisham	Perkins
Atkinson	Guarini	Petri
Bafalis	Gunderson	Rahall
Bailey (MO)	Hall, Ralph	Ritter
Bailey (PA)	Hall, Sam	Roberts (KS)
Benedict	Hammerschmidt	Roberts (SD)
Bennett	Hansen (ID)	Robinson
Bethune	Hansen (UT)	Rodino
Bevill	Hendon	Roemer
Boner	Hightower	Rogers
Bouquard	Holt	Roth
Brinkley	Hopkins	Rousselot
Brodhead	Hubbard	Roybal
Brown (CO)	Huckaby	Rudd
Broyhill	Hughes	Santini
Byron	Hunter	Savage
Chappell	Jacobs	Schroeder
Coleman	Jeffries	Schulze
Collins (TX)	Jones (NC)	Sensenbrenner
Conyers	Jones (OK)	Shaw
Craig	Kastenmeier	Shelby
Crane, Daniel	Kazen	Shumway
Crane, Philip	Kindness	Shuster
D'Amours	Kogovsek	Skeen
Daniel, Dan	Latta	Skelton
Daniel, R. W.	Leath	Smith (IA)
Daschle	Lee	Smith (NE)
Daub	Levitas	Smith (OR)
Davis	Lott	Snyder
de la Garza	Lujan	Solomon
Deckard	Lungren	Spence
Dellums	Marlenee	Stenholm
Derrick	Marriott	Stump
Donnelly	Martin (IL)	Tauzin
Dowdy	Martin (NC)	Taylor
Dreier	Martin (NY)	Trible
Dunn	McCollum	Volkmer
Dyson	McCurdy	Walker
Edwards (OK)	McDade	Wampler
Emerson	McEwen	Watkins
Emery	Miller (OH)	Weaver
English	Montgomery	Weber (MN)
Evans (GA)	Moore	White
Evans (IA)	Moorhead	Whittaker
Fields	Myers	Whitten
Fithian	Napier	Williams (MT)
Ford (MI)	Natcher	Young (AK)
Fountain	Neal	Young (FL)
Fowler	Nelligan	Young (MO)
Gaydos	Nichols	
Gephardt	Obey	

NOT VOTING—68

Albosta	Dornan	Nowak
Alexander	Duncan	Oakar
Anthony	Early	Pease
Aspin	Ertel	Pursell
AuCoin	Evans (IN)	Quillen
Barnard	Fish	Railsback
Beard	Flippo	Richmond
Bedell	Garcia	Rose
Biaggi	Goldwater	Rosenthal
Boland	Hance	Russo
Bolling	Hartnett	Shannon
Brooks	Hatcher	Simon
Brown (CA)	Hefner	Smith (AL)
Brown (OH)	Holland	St Germain
Burton, John	Hutto	Staton
Chappie	Jenkins	Traxler
Chisholm	Jones (TN)	Walgren
Clay	Kramer	Whitehurst
Collins (IL)	Marks	Whitley
Crockett	McCloskey	Williams (OH)
Dannemeyer	McDonald	Wright
Derwinski	Mottl	Yatron
Dickinson	Murphy	

□ 1520

The Clerk announced the following pairs:

On this vote:

Mr. Richmond for, with Mr. Jones of Tennessee against.

Mr. Boland for, with Mr. Hefner against.

Mrs. Collins of Illinois for, with Mr. Russo against.

Mr. Hartnett for, with Mr. Goldwater against.

Mr. Pursell for, with Mr. Quillen against.

Mr. Fish for, with Mr. Staton of West Virginia against.

Until further notice:

Mrs. Chisholm with Mr. Railsback.
Mr. AuCoin with Mr. McCloskey.
Mr. Flippo with Mr. Dickinson.
Mr. Garcia with Mr. Chappie.
Mr. Wright with Mr. Derwinski.
Mr. Murphy with Mr. Whitehurst.
Mr. Traxler with Mr. Dannemeyer.
Mr. Rosenthal with Mr. Brown of Ohio.
Ms. Oakar with Mr. Beard.
Mr. Ertel with Mr. Dornan of California.
Mr. Hatcher with Mr. Kramer.
Mr. Clay with Mr. Smith of Alabama.
Mr. Brooks with Mr. Williams of Ohio.
Mr. John L. Burton with Mr. McDonald.
Mr. Brown of California with Mr. Holland.
Mr. Whitley with Mr. Yatron.
Mr. Simon with Mr. Rose.
Mr. Crockett with Mr. Evans of Indiana.
Mr. Biaggi with Mr. Anthony.
Mr. St Germain with Mr. Walgren.
Mr. Hutto with Mr. Bedell.
Mr. Early with Mr. Jenkins.
Mr. Shannon with Mr. Nowak.
Mr. Pease with Mr. Hance.
Mr. Aspin with Mr. Duncan.
Mr. Alexander with Mr. Barnard.
Mr. Albosta with Mr. Mottl.

Mrs. BOUQUARD and Mr. MARRIOTT changed their votes from "yea" to "nay."

Ms. FERRARO changed her vote from "nay" to "yea."

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate by Mr. Sparrow, one of its clerks, an-

nounced that the Senate had passed without amendment a bill and a joint resolution of the House of the following titles:

H.R. 4845. An act to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebr., as the "Robert V. Denney Federal Building and Courthouse"; and

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

ANNOUNCEMENT BY THE SPEAKER—TRIBUTE TO THE SUBCOMMITTEE CHAIRMAN

The SPEAKER. Now that the Chair has accepted the vote, the Chair notes that the chairman of the subcommittee, the gentleman from Maryland (Mr. LONG), has had a victory by a vote of 199 to 166 and also notes that the gentleman is celebrating his 73d birthday today.

Mr. LONG of Maryland. I thank the Speaker for those words. I did not think I would live this long.

The SPEAKER. It is apparent that we are on the eve of the festive occasion of Christmas.

GENERAL LEAVE

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks, and that I may include with my remarks certain extraneous matter, on the bill, H.R. 4559, just passed.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

AUTHORIZING THE CLERK TO MAKE NECESSARY CORRECTIONS IN ENGROSSMENT OF H.R. 4559

Mr. LONG of Maryland. Mr. Speaker, I ask unanimous consent that the Clerk may be authorized to make any necessary corrections in section numbers, punctuation, and cross-references in the engrossment of the bill, H.R. 4559.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

PERMISSION FOR COMMITTEE ON INTERIOR AND INSULAR AFFAIRS TO FILE REPORT ON H.R. 9, FLORIDA WILDERNESS ACT OF 1982

Mr. SEIBERLING. Mr. Speaker, I ask unanimous consent that the Committee on Interior and Insular Affairs have until 6 p.m., December 11, 1981, to file a report on H.R. 9, the Florida Wilderness Act of 1982.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

□ 1530

LEGISLATIVE PROGRAM

(Mr. MICHEL asked and was given permission to address the House for 1 minute.)

Mr. MICHEL. Mr. Speaker, I take this time for the purpose of inquiring of the distinguished majority whip the program for next week.

Mr. FOLEY. Mr. Speaker, will the distinguished Republican leader yield to me?

Mr. MICHEL. I am happy to yield.

Mr. FOLEY. Mr. Speaker, this concludes the business for today and for the week. It will be my intention to ask when the House adjourns tonight it adjourn to meet at noon on Monday next.

On Monday the schedule will be H.R. 4910, the amendments to the District of Columbia Self-Government Act;

H.R. 2559, Coast Guard authorizations for fiscal year 1982 to complete consideration; and

H.R. 4700, Standby Petroleum Emergency Authorization Act, open rule, with 1 hour of debate.

On Tuesday, December 15, the House will meet at noon and it will be in order to consider the Private Calendar. I will ask permission later for a special consent calendar for that day.

There will be 15 bills on suspension of the rules scheduled for Tuesday. They will be:

H.R. 5159, Black Lung Benefits Revenue Act of 1981.

H.R. 4961, Miscellaneous Revenue Act of 1981.

H.R. 4717, miscellaneous provisions including safe harbor leases and FNMA.

S. 1119, Crater Lake.

H.R. 4926, Osage Indians.

H.R. 9, Florida Wilderness Act of 1982.

H.R. 5125, Czechoslovakian Claims Settlement Act.

H.R. 5021, extend date for reporting on wartime relocation and internment of civilians.

H.R. 3799, United States Code, title 28, amendments re Federal tort claims provisions.

S. 1003, amend title 3 of Marine Protection, Research and Sanctuaries Act.

H.R. 3816, fishermen's contingency fund.

H.R. 2241, Bandon Marsh Wildlife Refuge.

H.R. 1486, Protection Island National Wildlife Refuge.

H.R. 3071, Noise Control Act authorizations.

House Concurrent Resolution 231, west front arrangements for Martin Luther King celebration.

On Wednesday and the balance of the week, however long that may be, a schedule will be announced later. It is assumed we will have conference reports presented to the House on Wednesday and the balance of the week.

Mr. MICHEL. Might I inquire of the distinguished whip whether or not conferees will be appointed as the first order of business on Monday, and I make mention of that because it is anticipated there may well be a motion to instruct conferees. Just reading the program, as the gentleman has read it to us, it might give some indication to Members that there would not be rollcalls until after the noon hour. But I would suspect we might very well have a rollcall or two right soon after convening.

Mr. FOLEY. I think the gentleman is correct. Members ought to assume the possibility of rollcalls almost immediately because it is a day on which votes are expected and procedural votes might take place on approving the Journal, or there might be a motion on the part of the chairman to appoint conferees to go to conference. There could be votes on procedural matters attendant to that. The gentleman is correct, and Members should be advised any time after convening of the House on Monday next at noon that votes, rollcall votes, may be had.

Mr. MICHEL. The gentleman did mention conference reports at any time. Does he have any special intelligence on the farm bill particularly?

Mr. FOLEY. I understand that the Rules Committee has scheduled a meeting for Monday afternoon to consider certain requests by the chairman of the Agriculture Committee regarding conference reports and procedural waivers. I would imagine subject to the Rules Committee action the agriculture conference report is one of those that may be scheduled on Tuesday or later in the week.

I make the usual announcement that conference reports can be brought up at any time. I would not want to be limited to them coming up and they may come up before Wednesday, but at the present time it looks like there could be one or more conference reports on Wednesday.

Mr. MICHEL. I apologize for not mentioning to the gentleman earlier that I might want to inquire relative to that discharge petition on the FTC. Is any action contemplated on that item?

Mr. FOLEY. There is the possibility of some privileged motion activity on that. It depends if a privileged motion is in order and is offered. I cannot advise the gentleman beyond that point.

Mr. MICHEL. I thank the gentleman.

ADJOURNMENT TO MONDAY, DECEMBER 14, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 12 o'clock noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

PERMISSION FOR SPECIAL CALL OF CONSENT CALENDAR ON TUESDAY, DECEMBER 15, 1981

Mr. FOLEY. Mr. Speaker, I ask unanimous consent that there be a special call of the Consent Calendar on Tuesday next.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

DROUGHT INCOME DEFERRAL ACT OF 1981

(Mr. ROBERTS of South Dakota asked and was given permission to address the House for 1 minute and to revise and extend his remarks and include extraneous matter.)

Mr. ROBERTS of South Dakota. Mr. Speaker, for several years now, counties in South Dakota and other rural areas of this Nation have suffered from drought conditions resulting in poor crops and a shortage of livestock feed and water. In many instances, livestock producers have been forced to sell more of their stock than they would have under normal conditions. In fact, many have had to sell of a large portion of their foundation herds.

Existing law allows a deferral to the following year of income from the sale of livestock sold due to a drought only in instances where a county has received a disaster designation from the Secretary of Agriculture. In those approved cases, the producer is eligible to receive Federal assistance in addition to the income deferral.

In 1981, 24 counties nationwide have applied for drought disaster declarations. Thirteen of those counties are in the State of South Dakota. As of this date, none of the counties have been declared eligible for assistance. I know for a fact that drought conditions do indeed exist in those 13 South Dakota counties.

Without that declaration of disaster, stockmen in those counties will not be able to defer reporting the receipts from the sale of livestock they have been forced to sell.

Therefore, today I am introducing the Drought Income Deferral Act of 1981. The bill would authorize the Secretary of Agriculture, after consulting with the Secretary of the Treasury, to issue a special declaration making counties eligible for only the income deferral provisions of existing law. The special declaration would not make those counties eligible for disaster assistance programs.

Naturally, I would prefer that the Secretary of Agriculture issue an official disaster designation for those counties. However, in the event that does not come about, my bill would allow at least some relief for those stockmen.

I am pleased to announce that the National Cattlemen's Association fully supports the bill, and I am hopeful that hearings on this legislation will be held early in the second session.

The bill reads as follows:

H.R. 5197

A bill to amend the Internal Revenue Code of 1954 to allow the Secretary of Agriculture to designate drought areas for purposes of allowing the special tax treatment for the proceeds from livestock sold on account of drought

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Drought Income Deferral Act of 1981".

SEC. 2. (a) Subsection (e) of section 451 of the Internal Revenue Code of 1954 (relating to special rule for proceeds from livestock sold on account of drought) is amended by adding at the end thereof the following new paragraph:

"(3) SECRETARY OF AGRICULTURE MAY DESIGNATE AREAS FOR PURPOSES OF SUBSECTION.—For purposes of paragraph (1), an area shall be treated as being designated as eligible for assistance by the Federal Government if, by reason of drought conditions, the Secretary of Agriculture, after consultation with the Secretary of Treasury, determines that the tax treatment under paragraph (1) is appropriate and designates such area for purposes of this subsection."

(b) The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 1980.

TRIBUTE TO THE HONORABLE D. B. HARDEMAN

The SPEAKER. Under a previous order of the House, the gentlewoman from Louisiana (Mrs. BOGGS) is recognized for 30 minutes.

Mrs. BOGGS. Mr. Speaker, last Thursday, the most valued former employee of this House in this generation died in San Antonio, Tex. D. B. Hardeman was truly an amazing individual, teacher, politician, scholar, journalist, and raconteur par excellence.

A native of the State of Texas, he became involved in politics and government after service as a counterintelligence officer in Europe during World War II. After managing the campaign of a gubernatorial candidate in Texas, he actively sought public office on his own and served two terms in the Texas House of Representatives (1950-52 and 1954-56). He was also active in the 1952 and 1956 Presidential campaigns working on behalf of the candidacy of Adlai Stevenson. During the 1956 campaign I enjoyed the first opportunity of working with D. B.

After a stint with the Democratic National Committee he joined former Speaker Sam Rayburn's staff as a research assistant and, later, administrative assistant. It was then that I began to really know D. B., and then I came to work very closely with him when, after Mr. Sam's death, he joined my husband Hale's staff in the majority whip's office.

D. B. served with Hale as his administrative assistant for 3 years during the Kennedy years and the Johnson transition period. Then, at President Johnson's request he became a campaign strategist for the successful 1964 Democratic Presidential campaign.

In his work for Hale in the whip's office, D. B. was a master at sizing-up people and situations and, thus, helping to promote the leadership's and the President's positions most effectively. The then-Speaker, John McCormack, and the then-majority leader, Carl Albert, relied on D. B. as heavily as Hale did, and he served, in effect, as the main staff man for all three of them collectively in working with the leadership, committee chairmen, and White House lobbyists to shepherd the Great Society programs through Congress.

At the same time, he influenced a whole generation of students of Congress. Beginning during his service with Speaker Rayburn, young political scientists and journalists were drawn to him because of his great knowledge of the history of Congress and of the present workings of the institution and its Members. From what he facetiously called the board of ignorance, he guided scholars and reporters in their efforts to learn what made this city and this institution tick.

In recognition of his activities on behalf of young journalists and political scientists, the American Political Science Association named D. B. Hardeman an honorary congressional fellow in 1964. Only two other individuals, Dean Acheson and Hubert Humphrey, have been similarly honored. I would like to quote from the citation that accompanied this award.

Despite the demands of his position, he gives generously of his time and energy—sharing his intimate knowledge of the work-

ings of the House with successive groups of fellows, assisting them in pursuing research and reportorial interests. By his candor and forthright answers to basic questions, supported by colorful and insightful anecdotes, he equips young political scientists and newsmen with a significantly deeper understanding of the institution he senses so well. By using tact and diplomacy in behalf of congressional fellows in the office selection process, he enhances their prospects for fruitful work-study experiences, and at the same time builds good will in Congress for future groups. And by opening research and reporting opportunities, he contributes to a broader public understanding of—an appreciation for—the role of Congress in the American system.

In the most natural of assignments, in 1965, D. B. accepted an appointment to the faculty of Trinity University here in Washington. His apartment became an additional classroom for ongoing seminars on all of the political, economic, and social issues of the day. Returning to his home State to teach at the University of Texas at San Antonio, he was able to pursue his avocation by educating young minds to the beauty of the American political system and the strengths of our democracy that are embodied in this institution. He also lectured at the Lyndon Johnson Library in Austin, Tex., where the D. B. Hardeman Award for the best book on political science is awarded biannually.

D. B. Hardeman will continue to be with us in the future. We will all be able to share some of his insights and understandings of our congressional system of government with the forthcoming publication of his long-awaited study of Sam Rayburn, written in conjunction with Don Bacon.

In closing, I would like to share with my colleagues several articles on D. B. Two were written during his lifetime and two were written after his death. All help illustrate the outstanding qualities of a scholar and a friend. The articles follow:

[From the San Antonio Express-News, Sept. 23, 1979]

CONGRESS EXPERT GIVES VIEWS AND BOOS

(By Maury Maverick Jr.)

Country Boy born in Goliad, editor of the Daily Texan in 1934-35 when he led the campus fight against censorship of that nationally respected University of Texas newspaper, soldier, reporter, magazine editor, lawyer, Homer Rainey's campaign manager for governor, state legislator, advance man for Adlai Stevenson and Lyndon B. Johnson, top research assistant for Speaker Sam Rayburn as well as for Hale Boggs, the Democratic majority leader lost in a plane crash in Alaska, a leading authority in the world on the history of the U.S. Congress, globe trotting hobo, and certainly one of the best raconteurs ever put on this earth—all those things and more add up to D. B. Hardeman.

D.B. now is semi-retired in San Antonio, where he teaches one course in political science at UTSA.

Recently, D.B. gave his 9,000-volume book collection on Congress to the LBJ Library, which has established the D. B. Hardeman annual prize for the best book written on the history of Congress.

I asked D. B. some questions about Congress. His answers are first rate. Pour yourself another cup of coffee, sit back, and let's have some fun.

Who are some of the great deceased members of Congress?

Some of the greatest members of the United States Congress were John Qunicy Adams of Massachusetts, Thomas Hart Benton of Missouri, George W. Norris of Nebraska, Sam Rayburn of Texas, Daniel Webster of Massachusetts, and many, many others—too many to name. But these five were notable for their love of the Union, and for their constructive statesmanship.

Who were some of the members of the House who had the high regard of Speaker Sam Rayburn?

Some of the House members that Rayburn particularly admired were Finis Garrett, D-Tenn.—the ablest all-round legislator I ever served with—Claude Kitchin, D-N.C.—the ablest debator I ever saw on the floor of the House—Jim Wadsworth, R-N.Y.—a really broad-gauged man—and George W. Norris, R-Nebraska—he could take an idea, shape it into a bill, maneuver it through sub-committee and committee, defend it on the floor and work it all the way to the president's desk. He was one liberal who was a master of every aspect of the legislative process.

And the members of the House Mr. Rayburn disliked?

Rayburn's deepest disdain was for public officials who, in his opinion, misled the people on political issues. Four men that he "held in minimum high regard" were Richard Nixon, R-Calif., Martin Dies, D-Texas, Tom Blanton, D-Texas, and John Rankin, D-Miss.

What about the Republicans?

The Republican Party has contributed mightily to the growth and well-being of the nation. No party has ever had a monopoly on either wisdom or patriotism. I like broad-gauged men and women who fight hard for the party of their choice, but when the chips are down, they are able to rise above party and put the public welfare first.

Just a few of these Republican members of Congress in modern times have been Sen. John Sherman Cooper, D-Ky., Speaker Joe Martin, R-Mass., Charles Halleck, R-Ind., Barber Conable, R-N.Y., Al Quie, R-Minn., Sen. Charles Mathias, R-Md., John Anderson, R-Ill., and Sen. Everett Dirksen, R-Ill.

What was Adam Clayton Powell like, the black Congressman from Harlem?

Adam Clayton Powell, D-N.Y., was one of the great enigmas in the history of the House. It seemed to me that there were actually two Adam Clayton Powells, and you never knew on a given day which one you would see in action. One day he was a brilliant debater, a master of his subject, a skilled legislative tactician, a really charismatic figure.

But maybe the next day he would be completely different—rude, unprepared, irresponsible, reckless, defiant.

Nevertheless, the House did him a great injustice when it tried to "exclude" him from taking the seat to which he was lawfully elected—and the Supreme Court correctly overruled the House.

If you could have a magic wand and make Congress more bearable for its members, what would you do?

If I could wave a magic wand to make life more bearable for congressmen, there are several things I would like to see accomplished:

A. Every citizen would treat all their elected officials with common decency and respect, even though they strongly differ with the official. Differences of opinion are not an excuse for abusive, threatening letters, phone calls, and personal confrontations.

B. I would give Congress the willingness to reduce the size of its job by delegating to the other governmental agencies as much as possible. For example, too much nitpicking time is spent on District of Columbia affairs.

C. I think I would arbitrarily reduce the size of congressional staffs drastically. This would require great public understanding, because the staffs would not be able to do nearly as much errand-running for constituents as they do today. But are all these errands necessary, such as helping a high school senior with his theme?

Of the black congressmen you personally know, who was your favorite?

I was a great admirer of William Dawson, D-Ill., the first black committee chairman (Government Operations Committee). The son of a Georgia slave who went north to fame and fortune, he always seemed to me to have wisdom and a keen sense of justice. When a Southern congressman complained to Rayburn, "If Bill becomes chairman . . ., Rayburn cut him short: 'You used the wrong tense. He has become chairman'."

Although Barbara Jordan was not in Congress when I worked there, she was an impressive, competent member who was a great credit to the House.

Some personal observations: A kind, brilliant, generous good man who has been in search of a better America and Texas all his adult life, a favorite teacher of young people, and after dinner speaker of national standing, it is a pleasure to welcome D. B. to San Antonio.

His friends, conservative and liberal, Democrat and Republican, are legion in number throughout the nation. An authentic living legend, a rare old bird, I welcome him to our town, and believe it says something nice about San Antonio that he chose us for his retirement.

[From the San Antonio Express-News, June 8, 1980]

POLITICS' OLD SAGE RETIRES TO HIS CLUTTER

(By Bill Minutaglio)

Academic clutter. A strange disease that afflicts most of us at one time or another.

Papers strewn about arranged in some mad order known only to the person who put them there. Books piled on top of each other, some open to passages that are vigorously underlined in red, with bold asterisks at selected points.

An empty box of paperclips, knotted up rubberbands, and . . . isn't there supposed to be a typewriter around here somewhere?

Usually, most people have the clutter confined to one desk. Not D. B. Hardeman. His academic mess is a no-holds-barred, flag-waving triumph. Others' clutter pales in comparison.

It begins at the desk of course. But then, in a neat twist, it spills onto the nearby turntable. It carves a path across the floor toward an easy chair, where a nest of books and papers are comfortably sequestered.

The kitchen is blockaded from the living room by a small clutter-wall that dips and rises like its famous relative in China. Reptilian strands of books and papers reach for visitors as they pass through the hallways.

"Excuse the mess," Hardeman says sheepishly, as he directs a visitor to an opening on

the couch. A copy of *Practicing Texas Politics* sits prophetically alongside the visitor.

Three hours of conversation later, it's apparent that Hardeman must know even more than what lies on the pages of the book. You would be hard pressed to find a man who knows as much about practicing Texas politics—or any other kind.

The 65-year-old Hardeman has seen the inner workings of the American political system. As an elected official, campaign manager, behind-the-scenes aide and university professor, Hardeman has helped to both formulate and further the understanding of our nation's political behavior.

Now he has opted to steal away from the fray.

"I'm old and I'm tired and I want some time to myself," he offers, settling into a vacant chair.

As he speaks, his face creases into a smile, even when he means to frown. The greyish eyebrows arch, the large forehead wrinkles, and his bifocals slip down the front of his prominent, round nose.

Most people will remember Hardeman for two of the many hats he has worn: holder of Denison's seat in the Texas House of Representatives and administrative aide to U.S. Rep. Sam Rayburn and U.S. Rep. Hale Boggs.

But Hardeman's history is filled with much more substance than those two roles.

He managed Homer Rainey's 1946 campaign for governor, was a key man in the Adlai Stevenson and John Kennedy presidential campaigns, contributed articles to major publications, and rose to the rank of major during WWII.

Not bad for a farm boy from Goliad who entered the University of Texas in 1929 at the age of 15. At UT, Hardeman got hooked on journalism, became editor of the university's Daily Texan, and eventually went to the UT law school in 1938.

Nine days after Pearl Harbor, the fledgling attorney sought employment with the U.S. Air Corps.

"They turned me down because I was 27," chuckles Hardeman. "They said that when a man is older than 23 he isn't in full possession of his faculties."

In 1946, after his stint as an intelligence officer in the army, Hardeman settled in Austin. Through old acquaintances at UT, he immediately set to work managing Rainey's gubernatorial campaign.

And the seduction of D.B. Hardeman was set in action. He wanted to wrestle the political animal personally. In 1950, he won Denison's seat in the Texas House.

He lost in 1952 but already had established himself in the forefront of the liberal-progressive Texas wing. His prominence in that group helped launch Hardeman on his next political endeavor—working on the Stevenson presidential campaign. That involvement resulted in his meeting and eventually going to work for the legendary Sam Rayburn.

In 1954 Hardeman was back in the Texas House, teaming up with his close friend Maury Maverick Jr. on a number of prolabor issues. In 1956, he accepted Rayburn's offer to become a full-time member of the representative's Washington staff.

"It was pretty heady stuff back then for me," Hardeman says, "I was privy to a lot of the real hardcore political activity that goes on behind closes doors."

As a trusted aide of the veteran Rayburn, Hardeman had the opportunity to be a member of an unofficial, but incredibty instrumental, group—Rayburn's "board of education."

The board, an informed gathering of politicos and reporters, would meet in the heart of the labryintine captiol complex. Chaired by Rayburn, its members would share a glass of bourbon and discuss, and sometimes decide the state of the union.

Walter Cronkite, a colleague of Hardeman's at UT, remembers his friend's political clout with Speaker of the House Rayburn and other leading politicians who would attend board meetings: "As you know, D.B. is amazingly knowledgeable about the theory of our government as well as its practical workings and he must have been absolutely invaluable to these men," Cronkite said in a letter.

Hardeman offers his own memories of those meetings. "We had two rules for the board of education. The first was that we would just talk politics and nothing could be quoted or attributed. The second rule was that everyone had to make their own drinks because then you would be the only one responsible for your behavior."

After Rayburn's death in 1961, Hardeman became administrative assistant for U.S. Rep. Hale Boggs of New Orleans, then the majority whip.

By then, he had become one of the most informed people on congressional attitudes and behavior.

"It was such an enormous operation it was hard to keep on top of what was going on. The major problem throughout Congress is communication and information becomes very, very vital."

Hardeman doesn't have to add that he was, and is, an expert in communicating with people, a hallmark that all of hs close associates will testify to.

"Those informal discussions we would have were one of the best sources we had in knowing what the Republicans were up to. It helped to make the flow of communication easier between the two parties," he says.

Did being so close to the political heartland of the United States stir up any feelings of political lust in Hardeman's heart?

"I would have loved to be a member of Congress," he smiles, as he fiddles with a stack of newspaper clippings tossed about a coffee table." But I got into elected politics too late to have further ambitions. I enjoyed my two terms in the Texas House, that was enough for me.

"You know, Rayburn used to call the (U.S.) House of Representatives 'the highest theater in the world.' "

That theater finally exhausted Hardeman in 1965 and he decided to leave Boggs' staff. But, like his academic clutter, Hardeman continued expanding and branching out.

Since his resignation, he has taught at Trinity Colllege in Washington and the University of Texas at San Antonio, lectured at seminars held by the Brookings Institution, appeared as speaker at numerous events and institutions, and worked toward completion of a biography on Rayburn.

And he hasn't totally relinquished his ties with the nation's politics. He still likes to gather with friends and trade theory, fantasy and fact. Lady Bird Johnson refers to him as a "marvelous raconteur of political tales."

Today he is readying himself for a trip to Europe and Africa, which explains the presence of newspaper articles on Kenya, a dog-eared copy of Fodor's Guide to Europe and the Penguin Guide to London all carefully dumped onto the seat of a chair.

"My years in Washington working for Boggs and Rayburn were simply so demanding. As you get old, the physical and emotional drain sets in," he says as he guides his visitor to the door. "Still, I can't think of a more exciting place to be at any given time."

Hardeman has earned his rest. And, though he'd scoff at the notion, he has also earned his place in history.

[From the Washington Post, Dec. 6, 1981]

D. B. HARDEMAN DIES; RAYBURN AIDE, TEACHER ON HILL

(By Richard Pearson)

D. B. Hardeman, 67, an aide to former House Speaker Sam Rayburn (D-Tex.) who became a legend as a mentor in the education of reporters, staff member and political scientists interested in the workings of Capitol Hill, died Thursday in a hospital in San Antonio, Tex., after a heart attack. He had moved to San Antonio from Washington about three years ago.

Mr. Hardeman came to Washington in 1956 with plans to write a book on the life and times of Speaker Rayburn, who served as speaker of the House of Representatives for all but four years between 1940 and 1961. Shortly after he began interviewing Rayburn for the book, Rayburn hired him.

From 1956, until Rayburn's death in 1961, Mr. Hardeman filled a variety of roles for the speaker. His title was legislative assistant, but his role with Rayburn was that of personal confidant, political adviser, and friend.

Rayburn was famous for his "board of education," a gathering of powerful congressmen, White House oficials, and friends who gathered at the end of working days in a hideaway office in the House. They met to negotiate bills, trade information and stories, and quaff bourbon.

Mr. Hardeman established his own organization, the "board of ignorance," a more gregarious organization also tucked in a House room and dedicated to the similar pursuits of drink and information.

Paul Duke, then covering Congress for the Wall Street Journal, remembered that those who took part in Mr. Hardeman's board were young reporters, staffers, and a few very junior congressman. Meetings consisted of Mr. Hardeman explaining the sometime Byzantine workings of the House, tipping reporters on what to watch for, and relating some of the better political stories of the day. Along the way, he helped educate a generation of Washington reporters.

Following Rayburn's death, Mr. Hardeman spent several years as an administrative assistant to the late Hale Boggs (D-La.) when Boggs was House Democratic Whip.

Mr. Hardeman was long active in Democratic politics in Texas and Washington. Twice elected to the Texas House, he helped lead the presidential efforts of Adlai E. Stevenson Jr., in 1952 and again in 1956. Four years later, he was an advance man with the Kennedy-Johnson ticket. In 1964, Mr. Hardeman was a member of Lyndon Johnson's "Five O'Clock Club," a strategy organization that met about that time of day to plan the presidential campaign.

In later years, Mr. Hardeman was even more active in educational endeavors. He taught courses in political science at Trinity College in Washington and at the University of Texas in San Antonio. Even while he had worked on the Hill, Mr. Hardeman had been active in the American Political Science Association's congressional fellowship program since the early 1960s, and also worked with the Washington program of

UCLA. He also had lectured with the Brookings Institution.

Mr. Hardeman donated a room of books on government to the Lyndon Johnson Library in Austin. The library gives a biennual D.B. Hardeman Award for the best book on political science.

Mr. Hardeman was reared on a cattle ranch near Goliad, Tex., and gained a reputation as a speed-reader and a lad who loved history. He entered the University of Texas at the age of 15, where he earned a bachelor's degree in English and a law degree and edited the school's daily newspaper.

During World War II, he served as Army counterintelligence officer in Europe and the Mediterranean, and attained the rank of major. After the war, he returned to Texas and managed the unsuccessful gubernatorial race of Dr. Homer Rainey in 1946.

Mr. Hardeman was elected to the Texas House in 1950, and was the architect of a successful bill that put a tax on oil pipelines. A colleague of those days, Maury Maverick Jr., said that Mr. Hardeman's tax bill passed where others failed because Mr. Hardeman's bill specified that revenue from the bill would go to county road construction, hospitals, and teacher salaries.

Opposed by the oil and gas lobby, Mr. Hardeman was defeated in his reelection bid in 1952. Two years later, he won election to a second term, retiring from the legislature in 1956.

He leaves no immediate survivors.

[From the Washington Post, Dec. 9, 1981]

D. B. HARDEMAN, R.I.P.

(By Nick Kotz)

D. B. Hardeman, who died last week at 67, was a distinguished student and inspired teacher about the U.S. Congress. His own career in politics and government spanned the history of four decades; legislative counselor to Speaker Sam Rayburn, field worker and strategist in the presidential campaigns of Adlai Stevenson, John F. Kennedy and Lyndon Johnson; leader of a small but merry band of Texas state legislators who resisted successfully the greed of the oil interests; Army officer in World War II from the beaches of Normady to final victory in Germany. Those are considerable accomplishments for any person, but Hardeman's name is legend in certain Washington circles and around the country because of a rare contribution of another sort. He was a loving mentor to dozens of young men and women, gently encouraging them to live fully and decently, and hoping that along the way they might contribute something of themselves to their community and country.

As an old-fashioned, plain-spoken and modest man, he would have scoffed with amusement at the latest best-selling notions about the role of mentors in helping people get ahead. That categorization would have embarrassed him. He would be a lot more comfortable with the word "friend."

Hardeman's broad capacity for friendship was available to anyone with the ability to receive and modestly reciprocate, but his professional work drew him into contact most readily with young politicans, academics and journalists. The news bureaus of Washington, groves of academe and legislative halls of Congress are sprinkled liberally with legacies of his guiding friendships.

A reporter's introduction to the inner world of D. B. Hardeman came in a historic room on the west front of the Capitol, across the hall from Speaker Rayburn's office. There, seated behind a huge desk, under an ornate-crystal chandelier, D. B. dispensed whiskey and history mixed with the opportunity to receive also friendship and wisdom. He dubbed his club "the Board of Ignorance," in playful reference to Speaker Rayburn's similar "Board of Education." What the speaker offered in fellowship and information to the powerful, D. B. offered to the young in whom he always saw promise and hope.

Reporters such as Paul Duke, Bob Abernethy and Don Bacon, academics such as Steve Horn, Dick Fenno and Randall Ripley, were drawn to this man initially by his great appreciation of the system. He could not only explain a legislative jumble in a comprehensible way, but also could relate current events to the flow of history. But beyond the business of government, this balding man in rumpled suit offered far more when he locked your concentration with his broad smile and penetrating blue eyes.

"He offered absolute acceptance," said Abernethy of NBC. He "accepted me as a new boy on the Hill, as someone who had worth, who might even be able to make a contribution. I always knew that I would both learn in his presence and have a good time, and that's the essence of the good teacher."

From Sam Rayburn, Hardeman learned the virtues of patience and to believe in the inner goodness of people. "D. B. practiced those virtues more than anyone I know," said Bacon, who with Hardeman is coauthor of a forthcoming Rayburn biography.

Reaching out without inhibition or false pride in his own status, D. B. simply offered friendship, particularly to the young. Dozens of us, stretching across several generations, accepted his rare gift. We soaked up his wisdom and knowledge. We shared in his endless quest to live fully and well: history, politica, travel, food, wine, books, music, but above all—friendship and good conversation—were his enthusiasms. His skill as a storyteller added spice to our lives and an immediacy to our understanding of history. His advice and help were always available for the asking, and lots of us asked and received. As time passed, lifelong bachelor Hardeman became godparent to our children, and their mentor as well. D. B. saw in the young hopefulness and promise—promise to reach personal fulfillment, and to carry on the endless process of trying to make this a slightly better world.

Hardeman was a loyal Democrat, a fighting liberal and a defender of the underdog, but beyond any other cause he was a patriot, loyal to his country and its institutions, while ever trying to improve them. Accompanied by Don and Barbara Bacon, D. B. journeyed several months ago to the fields of Normandy to walk among the rows of white markers of the Americans who died there. He did not want to forget.

Yesterday, in the Texas State Cemetery in Austin he was buried beside the remains of his great grandfather, a hero of the Texas revolution. He came from a great legacy, and he has given us one with which to carry on.

□ 1540

GENERAL LEAVE

Mrs. BOGGS. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the life, character, and public service of the late Honorable D. B. Hardeman.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Louisiana?

There was no objection.

SCHOOL BOARD REPRESENTATION ON ACIR

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. MCGRATH) is recognized for 10 minutes.

● Mr. MCGRATH. Mr. Speaker, today I am introducing legislation which would include three elected school board representatives on the Advisory Commission on Intergovernmental Relations. I have been joined in this legislation by Representatives BARNARD, DAUB, DENARDIS, and WALKER of the Committee on Government Operations, and by Representative EMERY.

The term "New Federalism" is being widely used by the administration as the cornerstone of proposed changes in Federal, State, and local government relationships. New Federalism is an effort to improve the efficiency and effectiveness of governments at all levels by redistributing responsibility and authority for programs away from Washington to State capitals and, where, possible, to local levels of government. However we ultimately decide to revise our federal system, school district governments have a great deal at stake.

Late in the 1950's, upon the recommendation of the so-called Kenstnbaum Commission, the Congress created a permanent center for overall attention to the problems of intergovernmental relations—the Advisory Commission on Intergovernment Relations (ACIR).

The Commission was funded by the Federal Government and staffed by a number of highly qualified professionals with expertise in government, economics, history, demographics, and so forth, and that tradition has carried forward to this day. The ACIR's work is of the highest quality and carries with it considerable influence. The ACIR is made up of representatives of the Congress and the executive branch, State Governors and legislators, local elected officials, and representatives of the private sector. Over the years, the ACIR has produced more than 50 major policy reports dealing with a wide range of intergovernmental issues. These same reports have contained over 400 recommendations for actions to be taken by Federal, State, and local governments. Over its 22-year history, the Commission has tracked over 700 State enactments that implement ACIR recommendations. At the very least, the Commission's reports, recommendations, draft

legislation, and technical assistance have contributed to the atmosphere in which legislation has been enacted at all levels of government.

Unfortunately, local school districts, which directly affect the lives of one-fifth of our population and indirectly all of us, are not now and never have been represented on the ACIR. School district government is, in fact, the only major universal unit of government whose voice is absent from the Commission. The President has acknowledged that local school boards must have control over local school district government. This principle can be made practical only by assigning local school district government equal status and a voice in formulating national policies which will ultimately affect local school district governments. It is clear from the history of the ACIR that its highly effective and influential work will continue to have an effect on all levels of government, including school district government.

More than 20 years ago, when the ACIR was being established, the size and scope of local school district activities was limited. Today, school districts affect at least 47 million Americans directly—44 million students in public schools, 2.4 million professional instructors, and 300,000 administrators. School districts collect and spend more than $100 billion annually, or about 7 percent of the gross national product. In fact, budgets for public education in many cases absorb more than half of the tax revenues raised at local levels of government. Besides professional staff, school districts employ large numbers of support and maintenance personnel; through their food services systems they directly affect $10 to $12 billion in the food processing and agricultural sectors of the economy; and they maintain a transit fleet valued at $3.3 billion.

Today, more than 94 percent of all local boards are elected, and more than 90 percent of all school districts are fiscally independent. They are, indeed, an integral part of our federal system and should be recognized as such.

Enactment of this legislation will be a signal from the Congress that local school boards are, in fact, to be recognized as legitimate representatives of the local delivery and administration of all school district government services. Further, it would sanction school district governments as coequal partners in the American federal system. In fact, I do not see how any sort of New Federalism can be fully effective and responsive to the needs of all our citizens unless all of its component parts have an adequate voice in the policymaking process.

In the near future, I will be asking all of my colleagues to join as cosponsors of this legislation, and I would welcome their support.●

HOUSE JOINT RESOLUTION 372—THE HUMAN LIFE FEDERALISM AMENDMENT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. ASHBROOK) is recognized for 30 minutes.

● Mr. ASHBROOK. Mr. Speaker, I have today introduced House Joint Resolution 372, the human life federalism amendment. The language is identical to that of the amendment by Senator HATCH (S.J. Res. 110).

The effect of this amendment should be clear. First, it declares that a right to abortion is not secured by the Constitution, thus reversing the holding in Roe against Wade that the right to privacy includes the mother's right to kill her unborn child.

It would remove jurisdiction over abortion from the judicial branch of Government and place it again under the legislative branch where it was until the Supreme Court in 1973 usurped that power.

This amendment in effect merely asks the people whether they want a voice through their elected representatives in setting public policy with regard to abortion or whether they would leave it entirely in the hands of judges. Since this amendment neither restricts abortion nor declares the unborn to be persons, there can be no debate over exceptions nor any challenge to the question of personhood by abortion advocates with claims that women having abortions would be prosecuted for murder and those miscarrying would be liable to charges of manslaughter. Last, this amendment contains no restrictions on the use of any type of contraceptive drug or device.

Because this amendment does not raise the question personhood, it does not create a legal absolutism that could so easily be challenged by its opponents who would claim that passage of this amendment would cause every woman having an abortion to be prosecuted for murder and those miscarrying liable to charges of manslaughter. Because it does not declare that either human beings or persons exist from the moment of fertilization, it could not be attacked for outlawing the pill or the IUD.

The simplicity of this amendment is its strength. It merely gives Congress the power to set a national standard to protect life, which individual States can exceed but not fall below.

For too long, the people of this country have been frustrated in their efforts to petition their government for a redress of grievances in this matter. The courts have consistently struck down most legislative efforts to limit or even regulate abortion. Spousal and parental consent requirements are virtually nonexistent, and, in most instances, minor daughters can obtain abortions even without parental knowledge.

What we have in this country today is nothing less than runaway, wide-open abortion on demand. There are no real restrictions on the so-called right to abortion that was created in the Supreme Court's 1973 decision.

Many people erroneously believe that abortions are freely available in the first trimester, subject to medical determination in the second, and banned in the third, when the fetus is viable.

This is simply not true. A lot of people may think it is that way because they expected it to be that way or, perhaps, because, subconsciously, they wanted it to be that way. But the fact is that abortions are allowed even into the third trimester of a pregnancy.

In its 1973 Roe against Wade decision, the Court said that in the first trimester of a pregnancy, the abortion decision was solely a matter for the pregnant woman and her doctor, that in the second trimester, the State may regulate the abortion procedure but only for reasons of the health of the mother, and that in the third trimester, the State may regulate, and even proscribe abortion, except where it is medically necessary for the life or health of the mother.

In other words, any doctor may perform an abortion at any time during the entire 9 months of pregnancy, as long as he feels it is medically necessary and as long as he does not kill or harm the woman in the process. A State may not prohibit any abortion deemed medically necessary. I doubt we could find many doctors willing to perform an abortion who would also be willing to say that it was not medically necessary.

Here are the Court's own words on the subject:

(a) For the stage prior to approximately the end of the first trimester, the abortion decision and its effectuation must be left to the medical judgment of the pregnant woman's attending physician.

(b) For the stage subsequent to approximately the end of the first trimester, the State in promoting its interest in the health of the mother, may if it chooses, regulate the abortion procedure in ways that are reasonably related to maternal health.

(c) For the stage subsequent to viability the State, in promoting its interest in the potentiality of human life, may, if it chooses, regulate and even proscribe, abortion except where it is necessary, in appropriate medical judgment, for the preservation of the life or health of the mother.

The keyword here is "health," which has been broadly interpreted to include all factors—physical, emotional, psychological, and even the woman's age—relevant to her well-being.

Both Congress and State legislatures are virtually powerless to limit this specially created right in any way. Spousal and parental consent laws

have been struck down by the courts. The father of an unborn child cannot use legal means to protect its life. Even the husband of a woman who wishes to abort has no legal recourse to save the life of his own child. The parents of minor daughters wishing to abort have no legal voice to prevent the killing of their grandchildren, and, in most instances, they do not even have to be informed of their daughter's intention to have an abortion.

The practice of abortion has gone well beyond what most people thought it would be when the Court handed down its 1973 decision. The "hard cases" that were so thoroughly publicized in the early seventies were seen as the justification for allowing this practice. But today, these constitute less than 5 percent, of the 1½ million abortions in this country each year.

Part of the reason for the rapid and expansive growth of the antiabortion sentiment has been the frustration of the people who as Americans believe they should have some voice in the public policy their government sets and who have been in effect excluded from representation in this area by the courts which have overruled or disallowed antiabortion measures at every turn. Even abortion-funding restrictions, which certainly are supported by a majority of Americans, be they prolife advocates or just plain taxpayers, have been challenged and tied up by the courts for years.

It is obvious that the Supreme Court 1973 decision legalizing abortion has not exactly enjoyed overwhelming popular support. Many Americans are firmly opposed to it and many others, though they may be willing to tolerate the current status of abortion, feel that the practice has gone too far.

When the Supreme Court made its 1973 decision legalizing abortion, it did not solve a problem; it created one. It legalized the taking of human life.

Before that decision, most people really had not given the matter of abortion much thought. A few States had permissive abortion laws. Reports about some hard cases, such as the thalidomide babies, appeared in the media with almost predictable frequency. The shock value of these reports did much to prepare a generally sympathetic reaction in the public mind, a predisposition to accept abortion, especially in those cases that might cause a lifetime of suffering and anguish.

There were those rare but well-publicized pregnancies resulting from rape or incest, as well as the ever-present children being born to the poor.

Many of these and other pregnancies came to be called unwanted, and some people could see some justification for some abortions, and, when the Court announced a woman's right to have an abortion, they readily accepted that ruling as the law of the land. The few people who did object found it difficult to challenge these justifications without appearing hardhearted and insensitive to the hard cases that had been dramatized so often and so effectively in the years preceding the Court's decision.

The standard comment was: "I don't approve of abortion myself, but I cannot deny a woman the right to have one if she chooses." Thus, the right to have an abortion, sanctioned by the Court and promoted by a strong abortion lobby, was accepted as part of the conventional wisdom.

But that was a decade ago, and times change. Today, the fallacy of that standard comment could readily be seen by substituting the word "slavery" to get: "I do not approve of slavery myself, but I cannot deny a slaveholder's right to own slaves if he chooses." People now have begun to realize that the unborn child is not a part of the mother's body; it is a distinct and individual human life. People now realize that the right to choose does have limitations, especially when one chooses to kill another human being. They have begun to see that what started out as a few hard cases has expanded into a massive and virtually indiscriminate elimination of more than 1½ million unborn human lives a year for reasons much less compelling than a threat to the mother's life or that rare rape or fetal handicap case.

There has been a veritable parade of women into abortion centers—women who wanted abortions for economic reasons, for social reasons, for reasons of convenience, comfort, and careers, and even women who wanted unwanted pregnancies just to demonstrate that they were fertile. According to an article entitled "Abortion Chic" in the Village Voice—hardly an antiabortion periodical—earlier this year (Feb. 10, 1981, p. 32):

> Many women • • • are replacing having children with having abortions, not only in the literal sense but also as a major rite of passage.

The author, Leslie Savan, wrote:

> It provides a "real-life experience," and seems to increase our participation in the great themes of life and death • • • Torn between "femininity" and "feminism," getting pregnant "proves" we are feminine while getting an abortion "proves" we are feminist.

Today, people are beginning to see what they did not see when they first accepted what they thought was a little bit of justifiable abortion. They had not realized that, in the wake of the Court's decision, there would be a booming business of full-scale, wide-open abortion on demand. They had not realized that this ruling was a violation of a right that was inviolable and an alienation of a right that was unalienable—the right to life. They had not realized that once the barrier of protection for this right was broken for one segment of humanity—the unborn—other members of the human family would be in danger. Most importantly, they had not realized that the precedent established by this decision would be used again and again to expand the application of a now-prevailing antilife mentality—a now-accepted utilitarian ethic that says that only the useful or wanted are acceptable in our society.

Columnist Joan Beck commented recently (Chicago Tribune, May 22, 1981) that—

> Since the laws of this country permit normal, healthy babies to be killed actively 4 or 5 months before birth, many people are now finding it increasingly easy to tolerate passive euthanasia of severely handicapped infants immediately after birth. To make it easier, a few physicians refer to a defective newborn as a "fetus ex utero."

Apparently, calling it by another name would make it seem less human. The fact is they are allowing babies to die.

She was writing in reference to the recent case in Danville, Ill., in which severely deformed Siamese twins had allegedly been left to die. She went on to comment that infanticide "occurs in many hospitals, where the death of newborns with severe birth defects is often tacitly encouraged," and quoted John A. Robertson, University of Wisconsin Law School professor, as having said:

> Passive euthanasia of defective newborns is a pervasive and widespread practice in pediatric nurseries, hospitals, and intensive care units across America, Europe, and elsewhere.

In his famous "Infanticide—the Silent Domino" speech a few years ago, Dr. C. Everett Koop spoke of the quiet practice of infanticide and warned that it would become more widespread and accepted, because it follows logically as the next step in the spread of the antilife mentality that was let loose when the abortion barrier was broken by the Court in 1973.

In recent months there have been efforts to delete amendments restricting abortion funding from appropriations bills. The reason given for this is that authorizing committee chairmen are no longer refusing to deal directly with the abortion issue through substantive legislation and that therefore abortion-funding prohibitions are no longer appropriate nor necessary as riders on appropriations bills. This matter, it is said, would be more appropriately addressed by legislation designed to deal specifically with that subject.

There is, of course, a difference between restrictions on abortion funding and restrictions on the practice of abortion itself. Funding limitations can be and have been enacted through amendments on appropriations bills. I

would hope that those in effect will remain and that those that are still needed will soon be passed, so that taxpayer money is no longer used without limitations to finance abortions under any Federal program.

Do we continue, year after year, with the distasteful experience of debating and redebating this issue in the context of appropriation bills or do we, as so many of our colleagues have recommended, deal squarely with it here and now, thus eliminating the need for annual battles during the appropriations process?

Now is the time to remove the abortion issue from the court monopoly and to give it to the people through their elected representatives in Congress and in the States to decide.

We can no longer allow access to the processes of representative democracy to be closed to those who rightfully object to the practice of abortion.

When this amendment is passed in Congress and is issued to the States for ratification, it is then that the will of the majority will be expressed. Until then, we are merely doing the only thing we can do—placing limitations on appropriations. In the meantime, the real issue, the question of abortion itself, is left exclusively in the judical branch of Government. It is time now to let the people decide.

Mr. Speaker, I include at this point in the RECORD the text of the human life federalism amendment; House Joint Resolution 372:

H.J. RES. 372

Joint resolution to amend the Constitution to establish legislative authority in Congress and the States with respect to abortion

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three-fourths of the several States within seven years from the date of its submission by the Congress:

"ARTICLE —

"A right to abortion is not secured by this Constitution. The Congress and the several States shall have the concurrent power to restrict and prohibit abortions: *Provided,* That a law of a State which is more restrictive than a law of Congress shall govern.".●

NATIONAL DAY OF THE SEAL

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Vermont (Mr. JEFFORDS) is recognized for 5 minutes.

● Mr. JEFFORDS. Mr. Speaker, today I am pleased to introduce, along with my distinguished colleague, Mr. BONKER, a resolution to declare March 1, 1982, as "National Day of the Seal." This resolution recognizes the special place the world's 33 species of seal occupy in our fragile and valuable marine ecosystem. The date is significant because it marks the high point of the births of the best known of the world's seals, the snow-white harp seal pups.

Many seals, and the harp seals in particular, have been victimized by bad press in recent years. Much has been made of the various seal hunts which occur annually around the world. The public outcry raised over the annual Canadian clubbing of 2- and 3-week-old harp seal pups is still credited as the major impetus in the drafting and enactment of the Marine Mammal Protection Act, which today serves as the linchpin in an international scheme to preserve and protect not only seals, but also whales, polar bears, sea otters, and other marine mammals.

Yet we seldom take time to think of the seal in a more positive light. Their very diversity and adaptability renders them worthy of our admiration. While seagoing, all seals start out on land and must return there to mate or give birth. Seals live in a variety of habitats, from the warm tropical waters of Hawaii to the frozen vastness of the Arctic to the rocky coasts of temperate North America and Africa. In a single season, a single seal may migrate thousands of miles.

For centuries, man has preyed upon the seal for its prized fur, for its meat, or because he believes it competes with him for the fish it needs to live. In a few cases, this plundering of seal populations is driving some species toward the finality of extinction. The Hawaiian monk seal is currently listed as an endangered species, while its cousin, the Caribbean monk seal, is thought to actually be extinct. We cannot allow this trend to continue; not only for the future of the seals, but for the future of ourselves as a species.

National Day of the Seal, which occurs some 2 weeks before the scheduled beginning of the annual Canadian seal clubbings, is an opportunity for us to celebrate the birth and existence of these precious creatures before we must mourn the death of some 180,000 pups 8 weeks later. The Humane Society of the United States and the Canadian Federation of Humane Societies are already planning seal day events and celebrations. I urge my colleagues to support this resolution and join with these groups to pay homage to these special members of the community of life.●

INTERNATIONAL SALES CORPORATIONS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota (Mr. FRENZEL) is recognized for 20 minutes.

● Mr. FRENZEL. Mr. Speaker, I am today introducing legislation for myself and the distinguished gentleman from Florida, Mr. GIBBONS, that amends and liberalizes the taxation of export income. The legislation is necessary because our current statutes have eroded the competitive position of American firms doing business abroad. In addition, these statutes have come under attack internationally as a GATT illegal subsidy practice.

Domestic International Sales Corporation (DISC) legislation was enacted as part of the Revenue Act of 1971 and was designed in part to offset the export incentives offered by the European tax systems. DISC provides for tax deferral on a portion of the export income of U.S. firms, under proscribed conditions. However, DISC taxes export activities conducted beyond U.S. borders and thus imposes a higher level of taxation than that applied under most European systems. In other words, DISC taxes income that would not be subject to tax under most of the European tax systems.

Despite its relatively high level of taxation DISC has been controversial. Soon after DISC was established, the EEC filed a GATT complaint against DISC on the grounds that it was an illegal export subsidy. At the same time, the United States filed countercharges against certain foreign source income tax practices of France, Belgium, and the Netherlands. A special panel was established to hear these charges.

Upon completion of its evaluation, the GATT panel concluded that, since no interest charges were levied on the deferred income, deferral under DISC amounted prima facie to an export subsidy. The panel did not take into account a key requirement—the absence or presence of dual pricing. The European tax systems were criticized, among other things, for not following arms-length pricing.

As a result of the discussion surrounding consideration of the panel reports, a consensus seemed to develop internationally that territorial systems of taxation should be recognized as GATT compatible. If this concept is applied to DISC, the subsidy element is considerably diminished since, under DISC, export-related income is taxed at a higher level than would the case under a territorial system.

On the other hand, the GATT Subsidy Code specifically labels favored deferrals targeted solely to exports as subsidies. Thus, DISC quite likely will continue to be attacked in the GATT and elsewhere. Furthermore, U.S. firms subject to worldwide or global taxation, even when DISC incentives are included, are placed at a competitive disadvantage with respect to foreign firms in countries that apply territorial systems. Therefore, when the current U.S. and international tax rules are applied to U.S. taxpayers

they produce a system that discourages, rather than encourages, exports.

The bill takes the first step toward releasing U.S. exports from these burdensome taxes and bolsters their competitive position in the international trading community.

To briefly summarize the bill, it allows U.S. corporations, or citizens, to create an International Sales Corporation (ISC) in any foreign country which has a corporate income tax. The ISC would, as a foreign corporation, be exempt from U.S. taxes, as long as it continued to qualify as an ISC.

To qualify as an ISC, 95 percent of the ISC's income must come from the sale, leasing or rental of goods manufactured or produced within the United States, by related parties. Sales must be of goods whose final destination is outside of the United States and to an unrelated party; 95 percent of the ISC's assets must be related to export activities. The ISC is therefore precluded from engaging in any substantive manufacturing activities. The ISC would also be allowed to provide services related to its export activities.

The shareholders of the ISC would receive a 100-percent dividend received deduction for dividends received from the qualifying ISC. No foreign tax credit would be permitted on the dividends paid to the shareholders.

The ISC would be required to issue only one class of stock. A shareholder in an ISC must own at least 25 percent of the ISC's stock and there can be no more than four shareholders.

Mr. GIBBONS and I respectfully invite the attention of all of my colleagues to the task of developing a comprehensive, GATT legal, export policy which will increase the competitiveness of U.S. exporters abroad. We have submitted our bill to stimulate discussion. We will welcome any suggestions for changes which you might have. I am attaching to this statement a brief summary of the bill's technical points:

GENERAL DESCRIPTION OF INTERNATIONAL SALES CORPORATION (ISC) LEGISLATION

1. Requirements to be an ISC:
(a) Must be a foreign corporation.
(b) Must be incorporated in a foreign country that imposes a corporate income tax.
(c) Must elect to be an ISC.
(d) Does not have more than one class of stock.
(e) Must have 4 or fewer shareholders, each of which is a U.S. citizen or corporation (other than a personal holding company) and owns at least 25 percent of its stock.
(f) Taxable year must be the same as that of any of its shareholders.
(g) 95 percent or more of its gross receipts are "Qualified Export Receipts".
(h) 95 percent or more of its assets are "Qualified Export Assets".
2. Cannot include ISC on consolidated return.
3. Qualified export receipts:
(a) Receipts from the sale, exchange, lease or rental of export property to an unrelated person for use, consumption or disposition outside the U.S.
(b) Receipts from commissions, fees or compensation from the performance of commercial, technical, engineering and similar services on export property.
(c) Interest on obligations that are qualified export assets.
4. Qualified export assets:
(a) Export property.
(b) Working capital related to export gross receipts.
(c) Facilities located outside U.S. for the storage, handling, transportation or packaging of export property.
(d) Certain evidences of indebtedness.
5. Export property:
(a) Manufactured, produced or grown in the U.S. by a "Related Person".
(b) Held primarily for sale, lease or rental by the ISC for disposition outside the U.S.
(c) Not more than 50 percent of its value is attributable to imported articles.
6. Related person: Section 954(d)(3) definition except substitute phrase "25 percent or more" for phrase "more than 50 percent."
7. Uses special DISC inter-company pricing rules.
8. ISC distributions:
(a) Receive 100 percent dividends received deduction.
(b) No foreign tax credit generated by dividends.
9. Fail to meet ISC qualified export receipts test:
(a) Distribute amount equal to difference between 95 percent of gross receipts and qualified export receipts for year.
(b) Generates foreign tax credit, subject to rules of sections 901-908.
10. Fail to meet ISC qualified export assets test:
(a) Distribute taxable income for year.
(b) Generates foreign tax credit, subject to rules of sections 901-908.
11. Failure to meet qualified export assets or qualified export receipts test subject to reasonable cause exception.
12. DISC repealed. Transfers from DISC to ISC can be made on a preferential basis.●

ROAD SHOW INTERMEZZO

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from North Carolina (Mr. MARTIN) is recognized for 5 minutes.

● Mr. MARTIN of North Carolina. Mr. Speaker, the road show of the Committee on Ways and Means recently surveyed and publicized the distress brought by the Reagan economics program upon the citizens of Detroit, Mich. Two featured events of the day came at mealtime, when our colleagues shared the humble fare to which these devastated folk had been reduced because of the budget cuts. It was a poignant but courageous example that our troupe gave in Detroit.

First, there was a photo opportunity for the committee to share a spartan "hot meals-on-wheels" luncheon with the elderly, at the Detroit multiservice center. Thus chastened and suitably impoverished, our heroes then braced themselves with another exemplary meal of denial, hosted by the Lord Mayor of Detroit, the Honorable Coleman Young, at one of Detroit's humbler people places. The menu for that latter event follows. I ask to have it spread upon the RECORD so that the Congress may better judge the capacity of the charitable and private sector to sustain America in the face of Federal austerity.

MENU

VAN DYKE PLACE

Honorable Coleman A. Young, Mayor, City of Detroit, in Honor of the United States House of Representatives Ways and Means Committee, 97th Congress.

Cailles D'Arelles Abricot Glace (Quail with Cranberries, finished with an Apricot Glaze).

1978 Enofriulia Pinot Grigio.

Salade Verte Vinaigrette (Green Salad Vinaigrette).

INTERMEZZO

Selle de Veau aux Chanterelles (Roasted Saddle of Veal with Chanterelle Sauce, served with dilled cucumbers).

1978 Clos du Bois Merlot, Alexander Valley.

Soufflé D'Arelles au Grand Marnier (Cranberry Souffle with Vanilla Grand Marnier Sauce).

Café.

December 7, 1981.

We salute our comrades upon their temporization with deprivation; and for their great achievements on this past December 7, 1981, a day that still lives in infamy.●

A MOMENTOUS LEGISLATIVE WEEK

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Missouri (Mr. VOLKMER) is recognized for 15 minutes.

Mr. VOLKMER. Mr. Speaker, I take this time today to discuss some of the week's activities and to comment upon some of the debate that has occurred during some of those legislative processes. This has been a momentous week, as far as the Congress is concerned: The continuing resolution, the second budget resolution, and foreign aid or foreign assistance authorizations and appropriations.

When we reflect back on all of this, I think history will show that it was a week in which the true philosophy behind the so-called deficits and the budget of this administration and the Reaganomics or supply-side economics has truly come forward.

We look at the second budget resolution and we see therein a statement that in this year we will have a $37.5 billion deficit, and that is all; that in 1983 we will have a $19 billion deficit, and that is all; that in 1984 we will have a billion-dollar surplus. And there is no one in this House, no one in the Senate, no one in the administration, no one in financial circles, no economist that will believe that, and yet that second budget resolution passed this House overwhelmingly and will pass the Senate. Yet no one believes it because it is not true. Every-

body agrees that this year's deficit will exceed $60 billion and, in all probability, it will be $100 billion.

Just commenting in passing, the bill that we just passed today, just a few minutes ago, will add to that deficit for the purpose of foreign aid.

As I said during the debate on that bill, it should be added, too, that was one bill that the President was keeping a scorecard on, that the President wanted a 50-percent increase in foreign aid. At the same time, if we reflect, in that budget resolution that was passed the first time in the House and in the reconciliation bill, billions of dollars were cut back on nutrition programs for our children, educational programs for our youth, loan and grant programs for college students, minimum social security for our elderly who are 75 and 85 years of age—all in the name of supposedly balancing the budget.

In August of this year, that we passed a tax bill that gave billions of dollars to oil producers, racehorse owners, other special interest groups, leasing provisions, tax credits to large conglomerates and companies making big profits.

And now we are going to continue on down this road without any change. This administration says that their plan will work. At the same time, this Nation is facing disaster. Unemployment is increasing, continues to increase, inventories are up, businesses are down, industry is hurting, and we are not going to do anything, really, to help them.

I think that many of us on this side of the aisle do have alternatives, legitimate alternatives, both in the Senate and in the House, to correct these problems, to reduce the deficits, to make more money available at lower interest rates for both business and individuals.

One is not to increase spending. That is not the answer. One is to redo the tax bill that was done earlier this year, to take back the money that was given to the big oil companies and to oil producers, the billions of dollars, in changing the windfall profits tax. Another is to stop the leasing tax credit provision, to repeal that, to repeal the provision in there for racehorse owners, to reduce the benefits that went to those in the very high income brackets by the tax bill reducing the upper limits on the unearned income, and to put most of that back in place. By doing that, we will once again have additional revenues that we so desperately need in order to reduce our deficit without actually impacting anyone making less than $100,000 in this country, and that is over 98 percent of the people of this country.

Another is to provide for a delay in the 10 percent by reducing the 10-percent tax cut that goes into effect next year to a 5 percent, and also to skewer the tax rates to benefit those with incomes of under $50,000.

By doing this, and by reducing the deficit, you automatically will reduce the interest rates, because there will be more money available in the private sector for loan purposes. By reducing the interest on the trillion-dollar debt that this country now has and continues on upward, spiraling higher and higher, by reducing that interest rate and by doing these other things, we can, by 1984, have a balanced budget.

□ 1550

The alternative is to continue down the road of Reaganomics and as we continue down that road in the words of the chairman of the Budget Committee in the other body, a member of the President's party—they predict that as of this year a deficit of $76 to $92 billion; next year, $96 to $136 billion; and in 1984, $103 to $165 billion and some even say $200 billion.

So that is what we look for from Reaganomics, a total deficit in the next 3 years of over $400 billion. It took us 205 years to get to the first trillion. Under Reaganomics, if continued on for 8 years, we will be passed the $2 trillion mark and this country will hopefully still survive, but we will have been through at least 25 to 30 percent interest rates, inflation at 15 to 20 percent, unemployment at 9 to 10 percent.

It will be much worse than what we saw in the thirties and it must be turned around. Neither the President nor this Congress has a lot of time to waste and dilly and dally about it.

It is necessary that the Congress and the President take action as I said before, in order to reduce the deficits and to get interest rates down, keep inflation down, and get industry back on the road.

BANKING COMMITTEE HEARS 400 WITNESSES COAST TO COAST

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Rhode Island (Mr. ST GERMAIN) is recognized for 5 minutes.

● Mr. ST GERMAIN. Mr. Speaker, the Banking, Finance and Urban Affairs Committee has completed its round of six grassroots hearings on the economy.

We have heard nearly 400 witnesses in St. Paul, Minn.; Seattle, Wash.; Tucson, Ariz.; Chicago, Ill.; Atlanta, Ga., and Providence, R.I. These witnesses have come from every walk of life—small business people, workers, the unemployed, senior citizens, neighborhood organizers, farmers.

It is by far the most far-reaching series of hearings ever attempted by the committee and the 400 witnesses heard in just a little over 6 weeks is a record for the committee, if not for the entire Congress.

These grassroots hearings have had a substantial impact on the members who have participated in these long sessions since October 19. I commend the members who have been willing to make these trips to sit through hours of testimony without a break. This has been arduous, but I am convinced that it is one of the most worthwhile efforts undertaken by the committee.

With 400 witnesses representing diverse areas of the economy and coming from widely separated regions of the Nation, it is difficult to generalize, but there were at least four major areas of concern that cropped up time and again:

First. The loss of jobs and the inability to find alternative employment in a sagging economy.

Second. High interest rates that have devastated the businessman, the worker and the farmer, alike.

Third. The high cost of energy.

Fourth. The inability of hard-pressed local communities to find the revenues to fill the gaps left in services by Federal budget cuts.

The despair over the loss of jobs or the fear of impending unemployment has dominated many of these hearings. The stories are many from Seattle to Providence, but this excerpt from the operator of a sawmill in Georgia is typical. Sitting in the Fulton County Courthouse in Atlanta, she told us:

> Yesterday was a cold day in the mountains of North Georgia. It went down to 27 degrees which is not normal for this area. I had men standing around a barrel fire begging me to put them to work. I have no work for them. I cannot buy logs to cut lumber because I cannot sell the lumber. My loggers are standing there in their underwear and mackinaws freezing to death saying find us some trees to cut. I cannot find money to buy logs to set the lumber on my yard. I do not have that kind of money.
>
> I cannot borrow it because the money is too expensive. If I could, who is going to loan the woman money to set the lumber on a yard, God knows when she is going to sell it. We take this lightly because we hear people saying I cannot find a job. You say there are ads in the papers. I have men begging me to work, but because the interest rates are so high that people cannot afford to buy my lumber that goes into their furniture, I cannot put people to work.
>
> We have, I guess, in this area, in the mountains, these are proud people. They do not want welfare. They do not want food stamps. They want a job to support their families. They have little tiny kids. To them Christmas means a doll from Santa Claus. It takes money to buy those dolls. Nobody gives them away. These men see Christmas time coming.

Workers all over this Nation see Christmastime coming and for all too many it is a Christmas without hope for the new year.

Mr. Speaker, unfortunately, some in the Congress have derided—and at-

tacked—the idea of a committee taking the time and making the effort to hear people, to monitor conditions through the eyes of individuals in local communities across the Nation.

Some of these attacks have been a direct insult to the people who have come to these hearings to describe their situation and to explain their views to the committee. They were not politicians, or sophisticated experts, just plain people. They did not deserve the charge of "politics" leveled at them by some Members of Congress and some elements of the Republican Party.

Mr. Speaker, these attacks are sad, indeed, particularly when they come from Members of Congress who are elected to represent the people. The calls continue to come from news media in various parts of the country, inquiring about the attacks. So someone, who apparently fears the idea of a committee listening to the people, continues to distort the purposes behind these hearings.

Mr. Speaker, there is nothing sinister about a committee of Congress going to the people and I am sorry if Members of the opposition party appear so fearful about having people respond to the policies that party has imposed on the Nation.

The Banking, Finance and Urban Affairs Committee has wide jurisdiction over economic issues—monetary policy, housing, urban affairs, economic stabilization, to name just a few areas. Under the jurisdictions assigned by the House and by various statutes, the committee is charged with monitoring the economy. We have no choice. Of course, we could, as some of our colleagues suggest, simply monitor the economy through the experts—the OMB bureaucreats, the Federal Reserve, the trade associations, the Government economists and the others who constantly parade before the committees of Congress to explain why their economic projections of last year missed the mark. Or we could, as this committee has decided to do, include the people in the exercise, to let the workers, the seniors, the small business people, the local communities have a voice to monitor the economic policies and conditions through the eyes of the people.

I make no apologies for the decision to include the people.

I do resent the false charges which were exaggerated in the hopes presumably that controversy would help intimidate prospective witnesses and diminish the credibility of the hearings and destroy the efforts of people who had come before the committee in a sincere effort to tell their story. Many of these charges are nothing but crude attempts to sabotage a legitimate hearing of the Congress.

Mr. Speaker, I want to make it clear that the Republicans on my committee were invited to all the hearings, they were kept informed throughout and their staffs were included. Happily five members of the minority did participate. I wish more had seen fit to join us.

The Republicans on the committee did ask for particular witnesses. Without exception, they were placed on the witness list and this was true even when their witnesses were not announced to us until minutes before their appearance. No witness recommended by the minority was refused.

Republican staff was present at each hearing and as far as I know they were extended every courtesy, and every opportunity, to participate in the hearing activity

Beyond the fact that these hearings involved a record number of witnesses and that they were outside of Washington, they were handled no differently than any other hearing of the committee. Nothing different and the minority maintained all the same rights that they have in hearings conducted in the Rayburn Building.

Mr. Speaker, it is surprising that the Republicans charges of politics—unsubstantiated—have gained attention among the press corps. Some of the press corps have seemed more concerned with the charges than the substance of the hearings. But that, too, is the nature of the city of Washington and once again illustrates how important it is to hold hearings outside of this charged atmosphere where political paranoia is not so widespread.●

COMMENDING THE DELEGATES TO THE WHITE HOUSE CONFERENCE ON AGING

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from Florida (Mr. PEPPER) is recognized for 10 minutes.

● Mr. PEPPER. Mr. Speaker, last week marked the convening of the third decennial White House Conference on Aging, a Conference authorized by Congress for the purpose of developing "a comprehensive, coherent national policy on aging, together with recommendations to implement that policy." Notwithstanding the controversy surrounding the Conference, the more than 2,000 delegates and 1,000 observers were successful in completing that mandate. On Thursday, December 3, the Conference delegates adopted 14 committee reports containing more than 600 resolutions which will provide a basis for congressional initiatives benefiting the elderly during the coming decade.

In a world of endless studies, reams of reports and blue-ribbon panels, advisory councils, and special study groups with a seemingly inexhaustible capacity for making recommendations, the White House Conference on Aging stands apart in the esteem with which we regard the opinions of the participants. There were delegates and observers of every race and creed, from every region and walk of life. There were delegates and observers from business and organized labor, from aging groups and consumer groups, from the city and the farm. They were a cross section of this Nation with very little in common beyond a deep and abiding concern for America's present and future elderly people. I know that this Congress cannot and will not ignore the concerns raised by this Conference.

A PROUD TRADITION

The 1981 Conference had a proud tradition to uphold. Conferences held in 1961 and 1971, the former under a Democratic administration and the latter under a Republican administration, were noteworthy for the nonpartisan manner in which they were conducted. These Conferences resulted in recommendations which have affirmed our national character and commitment in meeting the needs of our aging population.

A lively national debate on the adequacy of health care for older Americans preceded the first Conference held in 1961. Following an even livelier discussion, the delegates at the 1961 Conference approved some 700 recommendations, including one calling for the establishment of a health insurance program to become part of the Nation's social insurance system. Four years later, Congress amended the Social Security Act to create a new title XVIII—health insurance for the aged and disabled, or medicare. In addition, passage of the 1965 Older Americans Act sprung from the recommendations of the Conference. And the views of the delegates to the 1961 Conference regarding the freedom to work ultimately gave rise to the enactment of the Age Discrimination in Employment Act in 1967.

Delegates at the 1971 Conference laid out an even more comprehensive program. Included in the recommendations of the 1971 Conference were proposals to provide:

Cost-of-living adjustment protection to beneficiaries of the social security cash benefit programs;

Increased income protection for the very poorest of the elderly;

Federal regulation and insurance of employee benefit plans; and

Establishment of a House counterpart to the Senate Special Committee on Aging. To those who might wonder if these Conferences are a waste of time and taxpayers' money, I would simply cite the enactment of three laws within 3 years after the ratification of 1971 Conference recommendations:

The Social Security Act Amendments of 1972, providing annual COLA protection for OASDI beneficaries and

creating the Federal supplemental security income program (SSI) of cash assistance to the aged, blind, and disabled

The Employee Retirement Income Security Act (ERISA) of 1974, which set fiduciary requirements, provided for Federal insurance of employee benefit plans, and established minimum standards for vesting of benefits.

The Committee Reform Amendments of 1974, which created a Select Committee on Aging in the U.S. House of Representatives.

Delegates to the previous Conferences left a legacy to which older Americans could point to with pride, and a high standard to which the delegates to the 1981 Conference could aspire.

A CRUCIAL TIME

In addition, however, the delegates to the 1981 Conference faced another challenge—a far greater one. A demographic revolution having broad implications for America's social and economic structure has become apparent as the decade of the eighties commences. We begin the decade with more than 25 million persons aged 65 or older. This number will steadily rise to 32 million by the end of the century. As the "baby boom" generation approaches age 70, the number of elderly persons in America will double. As the delegates and observers to the Conference were all too aware, the effect of this population bulge moving through time—not unlike a snake swallowing a grapefruit—will be enormous.

The 1981 delegates also met during a crucial period in the history of the social security program. Since 1935, 22 Congresses and 8 administrations have presided over the strengthening of the social security system. As a result, Americans enjoy the largest and most successful social insurance program in the free world. In recent years, however, there has been considerable debate over the size and role of the social security program.

These demographic and political considerations sharpened and crystallized the issues to be aired at the 1981 Conference. Addressing the income, health, housing, and other needs of a growing population—increasing both in terms of raw numbers and as a proportion of the whole—presented an even greater challenge to the delegates than ever before. With the poverty rate for the aged on the rise for the first time, and with out-of-pocket health care expenditures reaching premedicare levels, the participants at the 1981 Conference also had to wrestle with the prospect of a reduced Federal role for income support, health care, and social service delivery. Enshrouded in this atmosphere of uncertainty, the Conference convened on Monday, November 30.

THE DELEGATES SPEAK

With the eyes of the Nation focused on the Conference, the 2,300 delegates quickly went to work. In committee after committee, most delegates refused to buckle under to the immense pressure to turn the Conference into a political battle. The delegates put themselves to the task of developing recommendations with admirable fervor. Over 600 resolutions on every issue concerning the aged from job security and home security to social security, from medicare and medicaid to mandatory retirement, from health and housing to pensions and poverty, were adopted. One committee, addressing the concerns of older women, even called for ratification of the equal rights amendment "through leadership of the Federal Government."

Basically, the delegates, through their recommendations urged the Congress and the President to:

Maintain at least the current level of social insurance protection for present and future beneficiaries of the social security program;

Reaffirm the role of the Federal Government in providing health care, income support, adequate housing, social, nutritional, and legal services;

Broaden opportunities for older workers to remain active voluntarily in the work force;

Insure that all Americans have access to adequate health care and to take interim steps to improve health care for older individuals;

Make available an adequate number—at least 200,000 annually—of federally assisted housing units to meet the needs of the elderly;

Complete comprehensive service delivery systems for older individuals at the community level; and

Strengthen the Federal commitment to gerontological research, education, and training.

Mr. Speaker, it is apparent that the delegates were undeterred by controversy in their efforts to develop a comprehensive, coherent national policy on aging. At this point I would like to highlight some of the major recommendations to come out of this Conference. These recommendations came from 14 different committees, which I will identify by number:

COMMITTEE NUMBER AND NAME

1. Implications for the Economy of an Aging Population;
2. Economic Well-Being;
3. Older Americans as a Continuing Resource;
4. Promotion and Maintenance of Wellness;
5. Health Care and Services;
6. Options for Long-Term Care;
7. Family and Community Support Systems;
8. Housing Alternatives;
9. Conditions for Continuing Community Participation;
10. Educational and Training Opportunities;
11. Concerns of Older Women: Growing Number, Special Needs;
12. Private Sector Roles, Structures and Opportunities;
13. Public Sector Roles and Structures; and
14. Research.

SOCIAL SECURITY

Maintenance of, at the very minimum, the current level of social insurance protection offered by the social security program for present and future beneficiaries (committee Nos. 1, 6, 7, 9, 13). Reform should enhance, rather than diminish protection (committee Nos. 1, 6, 7, 9, 13). Opposition to reductions in benefits to current recipients, and urging Congress and the administration to maintain benefit levels for future recipients (committee No. 2).

Transfer of general revenues into social security if needed to maintain current benefit levels (committe Nos. 3, 6). Partial financing of medicare hospital insurance program with general revenues, and transfer of corresponding HI payroll tax to cash benefit (old-age, survivors, and disability insurance) programs (committee No. 11). Preservation of payroll tax financing and rejection of general revenues for OASDI cash benefit programs (committee No. 2).

Complete restoration of minimum benefit (committee Nos. 2, 6, 7, 13). Improvement of survivor protection, long-service special minimum benefit, and spouses' rights (committee No. 11). Provision for interfund borrowing authority, a nonpartisan commission to invest trust fund assets, and crediting of uncashed checks to the trust funds instead of the general fund (committee No. 2). Granting of cost-of-living adjustments on a semiannual basis. Retention of weighted benefit formula, retirement test, wage indexing of credited earnings under social security (committee No. 11). Partial reinstatement of postsecondary student benefits. Continuation of early retirement option with current eligibility standards and benefit levels (committee No. 2).

PRIVATE PENSIONS

Revision of ERISA to provide for earlier vesting of employee pension plan benefits (committee Nos. 1, 2, 11). Greater portability of vested pension benefits (committee Nos. 1, 2, 11). Provision under ERISA for a break-in-service rule so that prior credits not be lost (committee No. 11).

Mandate adequate funding of employee benefit plans (committee No. 2). Tax incentives for employers to provide pensions (committee Nos. 2, 7). The private sector should fulfill its obligations for the economic security of the elderly. Mandate that the pension rights of retirees be a subject of collective bargaining. Pension funds should aggressively explore prudent investments (committee No. 12).

Provide for a careful examination of the current system of integrating private plans with social security to insure that lower paid workers are not discriminated against. Provision of equitable survivor options and recognition that pension rights be divisible at divorce (committee No. 11). Required that both spouses agree to a waiver of survivor benefits (committee No. 2).

PUBLIC ASSISTANCE

Immediately raise supplemental security income benefits to the Federal Government poverty line (committee No. 2). Raise SSI benefits to 10 percent above the poverty line (committee No. 11).

Eliminate the SSI asset test. Barring elimination of the test, raise the allowable limit to a minimum of $2,500 (committee No. 2). Liberalize the asset test (committee No. 11). Elimination of the one-third reduction in SSI benefits for recipients living in the home of a nonrecipient (committee Nos. 2, 11).

Guarantee older Americans an income sufficient to maintain an adequate level of dignity and comfort (committee Nos. 7, 9). Guarantee the poorest elderly an income equivalent to the Bureau of Labor Statistics intermediate budget for retired persons (committee Nos. 1, 11).

EMPLOYMENT

Abolition of mandatory retirement. Remove of upper limit of age 70 and exemptions from the Age Discrimination in Employment Act (committee Nos. 2, 3, 9, 12). Enforcement of the provisions of ADEA (committee No. 9).

Expansion of business efforts to give older workers needed options, incentives, and training with job redesign, flexitime, and part-time employment (committee Nos. 3, 9, 11, 12). Development of special programs to train older reentry workers (committee No. 9).

Federal employment programs such as title V of the Older Americans Act should receive adequate funding (committee Nos. 2, 3). Expansion of the retired senior volunteer program (committee No. 9). Correct underrepresentation of older Americans in Federal employment programs such as CETA (committee No. 3).

Changes in social security should be made to ease disincentives to extended work and to make pension plans more actuarily neutral (committee No. 12). Liberalization of the social security earnings test (committee No. 1); elimination (committee Nos. 2, 3) and retention (committee No. 11) of the test. Provide increased delayed retirement credits under social security (committee No. 1); increase delayed retirement credit if earnings test is not removed (committee No. 2).

Expansion of employment opportunities for elderly women by providing special counseling and training centers to be carried out by area agencies on aging and/or community organizations (committee No. 11).

PUBLIC PENSIONS

Provision of semiannual cost-of-living adjustments based on the consumer price index for all Federal civil service retirement (CSR) annuitants and survivors. Exclusion from taxation of all survivor Federal CSR benefits (committee No. 11).

Mandate that Federal workers participate in the social security system (committee No. 12). Continue Federal CSR system rather than institute universal coverage (committee No. 2).

Maintain veterans' benefits at their current level for veterans, their widows, and children (committee No. 11). Discontinue reduction in veterans' pension for those receiving social security (committee No. 2).

SAVINGS AND INVESTMENTS

Enactment of appropriate incentives for employers and employees to establish individual retirement accounts and to make IRA's more attractive to lower paid employees (committee No. 13).

Promote policies to increase the rate of savings and investment in the U.S. economy. Removal of laws and regulations limiting the rate of interest which savings institutions can pay to small savers. Provision of greater tax relief for the elderly who rely on fixed incomes from dividends, interest on savings and U.S. savings bonds. Granting of special tax relief at the time of cashing in war bonds and similar Government bonds (committee No. 1).

Emphasis and promotion of the importance of planning and saving for retirement (committee No. 11).

Control of inflation through macroeconomic policies such as steady money supply growth, a balanced budget, regulatory action to promote price competition, except that these policies should not be used to reduce current benefits available to older Americans such as SSI, medical assistance, in-home services, and Meals on Wheels.

HEALTH

Expansion of medicare coverage to include outpatient prescription drugs, routine dental care, eye examinations, and medical appliances such as dentures, hearing aids and eyeglasses (committee Nos. 5, 11).

Expansion of medicare to cover long-term care, home-health and in-home services, outpatient hospital laboratory services, comprehensive mental health services, adult day care, hospice care, and ambulatory care (committee No. 5). Provision of tax incentives for family in-home care (committee Nos. 4, 5, 6, 7, 11).

Development of a national health insurance program with cost-containment and quality-control features (committee No. 11) and urging a continued search for such a plan (committee No. 5).

Endorsement of nationwide preventive programs such as screening and nutritional education programs (committee No. 5) and reimbursement for provision of preventive care (committee No. 4). Provision of mental health services and centers for older Americans. Restructuring of medicare reimbursement to encourage older persons to enroll in prepaid health maintenance organizations (committee Nos. 4, 5).

Urging the Federal Government to enact a medigap (policies designed to supplement medicare) insurance bill (committee No. 11).

HOUSING

Reaffirmation of the 1949 Housing Act goal calling for "a decent home and suitable living environment for all elderly families." Urging that Government continue to be an active partner with the private sector in helping older Americans.

The Federal Government should continue the appropriation of funds and provide for HUD administration of the section 8 and section 202 housing programs. No fewer than 200,000 units should be provided for the elderly. HUD section 202 should be continued as a Federal initiative to provide housing for low-income elderly to live independently. At least 20,000 units should be produced annually. Maintenance of the current 25 percent rent-to-income ratio.

Continuation and expansion of congregate housing program for the functionally impaired. Monitoring of condominium conversions by Federal, State, and local governments. Preference should be given to displaced elderly persons in federally assisted programs. Federal, State, and local governments must enact laws to protect the elderly from displacement due to demolition of mobile home parks, rental housing, and the conversion of rental units to condominiums and cooperatives (committee No. 8).

SOCIAL SERVICES

Continuation of the Older Americans Act as a separate and distinct federally funded categorical program, not subject to block grant status. Vigorous enforcement of the OAA provision which mandates targeting of services to the most needy (committee No. 7). Coordination and consolidation of elderly services in all sectors and at every level (committee No. 9). Corporations should donate 2 percent of pretax earnings for social services, with a portion earmarked for the elderly (committee No. 12).

Provision of a multipurpose senior center in each community by: Pooling Federal/State/local funds for new construction, or expansion/rehabilitation of existing structures; locating needed services—for example, transportation, health, nutrition, public benefits, recreation—in such centers;

and assuring that all services and programs are free from physical and language barriers (committee No. 9).

Nutrition programs for older Americans shall include provisions for nutrition education, transportation services, and recognition of special populations (committee No. 4). Coordination and consolidation of the 114 federally financed transportation programs and the existing 130 Federal programs for the elderly and handicapped (committee No. 9). Appropriate and adequate proportion of local, State, and Federal resources be allocated for the development of a transportation network in rural areas (committee Nos. 9, 11).

Adequate funds from all sources should be made available to provide older Americans a full range of legal services (committee Nos. 7, 9, 12). Retention within the Older Americans Act of legal services as a mandated funding priority. The Legal Services Corporation should be continued and have as a high priority legal assistance for older Americans (committee No. 9).

RESEARCH, EDUCATION, TRAINING

Research is needed in the areas of work and employment (committee Nos. 12, 14), retirement age and retirement income, living arrangements, the role of older people in the changing American family, the biomedical aging process, and social service delivery (committee No. 14); gerontology (committee Nos. 7, 10), nutrition (committee No. 4), health service delivery and the development of long-term care services (committee No. 5).

The following programs should be given the highest priority for funding at the Federal level and should be made available and accessible to all older Americans immediately: Job training and retraining, work-related and preretirement programs targeted to persons who lack readily marketable job skills, and programs for displaced homemakers. Educational institutions should give high priority to the development of programs to educate and train senior adults, and to educate personnel serving the elderly and the general public (committee No. 10).

A CONFERENCE OF CONTROVERSY

A proud tradition of nonpartisanship was marred by revelations that attempts were made to influence the outcome of the Conference. Abrupt hirings and firings of the Conference committee staff characterized the months preceding the Conference. For example, three executive directors have presided over the Conference staff at one time or another, one of whom served only 2 months in the job.

Moreover, hundreds of delegates complained of being harassed by officials associated with the White House Conference on Aging who polled the Conference delegates on their views regarding the administration's budget cuts in social security and medicare benefits, housing and nutrition assistance, as well as the President's overall performance on the economy. I regret to say that the chairman of the Republican National Committee admitted to commissioning the poll before a hearing of the Select Committee on Aging on October 22.

The fear expressed by many of the delegates about the implications of the poll did not abate when it was discovered that the administration had appointed 400 delegates to the Conference, less than 6 weeks before it was to convene. At the same time, Health and Human Services Secretary Schweiker issued rules consolidating the procedure for approving the entire body of recommendations into a single vote. These actions may have precipitated the atmosphere of distrust and cynicism among the delegates, many of whom charged the administration with "stacking" key committees. Regrettably and tragically, documentation from the White House Conference on Aging confirms these charges, even to the extent that some documents showed breakdowns of committees by the number of delegates favorable, and unfavorable to the administration. Under these less than favorable conditions, the delegates came to Washington.

Mr. Speaker, all things considered, the delegates did quite a job. No one will agree with each and every one of the 600 recommendations, but the final report is one which each and every one can take pride in. They have carved out a program that is truly national in scope and offers the hope of a better tomorrow.●

SUPPORT FOR HOSPICE CARE

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. PANETTA) is recognized for 5 minutes.

● Mr. PANETTA. Mr. Speaker, as a culmination of many months of discussions and consultations with hospice organizations, I am very pleased today to introduce legislation which would make hospice care reimbursable under the medicare program. I have been joined in introducing this legislation by Congressmen PEPPER, WAXMAN, RANGEL, GEPHARDT, GRADISON, and MADIGAN. An identical measure is being introduced by Senator DOLE. I welcome the support of all my colleagues for this legislation.

As my colleagues are keenly aware, the medical prognosis of terminal illness is a reality that many patients and families are forced to suffer and endure. This situation clearly places a tremendous burden on terminally ill patients and their families, both emotionally and financially. The hospice concept is an approach dedicated to helping the terminally ill and their families in adjusting to the reality of the impending death. Hospice care provides the services necessary to allow the terminal patient to live out the remainder of his days in dignity and peace in a supportive environment with medical and psychological care made available to accomplish this.

By allowing hospice services to be substituted for curative care, it is my judgment that we will be formulating a good public policy, and also establishing a good fiscal policy.

This is not a new entitlement program. This legislation will not bring one single new person onto the medicare rolls. This is not a new add-on benefit to be piled on top of the existing system of health care.

As chairman of the House Budget Reconciliation Task Force, I am proposing instead a self-standing alternative system of care for the terminally ill and their families—emphasizing the relief of physical and emotional symptoms instead of continuing medical-surgical heroics—whereby a medicare beneficiary may choose hospice care if he and his physician determine that further curative measures will neither lengthen life nor improve its quality.

The Warner-Lambert Foundation recently commissioned an independent cost analysis of the fiscal impact of caring for the terminally ill in the current medicare system as opposed to a medicare system which included the hospice alternative. This analysis used health care financing administration data to conclude that it now costs, in 1981 dollars, more than $7,000 in medicare funds to provide health care services for the average terminally ill cancer victim, just in the last 6 months of life. In other words, given the estimate that there are 200,000 medicare-eligible Americans dying of cancer in this country this year, there is an existing cost to the Federal Government of nearly a billion and a half dollars for terminal care in the absence of the hospice alternative as a covered service.

The National Cancer Institute conducted a 3-year demonstration program of the costs of hospice care for the terminally ill. The result of the NCI demonstration was that the most expensive hospice studied reported total cost—including physicians, nurses, social workers, counseling services, drugs, medical appliances, inpatient and home care, and bereavement care for the family after the patient died—of less than $4,500 per patient/family. More typically, an average day of hospice care has been found to cost one-fifth of the average day of care for the terminally ill in the typical American hospital.

Blue Cross plans in several States have studied the comparative cost of caring for the terminally ill in the traditional system versus the costs in hospice. Studies have been done within

the health-care field itself. Private insurance companies have conducted analysis prior to adding the hospice benefit to group health policies. In each of these studies, public or private, it is shown to cost less to the party who is paying the bill when a terminally ill patient opts for the hospice alternative.

Mr. Speaker, passage of the hospice bill which I am introducing today is an opportunity for this Congress and this administration to do something for the budget while doing something for the people. The Warner-Lambert commissioned study concluded that this bill, if passed, would save the medicare trust fund at least $15 million in the first year after enactment and as much as $130 million in the fifth year. Yet, I favor hospice care not just because it is cost effective but also because it is appropriate care—compassionate and competent—for those who choose it.

The grassroots hospice movement has developed over the past decade in efforts to provide an alternate type of treatment for terminally ill patients and their families. The efforts in this area have proven that the hospice concept works. The Federal Government must recognize the appropriateness of hospice care. There is a need to encourage more compassionate care for the dying patient, and this legislation will offer that opportunity. I urge my colleagues to join me in support of this bill.

For the convenience of my colleagues, following is the text of this legislation:

H.R. 5180

A bill to amend title XVIII of the Social Security Act to provide for coverage of hospice care under the medicare program

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 1811 of the Social Security Act is amended by striking out "and home health services" and inserting in lieu thereof "home health services, and hospice care".

(b) Section 7(d)(1) of the Railroad Retirement Act of 1974 is amended by inserting "hospice care," after "home health services,".

SEC. 2. (a) Section 1812(a) of the Social Security Act is amended by striking out "and" at the end of paragraph (3) and inserting in lieu thereof "; and", and by adding after paragraph (3) the following new paragraph:

"(4) in lieu of certain other benefits, hospice care with respect to the individual during up to two periods of 180-days each with respect to which the individual makes an election under subsection (d)(1).".

(c) Section 1812 of such Act is further amended by inserting subsection (c) the following new subsection:

"(d)(1) Payment under this part may be made for hospice care provided with respect to an individual only during two periods of 180-days each during the individual's lifetime and only, with respect to each such period, if the individual makes an election under this paragraph to receive hospice care under this part by (or through) a particular hospice program instead of certain other benefits under this title.

"(2)(A) Except as provided in subparagraph (B) and (C) and except in such exceptional and unusual circumstances as the Secretary may provide, if an individual makes such an election for a period with respect to a particular hospice program, the individual shall be deemed to have waived all rights to have payment made under this title with respect to—

"(i) hospice care provided by another hospice program (other than through arrangements with the particular hospice program) during the period, or

"(ii) services furnished during the period, other than physicians' service furnished by the individual's attending physician and other than services provided by (or under arrangements with) a hospice program, that are determined (in accordance with guidelines of the Secretary) either to be related to the treatment of the individual's condition with respect to which a diagnosis of terminal illness has been made or to be equivalent to (or duplicative of) hospice care.

"(B) After an individual makes such an election with respect to a 180-day period, the individual make revoke the election during the period, in which case—

"(i) the revocation shall act as a waiver of the right to have payment made under this part for any hospice care benefits for the remaining time in such period and (for purposes of subsection (a)(4) and subparagraph (A)) the individual shall be deemed to have been provided such benefits during such entire period, and

"(ii) the individual may at any time after the revocation execute a new election for a subsequent 180-day-period, if the individual otherwise is entitled to hospice care benefits with respect to such a period.

"(C) An individual may, once in each such period, change the hospice program with respect to which the election is made and such change shall not be considered a revocation of an election under subparagraph (B).

"(D) For purposes of this title, an individual's election with respect to a hospice program shall no longer be considered to be in effect with respect that hospice program after the date of the individual's death, or, if earlier, the date the individual revocation or change of election with respect to that election takes effect.

"(3) Notwithstanding any other provision of this title, payment under this part may be made for hospice care provided, with respect to an individual, after the death of the individual, but only to the extent of three bereavement counseling visits (as defined by the Secretary) and only if such visits occur during the 1-year period immediately following the date of the individual's death. For purposes of paragraph (1)(A), subsection (a)(4), and section 1814(a)(8), such visits shall be deemed to have been provided on the date of the death of such individual.".

SEC. 3. (a) Section 1814(a) of the Social Security Act is amended by striking out "and" at the end of paragraph (6), by striking out the period at the end of paragraph (7) and inserting in lieu thereof "; and", and by inserting after paragraph (7) the following new paragraph:

"(8) in the case of hospice care provided an individual in—

"(A)(i) the first 180-day period—

"(I) the individual's attending physician (as defined in section 1861(d)(3)(B)), and

"(II) the medical director (or physician member of the interdisciplinary group described in section 1861(dd)(2)(B)) of the hospice program providing (or arranging for) the care,

each certify, not later than 2 days after hospice care is initiated, that the individual is terminally ill (as defined in section 1861(dd)(3)(A)), or

"(ii) the second 180-day period, the medical director or physician described in clause (i)(II) recertifies at the beginning of the period that the individual is terminally ill;

"(B) a written plan for providing hospice care with respect to such individual has been established (before such care is provided by, or under arrangements made by, that hospice program) and is periodically reviewed by the medical director (and the interdisciplinary group described in section 1861(dd)(2)(B)) of the hospice program; and

"(C) such care is being or was provided pursuant to such plan of care.".

"(b)(1) Section 1814(b) of such Act is amended by inserting "(other than a hospice program providing hospice care)" after "The amount paid to any provider or services".

(2) Section 1814 of such Act is further amended by adding at the end the following new subsection:

"(i)(1) Subject to the limitation under paragraph (2), the amount paid to a hospice program with respect to hospice care for which payment may be made under this part shall be an amount equal to the costs which are reasonable and related to the cost necessary in the efficient delivery of needed hospice care, or which are based on such other tests of reasonableness as the Secretary may prescribe in regulations (including those authorized under section 1861(v)(1)(A)).

"(2) The amount of payment made under this part for hospice care provided by (or under arrangements made by) a hospice program located in a region (as defined by the secretary) for an accounting year may not exceed the 'cap amount' for the region for the year (computed under subparagaph (B)) multiplied by the number of medicare beneficiaries in the hospice program in that year (determined under subparagraph (C)).

"(B) For purposes of subparagraph (A), the 'cap amount' for a region for a year is computed as follows:

"(i) The Secretary, using records of the program under this title, shall identify individuals (or a representative sample of such individuals) who died during the base period (as defined in clause (v)), with respect to whose death the primary cause of death was cancer, and who, during the six-month period preceding death, were provided benefits under this title.

"(ii) The Secretary shall determine a national average medicare per capita expenditure amount by (I) determining (or estimating) the amount of payments made under this title with respect to services provided to individuals identified in clause (i) during the six months before death, and (II) dividing such amount of payments by the number of such individuals.

"(iii) The Secretary shall then compute a regional average medicare per capita expenditure amount for each region, by adjusting the national average medicare per capita expenditure amount (computed under clause (ii)) to reflect the relative difference between that region's average cost of delivering health care and the national average cost of delivering health care.

"(iv) The 'cap amount' for a region for an accounting year is 75 percent of the regional

average determined under clause (iii) for that region, increased by the same percentage as the percentage increase in the medical care expenditure category of the consumer price index for all urban consumers (U.S. city average), published by the Bureau of Labor Statistics, from the fourth month of the base period to the fifth month of the accounting year.

"(v) For purposes of this subparagraph, the term 'base period' means the most recent period of 12 months (ending before the date of the enactment of this subsection) for which the Secretary determines he has sufficient data to make the determinations required under clauses (i) through (iii).

"(C) For purposes of subparagraph (A), the 'number of medicare beneficiaries' in a hospice program in an accounting year is equal to the number of individuals who have made an election under subsection (d) with respect to the hospice program and have been provided hospice care by (or under arrangements made by) the hospice program under this part in the accounting year, such number reduced to reflect the proportion of hospice care that each such individual was provided in a previous or subsequent accounting year or under a plan of care established by another hospice program.

"(3) The Comptroller General shall conduct a study and, not later than two years after the date of the enactment of this subsection, report to the Congress and the Secretary on whether or not the method of reimbursement for hospice care and the limitation on such reimbursement, described in paragraphs (1) and (2), are fair and equitable and promote the most efficient provision of hospice care, and the feasibility and advisability of developing and providing for a methodology for the reimbursement of hospice care on a prospective basis. If such report recommends that such methodology be developed, the Secretary, shall, not later than 18 months after the date such report is made, provide for development of such methodology and report to the Congress on the development of such methodology and changes in legislation which may be required to implement such methodology.".

SEC. 4. (a) Section 1861(u) of the Social Security Act is amended by inserting "hospice program," after "home health agency,".

(b) Section 1861(w)(1) of such Act is amended by striking out "or home health agency" and by inserting in lieu thereof "home health agency, or hospice program".

(c) Section 1861 of such Act is further amended by adding at the end the following new subsection:

"HOSPICE CARE; HOSPICE PROGRAM

"(dd)(1) The term 'hospice care' means the following items and services furnished to a terminally ill individual (and, with respect to counseling services described in subparagraph (H)), to the individual's immediate family (as defined in paragraph (4)), by a hospice program under a written plan (for providing such care to such individual and immediate family) established and periodically reviewed by the medical director (and by the interdisciplinary group described in paragraph (2)(B)) of the program—

"(A) nursing care provided by or under the supervision of a registered professional nurse,

"(B) physical, occupational, or speech therapy,

"(C) medical social services under the direction of a physician,

"(D)(i) services of a home health aide who has successfully completed a training program approved by the Secretary and (ii) homemaker services,

"(E) medical supplies (including drugs and biologicals) and the use of medical appliances, while under such a plan,

"(F) physicians' services,

"(G) short-term inpatient care (including both respite care and procedures necessary for pain control and acute and chronic symptom management) in an inpatient facility meeting such conditions as the Secretary determines to be appropriate to provide such care, and

"(H) counseling (including bereavement and dietary counseling) with respect to care of the terminally ill individual and adjustment to his death.

The care and services described in subparagraph (A) and (D) may be provided on a 24-hour, continuous basis only during periods of crisis (meeting criteria established by the Secretary) and only as necessary to maintain the terminally ill individual at home.

"(2) The term 'hospice program' means a public agency or private organization (or a subdivision thereof) which—

"(A)(i) is primarily engaged in providing the care and services described in paragraph (1) and makes such services available (as needed) on a 24-hour basis,

"(ii) provides for such care and services in individuals' homes, on an outpatient basis, and on a short-term inpatient basis, directly or through arrangements with other hospice programs, and

"(iii) provides assurances satisfactory to the Secretary that the aggregate number of days of inpatient care described in paragraph (1)(G) provided in any 12-month period to individuals who have an election in effect under section 1812(d) with respect to that agency or organization does not exceed 20 percent of the aggregate number of days during that period on which such elections for such individuals are in effect;

"(B) has an interdisciplinary group of personnel which—

"(i) includes at least (I) one physician (as defined in subsection (r)(1)), (II) one registered professional nurse, (III) one social worker, and (IV) one pastoral or other counselor, employed by the agency or organization,

"(ii) provides the care and services described in paragraph (1), and

"(iii) establishes the policies governing the provision of such care and services;

"(C) maintains central clinical records on all patients;

"(D) does not discontinue the care it provides with respect to a patient because of the inability of the patient to pay for such care;

"(E)(i) utilizes volunteers in its provision of care and services and (ii) maintains records on the use of these volunteers and the cost savings and expansion of care and services achieved through the use of these volunteers;

"(F) in the case of an agency or organization in any State in which State or applicable local law provides for the licensing of agencies or organizations of this nature, is licensed pursuant to such law; and

"(G) meets such other requirements as the Secretary may find necessary in the interest of the health and safety of the individuals who are provided care and services by such agency or organization.

"(3)(A) An individual is considered to be 'terminally ill' if the individual has a medical prognosis that the individual's life expectancy is six months or less.

"(B) The term 'attending physician' means, with respect to an individual, the physician (as defined in subsection (r)(1)) whom the individual indentifies as having the most significant role in the determination and delivery of medical care to the individual at the time the individual is to be provided hospice care.

"(4) The term 'immediate family' means, with respect to an individual, the individual's spouse, parents, and children, and another person (not employed by a hospice program providing hospice care to the individual) who has assumed (as determined in accordance with guidelines of the Secretary) primary responsibility for assisting in the care of the individual.".

SEC. 5. Section 1862(a) of the Social Security Act is amended—

(1) by inserting ", or, in the case of hospice care, which are not reasonable and necessary for the palliation or management of terminal illness" before the semicolon at the end of paragraph (1);

(2) by inserting "(except, in the case of hospice care, as is otherwise permitted under paragraph (1))" in paragraph (6) after "comfort items"; and

(3) by inserting "(except, in the case of hospice care, as is otherwise permitted under paragraph (1))" in paragraph (9) after "custodial care".

SEC. 6. (a) Section 1863 of the Social Security Act is amended by striking out "and (cc)(2)(I)" and inserting in lieu thereof "(cc)(2)(I), and (dd)(2)".

(b) Section 1864(a) of such Act is amended—

(1) by inserting "or whether an agency is a hospice program" in the first sentence after "home health agency,"; and

(2) by striking out "or home health agency" in the second sentence and inserting in lieu thereof "home health agency, or hospice program".

(c) Section 1865(a) of such Act is amended by striking out "or (o)" in the last sentence and inserting in lieu thereof "(o), or (dd)".

(d) Section 1866(b)(4)(A) of such Act is amended by inserting "or hospice care" after "home health services".

SEC. 7. (a) The amendments made by this Act apply to hospice care provided during and after the fourth month beginning after the date of the enactment of this Act.

(b) In order to provide for the timely implementation of the amendments made by this Act, the Secretary of Health and Human Services shall, not later than 90 days after the date of the enactment of this Act, promulgate such final regulations (whether on an interim or other basis) as may be necessary to set forth—

(1) a description of the care included in "hospice care" and the standards for qualification of a "hospice program", under section 1861(dd) of the Social Security Act, and

(2) the standards for payment for hospice care under part A of title XVIII of such Act, pursuant to section 1814(i) of such Act.●

SAFE HARBOR LEASING PROVISIONS OF ECONOMIC RECOVERY TAX ACT

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from New York (Mr. CONABLE) is recognized for 60 minutes.

Mr. CONABLE. Mr. Speaker, I want to assure all those concerned at this hour of the night that I will not take

my full 60 minutes. It should be possible to cover the subject that I would like to deal with in perhaps 20 minutes or less, provided there is not extensive questioning from the multitude here assembled to comment on my remarks.

I would like to talk, Mr. Speaker, about the so-called safe harbor leasing provisions of the Economic Recovery Tax Act. There has been a great deal of attention in the press to these provisions lately, most of it uncomplimentary, most of it expressed in terms of "ripoff," "trafficking in tax credits," and "unwarranted reduction of corporate taxes" for those who wish to avail themselves of the provisions of the act regardless of whether or not they should.

I am not here to defend this provision but to try to put it in the perspective that was intended by the framers of the act and to reassure my colleagues that there is a rational and, I believe, a reasonable basis for this provision to be in the code. It should not be repealed summarily, I believe, despite the epithets thrown at it. The final verdict will be based on experience.

It may well be that the Congress will want to change these provisions on review. Indeed, the Committee on Ways and Means this week has added to a bill, not otherwise germane, a provision which requires the Treasury to seek information returns by January 31 of next year from those corporations that are taking advantage of the safe harbor leasing provisions.

This is a desirable thing to do, Mr. Speaker, because it will give some indication of the extent to which these provisions are being used. If they are being used more than anticipated, then they could affect the revenue estimates that have been made with respect to the Economic Recovery Tax Act at a time when we are greatly concerned about the size of the deficit, hearing daily more alarming figures, although very little supporting information has yet been made available to the Congress.

Clearly we do not want to see our tax revenues fall off unexpectedly because of the untoward use of a provision of the Tax Code, whether or not that provision has a reasonable base in logic. So in the proper exercise of oversight, Congress should seek information returns from those taking advantage of the safe harbor leasing provisions, and I for one strongly supported the opportunity that this provision, which will be acted on by the House next week, will afford us to find out the facts.

Now, in order to understand this measure, Mr. Speaker, it is necessary to go into some history of the development of the proposal. It will be recalled that President Reagan first proposed a tax measure which was almost purely economic in its nature. It was not a traditional tax reform piece, jiggling the equities among classes of taxpayers or different interest groups, but it had two simple provisions: First, an across-the-board rate cut spread over a 3-year period; and second, an accelerated depreciation provision very similar to that developed by the gentleman from Oklahoma (Mr. JONES) and myself which had been theretofore referred to as the Capital Cost Recovery Act, or "10-5-3," as it was more popularly known.

This provision sought to provide business tax relief, not through rate reductions in the corporate tax rate, which would tend to increase profits and, therefore, put more pressure on corporate managers to pay out more of their income in dividends, but through a speedup of the depreciation rules.

Depreciation had previously been based on the useful life of a capital asset rather than on any desire to make our technology competitive with other parts of the world which frequently have very fast writeoffs for capital assets.

The Jones-Conable proposal then in effect repealed the useful life concept of depreciation and went to an arbitrary short writeoff of capital assets, the centerpiece of which was a 5-year writeoff for almost all equipment or machinery. It was felt that this was an appropriate alternative to protecting American technology in the world and the domestic markets. Technology, after all, is one of the primary things an advanced society like ours has to sell, and a lower capital cost component in our goods would improve their competitiveness.

The idea was generally accepted by the business community as appropriate because depreciation reform would not increase profits but would actually reduce profits, increasing instead after-tax cash flow. The incentives from this change in the tax law encouraged additional capital investment, and that we deemed necessary after the long period of time in which we have in effect been "eating our seed corn."

Depreciation reform then was adopted by the President largely as the gentleman from Oklahoma (Mr. JONES) and I had drawn it in the Capital Cost Recovery Act, although it was changed, as initially announced by the administration, in a very significant way. I am referring to the issue of when depreciation could be claimed. Our provision permitted depreciation to be "banked" for those companies that were temporarily unprofitable.

In other words, they did not have to claim depreciation in the year in which it accrued, but it could claim it at any time during the life of the capital asset involved. In that way we felt we were providing some flexibility and not discouraging the temporary unprofitable company from investing in a capital asset for with it would lose the depreciation deduction since it paid no tax.

Obviously, increased depreciation writeoffs are no advantage to a company that pays no tax. Since we tax profit generally, a company that was temporarily unprofitable would have no advantage from increased depreciation, at least currently. They could carry over operating losses until later years, but they would have no current advantage from the accelerated depreciation.

Let me give an example of why this was a problem If you look at the auto industry, General Motors has remained generally profitable, although at a sharply reduced rate. Ford and Chrysler have lost money. If you give substantial depreciation reform to profitable companies and permit them to reduce their taxes through greater depreciation writeoffs, obviously you improve their competitive position. That meant, then, with respect to our American auto industry, that if we mandated depreciation in the year in which it accrued we would benefit General Motors, but we would not benefit Ford and Chrysler, and we would actually exacerbate what was already a serious competitive disadvantage for the two less profitable companies.

Mr. JONES and I thought banking the credits was appropriate. The administration's concern had been about revenue loss when it first announced the Economic Recovery Act and so their version provided that accelerated depreciation should be mandated in the year in which it accrued. The minority members of the Ways and Means Committee warned the White House that this would not be acceptable to the business community and that, in fact, such a provision would become procyclical in its economic impact. By that I mean a company that had no profit would be discouraged from capital investment by the probable loss of its depreciation credits if you had to take them in the year in which you made the investment; therefore, they would tend to bunch their capital investments in those years in which they became profitable. We would get a capital boom at those times when we also had, as a result of other economic factors, a high level of industrial profits.

It would be much better, Mr. Speaker, to spread such tax incentives then among the companies, whether or not they were profitable, so that there would be encouragement generally for capital investment rather than providing incentives for capital investment only for those companies that were profitable.

A few days after making this mistake, the administration learned that

such a provision was not acceptable and finally understood the procyclical implications of mandated depreciation in the year in which it accrued. They then decided that they would provide greater transferability through safe harbor leasing rather than through the "banking" of depreciation credits which we had provided in the original Capital Cost Recovery Act. In other words, these leasing provisions were not the result of any work here in the Congress but were a proposal made by the administration, probably through its Treasury Department experts who thought their proposal would spread the benefits more generally. Their effort, like ours, was to recognize that some elements of the business community would not receive an immediate benefit from depreciation reform if those elements were not currently profitable.

To be very simple about it, you cannot use an investment tax credit if you do not pay any tax in the first place. While any unused credits or accelerated depreciation deductions might be carried forward to a future year, it would provide no current benefit. Safe harbor leasing is designed to provide such a current benefit.

In other words, the liberalized leasing rules were selected as the mechanism for distributing the benefit of accelerated depreciation more evenly through the business community. An unprofitable company under these rules can arrange to acquire its equipment through a transaction in which a profitable business is the actual owner of the equipment. The unprofitable firm leases the equipment from the profitable owner under lease terms reflecting the profitable lessor's ability to use the tax credits and deductions which the unprofitable lessee company could not use to its advantage.

Mr. Speaker, leasing is not a new idea. Leasing has been in existence for some time as an economic device. As a matter of fact, there are comparatively few airplanes owned by the commercial airline companies, comparatively few railroad cars operated by the railroads that are not, in fact, owned by banks and leased to these unprofitable transportation industries in order to permit the full use of the investment tax credit and the depreciation credits which accompany such an expensive piece of equipment.

Leasing, then, has existed for some time. The safe harbor leasing rules, in contrast to previous leasing rules, are considerably easier and permit the transfer of the tax credits under circumstances so simple as to make for a very high degree of transferability. No new tax deductions or credits are created by safe leasing. No tax reduction is allowed unless there is capital investment in machinery and equipment. No particular company gets any part of that tax reduction unless that company has, in effect, paid an appropriate part of the cost of the machinery and the equipment.

Let me give an example. If company A contracts to buy a new machine for $100 and sells the future stream of tax depreciation to company B for $25, which is the present market price of the future tax reduction, A and B will each have paid a part of the $100 investment. Company A would do this if it has immediate need to purchase the machine and is short of cash and traditional borrowing capacity. Company B will have provided to company A current cash with which to make that new capital investment in an exchange for the future tax reduction that company A would itself otherwise obtain if its situation were such as to permit it to wait several years into the future to realize that tax benefit. The total tax depreciation deductions allowed company B will never exceed the deductions otherwise allowable to company A.

When we considered depreciation in the Ways and Means Committee, there was a substantial minority of the committee that was anxious to provide current value depreciation as a form of depreciation reform rather than the accelerated 10-5-3 approach that the Capital Cost Recovery Act envisioned. By safe harbor leasing, in fact, you do get the current value of depreciation.

With the leasing rules we can expect the following results: The full amount of tax depreciation deductions and resulting increased capital investment intended by the 1981 act will be realized. Without the leasing rules, part of the tax depreciation deductions would be wasted and capital investment incentive, in aggregate, would be less. Those who want to repeal the leasing rules immediately had better consider this, particularly at a time of recession.

You will take away substantial incentive for capital investment from those companies that are temporarily unprofitable because they will get no current value from the tax deduction if they have no income against which to offset it.

Currently unprofitable firms frequently are required to make large new capital investment in order to become profitable. Obsolescence, we know, is a serious American problem, as far as American industry is concerned.

Without the new leasing rules, these companies would either receive no tax benefit from their new capital investments or they would have to use the old IRS leasing rules which require them to give away to another company, usually a bank, a disproportionately large amount of the value of the investment.

Now let us deal with the issue of the current value of depreciation. I must acknowledge, Mr. Speaker, that at the beginning of the trade-in tax credits which occurred following the tax bill's enactment, it appeared that some of the profitable companies buying unused tax deductions from unprofitable companies were getting a very good deal. In fact, they were getting a good deal because the market had not developed; now a true market is developing in these tax credits which will cause them to achieve their economic value in current terms. In fact, when you figure it out with appropriate discounts for the cost of money, you will find that they are getting their money at approximately the same cost they would get it if they were having to borrow the money from some other source. I have heard of several instances lately where the cost of financing in this way was figured out to within a couple of percentage points of the cost of borrowing the money. Marketing has performed its economic role.

By means of buying tax depreciation deductions from capital-intensive firms, less capital-intensive firms will be able to contribute some of their cash to making large new capital investment and thereby to realize some tax benefits from the 1981 act. I will say that in an economy that is over 60 percent service-oriented, there was some criticism of depreciation reform as a mode of corporate tax relief because it did very little for the service companies. It was intended to benefit those primarily which had heavy capital investments. In fact, through the safe harbor leasing provisions, this permits some transfer of the tax benefits in the Economic Recovery Tax Act to those companies that do not or may not have current plans for heavy capital investment. It has the effect, then of providing some rate relief, even though there is no rate relief, in the distribution of tax credits, which otherwise would not occur. Large amounts of new investment capital for machinery and equipment will flow from new industries in the Sun Belt areas of the country into the older capital-intensive industrial areas—the Northeast and the Midwest. At the same time, newer light industry, high-technology firms, agricultural concerns, and services business predominant in the South and West will benefit from the 1981 act. Without the flexibility provided by the leasing rules, the business tax cut in the 1981 act which is targeted toward capital investment, instead of being in the form of a corporate rate cut, might be very uneven in its impact. Too much of the business tax cut might be directed toward the older capital-intensive industries of the Northeast and the Midwest, but those industries would have no way to realize current tax benefits from them—no way, therefore, to increase their

needed capital investment unless they borrowed the money at the current very high interest rates.

Mr. Speaker, I would like now to make four fundamental points that I think have to be made about depreciation reform, including the safe harbor leasing provisions.

First, I think we have to acknowledge this is a new approach to tax economics. The fact that we do not have a single uniform aggregate economy but instead have many disparate separate economies, both by region and by business sector, has always been one of the biggest barriers to an effective tax policy. Congress always had to look at the aggregate data on investment productivity and employment and to try to provide an aggregate remedy. Within our Federal system the Congress could not by enactment in 1981 have provided a corporate rate cut to some regions of the country or business sectors and new tax depreciation rules to others, although obviously the efficiency of the 1981 business tax cut would have been increased enormously by so doing.

On the other hand, the leasing rules achieve substantially this result by permitting a transfer of tax depreciation deductions from one company or one region to another. This is accomplished by a market mechanism, bargaining between buying and selling companies, not by Government management of the economy, by capital allocation or by governmental regulation. It is this phenomena which results in new capital flows from noncapital-intensive to capital-intensive firms and, I suspect, Mr. Speaker, from the Sun Belt to the Frost Belt.

It is this phenomenon which produces a combination of both a business tax cut targeted toward capital investment on the one hand, strongly oriented toward productivity, and a corporate rate cut on the other. The tax reduction is available only if new capital investment in machinery or equipment is made, but under the leasing rules some other company can share in that tax reduction if it shares part of the cost of the investment. In effect, then, the company financing the equipment simply makes the check out to the beneficiary who is going to use that equipment rather than to the Government.

Now the second fundamental point I want to make is that this is a logical extension of the old lease rules which have been in effect for many years. The new leasing rules provide these important new benefits to the economy. They are not radical or different. They are more equitable and more efficient than prior law. Leasing is simply a method of financing equipment purchases, and the tax law has provided lease financing for many years. The critical differences from the old IRS lease rules are as follows:

The new rules no longer penalize the company who needs to finance equipment by artificially requiring that company to give up an unreasonable amount of the value of the investment.

Also, the new rules are now available to help finance major industrial facilities, such as steel and automobile plants, instead of being confined to smaller movable items of equipment, as was largely the case under the old IRS lease rules.

There also is the question of residual value, and issues of this sort have been greatly simplified by the new lease rules.

The third fundamental point I want to make is this: The capital programs of both the lessor and the lessee are enhanced. It is widely recognized that if a profitable expanding company, with large capital requirements and bright prospects for adding largely to GNP, purchases for cash the tax depreciation deductions from a depressed, capital-short automobile or steel company, the latter is benefited. That alone would justify the new leasing rules in the context of the intended purpose of the 1981 act and current economic circumstances.

It must also be recognized, however, that the profitable buyer of the tax benefits is not thereby diverting cash or borrowing capacity from its own vital capital expenditure programs; rather, it is the case that the buyer's capital investment capacity is also increased as a result of being able to retain for reinvestment more of its pre-tax profit. That results because even though the buyer must pay for the tax depreciation deductions, even though those deductions will never exceed the deductions the seller would in time be entitled to, the buyer may be able to benefit from those deductions in an earlier taxable year than would the seller because he has bought the current market value rather than having to take them over the 5-year period.

The fourth fundamental point: A lease is a critical transition device. Whatever may be the long-term judgment about the leasing rules as a permanent part of the tax law, they are absolutely critical in the transition from the old depreciation system to the new capital cost recovery system enacted in 1981.

Without the leasing rules, the stimulation of capital investment intended by the 1981 act could not be expected to occur as soon as or in the same magnitude as otherwise. Without the leasing rules the large amounts of temporarily unusable tax depreciation deductions would create a tremendous pressure for profitable and unprofitable companies to merge into single economic entities in order to take advantage of tax credits that otherwise would be lost.

In other words, it would be anticompetitive in the sense that it would be stimulative of mergers.

Whereas, with the new leasing rules, these companies can share tax benefits while at the same time remaining separate economic entities.

Mr. Speaker, I do not know what the future holds for this provision. I do know that I do not believe it is getting a fair treatment in the press. I think that many people believe it to be a larger tax ripoff than the circumstances would justify.

Truly, if we can achieve a market in these credits, they will reflect their economic value and it will be an important additional element of flexibility in the financing of companies, particularly unprofitable companies, at a time when the acquisition of outside capital is a very expensive and difficult thing to do.

I note that the gentleman from Iowa is on his feet and I would like to yield to him.

Mr. LEACH of Iowa. I thank the gentleman from New York, who many of us acknowledge as Congress most distinguished Member, who has offered an important perspective on the leasing provisions of the 1981 tax act.

As he suggests, the leasing provisions were included in the tax package primarily because in their absence the tax bill would have disproportionately benefited companies making a profit. Although at first glance it seems entirely logical to insure that unprofitable firms can take advantage of the income tax deductions and credits available to profitmaking corporations, this bit of sophistry deserves closer scrutiny.

Bailing out losing companies—however indirectly—amounts to a form of corporate welfare. Rewarding companies for losing money in a capitalist society is like selling indulgences for moral indiscretions in the Middle Ages. It does not work. A free enterprise economy is based on incentives and rapid corporate adaptiveness to the market place. Where noncompetitive practices are insulated from market decisions, stultification of the economy is the inevitable result.

Moreover, as the leasing provisions were originally conceived, the profitable company buying the tax breaks was to play a neutral role, with the Treasury being the loser and the unprofitable company receiving 90 percent or so of the advantages. In practice, however, profitable firms appear to be getting about half of the advantages. The recent IBM-Ford deal provides a useful illustration. Ford, which sold its tax breaks for between $100 million and $200 million, received only 20 cents on the dollar. IBM, on the other hand, is expected to make a profit of between $100 million and

$200 million on its expenditure of a like amount.

In addition, it should be stressed that a company need not be unprofitable to take advantage of the leasing provisions. As a result of sizable investment or foreign tax credits, a profitable company may have more tax benefits than it can apply to domestic earnings, and it may offer these for sale. Thus, Occidental Petroleum, which paid no Federal income tax despite $710 million in earnings in 1980, recently sold tax benefits stemming from some $95 million in capital equipment investments to Marsh & McLennan Cos. As the accelerated cost depreciation schedules are phased in over the next few years, the number of profitable companies with tax deductions and credits exceeding their tax liabilities and which are looking for tax break buyers is bound to increase.

The lopsided advantage given to profitable companies in the bartering of tax losses, together with the sanctioning of the sale of tax credits by profitable companies, make mincemeat of the original rationale for the leasing provisions. The sole—and overwhelming—losers in the process are those industries and individuals with a stake in a balanced Federal fiscal policy. With Treasury losses over the next 5 years now expected to be far greater than the original estimate of $27 billion, gossip in Wall Street is that it is becoming increasingly inexcusable for corporations with ingenious treasurers to pay taxes at all. However, the happy smiles of Wall Street treasurers are not reciprocated by the bookkeepers of Main Street enterprises. To benefit from these leasing provisions, companies apparently must be quite large. As the recent scramble to package lease arrangements indicates, corporate partners have almost exclusively been companies buying or selling multimillion-dollar credits. The problems of small business, profitable or otherwise, are irrelevant to this intricate tax provision.

What Congress has done through this one complicated provision in the tax code is pass a corporate bailout measure 20 to 40 times the magnitude of the Chrysler loan guarantee program. One profound distinction, however, exists between the Chrysler package and the leasing approach we are talking about today. The former implies a bailout of a large corporation in financial difficulty. The latter contains a novel precedent. Congress has approved a bailout for healthy companies as well.

Liberals, and the Democratic Party in particular, have been discredited in recent elections because of an inability to make tough choices on spending policies. Too frequently, the liberal position has been an undisciplined vote for more.

Conservatives and the Republican Party today are challenged by an undisciplined approach to tax cutting. Simply voting more for every tax cutting idea can have equally irresponsible effects on the deficit as simply voting more for every good spending idea.

Now that the Republican Party has a mandate to govern, it has a responsibility to discipline itself on tax as well as spending policy.

The leasing provisions contained in the Economic Recovery Tax Act of 1981 can only be described as a legislative scandal. Congress has an obligation to take a new look at these provisions as well as at the reductions sanctioned in the windfall profit tax. Triple-digit deficits have no place in a conservative economic agenda.

While on the surface there may appear to be a logical case for the leasing provisions under discussion today, their merits pale in significance before the social case to be made for other kinds of tax cuts and for programs which are jeopardized by such a loss of revenue to the Treasury. Clearly, it is time Congress exhibits as much concern for tax equity as tax cuts.

In this regard, on October 1, 1981, I introduced with 22 cosponsors legislation to repeal the special leasing provisions contained in the Economic Recovery Tax Act of 1981 which permit the transfer of tax losses and credits. I urge my colleagues to give this legislation serious consideration.

Mr. CONABLE. I thank the gentleman for his timely intervention which gives me an opportunity to rebut to some extent some of the points that he has made. I would prefer to face him on this rather than to have him peddling his repeal bill separately and quietly, knowing his persuasiveness.

It may be that the Congress will want to repeal this provision, and as I have made abundantly clear, I am not the father of it. However, I think it would be extremely unwise for us to repeal it before we studied the effect of it, to repeal it during a time of very serious recession and very low profitability and to repeal it on the basis of gossip, whether on Wall Street or anywhere else.

It is important that the Congress and the Government have stable tax policies.

This provision has been in effect for a comparatively short period of time.

We have had a flurry of activity in this area, because the effective date was made January 1, 1981, and many companies hurried to bring capital transactions within the leasing provisions that had been enacted in August, but which during a 90-day period could be applied retroactively to equipment acquired during the year.

Despite this flurry of activity, there has been nothing that has led the Treasury to change its revenue estimates as yet with respect to leasing. It may appear because of press commentary that there had been unfound use of this provision, but it does not go beyond what the Treasury anticipated and announced at the time the provision was passed.

So I think it would be premature to assume that this is such a wonderful deal for lessor or lessee, that it is being used far beyond what was anticipated or what was considered appropriate at the time of enactment.

Now the gentleman makes the point that we are institutionalizing the Chrysler bailout, and I quite agree that it would not be desirable for us to so orient our laws that we gave substantial advantage to our failures rather than to our successes.

My impression is that this provision will not make economic a company which is uneconomic. In effect, they are getting their money for substantially what they would have to pay otherwise, but it is an additional element of flexibility in the financing picture they otherwise would not have had. If they are failing because of the want of financing, then it will help them. If they are, however, presenting an unsatisfactory product, or if they are poorly managed, they will still fail and, indeed, other companies will not want to engage in leasing transactions with them under these circumstances.

Now, as for the Occidental Co., I do not know the details of that transaction that the gentleman mentioned, but I suspect the gentleman may be as much quarreling with existing provisions of the tax law as with the leasing provisions.

I note that the gentleman says the Occidental Co. paid very little tax or paid no tax this past year because of foreign tax credits. All right, but let us not get the two mixed up. In fact, most of the companies that have taken advantage of the transferability of unused tax credits are highly profitable companies that pay a very high level of taxation, like IBM, for instance, who have provided for the Ford Motor Co., as I recall, roughly $300 million worth of financing that Ford otherwise would have had to borrow in the market.

Now, I do not know, maybe Ford is like Chrysler, a company that is doomed to further economic difficulty. I personally am unwilling to say that at this point and I think that many of the companies that will benefit at this time from this provision are companies that have a considerable potential for the economic future of this country and to facilitate their reindustrialization, their getting rid of obsolescence, their acquiring new productivity through increased investment incentive is certainly a laudable national goal.

Mr. LEACH of Iowa. Mr. Speaker, will the gentleman yield?

Mr. CONABLE. Yes; I yield.

Mr. LEACH of Iowa. I certainly appreciate the gentleman's comments and as he knows, he understands this issue as well, I am sure, as anyone in the country; but I do think it is fair on simple philosophical grounds to point out that in the Ford transaction it is the equivlent of a direct U.S. Treasury grant of funds to Ford, with IBM serving as an intermediary. If such a proposal were brought to this House floor in such stark fashion, would this Congress vote $300 million to the Ford Motor Co.? I think you would find a major reluctance of Members of this Congress as reflecting the views of their constituents to vote in that fashion.

Therefore, what we have passed in the 1981 tax bill and through a very complicated provision of the tax code, a very indirect form of subsidy, which I think the American people will find unacceptable as they learn more about it as time goes on.

My personal feeling is that now is the time to review this particular provision and that it behooves us as we face the triple digit deficits to fine tune some of the tax policies that we have recently enacted.

In that regard and speaking as a fellow Republican, it just has to be stressed that Ronald Reagan's first proposal to this Congress included only two major elements: The change in the individual tax brackets and the change in depreciation schedules. It was Congress that added a whole spectrum of other provisions, part with very good reason, part with a little less reason.

I think it behooves Congress to look at these changes that we have made, largely at our responsibility, although admittedly with certain Treasury pushing and White House involvement, but largely at our discretion and that we have a responsibility to try to bring a little more sanity and balance back into the tax and spending policies of this country.

Mr. CONABLE. The gentleman makes a good point. I do not believe, however, that it is good policy to change our policies constantly. It is not a policy if it is changed every other Tuesday. In fact, it becomes improvisation at that point, not policy.

Now, that does not mean that we cannot change a provision that is obviously a mistake. I think it is premature to say that this provision is obviously a mistake.

I would regret very much having encouraged a number of companies to go into this type of transaction to see it then summarily rejected.

I do believe that the gentleman will acknowledge there are some advantages to the provision, whatever else he thinks about its aggregate impact.

The oversight that we are seeking on this is entirely appropriate. I do not object to that and encourage avoidance of surprise from the overuse of any particular tax device.

One last point that I meant to make is that if the gentleman's analysis of the Ford case has led him to believe that IBM got a pretty good deal out ot it, I would be inclined to agree with him. That was one of the first leasing transactions that was entered into. There was considerable uncertainty and doubt on the part of the business community at that time. We have moved since that time much closer to a true market situation with respect to tax credits, ascribing them their true economic value rather than permitting the profitable company to get a tax deduction that is not justified in economic terms by virtue of the financial service they have provided.

I would like to point out one other thing and that is that perhaps this will further diminish the role of banks and bond counsel of one sort and another. I am not sure that that is all bad, either. It does provide a greater flexibility in the economy than would be possible if Ford were instead required to go borrow the money at very high interest rates from private lenders and claim as its deduction then what is frequently the current uneconomic deduction of nominal interest rates, as opposed to the true cost of the use of the money.

In short, I am trying here not to disagree with the gentleman's concerns, but to ask him to temper them at least until we have in a more salubrious economic climate had a full opportunity to test this interesting idea and to see if it may not have helped us emerge from the kind of economic stagnation which has been characteristic of a country that has been eating its seed corn now for 25 years. It will bring about one of the major goals of the Economic Recovery Tax Act, which was captial investment.

There is no tax credit created by this provision that is not based on capital investment. If you deem it desirable to encourage more investments and more savings, then clearly this is one way to achieve it. Capital investment was what the 1982 Tax Act was all about.

I acknowledge that it involves, as any tax deduction does, some reduction of Treasury revenue; but as yet we have nothing to indicate that it goes beyond that reasonably anticipated at the time we sought to give an incentive to investment, specifically through depreciation reform and the incentives that are implicit in that.

Mr. LEACH of Iowa. Mr. Speaker, will the gentleman yield further?

Mr. CONABLE. Yes.

Mr. LEACH of Iowa. I take the gentleman's advice carefully and acknowledge it is well reasoned.

I would only, in turn, say that as this provision was originally presented, we were looking at a timeframe with certain different projections. We were looking at a budget deficit about half what it is currently projected to be. If we were to look backward and if we were to project the size of the budget deficit that we are now projecting, I would suspect that the Ways and Means Committee would have applied a little bit more discipline to some of the tax-cutting ideas.

Mr. CONABLE. But the gentleman will acknowledge, will he not, that the deficit has soared primarily because the economy has cooled, that the volatile part of any Federal budget is usually the revenue side, and the revenue fall off has not been so much the result of structural changes in the tax law as it has been in the sharp decline of profitability and the probable resulting decline in individual income. Economic decline, not tax changes, have provided the major dynamic for the growth of deficits in the current environment.

Mr. LEACH of Iowa. If the gentleman will yield further, I would certainly acknowledge his adjustments. But despite their validity, we are dealing with a situation in which if we were to presuppose this great a deficit, there is a good chance many of us in the Congress and I think in the Ways and Means Committee would have been more chary about extending the number of tax deductions.

The gentleman from New York makes an excellent point about tax policy not being the type of thing that willy-nilly one should change, that there is a certainty and a longevity that has some consequence. I think that is a fine argument. But I certainly would not hold that it necessarily is the only or the most persuasive argument.

This particular provision is not one in which many companies are currently going to be making their long-range planning on for the time being.

Now, the gentleman, I think, has a truly excellent point in saying let us reassess exactly what has happened before we come to any quick decisions. But I do think that on philosophical grounds there is cause for concern. On practical grounds, the size of the deficit that is currently being projected does raise certain difficulties that perhaps were not as evident last August.

Mr. CONABLE. I acknowledge that point. The gentleman from Iowa is perceptive. I think he has made a good point also about some of the add-ons to the tax bill which occurred irrespective of the original economic intent of the bill, and I am certainly perfectly willing to review and, if necessary, to reform those in ways that will be less destructive of Treasury revenues. However, as one last point, I hope the

gentleman would not seek to reduce a deficit primarily by raising taxes, and that is one implication of what the gentleman has said about the caution that we would have exercised had we realized the deficit was going to be so big.

In fact, Congress has usually responded to a sinking economy by throwing caution to the winds and trying to restimulate it. I think we have learned over the past 25 or 30 years that such a policy, while it may make people feel better briefly, usually contributes to a higher rate of inflation later on, and to a sense of purposelessness, and lack of direction on the part of the American people who would like to see policy adhered to at least until such point as it can be clearly demonstrated to be inadequate in some way.

● Mr. GREEN. Mr. Speaker, I want to bring to the attention of this body a section of the leasing provisions which I consider to be unique.

This feature assists public transit agencies in their acquisition of new rolling stock. The Economic Recovery Tax Act amended the Internal Revenue Code to allow public transit agencies to sell tax-exempt bonds for leasing purposes and included mass transit vehicles in the definition of "qualified lease property." With this mechanism, transit agencies are able to leverage funds for financing equipment purchases.

Private transportation companies of all types have traditionally gone to the institutional equipment leasing market to finance a significant portion of their new equipment. However, until the passage of this legislation, that market had been effectively closed to public transit systems. Public transit has had a difficult time finding the capital to purchase new equipment needed to operate efficiently the subway, bus and rail systems of our cities. With the reduction in Federal mass transit assistance, this situation will become even more difficult. The mass transit leasing provision is one answer to assisting public transit systems.

While I am most familiar with the situation in New York City, other cities, including Chicago and Atlanta, have also shown an interest in using this provision of the new tax law. In New York City, over the next 10 years, more than 20 percent of the subway cars will pass their designated 35-year lives. Approximately 30 percent of the buses currently operated are already beyond their generally accepted designated lives of 12 years, and over the next 5 years, an additional 26 percent of the bus fleet will pass normal retirement age. The metropolitan transit authority expects to spend $5.9 billion over the next 5 years for capital improvements to the New York system and the leasing provision will be of great help in that effort. Agreement has already been reached for the purchase of approximately 620 buses and 10 railway cars through the mechanism contained in the new tax law.

Many other transit systems are faced with similar predicaments. For years, economic and political pressure have forced the operators of these systems to hold down fares. With revenues not growing as rapidly as expenses, management's first response was to reduce reinvestment in capital, followed by less consideration given to preventive maintenance. Systems throughout the United States are realizing the shortsightedness of this approach and the impact on their capital plants. The mass transit leasing provision is an element in the rebuilding of our transit systems and in the 3-year life of this measure I expect to see the expansion of the capital improvement program of many transit systems.●

● Mr. BEDELL. Mr. Speaker, I commend the gentleman from New York (Mr. CONABLE) for taking this special order to discuss what he terms "the so-called leasing provisions of the President's business tax reforms in the 1981 Tax Act." From what I have heard and read in recent weeks, it is apparent to me that many of the Members who voted for passage of the Economic Recovery Tax Act were not aware of just how much damage this giant revenue writeoff would do to the Federal budget. So, today's discussion will at least serve a useful educational purpose.

To put this issue in perspective, we can start by looking at a news capsule that appeared in the November issue of Dun's Business Month. That magazine reported:

> The Treasury Department now estimates that it will lose about $28.6 billion in revenues by 1986 due to tax law changes that allow firms to sell unusable tax credits and depreciation write-offs as part of a leasing deal.
>
> The losses start off small ($2.7 billion in 1982) but are expected to hit $9.4 billion by 1986. "At that point, we expect it to level off at about $10 billion a year," says a Treasury official.
>
> However, some Administration insiders are concerned that the drain could be much greater. * * *

A revenue loss that is conservatively estimated to be $29 billion over the next 5 years is nothing to sneeze at. In fact, it represents a massive hemorrhage in the Treasury.

We have heard a great deal of rhetoric about reducing the deficit and achieving a balanced budget. These are worthy goals and I am as anxious to see them obtained as is anyone in this House.

However, I believe we are kidding ourselves if we think the way to go about this is by passing legislation that creates revenue losses of the magnitude we are discussing. The large corporations have available to them an endless supply of clever accountants and tax lawyers, and they are going to use every tax loophole and find every possible way to avoid paying taxes, and we are going to lose revenue faster than the Congress can ever hope to make compensating cuts in Government programs. Unless we move to repair the damage done by the leasing provision, we are going to fall farther and farther behind in our efforts to balance the budget.

At this point, I would like to call my colleagues' attention to the lead paragraphs from a story that appeared on the front page of the Washington Post on November 25:

> The controversial section of last summer's tax bill that lets corporations sell their excess tax breaks was promoted as a help to companies whose profits and tax liabilities were so low they would not otherwise benefit from the bill's changes in the tax code.
>
> In fact, it turns out to be of enormous benefit to highly profitable firms as well—so much so that some will not only pay nothing to the Treasury in taxes but will actually make money from the tax code.

Now, I started out by noting that I am troubled by the leasing provisions of the new tax law because it aggravates the imbalance between revenues and expenditures in our Federal budget. I should say that my concerns are not limited to that point alone. An editorial in the Washington Post on November 15 points out several other problems in the leasing provisions. Here are some excerpts from the Post editorial:

> In practice, it's just a paper transaction in which a company gets some benefit from a tax break it can't claim by sharing the break with a more profitable company. You could call it "trickle up."
>
> This is a very expensive way to help out losing companies simply because much—perhaps most—of the benefit ends up in the hands of companies that are doing just fine. Because the market in tax breaks is so new, the price hasn't settled down yet—and it will always be volatile. But from what is known of the IBM-Ford deal, for instance, it looks as if Ford—the company in trouble—is getting only about 20 cents on the dollar for its tax breaks. IBM gets the rest.
>
> * * * * * *
>
> Many companies find themselves in trouble because of shifting circumstances or their own mistakes. Sometimes—but not usually—a case can be made that the public interest would be served by propping a company up until it can get back on its feet. But that case should be thoroughly examined by Congress before a decision is made to use taxpayer money to subsidize an inefficient enterprise.
>
> You could conclude from all this that the lease-a-tax-break law is an inefficient way to do something that the government shouldn't be doing at all. And you would be right.

Mr. Speaker, some Members may be feeling some sense of relief, because for the past week or so we have not seen any news reports about any new

multimillion dollar tax lease deals. To them, I say that out of sight should not mean out of mind.

I assure you that we have seen only the tip of the iceberg when it comes to revenue loss from this tax leasing scheme. For example, a quarter-page ad in the Wall Street Journal of October 30 was directed at all companies planning to pay $100,000 or more in 1981 Federal taxes. The ad, placed by an equipment leasing firm, begins:

If your company still plans to pay taxes in 1981, you obviously don't know enough about the new tax law.

That ad is just a sign of things to come. For instance, another leasing firm was advertising on the back page of Tuesday's Wall Street Journal. Here's how they sought to appeal to today's entrepreneurs:

If you have an interest in exploring how you can drastically reduce your corporate income tax bill with virtually no risk and very little capital, please call or drop us an informal line today!

Mr. Speaker, if it is the intention of this Congress to abolish corporate income taxes, then we ought to be honest about it and say so. But if we believe that corporations should pay income taxes, that they should contribute something toward balancing the Federal budget, then we must do something about the leasing provison of the 1981 Tax Act.

My colleague from Iowa, Mr. LEACH, has proposed repealing the new tax leasing provisions. I think that is a very good idea.●

Mr. CONABLE. Mr. Speaker, I yield back the balance of my time, and thank the indulgence of all present.

GENERAL LEAVE

Mr. CONABLE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the subject of my special order today.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

THE ONGOING TRAGEDY IN NORTHERN IRELAND

(Mr. DOUGHERTY asked and was given permission to extend his remarks at this point in the RECORD and to include extraneous matter.)

Mr. DOUGHERTY. Mr. Speaker, in view of the ongoing tragedy in Northern Ireland, I would like to take this opportunity to submit for the RECORD an interview with John Hume, the leader of the Social Democratic Labor Party in Northern Ireland, and a member of the European Parliament. This interview was conducted on "Newsmaker—Sunday" on the Cable Network on Sunday, November 1.

I would also like to submit for the RECORD an article clearly showing the role of the Social Democratic Labor Party in Northern Ireland as it relates to the IRA that appeared in the Irish Times of Saturday, November 14, 1981.

Mr. Speaker, in view of this ongoing tragedy, as I said at the beginning, I would urge my colleagues to take the opportunity to read both of these articles, which I submit for the RECORD.

The material follows:

NEWSMAKER—SUNDAY

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Guest: John Hume, Leader of the Social Democratic and Labor Party in Northern Ireland, and Member of the European Parliament.

Correspondents: Stuart Loory, Cable News Network; Mary McGrory, The Washington Post; and Raymond Coffey, The Chicago Tribune.

Producer: Elissa Free.

Associated producer: Olivia Sellers.

SEGMENT I

Mr. LOORY. Welcome again to Newsmaker—Sunday. Our guest today is John Hume, Leader of the Social Democratic and Labor Party in Northern Ireland and a member of the European Parliament. In the search for a solution to the continuing turmoil in Northern Ireland, Mr. Hume is known as a moderate.

I'm Stuart Loory. With me to question Mr. Hume are Mary McGrory, a columnist for The Washington Post and Raymond Coffey, Chief of the Washington bureau of the Chicago Tribune.

Mr. Hume, welcome to you to Newsmaker—Sunday.

Mr. HUME. Thank you.

Mr. LOORY. You've written that Britain reluctantly exercises sovereignty over Northern Ireland, and that Dublin reluctantly claims sovereignty. That's an intriguing comment and to me it indicates that you think that neither power has a real strong interest in settling the problem. Is that so, and if so, why?

Mr. HUME. No. What I'm saying is that neither power has a real interest in what's going on. Not a real interest, but a real interest in what's going on at the present time in Northern Ireland and continuing. I think that it's in everybody's interest that the present crisis in Northern Ireland be resolved because the status quo is something that just simply cannot be lived with.

We have just finished a decade of the worst violence in the history of Ireland. Over 2000 people have lost their lives in a population of a million-and-a-half, which is Northern Ireland. Over 20,000 people have been maimed in the most serious way. Over 5000 bombs have gone off. Two new prisons have been built and a third one is under construction being filled by young people from both sides of our community who've been sucked into this. And I think the greatest indictment of all: Catholic separated from Protestant in Belfast, on the streets of Belfast first, by a line of British soldiers which has been replaced successfully—successively by a corrugated iron barricade, and now by a brick wall which has been built. And I think that's an indictment, not just of the Irish Government and of the British Government, but of all of those and all of the parties to the conflict. And a challenge to everybody in the conflict situation to reexamine our traditional approaches to a solution. Because if our traditional approaches to a solution have led us to the situation where our people are separated by an actual brick wall, then I think it's time that we were engaged on new approaches on all sides.

Mr. LOORY. How would you characterize the traditional approaches and how should those approaches be changed?

Mr. HUME. Well, if I could take the different parties to the conflict. If you take the British position. And the British have traditionally represented themselves as the harassed arbiters between the warring factions in Ireland. Whereas in fact, they're, of course, they're no such thing. They are actually governing Northern Ireland and have major responsibility for governing it. And the basic British position towards Ireland since 1920, when the last settlement was put into operation, was to guarantee that Northern Ireland would remain part of the United Kingdom as long as the majority so wished.

Now I would suggest as a basis of policy it hasn't proved particularly successful. It hasn't produced peace. It hasn't produced stability. And that to me is a pretty self-evident statement. And therefore, I think it's time there was a change in that policy, and I would like to go into that in more detail.

If we look at the Protestant population of the north of Ireland, its traditional approach. It has down the years in Irish history sought, and I think right so, to maintain its difference and its distinctiveness within Ireland, because I think Ireland is richer for difference, like any other country. But tragically, I think that the methods used by the Protestant population, or their political leadership rather for maintaining that difference have been to hold all power in their own hands. An exclusive as-to-ourselves-alone approach.

I think that inherent in that type of approach is expressed in their political slogans of "No Surrender" and "Not an Inch" is, in fact, violence. Because if you have a political philosophy of excluding a substantial section of the people from any say in their own future, than that's inherently violent. And of course, the Northern Ireland State, which was based on that concept, was based on the exclusion of the Catholic minority—an exclusion expressed by discrimination and voting rights, and housing, and jobs—ultimately leading to the development of the civil rights movement, to the repression of that movement, and to the emergence of a violent reaction to that, and then a violent reaction from the Protestant side, which has left us the present mess. I would suggest that there is need for re-appraisal by the Protestant population as well.

Now I come to the Catholic population of Ireland, and indeed the nationalist united Ireland tradition. I think it's not unfair to say that down the years the parties that have stood in favor of Irish unity have failed to spell out in any detail what they are talking about whenever they're talking about Irish unity. And therefore, this allows the word unity to be misrepresented as conquest of Protestants by Catholics; as the subserving of the Protestant population into a Catholic state. And I think it's essential that it be spelled out in some detail what we are talking about when we talk about Irish unity. That we are in fact talking about a new Ireland, which is built by Protestant and Catholic working together, in which there's positive protections for each section of the Irish people, and a positive role for each section of the Irish people.

And I would suggest also that in the presentation of the nationalist united Ireland tradition in its more extreme form, it has been thought patriotic and right not only to die for that idea, but to kill for it as well. And I would suggest that that's been a hopelessly mistaken approach. Because any divided society, if you use violence or death as a weapon, it's a contradiction in terms to suggest that you can unite a people by dismembering them. What you do in a divided society when you use violence, no matter how emotional your justification for it, you actually deepen the division because violence breeds that. We have seen that example in the last few weeks.

The Provisional I.R.A. escalate their campaign of violence. The Protestant U.D.A. go out and in retaliation murder innocent Catholics.

Mr. LOORY. If I could just ask you quickly to get on to how you would——

Mr. HUME. Yes. How I get all three—All these, yes. First of all, I believe that the government of power there, the British Government, would change its entire policy towards Ireland. Declare itself to be in favor of bringing the people of Ireland together in unity, and above all, in agreement. That, the objective of their policy. That's what they've got to work towards. That the other parties would then engage, for the first time, in a genuine dialogue to bring about the agreed Ireland.

Because after all, in Ireland we haven't been accustomed to talking to one another; we have been accustomed to talking at one another. And therefore, I believe that that framework of dialogue can only be created when the British abandon their guarantee of the Union to the Unionist population of the North, and create a new framework of dialogue within the island of Ireland leading to ultimate agreement and unity within the island.

Mr. COFFEY. Well, Mr. Hume, you've spoken about the death and the murder and the mayhem and so on for the past decade, and suggesting that that means that it's time to get on with it. But it's been going on for 800 years. Why would the last ten years tend to change the British anymore than the previous 790?

Mr. HUME. Well, I agree with you that the "Irish Problem" has been an age old problem. The last ten years are significant in that they are the worst decade of violence in the history of Ireland. And they're the decade that has pointed up the essential division in the Irish people. And I think that we're now living in the second half of the 20th Century, and I think that Ireland which is part of the Western world, I think the very existence of a problem such as we have in Ireland is an affront to the democratic traditions of the Western world. It's an affront to the European community of which Ireland is a member. A community that was built to end conflict. A community that twice in this century have slaughtered one another by the millions in a savagery that we've never seen in Ireland in two world wars yet has the vision and leadership to build a European community of 250 million people, of Germans and French, of ancient foes.

Yet here, in the middle of them, is the age old conflict that there doesn't appear to be the will to resolve. I think that's intolerable in the second half of the 20th Century. And I think it's particularly intolerable because Ireland is not a strategic point in terms of the superpowers. But it is an international issue in the sense that Irish people populate many countries of the world, and in particular this country where there are 25 million people of Irish descent. I think that makes it an issue of concern to many countries. And I think it makes the present point of time an urgent time.

I also think that there are signs in the wind that this is a time of opportunity.

Mr. LOORY. Okay. We have to take time out now. We'll be right back.

SEGMENT II

Mr. LOORY. We're back on Newsmaker—Sunday. Our guest is John Hume, Chairman of the Social Democratic and Labor Party of Northern Ireland. Ray Coffey?

Mr. COFFEY. Well, Mr. Hume, as you said, Britain and the British Government are running Northern Ireland. And what reason do you have to feel or think or be hopeful that they're prepared to change their approach, which until now is by law and by party policy to preserve the status quo so long as the Protestant majority wants the status quo preserved?

Mr. HUME. Well, I think first of all that it's clear to everybody that the status quo isn't a very acceptable situation, with the violence, the destruction, the political instability, the economic situation. I think that in the present—that that has had an impact on British public opinion. Because for quite sometime now it has been quite clear that there has been a shift in British public opinion towards Ireland for a change of British policy. I think that is now reflected in the British political establishment with the recent declaration of a new platform by the British Labor Party in favor of Irish unity. With the emergence of a new political force in Britain, the Social Democratic and Liberal Alliance, which is also taking a much more radical view of Ireland through the statements of its leaders.

Now the British have always approached Ireland in a party sense from a concensus approach. Now the shift of concensus by the—the shift by the British Labor Party and the Social Democrats has meant that the center of the concensus has shifted. There is a new Secretary of State appointed by the British Government. I would assume that such a senior figure has been appointed that he's been appointed with a mandate to get a solution.

All those factors, allied to the fact that there is to be shortly a meeting between the British and Irish Prime Ministers, the very fact of that meeting is a shift of the British position in that it's a clear acceptance that the problem is no longer an internal British problem, that it involves the Irish people in a major way. I think these are all positive factors which create an opportunity provided the opportunity is taken.

Mr. COFFEY. Well, would you think that Mrs. Thatcher, who is the Prime Minister—You've been describing the outs, the Labor Party and the Social Democrats and the Liberals. Mrs. Thatcher is in. And do you detect any shift or willingness to shift on her part?

Mr. HUME. Well, I detect first of all—First of all, the two Irish Prime Ministers met last December and said in a communique that they were going to, as part of a process to solve the "Irish Problem" examine the totality of the relationships between the two Irelands, and see what institutional expression might be given to the special relationship between Britain and Ireland. That was a very significant statement because it meant that for the first time Britain had recognized: Number one, that the "Irish Problem" wasn't simply only a matter of Catholic and Protestant in Northern Ireland. That it was, in fact, a matter which concerns the whole island of Ireland and relationships between North and South, and it's also a matter which concerns relationships between Britain and Ireland.

Now the summit meeting which is taking place in early November is the second stage of that. When the first stage was a statement of intent, if you like, of what they were going to look at. The second stage will be to see what has come out of their studies of this. And we are hopeful that this will begin the first steps towards a solution.

I don't believe, by the way, that there's an instant solution to the "Irish Problem." I believe that there's a process that can lead to it, and I am hopeful that in the present climate where there's a will for political change, that that process will be begun.

Mr. LOORY. Now if I'm not mistaken, Mrs. Thatcher at one point said that she's going to impose a solution on Northern Ireland. Can she do that?

Mr. HUME. I don't think you can impose a solution on any society. I think that the essence of law and order in any society, the essence of political stability is consensus in that society itself about the institutions of the state. So the search for a solution must mean the search for agreement between the different sections of the Irish people.

The proper role for Britain is to promote that agreement, leading to real unity—not conquest. Real unity in Ireland means agreement between Protestant, Catholic and the center. It means the creation of an Ireland in which everybody has a positive role and positive protections.

Mr. LOORY. What would happen if, you know, some people want in Northern Ireland, the British were just to evacuate all their troops and get out altogether?

Mr. HUME. Well, the British are part of the problem. They must also be part of the solution. And their presence is part of the problem. But there's two elements in the "Irish Problem." One is the British presence and the need for it to end. The other is the relationship between Catholic and Protestant in Ireland.

So the ending of the British presence must take account of the need to leave behind an agreed situation between Protestant and Catholic within Ireland. And it's for that reason that one must approach the whole question of the British presence with a view to having Britain use her influence, which is not inconsiderable, to promote that coming together and then to disengage, rather than to just simply pull out and leave us to it. Because if Britain just pulls out and leaves the Irish people to it with nothing left in its place, then in a vacuum like that you will simply have everybody seeking their own security. You will be moving into a Cyprus-type situation or a Lebanese-type situation. I don't think that responsible political leadership can risk that approach. I think the approach which I'm suggesting, which is a political approach, and which the Irish Government is also suggesting, that in fact Britain adopt as a policy. And in pursuit of that policy of bringing people together uses all her influence to persuade people that this is the right direction.

That means that it will take time. But it avoids the serious risks of leaving a permanently divided Ireland in its wake.

Mr. LOORY. It occurs to me that the British have been known to do things like that. They did it in India and also in Palestine after World War II. Is there any concern

that they would do that in Northern Ireland and leave the Protestants and Catholics to their own devices?

Mr. HUME. Well, I think one of the guarantees against that of course would be the closeness of Northern Ireland and of Ireland to Britain, and of the existence within Britain itself of substantial Irish population in many of the main British cities. And if a very serious situation broke out in Ireland of really outright conflict within between the different communities, then there would be serious danger that it would transfer to British cities. So Britain has a definite interest—not an interest in remaining in Ireland, but an interest in seeing a peaceful and stable Ireland beside her.

Ms. MCGRORY. Do you think that if it hadn't been for the Provisional I.R.A. and the ghastly things they've been doing and the agitation they've caused, is there a real impulse for unity within either community? Just a self-starting—I mean is it possible to think that if the I.R.A. would stop that you would just sort of roll along the way you went before the last decade began with all the violence?

Mr. HUME. Well, I think first of all that the campaign of violence by the Provisional I.R.A. has set unity back. Because, as I said earlier, I don't think you can unite a people by violence. You can't. We have a deeply divided society in Ireland. You can't bring about their unity either by conquest or by violence, only by agreement.

Ms. MCGRORY. Yes. But I'm asking do they want it? Do they want it? Do the people of the North want it?

Mr. HUME. Well, you see——

Ms. MCGRORY. I mean how high a priority——

Mr. HUME. A priority. Oh. No. You see there is a very deepseated opposition to Irish unity on the side of the Protestant population.

Ms. MCGRORY. Do the Catholics feel strongly in favor of it? Is it something they actively desire?

Mr. HUME. Yes. There's a very deepseated feeling in the Catholic community throughout Ireland in favor of ultimate Irish unity. But there is also a realization that it's not something that can be achieved overnight. There is a realization that there is a deep opposition to unity by the Protestant population and that it can only largely be achieved by persuasion. But we believe that the British should join the ranks of the persuaders. And that is the essential point that I am making.

I think that there isn't any doubt of—The point you're making is that there is a very powerful opposition on the Unionist—that is the union with Britain people, the Protestant side in Northern Ireland, against Irish unity. And I mean that is the reason for the obstacle. It was the opting out of that section of the population at the beginning of the century, and the underwriting of that opting out by Britain that left us with a divided Ireland.

Mr. LOORY. Okay. Once again, we have to take a break. We'll be right back.

SEGMENT III

Mr. LOORY. This is the midpoint of Newsmaker—Sunday. Our guest is John Hume, chairman, or leader, I should say of the Social Democratic and Labor Party in Northern Ireland, and a member of the European Parliament. I'm Stuart Loory. With me to question him are Mary McGrory of the Washington Post, and Raymond Coffey of the Chicago Tribune.

Following up on Mary's question of the last segment, there are some who believe that what the recent hunger strikes show in Northern Ireland is that many more Catholics than had been supposed before actually believe in a violent solution, or an attempted violent solution to the situation in Northern Ireland. Do you agree with that?

Mr. HUME. No, I don't accept that at all. I think there was a much wider support, not support for the hunger strike, but sympathy with the hunger strikers than there would be with the methods of the Provisional IRA. And that is perfectly understandable in the circumstances in that most people on the Catholic side of the argument in Northern Ireland would regard young people who are in prison in Northern Ireland, there's a substantial number—we've had two new prisons built in ten years and a third under construction—young people from both sides of the community as the victims of an age-old political problem that successive governments and politicians have failed to solve. And therefore there is a sympathy with young people which does not constitute support for violence.

Secondly, in the difficult areas, the areas, the troubled areas of Northern Ireland—there's only parts of Northern Ireland where the violence is endemic and periodic—most people, and I live in one of them, most parents spend there time, and they're areas of high unemployment as well, spend their time trying to keep their sons out of joining the violent organizations. And when some of their neighbor's sons get involved, the basic attitude is there but for the grace of God goes my son.

So when you have a situation like the present situation where young people are not only suffering, but actively dying, then there is a well of sympathy that grows up. But that is not to be confused with support for the physical force organizations, because, in fact, successive elections in Northern Ireland have demonstrated that the people want the political road rather than the violent road.

Mr. COFFEY. Well, Mr. Hume, the other side of that, though, is people may want to keep their own sons out of all of that, but you were speaking earlier about the support in Britain for the status quo and the Protestant dominance, and so on, eroding, and the consensus shifting toward a settlement and so on.

What, except for the violence, which one doesn't want to condone or endorse, but isn't it a fact that the ten years of violence you spoke of have very principally and largely contributed to the change of opinion in Britain? Aren't they just fed up with the place now?

Mr. HUME. Well, I think there's a great degree of that in Britain at ordinary grass roots levels, with people being fed up. I think that's one effect of the campaign of violence. I think another effect of the campaign of violence, of course, has been to intensify Protestant opposition to any form of Eire unity. As I said earlier there are two aspects to the "Irish Problem." One is the British presence; the other is relations between Protestant and Catholic.

Now, if you can make the British presence weaken, because they're totally fed up, and do not take account of the need to get agreement with the Protestant community, then you make the problem worse and not better. But running alongside the campaign of violence for the last ten years, there has been also of course a political argument going on, both within Ireland and within Britain, and people like ourselves have given the political leadership throughout those years, in very difficult circumstances, against violence, and have argued constantly in the British media with British politicians, and in Ireland, and with Irish governments for a new approach to a solution.

And it's that framework that we have been arguing that now appears to be emerging.

Mr. COFFEY. Well, my point was, I mean, however one might disapprove, and so on,——

Mr. HUME. Yes.

Mr. COFFEY [continuing]. It does seem in terms of the history of the British Empire that they do require a pretty severe knock on the head to get the message. I mean, we didn't have an independent Kenya until we had the Mau Mau, I mean, you know, one hates to say it, but it seems to be that violence has produced a result.

Mr. HUME. Well, I think that analogies can be dangerous in the sense that when you look at the balance of population in a place like Kenya, or indeed in a place like Algeria or Rhodesia, the people who wanted to retain their empire or their imperial links were quite a minor section of the population.

I think if you're going to talk about Ireland, the Cyprus, or indeed the Lebanese situation is much closer, because there is a more evenly divided balance of population there. And that's what makes the "Irish Problem" so difficult. A quarter of the population of Ireland is Protestant and wants to retain a link with Britain. That's what makes it much more difficult to solve. It's not a tiny minority. A quarter of the population have the ability to make a country ungovernable unless they are properly accommodated in that country, and my argument is that part of the weakness of Irish nationalism in the past is that they have not put forward a vision of Ireland that properly accommodates the Protestant tradition and gives it a proper role.

They have simply presented Irish unity as the South of Ireland taking over the North of Ireland.

Mr. LOORY. Well, if you would spin that out a little but, what can be done to take account of the Protestant tradition? What should be done?

Mr. HUME. Well, I think we have to make it very clear, all those who want to see an agreed Ireland, that the sort of Ireland that we're talking about is an Ireland which is pluralist, is an Ireland which has got diversity and which values diversity. It's not an Ireland where we're seeking to conform to one point of view. And Ireland in which the different traditions, the different religious beliefs and the different beliefs of all descriptions are, in fact, adequately protected in the constitution, and that there is an adequate and positive role and share of power for the different definable sections of the Irish people.

I think there's a need to spell that out. There is a need for the British government to support that. But I have to say all along we do face the serious problem of intense opposition, even to that approach from the Protestant population in Northern Ireland.

Ms. MCGRORY. Garrett Fitzgerald, the new President of Ireland, Prime Minister of Ireland, who is the son of a Northern Protestant mother and a Southern Irish father, and who's, you know, the problem is in his blood, so to speak, and he's a very mild and, as far as I can see, very gentle soul, who really has a vision of a united Ireland, and he made a very bold step a couple of weeks ago. The British periodical, The

Economist, said it was wildly daring. He addressed the people of Northern Ireland, and he said, in effect, I know how you feel. If I were you, I would not be attracted to joining a state where I would not have the personal freedoms which my religion grants me, and he hinted, at least, that the Irish would have to make some constitutional changes to accommodate them. That's the greatest progress that, from this distance, it seems has been made. He actually said it.

The previous prime minister, as I understand it, Mr. Houghey said you should not make that offer, it should be a subject for negotiation, a bargaining chip. And I think Garrett Fitzgerald figured they'd never get to the table unless some overture were made. And so he made it, and apparently the Protestants were, considering where they come from, mildly receptive.

Mr. HUME. Yes, there was a—essentially Dr. Fitzgerald has launched a debate in Ireland on constitutional change with a view to trying to bring about a settlement. The position up till now has always been, that the government of the Republic has said, that in any negotiations that would lead to a new Ireland, their constitution would be on the table for discussion and that they would be quite willing to change it as part of the package of an agreement that would bring about a new Ireland.

The difference in Dr. Fitzgerald's approach is that he is trying to break the deadlock by making the offer in advance, and of course the success or failure of his initiative will depend on the response of the British to him when he meets the——

Ms. MCGRORY. The British or the Ulstermen?

Mr. HUME. Well, he needs the response from both, because we have to keep remembering that there is two elements in this problem, as I've said all along, both the British presence and the problem in Northern Ireland itself.

Mr. LOORY. Excuse me, Mary. Once again we have to take a break. We'll have to follow it up.

Ms. MCGRORY. Okay.

SEGMENT IV

Mr. LOORY. Welcome back to Newsmaker—Sunday, with John Hume, leader of the Socialist Democrat and Labor Party in Northern Ireland.

Mary McGrory?

Ms. MCGRORY. I would be very interested to know if the Reverend Dr. Ian Paisley has made any response to Dr. Fitzgerald's overture. I went to the Reverend Paisley's church in Belfast in May and he gave a sermon that was absolutely hair-raising about what would happen if the British left the Catholics and the Protestants to have it out, and he was recalling old slaughters and massacres and babies burned alive and boiled in oil and beheadings—45 minutes of terrible demagoguery, I thought, and if there's much of that, the population is stirred up so much, that their minds are so clogged with all this hatred and fear, how could they, how could they believe what Dr. Fitzgerald said? Is there anybody on their side who will say oh, look, let's stop it. It's gone on long enough. Let's work it out.

Mr. HUME. Well, I think that there's a very powerful element of support for that sort of demagoguery that you describe because it has often been proven electorally that Mr. Paisley has considerable support inside the Protestant community in Northern Ireland. His response to Dr. Fitzgerald was, broadly speaking, that changing the constitution of the South of Ireland is your own business and is none of our interest. That's his basic response to it.

But I believe, you see, that you're touching here on a very important issue, that, and I come back again to what I said at the beginning about the basis of British policy, You see, Northern Ireland is a very artificial creation. It never existed before 1920, and it existed because the Protestant population in Northern Ireland, who largely reside in the North, resisted the way and the vote of the Irish people at the start of this century, and of the British people, for an independent Ireland.

There was a threat from the Protestant population of violence against this. So Britain's response was to create a Protestant enclave in the North with a deliberate majority, a two to one majority, and then say to that majority, which was an artificially created one, you can stay with us as long as you like. Now, that was implicitly saying to them you must maintain sectarian solidarity, and sectarianism has therefore been the motive force of politics in the North of Ireland ever since. And that is also the reason why when that, when pressure goes on that majority, it's the loudest voices, the most defensive voices that come to the fore, the "no surrender", the "not an inch", the man who can shout that the loudest.

The only way I believe you can change that is if you change the context, and say to the people of Northern Ireland, if the British government said look, our policy of guaranteeing your position has failed, clearly failed. We're now going to change, and we want you to negotiate your own future together, both parts of Ireland, and we will help you to do so. And that is the way that you undermine this sort of demagoguery which relies on sectarianism, and sectarian fear for its very power.

Ms. MCGRORY. What have you learned since the last time you tried it. You remember you had the power sharing. This was the political solution, the Sunningdale Conference and all the rest, and it looked as if it might work, and the Protestants called a general strike.

Now, have they changed that much in the—it's more than ten years now since that was tried.

Mr. COFFEY. 1974, yes.

Mr. HUME. 1974. Yes. Well, of course I regarded that as one of the best agreements that took place in Ireland, where both sides agreed to work together within Northern Ireland, both parts of Ireland agreed to work together. And I saw that as a means of agreement evolving. The extremist Protestant side moved against it and the British government stood aside, and those two factors brought it down. Those elements are still there. I don't think we can ignore the fact that they're still there. What I think is required is a determined and united approach by all the elements, particularly the British government, who believe in a rational and reasonable settlement that is fair to all the different sections.

Mr. COFFEY. Mr. Hume, I'd like to switch the ground here for a minute. Irish politics can be pretty exotic, but so can ours. As Stuart said you are counted a moderate in the Irish question, and on your side in our politics you have some very heavy hitters among our Irish-American politicians. Kennedy, Tip O'Neill, Tom Foley, Moynihan, Carey. On the other hand, the sort of more militant, if I can say so, Irish-Americans seem to find something of a hero in Congressman Biaggi of New York, whose connection with Ireland is certainly more remote than Tip O'Neill's.

How can you or how do you explain why Irish-Americans would listen to or look to Mario Biaggi rather than Tip O'Neill, and to what extent is Biaggi and the Irish-Americans who would listen to him, to what extent are they a problem for you and the moderates in Ireland.

Mr. HUME. Well, in the first place, I don't think that Irish-Americans do listen to him instead of people like Tip O'Neill and Senator Kennedy on the Irish issue. I think a minority of Irish-Americans listen to him. I think the vast mass of Irish-Americans, and there's 25 million of them in this country, follow the constructive and positive leadership of the political figures that you've just mentioned. Because what they have done, what people like Tip O'Neill and Senator Kennedy, and Senator Moynihan and Governor Carey, what they have done is they have taken the trouble to inform themselves fully of the issues in the grind. Tip O'Neill has visited Northern Ireland, Hugh Carey has visited Northern Ireland, Senator Moynihan has visited Northern Ireland, and has kept constant touch. They know the issues. They are not—they know that it's not a simplistic issue. They don't deal with it in simplistic terms, but there is in the United States—the further away one gets from Ireland, the more Irish one tends to become. And there is a residue in the United States, but it is a minority, of people who see the "Irish Problem" in simplistic terms, who have handed down to them from the past in America an anti-British attitude, and it's purely anti-British attitude, and they tend to take a more militant view.

But this——

Mr. COFFEY. Well, I hate to get you in trouble over here, but from what you have said, does it follow that you think Congressman Biaggi takes a simplistic view?

Mr. HUME. Well, I think that, as I have said to you, that the politicians that I have spoken of do take a responsible view, a constructive view, and do make it clear that violence and support for violence from this side of the Atlantic can do nothing, only aggrevate the "Irish Problem." I think that anybody who takes any other view isn't helping towards a solution.

Mr. LOORY. To what extent is the support for violence from this side of the Atlantic a serious factor in what's going on in Northern Ireland?

Mr. HUME. I think that support from the United States for violence in financial terms is one thing. I think it's the moral support that that expresses that is even more important in the situation on the ground. I think that people, and the British media in particular, the more gutter press in Britain, has tended to exaggerate that support. I think that if it's measured properly it constitutes quite a minority of the Irish-American population by any standard.

I think the vast mass of the Irish-American population want to see peace and agreement in Ireland; they don't want to see violence and they don't want to give any succor or support to violent people in Ireland and they are following the positive and constructive leadership that people like Tip O'Neill and Kennedy and Carey and Moynihan have given.

Mr. LOORY. We'll have to take our last break, and then we'll be right back.

SEGMENT V

Mr. LOORY. This is the last segment of Newsmaker—Sunday. Our guest is John Hume. Ray Coffey?

Mr. COFFEY. Well, I'd just like to follow-up one thing. Would you like to see Irish-American leaders like Tip O'Neill and Kennedy and so on, let alone our President with his Irish heritage, would you like to see them take a heavier hand in this question?

Mr. HUME. Well, I think they have taken a very positive line to date. They have stated their position on Ireland very, very clearly. The President himself has expressed his concern. He has shown his identification with Ireland in a very positive way in the last twelve months. I think—Personally, as an Irish politician, I naturally would like to see a much stronger pressure from the United States. But I think we have to be realistic that governments which are friendly to one another don't openly criticize one another. But that doesn't mean that they don't privately and through the normal diplomatic channels make their views known.

I think that the Irish issue is an issue of legitimate political concern in the United States because of the size of the ethnic Irish population in the United States and because of the concern of that population for what's happening in their home country. And therefore, I think that it being a legitimate political issue, it must find expression. And if it does find positive expression, I think the support for the violent elements will weaken considerably. And I would like to see, obviously like to see, an active American policy in relation to Ireland.

Mr. LOORY. I'd like to come to a more general question. And that is the true nature of the problem. To what extent is it a religious problem? To what extent is it an economic problem? And to what extent is it a political problem that's being dealt with here?

Mr. HUME. It's actually all three wrapped into one. And that is why it is a problem of such depth. It's not simply a quarrel about what church you go to on a Sunday. I think the "Irish Problem" is best understood when you consider that it dates really from the colonization of the northeastern part of Ireland in the 17th Century. When those who came, the settlers so-to-speak, were Protestants, and the natives were Catholic. Therefore, religion from the beginning took on a badge of difference that was much deeper than a normal religious difference. It was a difference in identity. Those who were British and those who were Irish.

Now through time, of course, one section of that had an ascendency position, and that clearly introduced the economic aspect into the problem. So when you get them all rolled into one—the religious difference, the identity differences, and the economic differences—then that is what makes it so difficult. I mean the economic problems of Northern Ireland today, we haven't even discussed them. But I mean we have a political crisis, yes, which everybody knows about. But we have a monumental economic crisis. We've 20 percent unemployment. And when you break it down to some of the minority districts in Northern Ireland, we're talking about 25 percent in Derry, 38 percent in Striban, 45 percent in West Belfast. Young people with very little hope of—of a job in the near future. And that against the background of political instability and political violence.

Mr. LOORY. Well, that's part of the reason why I asked the question. If the religious problems were to somehow miraculously be set aside. For example, if something were to be done about the Irish Constitution that would accommodate the Protestants, there would still be the—the enormous economic problems that we have to confront with before——

Mr. HUME. There is a fairly monumental economic problem at the present time, as I've just said. And when that crisis is married to the political crisis, it's very, very serious. But I believe that Irish people waste an enormous amount of energy in division. And if that were settled and those energies and talents, which I think we Irish boast about having, but I think we actually have some talent, if those energies and talents were released for the constructive building-up of the country, I think that you would see a real tackling of our economic situation. Because the spirit that would develop out of a settlement and a new spread of patriotism for the future which would make the spilling of seat the hallmark of patriotism in Ireland, rather than the spilling of blood. I think that that's where we want to get to, and I hope that that's where we're going to.

Mr. COFFEY. Mr. Hume, Stuart has just asked you about the problem. Let me ask you about the solution. Going back in your own career, ten or twelve years ago, it started out with the civil rights thing. People talking about more jobs for Catholics, civil rights, fair shake, and so on. The British still tend mostly to talk of a solution in those terms. Political power sharing, more jobs, civil rights and so on. Never approaching, it seems to me, the question of a united Ireland.

Do you think there is any solution to the thing short or other than a united Ireland and Britain out?

Mr. HUME. Not in the ultimate sense. In the ultimate sense, I think the ultimate solution must be the people of Ireland coming together in independence, I think. But I think that there is quite a road to go before you can reach that particular stage.

What I am interested in is a declaration that that's the road that we are going down, and then people getting together and then negotiating their way along that road. Naturally, I think everybody wants to see that except a significant section of the people who live in Northern Ireland. And it's the persuasion of these people—It's the persuasion of them that is necessary if we're to move in that particular direction.

Mr. LOORY. Do you expect that out of the summit meeting will come any declaration approaching that?

Mr. HUME. Well, I think first of all that the very existence of that meeting is a change over the attitude of the past ten years, because the British Government always insisted that Northern Ireland was part of the United Kingdom and therefore it was a British problem and a British problem only. The admission that the Irish Government has an equal role to play in finding a solution is a clear extention. It's a clear change of position and a clear admission that the problem must be resolved in a wider context. Now that is a major shift in my view.

Ms. MCGRORY. But that happened the first time a year ago.

Mr. HUME. That's right. That happened, the first Anglo-Irish meeting. That is a shift. And that meeting declared itself ready to study what it described as the totality of the relationships between the two Irelands.

The second meeting is suppose to provide the results of that study. In other words, we're getting to the stage where positive steps and positive proposals about how you deal with the conflicting relationships inside Northern Ireland, between North and South in Ireland, and between Britain and Ireland.

Mr. LOORY. Well, then what do you expect to come of that meeting?

Mr. HUME. Well, I'm in the realm of speculation now, and I'll tell you what is being speculated in Ireland. There is a lot of speculation about the creation of an Anglo-Irish council. There is some speculation about the creation of an all-Ireland court. There is speculation about the creation of commissions to deal with matters of common concern like for—to both Irelands, for example, energy, trade and economics, citizenship, areas of common concern to both parts of Ireland, that the set of bodies that will develop that common ground and develop the common ground in the whole economic sphere. Now that's the speculation.

Whether that will be the reality if, of course, another matter.

Mr. LOORY. But nothing of a concrete relationship to the problem in Northern Ireland?

Mr. HUME. Well, I would think that those sort of things would be creating a framework in which further development could take place. I think that with the approach to date would seem to suggest that—that the British Government wants to advance slowly rather than too rapidly.

Ms. MCGRORY. No danger of anybody thinking anything else, would you think?

Mr. HUME. No.

Ms. MCGRORY. After all, we've seen 800 years. I don't think——

Mr. HUME. Yes.

Mr. COFFEY. Would the Labor Party be more likely to move more swiftly than the Tories?

Mr. HUME. Well, of course, the Labor Party has now changed its position. But there are those in Ireland who believe that the only people who can deliver on the Irish question is the Tories, on the assumption that it took Nixon to go to China, so it will take a Tory Party to sort out the Irish situation.

Mr. LOORY. Mr. Hume, I'm sorry our time is up.

I'm Stuart Loory. For all of us—Mary McGrory, Ray Coffey—this has been Newsmaker—Sunday. Goodday.

[From the Irish Times, Nov. 14, 1981]

A TESTING YEAR FOR SDLP'S RESILIENCE

(By Ed Moloney)

After a bruising twelve months—some would say the rough test in the party's eleven year history—the SDLP meets in Newcastle, Co Down, this weekend in a mood approaching cautious optimism. By every conventional political yardstick, say the party's leaders, not only has the SDLP survived a year of prison deaths and community polarisation, but it has actually come out ahead.

The facts would seem to support that. Electorally the party is as sound as ever it was. Last May's local government elections were held against the traumatic background of Bobby Sand's death, the first ever of an IRA hunger-striker in Northern Ireland, yet despite that (or, perhaps, because of it) Catholic voters rallied to the party. The SDLP vote went up by 3,000, it increased its number of local councillors by three to 104 and gained control for the first time of councils such as Derry and Newry and Mourne.

Organisationally too the party not only appears intact but it seems also to be experiencing something of an expansion. Membership is up by 10 percent on last year (which in turn showed a 10 percent growth) and funds to party headquarters have shown

slight increase, in spite of this year's local election expenses.

The party also rejects allegations that it has become a party not only of the Catholic middle classes but also of the middle aged. Party sources cite recent successful recruitment drives in places like Queen's University as evidence of youthful interest and blame the absence of a local political forum for the same old faces on the front bench. That assertion is difficult if not impossible to substantiate but the fact that this year's conference will be attended by more delegates than last year and will debate more (if less interesting) motions does strengthen the claim that interest in the party has not flagged

It's all a very different story from four-and-a-half months ago when the failure of the Irish Commission for Justice and Peace to resolve the hunger-strike crisis marked for many in the party a low point in its fortunes.

The snub delivered to the Commission by the British Government was a snub to the SDLP and a boost for the provisionals more direct, extraparliamentary methods. There are more than a few in the party who believe that if the local government elections had been held in the aftermath of that debacle the results would have been somewhat different.

That episode was followed by a re-run of Fermanagh-South Tyrone. This time the choice was not to run against a lone IRA hunger-striker but to oppose a member of the Provisional Sinn Fein running on an openly abstentionist ticket. To cries of anguish from the political establishment on both sides of the Border the SDLP baulked at the choice and gave Owen Carron a virtual free run.

That decision caused a lot of embarassment and not a little internal disquiet at the time but the fact that it hasn't proved to be a running sore is due in the main to John Hume's handling of it and his handling of the hunger-strikes in general. His low key approach of strong criticism of both the IRA and the British Government combined with practical suggestions for a resolution of the hunger-strikes struck a sympathetic chord in the party.

The Party's view of the hunger-strikes and the damage they caused to it, is that the prison crisis represented an emotional hiatus in Northern Ireland politics. Now that the crisis is over and emotions have cooled off, say party leaders, the damage can be quickly repaired.

The hunger-strikes, though, have produced the first direct challenge to the SDLP's virtual monopoly of the Catholic vote. However the Provisionals recent decision to fight through the ballot box—"with an armalite in the other hand"—has not as many in the Provos would claim, sent a flutter of fear down the collective SDLP spine.

Rather, there is an almost gleeful anticipation at taking the Provisionals on in an arena that the SDLP can claim as its own. The party believes that the vote for Bobby Sands, Owen Carron and the H-Blocks candidates in the local elections was an emotional aberration. In the context of "normal" politics, the argument goes, the Provos wouldn't have a chance.

That confidence is compounded by the belief that the Provisionals would refuse to build a broad front on the lines of the National H-Blocks Committee to oppose the party. That belief is actually well founded. Recent attempts, particularly by the IRSP, to cajole the Provos into a "Brits-out, anti-SDLP" coalition that would take in everyone from the Irish Independence party through to Bernadette McAliskey have so far come to nought. Such a coalition would, party men concede, pose a threat particularly in mid-Ulster and parts of Belfast.

Furthermore the Provos challenge has produced something akin to a rallying to the flag in party ranks. Some date that to the Carrigart, Co Donegal, meeting last September, when party activists spent a weekend of soul searching and moral boosting. (That weekend incidentally, demonstrated that the Provos are prepared to fight dirty. Some details of the weekend's meeting were published in Republican News and an informal SDLP inquiry concluded that the Provos had bugged the proceedings.

All this argue party strategists, is of secondary importance compared to the proposed Anglo-Irish Council and the prospect of new cross-Border institutions. The new arrangements represent not only a vindication of the party's long-held views but effectively silence Republican allegations that SDLP "politics" alone achieve nothing.

In those circumstances anything less than the council would have been disastrous to the party and a source of valuable political ammunition for the Provisionals. There remain, it's true, a number of clouds on the political horizon for the party—rank and file unease at FitzGerald's Crusade, a break in the Dail bi-partisanship and the prospect of further IRA violence among them.

But the party has shown remarkable resilience over eleven turbulent years and there will be very few in the party this weekend who won't expect that resilience to see the SDLP through another year, however critical that may prove to be.

CONFERENCE REPORT ON H.R. 4241

Mr. GINN submitted the following conference report and statement on the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes.

CONFERENCE REPORT (H. REPT. No. 97-400)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 12, 18, and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 8, 9, 10, 17, and 20, and agree to the same.

Amendment numbered 1:

That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$943,701,000*; and the Senate agree to the same.

Amendment numbered 3:

That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,451,393,000*; and the Senate agree to the same.

Amendment numbered 4:

That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$88,100,000*; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,545,751,000*; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$91,100,000*; and the Senate agree to the same.

Amendment numbered 7:

That the House recede from its disagreement to the amendment of the Senate numbered 7, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$306,490,000*; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$2,282,442,000*; and the Senate agree to the same.

Amendment numbered 16:

That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert *$1,854,096,000*; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *119*; and the Senate agree to the same.

Amendment numbered 22:

That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *120*; and the Senate agree to the same.

Amendment numbered 23:

That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment, as follows:

In lieu of the matter stricken and inserted by said amendment insert *121*; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 11, 13, 15, and 24.

BO GINN,
TOM BEVILL,
W. G. (BILL) HEFNER,
JOSEPH P. ADDABBO,
CLARENCE D. LONG,
BILL CHAPPELL,

BILL ALEXANDER,
JAMIE L. WHITTEN,
RALPH S. REGULA,
CLAIR W. BURGENER,
MICKEY EDWARDS,
TOM LOEFFLER,
SILVIO O. CONTE,
Managers on the Part of the House.

PAUL LAXALT,
JAKE GARN,
MACK MATTINGLY,
MARK O. HATFIELD,
JIM SASSER,
DANIEL K. INOUYE,
WILLIAM PROXMIRE.
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 4241) making appropriations for military construction for the Department of Defense for the fiscal year ending September 30, 1982, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

ITEMS OF GENERAL INTEREST

MX Missile Program: The basing mode for the MX missile has been one of the most important military construction issues facing the House and Senate Appropriations Committees. In October the President presented his strategic program, which cancelled the need for the $521 million in funds originally submitted for a land-based multiple protective shelter basing mode. The conference agreement is consistent with this recommendation.

The President's strategic program calls for the development of 100 MX missiles and the continuation of studies into a permanent basing mode. Additionally, approximately 40 missiles are to be placed in Titan or Minuteman silos once the initial missiles are operational.

The conferees believe that there is a need to strengthen our current land-based intercontinental ballistic missile systems because of the dramatic improvements in the accuracy and reliability of Soviet land-based missiles. However, the interim basing is estimated to cost $7 billion, and the Department must exercise great caution in entering into specific design contracts.

The conferees agree that the $92 million in fiscal year 1981 MX basing planning and design funds previously deferred are now available. However, these funds and any other planning and design funds are not to be obligated for site-specific contracts prior to submitting to the Committees (1) a detailed plan for basing MX missiles in existing Titan or Minuteman silos listing the full construction costs, site locations, specific program and construction requirements, operational costs, construction schedules and other relevant factors; (2) a comprehensive study of the costs and survivability value of hardening existing silos for the MX; (3) a notice of completion of environmental requirements; and (4) a Defense Audit Agency report on the prior use of MX planning and design funds.

The conferees agree that detailed plans and costs for the interim basing of MX in existing silos must be expeditiously forwarded to the Committees. Additionally, reports on the progress of determining a permanent basing mode are to be forwarded to each committee on a quarterly basis.

Persian Gulf/Indian Ocean: The conferees continue to support the development of capabilities in the Persian Gulf area to assure the continuation of the flow of oil from the region while respecting the sovereignty of foreign states. Since the United States has assumed the leading role for maintaining stability in this region, thereby assuring the flow of oil to Western Europe and Japan, it is imperative that a new system of burden sharing among our allies be developed.

The conference agreement on Indian Ocean projects follows:

Location/project	Budget request	Conference agreement
Diego Garcia:		
Facilities expansion (Navy)	$122,750,000	$122,750,000
Facilities expansion (Air Force)	114,990,000	114,990,000
Planning and design	2,765,000	2,765,000
Egypt:		
RDF bases (Army)	36,000,000	0
RDF facilities (Air Force)	70,400,000	0
Planning and design	14,292,000	14,292,000
Somalia:		
Facilities expansion (Navy)	24,000,000	24,000,000
Planning and design	0	0
Kenya:		
Base support (Navy)	26,000,000	30,500,000
Planning and design	1,300,000	1,300,000
Oman:		
Facilities expansion (Air Force)	78,480,000	78,480,000
Planning and design	1,710,000	1,710,000
Portugal:		
Lajes Field (Air Force)	49,570,000	46,570,000
Planning and design	3,344,000	3,344,000
Total	545,601,000	440,701,000

The fiscal year 1982 request is the second stage of a planned expenditure of approximately $1.5 billion over the next four years. A total of $699,878,000 has been provided in fiscal year 1981 and fiscal year 1982.

An explanation of the resolution of the items addressed by the conferees is as follows:

Diego Garcia—The conferees have provided the full amount requested for Diego Garcia for both the Navy and Air Force. This will allow for the orderly expansion of facilities. It is the conferees' understanding that the taxiway and parking apron will be completed without building the runway extension or turn-around. The Air Force is directed to report to both Committees if this situation changes. The conferees have included $4,300,000 for an air operations facility, and direct that it be a joint Air Force/Navy facility.

Kenya—The conferees have provided a total of $30,500,000 for base support activities. This amount will allow for the completion of the dredging and installation of navigational aids. If further funds are required for unforeseen difficulties, the Navy should submit a reprogramming request.

Portugal—The conferees have agreed to provide $46,570,000 for Rapid Deployment Force facilities at Lajes Field. However, the Air Force is not to obligate construction funds until the Committees are satisfied that the Government of Portugal endorses the construction plan and assures that the facilities will be made available for their intended purposes.

Egypt—The conferees support the need to continue efforts to develop an RDF base at Ras Banas, Egypt. The conference agreement provides $14 million in planning and design funds, and the conferees feel that the Department should accelerate the design for this complex. The conferees further believe that, if necessary, the Secretary of Defense should consider establishing construction mobilization activities at this location through the use of his contingency fund or other sources.

Construction funding for Ras Banas has not been provided because of the preliminary nature of the construction program. The conferees agree that the Committees will be receptive to reviewing the Ras Banas program through supplementals or the regular budget process once plans become more definite.

Reprogramming criteria: The conferees agree with the language of the House report on establishing a new rule on reprogramming criteria. The new rule stipulates that the Department must submit for approval planned expenditures on any project in which the new cost estimate exceeds the old by 25 percent or $2,000,000, whichever is less. The conferees are also agreed that once a reprogramming has been approved for a specific project, no additional funds may be added to that project above the newly established amount, even if the proposed additional amount is within the 25 percent or $2,000,000 threshold. If further funds are required on such projects, the Department is directed to submit another reprogramming request. The conferees further agree that the Department must submit all reprogramming requests 30 days prior to the date on which action is necessary. The conferees also agreed that the language in the House report on restoring funds to a project used as a source of funds for reprogramming shall apply.

In relation to the family housing account, the conferees are agreed that construction projects are subject to the same rule as the facilities projects for the active forces. With regard to all other accounts within family housing, the conferees agree that the following rule shall apply: The transfer of any amount in excess of 25 percent or $10,000,000, whichever is less, between specified line items within the family housing appropriation shall be subject to prior approval by the Committees.

MILITARY CONSTRUCTION, ARMY

Amendment No. 1: Appropriates $943,701,000 instead of $1,029,519,000 as proposed by the House and $942,081,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items proposed by the House:

Fort Carson, Colorado: Land acquisition	+$28,000,000
Walter Reed Army Medical Center, D.C.: Medical administration and support building	+6,250,000
Schofield Barracks, Hawaii: Dental clinic	+3,800,000
Fort Jackson, South Carolina: Electrical/mechanical hospital upgrade	+16,500,000
Fort Bliss, Training facility ROLAND	−1,000,000
Augsburg, Germany: Gymnasiums	−3,650,000
Darmstadt, Germany:	
Gymnasium	−1,700,000
Maintenance facilities	+7,100,000
Fuerth, Germany:	
Missile maintenance facility	+5,500,000
Barracks	+4,800,000
Goeppingen, Germany: Physical fitness center	−3,800,000
Heidelberg, Germany: Gymnasiums	−3,500,000
Kitzingen, Germany:	

Gymnasium	−980,000
Barracks	+3,600,000
Maintenance facilities	+9,200,000
Mannheim, Germany:	
Heavy equipment maintenance shop	+7,400,000
Missile maintenance facility	+5,100,000
Ramstein, Germany:	
Direct support maintenance shop	−3,250,000
Tactical equipment shop	−5,450,000
Rhine Ordnance Barracks, Germany: Tactical equipment shop	−3,050,000
Schwaebischgemund, Germany: Maintenance shops	+4,600,000
Schweinfurt, Germany: Gymnasiums	−4,250,000
Semback, Germany:	
Ammunition igloos	−660,000
Barracks	−2,100,000
Tactical equipment shop	−3,500,000
Various locations, Germany: Auto Self Help Garages	−4,300,000
Vilseck, Germany:	
Community facilities	−8,200,000
Maintenance facilities	−1,700,000
Utilities support	−1,800,000
Wielerbach, Germany: Ammunition igloos	−2,900,000
Wiesbaden Air Base, Germany: General support maintenance shop	−1,850,000
Wildflecken, Germany: Community facility	−1,800,000
Zweibrucken, Germany:	
Ammunition igloos	−890,000
Tactical equipment shop	−2,350,000
Worldwide Unspecified:	
Planning and design	+2,150,000
Various locations special support	+1,450,000
Fact-of-life change	−108,188,000
Army Shortfall	−20,400,000
Total	−85,818,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Fort McClellan, Alabama: Reception and processing center	$3,800,000
Fort Benning, Georgia: Trainee barracks	19,850,000
Fort Dix, New Jersey: Barracks modernization	18,600,000
Fort Hood, Texas: Aircraft hangar with shops	0
Cameron Station, Virginia: Window treatment and insulation	0
Fort Myer, Virginia: Insulation and window treatment	0
Baumholder, Germany: Barracks with dining facility	0
Ras Banas, Egypt: Rapid Deployment Force facilities	0

Schofield Barracks, Hawaii, denial clinic: The conferees agree to fund the Schofield Barracks dental clinic at a level of $3,800,000. The conferees agree that both Schofield Barracks and NAS Barbers Point dental clinics should be used for both Army and Navy dental care.

Fort Bliss, Texas, training facility ROLAND: The conferees agree to provide $3,700,000 for a division air defense training facility at Fort Bliss.

Mannheim, Germany, maintenance facilities: The conferees agree to provide $7,400,000 of the $8,200,000 proposed by the Senate. The reduction is made because minor construction funds have already been used to improve a portion of the facility.

Ras Banas, Egypt, Rapid Deployment Force facilities: The conferees have deferred funding for the Army staging facility at Ras Banas. The conferees agree that the Army is to proceed with design for the base. For a further discussion of this project see the Persian Gulf section earlier in this report.

Planning and design: The conferees recommend planning and design funds at the Senate level of $139,700,000. The Army is to use design funds as specified by the House. Additionally, $5,900,000 may be used for host nation projects in Japan and Korea.

Master restationing plan: The conferees agree to funding in the amount of $14,500,000 for projects located in Vilseck, Germany, as the first stage of the master restationing plan. The conferees strongly feel that the United States should move forward to obtain funding from the Federal Republic of Germany for the master restationing plan. Funding has been approved in fiscal year 1982 to show Congressional support for the program, with the expectation of a like response from the Federal Republic of Germany. The Department is to follow the guidance in the House report, but the conferees agree that funds may be obligated once the Department has notified the Committees that the German Government has entered into serious negotiations toward MRP direct funding participation and land exchanges.

Fort Carson, Colorado, land acquisition: The House and the Senate have spent considerable time examining the Army's proposal to purchase 244,000 acres of land for additional training and maneuver area at Fort Carson, Colorado. Although Fort Carson requires additional training area, the proposed acquisition, because of the fragile nature of land in Colorado, requires approximately three times as much property than is actually necessary for training purposes. Additionally, because of the size of the property, the Army has had to select land that is more than 150 miles from Fort Carson. Also, there is great concern that ranchers in the area will be displaced and communities will be negatively affected by the acquisition.

The conferees agree to fund $28,000,000 of the $29,000,000 requested for land acquisition for training at Fort Carson, Colorado. The reduction in funding reflects the feeling on the part of the conferees that the Army will be able to identify property that is excess to their needs. The conferees agree that proceeding with the land acquisition is necessary since a delay in funding may deny Fort Carson units an opportunity for realistic and unconstrained maneuver training. Also, the cost of the land will continue to increase.

In providing funding for the acquisition, the conferees direct the Secretary of the Army to submit the following information to the Committees prior to obligation of the funds: (1) A summary of the positive actions to be taken by the Army to offset any economic drain to local communities; (2) a description of the Army's plans to operate or expand Pueblo Army Depot Activity; (3) a detailed listing of the military construction costs associated with the acquisition and a determination of whether there is a valid need to fence the 244,000 acres; (4) a plan that details how the Army will assure that the costs paid for the property are based on the true value of the property rather than on factors created by speculation, and that government purchase rather than exchange is the only available alternative; and (5) an assurance that necessary steps will be taken to meet all the commitments made in the environmental impact study.

The conferees agree that the Army may identify comparable Federal land of interest to affected landowners on a one-time basis. The Army is to keep both Committees apprised, on a quarterly basis, of the progress being made to try to accommodate these landowners.

Amendment No. 2: Earmarks $139,700,000 for study, planning, design, architect and engineer services as proposed by the Senate instead of $137,550,000 as proposed by the House. The conferees agree that the Army is to accelerate its unaccompanied housing design program as proposed by the House and to use $5,900,000 in planning and design funds for host nation support projects in Japan and Korea as proposed by the Senate.

MILITARY CONSTRUCTION, NAVY

Amendment No. 3: Appropriates $1,451,393,000 for military construction, Navy instead of $1,404,883,000 as proposed by the House and $1,475,813,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items as proposed by the House:

MCB Camp Pendleton, California:	
Airfield pavements	+4,800,000
Roads and grounds improvements	+1,300,000
NAS Alameda, California:	
Family services center	+280,000
Pier improvements	+7,500,000
Heating, ventilation, and airconditioning	−4,750,000
NSB New London, Connecticut: Soap team and warehouse facility	+2,000,000
NTC Orlando, Florida:	
Academic instruction building	+2,450,000
Family services center	+580,000
NS Pearl Harbor, Hawaii: Family services center	+360,000
PMF Barking Sands, Hawaii: Airfield pavements	+8,100,000
NTC Great Lakes, Illinois: Family services center	+240,000
NRMCLN Annapolis, Maryland: Medical Clinic modernization	+3,000,000
NAS Meridian, Mississippi: Ground support maintenance equipment shop	+2,600,000
NAS Fallon, Nevada:	
Maintenance hangar	+3,700,000
Aircraft parking apron	+10,000,000
NCAS Cherry Point, North Carolina:	
Aircraft parking apron	+3,700,000
Maintenance and operations facility	−1,150,000
NAVJUSSCOL Newport, Rhode Island: Applied instruction building	+1,500,000
MCRD Parris Island, South Carolina: Recruit reception center	+9,300,000
NS Charleston, South Carolina: Steam distribution lines	+16,000,000

POMFLANT Charleston, South Carolina: Missile magazines	+5,400,000
NAS Chase Field, Texas:	
Airfield pavements	+2,800,000
Bombing range	+430,000
NS Norfolk, Virginia: Sewage plant	+2,400,000
NSY Puget Sound, Bremerton, Washington: Family services center	+400,000
NSB Bangor, Washington:	
Commissary	−3,950,000
Off-crew administration building	+5,500,000
Administrative Support Unit, Bahrain: Maintenance shops and warehouse	+1,400,000
NCS NEA Makri, Greece: Water treatment facility	−480,000
NCS Keflavik, Iceland: Antenna tower and helix house	+4,000,000
NAVACTS Kenya: Base support facilities	+4,500,000
Planning and design	−4,400,000
Navy shortfall	−43,000,000
Total	+46,510,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

NSC Oakland, California: Land acquisition	$1,700,000
NSY Mare Island, Vallejo, California: Pipe and boiler shop	25,100,000
NAS FLTRA Pensacola, Florida: Vehicular bridge	9,000,000
NAS Barbers Point, Hawaii: Kahoolawe Island decontamination study	0
NSB Pearl Harbor, Hawaii: Shore intermediate maintenance facility	3,750,000
NAS Fallon, Nevada: Ordnance handling pad	0
MCB Camp Lejuene, North Carolina: Parachute survival/equipment shop	4,100,000
NSY Philadelphia, Pennsylvania: Electronic communications maintenance	14,000,000
NSY Charleston, South Carolina: Crane and equipment maintenance shop	0
NWS Charleston, South Carolina: Religious education building	0
FCTCLANT Dam Neck, Virginia: Combat data system building expansion	0
NAS Oceana, Virginia:	
Aircraft parking apron	0
Aircraft corrosion facility	0
NSY Puget Sound, Bremerton, Washington: Unaccompanied enlisted personnel housing	0
Defense Installations, Mariana Islands: Land lease	0

Airfield pavements and parking aprons: The conferees have restored all the airfield pavements and parking apron projects deleted by the House. The conferees expect that the Department will pursue the design and implementation of centralized aircraft support systems (CASS) where feasible.

Family service centers: The conferees have approved $1,860,000 for five family services centers. The conferees support the concept of family services centers but feel that new construction should be avoided where possible. The conferees expect the Navy, prior to the submission of further requests for new construction, to certify that there are no existing facilities available for these centers. The conferees expect that the Navy will make every effort to use existing facilities to avoid the additional construction expense and to allow for the earliest possible opening of these centers.

NAS Barbers Point, Hawaii, Kahoolawe Island decontamination study: The conferees have deleted additional funding for this study, but direct that it be accomplished using planning and design funds.

NWS Charleston, South Carolina, religious education building: The conferees have denied the additional funds to complete this building and suggest that the Navy submit a reprogramming request for the remaining requirements.

NAS Memphis, Tennessee, fiscal year 1982 projects: Both the House and Senate supported the full budget request of $11,000,000 for facilities at this base this year. The conferees also understand that the feasibility study on consolidating the training headquarters activities of the Chief of Naval Technical Training with another command has been canceled. The conferees expect that the Navy will program in fiscal year 1983 necessary facilities to upgrade and maintain NAS Memphis as a viable technical training center.

Defense Installations, Mariana Islands, land lease: The conferees have agreed to defer without prejudice the $32,000,000 requested for the Mariana Islands land lease. The conferees direct that any funds requested in the future for this lease agreement be contained in the Military construction, Defense Agencies account.

Amendment No. 4: Earmarks $88,100,000 for study, plannning, design, architect and engineer services instead of $92,500,000 as proposed by the House and $83,700,000 as proposed by the Senate. The conferees direct that the Kahoolawe Island decontamination study be accomplished within the funds provided. The conferees also direct that the planning and design efforts on the renovation of facilities at the Washington Navy Yard continue.

MILITARY CONSTRUCTION, AIR FORCE

Amendment No. 5: Appropriates $1,545,751,000 instead of $1,407,565,000 as proposed by the House and $1,693,426,000 as proposed by the Senate. The conferees have agreed to the following additions and deletions to the amounts and line items proposed by the House:

San Bernardino, California: MX headquarters	+$11,000,000
Vandenberg AFB, California: STS—various facilities	−7,000,000
Bolling AFB, D.C.: Roads and utility support	−1,280,000
MacDill AFB, Florida: RDJTF headquarters	+7,000,000
Loring AFB, Maine: Unaccompanied enlisted personnel housing	+6,200,000
Keesler AFB, Mississippi: Base civil engineering complex	+6,200,000
Pease AFB, New Hampshire: Upgrade airfield pavements	+4,920,000
Refueling vehicle shop	+1,000,000
Kirtland AFB, New Mexico: Add to and alter R&D computer facility	+6,800,000
Myrtle Beach AFB, South Carolina:	
Parking apron	+5,200,000
Control tower	+1,300,000
Diego Garcia: Upgrade/construct Rapid Deployment Force facility	+50,300,000
Rhein-Main AB, Germany: Addition to hydrant fuel system	−300,000
Lajes Field, Portugal: Rapid Deployment force facilities	+46,570,000
Overseas, various:	
TR-1 beddown	−5,000,000
Currency revaluation, Europe	−5,324,000
Planning and design	−1,900,000
Air Force shortfall	+12,500,000
Total	+138,186,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Maxwell AFB, Alabama: Air University library	$6,500,000
Castle AFB, California: Hospital addition and upgrade	16,400,000
March AFB, California: Regional water connection	765,000
McClellan AFB, California:	
Energy technology demonstration center initiatives	3,460,000
Depot hydraulics facility	12,400,000
Pease AFB, New Hampshire: Dining hall	0
Arnold Engineering Development Center, Tennessee: Aeropropulsion systems test facility	0
Ras Banas, Egypt: Rapid Deployment Force facilities	0
Ramstein AB, Germany: Relocate 497th Reconnaissance Technical Group	0
Overseas, Various: Minimum essential facilities	0

MacDill AFB, Florida, RDJTF headquarters: The conferees recommend funding of $9 million for the establishment of the headquarters for the Rapid Development Joint Task Force. The Air Force, prior to obligation of funds, is to submit a report outlining the manning plan for the headquarters and an analysis of all military construction costs associated with the establishment of the headquarters. The Secretary of Defense, prior to obligation of funds, will submit written certification that construction of additional facilities at MacDill AFB is necessary to establish the RDJTF headquarters and that no other existing facilities in the United States are adequate to meet the requirements.

Arnold Engineering Development Center, aeropropulsion systems test facility: The conferees agree with the Senate report language which expressed concern with the magnitude of the cost increases associated with this project. Based on the report of the surveys and investigations staff of the House Appropriations Committee and the tentative findings by the General Accounting Office, the conferees believe that the Air Force failed to provide proper oversight during the early stages of project design and construction.

The conferees support the need to complete a usable facility but want to assure that each additional cost is fully justified. The funding method agreed to by the conferees will require the Air Force to specify each of its funding needs as it becomes known rather than presenting general estimates to the committees. Additional funding must be based on fully designed and defined requirements.

The conferees agree that funding requirements for the aeropropulsion systems test facility may be addressed through reprogramings, using the following sources: (1) up to $50 million from the $92 million deferred from MX planning and design funds; (2) the Air Force shortfall account funded in this bill at $242.5 million; (3) $19 million available from prefinanced European facilities; and (4) savings from the increased value of the dollar in overseas areas. Such funding, however, must receive prior approval from both House and Senate Appropriations committees, as the Committees desire to continue to review and approve funding for this facility as further information becomes available.

San Bernardino, California, MX headquarters: The conferees agree to provide funding to purchase an office building for the use of personnel working on the MX missile system and for other personnel located at Norton AFB. The conferees further agree that no funding for the acquisition beyond the $11 million should be requested.

Diego Garcia, upgrade/construct RDF facility: The conferees agree to fund facilities at Diego Garcia at the requested level of $114,990,000. The conferees are concerned that the Air Force and the Navy are not coordinating their planning efforts at Diego Garcia. Facilities should be used jointly and constructed for that purpose. The Secretary of Defense is to submit to the Committees a report of how programs and facility planning on Diego Garcia will be jointly used and programed.

Ras Banas, Egypt, RDF facilities: The conferees agreed to fund only design programs at Ras Banas, Egypt, as discussed in the "Items of General Interest" section of this report.

Lajes Field, Portugal, RDF facilities: The conferees agree to funding to a level of $46,570,000 as discussed in the "Items of General Interest" section of this report.

Peterson AFB, Colorado, consolidated space operations center: The conferees agree that design funds for this facility should not be obligated until the General Accounting Office has completed its study and both committees have had a 60-day period for review.

Amendment No. 6: Earmarks $91,100,000 for study, planning, design, architect and engineer services instead of $93,000,000 as proposed by the House and $89,200,000 as proposed by the Senate. The Department is to obligate any funds associated with the basing of MX missiles according to the criteria included in the discussion of the MX earlier in the report.

MILITARY CONSTRUCTION, DEFENSE AGENCIES

Amendment No. 7: Appropriates $306,490,000 instead of $251,004,000 as proposed by the House and $338,315,000 as proposed by the Senate. The conferees have agreed to the following additions to the amounts and line items as proposed by the House:

OSD—Los Angeles, California: American Forces Radio and TV studio	+3,300,000
NSA—Fort George G. Meade, Maryland: Fire suppression	+2,496,000
Operations building No. 2	+55,100,000
DLA—Defense Property Disposal Office Kaiserslautern, Germany: Covered storage	−270,000
DODDS—Currency revaluation, Germany	−5,140,000
Total	+55,486,000

The conferees agreed not to fund the jet fuel storage facility requested by the Defense Logistics Agency for various locations.

NORTH ATLANTIC TREATY ORGANIZATION INFRASTRUCTURE

Amendment No. 8: Appropriates $345,000,000 for the North Atlantic Treaty Organization Infrastructure as proposed by the Senate instead of $385,000,000 as proposed by the House. The $45,000,000 reduction from the House proposal is necessary to conform with the authorized amount.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

Amendment No. 9: Appropriates $67,658,000 as proposed by the Senate instead of $62,925,000 as proposed by the House. The conferees have agreed to the following additions to the amounts and line items as proposed by the House:

Kotzebue, Alaska: Aircraft hangar	+$1,250,000
Mead, Nebraska: Unit training equipment site	+383,000
Hampton, South Carolina: Charleston armory	+1,400,000
Kileen, Texas: Armory	+850,000
Port Arthur, Texas: Armory	+850,000
Total	+4,733,000

MILITARY CONSTRUCTION, AIR NATIONAL GUARD

Amendment No. 10: Appropriates $105,140,000 as proposed by the Senate instead of $117,740,000 as proposed by the House. The conferees have agreed to the following deletions to the amounts and line items as proposed by the House:

Marana Air Park, Arizona: Munitions maintenance/storage facility	−$900,000
POL storage/distribution	−900,000
Runway/taxiway	−10,800,000
Total	−12,600,000

The conferees have deferred without prejudice the projects requested for Marana Air Park, Arizona. The Air National Guard has proposed a new location for these activities that will cost approximately $26,000,000. The conferees feel that the program has great merit and should be included in the fiscal year 1983 request.

MILITARY CONTRUCTION, ARMY RESERVE

Amendment No. 11: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendments of the Senate with an amendment appropriating $64,703,000 for military construction, Army Reserve, instead of $59,277,000 as proposed by the House and $59,665,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate. The conferees have agreed to the following additions and deletions to the amount and line items as proposed by the House:

Fort Valley, Georgia: Reserve center	+$2,144,000
Fort Douglas, Utah: Building modifications	−3,550,000
South Charleston, West Virginia: Area maintenance support activity	−600,000
Armed Forces reserve center	+7,432,000
Total	+5,426,000

The conferees agreed to fund all other items in conference at the level proposed by the House, as shown below:

Fort George G. Meade, Maryland: Equipment concentration site/area maintenance support activity	$2,597,000
McAlister, Oklahoma: Expand 60 to 100 member reserve center	411,000
Tobyhanna, Pennsylvania: Expand 25 to 150 member reserve center	900,000
Martinsburg, West Virginia: Army reserve center	1,030,000
Planning and design	6,000,000

MILITARY CONSTRUCTION, NAVAL RESERVE

Amendment No. 12: Appropriates $36,000,000 as proposed by the House instead of $39,400,000 as proposed by the Senate. The conferees agreed to defer without prejudice funding for a new Naval and Marine Reserve Center near Wheeling, West Virginia. The Navy should report back to the Committees on Appropriations of the House and Senate before February 28, 1982, on the benefits and costs of building a new reserve center versus conversion of an unused hospital building in the area. Upon receipt of this study, the Committees will be in a position to permit the Navy to initiate this project either by reprogramming funds or with an appropriation provided in a subsequent act.

MILITARY CONSTRUCTION, RESERVE COMPONENTS GENERALLY

Amendment No. 13: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate as follows:

MILITARY CONSTRUCTION, RESERVE COMPONENTS GENERALLY

For construction, acquisition, expansion, rehabilitation, and conversion of facilities for the training and administration of the Reserve components of the Armed Forces, $470,000, to be allocated by the Secretary of Defense for the Army Reserve, and to remain available until September 30, 1985.

FAMILY HOUSING, DEFENSE

Amendment No. 14: Appropriates $2,282,442,000 instead of $2,223,117,000 as proposed by the House and $2,338,536,000 as proposed by the Senate. The conferees have agreed to the following additions to the amounts and line items as proposed by the House:

Construction	+$19,600,000
Operations:	
Services	+2,000,000
Furnishings	+15,000,000
Leasing	+10,317,000
Maintenance	+12,408,000
Total	+59,325,000

The conferees are concerned that although the total number of family housing units has remained relatively stable over the past several years, the costs of the family housing program have risen at a greater rate than the annual rate of inflation. The conferees have made reductions to the request in areas where more efficient management and increased emphasis on conservation of energy can achieve cost savings. These reductions will not adversely affect the quality of life in the military.

Amendment No. 15: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate with an amendment appropriating $280,235,000 for family housing construction instead of $260,635,000 as proposed by the House and $261,344,000 as proposed by the Senate. The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

Naval Complex San Diego, California, family housing construction: the conferees have agreed to fund this project at the requested level of $25,350,000 now that the site selection has been finalized.

Fort Irwin, California, manufactured family housing construction: The conferees have agreed to fund the 200 units of manufactured/factory built housing at Fort Irwin at $11,000,000. The conferees expect these units to be constructed to appropriate DOD standards and that every effort will be made to conduct a fair and reliable study of the manufactured/factory built housing concept at this location. The Department is to report to the Committees on the conditions and parameters under which this test is to be conducted and the results.

Picatinny Arsenal, New Jersey, family housing construction: The conferees have agreed to fund this project at the requested amount of $2,141,000.

Greenham Common, United Kingdom, family housing construction: The conferees have agreed to fund this project at a level of $18,600,000. The conferees direct that $10,000,000 be used to construct 100 new units and that the remaining $8,600,000 be used for renovation and modernization of the units provided by the Ministry of Defense of the United Kingdom.

Amendment No. 16: Appropriates $1,854,096,000 for family housing operations and maintenance instead of $1,814,371,000 as proposed by the House and $1,949,581,000 as proposed by the Senate.

Management: The conferees have agreed to the House-approved level for management of $103,860,000. Funding at this level is intended to stimulate management efficiencies and reduce the man-years expended in managing this program.

Services: The conferees have agreed to a level of $86,367,000 for the services account.

Utilities: The conferees have agreed to fund this account at $650,000,000. This level of funding is intended to provide a direct incentive to the Department to reduce the rapidly rising costs in this area by taking more effective steps to reduce consumption.

Furnishings: The conferees have agreed to fund this account at the level of $84,406,000. The Department is directed not to reduce planned expenditures for purchase of appliances under this account.

Miscellaneous: The conferees have agreed to a level of $4,238,000 for this account.

Leasing: The conferees have agreed to fund this account at a level of $122,317,000.

Maintenance: The conferees have agreed to a level of $823,408,000 for this account.

Amendment No. 17: The conferees have agreed to delete the language, proposed by the House, establishing a lower limit for expenditures on maintenance of real property facilities. The conferees have established reprograming criteria for this account requiring prior approval for the transfer of 25% or $10,000,000, whichever is less.

GENERAL PROVISIONS

Amendment No. 18: Restores House language which prohibits the obligation of design funds for any site-specific facilities for the MX missile until all terms, conditions and requirements of the National Environmental Policy Act (42 U.S.C. 4332) are met.

Amendment No. 19: Restores House language which prohibits the use of funds in the Act to pay real property taxes in any foreign nation.

Amendment No. 20: Deletes language as proposed by the House. Construction has been initiated at the new naval regional medical center in San Diego; therefore, this general provision is no longer required.

Amendment No. 21: Changes section number to 119.

Amendment No. 22: Changes section number to 120.

Amendment No. 23: Changes section number to 121.

Amendment No. 24: Reported in technical disagreement. The managers on the part of the House will offer a motion to recede and concur in the amendment of the Senate, amended to read as follows:

SEC. *122. It is the sense of the Congress that the administration should call on the pertinent member nations of the North Atlantic Treaty Organization and on Japan to meet or exceed their pledges for at least a 3 per centum real increase in defense spending in furtherance of increased unity, equitable sharing of our common defense burden, and international stability.*

The managers on the part of the Senate will move to concur in the amendment of the House to the amendment of the Senate.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1982 recommended by the Committee of Conference, with comparisons to the fiscal year 1981 amount, the 1982 budget estimates, and the House and Senate bills for 1982 follow:

New budget (obligational) authority, fiscal year 1981	$5,343,880,000
Budget estimates of new (obligational) authority, fiscal year 1982	[1]7,300,608,000
House bill, fiscal year 1982	6,887,542,000
Senate bill, fiscal year 1982	7,316,016,000
Conference agreement, fiscal year 1982	7,059,260,000
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1981	+1,715,380,000
Budget estimates of new (obligational) authority, fiscal year 1982	−241,348,000
House bill, fiscal year 1982	+171,718,000
Senate bill, fiscal year 1982	−256,756,000

[1] Includes −$193,300,000 of budget estimates not considered by the House.

BO GINN,
TOM BEVILL,
W. G. (BILL) HEFNER,
JOSEPH P. ADDABBO,
CLARENCE D. LONG,
BILL CHAPPELL,
BILL ALEXANDER,
JAMIE L. WHITTEN,
RALPH S. REGULA,
CLAIR W. BURGENER,
MICKEY EDWARDS,
TOM LOEFFLER,
SILVIO O. CONTE,
Managers on the Part of the House.

PAUL LAXALT,
JAKE GARN,
MACK MATTINGLY,
MARK O. HATFIELD,
JIM SASSER,
DANIEL K. INOUYE,
WILLIAM PROXMIRE,
Managers on the Part of the Senate.

CONFERENCE REPORT ON H.R. 3567

Mr. BINGHAM submitted the following conference report and statement on the bill (H.R. 3567) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes.

CONFERENCE REPORT (H. REPT. NO. 97-401)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3567) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows:

In lieu of the matter proposes to be inserted by the Senate amendment insert the following:

That this Act may be cited as the "Export Administration Amendments Act of 1981".

SEC. *2. (a) Section 18(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2417(b)(1)) is amended to read as follows:*

"(1) $9,659,000 for each of the fiscal years 1982 and 1983; and".

(b) The amendment made by subsection (a) shall be effective as of October 1, 1981.

SEC. *3. Section 12(c) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)) is amended by adding at the end thereof the following:*

"(3) Departments or agencies which obtain information which is relevant to the enforcement of this Act shall furnish such information to the department or agency with enforcement responsibilities under this Act to the extent consistent with the protec-

tion of intelligence, counterintelligence, and law enforcement sources, methods, and activities. The provisions of this paragraph shall not apply to information subject to the restrictions set forth in section 9 of title 13, United States Code; and return information, as defined in subsection (b) of section 6103 of the Internal Revenue Code of 1954, may be disclosed only as authorized by such section.".

SEC. 4. (a) Section 11(b)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2410(b)(1)) is amended by striking out "purposes," and all that follows through the period at the end thereof and inserting in lieu thereof the following: "purposes—

"(A) except in the case of an individual, shall be fined not more than five times the value of the exports involved or $1,000,000, whichever is greater; and

"(B) in the case of an individual, shall be fined not more than $250,000, or imprisoned not more than 10 years, or both.".

(b) Section 11(b)(2) of that Act (50 U.S.C. App. 2410(b)(2)) is amended by striking out "Defense," and all that follows through the period at the end of the first sentence and inserting in lieu thereof the following: "Defense—

"(A) except in the case of an individual, shall be fined not more than five times the value of the exports involved or $1,000,000, whichever is greater; and

"(B) in the case of an individual, shall be fined not more than $250,000, or imprisoned not more than 5 years, or both.".

(c) Section 11(c)(1) of that Act (50 U.S.C. App. 2410(c)(1)) is amended by inserting immediately before the period at the end thereof the following: ", except that the civil penalty for each such violation involving national security controls imposed under section 5 of this Act or controls imposed on the export of defense articles and defense services under section 38 of the Arms Export Control Act may not exceed $100,000.".

(d) The amendments made by this section apply with respect to violations occurring after the date of the enactment of this Act.

SEC. 5. Section 12(c)(2) of the Export Administration Act of 1979 (50 U.S.C. App. 2411(c)(2)) is amended to read as follows:

"(2) Nothing in this Act shall be construed as authorizing the withholding of information from the Congress or from the General Accounting Office. All information obtained at any time under this Act or previous Acts regarding the control of exports, including any report or license application required under this Act, shall be made available to any committee or subcommittee of Congress of appropriate jurisdiction upon request of the chairman or ranking minority member of such committee or subcommittee. No such committee or subcommittee, or member thereof, shall disclose any information obtained under this Act or previous Acts regarding the control of exports which is submitted on a confidential basis unless the full committee determines that the withholding of that information is contrary to the national interest. Notwithstanding paragraph (1) of this subsection, information referred to in the second sentence of this paragraph shall, consistent with the protection of intelligence, counterintelligence, and law enforcement sources, methods, and activities, as determined by the agency that originally obtained the information, and consistent with the provisions of section 313 of the Budget and Accounting Act, 1921, be made available only by that agency, upon request, to the Comptroller General of the United States or to any officer or employee of the General Accounting Office who is authorized by the Comptroller General to have access to such information. No officer or employee of the General Accounting Office shall disclose, except to the Congress in accordance with this paragraph, any such information which is submitted on a confidential basis and from which any individual can be identified.".

SEC. 6. Section 6(f) of the Export Administration Act of 1979 (50 U.S.C. 2405(f)) is amended—

(1) in the subsection caption by inserting "AND FOR CERTAIN FOOD EXPORTS" immediately after "SUPPLIES";

(2) by inserting the following immediately after the first sentence: "Before export controls on food are imposed, expanded, or extended under this section, the Secretary shall notify the Secretary of State in the case of export controls applicable with respect to any developed country and shall notify the Director of the United States International Development Cooperation Agency in the case of export controls applicable with respect to any developing country. The Secretary of State with respect to developed countries, and the Director with respect to developing countries, shall determine whether the proposed export controls on food would cause measurable malnutrition and shall inform the Secretary of that determination. If the Secretary is informed that the proposed export controls on food would cause measurable malnutrition, then those controls may not be imposed, expanded, or extended, as the case may be, unless the President determines that those controls are necessary to protect the national security interests of the United States, or unless the President determines that arrangements are insufficient to ensure that the food will reach those most in need. Each such determination by the Secretary of State or the Director of the United States International Development Cooperation Agency, and any such determination by the President, shall be reported to the Congress, together with a statement of the reasons for that determination.";

(3) in the next to the last sentence by striking out "supplies," and inserting in lieu thereof "supplies or of food"; and

(4) in the last sentence by inserting immediately before the period "or to any export control on food which is in effect on the date of the enactment of the Export Administration Amendments Act of 1981".

SEC. 7. Notwithstanding any other provision of law, no provision of the Export Administration Act of 1979, as amended by this Act, or of any other Act shall be construed to prohibit the exercise of authorities contained in the Export Administration Act of 1979 to impose a total embargo in the event of Soviet or Warsaw Pact military action against Poland.

And the Senate agree to the same.

CLEMENT J. ZABLOCKI,
JONATHAN B. BINGHAM,
DENNIS E. ECKART,
DON BONKER,
HOWARD WOLPE,
BOB SHAMANSKY,
WM. BROOMFIELD,
ROBT. LAGOMARSINO,
ARLEN ERDAHL,
BENJAMIN A. GILMAN,
MILLICENT FENWICK,
Managers on the Part of the House.

JOHN HEINZ,
JAKE GARN,
W. L. ARMSTRONG,
WILLIAM PROXMIRE,
Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 3567) to authorize appropriations for the fiscal years 1982 and 1983 to carry out the purposes of the Export Administration Act of 1979, and for other purposes, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report.

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections and minor drafting changes.

AUTHORIZATION OF APPROPRIATIONS

The House bill amended Section 18(b)(1) of the Export Administration Act of 1979 (hereinafter referred to as the "Act") to authorize $9,659,000 for each of the fiscal years 1982 and 1983.

The Senate amendment authorized $9,659,000 for fiscal year 1982, and $8,454,000 for fiscal year 1983.

The committee of conference agreed to the House provision.

SHARING OF INFORMATION AMONG AGENCIES FOR ENFORCEMENT PURPOSES

The House bill prohibited any department or agency from withholding confidential information from any other department or agency which considers the information necessary to enforce the Act. Certain statistical data collected by the Census Bureau was exempted from the provision.

The Senate amendment provided for sharing of information among departments and agencies for the purposes of enforcing the Act, but only to the extent consistent with the protection of law enforcement, intelligence, and counter-intelligence sources, methods, and activities, and sensitive diplomatic information. Census Bureau statistical information was exempted from the provision, and disclosure of Internal Revenue Service return information was restricted to that authorized in section 6130 of the Internal Revenue Code of 1954.

The committee of conference agreed to the Senate provision, with an amendment to strike the reference to sensitive diplomatic information.

VIOLATIONS

The House bill amended Section 11(c)(1) of the Act to increase the maximum civil penalty for each violation of the Act by a person other than an individual from $10,000 to $100,000.

The Senate amendment increased the maximum civil penalty for each violation of national security controls by any person from $10,000 to $100,000.

The committee of conference agreed to the Senate provision.

In declining at this time to increase civil penalties for violations of the Act other than violations of controls for national security purposes, the conferees noted that the maximum penalty applies to each violation. Many exporters are charged with multiple

violations, resulting in some cases in very large cumulative fines. The Congress will continue to oversee the size of the penalties imposed to ensure that the fines constitute a sufficient deterrent to violations of the Act.

CONFIDENTIALITY

The Senate amendment revised Section 12(c)(2) of the Act to reaffirm that export control information may not be withheld from the Congress, and continued existing restrictions on Congressional disclosure of that information. In addition, the Senate amendment provided access to such information, on a confidential basis, to the Comptroller General of the United States or to his duly authorized employees.

The House bill did not contain a comparable provision.

The committee of conference agreed to the Senate provision.

LIMITATION ON IMPOSITION OF FOOD EMBARGOES

The House bill amended Section 6(f) of the Act to restrict the imposition of export controls on food when such controls would result in measurable malnutrition, unless the President determines that the controls are necessary to protect U.S. national security interests or that the food would not reach persons most in need.

The Senate amendment did not contain a comparable provision.

The committee of conference agreed to the House provision.

LIMITATION ON IMPOSITION OF AGRICULTURAL EMBARGOES

The Senate amendment provided that, beginning January 21, 1985, no embargo of agricultural commodities may be imposed for national security purposes, and that any embargo of agricultural commodities imposed for foreign policy purposes that is not part of a total embargo on exports to a country or group of countries must be approved within 60 days by a joint resolution of the Congress. The amendment also provided specific procedures for the consideration in the Congress of such a joint resolution.

The House bill did not contain a comparable provision.

The committee of conference adopted the House position.

AUTHORIZATION OF APPROPRIATIONS FOR THE INTERNATIONAL INVESTMENT SURVEY ACT

The House bill contained an authorization of $3,842,000 for each of the fiscal years 1982 and 1983 to carry out the purposes of the International Investment Survey Act of 1976.

The Senate amendment did not contain a comparable provision.

The committee of conference adopted the Senate position.

The conferees noted that authorization of appropriations for the International Investment Survey Act of 1976 has been provided in separate legislation (Public Law 97-33).

DOWNWARD MOVEMENT OF INTEREST RATES

The Senate amendment provided that the Administration shall emphasize and continue to implement policies to sustain the downward movement of interest rates.

The House bill did not contain a comparable provision.

The committee of conference, recognizing that the amendment was not germane and would be subject to a point of order in the House, adopted the House position.

CREDIT FOR CORPORATE TAKEOVERS

The Senate amendment provided that the President shall encourage financial institutions to exercise restraint in extending credit for unproductive large-scale corporate takeovers.

The House bill did not contain a comparable provision.

The committee of conference, recognizing that the amendment was not germane and would be subject to a point of order in the House, adopted the House position.

TOTAL EMBARGO IN THE EVENT OF MILITARY ACTION AGAINST POLAND

The Senate amendment provided that no provision of the Act or any other Act may be construed as prohibiting the use of the Act as authority for a total embargo in the event of Soviet or Warsaw Pact military action against Poland.

The House bill did not contain a comparable provision.

The committee of conference adopted the Senate position.

The managers noted that the Senate amendment also contained language expressing the sense of the Senate that a total embargo be placed against the Soviet Union if it, or its allies, engages in direct military action against Poland. The managers felt that such an expression of the Senate was technically not a matter to act upon in the committee of conference.

CLEMENT J. ZABLOCKI,
JONATHAN B. BINGHAM,
DENNIS E. ECKART,
DON BONKER,
HOWARD WOLPE,
BOB SHAMANSKY,
WM. BROOMFIELD,
ROBT. LAGOMARSINO,
ARLEN ERDAHL,
BENJAMIN A. GILMAN,
MILLICENT FENWICK,
Managers on the Part of the House.

JOHN HEINZ,
JAKE GARN,
W. L. ARMSTRONG,
WILLIAM PROXMIRE,
Managers on the Part of the Senate.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. AUCOIN (at the request of Mr. WRIGHT), for December 10 and 11, on account of illness.

Mrs. CHISHOLM (at the request of Mr. PEYSER), on December 11, on account of official business in district.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. CAMPBELL) to revise and extend their remarks and include extraneous material:)

Mr. MCGRATH, for 10 minutes, today.

Mr. ASHBROOK, for 30 minutes, today.

Mr. JEFFORDS, for 5 minutes, today.

Mr. FRENZEL, for 20 minutes, today.

Mr. BEREUTER, for 20 minutes, today.

Mr. MARTIN of North Carolina, for 5 minutes, today.

(The following Members (at the request of Mr. VOLKMER) to revise and extend their remarks and include extraneous material:)

Mr. VOLKMER, for 15 minutes, today.

Mr. GONZALEZ, for 15 minutes, today.

Mr. ANNUNZIO, for 5 minutes, today.

Mr. ST GERMAIN, for 5 minutes, today.

Mr. PEPPER, for 15 minutes, today.

Mr. PANETTA, for 5 minutes, today.

EXTENSION OF REMARKS

By unanimous consent, permission to revise and extend remarks was granted to:

Mr. DOUGHERTY and to include extraneous matter notwithstanding the fact that it exceeds two pages of the RECORD and is estimated by the Public Printer to cost $2,640.

(The following Members (at the request of Mr. CAMPBELL) and to include extraneous matter:)

Mr. GILMAN in two instances.
Mr. CONABLE.
Mr. ASHBROOK in three instances.
Mr. LEBOUTILLIER.
Mr. GINGRICH.
Mr. JOHNSTON.
Mr. MCGRATH.
Mr. REGULA.
Mr. CONTE.
Mr. DOUGHERTY.
Mr. SNYDER.
Mr. WYLIE.
Mr. BEREUTER.

(The following Members (at the request of Mr. VOLKMER) and to include extraneous matter:)

Mr. LUKEN.
Mr. MAZZOLI.
Mr. WIRTH.
Mr. BINGHAM in 10 instances.
Mr. FAUNTROY.
Mr. LAFALCE.
Mrs. SCHROEDER in two instances.
Mr. WEISS.
Ms. MIKULSKI.
Mr. MCDONALD in five instances.
Mr. HAMILTON in two instances.
Mr. YOUNG of Missouri.
Mr. MATTOX.
Mr. WAXMAN.
Mr. UDALL.
Mr. SOLARZ.
Mr. VENTO.
Mr. OBERSTAR.
Mr. ALBOSTA.
Mr. LONG of Maryland.
Mr. LEHMAN.
Mr. SCHUMER.

ENROLLED BILLS SIGNED

Mr. HAWKINS, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 4034. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes; and

H.R. 4035. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

ADJOURNMENT

Mr. VOLKMER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 55 minutes p.m.) under its previous order, the House adjourned until Monday, December 14, 1981, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2675. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-117, "To amend the allowable interest rates on certain consumer credit and loans, and for other purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2676. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-118, "To improve the enforcement of the cigarette tax laws of the District of Columbia," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2677. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-119, "To amend the District of Columbia Revenue Act of 1980," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2678. A letter from the Chairman, Council of the District of Columbia, transmitting D.C. Act 4-120, "To extend the deadline for filing the application for the homestead exemption and class one property tax rate for tax year 1982; to make technical amendments affecting the Commission on the Arts and the Commission on Aging; and for other purposes," pursuant to section 602(c) of Public Law 93-198; to the Committee on the District of Columbia.

2679. A letter from the District of Columbia Auditor, transmitting a report on the University of the District of Columbia President's discretionary fund, pursuant to section 455 of Public Law 93-198; to the Committee on the District of Columbia.

2680. A letter from the Assistant Secretary of State for Congressional Relations, transmitting reports on political contributions by various ambassadorial nominees and by members of their families, pursuant to section 304(b)(2) of Public Law 96-465; to the Committee on Foreign Affairs.

2681. A letter from the Comptroller General of the United States, transmitting a report on academic progress requirements of federally funded student financial aid programs (HRD-82-15, December 3, 1981); jointly, to the Committees on Government Operations, Education and Labor, Veterans' Affairs, and Ways and Means.

2682. A letter from the Comptroller General of the United States, transmitting a report on regulation of cancer-causing food additives (HRD-82-3, December 11, 1981); jointly, to the Committees on Government Operations and Energy and Commerce.

2683. A letter from the Comptroller General of the United States, transmitting a report on the General Services Administration's Federal Buildings Fund (PLRD-82-18, December 11, 1981); jointly, to the Committees on Government Operations and Public Works and Transportation.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 5139. A bill to authorize appropriations for certain insular areas of the United States, and for other purposes; with an amendment (Rept. No. 97-387). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. H.R. 4623. A bill to amend titles 10, 14, 37, and 38, United States Code, to codify recent law and to improve the Code; with amendments (Rept. No. 97-388). Referred to the Committee of the Whole House on the State of the Union.

Mr. RODINO: Committee on the Judiciary. H.R. 3345. A bill to make technical and conforming changes in the patent and trademark laws and in the Civil Rights of Institutionalized Persons Act (Rept. No. 97-389). Referred to the House Calendar.

Mr. DINGELL: Committee on Energy and Commerce. Report on the changing distribution of industrial profits: The oil and gas industry within the Fortune 500, 1978-80 (Rept. No. 97-390). Referred to the Committee of the Whole House on the State of the Union.

Ms. FERRARO: Committee on Post Office and Civil Service. H.R. 3141. A bill to authorize an Under Secretary of Commerce for Economic Affairs; with amendments (Rept. No. 97-391). Referred to the Committee of the Whole House on the State of the Union.

Mr. WHITE: Committee on Armed Services. House Resolution 287. Resolution to disapprove further production of Naval Petroleum Reserve No. 1 (Elk Hills) and Naval Petroleum Reserve No. 3 (Teapot Dome) (Rept. No. 97-392). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on occupational safety and health protection for aviation industry employees—the conflict between FAA and OSHA (Rept. No. 97-393). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on aircraft cabin safety staffing standards (Rept. No. 97-394). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on silver prices and the adequacy of Federal actions in the marketplace 1979-80 (Rept. No. 97-395). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on Vietnam veterans outreach centers (Rept. No. 97-396). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on the nine-digit ZIP code investment: more digits, less savings (Rept. No. 97-397). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on international shortwave broadcasting and direct broadcast satellites: Voice of America, Radio Free Europe/Radio Liberty, Radio Marti (Rept. No. 97-398). Referred to the Committee of the Whole House on the State of the Union.

Mr. BROOKS: Committee on Government Operations. Report on compensating and rehabilitating injured Federal Workers (Rept. No. 97-399). Referred to the Committee of the Whole House on the State of the Union.

Mr. GINN: Committee of conference. Conference report on H.R. 4241 (Rept. No. 97-400). Ordered to be printed.

Mr. BINGHAM: Committee of conference. Conference report H.R. 3567 (Rept. No. 97-401). Ordered to be printed.

REPORTED BILLS SEQUENTIALLY REFERRED

Under clause 5 of rule X, bills and reports were delivered to the Clerk for printing, and bills referred as follows:

Mr. UDALL: Committee on Interior and Insular Affairs. H.R. 9. A bill to designate components of the National Wilderness Preservation System in the State of Florida; with an amendment. Referred to the Committee on Agriculture for a period ending not later than December 12, 1981, for consideration of such provisions of the bill and amendment as fall within the jurisdiction of that committee under clause 1(a)(13), rule X (Rept. No. 97-402, Pt. I). And ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 5 of rule X and clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VOLKMER:

H.R. 5176. A bill to extend from May 1982 to October 1982 the month before which children not otherwise entitled to child's insurance benefits under title II of the Social Security Act by reason of the amendments made by section 2210 of the Omnibus Budget Reconciliation Act of 1981 must attend postsecondary schools in order to qualify under subsection (c) of such section for entitlement to such benefits and to extend from August 1985 to August 1986 the month before which any such entitlement terminates; to the Committee on Ways and Means.

By Mr. BRINKLEY:

H.R. 5177. A bill to permit persons who convey certain lands in Colorado to the United States for the expansion of the Fort Carson military installation to treat the conveyance of such lands as involuntary conversions for the purposes of section 1033 of the Internal Revenue Code of 1954; to the Committee on Ways and Means.

By Mr. DOUGHERTY:

H.R. 5178. A bill to eliminate the counting of Reserve general officers against statutory

and administrative ceilings on general and flag rank officers, to eliminate general and flag officer grade requirements from certain statutory positions in the Armed Forces, to delay the effective date of the ceiling on the number of general and flag officers serving on active duty, and for other purposes; to the Committee on Armed Services.

By Mr. FRENZEL (for himself and Mr. GIBBONS):

H.R. 5179. A bill to amend the Internal Revenue Code of 1954 to avoid the double taxation of foreign source export income, and for other purposes; to the Committee on Ways and Means.

By Mr. PANETTA (for himself, Mr. PEPPER, Mr. WAXMAN, Mr. RANGEL, Mr. GEPHARDT, Mr. CONABLE, Mr. GRADISON, and Mr. MADIGAN):

H.R. 5180. A bill to amend title XVIII of the Social Security Act to provide for coverage of hospice care under the medicare program; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. DORNAN of California:

H.R. 5181. A bill to provide that no Federal court may require the expenditure of Federal or State funds without prior legislative authorization; to the Committee on the Judiciary.

H.R. 5182. A bill to require at least seven members of the Supreme Court to concur in any decision of the Court declaring a Federal or State law unconstitutional; to the Committee on the Judiciary.

H.R. 5183. A bill to make Federal court decisions declaring laws unconstitutional subject to congressional disapproval; to the Committee on the Judiciary.

H.R. 5184. A bill to amend section 12A of the Federal Reserve Act to provide for steady, noninflationary growth in the money supply; to the Committee on Banking, Finance and Urban Affairs.

H.R. 5185. A bill to amend section 922 of title 18 of the United States Code to restrict the sale of firearms and ammunition to aliens; to the Committee on the Judiciary.

H.R. 5186. A bill to amend the Internal Revenue Code of 1954 to provide that the tax exemption of certain charitable organizations and the allowance of a deduction for contributions to such organizations shall not be construed as the provision of Federal assistance; to the Committee on Ways and Means.

H.R. 5187. A bill to require the Secretary of the Treasury to provide on individual income tax return forms information on Federal revenues and expenditures for the 2 fiscal years preceding the year for which the return is filed; to the Committee on Ways and Means.

By Mr. GRADISON:

H.R. 5188. A bill to amend title II of the Social Security Act to provide for a program to systematically compare information on State death certificates with information maintained under the social security program in order to insure that inappropriate benefits are not paid with respect to individuals who have died; to the Committee on Ways and Means.

By Mr. KASTENMEIER (by request):

H.R. 5189. A bill to amend section 1825 of title 28, United States Code, to authorize Federal public defenders, and certain other counsel appointed under the Criminal Justice Act, to certify defense witness fees for payment; to the Committee on the Judiciary.

By Mr. KASTENMEIER (by request):

H.R. 5190. A bill to amend section 3006A of title 18, United States Code, to improve the delivery of legal services in the criminal justice system to those persons financially unable to obtain adequate representation, and for other purposes; to the Committee on the Judiciary.

By Mr. LEBOUTILLIER:

H.R. 5191. A bill to modify and enlarge the authority of the Helen Keller National Center for Deaf-Blind Youths and Adults to operate and maintain, as a national resource, facilities and services for deaf-blind persons; to the Committee on Education and Labor.

By Mr. McGRATH (for himself, Mr. BARNARD, Mr. DAUB, Mr. DENARDIS, Mr. EMERY, and Mr. WALKER):

H.R. 5192. A bill to expand the membership of the Advisory Commission on Intergovernmental Relations to include elected school board officials; to the Committee on Government Operations.

By Mr. MOTTL:

H.R. 5193. A bill to restore the recently eliminated child's insurance benefits under title II of the Social Security Act in the case of children aged 18 through 22 who attend postsecondary schools; to the Committee on Ways and Means.

H.R. 5194. A bill to amend title XVIII of the Social Security Act to provide medicare coverage for influenza vaccine and its administration; jointly, to the Committees on Ways and Means and Energy and Commerce.

By Mr. NAPIER:

H.R. 5195. A bill to amend title II of the Social Security Act to eliminate the reductions which are presently made in the social security benefits otherwise payable to spouses and surviving spouses receiving certain Government pensions; to the Committee on Ways and Means.

By Mr. PEYSER (for himself and Mrs. HECKLER):

H.R. 5196. A bill to extend the delay in making any adjustment in the price support level for milk and to extend the time for conducting referenda with respect to the national marketing quotas for wheat and upland cotton; to the Committee on Agriculture.

By Mr. ROBERTS of South Dakota:

H.R. 5197. A bill to amend the Internal Revenue Code of 1954 to allow the Secretary of Agriculture to designate drought areas for purposes of allowing the special tax treatment for the proceeds from livestock sold on account of drought; to the Committee on Ways and Means.

By Mr. VENTO:

H.R. 5198. A bill to amend section 23A of the Federal Reserve Act to revise the restrictions on transactions between banks and their affiliates; to the Committee on Banking, Finance and Urban Affairs.

By Mr. WAXMAN (for himself, Mr. FORD of Tennessee, Mr. RANGEL, Mr. BAILEY of Pennsylvania, and Mr. ANTHONY):

H.R. 5199. A bill to amend title XIX of the Social Security Act to permit States to provide medicaid coverage with respect to certain dependent children and relatives without regard to certain work disincentives imposed by the Omnibus Budget Reconciliation Act of 1981; to the Committee on Energy and Commerce.

By Mr. YOUNG of Missouri:

H.R. 5200. A bill to amend title 28, United States Code, to limit the extent courts of the United States may order the reassignment or transportation of students or alter State or local tax rates in certain school desegration cases, and for other purposes; to the Committee on the Judiciary.

By Mr. WEISS (for himself and Mr. REGULA):

H.J Res. 375. Joint resolution to provide for the designation of the week beginning June 13, 1982, as "National Orchestra Week"; to the Committee on Post Office and Civil Service.

By Mr. DORNAN of California:

H. Con. Res. 235. Concurrent resolution expressing the sense of the Congress with respect to the matter of Josef Mengele; to the Committee on Foreign Affairs.

By Mr. JEFFORDS (for himself and Mr. BONKER):

H. Con. Res. 236. Concurrent resolution to declare March 1, 1982, as "National Day of the Seal"; to the Committee on Post Office and Civil Service.

By Mr. CRAIG:

H. Res. 301. Resolution reducing the number of permanent and other clerks authorized to be employed by Members of the House of Representatives; to the Committee on House Administration.

By Mr. DORNAN of California:

H. Res. 302. Resolution amending the rules of the House of Representatives to provide certain qualifications pertaining to service as a Member, and for other purposes; to the Committee on Rules.

MEMORIALS

Under clause 4 of rule XXII, memorials were presented and referred as follows:

232. By the SPEAKER: A memorial of the Legislature of the State of Louisiana, relative to economic incentives and assistance to farmers; to the Committee on Agriculture.

233. Also, memorial of the House of Representatives of the State of Louisiana, relative to funding of "TRIO" programs; to the Committee on Education and Labor.

234. Also, memorial of the Legislature of the State of Louisiana, relative to decontrol of natural gas; to the Committee on Energy and Commerce.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII.

Mr. ASHBROOK introduced a bill (H.R. 5201) for the relief of Simin Ghods, which was referred to the Committee on the Judiciary.

ADDITIONAL SPONSORS

Under clause 4 of rule XXII, sponsors were added to public bills and resolutions as follows:

H.R. 2: Mr. LEACH of Iowa.

H.R. 316: Mr. ANDREWS, Mr. YATRON, Mr. TAUKE, Mr. LENT, Mr. PORTER, and Mr. FAZIO.

H.R. 746: Mr. EVANS of Iowa and Mr. MCEWEN.

H.R. 768: Mr. COLEMAN.

H.R. 1651: Mr. OBERSTAR.

H.R. 2372: Mr. HUGHES, Mr. PANETTA, and Mr. IRELAND.

H.R. 2832: Mr. FINDLEY.

H.R. 3252: Mr. GOODLING, Mr. LENT, Mr. SKELTON, Mr. ATKINSON, Mr. MCGRATH, Mr. WYDEN, Mr. WOLF, Mr. ERTEL, Mr. KILDEE, Mr. TAUKE, Mr. DANNEMEYER, Mr. GINGRICH, Mr. HARKIN, Mr. PEPPER, Mr. BINGHAM, Mr. RINALDO, Mr. LAFALCE, Mr. REUSS, and Mr. PURSELL.

H.R. 3414: Mr. LEACH of Iowa.

H.R. 3496: Mr. KILDEE, Mr. SEIBERLING, and Mr. TAUZIN.

H.R. 3760: Mr. BAILEY of Pennsylvania.

H.R. 3940: Mr. MARLENEE, Mr. GOODLING, Mrs. SCHNEIDER, Mr. YOUNG of Alaska, Mr. CORCORAN, Mr. PORTER, Mr. DONNELLY, Mr. NATCHER, Mr. STUDDS, Mr. MCHUGH, and Mr. YOUNG of Missouri.

H.R. 4163: Mr. COELHO, Mr. CORRADA, Mr. JAMES K. COYNE, Mr. FISH, and Mr. PORTER.

H.R. 4376: Mr. MOTTL.

H.R. 4377: Mr. MOTTL.

H.R. 4488: Mr. WILSON.

H.R. 4562: Mr. PATTERSON.

H.R. 4636: Mr. BINGHAM, Mr. FRANK, Mr. BEILENSON, Mr. OTTINGER, Mr. DONNELLY, Mr. MURPHY, Mr. ROE, Mr. D'AMOURS, Mr. DWYER, Mr. AKAKA, Mr. BARNES, Mr. GINGRICH, Mr. LELAND, Mr. WHITEHURST, Mr. FLORIO, Mr. MITCHELL of Maryland, Mr. FORSYTHE, Mr. JAMES K. COYNE, Mr. MCDADE, Mrs. CHISHOLM, Mr. FAUNTROY, Ms. OAKAR, Mr. SCHUMER, Mr. HARKIN, Mr. RICHMOND, and Mr. WEISS.

H.R. 4637: Mr. BINGHAM, Mr. FRANK, Mr. BEILENSON, Mr. OTTINGER, Mr. DONNELLY, Mr. MURPHY, Mr. ROE, Mr. D'AMOURS, Mr. DWYER, Mr. AKAKA, Mr. BARNES, Mr. GINGRICH, Mr. LELAND, Mr. WHITEHURST, Mr. FLORIO, Mr. MITCHELL of Maryland, Mr. FORSYTHE, Mr. JAMES K. COYNE, Mr. MCDADE, Mrs. CHISHOLM, Mr. FAUNTROY, Ms. OAKAR, Mr. SCHUMER, Mr. HARKIN, Mr. RICHMOND, and Mr. WEISS.

H.R. 4666: Mr. DREIER, Mr. BLILEY, and Mr. DENARDIS.

H.R. 4771: Mr. DUNN.

H.R. 4815: Mr. ERTEL and Mr. JAMES K. COYNE.

H.R. 4828: Mr. DELLUMS, Mr. PEPPER, Mr. FAUNTROY, Mr. JAMES K. COYNE, Mr. ROE, Mr. BARNES, Mr. YATRON, Mr. KEMP, Mr. CONTE, Mrs. CHISHOLM, Mr. CONYERS, Mr. PRICE, Mr. FOGLIETTA, Mr. RICHMOND, Mr. SCHEUER, Mr. FAZIO, Mr. NEAL, Mr. HARKIN, Mr. EMERY, Mr. BRODHEAD, Mr. MCCLOSKEY, Mr. ADDABBO, Mr. EDGAR, Mr. KILDEE, Mr. FORSYTHE, Mr. LOWERY of California, Mrs. SCHNEIDER, Mr. SIMON, Mr. GOLDWATER, Mr. AKAKA, Mr. BEDELL, and Mr. DAVIS.

H.R. 4862: Mr. ROSE.

H.R. 4868: Mr. CHAPPELL, Mr. FRENZEL, Mr. RAILSBACK, and Mr. LAGOMARSINO.

H.R. 4890: Mr. WEBER of Minnesota and Mr. HAGEDORN.

H.R. 4898: Mr. RUDD and Mr. DRIER.

H.R. 4996: Mr. EMERY.

H.R. 5023: Mr. HORTON, Mr. FORSYTHE, Mr. ROBERT W. DANIELS, Jr., Mr. LAGOMARSINO, Mr. MILLER of California, and Mr. FISH.

H.R. 5055: Mr. ERTEL, Mrs. BOUQUARD, and Mr. FISH.

H.R. 5093: Mr. LENT, Mr. BENEDICT, Mr. WIRTH, Mr. RITTER, Mr. RINALDO, and Mr. BLILEY.

H.R. 5102: Mr. LEE, Mr. BEREUTER, Mr. SCHROEDER, Mr. STENHOLM, Mr. KINDNESS, Mr. HUGHES, Mr. WEBER of Minnesota, Mr. EDGAR, Mr. LUNGREN, Mr. LIVINGSTON, Mr. TAYLOR, and Mr. WILSON.

H.R. 5107: Mr. HUGHES and Mr. SEIBERLING.

H.R. 5117: Mr. JAMES K. COYNE.

H.R. 5150: Mr. O'BRIEN, Mr. KOGOVSEK, Mr. FROST, and Mr. LOTT.

H. Con. Res. 195: Ms. OAKAR.

H. Con. Res. 222: Mr. LENT, Mr. BARNARD, Mr. HOLLENBECK, Mr. ERDAHL, Mr. EVANS of Georgia, and Mr. GUARINI.

H. Res. 200: Ms. FERRARO, Mr. ADDABBO, Mr. SANTINI, Mr. PURSELL, Mr. BLANCHARD, Mr. PRITCHARD, Mr. MOTTL, Mr. WOLPE, and Mr. PEPPER.

H. Res. 267: Mr. BROWN of Ohio, Mr. DERWINSKI, Mr. FISH, Mr. GINGRICH, Mr. LEBOUTILLIER, Mr. LEE, Mr. LENT, Mr. MARTIN of New York, Mr. SCHULZE, Mr. WEBER of Ohio, and Mr. WORTLEY.

H. Res. 297: Mr. ATKINSON, Mr. RAHALL, Mr. MURPHY, Mr. PRICE, Mr. HANSEN of Idaho, Mr. OTTINGER, Mr. FRANK, Mr. LEHMAN, Mr. FORD of Tennessee, Mr. SCHUMER, Mr. LUKEN, Mr. HOLLENBECK, Mr. FOGLIETTA, Mr. MITCHELL of Maryland, Mr. LUNDINE, Mr. RATCHFORD, Mr. BARNARD, Mr. GUARINI, Mr. RUSSO, Mr. TRAXLER, Mr. WEAVER, Mr. FROST, and Mr. SABO.

PETITIONS, ETC.

Under clause 1 of rule XXII.

301. The SPEAKER presented a petition of Don Deichman, Laddonia, Mo., and others relative to grain exports; which was referred to the Committee on Agriculture.

SENATE—*Friday, December 11, 1981*

(Legislative day of Monday, November 30, 1981)

The Senate met at 9 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, LL.D., D.D., offered the following prayer:

Heavenly Father, in seasons of joyous celebration, suffering and tragedy are always accentuated. We pray for those of our large family who in some unexpected way will experience hurt. We remember in love those who have lost loved ones, whose absence will be deeply felt at holiday meals and events. We pray for those who are ill in hospital or home, for those who may be hurt by accidents during the holidays. We remember Senator GOLDWATER whose absence we feel, and we commend to Thee each other and all of our loved ones. Grant to them special blessing.

And Father, we pray for the millions who live in constant deprivation, the homeless and the hungry, the refugees, the oppressed, the persecuted. We pray for those in prison and their families. We pray for the poor of our cities, the street people, the lonely and forgotten elderly. Help us, dear God to appreciate all our blessings and in gratitude to seek ways in which we may share our more than enough with those who never have enough. We pray this is the name of Him whom God gave as His priceless gift to the world at Christmas. Amen.

RECOGNITION OF THE ACTING MAJORITY LEADER

The PRESIDENT pro tempore. The acting majority leader is recognized.

THE JOURNAL

Mr. STEVENS. Mr. President, I ask unanimous consent that the Journal of the proceedings of the Senate be approved to date.

The PRESIDENT pro tempore. Without objection, it is so ordered.

E—COM

Mr. STEVENS. Mr. President, on January 4, the U.S. Postal Service intends to embark on an important step in its efforts to become more efficient and improve its services to the American public. On that date, the Postal Service will institute an electronic mail service known as E–COM. This new service is in keeping with its statutory mandate to "promote modern and efficient operations" through the use of new equipment or devices which may reduce the costs or improve the quality of postal service. This E–COM service will allow volume mailers whose messages and addresses are on computers to transmit those messages using the transmission service of private sector communications companies. Initially, service will be available in 25 cities across the Nation.

When these transmissions are received, the messages will be printed out, enveloped, and inserted in the regular first-class mail stream for delivery.

This new service offers advantages for all concerned. The mailer has the prospect of lowering his costs of producing and sending letters and receiving improved service. For the private sector communications industry, E–COM will create new markets for their transmissions and processing services as mail from volume mailers that is now entered physically and transported and sorted by the Postal Service will be carried through their networks.

For the American consumer, this holds great potential to not only keep postal costs from continuing to rise but also improve service to all Americans.

For the Postal Service, E–COM will allow them to eliminate expensive transportation and sorting costs and provide at the same time an improved level of service. E–COM is another example of the Postal Service adapting to the times, by employing modern technology to their traditional business. This is exactly what the Congress told them to do when we passed the Postal Reorganization Act of 1970.

Mr. President, there has been some criticism of the Postal Service for offering this E–COM service; in my view by people who do not understand exactly what it is the Postal Service is doing.

The Postal Service has stated repeatedly that it has no desire to get into the telecommunications transmission business in competition with the private sector. E–COM does not involve resale of transmission services by the Postal Service. In addition, the Postal Service has stated from the outset that its business is delivering hard copy, and it has supported legislation that would prohibit the Postal Service from engaging in generation III, or point-to-point communications services.

Some critics respond by saying, "That may be their attitude now, but what about later?" They urge that the Postal Service should be prohibited from even offering E–COM.

I submit that if this kind of "camel's nose under the tent" philosophy had been applied to the march of progress made in this country over the past century, we would still be delivering mail by dogsled in Alaska and would have arrived for today's session by horse and buggy.

The U.S. Postal Service is a responsible agency of the U.S. Government. The Congress, in exercising its oversight responsibility, stands able to curb any feared misstep by the Postal Service.

I would hope, Mr. President, that concerning the issue of the proper use of modern technology by the Postal Service to carry out its traditional role more efficiently at less cost to the public, unwarranted fears and emotion can be laid aside and the focus can be on the facts.

The fact is that the E–COM service to be offered on January 4 is a good example of the opportunity for a mutually beneficial partnership between the Postal Service, carrying out its congressionally mandated traditional role to serve all citizens everywhere with our universal postal system, and the private sector telecommunications industry, gaining new markets for their services.

This type of partnership is particularly promising for large, sparsely populated States, such as mine, where the vast distances make both the cost of physical transportation and the timeliness of messages far exceed the average. Studies are underway now aimed toward providing an E–COM-type service to Alaska through a private sector communications firm working with the Postal Service and the State government.

The efficiencies gained by the application of modern telecommunications technology to a portion of the Postal Service's traditional volume holds great promise for the public.

We should not forget that it is the public that pays for the Postal Service. While it is true that the postage on 84 percent of the mail volume is paid by business mailers, this cost of doing business is inevitably passed on to the consumer, be he utility user, magazine subscriber, or mail-order patron.

Just as revenues for transporting mail helped build a strong airline industry for the Nation, so can revenues for transmitting messages into post offices help the development of today's dynamic telecommunications industry.

I understand that three communications carriers have contracted to transmit E–COM messages for their customers to the Postal Service and that several others have applications pending. Also, about 20 mailers, some of them large volume users, have filed applications to be certified as E–COM users.

Mr. President, these issues are important public policy issues and I would urge that all interested parties, including my friends in the telecommunications industry, would brave the heat and seek out the light. Once the focus is on the facts and in the real world, I am confident they will conclude, as I have, that the marriage between the transmission and processing strengths of our private sector communications industry and the

hard copy universal delivery strength of the Postal Service will provide a new improved and efficient hard copy communications link for every American.

I am sure that all of us know how essential it is to increase productivity and efficiency in all segments of this Nation in order to combat inflation and improve the standard of living for all Americans. I am extremely pleased that the Postal Service is pursuing this effort on electronic mail, for if they did not I know of no other entity, private or public, who will serve all Americans everywhere, whether they are living in Houston, Alaska, or Houston, Tex. We need to continue to encourage the Postal Service to improve its services to the public and to increase its abilities to bind this Nation together.

Mr. President, I am sure my friends in the Congress join me in wishing all participants success for the E–COM startup.

AN ALL-AMERICAN FISHERY IN THE FISHERY CONSERVATION ZONE

Mr. STEVENS. Mr. President, vast stocks of pollack, cod, and other white fish are located in the Bering Sea off the coast of my home State of Alaska. These stocks comprise the largest unused food resource available to this Nation.

Five years ago, Congress passed a bill that I cosponsored which secured the 200-mile fishery zone off our shores. Today, despite the U.S. preference contained within the Magnuson Fishery Conservation and Management Act (MFCMA), the vast potential in the fishery conservation zone is still unrealized by U.S. fishermen. Foreign allocations in Alaska only exceed 1 million metric tons a year. This comprises more than the entire domestic harvest in my home State of Alaska. We have made great progress in conservation and management since 1976, but remain behind in our efforts to replace foreign domination of our fishery.

The 5-year anniversary of the Magnuson Act marks an appropriate juncture for reexamination of what additional incentives are required to get an American-run, American-controlled fishery moving.

I have recently written Secretary Haig to request his support for additional reductions in foreign fishing allocations that will be assigned exclusively to joint venture fishing efforts that involve American fishermen. This is an intermediate step in our long-term goal of an all-American fishery in the fishery conservation zone (FCZ).

In addition to U.S. preference and the allocation process, it is necessary to review other statutory authorities that may stand in the way of fishery development. In that regard, present shipping laws that prevent the use of foreign vessels by American fishermen serve as a formidable barrier to our development goals.

Included in my statement is an article by Mr. Ron Hames that appeared in the December 1981 National Fisherman. It details the economic disadvantage to American fishermen that compete in the world market with foreign vessels. Foreign nations that receive allocations in our waters and compete in the same market as U.S. fishermen can obtain capital equipment that is priced at approximately one-half of the cost of a U.S.-built vessel.

We should review during the next session questions raised in this article to see if it may be appropriate for us to provide a way to put American fishermen on equal ground with their foreign competitors who fish in U.S. waters.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the National Fisherman, December 1981]

SHIPPING LAWS HAVE PUT STRANGLEHOLD ON U.S. FISHERMEN

(By Ron Hames)

Let's say that a U.S. citizen decides to enter the North Pacific/Bering Sea pollock industry. He requires a factory trawler that will work U.S. waters within the 200-mile zone of U.S. fisheries jurisdiction.

Upon reviewing the economic activities in the area, the fisherman finds foreign citizens already exploiting the pollock resources, using foreign-built (non-U.S.-documented) factory trawlers within the 200-mile fisheries conservation zone (FCZ).

The vessels available to foreign citizens are ordinarily built in foreign shipyards at considerably less expense than comparable U.S.-constructed vessels. With lower labor and material costs, foreign yards can produce a tool that is unavailable to U.S. fishermen, who are restricted to using U.S.-documented and, except on rare occasions, U.S.-built vessels.

Within U.S. jurisdictional boundaries, discrimination on the basis of national origin is illegal. But U.S. fishermen are currently subject to such discrimination. They are denied access to a tool (foreign-built vessels) available only to aliens, even though both would work side by side in the same U.S. areas competing for the same resources. Indeed, both would probably target on the same world market for their catch.

When the catch is sold, however, the U.S. fisherman cannot say, "I deserve a higher price for my fish products because I was forced to use more costly equipment than my competition." There is no sympathy in the marketplace for such an appeal.

This is the position in which U.S. fishermen find themselves today, and that situation will continue tomorrow unless current relevant laws are overcome.

Title 16, "Shipping," of the "United States Code Annotated" contains the Coasting and Fishing Act. In Section 251 the act states: "Vessels of 20 tons and upwards, enrolled . . . and having a license in force (i.e., documented) . . . shall be deemed vessels of the United States entitled to the privileges of vessels employed in the coasting trade or fisheries." Consequently, unless they work in small boats, U.S. fishermen are restricted to the use of U.S.-documented vessels.

OUTDATED RESTRICTIONS

The catch is that today's shipping laws were formed long before the foreign distant-water fleets began exploiting what in 1976 became U.S. bottomfish resources. When the Coasting and Fishing Act was passed 31 years ago, the concerns were to ensure safety for sailors at sea (U.S.-built vessels were legislatively pronounced safe) while simultaneously preventing foreign-built vessels from working U.S. waters.

But while the law has stood immobile, situations surrounding it have changed dramatically. Whereas the law was originally a protection for U.S. fishermen, it has now become a major penalty.

No longer can it be argued that construction practices and techniques in U.S. shipyards are superior to those of their foreign competitors. The reality is that numerous countries are employing advanced construction methods to turn out well-crafted vessels for considerably less than the cost of building a vessel in the United States.

Furthermore, U.S. waters—in terms of fisheries jurisdiction—have moved outward 188 miles since the Coasting and Fishing Act was passed in 1950. Foreign vessels are now permitted to fish inside the U.S. FCZ, but only if they are owned and operated by someone other than a U.S. citizen. Consequently, U.S. fishermen are denied an opportunity equal to that extended to the foreign fishermen.

CHANGING THE LAW

The restrictive law of the Coasting and Fishing Act can be changed in two basic ways: through the legislature and through the judiciary.

To change a law through a legislative initiative requires more than a fair, well-reasoned argument. Influence and financing must take their seats at afternoon luncheons. Individuals or small groups of U.S. fishermen do not currently have the funds necessary to match the lobbying tactics of such industrial concerns as U.S. shipyards.

These shipyards and their unions would lose little actual business if the law were changed. The fact is that not one factory trawler in the 300'-l.o.a. class has been built and launched in this country since the Magnuson Act was passed five years ago. And while it is understandable that U.S. yards are concerned lest they lose potential business, the way matters stand now, their reluctance for change only impedes U.S. fishery development. The question becomes: Is the fishing industry ever going to be able to change its paper revitalization into hard steel frames?

More effective than challenging the present law through the labyrinth of Congress would be for fishermen to take their case to court.

Instead of a legislative appeal aimed at creating personal prejudices for or against a position, the story in a courtroom can consist of facts presented before an impartial adjudicator. A ruling can be expected on the merits of the issue as opposed to its political expediency. In the courtroom, testimonial effects of cocktails bought, hands shaken, and plane rides proferred would not be admissible.

In addition to the constitutional (equal rights) challenges that could be used to attack the shipping laws, other legal arguments can be formed. For policy direction, anti-trust laws can be examined. These laws hold in disfavor a situation in which one group has an economic advantage over another. Such positioning can result in characteristics of a monopoly becoming entrenched in the industry. In fact, this is already the case in the Bering Sea pollock fishery, where foreign citizens hold sway in the FCZ.

Initial cost:

Vessel A (United States—new)	$15,000,000.00
Vessel B (foreign—new)	12,000,000.00
Vessel C (foreign—used)	8,000,000.00
Expenses:	
Annual payment (principal and interest):	
Vessel A (United States—new)	2,812,500.00
Vessel B (foreign—new)	2,250,000.00
Vessel C (foreign—used)	1,813,900.00
Operating costs (vessel A, B on C):	
Fuel	1,893,424.30
Crew share (70×$47,269.90)	3,308,893.00
Provisions	408,800.00
Repair and maintenance	750,000.00
Insurance	600,000.00

Note: A U.S. fisherman operating a 300 ft American-built trawler pays from $500,000 to $1,000,000 more per year in vessel expenses than does the owner of a new or used foreign trawler of comparable size. With crews of 70, each boat's operating expenses are shown to be uniform in the table above, making the vessels' cost the basic variable.

This control exists because foreign citizens have a substantial economic advantage over their U.S. competitors: They can use non-U.S.-documented vessels in their pursuit of U.S. resources. By examining the income and expense variables associated with the factory-trawler groundfish industry (particularly pollock), the economic advantage held by the foreign fleet can be illustrated.

The table on the facing page shows the fixed yearly expenses for a 300'-l.o.a. U.S. factory trawler with a crew of 70, against those for a comparable new or used foreign trawler.

The U.S. vessel's cost, with its resulting depreciation schedule, is the basic expense variable distinguishing it from a foreign boat.

Construction costs of a factory trawler of sufficient size (approximately 300') to compete year-round for bottomfish resources in U.S. waters off Alaska will conservatively run 20 percent lower in certain foreign (e.g., South Korean) shipyards than will the costs of a comparable vessel built in U.S. yards. A $15-million U.S.-built factory trawler can be built for $12 million overseas.

The annual payments associated with such new vessels would, at 20 percent financing, run approximately $2.8 million for the U.S. vessel (Vessel A), as opopsed to $2.25 million for the foreign vessel (Vessel B).

Moreover, the virtual worldwide implementation of 200-mile limits has flooded the market with secondhand factoryships—particularly from such nations as Norway and Great Britain—that are ideal for use in the Bering Sea. These surplus trawlers are available in price ranges averaging from $4 million to $8 million. On the latter (Vessel C), yearly payments would be around $1.8 million.

AN ECONOMIC BIND

It can be seen that the monetary penalty involved in restricting U.S. fishermen to U.S.-built vessels can range from $500,000 to $1 million every year for the life of the vessel.

The U.S. fisherman must now make a business judgment. He knows that the pollock industry is based on world trade prices. He must decide whether or not he can operate and compete in this marketplace. All he has to do is crack that extra $500,000–$1 million-a-year nut put into his pocket by the U.S. government. To generate enough income to overcome this penalty, the U.S. fisherman must try to sell his product at 6 percent–12 percent more than the foreign processor gets for his catch. This increase in price, if the fisherman can get it, would go into one pocket and directly out the other to pay for the added overhead of his operation.

The U.S. fisherman would then find himself in a Catch-22 situation. Even if he can command an inflated price for his product, the foreign operator—marketing an identical product—will also be able to sell at the higher price. Thus the U.S. fisherman can never narrow the expense gap created by the shipping laws.

From this, it can be argued that future capital investments will be attracted to the more profitable foreign operations that are developed to extract American FCZ pollock resources. As such, a pollock industry with U.S. factory trawlers can never be developed based on free world trade.

This is a picture of the situation as it exists today. Legislators will continue to pay attention occasionally and will fire off paperwork-generating panaceas of regulations, duties, tariffs, import restrictions, export criterias, industry investigations and tits for tats. And U.S. fishermen will continue to watch foreigners harvest U.S. fish and wonder, while embracing some vague supposition of equality, "Why can't I do that?"

THOMAS GARDINER (TOMMY) CORCORAN

Mr. BAKER. Mr. President, I want to take this opportunity to extend my deepest sympathy to the family of Thomas Gardiner (Tommy) Corcoran who died Sunday.

During the New Deal era, Mr. Corcoran rose to prominence as the principal engineer for revolutionary measures which changed the course of American history. In concert with his colleague, Benjamin V. Cohen, he collaborated on the Federal Housing Administration Act of 1934, the Securities and Exchange Commission Act of 1935, the Public Utilities Holding Company Act of 1935, the establishment of the Tennessee Valley Authority, and Fair Labor Standards.

Mr. Corcoran's unique brand of wit and political genius served to earn him the enduring esteem of President Franklin D. Roosevelt and other leaders of the day. He will surely take a place in American history as one of the greatest political tacticians of our era, a singular contributor to the drastic alteration of public policy in the 20th century.

I join my colleagues in extending our heartfelt sympathy to Mr. Corcoran's family and friends.

Mr. President, I ask unanimous consent to have printed in the RECORD, an editorial from the Washington Post.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THOMAS GARDINER CORCORAN

If ever there was in "this gorgeous town" a disarmingly affable broker of political influence who enjoyed the mix of public service, ideas and friendships, it was Thomas G. (Tommy) Corcoran. Mr. Corcoran, who died here Sunday at the age of 80, was a principal strategist, insider and tireless point man for the New Deal revolution during some of its most perilous and interesting times. And "Tommy the Cork," as Franklin D. Roosevelt fondly referred to him, reveled in the role of lawyer-lobbyist (or entrepreneur," as Mr. Corcoran would put it) in the high circles of all three branches of government.

What Mr. Corcoran knew and marketed so well was "what the government likes and does not like," an insight he mastered firsthand and marketed with great skill. With New Deal architect, White House teammate and longtime friend Benjamin V. Cohen, Mr. Corcoran became an invaluable administration figure and presidential counselor. It was this expertise that he later employed as a lawyer to seek and deliver results on behalf of major corporations that were doing business with the government.

His success in the private sector was a direct sequel to his influential role as engineer-designer of truly revolutionary policies. After all, it was the Corcoran-Cohen duo—known as the "hot-dog boys," an allusion to their mentor, Felix Frankfurter—that collaborated on the big acts, the enduring measures of the New Deal: the Securities and Exchange Commission Act, the Public Utilities Holding Company Act, the Federal Housing Administration Act, the Tennessee Valley Authority and the Wage and Hour Law, In the process, Mr. Corcoran also succeeded in attracting scores of highly capable, dedicated people to government service and important positions from which they were to make substantial contributions to public policy.

If critics had problems with Mr. Corcoran's later transition to private practice in government circles, neither he nor his clients did. Many of the very people who had damned him as a policy-maker were to find him a useful colleague and attorney in those later years, and he found these marriages of mutual interests rewarding in the fullest senses. With his infectious Irish humor and quick repartee, Mr. Corcoran delighted friends, legal adversaries and himself while gliding through the halls and offices of government.

"When I walk down the corridors of the Federal Power Commission," he once explained with a grin to a House subcommittee that was looking into his activities, "it's right down the main aisle . . . in broad daylight, with a brass band behind me." And that is how those who knew Tommy the Cork suspect he has just left their company.

RECOGNITION OF THE ACTING MINORITY LEADER

The PRESIDING OFFICER (Mr. HATCH). The Senator from Rhode Island.

ORDER OF BUSINESS

Mr. PELL. Mr. President, I ask unanimous consent that the remainder of the time for the minority leader be reserved for the minority leader.

The PRESIDING OFFICER. Without objection, it is so ordered.

DANGER IN THE COALFIELDS

Mr. ROBERT C. BYRD. Mr. President, I know that Senators are aware of the recent series of accidents in underground coal mines in Kentucky, Tennessee, and my own State of West Virginia. Thousands of citizens in each of those States, and in many other States, daily descend into mines to earn their living. Those mines should be as safe as possible.

On Thursday, November 5, I offered along with Senator ARLEN SPECTER, an amendment to the Labor/HHS appropriations bill for fiscal year 1982, when that bill was before the full Appropriations Committee. The amendment restored $48 million to mine safety enforcement programs. The $48 million had been cut in subcommittee, and our amendment brought the program level back to the President's original budget request.

An article in the Washington Post of December 10 entitled, "Fund Cuts Impair Mine Safety, Union Says," tells of the growing concern of the people directly involved with mining that reductions in Federal mine safety programs will jeopardize the safety of miners. The sad record of recent days cannot be ignored as Congress moves toward final action on fiscal year 1982 funding levels.

I ask unanimous consent that the article be inserted in the RECORD at this point.

[From the Washington Post, Dec. 10, 1981]

FUND CUTS IMPAIR MINE SAFETY, UNION SAYS

(By Bill Prochnau)

A United Mine Workers spokesman charged yesterday that Reagan administration budget cuts are reducing the number of federal mine inspections and reducing safety levels in coal mines. The charges were made in the wake of three coal mine accidents that killed 24 miners in just the past week.

"We just feel that the present attitude in the Reagan administration toward mine safety is not strong enough," Danny Davidson, the UMW deputy director for safety, said.

In its September budget proposal the Labor Department recommended eliminating 150 of 1,629 federal coal inspectors. But Ford B. Ford, assistant secretary of labor for mine safety and health, strongly defended the cutbacks. Ford said 72 inspections had been conducted in the past three years at the Topmost, Ky., mine in which eight were killed Monday.

"Generally, there may have been fewer inspections in the past year," Ford said, "but I just don't find a diminution of safety."

Meanwhile, attorneys for the Council of Southern Mountains, Inc., a citizens' group that includes Appalachian miners and their widows, asked the House Education and Labor Committee for a congressional investigation of the effect of the budget cuts on mine safety.

The attorneys charged the mine owners with a "pattern of violations" of mine-safety regulations that "show a need for more rather than less [federal] enforcement."

The three accidents appeared to have different causes. Although investigations still were under way, only the latest tragedy appeared to have been caused by a methane gas explosion, one of the more common risks in coal mine disasters.

Federal safety officials said workers at the Tennessee Consolidated Coal Co.'s mine near Palmer, Tenn., had just punched through the wall of an old shaft when an explosion rocked the mine Tuesday, killing 13. Investigators were attempting to determine yesterday whether methane gas had accumulated in the unused shaft, which had been closed for seven years.

At Topmost, where eight men were killed Monday after an explosion so violent it sent a shower of mud and water 300 yards out of the mouth of the mine, federal investigators were looking into the possibility that the miners accidently set off dynamite. Doctors said the men died of smoke inhalation.

Dr. George Nichols, Kentucky state medical examiner, said cigarettes and lighters were found on the bodies of three of the miners. "That is a distinct no-no in an underground mine," Nichols said. The doctor said there was no indication the lighters had been used but their presence "indicates things were pretty loose there, both with the workers and with management."

Last Thursday three miners were killed when rock and slate fell from the roof of a mine in Bergoo, W. Va.

The Tennessee accident was the worst in that state's history in 70 years. One of 17 survivors, who rode small rail cars to safety, said the mine started "shaking a little bit" and he "knew they had hit gas and it exploded." The miner declined to be identified.

John Parish, Tennessee Gov. Lamar Alexander's press secretary, said there was "strong evidence" the explosion was caused by methane. "But I don't think anybody is saying that officially."

Tennessee Consolidated operates 14 mines in the area. Federal investigators and the company president, William Allison, said the other mines would remain open.

RECOGNITION OF SENATOR MATTINGLY

The PRESIDING OFFICER. Under the previous order, the Senator from Georgia (Mr. MATTINGLY) is recognized for not to exceed 15 minutes.

DEFERRING REPAYMENT AND FORECLOSURE PROCEEDINGS ON CERTAIN OUTSTANDING LOANS MADE BY THE FARMERS HOME ADMINISTRATION

Mr. MATTINGLY. Mr. President, I send a sense of the Senate resolution to the desk and ask for its immediate consideration

The PRESIDING OFFICER. Is the Senator asking for immediate consideration?

Mr. MATTINGLY. Yes, by unanimous consent.

The PRESIDING OFFICER. The clerk will state the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 257) to express the sense of the Senate that the Secretary of Agriculture should continue Department pclicy in deferring the repayment of, and foreclosure proceedings on, certain outstanding loans made by the Farmers Home Administration.

The Senate proceeded to consider the resolution.

Mr. MATTINGLY. Mr. President, this is a sense of the Senate resolution which calls on the Secretary of Agriculture to work to the closest extent possible with the farmers to avoid foreclosure procedures on loans. FHA loans.

Mr. STEVENS. Mr. President, will the Senator yield for just a moment?

Mr. MATTINGLY. Yes.

Mr. STEVENS. I want to make sure that this has been cleared with the minority. Will the acting minority leader indicate whether it has approval or not?

Mr. PELL. This measure has the approval of the minority and has been cleared with the minority.

Mr. STEVENS. I thank the Senator.

Mr. MATTINGLY. It has been cleared on both sides.

I am introducing this resolution on behalf of myself, Mr. THURMOND, Mr. HELMS, Mr. HUDDLESTON, Mr. WARNER, Mr. BOSCHWITZ, Mr. ANDREWS, Mr. KASTEN, Mr. BENTSEN, Mr. DURENBERGER, Mr. SCHMITT, Mr. ZORINSKY, Mr. DENTON, Mr. STEVENS, Mr. BAKER, and Mr. NUNN.

I also ask unanimous consent to add Senator ROBERT C. BYRD as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MATTINGLY. Mr. President, the resolution which we have submitted is simply an effort to help reassure many farmers across the country that the Secretary of Agriculture and Farmers Home Administration are going to use every possible effort to help avoid any foreclosures and resulting bankruptcies due to delinquent Farmers Home Administration farm operating loans and farm ownership loans.

There is no question that farm income has been significantly reduced this year due to a number of causes—adverse growing conditions; higher costs for equipment, supplies and labor; high interest rates, and low prices for farm products on the market. Many farmers who have dealt in good faith with Farmers Home Administration and who have employed sound farming practices have still found themselves in a real bind in trying to keep up the originally scheduled repayment of FHA loans.

The Department of Agriculture speaking through the Secretary and through Mr. Frank Naylor, the Under Secretary for Small Community and Rural Development, has repeatedly indicated that they would work to help farmers who have been caught in this pinch. They have clearly stated that they expect a very minimal increase in the rate of farm loan foreclosures in the coming year, and that they would use the fullest extent of the present legislation to defer, extend, or refinance farmers who are in need of assistance.

Thus, the resolution simply adds the voice of the U.S. Senate to the efforts of the Department of Agriculture, and I hope will help reassure many farm operators who have gotten the mistaken impression that Farmers Home Administration is going to greatly increase foreclosures in the future.

Mr. President, there are several cosponsors to this legislation currently. I think it shows the impact of this great crisis that we have in our country.

Mr. HUDDLESTON. Mr. President, I am pleased to cosponsor the resolution expressing the sense of the Senate that foreclosure proceedings on certain Farmers Home Administration loans be deferred.

In the past year, farmers have been confronted with severe economic conditions consisting of high-interest rates, low-commodity prices, and natural disasters. Because of the condition of the farm economy, many experienced farmers using sound management practices on normally productive land will be unable to meet their loan obligations to the Farmers Home Administration.

It is in the Nation's interest to stand by our farmers until conditions affecting the farm economy improve. Until the administration takes the steps necessary to improve farm income, every tool available should be used by the administration to help farmers continue their operations. These tools include the deferment and refinancing policies referred to in the resolution. In addition, the administration should use the economic emergency loan program which is extended by the 1981 farm bill.

The administration has the authority to assist our Nation's farmers and I urge the Secretary of Agriculture and the President to use that authority.

● Mr. BENTSEN. Mr. President, as a cosponsor of this resolution I urge the Secretary of Agriculture and the Administrator of the Farmers Home Administration to read it carefully, and to read carefully the statements of the Senators who are concerned about this issue, such as this one.

The message in this resolution and in these statements is a clear one. We are facing tremendous problems in our farm sector. Many of our farmers are on the brink of bankruptcy. Many farmers may no longer be farming next year.

We want the Secretary of Agriculture to know the true dimensions of the problems facing the American family farmer today. Real net farm income is the lowest since the Depression. Many farmers will not only not be able to pay off debts from last year's terrible drought, but they may even go deeper into debt this year.

Mr. President, this is happening in a year of good crops. If farmers had had poor crops this year the problems in west Texas would have been unimaginable. Even now farmers cannot make ends meet even with good cotton crops, because market prices have hit rock bottom—at and even occasionally below the loan rate on sales of cotton.

We have just passed a farm bill which gives the Secretary broad discretion in managing our Nation's farm programs. I do not think it was a good farm bill. But never the less, the tools are there. The economic emergency loan program of FmHA is reauthorized. FmHA has broad discretion to adjust its policies to recognize and to deal with the problems of its farm borrowers rather than forcing mass foreclosures or liquidations. The price support levels in this bill are minimums, not maximums, and the Secretary of Agriculture has broad discretion in export promotion, supply management, reserves, and many other areas which he can use to implement a program that will deal with the needs of our farmers.

However, at the insistence of the Secretary of Agriculture, many mandatory provisions were stripped from the farm bill. They were instead made discretionary. The administration has gotten the farm bill that they wanted. The Secretary of Agriculture has gotten the discretion that he wanted to manage the Nation's agriculture.

To properly administer these programs there must be a recognition at the highest levels of Government of the scope of this Nation's farm problems. We had a meeting this morning in the office of Congressman JACK HIGHTOWER of Texas to discuss these problems with Mr. Charles Schumann, the Administrator of FmHA. I am very concerned about the lack of factual information on FmHA loan problems, as are many other members of the Texas delegation. Mr. Schuman is sympathetic, but he does not yet have the necessary information, either. Farmers in Texas are being sent a "Notice of Acceleration and Demand for Payment" notice by FmHA, and yet the Administrator of FmHA cannot yet tell us even how many of these have been sent out.

Mr. President, I ask unanimous consent that a copy of my letter to Mr. Schumann be printed at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection it is so ordered.

(See exhibit 1.)

Mr. BENTSEN. Mr. President, these are foreclosure threats that Texas farmers are receiving, and I want to be absolutely sure that the Secretary of Agriculture knows what is going on out in the country. I want to be sure that he knows that farmers who have cut expenses to the bone, who have worked all year and made a good crop, cannot pay off their debts because cotton prices have dropped 20 cents per pound during this Secretary's term in office.

Mr. President, I hope that the Department of Agriculture will hear this message. I hope that they will think about the impact that low farm prices and high interest rates have on the family farmer. I hope they will realize the connection between "cheap food" policies and the problems that we are now facing with Farmers Home.

The Secretary of Agriculture has the authority to deal with this problem. I hope that he has the understanding and the willingness to use his authority to see that we continue to enjoy the benefits of the familly farm system which has met the food and fibers needs of this country and this world for so long and so well.

I urge my colleagues to approve this resolution.

EXHIBIT 1

U.S. SENATE,
Washington, D.C., December 9, 1981.

Mr. CHARLES SCHUMAN,
Administrator, Farmers Home Administration, Washington, D.C.

DEAR MR. ADMINISTRATOR: We are deeply concerned about the deteriorating state of the farm economy. High interest rates, low prices, and skyrocketing production costs have doomed any hope of economic recovery in the farm sector this year, and current prospects for most major commodities appear bleak for next year as well.

Many Texas farmers have made good crops this year after a disastrous drought of 1980, only to find that prices are so low that it is difficult to make a profit even with good yields. Many of these farmers are deeply in debt as a result of last year's drought, and with real net farm income at the lowest levels since the Depression there is little prospect that these debts can be paid off this year. Indeed, for many it will be a struggle to keep these debts from increasing in spite of good yields this year.

The Farmers Home Administration plays a key role in providing financing to farmers who have suffered hard times, such as last year, and the current situation will place major demands on FMHA once again. We would appreciate a report from you at your earliest convenience on the situation in the State of Texas and in any areas of the State which are particularly hard-pressed. We would like to get specific information such as the number of farmers borrowing from FmHA, the number of delinquencies, and servicing policy on delinquent accounts. We would also appreciate your estimate of the percent of FmHA farm borrowers who will and will not be able to refinance through FmHA or other sources for next year.

We stand ready to assist you in any way possible to expeditiously meet the needs of the farmers of Texas, and we look forward to a written reply at your earliest convenience.

Sincerely,

LLOYD BENTSEN,
CHARLES STENHOLM,
JACK HIGHTOWER,
KENT HANCE.●

THE FARM SECTOR IS IN ECONOMIC STRAITS

Mr. ROBERT C. BYRD. Mr. President, I support and join in cosponsoring the resolution to express the sense of the Senate that the Farmers Home Administration continue its present loan policies. As we approach the Christmas holidays, I believe that it is imperative for this body to let our farmers and rural residents know that the Federal Government will not play Scrooge on January 1, when many FmHA loans come due.

Farmers work on a large margin of credit. They are required to borrow large amounts of money to obtain the fuel, fertilizer, seed, stock, or other materials needed to produce a crop, milk, or meat. They borrow far in advance of knowing what market conditions will be after the crop comes in or the milk is ready to be sold. The free market risks of this nature borne by farmers are made much greater in a period of high interest rates and loan economic growth.

The national economy is in precisely that state at this time. Higher unemployment across the country means some decrease in demand for agricultural products, as people literally tighten their belts.

The farmer or rural resident holding an FmHA loan is being squeezed by this situation. The loan has been made, the crop has been produced, but now rising production costs or lower market prices make it impossible for immediate repayment.

The policy of the Farmers' Home Administration under such circumstances in the past has been to seek to accommodate the holder of the loan so that foreclosure is avoided. The net benefit to our country that results from this policy is that farmers stay in business, those who have received disaster loans are given a chance to recover, and those who have bought farms with ownership loans do not instantly lose their farms.

These are at present 22,672 FmHA loans in West Virginia, worth $933,468,614. It should be obvious what the effect of a wave of FmHA foreclosures would be on my State. The long stretch of very high interest rates that are punishing our economy have made it tough on everyone. People are already in serious economic straits, and the Federal Government would exacerbate this condition by foreclosing on those in difficulty.

This resolution tells the Farmers Home Administration that the Senate does not want that to happen. The purpose of the credit programs of FmHA is to help our farmers and those who live and work in rural areas build a prosperous economic base. We cannot allow their efforts to help themselves be destroyed.

● Mr. DENTON. Mr. President, I rise in support of the resolution offered by my good friend and distinguished colleague from Georgia (Mr. MATTINGLY). I want to emphasize that my support is based on my belief that the resolution is merely our endorsement for present Farmers Home Administration collection policy and procedures.

It is disturbing that rumors are circulating that the FMHA is planning sig-

nificant changes this year in its procedure for farm loan foreclosures.

In recent weeks, there have been reports from Alabama that the Farmers Home Administration is planning to change its collection policy or is not implementing current policy. I was concerned about those reports so I contacted the Alabama Farmers Home Administration director, Mr. Dale Richey, to see if the Alabama Farmers Home Administration Office in fact is implementing present policy.

Mr. President, I ask that a statement Mr. Richey has prepared in that regard be entered into the RECORD at this point.

The statement follows:

STATEMENT BY FmHA STATE DIRECTOR DALE NEWTON RICHEY

We are well aware that there has been some misunderstanding and some confusion as to our servicing and foreclosure policy.

Agriculture Secretary John Block, Under Secretary Frank W. Naylor, Jr., and FmHA Administrator, Charles Shuman, have repeatedly stated in public that the agency will use all the tools at its command, to be as much help as possible to any farmer who stands a chance of success. This policy has been backed up by numerous written instructions to FmHA state offices.

Some misunderstanding may arise from the fact that Farmers Home is reemphasizing its original intent—that is to provide supervised credit to farmers who cannot obtain financing through private credit sources and to provide close supervision and servicing of our loans. We are also reemphasizing the "graduation" of borrowers from FmHA to private lending institutions whenever possible.

It may be that some groups and the media have jumped to the conclusion that more supervision and servicing means more foreclosures. That conclusion is both unfortunate and erroneous.

In a policy statement, sent to field offices on October 1, 1981, Administrator Shuman said--and I quote:

"The purpose of supervision and servicing of delinquent accounts is to help the borrower overcome his or her financial problems and make the loan current. Our collection tactics should be firm but reasonable. Supervision and servicing should not be confused with foreclosure. Foreclosures are admissions that we have failed. Everything in our power should be done to help the borrower to become current with foreclosure reserved as a last resort."

That clear, strong policy direction has been followed up with more detailed instructions. Each field office has been directed to handle delinquency problems on a case-by-case basis. Every borrower's financial situation is unique. Our efforts to help the borrower to succeed must take into account the individual situation.

In dealing with delinquent accounts, we are making every effort to stay with our borrowers—on a year-by-year basis—if they have met the following conditions:

Acted in good faith in trying to meet agreements with FmHA;

Have made an honest effort to keep their loan current but have been unable to because of conditions beyond their control;

Have applied recommended and recognized successful production and financial management practices;

Have a reasonable chance to accomplish the loan objective; and

Have maintained and accounted for security property.

I think it is important to point out, Mr. Chairman, that Farmers Home borrowers are considered delinquent if they are more than 10 dollars or 15 days behind in their scheduled payments. The reality of the situation, of course, is that many farmers have more serious problems. The general economic situation coupled with relatively low farm prices and natural disasters have caused some financial hardship. In Alabama, as in the rest of the country, we are doing everything we can to help our borrowers work through whatever problems they may have.

The problems, however, should be kept in perspective. The national FmHA foreclosure figures are running at about the same rate they have for the last several years. Out of the farm loan portfolio of 283,000 loans, voluntary conveyances and foreclosures total 201. That is about seven one-hundredths of one percent of outstanding loans.

The situation in Alabama is not much different than it is nationally. Out of 7695 outstanding loans this year, we know of 50 possible foreclosures. These foreclosures in most cases will be voluntary. The farmer himself will decide that it is impossible to continue.

It is difficult, and sometimes risky, to peer into the future. The outlook for the near future appears to lie in supporting President Reagan's policies and in implementing and maintaining the Administration's economic recovery program.●

Mr. MATTINGLY. I move the adoption of the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 257) was agreed to.

The preamble was agreed to.

The resolution, and preamble, as agreed to, are as follows:

S. RES. 257

Whereas many of the Nation's farmers with Farmers Home Administration loans will be unable to meet timely their loan obligations because of unusually adverse economic circumstances resulting from increased costs of production, high interest rates, and drastically reduced farm income;

Whereas many of the borrowers, if required to make scheduled repayments under their obligations, would be forced to liquidate their assets and receive only a fractional part of the true value thereof;

Whereas the Federal government risks not collecting the full amount owed under many outstanding loans made by the Farmers Home Administration if the borrowers are forced into bankruptcy; and

Whereas Congress has provided the Secretary of Agriculture with ample authority to help alleviate the adverse situation confronting many Farmers Home Administration borrowers: Now therefore, be it

Resolved, That it is the sense of the Senate that the Secretary of Agriculture should, to the maximum extent practicable, continue to pursue the policy of the Department to—

(1) extend the term of, defer the repayment of, or refinance the unpaid balance of operating loans, natural disaster emergency loans, and farm ownership loans made by the Farmers Home Administration.

(2) defer any foreclosure proceedings that would otherwise be taken on any such loan if—

(A) the Secretary of Agriculture determines that the obligor of the loan can reasonably be expected to repay the loan by reason of such extension, deferral or refinancing;

(B) the obligor of the loan has properly used for a farm purpose all loans previously made to the obligor by the Farmers Home Administration; and

(C) the obligor of the loan has not previously failed to satisfy a loan made to the obligor by the Farmers Home Administration by disposing of the security for the loan in a manner inconsistent with the obligor's loan agreement.

SEC. 2. The Secretary of the Senate shall transmit copies of this resolution to the Secretary of Agriculture and the Administrator of the Farmers Home Administration.

RECOGNITION OF SENATOR SPECTER

The PRESIDING OFFICER. Under the previous order, the Chair recognizes the Senator from Pennsylvania (Mr. SPECTER) for not to exceed 15 minutes.

S. 1938—FRANCHISE FEES FOR CABLE TELEVISION

Mr. SPECTER. Mr. President, I rise today to introduce a bill to eliminate the authority of the Federal Communications Commission to regulate the franchise fee which a State, political subdivision, or other governmental entity may impose in connection with any franchise for cable television.

The issue of the need for local funding was succinctly outlined in the October 26 issue of Business Week, commenting on the problem of the cities, as follows:

Falling revenues are now combining with an inability to borrow in a way that is making it extremely difficult for Washington's great partner in the federal system, state and local government, to fill its traditional role of producing the basic government infrastructure for growth—such elementary things as bridges, roads, sewage, water, and mass transit. So serious is the decay of the nation's infrastructure and so poor the prospects for its refurbishment that many sophisticated businessmen and economists believe the U.S. is entering a period of severe crisis for state and local government.

I believe, Mr. President, the Congress is dedicated to freeing local governments from excessive Federal regulation. Certainly we do not wish to limit local government's ability to secure funds at a time when the Federal Government is instituting massive cuts in aid, thereby placing stress on local budgets.

Despite Congress dedication to providing relief to local government from onerous Federal regulations, there is a regulation which denies local governments an income source which holds promise for large and growing revenues in the years ahead. I refer to the Federal Communications Commission's regulation for cable television, the practical effect of which is to place a limitation of from 3 to 5 percent of gross subscriber revenues on franchise fees.

The present rule, at least by inference, assumes that the FCC, an appointed Commission, has the wisdom to set limits for franchise rates for local governments and their communities, and elected mayors and councils do not have the widsom to make such decisions. Any argument that the industry needs this type of Federal control to aid its growth is refuted by the expansion forecast by nearly all observers of the industry. For example, on November 18 the Wall Street Journal reported that the chairman of Twentieth Century Fox predicts cable revenues of $6 billion by 1986. The Cable Television Information Center now forecasts $20 billion cable TV revenues for 1990.

Mr. President, I reject the argument

that local governments will take advantage of cable TV films if the present ceiling on franchise fees is removed. I believe local elected officials will operate responsibly and that the cable companies can appeal to the local voters in any case where fees are unreasonable.

Because I believe local governments need the fiscal flexibility to apply franchise rates they determine are appropriate and because of the financial difficulties in which so many communities now find themselves, I am introducing a bill today to explicitly prohibit the Federal Communications Commission from continuing to set limits to franchise fees for cable television.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1938

Be it enacted by the Senate and House of Representatives of the United States of America in Congress asembled, That on and after the date of the enactment of this Act, neither the Federal Communications Commission or any other department, agency, commission, or other entity of the United States shall have the power, authority, or jurisdiction to regulate, directly or indirectly, the franchise fee or tax which any State, or political subdivision thereof, may require owners or operators of cable service systems receiving franchises from such State or political subdivision to pay to such State or subdivision for such franchises.

MINING RECLAMATION RESERVE ACT OF 1981

Mr. SPECTER. Mr. President, on December 4, I introduced the Mining Reclamation Reserve Act of 1981. Through an apparent inadvertence, S. 1911 was not printed in the CONGRESSIONAL RECORD on that date. At this time, I ask unanimous consent that it be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1911

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Mining Reclamation Reserve Act of 1981".

SEC. 2. ALLOWANCE OF DEDUCTION FOR ADDITIONS TO RECLAMATION RESERVES.

(a) IN GENERAL.—Subpart C of part II of subchapter E of chapter 1 of the Internal Revenue Code of 1954 (relating to the taxable year for which deduction may be taken) is amended by adding at the end thereof the following new section:

"SEC. 467. RESERVES FOR ESTIMATED EXPENSES OF SURFACE MINING LAND RECLAMATION.

"(a) ALLOWANCE OF DEDUCTION.—In computing taxable income for the taxable year, there shall be taken into account a reasonable addition to any reserve established for the estimated expenses of surface mining land reclamation.

"(b) ADJUSTMENTS WHERE RESERVE BECOMES EXCESSIVE.—If it is determined that the amount of any reserve for the estimated expenses of surface mining land reclamation is (as of the close of the taxable year) excessive, then (under regulations prescribed by the Secretary) such excess shall be taken into account in computing taxable income for the taxable year.

"(c) ELECTION OF BENEFITS.—

"(1) IN GENERAL.—This section shall apply to the estimated expenses of surface mining land reclamation with respect to any property if and only if the taxpayer makes an election under this section with respect to such property. Such election shall be made in such manner as the Secretary may by regulations prescribe.

"(2) SCOPE OF ELECTION.—If an election under this section is made with respect to any property, such election shall apply to all estimated expenses of surface mining land reclamation of the taxpayer with respect to such property.

"(3) WHEN ELECTION MAY BE MADE.—

"(A) WITHOUT CONSENT.—A taxpayer may, without the consent of the Secretary, make an election under this section with respect to any property for his first taxable year (i) which ends after the date of the enactment of this section, and (ii) for which there are estimated expenses of surface mining land reclamation with respect to such property. Such an election shall be made not later than the time prescribed by law for filing the return for such taxable year (including extensions thereof).

"(B) WITH CONSENT.—A taxpayer may, with the consent of the Secretary, make an election under this section at any time.

"(4) REVOCABLE ONLY WITH CONSENT.—An election under this section, once made, may be revoked only with the consent of the Secretary.

"(5) PROPERTY DEFINED.—For purposes of this section, the term 'property' has the meaning given to such term by section 614.

"(d) ESTIMATED EXPENSES OF SURFACE MINING LAND RECLAMATION.—For purposes of this section—

"(1) IN GENERAL.—The term 'estimated expenses of surface mining land reclamation' means a deduction allowable to the taxpayer under this subtitle—

"(A) which is attributable to qualified reclamation activities to be conducted in subsequent taxable years,

"(B) which can be estimated with reasonable accuracy, and

"(C) which is allocable to minerals extracted by surface mining activities which occur before the close of the taxable year.

"(2) QUALIFIED RECLAMATION ACTIVITIES.—The term 'qualified reclamation activities' means any land reclamation activities which are conducted in accordance with a reclamation plan—

"(A) which is submitted pursuant to the provisions of section 508 or 511 of the Surface Mining Control and Reclamation Act of 1977 (as in effect on January 1, 1981) and which is part of a surface mining and reclamation permit granted under the provisions of title V of such Act (as so in effect), or

"(B) which is submitted pursuant to any other Federal or State law which imposes reclamation and permit requirements substantially similar to those imposed by title V of such Act (as so in effect).

"(3) EXCEPTION.—Except for purposes of subsection (e), the term 'estimated expenses of surface mining land reclamation' does not include any amount allocable to minerals extracted by surface mining activities occurring before the beginning of the first taxable year for which an election under this section is made.

"(e) SPECIAL RULE FOR COSTS ATTRIBUTABLE TO PERIOD BEFORE ELECTION.—Any estimated expenses of surface mining land reclamation which are allocable to minerals extracted by surface mining activities which occurred before the first taxable year for which an election with respect to the property under this section is made and which have not previously been taken into account by the taxpayer in computing taxable income, shall be treated as deferred expenses and shall be allowed as a deduction ratably over a period—

"(1) which begins with the first month of the first taxable year for which an election under this section is made with respect to the property, and

"(2) which ends with the month during which it is reasonably expected that surface mining land reclamation activities with respect to the property involved will be completed (or if earlier the last month of the 60-month period beginning with the month described in paragraph (1)).

"(f) SPECIAL RULES.—

"(1) TAXPAYERS WHO MAKE AN ELECTION UNDER SECTION.—In the case of any taxpayer who makes an election under this section with respect to any property, the determination of the taxable year for which nonqualified land reclamation expenses with respect to such property are allowable as a deduction shall be made under regulations prescribed by the Secretary. For purposes of the preceding sentence, the term 'nonqualified land reclamation expenses' means any expense of land reclamation activities (other than qualified reclamation activities) which are attributable to surface mining.

"(2) TAXPAYERS WHO DO NOT MAKE AN ELECTION.—In the case of any taxpayer who does not make an election under this section with respect to any property, any deduction for expenses of land reclamation activities with respect to such property attributable to surface mining shall be allowable in the same manner and to the same extent as if this section had not been enacted.".

(b) The table of sections for subpart C of part II of subchapter E of chapter 1 of such Code is amended by adding at the end thereof the following new item:

"Sec. 467. Reserves for estimated expenses of surface mining land reclamation.".

(c) (1) The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) If—

(A) the taxpayer makes an election under section 467 of the Internal Revenue Code of 1954 for his first taxable year ending after the date of the enactment of this Act, and

(B) for a continuous period of one or more taxable years each of which ends on or before such date of enactment, the taxpayer used an accrual method of accounting with respect to the expenses of surface mining reclamation activities attributable to surface mining which allowed a deduction for such expenses prior to the taxable year in which such expenses were paid,

then the taxpayer may make an election under this paragraph to have the method of accounting which he used for such continuous period treated as a valid method of accounting for purposes of the Internal Revenue Code of 1954. The taxpayer may make an election under this section with respect to only one such continuous period.

(3) An election under paragraph (2) shall be made at such time and in such manner as the Secretary of the Treasury or his delegate shall by regulations prescribe.

Mr. SPECTER. Mr. President, I yield the floor.

I suggest the absence of a quorum.

The PRESIDING OFFICER. Will the Senator withhold his request?

Mr. SPECTER. I will.

ROUTINE MORNING BUSINESS

The PRESIDING OFFICER. Under the previous order, there will now be a pe-

riod for the transaction of routine morning business not to extend beyond the hour of 10 a.m., during which Senators may speak for not more than 2 minutes each.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MOYNIHAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF BUSINESS

Mr. MOYNIHAN. Mr. President, in the absence of any evident desire by other Members to speak this morning, I ask unanimous consent that I be allowed to speak in morning business for a period not to exceed 12 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. I thank the Chair for his courtesy.

THE AMERICAN LABOR MOVEMENT

Mr. MOYNIHAN. Mr. President, I rise to speak to one of the great hidden events that seems to be underway in America at this moment, one which strikes me as having the most portentous, indeed ominous consequences. This is to say that the judgment is arising in influential circles at every level, from the rank and file to the leadership, of the American labor movement that two of the great understandings it had reached with the American society at large are being breached to the point where it is no longer clear that they are viable.

This is, as the distinguished Chair knows, the 100th anniversary of the founding of the American labor movement, an institution of extraordinary age and durability. Were we to measure the number of Presidents we have had in the last century, it would be instructive for us to consider that there have been only five heads of the AFL–CIO, one of whom served only a single year. Basically, we have had Samuel Gompers, William Green, George Meany, and now Lane Kirkland.

If you compare the instability of the institution of American labor—and ours is a remarkably stable one—with most labor institutions in the world, you recognize what a force for continuity and successful adaptation to changed circumstances the American labor movement has been. One of the secrets of its national impact has been this: When the American labor movement organized, it did so uniquely, compared with all the other democratic labor movements in the world. It entered into a compact with American society. It said, "We will not seek to change the economic system of this country and we will not seek to change the political institutions of this country. We will operate within the existing structures of both. But we will seek to advance the interests of our membership in that context. We will not change the free market society. We will not interfere with a two-party system," then as now. "But we will look for more for our members." Samuel Gompers said this 100 years ago and all have said the same since. And that compact has been kept.

In the last 40 years, Mr. President, this compact has been nowhere more conspicuous than in the attachment of the American labor movement to two principal concerns of the U.S. Government and society. The first is its attachment to a strong national defense. Whereas the world over, trade union movements have tended to oppose national defense measures as an issue of allocation of resources and as an issue of political beliefs, American labor has supported defense even when persons in both parties who ought to have known better have not done so.

Similarly, American labor has unwaveringly supported international economic policies which call for lower tariffs, fewer barriers to trade, and expanding trade.

Both these positions are now threatened, the latter most conspicuously by a wholly shortsighted judgment being made by the administration effectively to end the trade adjustment assistance program. I remind this body that commitments were made to the American labor movement at the time of the Tokyo Round of Multilateral Trade Agreements—commitments that if the U.S. Government, as a matter of policy, reduced domestic employment opportunities by allowing foreign imports into the country, workers who lost their jobs in those import-injured industries would be given training and would be given extended unemployment benefits, a program we know as trade adjustment assistance. This commitment was neither vague nor given in a casual manner. It was a promise made.

In return for that promise, the American labor movement once again supported a trade expansion measure, which was thought to be without any serious prospect whatever in this body. But it was adopted with overwhelming support, as I recall, with only eight or nine dissenting votes. It was adopted because promises had been made. In the past they have been kept. Now they are being broken.

This week, the Subcommittee on International Trade of the Committee on Finance held a hearing on trade adjustment assistance. A succession of trade union representatives—from the AFL–CIO, from the Steelworkers, from the Amalgamated Clothing & Textile Workers, from the International Ladies Garment Workers, and from the United Auto Workers—came to our witness table and said, "You have broken your understanding."

One gentleman from the UAW read to us from a report by the Congressional Budget Office, entitled "U.S. Trade Policy and the Tokyo Round of Multilateral Trade Negotiations," a report which makes explicitly clear that there would be losers as well as gainers in trade liberalization. The policy of the Government in this exchange would be to look after the losers.

It said:

> The brunt of the job layoffs in the United States, resulting from trade liberalization will be borne disproportionately by semiskilled workers . . . Geographically, most of the net job losses resulting from trade liberalization will take place in the urban areas of the North and East, particularly in Illinois, Massachusetts, Michigan, New York. . . .

It is the semiskilled workers in the North and East who suffer from this trade expansion policy, a Government policy, but commitments were made by this Congress that they would be given some assistance in the aftermath. Now they are not being given any. The administration is breaking this commitment.

We asked for a policymaker in the administration to appear before us. None came. A respected and honorable representative from the U.S. Employment Office, a career officer, came. But nobody from the administration came. They will not even make an excuse for breaking our promise.

Mr. President, I offer a thought to this body. For 40 years, we have lived in a world in which the American labor movement, incomparably the largest, single, economic-political organization in our country, has supported trade liberalizing. If it ceases to do so because the U.S. Government broke its word—and there is not a member of our subcommitee who would not say that it has broken its word—then you will find a different America, a profoundly different America.

People who think they are not in any way involved will find a different America. All they have to do is wait until the economic policies of this Government turn away from the direction they have had since Cordell Hull. Because the labor movement has been betrayed, we will soon find that we are living in a very different country.

Second, if the U.S. American labor movement should ever decide that national defense has become a zero-sum game, one in which whatever goes to defense must be taken from social programs they have also supported, then that commitment to national defense will weaken. It could very well disappear altogether, and then it will be a very different country indeed—a country vastly more in danger from the forces in the world.

We do not know, Mr. President, what a treasure we have had in the labor movement that has supported defense and argued for and successfully brought about expansion in trade. Take those two elements out of our national political structure, and very different results emerge.

Mr. President, I do not think there are enough people in this administration with enough experience in Government, one, and relations with the labor movement, two, to understand what I am saying. I cannot imagine that there would be five people at the other end of Pennsylvania Avenue who would say, "Do you mean to say the American labor movement has been for defense? When?" That comes from arriving in town very new to Government. "You say

that the American labor movement has supported free trade? Oh, hmm. When? That every major trade agreement of GATT, going back to 1947, has been adopted because the AFL-CIO has said, 'Yes, we are for it?' "

With that support disappearing, something large changes. When the conviction of the American labor movement is that you can have a strong defense, but not at the expense of social programs, the United States becomes weaker. That eventuality, that possibility, that portentous development, is upon us and should be listened to.

Mr. President, I recognize that my time has expired. I ask unanimous consent to have printed in the RECORD the relevant portions of the Congressional Budget Office background paper on U.S. trade policy.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

PORTIONS OF THE CONGRESSIONAL BUDGET OFFICE BACKGROUND PAPER

GAINERS AND LOSERS AS A RESULT OF TRADE LIBERALIZATION

The problem with such figures for the net gains of liberalized trade policies is that they can hide the fact that these gains are not evenly distributed. While consumers and producers of some products may benefit greatly from freer trade, some businesses will be forced to close and some workers will lose their jobs because of increased foreign competition. It will, of course, be of small comfort to these businesses and workers to learn that the gains accruing to others are much greater than the losses they themselves are suffering.

There is no way to predict with any accuracy exactly how much particular sectors of the U.S. economy will gain or lose as a result of agreements reached in Geneva to liberalize trade policies. The distribution of such gains and losses will be highly dependent on the details of the tariff reduction formulas and on the nontariff barrier reductions that finally emerge from the negotiations, and as yet all of these details have not been worked out. The average tariff reductions of 30 percent to 40 percent that are expected will result from a wide range of reductions for specific products. A number of particular products will be accorded special treatment or excluded entirely from tariff reductions. Needless to say, each nation has its own set of products for which it seeks special treatment, and in the closing phases of the negotiations there could be important changes in the treatment of particular products.

Even if it is impossible to estimate accurately the impact of trade liberalization on particular industries, it is possible from such studies as the two cited above to get some indication of which types of industries will gain and which will lose as a result of trade liberalization. In general, the industries that will suffer as a result of trade liberalization are those that are relatively labor intensive or that make use of simple, well-known technologies. Among the industries that could potentially suffer the most as a result of tariff reductions are those producing footwear, leather products other than shoes, pottery food utensils, steel products, radios and television sets, and jewelry.[5]

In addition to those industries, the textile industry is often cited as the U.S. industry likely to suffer most severely as a result of trade liberalization.[6] According to one estimate, job losses in the textile industry could account for nearly 43 percent of all jobs lost in the United States as a result of tariff reductions if tariffs on textiles were reduced by the same proportion as tariffs on other commodities.[7] Estimates of the effect of tariff reductions on the textile industry are particularly unreliable, however. Most observers expect tariff reductions on textiles to be significantly smaller than reductions in other tariffs. Further, imports of textiles are limited by a series of bilateral agreements negotiated within the general framework of the international Multi-Fiber Agreement, and nothing that is being negotiated in Geneva will alter the terms of these agreements. To estimate how large an increase in U.S. textile imports might result from textile tariff reductions, it would be necessary to do a careful analysis of the many categories of textiles covered by each bilateral textile trade agreement, an undertaking that is beyond the scope of this paper.

Trade liberalization will have the reverse effect on a number of industries whose exports have been restricted by high tariffs abroad. Lower duties on the products of these industries will bring about increased demand and eventually will result in higher employment. By and large, the beneficiaries of freer trade will be those industries that exploit highly sophisticated or recently developed technology or that process U.S. agricultural commodities. Among those likely to benefit most are industries producing tobacco products, semiconductors, computing machines, office machines, mechanized measuring devices, electronic components, aircraft, and aircraft equipment.[8] Also making important gains will be the U.S. agricultural sector, particularly if liberalization includes not only tariff reductions but also a lowering of agricultural nontariff barriers by the European Community and by Japan.

The brunt of job layoffs in the United States resulting from trade liberalization will be borne disproportionately by semiskilled workers—primarily machine operators, assembly line workers, and nonfarm laborers. Highly skilled workers will be more in demand as a result of general trade liberalization, with the need for research and development workers and production-related technical workers growing most rapidly. Demand will also increase for all types of agricultural workers.[9]

Geographically, most of the net job losses resulting from trade liberalization will take place in the urban areas of the North and East, particularly in Illinois, Massachusetts, Michigan, New York, Ohio, and Pennsylvania. Relative to their populations, the four New England states of Maine, New Hampshire, Vermont, and Massachusetts will suffer the largest displacement of workers. Newly created jobs would be concentrated in the southern, midwestern, and western areas of the United States, with especially large increases in the agricultural regions of Kansas, Minnesota, and the Dakotas.[10]

The distribution of jobs lost and gained throughout the United States could have some important social consequences. Because those losing jobs will be predominantly semiskilled production workers, the burden of adjusting to a regime of freer trade will fall more heavily on lower-income and minority workers than on the higher-income, mostly white male workers in highly technical jobs. Often it will be those workers hardest to place in new occupations who will be thrown out of work by trade liberalization. This is particularly the case in the textile industry, in which 23 percent of the workers are minorities and 65 percent are women.[11] Many jobs in the textile industry are located in rural and economically stagnant areas where opportunities for alternate employment are few, and many textile workers possess few work skills of use in other occupations.

Among the beneficiaries of lowered trade barriers would be consumers in the United States. In many cases, trade barriers have been erected specifically to protect particular domestic industries from lower-priced foreign competition. One would expect, therefore, that the removal or reduction of such trade barriers would result in increased availability of lower-priced goods in the U.S. market. Estimates of the effects of tariff reductions consistently show such price decreases. In general, the sectors in which these price reductions are estimated to be most significant are the same sectors in which job losses resulting from liberalization would be the largest. This is not surprising, since it is exactly those domestic industries in which prices are much higher than those of foreign producers that are most dependent on trade restrictions for their continued survival.[12] Further, it is widely believed—although difficult to prove—that increased foreign access to U.S. markets will aid U.S. consumers by bringing additional competitive pressure to bear on U.S. producers, thus restraining domestic price increases.

The nature and distribution of gains and losses due to liberalized trade are such that one might expect opposition to less restrictive policies to be better organized and more vocal than support will be. The negative effects of trade liberalization will fall heavily on a relatively small group of industries and workers. But because the losses suffered by this group would be severe—plant closings and the loss of jobs—and because the adversely affected groups would be concentrated in a few locations and would in general be relatively well organized, strong opposition to trade liberalization is likely to develop. The beneficiaries of trade liberalization, on the other hand, will be many and generally unorganized. The benefits accruing to each consumer will be only marginal—perhaps not even easily discernible—and the workers finding new jobs are likely to be widely scattered and often without organized unions. Support for liberalized trade policies by these groups will, therefore, be relatively muted. The relative organization of opposition to trade liberalization should not obscure the fact that trade liberalization could lead to significant net gains for the United States. Neither should it be forgotten, though, that some groups will pay heavily for these overall gains.

Some mechanisms exist in the United States to redistribute the gains of freer trade and to mitigate the injury suffered by displaced workers. These mechanisms—unemployment compensation and trade adjustment assistance are the most obvious examples—are far from adequate, however, to compensate fully those who suffer as a result of action that will bring a larger gain to the rest of the economy. Inevitably, a decision to approve any agreement calling for liberalized trade must hurt some workers and help others. The Congress cannot avoid this dilemma, and the best it can do is consider carefully which groups will be aided and which injured. If it chooses to approve a trade liberalization agreement, it may wish to consider expanded or restructured programs providing relief to the losers.

THE MACROECONOMIC EFFECTS OF TRADE LIBERALIZATION

Trade liberalization could bring important benefits to particular industries and groups of workers. It could also result in marginal gains for consumers and, as the figures noted earlier suggest, in net gains for the whole United States economy. It is important, however, to keep these gains in perspective. Many other influences both in the United States and abroad also affect employment, income, and economic growth in the United States.

* * * * *

FOOTNOTES

[5] Robert E. Baldwin and Wayne S. Lewis, "U.S. Tariff Effects on Trade and Employment in Detailed SIC Industries," U.S. Department of Labor (1978), p. 255. This list includes industries that would suffer if tariffs

were reduced. As a practical matter, producers of nonrubber footwear and television sets face no such potential injury, since these products have been excluded from any tariff reductions agreed to in Geneva.

[6] The textile industry includes producers both of woven cloth and of apparel. The United States is a net exporter of woven cloth and would presumably remain so after tariff reductions. The portion of the U.S. textile industry that is threatened by trade liberalization is, more accurately, the apparel industry.

[7] See Cline and others, *Trade Negotiations in the Tokyo Round*, p. 136.

[8] Baldwin and others, *Welfare Effects on the United States of a Significant Multilateral Tariff Reduction*, p. 24.

[9] Baldwin and Lewis, "U.S. Trade and Tariff Effects on Trade and Employment in Detailed SIC Industries," p. 253.

[10] Ibid., p. 254. These estimates of the geographical distribution of job losses and gains do not include the jobs lost by textile workers, located primarily in the southern United States.

[11] Joint Statement of Fifteen Fiber, Textile, and Apparel Industry Associations and Labor Unions to the Subcommittee on International Trade, Senate Committee on Finance (August 15, 1978; processed), p. 4.

[12] The areas in which the potential consumer gains from freer trade are estimated to be greatest—veneer and plywood, nonrubber footwear, leather products other than shoes, pottery food utensils, cutlery, radios and television sets, motorcycles and bicycles, and sports and athletic goods—are among those areas in which employment losses are likely to be greatest. Net welfare gains (the benefit to consumers minus the costs of adjustment for idled workers and capital) are summarized succinctly in Cline and others, *Trade Negotiations in the Tokyo Round*, p. 130, Table 3–15. Specific changes by industry are found in Baldwin and others, *Welfare Effects on the United States of a Significant Multilateral Tariff Reduction*, p. 26.

DEATH OF JERRY WURF, UNION LEADER

Mr. MOYNIHAN. Mr. President, I express the sorrow of all those who have known him in this body, and there can be few who have not, at the death of Jerry Wurf. He was the incomparably feisty, creative, cheerful, combative, and, in the end, cooperative and constructive leader of the American Federation of State, County and Municipal Employees, who died here in Washington yesterday at the age of 62.

As he was a citizen of my own State of New York, we suffer his loss all the more. He died before his time and will be missed a very long while.

The PRESIDING OFFICER (Mr. HATCH). The Chair joins in the remarks of the distinguished Senator from New York.

Mr. MOYNIHAN. It is very characteristic of the distinguished Presiding Officer.

Mr. President, I ask unanimous consent to have printed in the RECORD an article published in this morning's Washington Post.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Post, Dec. 11, 1981]

JERRY WURF DIES AT 62; STATE, COUNTY, MUNICIPAL WORKERS UNION LEADER

(By Martin Weil and Warren Brown)

Jerry Wurf, 62, a dynamic, deep-voiced and craggy-faced labor leader whose hard-driving and often abrasive style served in the 1960s and 1970s to organize and build the largest public employe union in the nation, died last night at George Washington University Hospital.

Mr. Wurf, leader of the million-member American Federation of State, County and Municipal Employees, entered the hospital about six weeks ago for ulcer surgery. His death, which came about three weeks after the operation, was attributed to cardiac arrest.

The explosive growth of vigorous public employe unionism has been in the past two decades one of the most significant developments in the history of both the American labor movement and of American local government. During those years, no union and no leader better symbolized that growth and those developments than AFSCME and Mr. Wurf.

Elected AFSCME's president in 1964, he saw the union grow under his militant leadership from 220,000 members when he took office to 700,000 members a decade later. Now claiming a membership of 1 million, AFSCME is described as the third largest union in the AFL–CIO.

Although public employe strikes were forbidden for much of Mr. Wurf's tenure and in most of the places where his union had members, it was Mr. Wurf as much as any man who made them a fact of national life.

It was not unknown for the outspoken union leader to go to jail himself, as he did in a Baltimore police and garbage workers strike in the early 1970s, to win higher pay and benefits for union members.

A member of the executive council of the AFL–CIO who was also active in Democratic Party politics, Mr. Wurf was known as a forceful spokeman for liberal social and political causes.

"We've lost one of the best friends we've ever had," said Geraldine P. Boykin, executive director of AFSCME District Council 20, which represents 16,000 workers in the Washington area, "and we've lost one of the strongest labor leaders we've ever had."

Mr. Wurf, whose given name was Jerome was born in New York City on May 18, 1919, and attended the public schools. Shy as a boy, he was challenged to speak better to pass an English course, and began to speak at public meetings, eventually becoming an assured and fiery orator.

After graduation from New York University in 1940, Mr. Wurf, who walked with a limp as a result of a childhood bout with polio, became cashier in a Brooklyn cafeteria.

Dissatisfied with working conditions, Mr. Wurf, organized fellow employes into a union and his work eventually led him in the late 1940s to a post as national representative in New York for AFSCME, then small and struggling.

Building the union was slow. Mr. Wurf recruited laborers and nonprofessional hospital workers.

As the 1950s went on, Mr. Wurf began scoring victories. The right of union membership was recognized. Park department employes won the right to their first union representation election. Other New York successes won national attention and in 1964, Mr. Wurf won the presidency of his national union.

Mr. Wurf took a tough stance at the bargaining table and his union began making rapid gains. In one famed episode, members of the union's Memphis local, many of them black, walked off their jobs Feb. 12, 1968, to protest alleged racial discrimination.

Mr. Wurf spent most of the spring in Memphis helping plan union strategy. The union won out only after the Rev. Martin Luther King Jr., who had gone to Memphis to support the strikers, was assassinated there April 4.

In the 1970s, often out of dissatisfaction with eroding buying power, public employes swelled AFSCME's ranks, making it for a time the AFL–CIO's largest union.

Although he was made a vice president of the AFL–CIO in 1969, Mr. Wurf's influence in the federation was never commensurate with his union's size, possibly because he seemed a sharp-tongued gadfly and maverick, who often stood alone against his fellow union chiefs.

RECOGNITION OF SENATOR PROXMIRE

The PRESIDING OFFICER. The Senator from Wisconsin is recognized.

COST OF GOVERNMENT SHUTDOWN

Mr. PROXMIRE. Mr. President, on November 25, 1981, I wrote to the Comptroller General to ask him for an estimate of the cost of shutting down the Government on November 23. I asked for a reply by December 10 and received it this morning.

Unfortunately, the data are fragmentary. Many agency estimates—on which the General Accounting Office relied—are unverified. Most agencies said estimates were not available.

There is one interesting and typical example from the Department of Housing and Urban Affairs, which I have criticized severely in the past and suggested be called DHUD instead of HUD.

HUD was unable to close down on Monday, the 23d. They instructed their employees not to come to work on Tuesday if the funding gap continued. They said they were preparing plans for a more rapid phasedown in the event of a December 15 gap.

That says more about HUD—the fact that they were unable to phase down—than all the criticism of the housing and urban renewal programs in the past.

Mr. President, this report is inadequate, but I nevertheless ask unanimous consent that it be printed at this point in the RECORD, even with all its inadequacies.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., December 10, 1981.

Subject: Cost to the Government of the recent partial shutdown of Government offices (PAD–82–24).

Hon. WILLIAM PROXMIRE,
Vice Chairman, Subcommittee on International Trade, Finance, and Security Economics, Joint Economic Committee.

DEAR MR. CHAIRMAN: This is in response to your letter dated November 25, 1981 (see appendix I), in which you requested that the General Accounting Office provide you by December 10, 1981, an estimate of the costs to the Government of the recent partial shutdown of Government offices ordered by the

President as a result of the impasse over the continuing resolution to fund Government operations for fiscal year 1982. Specifically you requested (1) that we provide the cost of releasing thousands of Government employees from work on November 23, 1981, and then subsequently paying them for the time they were not at work; and (2) that we include in our response such issues as the cost of planning and putting the shutdown into effect, the cost of activities not performed and decisions not made or postponed as well as any other costs directly or indirectly related to the shutdown.

In order to meet your needs for the data by December 10, it was not possible for GAO independently to develop estimates of the costs associated with the shutdown that affected many agencies on November 23. Therefore, to determine how agencies responded to the latest gap in funding, we contacted the 13 cabinet departments and 12 selected agencies and offices to obtain as much of the information requested as possible. The independent agencies contacted were selected either because they had large numbers of employees or it was reported that they had furloughed employees on November 23.

Data on the number of employees furloughed and the costs of implementing a shutdown are neither readily available nor easily obtainable. To obtain the cost data we developed a uniform set of questions and interviewed by telephone knowledgeable officials of the departments and agencies. As the attached table (see appendix II) shows the information we were able to obtain in the short time available varies considerably. Some agencies were able to give us the number of employees furloughed, but not the costs of paying administrative leave for the time furloughed; some provided both figures; others provided a single cost estimate that included all costs—personnel, lost productivity, and shutdown planning activities; and some were unable to provide any specific figures in time to be included in our response.

RELEVANT GAO WORK

The problems of funding gaps are not new. We recently completed a study of this issue in our report entitled, "Funding Gaps Jeopardize Federal Government Operations," (PAD-81-31, March 3, 1981). That report analyzed a similar funding hiatus for fiscal years 1980 and 1981, and provided a historical analysis of the problem. (We enclose a copy of the report.)

We found that in the last 20 years, 85 percent of appropriations bills for Federal agencies have passed after the beginning of the fiscal year. This has required 74 continuing resolutions. In fiscal years 1979, 1980, and 1981, the continuing resolutions were late as well. From fiscal years 1962 to 1981, there were 32 gaps in funding totaling 291 days. Prior to 1980, agencies had continued to operate and incur obligations for necessary operations pending approval of a continuing resolution or an appropriations act. While recognizing that this was a violation of the Antideficiency Act, agencies also believed that the Congress intended that they not close down. An opinion of the Comptroller General (March 3, 1980) supported this interpretation noting that the Congress had generally retroactively approved obligations incurred during a gap in funding.

However, the Attorney General's opinions of April 25, 1980, and January 16, 1981, stated that the Antideficiency Act precluded agencies from continuing to incur obligations in the absence of appropriations. Except for those functions necessary to protect life and property, an agency whose appropriations had expired had to begin to shut down operations. Five days after the issuance of the April 25, 1980 opinion, the Federal Trade Commission was required to shut down when appropriations expired.

As we noted in our March 1981 report, late appropriations are becoming more frequent and the requirement that agencies shut down operations when appropriations are late has significantly disrupted Government operations and has had an adverse effect on employee morale. We continue to support our report's recommendation that the Congress enact permanent legislation that authorizes agencies to incur obligations, but not expend funds, when agency appropriations expire. Such legislation would both avoid the disruptions of the last 3 years and preserve the funding authority and discretion of the Congress.

The above recommendation would resolve the immediate crisis of agency shutdowns when appropriations expire. A more long-range answer to the problem would be making adjustments to the congressional budget process that allow the Congress to pass appropriations measures before existing funding expires. These adjustments could include shifting authorization and appropriations cycles to 2 years or more and/or staggering cycles to reduce the number of annual funding decisions the Congress must make.

We hope that these data will be useful to you as a rough indicator of the cost of closing down the Government on November 23, 1981. I would caution that these cost data should be used only as a preliminary guide. We will be happy to discuss this information with you at any time.

Sincerely yours,

CHARLES A. BOWSHER,
Comptroller General of the United States.

JOINT ECONOMIC COMMITTEE,
Washington, D.C., November 25, 1981.

Hon. CHARLES BOWSHER,
Comptroller General of the United States, General Accounting Office, Washington, D.C.

DEAR MR. BOWSHER: This is to request an estimate of the costs to the government of the recent partial shutdown of government offices ordered by the President as a result of the impasse over the Continuing Resolution. I understand several hundred thousand government employees were furloughed during the shutdown but that, under a recent decision, all those furloughed will be paid for the time not at work. Your estimate should include, but not be limited to, the costs of paying employees for time not at work, the cost of managing or putting the temporary shutdown into effect, the costs of activities not performed and decisions not made or postponed, and any other costs related directly or indirectly to the shutdown.

I would like your response to be in the form of a letter report delivered to me no later than December 10, 1981.

Sincerely,

WILLIAM PROXMIRE,
Vice Chairman.

AGENCY ESTIMATES OF COSTS AND SPECIAL EFFECTS OF THE NOVEMBER 23, 1981, FUNDING GAP

AVAILABILITY OF COST DATA

The specific data request was not readily available primarily because most departments and agencies we contacted neither centrally tracked the number of employees furloughed to calculate the costs of shutting down, nor computed any lost productivity costs. The fragmented agency responses to our questions totaled $8.1 million for closing down the Government on November 23, 1981. Because agencies computed this cost in a variety of ways, and did not always break out costs of furloughs, etc., it is not possible to break out this total by category. It is very important that these cost figures not be considered definitive because:

Agencies were often only able to provide incomplete data. For example, the Department of the Treasury indicated that 51,604 employees were furloughed at some point on November 23. However, since the time that employees were sent home varied throughout the Department, there was no uniform basis for computing furlough costs, and the Department did not provide any.

Data provided by agencies are not necessarily comparable. Agencies used a variety of assumptions in computing costs. Therefore, two agencies with similar experience may come up with different answers. The Department of Labor, for example, furloughed no employees, but considered the entire day lost, and computed as its costs its entire payroll for one day. The Department of Health and Human Services did not furlough employees either, but did not wish to place a dollar figure on the productive time lost, though it was believed to be great.

Data was not obtained from all agencies because of time constraints;

Time did not permit the independent verification of data received; and

The data obtained were known to be rough estimates subject to error and future adjustments.

Nevertheless, we do believe that the cost figures are an indicator of the range and type of costs that were incurred.

More complete figures on the cost of paying administrative leave to those employees furloughed should be available later from the payroll records of the various departments and agencies. However, no central system exists that provides quick and easy access to payroll data from all agencies. Instead, data is only available at individual automated data processing centers. Because each system is different, coding categories vary, biweekly payrolls are processed at different times, and agency cooperation is necessary to access the computers, it was not possible to obtain this information in time to meet the deadline in your request. Moreover, agency payroll records may not yet contain complete information. For several days following the events of November 23, some confusion existed concerning the appropriate way to handle the furloughs on payroll records, and corrections may still be underway. Thus, even if we could immediately access payroll records, we could not, independently estimate the full furlough costs that agencies assigned to administrative leave for November 23.

During our analysis we became aware of a more detailed request to the departments and agencies to obtain a variety of data concerning the closing down of the Government on November 23, 1981. That data will be provided shortly to the House Subcommittee on Civil Service of the House Committee on Post Office and Civil Service.

Much of the information agencies provided to us was prepared in response to this request. However, since the study will not be completed until after your need for the data, many agencies were able to provide us only partial data.

As we noted before, their were many individual problems that affect the quality and comparability of the cost data found in the accompanying table. The notes on individual agencies in the table indicate some of the factors unique to each agency. Among the more important issues are difficulties Flex-Time posed in calculating payroll costs, and possible inconsistent agency categorization of costs.

Under FlexTime, employees are allowed to establish their own working schedules as long as they meet certain requirements.

Where this system is in use, it is difficult to quickly and easily determine furlough costs.

Take the example of two employees, one scheduled to work 10 hours beginning at 7 a.m. November 23rd, and the second 4 hours beginning at 8 a.m. Assuming both employees were furloughed at noon, the first would be due 5 hours of paid administrative leave and the second none, since that employee was scheduled to leave at noon in any event. Thus, the FlexTime schedule of every employee would need to be examined and a hand calculation made to determine the actual furlough costs in such an agency. Such information may be available from payroll records at a later date, assuming that furlough costs are recorded as administrative leave.

Agencies are not accounting for furlough and productivity costs in the same way. For example, the EPA had already completed its payroll records for the pay period including November 23 before it was determined that employees were to be paid for the time furloughed. A normal payroll was processed with adjustments to be made in the following pay period if employees were not to be paid for time on furlough. But since employees are to be paid, no special code will be entered to show furlough costs. On the other hand, while no one was normally furloughed at the Department of State, some employees were sent home at the option of local supervisors and were granted administrative leave.

Some agencies, such as the General Services Administration (GSA) consider providing assistance for a shutdown as part of their normal statutory duties, 50 did not count shutdown activities as lost productive time. The Department of Labor, on the other hand, considered the entire day lost, and includes as both furlough and lost productivity its entire payroll for November 23. While some agencies, such as OMB, attached precise costs to furloughs, others just estimated the hours employees were furloughed, since the costs varied within each agency.

All of these factors strongly caution against comparing costs across agencies or suggesting that the cost for one agency was necessarily greater than another. One can only say, based on the data we obtained, that the cost of the shutdown is great. We would not suggest that the figures are any more than indicative of the types of costs incurred.

AGENCY ESTIMATES OF THE COSTS AND SPECIAL EFFECTS OF THE NOV. 23, 1981, FUNDING GAP[1]

Department/agency	Number of employees furloughed	Cost of furlough payroll	Other costs[2]	Special effects
Office of Management and Budget	256	$17,163	(3)	2 budget reviews cancelled. All managerial and general counsel personnel sent home. Budget analysts remained only to answer questions about the shutdown.
State	0	0	(3)	No employees were formally placed on furlough, but some people were sent home early at local option. Passport offices and the Public Affairs Bureau were not open to the public.
Treasury	51,604	(3)	(3)	Almost 50 percent of employees were furloughed. 3,210 people left at 1 p.m. and 48,395 left during the afternoon, making it difficult to compute payroll costs.
Defense	0	0	0	Defense was not affected by the funding gap.
Justice	0	0	(3)	All employees were engaged in closedown activities. Nonessential personnel would have been furloughed on second day.
Interior	(4)	(3)	(3)	All nonessential people furloughed at 2 p.m., but numbers and cost not available. The Washington Monument and Statue of Liberty were closed to the public.
Agriculture	[5] 45,000	1,600,000	(3)	Almost 40 percent of USDA personnel were furloughed (90 percent at headquarters) disrupting research and education activities. Officials did not estimate closedown costs, but felt the whole day was lost.
Commerce	18,133	544,819	$3,820	48 percent of all employees furloughed. Other than payroll, estimates included the cost of monitoring the shutdown and long distance telephone calls. 10,518 nonessential personnel were not furloughed because of available no-year funds.
Labor	0	0	2,452,000	75 percent of employees classified as nonessential, but no one was furloughed. A full day's pay was used to perform the 1-day phasedown and suspension of department operations.
Health and Human Services	0	0	(3)	HHS experienced lost productivity, but did not quantify costs.
Education	5,457	260,000	(3)	All employees except the Secretary of Education and one aide were furloughed for ½ day.
House and Urban Development	0	0	(3)	About 75 percent of employees were instructed not to come to work on Tuesday, if the funding gap continued. HUD is preparing plans for a more rapid phasedown in the event of a Dec. 15 gap.
Transportation	(4)	(6)	1,920,000	Estimated that Nov. 23 was a nonproductive day departmentwide.
Energy	0	0	15,000	Effects were minor because of no-year funds. Costs are for preplanning and preparation for OMB and President's Cabinet meetings.
Veterans' Administration	20,714	(3)	(3)	84 percent of headquarters personnel, but only 7½ percent of field personnel, were furloughed from 1 to 4 hours. Employees were recalled from travel.
Federal Trade Commission	1,442	(6)	371,500	More than 90 percent of employees were furloughed at 2 p.m. Several agency attorney's returned to Chicago when a hearing was canceled and regular business activities were canceled.
National Transportation Safety Board	0	0	0	All NTSB activities met OMB requirements of essential functions.
National Science Foundation	0	0	0	Continued all operations with multiyear funds.
Federal Election Commission	0	0	27,000	Closedown activities cost 1 full payroll day. Employees were to be furloughed at noon on Nov. 24, 1981.
Environmental Protection Agency	3,779	(3)	(3)	Almost 90 percent of personnel furloughed 1–4 hours, but the day was largely lost, EPA did not estimate furlough costs or other closedown costs.
Merit System Protection Board	[5] 325	(3)	(3)	A complete shutdown except 11 regional manager and 6 headquarters employees.
General Services Administration	24,500	900,000	0	Preparation for closedown began on the weekend prior to Nov. 23; almost 75 percent of GSA employees and all activities affected. Closedown costs estimated at 0. They were considered a normal part of GSA duties.
National Labor Relations Board	0	0	(3)	
Office of Personnel Management	(3)	(3)	(3)	Nonessential employees were furloughed at 3 p.m.
Office of Special Council	(3)	(3)	(3)	Performed only shutdown activities. All but 13 employees furloughed at 2 p.m. Employees instructed that they could appeal this action to the Merit Systems Protection Board (that also shutdown completely).

[1] The figures in this table do not represent the total cost to the Government of the Nov. 23, 1981, funding gap. Instead, the data represents unverified agency estimates. In many cases, information was fragmentary or not available.
[2] We did not verify the items that agencies included in their estimates of other costs.
[3] Agency estimates were not available.
[4] All nonessential personnel.
[5] Approximately.
[6] Payroll costs are included in other costs.

WALTER J. (JOE) STEWART'S PUBLIC SERVICE TO U.S. SENATE

Mr. PROXMIRE. Mr. President, I join a large number of my colleagues in paying tribute to Walter (Joe) Stewart who was a staff man in the Senate from 1951 until the fall of this year—30 years in all.

Only two Senators are here today—JOHN STENNIS and RUSSELL LONG—who were in the Senate when Joe Stewart first came to work here as a Senate page in 1951. Yet Joe is still a young and vigorous man with many, many years of active life ahead of him.

The Senate too often forgets what a tremendous asset our longtime and best employees are. They know how to get things done. They keep the Senate moving without friction. They are invaluable in making the Senate work and getting the legislation of this country passed. I think Joe Stewart knew every nook and cranny of the Senate and his institutional memory based on vast experience was second to none among those who work and labor for the Senate and love the Senate as an institution.

Joe came to work as a page. He then worked as head of the staff in the Democratic Cloakroom. Later he became administrative assistant to the secretary of the majority.

Along the way he went to law school and took a degree and became a member of the District of Columbia bar, no mean achievement.

He then went to the professional staff of the Appropriations Committee and in 1971 became legislative assistant to Senator ROBERT C. BYRD. He moved on as assistant to the majority leader for floor operations and then became secretary to the majority and in 1981 secretary to the minority.

Joe was a master of his profession and a man who knew the workings of the Senate as few others knew them.

We will miss him greatly but we all wish him well in his new work and endeavor.

I am happy to add my congratulations to that of others and to thank Joe for

his sterling service to the Senate and the country.

AMBASSADOR GARDNER: GENOCIDE CONVENTION IS AN ESSENTIAL DIPLOMATIC TOOL IN OUR WAR OF IDEAS WITH THE SOVIET UNION

Mr. PROXMIRE. Mr. President, on December 3, Richard Gardner, former Ambassador to Italy, testified before the Senate Foreign Relations Committee in support of immediate Senate ratification of the Genocide Convention.

His testimony before the committee is particularly important for three reasons. First, he was testifying on behalf of the Ad Hoc Committee on the Human Rights and Genocide Treaties, a coalition of 55 civic, religious, labor and nationality groups, representing millions of Americans across this country who support the Genocide Convention. Second, he is a distinguished international law expert, who holds the chair in international law and organization at the Columbia University School of Law, and has carefully studied every line, every phrase, every word of the Genocide Convention thoroughly. Third, he is a seasoned diplomat, having represented the United States at the United Nations as well as in Italy, and participated in the formulation of American foreign policy as Deputy Assistant Secretary of State for International Organization at the State Department.

Ambassador Gardner's testimony focuses on two key points—is this treaty in America's national interest and do the legal arguments raised in opposition to the convention make any sense—and his statement is devastating on both counts.

He makes it extremely clear that the Genocide Convention is not a "pie in the sky" conception of fuzzy-headed idealists but a real, solid diplomatic tool that we need in our war of ideas with the Soviet Union. As he stated so effectively:

> The Soviet Union seeks the political isolation of the United States and the political isolation of the United States would be just as great a threat to our national security as the SS–20 or any intercontinental ballistic missile possessed by the Soviet Union.
>
> Our inability, our incapacity, our refusal to ratify this and other human rights treaties contributes to this political isolation of our country.

Mr. President, why should we play into the hands of the Soviets by contributing to our own political isolation? I say we should not and Ambassador Gardner's testimony makes it clear why we should not.

Second, his analysis of the legal objections is incisive that poignant. He is very right that all of these objections of what might happen if the Genocide Convention were ratified evaporate when you come back to the language of article II of this convention. Only by misreading, or absolutely ignoring, that language can anyone come up with such a preposterous set of hypothetical circumstances.

Article II is absolutely clear: only when there is clear intent to destroy a group—an ethnic, racial, national or religious group—and to destroy that group "as such" is the crime of genocide occurring. Article II also makes it clear that genocide occurs whether the group was destroyed in whole or only in part, as long as the intent to destroy the entire group was present.

Mr. President, Ambassador Gardner's statement is an unusually clear and straightforward discussion of this most important human rights treaty and how it will aid our foreign policy and I commend it to colleagues.

Mr. President, I ask unanimous consent that Ambassador Gardner's testimony be printed in the Record.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT OF PROF. RICHARD N. GARDNER

Ambassador GARDNER. Mr. Chairman, it is a rare and special privilege to be testifying after the most eloquent and powerful statement of Senator Javits, one of our greatest Americans.

It is also a very special privilege to be here representing the Ad Hoc Committee on the Human Rights and Genocide Treaties which, as you well know, represents now 55 national organizations: our major Catholic, Protestant and Jewish religious groups, major veterans groups, civic groups, women's groups, black organizations and labor organizations. Together, they comprise millions of our fellow Americans.

I would like, with your permission, to have printed at the close of my testimony the list of these organizations so that it may be on the record who has stood up for the Genocide Convention.

With your permission, Mr. Chairman, I would also like to have printed at the end of my testimony—and this will enable me to be shorter in my verbal statement—the article, "Time to Act on the Genocide Convention," which Arthur J. Goldberg and I wrote some years ago in the "American Bar Association Journal," and which I believe deals with the various legal objections that have been presented to us today.

The CHAIRMAN. Those insertions will be incorporated in the record of this hearing, without objection.

You are referring to the February, 1972, statement that you and Arthur Goldberg made, are you not?

Ambassador GARDNER. That is correct.

(The information referred to follows:)

Ambassador GARDNER. Mr. Chairman, it seems to me that there are two, and really only two, major issues before this Committee with respect to this Convention: first, is the national interest of the United States served by taking an international commitment against mass murder? The second question: is there any valid legal objection to our doing so?

With your permission, I want to address these two questions as briefly as I can.

On the national interest of our country, may I make this personal statement.

As you know, I recently have come back after four years as United States Ambassador to Italy. I have come back deeply troubled. My experience in Europe these last four years has confirmed my deep concern that our national security is threatened as never before. It is threatened by the growth of Soviet military power and the willingness, demonstrated in Afghanistan and elsewhere, of the Soviet Union to use that power outside its borders and outside its sphere of influence.

I favor and strongly support measures to defend our security through a greater and stronger military defense. But, Mr. Chairman, our national security cannot be assured by arms alone, as you have so many times stated so eloquently.

The Soviet Union seeks the political isolation of the United States and the political isolation of the United States would be just as great a threat to our national security as the SS–20 or any intercontinental ballistic missile possessed by the Soviet Union.

Our inability, our incapacity, our refusal to ratify this and other human rights treaties contributes to this political isolation of our country.

One way we can defend our national security in the nonmilitary field is by waging the diplomacy of ideas, because what is going on in Italy, in Europe, and around the world is a struggle, an ideological struggle between ourselves and the Soviet Union and those who believe in their philosophy.

In Italy, one of our closest allies, the strength of the Communist Party grew between World War II and 1976 from 18 percent to 34.4 percent of the vote. When I arrived, they were on the threshold of taking power in the government.

During my four years, I toured the length and breadth of Italy, a country on which you and Senator Pell are great experts, trying to convey to the people of Italy what the issue was in the world between freedom and totalitarianism.

I went into the universities and talked about what we believe in the West that unites us and distinguishes us from the Soviet Union. I talked more than anything else about human rights. In many of my lectures, members of the Communist Party sat in the first row glumly and with increasing embarrassment. The reason they were embarrassed is obvious: there is no way that they can reconcile the philosophy of Marxism-Leninism with the philosophy of freedom, a philosophy which is embodied in these human rights instruments.

What I am trying to say is that I deeply believe, based on this experience in Italy and on my prior experience in the United Nations that our failure to ratify this instrument is a diplomatic embarrassment which gets in the way of our pursuing that diplomacy of ideas which is essential to the defense of our national security in the 1980s.

Now I come to the second question: is there any legal objection to our taking an international commitment against mass murder?

The British have done it. I don't believe they value their liberty any less than we do. The French have done it. The Italians have done it. All the great industrialized democracies have done it. Can it be that we uniquely among the free nations of the world are incapable of taking such a commitment?

Well, we hear various arguments and some have been put before you today. It is said, for example, that this treaty embodies a novel theory of international law, that in effect it internationalizes matters that should be subject exclusively to domestic jurisdiction.

This charge is totally without foundation. Our country has for decades entered into international commitments, regulating the actions of American citizens within our own country.

We do this where it serves our national interest and our foreign policy objectives. We take commitments regulating actions of Americans with respect to narcotic drugs, killing of wildlife, protection of nature, conducting forced labor or slavery. We have made these commitments in treaties which have been approved by the Senate. It cannot be seriously maintained in the Year of our Lord 1981 that this is beyond the constitution of the United States.

I am particularly struck by the fact that some of the commitments we have taken have to do with the protection of birds and trees, and I know of nothing in the Constitution of the United States that says that birds and trees are more important than people.

The second argument that is made is that

entering into this treaty is going to destroy the constitutional rights of our people. There is no constitutional right to conduct mass murder. A treaty that outlaws mass murder does not take away any rights of the American people.

A lot of the "possible horribles" conjured up by the people objecting to this Convention ignore the plain language of this treaty. This treaty is not about hurting someone's feelings, as some people have suggested, or depriving someone of welfare benefits, or an individual act of murder. This treaty is about certain specified acts committed, and I quote, "with intent to destroy, in whole or in part, a national, ethnic, racial, or religious group, as such."

It is only by ignoring that plain language that those objecting to this treaty can carry forward their parade of "possible horribles." But if they are brought back to that sentence, it becomes clear that their objections are without foundation.

A third point that is continually raised is that this treaty is going to destroy the rights of the states, that it will destroy states rights and will federalize things that are now within the domain of the states.

That is clearly wrong. As has been pointed out by the American Bar Association and other experts, mass murder is not something that is within the exclusive domain of the states. The carrying out of mass murder is a federal matter. It has been made a federal matter by the Civil Rights Act. This point is developed at length in the article which Justice Goldberg and I wrote some years ago.

So, it would not change in any manner the balance of power between the Federal Government and the states.

Well, then, Mr. Chairman, there is another argument which we have heard again this morning. I am sure it will be stated later on, too. The argument is that this Convention somehow increases the risk that Americans will be prosecuted overseas for alleged acts of genocide on trumped up charges.

That is totally wrong. It is wrong because it does not add in any respect to this risk and, as Senator Dodd suggested, it may even diminish the risk.

There is nothing to prevent a hostile nation from getting hold of some American and trying him on a trumped up charge now. The advantage of the Genocide Convention is that it defines "genocide" with precision. Of course, anybody can charge the United States or an individual with genocide. But this Convention, in the language that I have quoted, makes it clear that you can't try anybody unless he is trying to destroy a group. Therefore, an American soldier on the battlefield, cannot, under the terms of this Convention, be said to have been carrying on genocide.

The precise legal definition provided here is a help to us in resisting unauthorized actions by foreign countries in this field.

Moreover, the extradition commitment in this treaty, Article VII, has been the source of argument. Some have questioned whether this obliges us to extradite Americans to be tried abroad for acts of genocide. It should be emphasized that this extradition commitment is to grant extradition, and I quote, "In accordance with their laws and treaties in force." So the only commitment we have is to extradite someone in accordance with our laws and with extradition treaties in force. If we don't have an extradition treaty in force with somebody, then there is no commitment. And, even if there is an extradition treaty in force with another country, our only commitment is to comply with its terms and with our own laws.

Where it is a trumped up genocide charge, our laws would not permit extradition. Moreover, there is discretion for the Secretary of State to refuse extradition where it would not serve the national interest. This is a matter of discretion.

As the hearings have made clear in the past, as well as the legal research, the United States also has concurrent jurisdiction, to try its citizens for genocide for alleged acts of genocide committed overseas.

So, we would have jurisdiction to try them for acts overseas and to deny extradition on the ground that they were already subject to our jurisdiction for that offense.

There is no international criminal court and there will be none. You and I know it. The best guarantee that there will be no such court to which our country will be subject is the Senate of the United States, which must give its approval to the setting up of such an international tribunal before it would have jurisdiction over us and our citizenry. I think we can have confidence that the Senate would not do such a thing.

Finally, and I will close with this, Mr. Chairman, it is said that the language in this treaty is vague and ambiguous. But words are not self-interpreting. When we look at a statute or a treaty, we interpret it not only in the light of the language, but in the light of the legislative history and the drafting history.

I commend to the critics of this Convention who are worried about phrases such as "incitement to genocide," "in whole or in part," and "mental harm" that they read the clear legislative and drafting history which has been well put together in the book by Nehemiah Robinson, which demonstrates that their fears are groundless.

Mr. Chairman, I will conclude with this observation.

It is well over 30 years since this treaty was sent to the Senate. It is ten years since this Committee has been actively considering it. This is my third personal appearance on behalf of the Ad Hoc Committee to discuss this matter.

I sincerely pray that we will not be here ten years from now litigating this same matter. I think the American people are entitled to a decision on this matter. It is time to stand up and be counted on the Genocide Convention. We owe this to our people and we owe it no less to the memory of six million Jews who died in the Holocaust and to other ethnic, racial, and religious groups who have suffered from genocide in our tragic history of the last century.

Thank you, Mr. Chairman.

The PRESIDING OFFICER. The time of the Senator from Wisconsin has expired.

Mr. PROXMIRE. I yield the floor.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. STEVENS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. ARMSTRONG). Without objection, it is so ordered.

ROBERT V. DENNEY, FEDERAL BUILDING AND COURTHOUSE

Mr. STEVENS. Mr. President, I ask the Chair to lay before the Senate a message from the House on H.R. 4845, to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebr., as the "Robert V. Denney Federal Building and Courthouse."

The PRESIDING OFFICER. The clerk will state the bill by title.

The assistant legislative clerk read as follows:

A bill (H.R. 4845) to designate the building known as the Lincoln Federal Building and Courthouse in Lincoln, Nebraska, as the "Robert V. Denney Federal Building and Courthouse".

The PRESIDING OFFICER. The bill will be deemed to have been read the first and second times by title and, without objection, the Senate will proceed to its immediate consideration.

Mr. STEVENS. Mr. President, I yield to the distinguished Senator from South Dakota.

The PRESIDING OFFICER. The Senator from South Dakota.

Mr. ABDNOR. Mr. President, earlier this year, the distinguished senior Senator from Nebraska (Mr. ZORINSKY) introduced the bill, S. 1837, to name the Federal building and courthouse in Lincoln, Nebr., in honor of the late Robert V. Denney of Nebraska.

The bill was referred to the Committee on Environment and Public Works which unanimously ordered the bill reported. I am glad to have the opportunity to report the bill. I refer my colleagues to the Senate Report No. 97–289 which accompanies the bill now on the calendar (Calendar No. 401).

Congressman Denney was one of those rare individuals who served with distinction in all three of the major branches of our Federal Government—executive, legislative, and judicial. His career included service with the Federal Bureau of Investigation, the U.S. Marine Corps during World War II, the U.S. House of Representatives, and the Federal bench.

During his congressional career, which spanned the 90th and 91st Congresses, he served on the Public Works and Transportation Committee, where he was respected as one of its most knowledgeable, diligent, and tireless members. While serving as Congressman for Nebraska's First Congressional District, Bob Denney was also vice chairman of the National Republican Task Force on Crime and Delinquency.

The dedication to hard work which had characterized Bob Denney's service in Congress continued to be the hallmark of his service on the Federal bench. He was appointed to a judgeship on the Federal district court in 1971, and served as a Federal judge for more than 10 years.

His death this past June ended a truly outstanding career of public service.

The building, currently known as the Lincoln Federal Building, stands today in part because of the skillful legislative efforts of our late colleague, the Honorable Robert V. Denney, and he presided as a Federal district judge in the building. I believe it is, therefore, most appropriate that it be named in his honor.

Mr. President, the House has passed a companion bill, H.R. 4845, which is pending at the desk. I commend it to my colleagues in the Senate and urge them to join me in passing this bill.

Mr. ZORINSKY. It is with great pleasure that I rise in support of H.R. 4845, a bill to designate the Lincoln Federal Building and Courthouse located in Lincoln, Nebr., as the "Robert V. Denney Federal Building and Courthouse." I had the privilege of knowing the late Judge Denney personally and found him to be

an honest man and a qualified and fair Federal judge. I believe that designating the Lincoln Federal Building and Courthouse in honor of the late Judge Denney is fitting and reflective of his sincere devotion and lifelong commitment to the State of Nebraska.

Some men hope to conquer one dream in their lifetime; Judge Denney conquered many dreams in his short lifetime. Graduating from Creighton University Law School in 1939, Denney was a third generation attorney who carried on the tradition in his family practice in Fairbury. His list of public service accomplishments include 2 years of service to the U.S. Marine Corps, and 4 years of service to First District Nebraskans in the U.S. House of Representatives. His dedication to Nebraskans did not end at the close of his second term in the House. He served Nebraska as a U.S. Federal district court judge before his retirement and death only this year.

At this time I respectfully encourage my colleagues in the Senate to approve this legislation designating the Lincoln Federal Building and Courthouse in Judge Denney's honor as it is a proper memorial to a man who gave so generously of his time and energy on behalf of his fellow Nebraskans and Americans.

Mr. STEVENS. Mr. President, I ask for the third reading and final passage of H.R. 4845.

The PRESIDING OFFICER. If there are no amendments, the question is on the third reading of the bill.

The bill was ordered to be read a third time, was read the third time, and passed.

Mr. STEVENS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. ABDNOR. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. STEVENS. Mr. President, I ask unanimous consent that Calendar No. 401, S. 1837, the companion bill, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FURTHER CONTINUING APPROPRIATIONS FOR THE FISCAL YEAR 1982

The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of House Joint Resolution 370, which the clerk will state by title.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 370) making further continuing appropriations for the fiscal year 1982, and for other purposes.

The Senate resumed consideration of the joint resolution.

UP AMENDMENT NO. 784

Mr. ROBERT C. BYRD. Mr. President, I send to the desk an amendment and ask it be stated by the clerk.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from West Virginia (Mr. ROBERT C. BYRD) for himself, Mr. RANDOLPH, Mr. KENNEDY, Mr. SARBANES and Mr. GLENN proposes an unprinted amendment numbered 784.

Strike the period at the end of Section 142 (g) and insert the following: ", the activities of the Mine Safety and Health Administration."

Mr. ROBERT C. BYRD. Mr. President, in the last 8 days, 27 coal miners have died in mine accidents. Last Thursday a week ago, three miners were killed in my home State of West Virginia at Bergoo. These miners died when a tunnel roof collapsed. This past Monday 8 miners were killed in a methane gas explosion at Topmost, Ky. And then, the following day, another 13 miners were killed apparently by another methane gas explosion near Chattanooga, Tenn. In addition, three miners were killed during the past week at separate surface coal mine sites.

Mr. President, this total of 27 mine deaths is unusual in such a short period. But, it is even more tragic that these miners have died in accidents which are generally considered to be preventable by increased inspection efforts. And I believe it is also tragic, indeed shameful, that at a time when we are relying more and more on our coal miners to provide increased energy supplies for this Nation, and we are asking those miners to go into deeper mines and expose themselves to even greater hazards, the administration has proposed to reduce the very inspection program which is designed to protect the safety and health of these miners. The President, in his September budget request would have reduced the 1982 funding level for the Mine Safety and Health Administration by 12 percent to $138 million. I opposed the President's proposal, and other proposals to reduce this program, in committee and managed, with the help of Senator SPECTER and other Senators on the committee, to preserve $155 million for the Mine Safety and Health Administration in 1982.

I understand that because of the construction of the continuing resolution this amount will be reduced by $2 million when the lower of the House or Senate funding is included for each activity, and that another $6 million would be cut by the across-the-board reduction contained in this joint resolution.

Total funding for the Mine Safety and Health Administration, then, would be $147 million. This is at least $6 million less than the 1981 level and the effect of this reduction is aggravated by the present high rate of inflation.

This is not the time to turn our back on the Nation's miners—to ask them to risk their lives and then not be willing ourselves to fund an adequate safety and health inspection program.

Mr. President, a total of 143 miners have died so far this year. We can do nothing to help them. But for the more than one-half million individuals who labor in this Nation's mines, we can, and I believe we must, provide better and more frequent safety and health inspections to reduce the risks which they face daily, than the funding in this resolution will allow.

Taking into consideration, as I say, the fact that it will be at least $6 million less than the 1981 level, and since the effect of that reduction is compounded by the factor of inflation, Mr. President, I am seeking at this time simply to exempt the Mine Safety and Health Administration from the 4-percent reduction which would otherwise be applied. My amendment would restore $6 million for mine safety and health programs—a small price of less than 3 cents from each American to help protect the lives of our miners.

Mr. President, I ask unanimous consent that an article which appeared in the New York Times on December 10, 1981, related to these mine disasters, be reprinted in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

MINE DEATHS RAISE DEBATE ON U.S. RULES

(By Ben A. Franklin)

WASHINGTON, December 9.—The deaths of 24 coal miners in five days, including 13 killed Tuesday in south-central Tennessee in what the authorities called an "apparent" explosion, has raised new questions about the Government's commitment to enforcing mine safety.

The United Mine Workers union, other mine-safety partisans and Congressional overseers of the Federal Mine Safety and Health Administration charge that the Reagan Administration's budget cuts are related to the nearly 8 percent increase in mine deaths so far this year over the 1980 total, with two working weeks still to go in 1981.

The fatal explosion yesterday afternoon at the Grundy mine 21 of the Tennessee Consolidated Coal Company, 20 miles west of Chattanooga, was the second Appalachian mine accident in two days that apparently involved emissions of methane, an odorless explosive gas found naturally in coal beds.

EIGHT DIED IN KENTUCKY BLAST

On Monday, eight miners died in an explosion at the Adkins Coal Company's mine 18 at Topmost, Ky., in the mountainous terrain of Knott County.

And last Thursday, three miners were crushed to death when a roof fell in a tunnel under Leatherwood Mountain at Bergoo, in north-central West Virginia.

Roof falls, the sudden plunging of tons of slate on workers, are the most common cause of death in the mines. But the five-day toll of 21 since Monday was attributed, at least in early and sometimes conflicting official reports, to explosions of mine gas, a hazard regarded as more controllable by strict inspection. This focused attention on methane and on the last two fatal accidents.

Explosive mixtures of methane with air are normally prevented by rigidly regulated forced ventilation. The gas throughout a mine must be evacuated so that it does not reach the legal maximum level of 1 percent, which is the point where it would explode.

The two explosions were almost certain to bring a Congressional investigation of the Federal mine safety enforcement program under the Reagan Administration, probably next month.

A letter demanding such hearings was sent today to Representative Carl D. Perkins, an eastern Kentucky Democrat whose constituents died in the Adkins mine, by the Council of the Southern Mountains, a citizens' group. The letter said that "documents" of the Federal Mine Safety and Health Administration depicting how the agency intended to comply with budget cuts showed a pro-

posed reduction of 150 jobs in coal mine safety enforcement, a 10 percent rollback.

Under the Government hiring freeze imposed by President Reagan in January, a mine safety agency spokesman, Kathy Snyder, said today, there has already been a reduction of 73 mine inspectors by retirement or resignation. The inspection force in District 7, which covers most of the South, has fallen from 133 to 122 in the last year.

"To reduce the inspectorate by 10 percent when fatal accidents are up 8 percent represents the kind of cold-blooded illogic that only David Stockman could endorse," the letter to Mr. Perkins said, referring to the Director of the Office of Management and Budget . . . It was signed by J. Davitt McAteer, the group's Washington lawyer.

Representative Perkins, who was a major sponsor of the Federal Coal Mine Health and Safety Act of 1969, is chairman of the House Committee on Education and Labor. He has held coalfield hearings on mine accidents before. He said he would not comment publicly on plans for such an investigation until after the Adkins miners' funerals this weekend.

But Representative Joseph M. Gaydos, Democrat of Pennsylvania, who is chairman of the Perkins committee's Subcommittee on Health and Safety, said on the House floor today that Reagan Administration budget cuts already approved by Congress "may very well have hampered an agency that has shown itself, when fully funded, to be highly effective in the cause of mine safety".

The safety office of the United Mine Workers said that, including single fatalities at three surface mines since the Bergoo accident, the death toll since Dec. 3 was 27, of which 21 were in sites. The coal industry death toll for the year stood at 143 today, against 133 in all of 1980.

"They at least have got to be embarrassed over there, but maybe that's all," said Danny Davidson, the union's assistant safety director, referring to the mine safety agency.

BREAKTHROUGH A POSSIBILITY

Spokesmen for the agency said tonight that "there were reports" that the Tennessee miners had been tunneling near abandoned works of Grundy mine 21 and had "broken through" a block of coal into a gas-filled passage, causing an explosion of methane.

A "breakthrough" can bring a sudden burst of methane or an asphyxiating "blackdamp." This risk is so high that Federal mine safety regulations require small holes to be drilled at least 10 feet ahead of advancing mining machinery. A spokesman here said that it had not been determined whether this safety procedure had been followed.

Mr. ROBERT C. BYRD. I might add, Mr. President, that if the Senate adopts the amendment, the continuing resolution, as thus amended, could be sent back to the House within a short while, be quickly voted on by the House, and on its way to the President today. So I do not believe that the adoption of this amendment would in any way cause the enactment of the continuing resolution to be significantly delayed. I urge my colleagues to support the amendment.

Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HATFIELD. Mr. President, I reluctantly rise to oppose the Byrd amendment. Let me indicate that this resolution provides $147.8 million for mine safety activities, and that includes the 4-percent reduction which is a reduction of about $6.1 million.

Mr. President, the President's budget request was only for $138.6 million; in other words, we are almost $10 million, with the 4-percent cut, above the President's request. And this is one of the few agencies in the Labor, HHS, Education Subcommittee jurisdiction above the President's budget. I want to emphasize that the mine safety program is above the President's request.

In addition to that—and I would like to reiterate this for the Senator from West Virginia—I would like to reiterate that in this resolution we have the flexibility factor that was discussed extensively last night, which provides for a zero to 6-percent cut out of any program within any account, which means that the Labor Department could protect this figure to an even greater degree. There would not have to be a 4-percent cut, because they could take other subaccount programs and take a greater cut so long as the total figure would be 4 percent. Now that was put in the resolution and there was a very extended colloquy yesterday, to protect situations of this kind.

I want to say to the Senator from West Virginia that that provision was not put in to reduce but to protect programs. And, so, in effect, we could see this $147.8 million, which is, as I say, above the President's request, reduced further; that is, we could see it have less impact than the 4 percent if the Department of Labor chose to do so.

I think the Senator's wishes and the Senator's views would be greatly respected in the Department of Labor if he urges them to take a deeper cut elsewhere in order to apply less than the 4 percent to the mine safety program. But, again, I want to emphasize that the mine safety program is one of the very few, if not the only one in this whole bill, that has been kept higher than at the President's request level.

So as worthy purpose and cause that motivate the Senator to offer this amendment—and I join him in the concern, coming from a noncoal mining producing State, that where there is this kind of danger and there is this kind of need, that we ought to utilize every resource possible to minimize in the future these terrible tragedies.

I join him in that purpose, but I want to just remind the Senate that we have recognized this even before this recent tragedy and have funded this at higher than the President's budget request. And, possibly, it could even be funded higher than what the $147 million represents if the Labor Department would wish to apply the flexibility that we have built into the resolution.

Mr. ROBERT C. BYRD addressed the Chair.

The PRESIDING OFFICER. The minority leader.

Mr. ROBERT C. BYRD. I am advised that this is a separate account and that moneys cannot be shifted from other accounts to this account. They can be shifted from within the mine safety and health administration account but indeed they cannot be shifted from other accounts to this account.

Mr. HATFIELD. Will the Senator yield?

Mr. ROBERT C. BYRD. Yes.

Mr. HATFIELD. Let me clarify this. I have the document here. There are within this account other activities besides enforcement. And I am talking about taking deeper cuts, perhaps, in some of these other areas than in enforcement. I am talking about the one account; not between the accounts, but within the account.

Mr. ROBERT C. BYRD. But the overall account would be reduced by $6 million.

Mr. HATFIELD. If the Senator would yield, the overall account would be reduced by 4 percent, but the specific concern of enforcement, to which this amendment addresses itself, could be less than 4 percent by taking within the account the other such items that we have in salaries, expenses, assessments, and so on. We have a number of things listed within this account besides enforcement.

Mr. ROBERT C. BYRD. Mr. President, I am concerned that without this amendment the amount for this item will be $6 million below the 1981 level. Even though there can be a shifting within the account, the overall amount for mine safety and health enforcement would be reduced. Moneys cannot be shifted from other accounts into this account to prevent that from happening.

So I see this amendment as the only way to preserve that amount for mine safety and health. And I believe, in light of the three very recent happenings that have been highly publicized, that the amendment is not only justified but that it is necessary.

Mr. SCHMITT addressed the Chair.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. SCHMITT. Mr. President, the Subcommittee on Labor, Health and Human Services, and Education has spent a great part of its time this year in hearings, as well as in formal and informal discussions dealing with the issue of mine health and safety in not only how efficiencies and savings can be realized within the programs under that general account level, but also how can the activities of the Mine Safety and Health Administration focus more on the real problems.

The distinguished Senator from West Virginia, the distinguished minority leader, is obviously genuinely concerned about the problems of health and safety in the mines, as is, I think, every Member of this body.

In our examination of the issues, however, we found that there are many problems in the administration of that agency, one of the principal ones being that in spite of large numbers of inspections in total, that those inspections are either not having much effect on the safety of the mines or they are being focused on the safest mines, or both.

There is language that is referenced by the continuing resolution, which is in the Senate report of the Appropriations Committee relative to these accounts, which directs the Mine Safety and Health Administration to focus their inspection activities, enforcement activi-

ties, and other operations on the most hazardous mines, the most hazardous situations.

I would call my colleagues' attention to the statements of Mr. Ford, the Assistant Secretary of Labor for Mine Safety and Health, who indicated that in the mine with the most recent accident, at Topmost, Ky., there were some 72 inspections over the last 3 years.

It is my understanding that there were numerous citings of inadequate safety activities on the part of management and, from what I understand, also on the part of the workers.

So clearly, in this case, inspections have not been the answer, because in spite of that unbelievably high number of inspections, the accidents still occur.

Unfortunately, Mr. President, we are seeing this in many circumstances, whether it is in Colorado, Tennessee, or Kentucky, that somehow or another, in spite of the great interest of the Congress in mine safety and health, we are still not getting to the basic, fundamental problems. We still have mines, and particularly the smaller mines, which are operating under unsafe conditions, where most of our fatal accidents, most of our injuries, and most of our health problems occur.

I would say to my distinguished colleague from West Virginia that in our examination of this problem there is absolutely no evidence that the problem relates to funding, number of inspections, number of inspectors, or anything of the like. It probably relates to where the effort is being expended, how it is being expended, what kind of followup we are getting to citations, and what kind of educational programs are being emphasized for the workers. In short, it relates to the overall use of the funds provided and not to their absolute level.

I believe the administration recognizes this. Certainly, the subcommittee and the full committee recognize it. It is important that those of us in the Congress who are knowledgeable and interested in this matter continue to put pressure on the Mine Safety and Health Administration, on the companies that run the mines, and particularly the smaller mines, and on the laboring personnel, organized or unorganized, who work in these mines, to work together to find solutions to the problems that right now, Mr. President, money is not going to solve.

That is the factual and, to some degree, philosophical base of the decision made by the Senate subcommittee.

I think it supports the conclusion that this agency, like all the others affected by the 4-percent cut, can, in fact, deal with that cut through increased efficiency, through concentration on the real problems of mine health and safety, and those of the small or most medium sized but hazardous situations, and, if necessary, I think can look to both the Appropriations Committees of the Congress to allow reprograming within the areas dealt with by this account.

It is certainly the intention of this Senator to work very closely with the Senator from West Virginia and to work very closely with the Senator from Pennsylvania (Mr. SPECTER), who is also concerned with this problem, to see that we not only stay on top of the situation but that the agency does, in fact, carry out the intent of Congress, which I think is clearly the most important aspect of this problem. That is that we should concentrate on where the hazards are and not on just showing the flag in large mines with good safety records.

I would have to oppose the Senator's amendment as at this point being unnecessary, and as also counter to the general, real world situation that we face with this continuing resolution. I say again that the Mine Safety and Health Administration can, in the judgment of this Senator and apparently in the judgment of our counterparts in the House, absorb this cut, as every agency must do.

Mr. ROBERT C. BYRD. Mr. President, the real world situation to which the Senator referred is that 27 coal miners have been killed within the last 10 days, and the mines in which these tragedies occurred were not necessarily small operations.

The fact remains that even through the distinguished Senator says that language in the report would emphasize dealing with those mines that appear to have the most hazardous situation, the fact remains that all coal mining is hazardous, and the fact remains that you cannot get more inspections and better inspections with less money than they have been operating with in 1981.

This amount of money, as I stated, represents $6 million. We otherwise would be $6 million below the 1981 level, and that does not even consider the impact of inflation on funding of inspections.

I say, Mr. President, that this is the real world in which we are living. There should not be a price tag on the lives of coal miners who are asked to help us solve this Nation's energy problems. I hope the Senate will adopt the amendment.

Mr. SARBANES. Will the Senator from West Virginia yield?

Mr. ROBERT C. BYRD. I yield.

Mr. SARBANES. I commend the Senator from West Virginia for offering this amendment. I think it is an extremely important amendment.

I disagree strongly with the notion that these cuts can be absorbed without affecting the level of mine safety. That just contradicts all logic and all reason.

The article from the New York Times which was included by the Senator from West Virginia makes it very clear for people charged with the responsibility, and from objective outside observers, that one of the problems is indeed the level and the frequency of inspection.

The further point is that it is a great shame that the CONGRESSIONAL RECORD cannot reprint pictures. It has been said that a picture is worth a thousand words. I hold in my hand a picture in today's Baltimore Sun captioned "Mourning A Miner." Under the picture it says, "Melissa Prater is helped away from the gravesite of her fiance, Keith Crager, during his burial service at a small family cemetery near Hueysville, Ky. Mr. Crager was one of eight miners killed Monday in a mine explosion near Topmost, Ky."

The most dangerous occupation in this country is mining. The second most dangerous is firefighting.

Mr. President, I think to cut this Mine Safety Administration back in their funds at the very time when we see the outbreak of these deaths is the height of irresponsibility, and I hope the amendment of the Senator from West Virginia will carry.

Mr. ROBERT C. BYRD. Mr. President, I thank the Senator.

Mr. SCHMITT. Mr. President, I certainly respect the expression of logic or illogic that the Senator from Maryland has made, but it is the Senator from Maryland and others who, somehow, think that more money is going to solve the problems of the mines. I spent a good deal of my younger days and professional days in the mines.

I know a little bit about it. I know a little bit about what the inherent hazards of that kind of activity are and how they are never going to be totally eliminated. There is a great deal more that can be done, but it is not going to be done by just money. It is going to be done by making these 72 inspections worth something.

It is not the quantity of inspections, it is the quality. It is the followup and it is the educational activities that are undertaken. And even with all of that, you are going to have accidents in the mines.

What we have to do with the Mine Safety and Health Administration is pick them up by the scruff of the neck, shake them, and make them work on the real problems. Just a whole bunch of inspectors and a whole bunch of inspections has not solved the problems of the miners that were killed in these accidents.

More money is not going to solve the problems any more than throwing more money into the space program got us to the moon. It was people. The same thing is going to happen here. When I was director of energy programs for NASA some years ago, we went to the Department of the Interior and suggested that, in spite of what had been done up until that time, and this was 1974 and 1975, the basic technology base of this country, a large part of it coming as a result of our space activities, was not being applied to the problem of safety and productivity in underground coal mines. We tried for a year to develop some kind of arrangement with the Department of the Interior so that those new technologies in communications and automation could be applied to improving mine safety and health and to improving productivity of the Nation's coal mines. Frankly, we were not able to do that.

It had nothing to do with the amount of money we were able to spend. It had to do with whether or not two agencies could agree on a patent policy.

Mr. SARBANES. Will the Senator yield?

Mr. SCHMITT. I shall yield in a moment, Mr. President.

The problem with this Government is that we have not applied what we know how to do in terms of management and technology to the problems of the miners

and the mines. That is the crime. It has nothing to do with money. It has to do with the fact that, through administration after administration, we have not dealt with the real problems. I think my record is clear in working for safety and health and productivity in the mines. My knowledge of what the real problems are in the mines, I think, is as much as anyone's in this body. I tell my friends that it is not going to be money that solves the problems. If it were money, I would be with them. But we are basically throwing that money away. That is what the crime is. We put all of this money into mine safety and health and we are not saving the miners.

I am happy to yield.

Mr. SARBANES. Does the Senator think we should appropriate less money?

Mr. SCHMITT. I think the money that is being appropriated is adequate. I think, in fact, we could go with less money. That is not the problem, Mr. President. The problem is how we are using it and we are not using it properly.

Mr. SARBANES. I disagree strongly, Mr. President. The Senator said earlier it was not more money that got us to the Moon, it was people. Has the Senator ever looked at the NASA budget that enabled us to carry out the programs that got a man to the Moon? There was a very significant and marked increase in expenditures for that program. That addition of money enabled us to bring in the people that made it possible for us to carry out the program.

For a Senator to stand over there who participated in that program and to assert that additional money was not essential to enabling the United States to go to the Moon is to absolutely contradict the facts. I challenge the Senator to look at the NASA budget and the American commitment that was made to that program.

Mr. SCHMITT. Mr. President, I challenge that Senator to look at what really made it work. That is the way we used that money and the organization that was put together and the people that made it work. They were motivated and educated to do it. We applied technology and management so it would happen. That was not the case with the mines.

Mr. SARBANES. And we provided the monetary resources that made it possible, Mr. President. That is all I want the Senator to concede.

Does the Senator contend that we could have gone to the Moon without the appropriations that made the project possible?

Mr. SCHMITT. Mr. President, I do not contend we could have gone to the Moon without using that money properly. The Mine Safety and Health Administration is not properly using that money or we would have lost the miners we lost last month. That is what I believe.

Mr. HATFIELD. Mr. President, I am ready for the vote.

Mr. BAKER. Mr. President, while I understand the intent of the distinguished Senator from West Virginia's amendment. I must inform my colleagues at this time that the language in the continuing resolution will not specifically have a deleterious effect on the coal mining inspection which is now so much more essential in view of the recent tragedies in Appalachian mines.

The continuing resolution does apply a 4-percent reduction to the total allocation for the Mine & Safety and Health Administration, however, the discretion for specific application is not mandated.

Therefore, it is my strong recomendation and understanding that the reduction will not hamper the administration from stepping up mine inspection.

Mr. KENNEDY. Mr. President, I want to make a brief remark relating to another mine safety issue.

The Labor/HHS appropriations bill includes language which was incorporated by reference in the last continuing resolution and will now be approved in the resolution before us which prohibits the expenditure of funds to enforce the Mine Safety and Health Act in surface sandstone and gravel mines.

The Senate overwhelmingly disapproved an amendment which would have stripped that language from the last continuing resolution.

I am not going to offer a similar amendment today.

But I do want to clarify a point that was raised earlier in connection with this issue.

Proponents of the MSHA rider argued that they were merely transferring jurisdiction over these mines from MSHA to OSHA.

Those of us who opposed the rider argued that this would not be the case because OSHA cannot inspect any facility which is under the jurisdiction of another Federal agency.

In other words since the rider does not amend OSHA or MSHA, stone sand and gravel mines will, in all probability, be totally exempt from Federal safety and health inspections for the duration of their continuing resolution.

I think every Member of this body should be aware of this fact.

I ask unanimous consent to have printed in the RECORD a letter from Secretary Donovan to Congressman NATCHER which, in my view, clearly demonstrates why the MSHA rider will have the very serious consequences opponents of the rider predicted.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. DEPARTMENT OF LABOR,
SECRETARY OF LABOR,
Washington, D.C., December 10, 1981.

Hon. WILLIAM H. NATCHER,
Chairman, Subcommittee on Labor, Health and Human Services, Committee on Appropriations, U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN NATCHER: This is in response to your request for information about the manner in which the Department of Labor would implement a rider passed by the House of Representatives as part of the DOL/HHS appropriations bill for FY 1982.

The rider provides that:

"None of the funds appropriated under this paragraph shall be obligated or expended to prescribe, issue, administer, or enforce any standard, rule, regulation, or order under the Federal Mine Safety and Health Act of 1977 with respect to any person engaged in the surface mining of stone, clay, colloidal phosphate, sand, or gravel, or with respect to any person engaged in construction activities on the surface area of any coal or other mine."

OVERVIEW

To implement this amendment, the Department would have to immediately proceed to take certain steps, both within the Mine Safety and Health Administration (MSHA) and within the Occupational Safety and Health Administration (OSHA). While such actions are, of course, still under review, it would appear that implementation will be a complex process.

MSHA IMPLEMENTATION ACTIONS

Upon enactment of the amendment, MSHA will have to immediately cease all inspection, enforcement, and related activities, including technical assistance, training assistance, and on-site consultation at the affected operations.

MSHA would also have to begin the process of consolidating its operations Nationwide. Currently, MSHA's metal and nonmetal mine safety and health field organization is comprised of 6 district offices, 12 subdistrict offices and 71 field offices. The rider would necessitate the closing of 42 of these offices at the earliest possible time. The resulting field structure would be responsible for the remaining metal and nonmetal mines.

Although some of these offices may expand as personnel are reassigned to areas with a high concentration of mines remaining under MSHA jurisdiction, most offices will be reduced in size, and we expect that 280 highly trained employees specifically budgeted for the affected sector will be lost. Reorganization of the field structure probably would not be completed until mid-April 1982, as GSA requires 120 days notice before space can be released and MSHA would be required to pay for empty and partially empty office space. Shutdown costs are estimated to exceed $4 million.

In addition, MSHA envisions a general disruption of all its operations since the affected mines are dispersed throughout the nation. Inspection work plans, staffing assignments, resource allocations and other administrative and management plans would require adjustment. This disruption and cost will be repeated at the end of the Fiscal Year unless the rider is extended.

Set forth in Attachment A is a list of the MSHA offices which would be closed or whose functions would be curtailed, and expenditures for activities that would no longer be carried out.

OSHA IMPLEMENTATION ACTIONS

Upon enactment, OSHA will have to take action to assure, to the extent possible, the continued protection of the affected employees from workplace hazards. Planning these actions is complicated, however, by the fact that OSHA activities are significantly constrained by a variety of factors.

A. Resource Constraints:

OSHA is operating under resource constraints of its own, and the rider will not transfer to it the resources which MSHA is precluded from using. Our planning anticipates that state agencies which operate occupational safety and health plans in about half the states will exercise jurisdiction over the affected activities. In states without plans, however, or in states that elect not to accept jurisdiction over the worksites involved, the allocation of limited Federal OSHA inspection resources would be required. OSHA has limited experience with sand, gravel, stone and related operations. Within the expected appropriation, it may not be possible to transfer to OSHA any MSHA personnel so experienced. OSHA's staff would therefore have to be retrained.

B. Legal, Regulatory and Programmatic Restrictions:

(1) The litigation likely to ensue concerning OSHA's authority at the involved workplaces, and the concomitant litiga-

tion over remaining MSHA authority under the law.

The question of authority arises in part because of section 4(b)(1) of the OSMA Act, which provides that:

"Nothing in this Act shall apply to working conditions of employees with respect to which other Federal agencies . . . exercise statutory authority to prescribe or enforce standards or regulations affecting occupational safety or health."

Since the provisions of the Mine Act and MSHA's standards are neither repealed nor amended by the rider, but only the expenditure of funds to enforce them temporarily prohibited, it is likely that many operators will contest OSHA citations by contending that section 4(b)(1) of the OSHA Act precludes OSHA authority. Resolution of this litigation may take some time, since the legal precedents to date on section 4(b)(1) do not deal with the specific issues presented by this situation. While this or any other issue is being litigated, the contesting operator need not comply with an OSHA abatement order.

Questions about the exact line of OSHA/MSHA demarcation will also almost certainly be litigated. The text of the rider raises questions, for example, about continued MSHA jurisdiction at certain surface operations supporting underground mines. The applicable recordkeeping and reporting procedures at the facilities involved may also cause confusion. There are also questions presented by the rider about the continued viability of the MSHA standards in the case of criminal violation thereof (administered by the Department of Justice), or in private liability actions. The continued status of cases initiated by past MSHA enforcement actions, and now being pursued by the Office of the Solicitor with its funds through the normal review process, would also have to be determined, and litigation on this point is anticipated.

(2) Limits on OSHA's ability to conduct general schedule inspections of the affected workplaces.

Our planning recognizes that there are limits on OSHA's ability to conduct the inspections that locate such hazards. Aside from resource limitations noted previously, OSHA is constrained by an appropriations limitation from targeting its inspection resources to the vast majority of the operations affected by this rider. We do not expect OSHA to be able to schedule many "wall-to-wall" safety inspections and expect it to confine its implementation plans to responding to employee complaints, actual reports of deaths, health hazards, and related special circumstances.

(3) The inapplicability of many OSHA standards to the affected operations, combined with the difficulties of sustaining enforcement action without such specific standards.

While MSHA has developed specific standards which are tailored for the various aspects of surface mining, OSHA has no such standards. While some of OSHA's "General Industry" standards may be applicable, they would not cover most of the serious hazards involved. Implementation planning therefore centers around rulemaking action to apply appropriate parts of the OSHA construction standards to these operations, and to adopt the MSHA standards as needed. While planning is incomplete in this regard, past experience with standards procedures suggests that this activity will take time, although probably not as long as adopting regular final standards.

In the absence of specific standards, OSHA plans to apply its "general duty" clause. That clause provides that:

"Each employer . . . shall furnish to each of his employees employment and a place of employment which are free from recognized hazards that are causing or are likely to cause death or serious physical harm to his employees." . . . (Sec. 5(a)(1))

In the past, however, citations issued under this clause have generated a much higher rate of contest than citations of comparable severity issued for a violation of specific standards. This situation is caused in part by the complexities associated with this provision of the law, and its use therefore creates additional burdens on inspection resources and legal personnel, with accompanying impact on resource allocation.

MSHA/OSHA COORDINATION

The second part of the rider would result in the need to undertake actions to avoid confusion at mining sites about the presence there of both OSHA and MSHA inspectors. The language which we understand has been substituted in this regard for purposes of the continuing resolution avoids the problems and the need to plan accordingly.

Sincerely yours,

RAYMOND J. DONOVAN.

ATTACHMENT A.—*MSHA offices to be closed or curtailed*

Location	*Expenditures associated with activities (thousands not to be spent)*
Northeast:	
Pittsburgh, Pa. (subdistrict)	$181
State College, Pa.	115
Westminister, Md.	221
Charlottesville, Va.	200
Kingwood, W. Va.	77
Albany, N.Y. (subdistrict)	334
Port Henry, N.Y.	203
Geneva, N.Y.	209
Morristown, N.J.	254
Framingham, Mass.	202
Springfield, Mass.	115
Augusta, Maine	157
	2,308
Southeast:	
Birmingham, Ala. (subdistrict)	602
Tallahassee, Fla.	38
Bartow, Fla.	35
Macon, Ga.	70
Greenwood, Miss.	106
Columbia, S.C.	240
Knoxville, Tenn.	247
Franklin, Tenn.	291
Raleigh, N.C.	186
San Juan, Puerto Rico	103
	1,918
North Central:	
Duluth, Minn. (subdistrict)	140
Duluth, Minn. (field)	389
Mankato, Minn.	250
Madison, Wis.	361
Marquette, Mich.	175
Lansing, Mich.	330
Vincennes, Ind.	208
New Haven, Ind.	214
Hillsboro, Ill.	254
LaSalle, Ill.	415
Fairfield, Ohio	247
Newark, Ohio	70
	3,053
South Central:	
Rolla, Mo. (subdistrict)	245
Rolla, Mo. (field)	355
Fort Dodge, Iowa	239
Omaha, Nebr.	327
Dallas, Tex.	238
San Antonio, Tex.	70
Topeka, Kans.	105
Baton Rouge, La.	70
	1,649
Rocky Mountain:	
Denver, Colo. (subdistrict)	205
Denver, Colo. (field)	35
Grand Junction, Colo.	105
Watertown, S. Dak.	209
Rapid City, S. Dak.	35
Salt Lake City, Utah (subdistrict)	187
Salt Lake City, Utah (field)	105
Moab, Utah	70
Green River, Wyo.	20
Riverton, Wyo.	105
Helena, Mont.	70
	1,146
Western:	
Alameda, Calif. (field)	105
San Bernardino, Calif. (field)	175
Phoenix, Ariz. (subdistrict)	374
Phoenix, Ariz. (field)	35
Reno, Nev.	35
Coeur D'Alene, Idaho	35
Bellevue, Wash. (subdistrict)	368
Bellevue, Wash. (field)	480
Albany, Oreg.	343
	1,950
Technical assistance to industry:	
Pittsburgh/Bruceton, Pa.	490
Denver, Colo.	420
	910
Assessment conference support:	
10 Locations	350
Program administrative support:	
Pittsburgh, Pa.	35
Denver, Colo.	35
	70
Grand total	13,354

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. JOHNSTON (after having voted in the negative). Mr. President, on this vote I have a pair with the Senator from Tennessee (Mr. SASSER). If he were present and voting, he would vote "yea." I have already voted "nay." So I withdraw my vote.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Hawaii (Mr. MATSUNAGA), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Tennessee (Mr. SASSER) are necessarily absent.

The PRESIDING OFFICER (Mr. WARNER). Are there any other Senators desiring to vote?

The result was announced—yeas 38, nays 54, as follows:

[Rollcall Vote No. 481 Leg.]

YEAS—38

Baucus	Byrd, Robert C.	Eagleton
Biden	Chiles	Exon
Boren	Cranston	Ford
Bradley	DeConcini	Glenn
Bumpers	Dixon	Hart
Burdick	Dodd	Heflin

Heinz	Melcher	Riegle
Hollings	Mitchell	Sarbanes
Huddleston	Moynihan	Specter
Inouye	Nunn	Stennis
Jackson	Pell	Tsongas
Leahy	Pryor	Williams
Levin	Randolph	

NAYS—54

Abdnor	Gorton	Percy
Andrews	Grassley	Pressler
Armstrong	Hatch	Proxmire
Baker	Hatfield	Quayle
Bentsen	Hawkins	Roth
Boschwitz	Hayakawa	Rudman
Byrd, Harry F., Jr.	Helms	Schmitt
	Humphrey	Simpson
Chafee	Jepsen	Stafford
Cochran	Kassebaum	Stevens
Cohen	Kasten	Symms
D'Amato	Laxalt	Thurmond
Danforth	Long	Tower
Denton	Lugar	Wallop
Dole	Mattingly	Warner
Domenici	McClure	Weicker
Durenberger	Murkowski	Zorinsky
East	Nickles	
Garn	Packwood	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Johnston, against.

NOT VOTING—7

Cannon	Mathias	Sasser
Goldwater	Matsunaga	
Kennedy	Metzenbaum	

So the amendment of the Senator from West Virginia (UP No. 784) was rejected.

RESEARCH AND DEVELOPMENT

Mr. GLENN. Mr. President, I was going to put in an amendment this morning that would require that none of the 4-percent cuts or other reductions be made in the areas of research and development. I have decided not to put that amendment in but to talk a little bit about the subject of R. & D. this morning and to discuss this with the distinguished floor manager of the bill, Senator HATFIELD, because I know he has a concern equal to mine in this area.

There has been a growing concern in the scientific community about what we are doing for research, or what we are not doing for research, in this country. I am talking about the very basic R. & D. that has made this country what it is today and without which we will, indeed, become a second-rate power in the world.

Mr. President, many have said there are three basic elements to our economic success as a nation: No. 1, we had an emphasis on R. & D. and plowed back a greater percentage of our gross national product to R. & D. than any nation in history. Out of that came the inventiveness, the innovation, the inquiry into the unknown, the macroresearch and microresearch that has led us to our standard of living, our industrial preemience in the world, and our leadership in so many fields.

No. 2, along with basic R. & D. came an emphasis on an educated citizenry.

And, No. 3, a free enterprise system where capital would pounce on these matrices of new ideas to put them into commercial use.

Those three elements really are at the heart of what has made this country what it is. It was not the majestic rivers and purple mountain majesties and fruited plains that we sing about, but the combination of these three elements, particularly the amount of inquiry into the unknown.

Under the bill we are considering, under this continuing resolution, it will be up to those in the administration to use their discretion as to whether the cuts are to come from R. & D. I hope through this colloquy this morning we can encourage them not to make major cuts in research, which has already been cut back too far.

The Department of Energy is slated for dismantling, according to the administration. Yesterday the Subcommittee on Energy, Nuclear Proliferation, and Government Processes held a hearing, and Secretary Edwards was at the hearing, along with the distinguished floor manager of the bill, the senior Senator from Oregon. Senator HATFIELD gave one of the most eloquent statements before that committee that I have heard since I have been in the Senate. It was partly in reply to a letter that Secretary Edwards had sent to the Office of Management and Budget protesting the cuts that he had been asked to make in fiscal year 1983 even though he is committed to dismantling the Department of Energy, and said so.

The letter dealt with matters not only in defense but in areas of nuclear energy, uranium enrichment, fossil energy, energy information administration, and other energy programs.

I ask unanimous consent to have the letter printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GLENN. In replying, at least in part, to that letter, the distinguished Senator from Oregon, in his statement, said, and I quote:

To illustrate further the Department's naivete about the importance of conservation and new energy technologies, we need only look to the U.S. auto industry where 50 percent of all cars sold in this country by 1983 will either be foreign-made or will be American cars which contain foreign made engines.

The drain this causes on the U.S. balance of payments deficit is enormous. In this same vein, the United States is planning to terminate energy research and development activities while the Japanese Government has recently doubled its investment in energy conservation; France's investment has increased 221 percent; and Germany's commitment has increased 66 percent to a total of $1 billion.

What do these countries know that we don't? Simply, Mr. Chairman, that investments in energy pay important and immediate dividends to the economy by reducing expensive and unnecessary dependence on foreign petroleum.

After some other statements, the distinguished Senator from Oregon went on to say:

Given both Secretary Weinberger and Secretary Haig have pledged to deploy military forces in the Middle East to defend oil resources, including the use of nuclear weapons, if necessary, conservation of energy without question becomes a mandate to preserve world peace and avert nuclear holocaust. I find totally irresponsible the administration's combined policy of DOE dismantlement and their willingness to sacrifice lives and risk nuclear war to defend oil interests in the Middle East. We will, in effect, be forced to employ violence because we failed to channel our genius toward the sane and logical alternatives of energy conservation and diversification. Thus the choices we make today about the future of DOE involve profound moral implications which must be brought to the public's attention and to the attention of this committee.

Mr. President, I ask unanimous consent that the entire statement of the distinguished Senator from Oregon, Senator HATFIELD, be printed in the RECORD at the end of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. GLENN. I do this because I think it is an outstanding statement which he made yesterday.

Mr. President, we asked the last administration to increase their R. & D. in the energy field, and I, along with others in this body, worked for some 3 years to get them to devote an amount equal to about 1 percent of our imported oil bill just to do research and development in this country on alternative energy sources and conservation; not competition with business, not competition with industry, not competition in setting up new businesses, but this very basic, fundamental research that will let us make some major breakthroughs, as we have made in the past in other areas.

That budget, when it came in in January of this year, contained $776 million for the areas I mentioned. The new administration chose to cut that by 62 percent. They chopped $483 million out of that very basic energy research and development that, to my view, will prolong our dependence on the Persian Gulf, rather than using the intellectual genius, the scientific genius for which this Nation is famous, and which Senator HATFIELD mentioned in his statement—using that genius to find new ways to get away from foreign dependence, to get alternative energy sources developed, to get means of storing energy developed, so that we can use these alternatives and lessen our dependency on the fossil fuels, oil and gas in particular.

Mr. President, what are other nations doing?

There was an excellent article in the Wall Street Journal of December 1 of this year entitled "Technology Duel" with the following subheading:

Japan strives to move from fine imitations to its own inventions. Switch involves more R&D, as well as refashioning schools and social values.

Mr. President, one paragraph out of the middle of that excellent article reads as follows:

To accomplish its purposes, Japan has set upon a policy of sharp increases in research and development spending, to 3% of gross national product in 1990 from 2.27% currently, with the government's share of the R&D bill to rise to 40% from 27.2%. (In the U.S., 2.5% of gross national product currently goes to R&D and the government's share is 50%, or 35.5% excluding military research, of which Japan has almost none.) Japan's new stress will be on basic research.

Mr. President, at this time we are cutting back, other nations have learned what that goose was that laid the golden egg in this country. And that has been

our ability to do the basic research that then becomes available for investment and is maximized by private industry moving in with a free enterprise system. Yet, we are about to take away much of the key elements of that strategy as we move away from our emphasis on research and the role of the Federal Government.

Mr. President, we are already aware that under this administration we will be cutting back severely on our R. & D. budgets. If present figures hold up, DOE's conservation program, for instance, will receive only $19 million in 1983, as compared to $712 million last year. Solar research and demonstration programs will receive only $70 million in 1983, as opposed to $500 million last year. Research on fossil fuels, such as coal, oil, and natural gas, will only receive $107 million in 1983 compared to $1 billion last year.

While the President's Science Adviser, Dr. George A. Keyworth, says that the state of science and technology in the United States may be OK right now, we need to ask what will happen later if we follow the administration's prescription. What will the state of our science and technology be like in 10 to 20 years? We will certainly lose significant ground to other countries if present policies go unchallenged.

As Senator HATFIELD pointed out yesterday, while the United States is planning to terminate energy research and development activities, particularly in the conservation area, the Japanese Government has doubled its investment in energy conservation; France's investment has increased 221 percent; and Germany's commitment has increased 66 percent to a total of $1 billion.

Mr. President, I ask unanimous consent that the article from the Wall Street Journal be printed in the RECORD at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. GLENN. Mr. President, there was another excellent article in the New York Times on December 8. The title is "Concern Grows Over Policy on National Labs."

Our national laboratories in this country have been developed over a couple of generations. They employ some of the finest scientists in the world. Some of the most brilliant scientific and technologically oriented people on this globe are in our national laboratories, doing key, basic thinking, not tied to a commercial project, but free to think about the very basics of brand new ways to develop energy, develop materials, and deelop ways of doing things that experience tells us can be spun off in the direction of new advancements benefiting all our people.

I will read, in part, from that particular article to show what is going on.

> Dr. George A. Keyworth 2d, the President's science adviser, a former head of the physics division at Los Alamos National Laboratory, dismissed as "lacking in realism" assertions that reductions in Federal support for research would seriously damage science. "Science in the U.S. is healthy today," he said.
>
> But William D. Carey, executive director of the American Association for the Advancement of Science, said, "We are letting the air out of our tires one pound at a time when we should make up our mind how much tire pressure will keep us out of the ditch."
>
> Some laboratories have already acted on the cuts they anticipate. At Argonne National Laboratory in Lemont, Ill., which is deeply involved in energy and environmental research, 600 positions already have been cut. Walter E. Massey, the laboratory's director, says 600 of the remaining 4,400 employees may have to be laid off.

That would be a total of 1,200 people laid off at Argonne National Laboratory.

Further quoting:

> At Brookhaven National Laboratory on Long Island, 270 of 3,600 employees have been laid off and officials say further cuts may eliminate 25 percent of the work force within the year.
>
> About 12 percent of the staff at the Fermi National Accelerator Laboratory in Batavia, Ill., has been dismissed.
>
> MORE LAYOFFS EXPECTED
>
> Lawrence Berkeley National Laboratory in Berkeley, Calif., trimmed its staff by 200 after the March budget projections. Dr. Earl K. Hyde, the laboratory's Deputy Director, said that the remaining 2,700 employees might be reduced by as many as 200 to 300 in a "worst case" situation.

Mr. President, I ask unanimous consent that that article also be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 4.)

Mr. GLENN. Mr. President, I will quote just the closing remarks out of that article made by George C. Dacey, who heads the Sandia Weapons Laboratory in Albuquerque. He was quoted in the closing paragraph of that article. He said:

> Industry looks at the short range, the return on capital and investment. Therefore some demonstration of feasibility, bringing a project to the point where a prudent industrialist feels it is worth his involvement, is appropriate for multi-discipline labs," he said. "I think national laboratories should be that bridge between new knowledge and its being put into application by industry.

And I agree with him completely.

Mr. President, there was an editorial just a couple of days ago in the Cleveland Plain Dealer, involving the NASA Lewis Center in Cleveland. I will not read the whole editorial, but it quotes the head of that center, Dr. McCarthy. He stated at a Cleveland city club meeting the following:

> It is time that this country came to its senses and supported the vital research and technology necessary for national economic health. Cyclical, inadequate funding is the road to disaster.

Mr. President, the projects that are being worked on at Lewis Center and that are in danger of being cut back are such programs as the means to curb aircraft noise, to cut back on fuel consumption, to make more efficient engines, to develop alternative fuels to petroleum, and to make automotive engines more efficient.

I have visited the Lewis Center on several occasions. I know of its very basic research with respect to electrical energy storage, which has within it the seeds of one of the greatest steps forward this country could possibly make with regard to energy. If we could find ways of storing the electricity that we can get from wind power, wave power, tide power, and solar photovoltaics, we probably would not need to build new electric powerplants around this country for many years. Not only would we be getting those forces of nature converted to a usable form, but we also would be able, at the same time, to store the output of whole electric powerplants during nonpeak hours. And Lewis Center is developing such a system. Yet, funding for a center such as that is in danger of being cut back, even eliminated.

The Lewis Center also helped develop liquid fuel rockets that made possible the Apollo, Centaur, and Venus space missions. It has done work on harnessing wind energy to produce electricity. There is a wind farm working up at nearby Plumbrook that produces relatively cheap electricity. They are doing the same think out in Washington State, using the same technology.

The things they are looking into, Mr. President, range from work that made the Space Shuttle possible to things that affect every one of us such as the treatment of cancer by radiation that they are working on with some of the Cleveland hospitals.

They are also working on the development of alternative materials to the natural ones that are scarce in this country, such as chromium, tantalum, and cobalt.

The editorial in the Cleveland Plain Dealer, Mr. President, closed with a statement that I agree with completely. It says, after commenting about how other nations may be getting ahead of us in technology:

> That is no longer the case, but it would be foolish and false economics to shed a priceless asset for a temporary gain in the ledger.

I think that applies not only to the NASA labs, such as Lewis Center, in Cleveland, but it applies to our entire national laboratory effort that I see as an ongoing national resource to be nurtured not as something that should just go up and down with one year's budget or the next. These teams take many years to be put together. Laboratories do not come to fruition and do important work overnight. It is not something that we can dismiss in this year's budget and, by increasing the budget next year, expect to come back into fruition in a reasonable time period.

I ask unanimous consent that the editorial be printed in the RECORD at the close of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 5.)

Mr. GLENN. Mr. President, in the December 1980 issue of the American Economic Review, there was an article by Edwin Mansfield, a well known professor of economics at the University of Pennsylvania. His paper is an econometric study of the impact of basic research on a firm's or industry's rate of technological innovation and productivity change.

I will not read the whole report—it is rather technical—but he winds up with a conclusion that we cannot ignore, after a very excellent article. The conclusion states in part as follows:

My results indicate that there is a statistically significant and direct relationship between the amount of basic research carried out by an industry or firm and its rate of increase of total factor productivity, when its expenditures on applied R. & D. are held constant. To some extent, this may reflect the tendency for basic research findings to be exploited more fully by the industries and firms that were responsible for them, or it may reflect the tendency for applied R. & D. to be more effective when carried out in conjunction with some basic research.

It goes on as follows:

Holding constant the amount spent on both applied R. & D. and basic research, an industry's rate of productivity increase during 1948–1966 seems to be directly and significantly related to the extent to which its R. & D. was long term. This appears to be the first systematic evidence that the composition as well as the size of an industry or firm's R. & D. expenditures affects its rate of productivity increase.

He further states:

My findings also indicate that the composition of many industry R. & D. expenditures have changed in the past decade. Practically all industries have cut the amount of their R. & D. expenditures going for basic research. Most industries have cut the proportion going for relatively risky projects. Some, but not most, industries have cut the proportion going for relatively long-term projects.

Mr. President, the business community itself is very concerned about this. In fact, one of President Reagan's very strongest supporters, the chairman of the Bendix Corp., in an article in the Washington Post of September of this year—an article which I ask unanimous consent to have printed in the RECORD at the end of my remarks—is reported as saying that he is saddened by the administrations' budget cuts in Government support for scientific research. He went on to say that Government supported research should be increased, not cut, to send a strong message to the country that science, technology, and innovation have been weakened by business' concentration on short-term results and Government's short-range economic policies.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 6.)

Mr. President, in testimony yesterday before the House Committee on Science and Technology, the Honorable GEORGE E. BROWN made an opening statement. I would quote from the last part of his statement, in which he said:

The United States is suffering economically from the schizophrenia over what the proper role of Government is in supporting research, development, and demonstration.

The U.S. still has the strongest basic research base in the world. While this base is threatened by the policies of the Reagan Administration, so, too, is our economy threatened today by our Nation's competitive disadvantage resulting from insufficient support of new technologies.

The termination or curtailment of programs that held up U.S. innovation and productivity are an example of a major switch in public policy that has been made without public debate or consent.

I believe that the Government can be a part of the solution to the needs of society, although I certainly do not wish to indicate blind support for ongoing programs.

I hope that no artificial boundaries between the research and development continuum, basic research, development, and demonstration, will be emphasized lest one part of the scientific and technological enterprise be cannibalized to feed another one.

I agree with Mr. BROWN completely.

Mr. President, at this point I wish to deliver a more formal statement that I have prepared on this subject.

RESEARCH AND DEVELOPMENT: THE AMERICAN CHALLENGE

Since World War II the United States has been the world's dominant nation in the development and use of technology. We emerged at that time as leaders in areas such as electronics, communications, atomic energy, computer science, and areonautics.

Our accomplishments in these areas almost destroyed the profession of technology forecasting.

For instance, technology forecasts made in 1937 entirely missed the development of the computer, atomic energy, antibiotics, radar, and the jet engine. Technology has been a focus of U.S. economic world leadership and a major tool in U.S. foreign policy.

Technology transfer has become one of the principal demands of the Third World on the industrialized world. We have forged alliances and incurred solutions to thorny regional issues on the basis of sharing our technology in energy areas, in communications, and even in military areas in some cases.

The backbone of our exports resides in technological products such as computers, aircraft, instruments, chemicals, pharmaceuticals, and agricultural products.

R. & D. AND PRODUCTIVITY

It is my belief that the transformation of the United States from a scientific backwater in the early part of this century, into the dominant technological force in the world has been largely the result of increased support for research and development from both Government and private sources. R. & D. is the key to innovation in our industrial enterprise, it is also an important component in the drive to raise the level of productivity in the United States. Recent studies show, in fact, that a given industry's or firm's rate of productivity increase is directly related to the amount spent on R. & D. Other studies have given some evidence that the composition of an industry's firm's R. & D. expenditures, as well as their size influences the rate of productivity increase.

For example, there is apparently a direct relation between the amount of basic research carried out by an industry or firm and its rate of productivity increase when its expenditures on applied R. & D. are held constant.

It should therefore come as no surprise that although the U.S. merchandise trade balance has had large deficits, some $30 billion in 1979, for example, R. & D.-intensive manufactured goods have a substantial trade surplus. The United States has had a trade surplus in R. & D.-intensive manufactured goods since 1960, and this surplus increased sharply between 1964 and 1975—from nearly $8 billion to over $29.3 billion. I might add that in recent years, nearly 90 percent of the trade surplus in R. & D.-intensive products has been generated by only three product groups: Nonelectrical machinery, plus computers, chemicals, and aircraft.

INFLATION AND PRODUCTIVITY

I think we will all agree that the rate of productivity increase affects the rate of inflation in our economic system. In the case, it follows that R. & D., by increasing productivity, can exert a restraining influence on inflation.

Unfortunately, our productivity rate has been falling. In the 1960's labor productivity increased at a 3-percent annual rate, whereas, in the 1970's the rate was only 1.5 percent a year. As a result, when compared with the productivity rates of France, Japan, Germany, Canada, and United Kingdom, the U.S. productivity gain between 1960 and 1976 was the smallest of those five countries. In actual numbers, our composite gain in this period was 55 percent while the Japanese gain in productivity was 289 percent.

We are faced in the United States with a vicious economic circle brought about by inflation and the interdependence of certain variables in our economic equation.

For example, high rates of inflation cause decreases in investment. In turn, the decrease in investment decreases productivity because workers no longer have the best tools available for doing their jobs. By reducing investment rates inflation causes the deferral of long-term ambitious projects by private firms, thereby reducing expenditures by industrial firms on R. & D.

In addition, if a myopic Federal Government takes the penny-wise but pound foolish approach of cutting R. & D. expenditures by Government as part of an anti-inflationary fiscal policy, we end up losing the tools that would enable us to increase productivity growth in the future, and thereby mitigate the effects of inflation.

NECESSITY FOR GOVERNMENT ROLE

Why, one might ask, should the Government provide for more R. & D. when the mood of the Nation would seem to dictate that we reduce the Federal presence? The simple answer is that private markets do not produce an adequate level of R. & D. One of the main reasons for this is the nonappropriability of benefits of basic scientific knowledge. Much R. & D. cannot be protected adequately by patents.

Consequently, any one researcher is not able to gain exclusive use of beneficial knowledge he or she may develop and is not able to charge a price to those who wish to use this knowledge.

In addition, R. & D. produces net benefits to the Nation as a whole, but private markets do not require "free riders" to adequately compensate those who perform the R. & D. for the benefits received. Therefore, without Government participation and support, too little R. & D. will take place and our scientific and technological leadership will evaporate.

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UNITED STATES MAY BE SLIPPING

Unfortunately, there is a considerable amount of data available indicating that the U.S. technological lead may indeed be slipping. I would like to review some of this data without making the claim that the data proves without a shadow of a doubt that, in fact, we are losing our lead.

The process of technological innovation is a complex one and no one can claim to know all the variables that go into it.

Nonetheless, there are some worrisome trends in the United States today. For example, the proportion of gross national product, (GNP) devoted to R. & D. is declining in the United States while increasing in Japan and Germany. In the United States it has declined from over 3 percent in the midsixties to only 2.2 percent today.

In Japan it rose from 1.5 percent in the midsixties to about 1.9 percent today. The growth rate of R. & D. spending is about 4.5 percent in the United States, 21 percent in Japan, and 15 percent in Germany.

However, these figures do not tell the whole story. For, if one restricts one's attention just to civilian R. & D. for GNP ratio, we find that the U.S. ratio has leveled off at about 1.4 percent, close to the French and U.K. ratios but much below the German and Japanese ratios which are at a level of approximately 2 percent. The relative decline in U.S. investment in R. & D. has components in both the private as well as the public sector.

Over the 12-year period, 1968–80, investment by industry in basic research as a fraction of net sales declined by 32 percent.

Similarly, investment by the Federal Government in basic research as a fraction of the Federal budget declined 27 percent over the same period. Overall, R. & D. spending by the Federal Government as a fraction of the Federal budget decreased 36 percent.

There are other worrisome indicators as well. At a time when domestic U.S. patents have decreased by almost 25 percent, U.S. patents of foreign origin have increased by more than 70 percent, thus the foreign origin share of total U.S. patents increased from 20 percent in 1966 to 36 percent in 1977.

SOME POSITIVE NOTES

This is not to say that the American scientific enterprise is in immediate threat of extinction. Among the eight researchers sharing the 1981 Nobel prizes in physics, chemistry, and physiology or medicine, there were five Americans. Every year since 1950 Americans have shared or exclusively received at least one of the science prizes and in 7 of the last 20 years, Americans were winners in all three categories.

As far as total expenditures for R. & D. are concerned, we spend more than France, West Germany, Japan, and the United Kingdom combined.

We also outspend each one of those countries in the area of civilian research. Even in the case of productivity, while U.S. productivity gains have gone down relative to those of Canada, France, West Germany, United Kingdom, and Japan, the U.S. productivity level exceeds those of all these countries.

For example, Japan's productivity level is still only two-thirds that of the United States. But as indicated earlier, these statistics, welcome though they are, do not compensate entirely for the trend of erosion. But these statistics are likewise deceiving for they do not reflect the trend which is clearly in the direction of an erosion of the American position and they do not reflect the nature of the R. & D. investments involved and how those investments might fit in with the likely direction of industrial demand and expansion in the world ahead.

Thus, a higher proportion of U.S. funds for R. & D. come from Government sources and over 50 percent of these are aimed at defense or space objectives.

In contrast, in Japan and West Germany, the majority of R. & D. funds are provided by industry and funds provided by Government sources are highly concentrated in areas more directly related to economic growth. Only 2 percent of Japan's and 8 percent of West Germany's R. & D. is defense related.

To remedy this situation, and to increase the productivity gains that would accrue from a higher level of investment in R. & D., the Senate adopted an amendment that I offered to the tax bill this past year that provided for a 25-percent incremental tax credit for corporations investing in basic R. & D. above a 3-year base level.

INSUFFICIENT R. & D. PERSONNEL

Unfortunately, the problem that we face in this area is not just one of money. The fundamental base of our R. & D. structure in the United States is in jeopardy. That base consists of people. In 1980 the United States graduated 58,000 bachelor's degree engineers. Japan, with half our population, graduated 74,000. It is estimated that the Soviet Union graduated about 300,000 engineers that year.

All over the country the demand for technically trained people has become so intense that some of the best professors at our universities are being lured away by the promise of high-paying jobs. As a result, our students are not receiving the best instruction that would otherwise have been available to them.

In addition, at the graduate level we are witnessing a disturbing trend in which smaller percentages of science and engineering students are going on to advanced training.

The 2,700 doctoral engineering degrees awarded in 1980 was the second lowest number since 1969 with notable decreases in computer science, mechanical engineering, and engineering science.

While the percentage of U.S. graduate students in technical areas is decreasing, foreign participation is rising. Forty-six percent of the engineering Ph. D.'s awarded in the United States in 1979 went to foreign citizens, two-thirds of whom were here on temporary visas.

But this is not the entire story either. The ability of the Defense Establishment to offer sufficiently high salaries to build up their work forces on a crash basis means there is a tendency for the most skilled scientists and engineers to leave the civilian sector for military production.

Even without the higher salaries, there is a natural tendency for technical people to be attracted to defense problems since the latter are frequently of greater inherent scientific interest than problems emanating from the civilian economy.

As Lester Thurow put it in a recent article, which would you rather work on—designing a new laser guidance system, or designing a new toaster?

Thus, while our military receives a superior defense product by enticing our best people away from civilian R. & D., the Japanese are beginning to press our computer industry to the wall. Most recently, Japan has decided to raise its R. & D. spending to 3 percent of GNP by 1990 with government's share of the R. & D. bill going from the present 27.2 to 40 percent, essentially all in civilian R. & D.

We have no choice except to produce more and better technical people and provide the incentives for them to enter the civilian sector.

While this need continues to grow, we are finding that the tools needed to train such people, the laboratory equipment at our universities, are falling into a dangerous state of obsolescence and disrepair. Some may claim that we are spending a lot of money in R. & D., but we can spend more, and we can spend it more wisely.

REAGAN ADMINISTRATION RESPONSE

The Reagan administration's sensitivity to the problems of the United States in scientific and technological areas is indicated by its treatment of our R. & D. programs in energy and in space.

Let me consider energy first.

In the case of energy conservation, which is the area that can provide us with the greatest amount of supply in the form of energy savings in the near term, this administration reduced the conservation R. & D. budget by nearly 30 percent in fiscal year 1981 and almost 74 percent in fiscal year 1982.

The solar energy R. & D. budget was cut by 12 percent in fiscal year 1981 and by 67 percent in fiscal year 1982. The coal R. & D. budget was cut by nearly 28 percent in fiscal year 1981 and over 72 percent in fiscal year 1982.

Only the nuclear R. & D. budget received increases in funds and this mainly for a breeder program which is focused on a timeframe for commercialization that is wholly out of tune with reality.

Even with the huge increase in the nuclear fission R. & D. budget the overall reduction in energy R. & D. by the Reagan administration for fiscal year 1982 is over 36 percent.

The administration's record in terms of space R. & D. is no better. The fiscal year 1982 NASA budget request was cut by the Reagan administration by $600 million. As a result, the space budget of the Department of Defense is now almost equivalent to the whole of NASA's budget.

Additional cuts amounting to 12 percent for nonspace shuttle programs have

been proposed by the administration for fiscal year 1982.

For fiscal year 1983, hundreds of millions of additional dollars are projected to fall by the wayside. If all the projected budget reductions by the Reagan administration come to pass then NASA, whose R. & D. budget is 15 percent of the entire Federal R. & D. budget, would be left with only one major space science program, the Earth orbiting space telescope scheduled for launch in 1985, and one major applications program, Landsat-D, scheduled for launch in 1982.

It is as if the administration is completely blind to the thousands of lives and billions of dollars that have been saved through technological applications coming from the space science program.

Our progress through the use of satellites alone has made the entire program worthwhile. Among the benefits we have received are such things as improved forecasts, early storm and flood warnings, reports to shippers on wind conditions and iceberg hazards, advice to farmers on when to plant, irrigate, fertilize, and spread insecticide, not to mention the mineral surveys and the crucial ability to verify arms control agreements through rapid global communication and reconnaissance.

PROPOSALS

Rather than mindless budget cutting, the Federal investment in basic R. & D., repeat basic, should grow. We should consider establishing new research institutes and "centers of excellence," on university campuses, as well as upgrading laboratories and laboratory equipment to provide a better climate for research and instruction at our institutions of higher learning.

Second, to encourage more graduate students in important scientific areas, we should increase the number of unrestricted science and engineering fellowships for graduate students and insure that fellowship stipends are high enough to attract the most capable students.

Third, in addition to incentives to corporations for the funding of scholarships and fellowships, as has already been done, we should consider having all defense contractors return a percentage of the R. & D. money that they receive to universities in the form of research contracts, fellowships, or upgrading of scientific equipment.

Finally, besides making more money available for basic and applied research, we must improve the deteriorating climate for innovation. Among other things that means we should seek a more rational and flexible approach to our regulatory apparatus in order to ease the most worrisome constraints on innovation without jeopardizing the public welfare.

For example, the climate for introduction of new drugs in the United States has become so hostile that American R. & D. moneys are moving abroad in the development of innovations in that area. We must turn that situation around.

SOME FUTURE EXPECTATIONS

Our past investments in R. & D. have paid off beyond our most optimistic dreams. If we continue our investments, we can reasonably expect advances in the 1980's even more dramatic than have occurred in the last several decades. Let us take the case of microelectronics as just one example. In the previous 25 years the power of a room-sized computer has been squeezed onto a silicon chip smaller than a stamp.

The $1 million computer of 1955 costs about $20 today. If we introduce a supercooled bath surrounding the central processing unit of a computer, so-called Josephson Junction Technology, it could become theoretically possible to take the largest computer operating in the world today and compress it into the size of a basketball.

The use of the microcomputer has already produced industrial robots that render obsolescent a good deal of what is currently thought of as automation. The number of such robots has doubled to 3,000 in the past 7 years. At the current rate, by 1990 industry sales could be somewhere between $700 million and $2 billion per year.

It is estimated that by 1985, 20 percent of the direct labor in automobile assembly will be done by robots. By 1988, half of the direct labor in small parts assembly for industry could be done by robots and by 1990 development of sensory techniques will permit robots to approximate human capability in most assembly operations.

One of the reasons that the Japanese are able to increase their productivity so greatly is because they have approximately two-thirds of the industrial robots existing in the world today. The United States can and must forge ahead in this area.

I could spend much more time detailing other marvels that may lie before us. The list is endless.

The question is, do we have the imagination? Do we have the will? If we do, the benefits will be boundless not only for us in the United States, but for all mankind.

I also ask unanimous consent that another article that was published in the Chronicle of Higher Education a couple of years ago, entitled "Basic Research the Key to Solving Energy Crisis, University Scientists Say," be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 7.)

Mr. GLENN. Mr. President, yesterday at the hearing before the Committee on Science and Technology in the House, there were also statements made by Dr. H. Guy Stever, chairman, Assembly of Engineering, National Research Council, and a statement by Dr. Frank Press, president of the National Academy of Sciences. I think these were both excellent statements and I ask unanimous consent that they be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 8.)

Mr. GLENN. Mr. President, I know that the distinguished Senator from Oregon in particular has a great interest in this same area. I plan, after the first of the year when we come back into session, to address this problem of R. & D. that we are facing, which I think is reaching critical levels. I think we are about to lay down the mantle of leadership in the world community in many areas.

If we do so, it will be a tragedy for this country. Yet that seems to be the direction in which we are tending. I shall not offer an amendment this morning, because I know that, in the interest of getting this continuing resolution to the White House and not sending it back to conference, there is no doubt that I would lose on a vote on the floor now. I hope we can use this discussion this morning to emphasize to those departments that will be making cuts under this continuing resolution that to the extent possible, they should not make those cuts in this R. & D. area that we think is so critical.

We shall be coming back up again after the Christmas holidays, when we come back into session, with new budget proposals. We shall be having the President's State of the Union Message as well as his new budget presented to us. I hope that some of the facts and figures I have entered into the RECORD here this morning can be of use and I hope also they will encourage those working with the President in his budget processes that they will see fit not to cut further into R. & D., which has already reached critical proportions.

I do not think there is any doubt that everyone is concerned about balancing the budget as soon as possible—whenever that may be. But to balance that by cutting funding that will hamstring this country into the long-term future, to me just does not make sense at all. It may be pennywise in this year's budget, but it is pound foolish for the long-term future.

Mr. President, I do not know whether the distinguished floor manager of the bill, the chairman of the Appropriations Committee, wishes to comment. I compliment him again on the excellent statement that he made yesterday, which I have entered into the RECORD today as part of my statement.

I yield the floor.

EXHIBIT 1

DEAR MR. STOCKMAN: On [Nov. 21] I met with my staff to review the passback material which transmitted the results of your review of the Department of Energy's FY–1983 budget. Before I address specifics of the individual program appeals, I want to focus on a major concern that I have with the principal assumption upon which the passback was based.

Throughout the passback material, the rationale for severe manpower and many dollar-level cuts was that the dismantlement of the Department of Energy would be completed by the end of FY–1982. While I am carrying out the president's mandate to dismantle the department as rapidly and efficiently as possible and have held a number of discussions with the president's immediate staff to narrow down and select the most appropriate plan for carrying out the dismantlement, I am convinced that the dismantlement process will extend into FY–1983. This process must be orderly and carefully orchestrated so that budgets and organizational plans proceed in tandem, and to assure that we observe the laws and regulations governing employees impacted by such substantive organization changes.

We are finalizing a dismantlement plan which will facilitate this process and permit identification of any necessary revisions to the FY–1983 budget. To move ahead with an

FY-1983 budget based on current OMB assumptions could undermine the president's overall objectives. Our credibility with the public will be lost if we suggest that we do not have a commonly agreed upon foundation for our activities. There are many indications that dismantlement legislation will be controversial and could be debated for a long time before final action is taken in the Congress; therefore, the character and timing of ultimate legislation is uncertain. Furthermore, thousands of adverse personnel actions would have to be initiated by June, 1982 (at the same time dismantlement legislation is being considered) in order to achieve the year-end reductions necessitated by your passback. Aside from those personnel reductions which would legitimately be linked to budgetary changes, we simply would have no legal basis for taking the full measure of the reductions which were contemplative of dismantlement. Based on recent experience, such actions will certainly result in strong negative reactions from external sources, with consequent impacts on the legislative process, and will likely generate court actions.

I believe the circumstances outlined above argue for approaching the FY-1983 energy budget in a different context—that the department will be in existence at least at the beginning of FY-1983 and therefore would require essentially the same organization and management structure as today, although it may be reduced substantially in funding and manpower from FY-1982. In any event, I feel strongly that the manpower levels must be related to the programmatic budget levels as long as the department is intact. Our revised FY-1983-budget request transmitted by this letter is based on this assumption.

In addition to the points stated above, I believe this concept will also facilitate achievement of the following objectives:

Ensuring orderly dismantlement and transition of programs and responses as a function of the OMB-Determination-Order process.

Maintaining stability and continuity of important ongoing programs.

Ensuring protection of DOE employee rights to compete for employment in successor organizations under terms of "transfer of function" regulations.

Realizing savings of 4,400 federal positions in energy programs by FY-1984, in keeping with the president's goal of reducing 75,000 positions overall.

The following table summarizes the amounts proposed by OMB and appealed by the department for each of our three major program areas, Defense, Energy and Strategic Petroleum Reserve.

BUDGET AUTHORITY

[In millions of dollars]

	Request	Allowance	Difference	Amount appealed	Revised request
Defense programs	5,604	5,304	−300	+279	5,583
Energy	4,609	3,760	−849	+641	4,401
Strategic petroleum reserve:					
Facilities and planning	604	242	−362	0	242
Oil acquisition	796	2,225	+1,430	0	2,225
Subtotal	11,613	11,531	−82	+920	12,451
Less: SPRO off budget		−2,225	−2,225		−2,225
DOE total	11,613	9,306	−2,307	+920	10,226

As indicated by the table, before the adjustment to take the Strategic Petroleum Reserve SPRO oil-acquisition funds off budget, the allowance made reductions of $1.5 billion and an addition of $1.4 billion to the department's request. Against the reductions of $1.5 billion, the department is requesting restoration of $.9 billion.

Before I discuss the specifics of these appeals, I would like to review the process by which the department's initial request of $11.6 billion was developed. This process demonstrates our commitment to the president's program.

On March 24, 1981, we received your guidance memorandum which provided target levels for the department for budget authority and outlays for FY-1983–1986. The budget authority provided by this memorandum totaled $14 billion for FY-1983. Recognizing that we would need to be at, or below, this level to support the president's Economic Recovery Program, the department worked during the summer months to develop a balanced budget for each of the three major program areas while remaining within the $14-billion target provided by your memorandum. To achieve this objective while recognizing the expanding requirements in the Defense-Program area required to support the Nuclear Weapons Stockpile Memorandum, we had to make some difficult decisions and initiate some significant redirection of programs supported in the FY-1982 revised budget particularly in the Energy area. In total, reductions of $3.3 billion were made during our internal review process to remain within the target level.

Immediately after our budget was submitted on Sept. 15, 1981, you and I had some discussions about additional reductions necessary if we were to be successful in our common efforts to bring interest rates down and stimulate the economy. As a result of these discussions, I initiated a department-wide effort to achieve additional budgetary reductions totaling $2 billion. On Sept. 25, I held final reviews with my assistant secretaries on reduction alternatives. That same day, we received your guidance memorandum directing an additional $1-billion cut, bringing your request to a $3 billion reduction in outlays below our Sept. 15 request level.

As you know, we were able to achieve this additional reduction, which amounted to more than a 20 percent decrease in our total budget, and to meet your deadline of Oct. 5 for submission of a revised budget request. The program cuts required to achieve an $11-billion budget were not made without impact. Again our objective was to develop a budget which supported the vital energy and economic goals of this administration. In this effort each program was carefully reviewed and structured to maximize achievement of our program goals within the new, very stringent fiscal restraints. I am proud of my staff for the yeoman service they performed in such a short period of time. While we would have liked to expand certain programs, such as filling the Strategic Petroleum Reserve above the minimum level shown in the revised budget, we could not do so without necessitating unacceptable reductions in other Defense and Energy programs.

With this as background, I would like to discuss our appeal to your allowance decisions. As indicated in the summary table, you have imposed reductions of $1.5 billion below funding levels we requested. In a continued effort to support the president's objectives we can accept $.6 billion of these reductions, however, we cannot conduct the kind of Defense and Energy programs which support the president's objectives without some funding and manpower [restoration].

DEFENSE

In the Defense Programs area we are requesting [restoration] of $279 million of the $300 million marked. The main issue here is the deletion of all funds requested for the Defense Waste Processing Facility at Savannah River and of $98 million of funds requested for the Waste Isolation Pilot Plant at Carlsbad, New Mexico. I feel very strongly that increases in the production of nuclear weapons in support of the Nuclear Weapons Stockpile Memorandum requires that we develop a permanent solution to the problem of disposal of high-level nuclear waste. Contrary to the arguments in the passback material, there is a conceptual design for the Defense Waste Processing Facility and Title I design efforts are now underway. Borosilicate glass has been the reference waste form for design purposes for two years. Alternative waste forms are being evaluated but R&D to date confirms borosilicate glass as the best overall candidate for defense waste. The scope of the Waste Isolation Pilot Plant does not go beyond that approved by Congress. In fact, that scope is required to demonstrate the safe disposal of radioactive wastes resulting from Defense Activities (Section 213 P.L. 96–164). The $98 million is essential to continue work on this R&D facility, and demonstrate the nation's resolve to permanently dispose of nuclear waste generated in support of our weapons program.

In Naval Reactors Development I am requesting [restoration] of $45 million of the $71 million deleted by your passback to continue work on construction of a materials facility at Savannah River. This facility is essential to ensure an uninterrupted supply of fuel for the Navy Nuclear Propulsion program.

In Inertial Confinement Fusion, I want to restore $37 million required to continue the programs approved by the Congress in FY-1982. In the Weapons area, I am appealing reductions in the restoration program required to overhaul our aging production facilities and the reduction in construction funds for weapons support facilities. We have allowed our plant to decay without corrective action for too long. Further delays will only increase the costs of this essential work. We need to move ahead now and get the job done.

I am appealing reductions in the Verification and Control Technology and in Security and Safeguards programs in order to protect our ability to detect nuclear detonations around the world and to prevent unauthorized removal of special nuclear material from our production complexes. Finally, in the Materials Production Program, I am requesting a realignment of funding allowed by the passback. This realignment is necessary to sustain key activities related to special isotope separations, necessary environmental and safety projects and the replacement production reactor to ensure long-term availability of special nuclear materials necessary to support a strong national defense.

ENERGY

I am transmitting to you appeals for a total of $.6 billion for our Energy programs. There are several areas of major concern including severe cuts in the Nuclear and Fossil program areas and the change in policy proposed for Fossil, Solar, Conservation and Geothermal programs. The policy change would redefine the federal role in support of non-Nuclear energy technologies and would require some significant revisions to the policies this administration has supported before the Congress and the public. The proposed revisions would limit federal involvement to only the most basic, generic kinds of

research; would eliminate environmental work which is essential to achieving feasibility of new technologies; and would discontinue work necessary to complete proof-of-concept activities which are essential if activities are to be turned over and accepted by private industry. In addition, the policy on discontinuation of demonstration activities would serve to terminate operation of facilities with significant sunk costs from which we are just now beginning to obtain data, such as the Barstow Central Receiver Plant, while, if literally interpreted, would argue for continuation of activities which this administration has proposed for termination such as SRC–I, H–Coal and the Donor Solvent Project. I want these proposed policy changes reconsidered so that we can stick to our objective of funding only long-term, high risk but potentially high pay-off research and development through the proof-of-concept stage.

Let me now address specific appeals in each of the Energy Program areas.

NUCLEAR ENERGY

Your proposed Nuclear Energy budget would not permit me to fulfill the president's commitment to the restoration of the nuclear industry. The appeal in the Nuclear Energy program area is for restoration of $203 million of the $344 million proposed for deletion. There are serious problems with both the proposal to establish private-sector financing for the Terminal Isolation program and with the proposal to terminate work in the Large Development Plant (LDP) within the Liquid Metal Fast Breeder Reactor program. A revolving fund for the Terminal Isolation program would require legislation and an establishment period prior to becoming operational. The utility companies would need approval of rate increases and time to accumulate the capital needed to invest in such a fund. These actions cannot be accomplished within the ten months remaining prior to the beginning of FY-1983. In the meantime, work on site characterization, construction of exploratory shafts and design of the Test and Evaluation Facility must proceed if we are to meet the 1989 completion date to which we are committed. [Restoration] of $110 million is essential to prevent substantial disruption to the program.

The discontinuation of the Large Development Plant will effectively prevent the building of any breeder plant beyond the Clinch River Breeder Reactor (CRBR). If we are to achieve the goal of private sector commercialization of the breeder, we must support continuation of the LDP program. I am also requesting [restoration] of funds for continuation of research and development work at Barnwell, for plutonium conversion, for waste treatment and for Light Water Reactor Safety. These funds are essential to preserve our options for obtaining plutonium from civilian-reprocessing plants, to continue work on a safer, easier plutonium-conversion process, to support establishment of regional, commercial low-level waste-burial grounds, and to permit minimal activities in response to the president's directive to restore the health of the light-water-reactor industry.

URANIUM ENRICHMENT

In the Uranium Enrichment program I am concerned about the proposal to require the Department of Defense to reimburse DOE for enrichment activities in support of the Naval Nuclear Propulsion Program. The $109 million which was deleted from the DOE budget is essential to ensure production of enriched uranium required to support the construction of shipboard and shore-based naval reactors. I have no objection to the transfer of this funding to DOD and establishment of a reimbursable agreement between our departments. However, I understand that no funds were provided to DOD to fund for this support. Funding must be provided in either the DOD or DOE budget to ensure continuation of these essential enrichment services. In addition, I am requesting restoration of funding for Advanced Isotope Separation to correctly price the program anticipated in your passback and restoration of $5 million to permit an orderly closeout of the Uranium Resources Assessment program.

FOSSIL ENERGY

I am requesting [restoration] of the entire $198 million deleted from the Fossil Energy program. This is a bare minimum we can accept. A viable, effective, sustainable Fossil Energy program is a key element of a balanced overall energy R. & D. effort. The proposed reduction in this area, which is tantamount to elimination of the activity, is unacceptable. The nation and the world will be employing fossil fuels as the dominant source of energy for decades to come. Technological base advances are needed to sustain this usage, to make such usage more economically efficient, to support a continuing shift to new forms and sources of these fuels, and to address growing environmental concerns. The proposed reductions completely eliminate any proof-of-concept activities which are essential to transferring technology-base results to the private sector.

In addition, a previously unidentified requirement exists for $2.4 million to support DOE management of the Great Plains gasification projects. No funds were included in the budget for this support in accordance with the administration's position that this effort would transfer to the Synthetic Fuels Corporation. It is now apparent that this transfer will not take place. This requirement can be accommodated within the $305 million request for Fossil Energy as a result of offsets from manpower savings.

ENERGY INFORMATION ADMINISTRATION

We are requesting an FY–1983 budget of $57 million for the Energy Information Administration (EIA). This level will allow the EIA to satisfy its legislative mandates, except the requirement to make mid- and long-term analysis. The data-analysis capability retained, which is specified in the EIA legislative requirement to collect, analyze and disseminate energy information, is absolutely necessary to bring relevance, accuracy, and credibility to raw statistics and to turn data into information. In addition, while the EIA energy information program will not be fully comprehensive, it will be defensible within the context of the law. Finally, at the level requested a reduction-in-force will probably not be required, saving the $1.3 million in severance pay allowed by OMB.

OTHER ENERGY PROGRAMS

I am requesting [restoration] of $12 million for essential environmental and nuclear-safety work. This restoration is essential to ensure the continued safe operation of the department's defense and nuclear programs, as well as to provide for the assessment of significant energy and environmental issues. In addition, while accepting reductions of $105 million in conservation, solar, renewable energy and power marketing programs, I am proposing some realignments among program areas to fund essential activities. I am also requesting an adjustment in the Alaska Power Administration to reinstate the $141,000 which was inadvertently deleted in the passback.

DEPARTMENTAL ADMINISTRATION

Funding for manpower and support services activities within the department should closely parallel program level changes in the remainder of the department. As I indicated at the beginning of this letter, dismantlement of the department prior to Oct. 1, 1982, is not a viable budget strategy. Accordingly, I am requesting [restoration] of $96 million for personnel and support activities essential to the continued orderly responsible and legal administration of the department. This represents a 13 percent reduction in departmental administration activities consistent with reductions taken in other department programs.

In addition, I am requesting [restoration] of $26 million of the $51 million deleted from the In-House Energy Management Program. These funds are necessary to permit completion of previously funded projects which will reduce operating expenses and energy consumption at field facilities. These projects have a short pay back period and are located at sites which support energy-research and defense-program activities. In the area of Common Use Stores inventories, funding for these inventories was not addressed in the passback. These materials support essential defense- and nuclear-program activities. In FY–1983, $27 million is required to maintain these inventories at adequate levels.

The passback also deleted all funds for the Office of Minority Economic Impact. This office is provided for by statute (P. L. 96–619) and has important responsibilities to evaluate the impact of energy policies and programs on minorities and to encourage participation of minority businesses in the department's contract activities. Resources to continue this office must be restored.

Finally, I am requesting [restoration] of funds for policy studies and for the Community Assistance program. The policy funds will allow analysis of critical energy issues such as the deregulation of natural gas and analyzing free-market approaches to emergency preparedness. Community assistance funds are required to meet support agreements with the Los Alamos and Oak Ridge communities.

MANPOWER

The department wholeheartedly supports the president's controls on federal employment and associated funding, as a means of achieving the president's economic objectives and in implementing his energy programs. We have taken a number of major steps to quickly and permanently reduce the federal workforce in the department. To date, full-time permanent federal employment has been reduced from 19,927 in January 1981, when I took office, to 17,700 in November 1981, a reduction of 2,127 or 11 percent. I anticipate additional reductions of approximately 1,000 people during FY-1982, which will permit us to be substantially below our FY-1982 ceiling of 17,634 and contribute to meeting our lower FY-1983 allowance.

As I mentioned earlier, the OMB FY-1983 FTP/FTE [fulltime personnel/full-time equivalent] mark of 13,490 employees proposes dismantlement implementation in FY-1982 accompanied by heavy programmatic cuts. This decrease of 3,874 positions from the FY-1982 level represents a further reduction of 22 percent in our permanent federal workforce.

We have grave problems with a reduction of this magnitude. Discounting those areas you granted exemptions from the reduction, i.e., PMA's, NPR's, SPRO and [the Federal Energy Regulatory Commission], and a minor reduction in defense programs, a reduction of 4,711 FTE or 51 percent is proposed for the remainder of DOE in the outlay energy programs and associated support areas. Specifically, the mark presupposes dismantlement during FY-1982 by withdrawing anticipated savings in advance of a firm plan. Further, the mark entails staffing reductions in our six multi-purpose operations offices of 34 percent which would imperil execution of our outlay programs. I do not believe that a reduction of this size will allow the department to carry out the president's responsibilities in the energy area. The following table summarizes our appeal.

DEPARTMENT OF ENERGY STAFFING, FISCAL YEARS 1982-83—FTP/FTE

	1982	1983 OMB allowance	Percent change from 1982	1983 DOE appeal	Percent change from 1982
OMB allowance	17,364	13,490	−22	15,490	−11
Exempted areas:					
Federal Energy Regulatory Commission	1,636	1,777	+9	1,663	+2
Power Marketing Administration	4,091	4,921	+20	4,921	+20
Strategic Petroleum Reserve	192	179	−7	179	−7
Naval Petroleum Reserve	120	120		120	
Subtotal	6,039	6,997	+16	6,883	+14
Defense programs (includes naval reactors)	2,150	2,029	−6	2,115	−2
Subtotal	8,189	9,026	+10	8,998	+10
Energy and support	9,175	4,464	−51	6,492	−29

In summary, I wish to appeal restoration of 2,000 FTP/FTE's to a level of 15,490 for fiscal year 1983. The department would as a result have a net reduction of 11 percent or 1,874 FTE from fiscal year 1982. The areas of requested restorations are as follows:

HEADQUARTERS ORGANIZATION

We appeal for restoration of 629 FTP/FTE's for headquarters outlay and information and regulation program offices. The appeal addresses increases for fossil programs (+329), defense programs (+79), and other critical areas.

OPERATIONS OFFICES

We appeal restoration of 508 FTP/FTE positions for six (6) multi-purpose operations offices. Certain unique characteristics of the operations offices make it essential that manpower resources be restored. The operations offices represent the level within the department where programs and projects are actually implemented and managed. Further decline in federal staffing at the operations offices would severely disrupt accomplishment of essential residual operations as numerous programs wind down and contracts are closed out. We have already made significant cuts to operations offices' staffing levels in our efforts to achieve reductions in line with the president's program. Further cuts reflected in the OMB passback would not leave us enough manpower to assure effective management of the continuing baseline workload in the defense, nuclear and energy research programs, and to effectively close out projects to safeguard and preserve government resources and facilities.

DEPARTMENTAL ADMINISTRATION

We appeal restoration of 977 FTP/FTE's in the departmental administration account. The bulk of this restoration is FTE's reduced advance for dismantlement. Until such time as the dismantlement plan is formulated and legislation passed, appropriate savings cannot be calculated. The appeal also includes an adjustment of 114 FTP/FTE's from FERC to the assistant secretary for management and administration. The functional transfer of FERC support is currently being addressed and should be settled shortly so that revised funding and manpower levels can be reflected in the president's fiscal year 1983 budget. We will advise you promptly following settlement of this matter.

We are all members of the president's team and need to cooperate in order to fulfill his commitment to the nation. I look forward to working with you in that spirit to reach an agreement on our revised budget.

Sincerely,

JAMES B. EDWARDS.

EXHIBIT 2

STATEMENT OF SENATOR MARK O. HATFIELD

Mr. Chairman, Members of the Subcommittee: I thank you for calling this hearing and allowing me to testify this morning on an issue on great personal interest.

While I understand this hearing will cover the entire Energy Department, I want to commend Senator Percy for his special interest and involvement in energy conservation through the Senate and through the Alliance To Save Energy, a prominent advocacy organization which he chairs.

The present and future status of the Department of Energy is of vital significance to this nation and to our allies in Europe and the Far East. Budgetary uncertainty within the Department (of Energy) and the threat of total dismantlement of this nation's leading energy advocate portends enormous domestic and international implications, which I will outline in a moment.

You are aware, Mr. Chairman, of my strong commitment to preserving energy conservation and renewable energy technologies as part of our national energy policy. Because these two areas of the DOE budget and reorganization plan are, in fact, the first two programs targeted for extinction, I would like to focus on these areas in my comments this morning.

For the second time in as many years, the Congress next month will be reviewing a new budget for the Department of Energy which proposes drastic cuts in all areas of the energy spectrum except nuclear power and defense activities. Energy research and development in coal, this country's most abundant energy resource, was cut 40 percent this year, and is expected to receive further reductions and possibly complete shut-down in FY 1983. The energy conservation and solar energy budgets were hit harder by the FY 1982 cuts, with overall reductions in the neighborhood of 60 percent. Forthcoming requests for these program areas (which are said to tbe about $19 million for conservation and $83 million for solar) can be viewed as nothing but a close-out scenario.

On that point, Mr. Chairman, I would like to submit for the record a copy of a letter from Secretary Edwards to OMB Director David Stockman in which the Secretary comments about the future of DOE within the context of the 1983 budget (quote), "I am carrying out the President's mandate to dismantle the Department as rapidly and efficiently as possible and have held a number of discussions with the President's immediate staff to narrow down and select the most appropriate plan for carrying out the dismantlement . . ." The letter goes on to discuss certain matters which the secretary says are necessary for the " . . . orderly and carefully orchestrated budget and organization plans."

I realize that the policy to dismantle the Department of Energy is not entirely his own creation and understand that Secretary Edwards has, in fact, taken issue with the Office of Management and Budget in some instances. Nevertheless, the Department of Energy, under orders from OMB and the White House, is proceeding with dismantlement and has done little to preserve the conservation and solar programs.

For example, Mr. Chairman, I wish to submit for the record testimony provided last week to a House of Representatives Subcommittee at which Dr. Arthur Rosenfeld, Director of Building Energy Sciences at Lawrence Berkeley Laboratories, states that "DOE program officers told him that the on-going research in building conservation technologies would be terminated". Despite the fact that Congress has made available $17 million for those activities this fiscal year, and that the Congress has not even received the President's FY 1983 budget recommendation, let alone acted upon it.

Mr. Chairman, the point which must be impresed upon the Subcommittee and indeed the Congress, is that this "de facto" dismantlement of national energy programs is actively and openly being implemented by the Administration. This is in direct violation of the intent of the Congress which, in the Budget Reconciliation Act and in the Continuing Resolution stated that such programs shall not be terminated.

Surely the cry will be made by the Office of Management and Budget that increasing budget deficits demand further cuts. On that point, Mr. Chairman, I would like to submit for the Committee records an article which appeared in the Wall Street Journal entitled, "Reagan's Plan to Ax Energy Agency Not Likely to Affect Budget". The Wall Street Journal article points out that the dismantlement plan over the next two fiscal years would save only about $3 to $4 billion, which would come from terminating the coal, conservation and solar energy program activities because the remaining $9–10 billion must be spent on nuclear power, defense activities contained in the DOE budget, and money for filling the Strategic Petroleum Reserve.

Mr. Chairman, clearly the Administration is using this country's economic problems and the President's mandate for a more efficient government as an excuse to do away with programs and policies it does not feel are important. The fact is, Mr. Chairman, these programs to reduce and diversify our energy base are of critical importance to this nation's economy. For example:

In 1981 the cost of energy used to run this country's economy will be over $400 billion.

Every $5.50 increase in the price of oil (whether domestic or foreign) raises inflation by 2 percent, 400,000 jobs are lost, and our gross national product is lowered by 1.4 percent.

The cost of energy (exclusive of transportation) for many low-income families in this country comprises 30–40 percent of their total income.

To illustrate further the Department's naivete about the importance of conservation and new energy technologies, we need only look to the U.S. auto industry where 50 percent of all cars sold in this country, by 1983, will either be foreign-made or will be American cars which contain foreign engines. The drain this causes on the U.S. balance of payment deficit it enormous. In this same vein, the U.S. is planning to terminate energy research and development activities while the Japanese government has recently doubled its investment in energy conservation, France's investment has increased 221 percent, and Germany's commitment increased 66 percent to a total of $1 billion. What do these countries know that we don't? Simply, Mr. Chairman, that investments in energy pay important and immediate dividends to the economy by reducing expensive and unnecessary dependence on foreign petroleum.

Mr. Chairman, I have said a good deal already about DOE dismantlement and energy conservation, but my examples can just as easily be transposed to other domestic energy sources. Conservation, however,. is

looked upon on a very different light than other energy resources and needs a stronger push to gain credibility. Most people associate energy conservation with the environmental movement, a no-growth economy, and alternative lifestyles. Surely conservation embodies a mandate or vision of living which is more consistent with our natural surroundings, but I offer yet another outlook on energy conservation, one which extends beyond the importance of preserving the environment or limiting growth, but one that is necessary for our very survival! Given that both Secretary Weinberger and Secretary Haig have pledged to deploy military forces in the Middle East to defend oil resources, including the use of nuclear weapons, if necessary, the conservation of energy without question becomes a mandate to preserve world peace and avert nuclear holocaust. I find totally irresponsible the Administration's combined policy of DOE dismantlement and their willingness to sacrifice lives and risk nuclear war to defend oil interests in the Middle East. We will, in effect, be forced to employ violence because we failed to channel our genius toward the sane and logical alternatives of energy conservation and diversification. Thus, the choices we made today about the future of DOE involve profound moral implications which must be brought to the public's attention, and to the attention of this Committee.

Again, I commend the Chairman and Subcommittee for investigating this very important matter and I thank you all for allowing me to testify.

EXHIBIT 3

[From the Wall Street Journal, Dec. 1, 1981]

TECHNOLOGY DUEL: JAPAN STRIVES TO MOVE FROM FINE IMITATIONS TO ITS OWN INVENTIONS

(By Urban C. Lehner)

TSUKUBA, JAPAN.—In 1950, a 23-year-old engineer named Nobutoshi Kihara "invented" the tape recorder.

Actually, German scientists had invented it earlier, during World War II. But Mr. Kihara had never seen the Germans' machine and had no technical information on it. All he knew was that the Germans had made one. His impressive success in creating the device anew helped propel his obscure Tokyo-based company—now called Sony Corp.—to world prominence.

A few months ago, a team led by Mr. Kihara, who now is a Sony managing director, came up with another breakthrough: a camera that doesn't use film. The images are recorded instead on a special magnetic disk. After taking as many as 50 pictures, the user can pop the disk out of the camera, insert it in an apparatus attached to his television set, view the pictures and decide which ones he wants to make prints of. After pictures have been printed, the disk can be reused. Sony hopes to market the camera, which it calls Mavica, within two years at a price of about $1,000.

Sony truly invented the filmless still camera. No one else has achieved anything like it. But Sony didn't invent a vital component that makes the Mavica possible—a specialized semiconductor, a charged coupling device (CCD) that converts rays of light into electronic signals. Chicago-based Bell & Howell Co. holds the basic patent on the CCD.

Thus has technology here advanced. Japan has gone beyond merely imitating the inventions of others, though it still does some of that. Today many Japanese companies specialize in improving on or finding new applications for existing technology.

Overall, based on such measures as patents registered, research expenditures and technological exports, Japan's science and technology agency reckons that although the country still is far behind the U.S., its science and technology have rapidly grown to become comparable to West Germany's.

But the Japanese have yet to originate epoch-making new technologies that make possible whole new industries, as the light bulb did or the jet engine or the CCD. Toru Namiki, an official of the Ministry of International Trade and Industry (MITI), says one study shows that in a recent 20-year period, Japan came up with 26 technological innovations, only two of which were momentous. The U.S. had 237 innovations, 65 of great significance.

FROM IMITATION TO CREATION

The challenge for the future, business and government leaders agree, is to originate technologies. "The century of catch-up modernization is now ended," MITI said in a report last year. Hitachi Ltd's chairman, Hirokichi Yoshiyama, says that Japan must give priority in the 1980s and beyond to the development of unique technologies, particularly ones that lay the groundwork for innovations. Otherwise, some Japanese fear increasing resistance in other advanced countries to the one-way flow of technology from Japan that is so injurious to some foreign industries.

To accomplish its purposes, Japan has set upon a policy of sharp increases in research and development spending, to 3 percent of gross national product in 1990 from 2.27 percent currently, with the government's share of the R&D bill to rise to 40 percent from 27.2 percent. In the U.S. 2.5 percent of gross national product currently goes to R&D and the government's share is 50 percent or 35.5 percent excluding military research, of which Japan has almost none. Japan's new stress will be on basic research.

Japan also is consolidating physically some of its research so as to improve efficiency. MITI recently moved its own labs to a new science city here in Tsukuba 25 miles north of Tokyo. The agency plans to build 16 "technopolises" to house other research labs, high-technology businesses and their employees in the 1990s.

A PUSH IN ELECTRONICS

Japanese companies, too, are increasing their R&D efforts, especially in such industries as electronics. Hitachi, which employs more than 9,000 researchers, has increased its R&D outlays to 128 billion yen in the year ended last March 31, or 3.81 percent of sales, from 36.2 billion yen, or 2.97 percent of sales, nine years earlier. In semiconductors and computers, it is spending 13 percent to 15 percent of sales on R&D, and it is increasing emphasis on basic research.

Still, it won't be easy for Japan to stimulate innovation as it was to stimulate imitation, many observers believe. Japan's social system stresses conformity and group harmony. Its educational system stresses memorization by students and deference by young faculty members to their elders. Its laboratories tend to be large bullpens where researchers work in groups.

These conditions aren't conducive to creativity, asserts H. Stephen Spacil, a General Electric Co. scientist stationed in Tokyo as a scientific observer.

Thus, the decision to encourage scientific innovation has occasioned some national soul-searching. Can and should Japan change its social and educational system? And if it does, how is Japan to avoid losing the sources of its current economic strength?

The problem, writes the research chief of Matsushita Electric Industrial Co., Shunkichi Kiska, is that while it wouldn't be easy for Japan to display greater creativity by altering its educational and social systems, it would be even more difficult for a research institute or a business enterprise to enhance creativity quickly.

One specific effort to encourage creativity just got under way at the Japan Research Development Corp. (JRDC), a non-profit outfit created recently by the science and technology agency. It is a series of four research projects, each to last five years, in which scientists from abroad will be invited here to work with Japanese scientists, exposing them "to different ways of thinking," as the JRDC's Noboru Fujikawa puts it. Ten foreign scientists already have applied for the first project, an effort to develop a vaguely defined "perfect integrated circuit."

But even those who expect Japan to meet the creativity challenge don't expect that it will happen overnight. Justin Bloom, who just finished a six-year stint as the science counselor at the U.S. embassy in Tokyo, believes that Japan is entering a golden age of creativity in science. But he doubts that the age will flower until Japan revamps its system of higher education.

Masanori Moritani, a senior researcher at Nomura Research Institute, an affiliate of Nomura Securities Co., thinks it will be 10 or even 20 years before the government's efforts to spur creativity will really pay off.

JAPAN'S CURRENT STRENGTHS

That, of course, doesn't mean that Japanese technology is in the doldrums. All signs are that it will continue to progress even without any basic changes in the country's social and educational system. In a number of specific areas, Japan is showing great strength.

Steel: Most people, perhaps correctly, don't think of steel as a high-technology industry. But the Japanese have raised steelmaking to new heights. Increasingly, they are exporting this technology by licensing its use to steel-makers in such countries as South Korea, and even in the U.S. Indeed, steel is the one industry in which Japan currently exports more technology than it imports.

It is generally agreed that Japan will continue to be strong in steel. With world demand for steel weak and likely to remain so, steel-makers in the U.S. have looked for ways to diversify out of what they see as an unpromising business. Japanese steel-makers have responded to the slump differently. They are busy trying to create new demand by developing new products. For example, Nippon Kokan K.K., Japan's second-largest steel-maker, is working on lighter steels and composites of steel and plastic for use in future fuel-efficient automobiles. Recently the company developed a steel for use in natural-gas pipelines that can withstand pressures of 80,000 pounds per square inch, which is 10,000 pounds higher than the current pipeline-industry standard.

Social Technology: Experts say that Japan has done an excellent job technologically in such areas as disaster prevention (for example, its extensive earthquake-prediction system) and mass transportation (Japan's 125-mile-per-hour bullet trains).

At MIT's robot lab here in Tsukuba, researchers are trying to perfect a guide-dog robot for the blind. (Japan has 340,000 blind people but only 380 guide dogs.) The robot, which has been under development for five years and could easily take another five years to perfect, will be programmed to travel its master's normal routes (house to office, for example) and will be able to see and avoid such hazards as open manholes, the researchers say.

Production Technology: "If you think of technology as production technology," says Kenichi Ohmae, who runs the Tokyo office of the consulting firm McKinsey & Co., "Japan has been very innovative."

The category includes robots, and in that field, says Paul Aron, the president of U.S. operations for Daiwa Securities Co., the Japanese are convinced they are going to be preeminent.

The Japanese also have proved skillful in coming up with equipment to improve manufacturing productivity.

The world doesn't see much of this stuff, though. It isn't for sale. "Many large Japanese companies have labs that do nothing but design production equipment for their own factories," says GE's Mr. Spacil, adding: "That's rather rare in the U.S." At Osaka-based Matsushita Electrical Industrial Co., Minore Morita, the managing director in charge of production engineering, says the purpose of this is keeping ahead of competitors. Matsushita employs 3,000 engineers and makes about 30 percent to 40 percent of its production equipment in-house—several hundreds of millions of dollars a year worth.

Applications and New Products: The Japanese will undoubtedly continue to find new and better uses for technologies developed elsewhere. Competitive pressures at home and abroad encourage them to exploit existing technology. "I see no limit to our creation of new products," says Sony's Mr. Kihara.

Foreign competitors make it easy for the Japanese by not manufacturing what they have developed. For instance, liquid-crystal displays, used in electronic watches and calculators, were developed in the U.S. and in Britain, but in neither country did anyone show much interest in producing them. Today Sharp Co. and Mitachi each have 25 percent of the world market. The combined U.S. share is less than 10 percent.

Pharmaceuticals: Japan has long been strong in fermentation technology, and its drug companies are beginning to spend significantly on developing new-product applications. Although the Japanese aren't soon likely to overtake their American and European competitors in pharmaceuticals generally, it won't be long before they are real contenders in some product lines, including anti-cancer drugs. One problem the industry faces is that some of Japan's talented scientists are doing their work in the U.S. and in other countries.

Nuclear Energy: McKinsey's Mr. Ohmae (who has a Ph.D. in nuclear engineering) says Japan has surpassed France and is probably on a par with the U.S. The anti-nuclear movement here is weaker than in the U.S., which is ironic considering the vehement opposition here to nuclear weapons. By one estimate, as much as two-thirds of all government R&D money here goes to nuclear-energy research. Japan, more dependent on foreign oil than any other advanced country, plans to lessen that dependence by constructing reactors, which it hopes also to export.

Computers: The Japanese haven't been as successful in cracking world markets as they had hoped, but they haven't given up, and their computer makers are pouring money into R&D. The government, looking toward the 1990s, is financing two ambitious research programs. One is to develop a supercomputer that will work 1,000 times faster than today's fastest. The other is to develop a fifth-generation computer that "thinks" like human beings and can "understand" what they are saying. (Some Western experts doubt that even the Japanese can build such a beast.)

Despite their strengths, many Japanese will continue to worry about the state of their technology until Japan demonstrates an ability to innovate. In 1963, William Shockley, one of the three Bell Laboratories scientists who invented the transistor, visited Japan and was interviewed on television by Makoto Kikuchi, who today is the director of Sony's research center in Yokohama. Mr. Kikuchi remembers well Mr. Shockley's taunts: "Do you really think you can establish a Western kind of science and technology on a base of Japanese culture and language? Don't you have any feeling of incompatibility?"

A lot of viewers here undoubtedly nodded their heads when they heard that, for it jibes with a popular notion that the Japanese aren't scientifically innovative. McKinsey's Mr. Ohmae crystallizes the debate here when he says the real question is, Can Japanese scientists learn to create?

EXHIBIT 4

CONCERN GROWS OVER POLICY ON NATIONAL LABS

(By Nathaniel Sheppard, Jr.)

CHICAGO.—Many American scientists are apprehensive about the Reagan Administration's emerging science policy and its probable effects on the country's national research laboratories.

In March, two months after he took office, President Reagan proposed a science budget for the current fiscal year. It would have raised research and development funds for the Defense Department $4.7 billion above the level for the fiscal year last, while reducing the research and development budget for the Department of Energy, which supports the national research laboratories, by $344 million.

Mr. Reagan modified his proposal Sept. 24, a week before the start of the 1982 fiscal year, reducing the Defense Department increase to $3.8 billion but deepening the energy cuts by another $663 million, for a total proposed cut of more than $1 billion.

The March proposals resulted in substantial layoffs and other cost-cutting measures at the major national laboratories. If they are enacted by Congress as proposed, laboratories with nonmilitary research missions will have to make further layoffs, perhaps as much as 25 percent of their work forces.

Some of the national laboratories originated during World War II when scientists were recruited to work on the atomic bomb and their secretive posts became laboratories after the war.

"We are going to have a more narrowly focused role for Federal Government," said N. Douglas Pewitt, assistant director of the White House Office of Science and Technology Policy. "We will no longer support things within the capability of private industry." Toward that end, he said, "the role of the national labs will be examined in detail by this office."

CITES LIGHT BULB PROJECT

Asked for examples of development efforts under way at national laboratories that might better be handled by private industry, he cited building a more energy-efficient lightbulb. "We have poured a few million dollars into this area when it would have been better to have left this type of research to private industry," he said.

"A more contentious example," he said, "is Federal support of an effort that could only be called product improvement—fabricating technology for solar photo volt cells. We have spent $20 million to $30 million a year on this and this has minimized private industry competition." Photovoltaic cells produce electricity through light and chemical action.

Officials at laboratories dependent on nonmilitary research have begun to retrench. Staffs at most of these laboratories have been trimmed by the 12 percent guidelines set in March and now administrators are faced with new cuts at least equally deep. The cuts, some say, will jeopardize many important projects under way.

Recently nearly 100 prominent scientists, meeting in Washington, issued a warning that the budget cuts "will do irreversible damage unless longer-term research, in contrast to development and demonstration, is protected."

Dr. George A. Keyworth 2d, the President's science adviser, a former head of the physics division at Los Alamos National Laboratory, dismissed as "lacking in realism" assertions that reductions in Federal support for research would seriously damage science. "Science in the U.S. is healthy today," he said.

But William D. Carey, executive director of the American Association for the Advancement of Science, said, "We are letting the air out of our tires one pound at a time when we should make up our mind how much tire pressure will keep us out of the ditch."

Some laboratories have already acted on the cuts they anticipate. At Argonne National Laboratory in Lemont, Ill., which is deeply involved in energy and environmental research, 600 positions already have been cut. Walter E. Massey, the laboratory's director, says 600 of the remaining 4,400 employees may have to be laid off.

At Brookhaven National Laboratory on Long Island, 270 of 3,600 employees have been laid off and officials say further cuts may eliminate 25 percent of the work force within the year.

About 12 percent of the staff at the Fermi National Accelerator Laboratory in Batavia, Ill., has been dismissed.

MORE LAYOFFS EXPECTED

Lawrence Berkeley National Laboratory in Berkeley, Calif., trimmed its staff by 200 after the March budget projections. Dr. Earl K. Hyde, the laboratory's Deputy Director, said that the remaining 2,700 employees might be reduced by as many as 200 to 300 in a "worst case" situation.

Because of the uncertainty over how the cuts will be mandated by D.O.E. managers, officials at the Oak Ridge National Laboratory in Tennessee have made no layoffs. Wayne Range, a regional D.O.E. spokesman, says the complex's uranium enriching plant is in a "layoff situation," although its weapons plant is adding people.

What is clear is that the size and role of national laboratories will change significantly under the Reagan Administration and scientists, as a group, are complaining that they have had no say in this restructuring.

"I believe there is a strong role for national laboratories to bridge the gap between the university and industry," said George C. Dacey, who heads the Sandia weapons laboratory in Albuquerque.

"Industry looks at the short range, the return on capital and investment. Therefore some demonstration of feasibility, bringing a project to the point where a prudent industrialist feels it is worth his involvement, is appropriate for multi-discipline labs," he said. "I think national laboratories should be that bridge between new knowledge and its being put into application by industry."

EXHIBIT 5

[From the Cleveland Plain-Dealer, Dec. 6, 1981]

SAVING LEWIS CENTER

It isn't official but there is reason to fear for the future of the Lewis Research Center, a NASA gem in Cleveland. The center, with its $500 million annual budget, is shaping up as a target for the Reagan spending cutters. The Plain Dealer applauds bipartisan effort of the Ohio congressional delegation to make the case for saving Lewis.

The drive will gather momentum Tuesday when three Cleveland area congressmen and former astronaut Neil A. Armstrong testify before a House aviation subcommittee on NASA funding. It already got a head of steam Friday when the director of the Cleveland center, Dr. John F. McCarthy Jr., went before the City Club and enumerated the benefits of Lewis to Cleveland and of NASA to the nation.

While federal protocol restrained McCarthy from expressing outright criticism of the administration, his fear for the future of Lewis was obvious and his message on behalf of NASA a strong one. After detailing the accomplishments of NASA programs, he concluded: "It is time that this country

came to its senses and supported the vital research and technology necessary for national economic health. Cyclical, inadequate funding is the road to disaster."

Of course NASA has its critics and there are those who think space exploration, for instance, is a waste of money. To which McCarthy and like thinkers point out that the entire NASA budget of about $6 billion is less than 1% of the total government spending. As for Lewis, its work is down to earth as well as in space. The center is working on programs to curb aircraft noise and fuel consumption, to develop alternative fuels to petroleum and to make automotive engines more efficient.

The friends of the Cleveland center are in the dark because they have no specific figures that suggest how to meet President Reagan's fiscal goals and at the same time take Lewis out of danger. The final budget will not be known until January. The campaign for Lewis must make its points to Congress and the administration now.

It is hardly a parochial crusade to urge that Lewis be spared any damaging blows. The center employs 2,700 persons. Not so long ago the work force was 5,500. The ax has fallen before. Today's payroll includes about 1,300 scientists and engineers; fine minds who would presumably be lost to the area if the center had to close.

Lewis pumps about $125 million into the Greater Cleveland economy. In addition to those employed at the center, more than 4,000 other workers throughout the region depend on Lewis. Projects researched and tested at Lewis have national impact. Lewis, for example, helped develop the liquid fueled rockets that made possible the Apollo, Centaur and Venus space missions. Less glamorous but potentially as beneficial is Lewis' work on harnessing the wind to produce electricity. A so-called wind farm that came out of Lewis technology is producing cheap electricity in Washington state.

The Columbia space shuttle that made its mark this year owed much to work done at Lewis. So do some strides in the treatment of cancer by radiation. A goal for the future is the vital one of finding alternative materials to the natural ones that are scarce in this country—chronium, tantalum, cobalt.

The Plain Dealer urges Ohio's representatives to battle with a stout stick to save an establishment that has done magnificent work for the country since it was started as an aircraft engine research laboratory in 1941. As McCarthy said, it has an important role to play if this country intends to meet the challenge from Japan and Europe in areas of high technology that once were ours alone. That is no longer the case, but it would be foolish and false economics to shed a priceless asset for a temporary gain in the ledger.

EXHIBIT 6

[From the Washington Post, Sept. 23, 1981]

BENDIX HEAD CRITICAL OF BUDGET CUTS

(By Peter Behr)

COLUMBIA.—One of President Reagan's strongest business supporters, Bendix Corp. Chairman William M. Agee, said today he is saddened by the administration's budget cuts in government support for scientific research.

Agee, interviewed at the dedication of Bendix's new Advanced Technology Center for long-range research here, said corporate tax reductions in Reagan's new economy program are valuable for business but won't give the boost to industrial research necessary to the country's technological base. That base, he said, "is not nearly as strong as it should be."

Government-supported research should be increased, not cut, he said, to send a strong message to the country that science, technology and innovation have the highest priority. "Any cuts of any consequence in this area" are damaging, he added.

"I think a coalition between government and private enterprise of the NASA type, whether in bio-technology, an extension of the space program or some other area of advanced technology is very, very important to provide a strong signal" to the country, Agee said. That signal could affect the number of young people who choose science as a career and could stimulate greater scientific activity by business, he added.

Agee said the new Advanced Technology Center is an example of his company's commitment to long-range research.

The center, which has 114 employes, is "not associated with product engineering or the pressure to contribute to immediate business returns," said John W. Weil, chief technical officer.

Instead, its objective is to develop fundamentally new ideas to meet the needs in Bendix's automotive, aerospace and industrial businesses eight or 10 years in the future, said Agee and John J. Martin, the center's general manager.

The company will spend $10 million to $15 million on the center this year and expects to increase that figure by 20 percent next year.

Among the research projects shown to visitors today were projects to:

Perfect techniques for making metal parts such as machinery gears from powdered metal rather than from pieces cut from solid metal. A major goal is to find ways of binding particles together tightly enough to ensure sufficient strength in the metal part.

Study the brain functions of bats as a guide to improving radar communications.

Develop very small, tough chemical sensors to provide better control of industrial manufacturing processes and pollution.

Agee said Bendix is willing to wait five years or more for the center to make a significant contribution to the company's business products.

In his view, the U.S. economy has been weakened by business' concentration on short-term results and government's short-range economic policies. Bendix has deliberately invested in long-range technology at the expense of short-term profits, Agee said.

Bendix, the 88th largest company on Fortune magazine's list of the 500 largest corporations, is better able to afford such investments in technology than many other companies. It reported sales of $3.4 billion for the nine months ending June 30 this year, compared with $2.8 billion for the same months in 1980. Net income rose from $146 million to $389 million over the same period.

The location of the center in Columbia adds to Bendix's sizable presence in the Washington area, Maryland Gov. Harry R. Hughes noted today. He said Maryland had faced competition from other states in attracting the Bendix center and thanked Agee for the company's confidence in the state.

Bendix has an electronics subsidiary in Rosslyn, a communications division in Towson in Baltimore County and a field engineering division near the new research center.

After viewing a mystifying display of lasers, electron microscopes and computer consoles, Hughes left the men's room saying he was glad to have spotted some familiar looking equipment.

Agee said the Baltimore-Washington area is "a very good environment" for a scientifically based business. It was hard to shift the company's scientists to Maryland from Bendix's base in Michigan, he added, but with the concentration of technological firms, universities and research facilities the region provided "the best environment we could find."

EXHIBIT 7

[From the Chronicle of Higher Education, May 1, 1978]

BASIC RESEARCH THE KEY TO SOLVING ENERGY CRISIS, UNIVERSITY SCIENTISTS SAY

(They view this week's Sun Day celebration as an opportunity to focus attention on world's plight; what's needed, they say, is money to gain fundamental knowledge about how energy is produced.)

(By Ann C. Roark)

Alarm clocks will be ringing before the crack of dawn on many college campuses Wednesday. Professors and students will wake up not to prepare for lectures or final exams, but to watch the sun rise.

Wednesday is Sun Day.

Some 150 communities around the United States, along with at least 19 other countries, plan to mark the day with solar conferences, teach-ins, "sun dances," sunrise services, and solar rallies. The nationwide "celebration of the sun" is, according to its environmentalist and anti-nuclear-power supporters, designed to promote solar energy as the answer to the world fuel shortage.

"Sun Day can be whatever kind of celebration you want it to be," the Washington-based National Sun Day staff has written in its promotional literature. "One person has suggested the world's largest solar clothes-dryer—a coast-to-coast clothes line to be set up May 3. Others are planning funeral services to mark the end of the petroleum era. And Old Uncle Gaylord's Ice Cream Parlor in San Francisco is giving away "Sun Day" sundaes."

Despite such light-hearted publicity, Sun Day's organizer, Denis Hayes, takes the event very seriously. Its purpose, says Mr. Hayes, who is senior researcher at World Watch, an international research organization in Washington, is twofold: to inform the public that solar energy is not remote or exotic and to mount a political campaign that will push for rapid development of solar technology.

So far, according to many observers, Mr. Hayes has proved to be at least as successful a Sun Day politician as he was an Earth Day booster. Eight years ago the former Stanford University student and trustee organized a nationwide celebration of the Earth, an event that many credit with making the environmental movement the political force it is today.

For Sun Day, Mr. Hayes has brought together some 26 paid organizers in Washington. Over the past few months they have set up a coast-to-coast network of some 400 local and regional organizers and coordinators. They have raised thousands of dollars—some from major foundations. They have persuaded Congress to pass a resolution heralding Sun Day. And they have even prevailed on the President to issue a proclamation calling on all Americans to observe the day with "appropriate activities and ceremonies."

WASHINGTON MONUMENT RALLY

In Washington despite the Carter Administration's apparent indifference to solar technology, top government officials plan to join thousands of politicians and students who will rally around the Washington Monument in celebration of the sun. Representatives of the Department of Energy and the Department of Housing and Urban Development are scheduled to make speeches. Others will set up solar workshops and still others will operate "Sun Dial" information centers which persons may call toll free, for information about solar energy.

Mr. Carter himself is expected to visit the Solar Research Institute, a new federal facility in Golden, Colo., to announce the information of a high-level panel to examine and coordinate the Administration's solar-energy program.

On campuses around the country, many scientists—even those who are not advocates

of solar power—are supporting Sun Day in a big way.

It gives them a chance, the scientist say, to call attention to the nation's—and the world's—energy plight.

Although public-opinion polls in many Western countries show that the general public believes the energy crisis ended with the lifting of the 1973 Arab oil embargo, most experts agree that current supplies of fossil fuel are running out—and doing so rapidly.

"DESPERATE" OIL SITUATION SEEN

Most estimates indicate, for example, that in the 20 years from 1960 to 1980, the rate of energy consumption will have doubled in the same two decades, more fossil fuel will have been consumed than was used in the previous 200 years.

"It is clear to me," says Thomas F. Jones, vice-president of research at the Massachusetts Institute of Technology, "that the oil situation will become desperate—maybe even in my lifetime. And I'm over 60.

"There are—relatively—good supplies of coal. If we can just take out the [polluting] sulfur, they should last us at least into the next century.

"But what then?"

That's the question an increasing number of university scientists are asking. Thus far they've had little success in finding the answer.

Part of the problem, according to a national survey by Phillip LeBel of the New York Institute of Technology, is that nearly two-thirds of all energy-related research on the campuses has been carried out by social scientists who have focused on public-policy questions rather than on hard science.

DIFFICULT SCIENTIFIC PROBLEM

Now, however, growing numbers of physicists and chemists are urging their department to turn their attention to understanding the energy technologies we now have and to finding new, more efficient ones.

Such an effort, they say, could present some of the most difficult problems science has ever faced.

The alternatives, as scientists now see them, are not as promising as the public might like to believe.

The sun, for example, is a clean and unexhaustible source of power, according to its supporters. But, critics are quick to point out, harnessing it is expensive, partly, because there is not yet a mass market for such developments as solar space stations that could beam electric power to earth or large-scale power plants that could generate electricity by trapping sunlight in clusters of mirrors. Even the relatively simple solar cells, which are made of silicon crystals that emit a tiny electrical current when the sun shines on them, cost many times as much as other forms of energy.

For many scientists, nuclear fission is another questionable source of power. In high-pressure, high-temperature chemical processors known as breeder reactors, uranium, the heaviest of the natural elements, is bombarded by neutrons to produce controlled explosions, or fissions.

NUCLEAR FISSION CRITICIZED

Although some scientists believe it is a highly efficient way to produce energy, nuclear fission has been severely criticized by others who say its radioactive wastes make it an extremely hazardous and potentially deadly way of developing energy.

Some scientists point to fusion as the other most promising but largely unrealized method of obtaining large quantities of energy from the atomic nucleus. In that process two extremely light nuclei, such as those of hydrogen, are merged to form a new element: helium. The process is capable of releasing vast quantities of energy for society, but only, scientists say, if a good deal more can be learned about how to control the process.

With relatively few energy options open and many obstacles to developing them, some researchers contend that what's needed is considerably more basic research into how energy is actually produced in the first place and how it can safely be stored over the long run.

"There is a lack of fundamental research," says Francis P. Koster, director of the University of Massachusetts' new energy institute. "People are blindly building hardware and demonstration plants, but they aren't finding out how energy is created.

"If we are going to have a breakthrough in research 20 years from now," he argues, "it'll be because people were doing some damn good basic materials research today."

COMPLETELY NEW LOOK

M.I.T.'s Tom Jones contends that what physicists and engineers need to do immediately is to take a "completely new look at all energy" processes "to see what's been overlooked in basic knowledge."

"We've never even really taken a complete cataloguing of what's there. What we need to go back and do is 'research,' in its truest sense."

One thing that floors many scientists is how little is known about the most basic of energy processes—photosynthesis.

While scientists know that the chloroplasts of green plants absorb the energy of sunlight and transform it into chemical energy in the form of sugar or glucose, researchers admit they are still a long way from completely understanding how one kind of energy is actually transformed into another.

Finding the key to that biochemical problem could have profound implications for man-made energy technology.

Yet some scientists complain that little effort has been made to study such "esoteric" areas of energy research. The government, they say, has failed to finance the kind of research that would seek answers to such questions.

"If they don't see the immediate relation to the problem they are trying to solve, [government officials] are not interested," says James A Gibbons, an electrical engineer at Stanford University.

As a result of such "quick-fix" attitudes, critics say, the government has spent the largest portion of its $10-billion annual research budget on applied-research projects carried out by federally owned laboratories and by large corporations, while largely ignoring the basic, highly experimental research capabilities of universities.

"I'm appalled at the level of [federal energy] research in higher education," says S. C. Hycka, director of the energy task force at the National Association of College and University Business Officers.

"It seems to me the reason we have [federal] funding is to provide the intelligence we need to solve urgent problems—for when we need a Manhattan Project, for when we need to send a man to the moon, for the day we need to crawl out from under an energy crisis.

"It absolutely drives me up the wall that federal government is not turning to the universities to help them solve this energy crisis."

Some government officials recognize the problem and say they are trying to do something about it.

For example, the Department of Energy's research agency, under the direction of a former chemistry professor, John M. Deutch, planned to hold a conference in Washington last week with key administrators and researchers from more than 60 major research universities.

The focus was to be the very question that has so troubled universities: what their role is to be in the nation's energy research effort.

"It's not an easy picture, and there's not going to be a sudden turnaround, but things are looking up," says Sidney G. Roth, special assistant to the director of the research division.

For example, Mr. Roth says, in the past 3½ years the contracts and grants awarded to universities have increased from approximately $140 million to over $200 million.

Moreover, he says, the Department of Energy for the first time has included money in its budget for unsolicited grant proposals—a move that should allow university scientists more latitude in carrying out the basic research they think is so important.

PANEL REPORT EXPECTED

In another move that may improve relations with the universities, a Department of Energy advisory panel will recommend within the next two weeks to Frank Press, the President's science adviser, that the department's basic-research efforts be upgraded. The panel, composed of university professors as well as state, local, and federal officials, is also expected to propose structural and administrative changes in the department to promote greater cooperation among scientific disciplines.

Despite such efforts, some lawmakers argue that scientists, particularly the university professors who conduct basic research have done a poor job of convincing the public that their research will ever pay off.

Some scientists, on the other hand, argue that the public conception of scientific research is so badly distorted that they can hardly hope to change it in time to deal with the energy crisis.

The depth of the misunderstanding was evident one day last month when the former M.I.T. professor who now heads the research division at the Department of Energy defended the department's request for $618 million for energy research for the coming fiscal year.

Mr. Deutch tried to explain to a House appropriations panel why scientists' demands for more support for basic research were reasonable—that, indeed, such research held the key to the eventual discovery of radically new sources of energy.

TOO SCIENTIFIC

The lawmakers were not easily convinced. Democrats and Republicans alike contended that basic, or what they called esoteric, research would simply open up more and more uncertain options instead of getting down to practical applications.

"Energy research is getting just too scientific . . . just too professional," argued Rep. John Myers, Republican of Indiana.

"There must be some point at which you start making decisions and start to eliminate some of these programs."

Mr. Deutch politely agreed but argued that basic research programs were not the place to start "cutting options."

After all, said Mr. Deutch, without such research, what would we know of "quarks," an important subatomic particle in energy research?

"I thought that was some kind of stone," a Congressman replied.

So Mr. Deutch mentioned "charm," an attribute given to the behavior of some particles.

The Congressman from Indiana wondered if they were running a "charm school here someplace."

COW-PASTURE LANGUAGE

The session ended with lawmakers demanding a list, in what one called "cow-pasture language" telling what the taxpayer would get for the $618 million.

"What they really want," said one observer, "is another Einstein or Newton to revolutionize the way we think. But we can't do that. At least, we can't count on it.

"Why, do you know," the observer added, "in this whole complex area of energy research, we haven't come up with anything really new since solar-energy conversion systems. And the Greeks knew about those, hundreds of years before Christ.

"But look how long it's taken us even to start talking about them."

EXHIBIT 8

STATEMENT BY DR. H. GUYFORD STEVER

Mr. Chairman, members of the committee: Thank you for the opportunity to testify today on "U.S. Science and Technology under Budget Stress."

It is generally recognized throughout the world that national health, economic well-being, and defense depend strongly on science and technology. Starting from a good base following World War II, the United States has built a strong research and development program with many competent people working in well-equipped institutions on projects aimed at meeting the broad spectrum of our nation's needs. That program has been the envy of other countries, both developed and developing, and has served as a model for many national research and development programs. This effort has long been considered one of our American strong points in ensuring both economic progress and defense.

Before commenting on the impact of budget stress on this program, let me give a 1981 snapshot of that research and development program. R&D in this country is a big business: almost $70 billion this year. The United States spends almost one-third of the world's R&D funds. About 47 percent of these funds come from the federal government, and 49 percent from industry; universities and nonprofit organizations—mostly foundations—supply 2 percent each.

Private industry is overwhelmingly the nation's biggest performer of R&D, using its own funds and half of the government's R&D funds; government laboratories spend only 13 percent of the total, practically all from government sources. Universities spend 9 percent of the funds, again mainly from the government; that 9 percent includes 3 percent for the federally funded research and development centers (FFRDC's administered by the universities for the government) (laboratories such as Los Alamos of the University of California, working in nuclear weapons; the Jet Propulsion Laboratory of California Institute of Technology, working in space flight; and Draper Laboratories of MIT, working in guidance and control). Nonprofit laboratories, such as the Stanford Research Institute, perform 3 percent of the work.

The character of our work is divided among basic research, applied research, and development in portions of 13, 22, and 65 percent, respectively. While there are no formulas for determining the proper balance among these three categories of R&D, our balance appears about right considering the average amounts of the three categories that go into all innovations, large and small. (Of course, from innovation to innovation there is great variation in the percentages, but this is a good average.)

About one-quarter of the nation's 2.8 million scientists and engineers are employed in research and development. Those 670,000 R&D scientists and engineers are divided among government (10 percent); industry (71 percent); universities, including the FFRDC's (12 percent); and nonprofits (4 percent).

Those, then are the dimensions of the nation's R&D structure. I think it is a good structure. It has served us well in the past, producing the innovations that were necessary to improve our health, our standard of living, and our defense. It is not a centrally planned effort, though it is carefully observed and studied both here and abroad. It results from a myriad of separate considerations and decisions by many industrial companies, large and small, by government departments and agencies, and by congresses and Presidential administrations. It has been hammered into shape over the decades since World War II.

Several distinguished leaders of research and development in centrally planned economies overseas have told me from time to time that we needed more centralized planning and control in our R&D structure, to accommodate the increasing complexity and interdependence of all the matters that R&D affects. With that I do not agree. I have always considered the pluralistic R&D program of the United States as one of our great strengths. I still do. It has enabled us to explore newly developing fields of science, to capitalize quickly on discoveries and innovations, and to bring new ideas into the market place. It uses the initiative and strength of many, many minds approaching our problems from different points of view, taking from those minds the best that they have to offer. Individual initiative is not stifled as it is where control is exerted from the top.

On the other hand, the subject of your hearings today may pinpoint one of the weaknesses of our decentralized R&D program. Centrally planned economies often plan for five and ten year programs, and they budget for them. A weakness of our R&D budgeting in the past has been that expenditures rise and fall with short-term economic and political cycles; the economic cycles control the inputs of funds from the private sector, and the political cycles control funding from federal sources.

Most basic research in the physical, biological, and medical sciences is performed in universities. As one consequence, we turn out graduates who have been steeped in creative thinking. That is a very important advantage of our structure, for graduates in science and engineering who have not been exposed to the atmosphere of university research miss something very important in their education. Our university research is high in quality; U.S. citizens have received about half the Nobel prizes in science since 1930. In the universities, we have performed the fundamental scientific research underlying the solid state in computers, nuclear power, genetic engineering, antibiotics, scientific instruments, and many other big business fields of today.

Receiving most of their research funds from federal sources, the universities are the most sensitive of our R&D structure's elements to changes in federal funding, both long-term and short-term. There is a long-term effect that has been cumulative in the universities; in earlier days (two or three decades ago), universities in the United States were the envy of universities elsewhere in the world. Their equipment and facilities could bear comparison with those of any institution involved in R&D. Today university laboratories and equipment are in many cases obsolescent, due to a long-term decline, beginning in about 1971, in the number of real dollars put into research and development by the federal government; though this trend was reversed in 1975, the increase has brought funding only back to about the 1971 level, and most of that has been used for program expenses rather than equipment and facilities. Today, our universities are not well equipped or well supplied with facilities to do the research jobs before them.

Any proposed short-term drop in funds for university research will add to the effects of the long-term drop, and programs will suffer. Already universities are finding it difficult to attract and retain talented young professors, whose salaries are lower, and whose research opportunities are narrower, then they would be in industry. This shortage of funds spills over to students; they have more difficulty getting thesis research support, graduate fellowships, and scholarships. They also sense the lowering of morale in university research, and they are quick to read signs that they may be entering fields where opportunities are not as great as they once were.

There is another influence of changing funding levels for universities. Our system has developed a weakness over recent decades as a result of the increasing proportion of federal funds in research support for universities and the corresponding decline in industrial funding of university research. This concentration of funding in the federal government has focused research in the universities on government missions—defense, health, weather, climate, space, and so on—and away from those sciences and technologies that help industry develop their manufacturing processes and the technology for efficient production. It has also lessened the interest of graduates in going into industry from the universities to work on the innovations needed for an expanding and competitive economy. This shift of emphasis in universities, away from industrial needs and toward those of government, has been noted; in recent years there have been many attempts to counter the shift, including industry efforts to get closer to the universities and support more research and federal programs to put some government R&D funds into strengthening university-industry ties. Many of these attempts will be affected by the short-term tightening of federal research funding.

In our research and development structure, applied research and development are concentrated in private companies, which know their businesses and customers and can manage the development of successful ideas, so as to accommodate the economics of the business world. Government actions greatly affect industrial R&D programs, by creating a climate that enables industry to make profits and to invest those profits in the applied research and development necessary to upgrade industrial processes and produce new products.

On this subject, Senator Lloyd Bentsen, Democrat from Texas, who recently served as chairman of the Joint Economic Committee of the Congress, has summed up the importance of innovation in a paper entitled, "Taxation, Research and Development." He writes, "Today's investment in research and innovation will help forge tomorrow's economic and social course. Industrial innovation is at the core of the economic well-being of the United States and is a major contributor to economic growth. Innovation influences inflation and stimulates productivity, employment and the ability of U.S. products to compete in domestic and world markets." He goes on to say, "Through investment, inventive individuals—working independently or for a company—obtain the financial backing which enables them to pursue the research and development. Investment provides the facilities not only for the actual research work, but also for the plants and tools to transform the innovative ideas into a marketable product. And it is investment through education which equips individuals with the knowledge and skill to engage in R&D work."

During about the last decade and a half, it has become increasingly clear that international competition in industrial markets is increasing very rapidly. Some of the effects are very clear: our marketplaces are filled with foreign-made products, some of our most basic industries have been devastated or badly damaged in both domestic and foreign markets, and jobs are going overseas. In the case of our competition with Japan, change crept up on us gradually. First came

the production of simple radio and television circuits; then, in shipbuilding and iron and steel manufacturing, the cry became "cheap labor." When Japanese scientific instruments, cameras, and machine tools began to make their marks in the world, we noticed something more than just cheap labor. When Japan began to take the lead in the automotive field, we realized that they had a very well worked out total business system. Now they are challenging us in the highest technology fields of computers and communications. For example, I am told that if the contract for AT&T's northeast corridor optical fiber system had gone to the lowest bidder, it would have gone to a Japanese consortium.

In recent years, in private and public forums, we have explored this problem of competition. On the witness stand have been industrialists, investors, government administrators, members of Congress, educators, engineers, economists, lawyers, scientists, inventors, entrepreneurs, consumers, labor leaders, environmentalists, taxpayers, and stockholders. The result is a much better understanding of the issues, and, at last, a renewed effort to create a financial climate favorable to innovation. This climate definitely worsened very much in the 1970's. Tax laws now, however, are being rewritten to encourage investment in long-term gains rather than ordinary income. If such a favorable tax climate can be established, and if inflation can be beaten back—for it still remains an enormous block to long-term investment—we have a chance of tapping once again the research and developmental potential of the country to get the new processes and products that will make us more competitive again.

Industrial leaders have already recognized that the national concentration on short-term gains, brought on partly by inflation and partly by an unfavorable investment climate, has pulled them away from a proper balance between short- and long-term gains in their capital investments. They are moving toward a better balance. Government has a big role to play here, not only in creating the tax environment but also in beating inflation. And it has another role, which is to ensure the strengthening of university research and education, which produces the scientists and engineers who conceive innovative ideas and the economists and managers who understand the innovative process of innovation and can recognize and apply those ideas.

In our R&D structure, government laboratories concentrate primarily on fields for which the federal government has direct responsibility—weaponry, climate and weather, oceanography, and so on. However, in one such field, space, there is a very large "spin-off" of industrial products and processes, for NASA's research often leads to innovation. Similar effects can be seen in two other areas where government has assumed the primary responsibility for basic and applied research, namely health and agriculture. Pharmaceutical companies and others in the health field have benefitted from federally sponsored biomedical research, and our food industries have also depended heavily on government-sponsored research.

It is my thesis that the total government support of research and development is already too low; a further reduction of it is going to constitute another blow to this important sector. With respect to our international competition, though we led all developed countries in the number of R&D scientists and engineers as a proportion of the labor force, with about 65 per 10,000 employees in 1967, this proportion dropped steadily until about 1974, when it reached a value more like 55. Since 1975 we have increased this number slightly, but it is still lower than it was in 1967. In the Soviet Union the number of R&D scientists and engineers per 10,000 members of the labor force was well below the U.S. value in 1967 but has climbed steadily since. Some estimates place the current value of this index in the Soviet Union at about 80, which is well above the U.S. level. The numbers for West Germany and Japan have also climbed steadily and are approaching our level. If one subtracted the numbers of scientists and engineers involved in military R&D, of which Japan and West Germany do very little, one would find that both have more scientists and engineers per 10,000 members of the labor force than we do.

There is simply no question that for the last decade and a half we have not paid enough attention to the total magnitude of R&D funding in this country. And if one superimposes on that trend the short-term cutback now proposed, one finds only a worsening situation.

The funding of our national R&D effort has been shared over the years by the nonfederal sector (mainly industry) and the federal government. Ever since 1967, some have shown a strong desire to reduce the federal R&D funding load and increase the nonfederal load. That in fact has steadily occurred. In 1967 industry supported less than 40 percent of all R&D in the country, and the federal government supported about 60 percent. Today, as a result of steady change over the intervening fourteen years, the federal government, as I said earlier, provides 47 percent of the nation's R&D funding, with 49 percent coming from industry. So if reducing the federal responsibility in this area is our objective, we are accomplishing it. However, anyone who thinks that such a change can be accomplished rapidly does not understand the dynamics of the research and development system. It takes institutions like industry a long time to build greater strength in research and development by adding facilities, equipment, and personnel. It takes universities a long time to produce scientists and engineers to do the research and development. It takes funding agencies a long time to adjust as well. Personally, I am in favor of increasing the percentage of R&D funding from private sources. But I believe that trend must be a slow, steady trend, as it has been over the past fourteen years.

In summary, I think we have had a decade and a half in which we have neglected our research and development in comparison with our competitors. I think also that we have failed to establish the necessary climate for innovation in using the results of research and development, with a consequent reduction in the numbers of innovations the United States has produced compared to the rest of the world. Frankly, I think now we should be talking not about weakening our R&D resources, but rather about some long-term plans to ensure their stable and strong support.

STATEMENT BY DR. FRANK PRESS

I am most pleased, Mr. Chairman, to have this opportunity to review with your committee the implications of current reduction in budgeted levels of support for many areas of federally sponsored research and development, and the impact upon the American scientific enterprise of continuing uncertainties about future prospects for funding. These hearings can also serve as a constructive assessment of whether these budget actions imply a change of Federal policy in this area.

On October 26–27, in collaboration with many of my colleagues, I convened a conference at the National Academy of Sciences on the Federal Research and Development Budget for 1982 and Future Years. Although this convocation called together members of the scientific and technological community to address the problems arising from reductions in and uncertainty about current Federal support of sciences, its purpose also was to survey circumstances of the past fifteen years, which have seen no growth in funding of scientific research and government funded R&D, during a period in which the intrinsic costs of doing science continue to increase. The conference has, I hope, set in motion an informed dialogue between public officials and representatives of the scientific and technological community. As you have requested, Mr. Chairman, I will summarize the results of that convocation at the Academy and with your permission include in the record as an attachment to my testimony a more detailed statement on the deliberation of that conference as well as a list of the attendees.

The conference attendees included nearly 100 university officials, laboratory directors, industrial research executives, scientists and engineers, and individuals experienced in public policy. Also present were Congressional staff, including several from this committee. The conferees were briefed by the President's Director of the Office of Science and Technology Policy, a senior representative from the Office of Management and Budget, and officials of six governmental departments and agencies with major research and development programs. At the end of the conference, a consensus was reached on a number of findings and conclusions. In my testimony, I will highlight only the more salient conclusions of the conference. I urge you to read carefully the more detailed summary statement and commentary on the conference attached to my testimony.

From these discussions emerged several matters of considerable significance to the future health of American science. It is clear that like other sectors of our society the nation's scientific and technological enterprise has been hurt by the problems of the economy—inflation, high interest rates, industrial stagnation. Efforts by the Congress and recent Administrations to combat the effects of these ills on basic research through some real growth have unfortunately not kept pace with the problems.

Further, as a percentage of the Gross National Product, national support for research and development has declined since the mid-1960's. Because of lack of real growth in research support over the years in the face of the intrinsic inflation inherent in the research enterprise, many fields of science are now especially sensitive to decreases in funding.

Instability and abrupt changes in funding also have severe effects. For example, research teams, which take years to assemble, are broken up and investments in experiments involving large facilities such as accelerators, spacecraft, oceanographic vessels and other instruments are poorly used. Because of the intrinsic relationship between the performance of basic research and the training of scientists and engineers to carry out such research, instability or abrupt changes in support levels also can lead to future critical personnel shortages.

The participants in the conference were fully aware that the nation must pass through a period of restraint in public expenditures and that the impact of this adjustment must be shared by those in the research community receiving Federal support. At the same time, they underscored in their discussion the necessity for recognizing that scientific research is an expenditure from which all sectors of society benefit, that scientific and technological advances are important to the nation's future economic health and security, and that there are no significant sources of support for such a collective benefit other than the Federal Government. It is especially noteworthy, in this

regard, that those expenditures in basic research have, over time, consistently produced benefits in three critical areas of national concern—public health, economic development and national security.

Participants in the conference noted that industrial support for research and development was increasing, including outlays for research carried out at universities. Industrial executives cautioned, however, that it was unlikely that increased industrial support of university-based reseach and development would offset proposed reduction in Federal expenditures announced by Administration officials, and it was unrealistic to make such an assumption. Moreover, it was noted further that industry will likely focus its support on a few fields or disciplines. Only the Federal government provides an across-the-board support in basic research; and this has long been accepted as a legitimate role.

Since basic science and engineering are long-term investments, the conferees urged that the government plan carefully for their support and that such plans be protected from abrupt changes.

In recognition of those long accepted principles of the Federal role in support of research and development, the conferees concluded that if further reductions are required in the President's Fall Budget Program, this process should not involve a simple across-the-board cut in all budgetary accounts. The conferees proposed alternatively that the Administration and the Congress should:

Make budgetary adjustments that maintain support of the basic sciences by reallocating funds between research and development, and between agencies;

Instruct the agencies to maintain the strength of science in agency budget allocation;

Direct that a larger part of increases in the national security budget be applied to the funding of basic research that is essential to the maintenance of that security;

In recognition of the importance of the nation's scientific and engineering manpower pool, continue graduate student support through research grants, fellowships and traineeships;

Recognize the need to revitalize the instrumentation and facility base on which future scientific and technological advance depends.

Mr. Chairman, a recurring theme throughout these discussions was recognition that the scientific base of the nation has suffered a decade of neglect with little or no real growth, and that the above steps are essential to maintain the competence of staff and the quality of work being performed in the nation's laboratories.

In viewing the future beyond 1982, the conferees called for acceptance by the government of several principles. It was agreed that a strengthened mechanism is needed through which the scientific and engineering communities can provide continuing advice to the government on resource allocation and assist in the analysis of the impact and benefits of alternative shorter and longer term budget strategies for government investment in science and engineering.

The conferees also called for the initiation of an evaluation of the institutional system for supporting research and development, including the mechanisms for allocating resources and evaluation of the need for some facilities. Finally, the conferees urged that policies at all levels of government should be established which will assure the continued flow of an adequate supply of scientists and engineers into the nation's research endeavors.

Mr. Chairman, it appears to me that we must once again reaffirm the credo so aptly outlined in the 1945 report, Science, The Endless Frontier, that the advancement of science is unquestionably in the public interest and that support of basic research is a legitimate responsibility of government. The question faced by the Administration and the Congress is not whether we support research, for that decision lies behind us. Today, the question involves a search for redefinition of the means and mechanism for determining appropriate levels of support under current and future fiscal circumstances.

I suspect that the first major concern that must be dealt with is one of credibility, i.e., the growing uncertainty within the scientific and technological community over what are the present long-term objectives of the Federal government for supporting fundamental research. A series of events extending back for a number of years has led to this current climate of confusion and uncertainty. Federal support of basic scientific research in constant dollars has remained static since 1967. The instruments for research and the laboratories are aging and various attempts to recognize and ameliorate the problems have not met with success. During the past year support for social and behavioral science research was specifically targeted for reductions, suggesting an implicit policy decision to reduce the Federal role in these areas of research. The Federal role in support of science education has been brought into question. Hopefully, we will see a call for improved quality rather than elimination of the program. Added to these are the proposed reductions for fiscal year 1982 and for further rounds of budget cuts in fiscal year 1983. If these reductions are actually imposed at significant levels or without a sense of priorities (e.g., greater emphasis on research rather than on certain appropriations for development, support for more productive institutions, etc.), damage could occur to the institutions of science, which have made the U.S. preeminent over the past four decades.

The major circumstances leading to the erosion of this support are well known. The diversion of resources to support the war in Viet Nam, the impact of spiralling inflation and the growing demands of an ever-increasing array of Federal programs for a larger share of the Federal budget. This situation cannot of itself fully explain, however, the current anxiety that exists over the future of American science. In the current and recent Administrations, knowledgeable officials have testified to the continuing health of American science and certainly these statements have a basis in fact. We publish a substantial share of all scientific papers and our scientists are recognized as leaders in most scientific disciplines. The capabilities of American laboratories continue to contribute at the growing edge of innovation in most scientific areas and American scientists continue to receive the overwhelming share of Nobel prizes. Even though American technology increasingly has been challenged by other industrial nations, our leadership in fundamental research remains the world standard of excellence.

However, responsible leadership requires not only recognition of our present position but also trends which might cause serious erosion. In spite of our apparent strength, there remains an underlying uncertainty about our national scientific endeavor considered in the broader context of other social and economic troubles. There are many manifestations of these trends. First and foremost are the economic pressures of the ever-increasing technological competition of other industrialized nations. Added to this are the worldwide rise in petroleum prices and the inability of domestic petroleum production to keep apace of domestic consumption. There is some public concern, less today than a decade ago, about the risks and hazards arising from the uses of technology. I believe there is growing public recognition of the social and physical amenities, which science and technology have provided to our society.

Perhaps the greatest anxiety of those engaged in our scientific and technological endeavors stems from the increasing difficulty of maintaining this enterprise with a nearly static level of (constant dollar) funding. The ability of the nation's scientists and engineers to contribute their full potential is impeded under these circumstances. Many high quality investigators are denied sufficient support; many outstanding research proposals are not funded at all; often the time period of grant support is inadequate to permit successful project completion; as a result of all of this, training of the next generation of scientists and engineers has suffered. At the same time, the indirect costs of research, the increasing workload burden of responding to governmental administrative requirements, and the associated difficulties in the funding of higher education have cut heavily into the absolute amounts available for actual research.

If these conditions describe a steady trend of events in the course of our national affairs, there is a substantial basis for the anxieties manifested in many parts of the scientific community about how long American science can sustain a position worthy of a great nation such as ours.

Mr. Chairman, for fifteen years we have professed a policy recognizing the importance of Federal support of science, but have not acted on it in an organized, well thought out manner. Today, we should (a) first recognize that our best efforts have not kept pace with a policy of continued strengthening of the nation's S&T base, and (b) seek, either to implement that policy, or face the alternative policy options with which we must grapple in a situation of static or declining Federal support of science. The implication of this latter alternative can place unforeseen stress and dislocation upon an endeavor in which some growth is vital to the exploration of new opportunities.

A basic dilemma that we face under a policy of reduced budgets for science and technology is a conflict between assuring support for the highest quality scientific endeavors and at the same time supporting broader national goals of strengthening academic capability for science at all levels throughout the nation. I will recall for you the instructions of former President Johnson in a 1965 statement to his cabinet on this subject. He said:

"At present, one-half of the Federal expenditures for research go to 20 major institutions, most of which were strong before the advent of Federal research funds. During the period of increasing Federal support since World War II, the number of institutions carrying out research and providing advanced education has grown impressively. Strong centers have developed in areas which were previously not well served. It is a particular purpose of this policy to accelerate this beneficial trend since the funds are still concentrated in too few institutions in too few areas of the country. We want to find excellence and build it up wherever it is found so that creative centers of excellence may grow in every part of the nation."

These remarks enunciated a policy of continuing growth in Federal research very shortly before annual support levels for science reached their peak level. Under that policy the Federal Government supported not only the best of the scientific enterprise but as well the relatively next best, all in order to achieve a wider geographic distribution. American science has, of course, always been performed by a wide array of institutions. Basic research is carried out in universities, industrial and governmental laboratories and by nonprofit organizations and has

been supported by private foundations, by industry and by government. Underlying this policy is the belief that improvement in the quality of American science is closely tied to widespread use of public funds to support the scientific enterprise. Such a practice was possible with a budget support policy of general growth in Federal expenditures.

I submit, Mr. Chairman, that under today's circumstances of financial austerity and the growing national consensus that this may prevail for some years, it may be necessary to reexamine this pluralistic cornerstone of Federal science policy. Under continuing tight budgetary constraints, if American science is to continue in a productive and healthy pattern we consider essential for maintaining our comparative technological strength, a reevaluation may be required of the compromise between egalitarianism and elitism that has characterized past Federal funding policy for science. Such a compromise may no longer be realistic. However, the consequences of such a reevaluation can, as you may well imagine, create great stress within the American scientific enterprise.

My hope is, of course, that we are experiencing a temporary constraint upon public expenditures for science during a finite period of fiscal austerity. I hope that these constraints are imposed within a strategy of minimizing damage. However, I am not sanguine about such a temporary state of affairs after fifteen years of no real growth in the support of research or R&D. Certainly, the trend is not easily reversible unless the President and the Congress jointly cooperate to rekindle the nation's enthusiasm and support of the opportunities that scientific and technological innovations offer for new discoveries, new industries, solving national problems and fostering our social and economic well-being.

There is no need for me to address to this Committee a detailed justification for why the health of science and the well-being of our society are closely linked. In your deliberations you are constantly made aware of the contributions that research and technological applications have made to economic and social progress and of the remarkable panorama of scientific frontiers in which U.S. scientists are effectively engaged in exploration. Much has been accomplished, but the major fields of science continue to offer many opportunities for fruitful investigation.

Some time ago, in 1978, I had occasion to ask a number of public officials to identify some outstanding research questions including those with prospective important relationships to contemporary problems and issues in society. That list, which is attached as an appendix, well illustrates the consequences that could flow from the continued vigorous support of basic research by many agencies of the government and by our nation's industries and businesses.

The frontiers in science remain exciting. Many of these frontiers have been aptly described in the first and second Five-Year Outlook reports submitted by the Academy for the Administration and the Congress.

I would like to cite from the summary observation of the just released publication of Outlook II, examples of the excitement that pervades many areas of science, not only because of the remarkable success of our scientific endeavors in extending the frontiers of knowledge but also in terms of scientific contributions to the spawning of new industrial enterprises.

"The chapter on Sun and Earth describes the remarkable ingenuity, careful planning, and clever instrumentation that has been used to gain further insight into the physics of the sun and the manner in which the sun's radiations govern the properties of the gaseous layers surrounding the earth, determining their chemical composition and the nature of both the magnetosphere and the ionosphere—with important implications for radio communication. Solar energy, a fraction of which is directly used for plant photosynthesis, is largely absorbed at the earth's surface, from where it ultimately stokes the engine which creates weather in the lower atmosphere. Nevertheless, the extent to which meterological phenomena are determined by variations in the emanations from the sun remains uncertain."

"The chapters on Chemical Synthesis of New Materials and The Science of Macromolecules suggest that chemists have the gifts of wizards, capable of creating in the laboratory any stable chemical structure that can be imagined. The chemical properties of such newly synthesized materials are fairly predictable, but predictions of their physical properties are still somewhat chancy. Surprise is still the order of the day. Nevertheless, a sufficient basis of understanding has been established to suggest that synthetic chemistry will have an ever more productive future in tailoring molecules to order for the diverse purposes of man."

"A recurring theme in the chapters on basic science and on technology is the way in which the findings and the instrumentation developed in one area of science find application elsewhere."

"The first Five-Year Outlook portrayed the manner in which the development of solid state physics and the computer and communications industries have gone hand in hand, each stimulating and making the other possible. A not dissimilar circumstance has existed in the field related to synthetic polymers and their various applications in fibers and plastics."

"As indicated in the chapter, Directions in Nutrition Research, much of our current understanding of the functioning of vitamin D is traceable to decades of work on the stereochemistry of organic molecules, on the kinds of molecular rearrangements occasioned by the absorption of light, and on the diverse physical instrumentation now employed to help decode the structure of molecules. Or note the statement in the chapter, on Some Major Human Diseases, describing the kaleidoscopic interchange of ideas from one research area to another:

'Who could have predicted . . . that studies of the genetics of skin transplantation in mice would provide a principal clue to understanding rheumatoid arthritis in man; that a variant in the structure of the sulfonamides developed as antibacterial agents would make possible management of glaucoma of the eye, or that the combination of a viral infection and inappropriate formation of an antibody to some structure on the surface of one's own cells could give rise to a family of diverse disease?' "

"Such interweavings occur no less in the physical sciences and in the development of new technology. For example, the theory of plate tectonics provides a meaningful framework for resource exploration of commercially useful minerals and hydrocarbons. Yet this great new synthesis of geophysical understanding owes its creation to the curiosity of paleontologists about the shell structures of almost microscopic creatures found in cores drilled in the ocean floor, to painstaking surveys over the ocean floor to detect magnetic polarities in seabed rocks, to inquisitiveness about the geography of the Hawaiian Islands, to matching the flora and fauna in different continental borders, to a maze of work on the properties of chemical isotopes, and to the imaginative application of that work to the dating of ancient rocks and sediments."

"It is an inspiring fact that lasers, invented out of the insights afforded by quantum physics, have spawned new arts and technologies. They enable much more precise alignment of untold different physical arrangements, including tunnels built under riverbeds or drilled through mountains. Lasers are the basis for one approach to controlled fusion, are used to repair damaged retinas, and are at the heart of the instrumentation which makes possible the detection of fleeting intermediates in chemical syntheses. They also are used to drive photochemical synthetic processes in the laboratory and may soon find similar commercial application."

"In sum, the scientific enterprise will be seen as an extraordinarily dynamic system. The practitioners of each field successively attack in increasingly sophisticated fashion the layer of questions revealed by previous research. In the process, they find new surprises and unsuspected arrangements which generate more questions as well as more opportunities for applications to human welfare."

It is evident from this survey that American science is a system with tremendous potential for expanded scientific productivity. The concerns and doubts addressed in my remarks today are associated primarily with the ever-widening margins between increasing costs of doing science and levels of funding made available for this purpose.

The conference held at the Academy on October 26 and 27, and your hearings, which will undoubtedly extend over into the next session, can begin the needed dialogue for addressing the uncertainties faced by our scientific and technical enterprise and offers to us the opportunity for bringing a greater measure of stability to the budgetary process. It is in that vein that I offer for your consideration a series of recommendations to aid in restoring an order of program stability and predictability to our national scientific enterprise. It should go far toward reaffirming our commitment to the policy that continued sound investments in fundamental research by the Federal government are essential to our national goals. I present these recommendations to assist in establishing a planning framework for your committee's consideration and further debate as you return next year to the task at hand.

I propose a ten-year compact between government, industry and universities to establish new national goals for support of science as follows:

(a) The basic scientific research budget for the Federal government should increase each year at a rate that would cover inflation and permit 1 percent or 2 percent real growth. This annual rate of increase would respond to the need for stability and predictability in establishing long-term planning goals and also provide for the intrinsic inflation in the costs of doing science as new methods and techniques emerge. This might be considered the base program for all scientific fields.

(b) In addition, another 1 percent annual increase would be provided to support special targets of opportunity in particular fields, or for areas of research related to particular national needs, and to provide supplementary funding to assist in meeting costs for such items as essential instrumentation and plant facility needs. This category may be considered a means of assigning high priority to certain fields in which the pace of discovery is particularly high and significant.

(c) Within present levels of program support, the scientific community and the government will cooperate to find ways of transferring funds from the less productive areas or institutions now supported by Federal research funds to the more productive ones. Increased productivity could be accomplished by reducing indirect costs, reducing regulations and improving efficiency through longer-term awards. A reasonable target should have the result of increasing annual support by as much as 2 percent.

(d) A commitment from industry of 1 percent growth (i.e., about $50 million/year) on top of their present contribution to university research.

(e) To assure continuation of adequate support of graduate education needs in sci-

ence and technology, a cooperative partnership including government, industry and universities is proposed. Under such an arrangement:

(1) The NSF and the mission agencies should support a coordinated program of national research fellowships and traineeships, with NSF providing support for an overall program of merit, much along the lines of the current activity, with mission agencies complementing the NSF program by establishing fellowships that will encourage careers in areas where there are known to be special scientific and engineering manpower needs. Examples would include: toxicology (EPA), combustion science and engineering (Energy), and computer sciences and integrated circuits (DOD, NSF).

(2) Industry should be encouraged to establish additional named fellowships in fields where their needs are greatest. Selection of awardees who would be recipient of these fellowships could be managed in collaboration with a Federal agency, such as the National Science Foundation or by an independent group that would administer the fellowship program to ensure a national competition of merit.

Such a compact between government, industry and the universities encompassing the above initiatives could provide the commitment for assuring the stability, predictability and real growth needed for a strong U.S. effort in science and technology. It may seem to be an expensive program, but it need not be so, if some astute transfers are made from development to research in the overall Federal research and development budget.

It would be my recommendation, Mr. Chairman, that program responsibility for carrying out these new initiatives should be assigned as a task to the Director, the Office of Science and Technology Policy, especially with regard to the last two items, which would require close surveillance and exercise of a comprehensive overview.

I end my remarks by saying that the approach I have recommended recognizes that a strong scientific and technological enterprise is closely and intrinsically bound together with a healthy society and a strong economy. It also would reinforce our existing practice of relying upon support of individual research projects and a shared responsibility between the public and private sectors for the performance of fundamental research. The pluralistic nature of this institutional arrangement has given us a flexible system of research and development and has provided the incentives for individual excellence. I urge that we continue the basic system which has served us well over the past several decades, but also introduce modifications and improvements that the times require.

Conference on the Research and Development Budget for 1982 and Future Years

SUMMARY

In brief, the purposes of the meeting, held October 26 and 27, 1981, at the National Academy of Sciences in Washington, D.C., were to:

Obtain factual information on federal budgetary plans for FY 1982 and beyond, from government officials directly concerned with science policy and with civilian research and development budgets;

Develop an informed dialogue among conference participants and with agency officials about the impacts of the prospective reductions;

Propose budgetary alternatives, for FY 1982 and for future years; and,

Consider initiating reviews of the institutional structures and procedures for supporting research and development in the national laboratories and in the universities.

During his welcoming remarks to the conferees, Dr. Frank Press, president of the National Academy of Sciences, stressed that he had convened the meeting because he believed all could benefit from an informed dialogue, and, secondly, that he did not view the conference as the basis for confrontation with officials representing the departments and agencies. Dr. Press also stressed that he was acting as a convenor of a number of key officials in government with leaders in research and development, and that it was not a meeting of the Academy.

On October 26, the conferees met with representatives from six governmental departures and agencies. A number of conference participants served as panelists for discussion. Comments from the floor followed each panel presentation. On October 27 the conferees met in executive session, at which time they adopted a consensus statement. (The consensus statement and the list of participants are attached.)

This summary first discusses the current and prospective budget plans, as presented by the governmental representatives and as shown in the analysis by Dr. Willis Shapley, consultant to the American Association for the Advancement of Science. Secondly, it describes impacts—immediate and beyond—of the prospective budgetary reductions. Finally, it reports on possible involvements by the scientific and technical community in governmental decision making.

CURRENT AND PROSPECTIVE BUDGET PLANS

Overview of the current budget and its status

The FY 1982 budget presented by the Administration in March 1981 reduced the totals proposed for research and development by the previous Administration, but it generally maintained the principles of federal responsibility for longer-term research and those applied research and development activities that support recognized federal missions such as national security. The exception in the March budget to these principles was the severe reduction in support for basic research in the social sciences. However, in September, the Administration proposed a further reduction in the FY 1982 budget—the so-called "12 percent across the board cut." That proposal would reduce the $42.2 billion of R&D appropriations request of the March budget by $3.1 billion—$1.0 billion from the Department of Defense (DOD) and $2.1 billion from all other programs. Of the $42.2 billion, about $5.5 billion is ascribed to basic research and that amount would be cut by about $600 million.

In constant 1980 dollars and applying the Administration's annual inflation rate of 9 percent, the percentage difference between the 1980 budget and the proposed September budget is: DOD, +26 percent; NASA, −7 percent; DOE, −29 percent; NSF, −17 percent; HHS, −19 percent (NIH, −18 percent). For basic research, the overall reduction is 11 percent.

The present actions of the Congress on the FY 1982 appropriations requests call for reductions from the March budgets of lesser magnitude, being a reduction of about $1.0 billion from total R&D funding and taken from the DOD budget. While some other reductions have been made by the appropropriations committees, there have also been increases totalling about $200 million. The Congressional actions are not complete; the government is currently operating on a continuing resolution empowering agencies to expend at levels and rates consistent with 1981 appropriations levels. The Administration, however, has further instructed agencies to expend at rates consistent with the proposed September revisions to the 1982 budget. The Administration proposes to set these levels formally through the deferral process, and deferral requests were being sent to the Congress by the Administration in late October. The resolution of the 1982 appropriation process will require much further discussion between the two governmental branches. Several participants at the October 26–27 Conference, including Administration officials indicated that the outcome will be negotiated, and that the conferees should not assume that the 12 percent reduction proposals will be enacted as such.

Views of administration officials

The Administration, through the Executive office of the President, was represented by Dr. George A. Keyworth, director of the Office of Science and Technology Policy, and Mr. Frederick Khedouri, the Associate Director for Natural Resources, Energy, and Science in the Office of Management and Budget. Dr. Keyworth cautioned against assuming the worst possible scenario concerning the budget. He indicated that he felt that, overall, science was healthy; that the Administration would still adhere to a philosophy of supporting research; but that it would take a more critical attitude toward demonstration programs, especially where the civilian sector might be expected to do the job. He felt greater attention needed to be placed on identification of research areas of maximum promise, with the assumption that these would be supported. Maintaining the strength of top research universities, supporting high quality research, and responding to instrumentation needs were all urged by Dr. Keyworth.

Mr. Khedouri acknowledged that the budget outcome for 1982 is unclear; there will be negotiation and the gap between the Administration and Congress will narrow. The Administration's aim is to establish targets and to stick to goals; there will be active, not passive, response by the Administration to revisions of targets, by the Congress or by revised economic forecasts. This will require two to three years of hard budget decisions. He indicated that the usual budget process might have to be abridged over these years, but that the framework for research would be protected. He advanced the notion that from his perspective the issue was about a change in rate of growth of the budget rather than absolute reductions. Mr. Khedouri asserted that, overall, there was some real growth in research; and that basic science was faring well compared to demonstration and social programs. One should not assume, however, that there can be, or should be, more and more science support from the government. The scientific community could help in reallocation.

Research agencies

The research and development leaders from NSF, NASA, and the Departments of Energy and Health and Human Services (NIH) made a number of points concerning the budget proposals, including that they are using different tactics to cope with the proposed reductions.

National Science Foundation

The NSF, for example, is attempting to shield basic research in the mathematical, physical, and engineering sciences to a greater extent than some other areas because of the underfunding over a decade in these disciplines. Dr. John Slaughter, Director of the NSF, said that the National Science Board (NSB) and key NSF executives recognize NSF's critical role in research and that in this period of tight funding the catalytic effect of NSF funding—in prompting funding by other agencies, industry, and, other private sources—needs exploration and emphasis. The NSF will support research in the social sciences. The statement of the NSB on the social sciences was stressed.

Further, the NSF has continued to be concerned about instrumentation and has led an interagency group considering ways to in-

crease instrumentation funding. NSF is avoiding applying "simplistic" formulas, such as ratios of the existing grants renewed to new ones funded.

However thoughtful these tactics, there will, realistically, be significant effects' on money actually available and the nature of what is funded. For example, in NSF's case, some 60 percent of its grant money is committed to projects having another year or more to run.

National Aeronautics and Space Administration

NASA is terminating, or grossly reducing, specific programs, rather than applying across-the-board cuts. Which program to cut is a derivative of several variables, including the long-term gain for science generally as, for example, the broad gain in astronomy promised by the orbiting later this decade of the Space Telescope. Hans Mark, Deputy Administrator of NASA, made several comments about the budget situation. It is only partly true that Shuttle costs are reducing funding for science. There are severe problems of inflation, exacerbated by the lack of technical craftsmen and skilled workers, affecting not only the Shuttle but all aerospace procurement, e.g., Atlas Centaur launch vehicles. NASA recognizes that procurement and development costs associated with the Shuttle obscure other elements of the budget and has sought and received from OMB an agreement that the Shuttle be budgeted separately from the rest of the agency's programs.

NASA has told OMB that it cannot operate a planetary program with only one project each decade, and that this activity should be supported properly or not at all. Other research missions, e.g., aeronautics research, are being viewed in a similar fashion. Mark said that he and Administrator Beggs want the advice of the scientific community. With regard to cooperative missions, such as the Solar Polar Mission, it was difficult to generate diplomatic support, since in the broader context many agreements are honored neither by the United States nor by the Europeans Mark shared the frustration of losing support for projects with interagency funding, such as the National Oceanic Satellite System, and the difficulty of turning the high public interest in space into political and budgetary strength for the program.

The Department of Energy

The budgetary situation in the DOE is complicated by the announced plan of the Administration to abolish the department. There are no decisions and Dr. Alvin Trivelpiece, Director of the Office of Energy Research, reported no emerging preferred alternatives. At present, the agency plan is to effect a percentage reduction across all elements of the department, including the large commercial-scale demonstrations, the basic energy sciences, and the high-energy physics programs.

The Energy Research Advisory Board has begun to look at the future roles of the national laboratories. DOE recognizes that universities use some facilities of the national laboratories, such as computers. The twin uncertainties of DOE funding in the basic sciences and the future of the Department are severely hampering the ability of laboratory directors and individual scientists to plan research programs.

Department of Health and Human Services

Dr. Edward Brandt, Assistant Secretary for Health, in summarizing the situation at NIH, said that he recognizes that the proposed budget reduction will severely affect the policy of supporting an adequate number of new research grants each year and training clinicians for research careers; it will certainly affect NIH's special responsibility in biomedical research. Moreover, Dr. Brandt acknowledged that the current year cut was severe because of the commitments to continuing grants, and that level or reduced funding would affect basic biomedical research. Over several years, the impact of reduced budgets could be severe and the current goal of 5000 new awards each year could not be met. He offered no solutions. The Department is not planning for drastic responses to the proposed budget reductions, e.g., elimination of an NIH institute, because of the low likelihood that such a step would be sustained.

Department of Defense

From a cross-agency perspective, there is little likelihood that reductions in basic research funding will be offset, wholly or in part, by increases in DOD funding for basic research. The reasons include the uniqueness of the DOD mision and, more heavily, the several years of constrained spending that DOD now wishes to recoup. DOD increases will be scrutinized by Congress; further, sustaining basic research under the combined pressure, of anticipated reductions in the rate of growth of the DOD budget and new or intensified development programs will be difficult.

Other agencies

It was noted that the effects of the costs extend not only to the immediate plans of the larger, more visible R&D agencies, but may be—in fact, are—more severe for the smaller agencies; for example, a proposed 50 percent reduction in EPA's research budget; a 15 percent cut in NCAA's budget, and so forth. A danger is that in the effort to restore funding for the more prominent research agencies that those severe cuts in the smaller, less visible agencies may be sustained.

It was also noted that some research is the result of "piggybacking" and may be lost through what seem, on first order, to be non-research cuts. This piggybacking is particularly illustrated in the social sciences: demographers in census, economists in assembling national economic accounts, anthropologists in international exchange programs, and so forth depend on other programs as the framework for their research efforts. As these activities are reduced in scope, the effect on social science research will be severe.

IMPACTS: IMMEDIATE AND BEYOND

The effects of federal budget reductions—namely the proposed September levels—can be examined in several ways: by the effects on the basic research enterprises, per se; by the effects on national goals, including national security, improved productivity, availability of adequate number of scientists and engineers, and by the ability of the industrial R&D endeavor to offset reductions in federal R&D work and support. These and many other effects were addressed by many of the conferees. A number of the major points made by conferees are summarized below.

Effects on the basic research enterprise

American science, especially its basic research component, is now appraised as generally healthy. However, slippage has been taking place in recent years. That is revealed in several ways, such as the erosion, vis-a-vis other research nations, of the historic American leadership in high energy physics and in astronomy. Virtually no part of a decadal strategy for space science research prepared in 1975 has been done. X-ray astronomy may in future years be dominated by observational work of European and Japanese Astronomers. Other nations will be sending missions to Halley's Comet; the U.S. will not. In high-energy physics, Europeans are leading in reporting experimental results, and, with the money invested in new European facilities, that dominance will continue and probably widen. In any case, the implications of reductions in basic research support need to be faced early. Sustained reductions over several years will lead to a major change in the U.S. position vis-a-vis European nations and Japan.

Some participants in the conference did not share the view that the research enterprise was generally healthy and stressed that it is more fragile than planners in Washington realize. They further cited the quality of life in the laboratory here and the contrast in laboratory working conditions and resources in the United States vis-a-vis Europe. The behavior of the funding agencies is another indicator of problems for the research enterprise. Sustained underfunding of research has many ramifications. One outcome, given prospects for further reductions in successive fiscal years, is conservatism in funding extended projects: established operations may do better; new people will be denied programs and lost. It is a misconception to say that investigators whose funding is skipped for a few years can then come back.

Some agencies by virtue of their missions are more vulnerable to current and future reductions. For example, NSF, with most of its money allocated for grants, has less flexibility in responding to cuts than does DOE, which conducts a more heterogeneous research program, one that includes not only basic science but also development and demonstration programs. While there is greater flexibility in some agencies, there are also great pressures to continue investments in large scale demonstration plants. These pressures will inevitably affect those agencies supporting longer-term research.

Some at the conference stressed the multiplier effects of budget cuts, stating that the system was in many ways taut, that small changes, up or down, in funding had pronounced impacts on all aspects of research, funding for procurement, manpower and training, and so on.

Mismatches: Budgeting and the Research System

Damage is done by the "mismatches" between the dynamics of government actions and the time constants of the research system. Government budgets change drastically, in amounts and within months. The basic research system generally operates in considerably longer time frames, typically several years; that is, the time needed to conduct an experimental program, to construct large facilities, to develop research teams that can work harmoniously and effectively, for a graduate student to complete a thesis. When mismatches occur between the timing of budget reductions or redistributions and those time constants of research, the effects can be severe—in sunk costs lost, in incompleted theses, in aborted careers in science and engineering. The majority of research performers have no reserves; universities have less funds to support transitions between grants. The results are severe dislocations when precipitate budget changes occur. Leverage effects are a consequence of these mismatches; that is, relatively small cuts having greatly magnified effects, in research productivity and in time lost.

Instrumentation

Instrumentation of research universities is now in quite bad shape, with apparently no immediate prospects for relief. Students are using obsolescent equipment. The first of several efforts over the coming years intended to reduce this problem, a $75 million request by the NSF, was deleted in the March budget. An interagency effort to share the burden of instrumentation funding has produced an agreement among department and agencies that the instrumentation problem is serious; but, because of funding pressure, the outcome of any proposed budgetary initiative is in doubt.

Manpower

The decline in the number of Ph. D.'s in physics is symptomatic of difficulties in the research system, given that, at the graduate level, training and education commingle with basic research. Despite a rough doubling of the GNP (1972 dollars) since 1963 and a substantial increase in the working age population, the number of Ph. D. graduates in physics will decline in the near future to pre-sputnik levels. That decline will directly affect the country's national security; that is, in having sufficient scientific and technical talent to develop new defense technologies.

NIH training grants will be reduced substantially. Moreover, the government has no way to cope with the already evident decline in the number of physicians training for a basic or clinical research career. (Note: After the conference, the NSF fellowship support programs were reinstated by OMB in the fiscal year 1982 request.)

National Laboratories

The budget reductions are already severely affecting the national laboratories. Given future plans, some laboratories may be virtually dismantled or greatly reduced. Unique capabilities may be irreversibly damaged; thus, the dismantling of programs in planetary science may impoverish the Jet Propulsion Laboratory, even though JPL has taught the world a lesson in quality control. The role of the national laboratories needs examination, including the nature and quality of their basic research that is done and their relations with the research universities.

Impacts on national concerns: Productivity and national security

Research—basic work in the natural, social, and engineering sciences—is the country's major investment in the future use of its resources, most directly in providing fertile ground new technologies that amplify the value of increasingly restricted resources. Without adequate investments in intellectual capital, there may be continuing erosion in the country's ability to compete internationally in high technology. The real growth of U.S. funding of basic research over a ten-year-period has been less than that of Japan, West Germany, and France. Data on expenditures for research and development in the industrial countries, such as those contained in Science Indicators, were cited, and supported with first-hand observations, by both industry and academic participants. Several conferees stressed that future international competitiveness required more, not less investment in research by the government and by industry. A continued flow of trained manpower for industry and universities requires a strong governmentally supported research effort.

There should be collaboration between government, the universities, and industry; however, attitudinal changes were necessary to a more favorable spirit of collaboration. The tax measures recently enacted will help, but, when considering both government and industry investment, it should be kept in mind that the proportion of the national resources being directed to R&D is declining in the United States in comparison to some other industrial nations. The relationships of the budget actions to defense and national security were of concern to the conferees. The effect of sustained tight budgets in basic research on manpower availability and the general knowledge base on the nation will be pronounced.

Industry research

Industry couples directly to the basic research system in its concern with the health of graduate education; that is, in assuring the continuing production of people trained in research and fully conversant with the frontiers of fundamental science.

While a number of specific agreements between particular universities and industries exist or are being arranged, the amount of support by industry for academic research particularly and university education generally is likely to be limited. Thus, a tripling over the next decade of industrial support currently directed to university based research would about equal the proposed federal cut in R&D funding for one year. There is no indication that industry can or will have the capacity to substitute for the government's historical role in the support of basic research. It is a misconception to believe that the scale of changes being proposed in the federal funding will be offset by industry activity on campuses or in its own laboratories. Further, it should be kept in mind that industry will likely focus its increased support of research in universities on a few fields or disciplines, such as electronics and geology.

DECISIONS: INVOLVING THE S&T COMMUNITY

As a first principle, the conferees agreed that several years of reductions in basic research funding will be damaging. However, given that overall budgetary reductions will occur in FY 1982, the issue is how to manage budget redistributions so as to protect the basic research system.

A number of the attendees at the conference asserted that a process or dialogue needed to be restored to the budget process. The root issue is participation by the scientific community itself in the decisions that are made; a measure of due process is needed. Barring that, we will get second-rate science, second-rate technology, and become a second-rate world power, said one participant. The problem to be faced, it was noted, is that the research system is now entering a negative growth cycle. How can we see to productivity in research in a period of chronic negative growth?

There is again a mismatch problem: between the day-to-day, often crisis environment of governmental decision making and the ability of the scientific community to mobilize and to prepare consentient advice. Whatever the difficulties, advice and judgments—on the quality of programs, relative importance of different fields and subsets within fields, and so forth—are critical. NASA, for example, needs advice—political and scientific—as to what sort of institution it should be. Other agencies, such as DOE, don't have good standards as to what to support. For example, how many fellowships should there be and in which fields?

For its part, the research community needs sufficient notice of departures from previous budgetary trends, to allow corrections in the number of graduate students accepted, faculty positions offered, equipment purchased, major experiments, and so on. Does the government, for example, believe that "crisis budgeting," similar to the revised budget issued in September, will recur for several years?

In all, what is needed is an interactive, continuing exchange of information between the government's fiscal and science policy officers and the scientific and engineering community. No adequate mechanism to accomplish that now exists. As a corollary, there is now no apparent way to manage "an orderly retreat" from the present R&D effort, in lieu of "brute force" methods. As an example, can funds be set aside to provide for termination of grants, which, while small in amount, would lessen the dislocations of a transition, when it occurs, from full funding to no funding?

As to tactics, one way to conserve funds for basic research, to protect the enterprise, may be to combine the government's retreat from development and demonstration programs—those efforts that private sector should do, excepting those that are so costly and long term, such as fusion, that industry cannot support them—with increased funding for basic research.

STATEMENT

The conference on research and development was a meeting on October 26–27, 1981, of about 100 university officials, laboratory directors, industrial research executives, scientists and engineers, and individuals experienced in public policy, who were drawn together at the invitation of Dr. Frank Press, President, National Academy of Sciences. The conferees met to discuss the impact of the prospective budget reductions proposed by the Administration upon the Nation's scientific research capabilities. Officials of the Administration discussed their proposals with the group. Observers from the staff of the Congress and the press were present. The conferees reached consensus on the following:

The problems of the economy—inflation, high interest rates, industrial stagnation—have eroded research and development just as they have impacted other sectors of our society. The participants in the conference understand that the nation must pass through a period of restraint in public expenditures. Yet the proposed reductions in the President's September or Fall Budget will do irreversible damage unless longer term research, in contrast to development and demonstration, is protected.

It is the view of the conference that continued sound investments in research and development by the Federal Government are essential to our national goals, including public welfare, a strong national security, and a renewal of growth in productivity. Much of our economic growth over the last three decades is directly attributable to research and development that has been supported by both government and industry and even earlier investments in research. Because of the important relationship between research, technology and increased productivity, the expressed goals of this Administration for a strong economy and improved national security demand more, rather than less investment in basic research. Furthermore, the intrinsic relation between the performance of basic research and the training of scientists and engineers makes continuing strong support necessary to prevent future critical personnel shortages.

Within the current support by the government of research and development, nearly $40 billion, less than 15 percent represents basic scientific and engineering research. Support of scientific research is a public expenditure from which all sectors of society benefit. Basic science is a long-term investment, and depends on government support. There are no significant sources of support for such a collective benefit which can replace the Federal Government.

Instability and abrupt changes in funding have severe effects: research teams are broken up; investments in experiments involving large facilities such as accelerators, spacecraft, oceanographic vessels and other instruments are poorly used. The continued flow of new researchers into our industrial and university laboratories is best maintained by their stable and continued participation in university based graduate research.

Because of low investments in research over a decade and high inflation, many fields of science are now especially sensitive to decreases in funding. The conference urges that the Government plan carefully for the support of the natural sciences, engineering sciences and social sciences, and protect such plans from abrupt change.

In the March budget revisions the Administration recognized the general, long accepted principles of the Federal role in support of research and development. There is special concern for defense and renewed growth in productivity.

The proposed reductions in the President's Fall Budget Program would establish an overall percentage cut in all the various budgetary accounts. The conference strongly

recommends instead that the Administration and Congress should:

View research and development across the entire government, making budgetary adjustments or reductions that maintain the basic sciences by reallocating funds between research and development;

Instruct Departments and Agencies to maintain the strength of science in agency budget allocations;

Direct a larger part of the increased budget for national security to the funding of basic research that is essential to the maintenance of that security;

Recognize that the scientific base of the nation has suffered a decade of little or no growth and must be strengthened in order to maintain competence in the nation's laboratories;

Recognize that education is the sciences is inextricably linked to research and continue graduate student support through research grants, fellowships, and traineeships;

Recognize the need to revitalize the instrumentation and facility base on which future scientific and technological advance depends.

These principles should be applied to the budget for 1982 and beyond.

A much strengthened mechanism is needed through which the scientific and engineering communities advise on resource allocations and analyze the impacts and benefits of various shorter term and longer term budget strategies for government investment in research and development.

It is timely to initiate an analysis and evaluation of the institutional system for the support of research and development including the distribution of resources, the continued need for some facilities, grant mechanisms, etc. There should be input into this review from the scientific and engineering communities in universities, the national laboratories and industry. Further, review must look across Departments and Agencies to achieve the most productive allocation of resources.

The strength of the nation depends on the continued supply of scientists and engineers. A large number of the best young people must be attracted into these disciplines for careers in industry, the government, and universities. Policies at all levels of government to insure the continued flow of scientists and engineers must be developed. The education of the nation's youth in science and engineering requires priority attention not only by the Federal Government, but also by citizens and officials at the state and local levels and also by the private sector.

The growing relation between universities and industry are laudible and the nation can only benefit from these partnerships. Yet such a relation cannot become a substitute for the strong government-university partnership in support of basic research which now exists. The industrial members of the conference strongly support the continued investment in basic research by the government.

Mr. HATFIELD. Mr. President, I thank the Senator from Ohio for his very generous remarks, not only about my own testimony, but more especially, I wish to commend him for his address here today on this vital and profound subject that we must confront as a nation.

Mr. President, I do not want the time frame in which we are operating this morning to indicate that there is other than the greatest importance attached to the Senator's remarks. I wish to suggest that, shortly after the new session, the Senator, a group of us, perhaps, get a special order of business to set aside a morning or a full day, for that matter, to come to the floor and, from every angle, from every perspective of the Senate, focus on this subject in an extended discussion, or colloquy. I think it would provide us with the opportunity not only to bring this to the attention of our colleagues, but to the Nation as a whole.

I think the target time we have been aiming for, to vote finally on this resolution this morning at 11:30, should not in any way lessen a recognition of the vital part that the Senator has played in this discussion this morning. I want him to understand that and I shall be happy to join him in getting a specified period of time set aside so we may all engage in this very important subject.

Mr. GLENN. Mr. President, if the Senator will yield for a moment, I appreciate his very kind remarks. I already have my staff working on this, as a matter of fact. I want to put together a much more complete view of the history of research in this country, the role it plays now, perhaps break it down into specific areas. Then, hopefully, we can put together some thoughts for the future on this that can, maybe, guide us in our budget considerations in the coming year. I think this is extremely important for the long-term benefit of this country. In fact, I think it is crucial.

What I am planning is a series of talks over a week or 2 weeks here, in the early morning period, when we give our more lengthy speeches. Or perhaps we could set aside a half a day for the kind of colloquy on the floor that focuses on these points, as the Senator suggests.

I think this is reaching very critical importance where we must not allow our national labs or national research effort, which has done so much to make this country what it is today, to be hacked apart. I am sure the Senator appreciates that.

Mr. HATFIELD. Mr. President, I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, hundreds of millions of basic research dollars are spent by the Department of Energy for high energy physics—discovering new atomic particles through the use of terribly expensive reactors at college campuses and Government labs. Why not shift a portion of those dollars into directed R. & D., instead of opposing a 4-percent cut across the board?

Japan and Germany have made great strides in productivity over the last few years, living off the results of U.S. basic research in materials, science, computer research, et cetera. Our Nobel prize record is far superior to theirs and our total basic research budget over the last 10 years has been much higher than theirs, yet their productivity is much higher. Why? Because they have a much better record of utilizing results of basic research. That is why business tax breaks, which stimulate private applied research, not more Federal grants, may be the best answer.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I yield to the Senator from Idaho.

Mr. McCLURE. I thank the Senator.

I want to indicate, Mr. President, as the Senator from Oregon has, my interest in this subject that Senator GLENN has raised this morning. I think it may be worthwhile to note in passing that, indeed, this country did prosper based upon one of its greatest natural resources. That is the minds and the energies of the American people. We have a very vigorous and we have had a very dynamic and growing society, based upon the intellect of our people as well as the other resources, which we sometimes recognize more prominently as natural resources.

I hope, however, that we do have and we shall have the chance to discuss that further at a later time, we do have a recognition that, earlier, that research took place outside of Government primarily. For a variety of reasons, we have excluded, more and more, that opportunity and reason for research in the private sector. We need to be looking at how we revitalize that, at the same time that we maintain the vitality in the publicly funded research efforts.

I think it is also, perhaps, important to note that much of research, if it is judged by ordinary methods of looking at success or failure, is failure. Because it is so judged, it is more difficult to finance in the public sector because it is easy to criticize.

Mr. GLENN. If the Senator will yield for just a comment?

Mr. McCLURE. Yes.

Mr. GLENN. Mr. President, the thing that I stressed in starting out, which I stress repeatedly in talking about this, is the following. I do not want to see Government in competition with private industry. The Government's role in this, to me, is basic research. Then, private industry steps in once it is brought to the point where there are clear indications of commercial usefulness—but the Government's role is to bring it to that point.

I believe the analysis of the work of American Nobel laureates would show that the basic research, the basic breakthrough made by Nobel laureates have been made, by and large, through the universities and through Government-supported basic research. I repeat, that is the kind of thing I think we should be stressing, that Government not try to be competitive with what private industry is already doing.

Mr. McCLURE. Without being a flack for private industry, I think Du Pont made not only their reputation but their fortune based upon that kind of basic research financed in the private sector.

Mr. GLENN. I wish all industries had the same attitude toward research that Du Pont has.

Mr. McCLURE. I think some of Government policy has reflected on that reduction in the private sector. We need to be looking at what we have done in terms of taxing and regulatory policies in this country, as well, as it affects that end of it. I do not say that at all to detract from the necessity of maintaining a strong, federally supported and State-supported basic research program in this country. I fully support that. I am sure we shall have many, many occasions in the next year as we fight the budgetary battles, to focus upon the degree to which we do

or do not support the basic research efforts through the Federal budget.

I shall join with the Senator from Ohio and the Senator from Oregon and others who are involved in it and interested in it in the effort to maintain a strong and appropriately supported and directed Federal research program.

Mr. GLENN. Mr. President, I thank the distinguished Senator for his remarks.

Mr. HATFIELD. Mr. President, I believe we have one more brief colloquy with the Senator from Georgia, and then we will be ready for final passage.

The PRESIDING OFFICER. The Senator from Georgia.

Mr. NUNN. I thank the Senator from Oregon.

THE CENTERS FOR DISEASE CONTROL

Mr. NUNN. Mr. President, the Centers for Disease Control are headquartered in my home State of Georgia. From its beginning, the primary goal of the CDC has been to solve any disease problem presented and to assist the State health departments in identifying and treating threats to the health and safety of the public. Through the years, the scope of services available to the States has expanded to meet contemporary health needs, but the primary functions of the CDC remain to protect the public from the spread of diseases.

The CDC has assisted the States in establishing innovative health promotion and risk reduction programs designed to help individuals make personal choices that can improve their health and well-being or prevent specific consequences.

Response is the key to the CDC's national and international reputation. No other facility in the world has the immediate response capability and expertise available to conduct disease surveillance, research and problem identification, and eradication activities. Its teams of experts have responded to such recent health threats as: Legionnaire's disease, toxic-shock syndrome, environmental health hazards resulting from the eruption of Mount St. Helens, Love Canal, and outbreaks of infectious diseases all over the world.

By subjecting the Centers for Disease Control to a 4 percent across-the-board cut, I believe that there is the possibility that certain vital functions of this agency may not be able to operate at a level sufficient to meet its goals. It is my understanding, however, that section 143 of House Joint Resolution 370 does include language which would provide the Department of Health and Human Services with a certain amount of flexibility with which to apply the 4-percent reduction within the various activities of the CDC account. Is that correct?

Mr. SCHMITT. Yes, that is correct. The language provides that although this account must be reduced by 4 percent, the actual reduction applied to specific programs or projects may vary, but not to exceed 6 percent, as long as the overall 4-percent reduction is achieved, of course. as stated in Chairman HATFIELD's colloquy with Senator CHILES, any change from the basic 4-percent cut would be considered a reprograming. and would require the approval of the appropriations committees.

Mr. NUNN. Am I correct, then, that a particular program could be reduced anywhere from zero to 6 percent, provided that the total account is reduced by the mandated 4 percent?

Mr. SCHMITT. Certainly, that is the intent of this provision in the continuing resolution. It does give the Department flexibility to reduce programs of lower priority while protecting those vital to the public health. I share the Senator's concern about the budget for the Centers for Disease Control, and agree that these activities are among the most important of the Federal Government in the health area. I feel confident that that belief is reflected in the priorities of the Senate bill, which is basically included in this continuing resolution.

We have also seen to it that language has been included in the statement of managers to accompany this bill, which reads as follows:

This resolution acknowledges serious concern for the funding of federal disease prevention programs. The Department of Health and Human Services should assess accurately its funding needs for these disease prevention efforts in order to do the best possible job of preventing and controlling morbidity and mortality associated with various various diseases, epidemics and other conditions which endanger the public health. The Department should use available financial resources, including discretionary funds, reprogrammings, and supplemental appropriation requests, to supplement its disease control programs.

Mr. NUNN. I thank the Senator from New Mexico.

I will continue to follow this program with a great deal of interest and concern, not only because it is in the State of Georgia, but also because I know that the dedicated people at the Centers for Disease Control have an important mission to play in the health of this Nation.

Mr. KENNEDY. Mr. President, on November 23, the President vetoed the continuing resolution passed by Congress on November 22, throwing the Government into chaos and causing hardship for many Americans. He claimed that the veto was necessary to avoid continuing budget busting policy of big spending and big deficits.

Now we are told that this new continuing resolution is acceptable to the President and that he will sign it. I think my colleagues and the American people deserve to know how this continuing resolution differs from the vetoed resolution. They deserve to know what is in the bill the President prefers.

It is a bill that the administration's own experts predict may well cost the taxpayers more than the vetoed resolution—through fraud, abuse, and waste as a result of $400 million additional cuts in the administration of key entitlement programs such as social security, unemployment insurance, and medicare.

Its spending cuts over the vetoed bill mean bitter medicine for those who will bear the burden, yet, those cuts are no cure at all for the administration's $100 billion deficits.

It is a bill that does nothing to combat our worsening recession.

It is a bill that does nothing to help 9 million unemployed Americans find work.

It is a bill that does nothing to stem the record number of bankruptcies of our Nation's small businesses.

It is a bill that does nothing to ease the financial hardships being inflicted on States, cities, and towns.

Worst of all, it is a bill that will cause deeper human suffering, as millions more are slashed from health services for mothers and children from health prevention programs, from job training for youth, from programs for senior citizens, from education, from housing. This list goes on and on.

This is the meaning of the bill that the President wants. But it is not the bill the American people want. They want an economic program that means jobs for American workers and homes for American families. They want a Federal budget that does not ignore the needs of the young, the disadvantaged, and the elderly. They want a policy that does not cut spending for programs that help the many in order to make room for exorbitant tax cuts for the privileged few. Above all, they want a policy that fights inflation without causing recession.

This resolution marks the end of a difficult year for the American people. The President's program is now in place for all America to judge. I have been proud to stand up from the beginning to oppose a program that is wreaking havoc with the well-being of our people. And I shall continue to speak out in the weeks and months ahead against a policy that turns its back on the cause of a just and prosperous society.

I urge my colleagues to defeat this continuing resolution.

SECTION OF HOUSE JOINT RESOLUTION 370 REGARDING IRS REVENUE RULING 81–216

Mr. D'AMATO. Mr. President, I rise to speak in support of that section of this continuing resolution which is identical to the amendments originally offered by myself and my distinguished colleagues, Senator WEICKER, chairman of the Senate Small Business Committee, Senator STEVENS, the assistant majority leader, and Senator DOLE, chairman of the Senate Finance Committee.

This amendment is one with which we are all familiar. It was offered to House Joint Resolution 357, the continuing resolution recently vetoed by President Reagan. Vetoed, I might add, for reasons having nothing to do with this amendment. When offered to House Joint Resolution 357, this amendment was twice adopted unanimously by this Chamber. It was adopted by voice vote in the House. This amendment has clearly received congressional support in the past and is clearly deserving of congressional approval at this time.

This amendment prohibits the Internal Revenue Service from enforcing Revenue Ruling 81–216 arbitrarily issued on August 24, 1981. Revenue Ruling 81–216 prohibits the pooling of multiple lots of small issue industrial development bonds (IDB's) into a single issue. This ruling, which was imposed on August 24 with no prior notice, and which was made effective immediately, has done more to impede economic development than any other bureaucratic action taken during the past year. As such, Revenue Ruling 81–216 must be over-

turned. The first step in that process, of course, is to prohibit its enforcement, and that is what this amendment is all about. With the adoption of this amendment the IRS will not be allowed to expend any funds by enforcing 81–216 on small businesses.

During the past decade, the tax-exempt small issue IDB program has been a vital tool for local economic development. Without IDB financing, thousands of small businesses would be unable to secure the necessary capital for expansion and would be unable to secure the necessary capital for the generation of thousands of new jobs. With today's continued high interest rates, small entrepreneurs cannot expand, or even survive, without the financing made available through industrial development bonds.

According to the Congressional Budget Office, over $8 billion of IDB's were issued in 1980. All such IDB's were issued in accordance with section 103 (b)(6) of the Internal Revenue Code; 84 percent of this capital was used by small- and medium-sized businesses, in other words, business smaller than those on the Fortune 1,000 list; 48 States have now authorized an industrial development bond program.

Prior to August 24, approximately half of the industrial development bonds issued in this country were issued as part of an umbrella or pooled lot. These umbrella or pooled lots are precisely what has been prohibited by Revenue Ruling 81–215. This prohibition, however, has absolutely no basis at all. An umbrella bond is simply what it says it is. It is a composite of many individual small issue IDB's. It is a composite which is a perfectly legitimate mechanism under the law as enacted by Congress.

The composite IDB should be allowed. The composite IDB will be allowed. Today we will prohibit the enforcement of Revenue Ruling 81–216 and soon in the future we will enact substantive legislation to make it clear that composite issues are a vital part of the section 103 (b)(6) small issue industrial development bond program.

The choice is simple. If you support high interest rates for small businesses and farmers, you should vote against our amendment. If you believe that small firms and farms have special problems that demand time-honored solutions in order for them to gain access to affordable credit, then you should vote for our amendment. If our amendment were to fail, IRS Revenue Ruling 81-216 would remain in effect.

To be properly understood, our amendment and the entire small issue IDB program must be placed in context. Interest rates today have reached astronomical rates never envisioned when IDB legislation was first enacted by Congress in 1968. Small business bankruptcies are up over 50 percent over the last year.

Although over 80 percent of the net new jobs generated in this country during the period from 1969–76 were created by small business, that is, those with fewer than 100 employees, high interest rates now prevent this needed expansion by small business. Put very simply, if affordable capital is not made available, small businesses which are traditionally the bedrock of the American economy, will no longer thrive.

The only long-term solution to this problem, of course, is to reduce inflation and to lower interest rates. In the meantime, however, we cannot afford to forgo the economic activity and generation of jobs which result from the small issue IDB program. Thus, we cannot allow the abrupt and unwarranted termination of the IDB program by the IRS.

The small issue IDB program has been overwhelmingly successful. It has generated tens of billions of dollars of new economic activity and has been responsible for the creation of tens of thousands of new jobs. Thus, Revenue Ruling 81–216, an arbitrary fiat of the IRS which virtually killed the program, is completely unconscionable. With absolutely no opportunity for advance public comment, the IRS on August 24, ended what had been common practice under the law for more than 12 years.

Not only had the pooling of small issue IDB's been a common practice, but it had also been specifically sanctioned by several published IRS rulings. For example, only 3 years ago the IRS specifically stated in Revenue Ruling 78–159 that pooling was within both the intent and the letter of the law and would and should be allowed. Admittedly the IRS has the authority to reverse itself and reinterpret the law. However, to do so on such an important issue with no opportunity for public comment, and with no opportunity for congressional input is utterly and totally ridiculous.

Although the effects of Ruling 81–216 on the economy are enormous, the direct impact of this ruling on the Federal deficit is minimal. It is estimated that the revenue gain from this IRS action, should 81–216 be allowed to remain in effect, will be only $54.8 million in fiscal 1982. For the entire 5-year period, fiscal 1982–86, the estimated revenue gain is only $280.2 million. These figures, of course, take no account of the obvious feedback effects which result from the issuance of IDB's. When the higher corporate profits of small businesses and the greater number of employed persons are also considered, Ruling 81–216 may even be a net revenue loser.

Given that over 2 months of fiscal 1982 have already passed, passage of this amendment, at most, would cost the Federal Treasury $40 million. It must be remembered, however, that this $40 million revenue loss has already been authorized by Congress when small issue IDB's were first enacted. It must be remembered, however, that this $40 million does not consider feedback effects and it must be remembered, however, that this $40 million in revenue foregone will generate $5 billion in economic activity through the revised use of small issue industrial development bonds in pooled lots.

Revenue considerations, therefore, are not really a question in the passage of this amendment. The only considerations are the ability of small firms to expand in the face of today's high interest rates and the future of the small issue IDB program. We must today decide whether or not we will encourage small businesses. We must today decide whether or not we will promote economic development. We must today decide whether or not we will allow the IRS to arbitrarily overturn deliberate legitimate actions taken by the Congress.

It is important to realize that the authors of this amendment do not believe that Revenue Ruling 81–216 is a correct interpretation of the Internal Revenue Code. We believe that 81–216 is an incorrect interpretation of the law. Holders of small issue IDB's do believe that they are investing in a specific project in a specific location.

In fact, each bond in a pooled lot must carry the name of the project and the name of the local government that issued the bond. It must comply with existing State and local laws where the project is located. The face amount in a composite issue is not the key factor. Rather, the important part is that each bond is identifiable with a separate project in a separate local government jurisdiction. Thus, when the IRS claims anything to the contrary in Revenue Ruling 81–216, they are incorrect.

Second, the $1-million limit is not the only limit on small issue IDB's under existing law. For $10-million issues, there is a 6-year capital expenditure rule which limits the total investment in a single project. In 1968 dollars, the year the limits were first imposed by Congress, a project costing $10 million today would be valued at substantially less than the original $5-million limit.

Furthermore, the legislative history behind the 1968 restrictions indicated that Congress was principally concerned with the construction of very large facilities in one location by one company. There was no intent to prohibit a pooling of unrelated multiple lots.

Certainly one of the prime goals and intentions of Congress was to help provide low cost loans to small businesses and small farms. By pooling several loans into a single package, States have been able to reduce the cost of each loan and to make individual loans as small as $20,000 to very small companies.

Given these facts, and without a public comment period or a formal hearing prior to the issuance of 81–216, how could the IRS be so certain that its revised interpretation of the law was correct? How could the IRS so blindly ignore its own prior interpretations which have allowed pooling for more than 12 years? With this amendment we are making a clear statement about the correctness of the interpretation of the law. Put very simply, in issuing Revenue Ruling 81–216, the authors of this amendment believe that the IRS was wrong.

Some have questioned whether or not passage of this amendment will interfere with Treasury's duty to interpret the tax laws. This is simply not true. The principle of congressional oversight of executive branch actions is well established. Congress has frequently overturned administrative rulings and will continue to do so in the future. No one can seriously question both the authority and the duty of Congress to act in circumstances such as these.

Our use of the appropriations process for this amendment in this circumstance

is clearly because of the emergency situation. If we do not act now, small business and small farm loan programs in virtually every State will have been abruptly terminated without just cause. We cannot allow that to happen.

Our amendment is not unique. During Senate debate on the continuing resolution for fiscal 1981, at least four similar amendments were adopted. In addition, two similar amendments were withdrawn only after assurances were made by the Treasury Department that enforcement of the disputed provisions would be delayed for at least 6 months to give Congress the time necessary to act through the normal legislative process. A similar delay in enforcement is all we seek to accomplish with our amendment. For the next few months we will act through the normal legislative process to make certain that 81–216 is never forced upon us again.

This amendment has the unanimous support of the National Governors' Association. It has the support of mayors, small businessmen, farmers, and State and local economic development officials. It has the support of all those who realize the economic stimulus that results from the issuance of small issue IDB's.

The IDB issue is a federalism. IDB's allow local communities to make their own decisions over their future economic development. In an era of declining Federal dominance, this opportunity for local control should not be terminated.

IDB's have little effect on the borrowing cost of municipalities for general obligation bonds. County executives who testified at the October 5 hearing of the Urban and Rural Economic Development Subcommittee of the Senate Small Business Committee, which I chair, made this point quite clearly. Purchasers of IDB's are different than those who invest in municipal bonds. And the two forms of investment generally do not compete against each other in the same market.

The argument that IDB's dry up the available credit for taxable conventional loans is ludicrous when compared with the potentially devestating effect on the credit market of all savers certificates and the forecasted Federal deficit. Moreover, conventional credit seems more than readily available to large companies such as du Pont and Sears-Roebuck which have tied up billions of dollars in their takeover bid; it is the small businesses and farms helped by pooled small issue IDB's who now find financing unavailable and unaffordable. Thus, we must restore the pooled IDB program for their use.

Transaction costs for small issue IDB's are comparable with the 4- to 7-percent fees now charged by banks for conventional commercial loans. The pooling of small issue IDB's, however, considerably reduces the transaction costs. Thus, Revenue Ruling 81–216 has the effect of increasing transaction fees for small businesses when they use small issue IDB's.

Marketing cost efficiencies are major reasons why pooled IDB's have been used. For example, a typical $1 million, unpooled, small issue IDB will incur $68,525 in marketing costs. A pooled bond issue of $20 million with 20 recipients on the other hand, would incur fees totalling only $888,250. Expenses for bond counsel, underwriter, et cetera, are nowhere near 20 times as large in the pooled version as they are in the solo issue.

These economies of scale permitted prior to Revenue Ruling 81–216 reduced typical marketing costs from 6.9 percent in an unpooled IDB to only 4.4 percent on the average in pooled IDB's. This results in an extra $24,113 in usable capital for every $1 million borrower, under the pooled IDB program. If we do not allow pooled IDB's, we are saying "Give this extra $25,000 to the middlemen, to the bond counsels, to the underwriters, to those reaping the transaction fees, rather than give it to the small businessman who can use it to expand his plant, to update equipment, to survive in a hostile economy and to provide employment for thousands of Americans who need jobs."

Let me make it clear, however, that this amendment is only a first step. During the next several months the Senate Finance Committee and the House Ways and Means Committee will be examining the entire IDB program. They will seek to eliminate abuses, but they will also seek, I hope, to make it clear that small businesses should not be eliminated from this program. They will also seek to make it clear that any revenue ruling which impedes the ability of small business to use this program is unfounded and unwarranted and unwanted.

I have the assurances of my distinguished colleague, Senator DOLE, that the Finance Committee will move quickly in this regard and I laud his efforts and I am pleased to have his support for this amendment. We must prohibit the enforcement of 81–216. We must restore small businesses to the industrial development bond program.

It is important to realize, however, that this amendment is not a precedent for future legislation to affect stand-alone, as opposed to pooled, IDB's. This amendment restricts the use of IDB's in pooled form in small businesses. We in no way intend that this restriction should be seen as a precedent to the stand-alone program.

This amendment prohibits the enforcement of 81–216 for any firm with less than $25 million in capital expenditures exclusive of research and development expenses over the 3-year period ending September 30, 1982. In other words, the 800 or 900 largest firms in this country, in the world, will no longer be allowed to use the pooled IDB program. They will not, however, at local option be prohibited from using the stand-alone IDB program. Thus it is extremely important to realize that this capital expenditure limit is not a precedent for the stand-alone program. For the stand-alone program it would be far too restrictive. It would impede the ability of local officials to best determine their own economic futures.

This amendment also requires that the obligations of an issue which is part of a pooled lot be guaranteed or secured directly or indirectly in whole or in part by a government or agency of the government. This too should not be seen as a precedent for the stand-alone program. It is inserted here simply as a way to insure that in the interim, before the Finance Committee passes new legislation to revitalize the entire IDB program, that the proceeds of pooled lot IDB's be used only for those projects sanctioned by State or local governments. In my opinion, a partial, indirect guarantee is little different than an official sanction or authorization.

Furthermore it should be noted that the so-called Aggie bond programs, those programs whose proceeds go entirely to agricultural uses, are completely protected. To put the same restrictions on these programs as were placed on other small-issue pooled IDB's would have eliminated these programs since they were established a different way. Thus, these programs do not have the restriction of governmental guarantee. These programs are completely protected.

With other programs for small businesses being cut to the bone, including EDA, UDAG, SBA, and so forth, this tool of local economic development must be kept open to local and State decisionmaking. This is a point made so well in testimony before my subcommittee. This is the main reason for passage of this amendment.

One final point worthy of note, is the considerable debate that has arisen over whether or not bond counsels will issue favorable opinions for pooled lot IDB's on the basis of this amendment. The answer, as in most human endeavors, is that some will and some will not. I do not think that we should worry ourselves about the actions of bond counsels while considering this amendment. What we are doing here is sending a message. A message to the IRS that 81–216 was wrong. A message to the IRS that nothing like 81–216 should be promulgated in the future.

We are sending a message to the small businessmen and the small farmers of this Nation. We are sending a message to State and local economic development officials of this Nation. We are sending a message to the mayors and Governors that we will have an IDB program in the future and that we will allow pooled IDB's.

If some bond counsels will not issue opinions based upon an appropriations amendment, if some bond counsels require substantive legislation to issue favorable opinions, well let them wait. Eventually they will have substantive legislation. However, some bond counsels will interpret this amendment correctly. They will understand the congressional commitment to the pooled IDB program. Favorable opinions will be written. If not by all, then by some.

Mr. President, I urge that we accept this vital amendment as part of the continuing resolution.

Mr. MATTINGLY. Mr. President, while I intend to support the continuing resolution to continue funding for the Federal Government through March 31, 1982, I nevertheless feel obligated to rise

today to express my opposition to the provision in the resolution which calls for a pay increase for top-level Government employees.

Let me preface my further comments on this subject by saying from the outset that I am not an anti-top-level Government employee. Moreover, I recognize and appreciate the arguments advanced for lifting the pay cap for these individuals. However, I find it totally irresponsible and inequitable to eliminate the pay cap for these individuals at a time when we are asking other Americans, including food stamp recipients, individuals seeking financial assistance for higher education, elderly Americans and veterans, to cut back on their share of the Government pie.

We have made great strides this year in controlling the Federal Government's spending habits. We must continue this effort. Elimination of the pay cap for top-level Government employees at this time is contrary to our past efforts.

The best benefit we can bestow on these individuals and, for that matter, all Americans, is to control the spending habits of the Federal Government and thus reduce the inflation which robs us all.

Mr. President, again, I would like to emphasize that I am not against or hostile to top level Government employees; however, now is not the time to take such action. I believe we should get our economic house in order and then consider the issue of Federal employee compensation and benefits in a total, comprehensive package as opposed to the band-aid approach which is being advanced today.

Mr. LEVIN. Mr. President, I would like to take this opportunity to state my opposition to the continuing resolution. I will vote against this resolution because it represents another example of how the Reagan economic program has made equity stand on its head. These cuts, which are more severe than those that were hammered out during all-night negotiating sessions 3 weeks ago and that precipitated a Presidential veto, will increase the hardships on many Americans who have already been asked to bear too much of the burden of budget cuts this year.

The 4-percent across-the-board cut for the Departments of Agriculture, Housing and Urban Development, Interior, Labor, Health and Human Services, and Treasury fails to recognize the priorities among programs and comes on top of cuts which are already having a disproportionately adverse impact on States such as my State of Michigan.

Also the phantom 2-percent cut in the Department of Defense appropriation bill, which may be in effect for less than a week, shows once again that the administration apparently believes that the Defense Department is the only part of the Government which spends its money with surgical precision.

I am for budget cuts, and I am for a strong defense, and I am for reducing the deficit so that we can take pressure off of high interest rates, but I cannot accede to the administration virtually putting a gun to the head of the Congress in order to get its way under the threat of shutting down the Government.

Mr. President, that may make good theater and great headlines for the administration, but it is a poor way to make public policy. The Constitution gives the Congress the power over spending, and the President the right to veto. But now the President has resorted to the threat of shutting down the Government.

This, along with the way the reconciliation process has developed over this year, is another step in shipping the ultimate power of the purse down Pennsylvania Avenue to the White House. I cannot acquiesce to such a shift in power, and voting for this resolution would in effect do that. Voting for this resolution would be saying that it is fine with me that the President can tell us where to dot the 'i" and cross the "t" in budget terms if we do not do what he wants, then he will shut down the Government. I refuse to do this.

Mr. BURDICK. Mr. President, I ask the chairman of the Appropriations Committee, Mr. HATFIELD, to clarify the budget status of the loan programs administered by the Rural Electrification Administration, the Farmers Home Administration, and the Federal Financing Bank. Specifically, how will these loan programs be affected by the 4-percent reduction included in this continuing resolution?

Mr. HATFIELD. Mr. President, I can well appreciate the concerns expressed by the Senator from North Dakota, in that the across-the-board reduction is a very unusual device, being employed for the first time in an appropriation measure, and one which I am not fully comfortable with. But it is in this continuing resolution because we are confronted with an extremely difficult problem, and that is to achieve a significant budgetary savings in a stopgap funding measure which covers most of the Federal Government. Let me emphasize that point. Section 143 of the resolution, the across-the-board cut provision, is designed to achieve budget authority savings of 4 percent so that budgetary outlays will be reduced by approximately $4 billion in the current fiscal year.

The programs that the distinguished Senator mentioned do not involve budget authority granted in this resolution. In the case of insured and guaranteed Farmers Home Administration loans, the resolution merely authorizes that agency to make loans at a certain level. Actual financing of the loans are either by private lenders in the case of a guarantee, and from an already capitalized revolving fund for insured loans.

For the Rural Electrification Administration revolving fund, the answer is the same. Insured and guaranteed telephone and electric loans are not provided any funding in this bill and, therefore, any reduction against the budget authority provided by the measure can have no impact on this program.

There are only two items in the REA program that I believe may be reduced by 4 percent. One is the capitalization of the Rural Telephone Bank account, a $30 million appropriation, which although off budget, is actual budget authority. Since no funds were requested by the administration for this account, and since the reduction here would be only $1.2 million, I believe that this relatively small reduction can be absorbed by that agency without too much difficulty. The salaries and expenses account of REA will also be reduced slightly, but will still exceed the current budget request.

Finally, Mr. President, with respect to the Federal Financing Bank's role in actually making loans guaranteed by the Rural Electrification Administration, let me assure the Senator from North Dakota that there is no intention here to in any way affect the ongoing operations of the Bank. I would point out that the FFB does not require appropriated funds for its operations so the reduction contained in section 143 of the resolution will have no effect.

Furthermore, Congress has spoken on several occasions to direct the unimpaired continued operations of the FFB. The first concurrent budget resolution and also the report accompanying the agriculture appropriations bill for fiscal year 1982 both called for continued access to FFB financing by REA-eligible utilities.

I share the Senator's strong concern over our Nation's rural development program, and believe, as he does, that these low-cost credit activities are a necessary and significant means of providing rural residents basic public services such as telephone and electrical service. I fully agree that our efforts in this area should be maintained.

Mr. BURDICK. I thank the Senator.

Mr. GRASSLEY. Mr. President, one of the most sobering aspects of the necessity in considering this continuing resolution is that we must do so under such severe time constraints. This is very unfortunate for we are dealing with a mammoth piece of legislation, containing numerous sections of great import, and yet here we are about to vote upon it before we have had the full opportunity to study it. House Joint Resolution 340 was passed only yesterday by the House, and had you not taken the time to read the CONGRESSIONAL RECORD, there would be little way of knowing all that was contained in this legislation for we have not yet received our printed copies.

I read the RECORD today, however, and there is an obscure, small section that caught my eye. This small section simply makes a change of date from 1981 to 1980. It is important to note that it so happens that this section provides a very nice windfall for Members of Congress, for it extends to 1981 the recently passed provision lifting the $3,000 ceiling on the amount of business-related tax deductions that we can claim while away from home.

I do not know how others feel about this, but I am disgusted. I disapprove of the exemption and voted against it during the debate of the first continuing resolution, House Joint Resolution 325, on September 24, 1981. The idea of extending this exemption to the current year is even more objectionable. But more than this, I am appalled at the

tactics used here to get this provision passed. I think that if everyone had had the opportunity to learn about this amendment that was slipped in during House debate, it would have been easily defeated. The September vote was close, 50 to 48.

Our constituents should expect more from us. They should be able to look to their U.S. Congress with pride. It is antics like this that make it no wonder that the general feeling is negative.

I am casting my vote in favor of this continuing appropriations bill for only two reasons: because an earlier decision of the Senate bars amendments at this point and because it is essential that we pass legislation to provide funding for our Government's operations. Needless to say, I support this legislation with great hesitancy.

● Mr. EXON. I inquire of the Senator if the continuing resolution will provide for adequate funding for the ongoing programs of the National Institute of Education.

Mr. SCHMITT. My answer to the Senator from Nebraska is, yes, the continuing resolution allows funding of NIE at a reasonable level for fiscal year 1982, although somewhat reduced from fiscal year 1981.

Mr. EXON. I thank the Senator. My concern is for the continuation of funds for such projects as the University of Mid-America (UMA) of Lincoln, Nebr. UMA was pioneered some years ago by the University of Nebraska. UMA has initiated new methods of providing higher education throughout the Midwest States by means of telecommunications. The results have been highly encouraging.

Thousands of students have been allowed to participate in college courses through this consortium of 11 State universities. More importantly for the future, UMA has proposed a national extension of this new form of higher education via telecommunications through a new vehicle—an American Open University (AOU). I have seen the plans for this AOU, and I believe it will provide a most significant nationwide service to many persons who have not been able to attend college.

I understand also that AOU expects to be self-sufficient financially after a 3-year beginning development period. This will certainly be an admirable new approach to meeting some of our Nation's higher education needs.

Would it be the Senator's expectation that the committee will consider support for the startup development of AOU next year and in subsequent years?

Mr. SCHMITT. While we have not yet seen the administration's budget proposal for NIE for fiscal year 1983 and beyond, let me assure the Senator that the committee will take a look at this kind of telecommunications service for education during the course of our fiscal year 1983 appropriations hearings.

Mr. EXON. I thank the Senator.●

● Mr. JEPSEN. Mr. President, House Joint Resolution 370 represents a 100-percent improvement over the continuing resolution vetoed by the President almost a month ago. In this final bill, Federal spending is reduced by over $4 billion in 1982. While I regret that we did not cut more dollars, the current legislation is certainly another step in the right direction and does meet the latest request of President Reagan.

This resolution is another example of the old "good news/bad news" formula. On the one hand, we have the good news—the budget cuts. On the other hand, I feel there are two controversial sections that are definitely bad news.

Considering the current depressed economy, we would have been well advised to postpone any wage adjustments for key Government executives—even though they have not had a salary increase in 5 years. In addition, the new method of allowing expenses for lawmakers is resented by many people, even though it simply corrects the tax laws so that those elected to office will be treated like all other Americans.

Yet given the balance of the two, I think the American people come out ahead with the approval of this resolution. And it is with those mixed feelings that I voted for this resolution.●

● Mr. HEINZ. I have a question regarding this continuing resolution with regard to railroad retirement benefits and I would like clarification from the distinguished chairman of the Appropriations Committee regarding a matter that needs attention—the failure of this continuing resolution to provide the additional $90 million required for full funding of the so-called windfall benefits.

Mr. HATFIELD. I would be happy to respond to the Senator from Pennsylvania's inquiry on this matter.

Mr. HEINZ. As I understand it, this resolution applies a 4-percent spending cut to an appropriated level of $395 million, for a funding level of roughly $379 million. Yesterday, in the House, Mr. CONTE acknowledged that this resolution is deficient in this area, and he pledged—and I quote—"that we will have a supplemental up here for the balance [of that funding] come February."

I would like clarification that if the Senate does not today consider an amendment to restore full funding, that the chairman of the Appropriations Committee will consider a supplemental at that time.

Mr. HATFIELD. I will be glad to do all I can to see that the committee expeditiously considers a supplemental, if one comes over from the House.●

SUPPORT OF MAINTAINING CURRENT WORKABLE INTEREST RATE FOR SECTION 202 ELDERLY HOUSING LOANS

● Mr. HEINZ. I would like to address briefly a technical point of major concern which is directly related to the action we are taking today to provide funding for the section 202 program in the current fiscal year. Specifically, I am concerned that the existing interest rate for section 202 loans be maintained in effect for the current fiscal year in order to insure the most efficient use of funds being provided in fiscal year 1982 for this highly successful direct loan program to provide housing for the elderly and handicapped.

Under current law, the HUD Secretary annually establishes the interest rate for section 202 loans. He has the discretion to establish a rate which may not exceed the average Treasury borrowing cost for the preceding fiscal year, plus a HUD administrative charge to cover its processing costs and expected losses. Indeed, it may be lower as appropriate to make the program work.

During fiscal year 1981, the loan rate, including HUD's administrative charge, was established at 9¼ percent for both construction and permanent financing. The Secretary is about to establish the rate for loans made during the current fiscal year. Rigid application of last year's record high Treasury borrowing costs would result in a 2½-percent increase in the section 202 loan rate to a new rate of 11¾ percent. Would the Senator agree that it would make more sense to retain the 9¼-percent interest rate?

Mr. GARN. Clearly raising the interest rate to 11¾ percent would make infeasible many section 202 projects currently being processed or proposed, unless there were a concomitant increase in rental subsidies or other project income to cover the substantial additional debt service requirements resulting from the substantially higher loan rate. Given the limited section 8 funds, increasing rental subsidies would not be as appropriate.

Many of my colleagues and I are very much aware of this problem and believe that the Secretary has adequate authority under the statute to provide a remedy. Accordingly, it is our strong sense that the section 202 loan interest rate be kept during the current fiscal year at the rate in effect during the past year. It is further strongly recommended to the Secretary that this be administratively accomplished as soon as possible. Stabilizing the interest rate will assure a continued and stable flow of loan funds to finance section 202 projects without significant drain on the Federal Treasury since Treasury borrowing costs in the current fiscal year are falling well below those experienced last year.

Mr. HEINZ. I am pleased that the Senator agrees with the view that I share with a number of my colleagues, including those on the Banking Committee and in the House. Literally thousands of units of very much needed elderly housing hang in the balance. Absent this action, the Congress support for the program as expressed in the funding measure would be directly frustrated.●

Mr. BRADLEY. Mr. President, today the Senate will vote on the so-called compromise continuing resolution to provide funding for the Government during fiscal year 1982. This resolution has been agreed to beforehand by the President and the Republican congressional leadership; it is a compromise between the Republicans. Not surprisingly, the Democrats in Congress were not consulted. It is a compromise between the President's September insistence on a new $16 billion in spending cuts—on top of the $35 billion provided in the Reconciliation Act—and the the position of the congressional Republicans that $16 billion was too much, or at least that it

would not pass. The compromise calls for a $4 billion cut.

Mr. President, $4 billion in additional spending cuts can be viewed as a compromise only in light of the $16 billion September figure. The true meaning of this resolution is the compromise of our commitments to the elderly, and many other Americans. The true meaning of these additional cuts in vital programs is the compromise of our chances for real economic growth.

Mr. President, in the debate on Federal spending, it is important to recognize that some Government spending is essential to achieve economic growth, and only economic growth will provide us with the revenues that we need to fulfill our commitments to our elderly citizens, the poor, farmers, and the cities.

I oppose this resolution because the reductions in moneys for a variety of key programs will seriously impair our country's prospect for a bright economic future.

Mr. President, in order to promote economic growth, we must promote investment. By investment, I mean more than investment in new plant and equipment, for which we have provided ample incentives in this year's tax bill. Investment is also required in our economic infrastructure, in the railroads, highways, and mass transit systems which move people to jobs and goods to markets in this country and to our ports for shipment around the globe. Further reductions in our support of these vital transportation systems can only count as false economies, hindering rather than helping the economy back on the path of sustained growth.

Mr. President, another kind of investment must be present in addition to investment in plant and equipment and investment in economic infrastructure. That is investment in people. We need a work force which is healthy, a work force that has the education and training required for the jobs of today and of tomorrow, a work force that has a view of future improvements in the standard of living that will assure maximum contributions to the economy.

Yet the necessary investment in human capital would be compromised under this resolution. Cost-effective preventive health care for low-income children—such as immunizations against potentially crippling diseases—would be cut. Programs to prevent and treat alcoholism, drug abuse, and mental illness—diseases entailing significant economic losses as well as enormous personal suffering—would be cut.

Aid to school districts that enroll significant numbers of disadvantaged children—providing them with the education that will be so important to their future prospects for employment—would be cut. Funding for Pell grants and other assistance to needy students seeking to finance college or other postsecondary education—to develop their skills as fully as possible—would be cut. Training programs for younger Americans who have never held a job and for experienced workers who no longer have jobs because of competition from abroad would be cut.

Mr. President, how can such cuts be justified? The economic development potential of this country depends upon the maximum efficient utilization of our manpower. This resolution, in providing for severely reduced levels of funding for preventive health programs, educational aid at all levels and worker retraining under trade adjustment assistance and youth training programs, undermines our national interest in a skilled, motivated work force, both now and in the next century.

The final area requiring a strong Federal commitment is our important investment in research and development. We must make sure that we remain on the cutting edge of technological change if we are to retain our competitive advantage in the world economy. Yet this resolution would compromise America's leadership position in science and technology. It would force reductions in funding for science education programs and the instrumentation grants that will help to modernize the teaching laboratories where our future scientists learn their craft.

Funding for the National Institutes of Health, the vital center of our Nation's extraordinary biomedical research efforts, would be cut. NASA's nondefense programs in space science, space applications, aeronautics, and space technology—already seriously constrained by earlier reductions—would be cut further. These are precisely the areas which, in the next decade and beyond, are going to give this country the kind of commercially valuable advantage that it can attain only if the Federal Government makes these expenditures.

Mr. President, who would argue that reducing funding for the training of our young scientists and for basic scientific research constitute sound national policy? To reduce our capacity for the education of the science and technology professionals of the future, to slow our progress in understanding the diseases that afflict mankind and developing new approaches to treatment and prevention, to throw away our current advantage in space—all should be unthinkable; with this resolution, we will be starting down that path.

Mr. President, the reductions in nondefense programs called for under the continuing resolution should be rejected. The economies to be achieved by the 4-percent across-the-board cut are false economies. This $4 billion compromise would sacrifice our long-term objectives for a healthy, vibrant economy in order to realize very short-term budgetary savings, savings which will contribute very little, indeed, to reducing a 1982 budget deficit of $100 billion. The future health of our economy requires a more farsighted view. I, therefore, urge my colleagues to join me in voting against the resolution.

APPROPRIATIONS FOR THE VETERANS' ADMINISTRATION HEALTH PROFESSIONAL SCHOLARSHIP PROGRAM

Mr. CRANSTON. Mr. President, I note that, in the joint explanatory statement accompanying the continuing resolution on H.R. 4034, the HUD-Independent Agencies Appropriations Act, 1982—page 11 of House Report No. 97-22—which was filed on September 11, 1981, the conferees pointed out that the appropriations for the Veterans' Administration's medical administration and miscellaneous operating expenses account included $4,000,000 above the President's then-pending budget request. That amount, the conferees noted—

is earmarked for the nurse scholarship programs authorized by the Veterans' Administration Health-Care Personnel Act of 1980.

In both the continuing resolution agreed to by the Senate today, House Joint Resolution 370, and in H.R. 4034 as amended by the Senate on November 21 and agreed to by the House yesterday, the appropriations level for the MAMOE account is $4 million above the President's September 30 budget request. I believe it is thus clear that the Congress intends in these measures for the scholarship program, the authority for which was enacted last year, to be funded in fiscal year 1982 at the $4 million level. Therefore, I urge that the administration immediately undertake to implement the scholarship program in order to help insure that all possible efforts are made to help the VA overcome the difficulties it has encountered in the recruitment and retention of well-qualified nurses and other health care professionals in the VA health-care system.

I congratulate my good friend from Mississippi (Mr. MONTGOMERY), the chairman of the Veterans' Affairs Committee in the other body, for his leadership in this effort to appropriate funds needed to get the program underway.

Mr. PELL. Mr. President, I am voting against the continuing appropriations resolution for 1982. The resolution will require additional cuts in Federal Government spending for programs of vital importance to our Nation, to our State and local governments, and to the average American.

The budget cuts imposed by this resolution are in addition to the deep cuts already approved by the Congress this year in programs to meet the health, education, housing, research, and economic needs of the Nation.

After the Congress had approved those budget cuts, the administration in September, faced with a ballooning deficit because of the failure of its economic program, proposed additional budget cuts. I stated at that time that I could not support additional cuts in essential programs that had already been subjected to severe spending reductions.

This continuing resolution imposes those additional budget cuts but leaves unscathed a huge increase in military spending that cannot be justified by the real defense needs of the Nation.

The most recent estimate by the administration of the budget deficit for the 1982 fiscal year is more than $100 billion compared with its original estimate in March of $45 billion. The estimated deficit has shot upward not because of increased domestic spending, but because of a huge increase in payments on the Federal debt caused by the administration's high interest rate pol-

icy and the huge tax cut taking effect next year which will slash Government revenues.

Instead of attacking those causes, however, the administration proposed additional spending cuts, in programs already cut to the one.

Equally troubling, Mr. President, is the fact that, while we are being asked to cut ever deeper into programs that provide essential services to the American people in an effort to narrow the budget deficit, the Federal Government is encouraging corporations to cut their tax payments by buying and selling excess Federal tax credits under the so-called leasing provision of the 1981 Economic Recovery Tax Act.

The leasing provision of the Tax Act permits wealthy corporations to shelter their profits from Federal taxes by buying tax credits from other failing businesses that have so many tax credits they just cannot use them all. That provision, which should more properly be called a leeching provision, will cost the Treasury Department nearly $3 billion next year.

That means, that for every $4 of the taxpayers' money that is saved through budget cuts in this resolution, $3 will leak out the back door of the Treasury to corporations that have made deals to buy and sell tax credits.

In my view we would be much better off eliminating the outrageous tax credit sale provision of the tax law than to cut ever deeper into programs that meet the real and serious needs of the American people. It is for that reason that I have introduced legislation (S. 1896) to repeal the tax credit sales loopholes of the tax law.

I hope that, when the Congress returns to its budget problems in January, some attention is given to the taxpavers' money that is being given to corporations through this back door tax credit sale provision instead of focusing repeatedly on the front door spending that already been subjected to repeated cuts.

Mr. HATFIELD. Mr. President, there has been considerable concern expressed about the status of the numerous deferral messages submitted to Congress subsequent to adoption of the first continuing resolution and the President's September budget request. As my colleagues will recall, those deferrals were submitted in order to hold spending in line with the President's request for the interim period of the continuing resolution and keep congressional options open on the final determination of spending levels. That is, where funds provided under the authority of the first continuing resolution were in excess of the President's September request, a deferral was put in place in order to hold funds to the President's request level.

It was clearly understood at the time the deferrals were submitted that they were to serve only to restrain spending while Congress made its final determinations on fiscal year 1982 spending levels, and that they would be withdrawn when those determinations were made.

Mr. President, this second continuing resolution represents those final determinations, and the deferrals submitted should be withdrawn. Three appropriations bills have been signed into law, two more have been sent to the President for his signature, two conference reports are pending in the House, two more bills are expected to go to conference soon, and four are awaiting final floor action.

Furthermore, the President has given us every assurance that as additional regular bills are sent to the White House for his signature, they will be measured against the spending levels provided in this continuing resolution, and if they meet the same overall spending goals, not line by line, but in total on a bill-by-bill basis, those regular bills will be signed.

Therefore, Mr. President, I want to make clear, as chairman of the Appropriations Committee, that the final fiscal year 1982 spending level decisions have been made, and under the terms previously agreed upon, the deferrals should now be withdrawn. The uncertainty they have created for program managers cannot continue.

Mr. President, I wish to say one final word, and then I will ask for a third reading.

This package has come to the Senate through the effort of many people, particularly Representative SILVIO CONTE, of Massachusetts, who worked very diligently in getting this as a substitute in the House for the committee bill, and one that has received the assurance from the White House that it will be signed. So I pay special commendation to Representative CONTE and all the other members of the House committee, as well as the members of the Senate committee, who worked diligently on this program.

Mr. SCHMITT. Mr. President, will the Senator yield?

Mr. HATFIELD. I yield.

Mr. SCHMITT. Mr. President, I wish to compliment the Senator for his activities, and I am sure many others would join me in this.

Representative CONTE did a great deal of work, but we must also recognize that that work was built on a platform established by the distinguished Senator from Oregon, as he brought the appropriations process clearly into focus as it relates to this continuing resolution. I personally thank him for his efforts, and I am sure all others who have been involved in the detail and those on the peripheries would so thank him also.

Mr. HATFIELD. The Senator is very kind, generous, and gracious, and I am pleased to hear his remarks. I thank him.

The PRESIDING OFFICER. The question is on third reading of the joint resolution.

The joint resolution was read a third time.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall it pass?

The joint resolution (H.J. Res. 370) was passed.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. SCHMITT. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. Who seeks recognition?

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. COHEN). Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, we have completed the action on the continuing resolution. That action was completed on the basis of a voice vote and the lack of any request or demand for a rollcall vote. I would only observe that there were 10 Senators on the floor at the time, 6 from the minority party and 4 from the majority party.

As we proceeded through the schedule this morning, it was indicated that we would go to the two amendments that had been agreed to by unanimous consent last night, one offered by the Senator from West Virginia (Mr. ROBERT C. BYRD), the minority leader, and one to be offered by the Senator from Ohio (Mr. GLENN). Senator BYRD offered his amendment. Senator GLENN indicated he would engage in a colloquy rather than offer an amendment.

I, at that point, indicated that following Senator GLENN's colloquy, we would go to third reading and final passage. After Senator GLENN completed that, Senator NUNN asked for a colloquy. I indicated, again, that following Senator NUNN's colloquy, we would go to third reading and to final passage. After he finished, the Senator from Massachusetts (Mr. KENNEDY) asked for recognition in order to give a tribute to a friend. Again, I indicated that following Senator KENNEDY's statement, we would go to third reading and final passage.

We did reach that point of third reading and final passage and it was by voice vote. I waited, momentarily, at least, until I moved to reconsider to see if there would be any request at that time with a number of Senators present on the floor. There was no request for the yeas and nays for a rollcall vote. So I moved to reconsider and that was laid on the table.

Subsequent to that situation as I have now described it, there have been Senators who have indicated they would like to have a rollcall on final passage. I certainly have no objection. In fact, I anticipated that we would have a rollcall. But, none was requested. Both Senator PROXMIRE, the comanager of the bill, and I had not had anyone request this of us.

So, at this time, Mr. President, to accommodate those colleagues who feel strongly about this, I ask unanimous consent that a rollcall on the final passage of the continuing resolution be in order and that the yeas and nays be ordered.

Mr. BAKER. Mr. President, reserving the right to object, and I will not object, I wish to support the distinguished manager of the bill, the chairman of the

Appropriations Committee, on his description of the circumstances as they occurred and to commend him for his willingness to ask unanimous consent of the Senate to proceed with a rollcall vote on final passage, notwithstanding the disposition of this measure previously by voice vote.

While I was not on the floor at the time that action was taken, I have had it described to me in great detail and I believe that the Senator from Oregon acted with absolute propriety in the way it was done and, indeed, with great caution and care.

The distinguished occupant of the chair, the Senator from Virginia (Mr. WARNER), acted precisely according to the provisions of the rules and with absolute fairness. This is no one's fault, Mr. President. It is simply a question of the first opportunity for the Senate to vote today and people being geared up to take care of it.

I do not believe that the Senator from Oregon or the Senator from Wisconsin or anyone else would ever entertain the thought of depriving a Senator of the rollcall vote if it is requested.

Mr. PROXMIRE. Will the Senator yield?

Mr. BAKER. Yes.

Mr. PROXMIRE. I feel strongly that I was to blame for this. I was the minority manager of the bill. I should have asked for a rollcall. I apologize for not having done so. I was delinquent in not doing so. I was on the floor and I was alert and aware. It was simply completely my fault. It was not the majority's fault. They went through with what they understood was the situation. I will take the full blame for it. I apologize to my leader for having neglected to notify him. I do hope we have a rollcall under the circumstances.

Mr. BAKER. Mr. President, as far as I am concerned, no apologies are necessary. I have the highest regard and respect for the Senator from Wisconsin, who always acts in the most exemplary way. I do not think it was his fault. I think it was an inadvertence all the way around. For my part, I am perfectly willing for the Senators to have a rollcall vote as requested by the Senator from Oregon.

Mr. GARN. Mr. President, reserving the right to object, and I will not object, but only for one reason: Because the Senator from Oregon and the majority leader asked me not to.

This Senator waited around the floor for 40 minutes, expecting a vote, being surprised that there was not one, but observing what went on, with six Members of the minority here not asking for one. I think the vote ought to be final.

Let us be blunt about it. The minority fouled up. I think it ought to be final and we should not be putting the Senate back through another vote because they were not alert enough to do it.

Simply because of the request of the manager of the bill and the majority leader, I will not object, but I certainly feel like it.

Mr. ROBERT C. BYRD. Mr. President, reserving the right to object.

The PRESIDING OFFICER. The Senator from West Virginia.

Mr. ROBERT C. BYRD. Mr. President, I will not be blunt about anything. I am just grateful to the distinguished manager of the resolution for his reasonableness and for his courtesy in this instance.

None of us would attempt to assess any blame. I try to be on the floor at all times whenever I can to protect the rights of the minority. Fortunately, we have a majority leader here who bends over backward also to protect the rights of the minority and we have other Senators on the other side of the aisle who do the same.

I think in doing that they realize, as we realized when we were in the majority, that there has to be a spirit of comity, courtesy, cooperation, reasonableness, and understanding here if we are going to get the Senate's work done.

So nobody is attempting to assess blame. We, on this side, just assumed that there would be a rollcall vote. If we had assumed otherwise, if we had understood otherwise, some of the Senators on this side would have certainly notified me or the managers of the bill, and they would have been put on notice.

The managers are correct. They were not told about a rollcall. But it was just assumed, I think, that there would be one on a continuing resolution, which is a big appropriations measure, in connection with which there has been a lot of heated controversy. We just took it for granted there would be a rollcall vote.

The Chair acted with due diligence. The Chair has the responsibility to put the question on a matter if no Senator seeks attention. So there is no attempt to blame anybody.

I appreciate the statement by the distinguished Senator from Oregon (Mr. HATFIELD). I appreciate the very generous statement that has been made by Mr. PROXMIRE. I appreciate the attitude of the majority leader.

Again, I thank the Senator from Oregon for attempting to get us out of this little problem. I hope that his request will not be objected to.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Oregon?

Mr. HATFIELD. Mr. President, the unanimous-consent request as phrased, is that adequate to get to the point?

Mr. BAKER. Reserving the right to object, Mr. President, the point of the request, as I understand it, is to make the order to set aside the motion to reconsider and the motion to table the motion to reconsider, and to make an order to have a rollcall vote on final passage and nothing else in order to have the yeas and nays requested at this time on that measure.

The PRESIDING OFFICER. The Senator is correct.

Mr. HATFIELD. I ask for the yeas and nays.

The PRESIDING OFFICER. Without objection, it is so ordered.

Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The joint resolution having been read the third time, the question is, Shall the joint resolution pass? The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Montana (Mr. MELCHER), and the Senator from Ohio (Mr. METZENBAUM) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber who wish to vote?

The result was announced—yeas 60, nays 35, as follows:

[Rollcall Vote No. 482 Leg.]

YEAS—60

Abdnor	Hatfield	Nunn
Andrews	Hawkins	Packwood
Armstrong	Hayakawa	Percy
Baker	Heinz	Proxmire
Boschwitz	Helms	Quayle
Byrd, Harry F., Jr.	Huddleston	Rudman
Chafee	Humphrey	Schmitt
Cochran	Inouye	Simpson
Cohen	Jackson	Specter
D'Amato	Jepsen	Stafford
Danforth	Johnston	Stennis
Denton	Kassebaum	Stevens
Dole	Kasten	Symms
Domenici	Laxalt	Thurmond
Durenberger	Long	Tower
East	Lugar	Wallop
Garn	Matsunaga	Warner
Gorton	Mattingly	Weicker
Grassley	McClure	Zorinsky
Hatch	Murkowski	
	Nickles	

NAYS—35

Baucus	Dodd	Moynihan
Bentsen	Eagleton	Pell
Biden	Exon	Pressler
Boren	Ford	Pryor
Bradley	Glenn	Randolph
Bumpers	Hart	Riegle
Burdick	Heflin	Roth
Byrd, Robert C.	Hollings	Sarbanes
Chiles	Kennedy	Sasser
Cranston	Leahy	Tsongas
DeConcini	Levin	Williams
Dixon	Mitchell	

NOT VOTING—5

Cannon	Mathias	Metzenbaum
Goldwater	Melcher	

So the joint resolution (H.J. Res. 370) was passed.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the motion was agreed to.

Mr. HEINZ. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, may we have order?

The PRESIDING OFFICER. The Senate will be in order.

SENATE SCHEDULE

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. BAKER. I yield.

Mr. ROBERT C. BYRD. Mr. President, I have asked the majority leader to yield in order that I may inquire of him what the program is for the remainder of today, whether or not there will be a Saturday session, what the program is for next week, and if he can foresee a date for sine die adjournment, to indicate what that date is.

Mr. BAKER. Mr. President, I thank the minority leader for his inquiry.

Mr. President, there will be no Saturday session this week. I am happy to say that the Senate has made such good progress in the passage of the continuing resolution and a number of other conference reports and appropriation bills that to have a Saturday session, it seems to me, would be an undue imposition on the schedules and the time and energy of the Senate and Members of the Senate. Therefore, I am prepared to say that we will not be in session this Saturday.

I expect this afternoon to proceed next, in a moment, to put a unanimous-consent request in respect to the Department of Justice authorization bill. If that is agreed to, the next order of business before the Senate would be automatically a cloture vote in response to the motion filed under rule XXII against further debate on the State-Justice-Commerce appropriations bill. I say to Senators that that will happen quickly, so I urge them to stay on the floor in order to gain that time.

Mr. President, after the vote on cloture, assuming cloture is not invoked, the leadership intends to ask the Senate to consider the Treasury-Post Office appropriations bill, H.R. 4121. There is still some work being done on that, but I hope we can get it before the Senate and disposed of this afternoon.

In addition, I hope we can take up and dispose of, this afternoon, the Consular Convention with the People's Republic of China.

There is a conference report on the Older Americans Act, S. 1086, and I hope we can take that up as well.

There may be other conference reports or other matters that may be dealt with on a mutually agreed upon basis today, and we would move to them as the circumstances warranted and the consent of the Senate would dictate.

Mr. President, I do not expect the Senate to be in late today. I expect that by 6 o'clock we will have finished whatever can be done in the course of this calendar day.

On Monday, I hope we can take up the conference report on the defense appropriations bill. I clearly confess that that is probably a very slim chance, but that is the one big item we have yet to dispose of before sine die adjournment. If we cannot get to the defense appropriations conference report on Monday, then perhaps we can do it on Tuesday; if not on Tuesday, Wednesday.

In all candor, I must say that, barring unforeseen circumstances, the time for the disposition of the conference report on the defense appropriations measure will determine the time for sine die adjournment.

I hope—I say again, for emphasis, that this is only my personal hope—I hope we can finish the defense appropriations bill and other matters that must be dealt with in this session by Wednesday, at the close of business, in order to provide for sine die adjournment.

In addition to the defense appropriations conference report, there are some other matters I might mention.

For example, the military construction appropriations conference report may be available shortly, and I hope the Senate will proceed to that matter as soon as possible.

The Department of Transportation appropriations conference report is in the same category.

There is a tentative agreement among certain people who have special interests in this piece of legislation—it is not yet a unanimous-consent agreement, and I will not now put one—that we could proceed to the consideration of the agents identities bill, S. 391, on next Wednesday

In addition, some disposition must be made over the President's proposal for the reinstitution of minimum benefits for social security.

There may be other matters that will have to be dealt with, but these are the ones that appear to me as necessary items, as "must" items; but they fit very easily into the time remaining between now and next Wednesday or Thursday, without the necessity of a Saturday session.

So it is my hope that we can have a good day today—we will not be in session tomorrow—that, Monday, Tuesday, or Wednesday will be adequate time for us to deal with these other matters; and that, pending the agreement of the House of Representatives and the availability of the defense appropriations bill, we can adjourn sine die on Wednesday, the 16th.

Mr. ROBERT C. BYRD. Mr. President, I thank the majority leader for his very lucid statement. I think we should be able to determine our schedule accordingly. I hope the schedule he has laid out can be expedited. We will do everything on our side that is possible to help expedite it.

Mr. BAKER. I am very grateful to the minority leader. We will try together, as the joint leadership, to make that happen.

UNANIMOUS-CONSENT REQUEST—DEPARTMENT OF JUSTICE AUTHORIZATION BILL, S. 951

Mr. BAKER. Mr. President, the unanimous-consent request I am about to put has been submitted to the minority leader, and I will put it for his consideration at this moment.

I ask unanimous consent that, notwithstanding the provisions of rule XXII, the amendment by the Senator from North Carolina (Mr. HELMS), as amended, be laid aside, along with the measure it proposes to amend, the Department of Justice authorization bill, S. 951, and that at the hour of 2 p.m., on Monday, February 1, 1982, the bill be laid before the Senate so that a vote may occur on the Helms amendment, such vote to occur without intervening motion, debate, point of order, or appeal.

I further ask unanimous consent that notwithstanding any cloture motion which may be filed in connection with S. 951, the bill be laid aside upon disposition of the Helms amendment, and that the measure may be called up at any subsequent time by the majority leader, after consultation with the minority leader, with a vote on any such cloture motion to occur 1 hour after the Senate returns to the consideration of the bill.

Mr. JOHNSTON. Mr. President, reserving the right to object, does it say that the majority leader may by nondebatable motion call it up?

Mr. BAKER. No, it does not. But this really extends beyond that. It gives me the authority to do it, without the requirement for a motion, after consulting with the minority leader.

Mr. JOHNSTON. So there would be no possibility of a filibuster on motioning that matter up?

Mr. BAKER. The Senator is correct.

Mr. JOHNSTON. When we vote on February 1 at 2 p.m., will the bill then be before the Senate for the purpose of filing a further cloture motion?

Mr. BAKER. Yes; it would be, under the provisions of this order.

Mr. President, I add to the request that the bill will be before the Senate for the disposition of that amendment and for the purpose of filing a subsequent cloture motion if desired.

Mr. JOHNSTON. I thank the Senator.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Objection.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Is the Senator going to object?

Mr. PACKWOOD. For the moment I am.

Mr. BAKER. Why not reserve the right to object.

Mr. PACKWOOD. Mr. President, I reserve the right to object.

The PRESIDING OFFICER. The Senator from Oregon reserves the right to object.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I put the request at this time.

The PRESIDING OFFICER. Is there objection?

Mr. PACKWOOD. Objection. Is this the request?

Mr. BAKER. This is the request.

Mr. PACKWOOD. Objection.

The PRESIDING OFFICER. Objection is heard.

Mr. BAKER. Mr. President, I withdraw the statement I made earlier.

The Senate will be in session today and it will be in session tomorrow.

Mr. ROBERT C. BYRD. Mr. President, will the distinguished majority leader yield?

Mr. WEICKER addressed the Chair.

The PRESIDING OFFICER. Will the Senator suspend until the Senate Chamber is in order?

Mr. ROBERT C. BYRD. Mr. President, do I understand because the request was objected to we will be in session tomorrow?

Mr. BAKER. Yes.

Mr. President, I have no choice. I had thought that we had liquidated the issue on the Department of Justice authorization bill by setting a vote for next February 1. That would permit us in turn to go to the State-Justice appropriations bill immediately, and I intended after we did this to ask for authority to take that bill back to the calendar, if the cloture motion did not prevail and since it is the first cloture motion there is at least some chance that it would not, and that cleared the decks then for us to get to the other matters, but as the matter stands at this time we still have the Department of Justice matter to deal with. We still have State and Justice to deal with, I suppose, and at this moment I see no alternative.

Mr. ROBERT C. BYRD. Mr. President, I understand the majority leader's tribulations and I sympathize with him in this regard, but we are clearly to understand, then, that there will be a Saturday session because of this objection.

Mr. BAKER. Mr. President, I regret to say that, but I think I have no alternative.

Mr. JOHNSTON. Mr. President, if the majority leader will yield, might we know the nature of the problem because all of the problem with respect to the Department of Justice authorization bill and busing has been cleared. The desks are cleared between the distinguished Senator from Connecticut and myself and the Senator from North Carolina. And there is something else involved here which maybe we can work out.

Mr. PACKWOOD. I can explain it.

Mr. JOHNSTON. Yes.

Mr. PACKWOOD. Under the particular parliamentary situation that we are in, the legislative veto of the used car rule cannot be brought up. Senator PRESSLER wishes to bring it up, but it is not part of the unanimous-consent order. So long as we stay in this parliamentary situation, it will not be brought up for the remainder of this session. If we adjourn before December 20, and we are going to, his disapproval resolution will not be considered, and we have the next session to consider it. I am perfectly happy to agree with this unanimous-consent order, because I have no quarrel with the substance of the agreements on busing and prayer. I mean I will vote a particular way, but I have no quarrel with the agreement. But I do have a quarrel on the used-car rule.

Mr. JOHNSTON. Because of the situation we are in now Senator PRESSLER cannot bring up his amendment; is that correct?

Mr. PACKWOOD. The Senator is correct.

Mr. JOHNSTON. And under the unanimous-consent request Senator PRESSLER cannot bring up his amendment, and neither can the Senator bring up the amendment. The difference is under one everyone must stay on Saturday and vote all day long and on the other we can go home Saturday and we could probably go home Wednesday.

I wonder if there is some logic I am missing here for the reason to stay in Saturday and voting all next week?

Mr. PRESSLER. Mr. President, this is the first that I knew there was objection to bringing the resolution to disapprove the FTC's used-car regulations to the floor. We have 47 cosponsors of this in the Senate.

Mr. JOHNSTON. Of which I am one.

Mr. PRESSLER. It passed through the Commerce Committee by a 12 to 4 vote, and we had lengthy hearings and followed all the necessary procedures, including notifying the leadership immediately of our desire to bring it to the floor. I am somewhat puzzled because this is the first I hear that there was an objection to bringing it to the floor.

Mr. PACKWOOD. I object because I want a further airing of it. The law is, if we adjourn before December 20, and the entire period for the review of the rules does not run, we will have ample time to exercise our legislative veto the first 3 months of the next session, so there is no need to prohibit it from going into effect in the next 4 or 5 days.

Mr. JOHNSTON. I would urge the Senator from South Dakota, if I am correct, and I am advised that I am—and some of these parliamentary wizards around here can probably tell you as well—but if we cannot vote under either scenario for your bill, why not take the easiest scenario on the other colleagues, and the reason is that I am getting calls from colleagues who say, "Won't you work out something so we do not have to work on Saturday?"

Senator WEICKER has been good enough to work it out with us so we do not have to work on Saturday, and, as a matter of fact, we can go home on Wednesday. If we do not agree with this then, Senator PRESSLER, under neither situation do you get what you want. We have to work on Saturday, and I think we will have to go through Friday of next week as well.

Mr. KASTEN. Mr. President, will the Senator from Oregon yield further? It is my understanding that this is a completely separate issue. In other words, the legislative veto of the used-car rule has nothing to do with any of the appropriations measures.

Mr. PACKWOOD. That is correct.

Mr. KASTEN. So we can proceed with these appropriation measures and then argue about whether or not you are going to allow the legislative veto process to go on. This is the first time that we have ever had an opportunity to consider a legislative veto of an FTC rule. Ninety days will run out, and the effect of this delay is that the effort we have begun in September, with hearings in October, and the effort of a number of people to make this process work will essentially be aborted. The result will be that we will have to begin a new 90-day review period next year and have new hearings. We would have to start the whole process over.

This is the first test of the legislative veto for FTC rules. As chairman of the Consumer Subcommittee, I have tried to work with it. But it has nothing to do with the appropriations measures, and I would hope the Senator from Oregon would accede to any kind of request on the appropriations measure and fight out the legislative veto on its own merits.

Mr. PACKWOOD. I am perfectly willing to do that next year, and that is when we are going to fight it out, because the 90 days will not expire before we adjourn and, therefore, the entire process will run again. The FTC used-car rule is not going into effect this year. The time for its consideration will start running again, and we will debate it. But at the moment, it is not privileged to be brought up and cannot be brought up while we remain in this parliamentary situation. If those who favor the disapproval resolution would be willing to set it aside for the remainder of this year, then I would be willing to accept the unanimous-consent request. That is my objection.

Mr. KASTEN. Mr. President, if the Senator will yield further, we have 47 cosponsors of the measure, and I would guess that we could probably have as many as 50 or 55 cosponsors. The legislative veto process was not meant to be stopped by the scheduling of a unanimous-consent agreement which affects the appropriations process. The appropriations process should go on its own, and you either have the votes or you do not.

Mr. PACKWOOD. At one stage, I had 56 signatures on a letter and/or a resolution of disapproval on AWACS, but somehow something fell off, and that resolution was not passed. Just because——

Mr. FORD. Mr. President, will the Senator from Oregon yield for a question?

Mr. PACKWOOD. Yes.

Mr. FORD. Is the President of the United States with you or against you?

Mr. PACKWOOD. The letter we have from his consumer adviser indicates he is for it.

Mr. FORD. There is a letter on top of that stating that he does not agree with the consumer adviser.

Mr. KASTEN. The consumer adviser is on one side, and the administration and OMB are on the other.

Mr. JOHNSTON. Madam President, will the Senator from Wisconsin yield?

Mr. KASTEN. I would be pleased to yield.

Mr. JOHNSTON. Does the Senator from Wisconsin and the Senator from South Dakota understand that under the rules there is no way you can call this up over the objection of any one Senator?

Mr. KASTEN. Under the rules that is not the case.

Mr. JOHNSTON. I mean under the present parliamentary situation.

Mr. KASTEN. I understand. As we are seeking a unanimous-consent request, I understand that.

Mr. JOHNSTON. That is right. So if Senator PACKWOOD objects, you cannot bring it up. All you can do is keep us in Saturday and probably until Friday of next week instead of Wednesday of next week. Does the Senator understand that?

Mr. KASTEN. All I am asking for is that we go ahead with the appropriations process and simply, maybe next week, at a date certain next week, have a vote on the used-car rule veto. I do not care about a Saturday session, I do not

care about holding this up, but the process was not meant to work this way.

Mr. JOHNSTON. I am saying Senators have been very reasonable. I think I am probably 1 of those 47 coauthors. But in any event you cannot bring it up if Senator PACKWOOD objects, and he is objecting. I just hope the Senator will find a way to let us go Saturday.

Mr. KASTEN. I just hope we can move the appropriations process and not be here on Saturday, and vote before the period expires to get a vote up or down.

Mr. BAKER. Mr. President, I do not know whether this will fly or not, but let me try. The situation is this in a nutshell: By reason of a unanimous-consent agreement that was entered into a few days ago, the provisions of rule XXII, postcloture in respect to any bill, would not prevent us from proceeding to certain listed items, and the legislative veto item on used-car dealers is not one of that listed group.

Senator PACKWOOD has objected to my present unanimous-consent request because if we postpone DOJ then there is no postcloture proceeding now pending before us; that would permit, under the privileged status of this, the used-car matter to come up. That would also apply under the previous order, depending on whether you got cloture on State, Justice.

Now this may not accomplish anything, Madam President, but I would propose, and I now ask unanimous consent that we temporarily lay aside the Department of Justice authorization bill and the amendments thereto, notwithstanding the provisions of rule XXII, and that we proceed immediately to the State, Justice, Commerce bill on which there will be an immediate cloture vote.

The PRESIDING OFFICER (Mrs. KASSEBAUM). Are there objections?

Mr. JOHNSTON and Mr. PACKWOOD addressed the Chair.

Mr. JOHNSTON. Madam President, reserving the right to object, you make no provision under that for a later vote on the amendment on the Department of Justice authorization?

Mr. BAKER. I must say in all candor to my friend from Louisiana that if cloture is invoked, I suspect there would be no longer any objection to going back to this unanimous-consent agreement. If cloture is not invoked, then, of course, we will still not come under the provisions of rule XXII, and we will have to once again try to formulate this agreement and ask the Senate to agree to it.

Mr. JOHNSTON. Do you come back to the Department of Justice after that or do you then get into a situation where you have to motion up the Department of Justice authorization?

Mr. BAKER. Yes. Under those circumstances I assume you would come back to it after the disposition of the cloture vote. I will include that in the request.

Mr. PACKWOOD. Do I understand under the request we will have the cloture vote——

Mr. BAKER. On State, Justice.

Mr. PACKWOOD. On State, Justice.

Mr. BAKER. And regardless of the outcome of that we will go back to the Department of Justice.

Mr. PACKWOOD. So when that vote is over we will be right back where we are now?

Mr. BAKER. Right.

Mr. JOHNSTON. Regardless of the outcome of that you go back to the Department of Justice authorization?

Mr. BAKER. Yes.

Mr. JOHNSTON. And stay on it pursuant to rule XXII unless that is changed?

Mr. BAKER. Yes.

Mr. JOHNSTON. Is that correct?

Mr. PACKWOOD. I want to make sure when we come back to this that the resolution disapproving the used-car rule would still not be privileged to be brought up. We would be operating under the same unanimous-consent agreement.

Mr. WEICKER. Madam President, reserving the right to object——

As one who has a small interest in the one who has a small interest in the matters that are being bandied about, I might add that I am not so sure I enjoy the piggybacking being done in my efforts on the floor. I would hope the distinguished Senator from Oregon would join me out here when, if indeed he prevails, we are going to be in all night and we are going to be having rollcall votes.

Mr. ROBERT C. BYRD. Madam President, may we have order in the Senate? Would the Chair clear the aisle so that I can see the Senator who is speaking?

The PRESIDING OFFICER. The Senator will suspend until the Senate is in order.

The Senator from Connecticut.

Mr. WEICKER. Madam President, first of all, I want to thank the distinguished Senator from Louisiana and the distinguished Senator from North Carolina for correctly phrasing the situation that brought about this compromise. It was done in order to accommodate the Members. But by the nature of this debate, the only way I can conduct it is through rollcall votes which would guarantee the fact that we would be having rollcall votes all of tonight and all of tomorrow. It was not just a question of staying in with me on the floor and a few others. That is one thing. The fact is that, obviously, the impact of it would have been far more reaching than just not being here to listen to my pearls of wisdom.

So I want to make it clear that it was in an effort to accommodate the membership that this agreement was arrived at. And if it does not meet the desires of the Senate, then I think you should know what the alternative is going to be not just with what the majority leader indicated, but the fact that I would suspect we are talking about, considering the times that are involved here if we go through tomorrow, of having at least a couple dozen votes and maybe even more.

I hope this thing can be worked out. I say to my good friend from South Dakota that I do not intend to drop the matter. There is no way that this matter is going to get brought up.

I request of the majority leader that we might have an opportunity to have a quorum call and all of us sit down and discuss this.

Mr. BAKER. I think that is a reasonable request.

Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Madam President, Senators are attempting to arrange their points of view and their respective interests. My request, which I had put, has now been objected to, but I intend to put it again later. In the meantime, I think a fair amount of progress has been made and there is some progress still to be made which will permit us to get some agreement. But I think that is not likely to occur for the next 30 minutes.

If there are other items that could be taken up by unanimous consent, and I suppose that is the only way we can do it in this situation, procedurally, I am perfectly willing to consider them. For the moment, Madam President, I once again suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ABDNOR. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE RETIREMENT OF H. STUART KNIGHT, DIRECTOR OF U.S. SECRET SERVICE

Mr. ABDNOR. Madam President, one of the real misfortunes that has befallen this administration was the retirement on November 30 of H. Stuart Knight, Director of the U.S. Secret Service.

Director Knight has concluded 32 years of distinguished service with the U.S. Secret Service. Mr. Knight's career spanned the administrations of eight Presidents and has been marked by achievements which established him as a leader in the law enforcement communities of the world.

Madam President, Mr. Knight was appointed as a special agent of the Secret Service in 1950. He distinguished himself early in his career and received the Treasury Department's Exceptional Service Award for bravery and professional competence during the Latin American visit of then Vice President Richard M. Nixon. Mr. Knight's career included assignment as a senior agent in charge of the Washington and Los Angeles field offices, the Presidential and Vice Presidential protective divisions, and Assistant Director of the Service, before he was named Director in 1973.

During World War II, Mr. Knight served in the Pacific theater of operations, where he earned the Silver Star, Bronze Star, and the Purple Heart. After the war, he graduated from Michigan State University, as well as the Industrial College of the Armed Forces and the Federal Executive Institute. He also

completed a year of graduate study at Princeton.

Throughout his professional life, Mr. Knight has participated actively in both the national and international law enforcement communities. He is presently a member of the executive committee of the International Association of Chiefs of Police and formerly vice president of the International Criminal Police Organization (INTERPOL).

Among his awards and commendations are the Enforcement Award of the Association of Federal Investigators and the "Mr. Sam Award" of the Touchdown Club of Washington.

In recognition of his outstanding performance as Director of the U.S. Secret Service, Mr. Knight received the Alexander Hamilton Award, which is the Treasury Department's highest commendation.

Director Knight set standards of personal excellence and leadership which will remain unexcellable in the U.S. Secret Service and throughout the entire Federal law enforcement community.

On the occasion of Mr. Knight's retirement on November 30, he made some remarks which I think should be called to the attention of the Senate and Congress and the administration.

Madam President, I ask unanimous consent that the remarks of Director Knight be printed in their entirety in the RECORD directly following my remarks.

I know that all the many friends of Mr. Knight here in the Senate wish him well in his retirement and our knowledge that his future career will be crowned with more success.

Stu, thanks for a job well done.

There being no objection, the remarks were ordered to be printed in the RECORD, as follows:

REMARKS BY H. STUART KNIGHT, DIRECTOR, U.S. SECRET SERVICE, ON THE OCCASION OF HIS RETIREMENT, NOVEMBER 30, 1981

Thank you very much. Good evening. I know it's traditional to acknowledge the head table, then all of the distinguished guests, and then ladies and gentlemen. I'm not going to do that, because as far as I'm concerned you're all head table people. The good news is that I'm going to be very brief, because that's my style. But the bad news is there are a few things I want to say. And I gotcha! So I'm gonna say it.

The first thing I want to say is how lucky I am. Now I know that you've heard that many, many times and it's a cliche. But I firmly believe that throughout my life, there have been things that I've aspired to and wanted to accomplish or achieve. I've tried my darndest and it didn't seem to be working, and then suddenly I'd get lucky. I believe that I am lucky.

The luckiest thing that ever happened to me, without a doubt, is when I met my wife. Not only did I meet her, but subsequently she agreed that I could be her husband. Because if I've been at all successful, much of the tribute has to go to her. With her help and her understanding, through the good times and especially the bad times, her quiet support gave me the strength and the resolve to carry on. She had me believe in the rightness of things.

We have had some good times, mostly good times, a few bad times, and I've developed a philosophy that I didn't develop myself, that I learned from a book that I read about a man who spent time in the concentration camps during the World War. He spoke about his bad experiences and he said, "That which does not destroy me, strengthens me." And I believe that, too.

I said I was lucky. Reference has been made to the fact that I wasn't born in this country, so I was lucky in a sense that my parents came here. I was lucky to get a good education. I think I was particularly lucky to be selected from the Berkeley Police Department to become a Secret Service Agent. During that time, and this even surprises me, I've had the opportunity to travel and work in 65 foreign countries. It used to be you join the Navy and see the world. I think now you join the Secret Service, you see the world.

I was also lucky eight years ago to take over the stewardship of the Secret Service from a man like Jim Rowley. He founded and described for me really the basis of any organization, five principles for which he had the highest regard: professionalism, honesty, integrity, dedication, and loyalty. And I have tried my doggonedest to perpetuate those principles as he had started them.

I've heard a lot of tribute tonight and you may think I'm a man without weaknesses. Well, that's not true, and I think you all know that. Do I have any weaknesses? Certainly. I know one of my weaknesses is a low level of tolerance for incompetence. But I think I handled that very well.

I also have a low level of tolerance for people who fail to subscribe to the five principles I just enumerated. And I must confess I am not at all sure I handle that well. Have I made mistakes? Certainly. Are there things I would want to do over? Perhaps. But whatever I did, I thought I did it because it was right, because it was legal, because it was moral, because it was ethical. Some people haven't liked the decisions I've made, I understand that. But they have a problem, and that's their problem, I did what I thought was right.

Also I've been lucky as you see tonight with the awards and tributes, but one very lucky thing that happened to me was to become affiliated with Law Enforcement Exploring. If you have some doubts about the future of this country, if you're lacking in enthusiasm, if you think maybe the road ahead is going to be rocky and uncertain, just associate with these young law enforcement people, that are in Exploring. And if you're not infected by their enthusiasm, you might as well close the casket. As an aside to that, sometimes a fellow says, "What do you think about that?", and the answer is "How do I know what I think about that til I start talking?". Someone once asked me, "Why are you affiliated with Exploring?", and before I could think of what I was saying, I said, "Because it makes me feel good."

Next Sunday as a matter of fact, the Skins are playing the Eagles here and Pete Rosell, the commissioner of the National Football League, on behalf of the National Football League charities, is going to present to me a check for $10,000 to help Law Enforcement Exploring. This donation is being made primarily through the efforts of our colleagues in the Drug Enforcement Administration, and I appreciate their support to Exploring.

The question is "What am I gonna do?". Well, many things. Tim McNamar aligned one thing. Eventually, perhaps, Betty and I will go back to Sierra Madre where we still own a home. And that highlights what I perceive to be the single most serious problem facing the Secret Service, but not only federal law enforcement agencies, any government institution which has personnel throughout the country. The reason I have that home in Sierra Madre is because I couldn't sell it 10 years ago. And the major problem we have now is getting someone, with promotions and all, to relocate.

It used to be tough. You had to take your children out of school, your spouse would perhaps have to quit her job, you would have to skimp along on very, very limited weight allowances so that you could move. but there are two other factors that have now entered the equation. One is the high interest rates on mortgages, and the other is the cap. So you call up someone, and you say, "Hey, I want to promote you." And he says, "What are you talking about? You're asking me to give up an 8 or 9 percent mortgage, and take on something that's 16 percent for the next 30 years? And you can't give me any more money, I'm already making as much money as the Deputy."

The long range, long term implications of that are really kinda scary, because we may wind up with the mobile, rather than the able. And I hope someone can do something, because that is the major problem facing Federal managers today.

I would be remiss were I not to mention all the wonderful people in the Secret Service, whether they be in the Treasury Security Force, the Uniformed Division, the Office of Administration or wherever. I think that in any organization which is service oriented and labor intensive such as we are, people are the key and we have great people. I'm proud of every one of them.

I don't want you to think of this as the end of anything. What the caterpillar calls the end, the Master calls the butterfly. There's a simple test as to whether or not your mission on earth is finished. If you're alive, it isn't. So I intend to be around for awhile. Secret Service started in 1865, so they were around a long time before I was. Hopefully, they will be around a long time after I'm gone.

But there is a major change about to take place in the Service that was alluded to earlier with the AT&F, and those of you who have been in my office perhaps recall seeing a saying that I have hanging in the outer office about change. I would like to read that for you:

"And it ought to be remembered that there is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new. This coolness arises partly from the incredulity of men who do not readily believe in new things until they have had long experience in them."

Many of you will recognize that came from "The Prince" by Machiavelli. I don't want to mislead you. Just because I happen to like that one section doesn't mean I subscribe to all of Machiavelli's theories.

But the only thing I would say to the people who are staying is maintain your perspective. You must use it or you lose it, because your conscience is the measure of the honesty of your selfishness, listen to it carefully.

A colleague wrote to me, "That the seeds of our departure are implicit and imbedded in our arrival." So don't be dismayed by saying goodbye, the farewell is necessary before we can meet again. And meeting again after a lifetime of only moments is certain for those who are friends. I feel good about all of you, I feel good about myself, thank you for being here, but most of all thank you for being my friends.

Mr. ABDNOR. Madam President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DIXON. Madam President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

RAIL BASING MODE FOR THE MX MISSILE

Mr. DIXON. Madam President, on December 3, I spoke in support of the amendment offered by my good friend, the Senator from Arkansas (Mr. PRYOR). His amendment struck out money for the superhardened silo basing for the MX missile. I pointed out then that the MX missile will be no less vulnerable in the hardened silos than are the Titan and Minuteman now in these silos.

Madam President, I urged the administration to bring together the warring factions within the armed services and produce with them a basing system for the MX missile that is achievable and that protects a $14 billion missile from destruction.

In that vein, Madam President, I call the attention of my colleagues to an article written by Bruce Ingersoll in the Chicago Sun-Times of December 6. In my judgment, it presents an excellent suggestion for the basing of the MX.

The article points out that our country's railroad industry has been trying to convince the Defense Department to consider deploying the MX missiles on a fleet of disguised trains that would be dispersed throughout the country.

Madam President, I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DIXON. Madam President, many feel that railroad cars to carry the MX missile can be built now. These rail cars could traverse perhaps 100,000 miles of track currently available that would not bring the missiles into large population areas.

Safety considerations must be paramount in the use of the rail mobile MX. The weapon itself would be fail-safe against an inadvertent or accidental nuclear explosion while moving on the railroads. Experience with an air crash in Spain with a nuclear warhead revealed that the unarmed warhead, as this would be, would not inadvertently explode. This would indicate there would be no danger of a nuclear reaction, even in the unlikely event of a railroad derailment.

Aside from relieving the taxpayer of the heavy burden of alternate and unsatisfactory basing modes, the mobile rail MX provides U.S. strategists and SALT—or START—negotiators with a system that is largely invulnerable to Soviet missile attack. This invulnerability has been attested to by unclassified published studies of the Defense Department and the Congressional Office of Technology Assessment.

Madam President, I intend to send a copy of the Sun-Times article, with an illustration by its artist, Jack Jordan, to every Member of this body, and I hope that my colleagues will feel free to correspond with me on this proposal.

I also hope, Madam President, that the chairman and ranking member of the Senate Armed Services Committee will request a full study by the Office of Technology Assessment of the railroad basing of the MX missile.

It is my understanding that only two possible MX basing modes using railroad cars have been studied and other railroad possibilities have not been examined.

I hope, Madam President, that we in the Senate can bring about a total examination of the rail basing mode for the MX missile.

EXHIBIT 1

ICG OFFERS TRIAL RUN HERE: DEPLOY MX MISSILES BY TRAIN, U.S. URGED

(By Bruce Ingersoll)

WASHINGTON.—The U.S. railroad industry is waging a quiet but persistent campaign to persuade Pentagon brass to consider deploying nuclear-tipped MX missiles on a special fleet of disguised trains and dispersing them throughout the country.

The Illinois Central Gulf RR, one of the most ardent advocates of MX missile trains, already has volunteered to conduct the first trial runs on its 8,300-mile system from Chicago to the Gulf of Mexico.

ICG officials, moreover, have come up with a preliminary list of 30 military bases, arsenals and power plants with tight security where these missile trains could be parked and put on strategic alert. Eight of the "security sites" are in Illinois.

The Association of American Railroads, representing the 37 largest carriers, argues that a rail-borne MX system would be far cheaper than any of the elaborate MX-deployment schemes seriously considered by the Carter and Reagan administrations.

In meetings with Defense Department officials, AAR lobbyists have been urging what amounts to a revival of the Minuteman missile-train concept that was tested successfully in 1960 but discarded in favor of putting the Minuteman in underground silos.

By taking advantage of the 180,000-mile rail network, said John E. Murray, AAR vice president, the government could save billions in MX construction costs and still close the United States' "window of vulnerability" to a Soviet nuclear attack. The window symbolizes the fears of some defense experts that the Air Force's immobile phalanx of Minuteman and Titan missile has become vulnerable to the improving accuracy of Soviet warheads.

The Air Force could confuse the Soviets by putting the mammoth MXs aboard missile carriers masked to look like ordinary freight cars and secretly shuttling them from one security site to another, Murray said. If the Soviets attacked the missile-car roofs would open and the 10-warhead MXs would be thrust upright for the counterattack.

"We have the most underutilized rail system in the industrialized world," Murray said. "Seventy percent of our traffic moves on 20 percent of our trackage. We wouldn't have to go through metropolitan areas. We could circumvent them and run these missile trains out with the jackrabbits in the West."

Sam R. Watkins, vice president of government affairs for IC Industries, parent of the ICG, shares Murray's enthusiasm.

"The capital investment would be practically nothing compared to the costs of building thousands of missile shelters or burying the MX deep underground or building airplanes to fly it around [on continuous patrol]," he said. "The rails are in place and cars could very easily be converted [into missile carriers].

"These trains would go all over the country—the East, the South, everywhere," he added. "They would be so spread out that the Soviets couldn't knock them out with an aerial [nuclear] barrage."

Rail executives have been loathe to go public with their MX lobbying campaign, lest they appear self-serving, said Murray. The railroads would not handle missile trains out of patriotism alone; they expect to profit from the defense business. But the mileage payments would not be "extravagant," he said.

"The trouble is, it possesses the novelty of straightforward simplicity."

Two years ago, Benjamin F. Biaggini, board chairman of Southern Pacific Co., tried to interest the Pentagon in hiding the MX in rail tunnels in the West.

The response from William Perry, the Pentagon chief of research and development at the time, was discouraging. The main problem would be the rubble from a nuclear blast that would trap the missiles inside the tunnels, thwarting any counterattack.

Undaunted, Biaggini broached the idea to Defense Secretary Caspar W. Weinberger, a fellow Californian, in a letter last February.

In the meantime, Murray, a retired two-star Army general, has continued to push the more comprehensive MX-deployment plan, meeting with Army Lt. Gen. Oren E. DeHaven, logistics director for the Joint Chiefs of Staff, and other Pentagon officials.

In the Air Force, the plan may have just one backer—Col. George Fischer, a logistics officer in Colorado Springs, Colo. Fischer was the assistant commander of the Minuteman III missile train during Strategic Air Command tests from June to November, 1960.

The 13-car train, including two prototype missile cars, a command car, a diner and sleeping cars for the missile crewmen, technicians and security guards, was completely self-sufficient, Fischer said in telephone interview.

It operated out of Hill Air Force Base, Utah, making trips primarily in the northwestern part of the country, he said. The train maintained radio contact with the SAC command post as it moved from one siding to another, spending a few hours here or a few days there under a random system devised by Rand Corp.

The Minuteman III train proved completely feasible, Fischer said, but there was no pressing need for missile mobility back then. The Soviets were years away from developing sufficient accuracy to threaten U.S. missile silos. Moreover, the operating costs of $1 million a month—or $60 million a month for a fleet of 60 missile trains—seemed high at the time.

Col. John Politi, deputy special assistant for the MX, said the Air Force took another look at the rail-borne missile concept last year and rejected it most emphatically.

"The basic problem is its survivability," he said. "It's vulnerable to sabotage and terrorist attack. It can be tracked by enemy agents too easily."

The other main obstacle would be the howl of public protest at the very thought of nuclear-tipped missiles whistling across grade crossings and through small towns, Politi said.

"With nuclear weapons," he asserted, "a lot of contact with the public is simply unacceptable."

The AAR's Murray has several counterarguments. In addition to camouflaging the missile carriers as boxcars or auto-rack cars, the Air Force could keep Soviet spies guessing by running decoy trains. And by parking the MX trains at well-secured defense installations and power plants, he said, the odds of terrorism and sabotage could be reduced sharply.

The Illinois Central Gulf list of security sites includes these in Illinois—the Joliet Army ammunition plant, Chanute Air Base at Rantoul, Scott Air Base at Belleville, Commonwealth Edison's Braidwood nuclear power plant, Illinois Power's Clinton nuclear power plant as well as conventional power plants at Joliet, Baldwin and Newton.

As for public acceptance, Murray said, railroads already are hauling tons of ammunition, spent nuclear fuel, nuclear reactor

parts and missile parts virtually without incident.

Mr. DIXON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. CHAFEE). Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. BAKER. Mr. President, I am happy to say that I believe that the difficulties and complications which produced an earlier objection to the unanimous-consent request that I put have been addressed and eliminated.

I wish to put the unanimous-consent request at this time. I anticipate that there will be reservations for the purpose of establishing certain understandings between the parties.

Mr. President, I submitted them to the minority leader and put them at this time for his consideration and that of all Senators.

Mr. President, I ask unanimous consent that, notwithstanding the provisions of rule XXII, the amendment of the Senator from North Carolina (Mr. HELMS), as amended, be laid aside, along with the measure it proposes to amend, the Department of Justice authorization bill, S. 951, and that at the hour of 11 a.m. on Monday, February 1, 1982, the bill be laid before the Senate and that following 3 hours of debate, 1 hour each under the control of the distinguished Senator from Connecticut (Mr. WEICKER) and the distinguished Senator from Louisiana (Mr. JOHNSTON) and 1 hour under the control of the distinguished Senator from Michigan (Mr. LEVIN), a vote to occur on the Helms amendment, such vote to occur without intervening motion, point of order, or appeal.

I further ask unanimous consent that, notwithstanding any cloture motion which may be filed in connection with S. 951, the bill be laid aside upon disposition of the Helms amendment and that the measure may be called up at any subsequent time by the majority leader, after consulting with the minority leader, with a vote on any such cloture motion to occur 1 hour after the Senate returns to the consideration of the bill.

Mr. President, I further ask unanimous consent that it shall not be in order for the remainder of the 97th Congress, first session, to proceed to the consideration of Senate Concurrent Resolution 33.

Further, I ask unanimous consent that in respect to H.R. 4169, which is the State-Justice-Commerce appropriations bill, that if cloture is invoked on that measure and the Senate adjourns sine die while the measure is pending, the bill be returned to the calendar, to be called up at any subsequent time by the majority leader, after consulting with the minority leader.

Finally, Mr. President, I ask unanimous consent that if cloture fails the bills S. 951 and H.R. 4169 be returned to the calendar and that they no longer have the status of being the unfinished business of the Senate.

Mr. FORD. Mr. President, reserving the right to object, will the majority leader yield for just a question or two?

Mr. BAKER. I yield.

Mr. FORD. Has the majority leader in his endeavor to secure this unanimous-consent agreement discussed a time certain for Senate Concurrent Resolution 33 to be considered in committee?

Mr. BAKER. Yes. I say to the distinguished Senator from Kentucky that there have been extensive conversations between the Senator from Oregon, the chairman of the Commerce Committee, the principal author of the resolution, Senator PRESSLER, and Senator KASTEN, and I yield at this point so that they may advise the Senator from Kentucky on what if any arrangements they have discussed and how they relate to the requests that I have just put.

Mr. PACKWOOD. I have indicated to the Senator from Wisconsin and the Senator from South Dakota that we would have a committee markup. We would not mention a date certain, but I would give them my word it would be in a reasonable period of time. I do not intend to drag it out to the 75th day before we would have a markup, and that was acceptable to them.

Mr. FORD. That was acceptable to them, I understand. But it seems to me that we are learning about the protection of the minority, and the distinguished Senator from Oregon has taught this Senator many lessons in the few short years that I have been here, such as today.

The Senator from Oregon understands that I have been an opponent of the legislative veto because I think it has been an indictment of Congress as to our inability to pass legislation and to direct our agencies to do what we want them to do, and I think we are learning a valuable lesson here today. The legislative veto is in the same problem area as anything else would be, and you are exercising the right, and I admire you for that, but I do think it is a shame that you take the committee back through the same route it has gone, and that we have to go through the markups, and we have to do all those things within 75 days.

I hope you could give this unanimous-consent agreement—let the distinguished majority leader add to it—a couple of weeks after we come back on January 25, and get it back on the floor and get rid of it. We have had the hearing and done everything——

Mr. PACKWOOD. I can assure you we do not need any more hearings. If the Senator from Kentucky and the Senator from Wisconsin want more hearings, that is their business. I do not intend to ask for any more hearings. But I would like to have leeway, if the Senator from Kentucky will accept my assurances that I will not unduly delay this. We will have a number of markups, and we will reach it quite early, even if I have to call a special executive session. I do not intend as chairman to hold it up unduly.

I do not like disapproval of this FTC rule. I think it is good protection for those who are buying used cars. But I figure if the consumer groups who are opposed to the disapproval cannot, between this date and the time we take it up, and a reasonable period afterward, find the votes to defeat it, delay of another 2 months is not going to make any difference.

Mr. FORD. I might say to my distinguished colleague from Oregon that 75 days have already run on this, and this is not anything new to the FTC, not anything new to the distinguished Senator from Oregon. This has been going on for 6 years, and now you want to just extend it a few more months to generate some support.

Mr. PACKWOOD. One of the reasons we did not pick a specific date is that there is a question in the law as to whether or not the Federal Trade Commission has to resubmit this rule.

Mr. FORD. That just indicates a further reason why we ought to go on and expedite it.

Mr. PACKWOOD. No. What I mean is, if they do not submit the rule, there will be nothing to pass on. The law is clouded as to whether or not the Federal Trade Commission has an obligation, a mandatory obligation, to reissue this rule or whether, because it is a new Commission, with a new chairman, they may choose not to issue it at all or issue it in some amended form. But again I can assure the Senator from Kentucky, you have my word that I do not intend to unduly delay this.

Mr. FORD. Let me just say to the distinguished Senator from Oregon that I have been dealing with the Federal Trade Commission, as he has, for a long time, and just what you have said to me is that the Federal Trade Commission will probably come back with another rule or they will cloud the issue again.

We will not be taking up the same type of regulation or rule that we just got another hearing, and that will be the argument after the first of the year that it is not the identical one, that they have a right, because the issue is clouded, to issue another one.

So I respect the Senator for his legal talent as well as his other talents, and would say to the Senator that this would be a ploy that I could see that we will have a new rule, we will have to have new hearings, and we will go through the whole 75 days again.

Now all you are doing is taking us down the road to something that is not going to happen, and I would hope the Senator will give us at least a time certain if we get a new rule, fine, that we will do it within a couple of weeks.

If not, and they do not have to issue a new rule, they do not send one up, we do not even have to have that hearing, and I would like to have an understanding with the Senator on that.

Mr. PACKWOOD. Much as I hate to disagree with my distinguished colleague, I am reluctant to pick a day certain now and say that we will have a markup on x day or this bill will be reported out by

x day. I give the Senator my assurances that there will not be any untoward delay.

Mr. FORD. I understand that. But then we will get into that gray area, and I have been in the gray area several times with people who do not want the same thing I do, and when you get into the gray area, then we begin to say, "Well, we had better not do this, there is nothing positive about it," so we get more delays, and that is not what we want.

Mr. KASTEN. Mr. President, will the Senator yield?

Mr. FORD. I will not object at this time.

Mr. KASTEN. I thank the Senator from Kentucky.

As the chairman of the Consumer Subcommittee, I just wanted to see if I could put this into perspective a little bit.

First of all, the 90 days are going to expire on the 20th of December. Under the present circumstances, under the rules of cloture, the used car rule would go into effect if we are still in session then, because the vote would be prevented up until that day. If the used car rule, in fact, went into effect for this reason, the Senate would have been prevented from even having a vote on the veto. So we must withdraw the issue right now. It is clear that the Senate will not be in session on the 20th of December. Therefore, there will not be a 90-day period of time for review, and, therefore, we will be able to begin the process over at the beginning of the next session.

Now, the legislative veto provision of the FTC Improvements Act of 1980 says that:

> The Commission shall be required to resubmit the final rule involved at the beginning of the next regular session of the Congress.

It is our understanding this will be the same rule that they submitted before.

But from the point of view of people who are opposed to the rule—and I am—resubmission of the rule means it will not take effect; the rule is put off. If we were to delay now, the effect would be just the opposite, because we would never be able to have that vote. So the danger is that the rule would take effect, and also that the legislative veto concept would not work, because the Senate would not have the chance to exercise its will.

We have been guaranteed prompt committee action by the chairman of the committee. He has said today that he is not going to seek to unduly delay this issue.

I would also remind the Senate that once the issue is out of the committee, a motion to proceed to its consideration is a privileged motion, and we will take it up in the Senate.

So I say to the chairman and the Senator from Kentucky, in particular, I think we have worked out a way that we can reach the end we all desire.

The Senate can proceed with its business, the rule will not go into effect, and the legislative veto process can work in a deliberate, businesslike way when the 90 days begin with the beginning of the next session.

I would like to yield to the Senator from South Dakota.

Mr. PRESSLER. Mr. President, I wish to commend my colleague from Wisconsin for his efforts.

We are in position, that 9 days—this being the 11th of December—from now, on the 20th, if the Senate is still in session and has not acted on this matter, the FTC rule will go into effect.

As I understand my distinguished colleague from Oregon, it will be his intention of continue his objections during the pendency of the 100 hours of past cloture debate. This period of time would take us beyond December 20.

Therefore, we have little choice in terms of the fact that if we attempt to keep the Senate in order to take up the disapproval resolution, we will lose because of the running of the clock. Then the rule would go into effect on December 20 so that two-House veto could not be invoked.

Mr. KASTEN. The Senator is correct. Because of the cloture rules under which we are operating, we would not get an up-or-down vote on the question of the legislative veto of the used car rule, and the rule could go into effect. So this action for delay, and resubmission of the rule, has the effect of helping the used car dealers that the Senator from South Dakota has been working with, and I think we have a solution which should satisfy everyone.

Mr. PRESSLER. Could I ask the chairman of the subcommittee a question for clarification for the record. Under this two-House veto, can one Member call that to the floor under the parliamentary situation which now exists?

(Mr. ANDREWS assumed the chair.)

Mr. BAKER addressed the Chair.

Mr. KASTEN. No, under the parliamentary situation in which we now exist—and I will yield to the majority leader—we are operating under cloture rules and scheduling all activity under unanimous consent.

The PRESIDING OFFICER. I might remind the Senator that the majority leader has the floor.

Mr. BAKER. I yield to the Senator from Wisconsin.

Mr. KASTEN. Under the way we are operating now, one Senator can prevent any scheduling. So, under the circumstances, the best of all possible resolutions is the one we have chosen. The rule will not go into effect and the 90-day period and the veto process will begin again, probably on or about January 25.

Mr. PRESSLER. One further point for clarification. Will the FTC have to submit a new rule at the beginning of the next session or will the same proposal stay alive?

Mr. KASTEN. There is a legal question on that point. Most of the lawyers with whom we have discussed this issue interpret statutory language, "The Commission shall be required to resubmit," to mean that the Commission shall be required to submit the same rule they submitted now. That is a legal question that we can work with and discuss further. But it is our general opinion, and the opinion of the people we consulted, both in the House and the Senate, that the rule will be the same rule and will be submitted on or about January 25, when we go back into session.

Mr. PRESSLER. Let me conclude by saying that I have a very high regard for my colleague from Oregon. I know he is exercising his right under our parliamentary situation. I respect his right. I thank him for being willing to work out an agreement. I certainly am not one in this body who wishes to keep us in session at times when it would be futile. If I felt that by going to the 20th we could get the rule, I would do it, and if we had to be in session around the clock until the 20th to get the rule, I would do it. But we will lose if we do that by virtue of the number of hours remaining for debate. My understanding is that the opponents of this resolution will remain steadfast on this point. I do, however, wish to thank everyone for their consideration in attempts to find a way around this impasse.

The PRESIDING OFFICER. The majority leader.

Mr. BAKER. Mr. President, I wish to thank the Senator from South Dakota, the Senator from Wisconsin, the Senator from Oregon, the Senator from Kentucky, and others who have worked so hard to arrive at this arrangement. Indeed, I commend the Senator from South Dakota because, as he correctly stated, by undertaking to proceed in this way, he has salvaged from the last few days of session the possibility of proceeding without this approval. So I think he has accomplished a good purpose and, at the same time, he has facilitated the action of the Senate.

I wish to commend the Senator from Wisconsin, the Senator from South Dakota, the Senator from Kentucky, and the chairman of the Commerce Committee for their very thorough understanding of a very complex issue which is fairly new and novel in its application.

Mr. President, I yield to the Senator from Louisiana.

Mr. JOHNSTON. Mr. President, reserving the right to object, and I shall not object, I have two quick matters. First of all, will it be in order to file a cloture motion after the adoption, hopefully, of the amendment of the distinguished Senator from North Carolina and myself?

Mr. BAKER. Yes, it would be, in my view and interpretation of the request as it is put. And I wish to make that a part of the request.

Mr. JOHNSTON. Second, do I understand the agreement, which is not part of this unanimous-consent agreement but part of an understanding between the majority leader and myself, that after we lay this bill aside, after the adoption of the Johnston-Helms amendment, assuming that it is adopted, that the majority leader intends to return to the matter and also after the vote on what would at that time be the third invocation of cloture, once that is invoked, that we will at the earliest possible time, earliest feasible time, return to the bill and stay on it until final disposition?

Mr. BAKER. Mr. President, I can assure the Senator from Louisiana that I am anxious to pass this bill and that, indeed, I will ask the Senate, after consulting with the minority leader, to re-

turn to the consideration of this measure as soon as it is feasible to do so, consistent with only the most pressing items of business that the Senate may have to transact.

I would estimate that we will be able to finish this bill and all the amendments to it sometime in the spring, and perhaps in the winter. But I have no desire to slow down the consideration of this measure. Indeed, I want to see it taken to final passage as soon after the February 1 date contemplated in this agreement as is possible.

Mr. JOHNSTON. I say to the majority leader that I hope, consistent with what he says, that that would be early during the month of February, but my confidence in him is such that I will leave it to his good faith to pick the exact date.

Mr. FORD. Mr. President, reserving the right to object, and I will not object, I would like to ask the majority leader about the parliamentary situation. If a new rule under the Federal Trade Commission is issued and is filed on January 25 or January 26, or shortly thereafter, and under your unanimous-consent agreement we go into a vote at 2 p.m. on February 2—which is on cloture, am I correct?

Mr. BAKER. On the Johnston amendment on February 1.

Mr. FORD. Are we back in the same procedure at that time as we are now?

Mr. BAKER. We are not. The order provides that post-cloture we may still lay the said matter aside and go to other matters.

Mr. FORD. I do not want to get caught in the same parliamentary maneuver next year under this same piece of legislation in the same circumstances that would apply then so that one person could object and the FTC rule could fly down the road and we would not be able to get an up-or-down vote on the used car rule.

Mr. KASTEN. If the Senator will yield, I had exactly the same concern. In discussions with the majority leader and with counsel, I have been told that we will not find ourselves in this position and the Senate will, in fact, be able to work its will on the legislative veto provision.

Mr. FORD. I might say to my good friend from Wisconsin that there are a lot of mechanics on this floor as it relates to parliamentary procedures. I just do not want to get caught in a mechanical problem. That is the reason I want to bring it up, so we do have legislation where it says we will not be in this same type of parliamentary procedure in the late days of February when the distinguished Senator said he would expedite this procedure. I thank the Senator.

Mr. BAKER. I thank the Senator.

The PRESIDING OFFICER. Is there objection? Hearing none, the unanimous-consent request is granted.

Mr. BAKER. Mr. President, I thank the Chair and I thank all Senators who participated for so long in arriving at this complex agreement.

Mr. President, what is the business before the Senate?

DEPARTMENTS OF COMMERCE, JUSTICE, AND STATE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATIONS, 1982

CLOTURE MOTION

The PRESIDING OFFICER. The business before the Senate is the unfinished business H.R. 4169, on which cloture has been filed. Pursuant to rule XXII, the Chair lays before the Senate the pending cloture motion, which the clerk will state.

The legislative clerk read as follows:

We, the undersigned Senators, in accordance with the provisions of Rule XXII of the Standing Rules of the Senate, hereby move to bring to a close the debate upon the bill (H.R. 4169) Commerce, Justice, State, Appropriations.

Jesse Helms, Paul Laxalt, Orrin G. Hatch, S. I. Hayakawa, James A. McClure, John Warner, Don Nickles, James Abdnor, Charles Grassley, John P. East, Richard G. Lugar, Peter V. Domenici, Mack Mattingly, Bob Dole, Steven Symms, and David Boren.

VOTE

The PRESIDING OFFICER. The question is, Is it the sense of the Senate that debate on the bill (H.R. 4169), as amended shall be brought to a close? The yeas and nays are mandatory under the rule and the clerk will call the roll.

Mr. BAKER. Mr. President, before any Senator answers, I now say, in view of this agreement, once again, there will be no session of the Senate on Saturday.

The legislative clerk called the roll.

Mr. LEAHY (after having voted in the affirmative). Mr. President, on this vote, I have a pair with the distinguished Senator from Rhode Island (Mr. PELL). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "aye." Therefore, I withdraw my vote.

Mr. BUMPERS. Regular order, Mr. President.

The PRESIDING OFFICER. The regular order is being followed. The clerk is tallying the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER) and the Senator from Maryland (Mr. MATHIAS) are necessarily absent.

Mr. CRANSTON. I announce that the Senator from Nevada (Mr. CANNON), the Senator from Rhode Island (Mr. PELL), and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The yeas and nays resulted—yeas 59, nays 35, as follows:

[Rollcall Vote No. 483 Leg.]

YEAS—59

Abdnor	Ford	Melcher
Andrews	Garn	Murkowski
Armstrong	Grassley	Nickles
Bentsen	Hatch	Nunn
Biden	Hawkins	Pressler
Boren	Hayakawa	Proxmire
Byrd, Harry F., Jr.	Heflin	Pryor
Byrd, Robert C.	Helms	Quayle
Chiles	Hollings	Randolph
Cochran	Huddleston	Roth
D'Amato	Humphrey	Sasser
DeConcini	Jepsen	Schmitt
Denton	Johnston	Simpson
Dixon	Kassebaum	Stennis
Dole	Kasten	Symms
Domenici	Laxalt	Thurmond
Durenberger	Long	Tower
East	Lugar	Wallop
Exon	Mattingly	Warner
	McClure	Zorinsky

NAYS—35

Baker	Glenn	Moynihan
Baucus	Gorton	Packwood
Boschwitz	Hart	Percy
Bradley	Hatfield	Rudman
Bumpers	Heinz	Sarbanes
Burdick	Inouye	Specter
Chafee	Jackson	Stafford
Cohen	Kennedy	Stevens
Cranston	Levin	Tsongas
Danforth	Matsunaga	Weicker
Dodd	Metzenbaum	Williams
Eagleton	Mitchell	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Leahy, for.

NOT VOTING—5

Cannon	Mathias	Riegle
Goldwater	Pell	

The PRESIDING OFFICER. On this vote, the yeas are 59, the nays are 35. Three-fifths of the Senators duly chosen and sworn not having voted in the affirmative, the motion is not agreed to.

OLDER AMERICANS ACT AMENDMENTS OF 1981—CONFERENCE REPORT

Mr. BAKER. Mr. President, I submit a report of the committee of conference on S. 1086 and as for its immediate consideration.

The PRESIDING OFFICER. The report will be stated.

The legislative clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1086) to extend and revise the Older Americans Act of 1965, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses this report, signed by all of the conferees.

The PRESIDING OFFICER. Without objection, the Senate will proceed to the consideration of the conference report.

(The conference report is printed in the House proceedings of the RECORD of December 10, 1981.)

Mr. BAKER. Mr. President, may we have order in the Senate?

The PRESIDING OFFICER. The Senate will be in order.

Mr. RANDOLPH. Mr. President, I suggest that Senators take their seats while listening to the majority leader. I think it will make it easier for him and will be more helpful to us.

The PRESIDING OFFICER. The majority leader has the floor. Senators will take their seats or retire to the cloakroom.

Mr. BAKER. I thank the Chair.

Mr. President, I intend to ask the Senate to remain in session until 6 o'clock today. As I indicated earlier, there will not now be a session of the Senate on Saturday. At the appropriate time, when we finish our business today, I will ask that the Senate go over until 11 o'clock on Monday. I will not put that request at this time, but I will confer with the minority leader in a little while and make those arrangements later.

I have just asked the Chair to lay before the Senate this conference report. I hope we can complete this conference report in a fairly short time and proceed to one other matter.

I suggest that we take up from the

executive calendar, the Consular Treaty with the People's Republic of China, to be dealt with this afternoon as well.

I think we can do both those matters before 6 o'clock.

I now inquire of Senators, especially those who will manage this measure, if there is a disposition to enter into a time agreement on this conference report on the Older Americans Act.

Mr. EAGLETON. I suggest 1 minute, equally divided.

Mr. GRASSLEY. Mr. President, reserving the right to object——

Mr. BAKER. I have not put a request, but I yield to the Senator from Iowa.

Mr. GRASSLEY. There has not been a limit put on the debate?

Mr. BAKER. No. I was inquiring if there is an inclination to do that. I had thought we could do this conference report in perhaps 30 minutes, equally divided. If the Senators from Iowa wishes more time, I have no desire to limit him.

Mr. GRASSLEY. I should like 7 or 8 minutes.

Mr. BAKER. Mr. President, it sounds like one of those matters where it may be faster without an agreement.

I yield the floor.

The PRESIDING OFFICER. Who yields time? The question is on the adoption of the conference report.

Mr. EAGLETON. Mr. President, the distinguished Senator from Alabama is the floor manager of this bill, and while he is coming to his chair, I will present my statement.

I am pleased to lend my support and urge all of my colleagues to support the conference report on S. 1086, the Older Americans Act Amendments of 1981.

As my colleagues know, the amendments made in 1978 to the Older Americans Act substantially revised the nutrition and supportive services under the act, consolidating program administration in an effort to foster greater coordination and allow area agencies on aging greater flexibility in managing their funds.

Further, the consolidation was intended to assist area agencies on aging in developing comprehensive systems of services and increase the flexibility and significance of the area agencies' scope of operations.

I am delighted that the bill before us does not change the basic structure of those 1978 amendments. The Older Americans Act, unlike so many bills which come before this body, is not an amalgamation of unrelated programs. It is a comprehensive delineation of the long-term goals of American society with regard to our elderly citizens.

The act commits this Nation to work actively to enhance the quality of life of older Americans, and creates realistic alternatives for hundreds of thousands of older Americans in delaying and, hopefully, preventing unnecessary institutionalization.

Since 1965, we have extended this act many times. While we have modified and altered its provisions over the last 16 years, it is my view that these modifications have contributed to strengthening and coordinating systems of services reaching into every community, making possible a broad range of nutrition, transportation, counseling, and the more intensive home health and supportive services for the frail elderly.

This act has proven itself worthy of our continued support and its program components deserve to be maintained even in these times of fiscal austerity. This conference report before us today is an extension of the long tradition of strengthening the Older Americans Act.

The conference report to S. 1086 extends the Older Americans Act for 3 fiscal years, through September 30, 1984. Let me briefly highlight how this conference report deals with key elements of the act:

The separate nutrition programs for congregate meals and home-delivered meals are maintained with funding authorizations which increase annually by 7 percent. The existing requirement that each nutrition project, including home-delivered meal projects, serve meals in a congregate setting was changed to require that every State plan give primary emphasis to serving congregate meals, except that an area agency on aging may provide home-delivered meals based on a determination of need without requiring that home-delivered meal providers also provide congregate meals.

The existing requirement that each State operate an ombudsman program was strengthened by expanding the institutions over which the State ombudsman has responsibility to include boarding homes.

In addition, while the existing minimum funding requirement for the ombudsman program is retained, each State is required to reserve an amount sufficient to operate an effective ombudsman program.

With respect to supportive services—transportation, in-home, education and training, residential repair, and so forth, the existing requirement that a State spend at least 50 percent of its supportive services funds on transportation in-home, and legal services was changed to require instead that "an adequate portion" of area plan funds be spent on the three priority services.

The deletion of the rigid 50 percent requirement reflects Congress awareness that the strict percentage requirement reduced local flexibility to best meet the needs of the elderly within each community.

However, the new requirement that an "adequate portion" of each area agency supportive services allotment be spent on the three priority services of transportation, in-home, and legal services is not intended to reduce support for these services or to allow funding that is de minimus.

The conference report also contains an important new provision designed to enhance each State's ability to have an effective nutrition and supportive services system by allowing each State an interchange of up to 20 percent of its supportive services allotment or its nutrition allotment.

The conference report adds three new important areas of supportive services for which funds under the act may be used: The installation of security devices and structured modifications of homes to prevent unlawful entry, services to encourage employment, and a senior opportunities and services (SOS) program designed to identify and meet the special needs of the elderly poor.

The community service employment program for older workers, operated by the Department of Labor, is extended with several changes which seek to provide greater placement of employees under the program in private business concerns.

The existing funding levels for the programs under the act for fiscal year 1982, as contained in the continuing resolution just adopted by the House and the Senate, and the new authorization levels contained in this conference report are as contained in a table which I ask unanimous consent to have printed in the RECORD.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Fiscal year 1982 appropriations under the continuing resolution	1982 authorization	1983 authorization	1984 authorization
Federal Council on Aging	$192,000	$200,000	$214,000	$228,900
Supportive services and senior centers	241,920,000	306,000,000	327,400,000	350,300,000
Congregate nutrition	288,000,000	319,000,000	341,400,000	365,300,000
Home-delivered nutrition	57,600,000	60,000,000	64,200,000	68,700,000
Research, training, and demonstration projects	22,272,000	23,200,000	24,800,000	26,600,000
Grants to Indian tribes	5,760,000	6,500,000	7,000,000	7,500,000
Community services employment	266,020,000	[1] 277,100,000	[1] 296,500,000	[1] 317,300,000

[1] And such additional sums as may be necessary for each year to enable the Secretary to provide for at least 54,200 part-time employment positions under the program.

Mr. DENTON. Mr. President, I thank my friend and colleague, the senior Senator from Missouri and the ranking member of the Subcommittee on Aging, Family and Human Services, for his statement and for his great assistance in this Older Americans Act, which is the matter before the Senate at this time—the conference report on S. 1086, the Older Americans Act Amendments of 1981.

I can say with all sincerity that this report is a finely crafted compromise—one which on a few points even exceeded my expectations. All deliberations on S. 1086 and the House version of that bill have begun from a common base of agreement—that this Nation's older Americans need and deserve to live in comfort and dignity. I believe that all the Members of this body recognized the importance of the Older Americans Act in

meeting these aims when they passed the 1981 amendments unanimously on November 2.

The final bill, as recommended by this compromise, would reauthorize the Older Americans Act for 3 years at a level of $1,085,300,000 in fiscal year 1982, which is consistent with the Budget Reconciliation Act, $1,161,514,000 in fiscal year 1983, and $1,240,928,900 in fiscal year 1984.

It would eliminate the authorization for the National Information and Resource Clearing House for the Aging. The Clearing House, throughout most of its existence, has been an ineffective vehicle for collecting and disseminating information and materials on aging.

Separate authorizations for social services, congregate meals and home-delivered meals would be maintained and States would be allowed to transfer up to 20 percent of funds between nutrition and social services allotments. This transferability will be extremely important in insuring that States are able to provide the most appropriate mix of services to their elderly constituencies.

The bill would remove the requirement that 50 percent of an area agency on aging's social services funds be spent on access, in-home and legal services and instead requires that "an adequate proportion" be spent.

Boarding homes in which a certain number of elderly persons reside would be placed under the provisions of the long-term care ombudsman program, requiring States to respond to complaints of elderly residents of those homes.

A State, which on or before October 1, 1980, had functioned as a single planning and service area, would be allowed to designate one or more additional planning and service areas within the State to be administered by an area agency on aging. The State agency on aging would be required to continue to perform the functions of an area agency on aging for the balance of the State. This will be helpful to those States which have largely rural populations with only a few urban areas.

State and area agencies on aging will be given additional flexibility by a provision which would allow them to submit a 2-, 3-, or 4-year plan for providing services to the elderly.

The bill would solve a problem which has long existed in some congregate meals projects. It would allow meals to be served to handicapped and disabled persons under age 60 who reside in housing facilities occupied primarily by the elderly at which congregate nutrition services are provided. I believe this is an important step in diminishing fragmentation among Federal programs.

Current law allows providers of nutrition services to solicit contributions from program participants and requires that these contributions be used to increase the number of meals served. The use of these contributions would be expanded to include access to nutrition services and other supportive services directly related to nutrition services.

This legislation would give State agencies on aging explicit authority to fund additional services such as those related to crime prevention, including the installation of security devices; the provision of certain employment services; the provision of education and training services to enable older persons to cope with their changing economic, health, and personal needs; the provision of outreach and informational services in the native language of limited English-speaking persons; and senior opportunities and services programs.

The commodities program for the elderly would continue to be administered within the Department of Agriculture, but expenditures under that program would be capped at $93.2 million in fiscal year 1982, $100 million in fiscal year 1983, and $105 million in fiscal year 1984. Such additional sums as may be necessary to maintain the level of reimbursement for the number of meals served in fiscal year 1981 would also be authorized.

The authority of the Commissioner on Aging to fund projects related to training and recruiting personnel in the field of aging, supporting research and development activities related to the act, and demonstrating certain approaches to meeting special needs of the elderly, would be continued. It is the intent of the conference report that among the suggested demonstration projects which the Commissioner may fund, high priority be given to projects designed to provide mental health services to the elderly.

With regard to the senior community service employment program, the bill would require the Secretary of Labor to use at least 1 percent, but not more than 3 percent, of the funds in excess of the 1978 funding level to demonstrate methods of training and placement of older persons in private sector employment.

The Secretary was given permissive authority to implement a similar provision in the 1978 amendments to the act, but regrettably did not do so. I believe that if we are to continue our present efforts to serve the employment needs of older Americans we must concentrate on helping them to develop the skills and confidence to obtain private sector jobs.

At the same time, I must acknowledge that the program as it is presently structured provides vital community services which might not otherwise be possible were it not for the manpower of its older workers.

The 1978 amendments to the act gave area agencies on aging, rather than State agencies, primary authority for selecting nutrition service providers. To avoid any disruption while the area agencies were gaining expertise in their new responsibilities, a provision requiring that existing nutrition projects continue to be funded was put into the law.

The agreement before us would provide that no contract awarded after September 30, 1982, be entered into for the provision of nutrition services unless that contract is awarded through a competitive process. Where there is no evidence of improved quality of service and cost effectiveness on the part of another bidder, an existing provider who was receiving funds prior to the 1978 amendments shall be given preference.

Finally, a number of changes to increase the flexibility of Indian tribal organizations receiving direct grants under the act would be made. The requirement that they provide legal and ombudsman services would be removed.

Funds that would otherwise be required to be expended for nutrition services could be used for social services when the need for nutrition services is being met from another source. The requirement that Indians participating in the program must be 60 years of age or older is changed to read "older Indians."

As chairman of the Subcommittee on Aging, Family and Human Services, it has been a pleasure and a privilege for me to shepherd this reauthorization through the Senate, under the auspices and with the excellent guidance of the chairman of the full Labor and Human Resources Committee, Senator HATCH. I also thank the distinguished ranking minority member of the Subcommittee on Aging, Family and Human Services, Senator EAGLETON, and the equally distinguished ranking minority member of the Labor and Human Resources Committee, Senator KENNEDY, whom I just thanked personally.

I believe the staff members on both sides of the aisle deserve recognition for the fine work done on this bill behind the scenes, as well—particularly Marsha McCord, sitting with Senator EAGLETON, Cynthia Hilton and Gail Jimerson, seated at my side.

I commend this conference report to the consideration of my colleagues and recommend its immediate passage.

Mr. GRASSLEY. Mr. President, I wish to ask the Senator from Alabama some questions if he would participate.

First of all, I say to the Senator from Alabama it was the Senate's position when this bill passed the Senate that we would not have forward funding of the title V program. That was the position the Senate took. The House of Representatives took a different position. I wish to have the Senator explain why the Senate receded to the House on this position, particularly in light of the fact that the Secretary of Labor had written to us in the Senate, I think at the behest of the Office of Management and Budget, that we would not have forward funding of title V programs. And for the benefit of my colleagues, the title V programs are the programs that for instance include jobs for senior citizens, like the Green Thumb program, as an example.

Mr. DENTON. I am glad to respond to my friend the Senator from Iowa. The Secretary of Labor and I just finished a 35-minute conversation a few moments ago in which his misapprehensions or those of one of his subordinates regarding some confusion which existed between his identification of some employment programs for the elderly and such training programs as CETA were cleared up.

For the Senator's information, the Republicans and Democrats on the Senate side as well as those on the House side in conference disagreed with the Senate position, which the Senator outlined, in that they recognized that since the inception of this program in 1968 it has been forward funded, and that if

it were not forward funded this year there would be serious dislocations among the elderly whom it is serving. So there was agreement by a majority of the conference colleagues on this matter, a sentiment which I of course share as an individual.

Mr. GRASSLEY. So what the Senator is saying is the Secretary of Labor is withdrawing his position that was started in that letter that he, the Senator, and discussed privately.

Mr. DENTON. I am saying that the Secretary of Labor had not read the letter which he signed, and that the subordinate who wrote it is now being engaged in a conversation with the Secretary of Labor as a result of the conversation we had, and that the subordinate will be meeting with our subcommittee people to clarify his misapprehensions regarding the program.

Mr. GRASSLEY. Is there any question in the Senator's mind about this whole process of contracting with certain national organizations? And I list, for instance, the National Council of Senior Citizens, the National Council on Aging, the Farmers Union, the Black Caucus on Aging, et cetera, several organizations that contract for some of these job programs. Is there going to be any oversight by the Senator's committee of the whole process of contracting, No. 1, performance by any organization that might contract and more specifically whether or not the 15-percent administrative fee figure that is in most contracts, which seems to me a phenomenal cost of taxpayers' money to have an organization administer programs for the Federal Government, to see if this 15-percent figure is accurate or necessary?

Mr. DENTON. I can assure the Senator that the 15-percent overhead figure which is allowed by law is not met by any of those organizations to which he refers. The closest is one which does have 14-percent administrative cost. The others range down to as low as 6 percent, and I am sure that some of these organizations in some States have conceivably engaged in activities which one could consider justifiably objectionable in the sense of political lobbying, but they are not engaged in that sort of thing throughout the country with title V money. They are indeed spending it usefully according to all the oversight hearings we heard, but we will take into account and exercise special attention in our oversight responsibilities in the matter the Senator has raised.

Mr. GRASSLEY. I thank the Senator from Alabama for agreeing to monitor that very closely and particularly I suggest if there is one organization that is way out of line with the rest of them as he suggested at 14 percent, then take a special look at whether that figure needs to be that high and whether or not it cannot be done for a lesser amount and then also in the process of contracting out for a lesser amount then, of course, that means that there will be that many more jobs provided for senior citizens, and after all that is what this program is all about, which is jobs for senior citizens. We want to encourage the employment of senior citizens. We want to encourage as much as we can people who want to stay in the work force to do that.

There are a lot of advantages to it. We do not need to discuss those advantages at this point. But as far as taxpayers' money is concerned, whether or not the level of title V employment I think at some 50,000 has been fairly constant over the years and yet the level of appropriation for these programs is going up and up and up, and consequently it seems to me we should be creating more jobs with more appropriations of funds.

Part of my interest in this comes not only because in a general way I am interested because of being a member of the Committee on Aging, but at the October break the senior Senator from Illinois, Senator PERCY, and I held hearings in the quad city areas of Illinois and Iowa and out of that hearing came the general feeling that perhaps there was too much money being spent for agencies that contract to serve the purpose of employment or hiring senior citizens for Federal programs, and whether or not less of that money should not be spent in Washington and more in the local level and totally less spent through Government and more going to meet the needs of the people in employment.

It seemed to me there was a general consensus from that hearing that there was more being spent on administrative costs of contracting out than should be, and so I make that point.

Then in closing I make a point that I made to the Senator and other members of this subcommittee who were conferees in this full committee that we do have issued in August a General Accounting Office report studying some of the programs that I have referred to, particularly those in title V. This study makes suggestions on reform, suggestions on changes, that I feel behooves the subcommittee to look into the process of monitoring and oversight to see if we could not accomplish some of the suggestions that are laid out here by the General Accounting Office. To the extent that we are all pursuing a reduction of waste and mismanagement of money, not even speaking of fraud, and I do not think there is any intent of fraud in this report or any reference to fraud in this report.

We have just this week, in amendments that have come up on various bills, tried to combat waste and mismanagement of taxpayers' money, and here we have a General Accounting Office report, in regard to title V programs, that I do not think that in the adoption of this conference report we are giving the heed that we should. I do not say that the Senator in any way is intending to avoid it because I know that he is busy and I am busy, but I did try through a letter to each one of the conferees, prior to the conference, to bring up the point and particularly the GAO report and my objection to forward funding.

I sent this letter because of a letter that we received from the Secretary of Labor, although the Senator tells me the Secretary of Labor in fact did not sign the letter. I did not know that. But it seemed to me to conform with certain goals that the Office of Management and Budget has been trying to accomplish, namely not doing any more forward funding than necessary. By not forward funding it would give us a chance to more quickly in the Reagan administration zero in on a review of some of these programs that obviously forward funding makes very difficult to change.

So it is only with that in mind that I call it to the Senator's attention and with the assurances that he has given me in his oversight capacity; namely that he is going to look into this, particularly the percentage of the money that goes for the eight title V contracting associations. I am satisfied the Senator in no way intends to object to this and I am going to be fully supportive of it as I was in the instance when it passed the Senate.

But remembering when it first passed the Senate, we did not have forward funding in the Senate bill, and to that extent I thought it was more closely in line with the goals that we Republicans in this body are trying to accomplish and what this administration is trying to accomplish.

Would the Senator from Alabama like to have me yield to him?

Mr. DENTON. Very briefly. I thank my friend from Iowa. I wish to assure him that I am in favor of the same general goal that he has outlined, namely, more money reaching the people intended to be helped rather than the people passing it on.

I assure the Senator that the 15 percent, the 14 percent, which that one particular organization expended, did get our attention and we learned after investigation that since they are placing elderly people in rural areas, requiring transportation to do the placement and that sort of thing, that it did entail extra expenses which seemed to be commensurate with the difficulties they had to overcome, with fewer opportunities for placement in the rural areas.

The considerations which you have raised came up, I believe, after our committee passed the bill, and we took note of that and some of the arguments you mention.

However, the GAO letter tells the Secretary of Labor to check his shop for his contracting procedures, on which we are in accord. He would have to do some of that. But the GAO proposed no changes to my knowledge, in the congressional program, as we are administering it, in that same report.

The lumping of CETA with the senior community services employment program was an error, which I have just discussed with the Secretary of Labor, and he acknowledges that it was. That was the adverse side of that report.

If you separate out the senior community services employment program from CETA, there is no weight of adverse evidence. But I assure my friend we will look into and continue to pursue the matter of improving program efficiency where it is possible.

Mr. GRASSLEY. Before I yield the floor, I would suggest two things to the Senator from Alabama: No. 1, that we think in terms of maybe putting a 10-percent limit on any contract of any one agency or organization; and No. 2, that we look at the prospect of less of that

administrative funding being spent at the national level, presumably here in Washington, although I cannot say it would be totally here in Washington, and more of it spent at the local and State level in the administering of funds.

Mr. DENTON. We will be happy to look into the Senator's recommendations. Thank you very much.

Mr. GRASSLEY. Mr. President, I yield the floor.

● Mr. PRYOR. Mr. President, yesterday Members of the House of Representatives and the Senate met in conference to consider S. 1086, the Older Americans Act Amendments of 1981. This act provides for a 3-year reauthorization of programs for the elderly as first created by the Older Americans Act of 1965.

In the little more than 15 years that this act has been law, we have seen sweeping changes and expansion of the services provided in response to dramatic shifts in the needs of our elderly and to changes in our national policy on aging.

In the last decade or so, when I first became involved in programs for the elderly, we had only begun to understand the challenge that was soon to face our Nation—that of the graying of our population. We began to realize that, as a greater and greater proportion of our Nation approached retirement age, our institutions would be challenged far beyond any imaginable expectations. Throughout that time, we worked to develop the services and the aging organization so that this challenge can be met, and so that the increased services could be more efficiently and most effectively delivered.

I am gratified by the progress we have made in most recent years. Some of the most important accomplishments we have achieved relative to the Older Americans Act include the establishment of a national nutrition program for older Americans which is now operating in every State, providing daily meals and socialization for hundreds of thousands of citizens per day throughout the Nation; a vast home-delivered meals program which services some of the most needy among our elderly: the disabled and homebound, and which, I am certain, has been most instrumental in keeping some of our more frail senior citizens out of nursing homes; a nationwide ombudsman program designed to specifically aid those elderly confined to long-term care facilities; and a nationwide community service employment service providing community employment positions for a vast number of low-income persons who are 55 and over, having poor employment prospects, yet who are interested in getting into the workforce.

Most recently, we have sought to fine tune these exceptional programs, providing for greater flexibility so that the elderly can be even more effectively served. Mr. President, I believe these accomplishments attest to the Congress interest in our Nation's elderly, and I want to take this opportunity today to commend the distinguished members of the Aging, Family, and Human Services Subcommittee of the Senate's Human Resources Committee for the long hours they have spent in reviewing the Older Americans Act programs in an effort to arrive at this excellent piece of legislation.●

Mr. DOLE. Mr. President, this year, perhaps more than in recent years, there has been a great amount of attention given to issues affecting older Americans—we have just been through a process which included taking temporary measures to address the funding crisis in the social security system. Last week, the White House Conference on Aging attracted a lot of publicity, and resulted in over 600 recommendations from the various committees which the Congress will consider in hearings next year.

Along with programs such as social security and medicare, the Older Americans Act has provided valuable services to our Nation's elderly citizens in the form of employment programs, nutrition programs like the congregate meals program, Meals on Wheels, and home delivered meals.

Increasing numbers of our citizens are age 65 or over, and they are living longer and more active lives, due to progress in the field of medicine. As chairman of the Nutrition Subcommittee, the Senator from Kansas is especially aware of the role that nutrition programs play in promoting good health among our older people.

In addition to providing direct nutrition benefits, the programs authorized by the Older Americans Act contribute significantly to the development of social contacts, which are so necessary for people at this time of their lives, when their families may have moved away and they find themselves feeling very isolated from people around them. Just recently, a new senior citizens center opened in my hometown of Russell, Kans., and it has been a great success for that area. The elderly living in rural areas have very special problems, complicated by distance and transportation problems and we need to address these needs.

The challenges that presented themselves when many of our elderly programs came into being have given way to new challenges, most of which are linked to the state of our economy. Those who are forced to live on fixed incomes suffer the most when inflation is high—they retire from productive jobs only to find that inflation has ravaged their best hopes for the carefree years ahead of them. I hope that we will soon see an end to the economic woes that affect all our citizens, due to the Reagan administration's economic recovery policies.

When our country became independent two centuries ago, every 50th American was age 65 or older, which was about 2 percent of our total population. However, at the beginning of 1980, older Americans comprised 11 percent of our population. There are now over 25 million older Americans, and their numbers are steadily growing. These demographic changes put a lot of stress on resources available to address their unique problems. However, we owe a large part of our country's history to those who have already made their contributions to our country's history. There comes a time when parents become grandparents, and roles are reversed for their children.

This administration has no intention of forgetting the needs of its elderly—we have a President who is quite well aware of the talents and potential that those over 65 possess. We must find ways for older Americans to continue to be active in our society—they still have much to offer, and there is much that we can learn from them. In his poem "Ulysses," Alfred Lord Tennyson says:

Old age hath yet his honor and his toil;
Death closes all; but something ere the end,
Some work of noble note, may yet be done . . .
Come, my friends, 'Tis not too late to seek a newer world.

Push off, and sitting well in order smite
The sounding furrows; for my purpose holds
To sail beyond the sunset, and the baths
Of all the western stars, until I die . . .

Though much is taken, much abides; and though
We are not now that strength which in old days
Moved earth and heaven; that which we are, we are,
One equal temper of heroic hearts,
Made weak by time and fate, but strong in will
To strive, to seek, to find, and not to yield.

Mr. CHILES. Mr. President, I rise in support of the conference report on S. 1086, the Older Americans Act Amendments of 1981. The Older Americans Act of 1965, as amended, is an extraordinary piece of legislation in that it contains a comprehensive declaration of our society's long-term goals for older persons. Further, the act commits Congress, Federal agencies, and citizens to work together to enhance the quality of life for all older persons.

The Older Americans Act has served as a vehicle through which Federal, State and local governments have allocated valuable resources for a wide variety of services for the elderly. This legislation has withstood the test of time. It provides opportunities for the integration of all older people into the mainstream of society while it assists those who depend on services to receive support they require to lead their lives with dignity.

I should like to commend the conferees who worked out the agreements contained in this conference report and recommend its immediate and unanimous adoption.

Mr. HEINZ. Mr. President, today, the Congress takes another step in realizing the promise of the Older Americans Act of 1965. Much has been accomplished in the last 15 years, but clearly, our task is yet unfinished.

The Older Americans Act is directed toward giving older persons opportunities for participation in the full benefits of this country. Health, economic security, honor and dignity for all older Americans are challenging goals, yet have been made a partial reality through the progress made under the Older Americans Act.

Since the enactment of the Older Americans Act of 1965, the program has grown from a few small social service grants and research projects to a network of over 1,500 individual community service projects which service older persons. These programs are administered by 57 State and territorial units on aging

through a complex of over 700 locally based area agencies on aging.

The Older Americans Act has produced a network of effective and successful programs that have provided significant benefits to the elderly in our country. In my own home State of Pennsylvania, I am pleased to say that over $70 million has been expended in support of programs initiated under the Older Americans Act. These funds have supported a broad array of services provided by 49 area agencies on aging and more than 500 senior centers throughout the Commonwealth. The social, economic and emotional benefit derived by over one-half million older persons who have participated in these programs is immeasurable.

As chairman of the Special Committee on Aging, I have a deep concern for the utility and efficacy of these programs.

The Special Committee on Aging held an oversight hearing on the reauthorization of the Older Americans Act in April of this year. The results of our hearing, consultation with older citizens, and service providers led us to make a number of significant recommendations which would streamline and improve the efficiency of programs, increasing flexibility to meet local needs, and increase the participation of older persons in the operation of programs intended to serve them.

I believe that these new amendments will encourage the development of a service system which is more responsive to the needs of older citizens at the community level. Revisions to the act which will eliminate the present 50-percent spending requirement for priority services, allow for a transfer of up to 20 percent of the appropriated funds between social and nutritional services, and encourage the development of employment services under the supportive services category are all steps in the right direction.

Additionally, I am gratified that my amendment to add crime prevention and victim assistance programs as allowable services under title III–B has been included.

I believe the bill we pass today will be of great benefit to the older citizens of this Nation. In the future we will have the benefit of the policy recommendations of the White House Conference on Aging and the experience of a well established delivery system in place, in order to make far-reaching and enlightened revisions of the act to enable older citizens to truly reap the benefits of this country.

I wish to congratulate Senator DENTON and Representative ANDREWS for their fine efforts in bringing this bill to passage.

SEVERAL SENATORS. Vote!

Mr. ANDREWS. Mr. President, were the yeas and nays ordered?

The PRESIDING OFFICER (Mr. EAST). The yeas and nays have not been ordered.

Mr. ANDREWS. I ask for the yeas and nays, Mr. President.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. If there is no further debate, the question is on agreeing to the conference report on S. 1086. The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Arizona (Mr. GOLDWATER), the Senator from Florida (Mrs. HAWKINS), the Senator from Maryland (Mr. MATHIAS), and the Senator from New Hampshire (Mr. RUDMAN) are necessarily absent.

I further announce that, if present and voting, the Senator from Florida (Mrs. HAWKINS), would vote "yea."

Mr. CRANSTON. I announce that the Senator from Arkansas (Mr. BUMPERS), the Senator from Virginia (Mr. HARRY F. BYRD, JR.), the Senator from Nevada (Mr. CANNON), the Senator from Montana (Mr. MELCHER), the Senator from Ohio (Mr. METZENBAUM), and the Senator from Michigan (Mr. RIEGLE) are necessarily absent.

I further announce that, if present and voting, the Senator from Nevada (Mr. CANNON) would vote "aye."

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 90, nays 0, as follows:

[Rollcall Vote No. 484 Leg.]

YEAS—90

Abdnor	Garn	Moynihan
Andrews	Glenn	Murkowski
Armstrong	Gorton	Nickles
Baker	Grassley	Nunn
Baucus	Hart	Packwood
Bentsen	Hatch	Pell
Biden	Hatfield	Percy
Boren	Hayakawa	Pressler
Boschwitz	Heflin	Proxmire
Bradley	Heinz	Pryor
Burdick	Helms	Quayle
Byrd, Robert C.	Hollings	Randolph
Chafee	Huddleston	Roth
Chiles	Humphrey	Sarbanes
Cochran	Inouye	Sasser
Cohen	Jackson	Schmitt
Cranston	Jepsen	Simpson
D'Amato	Johnston	Specter
Danforth	Kassebaum	Stafford
DeConcini	Kasten	Stennis
Denton	Kennedy	Stevens
Dixon	Laxalt	Symms
Dodd	Leahy	Thurmond
Dole	Levin	Tower
Domenici	Long	Tsongas
Durenberger	Lugar	Wallop
Eagleton	Matsunaga	Warner
East	Mattingly	Weicker
Exon	McClure	Williams
Ford	Mitchell	Zorinsky

NOT VOTING—10

Bumpers	Goldwater	Metzenbaum
Byrd, Harry F., Jr.	Hawkins	Riegle
Cannon	Mathias	Rudman
	Melcher	

So the conference report was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the conference report was adopted.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, there are a few items that can be taken care of this afternoon. I see the Senator from Pennsylvania on the floor seeking recognition. I wonder if I can ask his indulgence for a moment or two.

Mr. SPECTER. Certainly.

INTERNATIONAL DEVELOPMENT AND SECURITY ASSISTANCE ACT

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1196.

The PRESIDING OFFICER laid before the Senate the following message from the House of Representatives:

Resolved, That the House insist upon its amendments to the bill (S. 1196) entitled "An Act to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropriations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes", and ask a conference with the Senate on the disagreeing votes of the two Houses thereon.

Ordered, That Mr. Zablocki, Mr. Fascell, Mr. Hamilton, Mr. Bingham, Mr. Solarz, Mr. Bonker, Mr. Mica, Mr. Barnes, Mr. Wolpe, Mr. Bowen, Mr. Broomfield, Mr. Derwinski, Mr. Findley, Mr. Winn, and Mr. Lagomarsino be the managers of the conference on the part of the House.

Mr. BAKER. Mr. President, I move that the Senate disagree with the House amendments, agree to a conference requested by the House, and that the Chair be authorized to appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. PERCY, Mr. HELMS, Mr. HAYAKAWA, Mr. LUGAR, Mr. MATHIAS, Mr. PELL, Mr. BIDEN, Mr. GLENN, and Mr. SARBANES for all provisions except title VI of the Senate bill and title IV of the House amendment (relating to the food-for-peace program, Public Law 480); Mr. CRANSTON (in lieu of Mr. BIDEN) as an additional conferee solely for considerations for provisions dealing with the Peace Corps; Mrs. KASSEBAUM as a substitute conferee (for Mr. MATHIAS) on December 11, 1981, only; and Mr. HELMS, Mr. DOLE, Mr. HAYAKAWA, Mr. LUGAR, Mr. HUDDLESTON, Mr. LEAHY, and Mr. ZORINSKY for consideration of title VI of the Senate bill and title IV of the House amendment (relating to the food-for-peace program, Public Law 480).

FOREIGN ASSISTANCE AND RELATED PROGRAMS APPROPRIATION, 1982

Mr. BAKER. Mr. President, I ask unanimous consent that, when the House bill, H.R. 4559, is received, it be deemed to have been read twice, the Senate be deemed to have proceeded to H.R. 4559, and that the series of amendments contained in the printed version of H.R. 4559 at the desk representing Senate action on S. 1802 be considered as agreed to and the bill be considered as having been read a third time and passed, and that the Senate insist on its amendments, request a conference with the House on the disagreeing votes of the two Houses, and that the Chair be au-

thorized to appoint conferees on the part of the Senate.

The PRESIDING OFFICER. Without objection, it is so ordered.

The PRESIDING OFFICER appointed Mr. KASTEN, Mr. HATFIELD, Mr. D'AMATO, Mr. RUDMAN, Mr. SPECTER, Mr. INOUYE, Mr. JOHNSTON, Mr. LEAHY, Mr. DECONCINI, and Mr. PROXMIRE conferees on the part of the Senate.

Mr. BAKER. Mr. President, I thank the Senator from Pennsylvania for permitting me to undertake this routine business. Now I yield the floor.

DISAPPROVAL OF DEFERRAL NO. D82–193

Mr. SPECTER. I thank the distinguished majority leader for providing this time for the submission of a resolution, which I now send to the desk, to disapprove deferral No. D82–193, deferring budget authority for the Federal juvenile justice program, the treatment alternatives to street crime program, the public safety officers' benefit program and other programs not identified in the deferral.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution submitted by Mr. SPECTER, for himself and Mr. KENNEDY, Mr. METZENBAUM, Mr. WEICKER, Mr. MATHIAS, Mr. DURENBERGER, Mr. LEVIN, Mr. REIGLE, and Mr. HEFLIN (S. Res. 260) disapproving deferral D82–193.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. BAKER. Mr. President, I yield to the minority leader.

Mr. ROBERT C. BYRD. Mr. President, has the request been put yet for immediate consideration?

The PRESIDING OFFICER. No, it has not.

Mr. BAKER. Mr. President, I apologize to the Senator. I was momentarily distracted talking to another Senator. I thank the minority leader for making that inquiry.

The PRESIDING OFFICER. Was a parliamentary inquiry being made?

Mr. BAKER. Yes.

The PRESIDING OFFICER. The clerk has simply stated the resolution by title for the information of the Senate. No request has been made for its immediate consideration.

Mr. BAKER. I thank the Chair.

Mr. President, as the Senator from Pennsylvania knows, I think, if such a request is made, I shall be constrained to object. I now yield the floor.

Mr. SPECTER. Mr. President, no such request will be made, because I knew that the majority leader would be so constrained. No request would have been made in any event, because the matter has not been cleared through the Committee on the Budget. I have had a conference with the distinguished Senator from New Mexico (Mr. DOMENICI) who has advised that he will take that matter up and seek to obtain clearance by Monday.

I have already received assurances from the distinguished Senator from Oregon, the chairman of the Committee on Appropriations, (Mr. HATFIELD) that there will be no objection from that committee and have received assurances from the distinguished Senator from South Carolina (Mr. THURMOND), the chairman of the Committee on the Judiciary, that there will be no objection from that committee.

On my inquiry of the distinguished Senator from New Mexico, chairman of the Budget Committee, I was informed that he would be cooperative in every way possible, but that it would take, presumably, until Monday to poll the committee and receive those clearances. I thought it advisable, because there is substantial interest in this resolution, to send it to the desk today and make a brief statement on it. I have sent it to the desk and I have carefully refrained from asking for immediate consideration.

Mr. BAKER. Mr. President, I thank the Senator for that explanation. I apologize to him for a momentary lapse of my attention. As I indicated, I was talking to another Senator. I acknowledge that the Senator from Pennsylvania indicated to me that he intended to proceed in this way. I never doubted that. I simply wanted to make sure that it had proceeded as I had understood.

Mr. ROBERT C. BYRD. Will the distinguished majority leader yield for a parliamentary inquiry?

Mr. BAKER. Yes, I yield.

Mr. ROBERT C. BYRD. Mr. President, what is the status of the resolution?

The PRESIDING OFFICER. Without objection, the resolution will be received and appropriately referred.

● Mr. DOMENICI. Mr. President, bringing up a resolution of disapproval of a deferral directly to the Senate floor directly violates Senate Resolution 45. Senate Resolution 45, adopted January 30, 1975, states:

That bills and resolutions introduced with respect to such messages shall be referred to the Appropriations Committee, Budget Committee, and . . . any other committee exercising jurisdiction.

The budget and authorizing committees are given 20 days to report their views to the Appropriations Committee which is responsible for reporting such measures.

Disapproving D82–193, a deferral of $10.7 million from law enforcement assistance, without following the procedure established in Senate Resolution 45 would be a dangerous precedent. Only a majority of either Chamber of Congress is required to disapprove a deferral. If deferral resolutions are considered without following the established procedure many additional disapprovals are likely. Disapproving large numbers of deferrals would undermine fiscal restraint.

I therefore appreciate the fact that the distinguished junior Senator from Pennsylvania has not asked that the resolution disapproving D82–193 be brought up at this time. I assure the Senator that the Budget Committee will consider the resolution and report it to the Senate with a recommendation as expeditiously as possible.●

The PRESIDING OFFICER. The Senator may proceed.

Mr. SPECTER. Mr. President, the funding for important aspects of the Office of Justice Assistance, Research and Statistics and most particularly that for the juvenile justice program administered by the Office of Juvenile Justice and Delinquency Prevention has been impeded.

According to information provided by the comptroller's office of the Department of Justice, some 19 States will have significant problems in funding their juvenile justice programs during the period preceding today as early as November and extending through to the end of the year if no formula grants are released. To date, all program funding has been deferred. None has been forthcoming since the beginning of the new fiscal year on October 1, 1981, with regard to formula block grants to the States or the categorical, special emphasis programs administered through the Office at the Department of Justice.

The 19 States already in jeopardy include Alabama, Arizona, Arkansas, Louisiana, Maryland, Michigan, Minnesota, New Jersey, New York, Ohio, Pennsylvania, Rhode Island, Texas, Utah, Vermont, Washington, West Virginia, and, in addition to those States, the District of Columbia.

There is a very serious situation posed by the deferral, as disclosed further by testimony presented on October 28 at a hearing before the Senate Subcommittee on Juvenile Justice: Some 20 projects in Minnesota are likely to die even if there is only a delay in Federal funds; three-quarters of juvenile justice programs in Massachusetts will close if no funding is provided by February 1; and several projects in Ohio were predicted to be forced to close in Ohio by December 1. In fact, 10 of those projects have already closed their doors in Ohio and that number could rise to 30 by the end of this month.

Mr. President, the issue of juvenile crime prevention is one of enormous importance and needs no elaboration this afternoon. It is a factor vividly imprinted on the American scene by the tremendous impact of juvenile crime in this country. The Office of Juvenile Justice and Delinquency Prevention is but a modest effort within the Department of Justice to restrain that terrible crime impact, which can move beyond the juvenile period to career criminals causing enormous domestic violence.

The Office of Juvenile Justice and Delinquency Prevention was funded in fiscal year 1981 with $100 million and the projections in the budget by President Carter for fiscal year 1982 called for $135 million. In light of the budget cuts, a significant effort was made to reduce those funds and they were in fact reduced in the budget request formulated by the subcommittee which I chair to $70 million. After extensive consideration, the Committee on the Judiciary approved that figure and it has been consistently approved by this body. Efforts have been made to cut it in the budget, reconciliation and appropriation processes, but the figure has been retained. Indeed, the continuing resolution on which we acted today and earlier ap-

proved by the House includes $70 million in budget authority for juvenile justice.

On October 1, the Office of Management and Budget began deferring this budget authority, although that deferral, which this resolution seeks to disapprove, was not received by the Senate until October 29. In the ensuing 2½ months, there has been enormous damage done to very vital programs. We seek as immediate a remedy as possible with the submission of this impoundment resolution of disapproval. The sequence to which I have already referred is part of this effort to have as early disposition as possible. We had hoped that this matter could be brought up for action today, but it has been deferred until Monday so that the distinguished Senator from New Mexico can undertake the polling of the Budget Committee to see if the appropriate waiver can be obtained. We shall pursue it at that time.

Mr. President, I yield the floor and thank the distinguished majority leader for yielding the floor to me so I could present this statement.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

SETTLEMENT OF CERTAIN CLAIMS AGAINST CZECHOSLOVAKIA

Mr. MOYNIHAN. Mr. President, I introduce a bill, on behalf of myself, Mr. DOLE, and Mr. PERCY and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. Is there objection to the request of the Senator from New York?

Mr. MOYNIHAN. Mr. President, this bill has been cleared by both the Finance and Foreign Relations Committees on this side of the aisle.

Mr. BAKER. This matter has been cleared on this side of the aisle, as well.

The PRESIDING OFFICER. There being no objection, the Senate proceeded to consider the bill (S. 1946) to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes, which was read the first time by title and the second time at length.

APPRECIATION FOR EFFORTS OF AMBASSADOR RIDGEWAY

Mr. DOLE. Mr. President, at the outset, I take the opportunity to express sincere thanks and appreciation to Ambassador Ridgeway for her handling of the very delicate negotiations with Czechoslovakia which led to the agreement we are considering today.

In 1974 the Congress rejected an agreement with Czechoslovakia which would have paid claimants $20 million over a number of years. At the very end of the last Congress, Senator Ribicoff held hearings on the Czech settlement question and every member of the Finance Committee who was present expressed intense frustration at the lack of a settlement more than 30 years after U.S. citizens' property was seized.

The committee urged the State Department to make one last effort to conclude a reasonable settlement with Czechoslovakia Ambassador Ridgeway was given this task and through her expertise, managed to achieve that which had eluded her predecessors—a reasonable settlement. She has worked closely with the Congress and the claims holders and their attorneys throughout these negotiations. The $81 million settlement which she was able to conclude by itself is witness to her abilities.

THE BILL UNDER CONSIDERATION

The legislation which we have before us today consists of two basic parts. It approves the agreement concluded with Czechoslovakia—a step which is necessary in order that certain Czech gold still held by the allies since its recovery after World War II can be returned. The bill also provides authority for the Government to implement the Czechoslovakia claims settlement program.

The agreement which is before us provides for the payment of:

Settle our citizens' nationalization claims by the payment of $81.5 million by Czechoslovakia to the United States—that amount is in excess of 100 percent of the outstanding principal balance of certified claims and thus is a settlement virtually unprecedented in the history of U.S. expropriation claims settlements;

Provides for the payment in full by Czechoslovakia of the more than $8 million it owes to the U.S. Government under a 1946 agreement on the purchase of surplus Army property by Czechoslovakia;

Provides for the removal by Czechoslovakia of its restrictions on two U.S. Government bank accounts in Czechoslovakia, Czechoslovak crown accounts valued at approximately $1 million; and

Provides for a negotiation with the Foreign Bondholders Protective Council to settle claims of American holders of defaulted bonds issued or guaranteed by the pre-World War II Czechoslovak Government.

The implementing legislation provides $500,000 for the Government for expenses incurred in administration of the claims. An account of $79.5 million is provided for certified claims holders and $1.5 million is provided for property seized from U.S. citizens after 1958. No money is provided for the so-called "Benes" group. This conforms to international law and U.S. precedents.

Mr. President I believe this agreement and implementing legislation are an excellent conclusion to the administration's efforts to solve this longstanding problem.

Mr. MOYNIHAN. Mr. President, this bill, like the resolution of a vexing matter that it represents, is a tribute to the senior Senator from Louisiana (Mr. LONG). Over the years, he has insisted that the Department of State would more successfully negotiate the claims of Americans whose property was seized by the Communist Government of Czechoslovakia if Congress were to insist that some minimal element of equity be involved and that the claims of individuals and not simply the concerns of Government be paramount. His support for S. 754, a bill I introduced last March, to resolve these claims in the absence of an acceptable negotiated agreement, has been instrumental in the achievement of such an agreement.

Mr. President, I would just like to reiterate the point that the Senator from Louisiana has been characteristically modest. He vastly understates the role he has played in the resolution of these claims. I am grateful for the guidance he has provided on this issue.

Mr. President, I have no further comments.

Mr. PERCY. Mr. President, this bill does not provide for payments to the so-called "Benes group," persons whose property was seized by the Benes Government of Czechoslovakia against a promise to compensate subsequently repudiated by the Communists after their February 1948 takeover.

These claims were adjudicated and rejected by the Foreign Claims Settlement Commission under the previous settlement program. The commission found that the "taking" occurred at the time of actual nationalization, not when the promise of compensation was repudiated. Thus, these individuals were not U.S. nationals at the time of taking, even though they may have had that status at the time of repudiation. Under accepted principles of international law, a claimant must have been a U.S. national at the time of taking and thereafter until the claim is presented. To reverse the commission's findings at this time would retroactively change the legal standards under which the commission was required to function by law enacted by the Congress.

What is wrong with this?

It would be unfair to the other claimants whose claims were approved by the commission. The Czechoslovak agreement was negotiated on the basis of the previous claims adjudications. The amounts sought were based on the claims approved by the commission under standards prescribed by the Congress, plus post-1958 claims to be adjudicated under the same standards. It is unfair for the Congress to "change the rules" to the detriment of these valid claimants.

Second, this would inevitably set precedents detrimental to the orderly settlement of our international claims. Claimants in other situations who have been turned down by the commission will know that they can apply to Congress to change the rules. Moreover, future claims negotiators will not know beforehand for whose benefit they negotiate.

Mr. LONG. Mr. President, today there comes before the Senate a bill to approve a settlement of claims between the United States and the Communist Government of Czechoslovakia. It is not the best result that could have been had. But it is a much better settlement than the Department of State has ever sent up to the Congress in the course of this matter, which has spanned 32 years or more, and it is unlikely now that any better result is possible. For that reason, I intend to support it. But for the benefit of the Sen-

ate, I would like to put this agreement in historical context.

Over the years since the end of World War II, we have had several efforts to settle these claims. The claims covered by the bill now before the Senate represent the interests of American citizens whose property was seized by the Government of Czechoslovakia after it took over that country in February 1948. In 1958, Congress authorized the Foreign Claims Settlement Commission to adjudicate these claims, a work that was completed in 1962. At that time, the commission certified 2,630 awards for a total value of $72.6 million in principal and $41 million in interest.

Then, the United States paid against these awards $8.5 million that had been realized from the sale of steel mill equipment seized on order of the United States for this purpose. Thereafter, in 1963 the Czechoslovakian Communist Government offered a small amount of money to settle these claims, which was wisely rejected by President Kennedy.

Subsequently, in 1974, the Department of State negotiated an agreement for the settlement of these claims. By that time, if you update the amount of the certified claims for interest from 1958 to 1974, the value of the claim would have been about $183 million instead of the $113 million certified by the Foreign Claims Settlement Commission. Nevertheless, that agreement would have provided only $4 million on signature of the agreement and another $16.5 million in 12 annual installments.

It would have been 1986, in other words, before the certified claimants were paid less than one-third of the principal of their claims. When this preposterous proposal was presented to the Finance Committee in 1974, the reaction was predictable, Mr. President. The committee could not understand why the United States had to accept less than 100 cents on the dollar.

At that time, the State Department argued to the Finance Committee that this settlement would be consistent with other settlements it had made with other Communist countries in similar matters; that this deal was as good as could be gotten; and that for Congress to reject the deal would destroy the credibility of the United States because its negotiators' agreements would be rejected.

Well, Mr. President, the committee felt exactly the opposite. The committee saw no reason to be consistent with settlements that were unfavorable to the United States; it saw no reason not to get as good a deal as the United States could get; and it felt that it would increase rather than decrease the credibility of the United States for Congress to reject an unsatisfactory deal. At the time I said, "It is my guess and I may prove to be in the minority on this, that if we act like tough Yankee traders of old, we will get these claims paid off a hundred cents on the dollar."

Well, Mr. President, the bill before us does exactly that. It provides $81.5 million which pays off the principal of these claims certified in 1962—100 percent. The bill approves this agreement and authorizes the Secretary to implement it by exchanging the gold held in the United States for cash from the Government of Czechoslovakia and then to distribute the cash according to formulas set forth in the bill to persons who properly have a claim upon it.

This is a direct result of our adopting a policy of tough trading. Earlier this year, the Finance Committee reported out S. 754, introduced by Senator MOYNIHAN, which would have resulted, if enacted, in the United States using the gold to create a fund that over a period of years would pay off all claimants with full interest and then return the gold to Czechoslovakia. Frankly, I thought the best thing to do would be simply to sell the gold and distribute the results to claimants.

Now, this agreement, Mr. President, has one defect, which is that it does not nearly compensate these claimants for the loss of the use of this money over the intervening years; there is only a small amount of money provided for interest on claims. Yesterday, the London fixing on gold was about $410 an ounce, making this gold worth over $118 million. With interest accumulated through 1979, the $72 million worth of certified claims against Czechoslovakia were worth well in excess of $200 million, and therefore a sale and direct distribution of the proceeds of the sale to the claimants would be much more fair. However, that is not possible at this time and this agreement is. Since it results in at least returning to the claimants 100 percent of their certified losses, I must support it.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S. 1946

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be cited as the "Czechoslovakian Claims Settlement Act of 1981."

APPROVAL OF AGREEMENT

SEC. 2. (a) The agreement between the Government of the United States of America and the Government of the Czechoslovak Socialist Republic on the settlement of certain outstanding claims and financial issues, initialed at Prague on November 6, 1981, is hereby approved by the Congress.

(b) The President may, without further approval by the Congress, execute such technical revisions of the agreement approved by subsection (a) of this section as in his judgment may from time to time be required to facilitate its implementation. Nothing in this subsection shall be construed to authorize any revision of such agreement to reduce any amount to be paid by the Government of the Czechoslovak Socialist Republic to the United States Government thereunder, or to defer the payment thereof.

DEFINITIONS

SEC. 3. For the purposes of this Act—

(1) "agreement" means the agreement on the settlement of certain outstanding claims and financial issues approved by section 2(a) of this Act;

(2) "national of the United States" has the meaning given such term by section 401(1) of the International Claims Settlement Act of 1949;

(3) "Commission" means the Foreign Claims Settlement Commission of the United States;

(4) "Fund" means the Czechoslovakian Claims Fund established by section 402(b) of the International Claims Settlement Act of 1949; and

(5) "Secretary" means the Secretary of the Treasury.

THE FUND

SEC. 4. (a) The Secretary shall cover into the Fund the amount paid by the Government of the Czechoslovak Socialist Republic in settlement and discharge of claims of nationals of the United States pursuant to article 1(1) of the agreement, and shall deduct therefrom $500,000 for reimbursement to the United States Government for expenses incurred by the Department of the Treasury and the Commission in the administration of this Act and title IV of the International Claims Settlement Act of 1949. The amount so deducted shall be covered into the Treasury to the credit of miscellaneous receipts. The deduction required by this subsection shall be made in lieu of the deduction provided in Section 402(e) of the International Claims Settlement Act of 1949.

(b) The Secretary shall establish two accounts in the Fund into which the amount covered into the Fund pursuant to subsection (a) of this section, less the deduction provided for in such subsection, shall be covered as follows:

(1) An account into which not less than $79,500,000 shall be covered, to be available for payment in accordance with section 7 of this Act on account of awards certified pursuant to section 410 of the International Claims Settlement Act of 1949.

(2) An account into which $1,500,000 shall be covered, to be available for payments in accordance with section 7 of this Act on account of awards certified pursuant to section 6(c) of this Act.

(c)(1) Until such time as the Secretary makes payments on awards pursuant to section 7 of this Act, the Secretary shall invest any amounts covered into the accounts established pursuant to subsection (b) of this section in public debt securities which produce maximum short-term interest on income.

(2)(A) the income from the investment pursuant to paragraph (1) of this subsection of amounts in the account established pursuant to subsection (b)(1) of this section shall be credited to and form part of that account and shall be available for payment in accordance with section 7(b) of this Act.

(b) The income from the investment pursuant to paragraph (1) of this subsection of amounts in the account established pursuant to subsection (b)(2) of this section shall be credited to and form part of such account, to be available for payment in accordance with section 7(c)(1) of this Act.

DETERMINATION OF CLAIMS

SEC. 5. The Commission is authorized to receive and determine, in accordance with applicable substantive law, including international law, the validity and amount of claims by nationals of the United States against the Government of the Czechoslovak Socialist Republic for losses resulting from the nationalization or other taking of property, including any rights or interest therein, owned at the time by nationals of the United States, which nationalization or other taking occurred between August 8, 1958, and the date on which the agreement enters into force. In making the determination with respect to the validity and amount of such claims and the value of properties, rights, or interests taken, the Commission is authorized to accept the fair or proved value of

such property, right, or interest as of a time when the property or business interest taken was last operated, used, managed, or controlled by the national or nationals of the United States asserting a claim, regardless of whether such time is prior to the actual date of nationalization or other taking by the Czechoslovak Socialist Republic.

PROCEDURES AND CERTIFICATION OF CLAIMS

SEC. 6. (a) To the extent that they are not inconsistent with this Act, the provisions of sections 401, 403, 405, 406, 407, 408, 409, 414, 415, and 416 of the International Claims Settlement Act of 1949 shall be applicable with respect to claims determined by the Commission pursuant to section 5 of this Act, together with such regulations as the Commission may prescribe.

(b) Not later than sixty days after the date of the enactment of this Act, the Commission shall establish and publish in the Federal Register a period of time within which claims described in section 5 of this Act must be filed with the Commission, and the date for the completion of the Commission's affairs in connection with the determination of such claims. Such filing period shall not be greater than one year from the date of such publication in the Federal Register, and such completion date shall not be more than two years after the final date for the filing of such claims.

(c) The Commission shall certify to the Secretary any awards determined under section 5 of this Act, for payment on account by the Secretary in accordance with section 7 of this Act.

PAYMENTS OF AWARDS

SEC. 7. (a) In accordance with the provisions of this section, the Secretary shall make payments, out of the amounts available under Section 4 of this Act, including accumulated interest, on account of awards certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949 or pursuant to section 6(c) of this Act.

(b) As soon as practicable after the date of the enactment of this Act, the Secretary shall make pro rata payments from amounts in the account established pursuant to section 4(b)(1) of this Act, including accumulated interest, on the unpaid balance of each award certified by the Commission pursuant to section 410 of the International Claims Act of 1949.

(c)(1) As soon as practicable after the certification of any awards by the Commission pursuant to section 6(c) of this Act, the Secretary shall make payments on account of each such award from the amounts, including accumulated interest, in the account established pursuant to section 4(b)(2) of this Act.

(2) In the event that the amounts in the account established pursuant to section 4(b)(2) of this Act exceed the aggregate total of all awards certified by the Commission pursuant to section 6(c) of this Act, the Secretary shall cover such excess amounts into the account established pursuant to section 4(b)(1) of this Act, to be available for payments pursuant to subsection (b) of this section on the unpaid balance of awards certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949.

(d) Payments under this section shall be made in accordance with section 413(a)(2) of the International Claims Settlement Act of 1949. Such payments, and applications therefore, shall be made in accordance with such regulations as the Secretary may prescribe.

(e) In the event that—

(1) the Secretary is unable, within three years after the date of the establishment of the account prescribed by section 4(b)(1) of this Act, to locate any of the persons entitled to receive payment under this section on account of awards certified by the Commission pursuant to section 410 of the International Claims Settlement Act of 1949 or their lawful heirs, successors, or legal representatives or, having been located, no valid application for payment is made by or on behalf of such persons within six months after their having been located; or

(2) no valid application for payment is made by or on behalf of any of the persons entitled to receive payment under this section on account of awards certified by the Commission pursuant to section 6(c) of this Act within six months after the completion by the Commission of the determination and certification of claims pursuant to sections 5 and 6 of this Act,

the Secretary shall give notice by publication in the Federal Register, and in such other publications as the Secretary may determine, to the effect that, unless valid application for payment is made within sixty days of the date of such publication, such person's award pursuant to title IV of the International Claims Settlement Act of 1949 or this Act, as the case may be, and right to receive payment shall lapse, and upon the expiration of such sixty-day period such award and right to receive payment shall lapse, and the amounts payable to such person shall be paid pro rata on account of all other awards payable out of the same account as the lapsed award would have been paid pursuant to section 410 of title IV of the International Claims Settlement Act of 1949, or this Act, as the case may be.

IMPLEMENTATION OF AGREEMENT

SEC. 8. (a) If, within sixty days after the date of the enactment of this Act, the Government of the Czechoslovak Socialist Republic does not make the payment to the United States Government provided for in article 1 of the Agreement, the provisions of this Act shall cease to be effective, and the provisions of the Agreement may not be implemented unless the Congress approves the Agreement after the end of that sixty-day period.

(b) The President shall have the authority to waive the provisions of this section for a period not to exceed thirty days, provided that he supplies to Congress, in writing, his reasons for so doing.

SOCIAL SECURITY AGREEMENT

SEC. 9. The Secretary of State shall conduct a detailed review of the exchange of letters between the United States and Czechoslovakia providing for reciprocal social security payments to residents of the two countries. Such review should include the extent to which Czechoslovakia is complying with the spirit and provisions of the letters, a comparison of the benetfis being realized by residents of Czechoslovakia and of the United States under the letters, and an evaluation of the basis of differences in such benefits. The Secretary of State, in consultation with the Secretary of Health and Human Services, shall report to the Congress, not later than six months after the date of the enactment of this Act, the results of such review, together with any recommendations for legislation or changes in the agreement made by the letters that may be necessary to achieve greater comparability and equity of benefit for the residents of the two countries. Such report should include specific assessments of the feasibility, likely effects, and advisability of terminating United States social security payments to residents of Czechoslovakia in response to inequities and incomparabilities of benefits payments under the exchange of letters.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. MOYNIHAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. MOYNIHAN. Mr. President, I thank the majority leader and the minority leader for their courtesy in allowing this matter to come up at this hour. It is important to the claimants, who have waited the better part of 40 years for this.

Mr. BAKER. We are pleased to do so. I thank the Senator from New York for bringing up the matter.

EXECUTIVE SESSION—CONSULAR CONVENTION WITH THE PEOPLE'S REPUBLIC OF CHINA

Mr. BAKER. Mr. President, we may be able to proceed with an item on the Executive Calendar, No. 3, the Consular Convention with the People's Republic of China.

I inquire of the distinguished minority leader if he is in a position to clear that for consideration at this time.

Mr. ROBERT C. BYRD. Mr. President, this side is ready to proceed.

Mr. BAKER. I thank the minority leader.

Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering the Consular Convention with the People's Republic of China, Executive Calendar No. 3.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the Consular Convention with the People's Republic of China.

Mr. BAKER. Mr. President, I ask unanimous consent that the treaty be advanced through all its parliamentary stages up to and including the presentation of the resolution of ratification.

The PRESIDING OFFICER. Without objection, the treaty will be considered as having passed through its various parliamentary stages up to and including the presentation of the resolution of ratification, which the clerk will state.

The legislative clerk read as follows:

Resolved, (two-thirds of the Senators present concurring therein), That the Senate advise and consent to the ratification of the Consular Convention between the United States of America and the People's Republic of China, signed at Washington on September 17, 1980, without reservation.

Mr. PERCY. Mr. President, the Consular Convention between the United States of America and the People's Republic of China, along with a separate exchange of letters, was signed at Washington on September 17, 1980. The new administration has reviewed the Consular Convention, endorses its provisions, and recommends that the Senate consent to its ratification.

Previously, consular relationships between the United States and the People's Republic of China have not been subject to formal agreement. This Consular Convention will establish firm obligations in such important matters as free communication between a citizen and his con-

sul, notification to consular officers of the arrest and detention of their citizens, and permission for visits by consuls of those detained. The consuls of both countries will also be authorized to perform the customary wide variety of other consular services which contribute to the improvement of both governmental and commercial interaction between our two countries.

The Committee on Foreign Relations held a public hearing on the Consular Convention with the People's Republic of China on June 9, 1981, at which time Mr. John H. Holdridge, Assistant Secretary of State for East Asian and Pacific Affairs, testified in its support. Mr. Holdridge testified that the convention will greatly facilitate the ability of American and Chinese consuls to extend assistance to their fellow nationals and should contribute substantially to the growth of travel and commerce between the two countries.

On July 16, 1981, the Committee on Foreign Relations considered the Consular Convention in open session. At that time the committee by vote of 15 to 0 ordered it reported favorably to the Senate for its advice and consent.

The bilateral Consular Convention between the United States and the People's Republic of China was negotiated for two primary purposes: To secure the broadest protection for interests of the United States and of U.S. nationals in the People's Republic of China, and to further the process of normalization of relations following the establishment of diplomatic relations between the two countries in January 1979. The bilateral Consular Convention will complement the multilateral Vienna Convention on Consular Relations of 1963 which is also in force between the two countries, but which treats certain important consular issues in only limited fashion.

The Consular Convention is similar in scope and content to Consular Conventions which have been negotiated by the United States during the last decade. Most of these conventions have been negotiated with East European countries and concentrate on addressing problems which arise in specific fashion in those countries. These problems include consular notification and access to detained nationals of the sending state and protection of property interests—including interests in estate—of U.S. nationals, both those residing in China and those in the United States who have interests in property in China.

Articles 1 through 12 follow the customary rules relating to the establishment of consulates, appointment of consular officials, and privileges and immunities for consular posts.

Article 13 establishes immunity for consular personnel. Consular officers of the receiving state are accorded immunity from both criminal, as well as civil and administrative jurisdiction with respect to their official activities.

Articles 14 through 21 list further consular privileges and immunities, those similar in nature to those included in other bilateral Consular Conventions.

Articles 22 through 40 outline in detailed form consular functions which officers of the sending state are entitled to perform in the receiving state. These functions relate to protection of nationals, protection of estates in which nationals have an interest, performance of notarial functions, and assistance to vessels.

Article 35 is of particular significance in this regard in that it guarantees that a consular officer of a sending state will be notified within a maximum of 4 days of the arrest or detention of a national of the sending state. The consular officer is further entitled to visit such national within 2 days from the date of notification of arrest or detention as well as to attend the trial of such person. These guarantees are particularly important for the performance of consular functions in China in view of its large geographic area, its relatively unsophisticated communications system, as well as Chinese legal limitations on access to persons who have been arrested or detained.

Attached to the Consular Convention is an exchange of notes which sets forth commitments of both sides with respect to: First, unification of families; second, travel of persons considered to have dual nationality; third, consular notification and access in the case of persons considered to have dual nationality; and fourth, payment of foreign benefits.

A second exchange of notes authorizes the opening of three consulates in addition to those authorized at the time of the signing of the convention.

I urge my colleagues to give favorable consideration to the China Consular Convention and, in summary, I would like to emphasize these points particularly:

It is in the U.S. interest that the United States-People's Republic of China Consular Convention be consented to by the Senate as soon as possible.

This convention is extremely important in that it provides us with concrete ways in which we can protect U.S. citizens and their interests in China.

In expectation of the convention's ratification, Beijing now accepts informally a number of the convention's consular provisions. Our failure to ratify the convention, could jeopardize many important guarantees, including:

First. Prompt notification of arrests of U.S. nationals, the right to visit regularly with them, and to attend their trials.

Second. Facilitation of the reunion of families and of travel by persons who claim dual nationality, both of which are important to the many Chinese-Americans who travel to or have relations in China.

While the Consular Convention's sole purpose is to protect U.S. citizens and their interests in China, our continued delay could begin to have unfortunate political implications for our relations with China.

At minimum, continued delay raises questions about our ability to follow through on even the most noncontroversial bilateral commitments.

Finally, the Chinese ratification process in the National People's Congress has now been completed, and we should not lag behind. To do so could jeopardize the current Chinese informal acceptance of a number of its provisions and make consular assistance to U.S. citizens in China more difficult. To give my colleagues an idea of the magnitude of this problem, I would point out that the number of American visitors to China last year was 60,000 to 70,000, and will be about 100,000 this year. The number of Americans traveling to China will probably continue to increase. These Americans deserve the full protection provided by the Consular Convention.

I urge my colleagues advise and consent to the ratification of the Consular Convention with China.

Mr. HAYAKAWA. Mr. President, I chaired the hearing on June 9, during which Mr. Holdridge, the Assistant Secretary of State for East Asian and Pacific Affairs, testified in support of the Consular Convention with the People's Republic of China (PRC).

The convention was negotiated by the previous administration; signed by President Carter and Vice Premier Bo Yibo during the latter's visit to the United States last September; and forwarded to the Senate for its advice and consent to ratification in January by President Carter.

I have examined the convention and find its provisions to be similar to many other consular agreements into which the United States has entered with both Socialist countries and allies. Its purpose is to protect and preserve the rights and privileges of our citizens as they travel, reside, or conduct business in China. Mr. Holdridge testified that the convention will greatly facilitate the ability of our consuls to extend assistance to Americans and will contribute substantially to the growth of travel and commerce between our two countries.

In this regard, it is interesting to note that about 6,500 business visas were issued last year for visits to this country—reflecting substantial Chinese interest in purchasing American products. In 1980, U.S. exports to China totaled $3.8 billion, ranking China just behind South Korea as our third largest export market in Asia. On a worldwide scale, and considering the European community as a unit, China is our eighth largest export market

The Consular Convention, I believe, will prove advantageous for American tourists, educators, artists, and athletes, as well as for businessmen. Between 60,000 and 70,000 tourists visited China last year and perhaps 100,000 will do so this year. Under a bilateral cultural agreement, exchanges between Chinese and American educational, cultural, and professional, organizations have been growing rapidly.

In addition to regular consular services, the convention guarantees that consuls will receive prompt notification of arrests of Americans and the right to visit regularly with such Americans. Attached to the convention are two exchanges of letters:

First. One sets forth commitments regarding reunification of families: persons having dual nationality; and payment of foreign benefits.

Second. The other provides for the opening of three additional consulates in each country—in the United States in New York, Chicago, and Honolulu.

I believe that the Consular Convention is in the U.S. national interest and will regulate the relations between our two countries in an equitable manner, to our mutual benefit.

The committee reported the convention favorably by a vote of 15 to 0. I, therefore, recommend that the Senate grant its advice and consent to ratification.

The PRESIDING OFFICER. The question is on agreeing to the resolution of ratification.

Mr. BAKER. Mr. President, I ask for consideration of the resolution of ratification by a division vote.

The PRESIDING OFFICER. A division is requested. Senators in favor of the resolution of ratification will rise and stand until counted. (After a pause.) Those opposed will rise and stand until counted.

On a division, two-thirds of the Senators present and voting having voted in the affirmative, the resolution of ratification is agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution of ratification was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate return to legislative session.

There being no objection, the Senate resumed the consideration of legislative business.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a brief period for the transaction of routine morning business, not to extend past 5:30 p.m., in which Senators may speak for not more than 5 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, there will be no more record votes today.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LONG. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEASING PROVISIONS UNDER ACRS

Mr. LONG. Mr. President, a hearing on the new rules for leasing was held yesterday by the Finance Committee with Mr. John Chapoton speaking for the administration.

It seemed to me that the case for the new rules on tax leasing is rather compelling. For example, without leasing for tax purposes, the benefit of the investment tax credit as well as the new rules for depreciation under ACRS, the so-called accelerated cost recovery system, would not be available to 46 percent of the corporations in the United States.

Mr. Chapoton pointed out that the proposed leasing rules did not at all increase the cost to the Treasury because in the course of broadening the application of the tax benefits of accelerated depreciation as well as the investment tax credit under the leasing rules the administration also recommended that the cost of the overall ACRS program be reduced. The result is that a great many more American firms could utilize the leasing provisions to benefit from a proposal that will help companies to modernize and provide more jobs.

It is important to keep in mind that leasing rules of one sort or another have existed for many years. Leasing started when we passed the investment tax credit in 1962 under President Kennedy. This was such a strong tax advantage that companies could hardly afford not to take advantage of it. Those who were not paying enough taxes to take advantage of the tax credit found it advantageous to arrange for someone else to buy the equipment and lease it to them so that they could have the advantage of the investment tax credit.

The difference between the old rules and the new rules is simply that previously those who, because of low tax liability—usually because they are new firms or have suffered a few bad years—would not be able to enjoy the benefit of the investment tax credit or the accelerated depreciation, had to arrange with firms under rules that were very burdensome. For example, one of the rules required that in order for a company to lease equipment to the firm that would use the equipment, the leasing firm, which is not the one using it, would be required to assume a 20-percent liability.

Just think of a company like Pan American, losing money and unable to use the investment tax credit and the accelerated depreciation, going to an insurance company and persuading the insurance company, which otherwise would loan them money in the transaction, to take title and lease the plane to Pan American. In a case like that, under ACRS as well as the investment tax credit, if the tax benefits could be enjoyed, they would reduce the cost of the plane by 30 percent, so that it is almost impossible to think of a company surviving if it had to pay 30 percent more for its equipment.

If we turn it around the other way, think of the company that is in a profit position, such as Delta, being able to buy equipment, let us say, at $70 million where Pan American would have to pay $100 million. That extra $30 million meant an increase of about 42 percent in the cost of purchasing equipment compared to what the cost would be if one could enjoy the tax benefits.

So, to enjoy the benefit a company that would be willing to lend money would take title and lease the plane, thereby reducing the cost of the equipment to the company using it, such as Pan American in this illustration.

Now, it simply raised the cost of the transaction to require, as the old rule did, that the lessor would have to have a 20-percent "at risk" investment in the property. In other words, the more burden that is placed on the leasing firm, the more that firm is going to charge the lessee to engage in the transaction.

So the new rule would simply reduce this "at risk" requirement from 20 percent down to 10 percent and thereby make the cost of the transaction to the firm using the equipment less than it would be otherwise.

Mr. President, to do that simply helps those who need help. It helps see to it that those firms with the low tax payments, that seek to enjoy the same tax benefits as the more successful, more profitable firms, would have to pay less of a penalty in order to obtain the tax benefits which Congress would like to see all enjoy.

Now, another one of the rules had the effect of precluding the lessor firm at the end of the transaction, when the cost had been amortized, from selling the equipment or passing it on to the leasing firm for a nominal price such as $1.

All that requirement did was simply make it more difficult for financially troubled firms to enjoy the benefit that we intended for such firms when we provided the new tax advantages of the investment tax credit and ACRS.

Now, there are other provisions, Mr. President, which, in the old rules, made them more burdensome for companies that we sought to help. In one instance, for example, the rules just made no sense whatever, and the Treasury just dispensed with it. So what we have here is a new set of rules that is easier for business to comply with. It is a set of rules that is more favorable to businesses that are new on the scene and to small businesses having a difficult time. It is also more favorable to firms, such as Chrysler, Pan American, American Motors, Ford Motor Co., and others that are having a difficult time in the competitive scene. With world competition being what it is, particularly world trade in imports, putting pressure on those companies for their very survival, it makes it easier for those firms to enjoy the benefits that Congress intended when it said it wanted American business to modernize in order to improve its competitive position.

Mr. President, the investment tax credit it clearly a subsidy. It always was intended to be. It helped to reduce the cost of acquiring equipment. In my judgment, ACRS is the same thing. It is a subsidy by way of a tax writeoff to encourage something that we believe is good for the country, that American companies should modernize and become more efficient in order to compete domestically and throughout the world.

In all situations where the Congress has sought to subsidize using the appropriations system—and that is how we did it in most instances—invariably we would provide the subsidy for those who needed it the most.

It is almost unheard of and without any logical support that we would provide a subsidy and then limit availability of that subsidy to those who do not need it or to those who need it very little and not make it available to those who need it very much.

So that without the leasing rules the tax subsidy would have the effect of providing the subsidy for those who need it the least and denying it to those who need it the most. That is contrary to any system of subsidy where one feels that something is worth subsidizing. This investment subsidy should not be denied to those companies who need it the most, particularly if those companies have a chance to survive in the competitive struggle otherwise.

(Mr. WARNER assumed the chair.)

Mr. LONG. That leads us to another question that has been raised from time to time. It has been said by some that we should not use the tax subsidy to save what would otherwise be a failing company. Then that gets us to the question, What is a failing company? For example, if we take a company like Chrysler, which Congress has voted to save, we thought that the risk entailed justified putting taxpayers' money into it to save that company.

If we think that that company is worth saving so much that we vote to put the taxpayers' money into it, then how in the name of commonsense can someone suggest that when we provide a tax advantage to General Motors, to Datsun, to the foreign companies as well as domestic companies having plants in the United States, why would you want to leave Chrysler out of it when you are providing that advantage for all its competitors?

You talk about something that makes no sense, just the height of idiocy. Imagine agreeing that we are going to try to save the Chrysler Corp., to save those jobs and to save those payrolls, and then proceeding to provide subsidies to Volkswagen and Datsun and General Motors, and at the same time proceeding to exclude from that subsidy Chrysler as well as American Motors.

Incidentally, another company which Congress voted to give a tax advantage to in order to keep it in business, the Ford Motor Co., we have not had to try to go in and try to save it with taxpayers' money, no direct proposals specifically for their benefit, but another fine company that has done a great deal for the American economy down through the years—so that if one believes in a subsidy, it is difficult for me to see how one can justify a subsidy on the basis that those who need it the least will get it and those who need it the most will not get it. That is just contrary to all commonsense that one can suggest.

Furthermore, Mr. President, I would challenge any Senator, even if he wanted to stand here and say that he voted for that tax bill not knowing what was in it, I challenge him to go back home and explain to his own merchants why he denied this tax advantage for all American business.

How is he going to explain to his own little civic club in his own hometown that he voted for this tax subsidy for business to modernize, and then how would he like to have half those people stand up in the audience and say, "Just a minute, Senator, you voted to leave me out. You voted to give it to General Motors, you voted to give it to General Electric, you voted to give it to all kinds of big companies, you voted to even give it to Datsun and Volkswagen but you voted to leave me out." How can you justify doing that to the fellow in the grocery store business, the fellow with a drugstore or the automobile dealer in your hometown or just anybody on Main Street? How can you justify voting for something which says that everybody gets it except those who need it?

Now, that just does not make any sense, Mr. President. When people think about what they did, if they did not know what they voted for, they will find out they voted for something that made a lot of good sense when they voted for the new leasing rule. First, the new rules make it simpler to take advantage of what Congress intended for manufacturers and for those who buy plants and equipment; second, these rules make it less expensive to take advantage of these tax benefits for those whom we wanted to have it, so the costs to the middleman were a great deal less and made it less burdensome to enjoy the benefit for those we wanted to assist.

Mr. President, this Senator has always felt that it would have made even better sense to say with the investment tax credit that it was refundable, that it was a tax credit we wanted everyone to have, and that those who bought the equipment should have the benefit of the subsidy for that purpose and, therefore, we are not qualifying it with how much you paid into the Treasury, whether you paid a lot or a little. But we simply said that "you earned the tax advantage and we will just give you a check if you do not pay that much in taxes so that you can deduct it from your tax liability."

Some years ago Senator KENNEDY joined me in offering just such a bill. I see my friend from New Jersey (Mr. BRADLEY) finds some appeal in that approach. I say you would not have to have a leasing arrangement. You would simply inform the Treasury that you bought this equipment and you are entitled to a tax credit, and just as one would send a check to say, "All right, here this is something you can use to pay your taxes with," which you could endorse to someone else if you would like to do so, and you would just mail a check to the Treasury, what we call a refundable tax credit.

And that is not new in American law. We do it with the poor already with regard to it being something of a negative income tax to see that we, in effect, give back what they paid in social security taxes so that the low-income people would have an earned income credit. And to get it, they do not have to prove they paid that much taxes. So the precedent is there.

That would be the logical way or the most logical way to do it. But if you seek to do it that way, you run into a problem. The Appropriations Committee feels that we might use a refundable tax credit, even though it might be a good device in certain situations it might tend to be used in lieu of an appropriation to do something. And so our friends on the Appropriations Committee tend to resist very bitterly, in a determined fashion, the use of a refundable tax credit to achieve such a purpose.

Now, if we are not going to use that, then there are ways the taxwriting committee can achieve the same purpose in ways that fall entirely within the jurisdiction of the taxwriting committee; hence, the leasing rule, which simply makes it possible for a company which would be entitled to tax credits to enjoy the benefit of it by doing business with another company that has a big tax liability and therefore could use the tax credits.

There are other ways it could be done that are even less desirable. For example, the same result could be achieved by merger. The company having the tax credits could merge with the company that had the big tax liability and file a consolidated balance sheet. So by merging the smaller firms and newer firms, they could enjoy the benefits that they would like to achieve.

But, better yet, why require some company to merge to enjoy a benefit we would want them to have? Why not just say that they get it, period. And that is the approach that the taxwriting committee sought to do in this case.

Now, this leasing arrangement was not the suggestion of the Finance Committee. It was not the suggestion of the Ways and Means Committee. It was the suggestion of the Treasury.

I think it is a matter of great credit to John Chapoton, a very responsible official in the Treasury Department. He proposed that these leasing rules be made more reasonable and easier to comply with.

He wrote an article discussing this subject in the Wall Street Journal the other day. It is parallel to the testimony he gave before the Senate Finance Committee.

Mr. President, I ask unanimous consent that the article by John E. Chapoton, "A Clarification of the New Rules for Tax Leasing," be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

A CLARIFICATION OF THE NEW RULES FOR TAX LEASING

(By John E. Chapoton)

The liberalized leasing rules of the Economic Recovery Tax Act of 1981 are an integral part of the President's tax program to restore economic growth. They allow all firms making new investments access to the incentives in the recent tax bill and do not encourage unprofitable investment. The new rules represent sound tax policy.

To see the need for the new leasing rules, one must clearly understand the operation of the investment incentives in the tax bill. The principal new investment incentive in the new tax act is the Accelerated Cost Recovery System, or ACRS. ACRS lets firms deduct the cost of their investment over a much shorter time than previously. This effectively raises the after-tax rate of return on the new investment. This increase is the

major direct investment incentive in the President's tax program.

But the ACRS deductions are available in the first years the asset is used, when the asset may not be producing much income. The deductions serve their purpose only if they can offset income from older assets. Indeed an asset must produce income during its first two years of operation equal to almost 59 percent of its cost if it is to absorb the ACRS deductions and credits attributable to the asset.

Even highly profitable assets don't generally return 59 percent of this cost in two years, so if a firm doesn't have other taxable income or can't transfer its deductions to firms that can use them, then the accelerated deductions under ACRS will be postponed. Much of the new investment incentive will be permanently lost.

Enterprises that may not have current taxable income include firms just starting up, firms with large investment plans whose deductions have reduced taxable income, and firms with temporary losses but profitable investment opportunities. (These last must have profitable opportunities; leasing will not make bad investments profitable.)

The essence of the new leasing rules allows a firm that does not have taxable income but is making new investments to take advantage of ACRS.

Consider, for example, a new firm we will call Newco. Newco makes an investment, but because it is just starting up, it has no taxable income. Newco may allow some other firm, call it Ex Corp., which does have significant taxable income, to own Newco's new equipment for tax purposes and to lease that equipment back to Newco. This allows Newco to use the equipment in its business, but at the same time lets Ex Corp. take the credit and accelerated deductions from the investment against its other income.

Three important aspects of such a lease should be understood.

First, the tax benefits of ACRS will be passed through to the firm actually making the new investment. This is because Ex Corp. must compete with other firms for Newco's deductions by offering favorable lease terms. Such competition means Newco will receive virtually the full value of its deductions. The investment incentive inherent in ACRS has remained where it should—in the hands of the investing firm.

Second, no extra deductions or tax credits are created. The total deductions taken are the same as would have been taken if Newco had taxable income or if Ex Corp. made the investment directly. They are exactly equal to the legally prescribed ACRS deductions. The Treasury loses no more revenues than those used to provide equal investment incentives to all firms.

Finally, the lease transaction will not encourage Newco to undertake an investment unless it expects that investment to be economically profitable; leasing will not encourage uneconomical or tax-motivated investment.

Notwithstanding the lease agreement, Newco makes a substantial investment in the asset, and the income that asset generates will be taxed. Unless the asset produces enough income, Newco won't be able to make a profit on its investment. This same point applies to firms with current losses. If these firms don't have profitable investment opportunities and cannot convince investors to provide funds for these investments, leasing won't help them. Leasing does not guarantee a profit for bad investments.

If tax leasing weren't allowed, inefficient investment decisions would result. Newco mightn't make a particular investment even though, if it received the same incentives as other firms, that investment would be profitable to the firm and valuable to society. Or Ex Corp. might undertake that same investment instead of Newco, since Ex Corp. has greater tax incentives to do so, despite the fact that Ex Corp. might lack some expertise to pursue the investment. Finally, Ex Corp. might acquire Newco to take advantage of Newco's unused ACRS deductions. A tax-motivated merger serves no economic purpose.

Tax leasing is unfamiliar, even to some sophisticated investors. That shouldn't lead to the conclusion, however, that tax leasing results in undesirable tax avoidance. It is a market-oriented means of providing equal tax incentives to all firms that do what our economy needs—make new investments. Tax leasing, unfamiliar as it may be to some, is good tax policy.

Mr. BRADLEY. Will the Senator yield for a question?

Mr. LONG. Yes.

Mr. BRADLEY. If there was not this leasing provision and we did not have refundable tax credits, I gather from what the Senator is saying a lot of the firms that are out there today who are really losing money would not be able to benefit in any way from these new investments that they might make. Is that right?

Mr. LONG. Forty-six percent of all the companies, 46 percent of all the corporations would not be able to share the benefits that would be available to a great company like General Electric and many others, the majority of them.

But I would ask, as I said, why would we want to say that General Electric gets the benefits we voted to provide, but then say some little fellow manufacturing light bulbs in Louisiana or New Jersey would not share the benefits? That would not make any sense.

For that matter, there is a company being taken over by the employees in the State of New Jersey. I hope very much it works, because I am a strong believer in employee stock ownership. Now, those people are giving high productivity and they are taking a cut in pay and they are giving more productivity than before trying to save their company. Why would you want to vote for a law that says General Motors will get the tax credit but the company in New Jersey, the workers, working like beavers trying to make it go, cannot get the machinery to be competitive? Why should they not get it?

Mr. BRADLEY. Would it also mean that not only would they not then get the machinery to be competitive, but they would not also have any kind of cash flow situation and they would also ultimately have to be laying more people off of work?

Mr. LONG. They could not compete. For example, take the company that I mentioned in the State of New Jersey that I read about a few days ago. In making these bearings, when they bought the new equipment, they would have to be paying, let us say, 100 cents on the dollar, while their competitor was only paying 70 cents on the dollar. Do you think that is fair? Basically, they would be paying 42 percent more than their competitor.

If you think these people ought to be given a chance, why would you want to penalize them by making them pay 42 percent more than their competitor? And that is what it would work out to when one is paying 70 and the other is paying 100.

Some people are quick to criticize and some people are quick to suspect that something is wrong because they do not understand it. But I would urge Senators to keep in mind that just because a Senator does not understand something, that does not mean it is necessarily wrong. There are a lot of things that Senators do not understand that are right, and this is one of them, I believe.

I thank the Senator.

Mr. HAYAKAWA addressed the Chair.

The PRESIDING OFFICER. The Senator from California.

NATIONAL DISABLED VETERANS WEEK

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Senate Joint Resolution 123.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

The clerk will state the resolution by title.

The legislative clerk read as follows:

A joint resolution (S.J. Res. 123) authorizing and requesting the President to proclaim "National Disabled Veterans Week".

The Senate proceeded to consider the joint resolution.

Mr. HAYAKAWA. Mr. President, on November 10 I introduced Senate Joint Resolution 123 along with 31 of my colleagues requesting the President to proclaim the week of November 7 through 13, 1982, as "National Disabled Veterans Week." This resolution was reported out of the Judiciary Committee on December 3 without amendment and I would like to express my appreciation to Senator THURMOND for the speedy consideration by him and his colleagues on that committee.

The purpose of this resolution is to attest to the sacrifices that disabled veterans have made for the continued freedom and security of our country. Often these sacrifices are known only to the veteran and will never be acknowledged or fully repaid. These brave soldiers paid a very high price for our freedom—a freedom often taken for granted, and frequently buried beneath daily routine to be resurrected only when convenient. We must not let ourselves become victims of ingratitude through neglectful behavior.

And I think of the disabled veterans, not only of World War II and the Korean War but of the disabled veterans of the Vietnam war, who are especially the victims of ingratitude, because that has been the most unpopular war in our history. But they are just as much disabled, just as much crippled, and just as much injured by that war as were the wars which were supported more enthusiastically and more fully by the entire public.

"National Disabled Veterans Week" can be a time of commemoration and celebration—a time to publicly recognize the bravery and loyalty of some of America's finest. As a nation we can acknowl-

edge the heroic behavior of our citizens during times of crisis and conflict. We owe much to our disabled veterans who did their duty and fought to support our Government and its policies. We must reassure them that their loyalty has not gone unnoticed or unappreciated.

Congress has the ability to provide for the financial welfare of disabled veterans and has the moral responsibility to provide for their emotional welfare as well. We can legislate away some problems—others, we cannot. Passage of Senate Joint Resolution 123 can be the first step in focusing America's attention on all honorably discharged veterans who have incurred disabilities. They came through for us when asked. Let us come through for them today. Let us show them that America loves, respects and will not forget its disabled veterans.

UP AMENDMENT NO. 785

(Purpose: To make certain corrections and clarifications regarding the number, problems, and contributions of service-connected disabled veterans)

Mr. HAYAKAWA. Mr. President, my colleague from California, Senator CRANSTON introduced an amendment on December 1 which would have made some clarifying changes to the resolution. I think these changes are worthwhile. Therefore, Mr. President, I am sending an amendment to the desk, which has been cleared by both sides, derived from the amendment of my colleague from California, on behalf of myself, and Senators CRANSTON, SIMPSON, RANDOLPH, MATSUNAGA, DECONCINI, and MITCHELL, and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from California (Mr. HAYAKAWA), for himself, Mr. CRANSTON, Mr. SIMPSON, Mr. RANDOLPH, Mr. MATSUNAGA, Mr. DECONCINI, and Mr. MITCHELL, proposes an unprinted amendment numbered 785.

Mr. HAYAKAWA. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

Strike out all on lines 6 through 8 and insert in lieu thereof the following: "contributions that veterans with service-connected disabilities have made to the national security and welfare of the United States and calling upon Government agencies at the Federal, State, and local levels and the people of the United States to observe the week"

Amend the preamble to read as follows:

"Whereas there are two million three hundred thousand veterans with disabilities resulting from their service in the United States Armed Forces;

"Whereas these disabled veterans have sacrificed their well-being in the service of their country;

"Whereas many of these disabled veterans endure severe disabilities, such as loss of limb, paralysis, blindness, deafness, and delayed-stress syndrome and other mental disorders;

"Whereas these disabled veterans consistently experience inordinately high rates of joblessness; and

"Whereas these disabled veterans have made vital contributions to the national security and welfare by helping our Nation preserve its freedom, strength, and prosperity: Now, therefore, be it".

Mr. HAYAKAWA. Mr. President, I am prepared to vote on the amendment, if there is no further debate.

I am prepared to vote on the joint resolution, as amended, if there is no further debate.

First, I would like to ask unanimous consent that the following Senators be added as cosponsors of Senate Joint Resolution 123: Mr. METZENBAUM, Mr. JACKSON, and Mr. WARNER.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment of the Senator from California (Mr. HAYAKAWA).

The amendment (UP No. 785) was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and the third reading of the joint resolution.

The joint resolution was ordered to be engrossed for a third reading, was read the third time, and passed, as follows:

S.J. RES. 123

Whereas there are two million three hundred thousand veterans with disabilities resulting from their service in the United States Armed Forces;

Whereas these disabled veterans have sacrificed their well-being in the service of their country;

Whereas many of these disabled veterans endure severe disabilities, such as loss of limb, paralysis, blindness, deafness, and delayed-stress syndrome and other mental disorders;

Whereas these disabled veterans consistently experience inordinately high rates of joblessness; and

Whereas these disabled veterans have made vital contributions to the national security and welfare by helping our Nation preserve its freedom, strength, and prosperity: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is authorized and requested to issue a proclamation designating the week of November 7, 1982, as "National Disabled Veterans Week", in recognition of the contributions that veterans with service-connected disabilities have made to the national security and welfare of the United States and calling upon government agencies at the Federal, State, and local levels and the people of the United States to observe the week with appropriate programs, ceremonies, and activities.

Mr. HAYAKAWA. Mr. President, I move to reconsider the vote by which the joint resolution, as amended, was agreed to.

Mr. LONG. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERMISSION FOR CERTAIN FARM CREDIT ADMINISTRATION REGULATIONS TO BECOME EFFECTIVE

Mr. BAKER. Mr. President, there are two items that have been cleared on this side for consideration. I ask the distinguished minority leader if he is prepared now to clear for action for immediate consideration a bill which I shall offer on behalf of Mr. HELMS and Mr. HUDDLESTON to permit to become effective certain Farm Credit Administration regulations.

Mr. ROBERT C. BYRD. Mr. President, this side is prepared to proceed.

Mr. BAKER. I thank the minority leader.

Mr. President, I send a bill to the desk for Mr. HELMS and Mr. HUDDLESTON and ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The bill will be stated.

The legislative clerk read as follows:

A bill (S. 1948) to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than Farm Credit System institutions, to borrow from and discount with Federal intermediate credit banks.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

● Mr. HELMS. Mr. President, last year, Congress enacted the Farm Credit Act Amendments of 1980. That law expanded the authority for financing institutions, other than Farm Credit institutions, to borrow from and discount with the Federal intermediate credit banks of the Farm Credit system. After an extensive public rulemaking process, the Farm Credit Administration adopted final regulations to implement these statutory provisions.

Basically, the new regulations governing discount authorities under the Farm Credit Act Amendments of 1980 provide increased access to additional credit to the Nation's farmers and ranchers.

This is done by providing rural banks and other commercial lenders which meet certain eligibility requirements with access to funds of Federal intermediate credit banks. Thus additional sources of credit will be made available to farmers and ranchers primarily through rural community banks and agricultural credit corporations.

The regulations, simply stated, put "other financing institutions," such as commercial banks, on more equal footing with Production Credit Associations. They do this through these two key provisions:

The regulations lower the volume of agricultural loans required to establish eligibility from 25 to 15 percent of the total loan portfolio of a commercial bank. The regulations also change the required loan-to-deposit ratio from 65 to 60 percent.

The regulations grant other financing institutions the same authority now enjoyed by Production Credit Associa-

tions in making loans for farm-related businesses, rural housing, and aquatic production.

Under these regulations, commercial banks and other financial institutions will be able to discount loans through a Federal intermediate credit bank if:

First, the institution is significantly involved in lending for agricultural purposes;

Second, the institution has a continuing need for supplementary sources of funds in order to make agricultural and aquatic loans;

Third, the institution has limited access to national or regional capital markets; and

Fourth, the funds obtained by the institution through discounting are not used to expand financing to ineligible parties.

The regulations at issue were published on October 22, 1981. An amendment clarifying the regulations was published December 8, 1981.

Current law makes the regulations subject to congressional veto. Consequently, the regulations do not become effective until the passage of 60 calendar days of continuous session of Congress if no committee of either House has reported or been discharged from further consideration of a disapproval resolution by the end of that period.

A sine die adjournment of Congress, however, breaks the continuity of session. If that happens, the review period begins running again at the beginning of the next session of Congress. That is what appears will be the case in this situation if Congress adjourns within the next few days. In that case, it is unlikely that the regulations will be effective until some time in March or April of 1982.

This bill waives the 60-day waiting period, making these regulations effective on the date of the bill's enactment. The bill would in no way alter the statutory waiting period for similar Farm Credit Administration regulations which may be issued in the future.

Our Nation's farmers and ranchers must have adequate sources of credit to assure their continued viability. These regulations will play an important role in insuring that adequate sources of credit are available. Since the comments and suggestions of the various interested parties have been adequately addressed in the agency's rulemaking process, I ask that my colleagues join me in supporting this measure, as it will insure that these regulations become effective before the peak credit season for farmers early next year.

I ask that a letter on this matter from Donald Wilkinson, Governor of the Farm Credit Administration, be printed in the RECORD.

The letter referred to follows:

FARM CREDIT ADMINISTRATION,
Washington, D.C., November 4, 1981.

Hon. JESSE A. HELMS,
Chairman, Committee on Agriculture, Nutrition, and Forestry, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is to advise you of the status of the Farm Credit Administration regulations implementing the provisions in the Farm Credit Act Amendments of 1980 regarding the authority of other financing institutions ("OFIs") to borrow from, and discount with the Federal intermediate credit banks of the Farm Credit System, and our concern as to the timing of the prospective effective date of those regulations.

Regulations implementing these provisions were transmitted to the Committee on Agriculture of the House of Representatives and Committee on Agriculture, Nutrition and Forestry of the Senate on October 5, 1981, and the regulations were published in the Federal Register of Thursday, October 22, 1981 (Vol. 46, No. 204). The effective date of these regulations is subject to section 5.18(c) of the Farm Credit Act of 1971, as amended, Pub. L. 92-181 (12 U.S.C. § 2252), which provides for a two House congressional veto. Pursuant to this provision the regulations will become effective upon the expiration of 60 calendar days of continuous session of Congress from the date of publication and transmittal to the Congress unless a Committee of either House of Congress has reported or been discharged from further consideration of a concurrent resolution disapproving the regulations or unless such a resolution has been adopted by either House of Congress. If for one of such reasons the regulations do not become effective 60 days after the date of publication and transmittal, the regulations will become effective 90 days from such date unless both Houses of Congress adopt a concurrent resolution disapproving the regulations. Days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of 60 and 90 calendar days of continuous session of Congress. Continuity of session is broken by an adjournment of Congress sine die.

We understand that Congress intends to adjourn the First Session of the 97th Congress sometime during the third week of December, possibly December 18. We also understand that Congress intends to adjourn for Thanksgiving during the week of November 23rd. Since the days during which Congress adjourns for Thanksgiving are not computed within the 60 and 90 day time periods, and in light of the currently projected adjournment date for the First Session, it appears unlikely that these OFI regulations can become effective during the First Session of this Congress; in which event the 60 and 90 day congressional review periods will commence anew when Congress reconvenes sometime toward the end of January. It is therefore possible that these regulations will not become effective until the end of March or early April, 1982.

It is our understanding that in the event Congress determines that these regulations should become effective during this session, Congress may enact a Joint Resolution or other provision of law which overrides the provisions of section 5.18 of the Farm Credit Act of 1971. Such provision could provide for the OFI regulations to become effective upon the adjournment of Congress at the end of the First Session of the 97th Congress or at any other time Congress deems appropriate.

We believe it would be in the interest of the Farm Credit System, OFIs and agricultural borrowers if the subject regulations could be made effective by the end of the First Session of the 97th Congress and strongly urge congressional action to resolve this problem.

Sincerely,

DONALD E. WILKINSON,
Governor.

● Mr. HUDDLESTON. Mr. President, this bill provides a one-time exemption to a statutory requirement that certain farm credit administration regulations can become effective only after the passage of a review period during which Congress is given the opportunity to consider the proposed regulations. The review period ends after 60 calendar days of continuous session of Congress.

This bill would apply to regulations promulgated on October 22, 1981, allowing certain financing institutions to borrow from the Federal intermediate credit banks of the farm credit system.

Without the one-time exemption provided in this bill, the review period for these regulations would not be completed before Congress adjourns sine die this year; and the regulations would be subject to a new review period beginning when Congress reconvenes in January 1982.

The lenders who receive these funds use them to make farm operating loans.

In order to be of benefit to farmers, these discounted operating loan funds need to be available immediately so farmers, once assured of financing, can begin ordering seed, fertilizer, and other items needed for spring planting. Therefore, these regulations should be made effective at the earliest possible date.

Fifty days of the 60-day review period have already expired. To my knowledge, no resolution disapproving the regulations has been introduced or will be introduced in the time remaining in this year's session of Congress.

Congress should not permit these regulations, which will be of substantial assistance to our Nation's farmers, to fail to become effective immediately because of what amounts to a technicality.

I urge the Senate to approve the bill.●

The PRESIDING OFFICER. Without objection, the bill will be considered as having been read twice and the Senate will proceed to its immediate consideration.

The bill is open to amendment. If there be no amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 1948) was ordered to be engrossed for a third reading, read the third time and passed, as follows:

S. 1948

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any other provision of law, the final regulations issued by the Farm Credit Administration amending subpart P, part 614, title 12 of the Code of Federal Regulations, published in the Federal Register of October 22, 1981 (46 F.R. 51886-51889), together with an amendment thereto published in the Federal Register of December 8, 1981 (46 F.R. 59959), which implement the provisions of section 2.3 of the Farm Credit Act of 1971, as amended by the Farm Credit Act Amendments of 1980, shall become effective on the date of enactment of this Act.

SEC. 2. The provisions of the first section of this Act shall not be deemed an expression of congressional approval of such regulations and the amendment thereto.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill passed.

Mr. ROBERT C. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AUTHORIZATION OF APPROPRIATIONS FOR THE MARINE PROTECTION, RESEARCH, AND SANCTUARIES ACT

Mr. BAKER. Mr. President, I ask that the Chair lay before the Senate a message from the House of Representatives on S. 1003.

The PRESIDING OFFICER laid befor the Senate the following message from the House of Representatives:

Resolved, That the bill from the Senate (S. 1003) entitled "An Act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983", do pass with the following amendments:

Strike out all after the enacting clause, and insert: That section 304 of the Marine Protection, Research, and Sanctuaries Act of 1972 (16 U.S.C. 1434) is amended—

(1) by striking out "and" immediately after "fiscal year 1978" and inserting a comma; and

(2) by adding immediately after "fiscal year 1981" the following: ", not to exceed $2,235,000 for fiscal year 1982, and such sums as may be necessary for fiscal year 1983,".

Amend the title so as to read: "An Act to amend title III of the Marine Protection, Research, and Sanctuaries Act of 1972, as amended, to authorize appropriations for such title for fiscal years 1982 and 1983, and for other purposes.".

Mr. BAKER. Mr. President, I move that the Senate concur in the amendment of the House with a further Senate amendment which I send to the desk on behalf of the Senator from Oregon (Mr. PACKWOOD).

UP AMENDMENT NO. 786

(Purpose: Make amendment specifying authorization for appropriations for fiscal year 1983)

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Tennessee (Mr. BAKER), for the Senator from Oregon (Mr. PACKWOOD), proposes an unprinted amendment numbered 786.

In section 1(2), by striking "such sums as may be necessary" and inserting in lieu thereof "not to exceed $2,235,000".

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment (UP No. 786) was agreed to.

Mr. BAKER. Mr. President, I move that the Senate concur in the House amendment with the Senate amendment just agreed to.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Tennessee.

The motion was agreed to.

Mr. BAKER. I move to reconsider the vote by which the motion was agreed to.

Mr. ROBERT C. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

POSITIVE PROGRAMS FOR INCREASED PRODUCTION AND USE OF COAL ARE NEEDED NOW

Mr. RANDOLPH. Mr. President, under the current administration, coal is being reduced to a "second class" energy resource. Despite the assurances that regulatory programs will be reduced, State and local groups and the industry in my opinion, will be required to fill the Federal void in coal development, and to aid in solving the problems of increased coal production.

It is abundantly clear that Federal support for coal is being lessened. It is my belief that the Senate coal caucus assume a more active role in addressing the difficulties that are resulting from fewer coal initiatives and the administration's pronuclear bias.

It is imperative the caucus initiate coal-related activities in concert with groups such as the West Virginia Coal Commission. The caucus can well act as a catalyst with the States for increased coal production. Perhaps the coal caucus should convene, at least monthly, to review industry and labor problems which continue impediments to coal production.

The November meeting of the West Virginia Coal Commission constructively focused on the Department of Natural Resources revised spoil removal guidelines. There was a need for this reexamination where mountaintop removal mining techniques are employed. Our State must also reexamine the permitting process for new mines. This is a major coal constraint at present.

Coal production must increase in the years ahead. At this time I doubt whether existing policy will permit a rate of increase equal to the industry's potential for growth. I have advocated for years that we must develop an environmental framework which permits our coal industry to flourish.

If America's expectation of energy independence is to be realized through use of our coal resource, we must give the industry the permitting and regulatory mechanism and the research and development support which will allow planning for the development of new reserves. If we do not do this our national expectations for coal use are unrealistic.

INTERSTATE EXCHANGE OF CRIMINAL DATA

Mr. DOLE. Mr. President, on November 12, the distinguished senior Senator from South Carolina (Mr. THURMOND) offered an unprinted amendment No. 612 to H.R. 4169, on my behalf.

This amendment would direct the Justice Department to submit recommendations to the House and Senate Judiciary Committees with respect to whether the Federal Government should provide communications systems, networks, and data bases for the exchange of criminal records. This amendment was adopted by the Senate with the concurrence of the floor managers of the bill. Senator THURMOND at that time, also inserted into the CONGRESSIONAL RECORD, a statement on my behalf. That statement, which appears on page S13290 of the daily version of the Senate proceedings of the CONGRESSIONAL RECORD, contains the following paragraph:

The FBI has already commenced a pilot program to test the interstate exchange of criminal data using a centralized index. This Senator believes that any such program should be delayed until we have had sufficient time to review the practical and ethical questions which have been raised and to avail ourselves of expert advice in this area.

The statement is factually correct when it indicated that the FBI has already commenced a pilot program to test the interstate exchange of criminal data using a centralized index, however, it was incorrect to the extent that it expressed my belief that the demonstration effort should be delayed.

What I meant to say and should have said, is that the implementation of the operational system should be delayed until the study called for in my amendment has been completed. It was not my intent that the pilot program now is progress should be deferred or delayed until the study was completed.

I am advised, Mr. President, that my original statement caused substantial concern at the FBI and in State and local law enforcement circles. I regret that this occurred and I am pleased to correct the RECORD at this point to express what my actual intent was and is.

Thank you, Mr. President.

SUPPORT FOR THE SPECIAL OLYMPICS

Mr. CRANSTON. Mr. President, last month I received a letter from Eunice Kennedy Shriver who, in her capacity as president of Special Olympics, Inc., informed me of the exciting new fundraising project that Procter & Gamble has developed in cooperation with the Special Olympics. In connection with this mail and in-store promotional campaign, Procter & Gamble will contribute 5 cents for each "cents-off-coupon" that is redeemed, up to $500,000, and will match every personal contribution that is made with its "matching donation certificates," up to $250,000.

Mr. President, I want to take this opportunity to congratulate both the Special Olympics and Procter & Gamble for undertaking this important project to help alert the American public to—and solicit their support for—the significant, truly inspiring work being done by the Special Olympics for mentally retarded persons.

In addition, Mrs. Shriver's letter also mentions an NBC television movie, "The Kid From Nowhere," to be aired on January 4, 1982, starring a real-life Special Olympian, Ricky Wittman, as well as Beau Bridges, Susan Saint James, and Loretta Swit. This movie, together with the Procter & Gamble fundraising project, promises to help increase our awareness and understanding of the special talents of America's 6 million mentally retarded citizens, the difficulties that they and their families face, and their courage and hope for the future.

Mr. President, I ask unanimous consent that Mrs. Shriver's letter to me be printed in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SPECIAL OLYMPICS, INC.,
Washington, D.C., November 16, 1981.

DEAR SENATOR CRANSTON: Special Olympics is involved in a new, exciting project I want

to share with you. It's the largest fund-raising project of its kind and is sure to make a major contribution to the lives of our nation's 6 million mentally retarded citizens. I'm asking that you join us in this unique effort.

Special Olympics has joined forces with Procter & Gamble in a nationwide mailing to 45 million homes. Each of these households will receive almost $4 worth of cents-off coupons for popular Procter & Gamble products. Procter & Gamble will contribute 5 cents for each coupon redeemed up to $500,000.

This fine corporation has also developed "in-store displays" through which customers will be urged to make personal contributions to Special Olympics using "matching donation certificates". Here again, Procter & Gamble will match every contribution accompanied by a certificate up to $250,000.

On January 4, 1982, from 9:00 to 11:00 p.m. EST, the NBC–TV Network will premiere a two-hour made for television movie, "The Kid From Nowhere", a story about a Special Olympian. You will love this heartwarming story of a young, divorced mother who experiences the problems and joys of raising a mentally retarded child and a coach who introduces the mother and son to Special Olympics and a new way of life.

We're particularly excited about this movie because it stars real-life Special Olympian, Ricky Wittman, along with Beau Bridges, Susan Saint James and Loretta Swit. It has everything a national audience can ask for—a dramatic story of courage, a sensitive love story, information about mentally retarded individuals—all the elements for good family entertainment.

Also on the evening of January 4th, friends of Special Olympics throughout the country will be giving informal movie parties to watch "The Kid From Nowhere" in homes, places of business, club houses and church basements for friends, neighbors, business associates and club and church members. We would like to have many thousands of movie parties that night.

This is how you can help.

Watch "The Kid From Nowhere" on NBC Network from 9:00 to 11:00 p.m., EST.

Inform constituents and organizations in your district about "The Kid From Nowhere". Special Olympics will be happy to supply you with more brochures like the one enclosed.

Give your own T.V. movie party. Invite friends, neighbors and colleagues for an informal gathering to watch, enjoy and learn from "The Kid From Nowhere".

Encourage your friends, constituents and colleagues to host their own T.V. movie party on January 4, 1982.

Please consider using the enclosed public service radio announcements in your district.

These T.V. movie parties will benefit Special Olympics by attracting more volunteers, helping recruit new Special Olympians and generating funds for the Special Olympics program nationally and locally.

Please join us!

Sincerely,

EUNICE KENNEDY SHRIVER.

JOE STEWART

Mr. PELL. Mr. President, I am pleased to join my colleagues in wishing the very best to Joe Stewart as he leaves the position of secretary for the minority in the Senate for work in the private sector.

Joe Stewart has contributed immensely to the work of the entire Senate through his intimate knowledge of this body, and through his diligent, highly capable and efficient performance of his duties. He will be greatly missed by all who have benefited from his good counsel and advice and who have enjoyed his friendship. And here I speak not only for myself as one who enjoys and benefits from his friendship, but for my wife who is his friend also.

I extend to him every good wish as he embarks on a new career in private industry.

JOE STEWART

Mr. DIXON. Mr. President, I rise to join my colleagues in extending best wishes to Joe Stewart as he leaves the position of secretary for the minority of the Senate.

Joe has impressed me as being a very able, competent, efficient and experienced individual as he carried out his duties as secretary for the minority.

More than that, he has been—and contines to be—a good friend to all of the Democrats—and Republicans, as well, here in the Senate.

Joe has my very best wishes as he embarks on his new career in the private sector.

SENATOR BILL BRADLEY'S ECONOMIC LEADERSHIP

Mr. ROBERT C. BYRD. Mr. President, the Wall Street Journal has displayed eminent good sense in prominently displaying the economic talents and thoughtfulness of my good friend, the Senator from New Jersey (Mr. BRADLEY). Senator BRADLEY has been a vital part of Democratic thinking about the economy since he first took his seat in 1978. He serves as chairman of the Senate Democratic Economic Task Force, which I appointed at the beginning of this year.

Senator BRADLEY's thoughts on industry-Government cooperation, and the impact of international competition on domestic businesses reflect the cutting edge of economic concerns in these areas. All Members on this side of the aisle share the Senator's strong convictions that partisan squabbles are of no value to this economy or to the long-term political prospects of the Democrats. If this country is to recover from its long bout with economic stagnation, we must look to the basic structure of our economy and to the job training and education programs that are the lifeblood of a skilled work force for relief.

I commend Senator BRADLEY on his economic work in the Senate, and urge all of my colleagues, from both sides of the aisle, to read this Wall Street Journal article about the junior Senator from New Jersey.

I ask unanimous consent that a copy of the Wall Street Journal article be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Wall Street Journal, Dec. 10, 1981]

BILL BRADLEY ON THE DEMOCRATS AND THE ECONOMY

(By Robert W. Merry)

WASHINGTON.—In these times on Democratic Party frustration and combativeness, New Jersey's Sen. Bill Bradley displays a partisan edge as finely honed as any Democrat's. But that doesn't keep him from seeing at least a little value in the supply-side concepts that are the foundation of President Reagan's economic program.

"There are good points," he says, "to be made by the people who are viewed as supply-side, very good points."

Of course, that's only a thin slice of Sen. Bradley's overall critique, as he makes clear when he adds: "I have serious doubts that the level of economic growth that we need is going to come from (Mr. Reagan's) program. I think that some elements of it are necessary. I don't think they're sufficient."

Bill Bradley, the former basketball hotshot for Princeton and the New York Knicks, is emerging in the U.S. Senate as one of his party's most adept economic thinkers. He's chairman of an informal economic-policy group of Senate Democrats, and he was a major Democratic combatant in the Finance Committee and on the floor during debate on the President's big tax bill last summer. In the end, he voted against the bill.

So it isn't insignificant when he nods with respect toward the supply-siders' "very good points," however inadequate he considers them. A rambling conversation with the Senator in his office recently indicates that the respectful nod reflects an acknowledgment that Mr. Reagan and his supply-side advisers have captured, for now at least, the idiom of economic growth. The discussion also made clear that Sen. Bradley is bent on recapturing the idiom of growth for his Democratic Party.

That's a new endeavor for Democrats. For decades, public-opinion polls showed that most Americans placed more trust in Democrats than in Republicans as cutodians of prosperity. Republicans too often seemed to be the party of austerity—tight money and tight budgets to control inflation. A robust economy seemed more likely under Democrats.

That changed during Jimmy Carter's presidency, when the dual curse of persistent inflation and high interest rates started battering the economy with greater force than ever before. Also around that time, many Democrats were themselves abandoning the idiom of growth on the theory that limited resources spelled the end of the era of widespread prosperity; for them, redistribution of wealth became the day's great economic imperative.

Thus, events and the clash of ideas served to destroy the Democratic Party's consensus that the government could stimulate economic growth through the management of consumer demand.

Into that vacuum a year ago strode Ronald Reagan with his supply-side idea that economic growth could be restored by removing from the people the weight of burdensome taxation, thus spurring the productive sectors of the economy. He also set about to curtail those demand-side spending programs as part of an effort to shrink the government's role in the economy.

Will the strategy work? As the current recession deepens, giving the Reagan program an appearance of standard Republican austerity, many Democrats take heart in the view that it will fail. Sen. Bradley also suspects it will fail. But like his more thoughtful Democratic colleagues, he knows that Republican failure alone won't restore Democrats to their former dominance.

"I don't think," he says, "that the Democratic Party should premise its return to power upon the failure of the Reagan program." What's needed, he adds, are new ideas.

Sen. Bradley's new agenda is geared to economic growth, and it embraces some important features of the Reagan program. He applauds the provision in Mr. Reagan's tax bill that trims the top tax rate on investment income to 50% from 70%. He endorsed cutting the top tax rate on capital gains and actually wanted capital-gains taxes cut more

sharply. He supported—unsuccessfully—an approach to reducing taxation of savings income that was more bold than what the administration was willing to support.

In fact, Sen. Bradley is so comfortable with the rhetoric of economic growth that he sounds at times almost like a supply-sider. "I think that in order to get economic growth levels we have to premise our activity on . . . successful competition in a growing world economy. . . . That means you reward innovation . . . so that you increase the reward out there for the person who invents the new mousetrap, the new energy source, the new grain strain, the new medicine."

But Sen. Bradley sees serious problems with the Reagan program. First, he thinks the deep tax cuts amount to a highly stimulative fiscal policy that is on a "collision course" with the Federal Reserve's tight monetary policy. Ultimately, he says, the government's borrowing needs born of the huge tax cuts will drive up interest rates and stagnate the economy.

Beyond that—and here's where Sen. Bradley really parts company with the Republicans—he believes the Reagan program will prove inadequate to the growing economic challenge posed to the U.S. by its foreign trading competitors. That inadequacy, he says, stems from the traditional—and, in his view, obsolete—U.S. view of the economy, in which the economy is delineated into two discrete sectors.

"You see a private sector, and you see a public sector," he says. "And from the public sector you see regulation and taxes, and from the private sector you supposedly see incentives and . . . the bottom line. . . . What neither party saw was that the atmosphere in which both of those ideas had become vaguely focused was now changing dramatically, and that required a new view of how to assure prosperity."

This delineation of the public and private sectors doesn't exist, Sen. Bradley points out, in Japan or France or West Germany. There, private corporations often are assisted by government in their pursuit of foreign markets. America, he says, must operate more like those countries to compete in the world economy.

"If you're operating in a world where you have government entities joined with the private sector in competition for third markets around the world," the Senator says, "then you have to look at your national perspective . . . America wins by getting the third markets. . . . You either curtail the other countries aiding their industries in competition or you find some way to do that for your industries. I think it's more practical to do the latter."

This faith in public-private cooperation marks a profound departure from the Reagan philosophy, which holds that the key to economic growth is to curtail sharply the government's role in the economy. Mr. Reagan believes the U.S. has lost some of its competitive edge in the world because of governmental meddling in the private sector; Mr. Bradley believes the government must do more to foster economic development by the private sector.

For example, the Senator criticizes the U.S. bias against concentration. "What if the three automobile companies were able to share their effort on pollution control instead of each one having its own pollution-control division? In my mind, if they were allowed to do that, it would maximize the social end, which is a cleaner environment. It would reduce costs for the firms, probably make them more competitive. And you might end up with a better pollution-control device. What prevents it is this kind of rigid adherence to antitrust legislation per se. Bigness per se is suspect."

Another example: "Take the whole issue of worker retraining. Maybe the price of certain mergers (should be) a greater responsibility for making sure that workers (laid off in dying industries) are retrained into other industries."

As Sen. Bradley sees it, his concept of a partnership between the private and public sectors provides a framework for policies that could help restore America's competitive edge. But he doesn't minimize the political opposition. Many Republicans believe that any government in a position to help the private sector also is in a position to meddle with it. And many Democrats recoil at the thought of giving the private sector as much public help as Sen. Bradley, envisions.

But the Senator remains patient as he contemplates the Democratic challenge of producing a growth-oriented formula to fill the party's economic-policy vacuum. The emergence of such a formula obviously will take a long time.

"The problem," he says, "is very complex in the sense that there are no bills that I introduce tomorrow that solve this problem. This is a growing—has to be a growing—perception on the part of a lot of people. You nudge it here, you nudge it there."

FARM BILL CONFERENCE REPORT

Mr. ROBERT C. BYRD. Mr. President, I opposed the conference report on the Food and Agriculture Act of 1981. There are some features of the agreement worked out by the conferees that I support, particularly the establishment of a workfare system for food stamp recipients and improvements in our soil conservation programs.

I could not support the conference report, however, based on the language contained in the dairy title. That title divorces the concept of parity from the dairy program and replaces it with what are, in effect, target prices.

The net result of the system established by the dairy title is to put small milk producers at risk. Larger producers have a greater margin to work with in order to recover their costs of production. Small producers do not have such a margin, and they will be in jeopardy in future marketing years under the new system. If a small producer has bought new milking stock in the past 2 to 3 years, he will have to keep his milk production high in order to maintain his cash flow and get a return on his investment in the new cows. The abandonment of parity for the dairy program leaves the small producer in the lurch.

TRIBUTE TO JERRY WURF

Mr. RIEGLE. Mr. President, it is with great personal sadness that I learned of the death of our good friend Jerry Wurf, president of the American Federation of State, County, and Municipal Employees.

Jerry Wurf was a fighter for equality and justice for all people. His energy, his vision, and his driving commitment on behalf of working people were of legendary proportions. He drove himself relentlessly in his efforts to help public employees and others, and I am certain that he shortened his own life as a result.

People like Jerry Wurf are a rare and precious part of our national life. His accomplishments stand today as a living tribute to his tremendous leadership, and the enourmous force of his personal talent. His passing leaves with all of us who remain a greater personal responsibility to carry forward the work Jerry Wurf devoted his life to accomplishing.

I shall always feel a part of his fighting instinct in my own motivations and efforts. He has inspired many of us, and it is now our task to carry forward the vital human purposes that were at the very center of Jerry Wurf's life.

We shall all miss him very much.

LOW-INCOME ENERGY ASSISTANCE

Mr. PELL. Mr. President, I would like to commend the House of Representatives for acting today to maintain the present level of funding for the low-income energy assistance program.

Double digit annual increases in the cost of home heating have reached levels that the average American can no longer bear. Last year, $1.85 billion was appropriated for this program and 50 million people, predominately seniors were served. This year even more families will need protection to brace themselves against the economic effect of oil decontrol and the possible deregulation of natural gas.

According to the CBO, it would take approximately $2.3 billion in real terms to maintain the current level of assistance that this program provides to beneficiaries.

The administration, however, has recommended that funding for this program be reduced by $400 million. This would be a full 25-percent reduction from last year's level and coupled with the annual increase in the price of home energy, this cut would have the effect of reducing the purchasing power of beneficiaries by 50 percent.

In some areas, Mr. President, the American people can cut back their expenditures. With regard to the basic necessities, where spending is not discretionary, there quickly comes a point when enough is enough and further conservation is impossible.

It is evident that our colleagues in the House have put their philosophical differences aside and recognized the imprudence of reducing the funding for the heating assistance program where consumer power has been so drastically reduced due to inflation.

This will avoid the situation where State officials would have to deny help to seniors, and other economically underprivileged citizens who are already bearing a major part of the burden of rising energy costs.

I am relieved that such a cruel and heartless choice will not have to be made and cannot think of a better Christmas present for our citizens who have, in many cases, already lost food stamps, and health care services this year.

1982: NATIONAL YEAR OF DISABLED PERSONS

Mr. RIEGLE. Mr. President, I rise today to join Senator ARMSTRONG in sponsoring Senate Joint Resolution 134 to designate 1982 as the National Year of Disabled Persons. The United Nations

proclaimed 1981 as the International Year of Disabled Persons. Our country has developed an outstanding program designed to increase participation of disabled persons in the activities of their local communities and to heighten public awareness to the needs of our handicapped citizens.

The International Year of Disabled Persons will officially end on December 31. The resolution we are introducing today would designate 1982 as the National Year of Disabled Persons. We share a commitment to continuing the Year of Disabled Persons on a national level and focusing this country's energies for another year on the problems facing the 35-million disabled Americans each day. It is my personal hope that this national focus will allow us to develop new answers and new initiatives to improve the lives of our handicapped citizens.

Our resolution will continue the principle objectives originally set forth by the General Assembly of the United Nations. I feel these objectives are of the greatest importance to our country's disabled and handicapped citizens. These five goals are:

Helping disabled persons in their physical and psychological adjustment to society:

Promoting all national and international efforts to provide disabled persons with proper assistance, training, care, and guidance, to make available opportunities for suitable work and to insure their full integration in society;

Encouraging study and research projects designed to facilitate the practical participation of disabled persons in daily life, for example, by improving their access to public buildings and transportation systems;

Educating and informing the public of the rights of disabled persons to participate in and contribute to various aspects of economic, social, and political life; and

Promoting effective measures for the prevention of disability and for the rehabilitation of disabled persons.

I wish to make clear that the resolution we are introducing today does not authorize the expenditure of any Federal funds to support the National Year of Disabled Persons. It is our intention that no Federal funds be used for this purpose. Instead, I am introducing this resolution with the anticipation that the U.S. Council will build on the momentum they have established in 1981 and find alternative sources of private funding for their activities.

I would hope that the U.S. Council will direct their efforts toward community action on behalf of disabled citizens. A person with a disability has not one, but two handicaps: His or her disability itself, and the attitudes of others. We know that narrow and prejudicial attitudes are often the product of lack of information and limited experience. We have much to learn and to offer to one another, which necessitates that we touch each other's lives—a process which must begin at the community level. I see this resolution, and the work which must go on to offer it meaning for this Nation's handicapped citizens, as an exercise to enrich and improve the lives of all our people.

REACTION TO HOUSING COMMISSION REPORT

Mr. DODD. Mr. President, I recently received a statement from the National Housing Conference concerning the first interim report of the President's Commission on Housing. It is one of the most comprehensive reviews of the report that I have seen—and the most critical.

The Conference finds the Commission's report flawed and its recommendations far short of constituting a housing policy for the eighties.

The NHC urges the President's Commission to review and revise its interim report in order to insure that the final report, due next April, will present a sound and balanced housing policy for the Nation.

The NHC, an organization founded in the 1930's, has a membership that represents all sides of housing—people in need of housing, people who produce housing, and people who are responsible for assuring that all Americans can find decent shelter.

The statement of the National Housing Conference will, I am sure, be of interest to Members of the Senate when they consider the Report of the President's Commission. I therefore request unanimous consent that it be printed in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[National Housing Conference]

ANALYSIS OF THE PRESIDENT'S COMMISSION ON HOUSING

(First Interim Report)

The First Report of the President's Commission on Housing should not receive a passing grade from any body who has a concern about housing Americans. The people who need decent housing, the people who build housing, and the people who administer housing programs on our communities—the groups who participate in the National Housing Conference—have found that the Report is badly flawed and its recommendations fall far short of providing the Nation with a Housing Policy for the 1980's.

Local elected officials and the Congress, who answer directly to citizens, should find the Report unresponsive to the realities of our changing housing conditions. The White House should fail the Commission for proposing a demand-side economic policy, while ignoring or deferring recommendations to increase the supply of housing.

Even OMB Director Stockman should find the Report unsatisfactory, although the Commission followed his lead in recommending that the Nation adopt, as its housing policy an "old Trickle-Down Theory in new disguise".

The President's budget cutter has made it clear that he wants to eliminate totally all housing assistance programs.

The National Housing Conference is saddened that the President's Commission has found it necessary to come up with an interim report that says that the U.S. has enough housing for its people, and that it should terminate all Federal programs that support housing construction and rehabilitation, and replace them with an expanded program of rent vouchers.

It is distressing that the Commission, despite its respected membership, has succumbed to the current affliction of looking backward instead of forward, of doing nothing rather than taking action, and has, as a consequence, recommended that the Government adopt a discredited Trickle-Down Policy for Housing.

The Conference is disappointed that the President's Commission, instead of presenting policy options, has adopted specific recommendations which appear to be almost identical to proposals now being made by the Administration. As a result the Interim Report has raised questions about whether the Commission is guiding the Administration, or following it.

When considered with the HUD Secretary Pierce's recent declarations that the Administration hopes to end all of its basic housing assistance programs in a few years, the Commission's "Trickle-Down" recommendations look to be the beginning of a planned washout of all Federal programs to improve the Nation's housing.

The Housing Conference is convinced that Trickle-Down is as inadequate policy for housing, as it is for formulating Federal Budget and Tax policies. The Nation cannot afford a do-nothing housing policy when its housing needs are growing rapidly, and when its housing industry, so vital to the economy, is dying.

The Housing Conference was the first organization to urge the Administration to establish a Commission on Housing. It applauded the President when, in announcing his intention to establish the Commission, he said, ". . . all that is needed is a clear vision of where we need to go, and a determination to act . . ."

The Housing Conference is dismayed that the Commission, in its First Report, has not provided a clear vision of a decently-housed America, nor spelled out the actions that should be taken to assure that decent, affordable shelter will be available for those who are ill-housed, are rent-poor, or simply cannot find or buy suitable quarters in housing-short communities across the country.

It gives the Commission report less than a satisfactory grade because:

Its analysis of the housing issues facing the country is deficient. Nowhere, for example, will the reader find the basic housing statistic that more than 2 million additional units will be required yearly during the rest of this decade to house our expanding population.

Nor does the report reveal that the Nation is losing more housing units from its inventory each year than it did in the 1950s or 1960s. Instead of working from basic facts the Commission appears to have worked from a set of basic slogans.

These "principles"; e.g. " . . . achieve fiscal responsibility . . . promote enlightened Federalism . . . rely on the private sector . . .", while appropriate planks for a political platform, provide little foundation for analyzing housing problems, or for formulating a sound national housing policy.

Its conclusion that the Nation's housing problem is an income problem suggests that there is already enough housing for everyone, and that the future will take care of itself.

This ignores the everyday experience of homeseekers all across the Country who report that finding suitable housing is a serious, and growing problem. It ignores evidence that more families are doubling up and that waiting lists for assisted housing are growing. It doesn't adequately take account of the shifting housing needs of a mobile and changing population.

It almost certainly understates the need for substantially renewing the older housing stock. The finding that there is no problem that requires Federal support for housing production denies the petition of special groups, such as the elderly and handicapped, families with several dependents, and rural

families, that have for years demonstrated to the Congress that Federal action is essential for solving their particular housing problems.

The conclusion that we have no problem of housing supply, but only a problem of high housing prices and rents, appears to defy economic laws which tell us that the price of everything is related to the supply that is available, as well as to the desire and ability to buy it. While the Administration has stressed that inflation can be cured by increasing supply, the Commission has concluded that housing inflation is different. The housing affordability problem of poor people, they assert has little to do with the supply of housing. It can be solved, simply, by giving individuals a small contribution toward their rent.

Its recommendation that the Federal Government should free the market to produce housing, and confine itself to helping the poor with rent grants could be disastrous for those who receive aid, as well as those who don't both now and in the future.

The Commission bases its recommendations on an experimental study which found that a program of rent grants did not increase rents in the communities studied. The communities that provided the primary data for the study were Green Bay, Wisconsin, and South Bend, Indiana. To conclude that a limited experiment in these two communities represents what would happen if a full-scale program were implemented throughout the Nation is clearly unwarranted.

Accepting a Trickle-Down policy for housing would mean that housing would be constructed by those who can afford it, while others would have to find shelter in older structures. Eventually, even the poorest family would find a place, it is said. But, when all housing-short market, "Trickle-Down" clearly doesn't work. The poor are forced to rent but the well-off are, today, priced-out of a inadequate housing, or double up, or get lost.

While "Trickle-Down" plays a role in housing Americans, it has not been the basis for Federal policy since Herbert Hoover and Franklin Roosevelt took steps to improve and expand the Nation's housing supply. Every President since then has affirmed this U.S. commitment. It would be a mistake, despite our current economic problems, to turn our backs on this commitment.

The recommendation that Federal Housing Policy adopt a rent-grant approach is not a new idea. It is, in fact, intended by the Commission to be a revision of a program which now aids more than one million families each year. Though not new, rent-grants have an important part in our national housing policy. They can efficiently serve certain groups in areas where there is an adequate supply of housing. What is new, and radical, is the Commission's recommendation that all the other approaches be abandoned.

The Commission recommends that we put aside everything we've learned about housing Americans in the past 5 decades, and place our faith in a simple program of rent vouchers. Rent vouchers, however, do not guarantee communities an increased supply of rental housing, or individuals a place to live. Without Federal support for construction and rehabilitation of rental housing, a program of rent vouchers will fail, almost certainly, to meet the housing needs of groups such as the elderly, who have traditionally been poorly housed.

We cannot as a Nation simply adopt a demand side approach to housing, and ignore the need to assure an adequate supply. Fifty years of experience has shown that we need Federal programs to support new construction and substantial rehabilitation as well as a rent assistance program.

The President's Commission on Housing should recognize this. It should revise and expand its Interim Report and Recommendations to produce a sound and balanced housing policy for the Nation in the 1980s. The National Housing Conference believes it owes the President and the Nation that effort.

TWO-YEAR BUDGET?

Mr. DODD. Mr. President, it would be difficult to say which is more complex: The Federal budget itself or the procedures which Congress tries to follow in designing and adopting it. Indeed the experience of recent months has raised serious questions about whether those procedures can provide Congress the best method for dealing with its important responsibilities in this area.

One perceptive student of this issue is our colleague from Kentucky (WENDELL FORD). Senator FORD has recently introduced legislation aimed at simplifying and rationalizing the process by moving to a 2-year budget cycle. Whether that will prove to be the best answer remains to be seen, of course, but Senator FORD is to be commended for the characteristic leadership and initiative and thoughtfulness which his action embodies.

This week's edition of U.S. News & World Report contains an editorial by Marvin Stone which argues persuasively for a close look at the Ford bill. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD as follows:

WHY NOT A TWO-YEAR BUDGET?

(By Marvin Stone)

In the midst of their struggle to keep the federal government funded for the immediate present, a few farsighted lawmakers have been searching for a way to prevent still more scary scenes like that of late November, when federal offices started closing down for lack of money.

Appropriations had been held up interminably in the Congress, and Mr. Reagan had vetoed Congress's second continuing resolution of the year, aimed at letting government operate at about the current level. The President and Congress eventually reached an accord, but only for a three-week cease-fire that ends December 15.

Incredible complexities of the budget underlie recurrent troubles. The detailed federal budget for the fiscal year that started last October 1, as sent to Congress last January, ran to more than 1,800 pages.

It is hard for us ordinary Americans to remember that this cold, mysterious document affects every individual just as much as the old town meetings where citizens once argued over spending their cash to build a road behind the general store—more so, in fact, because by merging the functions of the town councils into national economics, it determines not only the road behind the store but the state of the nation, too. That means the price you pay for bread, whether you'll have a job, whether your business will go on or go under, and a thousand elements of personal survival.

But hardly anybody understands the nation's budget—more than 700 billion dollars this year—and members of Congress who have to vote on it state freely that they cannot get a grasp on it in the time accorded them.

In any year, the President's budget plan comes to Congress in January. On October 1, the new fiscal year begins and an approved budget is supposed to be in place complete with appropriations. Into that period Congress must cram the procedures of the Budget and Impoundment Act of 1974, written originally to give Congress control of what it is doing.

The process, with exact days or hours allotted for every stage of hearings, study or debate, involves an intricate dance back and forth among President, Congressional Budget Office, House and Senate Budget Committees and individual committees of the two houses, and over again before the "reconciliation" that makes last minute repairs.

It is, as Democratic Senator Wendell Ford describes it, "frenetic." Senator William Roth, Republican, adds: "While the Budget Act of 1974 was an important step forward . . . the process is not working." And he is right.

What these Senators propose is a two-year budget. Once fully installed, the new system would give each new Congress nearly two years to enact the next national funding.

Senator Ford, joined by colleagues Dale Bumpers, Claiborne Pell and John Danforth, is already in the starting gate with a bill. Representative Leon with Panetta, with 35 cosponsors, has introduced a similar measure in the House. Roth is coming in with a slightly different proposal of his own.

If offering his bill, Ford quotes the highly regarded Alice Rivlin, director of the CBO, at length. Not only does she recognize that "the procedures of the budget process today force members of Congress to make so many budgetary decisions each year that they cannot possibly . . . make them in the light of thorough review and informed debate," but she also recites other reasons for shifting to the two-year budget: "Transfer payments need to be predictable, so that people's lives are not disrupted. Military capability suffers if signals change too often. Procurement costs can go up. . . . In grant programs, frequent changes and uncertainty are costly and disruptive. . . ."

The idea of a two-year budget should gain wide and powerful support. It may not turn out to be the best answer or the whole answer, and objections may be heard from some quarters. But it deserves a long and thoughtful look.

HAROLD V. HUGHSTON

Mr. HEFLIN. Mr. President, it is with a great deal of sadness that I note the death of Judge Harold Hughston of Tuscumbia, Ala. Judge Harold Hughston was one of Alabama's truly great citizens as well as one of its most outstanding lawyers. Judge Hughston was a devout churchman, a concerned civic leader, a progressive community builder, a believer in excellence in education, and a dedicated public servant.

Few Alabamians have devoted as much time and energy as he did to good and great causes. In addition, he was a devoted family man and a dear and trusted friend.

Harold attended the University of Alabama where he received his law degree in 1940. Harold also served in the U.S. Army during World War II, where he was promoted from a private to a captain in the Judge Advocate General's Department. He served with honor and distinction as judge of the Colbert Law and Equity Court, circuit judge of the 11th judicial circuit which included Colbert, Lauderdale, and Franklin Counties. He served as the first circuit judge of the 31st judicial circuit, Colbert County.

Harold also dedicated himself to civic and educational affairs. In 1955, he served as governor of the Alabama district of Kiwanis International. He served as president of the University of Alabama Alumni Association and as president of the University of Alabama Law School Foundation. He received the University of Alabama's Distinguished Alumnus Award, the Bench and Bar Legal Honor Society's Most Outstanding Alumnus Award, and the Tutwiler Award for service to the University of Alabama.

Harold will be remembered for his unselfish dedication to the Colbert County legal profession and to the Alabama State Bar Association. He served as president of the Colbert County Bar Association. In July 1981, he was elected to serve as the 105th president of the Alabama State Bar Association. Prior to being elected president, he had served as a member of the State Board of Bar Commissioners and its executive committee, as well as numerous other State bar committees.

Harold Hughston was an outstanding citizen in every respect. His uncompromising dedication was reflected in his service to his community, to his church, to his profession and by his unyielding devotion to his family.

I wish to extend my sincerest sympathies to Harold's lovely wife Lucy Allison Hughston and their children; Caroline Maddox, Lucy Ann Nichols, Harold Vaughn Hughston, Jr., and James Dowlen Hughston. I would also like to express my sympathies to Harold's brother Hubert Holmes Hughston, and his two sisters, Mrs. D. D. Cox and Mrs. James M. Norwood as well as the other members of his family.

I request unanimous consent that articles concerning Harold V. Hughston be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Florence (S.C.) Times—Tri-Cities Daily, Nov. 24, 1981]

HAROLD V. HUGHSTON

The death of a beloved member of a community creates a void that can never quite be filled. So is the case with Harold V. Hughston.

Hughston's death last week after a long and courageous fight with cancer brought sadness and words of praise from his colleagues in the legal profession, his friends at the University of Alabama, members of his community and countless other people throughout the state.

"I am deeply saddened by the death of Harold Hughston," said Joab L. Thomas, president of the University of Alabama. "The University of Alabama has lost a loyal and close friend who has stood second to none in his support for our university. We have had no stronger advocate. The legal profession, the state of Alabama and everyone who worked with Harold Hughston is surely in his debt."

U.S. Sen. Howell Heflin, a Tuscumbia resident and longtime friend of Hughston, said, "Harold Hughston was one of Alabama's truly great citizens as well as one of its most outstanding lawyers. Judge Hughston was a devout church man, a concerned civic leader, a progressive community builder, a believer in the excellence of education and a dedicated public servant.

"Few Alabamians have devoted as much time and energy as he has to good and great causes. On top of all of this, he was a devoted family man and a dear and trusted friend."

Hughston, who was serving as president of the Alabama State Bar Association at the time of his death, was a former circuit court judge. He was affectionately known as "Judge Hughston." He practiced law in Tuscumbia from 1940 until his death except for a four-year stint with the U.S. Army during World War II.

In 1979, Hughston was offered the opportunity to serve as judge on the federal bench in Alabama's Northern District. Yet, in a letter to Sen. Heflin. Hughston declined the offer and explained that he did not want to move to the federal court offices in Birmingham and leave "his home, church, friends and clients in Tuscumbia."

In the letter, Hughston's devotion to his family became apparent when he said that his two sons, Harold V. Hughston, Jr., and James D. Hughston, were planning to join his law practice. "I am looking forward in great anticipation of that date as I can think of nothing that would give me more pleasure."

From the people he served in Tuscumbia to members of the bar, all agree that Hughston demanded detail from himself as well as those he served.

Dorrine Blackburn, a secretary for the Colbert County Commission and longtime friend of the Hughston family, explained that "Harold always took time for the little things."

One of the countless "little things" that Hughston did was to send boxes of candy to the secretaries in the courthouse and Tuscumbia City Hall each Christmas.

Others agree that Hughston helped countless people he encountered in his law practice with "little things." "There's nobody else like him, and he's going to be missed," said Bruce Gargis, chairman of the Colbert County Commission.

From his colleagues in the legal profession, Hughston's death brings about an even greater appreciation for a man that gave almost 40 years of service to his profession.

Broox Garrett, who will succeed Hughston as president of the bar, said, "The death of Harold Hughston brings sorrow and regret to all members of the Alabama State Bar which Harold served so ably and successfully during his long and fruitful years of service."

Reginald Hamner, executive director of the bar association, described Hughston as "a giant in the legal profession."

"He was the most effective leader of people, but his real measure of success was that he cared very deeply about people."

Hamner said Hughston's concern for people existed in every facet of his life and, above all, in his concern for his family, his church and community.

"Harold gave 110 percent all the time," Hamner said. "He did good work in everything he did."

[From the Birmingham (Ala.) News, Nov. 21, 1981]

BAR PRESIDENT HUGHSTON DIES

TUSCUMBIA.—The funeral for Harold V. Hughston, president of the Alabama Bar Association, is scheduled at 2 p.m. Sunday at the First Presbyterian Church.

Hughston, 66, died Friday at his home following a lengthy illness.

Hughston was admitted to the Alabama Bar in 1940 and served as a circuit judge until 1955. He most recently had practiced law in Tucsumbia with his sons, Harold V. Hughston Jr. and James D. Hughston.

A graduate of the University of Alabama, Hughston had served as president of the university's National Alumni Association and Law School Foundation. He had received the university's Distinguished Alumnus Award and Tutwiler Award.

Hughston was elected president of the Alabama Bar Association last July. The association's vice president, Broox G. Garrett, Sr. of Brewton, will fill Hughston's unexpired term, which ends next July, an association spokesman said.

[From the Florence (S.C.) Times—Tri-Cities Daily, Nov. 21, 1981]

HUGHSTON SERVICES SLATED FOR SUNDAY

The service for Harold Vaughan Hughston, 66, Tuscumbia, president of the Alabama State Bar Association, will be at 3 p.m. Sunday at First Presbyterian Church, Tuscumbia, where he served for many years as elder and trustee. Ron Siegenthaler and Jim Patterson will officiate. Burial will be in Tuscumbia Oakwood Cemetery, Morrison-Elkins Funeral Home, Tuscumbia, directing.

The family will receive friends at the funeral home from 4 to 9 tonight and prior to the service on Sunday. The body will be placed in the church one hour before the service.

Hughston, a lifelong resident of Tuscumbia, died at his residence Friday morning.

He attended the University of Alabama where he received his law degree in 1940. He practiced law in Tuscumbia from 1940 until his death except for a four-year stint with the U.S. Army during World War II. Hughston rose from a private to a captain in the Judge Advocate General's Department. He was a judge of the 11th and 31st Judicial Districts, which included Colbert, Lauderdale and Franklin counties, for eight years. He was affectionally known by his friends as "Judge Hughston" for his years of service on the bench.

In 1955 Hughston served as governor of Kiwanis International, Alabama District.

Hughston was a dedicated alumnus of the University of Alabama. He served as president of the university's alumni association, as president of the University of Alabama Law School Foundation and as president of Farrah Law Society. For his service in these and many other capacities, he was the recipient of the University of Alabama's Distinguished Alumnus award, the Bench and Bar Legal Honor Society's Most Outstanding Alumnus Award and the prestigious Tutwiler Award for service to the University of Alabama.

He was also an active member of both the Colbert County and Alabama State Bar Associations. He served as president of the Colbert County Bar Association and took office as president of the state bar association in July of this year. Prior to being elected president, Hughston had been a member of the State Board of Bar Commissioners and its executive committee, as well as numerous other state bar committees.

In 1979, Hughston turned down an opportunity to serve as judge on the federal bench in Alabama's Northern District because he did not want to move to the federal court offices in Birmingham and leave his "home, church, friends and clients" in Tuscumbia. Furthermore, Hughston desired to remain in Tuscumbia to practice law with his two sons, Harold Vaughan Hughston Jr. and James Dowlen Hughston.

Survivors include his wife, Lucy Allison Hughston, Tuscumbia; children, Caroline Maddox, Birmingham, Lucy Ann Nichols, Charlotte, N.C., Harold Vaughan Hughston Jr., James Dowlen Hughston, both of Tuscumbia; four grandchildren; a brother, Hubert Holmes Hughston, Lubbock, Texas; sisters, Mrs. D. D. Cox, Sheffield, Mrs. James M. Worwood, Emmaus, Pa.; nieces and nephews.

Memorials may be made to First Presbyterian Church in Tuscumbia or the University of Alabama Law School Foundation.

Bearers will be Joe Calvin, Ernest Williams, George W. Williams, Gene Crump, Jim Underwood, Dr. John Mims, Dr. Harold Rogers, Jimmy Waddell, E. H. Darby and Goodloe Rutland.

Honorary bearers will be elders of First Presbyterian Church and members of the Colbert Council Bar Association.

[From the Birmingham (Ala.) Post Herald]

STATE BAR PRESIDENT, H. V. HUGHSTON DIES

TUSCUMBIA.—Harold V. Hughston, the 105th president of the Alabama State Bar, died yesterday at his home after a lengthy illness. He was 66.

The former circuit court judge, who was in private practice in Tuscumbia with his two sons, was elected president of the State Bar in July.

Reginald Hamner, the bar association's executive director, said Broox G. Garrett of Brewton will succeed Hughston.

Hughston, who was admitted to the bar in 1940, was former president of the University of Alabama National Alumni Association and the UA Law School Foundation.

Garrett will serve as bar president until July 1982.

Funeral for Hughston will be 3 p.m. tomorrow at the First Presbyterian Church in Tuscumbia with burial in Oakwood Cemetery, Morrison-Elkins Funeral Home directing. Survivors include his wife, Mrs. Lucy Allison Hughston; two daughters, Mrs. Caroline Maddox, Birmingham, and Mrs. Lucyann Nichols, Charlotte, N.C.; two sons, Harold Vaughan Hughston Jr. and James Dowlen Hughston, both of Tuscumbia.

The family requests memorial donations to the University of Alabama Law School Foundation or the First Presbyterian Church of Tuscumbia.

BARRETT C. SHELTON, TENNESSEE VALLEY DISTINGUISHED CITIZEN

Mr. HEFLIN. Mr. President, last month—specifically, on November 2—I was privileged to be the featured speaker at the 1981 Tennessee Valley Distinguished Citizen Award banquet in Huntsville, Ala. This award is presented annually by the board of directors of the Tennessee Valley Authority to the person who has made significant contributions to the growth and development of the Tennessee Valley and to the economic well-being of the citizens of the area. The recipient of the award this year was appropriately given to Mr. Barrett C. Shelton of Decatur, Ala.

Barrett Shelton is indeed one of the outstanding citizens of our Nation. He is well known to many in the Congress for his dedicated work both as a private citizen and as editor and publisher of the Decatur Daily. For more than a half century, Barrett Shelton has toiled in the vineyard for his community, his State, and the Tennessee Valley. His efforts have been a labor of love. It can in truth be said that almost all of Barrett's waking hours have been devoted to the betterment of his fellow man and to the love of his family. I admire and respect Barrett Shelton's christian character and his sense of conviction. I am proud to claim the friendship of Barrett Shelton.

The high esteem in which Barrett Shelton is held by all who know him can in part be measured by those who attended the award banquet on November 2; and among those paying tribute to Barrett were former Alabama Governors George C. Wallace, and Albert P. Brewer, former Alabama Congressman Robert E. Jones, Mayor William Duke of Decatur, and Mayor Joe Davis of Huntsville. Congressman TOM BEVILL and Congressman RONNIE FLIPPO also sent messages of congratulations to Barrett on the occasion of his receiving the Tennessee Valley Distinguished Citizen Award. It was indeed an auspicious occasion.

Through the years Barrett Shelton has earned the most profound respect, admiration, and affection of the citizens of the Tennessee Valley. Because of Barrett's outstanding work and his longtime devotion to the betterment of his people, I should like to share with the Senate the proceedings of the Citizen Award banquet. I ask unanimous consent that they be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

General Manager W. F. WILLIS. We are pleased that so many folks have turned out this evening to honor their neighbor, friend, and colleague, Barrett Shelton. There are in fact a number of Barrett Shelton's friends here this evening who would like to say a few words about his many accomplishments. One of those friends is Congressman Ronnie Flippo who, due to a change in the obligations of the House Science and Technology Subcommittee which he chairs, was unable to be with us. He is, however, here in spirit and has recorded a videotaped greeting to Barrett which we will show to begin this evening's festivities.

Congressman RONNIE FLIPPO. Mr. Shelton, distinguished guests, ladies and gentlemen. I want you to know I would truly like to be there in person to pay tribute to Barrett Shelton, Sr., and all that he has meant to Decatur, the Tennessee Valley, the State of Alabama, and, indeed the Nation; but my duties in the Congress require me to be elsewhere at this time in regard to the space program, but I would rather be with you.

You know the older heads around the Decatur Daily refer to Mr. Shelton as the "Old Man." You would sorta have to be an institution around the Daily yourself like Maynard Layman or Billy Smith before you earn the right to do that. While it's an endearing term, I've just never been able to bring myself to do that. I just have too much respect, too much admiration, too much awe for the man and his accomplishments to call him the "Old Man" to his face.

Mr. Shelton, I feel like apologizing to you for even doing it on TV, but I'm doing it to make a point. If you ever hear someone close to Mr. Shelton call him the "Old Man," they don't say "the old man" they say "the old man." I can buy that, but maybe it's more appropriate to just say "the man." He has certainly been the man behind so many vital and worthwhile projects that touch and enrich our daily lives. There are those who probably believe that Barrett Shelton founded Decatur on December 2, 1826. While he's a bit young to have founded it, can anyone doubt that he, more than any other, is the one who has built Decatur, Alabama. His loving hands have helped to form so many things around us.

Show me something worthwhile and chances are his imprint will be on the foundation: the Decatur Chamber of Commerce, the North Alabama Industrial Development Association, the Tennessee River Valley Association, Tennessee-Tombigbee Waterway, Lurleen B. Wallace Retardation Center, the Salvation Army headquarters, the Wheeler Basin Regional Library. Just look around at the hospitals and alcoholism clinics, high school stadiums, highways and bridges, and perhaps your downtown job or jobs on the Decatur waterfront; the man's handiwork is everywhere. He has really forgotten more honors and tributes than time permits us to list. I left out a couple that I believe need elaboration. The Decatur Daily is the main one. He left college in his junior year to come home and become editor and publisher of the Daily when his father died. How many 22-year-old newspaper publishers do you know?

It goes without saying in this day of huge newspaper chains and conglomerates that Barrett Shelton could have sold the Decatur Daily many years ago for a fat profit and retired to live off his bonanza and rest on his laurels. To his everlasting credit he has chosen to keep it as a family operation and a truly hometown newspaper. The Alabama newspaper hall of fame will one day be graced with a plaque honoring Barrett Shelton.

I know Mr. Shelton was happy to see his good friend and mine, the late Mr. Lewis Eckl of Florence enshrined in this great institution just a few weeks ago. I've left the best for last. The Tennessee Valley Authority. Mr. Shelton's support for TVA has not wavered in 48 years. Mr. Shelton, let me assure you that my support for TVA as an institution has never wavered either, even though I have been critical of some recent actions by the Board.

This year in a statement to the Senate Environment and Public Works Committee Mr. Shelton said, "I'm proud of the Tennessee Valley Authority. TVA is perhaps the greatest example in the whole world of people working with their government for the purpose of improving the economy." I subscribe to that and I agree with that 100 percent. Just as you have worked for almost 50 years to make TVA all that it can be, I pledge to you that I will do everything in my power in the United States Congress to help TVA not only be all that it could be, but all that it should be as well.

TVA is to be commended for many, many things. I appreciate it's wisdom in selecting you as Alabama's first recipient of the Tennessee Valley Distinguished Citizen Award. In the annals of TVA, several giants of public service who demonstrated love for their fellow man will be included. George Morris, John Sparkman, Bob Jones, Lester Hill, Lewis Eckl, and there may be a listing that just says "The Old Man." Everyone will know who it is. Thank you.

General Manager W. F. WILLIS. Unfortunately, Congressman Tom Bevill's schedule did not permit him to attend this evening; however, he has also sent a greeting which I would like to read to Barrett.

Dear BARRETT. It is an honor to join with your many friends in saluting you as the Tennessee Valley's Most Distinguished Citizen for 1981. The hard work, devotion, and major accomplishments which have made you truly deserving of this award have spanned a half-century. You have been a major force in bringing about the development of North Alabama and the entire Tennessee Valley. Your foresight in seeking to bring industrial growth to this section of the country has paid great dividends to our people. I especially want to commend you for the early leadership of the Tennessee-Tombigbee Waterway Development Authority, and the continued interest you have shown in this important project. Please accept my most sincere congratulations on this well-deserved honor. You truly are one of the Tennessee Valley's most distinguished citizens.

General Manager W. F. WILLIS. I would like to call on some people here at the head table this evening to, if they would, present some remarks about our guest tonight. I'd like to start off first with former Governor George Wallace. If you would, Governor.

Former Governor GEORGE WALLACE. Thank you, Mr. Willis. I'd like to say to you, Senator

Heflin and members of the Tennessee Valley Authority and the Barrett Shelton family, that, of course, even before I became the governor of Alabama, I knew his reputation for his interest in TVA and also for projects of this great state and region; and I can say that after I became the governor, I knew very well. I know he is not only interested in TVA but in the entire State of Alabama. I am certainly glad there was a man like Barrett Shelton and still is a man like Barrett Shelton in front of me. I am sure that had we had 35 or 40 or just a few Barrett Shelton's, that some governors might have wound up in the lunatic asylum.

I can assure you that Barrett Shelton, in coming to my office over the many years I was governor, never asked for a single thing for himself personally or for his family or for anyone. He was always wanting something done in the interest of all the Tennessee Valley Authority and the Tennessee Valley area and the entire State of Alabama; and I want to say I'm very happy to be with you, Barrett, and your lovely family here tonight; and I have appreciated your friendship. And it has been, of course, a great moment when I say that you and I are personal friends along with members of your family. You have been a great contributor and still will be a great contributor to the problems of this great section of this great State of this great region of the country. Thank you very much.

General Manager W. F. WILLIS. Thank you so very much, Governor. And now I would like to introduce former Governor Albert Brewer.

Former Governor ALBERT BREWER. Some times the power is off, but TVA gets it back on again. Thank you, Mr. Willis, distinguished guests, and ladies and gentlemen. If we all make a talk tonight, we're going to be here a while. I'm going to be very brief. Barrett, you've meant a great deal to a great many people and to a great many people who aren't even born yet. We are going to benefit from the great roots and seeds that you've planted and developed here in the Tennessee Valley. I think two things about Barrett Shelton stand out in my mind, and I grew up in Decatur, and from the time when I was just a lad, I thought he was an old man then. But now we've more nearly reached the same age, and I respect his leadership in that community, and I respect his giving of himself and his willingness to believe in the free enterprise system. He tells a story, and some of you have heard it, and you're just going to have to listen to it again. Barrett was violently, desperately opposed to this thing called the Tennessee Valley Authority. It was socialistic, it was wrong, it just wouldn't work. It was the worst thing anybody ever suggested for the people of this Valley. One day there came to his office in Decatur, the Chairman of the Board of Directors of the TVA, the Honorable David Lilienthal, a great pioneer in this business. He came in and Barrett leaned back in his chair and folded his arms and said, "All right, tell us what you're going to do for us." Mr. Lilienthal said, "Not a damn thing. I'm going to let you do it for yourself." And he did and Barrett did, and he led all of us in seeing the development and growth of this great Tennessee Valley. Barrett, we're all indebted to you, and the recognition that you receive tonight is, if anything, overdue. It is so very richly deserved. Thank you very much.

General Manager W. F. WILLIS. Thank you very much, Governor. It is a very special favor to me to introduce the next gentleman to say some words tonight—former Congressman Bob Jones—who has meant a lot to TVA. It is now my pleasure to ask you to come forward, Congressman.

Former Congressman BOB JONES. Thank you very much, Mr. Willis. If you were a member of the House of Representatives, you would know that we have a five-minute rule. If I'm to talk about Barrett Shelton, we'll be here for the rest of the night, and the five-minute rule will be abandoned. I got a call once from Barrett Shelton, and the House had been in a big debate that week, and I had been on the floor all week long making speeches and I was worn out. And Barrett said, "I'd like for you to go to Huntsville and make a speech. I said, "Barrett, I don't want to do that. I am worn out, and that would be 40 speeches this week." He looked at me and said, "Bob, you haven't made 40 speeches. You made the same speech 40 times."

Of course, it is a great honor for me, Barrett, to be in the company of the people who enjoy your thoughts and your objectives. You have meant so much, not only to this community, but you have led us on the high road to good principles, dedicated to many purposes and projects for which we all aspire, want, and need. Above all else, above all your accomplishments, we appreciate you as a man, because you have always dedicated yourself to an upward movement that has meant so much to all of us. Above all, for those of us here tonight, we thank you for letting us be your friend.

General Manager W. F. WILLIS. Thank you. I would like to call on Mayor Dukes of Decatur, Mayor of Barrett's hometown.

Mayor DUKES of Decatur. Thank you. Let me say, you know, that I'm comparatively a newcomer to Alabama and to Decatur. I've only lived there for 25 years. You know, I stand before a group of people and say how proud I am to say that I'm the Mayor of the great city of Decatur. Of course, what makes that so—and I really truly say that in all sincerity—is the help that I received and the inspiration that I have received from Mr. Barrett Shelton, Sr. There has never been anything that has happened really good to Decatur that Mr. Shelton was not the driving force behind it. It is still that way. I see him in church on Sunday. We're working on a project now at the Princess Theater, and I tell you I look up and here comes Mr. Shelton and Maynard Layman in my office, and I see him and he says, "Mayor, have you heard anything from those people in Birmingham on the problems we're having." We've talked to just about everyone and Congressman Flippo about this.

And you know the first thing he asked me when I walked up here just a few minutes ago, "Mayor, have you heard anything from them yet?" And that's just the way that he is. He stays with you and he keeps prodding you until something good happens; and I know something good is going to happen from that. But you know I would not say that I was proud to be the Mayor of the city of Decatur if it were not for the help and the inspiration that I spoke of earlier. I talked to my God earlier this evening, and I'm really sincere in saying what a great man, what a great inspiration Mr. Barrett Shelton has been to Bill Dukes, not only as Mayor but also as a citizen of the city of Decatur, Alabama. Thank you, Mr. Shelton.

General Manager W. F. WILLIS. Mayor Davis, we are very honored to be here in your city tonight. And we would like for you to come forward at this time with some remarks.

Mayor DAVIS of Huntsville. Thank you, Mr. Willis. The city of Huntsville, on many occasions, has had many distinguished people here, but I don't believe I have ever had the opportunity to see so many distinguished Alabamians here on this occasion, and certainly I thank Barrett Shelton and his family, and that is enough said for how the people all over the State of Alabama feel about what he has done for the State of Alabama and for the Tennessee Valley. The Board of Directors for the Tennessee Valley Authority, we are honored that you chose Huntsville to honor Barrett Shelton, and to Mr. Shelton, I think a lot has been said, probably a lot more will be said, but I think to me you simplify a great, dedicated Alabamian, and a great American. We are honored to know you. We are honored to have you here. Thank you.

General Manager W. F. WILLIS. Thank you, Mayor. I imagine there are a lot of people here tonight, in fact, everyone in this audience, who could and would like to say a lot of fine things about our honoree tonight. And I was really concerned about how to handle that and I talked to Maynard a little bit about it; and I said, "Now we are just unfortunately not going to be able to let everyone that we wish come up and say things about our honoree. But maybe to help settle it, you could just give me a few stories I could tell about Barrett; and I could get by with maybe not recognizing everyone." And he gave me some things, but he was worried about some of the things he told me. So I consulted with Barrett about it and Barrett said, "Now you just better leave that alone!"

Now, my task of introducing this evening's guest speaker is, by and large, an unnecessary one—particularly here in his beloved State of Alabama. Our speaker tonight is an accomplished man—a graduate of Birmingham-Southern College and the University of Alabama Law School, a widely recognized trial attorney, and former President of the Alabama State Bar Association. In 1971 he took the oath of office as Chief Justice of the Alabama Supreme Court, introducing a judicial reform package which has been hailed as a "model for the Nation."

For his First Amendment protection role, he was awarded the 1977 James Madison Award jointly with television commentator, Eric Severeid, by the National Editorial Broadcasters Association. He is a former Chairman of the National Conference of Chief Justices and was selected the Most Outstanding Appellate Judge in the United States by the American Association of Trial Lawyers in 1975.

In 1978 our speaker was elected to the United States Senate where he was named Chairman of the Senate Select Committee on Ethics, the first time in more than 70 years that a first-year freshman Senator was named Chairman of a full Senate Committee. We are very pleased that he could take time from his demanding schedule to be here tonight. Ladies and gentlemen, it gives me great pleasure to present to you, Senator Howell Heflin.

Senator HOWELL HEFLIN. Thank you. I certainly appreciate your kind remarks, and it is a great honor and delight to be here and to be here with so many distinguished guests, and I would like to say something about every one of you, to recognize you from Bob, members of TVA, and Albert. I am sitting next to former Governor Wallace, and I think, Governor, you appear to be in the best of health and vigor as I've seen you in many a year. I'm not sure of the cause, whether the new marriage, or some anticipation of an upcoming campaign, but I have to say your comb is redder than anytime I've ever seen it.

I'm delighted to participate in this great occasion for Barrett Shelton, and delighted to see so many of his friends from all over the State.

Last night I had a nightmare. I dreamed about Maynard Layman. I dreamed that Maynard and I went to heaven. We got to heaven at the same time, and Saint Peter met us at the Pearly Gates, and he looked at us and said, "Neither one of you lived very exemplary lives down on earth, therefore, we don't know whether we can let you in or not." So, we stayed outside the Pearly Gates for three days while they computerized us and went over our lives.

Finally, St. Peter let us in but said, "We realize that your wives are back on earth,

and until they join you here we have decided to provide you with feminine companionship. But don't forget that both of you are on probation." Then we got separated. Later they took me over to the heavenly hotel. As I was walking down the corridor on the way to my room, and I looked into a room and there was Maynard with Bo Derek. I said, "Wow, now this looks like everything is going to be alright here in heaven." I went to my room and there was the ugliest-looking woman that I have ever seen in my life." I turned to Saint Peter and I said, "I don't understand." He said, "You've got to realize that down on earth you didn't live an exemplary life," and he further said, "You've got to go through a period of penitence." I said, "How about my friend, Maynard? He's got Bo Derek up there in his room." St. Peter replied, "You don't understand, Bo Derek has got to go through an agonizing period of penitence, too.

I heard a story about a speaker who had been speaking for about an hour and a half, and finally somebody threw a Coca-Cola bottle at him. The Coca-Cola bottle ricocheted off of the rostrum and hit somebody down in the second row. That person hollered out when it hit him. "Hit me again. I can still hear him." Thus, I will keep my remarks short. It is my distinct honor to be with you tonight as the TVA Board of Directors pays tribute to my long-time personal friend, Barrett Shelton, by presenting him with the coveted Tennessee Valley Distinguished Citizen Award.

The story of Barrett Shelton's many outstanding contributions to his community, his people, his State, and to the Tennessee Valley is known to all of us. The range of Barrett Shelton's accomplishments is broad, for his interest spread as wide as the horizons of the State of Alabama and the Tennessee Valley. It is difficult to find in the annals of the history of this State one like him. It was natural that one of Barrett's earliest pursuits should be, the fourth estate.

His father, William Randolph Shelton, preceded Barrett as editor and publisher of the Decatur Daily. It was while young Barrett was a junior at Washington and Lee University that illness and the subsequent death of his father caused a brilliant student to leave that institution and assume the leadership and responsibilities of the Decatur Daily. This was in 1924 and since that time, 57 years ago, the Decatur Daily has served as a clarion trumpet for a bigger and better Decatur, a bigger and better Alabama, and a bigger and better Tennessee Valley.

As a newspaperman, Barrett Shelton did not merely put words on paper or just comment on local events. Rather the thrust of the Decatur Daily, has been to spur community, State, and regional action and, thereby, the Decatur Daily has been a definitive chronicle of Barrett's outstanding work through the years.

Even more than his primacy as editor and publisher of the Decatur Daily, there is a reason for Barrett's success in so many areas. It is pure and simply old-fashioned hard work, and a total commitment to a better life for his fellow man. The extent of the totality of this commitment is not fully appreciated unless you are fully aware that his closest associates are likewise imbued with this same commitment. No person has ever had stronger supporters in the pursuit of goals than Barrett has had in Barrett Shelton, Jr., and Maynard Layman.

As a charter member of the Decatur Chamber of Commerce, Barrett has been a pioneer leader in the economic and industrial development of this area and the Tennessee Valley. I could go on and list many of his accomplishments, and many of them have already been recited today. But I also want to point out just a few, maybe some that have not been mentioned, because he's also a long-time supporter of agricultural assistance that are prudent concepts. Soil conservation, crop diversification, and other programs which have given the farmer and his family security and the benefits of modern living.

Barrett Shelton has long been in the forefront of activities to bring quality medical care to his community and the State. He has devoted service in the cause of better health and has drawn praise and recognition from his fellow Alabamians, as is evidenced by his presentation of the cherished William Crawford Gorgas Award by the Medical Society of the State of Alabama in 1969.

As a citizen, Barrett Shelton has initiated or given powerful impetus to many community improvement programs. He chaired the drive for building the Wheeler Basin Regional Library at Decatur. More recently when the campaign to raise one-half million dollars for the building of the Salvation Army Headquarters in Decatur to serve a three-county area in north Alabama was launched, it was all but inevitable that the chairman of that drive would be Barrett Shelton. In 1976 in recognition of his leadership and persistence in countless community causes, Barrett was named to the Alabama Academy of Honor. The National Conference of Christians and Jews have recognized his timeless effort to foster harmonious relationships between races, religions, and faiths.

That Barrett is ever on the job for the Tennessee Valley is seen from his unceasing work to make the long awaited Tennessee Tombigbee Waterway a reality.

From our experience in the Tennessee Valley, we know that the fundamental step to the fullest use of Alabama's resources lies in the sound and wise development of her rivers and streams. This manmade link, consisting of a canal and locks will enable boats and barges to pass over the strip of high ground which separates the Tennessee River from the head waters of the Tombigbee River.

This link will produce vast improvements to commerce, industry, and agriculture, not only in Alabama or in the Tennessee Valley but in the major portions of the Midwest, the South, and the Ohio Valley. Its impact on the energy crisis and national defense would be highly beneficial. It will be necessary for me to return to Washington as soon as possible following this dinner for a major Senate battle on the Tenn-Tom that will be fought this week. In this battle, under the leadership of Senator John Stennis of Mississippi, we will draw renewed strength from Barrett Shelton and other leaders from the grassroots level. I could go on and on about Barrett's skillful leadership and untiring efforts towards the betterment of his fellow man. Barrett Shelton is a great American. The list of his extraordinary accomplishments and the awards that he has received is as impressive as it is long, but this occasion is to honor my friend for his contributions to the Tennessee Valley development. I'm quite certain that Barrett Shelton has reaped no greater satisfaction from any of his accomplishments than he has from his support of the Tennessee Valley Authority almost from its inception.

You will note that I said almost from its inception. Barrett, by his own admission, did not embrace TVA in the Agency's early stages of growth, and Albert Brewer has stolen a part of my speech. But in a speech to the United Nations Scientific Conference, in 1949, Barrett explained his reticence about TVA in these words, "In the beginning, I opposed TVA. I didn't know it intended. I knew I wanted no government control over my life, nor over the lives of my people . . . then in 1933. Economic depression settled down on the United States, more pronounced, if possible, in the Tennessee Valley and in Decatur . . . into this dismal, perplexed, economic setting, one late mid-winter afternoon came David Lilienthal, then a member of the Board of Directors of the Tennessee Valley Authority . . . We were almost frankly hostile, for he represented to us another way of thought. And another way of life . . . He went on to tell us something we never knew before. He went on to say that TVA would provide the tools of opportunity . . . He told us that the river would no longer defeat man, but would become the servant of man." Aren't those beautiful words. This is Barrett speaking at the United Nations talking about Lilienthal.

He told us that the river would no longer defeat man but would become the servant of man. "What you do with these tools," he said, 'is up to you.'" Now let us look to the writings of David Lilienthal. In his journals, David Lilienthal makes reference to this particular meeting with Barrett as well as a later meeting some years thereafter. In 1940, Mr. Lilienthal wrote: "Decatur, Alabama, where I was on Thursday, was a grand experience. Four or five years ago, I was there; in the office of the Chamber of Commerce and met and talked to a number of people, including the local editor, Barrett Shelton. They were admittedly in bad shape."

Mr. Lilienthal goes on to relate in his journal how he explains in detail that under TVA's united approach to resource development, the assets and the energies of the local government and the people would be enlisted in the promotion of a total growth program. Then speaking of his subsequent visit to Decatur, Mr. Lilienthal continues to write: "The results have been really amazing. The editor, on whom I called was simply lyric . . . and the gleam in his eye, the pride. Well, I got a great kick out of it.

Neither Barrett nor Lilienthal related how long Barrett Shelton had doubts about the TVA concept, but as we all know, Barrett is not a person to let grass grow under his feet. Early on, Barrett saw TVA as the key to extracting the Tennessee Valley from the quicksands of economic impoverishment and added his vision and energies to the concept. His support and leadership helped make TVA a strong, adaptable, and responsive Agency.

As I flew into the Tennessee Valley this afternoon, with Charles Dean, Chairman of the Tennessee Valley Authority and Chris Eckl who works with him, I thought of George Norris, Franklin D. Roosevelt, Lister Hill, John Sparkman, Bob Jones, who Sam Rayburn has always referred to as "Mr. TVA;" and other illustrious individuals, including many of the sons of Alabama who first toiled diligently to make TVA a reality and then fought unswervingly to protect and preserve it. I thought of how particularly fitting that one of those sons, Barrett Shelton, was being honored by the great enterprise which has meant so much to his beloved Tennessee River and its valley.

As we honor Barrett Shelton this evening, we also honor all of those great giants who have worked and continue to work in the cause of Alabama and the Tennessee Valley and the South. The Declaration of Independence reminds us "that Governments long-established should not be changed for light and transient causes." In similar measure is applicable to the circumstances which gave birth to the TVA.

In the spring of 1933 at the height of the Great Depression, the Tennessee Valley was a morass of poverty and shattered hopes. As low as American incomes were that year, the average income in the Tennessee Valley was less than one-half of the national average. The citizens in the Valley had lost faith in themselves, in our institutions, and in the future. (The area was in peonage to a one-crop agriculture, and lack of capital held back industrial development.)

In short, life was more harsh in the Tennessee Valley in 1933 because the area was absolutely lacking in the opportunity she offered her people for business and agricultural success, for health, education, and se-

curity. This is how Earrett Shelton described this desperate plight in his United Nations speech. "Throughout much of our lives, the progressive citizens of Decatur had tried to better conditions. And it appeared that no matter in which way they turned, the result was far from producing lasting good." It was out of this desolation that the dream of the unified development of all the resources of a great river basin for the benefit of the people was born. The entire concept at TVA was experimental, designed to try out new ideas and new methods. The changes were not "for life and transient causes." In the words of Lister Hill, "A pilot plant for progress throughout the world was created".

All here tonight know the marvelous results of the integrated and comprehensive development of the entire Tennessee River Valley. TVA opened a new gateway to progress for industrial growth and agricultural diversification in the Tennessee Valley. Rich dividends have been returned to the people of the Valley, from electric power production, flood control protection and water transportation, from industrial development along the banks of this river, from fertilizer development and sound forestry programs, from wise soil conservation practices, and from recreational development.

The advances we have seen have confirmed the faith and the measure, up to the highest expectations of those visionary statesmen who know what could be accomplished from a region's resources, are seen, are mobilized and are developed in harmonious unison. As David Lilienthal so prophetically stated to Barrett Shelton and that small group of citizens in Decatur 46 years ago, the Tennessee River has been put to work for the people. And all of this Barrett Shelton has not only played a part, but has been a major factor. He has been a wheelhorse, a leader, an inspirer, a proclaimer, and defender. Whenever TVA has been threatened, Barrett has always been there. He has stood four-square with TVA in its many battles to survive.

In the dark days of the secret Dixon-Yates scheme when foes of the TVA were pushing to destroy TVA, Barrett, along with the editor of the Florence Times, the late Lewis Eckl, whose son, Chris, is with us this evening, helped to mobilize the citizens of the region. In solid phalanx to thwart the efforts to dismember the Agency Barrett also fought for the passage of the TVA Self-Financing Act. Let me add that when the Directors of the TVA detoured off in the wrong direction, he has let them know in no uncertain words that their actions were not in the best interest of the authority of the Valley and that they should return to the main purpose.

In a compelling statement last spring to the Senate committee conducting oversight hearings on the programs and operations of TVA, Barrett Shelton reaffirmed his boundless faith in TVA with these words: I am proud of the Tennessee Valley Authority . . . Of course, TVA has made mistakes. Who hasn't? . . . We've come a long way in the last 40 years.

We (in the Tennessee Valley) are not at the top economically in our Nation, but unashamedly we want to be. That is the American spirit. That is the spirit of the Tennessee Valley Authority.

At this time when TVA is again beset with a myriad of problems and maybe at a critical juncture in its history, I think it is fitting for all of us to take a page from the resolutness of Barrett Shelton. I would hope that the achievements, the visions, and the future of TVA will not be forgotten by its people or its Directors. No river in America serves the people so completely as the Tennessee. Under the one river, one plan-concept, the prosperity of the people has been promoted, their security has been enhanced, and their happiness has multiplied. TVA has brought strength to the Nation.

It is no exaggeration to say that the stories, the outstanding works and achievements of Barrett Shelton are in large measure the story of the growth and the progress of Decatur, north Alabama, and the Tennessee Valley.

For all of his work and service, Barrett Shelton has never sought material rewards. His satisfaction came from a job well done. This occasion is but a payment of an installment of a debt to a man who has done so much for the great rank and file of the people; a debt which can never be marked "paid in full."

We cannot know and we will never know how many people have achieved success, security, and happiness because of the total commitment and involvement of this gifted and noble man. Barrett Shelton, your agenda has been very full these last five and a half decades. It goes without saying that all that you have done has been indelibly etched in the minds and the hearts of all of us present here tonight. You are already a legend in your time, but I am confident that we have not heard the last of your durable service to your fellowman.

I want to wish for you and your beloved wife, Suzanne, continued health and happiness. In closing, let me speak for everyone here by paraphrasing an old Irish prayer: "May the road rise to meet you, may the wind always be at your back, may the sun shine warm on your face, and the rains fall soft on your fields, and during the remainder of your days, may the good Lord hold you in the hollow of his hand."

General Manager W. F. WILLIS. Thank you very much, Senator Heflin. Now I'd like to turn the program over to the Chairman of the Tennessee Valley Authority, Charles Dean, to make the presentation.

Chairman CHARLES H. DEAN. You will be happy to know that there is no way that I can follow that act. I tried to tell jokes against him on the plane coming down today and he won everytime. In fact, I'd start one and he'd tell me how it ended; and so he's heard them all. I'd like to read you just a few words from a letter that Dave Freeman wrote. He couldn't be here tonight. He said:

Your quality that stands out most in my mind, Mr. Shelton, is your activism and enthusiastic interest in TVA today. There are many people in the Valley who are part of TVA's history, but I know of no one else whose support for the Agency is as enthusiastic today as it was in the thirties. And I know of no community who can match yours as evidence of TVA's partnership with the people. As I've said on many occasions, the Decatur story is a yardstick within a yardstick. Best wishes for many, many years of active public service in the future.

It is signed by Dave, who couldn't be here tonight and he sent this letter to you. Now I had some notes and I'm going to throw them away, because I just want to talk just a few minutes from my heart.

In the first place, I feel much better about being down here because of some of my friends who live around here like Ed Cobb and Tom Green from up in Nashville and Elvin Farrer who came all the way from Georgia, and then I ran into a guy named Cy Horton. Now none of you know Cy Horton, but you may know Ed Horton, a very prosperous farmer from over here around Athens. And Ed Horton was Cy Horton when I went to U.T. He was an upper classman and I was a freshman. And he pounded on me a little bit, because we were in the same fraternity. But it certainly makes you feel good to come back home and find somebody like Ed Horton has risen to the heights. So I feel very warm and friendly here tonight; and it is good to share this day with my fellow Director, Dick Freeman. I want to tell all of you, particularly Mr. Shelton, that the TVA is in good hands. Dick Freeman and I are really in what amounts to our last jobs.

Now that's not a morbid thing to say, but we are with TVA as the last public service job to try to do what we think is best for this Valley. We are following a great tradition, and we have no intention at all of messing up. We want to do what's best, but we have to do in some cases things that might not be popular at the moment. I'm not going to go into gross detail about that, but some of the projects I've been involved in lately haven't been just a whole lot of fun.

In fact, they say when you get a new job like this, there is a honeymoon period. If there was a honeymoon, it was very brief. But tonight is one of these delightful occasions when you can come down here and make an award like this to a man that's truly great. I had never met Mr. Shelton. I met his son down here a couple of weeks ago. Mr. Shelton was traveling. But the real way to tell about a man is to watch his wife. Now, when the Senator was talking about his career, Mr. Shelton's career, he was talking about his honor student stuff back at Washington and Lee, and she snickered. She told me two things.

One, he wasn't maybe quite the scholar that the Senator might have been told, and two, that after all these years she loved him a whole lot. And that's the ultimate test. You know, when you have lived together that long, she loves him, she laughs at his jokes, and she snickers when somebody says something that's maybe stretched a little bit. So what I know is, I haven't met Mr. Shelton before, but I've enjoyed being with him tonight, and I certainly enjoyed having dinner with Suzanne; and I'm in the presence of a great man, and he has been a friend of the Tennessee Valley Authority. He has been a friend to all of you and I don't think I can add much to the Senator's remarks except to say it certainly is a pleasure as Chairman of TVA to make this award to Mr. Shelton. It's the Distinguished Citizen Award and, Mr. Shelton, you come up and get this and you can say anything you want.

BARRETT SHELTON. You know, the young Shelton over there, my grandson, he told me awhile ago, "You go on home. There has been some mistake. This thing is for me!"

Members of the Board of the Tennessee Valley Authority, Senator Heflin, distinguished guests, (my dear one), to my right and left, and to all you distinguished guests who have come here this night, I thank you. The Shelton family, the Shirley family, the Jones family, the Hall family, all of us thank you for coming here to honor an old fellow—me—that the Board of Directors of the Tennessee Valley Authority saw fit to nominate as the distinguished citizen of the Tennessee Valley for 1981. So again, I thank you, all of you, and allow me to offer a few, just a few, thoughts about the present and future of the Tennessee Valley.

In the past two years, John and Lucy Caddell and Mom and I have had the great privilege of traveling around the world and we have learned a lot about the other peoples of the world and the other governments of the world. We have found the people to be warm toward Americans with very few exceptions. They have been cordial and friendly and envious of our way of life. In just the past month, we were in Nepal where the annual per capita income is $75 a year and unemployment is 40 percent. One of the cashiers at our hotel told me that he had been working there for 13 years; his salary was $100 a month and how he wished that he might have a chance to come to our great Nation. There were 193 Americans from all over our Nation on this trip and the Nepalese entertained us on a mountaintop with a luncheon, native dancers, and a little

scraggily looking 20-piece band. Then, as their final offering, struck up "Stars and Stripes Forever."

To tell the truth, the tears still come to my eyes when I think on that scene. I think the United States of America is doing alright in the eyes of foreign lands and I know we are on the way to doing alright in our own eyes. We are on the way to a greater day in the history of the United States of America. When I say such things, some of my friends say, "My goodness. You sound like a Republican." No, not so.

There is nothing wrong with the principles of the Democratic party, which I espouse. We just went too far, and the American people are putting us back on the track. We will survive. We will return, wiser and more careful, just as the Republicans returned from oblivion. Now I didn't intend to get off on politics, but I do have to tell you what's in my heart and I have never viewed the Federal Government as an entity of its own. The Federal Government is you and I. It belongs to us; it is you and I. The Tennessee Valley Authority is a partnership with our people. It is an instrument of our Federal Government. The TVA belongs to the people of the United States. It belongs to us. The gentlemen who are charged with the responsibility of running it are doing their very best for you and the United States.

And so long as I am convinced of that, I will have good words to say about the Tennessee Valley Authority. I will not expect the impossible of gentlemen who are faced with the same financial problems that all of us are, only on a much larger scale. I like this partnership with the TVA. TVA leaders are responsive, optimistic, and in there trying to do the best job they can for us and for the people of the United States. Once again I want to thank this Board for selecting me as the Distinguished Citizen of the Tennessee Valley for 1981, and let me close with this final paragraph taken from a speech I was privileged to make at the United Nations on September 5, 1949.

I said then and I say now: I would like to close with this summary. Senator William Knowland of California, who came to the Tennessee Valley to see for himself what had been accomplished since the creation of TVA, returned to tell Congress that TVA was the greatest boon to private enterprise he ever saw. Or in the words of Dr. Sen, a visitor in Decatur from the Embassy of India, who viewed TVA as an improvement in an ever-improving democracy, or in my own way of answering visitors who come into our section of the Valley and ask, "Wouldn't this all have happened without a TVA?" And my answer to one and all is, "It didn't." Thank you very much.

General Manager W. F. WILLIS. I would like to thank you all so very much for coming this evening.

NATIONAL CIRCLE K WEEK

Mr. HEFLIN. Mr. President, it is with great pleasure that I join several of my distinguished colleagues in cosponsoring the resolution introduced by Senator DOLE proclaiming the week of February 7, 1982, to be National Circle K Week.

Today, Circle K International, the college affiliate of Kiwanis International, may properly be called the world's largest collegiate service and leadership development organization. Yet, as is often the case, the true essence of the organization goes far beyond any mere definition.

Circle K now has some 13,000 members in more than 700 clubs throughout the Western Hemisphere. It has come a long way from its beginning as a service fraternity in 1936, and even since its official recognition by Kiwanis International in 1955.

Despite the growth of the organization over the years, one thing has remained steadfast, Circle K has always had, and hopefully will always continue to have, high ideals of service. This dedication to finding the needs of the community and working to satisfy those needs has led to a deep commitment to the members of Circle K and to the people they serve.

All this illustrates Circle K's dedication, above and beyond all else, to making the world a better place and tomorrow a better day. Through service to others, Circle K builds character and leadership among its own membership ranks. These college students learn to cope with people, to care for people, and, most importantly, to care about people, while trying to give these people better lives to live and a better world to live in.

Circle K has been recognized for their significant efforts on behalf of the Muscular Dystrophy Association and the Cystic Fibrosis Foundation, among others. The organization has been deeply involved with the special Olympics program and with local boys and girls clubs. They have received 10 national awards from the Freedom Foundation for improving citizenship and speaking up for America. The list of the groups they have helped goes on and on.

My home State of Alabama is very lucky in that it has long been blessed with a fine Circle K district organization. There are clubs at some 25 colleges, universities, and junior colleges in the State. Over the years, the contributions these groups have made to the welfare of Alabama have been truly phenomenal. More than 20 young Alabamians have served as members of the Circle K International board or officers, helping set the policy that has steered the organization through its years of growth. Clubs from Alabama have won 10 first-place awards for the quantity and quality of their service, with the University of Alabama Circle K Club receiving an unprecedented third consecutive first-place award at this year's international convention.

Circle K International has always been involved in volunteer service, and has structured this service through the designation of biennial administrative theme and emphasis areas. The current theme, "Together for Tomorrow," urges Circle K clubs to become more deeply involved with elderly and physically impaired persons, and to work to stimulate positive achievement by our society's teenagers.

Still, Circle K service will not be limited to those areas. These fine college students will continue working in any area that might help another person, not only through raising funds for charities, but predominantly through personal service activities, visiting nursing homes, tutoring in high schools, volunteering as a "Big Brother" or "Big Sister," and countless other ways.

Circle K means many different things to its members—service, involvement, caring. To me, and to all of us, it should mean all of these, as well as hope for a brighter and better tomorrow.

BAILEY ANDERSON

Mr. HEFLIN. Mr. President, it is with a great deal of sadness that I bring to the attention of the Senate the death of Bailey Anderson of Florence, Ala. Bailey's outstanding service, dedication and devotion to his community, State and Nation was beyond reproach.

Bailey was born in Providence, Ky., where he graduated from Providence High School in 1941. He continued his education at Murray State College in Kentucky and Mississippi State University.

Bailey's lifelong dedication to the newspaper industry began at the age of 13 when he served an apprenticeship as a printer's assistant. In his spare time, Bailey took the initiative to teach himself how to operate a linotype typesetting machine. Bailey's early career in the newspaper business took him to newspapers in Alabama, Kentucky, and Georgia. He served as general manager and held an ownership interest in the Madisonville Messenger in Madisonville, Ky., when that paper was purchased by Worrell Newspapers in 1970.

Bailey was subsequently named a vice president in the Worrell organization. He served as publisher of the Los Cruces Sun News in Los Cruces, N. Mex. Bailey moved to the Shoals area in 1972, when he assumed the duties of president and publisher of the Times-Daily.

Upon moving to the Shoals area, Bailey immediately became actively involved in both the civic and business affairs of the community. He served as executive director of the Florence Area Chamber of Commerce. He was a life member of the Rotary International, a Mason, a member of the Veterans of Foreign Wars, and the Benevolent and Protective Order of the Elks. Bailey also held memberships in the Young Men's Christian Association, the Muscle Shoals Concert Association, the Turtle Point Yacht and Country Club and numerous business and professional organizations.

Bailey Anderson was an outstanding citizen in every respect. His uncompromising dedication was reflected in his service to his community, to his church, to his profession, and by his dedication to his beloved family. I wish to extend my sincerest sympathies to Bailey's lovely wife, Mildred Ballinger Anderson, and to his children, Mrs. Ronald Chestnut, Mrs. Jere Medaris, and Edwin Anderson. I also express my sympathy to Bailey's brother, J. D. Anderson. Indeed, Bailey's memory will live in the hearts of all who knew him and serve as an inspiration to everyone.

I request unanimous consent that articles concerning Bailey Anderson be printed in the RECORD.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Florence Times-Tri-Cities Daily, Nov. 18, 1981]

BAILEY ANDERSON, T-D CHIEF, DIES

Times-Daily publisher Bailey Anderson died today following a long bout with cancer. He was 58.

Even though his employees and associates at the newspaper were aware of his illness, the news of his death early today brought a hush to the normally fevered pace of the newsroom.

He died at 4 a.m. in Las Cruces, N.M., where he had been undergoing treatment.

Funeral arrangements are pending.

A self-made newspaperman, Anderson was born June 23, 1923, in Providence, Ky.

He attended Providence public schools and graduated from Providence High School in 1941. He also attended Murray State College in Kentucky and Mississippi State University.

His lifelong association with the newspaper business began at the age of 13 when he served an apprenticeship as a printer's assistant, or "devil," as that position was called then.

In later years, Anderson occasionally referred to the solitary late-night sessions during which he taught himself to operate a linotype typesetting machine.

His career was interrupted by World War II, during which he served in Europe as a fighter pilot with the 82nd Fighter Squadron, 78th Fighter Group, 8th Air Force.

He was shot down on his 11th combat mission and was interned for four months as a prisoner of war in Germany. He was cited for his service with the Air Medal (with Cluster), the Purple Heart and other cambat awards. He retired as captain.

Following the war, Anderson's skill in the newspaper and printing trades won him an interest in eight "job" printing shops, one daily and two weekly newspapers. His early years took him to newspapers in Alabama, Kentucky and Georgia.

He served as general manager and held an ownership interest in the Madisonville (Ky.) Messenger when Worrell Newspapers Inc., purchased that newspaper in 1970.

Named a vice president in the Worrell organization, Anderson subsequently was the publisher of the Las Cruces (N.M.) Sun-News.

He came to the Shoals area in 1972, assuming the duties of president and publisher of the Times-Daily.

In the course of his stay in the Shoals, Anderson became an active force in the community. He was an executive director of the Florence Area Chamber of Commerce and held memberships in the Young Men's Christian Association, the Muscle Shoals Concern Association, Turtle Point Yacht Country Club and numerous business and professional organizations.

A life member of Rotary International, Anderson was a Mason, a member of the Veterans of Foreign Wars and the Benevolent and Protective Order of the Elks. He also was a member of the Baptist Church.

He is survived by his wife, the former Mildred Ballinger of Florence; two daughters, Mrs. Ronald Chestnut of Greenville, Tenn., and Mrs. Jere Medaris of the home; a son, Edwin, of the home; one brother, J. D. Anderson of Macon, Ga.; and three grandchildren.

[From the Florence Times—Tri-City Daily, Nov. 11, 1981]

BAILEY ANDERSON

Bailey Anderson was a man who chose to live his life well. His death Wednesday, after a long struggle with cancer, marks an end to a remarkable individual, but not to the influence which his character will continue to exert on the lives of others.

He had integrity, that rare trait. He had strength in abundance. He had tenacity (as all who knew him can attest). He understood people.

That combination of abilities, skills and attributes served him well all his life.

Through an organic alchemy which pertains to some gifted men, Bailey Anderson shaped and, in turn, was shaped by his own existence. He was both potter and clay.

In one sense, his life was successful. From a simple beginning in the coal fields of Kentucky, he rose to commercial prosperity. He became a leader, an asset to the community, a man of substance.

On a much deeper level, however, Bailey Anderson was driven by a restless intelligence which sent his mind and spirit roving through time and across the broad plane of human experience.

At that essential core within himself, the real Bailey Anderson encountered the verities of human existence. Knowing himself so well, he was able to know others. Understanding his own truths, he was able to advise others. He was good at giving advice, and his advice was usually good.

But the lessons he had to teach, if his listeners had ears with which to hear, almost always had to do with how one should live.

Bailey Anderson had opinions, strong opinions, about nearly everything. What he wished for his employees, his friends, his associates was that they should have opinions of their own.

As a newspaperman and as the publisher of the Times-Daily, he had very specific opinions about journalism.

For one thing, he believed editorials should be short and to the point.

In this case, we can abide by his wishes.

Bailey Anderson was a beautiful man whose spirit shall continue to burn in the lives of everyone he touched.

[From the Florence Times—Tri-City Daily, Nov. 11, 1981]

MY FRIEND BAILEY

(Editor's note: The following guest editorial is from Thomas E. Worrell Jr., president of Worrell Newspapers Inc. In addition to his duties as president and publisher of the Times-Daily, Bailey Anderson also served as a vice president of Worrell Newspapers.)

To my friend Bailey Anderson, life was a supremely welcome and beautiful mystery.

One way Bailey tried to find answers to that beautiful mystery was to argue. I even heard him tell a man once that he'd come to talk, not to listen.

He and I used to argue a lot. Mostly about anything that came to mind.

Neither one of us ever won one of those arguments, but we kept on, time after time. Both loved it.

One subject that came up occasionally was the nature and existence of miracles.

I was reading a book by the poet E. E. Cummings today and realized that my friend Bailey was a miracle . . .

To quote Mr. Cummings:

"With you I leave a remembrance of miracles: they are by somebody who can love and who shall be continually reborn, a human being; somebody who said to those near him, when his fingers would not hold a brush—tie it to my hand—."

My friend Bailey is now a citizen of immortality.

I will miss him very deeply.

WHITE HOUSE CONFERENCE ON AGING

Mr. JACKSON. Mr. President, the White House Conference on Aging ended last week on a positive note, having made hundreds of useful suggestions to the President and Congress for ways in which to enrich the quality of life for America's 34 million older citizens.

It is my hope that the President, his advisers, and Members of Congress will take time—as I have—to read and consider the many recommendations that emerged from the conference.

I believe the conference was very useful and I commend the participants. I was especially pleased with the enthusiastic and diverse representatives from Washington State. Our delegation included many fine persons from all walks of life, both political parties, from former State legislators to retired blue-collar workers. Included among our distinguished representatives was Mrs. June Biggar, chairman of the board of the American Association of Retired Persons.

The conference recommendations should be viewed as a blueprint of the things we need to do in order to assist older Americans. The information will be valuable to legislators and planners at all levels of governments as well as private agencies and concerns.

Among the suggestions were ones such as these:

Social security benefits to current beneficiaries should be maintained and the minimum benefit should be restored;

No change in the early retirement option; the retirement test should be eliminated at age 65 or an actuarial adjustment should be made on benefits for delayed retirement;

SSI benefits should be raised to the poverty level and the "asset" test should be eliminated;

Medicare coverage should be expanded to include prescription drugs, eyeglasses, hearing aids, dental care, preventive and maintenance care, hospice, ambulatory services, part B lab tests, and to provide more coverage for mental health care services and home health care;

In-home care should be promoted as a viable alternative to institutionalization by such actions as expanding benefits for long-term care, tax incentives and expanded home health care;

A comprehensive national health plan should be adopted which includes a long-term care, community-based health system;

Mental health services should be part of a comprehensive long-term care, health and social service system;

Local, State and Federal officials should work together with the private sector to develop a comprehensive approach for providing and rehabilitating housing for the elderly;

Programs should be initiated so older Americans can convert their home equity into income without selling or moving from their homes;

Government at all levels should adopt programs to assist with energy-related problems; and

Crime is a major area of concern among older persons and new efforts should be made to provide increased safety and security, community awareness and to assist victims of crime.

Mr. President, these are but a few of the many recommendations adopted by the conference. They are examples of the kinds of things we need to do as a nation to improve the lives of older Americans. Obviously, we cannot enact each of the hundreds of recommendations overnight, but they should serve as guidance for many years.

The White House Conference on Aging has helped dramatize, in a construc-

tive way, the sheer vastness of the problems facing older Americans. It is important to remember that we are talking about a group of people that numbers 34 million. It is a "minority" that all of us will join if we are fortunate enough.

I think it is important also, as we consider the needs of older Americans, that we think of them as individuals with differing needs. Some men and woman may want to retire and go fishing or whatever at age 60, while others may wish—and be fully capable—of working into their 70's and beyond.

Older Americans are a great national asset and should be viewed as an enormous reservoir of talent, knowledge and experience from which we can draw. We need not only consider programs thought to benefit seniors, but also ones designed to expand opportunities.

Finally, let me commend my colleague and friend, Congressman CLAUDE PEPPER of Florida. He is doing a tremendous job in Congress working especially hard on behalf of senior citizens and I look to him for advice and counsel in this area. He is a compassionate and wise man.

Congressman PEPPER also teaches us something about the relativity of age. At 81, he is active and, in fact, "younger" than many men and women half his age.

A profile of Congressman PEPPER appeared recently in the Spokane Spokesman Review and I ask unanimous consent that the following excerpts from that article appear in the RECORD.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

81-YEAR-OLD LAWMAKER STILL AT BAT FOR ELDERLY

(By John Egerton)

One of his most outspoken challengers is a short, combative and indefatigable elder statesman from Florida, 81-year-old Rep. Claude D. Pepper of Miami.

A New Deal Democrat and an unwavering liberal from the day he first gained a seat in the U.S. Senate in 1936, Pepper is the oldest member of either house of Congress.

He also is chairman of the House Select Committee on Aging and widely is regarded as the leading congressional authority on—and advocate of—federal assistance to the elderly.

When the third decennial White House Conference on Aging begins its four-day meeting in Washington today, the 2,200 voting delegates will be primed for a clash between the Reagan and Pepper philosophies, if not a confrontation between the two men themselves.

Pepper not only will be a featured speaker, but he also plans to attend every session of the conference, which has been authorized by Congress to develop recommendations on issues concerning the elderly.

In 14 years as a senator and 19 as a member of the House—sandwiched around a 12-year law practice—Claude Pepper almost always has spoken his mind.

His Washington career has encompassed the administrations of nine presidents.

Now he is embarked on a crusade on behalf of a class of citizens to which he himself belongs.

"Ageism is as odious as racism and sexism," he says.

And with the stamina of a man half his age, he scurries about like an octogenarian Paul Revere, calling people of advanced years to their own defense and demanding that the rest of the population recognize their rights and their worth.

Rep. Millicent Fenwick of New Jersey, a member of Pepper's committee on aging, is one Republican who lauds him as "a dear, kindly, gallant gentleman whose concern for the elderly is absolutely genuine.

"Some feel he goes too far in his zeal," she says, "but none doubt his sincerity or his influence.

"Any debate on the future of Social Security in this country has to include him.

"Others may be more expert on actuarial tables and taxes, but someone has to speak for the heart.

"Claude speaks for the heart."

Since his early years in the Senate, Pepper has practiced a style of liberalism that skillfully blends pragmatic and idealistic concerns.

In recent years, he has introduced legislation to abolish mandatory retirement, to help fight crime in housing projects for the elderly, to cut Amtrak fares for senior citizens and to make nutritious meals available to the elderly.

His committee on aging has kept up a steady schedule of widely publicized hearings.

His newspaper column—"Ask Congressman Pepper"—is circulated to more than 700 papers all over the country.

"We all look to him," says William R. Hutton, executive director of the National Council of Senior Citizens.

He typically works nine-hour days on Capitol Hill, attends numerous evening functions and returns to Miami almost every weekend to "be available" to his constituents.

For exercise, he plays 18 holes of golf every week or two, pedals a stationary bicycle in his apartment on rainy weekends and walks farther and faster than any member of his staff.

Pepper expects his job to keep him busy indefinitely.

"I hate to think I'll have to quit someday," he says.

"My goal is to see this century out—and get the next one off to a good start."

THE EXPORT-IMPORT BANK

Mr. CRANSTON. Mr. President, I rise today in support of one of the most professionally administered and beneficial programs to come before the Congress, the Export-Import Bank of the United States—and to urge that as soon as we can in a manner consistent with our need to restrain Federal spending, we find ways to increase its fundings. Last year, fiscal year 1981, direct borrowing authority was set at $5.5 billion. This has been cut for fiscal year 1982 in the Senate-passed foreign assistance appropriations bill to $4.7 billion and the House Appropriations Committee cut Exim even further—to $3.9 billion. All of this has been done even though the Budget Reconciliation Act permitted funding up to $5.065 billion for fiscal year 1982. I refer only to borrowing authority, not outlays.

By most any yardstick, our Nation's economy is in a recession. I believe Exim Bank to be an extremely valuable tool which we can use to help fight the recession and turn the economy around and make progress toward our goal of full employment.

Exim Bank was incorporated by Congress as an independent Government institution for the express purpose of encouraging foreign buyers to buy American exports. Exim has fulfilled its mission well, assisting in more than $100 billion in U.S. exports. Last year, Exim loans, guarantees, and insurance supported $18.1 billion in U.S. exports.

I think that because Exim's purpose and day-to-day transactions involve foreign purchasers of U.S. goods, we forget how important Exim is to our domestic economy. Now, more than ever, our country is not an insular entity. Exports are a vital part of our economic health at home. The Department of Commerce has estimated that each $1 billion in exports supports 40,000 jobs in the United States. Using the Department of Commerce figures, Exim Bank's 1980 operations helped support 724,000 American jobs. Exim's commitments have gone to more than 5,700 firms in all 50 States. Each Exim commitment benefits an extensive network of subcontractors and suppliers.

The alternatives to a strong Exim Bank are not pleasant. These alternatives are the transfer of jobs, business, and tax revenues to foreign countries.

Exim is one of the keys to reducing America's staggering trade deficit—which reached over $32 billion last year. At a time of great budget pressures, Exim has traditionally made money for the Treasury. A recent Wharton Business School study found that it returns 10 times the amount to the Treasury in additional revenues than the direct cost of its loan.

Exim, like any other bank, lends and is repaid. Exim's customers, foreign borrowers, repay this capital, not the U.S. Government or U.S. taxpayers. Exim does not receive appropriations from Congress. Exim seeks loan authority only, not direct outlay authority. Exim funds its programs through loan repayments, interest payments, insurance premiums, and guarantee fees. Exim omitted a dividend for the first time since its inception, in 1980, only because of extraordinarily high interest rates. Exim's total cumulative dividends paid to the Treasury for 1979 and prior years have exceeded $1 billion.

In the face of the escalating international credit war, we must find ways to support Eximbank adequately. Other countries subsidize far greater proportions of their exports than does the United States. In 1980, the General Accounting Office found that during 1978 Japan and the United Kingdom supported 35 percent of their exports, France supported 20 percent of its exports, and Germany 12 percent. Only 6 percent of American exports were supported through Eximbank financing—and this will go down to 4 percent with the cuts we have.

The technological advantages that once made American products overwhelmingly desirable have now been narrowed. We are in a vigorous competition to sell American products in world markets. Other nations have made exports a key element of their nation's policy and provided their exporters with the financial miracle to back up these commitments. The competition between products in international trade is now so vigorous and so close that the credit terms offered by some foreign nations are often the factor that makes or breaks a transaction and frequently the transactions involved run into hundreds of millions of dollars. Our companies can

compete on price, quality, and service. but without Exim assistance, they cannot compete on credit terms.

We must have a strong Eximbank to counter foreign predatory financing practices.

TRAGIC DEATH OF JERRY WURF

Mr. KENNEDY. Mr. President, last night, my friend Jerry Wurf, the president of the American Federation of State, County, and Municipal Employees, passed away after a long illness.

Jerry Wurf was a fighter whose commitment to economic and social justice in our society never weakened, whatever the odds. Never afraid of controversy, he constantly took the lead even when a cause was unpopular.

Over the years, against overwhelming odds, he built AFSCME into one of the most dynamic unions in the Nation.

A champion of public service, he sought to make our citizens understand and appreciate the vital contributions public employees make to progress in this country.

During my years on the Labor and Human Resources Committee, Jerry Wurf was my ally in struggle after struggle to provide decent health and social services to all our people.

Jerry was a tough bargainer, a man of fire, a blunt voice that could not be denied. And always his gifts of passion and compassion were in the service of others—his brothers and sisters in the trade union movement, his fellow citizens everywhere.

I shall miss Jerry personally. He stood with me in the hardest hours of my 1980 campaign. It was of Jerry as much as anyone that I spoke at the Democratic Convention when I cited the poet's words: "What golden friends I had."

I have lost a good and golden friend. Labor has lost a great and compassionate leader. America has lost a rare source of conscience and courage.

Most of all, Jerry's family feels this loss. This morning our thoughts are with his wife, Mildred and with his children. We pray for Jerry—and for them.

JERRY WURF—A GREAT AMERICAN

Mr. PELL. Mr. President, today is a very sad day for our country. We have lost a great labor leader and a great American, through the death of Jerry Wurf.

Jerry Wurf has been president of the American Federation of State, County and Municipal Employees (AFSCME) for the past 17 years. During this time the union has increased from 220,000 to over 1 million members, largely because of the power of his personality and the depth of his commitment to creating better working conditions for the men and women who work in our public sector.

Mr. Wurf has never avoided conflict and has used his position as president of AFSCME to speak out on behalf of all working people, women, and minorities. He has been a leader in Democratic politics and was one of our first public figures to recognize the importance of maintaining a social safety net for the elderly and economically disadvantaged in our society.

In 1978, Jerry Wurf established a progressive alliance of labor unions and public interest groups to fight budget cuts and protect underprivileged Americans who were becoming the unwitting victims of double-digit annual percentage increases in inflation in the basic necessities.

This organization was successful in demonstrating that the Federal Government could not be balanced on the backs of the poor and the working men and women of this country. The progressive alliance also symbolized the depth of Jerry Wurf's commitment to social justice and equity for all Americans.

Jerry Wurf will always be remembered as a man of the people. He began organizing public employees after graduation from college in the early 1940's and until his death remained totally committed to improving the working conditions for employees in the public sector.

During the 1960's and 1970's, Jerry Wurf was a key player in the civil rights movement and fought hard to combat sexual discrimination in the workplace. He was an inspiration to our young people and never lost touch with the working men and women that elected him.

We have prematurely lost an inspiring and dedicated American, Mr. President, and I would like to extend my deepest sympathy to Jerry Wurf's family, friends, and colleagues.

MESSAGES FROM THE PRESIDENT

Messages from the President of the United States were communicated to the Senate by Mr. Saunders, one of his secretaries.

EXECUTIVE MESSAGES REFERRED

As in executive session, the Acting President pro tempore laid before the Senate messages from the President of the United States submitting sundry nominations which were referred to the appropriate committees.

(The nominations received today are printed at the end of the Senate proceedings.)

PRESIDENTIAL APPROVALS

A message from the President of the United States announced that on December 1, 1981, he had approved and signed the following bills:

S. 815. An act to authorize appropriations for fiscal year 1982 for the Armed Forces for procurement, for research, development, test, and evaluation, and for operation and maintenance, to prescribe personnel strengths for such fiscal year for the Armed Forces and for civilian employees of the Department of Defense, to authorize appropriations for such fiscal year for civil defense, and for other purposes; and

S. 1133. An act to amend the National Advisory Committee on Oceans and Atmosphere Act of 1977 to authorize appropriations to carry out the provisions of such act for fiscal year 1982, and for other purposes.

MESSAGES FROM THE HOUSE

At 9:52 a.m., a message from the House of Representatives, delivered by Mr. Gregory, one of its reading clerks, announced that the House agrees to the amendment of the Senate to the amendment of the House to the amendment of the Senate numbered 4 to the bill (H.R. 4035) making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes.

The message also announced that the House has agreed to the following concurrent resolution, without amendment:

S. Con. Res. 50. A concurrent resolution reaffirming the congressional budget for the United States for the fiscal years 1982, 1983, and 1984.

At 12 noon, a message from the House of Representatives, delivered by Mr. Gregory, announced that the House has passed the bill (S. 1196) to amend the Foreign Assistance Act of 1961 and the Arms Export Control Act to authorize appropirations for development and security assistance programs for the fiscal year 1982, to authorize appropriations for the Peace Corps for the fiscal year 1982, and for other purposes, with amendments; it insists upon its amendments; asks a conference with the Senate on the disagreeing votes of the two Houses thereon; and appoints Mr. ZABLOCKI, Mr. FASCELL, Mr. HAMILTON, Mr. BINGHAM, Mr. SOLARZ, Mr. BONKER, Mr. MICA, Mr. BARNES, Mr. WOLPE, Mr. BOWEN, Mr. BROOMFIELD, Mr. DERWINSKI, Mr. FINDLEY, Mr. WINN, and Mr. LAGOMARSINO as managers of the conference on the part of the House.

ENROLLED BILLS SIGNED

At 4:30 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the Speaker has signed the following enrolled bills:

H.R. 4034. An act making appropriations for the Department of Housing and Urban Development, and for sundry independent agencies, boards, commissions, corporations, and offices for the fiscal year ending September 30, 1982, and for other purposes; and

H.R. 4035. An act making appropriations for the Department of the Interior and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

The enrolled bills were subsequently signed by the President pro tempore (Mr. THURMOND).

At 4:21 p.m., a message from the House of Representatives, delivered by Mr. Berry, one of its reading clerks, announced that the House has passed the following bill, in which it requests the concurrence of the Senate:

H.R. 4559. An act making appropriations for Foreign Assistance and related programs for the fiscal year ending September 30, 1982, and for other purposes.

ENROLLED JOINT RESOLUTION SIGNED

At 5:34 p.m., a message from the House of Representatives, delivered by Mr. Johnson, the Assistant Parliamentarian,

announced that the Speaker has signed the following enrolled joint resolution:

H.J. Res. 370. Joint resolution making further continuing appropriations for the fiscal year 1982, and for other purposes.

ENROLLED JOINT RESOLUTION PRESENTED

The Secretary reported that on today, December 11, 1981, he had presented to the President of the United States the following enrolled joint resolution:

S.J. Res. 115. Joint resolution to approve the President's recommendation for a waiver of law pursuant to the Alaska Natural Gas Transportation Act of 1976.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McCLURE, from the Committee on Energy and Natural Resources, without amendment:

S. Res. 258. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1662; referred to the Committee on the Budget.

By Mr. JEPSEN, from the Committee on Armed Services, without amendment:

S. Res. 259. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1906; referred to the Committee on the Budget.

By Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, with an amendment in the nature of a substitute:

S. 1808. A bill to authorize an Under Secretary of Commerce for Economic Affairs.

By Mr. McCLURE, from the Committee on Energy and Natural Resources, with an amendment in the nature of a substitute:

S. 1484. A bill to amend section 21 of the act of February 25, 1920, commonly known as the Mineral Leasing Act (Rept. No. 97–294).

By Mr. COHEN, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute, and an amendment to the title:

S. 1370. A bill to authorize the Secretary of the Army to acquire, by condemnation proceedings, or otherwise, such interests in the oil, gas, coal, or other minerals owned by the Osage Tribe of Indians needed for Skiatook Lake, Osage County, Okla. (Rept. No. 97–295).

By Mr. COHEN, from the Select Committee on Indian Affairs, with an amendment in the nature of a substitute, and an amendment to the title:

S. 1890. A bill to authorize the Secretary of the Interior to disburse certain trust funds of the Lac Courte Oreilles Band of Lake Superior or Chippewa Indians of Wisconsin and for other purposes (Rept. No. 97–296).

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SPECTER:

S. 1938. A bill to eliminate the Federal Communications Commission to regulate the franchise fee which a State, political subdivision, or other governmental entity may impose in connection with any franchise for cable television; to the Committee on Commerce, Science, and Transportation.

By Mr. BAKER (for Mr. GOLDWATER) (for himself and Mr. CRANSTON):

S. 1939. A bill to amend the Public Health Service Act to establish a National Institute on Arthritis and Musculoskeletal Diseases; to the Committee on Labor and Human Resources.

By Mr. THURMOND:

S. 1940. A bill to amend chapter 209 of title 18, United States Code, relating to extradition, and for other purposes; to the Committee on the Judiciary.

By Mr. TOWER:

S. 1941. To provide for the reinstatement and validation of U.S. oil and gas leases numbered NM 25447 and NM 25452 Act; to the Committee on Energy and Natural Resources.

By Mr. EAST:

S. 1942. A bill to provide for an expedited and coordinated process for decisions on proposed nonnuclear energy facilities, and for other purposes; to the Committee on Energy and Natural Resources.

By Mr. SCHMITT:

S. 1943. To increase the penalties for smuggling quantities of marihuana exceeding 1,000 pounds; to the Committee on the Judiciary.

By Mr. LEVIN:

S. 1944. A bill to amend title II of the Social Security Act to provide that disability benefits shall not be terminated prior to an exhaustion of administrative remedies unless current medical evidence substantiates such termination; to the Committee on Finance.

By Mr. THURMOND (for himself, Mr. STEVENS, Mr. MURKOWSKI, and Mr. DENTON):

S. 1945. A bill to amend title 18, United States Code, to make a crime the willful destruction or attempts to destroy the trans-Alaska pipeline system; to the Committee on the Judiciary.

By Mr. MOYNIHAN (for himself, Mr. DOLE and Mr. PERCY):

S. 1946. A bill to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes; considered and passed.

By Mr. WEICKER (for himself, Mr. NUNN, Mr. BOSCHWITZ, Mr. D'AMATO, Mr. DIXON, Mr. GORTON, Mr. RUDMAN, Mr. TSONGAS, and Mr. HAYAKAWA):

S. 1947. A bill to improve Small Business access to Federal Procurement Information; to the Committee on Small Business.

By Mr. BAKER (for Mr. HELMS) (for himself and Mr. HUDDLESTON):

S. 1948. A bill to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, other than Farm Credit System institutions, to borrow from and discount with Federal intermediate credit banks; considered and passed.

By Mr. GRASSLEY:

S. 1949. A bill to amend the Internal Revenue Code of 1954 to provide that any adjustment in interest rates be made on an average annual basis rather than on an average monthly basis; to the Committee on Finance.

By Mr. STEVENS:

S. 1950. A bill for the relief of Daniel Delgado and Maria Delgado; to the Committee on the Judiciary.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. MATTINGLY (for himself, Mr. THURMOND, Mr. HELMS, Mr. HUDDLESTON, Mr. WARNER, Mr. BOSCHWITZ, Mr. ANDREWS, Mr. KASTEN, Mr. BENTSEN, Mr. DURENBERGER, Mr. SCHMITT, Mr. ZORINSKY, Mr. DENTON, Mr. ROBERT C. BYRD, Mr. STEVENS, Mr. BAKER, and Mr. NUNN):

S. Res. 257. A resolution to express the sense of the Senate that the Secretary of Agriculture should continue Department policy in deferring the repayment of, and foreclosure proceedings on, certain outstanding loans made by the Farmers Home Administration; considered and agreed to.

By Mr. McCLURE:

S. Res. 258. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1662; from the Committee on Energy and Natural Resources; to the Committee on the Budget.

By Mr. JEPSEN:

S. Res. 259. An original resolution waiving section 402(a) of the Congressional Budget Act of 1974 with respect to the consideration of S. 1906; from the Committee on Armed Services; to the Committee on the Budget.

By Mr. SPECTER (for himself, Mr. KENNEDY, Mr. METZENBAUM, Mr. WEICKER, Mr. MATHIAS, Mr. DURENBERGER, Mr. LEVIN, Mr. RIEGLE, and Mr. HEFLIN):

S. Res. 260. A resolution to disapprove Deferral D82–193; to the Committee on the Budget, the Committee on the Judiciary and the Committee on Appropriations, jointly, to be reported by the Appropriations Committee pursuant to the provisions of Senate Resolution 45 of the 94th Congress.

By Mr. CHAFEE (for himself, Mr. MITCHELL, Mr. RUDMAN, Mr. HUMPHREY, Mr. STAFFORD, Mr. PELL, Mr. MATSUNAGA, Mr. INOUYE, Mr. COHEN, Mr. D'AMATO, and Mr. DODD):

S. Res. 261. A resolution expressing the sense of the Senate that the President should not impose import fees on crude oil and refined petroleum products; to the Committee on Finance.

By Mr. BOSCHWITZ (for himself, Mr. PERCY, Mr. BAKER, Mrs. KASSEBAUM, Mr. LUGAR, Mr. PRESSLER, Mr. D'AMATO, Mr. HELMS, Mr. DURENBERGER, Mr. PELL, and Mr. HAYAKAWA):

S. Con. Res. 53. A concurrent resolution expressing the sense of the Congress with respect to the policies of the Government of the Soviet Union of anti-Semitism and discrimination against Jewish immigration; to the Committee on Foreign Relations.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1938. A bill to eliminate the authority of the Federal Communications Commission to regulate the franchise fee which a State, political subdivision, or other governmental entity may impose in connection with any franchise for cable television; to the Committee on Commerce, Science, and Transportation.

(The remarks of Mr. SPECTER on this legislation appear earlier in today's RECORD).

By Mr. BAKER (for Mr. GOLDWATER) (for himself and Mr. CRANSTON):

S. 1939. A bill to amend the Public Health Service Act to establish a National Institute on Arthritis and Musculoskeletal Diseases; to the Committee on Labor and Human Resources.

NATIONAL INSTITUTE ON ARTHRITIS AND MUSCULOSKELETAL DISEASES

● Mr. GOLDWATER. Mr. President, today I am introducing legislation to bring a new national focus on the most widespread and crippling diseases—arthritis and musculoskeletal diseases. The prevalence of these diseases, especially among older Americans, and the human economic cost involved, mandate that a major research effort be undertaken to find their cause and improve treatments.

Fully one out of every seven persons in the United States suffers from some form of musculoskeletal impairment. The cost of these disorders to society, in terms of lost earnings and medical expenses, exceeds $30 billion per year.

Nearly everyone in this Chamber has a relative or a friend who suffers from the ravages of arthritic pain. I might add that my wife and I have had lifelong experiences with arthritis. We know the problems it brings. In fact, my wife is chairwoman of the Margaret Goldwater Arthritic Foundation of Arizona.

Arthritis not only afflicts a substantial number of our elderly citizens, it also afflicts over 250,000 children suffering from juvenile arthritis.

The bill I offer today will establish a separate research institute within the National Institutes of Health, known as the National Institute on Arthritis and Musculoskeletal Diseases. It is a companion bill to H.R. 5006 introduced by Congressman PEPPER on November 17. Arthritis is presently lumped into a broader institute which covers other diseases.

Mr. President, I will describe the provisions of this measure in detail, but first I wish to share with my colleagues the types of arthritic and related diseases that ravage our society.

Musculoskeletal diseases, which include arthritis, rank first among all disease groups in cost attributable to lost earnings and lost services from non-fatal illness; and they rank second only to circulatory diseases in total economic cost. Musculoskeletal diseases and disorders are a leading cause of:

Confinement to hospital, nursing home and house;

Increasing cost of workers' compensation programs;

Increasing cost of Social Security Disability Insurance; and

Deterioration in the quality of life.

More than 100 different diseases of the joints and related structures have been identified as rheumatic diseases. Other diseases and conditions which are not by definition rheumatic, but which affect bones, are addressed by researchers under the rubric of musculoskeletal disorders.

Millions of citizens are victims of these diseases. Unless dramatic progress is made in the prevention and cure of these disorders, the problem will become increasingly serious because of the fast growth of our elderly population.

In fact, the U.S. population aged 65 and over will grow from 11.1 percent in 1980 to a projected 20.4 percent during the next 50 years. By the year 2030, there will be 65 million older Americans.

But, in spite of the magnitude and economic cost of these diseases, and the likelihood of their growing impact on the Nation, inadequate attention has been given to attacking their causes and identifying treatments.

This policy is foolish, cruel and short on economic, as well as human, sense. For example, this Congress is now wrestling with the problem of how to control the ever-increasing cost of the medicare program. Well, it is obvious to me that one major solution is to keep people healthy and out of the hospital. This can be achieved to a great extent by finding the causes of the diseases I have discussed and instituting prevention programs.

The potential economic benefit to the Nation and the widespread alleviation of pain and suffering that would result from an increased focus on research in arthritis and musculoskeletal disorders is enormous. An increase in these efforts would be repaid many times over through lower job absenteeism, and a major reduction in the need for attendant care, home health care, institutionalization, medical expenses, and reduced workers' compensation payments, among others.

Also, the tendency of some arthritis sufferers to turn to quack remedies would be drastically reduced if we were able to improve treatments, cure forms of rheumatic diseases, and prevent such diseases. People with arthritis often become frustrated to the point of desperation, seeking to lessen the pain of their disease. Nearly $1 billion a year is expended by arthritics on unproven remedies. Consider the potential for research results that even a tenth of that amount could mean to millions of Americans.

Even with the limited research dollars that currently are expended, research investigators have brought us a variety of exciting developments that have increased the level of our scientific knowledge about many of the 100 forms of arthritis.

In fact, many research scientists believe they are at the threshold of identifying the causes of various forms of arthritis. With accelerated effort, answers to prevention, improved treatments, and cures are in the realm of the possible.

Mr. President, it is clear a vigorous attack should be launched against rheumatic diseases and other musculoskeletal disorders. In my view, the instrument for this attack should be the creation of a National Institute on Arthritis and Musculoskeletal Diseases, patterned on the statutory authority of other NIH research institutes. My bill would create such an Institute.

The new Institute is directed to undertake research and demonstrations relating to the cause, prevention, and treatment of arthritis and musculoskeletal diseases; to promote coordination of research programs in the public and private sector; to make grants for research; to establish an information clearinghouse; and to conduct research training.

The director is charged with developing a plan for a national program to expand, intensify, and coordinate activities of the Institute and to carry out the plan. The national program is expected to encompass research in epidemiology, etiology, and the prevention of arthritis and musculoskeletal diseases, and research on the development, trial, and evaluation of implants and prosthetic devices. Also, the program would set up monitoring of the causes of athletic injuries and seek ways to prevent such injuries.

The bill authorizes support for new and existing multipurpose arthritis and musculoskeletal disease research centers and provides a specific funding authorization for fiscal years 1983 through 1985. It also establishes an interagency coordinating committee, chaired by the Director of the Institute, to improve coordination of all research and service programs relating to arthritis and musculoskeletal diseases.

Mr. President, I am convinced that the creation of the new Institute will result in major advances in the prevention, treatment, and cure of the most widespread of diseases afflicting Americans. The increased visibility provided by a separate institute would offer the potential for great human and economic benefit to the Nation.

I welcome cosponsors of the legislation and urge my colleagues to add their support to this important proposal.●

By Mr. EAST:

S. 1942. A bill to provide for an expedited and coordinated process for decisions on proposed nonnuclear energy facilities, and for other purposes; to the Committee on Energy and Natural Resources.

ENERGY MOBILIZATION ACT OF 1981

● Mr. EAST. Mr. President, I am today introducing a bill which I feel is essential to the timely development of our great Nation's vast energy resources. The long term availability of adequate supplies of domestically produced energy continues to be one of our country's major goals. Shortages of energy can still be imposed on us against our will by nations hostile to our national objectives. Such shortages have the capability of creating devastating economic effects in addition to seriously degrading our national security posture.

We would not be faced with such an extremely serious energy problem today if we had taken the necessary steps when the warning signals first appeared nearly a decade ago.

A principal reason for our failure to do so has been the mass of redtape and cumbersome administrative and judicial procedures that have constrained our great enterprise system. Company after company has spent millions of dollars and wasted manhours trying to sponsor domestic energy production projects, only to have to abandon them. Too often these abandonments have been caused not by failure to comply with applicable laws and regulations, but rather by the economic consequences of the interminable delays in trying to negotiate the regulatory maze confronting the sponsors.

We simply cannot continue to sit idly by while essential domestic energy production projects are abandoned or avoided because of a series of time consuming obstacles created by the laws we have passed, the regulations implementing these laws, and the procedural morass surrounding judicial review of agency determinations. We have given so many lethal weapons to opponents of domestic energy projects that they can frustrate our national objectives regardless of the actual merits of specific energy production projects. It is now our duty to initiate appropriate corrective action.

I strongly support the administration's efforts to improve administratively the Federal regulatory process and believe great progress can be made, but there are some areas which can be dealt with only by legislation. A good example is the unduly time consuming judicial review process.

To initiate necessary corrective action I am today introducing a bill to be cited the "Energy Mobilization Act of 1981," which is a bipartisan approach to solving some of these time consuming problems. A similar bill, H.R. 3236, was introduced in the House earlier this year.

Under this bill a three-member Council on Energy Mobilization would be appointed by the President and confirmed by the Senate.

The heart of this legislation is the authority of the council to designate priority energy projects and set project decision schedules which would be binding on Federal agencies for domestic nonnuclear energy projects. Also important to accomplish the bill's objectives is the authority for each Federal agency to establish special procedures to govern its actions relating to priority energy projects. These would include the consolidation of proceedings among Federal agencies and among different Government jurisdictions; elimination of unnecessary duplication in the submission and evaluation of project data; utilization of legislative-type hearings and written data where possible.

Such special procedures would, of course, have to be consistent in all cases with laws from which the agency derives its authorities.

Another essential part of the bill is the provision for expedited judicial review. The bill prescribes time limits for filing appeals and grants to the temporary emergency court of appeals original and exclusive jurisdiction over petitions for review of final agency actions or decisions, and regulations and actions of the council. TECA is required to exercise its powers and prescribe rules governing its procedures in such manner as to expedite the determination of cases over which it has jurisdiction under this bill.

Further, of great importance is the requirement which mandates that the council report to Congress annually on the status of its actions under the bill and on those provisions of Federal law that significantly hinder completion of energy projects. In this regard it is important to note that the bill does not propose that the Council on Energy Mobilization have any authority whatsoever to waive any provision of existing Federal, State, or local law. In this way the bill preserves all existing rights and authorities of State and local governments. The bill encourages, but does not direct, State and local governments cooperation in the project decision schedule.

This approach eliminates those objectionable features that defeated the "fast track" proposal in the last Congress, primarily waivers of existing laws and the creation of a so-called new Federal agency. Let me stress, again, that still remaining unresolved is the tortuous and expensive course which energy projects have experienced. Unnecessary regulatory and judicial delays increase the ultimate cost of such projects as well as create a total uncertainty as to when and if the projects will be permitted to go forward.

This bill, by introducing major efficiencies in the energy project decision process, is exceptionally cost effective. It should save many times over its own modest cost within all levels of Government and for energy consumers as well.

This bill will reduce not only Federal, State, and local expenditures on energy project decision making, but ultimately reduce costs to cnsumers. In inflationary times, time is quite literally money, and the costs of current delays are all passed on to consumers in higher prices which themselves help sustain inflationary pressures. By itself this bill cannot be expected to cure either our Federal budget or inflation problems, but it is clearly consistent with and reinforcing of both those national objectives.

Finally, I seek the support of my colleagues for what I view as legislation having the clear potential to make a large and continuing positive contribution, not only to our national security and economic objectives, but—vitally important—our goal of energy independence.●

By Mr. SCHMITT:

S. 1943. A bill to increase the penalties for smuggling quantities of marihuana exceeding 1,000 pounds; to the Committee on the Judiciary.

MARIHUANA SMUGGLING CONTROL ACT OF 1981

● Mr. SCHMITT. Mr. President, today, I am introducing a bill to close a loophole in our drug enforcement laws.

Last year, Congress amended section 401 of the Controlled Substances Act (21 U.S.C. 841) to increase the criminal penalties for trafficking in large amounts of marihuana. Specifically, the statute provides that individuals convicted of manufacturing, distributing, or dispensing more than 1,000 pounds of marihuana would be subject to a 15-year prison sentence and a fine of $125,000 or both. By substantially increasing the penalties, the Congress recognized that marihuana is a harmful substance and the existing Federal penalties structure was inadequate to deter individuals from engaging in illegal drug smuggling activities.

Unfortunately, the legislation only amended half of the provisions relating to criminal penalties for marihuana violations. The other half—the Controlled Substances Import and Export Act—was not affected by the action taken by the Congress last year. Penalties under this act for importing marihuana remain ridiculously low.

My bill would correct this oversight by increasing the criminal penalties under the Import and Export Act to the same level now contained in the Controlled Substances Act. Thus, an individual convicted of importing more than 1,000 pounds of marihuana would be subject to a prison sentence of not more than 15 years or a fine of not more than $125,000, or both. The prison term and fine would double for either subsequent convictions or a conviction involving another violation of the act.

Mr. President, I urge prompt consideration of this bill. Marihuana can no longer be considered a safe or harmless drug. Studies conducted on the health effect of marihauna reveal that acute marihuana intoxication not only impairs learning, memory and intellectual performance, but daily use of the drug may damage the lungs similar to that resulting from heavy cigarette smoking. Further, clinicians report that regular use of marihuana may seriously interfere with psychological functioning and personality development, particularly in childhood and adolescence.

The penalties for importing large amounts of the drug ought to reflect just how dangerous we consider marihuana to be. This bill would put those who choose to smuggle large amounts of this harmful drug into this country on notice that they will face a harsh prison sentence if convicted.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1943

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 1010 of the Controlled Substances Import and Export Act (21 U.S.C. 960) is amended—

(1) in the first sentence of subsection (b) (2) by adding "except as provided in paragraph (3) of this subsection" before "Schedule I or II"; and

(2) by adding after paragraph (2) of subsection (b) the following new paragraph:

"(3) In the case of a violation of subsection (a) involving a quantity of marihuana exceeding 1,000 pounds, such person shall be sentenced to a term of imprisonment of not more than 15 years, and in addition, may be fined not more than $125,000.".●

By Mr. LEVIN:

S. 1944. A bill to amend title II of the Social Security Act to provide that disability benefits shall not be terminated prior to an exhaustion of administrative remedies unless current medical evidence substantiates such termination; to the Committee on Finance.

TERMINATION OF BENEFITS FOR MEDICAL REASONS

● Mr. LEVIN. Mr. President, I am today introducing legislation which would amend title II of the Social Security Act to provide that disability benefits shall not be terminated prior to an exhaustion of administrative remedies unless current medical evidence substantiates such termination.

Under my proposal, if a beneficiary is removed from the disability rolls in the absence of a current medical examination attesting to a change in the medical condition of the beneficiary which would support the conclusion that the beneficiary is capable of engaging in substantial gainful activity, then benefits shall continue if the beneficiary seeks through the appeals process to reverse the determination which had removed the beneficiary from the rolls.

Mr. President, my proposal parallels

the right of continuing benefits presently afforded SSI Disability recipients. Many title II disability insurance beneficiaries are also living at subsistence level and the loss of benefits during appeal has proven to be devastating. What financial security these people have come to realize is virtually destroyed during the appeal period between termination and restoration of benefits. The restored benefits, in over 70 percent of appealed cases—many times 6 to 12 months later, come too late to stop a foreclosure or eviction, or lessen the emotional trauma which has driven some to such a severe and chronic state of nervous anxiety that they have taken their own lives.

Mr. President, it is the results of a 2½-month staff study which revealed some startling and shocking facts about the manner in which the rapid increase in CDI reviews and subsequent termination of disability beneficiaries is being handled which has prompted me to introduce this legislation. The increased reviews—160,000 in fiscal year 1979 and fiscal year 1980 to 351,000 in fiscal year 1981—is due in large part to the decision of the Reagan administration to accelerate the provision calling for the examination of the eligibility of persons on the disability rolls which would have been effective in January 1982 under the 1980 disability amendments.

This acceleration was begun over 10 months ago without appropriate resources with which to undertake additional reviews. The State agencies which contract to handle this work for social security were already strapped for funds for medical evidence and manpower under the previous review system. This lack of necessary tools to meet the demands mandated by the President has resulted in thousands of human tragedies.

The March 1981 final report of the National Commission of Social Security has also echoed the necessity for an increased number of adequately trained staff and a more sufficient budget in the administration of the social security disability program. The members of the Commission determined that—

> The complex nature of the disability programs requires a skilled interviewer. . . . Discussions with the staff of the State agencies and with SSA employees indicate that interviews sometimes yield inadequate information. Sometimes the interviewer, pressed by a large caseload, does not have enough time to do a thorough job. Occasionally, the claims representative is inadequately trained. The Commission recommends that the Social Security Administration train and use disability program specialists. . . . The Commission recommends that the budgetary and staffing restrictions that have been imposed on SSA be relaxed to the degree necessary to allow this.

Mr. President, the interviews conducted by my staff included State agency representatives, claimant representatives, NCSS members, treating physicians, and beneficiaries that have been terminated and are appealing the decision or have been restored benefit status.

The conclusions reached as a result of this staff survey are as follows:

First. Persons have been terminated from the disability rolls even when they meet the medical listing of the social security disability program.

Second. Hundreds of terminations were the result of staff error. Hundreds more were as a result of arbitrary decisions rendered by overworked, untrained staffers.

Third. State agency employees revealed they were instructed to meet quotas.

Fourth. Beneficiaries are being terminated from the rolls even in some cases where the findings of the consultative exam and the treating physician is that the patient cannot even perform the normal day to day functions of living. Many of these terminations were beneficiaries over the age of 55, with a good work history prior to their disabling condition and had been on the rolls 2 or 3 years.

Fifth. Beneficiaries are being terminated from the rolls without any current medical findings. Determinations are being made based on file findings—in many cases there has been no physical-medical examination of the beneficiary from 6 months to 1 year or more.

Mr. President, thousands of lives have been unduly disrupted and in many instances shattered as a result of the aforementioned actions. I hope that my colleagues will join me in my efforts to undo the wrong that has been perpetrated upon so many. We have the opportunity, in this bill, to prevent future unjustified economic distress and hardship to thousands of American citizens.

Unfortunately, this bill comes too late for Evelyn Mattson of Arizona, a 60-year-old woman with a seventh grade education that had worked up until 1978 as an assembler, packer and inspector in a plastic factory. Ms. Mattson took her life 2 days before an appeal reversal decision in the mail. In her suicide note addressed to her daughter she wrote:

> I never wanted to get old and not be able to care for myself and I can see it coming. I'm sure now I won't get my disability. . . .

This legislation comes too late for the other eight estimated disability-related suicides that have taken place in Michigan, Florida, Arizona, and other areas of the country.

Mr. President, it also comes too late for many who have survived this ordeal. One such person is the 58-year-old woman from Phenix City, Ala., with 40 years of work experience as a presser and a domestic. For many years she worked at two jobs in order to maintain comfortable living conditions. Two years ago, she was placed on disability because of uncontrolled hypertension—despite heavy medication—arthritis, heart complications, obesity, and severe asthma. Entitlement was established following the report of a SSA consultative physician verifying the severity of her medical condition. In March 1981, she was reevaluated and another consultative physician indicated that her condition continued to be serious, particularly in regard to her hypertension.

Within 3 weeks of the consultative examination, she was hospitalized for severe asthmatic bronchitis with a blood pressure reading of 230/140. Her blood pressure remained extremely high during the period of her hospitalization, and an EKG revealed that she had suffered an anterior myocardial infarction apparently during her asthmatic attack. Upon her discharge from the hospital, she received a notice from SSA that her benefits were being terminated because her medical condition had improved. She appealed her case and a reversal decision came on December 2.

However, this severely disabled woman has gone 9 months without benefits. To date, restored benefits have not been received. She has lived on a $130 a month VA pension which she receives as a result of her husband's death. There is no general assistance program in Alabama. She is too young for SSI for the aged and has no young offspring living with her—therefore, she cannot qualify for AFDC. Her struggle to survive during such economic strife has only served to worsen her condition. Her problems have been complicated by the fact that she is suffering from chronic nervous anxiety.

It comes too late, Mr. President, for the 37-year-old father of four from Lorain, Ohio, who after a steady work history was placed on disability in 1978 and terminated in June of this year. In spite of the medical reports revealing cancer of the lower colon, severe hypertension, rheumatoid arthritis in both ankles, knees, hip, spine and both hands this man was denied further benefits. The financial hardship and uncertainty has taken its toll—as of September his wife and children are no longer with him and he is now living with a sister. It is believed the separation was in order to establish eligibility for AFDC payments.

I can go on and on, Mr. President—there are numerous cases in my possession that are just as tragic as those I have mentioned here. Time is of the essence. We must act now.●

By Mr. THURMOND for himself, Mr. STEVENS, Mr. MURKOWSKI, and Mr. DENTON):

S. 1945. A bill to amend title 18, United States Code, to make a crime the willful destruction or attempts to destroy the Trans-Alaska Pipeline system; to the Committee on the Judiciary.

PROTECTION OF TRANS-ALASKA PIPELINE

Mr. THURMOND. Mr. President, I am today joined by Senators STEVENS, DENTON, and MURKOWSKI in introducing legislation to protect the Trans-Alaska Pipeline from sabotage or other unlawful destruction.

The Senate, during the 95th Congress, passed legislation identical to the bill we are proposing. During the 95th Congress, the Subcommittee to Investigate the Administration of the Internal Security Act and Other Internal Security Laws conducted an intensive study of the problem of protection of the pipeline and concluded that Federal legislation was needed to enhance security, even though in a strict sense the pipeline is an intrastate facility.

The national security of the United States would be affected by any long-term disruption of the flow of oil through the Trans-Alaska Pipeline and, indeed, a major interruption might have catastrophic consequences. Thus, although the proposed legislation would protect specific private property, the national need is so compelling that there is an overriding Federal interest in assuring the protection of the private property involved.

Events of the past year suggest to me that the need for legislation to protect the pipeline has not diminished since July 18, 1977, when the Senate first passed this bill.

The bill would, in my judgment, be effective. It provides that destruction or attempted destruction of the pipeline is a Federal felony punishable by up to $15,000 or imprisonment for not more than 15 years, or both.

I anticipate that the legislation would be considered promptly in the Committee on the Judiciary and, if reported favorably by the committee, I would urge the Senate, and thereafter the House of Representatives, to enact it into law.

A failure of Congress to act in this area could contribute to circumstances causing a major national energy crisis.

By Mr. MOYNIHAN (for himself, Mr. DOLE, and Mr. PERCY):

S. 1946. A bill to provide for the final settlement of certain claims against Czechoslovakia, and for other purposes; considered and passed.

(Remarks on this legislation appear elsewhere in today's RECORD.)

By Mr. WEICKER (for himself, Mr. NUNN, Mr. BOSCHWITZ, Mr. D'AMATO, Mr. DIXON, Mr. GORTON, Mr. HAYAKAWA, Mr. RUDMAN, and Mr. TSONGAS):

S. 1947. A bill to improve Small Business access to Federal Procurement Information; to the Committee on Small Business.

SMALL BUSINESS ACCESS TO FEDERAL PROCUREMENT INFORMATION

● Mr. WEICKER. Mr. President, today I am introducing legislation to improve the small business community's access to Federal procurement information. Certainly, no one would argue that small businesses are not entitled to their fair share of Government contracts. Yet, all too often, small firms are unable to compete for these contracts on an equal level with large businesses. One of the main reasons for this has been the lack of timely and adequate notice of Federal contracting opportunities. Mr. President, this is a problem that can, and should be solved.

Currently, the Small Business Act requires that Federal contracting opportunities be published in the Commerce Business Daily. Federal agencies that wish to procure a good or service must synopsize their proposed bids or solicitations for publication in this document. The purpose of this practice is to publicize all Federal purchases to the greatest extent possible. In this way, supposedly, maximum competition for Government contracts, is assured.

Unfortunately, this is not the case. Although it is administrative practice to publish procurement notices in the Commerce Business Daily 10 days before a solicitation is issued, the fact is that it is not uncommon for a procurement notice to first appear on the date a solicitation is issued. This puts small firms at a severe disadvantage since they are generally unable to afford a Washington-based representative to monitor potential contracts.

Current regulations also provide for a minimum bidding time of 20-calendar days. However, this time period need not be followed where there are "special circumstances" or where there is an urgent need for the goods or services. In other words, what should amount to a cumulative period of 30 days, for obtaining a solicitation and bidding for a contract, can be shortened arbitrarily, or even ignored, at the discretion of the procuring agency.

I think it is important to note that these minimum time periods, as they now exist, are set only in regulations. Obviously, that is not good enough—we have seen that the regulations do not work. That is why today I am proposing changes in the law to protect the rights of small contractors.

Mr. President, the bill that I am introducing today would amend the Small Business Act by establishing new minimum time periods for publication of, and bidding on, Government contracts. Specifically, the legislation would provide for two periods to enable prospective contractors to submit timely bids or proposals. The first would give interested parties 15 days, from appearance of a notice in the Commerce Business Daily, in which to request copies of a solicitation. The second time period would provide at least 30 days from the issuance of a solicitation before a bid is due.

In other words, my bill would for the first time statutorily provide prospective bidders with a total of 45 days for the same solicitation and bidding process now generally allotted 30 days; 15 days to monitor the Commerce Business Daily for interesting offers, and 30 days to prepare a bid or a proposal. I believe that this legislation is necessary if small firms—especially those not based in the Washington, D.C. area—are to get their fair share of Government contracts. I might add that small business groups such as the National Association of Aircraft and Communications Suppliers, are supportive of this bill as a good first step toward increasing contracting opportunities for small firms.

Mr. President, this bill should not result in any additional costs to the operation of the Commerce Business Daily. In fact, it may reduce the overall Government procurement budget since it will allow time for maximum competition on Federal contracts. Moreover, in these times of increased military spending, I believe that developing the capacity of small firms to do business with the Federal Government is basic not only to the economic well-being of the country, but also to the security of this Nation. Accordingly, as chairman of the Small Business Committee, I believe it is incumbent on me to simplify Government contracting procedures for small businesses, whenever possible.●

● Mr. NUNN. Mr. President, I am pleased to join the chairman of the Senate Small Business Committee, Senator WEICKER, in introducing legislation to improve the Commerce Business Daily.

Section 8(e) of the Small Business Act, adopted in 1961, requires the Secretary of Commerce to publish a listing of all proposed procurement actions over $5,000 for civilian agencies, and $10,000 for DOD. Exceptions to publication are spelled out clearly in the act.

The Commerce Department, pursuant to this mandate, publishes the Commerce Business Daily (CBD). CBD is used by small business to learn of Government contracting and subcontracting opportunities. It is also one of the primary devices to obtain competition in Federal contracts.

One common and constant complaint from small business about the CBD, however, is the poor timing of solicitation notices published in CBD. This timing frequently limits small business' ability to prepare and submit timely bids for Government procurements.

To correct this "problem," the committee has been working with small business groups, the Commerce Department, and others, to improve the usefulness of the CBD to small businesses. One suggestion, the basis for this legislation, is to establish minimum time periods for SBA notice that agencies must adhere to when they are required to utilize the CBD.

This legislation establishes two time periods for notice in the Commerce Business Daily. The first gives 15 days from the appearance of a proper notice of solicitation in which interested parties (including small business) can request copies of the solicitation. The second time period provides at least 30 days from the issuance of the solicitation before bids or proposals are due.

In my view, these time periods will have little or no effect on the agencies' procurement system, but will greatly expand the opportunities for small businesses to participate in the Federal procurement process.

Current procurement regulations already require, as a general rule, that bidding time "be not less than 20-calendar days when procuring standard commercial articles and services."

Current law, and regulations, provide that the required bidding time need not be followed where there are enumerated "special circumstances" or where there is an urgent need for the supplies or services. These exceptions would continue in effect even with the enactment of the new time periods provided for in this law.

With Federal procurements exceeding $110 billion each year, and the complexity of the Federal procurement system growing, this is a simple proposal that has the potential for significantly increasing competitive bidding for Government requirements. It may also insure greater small business participation in the procurement process.●

● Mr. BOSCHWITZ. Mr. President, I am pleased to join the distinguished chairman and ranking member of the Senate Small Business Committee as an original cosponsor of legislation to im-

prove the ability of small business to compete for Government contracts. We are all aware of the importance of small business to our national economy, and the competitive ability they can bring to producing goods and services that the Government buys.

The Federal Government is a big buyer of goods and services from the private sector. Last year, total direct Federal procurement was approximately $110 billion. About 25 percent of that went to small businesses. The primary way the Government "advertises" its procurement contracts is through a publication, the Commerce Business Daily.

The Commerce Business Daily is used extensively by both large business contractors and small business contractors. Because of their greater resources and sophistication, big businesses are better able to respond to solicitation notices in the Commerce Business Daily in a timely manner. Small businesses, on the other hand, are often unable to prepare and submit timely bids for Government procurement contracts.

This legislation will be a positive first step in allowing small business contractors to submit timely bids. First, small businesses will have 15 days to request copies of the contract bids, from the time they appear in the Commerce Business Daily. Second, small businesses would then have an additional 30 days to submit their bid on a particular contract.

This legislation will allow small businesses a better opportunity to compete for Government contracts. As a result, small businesses will benefit by improving the market for their products and services, while the Government should realize a savings through increased competition for their contracts. I join with my colleagues on the Small Business Committee in urging prompt and favorable consideration of this measure through the committee process and the full Senate.●

By Mr. BAKER (for himself, Mr. HELMS, and Mr. HUDDLESTON):

S. 1948. A bill to permit to become effective certain Farm Credit Administration regulations which expand the authority of financing institutions, to borrow from and discount with Federal intermediate credit banks; considered and passed.

(Remarks on this legislation appear elsewhere in today's RECORD.)

By Mr. GRASSLEY:

S. 1949. A bill to amend the Internal Revenue Code of 1954 to provide that any adjustment in interest rates be made on an average annual basis rather than on an average monthly basis; to the Committee on Finance.

INTEREST RATES ON LATE PAYMENTS TO INTERNAL REVENUE

● Mr. GRASSLEY. Mr. President, I rise to introduce a bill to alter the interest rate which applies to late payments to the Internal Revenue Service or from the Internal Revenue Service.

The current interest rate the Internal Revenue Service must pay a taxpayer for sending a late refund or a taxpayer must pay the Service for filing a late return is 20 percent. This interest rate is derived by taking the average prime rate for the month of September 1980. The 20 percent interest rate will apply to any late payments for 1982. In September 1982, the Service will again take the monthly average of the prime rate to determine what the interest rate will be for 1983.

Today's economy is characterized by extremely volatile interest rates. While the average prime rate in September, just 2½ months ago, was 20 percent, the prime rate today is fluctuating between 15½–15¾ percent. This week many noted economists are unveiling their predictions for next year. Some say current interest rates will rise; others predict a continued decline. The only thing we can be certain of is the fact that no economist knows next year's interest rate or can perdict it with any degree of certainty.

It is my contention that a 1 month measurement of the prime rate is not a realistic yardstock in these uncertain times. The bill I am introducing will set the interest rate at the average prime rate from December 1 to November 30. This rate will be applied to all late tax payments for that taxable year. If my provision were enacted now, the average prime rate from December 1, 1980 to November 30, 1981. In my view, this accurately reflects the cost of money for the 1981 taxable calendar year. If the Government does not refund to you the money it withheld from your paycheck during 1981, it seems fair to require the Government to pay you the average interest rate for 1981 when you were deprived the use of your money. Conversely, when a taxpayer does not pay the Government the amount of money he or she owed in 1981 on time, it seems fair that this taxpayer should pay the average rate of interest for that taxable year. After all, every taxpayer who complied with the law had to borrow money at the average prime rate—if they were lucky—if they needed additional funds. If there is a dramatic reduction in the prime rate from December 1 to April 15 when taxes are due, the taxpayer always has the option of borrowing the money from a financial institution at a lower rate to pay their tax liability on time.

Using the average prime rate for the taxable year in question eliminates many of the distortions in the current formula. Also, it accurately reflects the time-cost of money for a taxable year when either the taxpayer or the Government is erroneously denied the use of their money during the year.

Mr. President, I ask unanimous consent that the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1949

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of subsection (b) of section 6621 of the Internal Revenue Code of 1954 (relating to adjustment of interest rate) is amended to read as follows: "The Secretary shall establish an adjusted rate of interest for the purpose of subsection (a) not later than December 15 of any year if the adjusted prime rate charged by banks during the 12-month period ending on November 30 of that year, rounded to the nearest full percent, is at least a full percentage point more or less than the interest rate then in effect.".

(b) The amendment made by subsection (a) shall apply to adjustments in the interest rate under section 6621 of the Internal Revenue Code of 1954 which are to take effect after December 31, 1981.●

ADDITIONAL COSPONSORS

S. 1131

At the request of Mr. DANFORTH, the Senator from West Virginia (Mr. RANDOLPH) was added as a cosponsor of S. 1131, a bill to require the Federal Government to pay interest on overdue payments and to take early payment discounts only when payment is timely made, and for other purposes.

S. 1484

At the request of Mr. GARN, his name was added as a cosponsor of S. 1484, a bill to amend section 21 of the act of February 25, 1920, commonly known as the Mineral Leasing Act.

S. 1698

At the request of Mr. DENTON, the Senator from Alaska (Mr. STEVENS), and the Senator from Delaware (Mr. ROTH) were added as cosponsors of S. 1698, a bill to amend the Immigration and Nationality Act to provide preferential treatment in the admission of certain children of U.S. Armed Forces Personnel.

S. 1844

At the request of Mr. JOHNSTON, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of S. 1844, a bill to facilitate the national distribution and utilization of coal.

SENATE JOINT RESOLUTION 118

At the request of Mr. JOHNSTON, the Senator from Georgia (Mr. MATTINGLY) was added as a cosponsor of Senate Joint Resolution 118, a joint resolution to authorize and request the President to designate the month of January 1982, as "National Cerebral Palsy Month."

SENATE JOINT RESOLUTION 121

At the request of Mr. MITCHELL, the Senator from Georgia (Mr. NUNN), and the Senator from New York (Mr. D'AMATO) were added as cosponsors of Senate Joint Resolution 121, a joint resolution to provide for the designation of the year 1982 as the "Bicentennial Year of the American Bald Eagle" and the designation of June 20, 1982, as "National Bald Eagle Day."

SENATE JOINT RESOLUTION 127

At the request of Mr. COCHRAN, the Senator from Maine (Mr. COHEN) and the Senator from Minnesota (Mr. BOSCHWITZ) were added as cosponsors of Senate Joint Resolution 127, a joint resolution to grant official recognition to the International Ballet Competition.

SENATE JOINT RESOLUTION 133

At the request of Mr. DECONCINI, the Senator from Arizona (Mr. GOLDWATER) was added as a cosponsor of Senate Joint Resolution 133, a joint resolution to authorize and request the President to designate August 14, 1982, as "National Navajo Code Talkers Day."

SENATE JOINT RESOLUTION 134

At the request of Mr. RIEGLE, the Senator from Hawaii (Mr. MATSUNAGA) was added as a cosponsor of Senate Joint Resolution 134, a joint resolution to designate 1982 as the "Year of Disabled Persons."

At the request of Mr. ARMSTRONG, the Senator from North Carolina (Mr. EAST) and the Senator from Massachusetts (Mr. KENNEDY) were added as cosponsors of Senate Joint Resolution 134, supra.

SENATE CONCURRENT RESOLUTION 53

At the request of Mr. BOSCHWITZ, the Senator from California (Mr. HAYAKAWA) was added as a cosponsor of Senate Concurrent Resolution 53, a concurrent resolution expressing the sense of the Congress with respect to the policies of the Government of the Soviet Union of anti-Semitism and discrimination against Jewish immigration.

AMENDMENT NO. 634

At the request of Mr. WEICKER, the Senator from Massachusetts (Mr. KENNEDY) was added as a cosponsor of amendment No. 634 proposed to H.R. 4169, a bill making appropriations for the Department of Commerce, Justice, and State, the Judiciary, and related agencies for the fiscal year ending September 30, 1982, and for other purposes.

SENATE CONCURRENT RESOLUTION 53—RELATIVE TO ANTI-SEMITISM IN THE SOVIET UNION

Mr. BOSCHWITZ (for himself, Mr. PERCY, Mr. BAKER, Mrs. KASSEBAUM, Mr. LUGAR, Mr. PRESSLER, Mr. D'AMATO, Mr. HELMS, Mr. DURENBERGER, and Mr. PELL) submitted the following concurrent resolution; which was referred to the Committee on Foreign Relations:

S. CON. RES. 53

Whereas the Government of the Union of Soviet Socialists Republics has decreased Jewish emigration significantly, thereby almost completely terminating such emigration, and such Government continues to maintain this form of discrimination based upon religion;

Whereas, under the current policy, the Government of the Union of Soviet Socialist Republics has reduced the number of Jews allowed to emigrate from a monthly high of 4,746 in October 1979, to 368 in October 1981, the lowest monthly total since mass Jewish emigration began in the late 1960's.

Whereas, 260,000 Jews have been allowed to emigrate in the last twelve years, more than one-half million Jews have filed for emigration in the same time period;

Whereas the Government of the Union of Soviet Socialist Republics is implementing a policy of exiling Hebrew teachers, banning Jewish education programs, and confiscating books, as well as sacred and religious articles;

Whereas the press of the Union of Soviet Socialist Republics is implementing a policy of disseminating anti-Semitic propaganda to the peoples of the Union of Soviet Socialist Republics which is designed to hinder Jewish heritage and terminate traditional religious practices; and

Whereas within a period of four months beginning in July 1981, more arrests of Soviet Jews have taken place than in the preceding four years, underscoring the increasingly discriminatory policy of the Soviet Government toward Soviet Jews: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That is the sense of the Congress that—

(1) the policies of the Government of the Union of Soviet Socialist Republics of anti-Semitism and discrimination against Jewish emigration are morally reprehensible; and

(2) the President, at every opportunity and in the strongest terms, should express to the Government of the Union of Socialist Republics the opposition of the United States to these reprehensible policies and should urge such Government to remove its restrictions on the emigration of Soviet Jews.

SEC. 2. The Secretary of the Senate shall transmit a copy of this concurrent resolution to the President.

● Mr. BOSCHWITZ. Mr. President, today I am submitting a concurrent resolution which expresses the concern of the Congress regarding the persecution of Jewish cultural and religious life in the Soviet Union as well as the catastrophically low level of Soviet Jewish emigration.

Soviet Jewry is at present facing a crisis of enormous proportions. Within a period of 4 months beginning in July 1981 more arrests of Soviet Jews have taken place than in the preceding 4 years. The Soviet press is disseminating anti-Semitic propaganda to the people of the Soviet Union at the same time that Hebrew teachers are being exiled, Jewish education programs are being banned, and Jewish books and religious articles are being confiscated. The Soviet authorities prevent the Hebrew language from being taught, and of the many nationalities in the Soviet Union only Jews have no schools or classes of any kind.

The trends in Jewish emigration are just as ominous. Emigration figures began to decline in the spring of 1980; in April 1980 Jewish emigration totaled 2,469. By December 1980 the figure had fallen to 889. The Soviet Government, in an effort to quiet its restive Jewish community, cynically increased emigration in February 1981—prior to the start of the 26th Party Congress. The February figure was 1,407, up from 850 in January. However, Mr. President, the emigration level for October 1981 was 368, the lowest number since mass Jewish emigration began in the late 1960's.

Mr. President, when it signed the Helsinki accords the Soviet Government pledged to respect the human rights of all its citizens and to ease its restrictive emigration policies. This concurrent resolution, which has been submitted in the House of Representatives by Congressman CHRIS SMITH, stresses that the Soviets have not honored these commitments and asks the President to express to the Soviet leadership the deep concern of the Congress about this matter. I urge the adoption of this concurrent resolution.●

SENATE RESOLUTION 258—ORIGINAL RESOLUTION WAIVING THE CONGRESSIONAL BUDGET ACT

Mr. McCLURE, from the Committee on Energy and Natural Resources, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 258

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1662. Such waiver is necessary because the bill, as reported, authorizes appropriations for the Department of Energy for the fisca. year 1982, and such bill was not reported on or before May 15, 1981, as required by section 402(a) of the Congressional Budget Act of 1974 for such authorization.

SENATE RESOLUTION 259—RESOLUTION WAIVING CONGRESSIONAL BUDGET ACT

Mr. JEPSEN, from the Committee on Armed Services, reported the following original resolution; which was referred to the Committee on the Budget:

S. RES. 259

Resolved, That pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to the consideration of S. 1906, a bill to eliminate general and flag officer grade requirements from certain statutory positions in the Armed Forces, to delay the effective date of the ceiling on the number of general and flag officers serving on active duty, and for other purposes.

Such waiver is necessary because section 402(a) of the Congressional Budget Act of 1974 provides that it shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution which, directly or indirectly, authorizes the enactment of new budget authority for a fiscal year, unless that bill or resolution is reported in the House or the Senate, as the case may be, on or before May 15 preceding the beginning of such fiscal year.

For the foregoing reasons, pursuant to section 402(c) of the Congressional Budget Act of 1974, the provisions of section 402(a) of such Act are waived with respect to S. 1906 as reported by the Committee on Armed Services.

SENATE RESOLUTION 261—IMPORT FEES ON OIL

Mr. CHAFEE (for himself, Mr. MITCHELL, Mr. RUDMAN, Mr. HUMPHREY, Mr. STAFFORD, Mr. PELL, Mr. MATSUNAGA, Mr. INOUYE, Mr. COHEN, Mr. D'AMATO, and Mr. DODD) submitted a resolution (S. Res. 261) expressing the sense of the Senate that the President should not impose import fees on crude oil and refined petroleum products, which was referred to the Committee on Finance:

S. RES. 261

Whereas an import fee on crude oil or refined petroleum products would have a highly inflationary, direct effect on the United States economy and would have an adverse impact throughout the United States;

Whereas such a fee, even though applied only to imports, would increase the price of all oil consumed in the United States because the price of domestically-produced crude oil and domestically-refined products would increase to the same level as imported oil;

Whereas each dollar of such a fee would increase consumer petroleum costs in the United States by approximately $6,800,000,000 per year;

Whereas such a fee would also have widespread indirect inflationary effects by raising the cost of all consumer goods;

Whereas the adverse inflationary effects of such a fee would far outweigh the marginal increase in Federal revenues; and

Whereas the authority of the President under section 232 of the Trade Expansion Act of 1962 (19 U.S.C. § 1862) should not be used for the purpose of increasing revenues: Now, therefore, be it

Resolved, That it is the sense of the Senate that the President should not impose any import fees on the importation of any crude oil or refined petroleum products.

● Mr. CHAFEE. Mr. President, today, Senator MITCHELL and I are submitting a resolution opposing the imposition of an import fee on crude oil and refined petroleum products. The imposition of an oil import fee is on the list of revenue raising options that the President is considering to reduce the Federal budget deficit. I am concerned that an oil import fee would have a number of serious consequences.

First, an import fee would have a direct inflationary impact since it would raise the price of every barrel of oil consumed in this country. For example, each dollar of import fee imposed would raise consumer petroleum costs in the United States by approximately $6.8 billion per year; a fee of $5 would increase consumer costs by more than $34 billion per year. In New England, based on the petroleum consumption figure for 1979 of 386 million barrels, a $5 per barrel import fee would mean a staggering increase of $1.9 billion in oil prices.

Second, an import fee would raise the costs of not only petroleum based products but all consumer goods.

Finally, the imposition of an oil import fee at this time would exceed the authority granted to the President under the national security clause of the Trade Expansion Act of 1962. Section 1862 of the Trade Expansion Act authorizes the President to impose a fee or quota on oil imports if he makes a formal finding, based on an investigation by the Secretary of Commerce, that such imports are threatening to impair the national security.

The statute does not, however, authorize the President to impose a tax in order to increase Federal revenues. Since no circumstances currently exist which would support a finding that import fees are necessary to protect national security, the imposition of a fee clearly would be for revenue raising purposes only. It would, therefore, be beyond the scope of the President's authority under the Trade Expansion Act.

For these reasons, I am opposed to any attempt by the administration to increase Federal revenue through the imposition of an import fee.●

● Mr. MITCHELL. Mr. President, I am pleased to join Senator CHAFEE today in introducing a resolution expressing the opposition of the Senate to any imposition of an oil import fee.

Currently the administration is making final decisions on its fiscal year 1983 budget proposals. The massive Federal deficits projected for the next several years have led to a search, within both the administration and the Congress, for spending cuts and tax increases.

One option that is being debated in the administration is to impose an oil import fee. This has some obvious attractions for those who are exclusively concerned with reducing the deficit as the fee may, under some circumstances, be imposed administratively by the President and has the potential to raise large amounts of revenue. President Carter was led by similar reasons to propose a fee last year.

It is my hope that any fee proposed now would meet the same fate that last year's initiative met. Congress, recognizing the defects of oil import fees, overwhelmingly rejected the proposal, first by passing a special disapproval resolution and then by overriding a Presidential veto.

I believe that an oil import fee would impose serious economic costs that outweigh its contribution to reducing the deficit. Furthermore, any fee that is imposed for the purpose of raising revenue would be on highly questionable legal grounds.

An oil import fee would be highly inflationary. Because of the decontrol of domestic crude oil prices, an oil import fee would increase the price of all oil consumed in the United States, thus adding directly to the inflation rate. Each dollar of import fee could raise consumer petroleum costs by $6.8 billion per year. Also, because of the central role of oil in the economy, the fee could have a major indirect effect as its costs are passed on throughout the economy.

At the same time, the import fee would have a depressing effect on our economy. By draining purchasing power from the economy, the fee would lead to higher unemployment and lower output. This effect could be especially severe in oil-consuming States, as they would not receive the economic benefits resulting from higher oil prices that oil producing States would receive.

Our balance of payments could also be adversely affected. Although we would likely reduce our outflow of payments for imported oil, the competitiveness of many of our industries would be seriously impaired. By putting our exporters at a competitive disadvantage, our international position would deteriorate further.

What an oil import fee would accomplish is to put a serious financial burden on oil consumers. Prices for petroleum product, particularly for home heating oil, are already intolerably high, and New Englanders have made great strides in reducing their energy use. Price increases resulting from an oil import fee would not significantly increase consumers' conservation efforts, but would only be a further drain on family budgets.

Finally, the President cannot use his authority under the Trade Expansion Act to impose a tariff for the purpose of raising revenues. The act clearly limits the authority to impose import fees to situations in which national security is threatened. The courts were very clear on this point last year when President Carter's import fee was struck lown. Although reducing foreign oil imports is a high national priority, the current excess supply in world oil markets does not justify a revenue-raising action in the name of national security.

In sum, I believe that it is important to let the administration know of congressional opposition to oil import fees. An oil import fee is not sound economic or energy policy, and would be of questionable legality.●

Mr. PELL. Mr. President, recent reports indicate that the administration is seriously considering a recommendation to impose fees on imported crude oil and refined petroleum products as a means of reducing the Federal budget deficit. Some reports have indicated that such fees on crude oil and products may be as high as $2 to $5 per barrel.

I am pleased, in view of this possible action by the administration, to join Senator CHAFEE and Senator MITCHELL as an original cosponsor of a Senate resolution expressing opposition to any plan by the President to impose import fees on crude oil and refined petroleum products.

I realize, Mr. President, that one of our country's most critical priorities must be to reduce U.S. Government spending and the Federal deficit. I do not believe, however, that a reduction in the Federal deficit should be achieved by further penalizing the Northeast and particularly New England States who rely upon imported oil for almost 80 percent of the region's total energy requirements and pay the highest energy bills in the Nation.

It is important to note in this regard that New England consumers and particularly Rhode Island families have already conserved dramatically in their consumption of both critical fuels—home heating oil and gasoline. Most importantly, New England and Rhode Island families already bear a heavy and disproportionate share of the energy cost burden as shown by recent data released by the Northeast-Midwest Congressional Coalition. According to the coalition, the 1980 price tag for residential energy costs averaged $1,325 for the New England region; $1,100 for the Mid-Atlantic States; $1,150 for the Midwest; $896 for the South and $676 for the Western States. These residential energy figures, I believe, may be conservative as I have been advised by State officials in Rhode Island that the typical family using No. 2 home heating oil in Rhode Island during the 1980–81 season paid approximately $1,500 to heat their homes.

Mr. President, in my opinion, there are no strong arguments for any fee on imported crude oil or petroleum products on the grounds of national security, or as part of an effort to reduce the Federal deficit. Imports of foreign oil into the United States are already down dramatically from several years ago when close to 50 percent of domestic petroleum requirements were imported from foreign sources. At present, the United States is importing an average of 4.2 million barrels per day, according to the Department of Energy, against the domestic demand of 16 million barrels per day.

Further reductions of imports are desirable, but they could well be achieved through a vigorous residential weatherization program throughout the Nation rather than by terminating the program as proposed by the administration in fiscal year 1983.

With respect to the claim that import fees on crude oil and products are necessary to reduce the Federal deficit, there is not justification for increasing Federal revenues at the expense of further penalizing New Englanders who already are paying the highest energy rates in the Nation.

Federal revenues could be increased by eliminating several of the unfair tax breaks requested by the administration and passed by the Congress under the Economic Recovery Tax Act last summer. Elimination of the energy provisions which reduce the windfall profits tax on oil collected by the Federal Government would alone more than cover the revenues that are anticipated to be collected from any crude oil import fee.

Mr. President, enough is enough. The administration decontrolled domestic oil last January, has reduced Federal assistance for weatherization and conservation grants for schools and hospitals in fiscal year 1982, and proposes their termination in fiscal year 1983. They are considering elimination of the residential and commercial energy conservation tax credits and now may seek to impose another tax on the consumers through an import fee on crude oil and petroleum imports.

If such a fee is imposed, New Englanders alone will be forced to pay nearly one-half billion dollars in higher prices for direct fuel costs. For the typical Rhode Island family using 1,200 gallons of No. 2 home heating oil for their home annually, the added cost would amount to an additional $60 to $144 depending upon the fees requested by the administration.

In my opinion, Mr. President, any proposal by the administration to impose a fee on crude oil is harsh and cannot be justified. This is a burden that will be too great for many families. I hope my colleagues in the Senate will cosponsor and strongly support this resolution to discourage the administration from seeking to impose a fee early next year.

AMENDMENTS SUBMITTED FOR PRINTING

DEPARTMENT OF ENERGY ORGANIZATION ACT AMENDMENTS OF 1981

AMENDMENT NO. 1239

(Ordered to be printed and referred jointly to the Committee on Commerce, Science, and Transportation and the Committee on Energy and Natural Resources.)

Mr. NICKLES submitted an amendment intended to be proposed by him to the bill (S. 1626) to amend the Department of Energy Organization Act to clarify the jurisdiction of the Federal Energy Regulatory Commission, to reform and improve the regulation of oil pipelines, and for other purposes.

● Mr. NICKLES. Mr. President, on September 15, 1981, I introduced S. 1626, legislation amending the Department of Energy Organization Act to clarify the jurisdiction of the Federal Energy Regulatory Commission in relation to the regulation of oil pipelines. Hearings will be held early next year.

At those hearings, in addition to the consideration of S. 1626, I want my colleagues and interested parties to have an opportunity to review the following amendment to insure that all aspects of this issue are fully examined.

The current bill applies regulatory reform to all oil pipelines except the trans-Alaska pipeline system (TAPS). The first part of the amendment, which is a rewriting of section 4 of the bill, would provide that all oil pipelines will be treated on an equal basis.

The second part of the amendment, which adds a new section 5 to the bill, is a series of technical amendments to the Interstate Commerce Act designed to remove FERC's authority to set rates in this competitive industry and to reaffirm FERC's authority to regulate any unjust discriminatory practices. Section 6 would insure that Federal jurisdiction supersedes any State regulation of this interstate pipeline network. Section 7 provides for an enactment clause.

Therefore, Mr. President, I submit the following amendment for the RECORD, to provide all parties with adequate notice of the range of issues we will consider at those hearings.

Mr. President, I ask unanimous consent that the text of the amendment be printed in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 3, beginning on line 1, strike all of section 4 and insert in lieu thereof:

"SEC. 4. Those provisions of law which vested functions transferred by section 306 and 402(b) of the Department of Energy Organization Act, as those sections existed on the day before the enactment of this Act, are repealed to the extent those provisions of law vest authority to suspend, determine, or prescribe rates, or charges for the transportation of oil by pipeline.

"SEC. 5. (a) Except as otherwise expressly provided in this section, whenever in this section an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be a reference to a section or other provision of the Interstate Commerce Act."

(b) Paragraph (4) of Section 1 (49 U.S.C. 1(4)) is amended to read as follows:

"DUTY TO FURNISH TRANSPORTATION AND ESTABLISH THROUGH ROUTES; DIVISION OF JOINT RATES

"(4) It shall be the duty of every common carrier subject to this part to provide and furnish transportation upon reasonable request therefor, and to establish reasonable through routes with other such carriers. It shall be the duty of every such common carrier establishing through routes to provide reasonable facilities for operating such routes and to make reasonable rules and regulations with respect to their operation.".

(c) Paragraph (5)(a) of section 1 (49 U.S.C. 1(5)(a)) is repealed.

(d) Paragraph (4) of section 13 (49 U.S.C. 13(4)) is amended to read as follows:

"DUTY OF COMMISSION WHERE STATE REGULATIONS RESULT IN DISCRIMINATION

"(4) Whenever in any such investigation the Commission, after full hearing, finds that any such rate, charge, regulation, or practice causes any undue or unreasonable advantage, preference, or prejudice as between persons or localities in intrastate commerce on the one hand and interstate or foreign commerce one the other hand, or any undue, unreasonable, or unjust discrimination against, or undue burden on, interstate or foreign commerce (which the Commission may find without a separation of interstate and intrastate property, revenues, and expenses, and without considering in totality the operations or results thereof of any carrier, or group or groups of carriers wholly within any State), which is hereby forbidden and declared to be unlawful, it shall (a) set aside such rate, charge, regulation, or practice, and (b) in the case of a regulation or practice shall prescribe the regulation or practice thereafter to be observed, in such manner as, in its judgment, will remove such advantage, preference, prejudice, discrimination, or burden. Such regulations and practices shall be observed while in effect by the carriers parties to such proceeding affected thereby, the law of any State or decision or order of any State authority to the contrary notwithstanding.".

(e) Paragraph 1 of section 15 (49 U.S.C. 15(1)) is amended to read as follows:

"COMMISSION EMPOWERED TO DETERMINE AND PRESCRIBE REGULATIONS AND PRACTICES

"(1) Whenever, after full hearing, upon a complaint made as provided in section 13 of this part, or after full hearing under an order for investigation and hearing made by the Commission on its own initiative, either in extension of any ending complaint or without any complaint whatever, the Commission shall be of opinion that—

"(a) any individual or joint rate or charge whatsoever demanded, charged, or collected by any common carrier or carriers subject to this part for the transportation of oil is or will be unjustly discriminatory or unduly preferential or prejudicial under the provisions of this part; or

"(b) any individual or joint regulation, or practice whatsoever of such carrier or carriers subject to the provisions of this part, is or will be unjust or unreasonable or unjustly discriminatory or unduly preferential or prejudicial, or otherwise in violation of any of the provisions of this part;

the Commission is authorized and empowered to make an order that the carrier or carriers shall cease and desist from such violation to the extent to which the Commission finds that the same does or will exist and in the case of a regulation or practice to determine and prescribe what individual or joint regulation, or practice is or will be just, fair, and reasonable, to be thereafter followed, and to make an order that the carrier or carriers shall conform to and observe the regulation or practice so prescribed."

(f) Paragraph (3) of section 15 (49 U.S.C. 5(3)) is amended to read as follows:

"ESTABLISHMENT OF THROUGH ROUTES

"(3) The Commission may, and it shall whenever deemed by it to be necessary or desirable in the public interest, after full hearing upon complaint or upon its own initiative without complaint, establish through routes applicable to transportation by carriers subject to this part and the terms and conditions under which such through routes shall be operated. If any tariff or schedule cancelling any through route without the consent of all carriers parties thereto or authorization by the Commission, is suspended by the Commission for investigation, the burden of proof shall be upon the carrier or carriers proposing such cancellation to show that it is consistent with the public interest, without regard to the provisions of paragraph (4) of this section.".

(g) Paragraph (6) of section 15 (49 U.S.C. 15(6)) is repealed.

(h) Paragraph (7) of section 15 (49 U.S.C. 15(7)) is amended to read as follows:

"HEARINGS ON NEW FILINGS; SUSPENSIONS

"(7) Whenever there shall be filed with the Commission any schedule stating a new individual or joint rate or charge, or any new individual or joint regulation or practice affecting any rate or charge, the Commission shall have, and it is given, authority,

either upon complaint or upon its own initiative without complaint, at once, and if it so orders without answer or other formal pleading by the interested carrier or carriers, but upon reasonable notice, to enter upon a hearing concerning whether such rate or charge is unjustly discriminatory or unduly preferential or prejudicial or concerning the lawfulness of such regulation or practice; and pending a hearing concerning the lawfulness of a regulation or practice and the decision thereon the Commission, upon delivering to the carrier or carriers affected thereby a statement in writing of its reasons for such suspension, may from time to time suspend the operation of such regulation or practice and defer the use of such regulation or practice, but not for a longer period than seven months beyond the time when it would otherwise go into effect; and after full hearing, whether completed before or after the regulation or practice goes into effect, the Commission may make such order with respect to any new rate or charge, or new regulation or practice as would be proper in a proceeding initiated after it had become effective. If the proceeding has not been concluded and an order made within the period of suspension, the proposed change of regulation or practice shall go into effect at the end of such period. At any hearing involving a change in a rate or charge, or in a rule, regulation, or practice, the burden of proof shall be upon the complainant to show that the proposed changed rate or charge is unjustly discriminatory or unduly preferential or prejudicial or that the proposed rule, regulation, or practice is not just and reasonable, and the Commission shall give to the hearing and decision of such questions preference over all other questions pending before it and decide the same as speedily as possible.".

(i) Section 3 of chapter 573 of the Act of December 12, 1945 (49 U.S.C. 65a) is repealed.

"SEC. 6. No State or political subdivision thereof, and no interstate agency or other political agency of two or more States, shall review, prescribe, suspend, set aside, or in any manner regulate the rates or charges of any common carrier for transportation of oil by pipeline in interstate commerce or the regulations and practices pertaining to such transportation.

"SEC. 7. This Act, and the amendments made by this Act, shall take effect 60 days after the date of enactment of this Act."

TREASURY, POST OFFICE AND INDEPENDENT AGENCIES APPROPRIATION, 1982

AMENDMENT NO. 1240

(Ordered to be printed and to lie on the table.)

Mr. DURENBERGER submitted an amendment intended to be proposed by him to the bill (H.R. 4121) making appropriations for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and certain independent agencies, for the fiscal year ending September 30, 1982, and for other purposes.

FEDERAL EMPLOYEES HEALTH BENEFITS PLAN

● Mr. DURENBERGER. Mr. President, when the Senate considers H.R. 4121, the Treasury-Post Office appropriations bill, I will offer the following amendment. I submit the amendment for printing and also ask unanimous consent that the amendment be printed in full in the RECORD.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

At the appropriate place in the text of HR 4121, insert the following new section:

Whereas the Federal Employees Health Benefits Plan (FEHBP) has experienced difficulties this year; and

Whereas these difficulties have their roots in long-standing policies and in the structure of the Federal Employees Health Benefits Plan itself; and

Whereas the postponement of an open season means that federal employees must wait to make changes in their health coverage; and

Whereas the FEHBP needs reform which the Senate Governmental Affairs Subcommittee on Civil Service, Post Office, and General Services intends to address this year:

And now, therefore, be it resolved that it is the sense of the Senate that—

(1) the Office of Personnel Management (OPM) should continue to do everything in its power to minimize the disruption that will occur to federal employees.

(2) a well-organized and orderly open season is in the best interests of federal employees, the Government, and the participating plans.

(3) when a final decision is reached on benefit levels, adequate time should be allowed for OPM and the participating plans to prepare and distribute informational materials.

(4) OPM should seek reasonable arrangements with the participating plans which permit them to continue underwriting.

(5) an open season should not be postponed any longer than is absolutely necessary to accomplish the foregoing.●

NOTICES OF HEARINGS

SUBCOMMITTEE ON LABOR

Mr. NICKLES. Mr. President, the Labor Subcommittee of the Labor and Human Resources Committee will hold a hearing on S. 1922, the Black Lung Benefits and Revenue Amendments of 1981, on Monday, December 14, 1981, in room 4232 of the Dirksen Senate Office Building. The hearing will begin at 10 a.m. Members of the public wishing to testify should contact the Labor Subcommittee immediately.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. HELMS. Mr. President, I wish to announce that the Senate Committee on Agriculture, Nutrition, and Forestry will meet on Monday, December 14, to consider the nomination of Kalo A. Hineman to be a Commissioner of the Commodity Futures Trading Commission.

The hearing will begin at 2:30 p.m. in room 324 Russell Building. Anyone wishing further information should contact Denise Alexander at 224–2035.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

Mr. HATFIELD. Mr. President, I ask unanimous consent that the Committee on Environment and Public Works be authorized to meet during the session of the Senate on Friday, December 11, at 10 a.m., to mark up amendments to the Clean Air Act.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. BAKER. Mr. President, I ask unanimous consent that the Committee on Agriculture, Nutrition, and Forestry be authorized to meet during the session of the Senate on Monday, December 14, at 2:30 p.m., to hold a hearing on the nomination of Kalo Hineman to be a Commissioner of the Commodity Futures Trading Commission.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADDITIONAL STATEMENTS

DEFICIT WOES

● Mr. PACKWOOD. Mr. President, the Wall Street Journal published an article December 7, 1981, about the latest budget deficit projections. Considering the significant and increasing budget deficits with which we are faced, I urge all my colleagues to read this insightful article.

I ask that the text of this article be printed in the RECORD.

The article follows:

ADMINISTRATION PUTS '82 DEFICIT AT $109.1 BILLION

(By Kenneth H. Bacon and Rich Jaroslovsky)

WASHINGTON—New Reagan administration calculations project budget deficits of $109.1 billion in the current fiscal year, $152.3 billion in fiscal 1983 and $162 billion in fiscal 1984, given current budget and economic trends.

These preliminary figures reflect a new economic forecast President Reagan received Friday from his advisers. Both the forecast and the budget estimates may change before the administration completes work on the new budget it must send Congress early next year. But the deficit figures, which don't include additional budget cuts Mr. Reagan hopes to achieve over the next few years, are far wider than the administration has conceded previously.

Last September, officials estimated a $43.1 billion deficit in the current year, which began Oct. 1. More recently, White House officials have said that figure could swell to $80 billion.

The new projections for this year is based on an administration forecast that nominal gross national product, the nation's output of goods and services measured in current prices, will increase 7.9 percent in the 1982 calendar year. That would be the lowest rate of nominal growth, which determines tax receipts, since 1970; the low projection reflects both the recession and an expected slowdown in the inflation rate.

ADVISERS DISAGREE

Some of Mr. Reagan's advisers complain that the forecast, produced by the Council of Economic Advisers and the Office of Management and Budget, is too pessimistic. They maintain that the forecast fails to reflect the stimulative effect on the economy of next year's tax cuts. They also charge that the whopping deficit projections are designed to force Mr. Reagan to abandon his opposition to increasing taxes or to reducing planned increases in defense spending.

Many of the President's senior advisers, including budget director David Stockman and chief of staff James Baker, believe tax increases are needed to hold down the deficit and prevent another surge in interest rates.

Mr. Reagan "has got 95 percent of the White House staff telling him he has to raise taxes," one aide said. But at his economic review meeting last Friday, the President said he still opposes increasing taxes to offset the $283 billion of personal and business tax cuts through 1984 that Congress has enacted.

Similarly, there is little evidence the President would slow his planned defense buildup. "At every Cabinet meeting, there's grumbling about Defense getting more while other agencies are cut," a top Pentagon official said. "But we see no sign the President's wavering." Top White House officials, who last summer conducted a long, unsuccessful campaign for bigger defense cuts, so far haven't indicated they have the appetite to renew the battle.

NONDEFENSE CUTS SOUGHT

Instead, the President is telling aides to concentrate on finding sweeping nondefense spending cuts. "The marching orders from the Oval Office are to produce a bare-bones budget," one adviser said of the fiscal 1983 document due next month.

White House officials acknowledge the immense political difficulties of such a strategy; even some friendly Republican legislators are becoming increasingly uncomfortable with the size and scope of the Reagan budget efforts. And many White House officials say the economy must start showing signs of improvement before the 1982 elections to avoid a major political defeat.

On that score, the administration's latest economic forecast contaihs bittersweet news. For 1982, the projection shows slow growth, rising interest rates and high unemployment. But it assumes considerable improvement in later years.

The preliminary forecast sees increases in "real," or inflation-adjusted, gross national product of 0.2 percent in the 1982 calendar year, 5.4 percent in 1983 and 5.2 percent in 1984. Growth in nominal GNP is seen rising from 7.9 percent next year to 11.1 percent in 1983 and 9.8 percent in 1984. The inflation rate, based on a GNP measure, is seen declining to 7.7 percent in 1982, 5.5 percent in 1983 and 4.4 percent in 1984.

The forecast projects that real GNP will contract at a 5-percent annual rate in the current quarter and then continue to decline at a 0.5-percent rate in the first quarter of 1982 as the economy recovers from the recession.

Real GNP growth is expected to accelerate at a 1.5-percent annual rate in the second quarter, 5.6 percent in the third period and 5.7 percent in the final quarter of 1982. But this growth won't be enough to bring down the unemployment rate, which the forecast says will stay at the current 8.4 percent or higher throughout the year.

In addition, the forecast estimates that interest rates on three-month Treasury bills will fall to an average of 10 percent in the 1982 first quarter. But the rate is expected to rise to 11.5 percent in the third quarter as the recovery spurs higher business borrowing while the Treasury is borrowing heavily to finance the national debt.

The deficit projections contained in the latest estimates reflect the $130 billion of spending cuts Congress already has enacted through 1984, but don't include the new spending cuts the administration is struggling to find. The latest projections show government receipts of $621.9 billion in the current fiscal year, $650.9 billion in fiscal 1983 and $692.3 billion in fiscal 1984. Outlays are estimated at $731 billion in 1982, $803.2 billion in 1983 and $854.3 billion in 1984.

Finding the spending cuts to cope with those bleak numbers is becoming tougher and tougher. "The easy cuts, we made a long time ago, said one White House aide. The reductions being considered currently are not only more politically painful for the administration to suggest but also less likely to win congressional support.

Recently, the White House was jolted by some cautionary words on the effect of budget cuts on state and local governments from Sen. Paul Laxalt (R., Nev.), one of the President's closest friends. "That got our attention," one aide said. "We wonder what Paul's trying to tell us."

BUDGET MEETINGS SET

Meanwhile, the White House is plunging into a series of budget-review and appeals meetings over the next few weeks that is likely to illustrate just how painful its predicament is. This week, for instance, the Labor Department will be battling a push by the Office of Management and Budget to halve the department's proposed fiscal 1983 budget for major job-training programs.

But the budget office proposal would require far deeper cutbacks and would be certain to provoke an outcry from Congress. "I question whether $1.5 billion would even attempt to solve the problem in areas with very high unemployment," one Democratic congressional aide said.●

1982—YEAR OF THE EAGLE

● Mr. PRYOR. Mr. President, yesterday I had the pleasure of visiting with a longtime friend, Jane Gulley of Little Rock, Ark., who has distinguished our State with her direction of the Arkansas eagle awareness program. Jane, accompanied by an Arkansas bald eagle, Martha One Wing, is in Washington to work with the Wildlife Federation on their "Year of the Eagle" 1982 project.

As a cosponsor of Senate Joint Resolution 121, a resolution to designate 1982 as the Bicentennial Year of the American bald eagle and June 20, 1982, as National Bald Eagle Day, I am particularly proud of Jane's achievements. I would like to bring to the attention of my colleagues an article entitled, "1982—Year of the Eagle" by Joe Mosby of the Arkansas Gazette. I ask that it be printed in the RECORD.

The article follows:

1982—YEAR OF THE EAGLE

(By Joe Mosby)

The country will get a look at Arkansas's Eagle Lady, and her eagle, this week in Washington, D.C. Jane Gulley of Little Rock, a dynamo with her Eagle Awareness Program, has been selected to help start the Year of the Eagle, 1982, a project of the National Wildlife Federation.

The Arkansas Eagle Awareness Program has attracted nationwide attention the last few years. It is an educational effort aimed at helping the public learn and appreciate more about the magnificent bald and golden eagles. The program operates under the general guidance of the United States Fish and Wildlife Service, with senior agent Andrew Pursley of Little Rock working closely with Gulley and other volunteers.

Much of Gulley's work is in making talks to schools, and she speaks to dozens of assemblies, classes and other school gatherings over the state each year.

The talks are important, but the young people are eager participants in the programs when they find Gulley has brought along Martha One Wing, the bald eagle; Digger O'Dell, the turkey vulture (that's a buzzard, Alvin); Hawkeye the hawk, an owl or two and perhaps some other live birds of prey, or raptors as the more learned like to call them.

It's Martha who is going to Washington with Gulley. Martha is a male, by the way; critters that look alike for both sexes, like eagles, rabbits and others, often get inappropriate names by well-meaning folks.

Martha is a nearly mature bald eagle who was shot in the left wing by a "slob" hunter a few years ago. The wing was irreparable, and its outer portion had to be amputated. This made the bird unable to fend for itself in the wild, so it was life in a zoo ahead for Martha, until the alternative of becoming a teaching assistant came along.

Everyday folks like you and me don't get to keep eagles and other protected animals. But in view of Gulley's flourishing program, it wasn't hard for Pursley to make some phone calls, write some letters and get a permit for Gulley to have Martha for educational use.

Martha isn't a large bird although he is nearly fully mature, with his head almost solid white now. His bulk is diminished too by part of that left wing missing.

But Martha is all eagle, from the fierce, piercing eyes to the rip-saw beak and the murderous talons. A grown eagle's feet are as big, or bigger, than a man's hand. The outer two or more inches are talons, one of nature's more efficient tools for grasping and breaking things. An eagle's firm grasp on an animal to eat, on a stick, limb or most anything else is every bit as complete as a mechanic using Vise Grips.

A top official of the National Wildlife Federation phoned Gulley several days ago and and told her she was under consideration for the role of starting the Year of the Eagle. program. Could she come to Washington if chosen? Yes, she answered.

The man called back a few days later and said, "You're it. Can you come to Washington Tuesday, December 8?" "Sure," Gulley answered. "Can you talk to a press conference for 30 minutes and answer question," he asked. "Sure," the Little Rock woman answered, before she got butterflies. "Can you bring your eagle?" he asked. "Sure," she answered, before she had a chance to think about a long plane flight with Martha. "Okay, we'll send the plane tickets."

Gulley is experienced in transporting birds of prey, including eagles, by ground transportation and by air, since she, Pursley and others working in the Arkansas programs many times have to ship injured birds to Auburn University in Alabama or other places for treatment. They use light but sturdy pet crates, and they include instructions for folks to keep their cotton-pickin' fingers out of the holes.

The flight the National Wildlife people arranged for Gulley and the eagle called for a Delta ride to Memphis, a three-hour layover, then an American ride to Washington. Gulley called Delta to ask about the certainty of her cargo being transferred properly at Memphis. "Oh, no problem," the airline agent said. "Three hours is plenty of time. But why do you want to go that route. We can route you through Atlanta on Delta all the way, so you don't transfer airlines." Fewer potential problems. "We'll take care of your dog," he added. "It's not a dog; it's an eagle," she said. "A what?" "Eagle, a grown bald eagle." A pause, then the agent said, "Oh, we'll take good care of it, too," and cleared his throat.

"But they sent me this American Airlines ticket," Gulley said, "and it's a special rate, a whole lot cheaper than Delta." She explained the purpose of the trip, that she and Martha were to be the celebrities who start the Year of the Eagle. The agent said, "Let me call you back."

He did, and he told Gulley that Delta would meet the American deal and would better it with VIP treatment for Martha all along the way.

Martha is well behaved. He is a veteran now at public appearances all over Arkansas and is used to legions of gawking school kids traipsing past, as well as hordes of adults peering at him. Usually, Martha turns that penetrating gaze on the loudmouth in the crowd who tells all within earshot that his grandma had a full-grown Hereford bull carried off by an eagle just like Martha, or that his cousin Hershel was never the same after an eagle stole him off third base in

a grade school ball game and took him 17 miles to its nest.

But Martha can sometimes get enough. He can get irritated. Like the other day when a newsman was working with Gulley to get a picture of her and Martha. The eagle jerked free from Gulley and made a dive for the newshound's face; he in turn gave a credible imitation of Reggie Jackson dodging a brush-back pitch. Gulley grabbed Martha and order was restored.

The care and feeding of eagles, along with vultures, hawks and owls, is a major undertaking for Gulley, for a zoo or for anyone else who messes with birds of prey. Fortunately, Gulley has made friends with several trappers in the area, and they many times bring her carcasses for the birds to eat.

A newly skinned beaver pelt was on a table in the driveway at the Gulley home the other day—not your usual item of decor in Pleasant Valley. But the neighbors are used to Gulley and her activities by now, and they often are supportive, even if from a slight distance.

A beaver carcass makes good eating for the big birds and the owls and the hawks.

What is needed, though, is an educational program for the eagles. They need to be taught to seek out and destroy beavers in the wild. Just think, Mr. or Mrs. Bald Eagle. Find and rub out a beaver and you've got 30 or 40 pounds of eating, not a pound or two like with a rabbit.

Wishful thinking, such educating of eagles. But with the continued energy and effectiveness of Gulley on her Eagle Awareness Program in Arkansas, perhaps future generations will do a better job of protecting and perserving them than past ones have.

Maybe the gathering dignitaries and media types in Washington this week can take a cue and help spread the gospel nationally.●

NEW FEDERALISM

● Mr. HART. Mr. President, the administration's economic program has by no means resolved the Federal fiscal crisis. And while Federal deficits continue to mount, a whole new crisis is brewing in our States and cities. The most severe cuts in the Federal budget have come in programs administered by State and local governments. Other administration actions have made it more difficult for States and cities to raise revenues or borrow money. More and more, State and local governments are having to cut back on services. That means hardship for today's citizens—and it may endanger our ability to meet our economic goals.

This administration began with a call for a new federalism, a new partnership, greater cooperation, and more shared responsibilities between the Federal Government, States, and cities.

But the new federalism has not proved to be the promised creative partnership. Rather than a serious reevaluation of responsibility at all levels of government, new federalism offers little more than a massive shift in financial responsibility from the Federal Government to the States and cities. And if States and cities must raise taxes to meet these new responsibilities, any benefits from the Federal tax cuts will be quickly wiped out.

First, the administration promised to make greater use of block grants. In the past, much Federal aid to States was earmarked for specific purposes established by the Federal Government and sometimes unresponsive to State needs. So the administration promised States and cities greater discretion in how to spend these funds.

Now, however, representatives of State and local governments report that consolidated block grants have "not lived up to the promise" of increased local flexibility. Block grants, combined with reduced funding levels, mean States must make the hard decisions about what programs to cut—and take the political heat for those decisions. Block grants were also supposed to cut administrative costs and simplify regulations. But, in reality, they have brought administrative confusion. Many State and local officials fear this confusion will result in more lawsuits and in increased administrative costs

Mr. Harley Frankel, Colorado's budget officer, expressed the frustrations of many State officials. He said:

We're being asked to implement the block grants by October 1 and to do that without knowing funding levels, having received no rules and regulations from the Federal Government, and getting bad legal advice from Washington. This seems to be contrary to the cooperation espoused under new federalism.

And Governors across the country report chaos and disarray, in their State budgets—because Federal budgets for 1982 and 1983 are still not complete.

The administration also promised to turn back various Federal revenue sources—for example, excise taxes on alcohol, tobacco, and gasoline—to the States. So far, this promise has not been kept. And there is little likelihood it will be kept soon. Overgenerous reductions in corporate and personal tax rates have bloated the Federal deficit, and Federal officials themselves are now turning to the excise taxes to enhance revenues.

Finally, the administration promised supply-side economics would bring a surging economy—one that would provide the States and cities with the same miracle of lower taxes and lower deficits promised at the Federal level. But the miracle has not materialized. And, like the rest of us, the States and cities must live with a Federal deficit that may go as high as $109 billion in fiscal year 1982. They must live with interest rates that have receded only slightly from record levels. They must live with the highest unemployment since the Great Depression. And now they must live with dramatic cutbacks in Federal support.

Although Federal grants—which account for one-fourth the revenue base of State and local governments—have declined about 10 percent in real terms over the last 3 years, the cuts passed this year are unparalleled in severity. Over 60 percent of the spending reductions recommended by the administration came in programs administered by the States. Mass transit, subsidized housing, employment and training, community development, welfare, and other essential public services—funding for all of these has been decreased. Budgeted support for State and locally administered programs has already been cut $7 billion below the fiscal year 1981 level, and $30 billion below President Carter's projected 1982 budget. In September, the administration requested a further cut—an additional 12-percent, across-the-board cut in these programs.

Our State and local governments are being squeezed. They have suffered serious reductions in Federal support, without any new means of financing these public services themselves.

Borrowing to meet new responsibilities will not be easy. States and cities in fiscal crisis are unattractive candidates for loans. Several have already had their credit ratings downgraded—meaning higher interest costs. Others have been virtually shut out of the credit market.

But even States with good credit ratings will feel the pinch. They, like the rest of us, will have to compete with the Federal Government for credit. And they will have to offer higher interest rates on their securities to attract buyers. The tax bill passed this year effectively reduced the tax benefits of tax-free municipal bonds, and the new "all savers" certificate offers a tax-free alternative to compete with State and local securities. The Congressional Budget Office estimates that these two developments will cost States and municipalities more than $2 billion next year.

So, in all likelihood, States and cities will be forced to cut back on necessary services. Such reductions will mean even greater hardships for today's citizens—especially for the poor, the disabled, and the children who depend on Government-supported programs for income, food, and medical care.

Even worse, reductions in public services may jeopardize our future. The Morgan Guaranty Bank, for example, projects that States may try to resolve their financial difficulties by abandoning new capital-spending plans and cutting back on maintenance of existing facilities. And fiscal austerity may also force cuts in programs devoted to improving human capital—for example, basic education, vocational training, and health care. If we fail to maintain our physical and human capital, the bank suggests, we will find it difficult to meet our Nation's longrun economic goals.

Clearly, we need to get our entire economy back on track if we are to meet those longrun goals. To do this, we must defer reductions in personal income taxes until the budget is under better control. We must adopt a monetary policy stimulative enough to allow economic recovery, but still restrained enough to wind down inflation. We must implement an income policy to affect wage and price behavior directly, and relieve inflation more quickly.

But we must also resist the temptation to deal with our Federal Government's fiscal problems by depositing them on the doorsteps of our States and cities.

From the start, our system of government has been a federal system, one where responsibilities are shared out among the different levels of government. The process of sorting out these responsibilities has been a continuing one. We should continue to discuss which

services can be provided most effectively by which level of government.

But any decision to shift responsibility must be made thoughtfully and responsibly, not impetuously. I have two proposals to make toward that end:

First, the Congress and the administration should carefully consider the National Governors Association's proposal for holding funding for programs administered by State and local governments at a constant level through 1984. If this is too drastic, at least we should consider limiting further cuts to no more than 5 percent of fiscal year 1981 levels. This will allow State and local governments to plan their own budgets and avoid the "disarray and chaos" now reported by State and local officials.

Second, officials from all levels of government should meet, as soon as possible, in a "domestic summit," as suggested by Governer Busbee, to clarify Federal, State, and local responsibilities for public programs.

The plight of our States and cities demands our attention. The issue of Federal, State, and local relationships and responsibilities deserves our careful thought. This Nation's citizens and this Nation's future require a new, true partnership among the various levels of government.●

SCARCITY NOT CHIEF CAUSE OF WORLD HUNGER

● Mr. DOMENICI. Mr. President, the eradication of world hunger is a goal that has been endorsed by the Senate on many occasions. All of us with children of our own are troubled that millions of other children suffer from chronic malnutrition that stunts their physical and mental development. We reluctantly recognize that these same malnourished children are likely to become parents who lack the energy and ability to put in a full days work in order to support their own children.

The cycle of hunger and malnutrition has been broken in many places, but it continues, and may be getting worse, in sub-Saharan Africa and in south and Southeast Asia. Billions of dollars have been spent on the eradication of hunger but the results in these areas are disappointing so far. If our humanitarian concerns about hunger have resulted in a broad understanding of the global problem, the specific solutions and our role as Americans in those solutions are less clear.

I am personally convinced that as individuals and as a nation we Americans have a continuing responsibility to eradicate hunger first in this country, and my record supports that conviction. In large part we have accomplished this goal in the United States. Domestic programs to alleviate hunger are not without fault, but we have come a long way in the 15 years since my friend Senator HOLLINGS and others brought this problem into national focus.

I am also convinced that we as Americans share a moral responsibility to help reduce hunger among people who are not fortunate enough to live in this country or in one of the other more prosperous nations. Individuals in my own State of New Mexico and elsewhere are working with private organizations and religious groups to alleviate world hunger. This year, despite a very tight Federal budget, as a nation we will collectively spend more than $2 billion for international food aid and for programs that are designed to increase agricultural production abroad.

Is this $2 billion well spent? What difference would substantially more or less funding for these purposes have on world hunger? Questions such as these are addressed by a recent series of articles on world hunger that have appeared in the New York Times. I welcome this series by Ann Crittenden. It should help us balance the resources devoted to global hunger against the many other pressing claims that are made by other national goals.

This series of 17 articles has reviewed the evidence on the extent of world hunger and on the solutions that have been attempted to date. It goes beyond the narrow focus on external solutions such as food aid and population control that have met with limited success and unanticipated side-effects. In her final article of December 7, Ms. Crittenden challenges us to take a new look at the effectiveness of existing programs and international institutions.

The specific solutions to the problem of hunger abroad may not be as simple as we once thought, and our role as Americans may be more limited, but the effort to eradicate world hunger must continue on all fronts.

Mr. President, I ask that the article be printed in the RECORD

The article follows:

POVERTY, NOT SCARCITY, CALLED CHIEF CAUSE OF WORLD HUNGER

Of all the ills afflicting the human race, none seems more soluble—and at the same time more intractable—than hunger.

On the one hand, enough grain is produced now to provide every man, woman and child on earth with some 3,000 calories a day. That is more than the average level of consumption in the United States and about 50 percent above what is now considered to be a minimum acceptable level of caloric consumption.

On the other hand, chronic malnutrition persists, often in countries where plenty of food is available, such as in India and Brazil.

UNCERTAINTY AS TO NUMBERS

There is widespread uncertainty as to the actual number of malnourished people. But no one challenges the fact that a minimum of 100 million to 200 million people, particularly in sub-Saharan Africa and parts of Southeast Asia, are severely malnourished, in the sense that they do not have the energy to function normally. Hundreds of millions more would eat better, and possible more, if they could, nutritionists maintain.

Why, then, does widespread caloric deprivation persist? Why has the real progress that has been made not eliminated hunger altogether?

The answer, a surprising number of international food experts agree, is that hunger is overwhelmingly the result of income inequality and poverty. Until these stubborn social and economic problems are solved, no amount of tinkering with relief programs or population control will eradicate world hunger, most of those in the field agree.

HUNDREDS OF INTERVIEWS

This view has been supported in visits to areas both rich and poor in food production and consumption and in hundreds of interviews for this series with farmers, agronomists, agricultural economists, nutritionists and policymakers in the United States and abroad.

"Highly skewed rural incomes contribute both to widespread hunger, especially among the landless and nearlandless, and also to stagnating food production," said Prof. C. P. Timmer of the Harvard Business School. "Without question, basic poverty—the lack of adequate purchasing power among consumers and food producers—is the most important cause of hunger. Eliminating poverty is the only solution to basic hunger."

Malnutrition, a confusingly imprecise term, must be distinguished from outright famine, the emergencies that are almost always the result of sudden political upheavals or natural disasters, and which are dealt with through several generally effective international emergency relief agencies, such as the United Nations Children's Fund.

A growing awareness of the distinction, and of the most systemic causes of malnutrition, has led many hunger organizations to shift their emphasis from relief efforts to attempts to reform the agricultural and social patterns within developing countries.

However, there are as many answers as to how this can and should be accomplished as there are countries and cultures. A growing number of experts argue that the ultimate solutions will involve some combination of free-market incentives for agriculture and equitable land-holding systems and social policies.

Richard Critchfield, an author who has spent more than 20 years in peasant villages in 50 countries, believes that solutions range from land reform in India and Bangladesh to better price policies and more agricultural investment and technical training in Africa.

Officials of relief organizations such as Save the Children, World Vision and Caritas, the Catholic relief organization, for example, now talk not of feeding programs but of the need to increase employment and purchasing power among landless peasants—one of the toughest economic problems facing developing countries.

STRESS ON PRODUCTION URGED

Critics of the United Nations Food and Agriculture Organization argue that the agency needs to do more to push food-deficit countries, particularly in sub-Saharan Africa, to put more emphasis on agricultural production.

The World Bank and other multinational lending institutions are now pouring almost one-third of their loans into agricultural and rural development, and commitments to those sectors have more than doubled since 1975, to almost $5 billion last year.

In the United States, which supplies a rapidly increasing share of the food consumed in developing countries, some reevaluation of the nation's food policies is beginning to be made. Increasingly vocal critics of food aid, on the right and the left, charge that the help rarely reaches those who need it the most. In Bangladesh, for example, several officials with international relief agencies have estimated that only about 25 to 30 percent of the food aid distributed there ever reaches the poorest people.

Even the wisdom of the United States' all-out grain export policies has come under challenge. The huge shipments, it is argued, help perpetuate an inherently unstable dependence of many countries on imports of basic staples.

Though there is currently an abundance of cheap grain in the world, a spate of bad weather in the 1980's could easily result in

new food shortages, price runups and a clamor for American grain. The richest importing countries, such as the Soviet Union and Mexico, could easily bid the poorest nations out of the market, exposing their populations to the danger of real famine.

IDEA NOT TAKEN SERIOUSLY

One proposal aimed at preventing such a development, put forward by United Nations food agencies, would have the major grain-exporting countries promise to sell a certain amount of food to the poorest nations, at a roughly commercial price. Thus far the Reagan Administration has not taken the idea seriously.

Soil experts also warn that all-out exports are threatening American farm productivity by encouraging the planting, year after year, of erosive crops such as corn and soybeans. Already, partly because of increased fuel costs, agricultural productivity in the United States is leveling off. From an average annual rate of increase of 2.6 percent over the last 25 years, the growth of farm productivity slowed to about 1.5 percent over the last five years.

The comparative advantage in agriculture may in fact be shifting to the developing countries, which still make relatively little use of fertilizer or the higher-yielding seeds of the Green Revolution. The potential gains from increased use of these methods are much greater than the gains that the West can expect from existing technology. Combined with the dramatic crop improvements promised by more advanced biological techniques the poorer nations are certain to raise their food production to levels unimagined only a few years ago.

ONE FARMER'S BUMPER CROP

But no amount of international assistance or technology can substitute for real change within many of the food-deficit countries themselves, nutritionists and agricultural economists agree.

Speaking of Bangladesh, but echoing what is said of much of the third world as a whole, Father R. W. Timm, a Roman Catholic priest working with Caritas in Dacca, argues that "there must be more equitable land-holding arrangements, better credit for farmers, more work in the countryside."

An example of what is possible even in Bangladesh, frequently considered the most hopeless of the hungry nations, is the performance of one farmer, who is poor, in Comilla, a relatively prosperous area in the eastern part of the country.

Last year, on his patchwork collection of 17 parcels of land, adding up to a total of three acres, Abdur Rashid turned out a bumper crop of vegetables and about three tons of rice—an output equal to the highest rice yields in the world. The bounty from those three acres, every inch of it tended like a backyard garden, was enough to support the slim, wispy-bearded 42-year-old farmer's household of 10 comfortably, and earned him a national award as the outstanding farmer in Bangladesh.

His success demonstrates that the rich delta soil of Bangladesh could easily produce enough food to support the 90 million people living in the country. Unfortunately, it is also completely atypical.

The average rice yield in Bangladesh is roughly half of what Mr. Rashid produces, thanks to a rural system characterized by absentee land lordism, sharecropping and growing landlessness. And even if more food were grown, millions of people in Bangladesh would still be malnourished because they do not have enough money to buy what they need to fill their stomachs.

"This year and next year we will have enough food," said Obiadullal Khan, who, as secretary to the Minister of Agriculture, is the man who directs Bangladesh's food policies. "But no one is looking at the purchasing power of the buyers," Mr. Khan stated in a recent interview in his spacious but shabby office in Dacca. "We don't know if anyone will be able to buy the food we are planning to produce."

In a sense, the world is in much the same predicament. In most parts of the world the food is there, and the means to produce much more is at hand. But no one is sure about how to get it to those who need it.●

OFFICER CALLS FOR SIMPLER WEAPONS

● Mr. HART. Mr. President, the military reform movement has been calling for increased attention to the need for simpler military equipment which will work in combat, is easy to maintain, and which we can afford in larger numbers.

The December 1981 issue of National Guard magazine contains a letter from an Army National Guard officer detailing the disadvantages of some of the current, overly complex equipment. He also addresses the need for a better balance between procurement and operations and maintenance funding, so as to improve training.

Mr. President, these are the views of an officer speaking from his own experience. They are worthy of the attention of my colleagues. I ask that the letter, by 1st Lt. Harold L. Spurgeon of the California Army National Guard, be printed in the Record at this point.

The letter referred to follows:

MORE, SIMPLER EQUIPMENT

I was pleased that the Reagan Administration intended to increase the defense budget until I learned what the Army wanted to spend the money for: new equipment. The Army seems to have become infested with technocrats who are more concerned with the development of increasingly sophisticated toys for their own amusement than the improvement of the fighting abilities of those who will be face to face with the enemy in the next war. Many examples from experience come to mind.

As a tank crewman in Vietnam, I served with the 3d Battalion, 5th Cavalry, which had M–551 Sheridans and the 1st Battalion, 69th Armor, which had M–48A3 tanks. The M–48 was relatively simple, rugged and with a good loader could fire 17 rounds of 90mm in 60 seconds. The Sheridan had complex electronics (that frequently failed) and fired only two rounds a minute.

More recently, as a tank platoon leader in the National Guard, my unit was originally equipped with M–48A1s. Obsolete they were, but we spent our time practicing tactical movement and shooting, and we learned what our tanks were capable of doing.

Later, we were equipped with the M–48A5 . . . and then the toys began to appear. An indoor laser range, complete with plastic scale models of Soviet tanks. An outdoor range, for use with a .22 subcalibre device. So now, instead of the thunder of a 105mm round going down range, there is the barely audible plink of a .22-calibre round, which I suppose would be great if our next enemy is an army of Lilliputians. Now the Army is fielding a newer, even more sophisticated (and more expensive) tank. It fires bigger and more costly ammunition. Since the Army is unable to allocate enough ammunition for its tank crews to achieve and maintain proficiency with the 105mm gun, how is it expected to provide enough of the more expensive rounds?

In 1978, I assumed leadership of an anti-armor platoon. We were equipped with 106mm recoilless rifles. We fired many HEAT rounds at hard targets. We were able to get used to operating with the weapon and learned it's idiosyncracies. A year later, the 106's were replaced by TOW's . . . and, of course, the inevitable toys. Where before, we could shoot live rounds at real targets, now we were restricted (even more so than the tanks) to simulated target practice. Not one gunner in that platoon ever got to fire a live TOW missile, and probably never will, barring a war.

Now, as commander of an infantry company, I see some of the same symptoms. The infantry fighting vehicle (IFV) is replacing that M–113. The 113 works, and works well; does the IFV?

Setting aside the fact that the .45-calibre pistol has more stopping power than the 9mm, requiring double action for the new pistol effectively negates (for the first shot, at least) the supposed increase in hit probability due to the lighter-recoiling 9mm cartridge. If the only compelling reason to switch to 9mm is for logistical compatibility with our allies, it would make more sense to purchase new slides and barrels in 9mm chambering. This could be done for less than half the cost of new pistols and would allow the use of most of the spare parts presently in the system.

Finally, I hear talk that the M–16 rifle has inadequate effective range for combat in Europe or desert areas. Interesting, isn't it, that a rifle with an effective range of 400 meters should need to be replaced with a rifle with an effective range of 800 or 1,000 meters, when the average rifleman is lucky if he can hit a target that is more than 300 meters distant. (INFANTRY, "Troubleshooting Rifle Marksmanship", July-August).

New equipment is nice (providing it works), but I think we would be better prepared if we spent that money on fuel and ammunition that would let us attain proficiency with the weapons we have, rather than buying new weapons that we won't be able to afford to train with.●

AN EXCEPTIONAL SCHOOL

● Mr. MATHIAS. Mr. President, the role of parents in their child's education takes on added significance when the child has a learning disability. Conviction rather than complacency made the difference for Sally Smith and her son, Gary. Ms. Smith established and developed the Lab School of the Kingsbury Center in Washington, D.C., to insure that Gary and other youngsters with learning disabilities are given the educational opportunities that all children deserve. The innovation and dedication that characterize the Lab School and its founder are a shining testament to the strength of special education. The December issue of Reader's Digest includes a moving account of Ms. Smith's struggle entitled, "The School That Sally Built." I ask to have this article printed in the RECORD.

The article follows:

THE SCHOOL THAT SALLY BUILT

(By Earl and Miriam Selby)

Gary Smith, age 7, had failed every academic subject in his first-grade class at a Washington, D.C., school. He was unable to spell cat or add 2 and 2. Yet now his hand was raised to answer a question about Indian rain dancers. Gary compared them with Greek myths, and said, "The Indians thought they could get what they wanted by doing a dance or telling a story. . . ." His teacher grabbed him and said, "If you know that, why can't you spell cat?"

To the teacher, Gary's unexpected knowledge proved he could learn, that he had been doing poorly because he was lazy. But she was wrong. Though he appeared to be a normal child, Gary had a hidden handicap—a learning disability. Despite average intelligence, he could not read, write or do arithmetic.

Sally Smith, Gary's mother, knew he was intelligent because of the information he could retain from games he played with her and his two older brothers. She also knew that Gary did not belong in a regular classroom. But when she sought alternatives, she found only schools for the retarded or the emotionally disturbed. "Absolutely unacceptable," Sally declared. "Tests show he is neither, and I won't let this happen to him."

"MY CHILD NEEDS A SCHOOL!"

In the spring of 1967 she pleaded with private schools to start a program for Gary and other learning-disabled children. (Some researchers believe the number of such children in the United States could be as high as ten million.) "It would take at least a year," the educators said.

"I don't have a year," Sally responded. "My child needs a school—now!"

She turned to Kenneth R. Oldman, then director of the Kingsbury Center, a Washington diagnostic and tutoring organization. He recognized the need, but lacked the space and money to do anything.

Then, months later, Oldman got in touch with Sally and explained that Kingsbury had been offered a nearby town house that could accommodate a small school. Was she herself interested in starting classes for learning-disabled children? Panic hit! Although Sally had a master's degree, she wasn't a professional educator. Parents will be entrusting their children to me, she thought. What will I do? But when she looked at Gary, she knew she had to try.

In a single night, Sally planned the curriculum for a school unlike any she had ever heard of. Then she rounded up volunteers to clean and paint the town house. She begged furniture donations, drummed up $7,000 from friends to pay teachers' salaries, and on September 25, 1967, Sally opened the new Lab School of the Kingsbury Center.

Learning disabilities is an umbrella term for dozens of different conditions, including minimal brain dysfunction and dyslexia, in which certain neural (nerve) pathways do not mature according to normal timetables, thus interfering with the processing of information from the senses.

Learning-disabled children are among education's toughest challenges. Each is unique, with an individual constellation of difficulties. But symptoms often include distractibility, disorganization, little sense of time, an uneven memory, garbled eye-to-brain messages and the inability to plan a project from beginning to end. In addition, many of the children are immature, uncoordinated, accident-prone or hyperactive.

Rarely, however, is actual brain damage documented, and learning-disabled children frequently have average or above intelligence. But in many schools they grow accustomed to defeat and tend to give up, thinking themselves "dumb" and beyond hope.

Sally Smith was determined to prove that any learning-disabled child with normal intelligence could be taught to learn. The goal of her school would be to give students what most of them had never had: the joy of saying, "I can do it!"

INNOVATIVE METHODS

To accomplish her goal, she recruited teachers who shared her belief that the arts—music, dance, woodworking, drama, film-making—could be central in teaching the basic skills necessary for academic learning. The woodworking shop, for instance, designed by sculptor Bert Schmutzhart, is no "artsy-craftsy" affair. Its hidden purpose is to teach eye-hand coordination, body placement, sequencing—crucial skills in learning Little children sing before they speak, draw before they print letters, dance, and act out stories before they read. Sally's newly enrolled students would spend half a day in arts programs, and the other half in carefully structured academic classrooms.

Sally Smith's curriculum provided breakthroughs for many of her students. Bart, for instance, at 9, was unable to read because he could not associate sounds with letter symbols on paper. A music teacher used his fascination with a drum to aid him in making the link. She instructed him to bang the drum when she held up a red chip, and just tap it for a yellow one. After he developed that skill, she lined up red and yellow chips in a row and had him "play" it. Repeatedly she sent him through this exercise, changing the chip patterns. Gradually Bart came to see that words commanded sounds just as the chips had. That rudimentary recognition unlocked the door to reading for him. Today Bart is in college.

Janet, 8, spread her mathematics problems all over the page. Special dance routines taught her to organize her body movements. This "motion planning" set up a pattern in her mind that eventually translated into appropriate use of space on paper.

At 12, Raymond, lacking visual concentration, couldn't distinguish pin, pen, pan. Making animated films forced him to focus on tiny details; creating story lines taught him to put scenes in sequence. These skills were important to his progress in academic learning.

Henry, at 10, did not follow directions. Feeling that this resulted from his being a poor listener, his drama teacher appointed him the astronaut in charge of a space capsule. He had to wear a helmet and sit at the head of a column of other students. The teacher was "mission control" and unless he followed her commands, the mission would "self-destruct." Henry paid close attention and obeyed orders. Similar drills bolstered his ability to listen and to heed oral instructions.

Sally noticed that children who were flunking in school often showed intelligence when they were playing games. So she introduced "academic clubs." Her idea was to take what children like to do and use this as the foundation for teaching them what they needed to know. She selected the word club to imply belonging—a welcome status for learning-disabled children who may feel like outcasts.

"CAVEMAN'S CLUB"

One day last fall, Ronald, 6, excitedly whispered "fossil" to a "cave lady" standing outside his "Caveman's Club" in the school basement. "Password correct," said the teacher, allowing him to enter. Wearing a leopard-patterned tunic over his clothes, Ronald sat down with eight other children around a "fire"—flashlights shining through red tissue paper. During the class, the children pretended to be cave dwellers, made artifacts, "hunted" for food and "guarded" against wild animals. While it seemed like play, the club technique taught them the history, art and social organization of prehistoric man.

Advancing in the clubs as they get older, Sally's students become Egyptians, Greek and Roman gods, and characters in medieval times and the Renaissance. In the New World they are Indians, frontiersmen and American revolutionaries. They learn history as they act out their roles and do the research, investigating in depth the people, customs and landmarks of various eras.

Talented librarian Antoinette Mayer developed the Lab School Media Center where students listen to tapes and records from Talking Books for the Blind and from the staff's rceordings. Sally felt it was essential for students who could not yet read to hear fine literature and the proper use of language, along with the excitement of journeying toward new horizons.

The Media Center nurtured a love of books in Sally's son Gary. After seven years in an arduous remedial program, he learned to read. Shortly thereafter, he went out to buy his first book. Gary later earned his high-school diploma.

Today Sally's school has nine full-time teachers plus many artists who work part-time, a capacity enrollment of 80, ages 6 to 16, and a long waiting list. It is housed in three adjoining town houses. In seven out of ten cases, the tuition—$6700 yearly in the elementary school, $6900 in the junior high—is paid by local school districts, which are mandated by federal law to provide appropriate instruction for handicapped students. But Sally still has to scramble for funds to raise teachers' salaries and to maintain scholarships for youngsters whose parents can't afford the tuition.

Teaching in the Lab School is exacting and frequently exhausting. In a class of nine, nine different remedial programs—each tailored for the needs of the individual student—may be used. Nevertheless, the challenges attract those who love teaching. Karen Duncan had instructed problem learners in state and private schools. She was so impressed by Sally's school that she took a salary cut in 1978 to become its head teacher.

Sally Smith offers encouragement and support to hundreds of desperate parents—many of whom are impatient for tangible evidence of improvement. She tells them that the children rarely make measurable gain until the second half of the second year. Even then they often stay on a plateau for many months before spurting ahead. What parents don't grasp is that abilities developed in the arts are instrumental for learning in the academic classrooms. One parent, zeroing in only on the arts programs, told her, "Stop Mickey-Mousing around and teach. I want my kid to read a newspaper."

"If he learns five new words this year," Sally replied, "it will be a major breakthrough. But that boy is going to be in college one day. Trust me." And the charisma of Sally is such that parents do trust her. "The most helpful thing is that I have already been where they are," she says.

Like her son Gary, nearly every one of Sally's students was failing in regular schools. But more than 90 percent of the hundreds of students who have attended the Lab School have returned to mainstream schools to earn high-school diplomas. Many have gone on to college.

SWEET SMELL OF SUCCESS

Trust in Sally has grown worldwide. In 1976 Washington's American University appointed her associate professor in charge of its learning-disabilities program. The United Nations has commissioned her to prepare a paper on learning disabilities for educators in 191 countries. Louise Bates Ames, cofounder of the noted Gesell Institute on Human Development, hailed Sally's recent Bantam Books paperback, *No Easy Answers*, as "a superb road map to learning disabilities."

In the mid-1970s, Dr. Bertram S. Brown, former U.S. Assistant Surgeon General and director of the National Institute of Mental Health, subjected Sally's school to intense analysis. "At first I was skeptical," he says. "But I found that in coping with her own problems, she rose heroically to help others with theirs. In that is the glory of this woman and the power of her school."

CANADIAN POSITION ON ACID RAIN

● Mr. HART. Mr. President, the Senate Environment and Public Works Committee is currently considering reauthorization of the Clean Air Act of 1970. One of the most important matters before the committee is the issue of acid rain. As most Senators are aware, there is a growing body of evidence demonstrating that acid rain poses a serious environmental threat to many regions of the United States and Canada, including my own State of Colorado. A number of proposals for dealing with acid rain are now pending before the Environment and Public Works Committee.

In connection with this issue, I want to call attention to a recent letter submitted to the committee by the Government of Canada. The letter acknowledges that acid rain is a problem of mutual concern to both nations, and outlines a number of steps that must be taken by both nations to deal with the problem.

Among other things, these steps include modifying existing law to deal specifically with the long-range transport of pollutants, and implementing a program of specific reductions in sulfur dioxide emissions. These actions would be consistent with the Memorandum of Intent which was negotiated by the United States and Canada in August 1980. The letter also points out that research efforts should be stepped up to improve our scientific understanding of the acid rain problem.

Mr. President, the letter from Canadian Ambassador Peter M. Towe represents a very thoughtful approach to the problem of acid rain. I ask that it be included in the RECORD, and urge all Senators to give it their careful consideration.

The letter follows:

WASHINGTON, D.C.,
October 1, 1981.

Hon. ROBERT T. STAFFORD,
Chairman, Environment and Public Works Committee Washington, D.C.

DEAR SENATOR STAFFORD: I have been asked by Members of Congress on a number of occasions to state what Canada would like to see accomplished in the current Clean Air Act Review to deal with the problem of long range transport of air pollutants, especially acid rain.

In general we very much support efforts to deal with the acid rain problem in a renewed Clean Air Act. From a Canada/United States standpoint there is no doubt that effective domestic legislation is essential to the implementation of the August 1980 Memorandum of Intent commitments. These include the commitment to negotiate a bilateral agreement and to undertake actions to deal with the problem in the interim. We also generally share the basic premises which many Americans as well as Canadians have identified, namely, that the acid rain situation is serious, that there may be some uncertainties associated with its causes and effects, but that these uncertainties are not such as to justify not beginning to take action now.

The objective the Canadian Government has in mind can be stated simply, namely, reduction in the emission of air pollutants which contributes to acid rain. It seems to me that the task could be accomplished in the United States in three ways:

(i) Through establishment of a legislative framework which would recognize acid deposition as a serious pollution problem and enable the Administration to address it effectively. An indication of the perceived limitations of the present Act to deal with this problem is provided in the attachment to this letter;

(ii) Through a direct mandate from the Congress for specific reductions in SO2 emissions;

(iii) Until a stronger Clean Air Act is passed, through the application of existing laws and regulations. The Memorandum of Intent signed by Canada and the United States on August 5, 1980 called upon both countries "to promote vigorous enforcement of existing laws and regulations as they require limitation of emissions from new, substantially modified and existing facilities in a way which is responsive to the problems of transboundary air pollution".

While more research unquestionably should be done to improve scientific understanding of the acid rain problem, there is much which is already known about its basic dimensions and the measures available to control it. For this reason we have in Canada embarked on a serious effort to begin reducing our own sources of pollutants contributing to environmental and economic damage in both countries.

I should make clear that we recognize a significant reduction of the pollutants contributing to acid rain will be a complex and time consuming process. We also attach strong importance to ensuring that the measures taken are as effective as possible from a socio-economic standpoint. However it is in our view not too soon to undertake a program of reductions extending over the next several years, which could be made more rigorous as the results of additional scientific research emerge. Our fundamental concern is that a program of further research alone would be unlikely to produce results if the Act is not itself equipped from a regulatory standpoint to enable the necessary controls to be implemented. Failure to provide this authority during the course of the current revision of the Act might well delay for some years the prospects for such controls being undertaken.

We are moreover also apprehensive that unless the long range acid rain problem is dealt with in the context of regulation at this point, the effect of various possible regulatory changes to the Act could be to weaken its capacity to control the pollutants of concern. This could permit the problem to grow worse while research continues, and frustrate any hope of controlling it effectively in the foreseeable future.

I appreciate the opportunity to provide these comments, and hope they will be helpful.

Yours sincerely,

PETER M. TOWE,
Ambassador.

CLEAN AIR ACT: CANADIAN COMMENTS

The Act should be explicitly capable of controlling problems associated with the transport of pollutants over long distances, particularly, although not exclusively, acid deposition. Appropriate domestic legislation to deal with these problems is required to effectively meet bilateral responsibilities, including the support of commitments undertaken in the agreement now under negotiation, as well as the interim control measures called for in the August 1980 Memorandum of Intent.

GENERAL CONCERNS: THE CURRENT APPROACH TO AIR POLLUTION CONTROL

The Clean Air Act was designed primarily to establish pollution control programs to deal with air quality problems due to high ambient air concentrations relatively close to sources of pollutants. This general approach reflected the understanding of air pollution at the time, which was shared in Canada as well as the United States.

The Act does not therefore directly address problems associated with long range air pollution, about which concerns have since developed in both countries as a result of increased scientific understanding about the long range transport of air pollutants, their chemical transformation in the atmosphere, and their deposition and impact remote from sources of origin. Acid deposition is a major problem of this kind; oxidants, visibility, and toxic substances are also of concern. Many of these problems are not ambient air quality related; that is, the damage is not directly related to pollutant concentrations in the air. In order to protect the natural resource base, air pollution control must now address the role of the air as a medium through which pollutants are transported and deposited, as well as a matter of maintaining an acceptable quality of the air itself.

Moreover, existing control programs are largely the responsibility of state and local jurisdictions whose boundaries bear little relationship to "air sheds", i.e., to source/receptor relationships. This approach is particularly unsuited to address long range transport problems, as they concern the interjurisdictional (international and inter-state) flow of pollutants. The situation has been exacerbated by historic and widespread use of dispersion techniques, notably tall stacks, which solve local problems by unintentionally exporting them downwind.

ISSUES

(a) Long range transport:

The ability to control emissions on a regional or aggregate basis because of the cumulative distant effect of numerous sources, which is not reflected in the current regulatory philosophy geared to local air quality problems.

(b) Total pollutant loadings:

The ability to control emissions contributing substantially to total loadings of secondary pollutants such as sulfates and nitrates and of heavy metals and toxics, which lead to long term cumulative degradation of resources.

(c) Interjurisdictional control:

The ability to provide clearly effective cooperative mechanisms to control the flow of pollutants between jurisdictions and prevent the inequities associated with the economic advantages of exporting pollution, implicit in the S.I.P. process.

(d) Enforcement:

The ability to provide the necessary capacity and incentives to reduce and maintain emission levels which respond to both local and long range/total loading problems.

(e) Current emission levels and emission trends:

The ability to take effective measures which begin to reduce emissions affecting areas of particular concern, and which respond to projected emissions increases during the next 15 to 20 years.

SPECIFIC CONCERNS

The following specific concerns arise with respect to the capacity of the Act to address Canada/U.S. pollution problems and support an agreement.

1. Can the Act control the long range transport of air borne pollutants?

While this may depend on the nature of the pollutant, the distance and number of sources involved, this is not an expressed purpose of the Act. There is no rule making guidance for addressing long range problems, in particular for allocating control requirements among and within jurisdictions.

Control requirements under the interjurisdictional provisions of Sections 115 and 126 have not yet been used to effect emission controls; in any case they depend for their implementation on other parts of the Act which in turn define pollution problems in terms of local ambient air concentrations of criteria pollutants. This suggests that if implemented the provisions may be

more applicable to short range than long range situations, and to dealing with single source rather than multiple source problems.

The focus of the Act on ambient air quality requirements suggests there may be more scope for addressing long range problems associated with criteria pollutants such as ozone, than acid deposition which is a problem of cumulative impact not directly related to local air quality.

2. Can the Act control acid deposition and similar types of problems?

An EPA ruling of June 1981 in the case of petitions by New York, Pennsylvania and Ontario declared acid deposition to be outside the purview of Section 126 of the Act.

Because acid deposition involves principally sulfates and nitrates which are not criteria pollutants it appears controls could not be designed specifically for this purpose and any reductions would be incidental to control of other problems.

While it appears possible to develop secondary sulfate and nitrate standards under Section 109 of the Act, this section also requires such standards to be related to adverse effects of such pollutants in the ambient air, rather than the indirect effects of cumulative loading. The Act also mandates of firm deadline for the attainment of secondary standards.

3. Can the Act effect a phased program involving substantial reductions in acid-causing pollutants over the next several years?

Present technological capacity exists sufficient to bring about substantial reductions in current pollutant loadings.

There is no explicit rule making authority specifically for such a reduction.

The implementation of such reductions through the current S.I.P. process (Section 110) would be lengthy and probably ineffective due to identified difficulties in the S.I.P. process (e.g., non-compliance, relaxations, atmospheric modelling, etc.). The S.I.P.s are also currently tied to criterial pollutants and local ambient air quality standards.

There is no explicit rule making guidance for allocating reductions among states or among specific sources within a state.

4. Can the Act support a bilateral agreement?

While this depends on the nature of commitments, it appears unlikely an agreement to control acid deposition could be effectively supported under existing legislation.

Agreements are traditionally supported through federal government authority; Canada recently amended its Clear Air Act to increase and clearly enunciate the federal government's ability to control transboundary air pollution.

The nature of the long range transport of air pollutants indicates that a decentralization of authority requires a corresponding federal authority to control interjurisdictional movement of pollutants.

Non-compliance has been a significant problem under the existing Act, which has been attributed in part to lack of incentive or capacity on the part of the states to carry out its provisions.

NATIONAL AIR QUALITY COMMISSION

The inadequacy of the existing Clean Air Act to address long range pollution is discussed in the recent report of the National Commission on Air Quality, which included recommendations that Congress should:

(a) require significant reductions by 1990 in the current level of emissions in the eastern United States following review of EPA and Department of Energy studies expected in mid-1981 on costs and methods;

(b) strengthen provisions of Sections 110 and 126 requiring a state to reduce emissions which affect other states, including consideration of aggregate as well as single sources:

(c) consider:

Whether to adopt a phased program requiring interim reductions by 1985;

Whether to enact a moratorium effective March 1981 on S.I.P. SO_2 relaxations;

Whether conversion of facilities to coal should be accompanied by measures to prevent a net increase in sulphur dioxide;

The need for establishment and implementation of a regional secondary standards program.

Canada commends the general direction of the Commission's recommendations as a step toward resolving problems of long range transport especially acid deposition.●

PENSION FUND PROBLEMS

● Mr. HART. Mr. President, one of the greatest economic challenges of the 1980's is to assure a decent standard of retirement for all American workers. Congress and the administration will be facing this challenge next year in the context of reforming the social security system. But the problems extend to the private pension system as well, as documented by Peter Drucker in an insightful article entitled, "Imminent Pension Fund Problems." Problems of demographic shifts and actuarial miscues have been greatly compounded by rapid inflation, and the independent pension system now faces difficulties similar to those of social security.

Various structural changes no doubt will be necessary, and Mr. Drucker has some interesting suggestions—as did the Council on Economic Development Task Force, which I brought to the attention of the Senate last October. But, as Mr. Drucker argues, the main objective is one we are all striving for: a healthy, inflation-free American economy.

I submit for the RECORD the Drucker article.

The article follows:

[From the Wall Street Journal, Dec. 9, 1981]

IMMINENT PENSION-FUND PROBLEMS

(By Peter F. Drucker)

For many pension funds, especially corporate ones, 1981 looked like a pretty good year. With interest income of 15% or more on their liquid assets and earning expectations set actuarily at 5% or 6%, funds could show a sizable surplus over earning requirements. But this rosy picture is largely an accounting delusion, and a short-lived one at that. The independent pension system faces a severe crisis within the next few years. Some very large funds, such as union-administered multi-employer funds and those of many states and cities, are in no better shape than Social Security.

Changed life expectancies affect independent pension plans as much as they do Social Security. Corporate plans—at least those of most of the larger companies—have adjusted for the increase in the proportion and number of people who reach retirement age. But few have yet adapted actuarial assumptions and pension-fund contributions to the longer life expectancy of people in retirement—a full 10 years longer in many cases than the actuaries calculated when the plans were established in the 1950s and 1960s. (Nor has Social Security.)

And, of course, pension plans will be hit just as hard as Social Security by the shrinkage of their contributions base. As a result of the "baby bust" that began 20 years ago, there is a sharp drop in the number of young people entering the work force and becoming pension-plan contributors.

Inflation is an even greater threat to the independent pension plan than to Social Security. Social Security adjusts payments to recipients to the cost-of-living index. But independent pension plans index twice First, they index payments to wages and salaries: Typically the retirement pension is figured as a percentage of the recipient's highest annual income during his last five years of service. On top of this, a large number of independent plans—practically all government plans and those of unionized industries such as autos, steel and trucking—retroactively adjust the pensions of retired employes to inflation.

Social Security has a "cap"; no matter how high a participant's income had been while employed, the maximum monthly benefit corresponds roughly to what a skilled manual worker should receive on the basis of his contributions. And this cap has been going up a good deal more slowly than average family incomes.

RISING FASTER THAN INFLATION

There is no such cap in independent pension plans, whether those of governmental units, hospitals or business. The pension obligations of these plans are thus rising a good deal faster than inflation, and faster still as a percentage of revenues and payroll.

Even the employer who has fully funded these "past service" obligations thus faces a growing deficiency in his pension plan. He now owes the difference between the contributions he actually made 10 or 20 years ago, that is before the onset of inflation, and the contributions he should have made then to account for today's wage levels; he also owes the earnings on this difference over the last 10 or 20 years.

Many employers who have not fully funded their past-service liabilities—and neither states nor cities nor multi-employer plans such as those of the building trades or of the trucking industry have done so—will within a few years face annual pension-fund charges that will be as large as their entire yearly payroll.

In addition, independent pension plans—again state and local governments are the worst cases—have been far more generous with early retirement pensions than has Social Security. Unless disabled, Social Security recipients have to wait until they are 62 before they receive any pension at all; and then they get only a sharply lower stipend. In most state and local government plans, full benefits are being paid to healthy people after 25 or 30 years of service, that is when employes are in their late 40s or early 50s.

Early retirement at full, or nearly full, pension at age 53 or 55 is also fairly common in unionized mass-production industries. Rewarding early retirement was never a particularly brilliant idea—even the most liberal of our Social Security administrators succesfully opposed it as actuarially unsound. But it could be defended 25 or 30 years ago when people reaching retirement age were outnumbered two to one by young entrants into the labor force. Now when the older group is close to outnumbering the younger one, paying people to retire early must bankrupt any conceivable pension system. It is profoundly antisocial; it feeds inflation.

Finally, most independent pension plans commit the employer to "defined benefits" rather than to "defined contributions." Under a "defined benefits" plan the employer undertakes to provide a pension equal to a stated percentage of the employe's earnings. Both the employer's obligation and the employe's claim therefore go up automatically as wages and salaries rise. Indeed, any rise in the general wage level, for example, as a result of inflation, commits the employer to retroactive contributions for the difference between past and current wages.

Under a "defined contributions" plan—which, in effect, is a traditional annuity

contract—the employer commits himself to pay each year either a fixed premium or a fixed percentage of payroll, with the employe receiving the appropriate annuity upon retirement.

Twenty-five or 30 years ago, when most of today's independent plans got going, employers—often against heavy union resistance—opted for "defined benefits" plans. No one expected inflation then—at least not for the U.S. And in those heady days of booming equity markets, employers and their pension fund advisers expected capital gains on common stocks to provide a large and constantly increasing share of pension fund income and thus to offset employer obligations and contributions.

NO FREE LUNCH

Indeed, some of the most popular pension advisers of those days virtually promised that stock market gains alone would finance a "defined benefits" plan, with the employer having little or nothing to contribute beyond the start-up capital.

But there is no free lunch. The "defined benefits" plan has by now become a deadly trap committing employers to ever-increasing contributions both to raise benefits in step with the rise in wages and salaries and to make good portfolio losses in a long-term bear market.

With all these problems—changed life expectancies and a shrinking base of young participants, inflation, early retirement, "defined benefit" commitments—there are few independent plans that are not drifting toward financial crisis. Quite a few—especially for state and city governments and multiemployer setups—are so close to the edge that a fairly minor mishap—a drop in tax revenues or another bout of "stagflation"—could push them over the cliff.

What needs to be done is reasonably clear, although, as President Reagan found out when he tried to tackle the problems of Social Security, reforming retirement systems isn't going to make anyone popular. Within a maximum of 10 years we will be forced to adjust independent pension plans to life expectancies and demographics; that is, to move full-retirement age up to 70 or 72, to move early-retirement age up to 62 or so, and to reward retirement postponement while penalizing early retirement.

We probably could not—and perhaps should not—change plans retroactively to "defined contributions" (except maybe in case of bankruptcy). But for future payments, even existing plans might be changed to a combination of defined benefits and defined contributions; some existing plans are already being renegotiated toward this goal. New employes might be put on a defined-contributions plan right away.

That we cannot go on indefinitely with defined-benefits plans even most union economists now concede, at least off the record. And only a switch to defined contributions can motivate the nation's largest single voter group, retired people and people over 55, to give priority to the fight against inflation.

Otherwise it may be impossible to restore the health of the pension plans. Their main need is beyond the power of even the largest and strongest independent employer. It is to stop inflation.●

A U.S. STRATEGIC NUCLEAR BUILDUP CAN DETER SOVIET MILITARY SUPREMACY

● Mr. BOREN. Mr. President, a few days ago, we concluded debate on the fiscal year 1982 Defense appropriations bill. It was a long and sometimes heated discussion which saw a great many amendments offered. During the course of that discussion, there were several points of view expressed for a need for a buildup of conventional forces, the need for strategic modernization and the general direction that U.S. defense spending should take for the remainder of this decade and on into the 1990's.

At the request of the International Security Review, I have written an article to appear in their January issue entitled "A U.S. Strategic Nuclear Buildup Can Deter Soviet Military Supremacy." As I have indicated, the article will appear in the January issue of the International Security Review published by the Center for International Security Studies of the American Security Council Foundation.

I shall submit the article for the RECORD at the conclusion of my remarks.

While this article dwells on U.S. strategic nuclear capability, it also mentions the urgent need to rebuild our conventional sources. That is a subject about which I feel quite strongly and may well be the topic of a future article or discussion here on the floor.

Mr. President, there is no more important issue before us than the proper defense of the American system. Therefore, I commend this article to the attention of my colleagues.

The article follows:

A U.S. STRATEGIC NUCLEAR BUILDUP CAN DETER SOVIET MILITARY SUPREMACY

U.S. strategic nuclear forces have been severely neglected since the mid-1960's in U.S. defense budgeting. We must overcome Soviet military supremacy and build up American strategic nuclear forces to regain at least parity with the Soviets. Strategic debate since the presidential campaign of 1980 has centered on the need to close the "window of vulnerability" and many—including the present Administration—have seen that need as a prerequisite of resumption of new Strategic Arms Limitation Talks (SALT) with the Soviet Union.

President Reagan said in March 1981: "[The Soviets have] sat on the other side of the table so far, knowing that we have unilaterally disarmed to a great extent. . . . maybe if we do a little building—it'll be a two-way street."

We have not made the progress in military capability many of us had hoped to make by now. In fact, there is disturbing evidence that the previous pattern of U.S. unilateral strategic deactivations is still very much in place. For example, the Defense Department plans to deactivate about 26 to 30 percent of our existing nuclear megatonnage. Moreover, there is further delay planned in our already long overdue strategic force modernizations, and the date for opening the window of vulnerability is being moved arbitrarily from the early to the mid 1980's or beyond.

Such actions are clearly contradictory to the idea of closing the window of vulnerability at the earliest possible time. No talks on limiting nuclear weapons can be fruitful for the United States if we negotiate from the weak position the window of vulnerability makes implicit—which is to say nothing of the geopolitical pressures that a perceived Soviet nuclear advantage places on the United States. So failure to chart a clear course toward nuclear parity and toleration of a continuing U.S. vulnerability a few more years instead of extracting us from it now is a policy of enormous and serious consequences.

SOVIET GEOPOLITICAL ASCENDENCY

History's most dramatic shift in the world balance of power occurred during the last 20 years almost unnoticed by most Americans. Even before the 1962 Cuban missile crisis, the Soviet Union embarked on a massive, relentless military buildup. Authoritative Soviet statements show that the buildup was intended to achieve overall military superiority over the United States. Soviet perseverance and willingness to devote huge resources to military programs, combined with United States self-delusion, has finally allowed them to achieve overall military superiority. In the 1970's Soviet defense outlays steadily increased, while those of the U.S. declined.

America can no longer fulfill a wide range of defense and foreign policy commitments which heretofore have been inextricably linked with the security of the U.S. and our allies. At no other time in American history since Pearl Harbor has there been such a critical need to adopt effective and well thought out defense policies.

During the last six years, many top level groups of Western defense and foreign policy experts have met and exhorted the West to respond to the Soviet global political and military threat. Most Western strategists believe that there is a vital need for U.S. global political leadership at this critical point in history, and that this leadership must make itself known and felt soon. It has long been clear that the Achilles heel of the West is its failure to effectively fight the political, ideological, and propaganda war with the Soviets, a war which the West had unilaterally abandoned during the period of detente.

An important result of American abdication in the ideological and political war with the USSR is the low level of U.S. defense spending over the decade of detente. In 1980, U.S. defense spending was at the lowest point since Pearl Harbor as a percentage of all government spending, and at the lowest point as a percentage of our gross national product (GNP) since just before the Korean War. The U.S. is still spending only about five percent of its GNP on defense.[1]

In contrast, the Soviets are spending from 14 to 18 percent of a smaller GNP on defense. Official U.S. estimates show that they have spent over $240 billion (more recent estimates place this figure close to $355 billion) more than the U.S. on military procurement alone since 1969, and they are devoting over $50 billion more to defense annually than the U.S. These estimates are probably low, because the CIA has historically underestimated Soviet strategic forces and defense spending. Beyond the ominous manifestations of huge, deployed military forces, physical evidence of this Soviet concentration on military power in the future is the observed fact that the Soviets have increased their military industrial floor space by 34 percent since 1970.[2] There is no reason to believe that their plant expansion and high production of military equipment will not continue at a steady pace. Since the late 1960's, the U.S. defense industrial base has drastically declined. (It is worthy of note that the average age of a toolmaker in this country is 48. We are thus running out of toolmakers.)

A senior Soviet military leader explained the growth of Soviet military forces and military industry when he made the following remarkable admission as long ago as 1969 in the classified General Staff journal:

"Strengthening of its defenses is now the foremost political function of the Soviet state . . . Never before has the internal life of the country been subordinated to a war so deeply and thoroughly as at the present time."[3]

In the face of the growing Soviet military preponderance during the 1970's resulting from steadily increasing Soviet military expenditures, the U.S. nevertheless continuously cut back defense expenditures. About

Footnotes at end of article.

$45 billion was cut from our defense budget by succeeding Congresses in the early 1970s. The American public's disillusionment with the Vietnam War made all military spending unpopular. For the first time in this century, defense expenditures after a war ended declined in 1975 to below their prewar 1964 level. Then about 38 billion more dollars were cut from President Ford's projected defense budget in the late 1970s by President Carter. Now the Administration is planning to cut at least 13 billion additional dollars from its own defense budget, and some say we should cut at least twice as much—all of this despite the huge expenditure and capability imbalance which has developed vis a vis the Soviets since 1963.

In sum, over $96 billion have been cut from the U.S. defense budget since 1970, while the Soviets opened a $240 to $355 billion spending advantage over the U.S. While spending figures alone do not measure the quality of the defense structure of either side, a disparity of this size should be sufficient to cause great alarm. Even if it is believed that the U.S. gets more "bang for the buck" than the Soviet Union, it would be stretching technological advantage very thin to believe parity exists in the face of these numbers. And as noted in the November 1981 issue of Air Force Magazine: "A force than cannot fight and win cannot be expected to deter."

The strategic framework which guided U.S. national security policy throughout the 1970s has been demonstrated by events to have been unsound. The prevailing belief was that the Soviet Union was interested primarily in domestic affairs, having abandoned its revolutionary fervor and embraced global stability. The architects of this strategy formulated their policy in an atmosphere of American self doubt and pessimism stemming from the traumas of the Vietnam War. Americans were demoralized by the war, resentful of global burdens, and opposed to both large military budgets and assertive American policies abroad.

Thus, American leaders concluded without attempting to lead the public that there were really no alternatives to the policies of detente, arms limitations, American global retrenchment, and graceful accommodation to Soviet power. In the late 1970's, American policymakers therefore re'ected an "inordinate fear of communism," and appeared to believe that weakening American military power made the world safer. They put their hopes in arms control and accommodation.

The Vietnam War was a great aid to the Soviet strategy to achieve geopolitical supremacy, because it absorbed vital financial assets (over $100 billion) that the U.S. could otherwise have devoted in whole or in part to expanding its strategic forces. Because of our failure to continue to invest adequately in our strategic forces, Soviet strategic force levels surpassed those of the U.S. in 1969. President Ford finally began to turn the U.S. defense spending curve upward in Fiscal Year 1976, and Ford planned a belated U.S. strategic buildup through 1980 to match the Soviet buildup. Unfortunately, the Ford strategic buildup was undone by President Carter, while the Soviet buildup continued unabated. During the next four years, a U.S. strategic buildup to match the Soviet threat was again turned aside, while the Soviet march moved steadily onward. Now, we seem on the verge of giving the Soviets another four year boost, by again allowing our defense budget increases to be cut back and by extending our window of vulnerability.

In sum, the U.S. is getting further and further behind the Soviet strategic buildup, a buildup planned to achieve supremacy over the U.S. even if the U.S. goes all out to catch up.

Clearly, a major and urgent change is required in U.S. defense strategy, decisionmaking, and procurement planning. A "business as usual" approach to U.S. defense programs and expenditures will not begin to solve the immediate problems of the vulnerability of U.S. strategic forces or equally as important the unreadiness of our conventional forces, to say nothing of beginning to reverse our military decline.

We must keep uppermost in our minds that the Soviets have a coherent global strategy and they are ruthlessly and effectively implementing it. They believe their victory is historically inevitable, and indeed the free world could well be defeated, unless it first formulates and executes a global strategy to respond to the Soviet challenge. New and more hardware is important, but without an American ideological counter-offensive and new strategic framework, the nation can accomplish little. In this contest, perception is just as important as reality.

RECOGNITION OF THE SOVIET THREAT

A Blue Ribbon Department of Defense Panel reported authoritatively to the President and the Secretary of Defense on the shifting balance of military power. The panel warned gravely that there is:

"Convincing evidence that the Soviet Union seeks a preemptive first strike capability . . . there is no longer any certainty that our nuclear deterrent will remain credible . . . Weakness of the U.S.—of its military capability and its will—could be the gravest threat to the peace of the world."

What is remarkable about this judgment is that it was made 11 years ago, in September 1970.[4] It may have seemed to some like alarmism then, but because it was not heeded, the warning is all too accurate today. In fact, Soviet leaders stated as early as 1971 that the strategic balance had shifted in their favor. Since then, a decade of further U.S. military decline has occurred, and the Soviets have now achieved overall military superiority. It is now going to require extraordinary efforts to restore the military balance.

After ten years of one-sided U.S. arms control and U.S. accommodation through detente, there is now overwhelming evidence that the Soviets have been exploiting detente and SALT to retard U.S. defense programs and lull the U.S. into a false sense of security, while they moved to acquire military superiority and overall geopolitical supremacy.

A West German centrist Parliamentarian leader, K. Biedenkopf, has stated:

"In retrospect, the balance sheet of the ten year policy of detente is for us [the West] a simple negative. While contributing to a weakening of our military and defense readiness, detente has paralyzed us in the ideological dispute, and, not least, had an influence on the destabilization of our democratic social system."

This statement is a commonplace assessment of detente and arms control in the West. But its favorable quotation in the Soviet press is evidence of supreme Soviet self-confidence.[5]

Even the chief architect of detente and SALT, former Secretary of State Henry Kissinger, has belatedly recognized this reality and publicly acknowledged the relentless and aggressive thrust of Soviet military and foreign policy. In 1979, Kissinger forecast extreme danger by the early 1980's:

"The 1980's could turn into a period of great instability . . . we could be heading into a period of maximum peril . . . by some time in the early 1980's the Soviet Union will have the capability to destroy with a reasonable degree of confidence most of our land-based ICBMs. In the same period of time we will not be able to destroy the Soviet ICBM force. This creates a gap in the design of the two forces that is bound to have a geopolitical consequence, especially since we are clearly inferior in forces capable of local intervention . . . the military balance is beginning to tilt ominously against the U.S. in too many significant categories of weaponry . . . To conduct business as usual is to entrust one's destiny to the will of others and to the self restraint of those whose ideology highlights the crucial role of the objective balance of forces. . . . Never in history has it happened that a nation achieved superiority in all significant weapons categories without seeking to translate it at some point into some foreign policy benefit."

In November 1978, one of Kissinger's former deputies, William Hyland grimly stated: "We are already witnessing the political consequences resulting from a shift in the overall military balance . . ."[6]

Hyland's statement came after the fall of Southeast Asia in 1975, Angola in 1976, and Ethiopia in 1977. Hyland's statement was made even before the Iranian revolution of 1978 and American hostage fiasco of 1979–1980, the belated discovery of the Soviet Combat Brigade in Cuba in 1979, the brutal Soviet invasion of Afghanistan in 1979, the Soviet military threats to intimidate Poland in 1980–1981, and the Soviet-Cuban takeover of Nicaragua in 1978 and their direct assault on El Salvador in 1980–1981.

The Soviet communist party program of as early as 1961 stated plainly:

"The chief aim of the foreign policy of the CPSU [Communist Party of the Soviet Union] is to ensure peaceful conditions for the building of a Communist society in the USSR [and] the development of a world system of socialism.[7]

Article 28 of the 1977 Soviet Constitution specifically commits the Soviet Union to support "wars of national liberation," and the Brezhnev doctrine commits the Soviets to use military force to preserve any regime once it has become Communist.

A Soviet ideological statement written for internal communist party use in the mid-1970's is consistent with Hyland's realistic 1978 assessment. Soviet communist party leaders have stated authoritatively that Soviet military superiority reliably restrains the aggressive aspirations of imperialistic reaction, blocking its efforts to export counter-revolution, and is facilitating the struggle of other peoples for social progress and revolution.

This doctrinal pronouncement clearly means that Soviet military superiority enables them to pursue their worldwide revolutionary aspirations without interference by the U.S. With the U.S. in strategic nuclear checkmate, the Soviet world revolutionary movement is on the offensive. And as a Soviet ideologue stated in 1975:

"Peaceful coexistence is a specific and highly effective form of class antagonism and historical competition between world socialism and world capitalism."[8]

THE STALLED DEFENSE BUILDUP

An apparently dramatic increase in the U.S. defense budget for FY 1982 of about 14.6 percent passed both Houses of Congress in 1981, a one-year rise unprecedented since the Korean War of 1950. The factors leading to this large increase, as reflected in non-binding Congressional Budget Resolutions, were due entirely to a renewed commitment to strengthen America's defenses and to the mustering of the national consensus about the need to restore the military balance, a consensus which seemed to wilt in the face of budgetary pressures. There is more than a little irony in the fact that the economic whipping boy was again defense spending. There are those who still do not want to admit that many well-intentioned social programs badly missed their targets and were

Footnotes at end of article.

broadly abused. Instead, we are told by some, that generous social spending is still a desired goal whose place in the sun is being squeezed out by excessive defense spending. It is an indictment of the community principally concerned with national security that it is allowing this debate to take place on such terms. That is not to say that there is not far more waste in the defense budget than should be there. However, there is a huge backlog of military deficiencies more than enough to consume what can be saved through legitimate reforms. Not always, but too often, those who present themselves as "reformers of military spending" are really masking their own unwillingness to make the economic and political commitments necessary to truly increase our strength. Unfortunately, such masquerades are common in the Congress.

The highly touted FY 1982 defense increases are largely illusory. The Administration had planned, until September 1981, to sustain annual increases of at least seven percent in the defense budget for each of the next four years through 1986.

Even at that, many noted experts agreed with former Under Secretary of the Navy, R. James Woolsey, who wrote in the Washington Post on February 17 of this year the increases then being discussed (which were in excess of the seven percent finally settled on by the Administration) would not even take care of the backlog created by underfunding and deferrals in previous years. As to the idea that such increases would buy force modernization needed to overcome the Soviet lead, Woolsey wrote:

"New capabilities—more aircraft carriers or Army divisions, for example—may be desirable, but we ought to fix the leaks in defense's roof and replace the rotting timbers before we begin adding pretty new rooms to the house."

By late 1981, substantial reductions were forecast to levels even below those Carter proposed. Despite the failure of both Houses of Congress to come to conference on defense authorizations or to appropriate defense funds for FY 1982 before the end of Fiscal Year 1981 in October, a major defense budget increase was approved by the Congress in the form of nonbinding budget resolutions. But our defense spending continued at FY 1981 Carter levels throughout calendar 1981, because of the fact that Congress had to use continuing resolutions due to the lateness of congressional action on the FY 1982 authorization and appropriation bills. Thus there was no real increase in defense spending.

A great debate is still taking shape both within the Administration and Congress on the scale and priority programs of the future defense budget. This debate intensified as the Fiscal Year 1982 Defense Authorization and Appropriations bills were finally settled and continues as the FY 1983 requests are developed. There seem to be two main impulses toward a cutback in the Defense Budget. First, "military reformers" in Congress from both the left and the right are decrying such excesses of defense programming as cost overruns, "goldplating," technological oversophistication, and the seeming obsession with quality over quantity. There is some merit in these critiques. Everyone deplores ineffective military expenditures, and our entire military procurement process needs reform. But we must guard against military reform being misused to attack defense budget increases.

Second, I agree with those economists who believe that inflation cannot be reduced if overall budget deficits on the order of next year's projected $60 to $100 billion continue. Certainly, a balanced budget is imperative. However, the method of achieving that goal must be thought out very carefully. We will not have economic and social programs to worry about if we neglect to assure our Nation's very survival.

In sum, it seems highly likely that the Five Year Defense Plan now envisioned actually could be less than President Carter's plans for defense spending through 1985.

U.S. CONVENTIONAL FORCE DEFICIENCIES

To appreciate the magnitude of our total defense funding problem, it is essential to recognize that defense deficiencies are not just those of the overall military balance. During the Presidential campaign of 1980, many official revelations appeared in the press showing that both U.S. conventional and strategic military preparedness was dangerously deficient.

On the conventional side of the ledger, during 1980 each of our armed services, in internal Defense Department memoranda and in testimony to the Congress, conceded grave shortcomings in readiness, manpower, procurement, and logistics. These defense deficiencies thus became a major issue in the 1980 campaign.

Partly for reasons related to internal politics within the uniformed services, the basics of military strength, spare parts, ammunition, basic equipment, and above all, personnel capability, have been sorely neglected. Sophisticated systems will not save us if we do not have the personnel to operate and maintain them, the fuel to move them, or the spare parts to repair them. While I have stressed the need for the right kinds of strategic systems, we must not allow the "glamour" of our new systems to cause us to embrace them when they are not cost effective. Above all, we must not allow our heads to be turned to the point that we neglect the essentials. We should apply some of the precepts of the back-to-basics movement in the field of education to our national defense area.

The urgent requirement for greatly increased American defense spending was understood clearly during 1980 by the American people. But in view of the probable reduction in the defense budget to a level below that planned by Carter, the defense deficiencies requiring a substantial defense spending increase over the long term require reiteration.

The U.S. Army's deficiencies were widely recognized:

Seven out of ten U.S. based Army divisions were rated not combat ready in 1980, when as recently as 1977 all had been combat ready. Many Army Reserve and National Guard units were also rated as not combat ready, and were even more shockingly undermannned and underequipped than the regular Army.

The Army Chief of Staff testified to Congress in 1980 that the U.S. had a "hollow army." due to severe recruiting, training, and retention difficulties.

U.S. conventional war reserves were dangerously low, with insufficient ammunition and ordnance on hand for more than 30 days of war in many theaters.

Operations and maintenance, long a low priority in budgeting, reflected severe spare parts shortages, lack of fuel, and low funding for training and readiness. The tragic failure in April 1980 of the ill-fated Iranian hostage rescue mission dramatized the poor state of readiness and efficiency of our combat forces.

As for the U.S. Navy, its deficiencies included:

Too few ships were being built and maintained. The Chief of Naval Operations testified to Congress in 1980 that the U.S. had a "3½ ocean" naval challenge to cope with, but only a one-ocean navy.

Naval personnel recruitment, retention, and training shortfalls had resulted in severe problems in readiness and ship deployability in 1980.

Naval aircraft procurement rates for several years preceding 1980 did not even replace normal attrition, and experienced pilots were leaving the navy in droves.

Operations and maintenance problems included inadequate funding for fuel, spare parts, training, and readiness.

There were dangerous shortages in naval missiles, torpedoes, and other ordance.

Deficiencies in the U.S. Marine Corps included:

A severe lack of amphibious shipping, exacerbated by an inadequate shipbuilding program. The rebuilding of amphibious cargo lift capability continued to lag far behind requirements.

An across-the-board shortage of artillery, antiair, and antiarmor firepower.

In addition, the U.S. Merchant Marine's capability to logistically support the deployment of U.S. armed forces overseas has declined drastically over the last decade, and what little capability remains would be vulnerable in wartime.

Finally, deficiencies of the U.S. Air Force included:

Aircraft procurement rates for several years were inadequate and not optimized for cost-effectiveness.

An increasing exodus of large numbers of trained pilots.

Tactical aircraft unit readiness was in some cases during 1980 found to be shockingly low, due largely to a lack of spare parts and continued maintenance problems.

Severe war reserve shortages existed in air-to-air missiles and ordance.

Another significant area receiving inadequate attention over the years was the industrial base—the backbone of the defense establishment. Deficiencies in the U.S. defense industrial base revealed during 1980 included:

The inability of defense industries to meet even the modest existing procurement goals of the armed forces;

The widespread dependence on old and inadequate technology, due to long-term underinvestment;

The loss of key subcontractors, causing inordinately long lead times for key components such as tank hulls and aircraft parts;

Contraction in the size and profitability in the U.S. metal mining and processing industry, and dangerous dependence on foreign sources of supply for critical minerals vital to defense production;

Extreme weakness in the key U.S. fighter aircraft industry, such as declining production capacity and rising costs;

A highly questionable "surge rate" capacity.

Defense spending throughout 1981 has been at the Carter-proposed FY 1981 level, which many believe to be wholly inadequate. Most of the above deficiencies will persist for at least several years, even with significantly enhanced defense spending. The process of restoring American military strength will clearly be fiscally painful and will place great demands for wisdom and especially perseverance on our national leaders. Difficult decisions will need to be reached and priorities assigned for the long task ahead. Solution of our general purpose force deficiencies will require sustaining substantially increased defense spending over at least a decade, as was done for strategic forces in the decade of the 1950's after the onset of the Korean War. It will also involve facing tough personnel questions and the need to reevaluate the status of the All Volunteer Force.

As part of the defense buildup, budgetary authority and planning has been decentralized by DOD, thereby returning major programming responsibilities to the armed services. The intent was to concentrate top-level attention on formulating overall defense policy and national security strategy. But even here we still seem to be beset with major deficiencies. One of the most serious criticisms

of the stalled defense budget increase is the failure, so far, to develop just such an overall defense strategy to bolster our foreign policy, or to articulate the needed strategic framework to justify the budgetary increases. The absence of a coherent, well thought-out defense strategy, and related set of priorities undermines American military capability at its most fundamental inner core.

In contrast, immediately after his inauguration in January 1961, President Kennedy proclaimed an emergency supplementary approriation bill to accelerate U.S. strategic programs—Polaris and Minuteman. Kennedy thus immediately fulfilled his campaign pledge to quickly and massively augment U.S. strategic capabilities. Now the same sense of urgency is nowhere to be seen, despite the vastly more dangerous Soviet threat.

U.S. STRATEGIC FORCE DEFICIENCIES

Two important strategic factors have so far been given scant attention in the defense budget debate. First, the combined $240 to $355 billion Soviet advantage and $96 billion U.S. cutback have created such a large disparity between Soviet and U.S. military spending over the last ten years that it may be impossible (and even unnecessary) for the U.S. ever to catch up in terms of the aggregate magnitude of spending. It is therefore vitally important to spend our defense funds wisely and where they will be most effective.

Second, while our overall defense budget must be substantially increased, and conventional force disparities addressed, we must also increase U.S. strategic capabilities as quickly as possible. U.S. strategic forces have been neglected and underfunded since the mid-1960's. The U.S. still has certain technological and industrial advantages over the USSR in this vital military field which enable us to achieve improved strategic forces rapidly and at lower cost than would otherwise be the case.

The idea of a U.S. strategic forces buildup runs head on into the idea of unilateral arms control. During the debate, in the Senate on the sale of AWACS airplanes to Saudi Arabia, I said:

"The rejection of this sale will not slow down the arms race in the Middle East. It will simply give the Soviet bloc more of an edge in that race. Our failure to provide equipment to Saudi Arabia will not cause the Soviets to stop pouring arms into the region any more than unilateral disarmament by the United States would immediately usher in an era of world peace."

So it is that unilateral arms control has not borne the fruit expected by its inventors and hoped for by all of us who viewed the process with suspicion while applauding the aim. This is particularly true in light of the force imbalance already reviewed and by Soviet SALT violations and circumventions.

But the idea of unilateral arms control persists. In fact, the U.S. strategic buildup required to bring us back to strategic parity with the Soviets would deter all kinds of war most effectively. U.S.-Soviet strategic parity would bring the world much more stability and peace than further U.S. unilateral restraint for the sake of arms control, and further U.S. toleration of Soviet violations of arms control treaties.

Let us now examine the by now well-recognized strategic asymmetries and U.S. strategic force deficiencies. Our top military leaders may not have been always able to influence effectively the highest councils of decision, but they have forthrightly stated their concerns about the inadequacies of our strategic forces, and those views are consistent with Kissinger's own grim view of the early 1980's. General David Jones stated in July 1979 Senate SALT testimony that the early 1980's would be the beginning of the open window of vulnerability:

"In some areas . . . the Soviets have already surpassed us, and we are concerned because their momentum will allow them to gain advantage over the United States in most of the static indicators of strategic force by the early 1980s . . . because of the lead times in modern weapons, this progressive shift in the military balance will continue into the mid-1980's, with or without SALT II."

Even more pessimistic was this 1979 Jones declaration that a U.S. response to the Soviet buildup would be futile in the early 1980's:

"The Soviets have been outspending us in strategic forces by a factor of between two and three for many years, and they may well believe they can achieve a margin of superiority over us in the early 1980's. It is now generally accepted by most defense analysts that, regardless of U.S. actions, Soviet strategic capability will increase relative to that of the U.S. through the mid-1980's, with or without a SALT agreement."

Jones evidently believed that there was little, if anything, the U.S. could do in the early 1980's to forestall or reverse the shift in either the strategic or the overall military balance.

In early 1980, General Richard Ellis, then Commander in Chief of the Strategic Air Command (SAC), echoed the alarming Jones warnings with an even more ominous revelation. Ellis testified before Congress that since 1977 the U.S. has lost strategic "essential equivalence" to the Soviet Union. The notion of essential equivalence has itself long been recognized by most experts as a euphemism for American strategic inferiority. General Ellis, too, was conceding long-standing American strategic inferiority to the Soviets and vulnerability to Soviet geopolitical nuclear blackmail.

Moreover, in a private letter to the Secretary of Defense in April 1979, Ellis reportedly stated quite unequivocally that SAC did not then have the capability to execute the national strategic objective. Ellis stated that the U.S. would have a minimum deterrence posture throughout the 1980's. It is therefore clear that when President Carter announced his "PD-50 countervailing strategy" during the 1980 campaign, we were many years away from having the force capabilities to execute it.

Also in early 1980, General Jones predicted starkly that the U.S. will not be able to restore strategic parity until the late 1980's. More gloomily, General Ellis testified to Congress that parity could not be restored even by as late as 1990, after the long-delayed MX intercontinental ballistic missile (ICBM), air-launched cruise missile (ALCM), and Trident submarine-launched ballistic missile (SLBM) programs for strategic modernization were finally approved and the weapons actually deployed. This assessment was reaffirmed by Ellis' successor General Bennie L. David in an address in November 1981, when he said that the Soviet strategic advantage "will probably endure through the 1980's."

Thus, unless urgent measures are taken, there lies ahead for the United States an open-ended period of Soviet superiority. The time during which the U.S. can still undertake new programs to offset the now observable Soviet advantage is almost gone.

Deficiencies in strategic forces are critical:

Since 1977, more than 710 U.S. strategic delivery vehicles and over 6,000 strategic nuclear warheads that were previously planned to be added to U.S. strategic forces have instead been cut.

U.S. strategic missiles on land and in submarines are increasingly vulnerable to the relentlessly growing Soviet counterforce, first-strike threat. They are also aging, as the famous exolosion during 1980 of an ancient Titan II ICBM silo in Arkansas and the 1979 Titan II silo accident in Kansas dramatically demonstrated.

The U.S. strategic bomber force is nearly obsolete, and the force is also becoming increasingly vulnerable.

U.S. strategic command and control systems are increasingly vulnerable and inadequate, as demonstrated by the several well-publicized false alarms in our strategic alert systems during 1980.

One measure of Soviet strategic superiority is the fact that the U.S. is truly facing a severe and widening 1980–1990 window of vulnerability in strategic forces. This advantage provides the Soviets with tempting opportunities for geopolitical nuclear blackmail to advance their worldwide revolutionary offensive.

Former Defense Secretary Brown, JCS Chairman General Jones and former Under Secretary of Defense Perry have all publicly conceded while in office that the U.S. ICBM force was completely vulnerable in 1980. Perry even conceded that Soviet accuracy improvements had been grossly underestimated as early as 1977. As General Ellis pointed out, the window will not be closed, even by 1990, after the U.S. modernization programs now planned are completed. Thus, the Soviets have an open-ended, clearcut strategic superiority over the U.S.

As if the above U.S. strategic force deficiencies were not enough, we are faced with an adversary who has negotiated deceptively and violated or circumvented the SALT I and SALT II agreements and other arms control treaties, if not in fact, certainly in spirit. The most militarily dangerous Soviet SALT and arms control violations or circumventions constitute "breakout" capabilities:

Widespread deployment of the counterforce-capable SS–19 heavy ICBM, in addition to the authorized Soviet monopoly of 308 very heavy SS–18 ICBMs. This deployment increased the Soviet counterforce capability by a factor of five;

The Soviet ICBM stockpile, refire, and soft-launch capability, including 100 rapidly deployable SS–16 mobile ICBMs, ICBMs being used at MR/IRBM sites, and up to 1,300 stockpiled old ICBMs, adding further to their counterforce threat;

Testing of high-yield nuclear warheads with increased counterforce potential;

Testing of air defense radars and missiles in an ABM mode, providing the breakout potential for a nationwide ABM defense;

Building new large ABM battle-management radars and a rapidly deployable new ABM system, adding further to a nationwide ABM defense breakout potential;

Maintenance of a now conclusively confirmed biological warfare and intercontinental delivery capability.[9]

Altogether, these dangerous Soviet violations give the Soviets both offensive and defensive breakout capabilities that cannot be offset by the U.S.

On May 12, 1981, a bipartisan group of 21 Senators, including myself, led by Senators Garn and Stevens, signed a letter to President Reagan accusing the Soviets of violating the SALT I ABM Treaty. We stated that the Soviets "continue with a standard practice which contradicts the very spirit of SALT." These Soviet violations are inconsistent with continued U.S. unilateral compliance with the limits in SALT I and II.

The Soviets have already gotten away with actions which we told them and the world in 1972 would result in our abrogation of the SALT I agreements. During the SALT I ratification hearings before Congress in 1972, top American leaders assured Congress that U.S. policy was that three specific Soviet SALT violations would not be tolerated. They stated that if the Soviets deployed heavy ICBMs to replace light ICBMs, produced mobile ICBMs contrary to a Brezhnev pledge,

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or constructed more than 62 strategic submarines, the U.S. would abrogate the agreements.

All the above Soviet violations and many others (reportedly 20 to 35) have nevertheless occurred. Yet, the U.S. has still not protested these violations. Our abrogation threat was forgotten. Soviet cheating has demonstrated unilateral arms control to be a dangerous idea.

Over the last decade, the Soviets have allocated over 100 billion more dollars to strategic offensive forces alone than the United States. They have been out-spending us in strategic offensive forces by about 3 to 1 each year for over ten years. They have been out-spending the U.S. in strategic defensive forces by a factor of about 10 to 1 for over a decade. Indeed, the Soviets have a clear-cut superiority in ABM, air defense, ACAT, ASW, and civil defense as well. The U.S.-Soviet asymmetry in defense will contribute to the Soviet geo-political ascendancy.

Yet, on October 20, 1980, former Defense Secretary Brown stated that: "To match the bigger Soviet force without SALT II could cost us, over the next decade, an additional 30 to 100 billion 1981 dollars." Current policy has continued to be U.S. unilateral compliance with both SALT I and SALT II. In contrast, the Soviets have authoritatively declared several times that they will not comply with SALT II until the U.S. ratifies the Treaty. The Soviets thus have all the benefits of U.S. SALT compliance while themselves accepting no obligations. Therefore, in addition to the strategic modernization programs planned for the late 1980's, the U.S. is in need of spending $30 to $100 billion more on strategic programs, but our unilateral compliance is hindering our programs.

The long Soviet concentration on strategic forces, together with U.S. unilateral cutbacks, created the U.S. window of vulnerability. The Soviet emphasis on strategic forces alone should be ample justification to greatly increase the U.S. strategic force budget. But there are other reasons as well. First, it is fortunate that the U.S. still has major techological and industrial advantages in stratgeic forces which can be exploited. Second and more important, superior U.S. strategic forces would have the advantage of deterring all levels of warfare, while conversely, strategic deficiencies make all wars more likely.

STRATEGIC FORCE PROMISES VERSUS REALITY

As noted, the 1980–1990 window of vulnerability was created by cancelling, cutting back, or delaying every single strategic program inherited from the Ford Administration. Instead, Trident submarine and SLBM deployment was slowed and ALCM deployment in the early 1980's was also slowed. MX was not planned to be operational until 1986. During 1980, Congress forced an early 1981 decision on the MX deployment mode, a new bomber for the 1980's, and an extremely low frequency (ELF) communications system deployment to enhance submarine survivability.

But if the window of vulnerability is ever to be closed quickly or at all, new and additional strategic programs for the early 1980's, the near term, must be accelerated. Nevertheless, rather than changing course or accelerating our programs, the Senate Budget Committee was told in March 1981 that no new strategic programs are planned.

The Secretary of Defense said:

"It is important to understand, in considering our supplemental request and budget amendment, that the principal shortcoming of the defense budget we inherited is not so much that it omitted critical programs entirely in order to fully fund others, but rather that it failed to provide full funding for many programs it conceded were necessary but which were considered unaffordable. To correct this defect requires, of course, that we propose corresponding increases in the *same programs*—programs that in our view, we cannot afford *not* to fund adequately." (emphasis added) [10]

Instead of timely and resolute action in strategic force initiatives, deployment decisions were delayed well beyond Congressionally mandated deadlines on the new MX ICBM, a new bomber, and on ELF communications. No increases in strategic force funding beyond those already underway and no new strategic programs to address the window of vulnerability in the short term were proposed.

THE "WINDOW" HAS NOW BECOME AN "OPEN DOOR"

All too often, the greatest stumbling block in overtaking the Soviet advantage is our own decisionmaking process. The deployment of the MX missile is a prime example. MX deployment is one of the most overstudied issues in modern military history. From a racetrack mode—to the airborne option—to the so-called "common missile" the deployment ball has bounced wildly this year alone—to say nothing of the studies and restudies done during the Ford and Carter years.

Following the six-month study of the Townes Commission a decision was made on October 2nd that ignored the Commission and by-passed most speculation. The choice was to deploy only 100 MX missiles in "superhardened" Titan II and Minuteman silos, to be operational by 1986, the old initial operational date for MX. Wisely rejected was the MX "racetrack" or "shell game" multiple protective structure (MPS). But instead of rejecting racetrack MPS on cost and timeliness grounds, it was rejected on the basis that the Soviets can already destroy all Minuteman silos and could likewise even now overwhelm any future multiple protective structures. It was an interim decision which argued that by superhardening 100 existing Titan and Minuteman silos, MX could be deployed in a mode that would be somewhat survivable during the long interval before a truly survivable air-launched, deep buried, or defended mode could be deployed.

Such a decision can only be temporary and must not be allowed to become permanent through inaction. Soviet ICBM accuracy is already so high that any silos would be in the blast crater. The principal argument used against MX multiple protective structures is thus equally valid against MX in existing silos. Secretary Weinberger himself recognized this fact, when during his January 6, 1981, confirmation hearings before the Senate Armed Services Committee he stated:

"I would feel that simply putting MX into the existing silos would not answer several concerns that I have, namely, that these are well known by the Soviets, and secondly that you can't harden them sufficiently to improve their invulnerability."

Pentagon spokesmen have themselves conceded that superhardening existing U.S. silos will not really improve their survivability, and that they have not yet decided within which silos to emplace the 100 MX missiles.

What of the MX in the future? There are reliable reports that the strategic R&D plans for FY 1983 and 1984 call for a significant effort to develop the Continuous Airborne Patrol (CAP or "Cap's CAP"). In contrast, only minimal funding is planned for developmental efforts in the other two MX options: deep silos and ABM defense of silos.

The so-called MX in Minuteman silo deployment "decision" was a decision to postpone a decision. The real MX deployment decision will not be made until 1984, a Presidential campaign year, thus entangling MX again in Presidential politics. Meanwhile, all 52 Titan II silos will be deactivated beginning in 1981, at least five years before the replacement MXs will be deployed. And no silo modification work for MX is likely to actually begin until after 1984.

So we are indeed back to "square one" on MX. As two former Defense Secretaries have stated, the MX decision is a "punt" and is "whistling in the dark," at a time of grave national danger. The main characteristic of the MX ICBM is its counterforce capability, a move toward parity with a Soviet force that already has a much greater counterforce capability in place! Moreover, we are to cut back the number of MX missiles to be deployed from a total of 200 to only 100, which still have the grave disadvantage that they will not be survivable. Originally, in 1973, the USAF proposed 400 survivable MX missiles. Thus, we have already severely reduced MX counterforce capability by 50 percent as well. The window of vulnerability has thus been opened all the wider. We will not have a survivable ICBM until at least the late 1980's, if then. The window is now an open door.

Former Secretary of Defense Brown recognized the urgent need for prompt action to correct the strategic imbalance. Brown pointed out in 1979 in his FY 1980 Defense Posture Statement:

"The strategic balance will be less favorable in the early 1980's than it is now [i.e., in 1979] ... our position will get worse between now and 1981 or 1982 ... our most serious concerns—which we need to act now to meet—are about the period of the early to mid-1980's." (emphasis added)

President Reagan agreed with former Defense Secretary Brown in August 1981 when he said: "Today there is a very dangerous window of vulnerability." [11]

And on August 26, 1981, Defense Secretary Weinberger stated that: "We're way behind," and that the U.S. needs to "do a lot very quickly to close the window of vulnerability."

But in testimony to the Senate Armed Services Committee on October 5, 1981, Weinberger stated that the: "window [of vulnerability] will be at its widest in the period 1985–1986."

There is no question that U.S. vulnerability will be worse in the mid-1980's, but it is already totally unacceptable. Even the former Administration reluctantly conceded that the window of vulnerability opened in 1980, and would last beyond 1990. The window of vulnerability cannot be arbitrarily moved from 1980 to 1985 in order to rationalize deployment of the MX in an unsurvivable mode in 1986.

A few MX missiles in Minuteman silos may be marginally better than no counterforce capability at all. But we must recognize what we are doing. To place our only counterforce capability in nonsurvivable existing silos places a higher value on those Minuteman silos, and pushes us another step closer to a launch on warning posture, a dangerous and unstable place to be.

In analyzing a survivable U.S. counterforce capability, it is important to note that there remains a great U.S.-Soviet asymmetry many observers ignore. The Soviets already have a four to one advantage over the U.S. in prompt counterforce capability, and this first-strike advantage is steadily growing. But we must also consider the different target sets that the Soviets and the U.S. face. The U.S. has substantially fewer hard targets (and our soft targets are large and concentrated). In contrast, we must target many more Soviet hard targets. The Soviets have about three times as many hard targets as the U.S. Moreover, many of these are over three times as hard as U.S. hard targets. Thus, even if the U.S. had the Soviet counterforce capability to work with, we would still

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be at a disadvantage. Restated, considering the different target sets, the U.S. requires more counterforce capability than the Soviets in order to achieve counterforce parity. While such an imbalance must be viewed in the overall parity definition, it is an element to be included in future MX decisions.

Another issue is the pledged acceleration of deployment of strategic cruise missiles on aircraft. This is a proposition to be desired, and yet DOD has proposed to cut back the air-launched cruise missile production rate from 480 a year to only 440. In addition, the deployment of ALCMs is intended to be stretched out for a few years longer, into the late 1980's. Moreover, the initial operational capability of ALCMs on B–52s has been delayed a year, to December 1982. Meanwhile, there is no announced near-term plan to increase the B–52 ALCM carrier alert rate or move them to inland bases. Nor are sufficient ALCMs planned to be deployed on B–1 bombers.

Further, we have cut our Trident submarine construction rate from one and one-half per year to only one per year. Indeed, one Trident submarine was cut from the FY 1982 budget.

REJECTION OF STRATEGIC QUICK FIXES

In both the Fiscal Year 1981 and 1982 Defense Authorization bills, Congress authorized three strategic "quick fixes." These were immediate deployment of 100 already stockpiled Minuteman III MIRVed ICBMs in existing Minuteman silos, upgrade of the entire Minuteman force by providing a survivable battery power supply and a capability for all Minuteman missiles to be launched from an airborne launch control center, a deployment of the ELF communications system to ensure SLBM survivability.

All three of these strategic quick fixes would rapidly improve the survivability of U.S. forces and very cheaply, but none was included in the Strategic Program announced on October 2, 1981.

Within a short period after a Soviet first strike, which would devastate U.S. strategic forces, the U.S. would lose a significant portion of its already meager capabilities, due to electric power and command/control outages. The surviving capability of the Minuteman force would be significantly increased with the Minuteman battery and airborne launch capability.

The need to improve the maintenance and survivability of our C^3 system cannot be overemphasized. As pointed out in an Air Force Association Policy Paper published in November 1981:

"[The] key to our nuclear deterrent strength is preservation of the chain of command through reliable survivable command, control, communications, and intelligence (C^3I) capabilities for our strategic Triad forces. Years of inattention and underfunding have resulted in a gravely weakened C^3I system while Soviet capabilities to attack and disrupt U.S. strategic networks have greatly increased. C^3I must be designed to give the National Command Authorities flexible operational control at every level of conflict. Strategic force changes resulting from deployment of new systems require innovations in command and control in order that our forces realize their full potential."

While the Administration seems to recognize the importance of enhancing our strategic C^3I capabilities, it has failed to maximize C^3I capabilities for our existing Minuteman ICBM force.

And while an ELF deployment decision was finally announced on October 8, 1981, the system will still not be operational until 1986. Thus, more than a year has gone by in deciding to deploy a command and control system which should be operational immediately so that our submarines could better endure the window of vulnerability in the near term.

Taken together, these delays, cutbacks, and cancellations in strategic decisions not only resulted in bad or late strategic force decisions, but they have already added at least another year of open danger to the window of vulnerability. Current thinking seems to be that beyond deciding to deploy the B–1 bomber variant, an old program that Congressional pressure finally revived, no new strategic programs are either prudent or necessary. Instead of accelerating existing strategic programs, we have delayed them for over a year, and raised questions about how the "open door" of our vulnerability will ever be closed.

In September 1981, the announcement was made that SALT III negotiations would begin in the spring of 1982. But last April, Secretary Weinberger stated in U.S. News and World Report that the U.S. would revive SALT negotiations only "after we have clearly demonstrated the determination to increase American strength substantially in strategic weaponry." No such demonstration to increase our strategic posture has occurred; in fact, there continues to be a significant decrease in our posture.

I do not mean to imply that we should not reopen the SALT negotiations. We have an obligation to do so and to do all that we can to prevent any drift toward military confrontation, either nuclear or conventional. I hope that our President can move with a boldness in the area of arms limitation negotiations akin to that demonstrated by the late President Sadat in going to Jerusalem. It is important to remember, however, that this kind of breakthrough and the achievement of truly deep cuts in strategic weapons can come only if we act to increase our strength and thereby our bargaining position. A nation which unilaterally disarms has no credibility at the bargaining table.

I believe that President Reagan's address on a zero-based option U.S.-Soviet Theater Nuclear Force modernization agreement on November 18, 1981, was a sound step toward achieving an enhanced U.S. arms control bargaining position. In addition, it should be noted that the aversion to unilateral disarmament is not purely American in orgin. For example, British Foreign Minister Lord Carrington said in a lecture on October 27, 1981:

"The unilateral disarmers in my country say that other states would follow suit if Britain disarmed . . . But disarmament by example does not work. The Soviet Union has explicitly rejected unilateral steps."

CONTINUED U.S. UNILATERAL DEACTIVATIONS

During the debate over SALT II, a great deal was made out of the Soviet lead in megatonnage. Yet today, strategic deactivations initiated by the Carter Administration have continued, presumbaly out of a devotion to unilateral arms control. In addition to continued U.S. compliance with SALT I and II, which Navy Secretary Lehman said was illegal, three U.S. defense actions remain inconsistent with Section 33 of the Arms Control and Disarmament Act of 1961. This law states that no action shall be taken to disarm, reduce, or limit U.S. armed forces or armaments, "except pursuant to the treaty-making power of the President under the Constitution or unless authorized by further affirmative legislation by the Congress."

One of these actions is the U.S. Navy's use of over 200 million dollars already authorized and appropriated for operations and maintenance to instead dismantle two Polaris submarines and to deactivate three other Polaris subs, in compliance with the expired SALT I Interim Agreement. Congress never affirmatively legislated or authorized this deactivation.

As noted, one Trident submarine has been cut from the FY 1982 budget. And the completion of the new Trident sub base at Kings Bay, Georgia, has been delayed until 1992.

Secondly, there is a plan to deactivate our 80 oldest B–52 bombers in order to save a few million dollars in defense expenditures. Congress has not authorized such a SALT-related cutback.

Further, there is a plan to deactivate immediately our 52 Titan II ICBMs. Again, Congress has not authorized this cutback.

Our ten Polaris submarines carry 160 SLBMs with the heaviest sea-based megatonnage—26 percent of our sea-based megatonnage. Our Polaris SLBM force is larger than either the entire British, French, or Chinese strategic forces. Our 80 B–52s can carry our heaviest bombs—19 percent of our bomber megatonnage. Our 52 Titan IIs carry a high percentage of our ICBM megatonnage—33 percent. So these deactivations in fact represent forces that carry 26 percent of our total megatonnage. Senator Sam Nunn has estimated that over 30 percent of our megatonnage is being deactivated.[12]

In a fourth case, affirmative legislation has apparently been contradicted in order to comply unilaterally with the unratified but still unilaterally binding SALT II Treaty. The Congress already authorized in both Fiscal Years 1981 and 1982 the immediate deployment of 100 stockpiled Minuteman III MIRVed ICBMs in existing silos. This deployment would cost a total of only about $44 million. A simple DOD reprogramming of already authorized and appropriated operations and maintenance funds could easily be effected to deploy these existing missiles, which would immediately increase our ICBM survivability by 10 percent and our counterforce capability by 15 percent.

But in a letter to Senator Schmitt on March 24, 1981, Secretary Weinberger said:

"Additional Minuteman IIIs would provide very limited military utility and could impact future arms control negotiations."

In regard to the above four examples, Congress has allowed its own legal power and prerogatives to be either ignored or contravened. But it is up to Congressional leaders themselves to call the Executive Branch to account.

Moreover, no attempt has been made to negotiate quid pro quo reductions in Soviet forces. Why should the Soviets engage in arms control negotiations when they can merely wait for the U.S. to continue to unilaterally deactivate its strategic forces? Continued U.S. unilateral deactivations are thus inconsistent with a rational U.S. arms control posture.

STIMULATING PERCEPTIONS OF FURTHER U.S. STRATEGIC DECLINE

Probably the most disturbing pronouncement that has been made in a decade on U.S. defense posture came out on July 28, 1981. Defense Secretary Weinberger said publicly that U.S. strategic forces might not now be powerful enough even to deter a Soviet counterforce first strike.[13] He conceded a U.S. lack of deterrent capability and said that it would require the U.S. a full decade to regain a strategic deterrent capability.

Strategic perceptions are extremely important. In Fiscal Years 1980 and 1981, the Air Force spent about $22 million in operations and maintenance funds in order to repair one single Titan II ICBM silo and missile in Kansas, which as noted, had been damaged in 1979 by a fuel leak accident. It is highly significant that the main reason for spending so much to restore only one ICBM was explicitly related to Soviet perceptions of the U.S. strategic posture. The Air Force stated in 1980 that it:

"Decided to refurbish this Titan II silo . . . because of the importance of this weapon to the SIOP [Single Integrated Operational Plan] and because failure to do so could be seen as a lack of resolve to maintain a strong

Footnotes at end of article.

nuclear posture. Negative perceptions . . . could arise from a decision not to return this weapon to alert."

If the Defense Department was willing to spend $22 million on just one ICBM for the sake of perceptions, then we should be even more willing to spend about $44 million to deploy 100 additional Minuteman III ICBMs in existing Minuteman II silos. This is about the cost of one modern fighter aircraft. Deploying these 100 Minuteman IIIs would cost only $147,000 per warhead, which is extremely cost effective. Indeed, this would be the cheapest increment of U.S. ICBM warheads ever deployed. Again, it would increase our survivable warheads by 10 percent and our hard target capability by 15 percent.

Deploying 100 Minuteman IIIs would, at $44 million, cost only twice the $22 million used to repair one Titan II silo, all for the sake of Soviet perceptions.

In sum, our approach to the closing of the dangerous window of vulnerability has thus already been demonstrated by events. We have so far seemed to extend the gap of the window in both the near and long term at least a year and probably more.

SUMMARY OF CONTINUED STRATEGIC CUTBACKS

ICBMs:

No deployment of 100 stockpiled Minuteman IIIs.

No upgrade of Minuteman power and airborne launch control.

Reduction in MX from 200 to 100 missiles, in nonsurvivable basing mode, with no ABM defense.

Premature and abrupt deactivation of 52 Titan IIs, carrying a high percentage (33 percent) of our ICBM magatonnage.

SLBMs:

Continued Polaris submarine deactivation—loss of 160 high megatonnage SLBMs—26 percent of our SLBM megatonnage.

Cutback of 1 Trident Submarine.

Reduction of Trident construction rate from 1½ to 1 per year.

Delay to 1992 completion of Kings Bay Trident sub base.

One year delay in ELF deployment decision.

Bombers and ALCMs:

Premature and abrupt deactivation of 80 B–52Ds, carrying heavy megatonnage—19 percent of our bomber megatonnage.

Reduction of ALCM yearly production rate from 480 to 440 per year, delay of B–52 ALCM initial operational capability one year to December 1982.

Cancellation of KC–10 tanker aircraft procurement.

Failure to deploy sufficient ALCMs on B–1.

No inland basing and increased alert rate for B–52 force.

Defense:

Deletion of proposed funding for space laser research and development.

Reduction of Patriot Air Defense missile system.

No acceleration of ABM R&D.

A total of 26 percent of our existing megatonnage is being unilaterally deactivated, with no quid pro quo being either asked for or gained in Soviet restraint.

As the new Commander in Chief of the Strategic Air Command, General Bennie Davis, acknowledged to the Senate Armed Services Committee on November 4, 1981, U.S. strategic capability will be decreasing rather than increasing in the next four or five years. He also acknowledged that the Administration's strategic program extended the window of vulnerability, and that he would have preferred to keep the Titan IIs, B–52Ds and Polaris Submarines.

OTHER NEGLECTED QUICK FIX OPTIONS

Beyond the useful option (as the Congress has authorized for two straight years) to deploy the 100 stockpiled Minuteman III ICBMs immediately, there are other near-term options for rapid improvements to U.S. strategic forces suggested by other experts which could be considered. These are:

1. Increasing the alert rate and rebasing inland our old B–52 bombers, to increase their survivability.

2. Retaining the ten Polaris submarines for rapid conversion into submarine-launched cruise missile (SLCM) platforms. From 800 to over 1,000 survivable SLCMs could be quickly deployed on our ten Polaris subs. This option could increase survivable sea-based nuclear firepower by about one-third, and target coverage by five-fold, at the relatively low cost of only one Trident submarine. It could be effective very rapidly.

3. Extending and accelerating the Trident I SLBM retrofit from the presently planned 12 to all 31 Poseidon submarines would greatly increase SLBM range and therefore survivability, and could be done rapidly.

4. Canisterization of stockpiled SLBMs for mobile reserve deployment. After either deactivation or retrofit to SLCM carrying configuration of the ten Polaris subs, 160 Polaris A–3 SLBMs are available for stockpile. At least 192 Poseidon C–3 missiles will be replaced when the presently planned 12 Poseidon submarines are retrofitted with the Trident C–4 SLBM. Rapid engineering could be undertaken to canisterize these 350 and other storage missiles, so that they are capable of air or surface sea-transport and launching by the "hydra" or floating technique. They would then be available for routine or crisis deployment as a survivable strategic reserve force, for either air droppage from C–141 or C–130 transports or launch from naval warships.

5. Fully exploiting the significant U.S. technological lead in modern cruise missiles. While the Soviets have had large numbers of nuclear armed cruise missiles deployed for over 20 years, the U.S. has great miniaturization, guidance, and propulsion advantages. The ALCM program should be doubled in deployment scale and accelerated by several years. This could easily be done merely by adding another shift to the ALCM plant's work force. ALCMs should be deployed as soon as possible on all B–52s, F–111s, and on U.S. NATO and naval fighter-bombers. Our SLCMs should be doubled in deployment scale and immediately placed on all Polaris and 688 class attack submarines. Moreover, long-range multipurpose SLCMs could be deployed immediately on all U.S. Navy cruisers and destroyers.

6. When the 100 MIRVed Minuteman III ICBMs were deployed in existing Minuteman II silos, 100 Minuteman II ICBMs would become excess. Instead of retiring them to warehouses, they could be redeployed in a mobile mode as a strategic reserve. As Senator Glenn has suggested, there is a need for truly mobile U.S. missiles. These ICBMs could be deployed immediately in a truck mobile, garrison-based mode at some of our existing ICBM complexes. These mobile launchers and missiles could be kept in garrison so as to be able to flush rapidly onto our interstate highway system within 12 hours of strategic warning.

The defense budget debate should fully explore all the U.S. conventional and strategic deficiencies.

We must carefully evaluate what we can do to develop survivable strategic weapons as quickly as possible and at the lowest possible cost. We must not limit our options by a slave-like devotion to any particular doctrine including that of the triad. If we find that the quickest improvements in survivability can be made through mobile air and sea systems we should be prepared to greatly accelerate those programs. Survivability must be our goal. It matters not whether we find that the most survivable systems are land, sea or air based, or which branch of the uniformed service has jurisdiction over them.

Above all, we should realize that we are far from imposing too much defense burden on our national economy. Our national survival faces an unprecedented threat. No American wants money wasted on programs that will not improve our ability to meet that threat. No thoughtful American, however, will judge it wasteful for us to increase our effective efforts to secure for our children and grandchildren the freedom which we enjoy.

FOOTNOTES

[1] Charles L. Heatherly (ed), *Mandate For Leadership* (Washington, D.C.: The Heritage Foundation, 1981), p. 109.

[2] Department of Defense, *Soviet Military Power* (Washington, D.C.: October 1981), p. 3.

[3] General Major A. Korniyenko, "The Economic Bases of the State's Military Power," *Military Thought*, Number 8, 1969.

[4] (See *Supplemental Statement to Report of Blue Ribbon Defense Panel*, September 30, 1970, pp. VII, IX, and XI.)

[5] (See *Kommunist*, July 1980, pp. 70–81.)

[6] Intelligence Digest Weekly Report (November 22, 1978), p. 3.

[7] Communist Party of the Soviet Union Draft Program, 1961, p. 40, quoted in U.S. Air Force, *Soviet Aerospace Handbook*, AF Pamphlet 200–221 (May 1978), p. 96.

[8] A. I. Sovolev, "The Problems of Strategy and Tactics of the Class struggle at the present stage of the general crisis of capitalism," *Soviet Press Selected Translations*, 75–6 (June 1975), p. 16.

[9] Senator Gordon Humphrey, "Analysis and Compliance Enforcement in SALT Verification," *International Security Review* (Spring 1980); *Defense Daily*, July 14, 1980, p. 58; *Aviation Week and Space Technology* (May 1981), p. 25; Senator Jake Garn, "The SALT II Verification Myth," *Strategic Review* (Summer 1979), pp. 19, 20.

[10] Hearings Before Committee On Budget, U.S. Senate, March 31, 1981, p. 121.

[11] Washington Star (August 5, 1981).

[12] Defense Daily (November 13, 1981), p. 68.

[13] See, *Washington Star* (July 28, 1981), p. A–1.●

EMPLOYEE BENEFIT PLANS

● Mr. D'AMATO. Mr. President, on Thursday, December 3, the administration took a significant step toward helping the beleagured housing industry and providing sound, secure investment opportunities for employee benefit plans.

In a notice of proposed rulemaking, the Department of Labor proposed a class exemption for certain employee benefit transactions involving residential mortgage arrangements. Under certain limited circumstances, pension plans now will be able to invest in owner-occupied, single-family dwelling units.

While these regulations do not precisely mirror the provisions of S. 1678, a bill introduced by Senator HATCH, myself, and nine other colleagues, they do represent a recognition that it is time to assist the housing industry and its ancillary industries which have been devasted by skyrocketing interest rates and thrift institution disintermediation.

The Employee Retirement Income Security Act (ERISA) contains prohibited transaction sections and prudent man standards. The former are designed to prevent pension plans from dealing with related parties—parties in interest—while the latter mandate that plan fiduciaries be held to a high standard of conduct in operating the affairs of the plan's funds.

The intent of both of these sections is to protect pension plans from potential abuse. In certain cases, however, these

provisions have a chilling effect on a pension plan manager's investment flexibility. Far too often, pension plans have foregone the opportunity of investing in residential mortgages for fear of violating the above provisions of ERISA. Although parties could file for exemptions, procedures to obtain these exemptions are time-consuming and costly.

The administration's proposed rules grant a class exemption to certain investments by pension plans in single-family residential dwellings if certain conditions are met. These conditions include: First, the commitment by the plan to provide mortgage financing must be in writing and must be at least as favorable as a commitment involving unrelated parties; second, the commitment must set forth appropriate requirements concerning income levels, collateral, title, et cetera; and third, the decision to issue the commitment must be made by an established financial institution, as to which neither the plan, an employer or group of employers contributing to the plan, nor an employee organization of whose members are covered by the plan, has the power to exercise a controlling influence over the plan.

The provisions of S. 1678 are more comprehensive in that they afford the pension plan more flexibility with respect to residential mortgage investments and, in addition, address the prudent man standards of ERISA, as well as the prohibited transaction sections. S. 1678 details circumstances under which neither the prohibited transaction sections, nor the prudent man provisions are violated. I will not detail here all of the provisions of S. 1678 since Senator HATCH does an excellent job in the September 29 CONGRESSIONAL RECORD.

Mr. President, I commend the administration for undertaking this positive action. The assets of the pension funds of this Nation have grown to over $600 billion. These regulations make this vast sum available to the housing market and is a most welcome sign of relief to developers, construction companies, home buyers, and workers. I am confident that each and every group associated with the housing industry applauds this action. I know that the National Association of Homebuilders have been long awaiting the proposed rules.

The National Association of Realtors will benefit from increased housing purchases due to the greater availability of mortgage money. Workers, particularly those in building and trades employment, will enjoy increased employment because of increased housing starts.

Mr. President, a key result of these regulations is that pension plans now possess an additional secure and stable area into which they can diversify their portfolios. The limiting conditions in the regulations protect the plans against those abuses envisioned by ERISA.●

CORPORATE SOCIAL RESPONSIBILITY

● Mr. DURENBERGER. Mr. President, I would like to draw the attention of my colleagues to an article from the September 1981 issue of Reponse, a magazine published by the Clearinghouse on Corporate Social Responsibility.

As Congress continues in its efforts to reduce the growth of Federal spending, we become increasingly reliant upon private charities and corporations to provide services traditionally performed by the Government. In this article, Stanley Kane, a good friend of mine and the president of Early American Life Insurance Co. in St. Paul, describes how his small company joined with other small companies in a number of community projects.

I am very proud of the business men and women of Minnesota—they have long provided an example to the rest of the Nation of what a difference corporate social responsibility can make to a community. I ask that Mr. Kane's article, "How a Company the Size of Early American Life Can Become Involved in Corporate Social Responsibility," be printed in the RECORD.

The article follows:

HOW A COMPANY THE SIZE OF EARLY AMERICAN LIFE CAN BECOME INVOLVED IN CORPORATE SOCIAL RESPONSIBILITY

In August, 1979, I joined 11 other Twin City life and health company CEO's at a meeting by John Pearson at Northwestern National Life's Home Office in Minneapolis. The meeting was called at the request of the Clearinghouse on Corporate Social Responsibility to show what companies in other parts of the country were doing under the industry's Community Initiatives Program, and to examine the range of opportunities for companies to provide leadership in their communities. Two more meetings followed in an attempt to zero in on specific areas of involvement.

While I enjoyed having the opportunity to sit down with my contemporaries in the Twin City area, I felt that there was little application in the ideas presented for a company the size of Early American Life. Many of the companies around the table were, in one form or another, already involved in individual community programs. With the size and resources of Early American Life, I felt there was little that we could do from a contribution or investment standpoint that would have much of an impact. I concluded that further attendance at these meetings would be a waste of my time.

My thinking was changed, however, during the third meeting when it was conceded that unless some type of structure or organization was formed, nothing of a concrete nature would come out of these meetings in the way of a cooperative effort. At that point the group decided to form a task force to investigate the feasibility of some type of organized program in the Twin Cities. Two people from the St. Paul area and two people from Minneapolis were asked to serve on this task force. In addition to myself, the group included Chris Finsness of Northwestern National Life, Michael Flannigan of Ministers Life and Casualty, and Mary Snitkey of Western Life. At its first meeting the task force elected Mary Snitkey as chairperson.

I must admit that in accepting the appointment I felt that a relatively easy task was before us. I suggested at our first meeting that we contact the Clearinghouse and find out what other cities in the country have done from a consortium standpoint and then copy or adapt from that. At the second meeting of the task force, we were surprised to learn that there was no insurance consortium of that nature anywhere in the United States. While this information was initially disappointing, in that it implied all the problems of breaking new ground, it quickly became a rather exciting challenge to be the first ones to structure such an effort.

The task force met on a regular basis throughout the summer and fall of 1980. We were assisted by input from several community organizations as well as lawyers and accountants of local companies. From time to time we would structure small meetings of CEO's to bounce off the ideas that we had generated up to that point. Invariably, these meetings sent us back to the drawing board.

CREATING THE CONSORTIUM

We examined the various ways that a group could work together, the accounting problems, the legal problems, the pros and cons. From all this we developed a proposal for the creation of the Twin Cities Community Initiatives Consortium. This proposal was presented to a meeting of the chief executive officers in December. The basis of the consortium was to be a "joint effort to gather together large and small Twin Cities life and health insurance companies in a unique effort to bring the resources of our industry to bear in developing solutions to agreed upon community problems."

The long range view of the consortium envisioned three areas: investments, contributions and general research and information. The structure of the consortium would include a board of directors, made up of the chief executive officer of each participating company.

It would also include an investment committee made up of an investment officer of each participating company, and it was proposed that we begin the consortium effort by focusing on the investment area. This was in recognition of the fact that this area of expertise was common to all life and health insurance companies. The consortium approach to community investment was also a natural extension of a concept of shared risk, so well understood by the industry. Thus, a program of targeted investments could be expected to become operational quickly, with a relatively high expectation of success, once the basic structure was in place.

It was also proposed that several community organizations be utilized to provide input relative to the needs of the community. We would conduct an annual meeting, at which time the outside sources would help us identify the needs of the community and where the consortium might direct its resources.

THE OBJECTIVES

The timetable that was laid out at the December meeting included (1) obtaining commitment of funds, (2) establishing a consortium board and investment committee and (3) conducting the annual meeting to assess community needs and establish objectives for 1981. Our first year objectives included involving a minimum of 12 Twin City-based life and health companies and establishing a pool for the year 1981 of $1,400,000. We felt that the program was an opportunity for all of us to work together to solve community problems, regardless of size. It would also demonstrate to the general public, as well as to our own employees, that we are concerned about our community and willing to pitch in and help solve some of its problems.

We attempted to develop a schedule for suggested contributions to the pool based on the asset size of the companies involved. A minimum contribution was set at $25,000. By mid-January, 1981, we had succeeded in obtaining letters of commitment from 11 of the 16 prospective companies and had commitments for $1,200,000.

Having accomplished that, we then structured our first annual meeting on March 3, 1981. With assistance from The Minneapolis Foundation and the Community Planning Organization, we focused on our priorities for 1981 as "investment in economically disadvantaged businesses, including but not lim-

ited to, minority businesses." This decision then triggered the investment committee to begin examining possible areas for investments. The committee organized itself under the chairmanship of Steve Wishart of Northwestern National Life of Minneapolis. The investment committee has before it 17 applications that are being examined as potential investments.

While there is a great deal of enthusiasm for the potential of this venture, I'm not in a position to indicate its degree of success. The general feeling is that it the consortium is able to make the investments that are within the perimeters laid out, and if an administrative procedure can be worked out to handle these investments, then the consortium concept will be considered successful. The pool of funds committed are for the year 1981. If we are to obtain a 1982 commitment from the companies involved, it will have to be after demonstration that the basic concept makes sense and that the funds can be put out in line with our objectives.

I may have more reason for wanting this concept to work than some of the other members of the consortium. As I stated earlier, it provides a small company like Early American Life an opportunity to become involved in a much larger project and also to demonstrate not only to the general public, but to our own employees, our interest in becoming involved in our own community. I hope that in 1982 I can report back to the readers of Response that the Twin Cities Community Initiatives Consortium has completed its first successful year of operation and is looking at new and bigger areas of involvement.●

MELCHER SCHOOL LUNCH RESOLUTION

● Mr. DURENBERGER. Mr. President, yesterday afternoon the Senate considered Senate Resolution 218 sponsored by our colleague from Montana, Senator MELCHER. At the time of the vote on Senate Resolution 218 I was chairing a meeting away from the Chamber on the subject of private sector delivery of public services. I was not reached by a page until the vote was announced. If I had been present for the vote my vote would have been cast in the affirmative.

Mr. President, I support the goal of the school lunch program providing one-third of the recommended daily allowance (RDA) of nutrients for children.

Lunches that contain one-third RDA have been the goal of the school program since the program's inception in 1946 and should continue to be the goal as long as we have a federally supported school lunch program. We cannot in good conscience try to serve less than one-third of the basic nutrients at one-third of the day's meals. This is especially important in the case of children from low-income families whose food budgets are hard to stretch over a month of feeding growing boys and girls.

This resolution arises out of the uproar caused by regulations issued in September to provide schools with more flexibility in meeting the goals of the lunch program. The motivating force of greater flexibility was laudable, but some of the specifics chosen were ill-advised. Fortunately, after the outcry from myself and other Senators, the Department recognized this and withdrew the regulations.

Mr. President, as I have often said, additional savings can and should be made in the Federal budget. But some goals simply cannot be ignored, and insuring that children have a filling and nutritious school lunch certainly falls in this category. This is not to say that local school districts should not have increased flexibility to meet oftentimes conflicting financial and nutritional realities. But the education of our children—and the nutrition needed to benefit from that education—are areas where we must continue to strive for excellence, not just adequacy.●

CRIME AND (NON) PUNISHMENT, U.S.A.

● Mr. McCLURE. Mr. President, at this moment, a desperate war is being waged in the cities, towns, and rural areas of the United States. By the end of this year, some 21,000 lives will be lost.

Street hoodlums, professional thugs, and other violent criminals are winning their war against law-abiding Americans. They are winning because too many permissive judges, apathetic parole officials, and misguided reformers have joined forces—not with law enforcement officers and honest citizens—but with the armies of criminals now controlling our streets.

The deadly seriousness of this problem is summed up well in the November 1981, issue of Reader's Digest which, I commend to the attention of my colleagues:

The article follows:

CRIME AND (NON) PUNISHMENT, U.S.A.

MOORESVILLE, IND.—An Indianapolis man who has a history of vicious attacks on women has been charged with the slayings of Mrs. Terry Chasteen and her three small children.

Only days before the murders, Stephen T. Judy, 22, had been released on bond following an arrest for armed robbery. At the time he was free on parole from the Illinois State Penitentiary. He has a long criminal record, including convictions in Indiana and Illinois for offenses similar to the abduction of Mrs. Chasteen and her children.

Police say Mrs. Chasteen's auto was stopped on an interstate highway near Indianapolis. Her bound, nude body and those of her children were later discovered in a creek near the highway.

Marion County prosecutors had opposed the reduction of Judy's bond to $7500 at a recent hearing, but Indiana law prevented them from introducing evidence of previous criminal convictions.

"It's nonsense that he was released," declared prosecutor Stephen Goldsmith. "This is sad testimony of how our criminal justice system has failed." [Some 16 months after this tragedy, the bond law was changed.]—Indianapolis Star.

MIAMI.—One man charged with the killing of off-duty policeman Sgt. Alfred Terrinoni had been set free on probation the previous day despite the plea of a police officer who urged that he be jailed.

Tommie Jerome Hicks, 18, a suspect in at least three similar armed robberies, is charged with murder in connection with the death of Terrinoni as he carried night deposits from a restaurant.

Metro Dade Officer Larry Gary had arrested Hicks three months earlier for petty theft. In Hicks's car police found three knives, a pellet gun, and credit cards bearing various names. Gray says he warned the prosecutors that Hicks was a suspect in several armed robberies of restaurants and was dangerous. "Terrinoni's dead because nobody listened," Gray believes.—Miami Herald.

CHICAGO.—For many years, on the corner of Rockwell Street and Potomac Avenue, there was a drive-in drug business.

It was no secret. No business that makes $20,000 a day could be a secret. But so brazen were the drug dealers that nothing, not even police raids, slowed them down. If arrested, they had the money—from the sales of heroin, cocaine, PCP and LSD—to post bail and return to the corner.

The police department's narcotics unit and the federal Drug Enforcement Administration filmed the operation and made buys. They spent almost $60,000 on the investigation and then arrested 23 people for selling drugs to undercover police.

That was over a year ago. Now the five leaders of the drive-in drug business have been to court. According to police, all five had previous histories of drug arrests. All five pleaded guilty to the drug-selling charges. All five were put on probation by Criminal Court Judge Robert Massey.

At Roberto Clemente High School, the students know the corner of Rockwell and Potomac well. After reading that nothing happened to the operators of the drive-in, students in two English classes wrote letters to the judge.

"Your Honor," began one student, "the pushers are destroying our community. They sell drugs to young kids. If they already had criminal records, why shouldn't they be kept in jail?"

A police investigator said simply, "You wonder why drugs are our No. 1 problem?"—Column by Anne Keegan in Chicago Tribune.

BALTIMORE.—There were photographs on the desk. "Anybody want to look?" asked Bill Swisher, State's Attorney for Baltimore.

They were baby pictures, only the baby was dead. In a courtroom across the hall, James McClain, the man convicted of killing the child, had just been released.

The baby belonged to McClain's girlfriend. She was out when a friend came to the high-rise apartment and showed McClain a picture of his girl with another man.

In his confession, McClain said, "I carried [the baby] to the garbage opening, [laid] him in [it] and just let him go." McClain was convicted of killing the child and sentenced to life behind bars.

Almost 18 months after that confession, the Court of Appeals, Maryland's highest court, ruled in another case that a defendant had to be taken before a court commissioner within 24 hours of arrest, or the state could not use any subsequent confession. McClain was not taken before a commissioner until he had given his confession—24 hours and 12 minutes after arrest.

The Court of Appeals decided to make its ruling retroactive.

So James McClain is a free man.—Column by Michael Olesker in Baltimore Sun.

ESSEX JUNCTION, VT.—Her small body, bound and gagged, was found hidden under an abandoned mattress. Melissa Walbridge, 12, had been tortured and stabbed to death. Authorities say the assailants took "calculated actions intended to cause as much pain as possible." A companion, also 12, was sexually assaulted and stabbed in the chest. Miraculously, that child survived.

Police arrested two local youths—ages 16 and 15—for aggravated sexual assault and murder.

The 16-year-old is expected to be tried as an adult this fall. At the time of the murder, he was free on a one year's suspended sentence for threatening a woman with a knife.

His 15-year-old partner, however, can be charged only with delinquency for his alleged role in the sexual asault and murder. He may be sentenced to a juvenile institution, but at age 18, he will be freed.

A Vermont law—which State Attorney General John Easton called a "license to kill"—prevented prosecuting juveniles under age 16 as adults no matter how serious the crime. It also mandated that juvenile criminals be freed with a clean record upon reaching age 18.

That's what happened in July to a young man who was 15 when he shot and killed his 63-year-old aunt and stole her car. The shooting took place less than three years ago.

He still is regarded as a danger to society by psychiatrists and prosecutors familiar with the case. But there was no legal way to hold him in custody after his 18th birthday. And he is free.

[Outrage over the Essex Junction case forced the Vermont legislature to change the law last summer so that juveniles 10 and older can be prosecuted as adults for violent crimes. But juvenile offenders already in the system will be released in accordance with the previous statute.]—Boston Globe.

SAN FRANCISCO.—The former court-appointed attorney for a California man who confessed repeatedly to a multiple murder has written the U.S. Supreme Court to protest a state Supreme Court decision that invalidated his client's confessions.

Asserted respected defense attorney James Leonard Crew, "It is difficult to understand how a system of laws conceived to protect innocent people can become twisted to give freedom to a person who deliberately kills three innocent human being, and then confesses repeatedly to the killings."

Crew's letter involved the case of Barry Floyd Braeseke, convicted of the murders of his mother, father and grandfather. The state Supreme Court threw out the confessions and reversed Braeseke's conviction. Earlier this year the U.S. Supreme Court refused to reinstate the conviction.

The ruling attracted widespread attention, in part because, following his conviction, he again confessed to the murders. Braeseke described the slayings on the CBS program "60 Minutes"—a confession which the high court has yet to consider. He contended that the drug "angel dust" made him commit the crimes. Braeseke is now scheduled to be retried. Michael Cardoza, prosecutor in the case, concedes he may have difficulty obtaining a second conviction if the courts forbid use of the confession.

The attorney's letter drew praise from Cardoza, who said, "In effect, Crew is saying to the court, 'As an attorney, I did what I was supposed to do. But your function is to do justice, not to buy spurious arguments'."
—Los Angeles Times.

WASHINGTON, D.C.—It is hard to comprehend that a man accused of shooting you is back on the streets.

Just ask one victim, an attorney who requests his name be withheld because he fears reprisal. "I am outraged and disgusted," he declares. His anger is directed at the criminal-justice system.

It was "the system" that permitted the attorney's caused assailant, 23-year-old Allen Graves, to make bond and disappear just before his scheduled trial. Graves was free on bond from another case the night the attorney was shot during a robbery. Less than a month before, Graves had been arrested for the kidnapping and robbery of one Washington woman and kidnapping and assault of another.

It was "the system" that had enabled Graves to be on the streets at the time the women were kidnapped, too. Before that attack, a jury had convicted Graves for armed robbery and assault with intent to kill. But that conviction was overturned on a technicality, and Graves was allowed to plead guilty to robbery only, and was freed on bond pending sentencing.

[He was apprehended and again permitted to plea bargain for conviction on lesser charges. Finally, he was sentenced to prison.]
—Washington Star

MIAMI.—Within hours of arrest and arrangement, suspected drug smugglers post huge bonds and return to South America, beyond the reach of U.S. law, according to complaints by the authorities trying to stop drug trafficking here.

Documenting the need to toughen bond standards, officials cite the case of Alfredo Guterrez, whose arrest they called the biggest cocaine bust in the nation's history.

Gutierrez was arrested in Miami when undercover agents offered him $9 million in cash for 854 pounds of coca base, which is refined into cocaine. He was charged with conspiracy to import cocaine. Bond, first set at $3 million, was reduced to $1 million. Within hours the money was delivered to the court. Needless to say, Gutierrez did not appear for trial.

Authorities insist there should be no bonds for suspected major drug smugglers, especially repeat offenders. But a bill to toughen bond standards for drug offenders has yet to be enacted by Congress.—AP.

NEW YORK.—Manhattan Supreme Court justice Arthur Blyn has sentenced a convicted killer to five years' supervised probation because a prison sentence would have no "constructive result." Blyn—in effect—ruled that the killer's life is more important than the victim's.

We don't know of any prison sentences that produce constructive results for convicts. The purpose of a sentence is to protect society and to punish people for violating the rules of civilization. And the taking of a human life, under any circumstances, demands a severe punishment.

Sure, there were special circumstances in this case. The killer, Richard Schreiner, claimed he blacked out from too much beer and marijuana and doesn't remember trying up, then stabbing and strangling his 22-year-old victim.

By treating homicide as a venial sin, the result of a "personality disorder," Blyn—and other judges—are encouraging the current epidemic of murder and violence that is claiming a record number of our citizens. Blyn's sentence is just one of countless examples of denied justice in our criminal courts.

Laws aren't enforced. Serious crimes are too frequently plea-bargained away. Crime pays. Criminals rule our streets. We have to fight back by locking up the criminals.—An editorial in New York Daily News.

[Less than six months after Schreiner was freed on probation, he was arrested for attempted murder in the stabbing of a 15-year-old-boy. Charges against Schreiner are pending.] ●

FAMILY

● Mr. DURENBERGER. Mr. President, the life of a Senator's day is filled with capping, cutting, and blocking Federal spending and either condemning or changing the role of Government in the lives of the people of this Nation. One of the answers to our problems lies in an institution with which we are all too familiar as Senators and which many of us elected to nurture long before we were elected to change the institution of Government.

The family must always be the fundamental institution of our society. The family gives life. The family teaches love. The family carries our language, our customs, and our values into the future to our next generation. The family is the basic provider of human needs and would provide them even if all the other institutions of our society—the business, the voluntary association, and the Government did not exist. Each of these other institutions have their beginning in the family and what you and I do to preserve the family we do for all of our society.

Mr. President, the November 1981 issue of Columbia magazine carries a letter from Valerie Vance Dillon, a resident of Indianapolis, Ind., and the mother of four children and merits reading and understanding by all of us. I ask, therefore, that the letter be printed in full in the RECORD.

The letter follows:

FAMILY

(By Valerie Vance Dillon)

ARE CHILDREN WORTH IT?

"If you had it to do over again, would you still have kids?"

The question came several months ago from a young single woman, and her face and tone of voice told me it called for a thoughtful, not sugar-coated, reply.

I answered slowly, admitting the struggle and sacrifice, the pain and ambiguity of raising children in today's society. But especially, I tried to express the love and joy my husband and I have experienced being parents. Yes, of course we'd do it again.

But since then, the question itself has continued to rattle around in my brain. Why did this young woman have to ask it at all? And why does a generation of young people probe, perhaps doubt, the wisdom and value of bringing new life into our world? Most of us in our 40s and 50s never did.

But it's a different world now, a changed value system with a range of choices and options unknown 20 or 30 years ago.

Our children look around they see a society that posts "No Children Allowed" signs in front of their rental units, which manufactures bumperstickers proclaiming that "motherhood is unprofessional," a culture that refers to women holding outside jobs as "working women," and tells those raising children at home they must be unfulfilled.

The media focus on the slaughter of baby seals. But who in the industry is dramatizing the death of millions of unborn children through abortion?

Our society pays a million dollars to a ballplayer, but can't come up with money to educate handicapped children.

Our children live in this world and learn from it. But they also live in our homes, and that gives us a chance—many chances through the years—to let them know that yes, having kids is a worthwhile, enriching and really great way to live out one's life.

How, in the face of our culture, can we get this message across? Just for starters, I would suggest three ways:

LISTEN

Listening is a powerful way to say "I love you." Do our children have to be in trouble or have some momentous thing to say before we give them an ear?

Listening to a fourth-grade shaggy-dog story, an endless "he said, she said" dialogue or a list of gripes may not be very exciting. But it does say to the other person: "I'm interested, I care about you." If I listen intently to my child's words, be they funny, sad, angry or just dull, . . . if I ask a genuine question, share a concern, I say in a most profound way: "Your life, your interests, your worries, your joys matter to me. They matter because you do."

Listening to the mundane makes it possible for us sometime later to hear the significant

things our children need to say to us. It builds communication between us and lets our children know we are ready to listen when big issues arise.

EXPRESS APPRECIATION

We assume our children know they are important to us. After all, we had them. We feed and clothe them and go to ball games for them. But love, to enrich and enhance the other person, must be expressed in word and in non-verbal language as well as in the thousand things we do in a lifetime for someone we love.

It's possible to say I love you in so many ways: in a hug, an arm around the shoulder, in praise when a child brings us a flower—or a bug, when a teen-ager cleans his room, when a student struggles to bring up a bad grade. "Thank you," "I appreciated the phone call," "You did better this time," "That really was thoughtful of you," "You sure made me feel good"—those are the words which tell our children they are appreciated.

SPEND TIME TOGETHER

I once heard a psychiatrist speak to a group of young parents. Afterward, a man asked him: "What's the one most important thing we parents can do for our children?" The doctor's response was immediate: "Enjoy them!"

A study of 30,000 people in 11 countries revealed that the three nations with the highest divorce rates were Germany, Hungary and the United States. They also were the three which showed the least time spent together in family recreation. A few years ago, middle-class fathers in this country were asked how much time they spend with their infant children. They estimated 15 to 20 minutes a day. But the actual average time, as recorded, was 37 seconds. Apparently, this continues even as the child grows. A group of 300 junior-high-school boys were asked to keep track of time their fathers spent with them over a two-week period. The results: 7½ minutes was the average amount of time per week that fathers and sons were alone. Most boys reported they saw their fathers only at dinner time and some never saw them for days at a time!

We give time to what we value. Our time is put where our priorities are.

Years ago, my husband and I were deeply involved in volunteer work for the Cana Conference of Chicago. The marriage education programs we helped to organize took us out of the home for many evenings. One night we were quite late for a meeting and I hurriedly listened to our two oldest children's prayers. When they finished, our six-year-old asked: "Are you going to another meeting, Mommy?" "That's right," I replied, "and we're late!" "All those meetings you go to, and people talk, talk, talk. But . . . we've got hearts and we've got souls."

It's been years since Karen said those simple words. But their meaning never has stopped. When other values seem to grow more important than our children and each other—we remind ourselves what it is that really matters.●

EL SALVADOR

● Mr. DURENBERGER. Mr. President, it has been a year since we learned of the murders of the four American missionaries in El Salvador. Before that time, most Americans were only vaguely and occasionally aware of the violence visited upon what too many viewed as an insignificant little nation in Central America. Sporadic news reports and headlines told of the growing violence. But Americans only shook their heads in wonder at the deteriorating situation in a country that few could have found on the map. We all reacted with horror, however, when we learned that the bodies of three Maryknoll nuns and a lay worker were found in the early morning by the side of a road.

Since that time, six suspects have been detained and their alleged involvement in the killings is being fully explored. When President Duarte was in Washington he reassured President Reagan that the investigation into these murders will continue with the support of the highest levels of the Salvadoran Government. The American Embassy in San Salvador is devoting much time to this investigation. The FBI is cooperating with Salvadoran officials by offering technical assistance. I met with President Duarte and I am firmly convinced that he will not allow the investigation to cease.

While there is considerable concern about violence and terrorism in El Salvador, there are also political considerations that must be examined. In the past year, events have changed dramatically. The junta was reorganized. There is undeniable evidence of Cuban and Soviet links with the guerrillas. Pressures mounted for accepting a political settlement and extending a conciliatory gesture to the opposition.

Two American administrations have refused to be deterred from U.S. commitment to the goal of free and open elections in El Salvador. When President Duarte was in Washington recently, I met with him to discuss United States-Salvadoran relations. I came away from that meeting convinced that Napoleon Duarte is a compassionate, fair, and dedicated man. His personal experiences with torture and exile under the Romero dictatorship have deepened his resolve to restore democracy to his country. He will not allow pressures from the far right and far left to undermine his efforts.

Elections for a constituent assembly to write a new constitution are scheduled for March 1982. Presidential and legislative elections will follow in 1983. When Salvadorans have the opportunity to elect a constituent assembly, and to shape the direction their country is taking, there will be a substantial step toward addressing the country's problems and therefore ending the violence.

The Washington Post expressed its support last week for the election process in El Salvador. The Post rightly notes that the junta has a valuable option that the opposition lacks: the ability to hold elections. The Post concurs that the real issue is to insure free and fair elections, not to prejudge them or prophecy their failure.

Mr. President, I take heart from this observation by the Washington Post. For many months I have urged my fellow citizens in Minnesota and my colleagues in the Senate to let the Duarte government keep open the option of resolving El Salvador's problems at the ballot box. I have urged those who would dismiss this possibility to refrain from prejudging, so that the doubt that free and open elections can be held does not become a self-fulfilling prophecy. I am pleased that President Duarte and President Reagan have reassured the people of our two countries that both leaders are committed to holding the March elections. As the Post stated:

The junta's promise and partial delivery of reforms—the reforms that stole the guerrillas' thunder and led them to declare war on the junta—seem to have won it a broad measure of hesitant tolerance if not yet full-fledge support from the masses of people in the center. Its enemies are the extremists of left and, of course, right. The election process it intends to open in March can in time confer a true mandate. The best way to enter negotiations is to forge ahead with that process.

Mr. President, I ask that the Washington Post editorial be printed in the RECORD. I hope that those who share my concern about restoring democracy to El Salvador will agree that the best options is to proceed in a democratic way, with free and open elections.

The editorial follows:

TALKS IN EL SALVADOR?

There is, conceivably, good news from El Salvador. It's reported that the guerrillas are ready to negotiate an end to the war. The bid comes from their No. 2, a woman who does not tell her name. She offered to talk with the very junta the guerrillas used to disdain as a negotiating partner when they demanded to deal directly with the United States. Warning that no one should think the offer was being made "because we are weak," she stated that if talks don't come "the war will deepen."

Do the guerrillas see the Reagan policy taking hold, and do they hope to make the best political deal available now, or at least to distract the junta and its foreign friends? Can they deepen the war? It would be foolish to condition a response to the guerrillas' proposal, if it's real, on a single reading of their motives. Nothing known of the guerrilla command, which is entirely unbeholden to its civilian political front, indicates it has the slightest interest in a pluralistic democratic solution. Its program is revolutionary dictatorship. But that is merely a reason to proceed carefully. The guerrillas no doubt have their own suspicions.

Until now, nothing stirred on the negotiating front. The guerrilla proposal to negotiate over the junta's head was a non-starter. President Duarte was ready to talk with the civilian opposition alone, but it refused. Assorted international interventions foundered. Is there now a real chance for direct talks? Any party that neglects even the remotest chance to end the slaughter takes on a heavy responsibility.

The guerrillas do not indicate they will improve the atmosphere by a cease-fire, so the junta will have to fight on. But unlike the guerrillas, the junta has a second front: elections. It is necessary to ask, as we have asked, whether these will be free and fair, but the answer is not to damn them in advance. It is, as Venezuela suggests, to improve them by guarantees, observers and anything else at hand.

The guerrilla command, thanks in part to Nicaragua and Cuba, is a formidable military force. But no serious observer pretends it enjoys any substantial popular support or political legitimacy. The junta's promise and partial delivery of reforms—the reforms that stole the guerrillas' thunder and led them to declare war on the junta—seem to have won it a broad measure of hesitant tolerance if not yet full-fledged support from the masses of people in the center. Its enemies are the extremists of left and, of course, right. The election process it intends to open in March can in time confer a true mandate. The best way to enter negotiations is to forge ahead with that process.●

EXPLANATION OF CONSENSUS SUBSTITUTE AMENDMENT FOR S. 1080, THE "REGULATORY REFORM ACT"

● Mr. LAXALT. Mr. President, on November 30, I submitted for printing an amendment to S. 1080, the "Regulatory Reform Act," to be proposed by the Senator from Vermont (Mr. LEAHY), the Senator from Delaware (Mr. ROTH), the Senator from Missouri (Mr. EAGLETON), and myself. At that time, I mentioned that we would be submitting for publication in the RECORD an explanation of our proposed amendment. This explanation, with the reports of the Committee on the Judiciary and the Committee on Governmental Affairs, is intended to be the basic legislative history on S. 1080.

Accordingly, Mr. President, I ask that this "Explanation of Consensus Substitute for S. 1080" be printed in the RECORD.

The material follows:

EXPLANATION OF CONSENSUS SUBSTITUTE FOR S. 1080

INTRODUCTION

S. 1080, the "Regulatory Reform Act," was introduced on April 30 of this year and referred to the Committtees on Judiciary and on Governmental Affairs. Both Committees held hearings on this legislation and devoted substantial time and energy to refining and improving it. On July 17, the Judiciary Committee reported favorably with an amendment in the nature of a substitute to S. 1080 as introduced. On September 18, the Governmental Affairs Committee also reported favorably an amendment in the nature of a substitute to the Judiciary Committee amendment.

Though there were some significant differences in the bill as reported by each Committee, the vast majority of differences were either technical in nature or were different approaches to reach substantially similar goals. In order to expedite the legislative process and to refine the issues for debate on the Senate floor, the Committees have devoted the last months to working on a consensus version of S. 1080 designed to resolve as many differences between the bill as reported by each Committee as possible, leaving only the most significant issues open for further resolution. In large measure, that activity has been successful.

This explanation is intended to succinctly describe the consensus amendment which Senators Laxalt, Leahy, Roth, and Eagleton will offer as a substitute for the versions of S. 1080 adopted by the Judiciary and Governmental Affairs Committees. The reports filed by each of the Committees remain the fundamental source for the interpretation and application of S. 1080. Where the consensus version adopted the approach of one Committee or the other that fact will be related, and, in most instances, no further explanation will be offered here.

Where totally new statutory language was used to resolve an issue, a more detailed explanation will be set out to give clearer guidance as to the intent of the language. For ease of understanding, this explanation is organized by topic, starting at the beginning of the bill, rather than by addressing specific subsections or paragraphs.

UNRESOLVED MATTERS CONTAINED IN THE CONSENSUS

As noted, this consensus amendment does not settle some matters that await resolution during full Senate consideration. To begin with, the substitute amendment includes three provisions which were included in the Judiciary Committee amendment but were removed by the Governmental Affairs Committee during its markup. Although no agreement was reached on these provisions, the sponsors of the consensus substitute concluded, with one exception, that the fairest and most efficient way to present these issues for debate and vote by the full Senate would be to retain the unresolved provisions in the consensus vehicle. (It is expected that amendments will be offered on the floor to reflect the Governmental Affairs Committee's disposition of these matters.) The fact that one Committee's provisions are contained in this amendment is not in any way intended to give them preferred standing or to weight the Senate debate in their favor.

The first of these unresolved provisions is contained in section 4 of this legislation, setting out a new section 623(c) in title 5, United States Code. Under this provision as contained in this amendment, and as reported by the Judiciary Committee, the determination of an agency concerning whether a rule will have a $100 million impact on the economy, and is therefore a "major" rule subject to regulatory analysis, is subject to a limited form of judicial review. The Governmental Affairs Committee removed this provision, making the determination of an agency of whether a rule is "major" not subject to judicial review in any manner.

The second unresolved provision in this consensus amendment involves a modification to section 706 of title 5, United States Code, dealing with the scope of judicial review of agency actions. Under the provisions of this amentment, i) there must be substantial support in the record for agency fact finding in rulemaking; ii) a court must require that agency action is within the scope of agency jurisidiction on the basis of its enabling statute; and iii) courts may not accord any presumption in favor of or against agency action. The Governmental Affairs Committee deleted provisions (i) and (iii).

Third, both Committees felt that it was important that the President have a role in overseeing compliance with the requirements for regulatory analysis for major rules. The fundamental policies sought to be achieved by both Committees in this area are consistent and are explained in detail in the Reports of the Committees.

Accordingly, the language used here is that contained in the Judiciary Committee version. The Governmental Affairs Committee reported a version of this provision which is different in several respects from the language used here, and those differences have not been resolved. These include: a time limitation of 120 days for Presidential review of regulatory analyses from independent agencies, a provision limiting executive oversight with respect to the regulatory analysis of independent agencies to "non-binding advisory recommendations," and a provision requiring any delegation of this oversight authority be accompanied by an assurance that the delegate will respond to Congressional inquiries.

These issues were left open to ensure that there will be an adequate opportunity to explain the effect of these differences and to consider these matters on the Senate floor.

Finally, there continues to be a dispute about language which the Judiciary version would add to section 702 of title 5, United States Code. The new subsections (b) and (c) which were included by the Judiciary Committee would give the United States Court of Appeals exclusive jurisdiction of judicial review of rulemaking and to provide for venue of such review in the District of Columbia Circuit and in the circuit in which the person challenging the review resides or has his principal place of business. This venue provision would alter several existing provisions establishing exclusive venue in one circuit.

The Governmental Affairs Committee deleted these two provisions—a disposition which, unlike the posture of the previous issues in disagreement, would be more consistent with the version of S. 1080 originally introduced. For this and other reasons, the consensus substitute does not contain the Judiciary Committee language for section 702.

Beyond these issues, the sponsors of the substitute amendment recognize that the consensus language it contains may not be fully satisfactory to individual Senators whose concerns were reflected in amendments adopted in Committee, but are not reflected in this consensus. Despite this, the sponsors of this substitute believe that narrowing differences in this way not only addresses important concerns, but also lends a significant degree of order and expedition to subsequent Senate consideration.

EXPLANATION OF CONSENSUS

Structure of 5 U.S.C., section 553

The bill as reported from the Governmental Affairs Committee followed much more closely the present structure of section 553 of title 5, United States Code, governing informal rulemaking, than did the bill as reported from the Judiciary Committee. Adopting the view that the present structure of the statute should be changed only where necessary, the consensus substitute employs the structure for section 553 contained in the Governmental Affairs Committee's version, thereby remaining more faithful to the current structure of section 553.

Definition of "rule"

The Judiciary Committee version of S. 1080 set out a new definition for an "emergency rule." The Governmental Affairs Committee version did not contain this new concept, and the consensus adopts the Governmental Affairs Committee approach on this point. Both Committees provided an exemption from the definition of "rule" for statements involving the property, contracts, or general policies of the Tennessee Valley Authority. This provision is maintained in section 2 of the consensus substitute.

Rulemaking

Section 3 of the consensus substitute sets out the revisions to section 553 of title 5, United States Code, governing informal rulemaking. The consensus substitute resolves all the differences between the Committees in their approaches to revising section 553. Once again for ease of understanding, the resolution of these differences will now be discussed by topic.

Exemptions from rulemaking procedures

Four exemptions from the normal rulemaking procedures are contained in revised section 553(a). The first exempts a rulemaking to the extent "a matter pertaining to a military or foreign affairs function of the United States" is involved. The consensus adopts the Judiciary Committee version, which maintains current law. Governmental Affairs had narrowed this exemption. The second exemption, section 533(a)(2), exempts rulemaking to the extent it involves "a matter relating to the management and personnel practices of an agency." This version is a middle ground between the provisions of each Committee. The Judiciary Committee had limited the exemption to internal personnel rules and practices of an agency, not exempting general "management" matters. The original Governmental Affairs Committee version also contained an exemption for "grants, loans, or benefits." Thus, the consensus here accepts the Judiciary Committee view that a generalized exemption for grants, loans, and benefits is no longer needed nor wise, and takes the slightly broader view of the Governmental Affairs Committee that rules relating to agency management to personnel, such as directives to enforcement personnel or guidance in the

allocation of agency resources, normally should not be subject to the procedures for rulemaking. However, the consensus exempts agency management and personnel rules with the understanding that, to the extent such matters directly create or change the rights or obligations of affected persons, this exemption would not apply.

The last two exemptions, section 553(a)(3) and (4), were included in the bill as reported from both Committees and are maintained here. In addition to these four exemptions, the Judiciary Committee included an exemption for insignificant rules and emergency rules. The concerns of that Committee with respect to those exemptions have been addressed in revised section 553(b)(2) and (3) and will be explained when discussing those provisions.

Notice of proposed rulemaking

Revised section 553(b)(1) sets out the requirements for the notice which must be issued at the beginning of a rule making. Regarding the matters contained in section 553(b)(1)(A), (B), and (C), the versions of each Committee were very close and, generally speaking, directed towards requiring the agency to disclose and explain the same kind of information.

The language of section 553(b)(1)(D) reflects similarly close approaches taken by each Committee. The Committees wish to emphasize that requiring the "proposed provisions" of a rule to be included in the notice is intended to provide interested members of the public with as precise an idea of what the agency is proposing as is possible. Obviously, one main purpose of this provision is to stimulate the most helpful comment from members of the public. This provision is not intended to preclude an agency from changing its thinking with respect to a particular rule making after receiving public comment. Such a result would be contrary to the whole purpose of notice and comment rulemaking which anticipates change and improvement in a rule as the process progresses.

Revised section 553(b)(1)(E) reflects generally similar provisions in the bill as reported by both Committees. The subsection makes specific reference to the need for state and local government representatives to be involved in suggesting alternative methods by which rulemaking objectives could be achieved in a more effective or less burdensome manner. This reference is intended to carry forward the intent of a Governmental Affairs Committee provisions that state and local governments be heard in the rulemaking proceeding with respect to the cost implications which regulatory proposals will have for them. Similarly, the Judiciary Committee stressed in its Report the importance of involving state and local governments in the rule formulation process. Further, the sponsors emphasize that the failure of subsection 553(b)(1)(E) to make specific reference to "the use of performance instead of design standards," as in the Governmental Affairs Committee version, in no way detracts from the belief of both Committees that performance standards a very important source of potentially more effective or less burdensome alternatives, and that their merits should be fully considered by agencies in appropriate cases.

Revised section 553(b)(1)(F) incorporates part of a provision contained in the Judiciary Committee version. The original Judiciary Committee version also required a description of information "that pertains directly to the rule making and that the agency has considered in connection with the rulemaking." Since such information, which the agency considered but upon which it is not relying, must be placed in the public file for the rulemaking under revised section 553(f)(1)(D), it must be disclosed in any event and its description in the notice would contribute little of value. For that reason, it was deleted from the consensus substitute.

Revised section 553(b)(1)(G) reflects generally similar provisions in the bill as reported by both Committees.

The Judiciary Committee version also required that an explanation of whether a proposed rule is a major rule and a summary of any preliminary regulatory analysis be put in the notice of proposed rulemaking. This requirement was set out in section 553. In this consensus substitute, the Committees adopted the approach used in the Governmental Affairs Committee version, which sets out the requirement that this information be put in the notice in the section providing for the regulatory analysis of major rules, section 622 of title 5, United States Code. This was done to ensure that the judicial review of regulatory analysis be governed by new section 623 of title 5, United States Code, and that the recitation of such requirements in section 553 not broaden that contemplated by section 623.

Good cause delay in rulemaking

Revised section 553(b)(2) allows an agency to only partially complete the rulemaking procedures before a rule becomes effective, or allows it to delay proceedings entirely until after a rule becomes effective, in certain circumstances. The Governmental Affairs Committee allowed an agency to delay compliance with the normal rulemaking procedures of the Administrative Procedure Act where the agency for good cause finds that rulemaking procedures are "impracticable or contrary to the public interest." The Judiciary Committee permitted similar delays under a more limited definition of "emergency rules." The version in this consensus substitute is a middle position between the Committees. The consensus substitute broadens the application of this provision from strictly "emergencies" to situations where completing rulemaking before a rule is made effective is "impracticable or contrary to an important public interest." Further, the agency must comply with the public notice-and-comment procedures "to the maximum extent feasible prior to the promulgation of the final rule" and must fully comply with those procedures "as soon as reasonably practicable thereafter." Revised section 553(b)(2) will permit the agency to issue a final rule and provide full compliance with rulemaking procedures as soon as reasonably practicable thereafter. The consensus assumes, as does the Governmental Affairs Committee in its report on S. 1080, that in all but the most unusual of cases an agency should be able to comply fully with the rulemaking procedures of subsections (b), (c) and (f) within a 180 day period. Further, while the consensus does not follow the Governmental Affairs Committee's practice of requiring in the terms of the statute that the notice required by subsection (b)(1) be published within sixty days after the effective date of a rule covered by this subsection, it is the intent of the sponsors that such a time frame would generally constitute compliance "as soon as practicable." Thus, the consensus substitute provisions in this regard assume, as did both Committees, that compliance with rulemaking requirements is being dispensed with in these cases because it is not practicable or contrary to important public interests, and *not* because it is otherwise unnecessary or undesirable. Therefore, the sponsors expect agencies to make good faith efforts to comply as fully as possible both before and after promulgation of a rule covered by this section.

Exemption for insignificant rules

Revised section 553(b)(3) allows public notice-and-comment procedures to be dispensed with where the agency for good cause finds that such procedures are "unnecessary due to the insignificant impact of the rule." The consensus substitute here is similar to closely related provisions in the bill as reported by each Committee. Both Committees intend to carry forward the current law in this area.

Adequate notice provision

Revised section 553(b)(4) is essentially a provision from the Judiciary Committee version. The Governmental Affairs Committee did not include a similar provision, explaining in its Report its belief that existing case-law was adequate to achieve the purposes sought to be achieved through the Judiciary language. While the Committees therefore disagreed on the need for a statutory statement of this law, it is clear from a reading of both Committee Reports—which cite many of the same judicial opinions—that the Committees are of the same basic view as to when a change in the rulemaking is so drastic as to require subsequent notice and an opportunity for additional comment for a reasonable time.

The consensus language adopts an improved and clarified version of the Judiciary Committee language. The respective reports of the two Committees adequately explain the intent of the language. However, the sponsors wish to emphasize that the term "or of the substance of the rule" does not mean that the notice must inform the public of the ultimate resolution of the substantive issues in the rulemaking. Rather, this language is intended to cover those situations where the substance of the rule under consideration by the agency has so drastically departed from the proposal that failure to publish an updated notice would unfairly impinge in the public's right to comment.

Public comment in rulemaking

Revised section 553(c) in the main governs public comment in rulemaking both for major and non-major rules. The consensus language reconciles important differences between the Judiciary Committee and the Governmental Affairs Committee approaches to cross-examination in rulemaking, and includes other provisions about which the Committees were in relative agreement. The Governmental Affairs Committee more extensively elaborated on alternate procedures for public comment in their provisions governing major rules, while the Judiciary Committee set out its provisions for public comment in rulemaking entirely in section 553. The more centralized approach of the Judiciary Committee has been adopted here.

Both Committees agreed that several important changes were necessary to ensure that public participation in rulemaking proceedings would be more meaningful. Revised section 553(c)(1) is therefore essentially the same provision as that used in each Committee's version. Similarly revised section 553(c)(2), though superficially different from the related provisions proposed by each Committee, generally articulates requirements and is based on concerns shared by both Committees. This provision is intended to encourage agencies to use a range of procedures to broaden, and make more effective, public comment in rulemaking. The list of different procedures set out is suggestive and is not intended to be exclusive or constrain an agency in adopting procedures for rulemaking. However, this consensus provision does adopt the view of the Governmental Affairs Committee that the choice of procedures under revised section 553(c)(2) should not be subject to judicial review.

The Committees were in relatively significant disagreement over the role of direct and cross-examination in exploring factual questions in a rulemaking. The Judiciary Committee required that an opportunity for an oral presentation, including cross-examination where other procedures are inadequate for the resolution of material issues of fact, be provided in major rulemakings and

in other rulemakings where the agency determined such an opportunity was "appropriate for the resolution of significant controversies." The Governmental Affairs Committee concluded that such opportunities for oral presentations and cross-examination should be required for only major rulemakings; for all other rulemakings the agency would be free, in its own discretion, to use oral presentations or cross-examination under its authority to use "such additional procedures." The Committees also disagreed over the proper standard for judicial review of a claim that an agency erroneously failed to use a particular procedure.

Revised section 553(c)(3) follows the approach of both Committees in requiring that interested members of the public be given an opportunity to make oral comment in rulemakings for major rules. It furthers provides that the opportunity for oral comment on major rules shall include an opportunity for direct and cross-examination when other procedures are determined to be inadequate for the resolution of significant issues of fact upon which the rule is based. The provision partially follows the Governmental Affairs Committee's approach of listing examples of "other procedures" which should be considered in determining whether cross-examination is necessary; it carries forward specific enumeration of two potential alternatives to cross-examination: the convening of public meetings, conferences or panel discussions and the presentation of agency staff arguments for written comment or rebuttal.

Among those subject to direct and cross-examination are "the principal agency employees or other persons who prepared for the agency data on which the agency substantially relied in formulating the rule." Agency employees or consultants who are responsible for the development of crucial factual data which underlies the rule should be made available for direct or cross-examination when necessary for the adequate ventilation of all factual issues. This provision is directed toward those project managers, research directors, and other middle level officials who have direct managerial responsibility for the development of factual and methodological material. This provision is not intended to permit cross-examination of senior policy making officials or of lower level technicians, researchers or engineers. In addition, any persons who present documents, testimony or other information at public hearings would also be subject to cross-examination when necessary.

Revised section 553(c)(5), establishing a narrow standard for judicial review of the agency's choice of procedures in rulemakings for a major rule, was taken from S. 1080 as reported by the Judiciary Committee.

Revised section 553(c)(4) is language taken from the Governmental Affairs Committee version of S. 1080, though a similar provision was included in the Judiciary Committee version.

Statement of basis and purpose

Revised section 553(c)(6) sets out the statement of basis and purpose that an agency must publish with a final rule. Here again, the approach taken by each Committee was similar. Clauses (A), (B), and (C) all reflect a succinct compilation of provisions adopted by both the Judiciary and Governmental Affairs Committees. Several provisions from the bill as reported by the Judiciary Committee, however, were deleted. The Judiciary Committee's requirement that the agency describe in the statement of basis and purpose the data upon which it was relying was felt not to be needed in light of the requirement in the consensus substitute that the agency explain in the statement of basis and purpose "how the factual conclusions upon which the rule is based are substantially supported in the rulemaking file," and in light of the fact that all this data must be put in the rulemaking file in any event.

Finally, the Judiciary Committee provisions for the statement of basis and purpose required that a summary of any final regulatory analysis be included in the statement of basis and purpose. The consensus substitute requires that such a summary be placed in the statement of basis and purpose of the revised section 622(d), but this requirement is not set out here in the provisions of section 553 governing the statement of basis and purpose to avoid expanding judicial review of regulatory analysis beyond that provided for in revised section 623.

Intervenor funding

Revised section 553(c)(8), a provision from the Judiciary Committee version, provides that section 553 does not provide authority for an agency to establish an intervenor funding program. The sponsors agreed that the provision was necessary to eliminate any unintended implication that intervenor funding could be an "other procedure" used to collect relevant information of elicit full and representative public comment under subsection (c)(2).

Publication of final rules

Revised section 553(d)(1) sets out the requirement included in the bill as reported by both Committees that an agency publish a final rule in the Federal Register thirty days before the rule's effective date. The Governmental Affairs Committee version allowed an agency, in addition, to make a rule effective in less than thirty days before such publication where the agency concluded there was "good cause" for doing so. This exception from the Governmental Affairs Committee version was narrowed along the lines of the similar "good cause" section set out in revised section 553(b)(2). Accordingly, under this provision of the consensus substitute an agency may make a rule effective in less than thirty days after publication in the Federal Register where for good cause it finds that "such a delay in the effective date would be contrary to an important public interest" and explains that finding in the final rule.

Public comment on centrally relevant information

Both Committees strove to codify case law prohibiting an agency from substantially relying on information on which there had not been an adequate opportunity to comment. Revised section 553(d)(2) is a new provision developed for the consensus substitute although there are closely related sections in the bill as reported by both the Judiciary Committee and the Governmental Affairs Committee. This provision sets out the general rule that an agency may not "substantially rely on any factual or methodological material that was not placed in the rulemaking file in time to afford an adequate opportunity for public comment thereon during the period for public participation in the rulemaking." The remainder of this paragraph goes on to list four exceptions to the general rule.

Clause (A) deals with factual or methodological information developed by or for the agency. If the agency plans to substantially rely on such information, it must be placed in the rulemaking file promptly upon its completion. The word "completion" was used to ensure that information being developed by persons outside the agency, but on behalf of the agency, would not be kept out of the rulemaking file, even though the agency knew it was completed, merely because it had not been "received" by the agency. The intention of the sponsors is that information on which the agency is going to substantially rely in the rulemaking should be put before the public at the earliest date possible.

Furthermore, clause (A) provides that if this material developed by or for the agency is of central relevance to the rulemaking, interested persons must have an adequate opportunity to comment on it. Such comment does not necessarily have to occur during the period for public participation in the rulemaking, but if this material is completed after the close of the period for public participation, the agency must, regardless of that fact, provide an adequate opportunity for such comment.

The sponsors felt that this requirement was reasonable in light of the fact that the timing of the rulemaking process and the public comment period, plus the completion of such material, is generally within the control of an agency. Thus, if an agency has some study which will be of central relevance to the rulemaking underway, the Committees generally would expect that, in the absence of some compelling reason to proceed otherwise, the period for public participation in that rulemaking would be scheduled so that the study was available, in the rulemaking file, and subject to full and meaningful comment.

Clause (B) deals with factual or methodological material submitted by persons outside the agency. Once again, if the agency wishes to substantially rely on such material in the rulemaking, it must place this material in the rulemaking file promptly upon its receipt by the agency. If the material is of central relevance to the rulemaking, furthermore, the agency must provide not less than an additional fifteen days for interested persons to comment on the material. With this provision, the sponsors are trying to strike a balance between the need for adequate public comment on centrally relevant material and the need to prevent outside parties from using the submission of such material for the purposes of delaying rulemaking. For that reason, this provision contemplates that an agency need not provide more than one additional comment period in the rulemaking. Neither Committee wishes to encourage endless cycles of public comment for no purpose. At some reasonable point, the rulemaking process must be concluded and the final rule promulgated.

Clause (C) allows an agency to substantially rely on material of which it may be properly take official notice without including that material in the rulemaking file. This provision was taken from S. 1080 as reported by the Governmental Affairs Committee.

Clause (D) governs material which is exempt from the mandatory disclosure requirements of the Freedom of Information Act. How such material is to be handled in rulemaking, and when and how an agency may substantially rely on such material, is governed by revised section 553(f)(2). Clause (D) merely provides that an agency may substantially rely on such material that has not been placed in the rulemaking file only according to the provisions of revised section 553(f)(2).

Petitions for interpretations or variances

Revised section 553(e) is essentially taken from S. 1080 as reported by the Judiciary Committee, with two modifications. The Judiciary Committee version originally provided for a right to petition for "advice or an interpretation regarding the application of a rule." This consensus provision deletes the reference to "advice" and inserts the word "meaning" in place of the word "application." Both of these changes are intended to confirm the Judiciary Committee's intent that these provisions be used to allow parties to request an agency's interpretation of the meaning of an ambiguous rule, but not to unduly burden agencies by giving them some general advisory function. In addition, this provision is not intended to force agencies to prematurely apply the law

to specific or hypothetical factual situations. Furthermore, the Committees wish to emphasize that this provision is not in any way intended to circumscribe the requirements of the Freedom of Information Act, 5 U.S.C. section 552(a)(2), with respect to the public availability of agency interpretations.

Secondly, this consensus version of section 553(e) qualifies the right to petition for a variance or exemption with the additional language "where the agency may grant such variance or exemption." As discussed in the Judiciary Committee Report, this qualification was intended and assumed by the Judiciary Committee. This addition, accordingly, makes the Judiciary Committee's understanding explicit.

Rulemaking file

Revised section 553(f)(1) governs what must be in the rulemaking file. Both in language and design the related provisions of the bill as reported by the Governmental Affairs and the Judiciary Committees were very close. The consensus substitute has adopted two of the Judiciary Committees provisions which expand the rule making file. First, under clause (B), copies of *all* written comments received on the proposed rule must be included in the record, regardless of who submits those comments. Secondly, under clause (D), factual and methodological material pertaining directly to the rulemaking and that the agency considered, but did not rely on, in connection with the rulemaking must be included in the file. Further, the consensus adopts the Judiciary Committee provision that the file is to be "the rulemaking record for purposes of judicial review" on the understanding that this language does not remove the inherent authority of the courts to inquire into materials beyond that contained in the file when necessary to fully address claims made by parties alleging the inadequacy of illegality of agency action.

Confidential material in rulemaking

Revised section 553(f)(2) in the consensus version is generally the provision contained in the Judiciary Committee version of S. 1080. However, the provisions of both Committees were very similar concerning how information exempt from mandatory disclosure under the Freedom of Information Act should be treated in rulemaking.

An agency may substantially rely on undisclosed confidential material if it makes the substance of such material available in such a way as to afford meaningful public comment on the aspects of that material on which the agency is substantially relying in the rulemaking. Such partial disclosure is at the same time to protect the confidential aspects of the material to the maximum extent possible. If the agency cannot do this, that is, if it cannot partially disclose the substance of the material so as to ensure adequate public comment and to protect the confidentiality of the material, it may not substantially rely on that undisclosed confidential material in formulating a rule.

Effect of rules on State and local contracts and grants

Revised section 553(g) is a modification of a provision contained in the Governmental Affairs Committee version of S. 1080. In its original form, this version prohibited a rule from changing the requirement of any contract, cooperative agreement or grant between a federal agency and a state and local government for one year from the effective date of the rule. The modification contained in the consensus substitute perfects the intent of the section to prevent "substantial" changes and provides a "good cause" exception from this prohibition which is consistent with similar "good cause" exemptions provided elsewhere, and discussed earlier, in the consensus substitute.

This modification was made in recognition of the fact that there may be unanticipated circumstances which, in the public interest, may require that such a change be made. For example, in the process of administering a construction grant program, an agency such as the Federal Highway Administration may need to issue an immediate ban on the use of a particular procedure or material in order to prevent federal funds from participating in the construction of an unsafe facility or to assure that those funds are spent in a cost-effective manner.

Definition of "major rule"

Both Committees approached the definition of "major rule" from a very similar perspective. The format of the Governmental Affairs Committee's version was slightly different from that used by the Judiciary Committee, and the Governmental Affairs Committee format was adopted. The most substantive aspect of this different format involved making rules of "particular applicability" that approve for the future rates, wages, etc., completely exempt from being classified as "major rules," as provided for in the Governmental Affairs Committee version, rather than making them exempt from such classification only under the first half of the major rule definition (i.e., the "$100 million impact test"), as provided in the Judiciary Committee version. This was accomplished by moving the exception for rules of particular applicability from its position in the Judiciary Committee version, that is, in section 621(3)(A)(ii)(a), to its position in the consensus substitute, that is, in revised section 621(2).

Another substantive change made in the definition of "major rule" concerned the type of costs to be considered in the first test for determining what is a major rule, that is, whether a rule has an "annual effect on the economy of $100 million or more." The Governmental Affairs Committee felt that the Judiciary Committee description of what costs should be included in determining this $100 million impact, "direct or indirect enforcement and compliance costs," was too speculative and would convert what was intended to be a relatively straightforward threshold evaluation into a much more detailed analysis.

The Governmental Affairs Committee was also concerned that the Judiciary Committee reference to "enforcement and compliance" costs could be interpreted to imply that only costs borne by regulated parties and governmental entities would be considered in determining whether the costs of a regulatory proposal would be $100 million or more. The Governmental Affairs Committee desired to avoid this potential interpretation so that the benefits of regulatory analysis would be given to proposals which, although not imposing substantial costs on regulated parties, might have significant costs for consumers, workers, or other important components of the national economy.

The sponsors representing the Judiciary Committee agreed generally with the Governmental Affairs Committee's approach to the definition, but felt that the language adopted by the Governmental Affairs, "direct costs," was too narrow because it would foreclose the consideration of indirect effects, such as loss of jobs or reduction of capital resources, which could reasonably be quantified. To respond to both Committees' concerns, the consensus substitute adopts the formulation, in revised section 621(3)(A)(i), that the $100 million impact is to be based on "reasonably quantifiable direct and indirect costs."

Finally, the consensus adopts the Governmental Affairs Committee's more narrow formulation of the exemption from the definition of "major rule" for products authorizing the introduction into commerce of recognizing the marketable status of a product.

Process of regulatory analysis

In describing the actual process of regulatory analysis, both Committees used almost identical formulations of statutory language. The few differences that there were, were incorporated into the consensus substitute. Accordingly, the Judiciary Committee's provision limiting the President or his designee to designating no more than 75 rules as major under the second half of the major rule definition was incorporated in revised section 622(b). Similarly, the requirement proposed by the Governmental Affairs Committee that the preliminary regulatory analysis include a description of agency action taken to verify scientific evaluations is incorporated in revised section 622(c)(4). In addition, a small modification was made to make the regulatory analysis procedure consistent with the rulemaking procedures set out earlier in the consensus substitute. Revised section 622(d) thus allows the issuance of the final regulatory analysis to be delayed when the normal rulemaking procedures are delayed under the provisions of revised section 553(b)(2).

Relationship of regulatory analysis determinations to other statutes

The bill as reported by both Committees requires an agency, in the preliminary regulatory analysis, to explain how the identified benefits of a proposed rule are likely to justify its identified costs, and to explain how the proposed rule is likely to substantially achieve the rulemaking objectives in a more cost effective manner than alternatives. In a final regulatory analysis, both versions require an agency to publish its reasonable determination that the benefits of a rule justify its costs and that the rule will substantially achieve the rulemaking objectives in a more cost-effective manner than alternatives.

Enabling statutes are the source of substantive standards for rulemaking decisions, and nothing in S. 1080 alters the authority delegated to agencies in substantive laws or the standards for rulemaking under those statutes. It is those statutes, not S. 1080 or the A.P.A., which are the sources of agency authority to initiate, complete, or terminate a rulemaking proceeding, or to promulgate, amend, or rescind a rule. S. 1080 does not change that authority in any manner. This bill does, however, impose certain additional requirements upon the regulatory decisionmaking process toward the goal of improving those decisions. Procedural regulatory reform will not disturb current agency rulemaking authority or statutory standards mandated by Congress in substantive regulatory legislation.

Statutes granting agencies regulatory authority vary widely in their purposes. Many statutory goals are primarily social rather than economic. Consequently, different enabling statutes prescribe different substantive factors and various ways in which these substantive factors are to be weighted by agencies in formulating rules. Some regulatory regimes in individual enabling statutes, furthermore, many contain their own requirements for a regulatory analysis or other detailed guidance on how costs are to be considered that may be inconsistent with the requirements of S. 1080.

S. 1080 does not change this fact; agencies must continue to abide by their statutory standards. The regulatory analysis determinations of S. 1080 do not require agencies to base their decisions on factors which are inconsistent with or precluded by those other standards. The regulatory analysis will require the agency to lay out these questions clearly, describe the assumptions made in various approaches to analyzing the problem, isolate factors of importance under a particular enabling statute, and justify the proposed action in terms of its anticipated effects.

Each Committee chose different statutory language to give effect to its mutual intent that the requirement for these determinations in regulatory analysis in S. 1080 not override an express or necessarily implied preclusion or inconsistency of such determinations with the specific provisions of an enabling statute. The reports of both Committees explain in detail the issues with which each Committee wrestled and the policy interests sought to be preserved in addressing the relationship of the regulatory analysis determinations in S. 1080 with the various enabling statutes. Those explanations will not be reiterated here. Rather, we will focus here on specific language changes made.

The Judiciary Committee version required that these determinations be made "except where the enabling statute pursuant to which the agency is acting directs otherwise." The Governmental Affairs Committee version, on the other hand, required that these determinations be made "where not inconsistent with the law pursuant to which the agency is acting." The formulation chosen for the consensus substitute requires that the regulatory analysis determinations be made "where it is not expressly or by necessary implication inconsistent with the provisions of the enabling statute pursuant to which the agency is acting." These words are used in the consensus substitute to explain how an enabling statute could be seen as conveying, as in the Judiciary Committee version, the fact that it "directs otherwise" or, as in the Government Affairs Committee version, the fact that the regulatory analysis determinations set out in S. 1080 would be "inconsistent with" it.

These words convey the obvious intent of the Committees that the preclusion or inconsistency of these regulatory analysis determinations with an enabling statute does not necessarily have to flow from its express language. What the provisions of any statute mean in a particular situation must often be divined from conventional sources of legislative history. Thus, the use of the words "the provision of the enabling statute" does not limit one attempting to discover whether the regulatory analysis determinations are, expressly or by necessary implication, inconsistent with the provisions of the enabling statute to the face of the statute, but allows for the traditional use of legislative history.

By the same token, these words also convey the Committees' intent that this preclusion or inconsistency cannot be found in the absence of a more affirmative policy judgment perceived in the regime set out in a particular enabling statute or its legislative history. For example, an enabling statute setting out factors to be considered in rulemaking should not be seen, without more, as inconsistent with the regulatory analysis determinations of the consensus substitute. Rather, what the language does envision is that the preclusion or inconsistency would be found in statutory terms, as informed by legislative history, which either discuss and disclaim the appropriateness of a cost-benefit justification or cost-effectiveness analysis, or which creates a statutory regime which is inconsistent with these determinations.

The sponsors of the consensus believe that it would be inappropriate to attempt to specify particular statutes which would be by necessary implication inconsistent with or preclude the regulatory analysis determinations of S. 1080. In some cases, such specification would put the sponsors in a position of appearing to make authoritative interpretations of statutes with which they are not intimately familiar. Further, a discussion which placed certain statutes in a particular category would be interpreted—wrongly—as an implied finding that other analogous statutes omitted from the discussion were not to be afforded similar treatment.

Insofar as the interpretation of a statute is the subject of legitimately conflicting opinions, or even of litigation, it would be inappropriate for one group of Senators, or one Committee, to attempt to unilaterally resolve currently disputed matters of law. The sponsors of the consensus recognize that the specific application of this provision must of necessity proceed on a case-by-case basis, in the first instance by an agency, and, upon challenge, by a reviewing court. The effort in drafting this legislation, and in explaining it both in the Committee reports and here, is to clearly set out the governing principles intended.

This qualifier is applied both to the regulatory analysis determinations in the preliminary and in the final regulatory analysis.

Use of consultants in developing regulatory analyses

Regulatory analysis is intended to be a process which shapes the decision making behind the formulation of federal regulations. Consequently, if regulatory analysis is performed by persons outside of the agency, the benefits of regulatory analysis are lost. To insure that regulatory analysis would shape the thinking of agency decision makers, both Committees provided limitations on the use of consultants in the development of a regulatory analysis. At the same time, both Committees recognized that limitations of agency resources require that agencies be allowed to rely on material prepared by persons outside of agencies at least to some extent in preparing thorough regulatory analyses.

To allow for this limited use of consultants in the regulatory analysis process, the Governmental Affairs Committee version allowed for the "gathering" of information by a source outside of the agency. The Judiciary Committee, recognizing that some preliminary explanation or analysis of raw data by a consultant might be helpful, allowed for the "gathering or analysis" of such information. The Judiciary Committee, however, did not intend that this consultant "analysis" should in any way displace the analysis to be made by the agency or to permit an agency not to engage in the close evaluation of a proposed major rule contemplated by the process of regulatory analysis.

In an attempt to address the concerns of the Governmental Affairs Committee that the language employed by the Judiciary Committee might open the door to the very abuse of consultants not intended by the Judiciary Committee, the consensus substitute uses a new formulation emphasizing that it is the agency, not an outside consultant, which must analyze gathered data or information. The substitute provides, in revised section 622(f), that the requirement that the preliminary or final regulatory analysis be performed by an officer or employee of the agency "shall not preclude a source outside of the agency from gathering data or information to be used by the agency in preparing such regulatory analyses or from providing an explanation sufficient to permit the agency to analyze such data or information."

Judicial review

The provisions for judicial review of regulatory analysis used in the consensus substitute reflect the close similarity of the provisions contained in the bill as reported by both Committees.

Section 623(a) in the consensus is identical to the versions of that subsection contained in each Committee's version and establishes a shared intent that judicial review of compliance or noncompliance with the requirements of Subchapter II be limited to the further specifications of section 623.

Subsection (b) of the consensus version of section 623 adopts the Judiciary Committee's provision, expressing the intent shared by both Committees: that there be no judicial review of presidential determinations that a rule is a major rule under subsection 621(3)(A) or of the President's designation of a rule as major under subsection 621(3)(B). The consensus language avoids mention of Presidential determinations or designations that a rule is not a major rule because the President is given no authority to make such determination or designation.

Subsection (c) contains the language of the Judiciary Committee version providing for limited review of agency determinations whether a rule is major under the $100 million test. The Governmental Affairs Committee version completely precluded judicial review of this agency's determination. As explained above, this difference has not been resolved and will be the subject of further consideration on the Senate floor.

Subsection (d) employs the wording of the Judiciary Committee to express the two Committees' basic agreement about the extent to which a regulatory analysis is subject to judicial review during review of the rule to which it relates.

Executive oversight

Both Committees felt that it was important that the President have a role in overseeing compliance with the requirements for regulatory analysis for major rules. However, as discussed previously, the Committees disagreed on several provisions which are expected to be the subject of floor consideration.

Periodic review of agency rules

S. 1080 as introduced, and as reported by both the Judiciary Committee and the Governmental Affairs Committee, includes a section requiring agencies to periodically review their major rules. There were some differences between the versions reported by each Committee, and, with some minor modification, the version as reported by the Governmental Affairs Committee has been adopted in this consensus. The policy objectives of both Committees on this issue are consistent.

The Committees found that their shared concerns about limiting judicial review of the requirements of this section could best be achieved through a formulation which only permitted judicial review under section 706(a)(1). This would permit suit to be brought against an agency for a failure to comply with the review requirements in a timely manner, but not for the inadequacy of such review. Of course, a modification to, or repeal of, a rule done in the context of periodic review must be done through the notice-and-comment procedures of section 553; and such action is subject to full section 706 review.

Regulatory agenda and calendar

The versions of S. 1080 reported by the Judiciary Committee and the Governmental Affairs Committee contained almost identical provisions for a regulatory agenda and calendar. The consensus substitute adopts the version contained in the bill as reported by the Governmental Affairs Committee.

Regulatory deadlines

The Governmental Affairs Committee version of S. 1080 contained a provision for the establishment of deadlines for completion of rule making. The Judiciary Committee version contained no similar provision. The Governmental Affairs Committee provision for such deadlines has been incorporated in the consensus substitute.

Annual report on regulatory activities

S. 1080 as reported by the Governmental Affairs Committee contained a provision requiring the President to report to the Congress annually on the regulatory activities of the government. The Judiciary Committee

did not adopt any similar provision. The consensus substitute includes the Governmental Affairs Committee proposal on this topic.

Judicial review: Scope of review

As also discussed above, the Judiciary Committee made three changes to the provisions of the Administrative Procedure Act dealing with the scope of judicial review of agency actions. Under the provisions of the Judiciary Committee version, (i) there must be substantial support in the record for agency fact-finding; (ii) a court must require that agency action is within the scope of agency jurisdiction on the basis of its enabling statute; and (iii) courts may not automatically defer to agency interpretations of the law. The Governmental Affairs Committee deleted provisions (i) and (iii). These differences have not been resolved and will be considered on the floor.

Venue: Race-to-the-courthouse

The versions of S. 1080 reported by both Committees contained almost identical provisions to deal with the "Race to the Courthouse" problem. The version contained in the bill as reported by the Judiciary Committee has been incorporated in the consensus substitute.

Federal Advisory Committee Act

Section 7 of the consensus substitute contains a modified amendment to the Federal Advisory Committee Act proposed by the Governmental Affairs Committee. The Judiciary Committee reported no similar provision. In an attempt to address concerns which were expressed by the Judiciary Committee, the consensus adds language to the FACA that it does not apply to any committee composed "wholly of . . . officials of State or local governments acting in their official capacities."

Presidential authority

Section 8 of the consensus is the Judiciary Committee version of provisions preserving Presidential and agency authority as may be set out in other laws and in the Constitution.

Conforming amendments

Section 9 of the consensus substitute contains a series of technical conforming amendments to other statutes. These amendments change cross-references to the Administration Procedure Act in other statutes where S. 1080 has changed the existing numbering or other denomination of provisions in the A.P.A.●

PHARMACY ROBBERIES

● Mr. BOREN. Mr. President, I am pleased to join my distinguished colleague from Alabama, Senator HEFLIN, in cosponsoring his bill S. 1339, which will prohibit the robbery of a controlled substance from a pharmacy.

Earlier this year, I joined with several other Senators in presenting a package of anticrime measures to the President and asked him to establish crime control as a national priority. Next to inflation and high interest rates, violent crime is the most important domestic problem facing American people today. Federal jurisdiction over pharmacy robberies was included as part of a larger package of proposals presented to the President at that time.

Now, Senator HEFLIN has introduced this proposal in a separate measure in order to focus attention on this increasing problem.

Pharmacy robberies of controlled drugs is a phenomenon we are experiencing due to the increased efforts of Federal agents in combating street sales of illegal drugs. By removing street sales as supply for controlled drugs, these criminals are turning to a relatively easy source by robbing pharmacies. This area of criminal activity, unfortunately, cannot be pursued by Federal drug agents.

Senate bill 1339 will extend Federal jurisdiction over pharmacy robberies where the value of the stolen property exceeds $100 or the individual crime is part of a series of pharmacy robberies. Extending this jurisdiction will allow Federal drug agents to pursue their efforts at controlling the activity in illegal and controlled substances.

Mr. President, we must also think of the innocent victims of these crimes, the men and women who own and operate our Nation's pharmacies. By creating a situation whereby our pharmacists are made easy targets of sometimes violent drugstore robberies, we owe a special measure of protection to these people by making it easier to investigate, arrest, and prosecute those who commit these robberies.

Senator HEFLIN's bill will make the theft from a pharmacy of any substance listed in schedules I through IV of the Controlled Substances Act a Federal crime, subject to a prison term of up to 10 years or a fine of up to $5,000, or both.

Congress needs to enact strong measures for dealing with violent crime, especially that related to illegal drug trafficking. The revenues from illicit drug traffic alone in the United States are now estimated at $64 billion a year, a figure more than twice the 1980 sales of IBM, the nation's eighth largest corporation.

There is a definite need to provide increased protection for pharmacists from these robberies. I am happy to join Senator HEFLIN in his efforts and urge my colleagues to join us.●

PROFESSOR MUNDELL ON THE GOLD STANDARD

● Mr. HELMS. Mr. President, in the ongoing debate on the gold standard, it is interesting to note the growing number of academicians who comment thoughtfully on proposals for a new gold standard.

An ironic aspect of the debate is that the gold standard is so often dismissed as a radical solution. In fact, of course, this country of ours has been without a gold standard for less than 10 percent of its existence. In the past decade, the monetary policies which have led us to the perilous state we are in today, have been, at best, a tragic experiment. It is the gold standard which is the norm for the United States—to which we should return.

The September 30 issue of the Wall Street Journal included an article by Prof. Robert Mundell of Columbia University discussing the importance of a gold standard in an international context. He pointed out that the United States is the only country that can provide a gold standard. It seems to this Senator that the United States has a major responsibility—as well as a unique opportunity—to provide a truly stable reserve currency for the world.

In his article, Professor Mundell suggests an 11-point proposal which would move toward a workable, managed gold standard. Some of his points are worthy of support; it is too bad that he "sweetened the pot" for those who want Government to take a much greater role in the economy than is necessary or prudent. For example, he suggested an incomes policy—wage and price controls. But in the next paragraph Professor Mundell recommends a flat tax rate which would tremendously spur jobs and production and lead to a growing standard of living.

I ask that the article, "Gold Would Serve Into the 21st Century," be printed in the RECORD at the conclusion of my remarks.

The article follows:

GOLD WOULD SERVE INTO THE 21ST CENTURY

(By Robert A. Mundell)

I want to begin with an enormous platitude: No country in a world community can establish a monetary policy that does not take account of the international economic system of which it is a part. No country can dissociate entirely its monetary system from that prevailing elsewhere. There is no such thing as a closed-economy monetary policy except the monetary policy of all the nations making up the world system.

It is unfortunate that two of the 20th Century's most influential monetary economists, Keynes and Friedman, wrote their major theoretical works for a closed economy with scant attention to the problem of international interdependence. Both economists generally assumed a national closed economy on an inconvertible paper standard, generally ignoring that in the 1930s as today gold represented the principal external monetary reserve. I am aware, of course, that both men wrote on international monetary arrangements, Keynes favoring a fixed, but adjustable exchange-rate peg, and Friedman a "clearly floating" exchange-rate system, but their theoretical masterpieces did not develop international interdependence into their systems of policy.

IT WAS HIS AIM TO ELUCIDATE

Keynes wrote the "General Theory" for a closed economy on an inconvertible paper-currency standard. This assumption was important for elucidating theoretical matters but it misled his followers, and Keynes himself, on matters pertinent to economic or monetary policy.

Keynes had advocated adjustable exchange rates earlier in his "1923 Tract on Monetary Reform" to preserve price stability on lines not dissimilar from his older American contemporary Irving Fisher back in 1912. In the "General Theory," Keynes attacked fixed exchange rates:

". . . the City of London gradually devised the most dangerous techniques for the maintenance of equilibrium which can possibly be imagined, namely, the technique of bank rate coupled with a rigid parity of the foreign exchanges. For this meant that the objective of maintaining a domestic rate of interest consistent with full employment was wholly ruled out. Since, in practice, it is impossible to neglect the balance of payments, a means of controlling it was evolved which, instead of protecting the domestic rate of interest, sacrificed it to the operation of blind forces. Recently, practical bankers have learned much, and one can almost hope that in Great Britain the technique of bank rate will never be used again to protect the foreign balance

in conditions in which it is likely to cause unemployment at home."

This astonishing passage is good poetry but bad economics—it is confused, illogical, inconsistent and irrelevant. It reveals how unfortunate, for Keynes and for ourselves, was his inability to incorporate the essentials of the efficient international adjustment mechanisms under fixed exchange rates between countries or between regions in the same currency area as it had been worked out by Ohlin, Viner, Pigou and Robertson in the 1920s and 1930s.

Keynes's assumption of a closed economy let him sidestep discussion of the foreign sector, the merits of fixed versus flexible exchange rates or of the degree to which international credit positions, trade imbalances, reserve losses or speculation would alter the real wage, employment and output positions which it was his aim to elucidate.

Nevertheless he recognized explicitly the need for flexible exchange rates in an open system if money was to be stabilized, as the following passage shows:

"In the light of these considerations I am now of the opinion that the maintenance of a stable general level of money-wages is, on a balance of considerations, the most advisable policy for a closed system; whilst the same conclusion will hold good for an open system, provided that equilibrium in the rest of the world can be secured by means of fluctuating exchanges."

Keynes explicitly rejected, however, the idea of fixing the quantity of money or its rate of growth:

"If, indeed, labor were always in a position to take action (and were able to do so), whenever there was less than full employment, to reduce its money demand by concerted action to whatever point was required to make money so abundant relatively to the wage-unit that the rate of interest would fall to a level compatible with full employment, we should, in effect, have monetary management by the Trade Unions, aimed at full employment, instead of by the banking system.

"Nevertheless while a flexible wage policy and a flexible money policy come, analytically, to the same thing, inasmuch as they are alternative means of changing the quantity of money in terms of wage-units, in other respects there is, of course, a world of difference between them. . . ."

Keynes's system thus takes into account the wage rate, the money supply, the price level and the exchange rate, and the need to anchor the system by choosing a "numeraire" or a "standard"; he chooses wage rates. This accounts for the support of "wage policy" by his influential disciples.

By contrast, Friedman's system, while endorsing flexible exchange rates rejects the idea of wage policy and (after an earlier flirtation with 100 percent reserve money expanding or contracting with budget deficits and surpluses) now focuses attention on fixing the rate of growth of the supply of money.

There are several arguments against the Friedman policy system. One is that money is too elusive a concept to define, measure and predict, and is therefore of little use as a guide for rational expectations of future prices and incomes, whether reserve money alone, M–1A, M–1B, M2 or other definitions are used. None of these measures takes explicit account of the liquidity of dollars created in the offshore markets despite the confirmed role these markets play in contributing to inflation.

More important, the facts have clearly demonstrated the breakdown of monetary discipline after the collapse of the gold exchange standard. Eurodollars increased from $150 billion in 1970 to more than 10 times that amount in 1981. A comparison of the weak gold discipline of the Bretton Woods period with the floating rate period is even more revealing in connection with international reserves:

Billions of U.S. Dollars

	1950	1960	1970	1980
Foreign exchange:				(est.)
	13.3	18.5	45.4	300.0
Gold ----	13.8	37.9	37.0	600.0
Total -	47.1	56.4	82.4	900.0
Eurocurrencies (est.)				
	10.0	25.0	163.0	1,600.0

Since the breakdown of the U.S. gold standard the U.S. monetary system has produced more dollars than in the entire previous history of the republic. The prices of gold, oil, silver and other commodities have risen more than tenfold and, barring a drastic change in the monetary system, prospects are for more of the same in the future.

Never before in U.S. history has the Treasury had to pay 15 percent for 30-year bonds, implying an incredibly pessimistic outlook with respect to inflation. It is these considerations that prompt a consideration of the policies needed to restore convertibility of the U.S. dollar to gold.

If there is a stable international money, there is no conflict between fixed exchange rates and the goal of internal price stability for a single nation state. Under fixed exchange rates the price level of the individual nation state has to converge to the price level of the world as a whole provided that commodity markets are sufficiently integrated internationally.

The monetary authorities of small countries have usually observed this fact and accepted its implications. Purchasing power parity areas, where the Law of One Price holds, imply a geography of inflation rates based on currency areas. Currency areas determine common inflation rates and interest rates. On a map of the world common inflation rate zones correspond to zones of fixed exchange rates.

If there is a stable external currency area a country has the convenient option of fixing its own currency to it, or scheduling its exchange rate at a pre-arranged rate of devaluation or appreciation. In the world of the 1980s countries that have historical inflation rates above that of the U.S. would benefit by fixing their currencies to the U.S. dollar and adapting their monetary policy to make that exchange rate an equilibrium one.

This assignment implies a monetary approach to the balance of payments, with the central bank allowing its purchase and sales of foreign exchange reserves to reduce automatically the high-powered money base of the banking system. The monetary approach to the balance of payments does not have much room for neutralization or sterilization operations; the idea instead is to take full account of international impulses in the formulation of domestic monetary policies.

Our experience with this kind of system is instructive, since it was precisely this kind of monetary arrangement that constituted the Bretton Woods system from 1948 to 1971. Except for the great devaluations of 1949, the quarter century of this regime was exemplary in its stability, growth and world economic development, perhaps unmatched at any time outside an imperium, such as the Roman Empire. There was never any doubt that the central tendency of the Bretton Woods era was the U.S. economy, and the dollar was the dominant currency.

The Bretton Woods system broke down for two reasons. First, the gold base of the system, at a price of $35 an ounce, had become too narrow to sustain the mounting liquidities in the U.S. and outside in the Euro-, Asian- and Caribbean-dollar markets. Gold had been artificially in surplus after 1934 because Americans had been deprived of the right to own or hold gold, but the "surplus" vanished as a result of World War II inflation.

After the Korean War inflation, gold became undervalued, and after the opening of the London gold market in 1954, dollar interest rates had to rise steadily to tempt central bankers and foreigners from holding gold and reaping the capital gains expected when the anticipated upvaluation of gold occurred. Thus interest rates, which in 1946 had been less than 4 percent rose above 10 percent by 1969.

The second reason Bretton Woods broke down was the revolt against U.S. leadership that occurred in Europe, partly because of the Vietnam war. The DeGaulle-led movement toward the gold standard in the 1960s had wider support than within France; the German objections to holding the overhang of excessive dollars, however, were suppressed by the U.S. counterthreat of troop withdrawals.

What Britain's Prime Minister Wilson described as a "monetary war" broke into the open when in the spring and summer of 1971 the Europeans stuffed excess dollars into the Eurodollar market while the U.S. gunned the U.S. money supply to inflate its economy out of the 1970–71 recession in preparation for the 1972 presidential election. President Nixon killed the limping gold standard on Aug. 15, 1971, and the price of gold shot up to $200 an ounce by 1974; after the lifting of the prohibition on gold holding by U.S. citizens in 1975, gold's price marched irregularly upward, reaching at one point in 1980 nearly $850 an ounce, 25 times its 1970 value, before dropping to the $400–$600 range.

The underlying economic conditions in 1981 and prospects for the next two decades are not as different from the 1950s and 1960s as they may appear. The U.S. is still the dominant economy, and the hegemonic superpower of the free world. The dollar is still the major currency reserve and gold is the only other major component of international reserves. A rerun of the monetary structure of the 1950s and 1960s, without the deadweight difficulties of undervalued gold would probably serve us well into the 21st Century.

AN 11-POINT PROPOSAL

The basic ingredients of a restored Equilibrium Atlanticum-Pacificum would involve the following elements:

1. Stabilization of the dollar price of gold, probably in the $300–$650 range, to be determined by the U.S. in consultation with its allies.

2. Issuance of a gold coinage (various fractions of an ounce) with a face value equal to the stabilized gold parity.

3. Stabilization of other currencies—particularly the DM to the dollar in the DM1.80 to DM2.20 range.

4. Attention to the gold "discipline" by the U.S. such that the U.S. money base is allowed to increase or decrease with gold purchases and sales.

5. Attention to the balance-of-payments discipline by the non gold-pegging countries such that the national money base rises or falls with increases and decreases in holdings of gold and foreign exchange.

6. Co-ordination of interest rates to prevent excessive disparities from developing between money market centers and gales of hot money disrupting confidence and purchasing power parity relationships of exchange rates and price levels.

7. Multilateral surveillance of the balances of payments problems and exchange rate policies of the major countries within an OECD-OPEC institutional framework, along with multilateral discussion of anti-inflation policies and unemployment-stagnation problems.

8. Programmed adjustment of dollar-gold portfolios of major reserve holders to en-

courage more expansive or restrictive monetary policies in the center reserve country or countries (initially the U.S.).

9. General budgetary policies and if necessary, incomes policies, should be employed to mitigate the business fluctuation, with tax cuts and extra government expenditures to stimulate aggregate demand, and reduce unemployment during recessions, and budgetary surpluses to restrain aggregate spending in periods of inflationary boom.

10. Reform of tax rates and structure in the U.S. and other countries to enhance incentives for more employment saving, productivity and growth of potential output, to offset distortions arbitrarily produced by past and anticipated inflation; replacement of the income tax by a 20% value added tax should be considered.

11. Balance of government budgets over the cycle at levels of deficits necessary to keep ratios at realistic proportion to GNP, thus making central bank finance of the government-sector deficits unnecessary.

These 11 policy guidelines would represent bold first steps toward a workable managed gold standard. They are not incompatible with the policy aims of the Reagan administration and they would induce, if adopted by Britain, Germany, France, Italy, and Japan improvement in their economic management on a scale not experienced since the heyday of the Bretton Woods era. I see no political barriers to their adoption if economists can overcome their present love affair with flexible exchange rates, indefinable monetary aggregates and the unemployment approach to stopping inflation.●

TRIBUTE TO MAYOR JIM McGEE

● Mr. GLENN. Mr. President, it is with great pleasure that I pay tribute to Mayor Jim McGee for his 15 years of outstanding service to Dayton, Ohio.

Mayor McGee will retire shortly and return to the practice of law. On December 10, 1981, there was a testimonial dinner honoring Jim McGee for his able and effective leadership and outstanding service to Dayton. It is a befitting occasion because the citizens of the Dayton community have benefited greatly from his talented and energetic leadership.

In 1970, Jim McGee became the first black mayor of Dayton, a major Ohio city. Since then, he has been reelected four times. Prior to becoming mayor, he served for 3 years as a city commissioner. Mayor McGee is a respected member of the U.S. Conference of Mayors and the National League of Cities Advisory Board.

Mayor McGee's economic development efforts rank high on the list of his many accomplishments. Despite the erosion of jobs and of the municipal tax base which was caused by several major business relocations and reductions, the mayor has been successful in maintaining a stable economic environment in Dayton. I am glad to have been able to assist him in some of these efforts. In addition, he established the mayor's council on economic development which has also contributed to Dayton's viable economic climate.

As a friend and a fellow Ohioan, I am proud of his record of achievement and commitment to the citizens of Dayton and Ohio, and I am sure that they will join me in extending best wishes to Mayor McGee and in saluting his outstanding career in Dayton.●

THE COURTS AND LIBERALISM

● Mr. HELMS. Mr. President, an excellent article in the October edition of Harper's magazine, entitled "Supreme Irony," addressed the issue of political ideology—the ideology that seems to dominate the American judicial system.

The article points out that many liberal activists who have lost in the polls and have been thwarted at various levels of government, now see the courts as the chief institutions of salvaging their ideology.

Stephen Markman, one of the authors of the piece, is a perceptive legal scholar on the staff of the Senate Judiciary Committee, and Mr. Peter Brimelow, presently with Barron's magazine, formerly served on the staff of Senator HATCH.

I ask that their article and the accompanying footnote be printed in the RECORD at the conclusion of my remarks.

The article follows:

SUPREME IRONY—THE COURT OF LAST RESORT

(By Peter Brimelow and Stephen J. Markman)

Within weeks of Ronald Reagan's inauguration, several lawsuits were filed challenging the legality of his retroactive hiring freeze on federal recruiting. A public-interest group called Energy Action announced a suit protesting decontrol of petroleum prices. Public Citizen, Ralph Nader's public-interest lobby, sued Health and Human Services secretary Schweiker over policy toward generic (non-brand-name) drugs. And a number of legal challenges to the proposed freeze on federal regulations were being discussed. All of which was presaged by the Washington Star directly after the election:

"Noting the three recent appointments of well-known liberal activists to the U.S. Court of Appeals—Abner Mikva, Patricia Wald and Ruth Bader Ginsburg—one public interest lawyer commented: 'The courts now loom as the most congenial branch of the federal government. We may have to return to litigation to take advantage of this asset.' "

It is important to realize what is going on here. One faction in American politics—whether or not it represents "the public interest"—has lost an election. Its policies may be reversed. It proposes to prevent that by appealing to the courts. It trusts the courts not because of the law but because of the judges. They are members of the same faction.

In Britain, Her Majesty's Loyal Opposition is to be found in the legislature. In Ronald Reagan's America, opposition is centered on the bench. It will almost certainly be neither loyal to, nor even impressed by, his mandate. And behind this opposition lurks a more ominous possibility: that our political culture is losing sight of the ideal of an impartial law.

That there has been an extraordinary invasion of every area of American life by the federal judiciary in the past twenty-five years is now undeniable. At one time, it was fashionable for supporters of this judicial activism to argue that the Supreme Court under Chief Justice Charles Evans Hughes had been equally unrestrained in 1935–36 when it ruled vital New Deal legislation unconstitutional. But there is a distinction. The Hughes Court was reviewing, perhaps overenthusiastically, the actions of a reforming legislature. Now, however, Supreme Court justices and a host of inferior judges are themselves reforming society, in the most detailed and aggressive way, not merely without the sanction of elected lawmakers, but often in a direction diametrically opposed to that in which they or their constituents might have wished to go.

It is an open secret that most major social reforms of the last generation have been accomplished by the judiciary. In what amounts to a cloverleaf of Damascus Roads, the Supreme Court has declared unconstitutional such previously accepted practices as segregation, capital punish, school prayer and has unilaterally effected one-man, one-vote state legislative apportionment, affirmative action, abortion on demand, and the abolition of residency laws for welfare eligibility.

Each of these ends had devoted advocates who were not inclined to question the means by which they were achieved. But presumably everyone would have preferred to see legislatures rewriting the necessary statutes, or amending the Constitution. As matters stands, it is only a matter of time before someone realizes that the judicial branch in general and the Supreme Court in particular are the modern equivalent of the Wizard of Oz. They have no power other than the awe inspired by the Constitution. But a fundamental organic law capable of such profound reinterpretation at the drop of a Supreme Court justice or two, and their replacement by political opponents, is no sort of law at all.

Perhaps the confusion that exists in the minds of lawyers on the point has helped postpone that awful day. In his autobiography. The Court Years, William O. Douglas claimed that when he joined the Supreme Court in 1939, Chief Justice Hughes told him that constitutional decisions were 90 percent emotional: "the rational part of us supplies the reasons for supporting our predilections." Douglas says he took this advice to heart. There is every reason to believe him. He once remarked that he was more interested in creating a precedent than finding one. Nobody did more to convince American lawyers that they should study not the Constitution but the Supreme Court. Yet there at the end of his book is the poor old U.S. Constitution, reproduced as an appendix, like an Orthodox priest drafted to sprinkle holy water on Red Army tanks.

And there can be no dispute about the degree of judicial ambition displayed in the endlessly proliferating minor cases as well. In Texas last year, U.S. District Court Judge Gabrielle McDonald ordered a public station to screen "Death of a Princess"—a controversial television film it had canceled after Saudi Arabian protests. In South Dakota, U.S. District Court Judge Donald Porter ruled that ranchers must stop using certain chemicals approved by the Environmental Protection Agency to combat a grasshopper plague. In Washington, Judge Barrington Parker ordered the army to upgrade less than honorable discharges given to some 10,000 Vietnam-era veterans found to be abusing drugs, following compulsory urinalyses that Parker said were "statements" covered by Fifth Amendment protection against self-incrimination. In Rhode Island, Judge Raymond J. Pettine forced school administrators to allow a homosexual student to take a male date to his senior prom. In Mississippi, Judge Orma Smith ordered the state to supply to high schools a textbook previously rejected because of its controversial stress on black history. The California supreme court recently held intelligence tests to be unconstitutional. In all of these cases, elected legislators and appointed officials found themselves stymied by arbitrary fiat, any challenge to which must be mounted against the forces of inertia and cost that are invariably decisive in politics. None of the rulings bore any serious relationship to the intentions of the Constitution's framers, traditionally the

standard by which legal problems are judged. Yet they explicitly contradicted political solutions.

This situation is largely the fault of our tremulous legislators. A classic illustration was provided by Washington Monthly when in 1979 it sent purported pro- and anti-abortion letters to every senator, demanding to know his or her position. No ancient Greek ever fled in more terror from the Furies than the average political hack from these two ferocious lobbies, and the result was the expected mixture of silence and mealymouthed or contradictory replies. One, however, was particularly significant. Senator Donald E. Riegle (Dem.-Mich.) replied that he preferred "to leave the issue to the courts."

And this has been the way in which a whole generation of legislators has finessed enraged constituents in an era of social upheaval.

A dim awareness of these developments lay behind last year's adoption by the Republican Party, along with Ronald Reagan, of a plank urging that no judge be appointed who favored abortion. Some lawyers and commentators claimed this was an attempt to impose a political "litmus test" on the judiciary, although it is the inexorable consequence of a system where the personal opinions of judges become law. However, it is doubtful that even the Republicans realized the extent to which their ideological opponents had become entrenched during the Carter administration.

The significance of the Carter administration in this area was a result of the 1978 Omnibus Judgeship Act, which congressional Democrats had kept on ice for six years, waiting for a Democratic president. This established 17 new federal judgeships and thirty-five additional circuit judgeships, all lifetime appointments. Making allowances for normal attrition, this meant that during his term of office Carter was able to appoint nearly half the federal bench.

Judges have to be confirmed by the Senate. But Jimmy Carter undertook that this new wave would be selected "strictly on merit." Since, in fact, his appointments constituted a court-packing scheme unparalleled in American history, it is tempting to think that this was a deliberate deception. Certainly it was incompatible with his simultaneous comment that "if I didn't have to get Senate confirmation for all my judicial appointees, I could just tell you flatly that 12 percent would be Spanish-speaking and 40 percent would be women and so forth." But Carter was sufficiently sincere to enrage the then chairman of the Senate Judiciary Committee, James Eastland (Dem.-Ala.), before he finally diluted his proposals and restored the central role of his party's senators in choosing their state's judges.

The story is quickly told. A mere 3 percent of Carter's judicial nominees identified themselves, in a 1979 survey taken by the American Judicature Society, as "conservative," although self-professed conservatives dominate similar polls in the country at large. The rest were either "very liberal," "liberal," or "moderate." A high proportion were active in Democratic Party politics.

The difficulty for any conservative administration is not merely that so many of its ideological opponents are thus immovably clamped to the public trough, nor even that proliferation of judges will shorten dockets and leave them time for mischief-making elsewhere. The difficulty is the judicial philosophy espoused by the Carter appointees. They are the children of the 1960s, not just because of their birth dates—Myron Sowell, a black appointed to the bench in Alabama, is thirty-four, seven years out of law school; Archibald Cox was eliminated as too old at sixty-eight. Unwilling to accept any restraint on their desires, they are quick to invent rationales for their actions. The Constitution is a "living law," "flexible" enough for an "evolving" society.

Sometimes even rationales were dispensed with. Henry Pregerson, asked by the committee what he would do if confronted with a conflict between his conscience and the clear letter of the law, unflinchingly replied that he would abide by the former. Nathaniel Jones denounced some recent Supreme Court decisions limiting school busing as the "culmination of a national anti-black strategy," which included congressional approval of policies that "drip with racist anticity and anti-busing features." Stuart Newblatt, when questioned by Senator Robert Dole, said that he was and would continue to be a "judicial activist."

Legislators encourage this focus on social goals rather than legal procedure. Democratic-appointed nominating commissions throughout the country routinely inquired into candidates' views on ERA, school busing, and abortion.

Republican senators have sat back and let this transformation of the judicial branch happen. No one dissented from any of the nominations mentioned. Partly this is because opposing the candidate for another senator is a serious breach of Senate etiquette. In part, Republicans were intimidated by the tendency to see the question of a nominee's "qualifications" as solely a matter of academic and professional credentials, particularly since few legislators have the Ivy League veneer of top liberaldom. And, of course, no one wanted to appear sexists or racist, especially since this was one of the few flaws for which the nominees themselves were being exhaustively examined. So strong was this last reflex, in fact, that it resulted in the confirmation of a black attorney, U. W. Clemon of Alabama, even though the American Bar Association ruled him technically "unqualified."

The only nominee to be rejected, the first in forty-three years, was Charles Winberry of North Carolina, against whom there were criminal and ethical allegations. Ironically, Winberry's judicial philosophy would probably have been relatively unobjectionable. His supporters felt strongly that he should not be penalized in the absence of criminal proof.

The Reagan administration and the Republicans now controlling the Senate campaigned on policies radically different from their liberal predecessors. Should they actually wish to implement them, public-interest groups, in cooperation with sympathetic judges, will be able to stage even more effective counterattacks, right down the line.

For example, President Reagan could revise equal-opportunity directives such as Executive Order 11246, which time and the bureaucracy have twisted into an excuse to impose racial and sexual quotas on the public service, only to have the courts announce that such orders merely implemented a statistical balance that was constitutionally required all the time. Welfare and public housing might turn out to be "rights" unassailable without an entitlement of "due process" unsuspected by the Reconstructionist Congress that invented the Fourteenth Amendment. Reduction of federal aid to education could be attacked on the grounds that it perpetuates discrimination by placing a premium on a community's willingness and ability to support local education. Or it might be challenged for impeding a child's "right" to be instructed in his mother tongue. Efforts to restructure the bureaucracy might run foul of the increasingly expressed view that federal employees enjoy certain property rights in their positions. The freedom of the executive to alter environmental or workplace safety regulations is equally vulnerable. Even foreign policy—the re-recognition of Taiwan, or the exercise of the war power—is a target for ambitious lawyers, on or off the bench. There are no limits to what can be done with such "evolving" concepts as "commerce among the several states," "general welfare," "due process," and "equal protection." *

Against this, Reagan may get the opportunity to appoint several Supreme Court justices. Five sitting judges are over seventy, and two others are in their mid-sixties; of these, Justice Stewart has already announced his retirement. But even if Reagan's choices behave as he hopes—a dubious proposition, as Eisenhower discovered with Earl Warren—it will be too late. Years would elapse before the rulings of such a court would be made and would filter down to the lower courts. And even then there would be plenty of opportunity for other kinds of judicial obstruction.

Reagan's real defense will be to use the teaching power of the presidency to focus public debate on the issue of judicial supremacy. Few human conflicts are carried to a logical conclusion; this applies even to ones involving lawyers. The courts follow the election returns, particularly when they are as devastating as those of 1980. It is possible that a full-blown crisis such as occurred in 1935–36 can be avoided, if the judiciary is sufficiently impressed to curb its ambition. The caliber of the administration's legal officers will also be vital in what will be a struggle for moral advantage.

A second part of any strategy to redress the balance between the branches of the government must be to foster cooperation between the legislature and the executive. Fortunately for Reagan, his party has a grip on the Senate that it will probably strengthen in 1982. The House remains in liberal hands, but crypto-conservatives in the Democratic ranks are crawling out of their holes to lend a hand.

One result of this may be succcessful legislation to limit venue-shopping by litigants in search of sympathetic judges, as well as the extension of venue in environmental and regulatory cases beyond the District of Columbia federal court. Additionally, Congress may take initiatives designed to curb specific examples of judicial legislation. For example, there will be serious consideration of constitutional amendments that could overturn Supreme Court decisions in the areas of school prayer, abortion, affirmative action, and school busing—the latter already forcing its way to the floor of a reluctant House in 1980. Congress also has the arcane power (under Article III, Section 2 of the Constitution) to withdraw subjects from the jurisdiction of the courts if sufficiently provoked.

An attempt to exercise this authority in the case of school prayer nearly succeeded in the House, following Senate approval, at

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*Recent developments include: a Texas court ordering the expansion of school bilingualism in the teeth of the new administration's policy or de-emphasis; the District of Columbia Appeals Court moving against the proposal that federal employees should pay for their parking; a Tennessee court refusing to allow a reduction of outpatient visits to meet federally imposed spending cuts. On the state level, a Florida court has struck down an attempt to make functional literacy tests a prerequisite for high-school grade changes and graduation; the Massachusetts supreme court has required Boston to keep its school system open although it has already exhaused its budget. There has been an attempt by four officials of the Federal Emergency Management Agency to retrieve their jobs, citing a 1980 Supreme Court decision; a suit filed by a group of congressmen (!) to preserve certain Vietnam-veteran hiring programs; a threat by the District of Columbia government to sue to prevent the reduction of its CETA grants.

the end of the 96th Congress, to general perturbation and the great interest of constitutional lawyers. Other proposed efforts would limit the tenure of federal court judges or expose their decisions to review by an even higher authority, like the "Court of the Union," made up of the chief justices of the fifty states, or by a two-thirds vote of Congress in the case of decisions overturning state or federal legislation.

But the great problem conservatives face in considering their options is that they themselves have been infected with the disease they are supposed to be fighting. The platform pledge to nominate anti-abortion judges, however understandable, was one symptom. Another is the tendency of conservatives to believe that the solution is merely to appoint conservative judges.

This is a fatal error. Academic and professional distinction may not be essential for a federal judge—witness Earl Warren or Hugo Black. Intangible "moral" questions may be pointless, which was the argument used in Winberry's defense and (successfully) during the 1970 attempt to impeach the colorful Justice Douglas.

It may even be natural and harmless that politicians should hand out judgeships—as well as every other plum they can get their hands on—to colleagues, cronies, school friends, and the husbands of mistresses. None of this would matter—if the judges enforced the law. Yet willingness to enforce the law impartially, whether it is one written by liberal lawmakers or conservatives, is precisely what is now being cast aside with a worldly, if opportunistic, shrug.

When the British established their empire and set up courts, it was common for magistrates to be approached by natives bearing gifts, hoping to encourage favorable rulings on the suits in which they were involved. This, after all, was how justice had always been done in their societies. The British had to explain that they came from a superior tradition: their law was not the whim of a despot but an objective thing, impartially administered and equal for all. The natives were naturally skeptical. But the British meant it, and in time able native lawyers became indispensable to every independence movement.

It is this Anglo-American tradition that is now in danger of being forgotten. A recent example was the Supreme Court's ruling in United Steelworkers v. Weber, which upheld the use of racial quotas in employment despite their express prohibition in the 1964 civil rights legislation. In a dissent of unprecedented bitterness, Justice Rhenquist described the majority's position as Orwellian in its reversal of the facts.

In other words, the natives were right. All the paraphernalia of carefully debated legislation and painstaking legal research is meaningless. The courts rule according to their personal values and interests. Earl Warren was doing this when he developed the habit of interrupting technical legal arguments to demand, "But is it right? Is it good?" in defiance of the first lessons of law school. Conservatives may legislate, and they may even appoint or intimidate enough judges to prevail for a while. But without the concept of an objective law to act as a keel, the ship of state will be inherently unstable. Liberal judges can send it rolling back again as soon as they regain courage. There is no source of legitimacy in a polity where laws are made and changed without the sanction of popular will, expressed through legislation.●

WATER RESOURCES

● Mr. STAFFORD. Mr. President, I have recently received a mailgram from the Interstate Conference on Water Problems (ICWP) urging early action by the Senate to pass S. 1095, amendments to the Water Resources Planning Act.

As chairman of the Committee on Environment and Public Works and a sponsor of the bill, I share the views of ICWP. I urge that the Senate take up this bill before we go home for the Christmas recess, if that is at all possible.

I must note that this bill was reported to the Senate on May 15, 1981. We almost acted on it in July, but that action was delayed to accommodate certain Senators who said they needed the August recess to analyze fully the impacts of the bill.

It is now December and we still have seen no action on the bill. I remain hopeful that we will be able to work on the bill as soon as possible.

Mr. President, I ask that the ICWP mailgram to me be printed in the RECORD.

The mailgram follows:

[Mailgram]

ST. PAUL, MINN.,
November 25, 1981.

Senator ROBERT STAFFORD,
U.S. Senate, Washington, D.C.:

The Interstate conference on Water Problems urges your immediate action on national water resources policy legislation (S. 1095) which is vital to meet the Nation's water needs.

ICWP, a national association of State, interstate, and intrastate water resource officials, strongly supports the objectives of this legislation. It would be tragic to negate the progress Congress has made on this long-awaited and necessary legislation by inaction during the remaining weeks of this congressional session.

ICWP will closely monitor this legislation upon your return from Thanksgiving, and strongly urges your prompt action on this matter. ICWP stands ready to assist if needed.

Sincerely,

JACK ACORD,
ICWP Chairman.●

ROYSTER ON THE GOLD STANDARD

● Mr. HELMS. Mr. President, my good friend and fellow Tarheel, Vermont Royster, is a distinguished American journalist who has become a legend in his own time.

Vermont may be somewhat less active than before he retired as editor of the Wall Street Journal but his column "Thinking Things Over" appears with some regularity in the Journal and is the highlight of the paper's editorial page.

His perspective with which he views the American scene is remarkable. Whether written from an ocean freighter in the South Pacific or from a political convention headquarters, Vermont provides a kind of detachment few writers can equal.

It was with much interest, obviously, that I read his October 28 column, "The Golden Glitter." While he agrees that a gold standard is a valuable and needed restraint on politicians, like some others he is yet skeptical that we will be successful in adopting a new gold standard. His career watching politicians may have convinced him that politicians are loathe to give up power—particularly the kind of power that is wielded when Washington debases the currency.

My thought on this subject is that the American people may insist on adopting this needed reform, and in fact, bring about a dollar "as good as gold."

Mr. President, I ask that Vermont Royster's column "The Golden Glitter" be printed in the RECORD at the conclusion of my remarks.

The article follows:

THE GOLDEN GLITTER

(By Vermont Royster)

Put me down as a bit of a gold bug. I'm among those who believe that any people are better served when the value of what they use for money isn't subject to the whims of their governors, be they kings of yore or the chosen officials of today. And of all the commodities used for money, none has proved more useful and dependable than gold.

Put me down also, however, as more than somewhat skeptical about all this talk of returning the country to the gold standard, whatever economic ills it might relieve.

The program with the gold standard is not what so many of its opponents allege, that is, that it "won't work." Quite the opposite. It works very well indeed, forcing a monetary discipline upon kings, dictators, parliaments and people.

And that's the real problem. When money is anchored to gold, the gold governs the governors. It limits their political power because they can't manufacture all the money they'd like to spend. It also chafes those who want money from the government, be it for education, roads, welfare, arms, subsidies or whatever. In time the restraint to these aspirations becomes intolerable and, upon one excuse or another, the gold standard is abandoned.

At least that's the way it's been since sometime in the 7th Century B.C. Many commodities, of course, can and have served as media of exchange—iron, cattle, stone disks—but the Lydians in Asia Minor seem to have been the first to coin money with a gold content and give it a "mark" as warranty it was what it said it was. Such coins proved felicitous for the conduct of commerce and their use spread. The gold standard was born.

But there was a problem right from the beginning. The limited supply of gold limited the coins available. So kings, always eager for more money, would clip the edges of the coins and use the shavings to make more coins. This worked until people realized there were more short-weighted coins circulating, thus reducing the exchange value of each. Inflation had come, if not yet the word.

Modern times, modern techniques. Those clever Chinese who invented printing also invented paper money, a thing at which Marco Polo marveled on his visit to Cathay. Each piece of paper stood surrogate for gold supposedly in the Emperor's treasury. Paper money was another improvement for commerce (easier to carry than a pocketful of coins) but also for the Emperor's treasury. He quickly discovered that paper was easier to print than gold to coin.

That's the way it's been ever since, periodically, as the printing press has made inflation rampant, prophets have preached a return to a gold standard as to some Garden of Eden. At times they have succeeded, but never for long.

The British held to it for most of the 19th Century, making the pound sterling the world's most trustworthy currency and giving Britain a prosperity the world envied. In our own country, after the greenback inflation of the Civil War, we returned to the gold standard in 1879, launching an era of industrial expansion. Except for some bending in World War I we remained on it until 1933,

when President Roosevelt abandoned it and even made it illegal for ordinary citizens to own gold except in jewelry.

Recent history is more familiar. The Bretton Woods conference created a "gold exchange standard" as between nations, hoping to anchor the relative value between currencies. This lasted until President Nixon ended the payment of gold for dollars even between countries.

That link between gold and dollars severed, people were again permitted to own gold. Whereupon to the astonishment of our governors (and most economists) this "useless" metal which once sold for $32 an ounce now sells for more than $400, a rough measure of what's happened to the value of our paper dollars anchored to nothing.

Thus history makes a solid argument for a return to a gold standard. Wherever and whenever it's been held to, the people have prospered. They're induced to save money, trusting it to retain its value. Commerce is encouraged because a price bargained today will be good tomorrow. Industry more readily expands because it can calculate today the cost of a plant to be finished five years hence. The laborer knows today's wage will suffice for tomorrow's food.

It's argued by the objectors (economists as well as politicians) that we've no need of the gold standard discipline if our monetary authorities will discipline themselves. This is doubtless true, and for the moment anyway our governors seem to be trying to do just that. But on the morrow our governors may change—or even change their minds.

However, history also reminds us how fragile this gold standard is. Even within its restrictions, it can be tampered with. Just as kings could clip their coins, modern governors can stretch the amount of currency issued against their gold holdings and it will be a time before the people know it. And there also comes a day—inexorably, it would seem—when the shackles of the gold standard become too frustrating to those restrained by it.

The excuse can be war; no nation ever fought a major one without debasing its currency. Or it can be only the desire of politicians (or the pressure on them) to do "good things" which is frustrated by a restricted money supply. Then the cry goes up that we ought not to be "enslaved" by a foolish and outmoded adherence to the "myth" of gold.

Out of such musings comes my skepticism that we will in fact return to the gold standard, however much glittering talk is heard about it. Or, should it happen, that the adoption will last. It chafes too much for either governors or the governed to long endure it.●

TO LOWER INTEREST RATES, GO BACK TO GOLD

● Mr. HELMS. Mr. President, awhile back, on November 10, the Washington Post published an article by Jude Wanniski which not only contradicted the mind-set of the Post's economic reporters, but also pointed to the fallacy in the administration's arguments concerning interest rates.

Mr. Wanniski observed that when interest rates are lowest by strangling demand it inevitably frustrates the economy. I am reminded that one administration spokesman referred to a "swimming pool" of capital in which the "Federal whale" swims. His remedy was to decrease the size of the whale and not worry about the size of the swimming pool.

Mr. Wanniski made the point that we should worry about the size of the capital pool.

Mr. President, it strikes me that anyone who would argue that the size of the pool of capital is stable needs to examine the size of the pool available for 20-year bonds. In 10 years that capital pool has shrunk to near nothing.

The way to increase the availability of capital in the economy, and to extend economic horizons beyond that offered by money market funds or short term certificates of deposit, is to make the dollar a reliable unit whose value is predictable over a period of time. The definition of money is that it is not only a medium of exchange, but a store of value. Today the dollar lacks that vital characteristic.

Mr. President, I ask that the article be printed in the RECORD at the conclusion of my remarks.

The article follows:

TO LOWER INTEREST RATES, GO BACK TO GOLD

(By Jude Wanniski)

There are only two ways to bring down interest rates: decrease the demand for credit or increase the supply of credit.

President Reagan has been struggling with record-shattering interest rates because his administration has been almost wholly occupied with the first of these two options. The Keynesian and monetarist "demand-side" economists have dominated thinking about the interest-rate dilemma. They focus on trying to reduce the demand for credit.

Budget director David Stockman, once a supply-sider, has been drawn into this demand-side exercise, hacking away at school-lunch programs, Medicaid and national defense in a desperate attempt to reduce the federal government's demand for credit.

The monetarists sprinkled through the administration likewise have no interest in the supply of credit. Indeed, they specifically argue that the Federal Reserve should pay no attention whatever to the price of credit, i.e., interest rates. They aim at control of the "money supply," as they define money. If there is less "money" people will be able to demand less in the way of wage and price increases.

For the monetarist solution to work, we are told, there must be a period of recession and unemployment in which "people" realize they can't ask for more, because there isn't enough "money" in the system.

Federal Reserve Chairman Paul Volcker is not a monetarist per se, but he is a big believer in recessions as a way of bringing down interest rates. He believes that inflation is caused by workers asking for more money and businessmen granting those demands. He thus will support any idea to induce a recession, a goal he has now achieved.

The supply-side economists put their focus on the supply of credit. If we could increase the supply of credit we could avoid using a recession as a way of lowering interest rates. If we could increase the supply of credit rapidly enough, we could even experience a rising demand for credit with falling interest rates.

The chief instrument to bring down interest rates, though, could not be fiscal policy. Supply-side economists (excepting a few supply-side fiscalists such as Treasury Undersecretary Norman Ture) have always asserted that monetary policy is the key to interest rates. Of course, they believe any assault on credit demand is doomed to failure. The recession only shrinks the economy and its tax base, setting the stage for higher interest rates next year.

The only way to break this spiral is by increasing the supply of credit, basically by making it so much more attractive to be a creditor that people will once again be happy to lend long at low interest rates.

How can this be done? The supply-siders say it can only be done with a gold standard.

Only by announcing that we are going to move toward the opening of the gold window that President Nixon closed in 1971 will people be encouraged to lend long again. Only by guaranteeing the dollar's value as a unit of account, in a specified weight of gold, can the current global liquidity crisis end without inflation. And it surely is a global crisis. It was Robert Mundell, the Canadian economist, who observed 10 years ago when the gold window was closed that it was the first time in 1,500 years that the world was without a single currency convertible into gold or silver. We are in a Greenback era, in which all governments can change the value of their currencies annually, monthly, weekly, daily, hourly.

In the past decade, the U.S. government has repeatedly defaulted on its debt to bondholders by devaluing the dollar relative to real goods. Prospective lenders to either government or the private sector demand enormous premiums in the form of interest rates. Why should anyone lend to anyone else when the banking is done in dollars or other non-convertible currencies that constantly melt in real value?

It is, after all, not only government that defaults on debt when the monetary standard shrinks, all creditors lose. The more they lose, the less they lend. For this reason, there is almost nothing better that the government can do for its people than maintain a constant value of its unit of account, its currency. People make most of the important decisions of their lives around the value of the government official unit of account. When the government alters its value, or "floats" it, as Nixon did, everyone loses. The debtors may momentarily gain, but inflation poisons the community of large in which debtors live too.

When the dollar is convertible into gold, this is impossible. There are no windfall losses or windfall gains. Debtors pay what they promised; creditors receive what was pledged. As a result, there are no inflation premiums in the interest rate. Once again, people lend long at low interest rates.

If Reagan tomorrow announced a return to convertibility, the rest of the world would rush to join the system. No nation could afford to stay on the paper standard if it wished to continue conducting international banking services. Who would bank in floating Deutschemarks, yen, sterling francs or lira if the dollar were as good as gold?

We abandoned convertibility, remember, not because we were in a credit crunch, but because Nixon was sold the Keynesian idea that a devalued U.S. dollar would make us more competitive with the Japanese. The monetarists persuaded Nixon to float the dollar altogether in 1973 so they could try another of history's periodic experiments with a paper standard.

Stockman believes convertibility would mean an initial period of illiquidity, a wave of bankruptcies. But that is what we are now experiencing. Gold ends the liquidity crisis that is endemic on a global scale because there is no international monetary standard of value. When the supply of credit expands, interest rates tumble and relieved debtors and creditors can happily refinance.

Before we get to that point, though, there must be a general awareness in Washington—in the White House and on Capitol Hill—that there is more than one way to bring down interest rates. Cutting the demand for credit, the method attempted thus far, is the wrong way. The "cure" is worse than the affliction in that it embraces poverty and unemployment as necessary side effects to lowering interest rates.

Expanding the supply of credit is the only positive solution. It can only be done by reestablishing the dollar's link with gold, reestablishing the value of the accounting

unit in real terms. Until the president moves decisively toward this positive solution, he and his administration and the world economy will continue to suffer, and it will get worse.●

THE AGRICULTURE AND FOOD ACT OF 1981

● Mr. MATTINGLY. Mr. President, I very reluctantly voted for adoption of the conference report on the Agriculture and Food Act of 1981 when it was presented to the Senate on Thursday. The conference committee version of the farm bill is seriously deficient in several respects, especially in the modifications which were made to the peanut program which I sponsored in the Senate. As it now stands, the 1981 farm bill will retain the Senate provisions regarding the distribution of farm poundage quotas for domestic edible peanuts and several important revisions dealing with marketing and contracting of peanuts. However, the amendments to the Senate version which were offered by Congressman ROSE and adopted by the committee give me a great deal of concern.

The Senate program provided almost certain protection against any losses to the Government in the operation of the peanut price support loan system. My bill insured that present growers would not be adversely affected by allowing new production in the future by persons who had not owned allotments in the past. With the Rose amendments, much of that protection has been lost and there is a real possibility that the Government will suffer significant losses in operating the loan program.

In spite of my disappointment with the changes in the peanut program and my opposition to a new subsidy program for sugar, I felt that our farmers needed to have a farm bill passed in this session so that they could begin to plan their operations for the coming year. The farm bill is already about 2 months too late and any more delay would only increase the burden for the farm operators of our Nation.

If farm legislation is not quickly finalized, all agriculture programs will revert to the 1949 farm bill which would increase taxpayers' cost by several billions of dollars.●

FEDERAL ELECTION COMMISSION

● Mr. BRADLEY. Mr. President, I am concerned about reports of an attempt to limit the Federal Election Commission's reauthorization to 6 months. Such a restriction would severely cripple the operations of a body which is necessary to maintain public confidence in the electoral process. Well-trained staff would begin to depart—new staff would be difficult to attract. In addition, midyear contract renegotiations for such items as computer services and microfilming would only place additional costs on the taxpayer.

While I would not argue that improvements cannot be made at the FEC, there is no reason proper oversight cannot be conducted within the context of a full-year reauthorization.

Lest we forget why the FEC was originally created, let me review for my colleagues some of the recent history and why I believe the FEC is important to retain.

Regulation of election practices is not new. It dates back to the adoption of the Tillman Act in 1907. Campaign finance disclosure came shortly thereafter when the publicity bill was adopted in 1910. Those laws and subsequent amendments faced many problems of enforcement. In fact, until the adoption of the Federal Election Campaign Act of 1971 and the major changes in 1974, campaign finance and disclosure legislation was enforced by the officers of the two Houses, the Clerk of the House and the Secretary of the Senate, as well as the Comptroller General. Prosecutions were the responsibility of the Department of Justice. The public had little reason to expect us to patrol ourselves and be evenhanded to challengers. And in fact the record of enforcment was pretty dismal.

A check of the records shows that after the general election of 1972, approximately 7,000 complaints lodged with the Secretary of the Senate and Clerk of the House were deemed strong enough to refer to the Department of Justice. Yet not one case was ever litigated. The Department had more important business to pursue. Between 1971 and 1974 the Comptroller General sent the Department of Justice over 100 cases of serious violations of the law, yet only a few of those referrals were ever prosecuted. The Comptroller General concluded what the public already understood, that there was no desire to enforce election laws.

The 1974 amendments emerged from the public's sense of frustration and, indeed, outrage at the cavalier way the open elections process was being enforced. Watergate only galvanized the public's determination to stop abuses and find a better enforcement mechanism. Thus, in 1974 the disclosure rules were srengthened and a professional enforcement body, the Federal Election Commission, was created.

Today the Commission handles thousands of inquiries, audits the campaigns for Federal elections, prepares advisory opinions, conciliates and when conciliation does not work, it litigates. It also enforces public financing of presidential elections. Put more simply, the FEC enforces the laws we adopt.

If there is a need for simplification of the rules, then let us consider such changes. I have heard many sensible suggestions to eliminate the subterfuges that individuals and groups go through to get around the law.

As one who tries faithfully to comply with the law, I know how difficult it frequently is to determine what the law really means.

Even given the legitimate criticism of the Commission, the answer is not to scrap the FEC. With voter participation as low as it is, we cannot afford to further erode public confidence in government.●

MEDIA BLINDNESS

● Mr. GARN. Mr. President, reading the current issue of Commentary, I came across an interesting article on the subject of Wilfred Burchett, the Australian newsman. I thought immediately of our colleague, Senator DENTON of Alabama, who has had some fairly intimate contact with Mr. Burchett, under somewhat trying circumstances. Since the article fully confirms what Senator DENTON knows first-hand—that Wilfred Burchett is an agent of a foreign ideology, and a traitor to the principles of freedom and justice—I thought my colleagues might be interested in it.

The article is called "A Scandalous Journalistic Career," but what is really scandalous is the treatment Wilfred Burchett has always received in the United States, among our intelligentsia. After all, it is not as if Burchett's background was not well known. Senator DENTON certainly knows it.

I ask that the article, by Mr. Stephen Morris, be printed in full at this point in the RECORD.

The article follows:

A SCANDALOUS JOURNALISTIC CAREER

(By Stephen J. Morris)

Wilfred Burchett is no ordinary journalist. An Australian, he has been actively involved in reporting the major confrontations between East and West for over forty years. He has also been a highly controversial figure. In 1955 the British and Australian governments refused to issue him a passport. For many years he was banned from entering the United States. The controversy which has surrounded him has centered on his own role in the various conflicts he has reported. The recent publication of Burchett's memoirs[1] with an introduction by another famous journalist, Harrison Salisbury, offers an occasion for evaluating his career.

Wilfred Burchett was born in Melbourne, Australia in 1911. His father was a Methodist lay preacher with strong radical left-wing views. Family poverty forced the young Wilfred to drop out of school at an early age, and he worked for several years on various jobs, including as farm-laborer and vacuum-cleaner salesman. During his spare time he studied languages, acquiring a skill which was later to become very useful.

In 1936 Burchett left Australia for England. His first job after arriving in England was working for the Thomas Cook travel agency. Later the same year he switched to the London office of the Soviet government travel agency, Intourist. In his memoirs, Burchett devotes only two sentences to this event: he suggests that he got "the job" (never specified) because of his rudimentary knowledge of Russian and because the assistant manager was an Australian. But according to the knowledgeable and impeccably honest Australian journalist Denis Warner, Burchett was invited to open the London office of Intourist by the then Soviet ambassador to England, Ivan Maisky.[2] In any case a diplomatic quarrel between England and the Soviet Union soon led to a closing of the office. After searching unsuccessfully for a job in Paris, Burchett returned to London, where he found a job with the travel agency Palestine Orient Lloyd, which specialized in handling emigrant traffic out of Germany to Palestine and the United States. Burchett remained at that job until 1939. Meanwhile,

[1] *At the Barricades: Forty Years on the Cutting Edge of History*, New York Times Books, 340 pp., $15.00.

[2] See Warner's "Who is Wilfred Burchett?" the Reporter, June 1, 1967. This article provides a valuable account, much of it first-hand, of Burchett's activities in Asia from World War II to 1967.

in September 1938, he married Erna Hamer, a German Jewish refugee.

Burchett finally found his niche as a journalist during World War II. In 1940 he reported the revolt against the Vichy regime on the French South Pacific colony of New Caledonia and this helped him gain accreditation with the popular London newspaper the Daily Express for which he reported the Asian battlefield throughout World War II. The war in China and Burma and the island-hopping campaign of General MacArthur's forces were the main subjects of his dispatches.

It was during those years that Burchett met a man who was later to become an important friend—Chou En Lai.

Burchett's first major journalistic coup was achieved at the end of World War II. He was the first Western correspondent to tour the remains of Hiroshima after the atomic bomb was dropped. Burchett claims that his reports of the devastation infuriated General MacArthur. But these reports did not harm his career. After three years of work for the Daily Express in Trieste, Greece, and Berlin, Burchett turned up in Eastern Europe in 1949, with access to the courtroom for the Stalinist show trials of East European Communist leaders and of Cardinal Mindszenty of Hungary. Burchett was now reporting for the most prestigious newspaper in Britain, the Times.

Though the charges against the Hungarian and Bulgarian Communists were utterly fantastic, similar to the kinds of accusations Stalin had leveled against the old Bolsheviks in the Soviet Union in the 1930's, Burchett in his reports endorsed the prosecutor's line. In the case of the Hungarian Foreign Minister, Laszlo Rajk, and his co-defendants, Burchett wrote later (in "People's Democracies," 1951) that the accused were "Titoist spies" ultimately linked to British and American intelligence:

"In the Western press, even in so-called liberal sections, an attempt was made to present Rajk, Pallfy, and Co. as a small group of nationalist-minded Communists, people who wanted Communism but independent of the Soviet Union. This is nonsense. There was not one convinced Socialist among the whole band. They were mostly cheap police spies . . . they are a miserable collection of plotters without a human ideal between the lot of them. . . . Before the court and before the Hungarian public, as all proceedings were broadcast from the court, Rajk and his gangs were disclosed as miserable, bloodthirsty adventurers. . . ."

When Stalin ordered the purge of independent-minded Communists in Bulgaria, Burchett was once again on the spot. As he wrote in "People's Democracies":

"If Laszlo Rajk could be regarded as the right arm of Tito's plans for Eastern Europe, Traicho Kostov, member of the Bulgarian politburo, 2nd Deputy Premier, was certainly his left arm. I sat in a crowded court in Sofia in December 1949, heard and watched Traicho Kostov and ten other accused and dozens of witnesses testify to a Yugoslav plan for Bulgaria every whit as diabolical and bloodthirsty as that for Hungary."

Burchett further asserted that Kostov was a British spy.

Not long after the show trials were concluded, Burchett, who had divorced his first wife in 1948 after a long separation, married Vesselina Ossikovska, a member of an old Bulgarian Communist family who at the time of their marriage was a journalist in the Bulgarian Ministry of Foreign Affairs. When Burchett left Bulgaria for Budapest in 1950, the Bulgarian authorities refused to allow his wife to accompany him. But the decision did not make Burchett bitter toward the Bulgarian regime. On the contrary, in People's Democracies he expressed great admiration for the human-rights record of all the Eastern European regimes:

If the same advance is made in the next twenty years as has been made in the past five years in bringing real liberties to the workers and peasants of the People's Democracies, and if the Western powers give up their morbid plans to destroy the People's Democracies by force of arms and the hydrogen bomb, the whole population will be enjoying liberties of a quality not yet dreamed of in the Western world.

In early 1951 Burchett returned briefly to his native Australia, where he gave lectures for the Australian Peace Council, a front organization run by the Australian Communist party. That same year he took up residence in the People's Republic of China, as a correspondent for the French Communist newspapers L'Humanité and Ce Soir. (Neither the Times nor the Daily Express was interested in Burchett's reporting at this stage.) After six months in China, Burchett managed to rush off a gushing book-length panegyric to the regime, China's Feet Unbound. The introduction to this book made its outlook and purpose clear:

"It is written as a weapon for those who fight for peace and as confirmation for those who refuse to accept the idea that their living standards must be lowered, their civil rights abolished, their late enemies rearmed because China menaces world peace. It was written against the background of American bombs landing on Chinese soil, American tanks rumbling toward China's frontier, American germ warfare launched against China's neighbor."

The last clause was significant, as it previewed Burchett's next major public act—dissemination of the story that the United States was using germ warfare against North Korea. Burchett made his way to North Korea in July 1951, along with the British Communist journalist Alan Winnington. One of his purposes was to cover the Panmunjom peace talks from the Chinese Communist side. (This is the only purpose Burchett mentions today.) Burchett also produced scathing attacks on the UN forces, complete with atrocity stories which included the myth that America had conducted germ warfare. Finally, Burchett visited Chinese-run camps where Allied POW's were being held. He wrote of one:

This camp looks like a holiday resort in Switzerland. The atmosphere is also nearer that of a luxury resort than a POW camp.[3]

At the end of the Korean war, returning Allied ex-POW's gave a different account of the camps, and alleged that Burchett had been more than a journalist reporting "from the other side." Former prisoners interviewed by the British and Australian governments maintained that Burchett had collaborated with the Chinese Communists in interrogation procedures. Because of these charges of collaboration, the British government refused to renew and the Australian government refused to issue a passport to Wilfred Burchett in 1955.

It was through China that Burchett made his first contact with the Vietnamese Communists. In fact Burchett spent most of the period between 1953 and 1956 shuttling back and forth between China and North Vietnam, Laos and Cambodia. In these countries, as previously in Korea, he reported on the supposed strength and popularity of the Communist forces and provided captioned photographs which were meant to show that French prisoners were being well treated by their Vietminh captors. Apart from those reports for the world press, Burchett produced two books as a result of his visits—*North of the 17th Parallel* and *Mekong Upstream*. Burchett also established a personal connection with Ho Chi Minh and Pham Van Dong. In 1955, when he was without a British or Australian passport, the government of North Vietnam took the unprecedented step of offering him a special travel document of its own.

In the middle of 1956 Burchett visited Hungary and Poland, where social unrest was beginning to develop in the wake of Khrushchev's de-Stalinization program. Burchett was most disturbed by the growth of liberal and nationalist ideals among some of the anti-Stalinist party leaders and intellectuals who took him into their confidence.

In 1956 Burchett arrived in Moscow with accreditation from the *National Guardian* (later renamed *Guardian*), a tiny pro-Communist American weekly. During the next six years he devoted himself to reporting the achievements of Soviet science and technology, beginning with Sputnik and continuing on through the launching of Yuri Gagarin into space. These subjects were of a kind to reestablish Burchett's connections with the mainstream British press, including the *Daily Express* and even the prestigious *Financial Times*. A book written by Burchett during this period was *Come East Young Man* (1962), which detailed the astonishing successes of the Soviet economy, especially in the areas of agricultural output, housing, and consumer goods. Burchett also reported on the innovative and humane approach to criminal justice which he saw in the USSR. All of this, combined with the party's determined campaign to eliminate bureaucracy, encouraged Burchett to write:

"A new humanism is at work in the Soviet Union which makes that peddled in the West look shoddy, for it starts right down in the grass roots of Soviet society; its all-embracing sweep leaves behind no underprivileged."

In 1962, with the conflict in Indochina heating up again, Burchett began a series of trips back to the war zones. In 1965 he set up a new residence in Phonom Penh and developed a relationship with Cambodian Prince Sihanouk which was to last for over a decade. Burchett ghosted some of the Prince's English-language publications and also served as a liaison between Sihanouk and the North Vietnamese. It was from Cambodia that Burchett made his way to the "liberated zones" of the National Liberation Front of South Vietnam, as well as to Hanoi.

At first Burchett's articles on the Vietnam war appeared only in Soviet magazines, such as New Times. But the thirst for news "from the other side" was so great in the West, and Hanoi's restrictions on foreign newsmen so severe, that by 1967 Burchett's articles were beginning to appear in the mainstream Western press—particularly Le Monde and the New York Times. The articles tended to deal with the alleged effects of the American bombing on North Vietnam. Stories of civilian suffering were combined with tales of the indomitable Vietnamese will to resist "imperialist aggression." Burchett also provided advance notice of changes in Hanoi's position on the issue of negotiations.

The "special relationship" Burchett enjoyed with the Hanoi regime manifested itself in many ways. According to Denis Warner, Burchett's intervention, or veto, could determine whether or not a Western journalist would be given a visa to North Vietnam. Many of the applicants were people whom he had known from World War II and the Korean peace talks in Panmunjom. Burchett was a wise judge of friends and enemies. The first American correspondent allowed to visit North Vietnam was an old friend, Harrison Salisbury of the New York Times, whom Burchett accompanied on part of his visit. Salisbury did nothing to embarrass Burchett. Rather, he reported to readers

[3] Quoted by Denis Warner in "Who is Wilfred Burchett?"

of the New York Times, and ultimately to the entire Western World, that the United States was deliberately bombing not military but civilian targets in North Vietnam. What Salisbury did not tell his readers was his source for this charge: not direct observation but North Vietnamese officials and one of their published propaganda booklets.[4]

Burchett also helped secure visas for other well-disposed foreigners. Among the most notable was the writer Mary McCarthy, who conducted a well-publicized visit to Hanoi in 1968. Miss McCarthy too wrote nothing that might embarrass Burchett.

When, in 1968, peace talks began among the United States, South Vietnam, North Vietnam, and the Vietcong, Burchett was in Paris to cover them. This time his personal ties with Western newsmen paid off handsomely. He had befriended Charles Collingwood many years earlier. Now Collingwood was chief foreign correspondent of CBS News, and Burchett was employed under what he himself calls "a discreet arrangement" as a consultant to the CBS News team in Paris.

Nineteen-sixty-eight was also the year in which Burchett's book on Korea appeared (*Again Korea*). In it he wrote:

"Kim Il Sung . . . has the warm human touch, the simplicity of the great, and a down-to-earth manner, rare among men in his position. This comes through in his speeches. Even dealing with such unromantic problems as heavy industry, there is always some little aside, to remind his listeners, especially if there are bureaucrats among them, that the end result of everything is to make life better and gayer for everyone."

In the same year Fidel Castro took the unprecedented step of granting Burchett a Cuban passport, to replace the now cumbersome document the North Vietnamese had provided many years earlier.

Sensing the changing climate of intellectual opinion in the West, Burchett now began a public campaign for the restoration of his Australian passport. A Burchett Passport Committee was formed in Australia, and its activities resulted in a petition to Parliament. Among the signatories were various journalistic associations around the world, the PEN Club, Bertrand Russell, Jean-Paul Sartre, Jane Fonda, Vanessa Redgrave, Norman Mailer, and Arthur Miller. The petition was presented in April 1969, but rejected by the Australian government. The Australian Journalists Association then appealed to the UN Human Rights Commission.

Buoyed by the tide of international support, Burchett decided to challenge the government's ban on his reentry into Australia. With the help of Gordon Barton, a wealthy Australian businessman and publisher, Burchett was privately flown into the country in 1970 and was accorded a spectacular reception with great attendant publicity. His public challenge to the Australian government to bring charges against him was not taken up, and this helped discredit the case of the Australian conservatives and strengthened the hand of his many admirers within the Australian Labor party. Thus when the party came to power in 1972, one of its first acts was to restore the passport of Wilfred Burchett.[5]

[4] Salisbury's misleading reports about the bombing of North Vietnam are meticulously analyzed by Guenter Lewy in *America in Vietnam*, pp. 400–403; see also the important account of the former British consul general in Hanoi, John Colvin, "Hanoi in My Time," *Washington Quarterly*, Spring 1981.

[5] The reason for the unwillingness of the previous Australian government to press charges against Burchett in 1970 or earlier was that the offenses for which he had been denied a passport occurred during the Korean war. Since the war had been undeclared, actions relating to it could not be considered treasonous under the provisions of the Australian Crimes Act as originally formulated.

In the early 1970's, with American public opinion now favoring withdrawal from Vietnam, Burchett turned to other international settings. The end of the Cultural Revolution in China saw his friend Chou En Lai back in power in Peking. Burchett now began to disseminate Chou's version of the power struggle in China. In particular he publicized the story that Lin Piao had attempted to assassinate Chairman Mao and seize power, but was foiled and died while attempting to flee.

After the 1974 military coup in Portugal, Burchett reappeared on the European scene, defending the cause of the Portuguese radical Left against the Socialists and centrists. But with the victory of the democrats in Portugal, Burchett was forced to turn elsewhere. In 1975 he flew to Angola, where he provided extensive reporting favorable to the Cuban forces helping to install the MPLA government.

The Angolan civil war catalyzed Burchett's growing estrangement from the Chinese Communists. In 1976, after the death of Chou En Lai (for whom he wrote a powerful eulogy), Burchett began openly to criticize Chinese foreign policy. What forced him to take sides was not the Sino-Soviet split but rather the Sino-Vietnamese split and the broader international realignments of which it had been a part. China's abandonment of the "anti-imperialist struggle," in Angola and elsewhere, in order to develop a united front against the Soviet Union, was for Burchett totally unacceptable.

Like the North Vietnamese politburo, Burchett had not anticipated the rapid collapse of the South Vietnamese government in 1975 after the final American withdrawal. He was thus not in place for the beginning of the end. But he made up for that after the victory by producing two books on the military campaign of North Vietnam and numerous articles celebrating life after "liberation." On October 25, 1975 he wrote in the Guardian:

"The South Vietnamese people are tasting the heady wine of running their own affairs for the first time in living memory. This is the dominating factor in all spheres of public life."

In 1975 and 1976 Burchett was also ecstatic about the new regime Pol Pot had created in Cambodia. On January 14, 1976 he wrote in the Guardian:

"Cambodia became a worker-peasant-soldier state last week, with the January 5 adoption of a 21-article constitution. . . . The new constitution . . . confirms the new democratic revolutionary order built up in the countryside during the struggle. . . . It guarantees that everyone has the right to work and a fair standard of living . . . it is one of the most democratic and revolutionary constitutions in existence anywhere."

In 1975 and 1976 Burchett was also denouncing as "fabricated" a number of reports that Sihanouk had become disillusioned with the Khmer Rouge. But after the Vietnamese Communists turned against their former allies, Burchett discovered the truth of what had previously been "fabricated." Pol Pot suddenly became a Hitlerite monster whose crimes exceeded the claims of the most virulent anti-Communist propaganda. So incensed now was Burchett by the horrors of the Pol Pot regime that when his friends on the editorial board of the Guardian refused to take a position on the Vietnam-Cambodia conflict he announced he would no longer write for the newspaper. This inflexible stand was uncharacteristic of Burchett, but it corresponded to the totally uncompromising position of the Vietnamese.

Burchett is today somewhat distant from the Soviet Union, with regard to which he might be considered a "critical sympathizer." He reserves his uncritical admiration for the Soviet Union's most militant clients—Vietnam and Cuba. One of his recent concerns has been to denigrate the moral credentials of the late Marshal Tito as leader of the nonaligned world, and to promote Fidel Castro in his place. Burchett also maintains his support for Kim Il Sung's regime in North Korea, which is independent of both Moscow and Peking.

This slightly unusual pattern of allegiances within the fragmented Communist world has led some observers to conclude that Burchett's political position is an "independent" one, reflecting his own brand of idiosyncratic radicalism. What these observers do not realize is that the twists and turns in Burchett's Communist sympathies, and his current firm attachments to the regimes in Hanoi, Havana, and Pyongyang, have correlated exactly with the foreign-policy line of the Communist party of Australia.

II

What do Burchett's memoirs tell us about the man and his political record?

First they contain interesting information on Burchett's friends and patrons in the Communist world. He is anything but modest in describing his close ties with Chou En Lai, Ho Chi Minh, Pham Van Dong, and Fidel Castro. Burchett's link with Kim Il Sung seems to have been much less personal in nature, though still significant. As far as the Soviet Union is concerned, Burchett gives no indication of having made any close personal contact at the highest level.

The memoirs also list some of the people in the Western media who have befriended and promoted him. Harrison Salisbury is at the top of the list. So too is Russell Spurr, an English journalist formerly with the London Daily Express and later with the English-language Hong Kong weekly, the Far Eastern Economic Review. Charles Collingwood is mentioned as an important friend. Not only was he instrumental in having Burchett named as a consultant to the CBS News team at the Paris peace talks, but he also introduced Burchett to Averell Harriman, President Johnson's roving ambassador for peace. (Harriman sought Burchett's advice on how the U.S. might proceed in its dealing with Hanoi.)

But the memoirs are also interesting for the way Burchett attempts to explain his own past. As an illustration, let us consider Burchett's account of his reporting of the show trials in Eastern Europe during the 1940's.

The Eastern European Communist victims of Stalin, whose guilt Burchett affirmed, were rehabilitated (many posthumously) in the Khrushchev era. Today in his memoirs, Burchett explains his own role in the pseudo-judicial farce by drawing what he considers to be an important distinction between the Rajk and Kostov trials. Burchett claims that he believed at the time in the guilt of Laszlo Rajk because of the calm and unemotional nature of the confessions he made. He adds: "I had no doubt of their guilt or of the inevitability of a death sentence for Laszlo Rajk, given the gravity of the activities to which he had confessed."

But Kostov's trial, he says, was different. Kostov (like Bukharin in the Moscow show trial of 1938) stood up in court and denied his handwritten confession. This is how Burchett today describes his reaction then to Kostov's public retraction:

"In his own way Kostov had done what his old comrade Georgi Dimitrov had done sixteen years earlier at the Reichstag Fire Trial. He had knocked the stuffing out of the prosecution. . . . Kostov's honesty and courage could make no difference to the conduct of the trial or its outcome, but it posed questions in everyone's minds about the methods by which such confessions were produced and the validity of the charges against Tito. . . . I was considerably shaken by the Kostov trial."

If the Kostov trial "posed questions" in Burchett's mind about the methods of producing confessions and the "validity of the charges against Tito," and if he was "considerably shaken" by the Kostov trial, he did a

remarkable job of concealing the fact. Burchett's earlier writings provide not a shred of evidence to support his current claim. Instead, they contain sustained arguments to the contrary. Thus, he wrote in People's Democracies:

. . . If Kostov's written statement was a fraud and his oral denial correct, if he was the man of courage he depicted himself to be in 1942, no police pressure nor any threats of punishment afterward should have prevented him from crying "My statement is false. It was made under pressure. These other accused have been falsely arrested. Everything I wrote was a lie. I retract it all."

And further:

"If Kostov was the man who withstood beatings and was prepared to face the firing squad rather than betray his comrades and his party in 1942, this is what he would have done in 1949. Firstly, he would never have written a statement, secondly, if a statement had been forced out of him, he would have retracted it. But he played the double-faced role he had played in the 1930's, the role he had played in the courtroom in 1942, when he admitted everything to Geshev, the role he played in early 1949 after he was just denounced in the Politburo."

Burchett obviously counts on his readers' not checking his record, and for the most part they have not disappointed him.

Burchett adds a further revelation to explain his past "errors." He has now discovered the possibility that the false evidence which came forth during the trials was planted by the CIA! Burchett bases himself on a book by Steward Stevens, former assistant editor of the Daily Mail. According to the Stevens thesis, CIA chief Allen Dulles was worried that the emergence of "National-Communist" regimes in Eastern Europe would make Communism more attractive to the voters of Western Europe. To insure that Eastern European Communism remained Russified, Dulles, operating through the American agent Noel Field and a Polish secret-police official, planted phony evidence of "Titoist conspiracies in conjunction with Western imperialism" in the hands of Stalin's secret police chief Beria. Thus, the story concludes, in prosecuting the alleged conspirators Stalin was all along the unknowing dupe of Allen Dulles and the CIA.

Another interesting feature of Burchett's memoirs is their failure to mention at all the two most serious charges that have been leveled against him.

In November 1969, the KGB defector Yuri Krotkov swore before a United States Senate Judiciary Subcommittee that he had been approached by and later helped to recruit Wilfred Burchett to the payroll of the KBG. Krotkov claimed that at their first meeting in East Germany in 1947, "Burchett gave me all necessary hints that he is very close to the Communists, and that he wants to have a special relation with me."

But at that time, Krotkov asserted, his KGB superiors were wary of Burchett, and instructed Krotkov not to get too close. At a second meeting in Moscow in 1956, the KGB was more trustful. Krotkov met Burchett in a restaurant:

" . . . he openly told me that he is a member of the Australian Communist party, but for the benefit of the party, he is on the illegal underground position. Then he told me that he was in Korea, and then he was in China. He worked there as a freelance correspondent but he was supplied, he was paid by the Chinese Communist party all that period. Then when he came to Vietnam . . . all his expenses were paid by the Vietnamese Communist party, by Ho Chi Minh, and he mentioned that he was in very close relation with Chou En Lai . . . that he was in very close relation with Ho Chi Minh himself. He told me that he visited him many times, that he gave him a house in Hanoi, and a car, a secretary that he was "equipped" very beautifully by the Vietnamese Communist party."

And then he said that he had now a new idea . . . that he wanted to come to Moscow because now after the Khruschev speech, Moscow became the most important place in the world.

And he gave me a hint that he wants to be in Moscow in the same position as he was in China and in Vietnam. In other words to be a free lance correspondent, representingg the American newspaper, *National Guardian* . . . but money was a problem, because no one would pay him money and he asked for money from the Soviet Communist party. He told me all this directly and he said that it would be nice if I would be able to find [the] right man to discuss all this.

Krotkov testified that he reported all this back to his superiors, and that after some consideration the KGB agreed to Burchett's proposal. But Burchett had left Moscow, and when he returned a new person had been put in charge of these matters in the KGB who put difficulties in his path. Now Burchett approached visiting members of an Australian Communist party delegation in Moscow, and after intervention on his behalf the relationship was established. Thus Krotkov:

"After his meeting with them . . . everything was quite alright. The KGB gave him the good fiat and well, I guess necessary money. . . . I know that Burchett had a close relation with the boss of the KGB special department which is responsible for the whole foreign correspondents in Moscow. That's Colonel Barsegov."

Burchett's failure to mention the Krotkov testimony is consistent with his past behavior. In fact his characteristic response to anyone who dares repeat the charges has been to issue a libel suit. One of these suits, taken out in Australia in 1973, led to the publicizing of a second series of major allegations about Burchett—allegations about his behavior during the Korean war. Although there is not a sentence in his memoirs dealing with the trial testimony, it was these allegations which led the Australian and British governments to refuse to issue Burchett a passport, an act which aroused so much indignation on the part of Burchett's friends.

The famous defamation trial, held in Sydney, in October and November 1974, involved a claim of $1,000,000 damages by Burchett against Jack Kane, an Australian politician. Kane had published an article in his political newsletter which reported the Australian parliamentary debate over the Krotkov testimony. At the trial, Kane's legal counsel presented testimony by Krotkov reiterating the charges he had made in Washington in 1969. Kane's lawyers also gathered an enormous number of witnesses from around the world, all of whom had been prisoners of war in Korea.

At the trial three Australian ex-prisoners testified that they had met Burchett in a Chinese camp for Allied POW's, and that Burchett was wearing the uniform of a Chinese army officer. One of these prisoners, Thomas Hollis, said that Burchett told him he could get them better treatment "if we agreed with his ideas and went over to the Chinese more or less and collaborated with them." This was confirmed by another Australian prisoner, Robert Parker.

Even more damaging allegations about Burchett's role during the Korean war were made by American POW's. Walker Mahurin, a former colonel in the United States Air Force, met Burchett twice during his sixteen months of captivity in North Korea. On both occasions, he claimed, Burchett wore a Chinese officer's uniform. Mahurin also testified that in addressing the guards Burchett used the Chinese word for "comrade." Mahurin, who had been forced by his captors into confessing falsely that he had carried out germ warfare, said that Burchett called him an "international war criminal."

Paul Russell Kniss, an American pilot shot down over North Korea in May 1952, testified that he met Burchett five or six times in two camps in North Korea. At their second meeting, Burchett told him that it was he, Burchett, who had edited the false confession Kniss had been forced to sign. According to Kniss, Burchett made a tape-recorded interview with him for a French newspaper, and the interview was based upon specially prepared questions and answers Burchett handed to him, with the aswers identical to the text of the false confession.

Kniss also described to the court how on one occasion a Chinese interrogator dropped a piece of paper in his cell, and after the interrogator left he had picked it up. The paper, which bore the signature of W. G. Burchett on the bottom, contained questions of a military nature, which were the exact same questions asked of Kniss by the Chinese interrogator.

But the most devastating testimony against Burchett came from Derek Kinne, an Englishman who served with British units in Korea and was awarded the George Crosa. Kinne identified Burchett in court as the man he had seen twice while a prisoner of the Chinese in Korea. The second time Kinne saw Burchett he and the other prisoners were told that Burchett was coming to talk to them on the football pitch (field) in the camp:

"It was all the Americans and all the British about 1400 men. . . . They put a table on the football pitch and he came on the football pitch and he stood in front of the table and he faced us. . . . He went on to say that through the tireless efforts of the Chinese peoples' volunteers the peace talks were going on and that the Americans had sabotaged the peace talks, and he was getting booed down and the Americans started to take off their belts and put a noose in them and they would swing them and it became pretty well bedlam, so he got rather pissed off and he said: 'All right you people—you think when the peace talks break down and the Americans come this way you will be liberated. But I have got news for you. You're going that-a-way.' And he pointed to China."

Kinne continued:

I was in the front row and he turned his back and started to tidy up his papers. There was a theme there—he was always saying "our side" and "your side." I went to the front and I faced him, and I said to him "Are you biased, you son-of-a-bitch, are you biased?" He said: "No." I said, "Why do you refer to the Chinese and the North Koreans as 'our side' and the Americans as 'your side.'" I can't remember whether he said, "That was the side I correspond for" or "the side I work for." And then I said, "Well you can tell your side to get some dental treatment in here because men are having their teeth extracted with regular pliers; also 39 men went up to Boot Hill and I saw the dogs dragging the bodies out, and we ate those dogs." And I said, "We are starving to death."

His Honor: Did he say anything?

Kinne: No sir, he kept his mouth shut.

In answer to a further question from the defense counsel Kinne said:

I told him that I complained to the Chinese and they took me away and they put me in a room for 72 hours, and tied me up and told me I was in there to reflect, and I reflected. He [Burchett] got mad and he said to me, "I could have you shot." So I ran around that table and he started to move around the other way. I went around that table and I said, "You son-of-a-bitch, if you are going to have me shot I will tell you something." I pointed to Boot Hill and I told him that 600 men had died from malnutrition and atrocities and he said to me, "What can I do about it?" I said, "You can tell them

at Panmunjom," and he said. "It would be a good thing if I had you shot."

In an interview with the New York Post in 1977, Kinne also said that an hour after the meeting described above, two Chinese guards came and took him away to a small room and tortured him. According to Kinne the guards "told me I wasn't a very good student in the way I'd talked to Comrade Burchett, and that I was sick in the mind and they were going to cure me." Kinne asserted that he was kept in solitary confinement for 13 months and beaten daily while the guards tried to force him to sign a confession. "One of the parts of that confession was that I had a hostile attitude to Comrade Burchett."

At the trial Burchett denied all of these allegations, just as he denied the testimony of the KGB defector Krotkov. He lost the case on the technical grounds that the article which he had found offensive was regarded by the court as a fair rendering of the substance of a parliamentary debate, and hence protected by parliamentary privilege from liability. Thus the jury was never asked to pass judgment on the truth or falsity of Krotkov's testimony. (The testimony of the former POW's had been presented by the defense counsel as supporting evidence.)

III

One need not have been familiar with all the charges against Burchett to have concluded that he was something other than an independent left-wing journalist. Burchett's published writings of the past thirty years demonstrate by themselves his devotion to various totalitarian causes. And the publicly acknowledged fact that Burchett was granted travel documents and a passport by the North Vietnamese and Fidel Castro—privileges not normally given to the citizens of North Vietnam and Cuba—speaks for itself concerning Burchett's "independence." What is most remarkable about Burchett is not his record, but how he has managed to retain credibility and respectability in the eyes of so many Western intellectuals.

The effusive introduction to Buchett's memoirs by Harrison Salisbury provides an almost incredible example of this. A man who since 1945 has undertaken significant public-relations tasks for the brutal regimes of Joseph Stalin, Matyas Rakosi, Mao Tse-tung, Kim Il Sung, Ho Chi Minh, Fidel Castro, and Pol Pot is described by the former Moscow correspondent and associate editor of the New York Times as a "humanist" and an "iconoclast." Salisbury writes:

"In many ways Burchett reminds one more of the old-fashioned, pre-1917 radicals than those of today's highly ideological confrontations, a Lincoln Steffens or a John Reed with an Australian accent. . . . Burchett is an individualist as far as radicalism is concerned. If his sympathies have a polarization, it is toward the cause of struggling, backward emerging nationalist regimes, typified by Cambodia and Vietnam. . . . Burchett . . . can be seen as sui generis, a radical who moves through a changing milieu, lending his sympathy to one cause after another not because of some Marxist doctrine, but because he believes in the underdog, whatever the continent, whatever the color, whatever the creed."

Salisbury has not been the only collaborator in Burchett's political success. In the New York *Times Book Review* of March 22, 1981, to take a recent case, Thomas Powers describes as a man of "uncommon honesty" the same Wilfred Burchett who portrayed Communist victims of Stalinist repression as "Titoist spies on behalf of Western imperialism"; who disseminated and possibly helped fabricate the lie that the United States was conducting germ warfare in Korea; who portrayed the Chinese-run POW camps in North Korea, where Allied prisoners were being tortured, as comparable to Swiss holiday resorts; who defended the Russian invasion of Hungary; and who dismissed critics of Hanoi and Pol Pot as "CIA elements."

Burchett has been similarly praised and defended by the cream of the Western press. On March 5, 1970, during his campaign against the Australian government's refusal to issue him a passport, the *Times* of London wrote:

"Few Western journalists who have witnessed Mr. Burchett's conduct in the East would think him anything but misguided in his enthusiasms. He sympathized with China, reported the Korean war from the Pyongyang side, and in due course went to Hanoi—but his writings show him to be an advocate of détente rather than a tough committed enemy of the West."

Not only was Burchett praised (and published) in the *Times*, he appeared in Lord Beaverbrook's *Daily Express*, as well as in the elite *Financial Times*, even *after* he had shown his true colors on Eastern Europe.

And not just the British were at fault. For years, as we have seen, Burchett found friends in the editorial offices of Le Monde, at CBS News, and the New York Times. Today Burchett is being promoted not by the Communist regimes whose causes he has served, but by the Western democratic liberals whose cause he despises. And in all this he is presented to readers not as what he is, a Communist propagandist, but as what he is not, an independent, radical humanist, or, simply, an "Australian journalist."

Burchett has not always been so misidentified in the American press. During the Korean war, when he was getting enormous space on the front page of the New York Times for his report on the condition of a captured American officer, the *Times* referred to Burchett as a "Red" and as a "Communist correspondent." As late as 1967 and 1968, when the Times was publishing articles by and interviews with Burchett from North Vietnam, it usually prefaced them with a caption such as the following:

"Wilfred Burchett, an Australian writer, has frequently been a spokesman for the Communists in East Berlin, Korea, and Vietnam. . . . This articles gives a Communist view."

But by 1970 a correspondent of the New York Times referred to Burchett only as an "Australian journalist . . . who reported on the Korean and Vietnam wars from the Communist side," and by 1971 Burchett had become "the left-wing Australian journalist." This identification continued throughout the decade until 1979, when the Op-Ed page began describing him as "an Australian journalist."

The New York Times Book Review followed the same pattern. As late as 1969, Frances FitzGerald, reviewing Burchett's book on Vietnam, described him as a "Communist propagandist." But in 1973 James C. Thomson (a former official in the Johnson administration, and since the 1970's the curator of Harvard's Nieman Foundation) called Burchett a "left-wing Australian journalist." (In 1977, Burchett was given the honor of addressing the Nieman Foundation at Harvard.) By 1981 he had become a man of "uncommon honesty."

Similar trends can be seen in the weekly Far Eastern Economic Review. Its editor gave an almost accurate caption to Burchett in 1968, but by 1973, when the Review published an article by Burchett (on the Lin Piao affair) as its cover story, Chou En Lai's Australian spokesman was not even being identified at all.

Finally there is the treatment given by the Western press to Burchett's defamation trial. The allegations made in the Australian courtroom in 1974 were reported every day in Australia. The Times of London summarized the first day's testimony (by Krotkov) and then forgot the whole frightful business until the end, when it offered a tiny paragraph announcing that Burchett had lost his case. The Washington Post gave a summary of the evidence in one column, at the conclusion of the trial. The New York Times and Le Monde, the two Western newspapers which had afforded Burchett the greatest amount of space during the 1960's, when they were publishing many of his articles, failed to mention the trial at all. One might have thought that the same editors who had regarded Burchett's reporting on Vietnam as worthy of their columns would have found some interest in allegations that the writer was a Gulag bully-boy. But one would have been wrong.

Over the past thirty years Wilfred Burchett has been enormously successful in winning friends in the Western media. In part his success must be laid to his own exceptional talents as a kind of journalistic confidence man. He has been tireless in cultivating cordial relations with people of prospective influence in high places, and his polished personal manner, which reveals not a trace of fanaticism, has been extraordinarily helpful in this pursuit.

But in part Burchett's success, like that of a confidence man, has rested upon a favorable psychological predisposition in the minds of his victims. There seems to be a strand in our culture that is receptive to the message Burchett presents, the message of the benign and non-threatening nature of revolutionary Communist regimes. Though Soviet military moves in recent years have heightened popular concern about Western security, the case of Wilfred Burchett makes it clear that many of our leading intellectuals do not fully know, or do not wish to know, what the struggle is about.●

JUDICIAL INDEPENDENCE: PART II

Mr. BAUCUS. Mr. President, a couple of weeks ago, I began what I plan to be a series of statements and articles on the independence of the Federal judiciary. As the ranking minority member of the Separation of Powers Subcommittee of the Senate Committee on the Judiciary, I am particularly concerned by proposals to remove the jurisdiction of the Federal courts over specific constitutional issues.

Today, Mr. President, I wish to offer for the record an excellent speech recently delivered by former Solicitor General of the United States, Archibald Cox. I believe Mr. Cox's presentation on the question is particularly thoughtful and I offer it now for the benefit of my colleagues. I ask at this point that the speech be made a part of this RECORD. A copy of the speech follows:

CONGRESS V. SUPREME COURT

(By Archibald Cox)

In 1789, in proposing the Bill of Rights to the First Congress, James Madison explained:

"If they [the Amendments] are incorporated into the Constitution, independent tribunals of justice will consider themselves in a peculiar manner the guardians of those rights; they will be an impenetrable bulwark against every assumption of power in the Legislative or Executive."

Today the courts, the independent tribunal of justice, are under attack not only by the radical right in Congress but by the Attorney-General of the United States.

Two weeks ago the Attorney-General marshalled his attack against "judicial activism." The courts are giving too much protection to the individual liberty and human dignity, he said; the courts are intruding not only into the operation of schools but into the management of prisons, mental health hospitals, youth facilities, and even public housing. On an occasion before his appoint-

ment to the U.S. Supreme Court, Benjamin N. Cardozo made a notable speech calling for the establishment of a Ministry of Justice. A Minister of Justice might fairly ask whether in recent years judges have not erred somewhat on the side of making too many new constitutional rights too quickly with too little attention to the body of law—erred because of the risk of eroding the legitimacy of their decisions. A Minister of Justice might also fairly suggest that court proceedings and court orders are not the best way to apportion seats in a legislature, to manage prisons and other custodial institutions, or even to correct racial or sexist discrimination. But a Minister of Justice with the slightest concern for giving the people a fair presentation of what had happened would also note that the Courts took up these tasks because of the serious breakdowns on the part of other parts of the political or governmental process. The courts had need to decide *Brown* v. *Board of Education* only because the Congress and the Executive were silent. The courts were forced to excise the cancer of malapportionment by establishing the "one person, one vote" rule because of the long decades of legislative inaction. Judges intervene in the operation of prison and mental health facilities not to build their jurisdiction, not because the judges think that they know best—I have never encountered a judge who wanted to intervene—but because the gross failures of the political branches left federal judges to resolve such unhappy dilemmas as choosing between doing what a court can do to improve prison administration and leaving convicts to torture and disease amidst conditions cruel even by the standards of the Middle Ages. A Minister of Justice, not coldly indifferent to justice and humanity yet seeking to take this burden off the backs of the judges, would surely find words in which to express his own outrage at the abominations the judges have been seeking to ameliorate, and to outline another and better remedy.

I am dismayed by Attorney General Smith's attack upon the judiciary for other reasons. He seemed to suggest that the courts should follow the election. While he refrained from endorsing the bills to deprive the courts of the jurisdiction necessary for them to be Madison's "impenetrable bulwark" of liberty, his making attack upon the courts at this time without dissociating himself from the bills gives a rhetorical boost to the pending radical and unprincipled congressional assault led by Senator Jesse Helms upon our constitutional system.

II

The anti-Court bills pending in Congress may be divided into two groups according to their theoretical constitutional underpinning.

One group, addressed to the controversy over abortion, seeks constitutional support in the power of Congress to enforce the Fourteenth Amendment's guarantee against deprivation of life, liberty or property without due process of law in order to redefine the meaning of the words used in the Constitution in such a way as to overrule the Supreme Court's interpretation of the same words in the abortion cases. Thus, Senator Helms' "right-to-life" bill declares that Congress finds that "present day scientific evidence indicates a significant likelihood that actual human life exists from conception," and then provides—

"That for the purpose of enforcing the obligation of the States under the fourteenth amendment not to deprive persons of life without due process of law, human life shall be deemed to exist from conception . . .; and for this purpose person shall include all human life as defined herein."

The other form of current attack upon the courts and the Constitution proposes to deprive the federal courts of power to interpret and protect constitutional rights in the area of school prayer, abortion and school desegregation. A second Helms bill is a good example; it would first deprive the Supreme Court of the United States of jurisdiction to review the decision of a State court in any case relating to voluntary prayers in public schools and public buildings; next it would deprive all lower federal courts of jurisdiction in such cases.

Whatever power Congress has to deprive the Supreme Court of part of its appellate jurisdiction depends upon the meaning of the words in Article III giving the Supreme Court—"appellate jurisdiction, both as to Law and Fact, with such Exceptions, and under such Regulations as the Congress shall make."

There is room to argue that the Helms bill does not fall within the Exceptions and Regulations Clause, or if it does, nevertheless, violates the Bill of Rights, just as there is reason to believe that Section 5 of the Fourteenth Amendment gives Congress no power to define constitutional terms in the manner attempted by the "right-to-life" bill. I leave those arguments to another occasion because I am convinced that even if the bills are technically within the power of Congress to enact, they should be opposed as radical and unprincipled departures from the fundamentals of our constitutionalism.

A law may be within the legal authority of Congress to enact in the sense that the courts must give effect to it, yet do violence to our American traditions and the fundamentals of our constitutionalism in the same way that an act of Parliament may violate the unwritten British constitution. In 1937 President Franklin D. Roosevelt proposed to overturn adverse court decisions by enlarging the Supreme Court from nine to fifteen justices and then appointing six new justices who would vote to overrule the earlier decisions. Congress had ample power to enact the legislation, but the Congress and the people rejected the plan as an attack upon the independence of the judicial branch and thus a subversion of constitutional principles.

Similarly, the anti-Court bills pending in Congress would subvert or at least compromise the principle that there are fundamental human rights beyond the reach of any government—not just beyond a king, not just beyond an elected executive, but beyond any government, including even majorities in a representative Congress or Legislature.

The bills would compromise the principle because all of them, but especially the right-to-life and school prayer bills, predicate a power in simple congressional majorities to nullify or partially frustrate constitutional rights recognized by the judiciary.

If Congress can supply a binding definition of "life" or "person," it can equally declare that the provision of "separate but equal" facilities to persons of different color is "equal protection of the law"; or that State aid to parochial schools is not an "establishment of religion"; or that the belief of any police officer that an arrest or search and seizure will be helpful to law enforcement is "probable cause."

Similarly, if Congress can deny those seeking to be free from "an establishment of religion" the usual right of access to the lower federal courts or to the Supreme Court on appeal from the highest State court, then majorities in the Senate and House can deny that access in cases seeking protection for other constitutional rights such as the right to criticize government officials, to publish materials like the Pentagon Papers embarrassing to an Administration, or to secure equal per capita representation in a malapportioned legislature.

A right is only as good as the remedy. A constitutional right is at the mercy of legislative majorities unless supported by a judicial remedy. To deprive federal courts of jurisdiction granted by the federal constitution would result in a hodge-podge of inconsistent State interpretations, not all of which could be expected to rise above local selfishness or passion.

Because the bills impliedly assert the power of congressional majorities to abolish or frustrate constitutional rights, they would disturb the historic balance of power among the three branches of government. Even if the abortion, bussing and school prayer cases were wrongly decided, it would be worse to accept the principle that simple majorities of the Senate and House of Representatives, with the approval of the President, can nullify or lessen constitutional rights.

The principle that constitutional rights should be beyond the reach of legislative majorities is deeply embedded in American history. In the seventh century the deep-seated human conviction that there are fundamental individual liberties, chiefly in the realm of the spirit, that should be beyond the reach of any government found eloquent expression in the writings of John Locke and Jean Jacques Rousseau concerning "natural law," "natural rights" and the "rights of man." No one can seriously doubt their influence upon the Founding Fathers.

From our English background came parallel legal traditions. The Magna Carta wrested from King John at Runneymede declared that no freeman should be seized or punished, or subjected to other reprisal "except by the lawful judgment of his peers and the laws of the land." Three centuries later when King James summoned the common law judges before him, led by Sir Edward Coke, in order to tell them that they must stop interfering with the King's new prerogative courts, Coke responded that the judges must follow the common law. King James wrathfully replied, "Then I am to be under the law—which is treason to affirm." Coke's answer echoed down through the years: "No sub homine sed sub Deo et Lege"—"The King ought not to be under any man, but he is under God and the law."

It was easier to assert that individuals have rights beyond the proper reach of government than it was to develop human institutions enforcing the limitation. In Britain parliamentary supremacy developed. But the colonies had revolted against Parliament no less than King George. In Massachusetts John Adams and James Otis had attacked the writs of assistance upon the ground that courts should give no effect to a law contrary to "natural equity." Gradually the idea emerged that important individual liberties ("natural rights") could be protected by three simple steps: First, let the fundamental human rights to be put beyond the reach of government be written down in a constitution. Second, treat the constitution as law to be interpreted and applied by courts in the same fashion as any other law, but also make it supreme so that in case of conflict between the constitution and any other law, the constitution will prevail. Third, make the Judiciary impartial and independent.

James Madison put it in a nutshell in proposing the Bill of Rights. Thomas Jefferson thought judicial review a virtue of the U.S. Constitution before he clashed with, and came to hate, John Marshall. Writing to a French correspondent, he spoke of—

"The laws of the land administered by upright judges which protect you from any exercise of power unauthorized by the Constitution of the United States. . . ." [Letter in 1798.]

Throughout our history there have been legislative attacks upon the power of the Judicial Branch to protect constitutional rights.

The Jeffersonian Democrats proposed to use impeachment as a vehicle for removing justices whose constitutional views were distasteful to the dominant party in Congress.

In the 1820's, following the decisions in *Martin* v. *Hunter's Lessee* and *Cohens* v. *Virginia*, the proponents of State sovereignty sought to take away the power of the U.S. Supreme Court to review decisions by State courts on constitutional questions.

After the Civil War, the radical Republicans, fearful that the Supreme Court would find the Reconstruction Acts unconstitutional, revoked the Court's authority to hear a Mississippi newspaper editor's appeal of the denial of his habeas corpus petition, and considered other methods of barring judicial review.

In 1937, President Franklin D. Roosevelt proposed legislation to pack the Supreme Court with new justices who agreed with his constitutional philosophy.

The McCarthyites of the 1950's unsuccessfully sought to persuade Congress to limit Supreme Court jurisdiction over unconstitutional federal and State programs aimed at alleged subversives.

In 1964, some Senators and Representatives attempted to deprive the federal courts of jurisdiction to give effect to the "one person, one vote rule" regarding legislative apportionment.

In each instance, despite discontent with particular decisions, the American people and the Congress have rejected the attacks as threats to constitutionalism. The repeated rejections seem to me to demonstrate the continuing conviction of the people that, in the interests of individual liberty, even legislative majorities should sometimes be subject to check.

History also contains examples of unwise, even "wrongheaded" decisions by the Supreme Court. The Dred Scott and Income Tax cases are prime examples. *Lochner* v. *New York* and like instances of the effort to prevent economic regulation are further illustrations. Perhaps the abortion and school prayer cases belong in this category. I have written critically of *Roe* v. *Wade*. The school prayer cases unsettled assumptions based upon habit, but I have come to accept them as appropriate to protect the child of conscientious non-conformists against the trauma of isolation from his peers. Most important judicial errors of the past yielded to time, debate and judicial reconsideration in the case of other important mistakes. The process of amendment furnishes a further safety valve. The argument for judicial review does not assume judicial infallability. Granting some mistakes, it invokes convincing and current as well as historical reasons to concluding that, on the average and over the years, courts will be a great deal firmer and also wiser than legislatures in interpreting constitutional guarantees protecting essential liberty.

Surely, judicial interpretation gives better protection to unpopular individuals and minorities shut out of, or inadequately represented in, the political process. It was the Court that spoke for the national conscience in *Brown* v. *Board of Education* when Congress and the President were silent.

Similarly, judicial review provides better protection for the long-range enduring values which politicians too often neglect and of which the people too often lose sight in the emotional intensity and maneuvering of political conflict. Individual liberties such as freedom of speech and guarantees of privacy are often in this character. It was the Court that excised the cancer of legislative malapportionment when the incumbent legislators perpetuated themselves by refusing to act, whereas it was a bloc of Congressmen anticipating Senator Helms who pressed for legislation depriving the federal courts of jurisdiction to apply the "one person, one vote" rule. The full impact of statutes upon individual and minority rights often comes to light only through experience. The modern tendency to rush constitutional judgments by expedited declaratory proceedings seems open to question. Judicial review is most valuable when it provides what Justice Stone called the sober second thought of the community.

There is also value in having constitutional judgments made by men and women as free as any individual can become from political or economic self-interest, from most forms of ambition, and from the obligations of loyalty to political parties or other organizations. Only judges have the necessary security and independence.

There is even greater value, I think in having the questions adjudicated according to law. Those who attack the Court today are fond of quoting Charles Evans Hughes' observation that the Constitution "means what the judges say it means," thus implying that the process of decision is unimportant, that in the end all is arbitrary fiat, and that the only question is, whose fiat shall control. There is a measure of truth in Hughes' "nifty" but there is also truth in the older aphorism asserting that judges find, but do not make, the law. Judges, unlike legislators, do not feel free simply to do what they think is right, much less to serve the interests of a political party or constituent. All judges feel bound at least to some extent by the duty to look outside themselves to the sources of law. Pursuit of the ideal of principled decision-making built upon and building a rationally coherent body of law binding upon the judges as well as the litigants is not only more likely than the political process to protect fundamental liberties; in the realm of the spirit and the building blocks of representative government, it is likely to reach both wiser and less subjective results.

I spoke a moment ago of the deep-seated desire for the protection of certain fundamental human rights against all forms of government—perhaps I should say, against the claims of society. Would you agree with me that that desire is usually accompanied by a yearning for government, not by power, whether the power of force or of votes, but by reason, moral right and justice? The words are imprecise. The yearning is for an impossible dream. Yet it seems wise and right that the aspiration find a measure of expression somewhere among our political institutions. The best place, even though imperfect, is the Judicial Branch and ultimately the Supreme Court.

There are times when the courts, especially the Supreme Court, can lead us a step towards fulfillment of the impossible dream. True, if the Justices are not mindful of the limits of their function and attentive to the constraints of law, they may overreach themselves and stir pressure for the kind of legislative and popular reprisals we have been discussing. True, also, that the roots of any great decision must lie in the will of people. Yet the constraints leave room for progress. The will can be evoked. Being is becoming. Our aspiratioins are no less part of us than our practices. Within the constraints, the Court can sometimes be the voice of the spirit, reminding of what we may be in order to make us what we are.

I phrase the point inadequately but, for me, this is one of the chief reasons for resisting the current attacks upon the Court.

PRELIMINARY NOTIFICATION PROPOSED ARMS SALES

● Mr. PERCY. Mr. President, section 36(b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon receipt of such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulates that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

Pursuant to an informal understanding, the Department of Defense has agreed to provide the committee with a preliminary notification 20 days before transmittal of the official notification. The official notification will be printed in the record in accordance with previous practice.

I wish to inform Members of the Senate that such a notification was received on December 7, 1981.

Interested Senators may inquire as to the details of this preliminary notification at the offices of the Committee on Foreign Relations, room 4229 Dirksen Building.

The notification follows:

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., December 7, 1981.

Dr. HANS BINNENDIJK,
Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR DR. BINNENDIJK: By letter dated 18 February 1976, the Director, Defense Security Assistance Agency, indicated that you would be advised of possible transmittals to Congress of information as required by Section 36(b) of the Arms Export Control Act. At the instruction of the Department of State, I wish to provide the following advance notification.

The Department of State is considering an offer to a Middle Eastern country tentatively estimated to cost in excess of $25 million.

Sincerely,

ERICH F. VON MARBOD,
Director.●

PROPOSED ARMS SALES

Mr. PERCY. Mr. President, section 3 (b) of the Arms Export Control Act requires that Congress receive advance notification of proposed arms sales under that act in excess of $25 million or, in the case of major defense equipment as defined in the act, those in excess of $7 million. Upon such notification, the Congress has 30 calendar days during which the sale may be prohibited by means of a concurrent resolution. The provision stipulated that, in the Senate, the notification of proposed sales shall be sent to the chairman of the Foreign Relations Committee.

In keeping with the committee's intention to see that such information is immediately available to the full Senate, I ask to have printed in the RECORD at this point the notification which has been received. The classified annex referred to in the covering letter is available to Senators in the office of the Foreign Relations Committee, room 4229 of the Dirksen Building.

DEFENSE SECURITY
ASSISTANCE AGENCY,
Washington, D.C., December 8, 1981.

Hon. CHARLES H. PERCY,
Chairman, Committee on Foreign Relations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to the reporting requirements of Section 36(b) of the Arms Export Control Act, we are forwarding

herewith Transmittal No. 82-10 and under separate cover the classified annex thereto. This Transmittal concerns the Department of the Navy's proposed Letter of Offer to Australia for defense articles and services estimated to cost $750 million. Shortly after this letter is delivered to your office, we plan to notify the news media of the unclassified portion of this Transmittal.

Sincerely,

ERICH F. VON MARBOD,
Director.

TRANSMITTAL No. 82-10

(Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b) of the Arms Export Control Act)

(i) Prospective Purchaser: Australia.

(ii) Total Estimated Value:

	Million
Major Defense Equipment*	$685
Other	65
Total	750

*As included in the U.S. Munitions List, a part of the International Traffic in Arms Regulations (ITAR).

(iii) Description of Articles or Services Offered: Government furnished equipment, technical services, training, spares, and follow-on support in connection with the upgrading of three DDGs.

(iv) Military Department: Navy (LXB).

(v) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None.

(vi) Sensitivity of Technology Contained in the Defense Articles or Defense Services Proposed to be Sold: See Annex under separate cover.

(vii) Section 28 Report: Included in report for quarter ending 30 September 1981.

(viii) Date Report Delivered to Congress: December 8, 1981.

POLICY JUSTIFICATION
AUSTRALIA—DDG MODERNIZATION
PROGRAM SUPPORT

The Government of Australia has requested the purchase of government furnished equipment, technical services, training, spares, and follow-on support in connection with the upgrading of three DDG's at an estimated cost of $750 million.

As an ally under the ANZUS Treaty, Australia plays a major role in assuring the stability of Southeast Asia and the South Pacific and is strategically located with respect to the Indian Ocean. Therefore, the United States has cooperated in improving Australia's military capability through foreign military sales, logistics agreements, and combined exercises.

This sale represents a significant commitment by the Australian Government to modernize and strengthen the Royal Australian Navy (RAN) and is an integral part of the Australian DDG Modernization Program which consists of upgrading their three DDG's. This program will include equipment for the conversion of the TARTAR weapon system, surface missile systems, electronic warfare equipment, and miscellaneous equipment required to update the RAN Combat Data System Center.

The sale of this equipment and support will not affect the basic military balance in the region.

Implementation of this sale will not require the assignment of any additional U.S. Government or contractor personnel to Australia.

There will be no adverse impact on U.S. defense readiness as a result of this sale.

THE BURDEN OF PROOF

● Mr. HEINZ. Mr. President, the President's economic recovery program has been much in the news of late. Some critics are already giving it last rites when, in fact, it has just only very recently been born.

Of course, no program is perfect, and I have some reservations and concerns about some aspects of the Reagan approach. But, overall, I believe it represents a sincere and well-thought-out effort to get at the root causes of our current economic difficulties. I also believe that most Americans have a sense of fair play and are willing to give the President's program a chance to work.

Mr. President, this latter view is also shared by Mr. Robert F. Dee, chairman of the board and chief executive officer of the Smith Kline Corp. In recent remarks distributed to the shareholders of Smith-Kline and others. Mr. Dee articulates a persuasive case for giving the President's program time to begin working. I believe that others could benefit by reviewing Mr. Dee's remarks and I, therefore, ask that Mr. Dee's comments, entitled "The Burden of Proof" be printed at this point in the RECORD.

The statement follows:

THE BURDEN OF PROOF

(By Robert F. Dee)

Many bitter tears of doubt are being shed these days over the Administration's new economic program. Even The Wall Street Journal, for example, has published a number of guest editorials lamenting its demise.

The writers cite persuasive evidence—stock and bond markets are down, interest rates are high, the Federal deficit is increasing, Social Security is in trouble, capital investment is slack and tax revenues are expected to be lower.

NO EVIDENCE

Yet I'm writing this message only 15 days after the first steps (and certainly not the last) have been taken to carry out President Reagan's plan for the country's economic recovery.

It's a maxim of American law that the burden of proof is on the plaintiff, but there hasn't been time to collect solid evidence on the success or failure of the Administration's program. It only went into effect on October 1.

Those who are already reporting the death of the President's program are greatly exaggerating.

SELECTIVE SILENCE

The fact is that beneficial changes in the economy are already visible. Virtually every major measure of economic activity shows that the economy has actually improved since President Reagan took office in January.

The inflation rate, at 12.6 percent when Mr. Reagan assumed office, has now come down to around 10 percent.

The "misery index"—the unemployment rate merged with the inflation rate—has dropped three percentage points.

The "Reagan dollar" is 13 percent stronger.

The projected 1982 budget deficit—unpleasant but temporarily necessary—is no worse than the deficits for the two years before the Administration's new economic program. And those earlier deficits were incurred during years of rising, not declining, tax rates.

There seems to be a selective silence about all these good signs. Perhaps it's only natural that those clinging to the liberal views of the past aren't liberal enough now to admit that Mr. Reagan's program is already benefitting Americans.

KEEPING PROMISES

Moreover, most of the time-tested econometric studies from reliable and politically detached organizations predict that the new program will bring solid gains to our economy in the long run.

And the long run isn't all that long. Some studies show improvement by as early as 1983—inflation slackening off, capital investment increasing, unemployment dropping, interest rates at reasonable levels and substantial upward movement in the stock and bond markets.

Best of all, the President is keeping his promises. When he said, "If not us, who? If not now, when?" he obviously wasn't indulging in political rhetoric.

On the score of taxation alone, American citizens know for certain that the stream is flowing their way. When President Reagan took office, federal taxes consumed 22 percent of the gross national product. By the time his first term is over, they'll be down to 19.5 percent.

The Administration's budget cuts have already brought a 2 percent decline in spending, measured in noninflated dollars. What's more, we Americans are getting our first glimpse of regulatory relief in decades.

SHOW ME

Why, then, are we hearing so many lamentations about the Administration's new economic recovery program—even from respected observers?

There are three reasons:

First, the program thoroughly contradicts the long unchallenged idea that better government requires bigger government.

Second, the U.S. government has operated on completely different economic premises for the past 40 years or more.

Third, when you come right down to it, every American is from Missouri.

"I doubt it," said the weeping carpenter. But in the case of the new economic program, the bitter tears are too many and too soon.●

FUNDING LEVELS FOR THE VA'S OFFICE OF PLANNING AND PROGRAM EVALUATION AND FOR THE SUPPLY SERVICE

● Mr. SIMPSON. Mr. President, there are certain provisions contained in the conference report on the HUD-Independent Agencies Appropriations Act for fiscal year 1982, H.R. 4034, which passed the Senate by voice vote on Saturday, November 21, and the House on Thursday, December 10, which caused me some concern and about which I now seek some explanation from my good friend, the very able chairman of the HUD and Independent Agencies Subcommittee of the Senate Appropriations Committee (Mr. GARN). The provisions to which I refer are contained in subsection 40 of section 501 of the act, and they read as follows:

Provided further, That in the Veterans' Administration not to exceed (1) $1.5 million shall be available for the Office of Planning and Program Evaluation and Program (2) 649 staff years shall be available for the Supply Service.

Mr. President, the inclusion of this provision was a quite startling revelation for me as chairman of the Senate Veterans' Affairs Committee. No member of the committee—neither the chairman, the ranking minority member, nor any of the membership were made aware of this provision even though the committee staff made a conscious effort during that marathon weekend session to monitor and review carefully the appropriations process as it affected appropriations for the Veterans Administration.

I would ask my good friend and respected colleague from Utah what the origin was of this provision and how it came to be included in the current version of the conference report on H.R. 4034?

Mr. GARN. Mr. President, I thank my good colleague for the opportunity to clarify this situation. As he is aware, the current version of the conference report on H.R. 4034 reflects and incorporates in full the conference agreements reached on the HUD-Independent Agencies accounts by the House and Senate conferees on the second continuing resolution, House Joint Resolution 357.

The specific provision to which he refers was not contained in the version of House Joint Resolution 357 that was approved by the Senate early in the morning of November 20. Rather, the provision originated in the House version and was brought to the House/Senate conference on the continuing resolution by the House conferees. As I understand it, the provision was first proposed in the House by the distinguished chairman of the House Appropriations Subcommittee on HUD-Independent Agencies, Congressman BOLAND of Massachusetts.

Mr. SIMPSON. I thank the Senator and I appreciate that information. But I must express my very great concern and displeasure that the program changes that would be made by this provision were at no time offered to or discussed with either the members or the staff of the Senate Veterans' Affairs Committee for review and comment. I assure you we would have been available for commentary on this issue. It is a regrettable procedure.

Mr. GARN. Mr. President, I agree with the Senator from Wyoming that provisions such as those we are discussing here certainly should be discussed with the relevant authorizing committees, and it is my intention always to work closely with the distinguished chairman of the Veterans' Committee and to keep him and his committee fully informed, whenever practicable, of all appropriations developments affecting the substantive authorizing jurisdiction of his committee.

The first continuing resolution had expired at midnight on the preceding day, and the conferees on the new continuing resolution, House Joint Resolution 357, were under considerable pressure to reach agreement quickly, not just with respect to the HUD-Independent Agencies bill, but with respect to all of the major appropriations bills. It was in this atmosphere that House language in question here was agreed to by the Senate.

Similarly, I acted quickly after the agreements were reached on the HUD-Independent Agencies bill to incorporate those agreements into the regular appropriations bill, H.R. 4034, because all parties concerned, including myself, the distinguished chairman of the Appropriations Committee, Senator HATFIELD, and of course the administration, were, as I stated in the RECORD at the time, "anxious to assure that the appropriations process acts as quickly as possible on regular fiscal year 1982 bills."

Only a few hours elapsed between the adoption of the conference agreements on House Joint Resolution 357 and their incorporation into the conference report on H.R. 4034.

The effect of this incorporation was to make approximately 40 changes in the H.R. 4034 conference report, and I do regret that time did not allow us to consult with each of the authorizing committees affected by these many changes. But I do think that the passage of this conference report by the Senate was a timely and very significant step toward the passage of our regular appropriations bill for fiscal year 1982.

Mr. SIMPSON. I do understand and appreciate the severe time limitations under which the Appropriations Committee has been operating, not only with regard to the action taken on the 21st, but throughout this entire, unusually drawn-out appropriations process for fiscal year 1982.

Nevertheless, I must express my deep concern about the wisdom of the program reductions which would be accomplished through the provision which I have discussed. The VA's Office of Planning and Program Evaluation has over the years served a vital oversight function for a variety of VA programs, well complementing the work of the Inspector General in seeking to guarantee that VA programs make the most efficient and effective practicable use of taxpayer dollars.

And the supply service, which has already suffered one major cutback this year, has responsibility for distributing medical supplies and prosthetics to all VA medical centers throughout the country, for setting medical procurement policy, and for negotiating all contracts for D.M. & S. and research services. It is quite possible that cutting back this service from 669 to 649 staff years will not result in any savings, but will simply transfer certain medical supply distribution responsibilities from the supply service to D.M. & S.

I do not believe such programs should be summarily reduced unless we have a proper, detailed explanation of justification—and certainly not until the House and Senate authorizing committees have had an opportunity to consider carefully all aspects of the proposed reductions. The action taken has all the trappings of an arbitrary and unjustified chopping away, perhaps by some overzealous House staffer rubbing his hands with glee in the waning hours of an exhausting appropriations battle.

I would inquire of the Senator from Utah what his position might be, in terms of future appropriations actions and perhaps at the supplemental appropriations stage if the authorizing committees were to conclude and recommend that such reductions should not be made?

Mr. GARN. Mr. President, I am happy to assure my colleague from Wyoming that we should give the utmost deference to any such recommendation. I do appreciate the Senator's concern on this matter, and will be happy to work with my counterparts on the House Appropriations Committee to achieve a satisfactory resolution of this situation.

Mr. SIMPSON. I thank the Senator from Utah for that assurance. I always consider it a privilege to work with him on these most important matters, and I understand fully the awesome problems confronted by the Senator from Utah and by the Senator from Oregon, in crafting the final version of the continuing resolution. It is my honest intention to assist the Senator from Utah in assuring that this does not occur again.●

BUY AMERICAN PRODUCTS

● Mr. HEINZ. Mr. President, recently I had the opportunity to benefit from the sage advice of John K. Nagy, one of my constituents who has lived under 15 Presidents, going back to William McKinley. Although each of us might disagree with some of Mr. Nagy's ideas, they are all worth noting, given the benefit of his long years of experience.

Of particular interests to me are Mr. Nagy's thoughts on the need to encourage buying of American products. In his own way Mr. Nagy has gotten to the core of one of our major trade problems today—the need for reciprocity between nations, particularly in market access. We have one of the world's most open markets. We should be working hard to get other nations to open their borders to our products. Mr. Nagy makes this point and a number of others in an open letter he recently gave me. I ask that it be printed at this point in the RECORD.

The letter follows:

I write this letter as a private citizen for the benefit of our citizens and our country, the good old U.S.A. As a man who lived under fifteen presidents from William McKinley in 1900 to Ronald Reagan, our present president, I believe I have the knowledge to see what has gone wrong and why our nation has over 8,000,000 people out of work today.

As I am 81 years of age, I have lived through four wars which our nation was involved in. I have been an elected public official as a Justice of the Peace, and, at present, Township Supervisor. I was a delegate to the 1980 Republican Convention in Detroit. The problems that caused millions of our citizens to be out of work are several. As a senior citizen I would like to make a few reasonable suggestions which are needed and would help our nation and our people who are out of work.

During the four wars I lived through, money spent to win the war was no problem to save our nation. Just one battleship cost 100 million and more, one submarine the same, and a jet plane costing millions shot down, lost, plus the lives of our men who were lost and others who came home disabled for life. God forbid that we have another war just to put millions of people back to work. Thank God we are at peace. Why not put some of the war money to do the things needed and give our unemployed a chance to work to earn money and pay taxes and take the unemployed off the relief rolls. The welfare people cannot find jobs. If that is true, let the government find jobs for them. Let them work eight hours a day for Uncle Sam; then pay them their wages, not welfare checks. My plan would put millions of people to work doing what is badly needed for the good of our nation.

There is much to do. Let us suppose we need a new battleship, a few jet planes, a few submarines, and the cost of all this

would require every able-bodied person to work eight hours a day, not sit around doing nothing but waiting for a relief check. Clean the beer and soda cans along our highways; cut dead trees; cut brush leaning out along the highways; beautify America. Put your teenagers in C.C.C. camps in our forests; put men to work on gypsy moths which are killing our trees, deteriorating our forests. This is a war I'd like to see us win now.

This would work two ways—putting people to earn their own wages, and improving our nation. All this without a war and without bloodshed. We won every war. We gave back the country we conquered. Let's spend some money for our own nation, our own people, let's be proud of our nation, let us do it now.

I put much of our unemployment problem on our American manufacturers. When advertising they should proudly add, "Made in the U.S.A. by American Unions, Labor, or just labor, or just made in the U.S.A."

Also, Congress ought to pass a law that if Americans buy say $50,000,000 foreign products, then, that country should buy the same amount of American products. If not, a very high import tax should be paid to compensate our people who are knocked out of work.

This, too, would help solve our unemployment problem. Manufacturers should pay the workers a decent hourly rate with proper inspection, rather than paying piece work rates to workers. This would produce a better made product that people would prefer to buy because it would be good.

In the past year or so we had congressmen playing ball with foreign lobbyists. At times I wonder on whose payroll they are on.

Yours truly,

JOHN K. NAGY.●

FEDERAL FIREARMS OWNERS PROTECTION ACT

● Mr. BURDICK. Mr. President, the Senate Judiciary Committee is conducting hearings this week on S. 1030, the Federal Firearms Owners Protection Act. I was a cosponsor of similar legislation in the 96th Congress and was pleased to renew my support for it when Senator MCCLURE introduced S. 1030 in April of this year.

In testimony before the Judiciary Committee on Wednesday, I emphasized the reforms necessary in the Gun Control Act of 1968 if honest, law-abiding gun owners and gun dealers are to have the same rights that our Constitution and criminal laws guarantee to other citizens. I ask that the full text of my statement before the Judiciary Committee be printed in the RECORD.

The statement follows:

STATEMENT OF SENATOR QUENTIN N. BURDICK

Mr. Chairman I am very pleased to appear before your committee this morning in support of S. 1030 the Federal Firearms Owners Protection Act. I am one of the many cosponsors of this legislation because the reforms which it writes into the Gun Control Act of 1968 are legitimate and pressing. The time has come for Congress to put an end to some of the well-documented abuses that have been committed by the Bureau of Alcohol Tobacco and Firearms in the name of gun control.

This is not a bill to dismantle the Gun Control Act of 1968. I supported that legislation at the time it became law and I still support its basic provisions including its requirement that persons dealing in firearms be federally licensed its prohibition of interstate mail-order sale of any firearms or ammunition and its establishment of minimum penalties for the use of a firearm in the commission of a federal felony. But in the haste to enact broad gun control legislation following the tragic assassinations of Martin Luther King and Robert F. Kennedy the Congress ignored some basic aspects of criminal and constitutional law. The result has been a regulatory nightmare with honest law-abiding gun owners and gun dealers the subject of oppressive bureaucratic harassment and unjustified prosecution. We must now act to correct our previous errors of omission.

For example, it is a fundamental premise of criminal law that, except in extraordinary cases, an act can only constitute a crime if both of two elements are present: the wrongful deed itself, and the intent to commit a crime. But the 1968 gun control law proscribes a number of activities without regard to whether the violation was a deliberate attempt to evade the law or an innocent mistake. As a result, the federal agency charged with enforcement of the law has brought far too many cases based on technical, inadvertent violations of the statute by totally honest, law-abiding citizens. S. 1030 will stop this practice by requiring that violations be shown to be "willful" before a person can be convicted under the Act.

Another basic premise of our system of laws is that our citizenry must be able to perceive what is lawful and what is unlawful if it is to be held accountable for illegal conduct. The Gun Control Act of 1968 sets forth detailed licensing requirements for those "engaged in the business" of dealing in firearms or ammunition, but nowhere does it define the term "engaged in business." Once again, over-zealous B.A.T.F. agents have taken advantage of this oversight by enticing gun collectors into selling a few guns from their collection and then charging them with having engaged in business without a license. In the twelve-month period preceding July 1, 1979, nearly 25 percent of all of B.A.T.F.'s firearms cases involved the charge of dealing without a license. S. 1030 will resolve this clearly misguided interpretation of the 1968 law by explicitly defining "engaged in the business" of dealing to include only those who devote time and labor to the selling of guns with the object of making a livelihood and profit.

It is also an important principle of our legal system that a person should not be penalized twice for the same action. But it happens all too frequently that even when an individual is tried and acquitted of criminal charges stemming from an unintentional violation of the Gun Control Act, the B.A.T.F. renews its harassment by initiating a civil action for forfeiture of his gun collection, or revocation of his dealer's license, based on exactly the same evidence that was rejected at the criminal trial. The toll on such individuals, in terms of attorney's fees, lost business, and emotional trauma, is horrendous. S. 1030 will rectify this situation by providing that when an individual has been acquitted of an alleged violation of the law, or his case dismissed, the same evidence may not be used to confiscate his property or revoke his license.

These are but a few examples of the worthwhile changes incorporated in this legislation. Other provisions act to stiffen the requirement of a mandatory jail sentence for use of a gun in the commission of a federal felony and to require a showing of probable cause before a gun dealer's premises may be entered and searched by government agents. It is my sincere hope that this bill will force the B.A.T.F.—or whatever federal agency in the future is charged with enforcement of the 1968 Gun Control Act—to focus its efforts where they are most needed: on the criminal element in this country, and not on hard-working, law-abiding, honest citizens. Mr. Chairman, I respectfully request your committee's quick approval of this important legislation.

Thank you.●

DOGS AND COYOTES

● Mr. SCHMITT. Mr. President, in light of recent announcements by the U.S. Fish and Wildlife Service pertaining to new measures for predator control, I should like to highlight a coyote control technique as old as Mother Nature herself: herd dogs.

Livestock guarding dogs were routinely used for centuries in Europe and Asia to protect livestock from predators, however this method is relatively new in this country. One legendary sheep-guarding dog is the Hungarian Komondor, a shaggy, intelligent and affectionate dog which nonetheless is single-mindedly protective of a flock under its care.

I commend to the attention of my colleagues an article on this subject found in the June 1, 1981, issue of Time magazine entitled, "Sheepmen Are Going to the Dogs" and ask that it be printed in the RECORD.

The article follows:

SHEEPMEN ARE GOING TO THE DOGS

Coyotes are small (about 30 lbs.), fast, clever and notably fond of mutton chops. For years U.S. sheepmen have trapped them, shot them from airplanes, and laid out wholesale poisons. But in 1972 the Nixon Administration banned the use of poison on federal grazing lands because it kills more than just coyotes. The scattered chemicals—usually a nerve drug called Compound 1080—also felled birds, including endangered species like the bald eagle, not to mention foxes, badgers, opossums, raccoons and pet dogs.

Now coyotes are blamed for killing more than a million sheep a year, and sheepmen are clamoring for resumption of open chemical warfare. The U.S. Department of the Interior, meanwhile, has been experimenting with more specific anticoyote tactics. In one method, sheep are outfitted with a poison-filled collar; if a coyote takes a bite, it soon bites the dust. Another device, the so-called M-44 involves a spring-loaded tube covered with bait and planted in the ground.

When a coyote begins tugging at the bait, the device fires a lethal dose of cyanide into its mouth. In an attempt at aversion therapy, Government-funded scientists have even scattered chunks of lamb meat dosed with an emetic. Any coyote who samples the stuff quickly becomes ill. The object: to make coyotes feel that sheep are sickening. All these things have proved too inefficient or too costly to be much help. Is there, then, any safe, cheap and humane way of containing coyotes? Perhaps, say biologists. U.S. sheepmen have traditionally allowed sheep to roam their ranges, fenced in but otherwise untended by shepherds or dogs. Now they are being urged simply to bring back the faithful sheep dogs that have been used in Europe and Asia for centuries.

Not just any sheep dog will do. Such familiar breeds as the collie and German shepherd are herding dogs. They will drive a flock from place to place and keep sheep from straying. But such dogs need constant supervision. What is required is a different kind of canine, guarding dogs that will patiently watch over a flock for weeks at a time, even in a lonely pasture. A rancher need only appear occasionally to leave food. Usually large (up to 135 lbs.) and slow to anger, the animals stir to action only when their charges are threatened. They live with the flock almost as if they were sheep themselves.

One favorite breed, the Hungarian Komondor, is a big, lovable-looking beast as shaggy as a sheep. Komondors have been protecting flocks from wolves for centuries in Hungary. Now they are standing guard over American sheep in more than two dozen states from the Rockies to New England. Other Old World breeds are beginning to appear on U.S. ranches as well: the Anatolian shepherd; the Great Pyrenees from the mountains between France and Spain; the Italian Maremma; the Yugoslavian shepherd or Shar Planinetz; and the Kuvasz, a short-haired Hungarian cousin of the Komondor.

Until a few years ago, these animals were virtually unheard of in the U.S. But thanks to new importing and breeding programs, guarding dogs, which cost $300 to $1,000 apiece, are being inexpensively leased to any sheep farmer willing to try them. Almost at once sheep losses have been sharply cut, surprising even skeptical ranchers. "Ninety percent rate the dogs as good to excellent," says Wildlife Biologist Jeffrey Green, who has been raising Komondors and Great Pyrenees at the U.S. Sheep Experiment Station at Dubois, Idaho. He adds: "These dogs are three times as big as coyotes. One on one, the dog always wins. But usually the coyote just turns tail. Many won't even approach the flock because of the dog's scent."

Not all dogs live up to expectations, say Biologists Ray and Lorna Coppinger, who have raised hundreds of animals at Hampshire College's New England Farm Center in Amherst, Mass. A couple of dogs have wandered off into the hills and disappeared. Others have been killed by traffic, electric wires or misplaced M–44s. Some dogs are naturally boisterous and need special handling; a few have turned out to be sheep killers. To work properly, guarding dogs must be introduced to sheep as pups so that by maturity they are totally at ease with the flock—and vice versa. When a predator approaches, the sheep tend to converge behind the dog. "They recognize him as a security blanket," says Zoologist Jack McGrew of Colorado State University, where Komondors have been tested for three years. Ewes in labor sometimes seek out the protection of the dog. Usually this trust is more than reciprocated. Dogs have been known to lick the newborn lambs and even cuddle them through the night to protect them from the cold.—By Frederic Golden. Reported by Joseph Pilcher, Los Angeles.●

EXTRADITION OF ZIYAD ABU EAIN

Mr. JEPSEN. Mr. President, I am a cosponsor of Senate Resolution 255, which states that it is the sense of the Senate that Ziyad Abu Eain be extradited to Israel. In support of that resolution, I submit for the RECORD a memo on the case prepared by the law firm of Fried, Frank, Harris, Shriver, and Kampelman.

The memo follows:

INTRODUCTION

The chronology of legal events in the case of Ziyad Abu Eain, a fugitive whose extradition from the United States is sought by the Government of Israel, is as follows:

December 18, 1979: United States Magistrate finds probable cause to hold Eain for extradition.

March 28, 1980: United States District Court for the Northern District of Illinois Eastern Division denies Eain's request for issuance of a writ of habeas corpus.

February 20, 1981: Seventh Circuit Court of Appeals upholds District Court decision.

April 13, 1981: Seventh Circuit Court of Appeals denies rehearing and rehearing en banc.

October 13, 1981: U.S. Supreme Court denies certiorari.

October 23, 1981: Seventh Circuit issues mandate in the case.

October 23, 1981: District Court receives mandate from Seventh Circuit Court of Appeals.

October 30, 1981: District Court receives record from Seventh Circuit Court of Appeals.

October 30, 1981: State Department receives service or notification of denial of certiorari (unclear).

THE STATUTE IN QUESTION

After a fugitive is committed for extradition under the provisions of 18 U.S.C. § 3184, 81 U.S.C. § 3188 (1976) provides that:

Whenever any person who is committed for rendition to a foreign government to remain until delivered up in pursuance of a requisition, is not so delivered up and conveyed out of the United States within two calendar months after such commitment, over and above the time actually required to convey the prisoner from the jail to which he was committed, by the readiest way, out of the United States, any judge of the United States, or of any State, upon application made to him by or on behalf of the person so committed, and upon proof made to him that reasonable notice of the intention to make such application has been given to the Secretary of State, may order the person so committed to be discharged out of custody, unless sufficient cause is shown to such judge why such discharge ought not to be ordered.

QUESTIONS PRESENTED

1. When does the two calendar month period begin to run?

2. Does the Secretary of State's power to extradite expire after two months?

3. Upon expiration of the two month period, what procedures are available to Eain to effectuate his release from custody?

4. What constitutes "sufficient cause" to keep a person in the U.S. for more than two months after his commitment for extradition?

5. What is the meaning of the exclusion of "time actually required to convey the prisoner from the jail to which he was committed, by the readiest way, out of the United States" from calculation of the two month period?

1. When does the two calendar month period begin to run?

Section 3188 provides that a person to be extradited may petition a court for release from custody if he has not been conveyed out of the United States "within two calendar months after such commitment . . ." In this case, it is necessary to determine whether the two-calendar month period runs from October 13, the date when the Supreme Court issued its order denying Eain's petition for certiorari, from October 30, the date the Secretary of State apparently was notified of that denial, or from October 23, the date the mandate of the Seventh Circuit Court of Appeals was issued.

Neither the statute nor its legislative history provides an answer to this question. Similarly, there are no regulations or precedents dealing with the issue of the specific date from which the two month period would run. While the answer, therefore, is not free from doubt, the most reasonable interpretation, in our opinion, is that the two month period would begin to run from the date of the denial of certiorari by the Supreme Court.

The leading authority on the interpretation of § 3188 is the opinion of Justice Goldberg, in chambers, in *Perez Jimenez* v. *United States District Court*, 84 S. Ct. 14 (1963). According to Justice Goldberg:

"The common-sense reading of § 3188 is that where as here, the accused has instituted and pursued review of his extradition order, the two-month period runs from the time his claims are *finally adjudicated*, ..." 84 S. Ct. at 18. [Emphasis added.]

Relying on the Goldberg construction, the Seventh Circuit in the instant case noted that the Secretary of State "has two months from the date of commitment following *final judicial action* in this case to surrender petitioner to the proper Israeli authorities. . . ." *Eain v. Wilkes*, 641 F.2d 504, 524 n.26 (7th Cir. 1981. [Emphasis added.]

While we have been able to find no cases in point specifically defining "final adjudication" or "final judicial action" for purposes of the extradition statutes, the term generally has been interpreted to designate the last substantive judicial act in a case. For example, an Illinois court held that "[f]rom the viewpoint of parties involved, judgment becomes a 'final adjudication' when rights of appeal have been exhausted." *People v. McCloskey*, 274 N.E.2d 358, 360, 2 Ill. App.3d 892 (1971). On this basis, it would appear that the date on which the Supreme Court denied Eain's petition for certiorari—the final judicial action Eain requested—would be the logical date from which the two month period would run.

Although we have discovered no cases that specifically address the question of the effect of the date of the notification of the Secretary of State, *Barrett v. United States*, 590 F.2d 624 (6th Cir. 1978) appears to support the position that the date of the Secretary's notification is not relevant for the computation of the two month period. In *Barrett*, the court computed the two month period from the date the Magistrate, signed a certificate of extradition and order of commitment, even though it was more than a month later that the Magistrate's clerk submitted certified copies of the order to the Secretary of State. *Id.* at 625. Unfortunately, for our purposes, the court did not address the issue squarely, so the decision is of uncertain value as precedent with respect to computation of the two month period.

Rule 49(c) of the Federal Rules of Criminal Procedure provides an analogy which is useful in considering the effect of a delay in providing notice of a judicial determination. Jnder that rule, the period within which a timely notice of appeal from a judgment of conviction may be filed runs from the date of conviction, not the date of receipt of notice of the conviction, unless the delay is excused pursuant to Rule 4(b) of the Federal Rules of Appelate Procedure. Similarly, Rule 77(d) of the Federal Rules of Civil Procedure provides that lack of notice of entry of an order or judgment does not affect the time to appeal. While these rules do not apply to 18 U.S.C. § 3188, they deal with similar problems and suggest that the two month period commences to run on the denial of the writ of certiorari.

This reading of section 3188 is supported also by the policy considerations which underpin the two month limitation period. The purpose of the two month limitation is to prevent detention for an indefinite length of time. Accordingly to one commentary on the precursor to section 3188, Congress' intent in enacting section 3188 was closely tied to the concerns underlying habeas corpus—that a person who has not been convicted not be held an unreasonable time. *See* Hurd, "A Treatise on the Right of Personal Liberty and on the writ of *Habeas Corpus*," at Section III. Justice Goldberg also observed that section 3188 "was intended to implement our treaty obligations 'without delay and the danger of a denial of justice' to the accused." citing the Congressional Globe of 1848, the forerunner of the United States Congressional Record.

The purpose of section 3188 was to "ensure prompt action by the extraditing government as well as by this government so that the accused would not suffer incarceration in this country or uncertainty as to his

status for long periods of time through no fault of his own." *Perez Jimenez*, 84 S. Ct. at 18. Construing the two month period to commence on the date of the judicial action, regardless of such delays as may occur in effecting notice of such action, accords with the purpose of the provision to safeguard the rights of the person under detention. This is particularly true since the Secretary is deemed to be able to inform himself in a timely fashion of a decision of a U.S. court and, as will be discussed in connection with our response to question 4, may seek to have the period of detention extended for sufficient cause.

As mentioned above, it is possible to mark the running of the two month period from October 23, the date of issuance of the mandate from the United States Court of Appeals for the Seventh Circuit. While, in some circumstances, the time within which to take certain actions may not begin until the judicial action is appropriately noted in the docket (*see, e.g., United States* v. *F&M Schaefer Brewing Co.*, 356 U.S. 227 (1958); *Edwards* v. *Doctors Hospital, Inc.*, 242 F.2d 888 (2d Cir. 1957), *cert den.*, 356 U.S. 930 (1958)), this procedure is primarily limited to entry of judgments at the trial court level. We doubt this rule would apply to subsequent recordation at a lower level of a Supreme Court action. As Justice Goldberg stated, the common sense reading of the two month provision is that it marks the period available to the Secretary, following final adjudication, to decide whether or not to extradite. The date of entry of a decision in the court docket is irrelevant to this process, since the lower court is merely carrying out a decision already reached—that the party in question may be extradited—and the lower court has no discretion to alter that outcome of the judicial process.

2. Does the Secretary of State's power to extradite expire after two months?

There is language in many cases to the effect that the decision to extradite or not is solely for the Secretary of State. *See, e.g., Eain* v. *Wilkes*, 641 F.2d, at 508 ("If the case is certified to the Secretary for completion of the extradition process, it is in the Secretary's sole discretion to determine whether or not extradition should proceed further with the issuance of a warrant of surrender."); *Escobedo* v. *United States*, 623 F.2d 1098, 1105 n.20 (5th Cir. 1980) ("The Secretary of State always has discretion to refuse to extradite, even if the Magistrate under 18 U.S.C. § 3184 concludes that the fugitive is extraditable."); *Sindona* v. *Grant*, 619 F.2d 167, 176 (2d Cir. 1980) ("Such arguments are properly addressed to the executive branch, which is empowered to make the final decision on extradition and has assumed the discretion to deny or delay extradition on humanitarian grounds.")

When these statements are considered together with the policy reasons expressed in *Perez Jimenez* for the two month rule (see discussion, *supra*), it seems unlikely that the Secretary of State would lose his power to extradite upon the expiration of the two month period. As discussed above, the two month rule is concerned with the confinement of the person to be extradited, not with the power of the executive to extradite. In addition, 18 U.S.C. § 3186, the section of the statute that gives the Secretary the authority to extradite, contains no explicit time limitation; it simply provides that the Secretary of State "may order the person committed under sections 3184 or 3185 of this title to be delivered to any authorized agent of such foreign government, to be tried for the offense of which charged" without reference to any limitation on the period within which the Secretary must take such action.

Finally, it should be noted that section 3188, on its face, refers to discharge from custody (after expiration of the two month period and upon application of the detainee), not termination of the Secretary's power of extradition. Indeed, the title of the section, "Time of commitment pending extradition," indicates that the subject matter of the section is limited to expiration of the time allowed for commitment.

We should point out, however, that there is language in *Barrett* v. *United States, supra*, which could be cited in support of the position that the power to extradite lapses upon expiration of the two month period. Specifically, the court in *Barrett* characterized 18 U.S.C. § 3188 as a statute "which establishes a two month limitation for accomplishing extradition." 590 F.2d at 626. The question of expiration of the Secretary's power was not at issue in *Barrett*, so the foregoing statement is dictum. Moreover, the court provided no reasons in support of such a reading of section 3188. In our view, this language would not be followed by a court called upon to determine whether the Secretary's power to extradite may be exercised after expiration of the two months period.

3. Upon expiration of the two month period, what procedures are available to Eain to effectuate his release from custody?

Upon expiration of the two month period, Eain can be expected to apply to a federal district court for a writ of habeas corpus to issue ordering Eain's release from custody under the provisions of section 3188. Eain would also request the court to enjoin the Secretary from ordering his extradition during the pendency of the habeas proceeding. It is likely that a judge would grant such relief.

The habeas corpus procedure would take a minimum of one month at the district court level. Whatever the result, the district court's order would be appealable to a circuit court of appeals.

4. What constitutes "sufficient cause" to keep a person in the U.S. for more than two months after his commitment for extradition?

18 U.S.C. § 3188 provides that after the two month period ends, a judge may order the person so committed "to be discharged out of custody, unless sufficient cause is shown to such judge why such discharge ought not to be ordered." The burden to demonstrate such cause is on the government. *In Re Normano*, 7 F. Supp. 329, 332 (D. Mass. 1934).

We have found only two cases which have considered the "sufficient cause" standard for extending the two month period. In *Perez Jimenez*, 84 S. Ct. at 18, Justice Goldberg stated that since the delay was "attributable to the proceedings prosecuted by the petitioner, there certainly was 'sufficient cause' for the delay, within the intended meaning of § 3188." And, in *Barrett*, 590 F.2d at 626, the court held that the District Court had not abused its discretion in holding a detainee two days beyond two months.

In making that determination, the court took into account "the entire factual record," tning, among other factors, that there was no indication or claim of prejudice resulting from the delay of several days beyond the two calendar month limitation (the court did not even mention the fact that a person who had not yet been tried was being incarcerated); that "the record does not disclose any demand by appellant for speedy trial in the jurisdiction which seeks to try him," and (a point that is probably more relevant in our case) "the charge as to which probable cause has been found is a serious one, 'attempted murder and wounding,' " *Id.* at 626.

In short, the few cases to consider the point have had little difficulty in finding reasons to detain after the expiration of the two month period. We would expect the political considerations bearing on the timing of extradition and the nature of the alleged crimes to carry weight with a judge asked to exercise his discretion to allow detention of Eain beyond the two month period.

5. What is the importance and meaning of the clause that the two month period not include "time actually required to convey the prisoner from the jail to which he was committed, by the readiest way, out of the United States"?

There are no cases directly on this point. One case simply mentions that the precursor to section 3188 provided that a prisoner could be released if he had not been conveyed out of the U.S. "within two calendar months after he had been committed, plus whatever time was necessary to convey the prisoner from the jail to the nearest point of embarkation . . ." *In Re Normano*, 7 F. Supp. 329, 331, (D. Mass. 1934).

Language to this effect was a part of the original 1848 statute. It appears that the requirement was placed in the statute at a time when travel time to the borders was a major consideration, and that the purpose of the section was to give the authorities the leeway necessary to get the person to the border without impinging on the two month period. Consistent with this purpose, the time to effect embarkation (which could not be more than a day or so in our case) cannot be tacked on automatically to the two month period; it is available only if needed to prevent a release from custody while the subject is in the process of being extradited.●

A BIPARTISAN APPROACH TO ECONOMIC POLICY

● Mr. NUNN. Mr. President, as the evidence begins to mount that the economy is headed for some deeply troubled times, not just over the next few months but more likely over the next 6 to 9 months, it is clear that bipartisan action and a cooperative attitude are required if we are to walk the tightrope to economic recovery.

A quick review of the economic statistics illustrates the severity of the economic crisis. The total number of Americans unemployed has jumped by more than 1 million persons in the last 2 months. Conservative and liberal economists, including Murray Weidenbaum, Chairman of the President's Council of Economic Advisers, and Commerce Secretary Malcolm Baldridge now forecast that a 9-percent unemployment rate is not out of the question next year.

Industrial production plummeted 1.5 percent in October—the third monthly decline in a row and the biggest drop since a 1.7-percent decline in June 1980.

Housing is in a depression, not a recession, as starts are occurring at an anemic 857,000 annual rate—the lowest rate in 15 years.

Business inventories continue to accumulate and are now at an uncomfortably high level.

From mid-1980 to mid-1981, court-filed business bankruptcies increased 30.1 percent—the second largest year-to-year rise in the last 20 years. Reinforcing that data are the bankruptcy statistics released by Dun & Bradstreet for the first 35 weeks of 1981. Those statistics show that business bankruptcies jumped 41.8 percent compared with the same period in 1980.

The Index of Leading Economic Indicators declined 1.8 percent in October after falling 2.2 percent in September.

And finally, the Federal deficit, forecast by the Office of Management and Budget to be $42.5 billion in fiscal year

1982 only 3 months ago, is now anticipated to be nearly $110 billion.

The administration now says that "this quarter may be a real downer," and that real economic growth will be limited to 1 percent next year. It was predicted that enactment of the administration's economic program with broad-based public support would inspire great confidence on Wall Street as well as on Main Street. Unfortunately, it has not.

Certainly inflation has abated somewhat, but we all recognize that disarray in OPEC and a bountiful crop harvest have been the key ingredients in holding down the rate of inflation.

It is also true that short-term interest rates are declining, but again, we all recognize that the drop is in response to the steep decline in economic activity and the deepening recession.

There is hope that the 10 percent personal income tax cuts effective July 1, 1982, will help lead the way out of the recession. Perhaps that will happen, but I have serious doubts. Unless today's loose fiscal policy is modified, those individual tax cuts and a $110 billion deficit will crash head-on with the Federal Reserve Board's tight monetary policy. That is a prescription for a sluggish economic recovery with continuing high interest rates, hardly a satisfactory solution to what may well be the worst recession since World War II.

Mr. President, last July I joined with Senators BOREN, JOHNSTON, CHILES, and EXON, in urging the President to convene a national economic summit conference to develop consistent fiscal and monetary policies which would promote noninflationary sustained economic growth. The need for such a conference is now more acute, more imperative than ever before. The President, the Chairman of the Federal Reserve Board, the bipartisan leadership of the House and Senate, private financial market experts, and representatives from the Governors and mayors should meet until a set of mutually reinforcing fiscal and monetary policies are established.

We must adopt an overall, bipartisan economic policy that coordinates and reconciles the divergent viewpoints on spending, tax, and monetary policies. Each side must face the realities of our economic situation and must be willing to compromise and cooperate so that we can arrive at a policy which works.

The American people, who pay the tax bills and suffer the consequences of a deteriorating economy, will not tolerate a protracted political tug of war over economic policy.●

SOVIET HUMAN RIGHTS VIOLATIONS CONTINUE UNABATED

● Mr. HEINZ. Mr. President, in early October I had the oppcrtunity to listen to some very moving testimony regarding the anti-Semitic policies and tactics being applied by Soviet authorities today inside the U.S.S.R. The testimony was presented by five eloquent witnesses at a hearing chaired by me and my distinguished colleague from Rhode Island, Senator PELL. Both of us are Commissioners of the Committee on Security and Cooperation in Europe.

The National Conference on Soviet Jewry and the Jewish Community Council of Greater Washington were immensely helpful to us in preparing and organizing the meeting, which I felt was highly successful in calling attention to this very painful but important subject. I should add that the hearing was timed to commemorate the 40th anniversary of the massacre of Jews at Babi Yar by the Nazi forces then occupying the Ukraine.

Now I would like to invite your attention to another important aspect of Soviet dictatorship, the widespread use of psychiatry as a political weapon and the compulsory confinement of mentally healthy dissidents in psychiatric hospitals, where they are subjected to brutal and punitive treatment designed to correct their opposition to Soviet oppression. I am not referring to mere rumors or conjecture. Unfortunately, there is ample evidence that the Soviet authorities are now making regular use of psychiatric institutions in dealing with dissidents.

In this connection I refer to the eloquent and timely speech delivered on this subject on October 30 by our representative in the Third Committee of the United Nations General Assembly, Richard Schifter. Mr. Schifter clearly felt the subject was one which is sufficiently important and urgent to deserve special attention. The text of his speech confirms his good judgment. Drawing on information from reliable and widely available sources, such as Amnesty International, and the testimony of a Soviet psychiatrist, Mr. Schifter presents a grim and alarming picture, indeed. It is one which makes George Orwell's famous book, "1984," sound all too prophetic. If there are those who think I exaggerate, let them consider the following two paragraphs from Mr. Schifter's speech.

From available reports we can gather that today there are perhaps as many as 1,000 persons in Soviet mental institutions who are perfectly sane by generally accepted scientific norms, who most assuredly do not threaten to do bodily harm to themselves or others, but who are deprived of their liberty because they have exercised the right of free expression guaranteed them by the Universal Declaration (of Human Rights) in a manner which the Soviet Secret Police found displeasing and who might, if freed, continue to do so. In addition to these approximately 1,000 political dissenters, there are in Soviet mental institutions about three to four times that number of persons who are not dissenters but complainers, persons who have pointed out deficiencies in the Soviet bureaucratic apparatus.

There are two types of mental hospitals in the Soviet Union, ordinary psychiatric hospitals and special psychiatric hospitals. There are, reportedly, thirteen of the latter, all of them run by the Ministry of the Interior, the Ministry of the Secret Police. It is the eyewitness reports as to the way patients are treated in the special psychiatric hospitals that deserve the most careful attention. These reports are truly frightening, making one indeed wonder how fundamental a change the Soviet Union has undergone since the end of the "cult of personality". In fact, the reports of methods used in these hospitals are terrifyingly similar to those we have of the treatment of political prisoners by Hitler's SS.

I submit Mr. Schifter's entire speech for the RECORD and I commend him for his contribution to the cause of human rights.

The entire speech follows:

STATEMENT BY RICHARD SCHIFTER

Mr. Chairman, deprivations of personal liberty through acts of government can take a number of forms. One such form is the involuntary commitment of an individual to an institution for the mentally ill. As the patient in any modern mental hospital normally receives psychotherapeutic treatment, which sometimes includes the administration of drugs, and as there have been significant developments in this scientific field in recent decades, it is indeed highly appropriate for this organization to concern itself with those developments.

As we all know, Article 3 of the Universal Declaration of Human Rights proclaims everyone's right to "liberty and the security of person," which, under Article 29, Section 2 can be limited as is "determined by law solely for the purpose of securing due recognition and respect for the rights and freedoms of others and of meeting the just requirements of morality, public order and the general welfare in a democratic society." Let me also call attention to the fact that Article 5 provides that on one "shall be subjected to torture or to cruel, inhuman or degrading treatment or punishment."

What the Declaration recognizes is that government has the power to deprive a person of liberty for just cause and under procedures which make it possible to establish whether or not just cause exists. Where the possible deprivation of liberty is incarceration, the question requiring prior determination is whether the accused committed certain acts in the past and whether these acts constituted violations of the country's criminal laws.

As difficult as it sometimes is to reconstruct past events beyond a reasonable doubt, let us consider how much more difficult it is to peer into the future and make predictions as to how a person will behave at some later date. Yet the act of crystalgazing is required before a person may be involuntarily committed to a mental institution.

To be sure, some involuntary commitments are the result of the ordinary criminal process, in which a determination is made as to acts committed by the accused in the past, accompanied by a finding that the accused was not of sound mind when committing those acts. But many other involuntary commitments and all decisions to have a person remain involuntarily in a mental hospital are based on an analysis of that person's state of mind and on assumptions on how that person is likely to behave if permitted to be at liberty. The formulation of the issue posed to the decision-makers is whether the prospective patient would hurt himself or others if he remained free. To be more specific, in most countries the inquiry is directed at the question of whether a person suspected of a mental disorder is likely to commit serious bodily harm to himself or against others or kill himself or others.

We can readily see the great responsibility and power vested in the decision-makers whose task it is to gaze into the future and decide on the question of an involuntary commitment. Given the fact that commitment of a person of sound mind to an institution for the mentally ill is indeed cruel, inhuman, and degrading, all possible safeguards must be provided to prevent incorrect determinations.

Mr. Chairman. In some countries, sadly, there have been cases in which private parties have sought the commitment of persons

who should not be committed, often a family member whom those seeking the commitment considered a burden. It is for that reason that in the United States, where responsibility to legislate in this area falls on the several states, major efforts have been made in recent decades to tighten the laws against possible abuse. It is indeed appropriate to engage in study of this problem with a view toward defining internationally accepted scientific norms for the involuntary commitment of persons to mental hospitals.

But we must recognize that there is a fundamental difference between the abuse of the involuntary commitment process by private individuals and such abuse by agents of the state. Tightening of procedures and insistence on the highest degree of professionalism can serve as safeguards against abuse. Where the abuse is practiced by agents of the state, what is needed is a decision at the highest level of government to stamp out such abuse. The question with which this body need concern itself is whether such abuse by agents of government, in violation of the Universal Declaration and other international human-rights instruments, does take place.

Mr. Chairman. In his famous speech to the Twentieth Congress of the Communist Party of the Soviet Union, the party's then First Secretary, Nikita Khrushchev, spoke of the many violations of human rights in the Soviet Union during the period known as that of the "Cult of Personality." Among these violations were the executions and incarcerations of many persons who had never been brought to trial. The post-Stalin leadership of the Soviet Union pledged itself not to follow that practice but to adhere to a process known as "socialist legality," that is to charge persons with violations of the law in a judicial proceeding, arrange for a trial on the charges, and then, if the defendants are found guilty, provide for sentencing by a court of law. There are aspects of this procedure which, in practice, may very well run afoul of the Universal Declaration and other international human-rights instruments, but that is not pertinent to today's discussion.

What is pertinent is that there has been increasing evidence in the last twenty years that the Soviet secret police has found a way around the concept of "socialist legality," a way that gives it the power of totally arbitrary arrest and detention, the same power which it had during the period of the "Cult of Personality." It is important, Mr. Chairman, that that evidence, evidence which alleges the most serious abuse of scientific practices, in violation of internationally recognized norms of human rights, be thoroughly examined.

What does the evidence show? Whose rights appear to be abused? In their book, entitled "Russia's Political Hospitals," published in London, in 1977, Block and Reddaway summarize their conclusions in the following words:

"The use of psychiatry as a political weapon in the Soviet Union is in many ways unique. With the development of various modes of dissent by Soviet citizens in the 1960's, reports began to emerge that substantial numbers of human-rights activists, nationalist, religious believers, and would-be emigrants, almost all mentally healthy in the eyes of their families and friends, were being declared insane by psychiatrists and thereupon confined compulsorily for indeterminate periods to psychiatric hospitals. Rather than receiving appropriate care there, the dissenters were encountering brutal and punitive 'treatment' apparently in an effort to stamp out their non-conformist behavior.

"Allegations were subsequently made, both in the Soviet Union and in the West, that psychiatrists were being employed in the battle against dissent as part of a systematic, state-directed policy, whose objective appeared to be: the avoidance of a full-scale criminal trial with all its attendant publicity, the indefinite compulsory internment of dissenters in mental hospitals and the discrediting of their convictions as those of mentally-sick people."

To the groups of victims just enumerated, those who disagree with the system under which they live, there should be added one other: those who accept that system but who complain about actions of local bureaucrats. That truly pitiful group deserves to be mentioned, too. It would seem, Mr. Chairman, that when we declare an involuntary commitment justified because a person might, if he remained at liberty, do harm to others, we do not mean doing harm to the feelings or career-opportunities of petty and not-so-petty bureaucrats. But that, according to the available evidence, is not the way the issue is viewed in the Soviet Union. Having the courage to complain about the errors and abuses of officialdom is regarded as prima facie proof of mental illness.

Mr. Chairman. From available reports we can gather that today there are perhaps as many as 1,000 persons in Soviet mental institutions who are perfectly sane by generally accepted scientific norms, who most assuredly do not threaten to do bodily harm to themselves or others, but who are deprived of their liberty because they have exercised the right of free expression guaranteed them by the Universal Declaration in a manner which the Soviet Secret Police found displeasing and who might, if freed, continue to do so. In addition to these approximately 1,000 political dissenters, there are in Soviet mental institutions about three to four times that number of persons who are not dissenters but complainers, persons who have pointed out deficiencies in the Soviet bureaucratic apparatus.

There are two types of mental hospitals in the Soviet Union, ordinary psychiatric hospitals and special psychiatric hospitals. There are, reportedly, thirteen of the latter, all of them run by the Ministry of the Interior, the ministry of the secret police. It is the eyewitness reports as to the way patients are treated in the Special Psychiatric Hospitals that deserve the most careful attention.

These reports are truly frightening, making one indeed wonder how fundamental a change the Soviet Union has undergone since the end of the "Cult of Personality." In fact, the reports of methods used in these hospitals are terrifyingly similar to those we have of the treatment of political prisoners by Hitler's S.S.

The pseudo-scientific procedure reportedly followed by the Soviet Union in committing sane persons to mental hospitals results in each case in a series of violations of the patient's human rights.

First of all, the patient, or, really, prisoner, is deprived of his liberty without just cause.

Second, political prisoners are not joined together in mental institutions. They are deliberately placed among persons who are indeed mentally ill, a procedure which is cruel and degrading.

Third, orderlies in these institutions are often hardened criminals, who apply some of the worst forms of brutality to the persons under their control.

Fourth, punishment for behavior of which the hospital authorities disapprove consists of forms of torture.

Fifth, and of the most direct relevance to our topic, drugs are administered in a manner for which there is absolutely no medical justification in a process which most clearly violates Article 5 of the Universal Declaration in that it constitutes torture as well as cruel, inhuman, and degrading treatment.

On this last point, let me quote from a document entitled "Prisoners of Conscience in the USSR: Their Treatment and Conditions," issued by Amnesty International in 1980. That document states:

"The drugs most commonly used on dissenters are the powerful tranquilizers (commonly referred to as neuroleptic drugs) aminazin, haloperidol and triftazin; insulin and sulphazin. Among other drugs which have been applied to prisoners of conscience and other inmates are tizertsin, sanapax, etaperazin, phrenolon, trisedil, mazheptil, seduksin and motiden-depo. These drugs have been administered by various means, including injections, solutions for drinking and tablets.

Each of these tranquilizers is used in many countries for treatment of a variety of psychiatric disorders. However, in accepted medical practice their use is carefully regulated. First, each is intended for treatment of specific disorders. Application of any of these drugs to people suffering from the medically-indicated symptoms causes harm.

Second, each of these drugs can cause serious negative side-effects, among them skin and blood disorders, disorders associated with pigmentation and the sensitivity of the eyes to light, gain or less in weight, dryness of the mouth, reduced blood pressure and jaundice. A characteristic negative side-effect, and the one which victims regard as the greatest threat to their sanity, is the "parkinsonism" or "extra-pyramidal derangement" often induced by these drugs. This side-effect is characterized by muscular rigidity, paucity and slowness of body movement, physical restlessness and constant desire to change the body's position.

In accepted medical practice these negative side-effects are countered by careful determination of the dosage, simultaneous administration of other drugs which counteract these side-effects, careful observation of the patient to ensure that the drugs are not contra-indicated by some characteristic of the patient's condition and cessation of treatment with the drug if it causes too much discomfort.

From numerous accounts it is plain that in Soviet psychiatric hospitals, both the ordinary and special ones, these drugs are administered indiscriminately and routinely to patients, without attention to the size of the dosage, the characteristics of the subject's physical or psychiatric condition or the harm caused by the drugs. They are often used without the accompaniment of any counteracting drugs, and they are frequently applied to persons for whose condition they are contra-indicated.

In a number of known cases dissenters have been treated with these drugs on arrival at ordinary psychiatric hospitals without even being diagnosed by a psychiatrist. Even when dissenters have been lucky enough to be released from an ordinary psychiatric hospital within a few days, they have as a rule received treatment with these drugs before their release.

In a number of cases dissenters have challenged their psychiatrists to explain why they were giving these drugs to them, and received the reply that it was necessary to justify their being treated in a psychiatric hospital. In known cases aminazin, haloperidol, triftazin, and similar drugs have been applied at the request of, or even by decision of, entirely untrained orderlies recruited from among convicted criminals.

These drugs are frequently, indeed routinely, applied as a means of punishing inmates for violations of discipline and as a form of pressure on dissenters to renounce their disapproved-of beliefs and behavior.

Another type of psychiatric treatment to which dissenters have often been subjected is insulin shock therapy. This method consists of administering increasing doses of insulin over a period of days. The dosage is increased until the subject goes into "hypoglycaemic coma" and shock. A course of insulin shock therapy in Soviet psychiatric hospitals usually consists of 25 or 30 such shocks. . . .

The drug sulfazin was at one time used in a number of countries for treating schizophrenia and other ailments in certain circumstances but has generally gone out of use long ago because it was shown not to be useful. However, sulfazin caused great physical discomfort—raging fever so intense that the patient is virtually incapacitated for up to three days after an injection. Most former inmates of Soviet psychiatric hospitals who have been in a position to give an account of their conditions of incarceration have reported that sulfazin is regularly used as a punishment for violation of discipline, with the victims sometimes being subjected to injections of it every day for several days. As with the other treatments mentioned above, the medical personnel administering this drug have often done so without proper assessment of whether the subject was physically able to stand the treatment.

To this report of Amnesty International, let me add the testimony of a Soviet psychiatrist, Dr. Anatoly Koryagin, who described his first-hand experiences in an article entitled "Involuntary Patients in Soviet Psychiatric Hospitals," published in 1980. Dr. Koryagin offered the following observations on how a person falls into the clutches of the system for the psychiatric treatment of dissidents.

"A [non-dissident] patient's first contact with a psychiatrist to a large extent determines his subsequent fate. Normally, such contact takes place at the patient's own request, or at the request of his family when they first notice abnormalities in his speech and behavior. In cases of sudden manifestation of psychological disturbance (when the patient becomes 'socially dangerous'!) the patient is taken to a psychiatric hospital from wherever he happens to be at the time, usually under police escort. Nothing of this kind happened to the people [dissidents] I examined. None of them sought medical assistance, their families did not request psychiatric help on their behalf, their speech and behavior posed no threat to anyone's life; nonetheless, they were all confined to psychiatric hospitals by force or by deception. The fate of these people depended on those who controlled their personal freedom: officials of the KGB, the Procuracy and the Ministry of Internal Affairs. Many of those I examined have said that they were initially presented with the following alternative: renunciation of their views and activities or internment in a psychiatric hospital.

"The most widespread methods of confining dissenters to psychiatric hospitals in the USSR are as follows:

"(1) The investigative organs bring charges against you under one of the 'anti-Soviet' articles of the Criminal Code. At the investigator's request, you are subjected to a forensic psychiatric examination and pronounced mentally ill. The next stage is compulsory treatment in a special or an ordinary psychiatric hospital. . . .

"(2) You are summoned to the Military Registration Office 'for examination by a military commission.' You arrive. You are escorted by a police officer to a psychiatric hospital 'for observation.' The role of the Military Registration Office is sometimes played by the Executive Committee of the District Soviet, the City Party Committee, the police, or the State Motor Vehicle Inspectorate, where you are summoned on some pretext.

"(3) Due to circumstances with which you have no connection, a brawl breaks out between you and your neighbors at home or your colleagues at work. The police are called and for some reason, only you are taken to the police station and from there to a psychiatric hospital. . . .

"(4) You are in bed, or doing something at home when a car draws up outside. Medical orderlies and KGB officials take you straight to a psychiatric hospital. . . ."

The article continues with a description of the circumstances which lead to the administration of drugs to these alleged mental patients:

"The patients' descriptions of their state of mind during their stay in psychiatric hospitals show no trace of any psychopathological symptoms. . . . Their only symptoms were those very 'anti-Soviet' attitudes, expressions and actions, the 'degree' of which directly influenced the medical staff's attitude towards them and also the treatment they were given. Not an increase in hallucinatory or confused experiences, but 'breaking the rules'—for example by sending letters and complaints bypassing the doctor's censorship, making remarks 'of an anti-Soviet nature,' circulating news from foreign radio stations, etc., not admitting that their former actions were wrong, directly accusing the doctors of persecution and complicity with the KGB—these, according to the people I examined, were the basic reasons for giving them sulfazin, inducing insulin comas, administering high doses of neuroleptic drugs, depriving them of the opportunity to work in the open air."

Dr. Koryagin concludes:

"All that has been said above concerning the group of people I examined leads to the conclusion that criteria and instructions generally accepted in Soviet psychiatry were ignored by its officials in their attitude to the admission to hospital of these people, clinical appraisal of their condition, treatment and help in social matters. Thanks to this unorthodox approach, these people found themselves treated as chronic psychiatric patients. Our observations show that the most influential factor determining the psychiatrists' attitude towards the patients was the label 'anti-Soviet,' which was commonly applied to representatives of this group.

"Leaving to the doctors' own consciences their flagrant, almost criminal disregard of their professional duty, it is legitimate to pose the following question: how does it happen and who is responsible for the fact that in a country like the USSR, where every aspect of economic, political and social life is strictly controlled by the State, perfectly healthy people are treated as though they are mentally ill?"

Mr. Chairman. In the days of Joseph Stalin, dissent was rooted out through a process which started with a knock at the door in the middle of the night and ended one morning with a bullet in the back of the neck. Are we now faced, in lieu of summary executions, with a procedure under which dissenters are terrorized or made unable to function normally in society through the use of drugs? Is it also deliberate policy to brand dissenting opinions as a form of insanity? And has this approach been adopted so as to hold dissenters up to ridicule in an effort to convince the population that no sane person could possibly subscribe to the aberrational beliefs advanced by these heretics?

Questions such as these are troubling to a great many people, including members of the psychiatrics profession. Let me quote to you from the resolution on this subject adopted by the Sixth Congress of the World Psychiatrics Association, which met in 1977:

"That the World Psychiatric Association take note of the abuse of psychiatry for political purposes and that it condemn those practices in all countries where they occur and call upon the professional organizations of psychiatrists in those countries to renounce and expunge those practices from their country and that the WPA implement this resolution in the first instance in reference to the extensive evidence of the systematic abuse of psychiatry for political purposes in the USSR."

Mr. Chairman. In my remarks I have quoted from four different sources, all of which are in public print. There are a great many additional reports now circulating which tend to substantiate the allegations of serious violations in the Soviet Union of the human rights of some of its citizens through abuse of psychiatric treatment, including the administration of drugs to persons who are mentally perfectly healthy. These reports can no longer be ignored. They must be investigated. For if they are true—and we must say that the evidence in their support is substantial—we are here dealing with one of the shocking abuses of the human person and of human dignity of the post-Hitler period.

Developments in science and technology can, as we all know, be of great benefit to humankind. But we also know that they can cause a great deal of harm. The allegations to which I have referred suggest that scientific processes are being used to do extraordinarily serious harm. We cannot, Mr. Chairman, in good conscience ignore them. We owe it to ourselves, we owe it to mankind to investigate these allegations. And if they prove to be true, we must try to persuade those who bear ultimate responsibility to stop these practices, which, if they do occur, are indeed extraordinarily grave crimes against the human person.●

SOVIET JEWRY

● Mr. LEVIN. Mr. President, I rise today to join my colleague, Senator PELL, in urging our Government to call on the Soviet Union to improve its treatment of Soviet Jewry.

A plunge in emigration coupled with a surge in repression and harassment has put a strangle hold on Jewish movement and on Jewish cultural, scientific, and educational activities.

Since late 1979, we have witnessed a steady decline in Jewish emigration. In October of 1979, 4,746 Jews emigrated; in October of this year the number had dwindled to 368. The Soviets continue to flagrantly deny the right of freedom of movement guaranteed in the Helsinki Accords.

The Russian picture grows bleaker as we look at the stepped-up repression by Soviet officials. Hebrew cultural, educational, and scientific activities are being systemmatically erradicated.

On a regular basis throughout Russia, Hebrew teachers are warned by the KGB to stop conducting classes. The warnings are followed by police surveillance, threats, apartment searches, confiscation of property, and interrogations. Confiscated material is not restricted to items directly related to the charges brought against them—although it is required by Soviet law. While searching apartments, KGB agents often take items unrelated to charges, like foreign language textbooks, records, and radios.

Protesting this kind of persecution, a group of Hebrew teachers and their students presented a letter of complaint to the Supreme Soviet. They ask, "Is there a special law that applies to us or are we covered by constitutional guarantees of all Soviet citizens?"

Members of unofficial scientific seminars are being likewise harassed. Scientists participating in the seminars have lost their jobs after applying to emigrate. Longing to remain in the mainstream of current scientific research, they organized informal discussion sessions.

One of the most important of these seminars was organized by the distinguished scientist, Dr. Viktor Brailovsky. But his seminar, like so many others, was forced to disband because of increased Soviet repression. Brailovsky was arrested in 1980 and sentenced to several years of internal exile. Persecution like this has soared in past months and portends calamity for unofficial scientific gatherings.

Concern has been mounting in the United States over the drastic decrease in emigration and the rapid escalation of repression. In September of this year, Senator RIEGLE and I wrote a letter to Secretary of State Alexander Haig urging him to include the treatment of Soviet Jews in his discussions with Foreign Minister Gromyko. I ask that copies of this letter and the State Department's response be included in the RECORD at the conclusion of my remarks.

Efforts to improve the condition of Soviet Jews must continue, and protests of harassment must ring loud and clear. I urge my colleagues to approve this resolution in a speedy manner.

The letters follow:

SEPTEMBER 16, 1981.

Hon. ALEXANDER HAIG,
The Secretary of State, Department of State, Washington, D.C.

DEAR MR. SECRETARY: It is our understanding that you will be meeting with Foreign Minister Gromyko next week to discuss a wide range of issues. We wish to express our concern regarding the treatment of Soviet Jews.

It is the fervent desire of the Jewish community in the Soviet Union to establish its own educational, cultural and religious institutions, a basic freedom denied to that community for many decades.

It is important to stress the official recognition of the Hebrew Seminars, which have been informally established in recent years.

We are certain that you will have a full agenda to discuss with Foreign Minister Gromyko at your meetings. However, it is imperative, in our opinion, that the human rights of all people be foremost on the agenda.

Thank you for your attention to our concerns. We wish you well in all your deliberations with the Soviet government.

Sincerely,

CARL LEVIN,
U.S. Senator.
DONALD W. RIEGLE, JR.,
U.S. Senator.

DEPARTMENT OF STATE,
Washington, D.C., September 30, 1981.

Hon. CARL LEVIN,
U.S. Senate,
Washington. D.C.

DEAR SENATOR LEVIN: Thank you for your letter of September 16 to the Secretary, expressing your concern for the plight of the Jewish community in the Soviet Union. Please be assured that we share your concern. The United States will maintain its commitment in support of Soviet Jewry and all those whose fundamental rights and freedoms are being abridged in the USSR.

The efforts of Soviet Jews to retain or reestablish their religious and cultural identity in the face of official harassment and persecution are indicative of the depth of their feelings for their historic traditions. In particular, the courage of those who have organized and conducted the Hebrew Seminars, many of whom have suffered arrest and imprisonment as a result, are an inspiration to all of us who are able to exercise our basic rights in a free society. The U.S. Government has consistently reiterated to the Soviet Government our strong views that religious and cultural freedoms are among those universal human rights that cannot justly be denied by any political system.

Let me assure you that, in preparation for Secretary Haig's meetings with Foreign Minister Gromyko, we have been fully cognizant of the great concern in all branches of our Government and among the American people for the right of Soviet Jews to practice their traditions without fear of official repression. The United States will continue to use every appropriate means to try to alleviate their situation.

Sincerely,

RICHARD FAIRBANKS,
Assistant Secretary for Congressional Relations.●

TALENTS OF ELDERLY WASTED IN A YOUTH-CENTERED CULTURE

● Mr. CHILES. Mr. President, I call my colleagues' attention to an article in the December 14 issue of U.S. News & World Report which I consider worthy of reprint and which I hope will be read and reflected upon by every citizen over the age of 18 in this great Nation.

The article chastises Western culture for its negative stereotype of old age and challenges the American public to recognize that although social legislation to benefit the elderly has been enacted, it does not mean that attitude of society negative toward the elderly has changed.

My State of Florida has the highest percentage of older persons in the Nation—almost 30 percent of the State's population. My State is now where the entire country will be in the year 2030. In Florida we have recognized and are attempting to come to grips with the fact that we cannot continue to waste the talents of older persons and that what older Americans want most is to continue to be productive.

I could not agree more with the writer of this article "that the elderly are an irreplaceable intellectual resource—but because of the negative stereotype society holds, they are often unappreciated."

I submit the following article for the RECORD:

TALENTS OF ELDERLY WASTED IN "A YOUTH-CENTERED CULTURE"

(A Conversation With David Van Tassel)

(David Van Tassel, a specialist in U.S. social history and gerontology, is Benton Professor at Case Western Reserve University in Cleveland. His most recent book is "Aging, Death and the Completion of Being." The following is from a conversation with an editor of U.S. News & World Report.)

TIME TO DROP "A NEGATIVE STEREOTYPE OF OLD AGE"

Western culture has always had a negative stereotype of old age. Other people have been viewed as cranky, wrinkled, ugly and unable to change their ways. This stereotype has been passed from generation to generation through literature and the schools. The image dates back to the ancient Greeks, who honored youth, not age, and to the Judeo-Christian tradition. Even in the Bible, despite the commandment to "honor thy father and thy mother," age was not really revered. Colonial New England appears to be an exception to this negativism. Senior citizens held office until they died, and they were accorded the position of honor in the church.

Some historians argue that the American Revolution undercut all the hierarchical structures that supported veneration for the aged. By the 1820s and 1830s, we were becoming a youth-centered culture, with younger people assuming offices once generally held by their elders. In the 1880s and 1890s, negative images became much stronger as a result of changes in the workplace and a revolution in the medical-biological profession. New industrialists said that older workers were less efficient and must be moved out of the work force. Retirement plans began to emerge because some factory managers thought they could gain the loyalty of younger workers by moving them into positions of responsibility more rapidly.

At the same time, the medical profession, which was making breakthroughs in the discovery of microorganisms, began to regard old age as a disease or a complex of diseases. Doctors did not have much success in curing these diseases, so they pictured old age as a grouping of incurable diseases and did not look for ways to ameliorate the chronic problems of aging. Even today, despite the efforts of the National Institute on Aging, very little is being done to keep people healthy and comfortable as they age. Instead, the emphasis is on acute care, dealing with problems only when they become critical.

OUR "AGE-SEGREGATED SOCIETY"

In this century, the U.S. has become even more of a youth-centered culture. The enactment of social legislation to benefit the elderly does not mean that attitudes have changed. Even Social Security was passed with mixed motives: Though partially humanitarian in its thrust, it was also designed to move older people out of the work force and to give jobs to younger people.

Ever since the end of World War II, we have developed an age-segregated society as developers sold off big hunks of land in Florida, Arizona and Southern California that were turned into "leisure villages" and retirement cities. It is a tragic mistake for many older people to leave their communities for these places. They often know no one in these retirement areas and have to prove themselves all over again; their identities are gone.

SALVAGING "AN IRREPLACEABLE INTELLECTUAL RESOURCE"

In the years ahead, older people face an even bleaker future unless there is a major change in the attitudes of the young. As the baby-boom group ages and moves into retirement, there will be a dramatically reduced work force to support a huge dependent population of older people. Moreover, the baby-boom generation will be far more educated and will demand more in the way of cultural and health advantages and economic security than the present group of older Americans. This could produce a sharper cleavage among generations unless we find ways to break up age segregation, with the old and the young being brought together.

For example, we can take advantage of the closing of so many schools to use some of the money saved to give older people classes in these buildings. Another possibility is to organize the elderly in more voluntary service and pay them a minimal honorarium.

The fact is older people remain intellectually vital. New tests developed by psychologists show that the intelligence of the elderly remains just as great; they just learn in a different way than young people. They don't memorize; they tie things to experience. They learn more slowly because they have to sort out their experiences and fit the new material into their lives.

The elderly are an irreplaceable intellectual resource—but because of the negative stereotype society holds, they are often unappreciated.●

EXPORT TRADING COMPANIES ACT WILL CLARIFY ANTITRUST LAWS

● Mr. HEINZ. Mr. President, a recent article in the November Mining Congress Journal by Kermit W. Almstedt is an extremely important addition to the debate over export trading companies legislation because it so clearly and thoroughly explains title II of that legislation and provides some practical examples of how to take advantage of the antitrust immunity provided in the bill. Now an attorney with Preston, Thorgrimson, Ellis and Holman in Washington, Mr. Almstedt was principally responsible for the drafting in title II when he was legislative assistant to Senator JOHN DANFORTH. More than most, Mr. Almstedt understands the need for the antitrust certification process the bill creates, and he knows how to use it.

I ask that the article be printed at this point in the RECORD.

The article follows:

EXPORTS AND THE ANTITRUST LAWS: PROBLEMS AND SOLUTIONS

(By Kermit W. Almstedt)

America's international competitiveness has, in recent years, declined. Many reasons have been given for this decline; one of them is a perception, held by the business community, that the application of American antitrust laws to foreign activities of American businesses is dangerously uncertain.

This uncertainty, coupled with the risk of possible criminal conviction and treble-damage antitrust lawsuits,[1] dissuades many businesses whose products could be internationally competitive from attempting to export.[2]

A solution to the problem, fortunately, may be near. Currently pending in Congress is legislation—The Export Trading Company Act of 1981—that would clarify precisely when American businesses operating overseas are subject to American antitrust laws. The legislation should pass in the 97th Congress.

The Export Trading Company Act encourages business cooperation to increase exports. Its passage should benefit businesses which have products to export. The mining industry, coal in particular, is on the verge of a giant export boom and can be a primary beneficiary. But the benefit will come only if mining companies themselves use the opportunity the act presents and create aggressive, inventive strategies to boost exports.

ECONOMIC STABILITY OF U.S. JUDGED TO BE ERODING

The phrase "trade deficit" is becoming, unfortunately, increasingly familiar to Americans. Once thought a phenomenon unique to other countries, a trade deficit now is as American as apple pie. Indeed, the past ten years have seen steadily accumulating deficits. The impact of the trend was aptly described by U.S. Sen. John Danforth, chairman of the Senate International Trade Subcommittee. "The economic stability of our Nation," he recently told his Senate colleagues, "is being swiftly eroded."[3]

This erosion bewilders Americans accustomed to economic dominance of the world. Why, we ask, have the tables turned? Some analysts go so far as to predict the United States' future to be that of a crippled economic power.

Such pessimism is unnecessary. The recent accumulation of trade deficits is certainly serious. But it should be viewed not as irreversible but as part of a dynamic change in the world economy, one which we can, by intelligent modifications, adjust to and overcome.

To understand the problem and its solutions, a historical perspective is necessary. Why? Because history shows the dynamism of America's economy and the constant need to adjust to change.

U.S. DOMINATED WORLD MARKETS AFTER WW II

Both before and after the Revolutionary War we were England's trading partner—a very junior partner. We exported cotton and tobacco and imported machinery; we ran huge trade deficits and borrowed to pay the difference. During its first 80 years, America was, by today's standards, an underdeveloped country.

This changed after the Civil War. That war and the Industrial Revolution that followed stimulated manufacturing. By the mid-1870s America began to export manufactured goods and frequently attained an annual trade surplus. In 1893 America suffered its last trade deficit for three-quarters of a century. Continual surpluses followed.

After World War II only the United States, of all the industrial nations, had a manufacturing base left intact by the war. Because of this we dominated world markets. From the post-War period until the 1960s, the U.S. financed the defense of the West and maintained an overvalued dollar in order to promote world economic growth. This enabled Germany, Japan and other nations to rebuild by creating modern plants and equipment. America's Marshall Plan was, by any measure, a resounding success.

But this success took its toll. As other industrialized nations became rejuvenated our relative advantage over them diminished. By the 1960s America began to show current account deficits; the surplus was shrinking. In 1971 our trade account slid into deficit. In an attempt to reverse the slide America twice devalued the dollar. Although the devaluations did not solve our trade problems, their cumulative effect, combined with the recession at home, produced an $11 billion trade surplus in 1975. That surplus was our last. When the economy recovered in 1976, the trade surplus evaporated and we suffered a $6 billion deficit. Since 1977 the country has run $20 billion-plus deficits annually (fig. 1). [Fig. 1 not reproduced in the RECORD.]

U.S. SHARE OF EXPORT MARKET DOWN

The main reason for the escalating deficits is simple: the value of our imports has increased dramatically. Two factors underlie the increase. The first is that imported oil prices have sky-rocketed. The second is that America itself, which long provided domestic businesses a safe and ample market, has become a primary target of foreign nations looking for new markets of their own. As a result, our domestic market has been invaded by foreign businesses. During the past decade the volume of imports of manufactures has increased by more than 70 percent (see fig. 2).

1970	146.8
1975	154.5
1976	194.3
1977	216.7
1978	251.8
1979	249.8
1980	252.0

FIGURE 2.—Volume of U.S. imports of manufactures (1962=100).

SOURCE: U.S. Department of Commerce, International Economic Indicators, 31 (June 1981). "Manufacturers" refers to chemicals, machinery, basic manufacturers, and other manufactures except mineral fuel products, processed food, fats, oils, firearms of war, and ammunition. Id., at 66 n. 11.

Maintenance of a balance of trade requires a corresponding increase in exports. Many nations have recognized this and made international trade, once a marginal activity, a critical aspect of their economy. But Americans have not adjusted so well. We have fallen behind even as the volume of our exports has advanced. For example, while U.S. exports increased from 4 percent of our GNP in 1970 to 8 percent today, our share of the total world export market declined from 15 percent to 12 percent.[4] Our trade rivals, in contrast, have grown significantly more export-conscious. While we exported 8 percent of our gross national product in 1980, Japan exported 12 percent, West Germany 23 percent and Canada 26 percent. (Fig. 3.)

Producing competitive products is not the problem. More than 20,000 American companies, according to a Commerce Department estimate, produce goods and services that could compete in foreign markets but do not export them. Instead, exports have grown more slowly in the U.S. than elsewhere because: (1) U.S. companies, satisfied with a seemingly safe American market, have overlooked potential export markets; (2) foreign markets have been closed to U.S. exporters; and (3) U.S. laws and regulations have discouraged exporting.

MANY LEGAL BARRIERS TO EXPORTS EXIST

The third issue—legal barriers to exporting—has significantly deterred the exportation of U.S. products. Many such legal barriers exist. They include cumbersome export licensing requirements, complex unilateral foreign bribery laws, prohibitions against bank investment in export ventures, and the confusing application of the American antitrust laws to overseas trade activities.

The overall effect of these laws is governmental enmity, or at best indifference, to the international activities of American companies. Our competitors, in contrast, have recognized that, to succeed in today's hypercompetitive world, one must aggressively sell goods and services in world markets. This, in turn, requires government policies that facilitate, not hinder, intra-industry cooperation.

The export trading company act (ETC Act) now pending on Congress embodies this cooperative concept. Although not a panacea, it constitutes an important step toward more aggressive exporting of American goods and services.

Period	U.S.	Germany	Japan	Canada
1970	4.3	18.4	9.5	19.6
1975	6.9	21.4	11.1	20.2
1976	6.6	22.8	11.9	20.1
1977	6.2	22.7	11.6	21.3
1978	6.6	22.0	10.0	23.2
1979	7.4	22.4	10.2	25.2
1980	8.2	23.3	12.5	26.4

FIGURE 3.—Ratios of exports to gross national product and production.

SOURCE: U.S. Department of Commerce, International Economic Indicators 36 (June 1981).

The ETC Act[5] addresses two obstacles that block the formation of cooperative entities which can effectively export American goods and services: barriers against bank investment in export trading companies and uncertainty about the application of American antitrust laws to cooperative foreign trade activities. Title I aims at the bank investment problem by permitting banks to obtain equity ownership of export trading companies.[6] Title II aims at the antitrust problem. Because Title II creates especially bright opportunities for mineral producers, let's confine the discussion to it, first examining the problems the antitrust laws create for businesses wishing to export, then the solutions the ETC Act offers.

APPLICATION OF ANTITRUST LAWS IS VEXING

Several federal laws, including the Sherman Act,[7] the Clayton Act,[8] and the Federal Trade Commission Act,[9] as well as many

Footnotes at end of article.

state laws, forbid anticompetitive agreements, monopolies and attempts to monopolize.

These laws are designed to insure a competitive business environment and thereby benefit American consumers. Consequently, they should not apply to foreign activities of American companies. The law of the foreign nation itself, instead, should apply. Then American companies would compete on the same level as their foreign adversaries.

This theory—that Americans should not be subject to American antitrust laws regarding their foreign activities—is accepted by businesses, academics, lawyers, and the antitrust enforcement agencies. However, the theory's practical application has been vexing.

The problem has been determining whether a foreign trade activity has an impact on domestic commerce or competitors. Given the infinite interconnection of the world economy, almost every activity has some impact, at least an indirect one, on the American economy. Never, though, have courts agreed about how great the impact must be for American antitrust laws to apply. Some have said a direct and substantial impact is necessary.[10] Others have said that the impact need not be direct and substantial but only more than "de minimu" (minimal).[11]

PRESENT LAW A MAJOR BARRIER TO EXPORTING

As a result of this confusing debate about subtle legal points, American businessmen considering entering foreign markets frequently do not know whether their contemplated activities will be subject to antitrust law or not. They face an unattractive choice. They can either comply with American law and bear a possible competitive disadvantage, or not comply and risk criminal convictions and treble damage antitrust suits.

This uncertainty is, understandably, a major barrier to exporting. An Assistant Secretary of Commerce explained that "one of the fundamental problems faced today in world trade relates to the fact that many American businesses—rightly or wrongly—perceive a threat from the U.S. government in the form of the Justice Department [questioning] their activities . . . in getting together to compete with consortia that they find in competition abroad."[12]

Businessmen themselves have eloquently described the problem they face. A chief executive officer of a paper manufacturing company told a Senate committee that the company began several years ago to investigate export opportunities. As its CEO he traveled worldwide and found attractive potential markets. But he could not, the CEO was told by his attorneys, cooperate with other manufacturers to jointly share the risk of entering new foreign markets. Even though the chance of antitrust prosecution was slight, the potential liability was enormous. "You must understand," the CEO testified, "the extent to which a small businessman who cannot afford to retain and seek constant high-priced antitrust counsel fears the antitrust laws and, therefore, is inclined to stay away as far as possible from exposure—even if it means giving up business opportunities and possible profits."[13]

Problems like that the CEO encountered, caused by uncertainty about the application of the antitrust laws to foreign trade activity, have long been recognized. In fact, as far back as 1918 the Federal Trade Commission reported that the threat of antitrust prosecution deterred American exporters from challenging foreign cartels. In response Congress passed the "Webb-Pomerene Act."[14] This act establishes a limited exemption from the antitrust statutes. Specifically, it exempts from the Sherman and Clayton antitrust laws any association established for the sole purpose of engaging in export trade, as long as that association does not restrain domestic trade, restrain the foreign trade of a domestic competitor, or affect domestic prices.

WEBB-POMERENE PROTECTION UNCERTAIN

At their high-water mark between 1930 and 1935, Webb-Pomerene associations numbered 57 and accounted for approximately 19 percent of total U.S. exports. Today they number in the low 30s, and only a few are active. Their share of exports has dipped to less than 2 percent.

Use of the Webb-Pomerene Act has declined because courts and government antitrust enforcement agencies have rendered its protection somewhat certain. A past court decision demonstrates why. In 1919 the major producers of alkali products formed a Webb-Pomerene association to sell their goods abroad. Much later—in 1944—the Department of Justice charged the association with numerous antitrust violations. The association asserted as a defense that it had complied with the Webb-Pomerene filing requirements and that its activities did not contravene the act. Notwithstanding the association's honest belief that it had complied with the law, the court found to the contrary. Thirty-years too late and at grave cost, the association discovered that its immunity was a mirage.[15]

The alkali case shows why the Webb-Pomerene antitrust exemption is somewhat uncertain and why the Justice Department is thought to be hostile to foreign joint ventures. And the case is not unique. A counsel to a major Webb-Pomerene association recently told a Senate committee that "[a]s all who have studied the issue have recognized, uncertainty as to legality of cooperative activity, coupled with hostility to the Webb-Pomerene Act by the antitrust division of the Department of Justice, has deterred greater utilization of the Webb-Pomerene Act."[16]

So, theoretically American companies are subject to American antitrust law for overseas activity only if that activity has a direct and substantial effect on domestic competition or the export trade of domestic competitors. Court decisions applying this theory have been confusing and leave the theory's precise application uncertain. An association planning to export can obtain increased protection against antitrust liability under the Webb-Pomerene Act, because that act establishes an express, specific exemption that a judge can rely on to dismiss an antitrust suit. However, despite this express, specific exemption, many businesses still perceive the application of American antitrust laws to foreign activities to be so uncertain that they refrain from cooperating to export. The result is a diminution of American exports.

ANTITRUST IMMUNITY MORE CERTAIN WITH NEW LEGISLATION

To rectify these problems Title II of the ETC Act amends the Webb-Pomerene Act to make its antitrust immunity more certain.

Title II does several specific things. First, it establishes a prospective clearance procedure that certifies export activities, *before* they take place, as exempt from antitrust prosecution. Second, it expands the Webb-Pomerene antitrust exemption to include, besides the Sherman and Clayton Acts, all other relevant federal and state antitrust statutes; and it extends the exemption to export trading companies formed under Title I. Third, it clarifies the standard applied to determine the scope of the antitrust exemption. Fourth, it expressly applies the Webb-Pomerene Act to services; currently, the Webb Act only applies to goods. Fifth, it transfers the administration of the Webb-Pomerene Act from the Federal Trade Commission to the Department of Commerce.

The ETC Act has been acclaimed as a significant step towards the goal of restoring America's international economic stature. Last spring the Senate version, S. 746, passed by a resounding bipartisan vote of 93–0. The House version is now split among three committees and hearings are being held. When it get to the House floor, the ETC Act probably will again receive overwhelming support.

SIX STANDARDS APPLY TO GRANTING CERTIFICATION

Under Title II of the ETC Act an export trading association or company seeking to have its proposed export trade activities certified files a petition with the Department of Commerce. To determine permissibility, Commerce will apply six standards which codify existing judicial doctrines and Justice Department enforcement policies. These standards are that the activities of the association or company:

(1) Serve to preserve or promote export trade.

(2) Not result in a substantial lessening of competition or restraint of trade within the United States, or a substantial restraint of the export trade of any competitor.

(3) Not unreasonably enhance, stabilize, or depress the domestic prices of similar goods.

(4) Not constitute unfair methods of competition.

(5) Not include any act which results in the domestic resale of the exported goods and services.

(6) Not include the licensing of patents, technology, trademarks, or know-how, except as is incidental to the sale of exported goods or services.

Commerce has 90 days to make a decision. If it decides that the standards are met it issues a certificate. Any activities then carried out in conformity with the certificate are immune from antitrust liability.

Enforcement agencies will retain one means of evaluating the activities of an association. If Commerce, Justice or the Federal Trade Commission believe that the certified activities no longer meet Title II standards, a certificate may be declared invalid. This is accomplished either by an administrative proceeding before Commerce or by a court suit brought by Justice or the Federal Trade Commission. But even if invalidation occurs, the loss of immunity is prospective only; there is no liability for activities carried out pursuant to a certificate while it was in effect.

A private party, in contrast to government agencies, may not challenge activities carried out pursuant to a certificate. Instead, it may challenge only an *ultra vires* activity—one outside the scope of the certificate.

To summarize, under Title II a certified export trading association or company which acts within the scope of its certificate knows that its activities are exempt from all American antitrust laws. This certainty is lost only if the government invalidates the certificate; even then the loss of antitrust immunity is prospective—for future conduct only.

ETC ACT ENHANCES EXPORT OPPORTUNITIES

Many joint export ventures might, under existing law, be permitted. As the paper manufacturing CEO learned, however, the grim spectre of antitrust liability deters the formation of many such ventures.

Nevertheless, with the ETC Act likely to pass soon, businessmen should, at the very least, be considering strategies for innovative joint export ventures.

This is especially true for mineral producers. As America strives to increase its exports, coal and other mineral resources are expected to be a primary export growth area. Indeed, in 1980 coal exports surged; in the next decade they could surge even more as world demand for steam coal escalates. Experts predict that during the 1980s, while American exports of metallurgical coal will remain

Footnotes at end of article.

steady, exports of steam coal could increase by more than five-fold. But, as National Coal Association president Carl Bagge recently testified, "future market opportunities for United States coals are bright but not secure." To achieve maximum growth, he implored, we must, among other things, "aggressively market our coals abroad." [17]

REGIONAL PRODUCERS COULD FORM SELLERS GROUP

To stimulate thought about innovative mechanisms by which to aggressively market our mineral resources, I next want to discuss several mechanisms that come to mind. The first one is an export trading association consisting of the regional producers of a particular resource. Let us take, as an example, coal.

Recent press reports indicate that the Japanese may form a buying consortium, consisting of the largest Japanese coal consumers, to bargain jointly for western U.S. coal, bid American mining companies off against one another, and thereby depress coal prices; all to the benefit of Japanese coal users.

How could American producers best confront this buyers' cartel? One way is by themselves forming a joint venture, among most of all of the western producers, to collectively *sell* coal in Japan.

Such a venture would have to be carefully constructed in order to avoid violating the U.S. antitrust laws. Three issues would require especially close attention. First, the joint venture would have to be confined to export trade; that is, if foreign joint pricing were directly extended to domestic markets it would constitute a price fixing violation. Second, the association's prospective operations would have to be carefully evaluated to assure that they would not indirectly raise domestic prices. That could happen if the association's foreign joint selling enabled it to obtain such a high price in its foreign sales that members began to export a significant amount of coal they previously sold domestically; [18] it could also happen if the association established, with foreign producers, a world-wide territorial allocation that reduced import competition and hence increased domestic prices.[19] Third, the association would have to avoid foreclosing their American competitors from foreign markets. Such foreclosure would be possible if membership in the association became critical to obtaining foreign sales; if it did, membership might have to be open to all.[20]

Under current law an export association that was mindful of these considerations probably would be safe from antitrust liability. Such an association could, moreover, file as a Webb-Pomerene Association. That way it could invoke an express, specific exemption from the antitrust laws. Moreover, if the ETC Act passes, the association could apply for a certificate. If granted, the certificate would give the association complete immunity for activities covered by it.

BIDDING CONSORTIUM ALSO COULD BE FORMED

A second type of joint export mechanism that comes to mind is one to bid on overseas contracts for mining equipment or mining services. For example, the government of Morocco recently announced that it seeks mining companies to explore and develop what it describes as substantial deposits of cobalt, manganese, gold, silver, and other valuable minerals.[21] Let us assume that Morocco invites bids for mining contracts. A frequent response to similar invitations has been the formation of foreign bidding consortia—so that each country submits only one bid.

To stand on equal footing American firms could form a bidding consortium of their own. Such a consortium must be carefully constructed. Like a joint association of producers, it must not be a vehicle for fixing domestic bids, must not be part of an allocation system that reduces import competition, and must not unreasonably exclude the trade of domestic competitors.

A special problem affects service contracts. It is that the Webb-Pomerene Act applies to only goods, not services.[22] This problem would be eliminated by passage of the ETC Act, because one of the things it does is extend coverage to services. It also makes immunity clear and certain so that the consortium, if certified, would be completely immune from antitrust liability for activities covered by the certificate.

EXPORT TRADING COMPANY IS A THIRD MECHANISM

A third type of mechanism that comes to mind is a vertical one—an export trading company (ETC). The Japanese have used others—as the primary mechanisms for their ever-growing world trade.

To understand precisely what an ETC can accomplish, take the case of coal producers attempting to increase their exports to the Pacific Rim. This requires an array of facilitating services, including financing, inland transportation, port facilities, loading, warehousing, ocean carriage and related services (routing, consolidation), documentation (customs, licensing), insurance, and overseas marketing and distribution.

Coal producers could procure each of these services individually; the cost of doing so, however, would be high. A cheaper approach would be to share costs and risks. This could be done either by utilizing an existing ETC, or, if there were no adequate existing ETC, by establishing a new one. An ETC would provide efficient "one-stop shopping," handling the many transactions necessary to take coal from the mine to a distant foreign customer. The coal companies could either individually use the ETC, or form a collective entity like a joint venture or Webb-Pomerene association and use it together.

The creation and use of such an ETC would implicate several antitrust problems in addition to those already discussed.

The first problem relates to mergers. If the ETC is formed through mergers, issues arise under section seven of the Clayton Act, which prohibits anticompetitive mergers. The test is whether the merger may substantially lessen competition. Application of this test depends on the concentration of the market and on the size and potential competitive relationship between the merging firms.[23]

If instead of a merger the ETC enters into contracts with suppliers, shippers and others it must be wary of exclusive dealing problems. An exclusive dealing agreement is one by which the ETC conditions its purchase of a service on the seller's agreement not to offer that service to competitors. Such an agreement violates the antitrust laws if its performance would foreclose a substantial amount of competition. The test applied compares the agreement's restrictiveness with its purpose and necessity.[24]

Acquisition of foreign entities, such as a foreign coal company to distribute coal, would implicate foreign merger problems. The test applied is similar to the one of domestic mergers; the key inquiry would be whether the acquired company was an actual or potential domestic competitor.[25] If instead of acquiring a foreign distributor the ETC established an exclusive distributorship with foreign companies, it must consider whether that distributorship would impede American competitors and whether reciprocal exclusivity agreements divided up world markets in such a way as to restrain U.S. trade.[26]

Each of these problems requires close analysis. Under existing law, moreover, even the closest, most cautious analysis can only reduce, not eliminate, the risk of antitrust liability. However, upon passage of the ETC Act uncertainty could indeed be eliminated during the pre-certification process. The ETC could, in detail, explain what it planned to do. To the extent that its plan was certified the ETC could proceed without fear of antitrust prosecution.

ANTITRUST BARRIER NOT INSURMOUNTABLE

The antitrust barrier to export trading ventures is significant but not insurmountable. Even though uncertainty persists, export trading ventures can, if carefully designed, be undertaken now. Many more such ventures can be undertaken once the Export Trading Company Act, and the certainty it brings, becomes law.

Given the coming boom in coal exports and the likely passage of the Export Trading Company Act, the American mining industry should, now, be mustering its ingenuity to plan aggressive, innovative export expansion. That way the industry will be at the very fore of America's coming international economic revival.

NOTES AND REFERENCES

[1] Under the federal antitrust laws, a plaintiff who proves that he has been injured by the defendant's antitrust violation receives a damage award of three times the value of the actual damage he suffered. 15 U.S.C. § 15.

[2] During hearings before the International Finance Subcommittee of the Senate Banking, Housing and Urban Affairs Committee on the subject of export trading companies, there were many references to the assertion that the uncertain application of American antitrust law principles has dissuaded U.S. businesses from entering foreign markets. The hearings were held Sept. 17 and 18, 1979; Mar. 17 and 18, and Apr. 3, 1980; and Feb. 17 and 18, and Mar. 5. 1981.

[3] 127 Cong. Rec. page 6885 (Apr. 8, 1981).

[4] *See* 127 Cong. Rec. page 6883 (Apr. 8, 1981). (Remarks of Sen. Tsongas).

[5] The export trading company concept was originally embodied in two separate pieces of legislation introduced in the Ninety-Sixth Congress: S. 804, introduced by Sen. John C. Danforth; and S. 1663, introduced by Sen. Adlai Stevenson. Hearings on these and other bills were held before the International Finance Subcommittee of the Senate Banking Committee on Sept. 17 and 18, 1979; and Mar. 17, 18, and Apr. 3, 1980. On May 12, 1980 the Senate Banking Committee "marked-up" a committee print of a single bill incorporating the concepts embodied in the Danforth and Stevenson bills. That single bill, S. 2718, passed the Senate by a vote of 77–0 on Sept. 3, 1980. However, the congressional term ended before a House vote could be held. In the Ninety-Seventh Congress similar legislation, S. 144, was introduced by Sen. Danforth and Sen. John Heinz. Hearings were held on Feb. 17 and 18 and Mar. 5, 1981. The Senate Banking Committee reported out a "clean bill," on Mar. 12. That bill—S. 734, the "Export Trading Company Act of 1981"—passed the Senate by a vote of 93–0 on Apr. 8, 1981.

During the Senate's consideration of export trading company legislation in both the Ninety-Sixth and now the Ninety-Seventh Congress, the House of Representatives also considered export trading company bills. The House currently has before it several bills that would encourage the formation of export trading companies. Some of these bills are similar or identical to S. 734.

Throughout the article I use the phrase "ETC Act" to refer to the Senate-passed export trading company bill, S. 734, 97th Cong., 1st Sess. (1981).

[6] Title I of S. 734 permits banks to invest in export trading companies. Such investment are subject to certain limitations and regulations. The main ones are that the amount invested in ETCs may not exceed five

percent of the bank's consolidated capital and surplus; investments of more than $10 million must be approved by the appropriate federal banking agency; banks cannot extend especially favorable credit to ETCs they have invested in; and the appropriate federal banking agency may disapprove or impose conditions on a particular bank ETC investment if necessary to protect the public interest. S. 734, 97th Cong., 1st Sess. § 105 (1981).

[7] 15 U.S.C. §§ 1–7.

[8] 15 U.S.C. §§ 12–27.

[9] 15 U.S.C. §§ 41–58.

[10] *See United States v. Aluminum Company of America*, 148 F.2d 416, 441–43 (2d Cir. 1945).

[11] *See Dominicus American Bohio v. Gulf & Western Industries, Inc.*, 473 F.Supp. 680, 687 (S.D.N.Y. 1979).

[12] Testimony of Frank Weil, *Hearing Before The President's Commission on Reform of the Antitrust Laws and Procedures*, July 27, 1978, at 89–90.

[13] Testimony of Milton Schulman, *Hearings on the Export Trading Company Act of 1981 Before the International Finance & Monetary Policy Subcommittee of the Senate Banking, Housing, & Urban Affairs Committee*, 97th Cong., 1st Sess. 286 (1981).

[14] 15 U.S.C. §§ 61–5.

[15] *United States v. United States Alkali Export Ass'n*, 86 F.Supp. 59 (S.D.N.Y. 1949).

[16] *Testimony of Howard Fogt, Hearings on the Export Trading Company Act of 1981, supra*, n. 13, at 292–3.

[17] *Statement of Carl Bagge, Hearings on Port & Harbor Development, House Merchant Marine & Fisheries Committee, July 16, 1981* 11.

[18] *See U.S. v. U.S. Alkali Export Ass'n*, 86 F.Supp. 59, 77–80 (S.D.N.Y. 1949).

[19] *See Timken Roller Bearing Co. v. United States*, 341 U.S. 593 (1951).

[20] *See United States v. Terminal Railway Ass'n*, 224 U.S. 383 (1912).

[21] 347 *Export Trade Weekly* C–4 (1981).

[22] 15 U.S.C. § 61.

[23] *See Brown Shoe Co. v. United States*, 370 U.S. 294 (1962).

[24] *See Tampa Electric Co. v. Nat. Coal Co.*, 365 U.S. 320, 327 (1961).

[25] *See* U.S. Department of Justice, *Antitrust Guide for International Operations* 15–16 (1977).

[26] *See U.S. Department of Justice, supra* n. 25 at 46–9 & n. 80.●

A RACCOON PIE—IN RHODE ISLAND

● Mr. PELL. Mr. President, I would like to share with my colleagues a side of Rhode Island that they may not know about—Dovecrest—a rural restaurant, owned and operated by Narragansett Indians, with a highly rated cuisine that may even include raccoon pie.

Bryan Miller of the New York Times wrote an article about this unique restaurant for today's edition. He noted that the entrees, on a given day, may include buffalo steak, buffalo pot pie, quahog pie, venison steak and pies, johnnycakes, rabbit stew, succotash, and even, during Indian festivities, the raccoon pie.

Rhode Islanders know and prize this restaurant, run by Mr. and Mrs. Ferris Dove (Chief Roaring Bull and Pretty Flower), but I would like to share Mr. Miller's delight with my colleagues.

Mr. President, I ask that his article be printed in the RECORD.

The article follows:

[From the New York Times, Dec. 9, 1981]

CUISINE AS AMERICAN AS RACCOON PIE

(By Bryan Miller)

Roaring Bull, war chief of the Narragansett Indian tride, has not been in a particularly bellicose mood lately. Things have been relatively peaceful around this southern Rhode Island hamlet for some time. In fact, the only weapon the chief has picked up has been a shellfish knife, which he wields at the restaurant he owns with his wife, Pretty Flower.

"That's his job every Friday," his wife said, while preparing lunch recently." He does that faster than anybody I've seen." Briny fresh clam chowder is just one of the specialties at Dovecrest, one of the few restaurants in New England owned and operated by American Indians. Other entrees on a given day might include buffalo steak, buffalo pot pie, quahog pie, venison steak and pies, johnnycakes, rabbit stew, succotash and even, during Indian festivals, raccoon pie.

"Everything we serve here is native American," said Chief Roaring Bull (he also responds to the name Ferris Dove), a large, voluble man whose stentorian voice earned his sobriquet early in life. "Of course, nearly everything Americans call their own food comes from the Indians: potatoes, tomatoes, corn, clams, lobster, turkey," he said. "Most people think the tomato came from Italy or some place in Europe. Indians were eating and cooking it centuries before they even knew what it was!"

Mr. Dove and his wife, who also answers to Eleanor, are descendants of the Niantic tribe, a branch of the Narragansetts, who at one time inhabited much of New England. The Doves, both native Rhode Islanders who have been married 43 years, opened their restaurant in 1963. Neither had cooked professionally before. Mr. Dove used to be a sergeant in the Civilian Conservation Corps, and his wife was a waitress in Providence, Mr. Dove recalled. "Now we've turned things right around," he said. "She's the cook and I'm the waiter." Besides helping out in the restaurant, Mr. Dove serves as postmaster in nearby Rockville.

The restaurant began serving traditional steaks and chops, slowly introducing wild game and other Indian recipes that Mrs. Dove learned from her father, Joseph Spears, a former cook at the University Club in Providence

Mrs. Dove, a congenial woman with an easy, lingering smile, says that her customers earily overcame squeamishness about wild meats and began asking for them. Now she tries to keep at least one game dish on the menu, which isn't always easy when you're looking for buffalo.

For years the Doves had a private supplier, a ranch in western Massachusetts, but since that source dried up several years ago they have been buying from a wholesaler, the Iron Gate Products Company, at 424 West 54th Street in Manhattan. The wholesale price of buffalo these days is between $4.75 and $8.50 a pound, depending on cut, but supplies are erratic. The Doves' venison and some other game meats also come from Iron Gate. Raccoon and bear are sometimes supplied by neighbors who hunt.

To those who fancy it, wild game is considered a delicacy that is hard to find. But to the Doves and many other Rhode Island Indians, it's as American as, well, raccoon pie.

"When I was growing up in Charlestown we depended on food like venison," proffered Mr. Dove. "On cold winter evenings we would go out into an apple orchard—russet apples were the best for attracting deer—and sit quietly out there until about 10 at night. We dropped only what we needed for food. Indians don't kill just for the fun of it."

Mr. Dove added: "We would have feasts of venison steaks, oysters we pulled from the bay, johnnycakes and potatoes. This was 1930, and only the poor people were eating that stuff. Now it's a delicacy—isn't it funny how things change?"

Buffalo is leaner and more muscular than beef and usually needs to be marinated before cooking. It was excellent, flavorful and fat free, in the pot pies at Dovecrest recently. "A good cut of buffalo, the tenderloin or the hind quarter, is better than beef steaks," said Mrs. Dove.

Bear meat has good texture, Mrs. Dove said, but always needs marinating to tone down the gamey flavor. As for raccoon, the chef advises one to carefully remove all the glands under the chest to eliminate its strong odor.

While game dishes have made Dovecrest a curiosity around here, johnnycakes have elevated it to institution status. By all reliable accounts, Eleanor Dove makes the best johnnycakes in New England—which is to say, the world. Several years back a Providence newspaper bestowed the cachet, followed by a book called "America's Best," which listed superlatives in many fields. Even more reliably, native Rhode Islanders concur: If you want a first-rate johnnycake, go to the Dovecrest.

Johnnycakes are little pancakelike cornmeal patties. Rhode Islanders eat them at breakfast, with butter and syrup, or as substitutes for potatoes at other meals. The authentic recipe is equivocal, and here in South County one ought not venture strong opinions on the subject without considerable forethought and several like-minded male friends nearby for moral and physical support.

Mrs. Dove's johnnycakes are thick, golden brown, slightly sweet and buttery crisp. "I just make them with cornmeal, salt, a bit of sugar, all scalded with boiling water and finished with a little milk," she explains matter-of-factly.

In the summer months and on American Indian Heritage Day, the first Sunday in May, the Doves offer another Indian creation, the clambake, with juicy layers of clams, mussels, corn, potatoes, chicken and sausage.

With so much of what we call American food being variations on old Indian dishes, what is the major characteristic of pure Indian cooking today? While Pretty Flower mulls over the question, Roaring Bull, who suffers no shortage of opinions on any topic bellows: "The difference is that an Indian is cookin' it!"●

EXTENSION OF TIME FOR FILING REPORTS

Mr. BAKER. Mr. President, I ask unanimous consent that the Select Committee on Indian Affairs have until 6.30 p.m. this evening to file reports on S. 1890 and S. 1370.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AUTHORITY FOR OFFICERS OF THE SENATE TO TAKE CERTAIN ACTION DURING RECESS

Mr. BAKER. Mr. President, I ask unanimous consent that during the recess of the Senate until Monday noon, the Secretary of the Senate be authorized to receive messages from the House of Representatives and the President of the United States and to refer said messages, and that the Vice President, the President pro tempore, and Acting President pro tempore be authorized to sign all duly enrolled bills and joint resolutions.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR RECESS UNTIL MONDAY, DECEMBER 14, 1981

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand in recess until the hour of 12 noon on Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

PROGRAM FOR NEXT WEEK

MONDAY

Mr. BAKER. Mr. President, on Monday, after the recognition of the two leaders under the standing order, there will be a brief period for the transaction of routine morning business to be provided at that time. After that, Mr. President, I anticipate that the Senate will be asked to turn to consideration of the Treasury-Post Office appropriations bill, the Transportation appropriations conference report, the military construction appropriations conference report, and the Agriculture appropriations bill. While that sounds like an imposing list, Mr. President, I am confident that we can do all of those without asking the Senate to remain in unduly late on Monday.

TUESDAY AND BEYOND

On Tuesday next week, Mr. President, it is the intention of the leadership to ask the Senate to turn to consideration of the identities bill, to perhaps the foreign assistance appropriations bill, which might occur on Monday, but, more likely, on Tuesday; and most important of all, it is hoped that we shall then have the conference report on Department of Defense appropriations. It appears to be a good prospect for Tuesday at this time.

Mr. President, as well, we must deal with the question of social security minimum benefits. It is my understanding that a conference on that matter will resume on Monday. We shall have a further announcement to make at that time.

Mr. President, if it is necessary, we shall, of course, continue through the balance of the week, but more particularly, into Wednesday, the 16th, in order to complete these items or other items that can be cleared for action by unanimous consent or other measures that might require the attention of the Senate. It appears to me that we are near the end of the list of "must" items that the Senate will deal with. If there are no unforeseen complications and difficulties, I hope and expect that the Senate might reach the end of its business for this session on Wednesday, December 16.

RECESS UNTIL MONDAY, DECEMBER 14, 1981

Mr. BAKER. Now, Mr. President, I know of no further business to transact. I see no Senator seeking recognition. May I inquire of the distinguished minority leader if he has anything further?

Mr. ROBERT C. BYRD. There is nothing further on my side, Mr. President.

Mr. BAKER. I move, in accordance with the order previously entered, Mr. President, that the Senate stand in recess until 12 noon on Monday.

The motion was agreed to and, at 5:30 p.m., the Senate recessed until Monday, December 14, at 12 noon.

NOMINATIONS

Executive nominations received by the Senate December 11, 1981:

DEPARTMENT OF JUSTICE

J. William Petro, of Ohio, to be United States Attorney for the northern district of Ohio for the term of 4 years vice James R. Williams.

COMMODITY FUTURES TRADING COMMISSION

Kalo A. Hineman, of Kansas, to be a Commissioner of the Commodity Futures Trading Commission for the term expiring June 19, 1986, vice Robert L. Martin, resigned.

NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES

William J. Bennett, of North Carolina, to be Chairman of the National Endowment for the Humanities for a term of 4 years, vice Joseph D. Duffy, term expired.

NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION

Anthony J. Calio, of Maryland, to be Deputy Administrator of the National Oceanic and Atmospheric Administration, vice James Patrick Walsh, resigned.

EXTENSIONS OF REMARKS

HANDICAPS OVERCOME

HON. DONALD J. MITCHELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. MITCHELL of New York. Mr. Speaker, the Members of this distinguished body are often required to address their colleagues in this Chamber on topics of great tragedy or grave injustice. I am pleased that today I have the opportunity to bring their attention to a matter that should be a source of inspiration to all.

I am referring to the case of Mark Shearman, an eighth grade student at Staley Junior High School in Rome, N.Y. Mark has overcome a great many handicaps to become one of the most respected students in his school.

Mark has cerebral palsy and must use crutches and a leg brace to walk. He has some speech problems, a mild case of dyslexia and great difficulties with fine and gross motor skills. However, after many years of work with physical and speech therapists and special education teachers, Mark has improved in all of these areas.

Mark uses the Resource Center of Staley Junior High School for one class period each day, but he is otherwise completely mainstreamed in the school's basic and regents-level classes. He often achieves the highest marks in his classes.

He was the first physically handicapped student to be assigned to Staley Junior High School. He had to leave his neighborhood school and be bused to his new school, but he quickly adjusted to his new schedule and building and has readily made numerous friends among the faculty and student body.

Recently, Mark was selected by the principal of Staley Junior High School, Mr. Clarence Jones, as 1 of 20 students to represent the school at the student leadership conference sponsored jointly by the Rome Police Department and the Adelphi University Training Institute.

Mark is very interested in history and has acquired an amazing depth of knowledge about the Civil War and U.S. involvement in World War I and II as well as the Vietnam war. He has developed a marvelous understanding and appreciation for our system of government and American politics.

In learning of Mark's many achievements in the face of extreme adversity, I felt compelled to share his story with you. Mark is exceptional not just because he is a handicapped individual who has learned to cope with his limitations and excel in spite of them. He is also exceptional because he is one of our Nation's youth who, by striving every day to better himself and his community, demonstrates that our young people are the vital natural resource our country possesses.●

PUBLIC MUSEUM ACT

HON. BARBER B. CONABLE, JR.

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. CONABLE. Mr. Speaker, my colleague, Mr. SHANNON, and I are introducing a bill to limit the unnecessary and unfortunate application of the private foundation rules to certain museums. The museums to which this bill is directed are typically small museums with specialized collections that rely for their financial support on a limited universe of donors.

Under present law, museums are classified as nonprofit charitable organizations entitled to tax exemption. However, unless a museum satisfies one of the tests for public charity status under section 170(b)(1)(a) of the Internal Revenue Code it is presumed to be a private foundation.

Section 170 classifies certain institutions as public charities based upon their function such as religious organizations, educational institutions, and hospitals. Each other type of charitable organization is deemed to be a public charity only if a substantial part of its financial support is from "public" sources.

Each charitable organization which fails to satisfy either the functional test or the public support test is classified as a private foundation and is subject to a set of requirements not imposed on public charities. These requirements include limitations on gifts, additional recordkeeping for donors as well as recipients, a 2-percent excise tax, and a variety of practical limits on the operation of the institution.

The bill we are introducing today provides that museums which satisfy strict standards designed to assure public involvement and accountability—like churches, schools, and hospitals—be excluded from the private foundation rules. The standards include the following:

First. The museum must be a permanent institution which is exempt from tax under IRC section 501(c)(3);

Second. At least 25 percent of the governing body of the museum must consist of community leaders and/or local public officials;

Third. The museum must employ a professional staff and own, possess, and care for tangible objects; and

Fourth. The museum must conduct regular exhibits which are open to the public.

The standards are substantially similar to the tests already contained in the law for excluding schools and hospitals from the private foundation rules. As with schools, the employment of a staff and the carrying out of an active program available to the public are required. As with hospitals, permanent and continuous activity is required. Moreover, the governing board of a museum must include individuals with no connection to the institution although no such public control is required of churches, schools, or hospitals.

The legislation which Mr. SHANNON and I propose is needed because the existing financial support requirements are causing an increasing number of museums to be classified as private foundations rather than as public charities. For example, organizations that have had the good fortune to be the beneficiaries of successful endowments can be penalized by classification as a private foundation because they are beneficiaries of a trust with substantial income, thereby reducing the relative support of other donors.

To avoid private foundation status, museums will be forced to seek public support which will reduce the amount of charitable donations available to other worthy—and less financially secure—institutions. Thus, maldistribution of donations is encouraged at a time when the available amount of contributions is shrinking.

We wish to emphasize, Mr. Speaker that our bill is not intended to eliminate the distinction between public charities and private foundations. We support reasonable safeguards against potential abuses of tax-exempt status for personal and private benefit. Our bill, however, is designed to assure that the distinction affects only those organizations for which it was originally intended. A museum—professionally operated, open to the public, and governed by a board with strong community representation—should be classified as a public charity.●

RETURNING TO GOLD IS IDEOLOGICAL NONSENSE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. LaFALCE. Mr. Speaker, as the hard, cold reality of Reaganomics becomes clearer to millions of Americans who face the holidays without work, supply-side mythologists continue to promise that gold is the missing magic which will wipe away our tears and depression. It is easy to understand the appeal of their argument—we would all like to believe that our economic problems are only psychological. But no amount of faith will feed members of the cargo cult who do not plant a crop because they are convinced that a silver bird will once again drop boxes of food on the true believers.

It is encouraging to hear from those who experienced firsthand the real potential of a gold standard while this country was still on one. They remember all too clearly the limitations of the gold-based monetary system, and the difficulties that it presented our economy. An especially eloquent analysis is that provided in a recent article written by Gardner Ackley, former Chairman of the Council of Economic Advisers, who commented: "If a gold standard could not survive in the prolonged and stable prosperity of the 1960's, it surely could not survive in the far more troubled economy of today." The full text of his article is reprinted from the November 1981 issue of Dun's Business Month as follows:

RETURNING TO GOLD IS IDEOLOGICAL NONSENSE, AS WELL AS AN IMPRACTICAL DREAM

The notion—currently promoted mainly by a few romantic ideologues that return to a gold standard would solve all of our nasty problems of stubborn inflation, sky-high interest rates and economic instability is an absurdity. I know of only a handful of professionally-trained economists (mainly "supply-siders") who support it.

The supply-siders who advocate a return to gold seem to do so in the naive hope that the mere announcement of such a move (even a largely symbolic one) would, by itself, drastically change the expectations and behavior of the financial markets and the markets for precious metals. And, most important, it would alter the way prices are set by sellers of goods and labor, as well as change the behavior of legislators and the interest groups that influence legislation. I don't believe any of this.

Advocates point out that the United States could be put on a gold standard simply by a Presidential Executive Order directing the Treasury to buy and sell gold freely and without limit at a fixed price, either to all comers, or perhaps only to U.S. citizens, or only to foreign monetary authorities. This action would need to be confirmed by legislation that would presumably also require the Federal Reserve System to maintain a fixed reserve of gold (or gold certificates) against its liabilities (Federal Reserve Notes and the reserve-deposits of financial institutions) and perhaps direct the manufacture of gold coins. However, only if other countries were to take appropriate action would an international gold (or gold exchange) standard be reconstituted, thus reestablishing fixed exchange rates. This is the main goal sought by some who seek a return to gold.

Advocates of a gold standard refer nostalgically to how wonderfully our economy performed during the gold-standard years. In fact, prior to the 1930s, there were long periods of inflation and deflation, as well as serious recessions and exaggerated booms. Following one such boom—ending in the 1929 crash—came the greatest depression in history, its severity clearly exacerbated by the tie to gold that the Roosevelt Administration suspended in 1933. Neither historical evidence nor analytical reasoning supports the nostalgic belief in the ability of a gold standard to assure stable and non-inflationary prosperity.

Some appear to believe not merely that the return to a gold standard would automatically promote an effective, prosperous and stable economy, but also that a healthy economy could encounter no problems of operating under a gold standard. This latter assumption ignores some very recent history.

During the 1960s, almost everywhere in the free world, economic performance was characterized by greater stability of prices, interest rates and employment than in any previous period, as well as by faster real economic growth and expansion of real incomes than ever before. Everything was going well. The supply-siders refer to it as a golden age.

Yet this was precisely the period when the international gold stndard was coming under progressively more severe difficulties, when the system could be and was maintained only by ever-increasing compromises, ad hoc patchwork and repeated emergency rescue operations.

As a government official at that time, I recall very keenly these progressively more severe emergencies, and their painfully improvised and negotiated solutions (sometimes in President Johnson's bedroom late at night). In the end—although postponed until 1973—came the final collapse of the gold standard, domestic and international.

If a gold standard could not survive in the prolonged and stable prosperity of the 1960s, it surely could not survive in the far more troubled economy of today. Inflation, instability, high and fluctuating interest rates and major international trade and payments imbalances would bring down a gold standard almost before it could be established. Advocacy of a gold standard is surely only a romantic dream.●

OSHA ANNIVERSARY

HON. DAVID E. BONIOR

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. BONIOR of Michigan. Mr. Speaker, the Occupational Safety and Health Act will be celebrating its 11th anniversary, December 29, 1981. The act, when passed, was an attempt to protect the millions of workingmen and workingwomen who are exposed to hazards in the work place. The law was passed to stem the mounting tide of death and industrial accidents. OSHA was designed to put an end to the 15,000 deaths due to accidents and the 100,000 from occupational diseases that occur every year.

Through the promulgation of standards designed to limit workplace exposure, the presence of deadly substances such as asbestos, lead, and silica have been severely reduced. The Occupational Safety and Health Act established the National Institute for Occupational Safety and Health (NIOSH), which has begun to investigate the more than 3,000 chemicals introduced into the workplace every month that have been untested for their effects on human beings. In its short tenure NIOSH has published hundreds of criteria reports documenting potential hazards. Research from NIOSH has laid the basis for the development of many new standards.

OSHA has embarked on a program to raise worker and management awareness of safety and health on the job. Through OSHA-sponsored training, both management and workers have been taught methods to insure a worker's health on the job. The United Auto Workers Union estimates that over 79,000 injuries were prevented in the auto industry in 1979 alone because of OSHA.

At a time in our country when we are concerned with productivity and economic costs, the health and welfare of our workingmen and workingwomen is key to our economic survival. One in eight industrial workers suffers an occupational disease in the course of a year and 1 in 20 loses time from work. Every year our economy loses millions of dollars in lost workdays and added workers compensation costs. Added to this is the personal cost to the worker and his or her family which is not measurable in economic terms.

Today many are learning that occupational health and safety is in the interest of everyone. Despite protests over standards, many industries are learning that they can actually bring their costs down when they comply with existing standards. The textile industry, despite its protests against attempts by OSHA to eliminate cotton dust which causes brown lung—byssinosis—has found that the elimination of cotton dust has brought longer life to its machinery and increased productivity. Health and safety is a good investment both in industry and in our workingmen and workingwomen.

The anniversary of OSHA is a time to reflect on how far we have come and how far we must travel. As more and more substances are linked with cancer, and as our workplaces become more and more complex, the need for expanded protection becomes even more critical. On this anniversary of

OSHA, it is important to note that we have an excellent start with this major piece of legislation. It is time to reaffirm our commitment to the proposition that every worker deserves a workplace free of hazard and that it is the responsibility of the employer to provide it. This is the intent of the Occupational Health and Safety Act and should be celebrated as such.●

SMALL BUSINESS IN AMERICA'S FUTURE

HON. TOBY ROTH

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. ROTH. Mr. Speaker, I rise as a former member of the Small Business Committee. Today I would like to express my support for the Small Business Innovation Development Act of 1981. The bill, H.R. 4326, will play a vital role in our economic growth in future years. The United States has been an historic leader in technological innovation in the world. Unfortunately, in recent decades, we have begun to lose our edge. Thus far, we have maintained a healthy position in the world economy. But that will change, if we do not act to expand the small business innovation research (SBIR) program.

Small businesses have been the backbone of research and development advances in our country. First, they have realized the need for high-technology products faster than other segments of manufacturing. Second, they have shown the dexterity to manufacture and bring into commerce these products in a very short period of time. Third, small businesses in America have done this at a modest cost. According to recently published reports, small businesses are at least 1.8 times and often as much as 2.8 times as technologically innovative per employee on the job than their big-business competitors. The National Science Foundation, commending its own SBIR program, has consistently suggested that the cost per research and development scientist or engineer in small business firms across the Nation is about half that experienced in the larger firms.

Small innovative companies also shoulder much of the income-tax burden imposed on American business today. They provide $2.3 billion in revenue to the Treasury annually, compared with $1.5 billion paid by larger companies. This amounts to 34 percent more taxes paid by smaller businesses in the past 5 years. Yet, Federal research and development grants, and contracts awarded to companies with fewer than 500 employees accounted for less than 4 percent of the Government's total research and development expenditures.

Small businesses are at a disadvantage to compete with the larger firms for these funds. It is common practice for grant and contract officers to prefer the larger firms to the smaller ones because small businesses require more attention and guidance through the administrative mazes which characterize many of the projects. Small businesses suffer higher costs of competition, furthermore, because redtape procedures usually place a premium on the expensive time of lawyers, accountants, and procurement specialists. Consequently, small businesses have less history of Government work, which can "chill" the Federal procurement officer from providing the knock of opportunity to newer businesses.

Dr. Harry G. Pars, of Small Business United, in testimony before the Subcommittee on General Oversight of the Small Business Committee, cited a General Electric study which reviewed technological firms in the United States in the 25-year period ending in 1974. The study concluded that employment in high-technology industries grew almost nine times as fast as in low-technology industries during the period. Output grew almost three times as fast; productivity increased twofold over low-technology firms; and prices rose only one-sixth as fast as the big-business rate. Even our international balance of trade was affected. Small firms showed a $25 billion surplus in overseas exports, while larger firms brought in a trade deficit of $16 billion at the same time.

For fiscal year 1982, the bill provides for an SBIR program of not less than 1 percent of the budget of each Federal agency having research and development funding in excess of $100 million. For example, the Department of Energy had a fiscal 1981 budget of $5.8 billion for research. Were this amount subject to SBIR set-asides, small businesses would be earmarked as recipients of 1 percent of that amount, or $58 million in research outlays. Such a set-aside will allow the small business, the new business, the most productive sector of American business today, to continue to prove they are capable of bringing America back to its world leadership role in technological innovation.

Small business innovative research will promote the efficient allocation of resources and eliminate many of the barriers to small business participation that currently exist in the present Federal procurement system. I believe that the small business innovative research legislation before the House of Representatives at this time will be an effective way to bring together, at no additional cost to the taxpayer—the bill appropriates not a single taxpayer dollar—the resources of the Federal Government and the talents of small innovative firms for the benefit of the Nation.●

HUMAN RIGHTS

HON. TOM LANTOS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. LANTOS. Mr. Speaker, today has been designated "Human Rights Day," and it is indeed appropriate to call special attention to our commitment to human rights.

Disregard and contempt for human rights result in barbarous acts of social, religious, and political oppression which create misery, shame and despair for millions of human beings.

A recognition of basic inalienable human rights is the foundation for individual well-being and for international justice.

The moral authority of the United States must be used to recognize and safeguard these rights. We must reject semantical gradations of tyranny, terrorism, and oppression, and continuously assert an act on our basic commitment to universal human rights, so that not only today, but every day, is—for this Nation—Human Rights Day.●

ROA SENDS SOS FOR USCG

HON. GERRY E. STUDDS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. STUDDS. Mr. Speaker, during the past few months the Subcommittee on Coast Guard and Navigation, which I chair, held hearings on virtually every aspect of Coast Guard activities. When the subcommittee finished its series of six hearings, it concluded that the Coast Guard is either seriously underfunded, seriously overburdened, or both.

This conclusion is nowhere more apt than in the area of military preparedness. In an editorial in this month's edition of the Reserve Officers Association magazine, the Officer, the Coast Guard's importance to the national defense is thoroughly and eloquently discussed. I commend this editorial to my colleagues and urge them to consider its arguments carefully so that they will be able to cast more informed and productive votes on issues of Coast Guard funding in future years.

The article follows:

[From the Officer, December 1981]

THE COAST GUARD—A NEGLECTED ARMED FORCE

While the material and personnel conditions of other military services have become well-know, the plight of the Coast Guard appears to be less well appreciated. In fact, the Coast Guard is the most neglected of all our Armed Forces—except when it comes to assignment of missions!

The Coast Guard is a unique national security asset, giving the President a peacetime option to project the power and influence of the United States short of the threat of war. And yet, as proven at least three times in the past 35 years—Korea, Quarantine of Cuba and Vietnam—the Coast Guard can quickly and efficiently work with the Navy, performing vital services in support of national defense objectives. The fact that this capability finds full time utility in peacetime makes the Coast Guard probably the most significant bargain available to the American taxpayer.

The unique flexibility which makes the Coast Guard such a useful armed service has been repeatedly ignored in a budgetary sense by all recent administrations. As a result, the Coast Guard's capability as a national security asset has been drastically reduced. This, in turn, threatens the Coast Guard's ability to repond to its essential national defense responsibilities. The Coast Guard is looked upon too often, and too consistently, as a peacetime regulatory agency with no particularly important part to play in national defense strategy. Nothing could be farther from the truth! Situated as they are, or deployed as they would be in wartime in the strategic ports of the U.S. the Coast Guard becomes the pivotal armed force in support of the initial movement of military equipment overseas and the logistic resupply activity. In effect, the Coast Guard is at the point where land transportation meets sea transportation for the movement of military essential goods to support both rapid deployment and employment of forces.

By law and by Executive order the Secretary of Transportation is mandated to maintain a high level of military readiness in the Coast Guard for the possible time when it may tranfer to the Navy in time of war. However, after careful and thorough investigation, we are convinced that the Coast Guard and the Coast Guard Reserve are not fully prepared to meet their statutory military duties.

The recently established Navy/Coast Guard Board is considering joining wartime tasking. The results of that study will most certainly expand several existing Coast Guard taskings and create new ones. Such results appear most logical; however, this is occurring at a time when the Coast Guard's day-to-day operations have been increased; when the existing capital assets of the Coast Guard are inadequate; and when the fleet is at its lowest operational capability in modern history. (Coast Guard ships average 27 years of age and require two days of maintenance for every operational day.)

If the Department of Transportation cannot support the type of military funding that is required for the Coast Guard, then other funding sources must be considered. For example, supplemental funding from DoD to build up Coast Guard military capabilities in support of its military role should be considered.

Whatever the source of funding, however, Coast Guard appropriations must reflect the understanding that the Coast Guard is first and foremost a military organization with a military mission in wartime.

All members of ROA, regardless of branch of service, should send this message to their elected representatives in Congress and to those persons in the Administration who are in a position to help—repeatedly if necessary. Further weakening of the Coast Guard can only have serious consequences for our nation in both peace and war.●

RURAL HOUSING PROGRAM PROBLEMS

HON. BERYL ANTHONY, JR.

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. ANTHONY. Mr. Speaker, as we all know, the housing industry has been one of the most severely depressed sectors of the economy during the ongoing period of high interest rates. In rural areas, such as my district in south Arkansas, this problem has been particularly acute. I have heard from many of my constituents who have written to express their grave concerns about the disastrous effects of cutbacks in rural housing programs, especially those administered by the Farmers Home Administration. I would like to share one such thoughtful letter from Mr. Billy Hartness of Monticello, Ark., with my colleagues. The letter follows:

OCTOBER 20, 1981.

REPRESENTATIVE BERYL ANTHONY,
Cannon House Office Building,
Washington, D.C.

DEAR REPRESENTATIVE ANTHONY: It has come to my attention that the Department of Agriculture is proposing drastic reductions in the 1983 FmHA budget for 502 low income housing loans, 502 moderate income housing loans and the 515 rental program. We strongly feel that the proposed cuts are much too severe.

A major strong point of the 502 housing program is that it provides for recapture of all subsidy on sale or refinance of a house. Therefore, home buyers are not allowed to make undue profit on government subsidy.

I'm sure you realize that 50 percent of all substandard housing is in rural communities even though rural areas house only 34 percent of the population and thus realize the housing need of our rural communities. FmHA is the only lender in most rural communities for permanent mortgages since banks and other thrift institutions have traditionally shown a reluctance to invest in rural communities. Besides the housing cuts proposed, the 42 percent cut in the 515 apartment budget will be a tremendous hardship in rural communities that need rental dwelling units.

There is presently close to a two year back log of qualified applicants needing housing in FmHA offices across the nation. These people are in desperate need of housing.

In the first set of budget cuts, (1981), the 502 program took a $500 million cut, close to 38 percent. This additional cut will be devastating to rural constituents that need housing. We feel that this additional cut is much more than the fair share and we strongly oppose the Department of Agriculture's proposal on FmHA cuts for 1983. Our rural communities are bearing the largest part of the budget cuts, but have the most need.

Any help you are able to render in this behalf will be greatly appreciated.

Sincerely,

BILLY HARTNESS.●

HIGHER EDUCATION POTENTIAL CITED

HON. PAUL SIMON

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. SIMON. Mr. Speaker, Albert Shanker is the president of the United Federation of Teachers, and in a recent column in the New York Times discussed his view on what we were doing to the Nation through cuts in higher education.

What he has to say ought to be listened to carefully by people who are concerned about the long-range best interests of this country:

EDUCATION CUTS WILL FORCE COLLEGE STUDENTS OUT: EVER SEE A DREAM WALKING—AWAY?

(By Albert Shanker)

If President Reagan has his way, part of the American dream is about to end—the dream of a college education for all who want it and are able to profit from it.

Through most of our history, college education was limited to small numbers. The sons and daughters of the wealthy could always go. And the very talented could also find their way. Many of the very talented—and hundreds of thousands of others who were also poor—were able to get a free college education at the City College of New York and its sister colleges, Queens, Brooklyn, Hunter, which later formed the nucleus of the City University of New York. But even so, on the eve of World War II in 1939, only a tiny percentage of our people had been graduated from college. In those days, parents frequently warned their children: "You can't get anywhere without a high school diploma." High school graduates were considered very well educated, and in most working class neighborhoods of our big cities, even possession of an elementary school certificate was considered a mark of some distinction.

Then came the Golden Age of Higher Education. Perhaps the G.I. Bill of Rights was passed for fear that there wouldn't be enough jobs for all our returning soldiers—that there would be another Great Depression—and sending them to college was considered a good way of keeping them out of the job market. But the G.I. Bill did show that millions who could not have afforded college—or who would not have been admitted at an earlier time—did make it. They not only made it, but they were considered the best college generation ever. And, even if the original reason for sending them to college was to keep them out of the job market—how would the country have fared without the engineers, doctors, teachers, scientists and others who came out of the universities?

From the G.I. Bill to the present, college doors have opened wider. A greater and greater percentage of our people has been going to college—and, in recent years, the same proportion of minorities has been going to college as whites, a great step toward an integrated society.

The G.I.s could not have gone to college if not for the government's payment of their tuition and expenses, and millions who have since enrolled in—and graduated from—college have also depended on government

help. But now President Reagan is proposing major changes. Last spring, huge reductions were made in college student grant programs and in student loans. Now the President is demanding further reductions of 12 percent. On top of this, Reagan is calling for huge cuts in the National Science Foundation, National Endowments for the Arts and Humanities, National Institute of Education and other sources which provide substantial funding for university research.

The President's advice to parents, students and universities is to forget about Washington and turn instead to their state—or county or local—government for aid. But there's not much hope of getting money there, as state and local governments will be reeling from the cuts in federal funds for food stamps, revenue sharing, CETA jobs, welfare, Medicaid, elementary and secondary schools and other programs.

Let's face the facts. If the Reagan cuts are made, tuition will go up and those students who will not get federal aid or loans will have to get the money from their parents—or drop out. The effect is clear, since many parents do not have the money. But this will not just be the end of the American dream for those who are forced out—it will also be a disaster for the country. If we're going to compete successfully with Japan, Germany and other industrialized nations, we can't afford to lose hundreds of thousands of tomorrow's engineers, scientists, mathematicians. Nor can we afford to lose them if President Reagan really wants to close the military gap between the United States and the Soviet Union.

When President Reagan says that education is a state and local responsibility, not a federal one, he is warning us that these cuts are only a beginning and that he intends to end all federal funding for education. But the President is dead wrong when he implies that federal involvement in education is a recent development—part of liberal Democratic move toward big government. The federal involvement goes back to the Northwest Ordinance, to the creation of land grant colleges after the Civil War, to the G.I. Bill and to the National Defense Education Act in the wake of Sputnik. It is the Reagan Administration which is out of step.

It's not too late to stop the cuts. In the last few weeks, most Americans have seen Reaganomics at work. With the Oct. 1 tax cut, unless they were among the very rich, they saw almost no difference in their paychecks—and the few cents or dollars in taxes will never make up for the loss of college education, the absence of food for those who need it, the reduction in our quality of life as the budget cuts hit parks, libraries, museums, music and dance and theatre companies, schools and research institutions. Americans can stop the cuts if they tell their representatives in Congress.●

WHAT CAN A PERSON DEPEND ON?

HON. CARROLL HUBBARD, JR.

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. HUBBARD. Mr. Speaker, numerous constituents have written to me since enactment of the administration's budget cuts legislation, detailing how the cutbacks have affected their own lives. Many of those who have written are social security recipients. Roszella Williams, Route 5, Box 192, Murray, Ky., is concerned about the reduction of social security survivors' benefits for her daughter, who is a college student. I believe Mrs. Williams' letter is one which should be shared with my colleagues and I wish to do so at this time. The letter follows:

DEAR CONGRESSMAN HUBBARD: This is my first time to write my congressman. Maybe I should write more often. I guess the only time you hear from most people is to complain. Well, I guess this letter is, in a way, a complaint. You might also say that I am venting my feelings.

I have an 18-year-old daughter who is attending Murray State University. She is a sophomore this year. Her father is dead and she is drawing Social Security benefits. That is how she is able to go to college. She also lives with me.

Yesterday we noticed in the Paducah paper that survivor benefits were being eliminated. I called the Social Security office in Mayfield this morning and did find out that it is the law already that they are being phased out. Starting in September of 1982, I believe, they will be cut 25 percent per year until September of 1985 when they will be completely eliminated. She plans to be a pharmacist. That will be at least six years of college work and at least three of these will be away from Murray State as they do not have a school of pharmacy. She has been ineligible for a grant of any kind since I have worked during my lifetime and do not owe for everything I have. (We were urged by President Carter not to go in debt for everything.) I have friends that make twice the salary I do but have a son who gets scholarships and grants. But I know you have no control over that. I just wanted to state this fact.

Now, my main complaint is that her father died 3½ years ago and no one will ever draw from his benefits but her. It is not like the welfare programs. He paid money into this fund, along with his employer for him, and now he or his survivor can't get it. To me it is the same as if he had put money in the bank for retirement and when he went to draw it out they told him they were sorry they didn't have it any more.

I work for a fertilizer plant and work long, hard hours. In 1980 I worked the equivalent of 17 months in 12 regular months work. Still my salary isn't even in the middle income bracket. ($15,825.45 in 1980 which included a bonus. 1981 will be less.)

My daughter works part-time and studies very hard. When she has to move elsewhere for college she may not be able to find work and her expenses will be four times what they are now.

I have said all this to say that I feel that you lawmakers are taking away what is rightfully ours. We have paid this in as "security" and now it is being taken away. What can a person depend on any more, a fruit jar buried in the back yard or money hid in our mattress? People that have never worked, don't want to work, wouldn't work if they had the chance, are the ones we have to continue to pay, too. I know some of the welfare is being cut, but it seems the ones that work are the ones that pay for the lazy. In the not too distant future I see a time when there are less employed then unemployed. Then this country is in real trouble. Just last night I saw where supplemental welfare is being cut. Those that have been working some are now tempted to go to full time unemployment to be eligible for more benefits. It makes sense (cents also).

Well, instead of writing "Dear Abby," I thought I would let off steam to you where it might be doing some good. Thanks for listening.

A Concerned Mother,

ROSZELA WILLIAMS,
Murray, Ky.●

SCHOOL SUPERINTENDENT RATTLES EDUCATION ESTABLISHMENT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, one of the great developments in the United States is a system of education which is open to all of our children. A great strength of that system has been control at the State and local level. This has prevented the heavy hand of the Federal bureaucracy from stifling innovation.

It is important that for this vitality to continue at the State and local level we must have outstanding leaders in education responsive to local citizens. I wish to bring to the attention of my colleagues the story of an impressive educator, Dr. Joseph Crawford, who was elected superintendent of public instruction for the State of North Dakota just last year. Dr. Crawford has been an outspoken supporter of cutting excessive costs in education and has strongly supported the Reagan administration's efforts to return decisionmaking power to State and local authorities via the "Block-Grant" proposal.

I am entering in the CONGRESSIONAL RECORD a story about Dr. Crawford which appeared in the November 7, 1981, issue of Human Events.

SCHOOL SUPERINTENDENT RATTLES EDUCATION ESTABLISHMENT

Is it possible that an articulate Reagan conservative could be elected to head up a state's education system and carry out budget-cutting reforms once in office? Dr. Joseph C. Crawford, Superintendent of Public Instruction of North Dakota, is proving it can be done.

The 37-year-old educator, who holds a doctorate in Education Administration, has questioned the sacred cows of education as promoted by the North Dakota branch of the National Education Association—and the union-educators don't like to be challenged.

First of all, Crawford made his first race against a favorite of the North Dakota Education Association in 1976, receiving over 49 per cent of the vote and losing the race by less than one vote per precinct.

Using the next four years to speak out for an educational system more responsive to the taxpayers and parents of North Dakota, he ran again in 1980, achieving a landslide victory over the incumbent with 57 per cent

of the vote. (It was a good year for Republicans in North Dakota. President Reagan won about 70 per cent of the vote and the Republicans captured five statewide offices from the Democrats, including dislodging the Democrats from the governor's office after 20 years of control.)

Second, he began attacking the bloated bureaucracy in the office of Superintendent of Public Instruction. When Republican Gov. Allen Olson urged budget-cutting, suggesting that out-of-state travel by state officials be cut by 15 per cent, Crawford cut his out-of-state travel expenses during the first half of 1980 by 50 per cent.

Crawford also appointed non-educators to handle the administrative duties in the office, a rebuff to the NDEA, which has been used to dictating appointees to this office in the past. In a further rebuff to the advocates of government schools, Crawford announced plans to establish a private school representative and an Indian school representative in his office.

(Crawford did what few Republicans have done in the state: He campaigned among the Indians pointing out the harmful effects of government paternalism. He carried a majority of the vote on the Indian reservations.)

In addition, he combined four administrative positions into two, has set the goal of eliminating 16 positions through attrition, made an immediate cut of four people from the staff, and has acted to decentralize the state education system by opening a regional office to help administrators in the smaller northwestern communities and assigned additional duties to county school superintendents.

In cooperation with the North Dakota Association of County Superintendents, he has initiated an extensive in-service program to enhance the position of school superintendent and to assist local school districts more directly. These actions have been among the ways of implementing his promise that government should be as close to the people as possible and that state officials need to work to bring about government that is more local and more responsive.

Third, while the education union officials and special-interest groups have been decrying Reagan Administration budget cuts for education, Crawford has been an outspoken supporter of the President's program.

Saying he is the only state public education superintendent he knows who actively backs Reagan's school aid cuts, Crawford declares: "The cuts are not that dramatic and are more than compensated for by the decrease in administrative expenses and increases in program flexibility."

North Dakota has felt the heavy hand of federal controls. Some of the North Dakota schools dropped out of the special milk program because it was costing more to administer the program than the state was receiving in cash. In the federal Right to Read program, nearly 47 percent of the federal grant was used in state administrative costs.

Finally, Crawford has seriously questioned the need for the present number of education courses required for certification of kindergarten teachers and has urged an upgrading in teacher training.

The NDEA has criticized Crawford, feeling uncomfortable with a state superintendent who will not hew to its line on appointments and policies and who wants to reduce costs. Joe Crawford is willing to take them on in his quest for better education for the children of North Dakota with less expenditures and less government dictation.

Despite the continual NDEA criticism, the president of the North Dakota Association of School Administrators, Fargo School Superintendent Vernon Bennett, has reflected the new atmosphere in the office by noting that comments he has heard throughout the state have been supportive of Crawford—people now see that office as being helpful, open-minded and willing to change.

The bureaucrats in the NEA at the national and/or state level don't want to lose their stranglehold on education to parents and taxpayers. They also resent public officials who will not be their puppets once in office. Joe Crawford is showing that he will not be deterred in his efforts and he has the support of the people. North Dakota may serve as a test case for other education reform efforts and Joe Crawford may show other state educators that one can stand up to the special-interest groups while defending a conservative agenda for education.●

GOV. BRENDAN BYRNE

HON. JOSEPH G. MINISH

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. MINISH. Mr. Speaker, my friend and constituent, the Honorable Brendan Byrne, will soon complete his 8 years as Governor of New Jersey. I have enjoyed the opportunity of working closely with Governor Byrne and the rest of our congressional delegation to promote the interests of the Garden State, so I have had a unique perspective on his work and his achievements in the public interest.

Rather than commenting directly on Brendan Byrne's tenure in Trenton, I will submit the editorial of the New York Times for December 6, which offers a balanced assessment of the Governor's long service. When time has allowed us an opportunity to make dispassionate evaluations of the Byrne administration, I believe that many of the particular points made in the Times will be appreciated, and that the final assessment of the Governor's personal qualities will be confirmed. The editorial follows:

[From the New York Times, Dec. 6, 1981]

GOVERNOR BYRNE'S RECORD

As Governor Byrne prepares to depart Trenton, his popularity is at rock bottom. People in New Jersey grumble about style and personality; many still smart over Mr. Byrne's tough decision to institute a state income tax. He supported casino gambling in Atlantic City, which may plague the state forever. Nevertheless, Brendan Byrne leaves office with an otherwise outstanding record.

Governor Byrne can be blamed for not dealing with overcrowded prisons. In recent months he has hurt his reputation by taking too many trips, to the Soviet Union and elsewhere. There is offensive vanity in having his name put on the new Meadowlands arena in five-foot letters.

And for bad policy, nothing tops Atlantic City's casino gambling. The elderly and poor were displaced for the casinos—and are still waiting for the housing they were promised. Crime and corruption are growing, and so is the power of the casino industry. It has so many connections with the powerful law and accounting firms in the state as to create doubt whether effective regulation will be possible in future years.

But that was not the biggest problem Brendan Byrne faced when he took office in 1974. The state was under court order to equalize local expenditures. That meant a nasty fight with the Legislature over the income tax. Governors Hughes and Cahill had tried and failed. Mr. Byrne got it done. The income tax has stabilized property taxes and increased education aid.

During Governor Byrne's tenure, the state has introduced spending limits on state and local governments, guaranteed bond sales for local governments and undertaken a number of impressive financial management reforms.

There is more. Mr. Byrne got the Meadowlands sports complex built, developed a plan to protect the pinelands, created a Cabinet-level public advocate, reorganized the state bus system, revised the state's criminal code and established one of the nation's first plans to help pay for the elderly's medical prescriptions and energy bills.

He has admirably resisted demands to reinstate the death penalty and supported aid for abortions. Some of his appointments have been outstanding. Only two women had ever served in the Cabinet before; five women have served in his. And throughout, his administration has been free of scandal.

Brendan Byrne has not always brought high style to Trenton, but he has brought more important qualities: skill, foresight and integrity.●

SOCIAL SECURITY IS DOING ITS JOB

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. WEISS. Mr. Speaker, for almost 50 years, every resident of the White House has reconfirmed our Nation's commitment to the elderly through the social security program. Today, however, we are faced with an administration that has little regard for this social contract and a lack of concern for the well-being of elderly and disabled Americans.

The administration has stopped at nothing to diminish the protection that social security provides 36 million beneficiaries. They have attempted to sabotage public trust in the program by perpetuating rumors of impending bankruptcy in the trust funds. They have resorted to manipulation in order to prevent senior citizens attending the White House Conference on Aging from voicing their opposition to benefit cuts in the program. And the Reagan administration has won the enactment of major reductions in social security benefits and has proposed additional cuts which would devastate the program.

Despite these relentless attacks on social security, Americans continue to reassert their support for this program, which provides economic securi-

ty for the elderly. A Louis Harris poll taken this summer found that 51 percent of those interviewed even favored increased payroll taxes to help out the troubled system. The American people have made it clear that they will not allow the administration to inflict further hardship on our country's aged. Both young and old alike want their representatives to maintain the system's financial integrity without cutting benefits. It is now up to the Congress to heed their call.

University of Maryland economist Barbara Bergmann explores the debate on social security in an article recently published in the New York Times. I commend it to the attention of my colleagues.

RELAX, SOCIAL SECURITY IS DOING ITS JOB

(By Barbara R. Bergman)

If one believes the detractors of Social Security, the public pension system of this country is almost bankrupt, gives out benefits that are improvidently generous and has reduced savings among our citizens, thus robbing our economy of vital capital. This adds up to a harsh indictment. The truth is, however, that not one of these accusations deserves to be taken seriously.

All the talk about bankruptcy and insolvency has caused considerable mental anguish. People already retired, and those looking forward to retirement in the near future, have been made to feel painfully insecure. Virtually all of these people expect to use Social Security benefit checks to meet their basic needs, and many of them have been seized by the fear that the checks will either be drastically reduced or will not be there at all.

Currently, benefit checks are paid out of an account (grand-eloquently labeled a trust fund), which is fed by a payroll tax earmarked for that purpose. If the trust fund were part of a private pension system run by a private company, and if we were back in the era before Federal bailouts for private companies had become routine, then the worry about insolvency might be justified.

Well-informed people understand, however, that the benefits retired persons get from the Federal Government are not ultimately dependent on a particular trust fund, or a particular method of feeding money into any trust fund. There is no reason that benefits could not be paid out of the mingled revenues of the Treasury, the way most Federal payments are. Congress, if it has the concurrence of the President, can make any arrangements it wants for financing the benefits.

But if Congress is free to tinker with the method of financing benefits it is also free to tinker with the benefits themselves, something it cannot do to privately funded pensions. Doesn't this put Social Security beneficiaries on a par with the tobacco and sugar growers, who are now insecure about the continued existance of their Federal benefits? In theory, yes, but in practice, no.

The broad outlines of the current benefit structure are based on a longstanding concensus, which includes everyone except the extreme right, that older people in an affluent country ought to be assured of a decent stipend, paid out of the current fruits of our economy and protected from inflation.

It is this consensus that makes the elderly's lot different from that of the farmers. There is not and never was a broad consensus in favor of supporting growers of sugar and tobacco. Their benefits come from adroit lobbying and log-rolling.

The aged have done their share of lobbying, and their organizations are champions at single-interest politics. But politics in that sense is not the major guarantor of their benefits. Nor is the fiction that Social Security is the same thing as a fully funded private pension system. The guarantor of Social Security is the ability and willingness of the American people to pay and that has been amply demonstrated within the last few months.

The Reagan Administration's purpose in pushing the insolvency theme does not seem to have created panic in the ranks of the ill-informed beneficiaries so that they would be afraid to resist major cuts in benefit levels. While this ploy has not worked, the question of benefit levels should be addressed independent of the spurious "bankruptcy" issue.

Those over 65 constitute 11 percent of the population. Balancing off their higher medical needs against their reduced needs in some other respects, one might consider it reasonable for the old to have the resources to do about 11 percent of the consumption of goods and services. At present, Social Security benefits and Medicare expenditures for the retired are running at less than 8 percent of total consumer spending and less than 5 percent of the gross national product. On this basis, Social Security does not seem out of line.

Benefits have increased substantially in real terms over the last 10 years. In part, these increases were cranked out by the use of a not very rationally constructed formula. The formula is based on the Consumer Price Index, which includes items such as home purchasing costs, which affect the aged relatively little. It has allowed benefits to increase faster than real wages for the working population. One anomaly, recently corrected, allowed benefits to outrun even the price index.

However, to say that the formula used to adjust benefits was rather a pixilated one, is not the same thing as saying that the increases in benefit levels were a mistake that ought to be rescinded. If a public pension system exists to guarantee a modicum of comfort to all old people, then these increases have served that end. They have had the effect of reducing poverty among older Americans from 25 percent in 1970 to 16 percent in 1980. Thus, any across-the-board cut in real benefits would go against that basic purpose.

It is true that some benefits are paid to people with substantial incomes from other sources. The simple way to reduce that kind of a "waste" of benefits would be to include Social Security benefits as taxable income. Those with no income apart from their benefits would pay little or nothing in taxes, while those better provided for would return part of their benefit to the Treasury.

The accusations by Martin Feldstein of Harvard and others that Social Security is reducing savings and thus reducing capital formation is quite possibly factually correct, although Professor Feldstein's analysis has had its detractors. The Social Security fund has paid out benefits about as fast as it has taken in contributions. And it has really served as a conduit of resources from the economically active to the economically inactive, rather than as a capital fund in the traditional sense. By contrast, private individuals without a Government pension to depend on would have been forced to accumulate a real fund of assets that would have contributed to the supply of capital.

Moreover, without the surety of Government pensions protected against inflation and other market vicissitudes, private individuals would have to accumulate extra funds to try to hedge against such risks. These extra savings would also improve the country's capitalization.

However, even if this count of the indictment is factually correct, it is in no way regrettable. We gave up the chance to have a fully funded system in the Roosevelt Administration when we decided to start giving benefits to retirees soon after the system started. That decision bought a decent retirement for millions of our parents and grandparents. In providing risk-free pensions, we have traded a few extra pieces of industrial equipment for a program that relieves us all of a lifetime of worry about a destitute old age. There is no factory or machine I know of that produces as valuable a product.

No one who studies the Social Security system fails to come up with ways to improve it marginally. But bascially, the system makes economic sense. Its detractors are barking up the wrong tree economically as well as politically.●

INNOVATION BILL PASSES SENATE

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. LAFALCE. Mr. Speaker, the Senate earlier this week passed its version of the Small Business Innovation Development Act. This bill will strengthen the role of small, high-technology firms in federally funded research and development programs and actively promote innovation by these types of companies. The vote was 90 to 0 and capped a 3½ year effort to get Congress to adopt this legislation. We are now halfway toward this goal.

As you recall, the idea for this bill stems from joint hearings held by the House and Senate Small Business Committees in August 1978. This legislation was overwhelmingly endorsed by delegates to the White House Conference on Small Business in January 1980. They called for congressional enactment of a specific set-aside of research and development funds for small business.

Under the leadership of Senator RUDMAN of New Hampshire, a small business innovation bill was reported out of the Senate Small Business Committee in September and sailed through the Senate on December 8.

The bill is now in the House's court. It is now up to the House to pass the Small Business Innovation Development Act, H.R. 4326, which has been reported unanimously by the House Small Business Committee. The number of cosponsors of H.R. 4326 is

nearing the 150 mark. The bill, which is strongly supported by the National Federation of Independent Business, the National Small Business Association, the U.S. Chamber of Commerce, Small Business United, and the National Council on Industrial Innovation, awaits consideration by three other committees. Small business is watching House action on H.R. 4326 very closely.

I urge all members who are not yet cosponsors of H.R. 4326 to join the growing list. I look forward to House passage of the Small Business Innovation Development Act as soon as feasible in the second session of this Congress. We must now see the small business innovation bill through to enactment in 1982.

I want to take this opportunity to thank the following Members for cosponsoring H.R. 4326: FORTNEY (PETE) STARK, of California; JAMES COYNE, of Pennsylvania; JACK BRINKLEY, of Georgia; DON RITTER, of Pennsylvania; BERYL ANTHONY, JR., of Arkansas; NORMAN DICKS, of Washington; MERVYN DYMALLY, of California; and Bo GINN of Georgia.●

HAPPY BIRTHDAY GRANNY

HON. DON FUQUA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. FUQUA. Mr. Speaker, today marks an auspicious occasion. It is the 64th birthday of Cecelia "Kit" Greve. Miss Kit or as she is affectionately known, Granny, has been a mainstay of my congressional office ever since she came to work for me in 1970. Prior to that, she had worked for Senator Spessard Holland for 10 years.

She is truly tireless. She is devoted to the people of Florida's Second Congressional District and works diligently to serve the people. She is also indispensable for other reasons. Granny is the one who keeps Band-aids in her desk along with aspirin and any other article that are necessary to everyday life.

She is a jewel and a treasure and I am very lucky to have her on my staff. I wish her a very happy birthday and many more to come.●

BILL TO LIMIT SOCIAL SECURITY TO ALIENS

HON. ED WEBER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. WEBER of Ohio. Mr. Speaker, today, after lengthy conversations with my constituents and the Social Security Administration, with a deep concern for the future of the social security system and our senior citizens, and in the belief that this Congress must start to help social security along the road to solvency, I have introduced legislation to restrict the payment of social security benefits to nonresident aliens.

At the present time we are paying about $1 billion each year in social security to people living outside the United States. It is estimated that 70 percent of these recipients are aliens. These people have all previously worked in the United States and have paid into the social security system. But then they have left the country, in most cases to return to their homeland. Some of these recipients have paid very little into social security.

Consider just four of the most extreme examples of actual cases of payment/benefit ratios to some foreign recipients:

	Paid in	Benefits paid to date
Case 1	$25	$11,000
Case 2	161	31,000
Case 3	50	13,000
Case 4	397	42,000

I cannot believe that we can any longer afford to drain the social security system of funds to support aliens living outside our country. The purpose of social security is to provide a retirement benefit to assure that the elderly who live in our country can live with dignity.

Many foreigners, because of the lower standard of living in their mother country, can live in comparative luxury by going home and collecting social security benefits.

I believe that it is a vital first step to the recovery of the social security system to remove from eligibility those noncitizens who live and work in the United States temporarily and then return to their homelands . . . no longer to support and produce in the United States, only to drain the social security system of benefits for our elderly.

The General Accounting Office has estimated that this measure could save as much as $700 million a year. The bill pays back to those people what they have paid into the system, but no more.

There are serious problems with social security that endanger the ability of the Government to live up to the commitment to our elderly and retired. In order to preserve their benefits, we must take the first step. The time for action is now. This bill represents that first, positive step toward this goal that we share.

A general summary of the key points of the bill are:

One. Only those aliens admitted as lawful residents to the United States, or our trusts and territories, by the Attorney General of the United States, may receive social security benefits.

Two. Nonresident aliens are further restricted from receiving social security benefits exemptions by striking the 40 quarter test exemption.

Three. Nonresident aliens may only receive benefits up to the amount of social security taxes they have paid into the system.

Four. To curb abuse by paper adoptions and the common May-December marriages as is frequent overseas, derivative benefits will not be paid to surviving dependents unless the dependency relationship existed prior to the primary wage-earner's 50th birthday.

Five. Nonresident aliens who are receiving their benefits as a pay back of their contributions will receive their benefits according to the established rules of eligibility as determined by social security.

Six. All U.S. citizens and nationals, at home or abroad, and all resident aliens are not affected by the enactment of this bill.

Social security is intended to take care of persons living in America. At this time of a failing social security system, we cannot allow social security to continue as a worldwide pension system for noncitizens no longer living in, or contributing to this country.

What follows is the complete text of the bill. Thank you.

H.R. 5168

A bill to amend title II of the Social Security Act to provide generally that benefits thereunder may be paid to aliens only after they have been lawfully admitted to the United States for permanent residence, and to impose further restrictions on the right of any alien in a foreign country to receive such benefits

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 202(t)(1) of the Social Security Act is amended to read as follows:

"(1)(A) Notwithstanding any other provision of this title (but subject to subparagraphs (B) through (F) of this paragraph), no monthly benefit shall be paid under this section or section 223 for any month to any individual who is not a citizen or national of the United States, if such individual—

"(i) has not been lawfully admitted to the United States for permanent residence, or

"(ii) is outside the United States; and no monthly benefits shall be paid to any person for any month under this section or section 223 on the basis of the wages and self-employment income of an individual who (without regard to subparagraph (E)) is himself prevented by the preceding provisions of this subparagraph from receiving a benefit for that month.

"(B) Subparagraph (A)(i) shall not apply with respect to any individual within the United States if the benefit involved is payable to such individual as the dependent or survivor of a citizen or national of the United States, or as the dependent or survivor of an alien lawfully admitted to the United States for permanent residence.

"(C) Subparagraph (A)(ii) shall not apply with respect to any individual if (i) the benefit involved is payable to such individual as

the dependent or survivor of a citizen or national of the United States who resides outside the United States and has attained age 50 (or who died outside the United States after attaining that age), and (ii) at the time such citizen or national attained age 50 the spousal, filial, parental, or other relationship which is required for such individual's entitlement to the benefit involved already existed.

"(D) For purposes of this paragraph, an individual shall be considered to be outside the United States in any month only if such month occurs——

"(i) after the sixth consecutive calendar month during all of which (as determined by the Secretary on the basis of information furnished to him by the Attorney General or information which otherwise comes to his attention) such individual is outside the United States, and

"(ii) prior to the first month thereafter during all of which such individual has been in the United States;

but in applying the preceding provisions of this subparagraph an individual who has been outside the United States for any period of thirty consecutive days shall be treated as remaining outside the United States until he has been in the United States for a period of thirty consecutive days.

"(E) An individual who is otherwise prevented by subparagraph (A) from receiving benefits under this title may nevertheless be paid such benefits, as though such subparagraph were inapplicable, until the total amount of such benefits equals the total amount of the taxes paid under sections 3101 and 1401 of the Internal Revenue Code of 1954 (or the corresponding provisions of prior law) with respect to the wages and self-employment income on which such benefits are based (or, in any case where one or more other persons are also being paid benefits by reason of this subparagraph on the basis of such wages and self-employment income, until the total amount of the benefits paid to such individual equals the portion of such taxes which is attributable under regulations of the Secretary to such individual's entitlement). After such benefits have been paid, such individual shall have no further entitlement to benefits based in whole or in part on the same wages and self-employment income.

"(F) For purposes of this paragraph, the term 'United States' (when used in either a geographical or political sense) means the States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, Guam, American Samoa, the Trust Territory of the Pacific Islands, and any other territory or possession of the United States.".

(b) Section 202(t)(4) of such Act is amended—

(1) by striking out subparagraphs (A) and (B);

(2) by redesignating subparagraphs (C), (D), and (E) as subparagraphs (A), (B), and (C); and

(3) by striking out the semicolon at the end of subparagraph (C) (as so redesignated) and all that follows and inserting in lieu thereof a period.

(c) The heading of section 202(t) of such Act is amended by adding at the end thereof the following: "; Prohibition Against Payment of Benefits to Aliens Not Permanent Residents".

SEC. 2. (a) Except as provided in subsection (b), the amendments made by the first section of this Act shall apply with respect to months after the month in which this Act is enacted.

(b) If any individual is (or upon application would be) entitled to a monthly benefit under section 202 or 223 of the Social Security act for the month in which this Act is enacted on the basis of any person's wages and self-employment income, none of the amendments made by the first section of this Act shall apply with respect to such benefit or with respect to any other benefit which is or may become payable on the basis of such wages and self-employment income.●

THE SPIRIT OF BROOKS HAYS

HON. BERYL ANTHONY, JR.

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. ANTHONY. Mr. Speaker, I would like to share with you and my colleagues a column written recently by David S. Broder of the Washington Post about former U.S. Representative Brooks Hays of Arkansas, who died in October.

[From the Washington Post, Nov. 25, 1981]

THE SPIRIT OF BROOKS HAYS

(By David S. Broder)

Brooks Hays of Arkansas was a wispy, balding man who was a presence in Washington for almost half of his 83 years—a favorite character, a beloved storyteller and a moral force of almost unequaled dimension, for his election to the House in 1942 until his death last month.

His is an appropriate story for Thanksgiving week, because it is an authentically American tale of high good humor and remarkable courage. He was born in London—"London, Hope County, Arkansas," as Sen. Dale Bumpers of Arkansas reminded the Senate in his eulogy. He became that familiar American character, the small-town lawyer and Southern Baptist deacon.

He came to Congress at the age of 44 and left it in defeat at age 60 to take up a second career as a White House aide, teacher, writer and leader of his church.

When he died, there were only 20 members in the House who had served with him. But listening to the tales told of him when the House memorialized him earlier this month, it was clear that Brooks Hays had become one of the enduring and even mythical figures of the Congress which, like all institutions, craves its heroes and legends.

Much of the legend is based on his storytelling, his way with an anecdote. Congress is a body of raconteurs, but few have been able to do with a story what Hays could do: create characters and scenes you could see and feel, and slip in a telling point of view while your guard was down.

Some of his lines were so perfect you just wanted to marvel. When he was serving on the U.S. delegation to the United Nations, the Russians were pressing for the admission of Outer Mongolia as a separate nation. "Fair enough," Hays said, "if the U.N. will also admit Texas and call it Outer Arkansas."

His courage was demonstrated most clearly by the events that brought him defeat. As the congressman from Little Rock and a moderate on racial issues, Hays sought to mediate the conflict between Arkansas Gov. Orval E. Faubus and the federal authorities over the 1957 desegregation of Little Rock Central High School. He managed to bring Faubus and President Eisenhower together for a meeting that fleetingly raised hopes, but ultimately failed to avert the violence and the dispatch of federal troops.

A year later, in 1958, Faubus turned on Hays and supported a segregationist write-in candidate, who defeated the congressman with a well-executed sneak attack.

Hays' loss shocked and shamed his home city and the Congress in which he served. In both arenas, it served to strengthen the resolve of those who shared his tolerant and moderate views.

The defeat did not shock him. As Billy Graham said at a testimonial dinner for Hays a month after his defeat, "Little Rock realizes it has made a tragic mistake * * * but that doesn't dismay our friend. * * * Congressman Hays' good humor, commonsense and integrity will take him through."

And so they did, for another 23 years of a life that left a permanent mark on the institutional memory of Congress and his church and of the institutions he founded and inspired. They ranged from the Former Members of Congress Association to the Close-Up Foundation, which brings hundreds of young people to Washington each year for a firsthand view of their government.

If Congress is to remain an institution to which alumni can return with pride and which youngsters can view without cynicism, today's lawmakers will need the qualities Brooks Hays exemplified.

They could find no better guide than the words Hays himself spoke at that dinner in 1958.

"I have cheerfully accepted several defeats, because I acknowledge the principle of majority rule," he said. "That rule will be frustrated, however, unless the people are given an opportunity to secure and deliberate upon the facts and the issues. * * *

"And throughout the structure of popular government, there must be such respect for the minority that public policy is built on wisdom and justice in representative functions, not on the sophistry that the majority's judgment is always wise and best for the people.

"In the 1958 campaigning," this wise and just politician said, "I was not trying to ride a popular idea. I was trying to popularize an idea that had become so much a part of me I could not rid myself of it if I had tried."

Wherever a politician can speak honestly of himself or herself in those terms, the spirit of Brooks Hays will live.●

FIFRA AMENDMENTS OF 1981

HON. WILLIAM C. WAMPLER

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. WAMPLER. Mr. Speaker, I have joined Chairman GEORGE BROWN of the Department Operations, Research, and Foreign Agriculture Subcommittee of the Committee on Agriculture in cosponsoring a bill entitled, "Federal Insecticide, Fungicide, and Rodenticide Act Amendments of 1981." Several other subcommittee members from my side of the aisle have joined with us. I wish to take this

opportunity to indicate that neither I nor the other Republican members of the subcommittee consider that this cosponsorship means that we endorse all of the provisions in this bill. Nor do we perceive that this bill as introduced is the last word on this matter. By cosponsoring this legislation we are indicating our general endorsement and, as Chairman BROWN has pointed out, he recognizes the rights of all Members to offer amendments should we perceive that amendments will be necessary in order to improve the bill. All of us reserve the right to refine our thinking on the content of this bill as it is reacted to.

The subcommittee has been dealing with these amendments since June when we first held hearings. Many of the controversial features we have managed to address in a form that, if not acceptable to all interested parties, is a step in the right direction. By now introducing a clean bill we are keeping the legislative process moving and I am confident that as reasonable individuals we will be able to pass this legislation to the House Agriculture Committee with a recommendation that it do pass.

For the many individuals from the private sector and Government agencies who have worked with the members and staff of the subcommittee, I want you to know I appreciate your efforts and I know of your concerns on the many features of this very complex law that seem to be difficult to resolve. I wish to urge all who are interested in this legislation to examine it in detail and give the members of the Subcommittee on Department Operations, Research, and Foreign Agriculture your comments and recommendations related thereto, because it is your expertise that is needed if we are to pass legislation that is to be effective and that will correct the problems that have been outlined to the Members.

I want also to take this opportunity to acknowledge publicly the fine work that Chairman BROWN has done in keeping this legislation moving through the legislative process. There is some element of urgency about this legislation because of court decisions that may result in the indiscriminate release of pesticide registration data in the near future. Therefore, the movement of this legislation through the Congress, in my estimation, is in the public interest.●

CLEAN AIR ACT SUPPORT UNANIMOUSLY REAFFIRMED BY PORTLAND CITY COUNCIL

HON. RON WYDEN

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. WYDEN. Mr. Speaker, amid the clamor for substantial weakening amendments to the Clean Air Act, I wish to bring to my colleagues' attention the unanimous reaffirmation of support by the Portland City Council for the existing Clean Air Act.

The city of Portland, in common with most cities in our country, is plagued by automobile pollution. Add to this our unique air quality problems presented by the volcanic ash from Mt. St. Helens as well as the increasing use of woodstoves, and Portland is faced with air quality standard violations for carbon monoxide, particulates and ozone—three out of the seven criteria pollutants for which national standards are in effect.

As public opinion overwhelmingly indicates, our Nations urban dwellers, some 139 million in all, are not content with the prospect of living in unhealthy airsheds. Nor are they enamored with the proposed amendments to the Clean Air Act that would loosen present requirements for attaining the national standards or, in the words of EPA Administrator Anne Gorsuch, continue our Nation's progress in cleaning up our air at a "more reasoned pace."

The city of Portland has demonstrated its firm commitment to air quality protection and enhancement. For example, the city energy office has instituted an energy conservation program that reduces fuel consumption; the public works department is conducting a demonstration program to reduce suspended particulates; and the city has adopted a parking and traffic circulation policy and has supported air emission controls on industrial sources.

It is in the spirit of this proven commitment that the Portland City Council unamiously adopted a resolution putting the city council on record as opposed to any changes in the Clean Air Act that would increase pollution in the Portland airshed.

I applaud the city council for its bold initiative and I hope that this action will be but the first of many messages to Congress of official support for a strong Clean Air Act from State and local governments across the land.

The text of the Portland's City Council's resolution follows:

RESOLUTION No. 33024

Whereas, the Clean Air Act was adopted by the Congress of the United States for the purpose of protecting and enhancing the quality of the Nation's air resources so as to promote the public health and welfare and the productive capacity of its population; and

Whereas, the Clean Air Act authorized EPA to establish national primary and secondary ambient air quality standards for air pollutants; and

Whereas, the City of Portland has demonstrated a firm commitment to enhancing and maintaining the Portland environment and to meeting the requirements of the Clean Air Act by adopting a Parking and Traffic Circulation Policy, ride sharing and flextime programs, an energy conservation program which reduces fuel consumed in the area, by sponsoring a demonstration study aimed at reducing suspended particulates in the air and by supporting air emission controls on industrial sources; and

Whereas, these programs have resulted in reduced air pollution; and

Whereas, Portland continues to violate standards for carbon monoxide, ozone and total suspended particulates, which are three of the seven criteria air pollutants; and

Whereas, these pollutants have been proven to be health hazards; and

Whereas, it is time for Congress to reauthorize the Federal Clean Air Act; and

Whereas, various groups are proposing amendments that could result in increased air pollution in the Portland airshed: Now, Therefore, Be It

Resolved, that Portland City Council will not support any changes in the Act that would increase pollution in the Portland airshed; be it further

Resolved, that this resolution be sent to the Portland Congressional Delegation.

Adopted by the Council November 4, 1981.

GEORGE YERHOVICK,
Auditor of the City of Portland.●

ENDANGERED SPECIES ACT REAUTHORIZATION

HON. JOHN B. BREAUX

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. BREAUX. Mr. Speaker, I would like to take this opportunity to call my colleagues attention to the fact that the reauthorization of the Endangered Species Act of 1973 will be considered in the next session of Congress.

I am sure that most of my fellow Members of Congress would agree with me that the goals of the Endangered Species Act are noble. We must do all we can to halt the ever-increasing number of extinctions caused by man and his activities. To this end, I believe the Endangered Species Act has been a valuable piece of legislation, but it has not been without its problems of administration and interpretation.

An example of these problems, and one I am particularly concerned about, is the recent Federal court action involving the export of bobcat pelts. I am concerned not only because these court decisons are damaging the credibility of the Endangered Species Act in the eyes of its greatest supporters,

the wildlife biologists, but also because the decisions may have a broad impact on the full range of Federal wildlife laws.

To give a bit of history, the bobcat, which is relatively common in the United States and Canada, is not listed on the U.S. Endangered Species List but rather on appendix II of the Convention on International Trade in Endangered Species (CITES). It was put on that list when the parties to the convention decided to list all of the wild species of cats on that appendix as a control measure. Placing of the bobcat on appendix II made it necessary for the United States to issue certificates for all bobcats exported stating that their export would not be detrimental to the survival of the species in the wild and that they were taken in conformity with our conservation laws.

The Interior Department, relying on data of State fish and game agencies, set quotas for each of the States for export purposes. That data, as with virtually all wildlife management data, did not give population estimates for the bobcat in the various States, but data based on a history of harvest levels, scent posts, age averages of animals taken and other traditional wildlife measures to determine the health of populations. Antihunting and antitrapping groups sued, challenging this data and the export quotas. The District Court for the Washington, D.C., district upheld the majority of the data and, hence, the validity of the quotas. The appellate court, however, stated that the quotas had to be based on population estimates.

For many species, population estimates are meaningless. The bobcat is one of these. Wildlife biologists focus not on overall numbers, but rather on the health of populations. They can tell if the populations are healthy without counting animals. The court decisions have placed the professional wildlife managers in the difficult position of making senseless estimates of populations or not allowing the export of any bobcat pelts. It is focusing attention and scarce resources on a species that is not in trouble while other, truly endangered species, such as the California condor or the Florida manatee, compete for scarce resources.

Mr. Speaker, this is the type of problem with the Endangered Species Act that the Subcommittee on Fisheries and Wildlife Conservation and the Environment will be examining closely when we hold hearings on the act next year. I believe that if reason prevails, as it did in our recent reauthorization of the Marine Mammal Protection Act, we can correct the problems in the act and maintain strong protection for endangered Species.●

ON HOUSE APPROVAL TO RAISE PAY CAP

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. WOLF. Mr. Speaker, the House achieved what many considered to be the impossible—at long last the pay cap has been raised. The House has kept faith with the senior executives of our Government and has afforded a measure of equity and incentive to both attract and encourage valuable, experienced executives to stay in the Government.

Throughout our great history, our country has been able to attract to public service outstanding, capable men and women whose talents contributed to our attaining and maintaining our Nation's greatness. However, the pay cap has driven good people out of Government service in droves. By our action today, the House is sending a clear signal to our senior executives that we recognize your talents—we need you—and we want to keep you in public service.

What we have done here today will actually be cost effective. According to statistical information documented by the General Accounting Office, the cost of paying a salary pension to a senior executive who retires early, plus the salary of a replacement for the executive, amounts to $67,573 per retiree in actual dollar losses for the Government within a 3-year period. I ask that the most recent letter on this subject which I have received from the Comptroller General of the United States evaluating the merits and cost effectiveness of lifting or raising the executive pay cap be printed following my remarks.

We all recognize full well the importance of reducing Government spending and holding down the cost of Government if we are to restore vitality to our economy. More than salaries is at stake here. Government can never hope to be streamlined and provide effective service in the future unless it can recruit and retain quality people. The current pay cap severely deminishes our Government's ability to do this and thus to function in a responsible and efficient manner.

In the way of recent background, our efforts have centered around including language in continuing appropriations resolutions to increase the pay ceiling for the Federal service's top managers. On September 30, 1981, Congress approved a 50-day continuing resolution which failed to lift the pay cap, even though the Senate had acted to remove the ceiling. But House and Senate conferees could not agree on that language and the freeze on salaries remained in effect.

Working to pass a second continuing resolution as the first was set to expire on November 20, the Senate once again provided language to lift the cap, and the House-Senate conference agreed, but also added a pay raise for Members of Congress. When it became evident that President Regan was going to veto the conference report, House Members decided not to agree to the Senate amendment. Reacting to the Presidential veto of the second resolution on November 23, Congress passed a 20-day temporary funding measure extending the old spending limits.

During the process of this effort, I have been in close contact with Edwin Meese, counselor to the President, and also met with FBI Director William H. Webster, who provided alarming statistics about the impact of the Federal salary ceiling on retirement and career development of FBI employees. Also, many Cabinet members have been supportive of the effort to lift the pay cap for Federal Government senior executives. I ask that recent letters I have received from Cabinet members and others be printed following my remarks.

Our action today will ease the crisis in management which now exists in attracting and retaining qualified and quality individuals to serve as senior executives in the Federal service. Retirement rates for executives newly eligible to retire increased from 15.5 percent in March 1978 to 94.7 percent in August 1980, and the number of career executives resigning increased 65 percent in the year ending June 30, 1981, as measured against the preceding 11-month period, according to statistics from the Office of Personnel Management.

This "brain" and "morale" drain on the Federal Government had developed because the salaries for executives in the top levels of service are capped at $50,112. For example, 10 levels in the chain of command at the Department of Defense are compressed at the $50,112 level. Gen. David Jones, Chairman, Joint Chiefs of Staff is at the same salary level as a research analyst, GS-14, step 10.

Since 1977, senior executives, who include FBI and CIA agents, NASA scientists, foreign service officers, judge advocates and Federal magistrates, have received only a 5.5-percent salary increase.

Because there is a ceiling on executive pay and because the salaries of general schedule employees increase each year, there are presently over 48,000 employees functioning at eight different levels of responsibility who receive the same salary.

The exodus of executive talent is occurring at a time when the need for experienced, dedicated senior level personnel is greater than ever before.

Instead of resulting in cost savings during these times of tight budgets, the continued pay cap has resulted in enormous replacement costs.

I am pleased that the bipartisan coalition working on this issue has sensitized Members of Congress to the fact that we can no longer afford to continue the exodus of high caliber talent from the Government.

Central to the executive pay victory today has been the support of the administration, the House leadership and Senator TED STEVENS.

I would also like to take this opportunity to thank Jerry Shaw, president of the Senior Executives Association for his help in orchestrating this victory. Joining him in this effort were: Classification and Compensation Society; Fleet Reserve Association; Reserve Officers Association; Professional Mangers Association; Federally Employed Women; National Association for Uniformed Services; Air Force Sergeant's Association; Air Force Association; American Foreign Services Association; Federal Professional Association; Federal Executive Professional Association; National Society of Professional Engineers; NLRB Administrative Law Judges; Administrative Law Judges Conference; U.S. Magistrates Association; Federal Energy Regulatory Commission Bar Association; Federal Bar Association; Federal Executive Institute Alumni Association; FED-42; National Association of Retired Federal Employees; Naval Reserve Association; Federal Managers Association; Retired Officers Association; American Academy of Federal Civil Service Physicians; National Association of Postal Supervisors; American Bar Association; Federal Government Service Task Force; the Congressional Relations staff at the Office of Personnel Management.

I commend all those associated with the effort to raise the cap. We did the right thing for our top managers and the country. Good government benefits all.

I insert additional material on the pay issue at this point in the RECORD.

THE WHITE HOUSE,
Washington, November 30, 1981.

Hon. FRANK R. WOLF,
House of Representatives,
Washington, D.C.

DEAR FRANK: Thank you for your letter of 12 November 1981 and for sending me a copy of Comptroller General Bowsher's recent letter to Senator Stevens identifying the merits of lifting the executive pay cap and pointing out how such an increase would be cost effective. I have also noted Speaker O'Neil's letter of support included with your letter.

As I am sure you are aware, the President has long supported a pay increase for executives. He shares with you a belief that executives affected by the present pay cap make crucial contributions to the success of Government programs. Further, while he recognizes that public service carries many of its own rewards, he knows that executive salaries must be adequate to attract, retain and motivate people of the caliber needed to help devise public programs of the highest quality and to execute them with the utmost efficiency.

Please be assured of the Administration's continued support for an executive pay increase and our particular appreciation for your outstanding efforts on behalf of the many employees of the Executive Branch subject to the pay cap.

Best personal wishes,

Sincerely,

EDWIN MEESE III,
Counsellor to the President.

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington, D.C., November 11, 1981.

Hon. FRANK R. WOLF,
House of Representatives.

DEAR MR. WOLF: We are providing you a copy of a letter we are sending to the Chairman, Subcommittee on Civil Service, Post Office, and General Services, Senate Committee on Governmental Affairs, on the merits and cost effectiveness of his proposal to raise the existing $50,112.50 executive pay cap to $57,500.

One of the most critical but perhaps least understood and appreciated problems facing the Government today is the executive pay dilemma. The problem stems from inadequate salary levels, irregular pay adjustments, distorted pay interrelationships, and the linkage of Federal executives' salaries with those for Members of Congress. In the last 3 years, Federal executives have been denied scheduled pay increases totaling 22.4 percent.

The current appropriation restriction on the payment of the legal salaries of career executives and other top Federal officials expires on November 20, 1981. Thus, the Congress has another opportunity to address the executive pay problem.

Raising the pay cap would relieve some of the pay compression and its resulting adverse effects. Moreover, our analysis shows that it would be cost effective.

We are also sending copies of this letter to the President of the United States; the President of the Senate; the Speaker of the House of Representatives; the Director, Office of Management and Budget; and to key House and Senate committees having a responsibility or interest in this critical matter.

Sincerely yours,

CHARLES A. BOWSHER,
Comptroller General of the United States.

VETERANS' ADMINISTRATION,
Washington, D.C., October 20, 1981.

Hon. FRANK R. WOLF,
House of Representatives,
Washington, D.C.

DEAR MR. WOLF: I want to thank you on behalf of myself and many VA executives who are very much concerned about the lifting of the pay cap for senior executives. We know that you've worked very hard to lift this cap and we want you to know that we are deeply grateful.

We are looking forward to your taking action after November 21, 1981 to perhaps again bring up the topic of the senior executives and the fact that many are and will be leaving if the cap is not lifted. This unfortunately will have a great affect on the efficiency of the Federal sector especially in the health care system of our country where all of our Medical Center Directors are under the cap.

Thank you again for the work you are doing on behalf of all the veterans and people involved in health care. Keep up the good work.

Sincerely,

A. A. GAVAZZI,
Medical Center Director.

THE SECRETARY OF DEFENSE,
Washington, D.C., December 7, 1981.

Hon. FRANK R. WOLF,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN: This is in reply to your letter of November 12, 1981, concerning executive pay compression and its related problems. I share your concern in this matter and agree that it is a problem which cannot be ignored.

The current appropriation restriction on the payment of executive salaries is having an increasingly adverse impact on senior level leadership within the Department of Defense. Not only are morale and productivity suffering, but we are losing capable, experienced executives at an alarming rate and are finding it extremely difficult to attract quality replacements. This is particularly true in scientific and technological areas, where competition for talent continues to increase.

Earlier this year, in testimony before the Senate Subcommittee on Civil Service, Post Office and General Services, we provided specific information concerning recruitment and retention problems associated with our senior civilian work force. Continuation of the $50,112.50 executive salary limitation into this fiscal year has served to increase those problems.

You may be assured that we will continue our efforts, at every appropriate opportunity, to achieve a solution to this pressing problem.

Sincerely,

FRANK C. CARLUCCI,
Deputy Secretary of Defense.

ELMER B. STAATS,
Washington, D.C., November 9, 1981.

Hon. FRANK R. WOLF,
House of Representatives

DEAR CONGRESSMAN WOLF: I am writing to express the hope that Congress will take some action this year to provide for more adequate pay levels for top-level officials. As you know, this was a matter of great concern to me while I served as Comptroller General. I issued several reports to the Congress on the subject and testified a number of times. It is my understanding that it is possible that some action will be taken on this matter with respect to the continuing resolution which expires, I believe, on November 20.

The facts in the case have been well publicized:

1. We now have seven levels of responsibility earning the same pay and, with the increases being permitted for the lower ranks, this will now be increased to eight levels. This adds up to more than 46,000 Federal executives and senior managers.

2. Federal executives were due a 9.1 percent pay increase in October 1980, but appropriation act language prohibited payment of this increase. A similar 7.02 percent raise due in October 1979 was denied similarly.

3. The Commission on Executive, Legislative, and Judicial Salaries recommended substantial increases in their report to the President and the Congress last year. In

January 1981, the President recommended an immediate increase of 16.8 percent in executive salaries. This proposal was also rejected by the Congress.

4. And now the House Appropriations Committee and the Senate Appropriations Committee have voted to continue the pay restriction for 1982.

As you know, the Government is the loser because of the high turnover which this pay cap has brought about. The rate of retirement of executives at the pay ceiling increased from 17.6 percent in March 1978 to 67 percent for the 12 months ending August 31, 1980. The Federal Government is thus losing many of its most highly trained professional, scientific and executive managers just at the peak of their careers. Most are taking the position that they can get other employment and collect cost-of-living adjustments on their retirement. They can hardly be criticized for this.

My great hope is that the Congress will see fit to raise its own pay, along with that of members of the executive and judicial branches. The Commission on Executive, Legislative, and Judicial Salaries recommended increases for this group of about 40 percent. While I do not necessarily endorse a percentage figure this high, the case for substantial adjustment upward is a very strong one indeed. If the Congress is unwilling to provide for a pay increase for itself, I suggest that increases be provided at least for executive and judicial branches and for non-elective positions in the legislative branch. In doing so, the Congress would be taking action similar to that which was recently taken in Great Britain and Canada where the linkage between legislative salaries and others has been broken. In fact, the linkage within the United States has been in effect only since 1965.

As Comptroller General, I was responsible for recommending actions which I believed would improve the operations of the Federal Government and for making studies of the cost and benefits of government actions. Doing something here would certainly be cost effective and I hope that you will use this letter for whatever value it may have as the present continuing resolution expires.

Sincerely,

ELMER B. STAATS.●

IS THERE A FUTURE FOR NUCLEAR POWER?

HON. MELVIN PRICE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. PRICE. Mr. Speaker, one of our Nation's leading authorities on electrical energy generation and nuclear power recently made a statement on where we stand in the energy field. This man is Mr. Herman H. Hill, executive vice president of the power systems sector of the General Electric Co. He presented his summary to the Association of Edison Illuminating Companies on October 16, 1981. I am including his statement at the close of my remarks. I commend it to all of my colleagues since it contains an excellent evaluation of the nuclear energy situation in the United States by a man who has had some 30 years of actual experience in conventional and nuclear energy generation.

You will note that the picture Mr. Hill paints of nuclear energy is not one of a very healthy industry. He gives the reasons why the situation is so dismal. He also makes it abundantly clear that we must obtain a greater contribution from the nuclear option to cope with our future energy needs. He also explains why electrical utilities cannot in the present climate proceed with nuclear projects. The reasons for the problems he contributes to attitudes and actions in government and the society in general. He calls for a change in attitudes to permit a dispassionate and objective discussion of the nuclear option and the need for exercising this vast resource our Nation possesses. I firmly believe he is correct. I hope that we in the Congress can pass legislation presently before us on nuclear waste policy. This will provide a good start on solving a problem which exists in the way of exercising the nuclear option.

Mr. Hill's statement follows:

IS THERE A FUTURE FOR NUCLEAR POWER?

(By H. R. Hill)

Last year some of you may recall that I came down hard on the theme there can be growth and profitability for this industry and its suppliers in the 1980s if:

We muster the courage to stand up and speak out on the key public issues of the day—especially energy and money . . .

And if some other things happen—or could be made to happen—at the national and international level.

After re-reading my notes from last year, I was tempered to give the same talk again today. The points are just as valid now as they were then. And encouraging progress is being made in the right direction on many of them.

Also last year, after making the point that our energy problem is really an imported oil problem, I suggested some actions that, together, could eventually resolve this oil problem and help provide the national energy policy we need so badly.

I am pleased to report this morning that my crystal ball was working better than I dared hope.

In conserving oil, we've surprised ourselves and upset OPEC. From a high of 8.5 million barrels a day in 1979, the volume of U.S. oil imports has declined 35% to less than 5.5 million barrels a day. In addition, the average miles per gallon for the nation's automobile fleet (the largest single user of petroleum) is steadily rising . . . and every mile per gallon increase reduces consumption by about 125 million barrels of oil per year.

To further reduce our vulnerability to another supply interruption from the politically-unstable Mideast, we've also resumed filling the strategic petroleum reserve which now holds enough oil to substitute for almost 40 days of imports.

Exploration for more oil and gas is being encouraged in friendly countries while we work to find and develop additional domestic supplies. More than 400 drilling rigs began working during the first quarter of this year, and the completion rate of new oil wells rose 41 percent over last year during the same period.

Additional natural gas supplies are being found and developed under the gradually decontrolled price schedule . . . and coal, our most abundant natural resource, is slowly but surely gaining a larger role in the energy equation.

An impressive roster of major companies (including General Electric) is moving ahead with the development of new energy technologies, including solar.

* * * * *

Overall, this nation and this industry still have a long way to go before we get our neck out of the OPEC oil noose and become more self-sufficient. But progress is being made on the energy front except in one area and that's the subject I want to discuss with you this morning . . . the future of the nuclear option.

Cutting the issue even closer to the bone, it might be more appropriate to ask: "Is there a future for the nuclear option?"

If I were a Philadelphia lawyer, my answer would very likely be "probably not—but maybe if."

However, as a businessman with an engineering background, my answer as of now is very much like a recent statement by my friend Tom Galligan of Boston Edison in the New York Times. Tom said: "It would be a tragedy if nuclear plants were phased out nationally. But if the climate doesn't change, that could happen."

I agree.

But then I would hasten to add that the decision to proceed or not with the nuclear option won't come from the likes of you or me in the electrical industry. It will ultimately have to come from government and from society in general.

If the decision is positive, my company and its considerable resources will continue to be available to actively participate as it has in the past. If the decision is negative, we will have little choice but to redirect our technical skills and apply our resources elsewhere.

There are a number of thorny, perhaps unanswerable, questions about what combination of energy sources—with what possible environmental impact—would provide the best mix for this nation's energy needs in the future. And, one again, as frustrating as it may be, you and I won't make those decisions either.

But I believe we do have the responsibility as informed citizens to keep reminding both government and society that nuclear energy is one of the principal replacement fuels for oil—especially imported oil. Without a substantial contribution from nuclear power, it will be difficult to replace oil economically on a sufficient scale to cope with this country's future energy demands.

When viewed from the standpoint of national energy policy, nuclear power represents a major national resource . . . a resource built up over three decades with investments by the U.S. government, the utilities and the manufacturers measured in many tens of billions of dollars.

We've often been accused of being a "use-it-once-throw-it-away society." But the magnitude and value of this potential nuclear power "throw-away" sticks in my craw.

If revived, nuclear power could increase at an accelerated rate and soon displace the remaining oil-fired generating capacity . . . about one million barrels of oil per day. The substitution of electricity generated by nuclear power and coal could displace addi-

tional oil and natural gas now used for space heating and process steam.

This would certainly be in the national interest in terms of inflation, our dependence on Mideast oil and the balance of payments.

President Reagan's nuclear policy announcement just last week in Washington publicly recognized the need for more nuclear-generated electricity in the nation's energy mix. It was a breach of fresh air that may help the country achieve that goal.

It's encouraging, I believe, that we now have a president who is willing to say that safe, commercial nuclear power can help meet America's future energy needs.

But much remains yet to be done.

The basic challenge as I see it—particularly at the government level—is to create and maintain a climate for an objective and dispassionate discussion . . . taking into account information about the technical possibilities, their economic costs, the risks involved and the contribution nuclear power can make in replacing oil.

Until such a climate is created, and discussions like these take place, I don't believe anyone can really make a "go" or "no go" decision on nuclear.

Meanwhile, for all practical purposes the nuclear age is drawing to a close for U.S. industry.

The institutional arrangements under which the nuclear power business has been conducted have proven to be deely flawed. Unless these basic flaws can be corrected, the United States may have to resign itself to the loss of this energy option.

Let me tell you why.

From our experience of more than a quarter of a century in this business, we believe three interacting factors have brought the nuclear option to its present pass.

First, the institutional arrangements are extremely complex:

Design and construction is in the private sector, but subject to stringent Federal regulation.

Plants are owned and operated by privately-owned and public utility companies but heavily regulated by 50 different state public utility commissions.

Uranium mining is a private enterprise business, but uranium enrichment is a federal monopoly.

And the back end of the fuel cycle, including spent fuel reprocessing and waste disposal, is currently a no man's land which neither the private nor the public sector is anxious to enter.

The second negative factor is that the nuclear business is beset by political controversy involving such serious issues as:

Safety and public acceptance.

National energy and environmental policy.

Nuclear proliferation and export policy.

Third, the nuclear business makes unusual demands on the participants:

The investment demands are huge.

Planning and construction cycles are too long. (It's worth noting that Taiwan Power Company's new BWR/6 started generating power 67 months after the first concrete was poured).

And nuclear technology is highly demanding and still evolving.

In our view, the interaction of these three factors is at the root of the current nuclear problem which is further aggravated by frequent and unpredictable political intervention. The average 12 to 15-year planning and construction cycle of a nuclear plant currently extends over the lives of three or four administrations in Washington . . . and new people—not surprisingly—want to advance new and different ideas and solutions which further complicate the existing problem. In other words, the future of nuclear power has no constituency because it keeps changing.

Now, to put the nuclear dilemma into sharper focus, let's look at the current status and trends in our two industries.

Where new capacity is needed, you're buying coal-fired plants that can go into service faster and are less controversial than nuclear. Also, state regulators permit passthroughs of escalating fossil fuel costs, but have been slow to approve the recovery of capital costs. This acts as an incentive to continue operating existing oil-fired plants, and as a disincentive to building nuclear plants which have higher capital costs but much lower fuel costs.

In effect, from your standpoint, the nuclear option has become a no-win propsition with the benefits of nuclear power going to consumers and the financial problems a burden on your shareowners.

If misery loves company, you've got lots of it.

The U.S. industrial capacity for building nuclear plants is steadily deteriorating and, if present trends continue, will be in a critical condition by the mid-80s.

With no new domestic orders in prospect during the period in which the supplier industry can remain viable, layoffs of personnel and closings of idle facilities have already begun and will continue to accelerate.

The export market available to U.S. manufacturers—in the absence of a healthy domestic market—cannot sustain U.S. capability. The major foreign nuclear power programs are served by their domestic suppliers and are closed to U.S. companies. Even in the realtively small markets that are open to us, we are at a disadvantage when competing against French and German suppliers because of the uncertainties of U.S. nuclear policy and the limited export financing available.

All of this, of course, begs the question: "should the nuclear option be revived?"

Obviously, individual business decisions and national energy policy planning occur in a very different context. But given today's state of affairs, there is little incentive for a supplier to continue in the nuclear business. No businessman can justify maintaining the costly technical and manufacturing resources required to build new reactors without a dependable level of orders . . . and I have not seen anyone rushing to our door requesting us to quote a new nuclear steam supply system.

So the basic issue really comes down to whether or not we can afford to let our U.S. nuclear industrial capability wither away. And if we do, will this country ultimately have to turn to French, German or Japanese suppliers?

The answer depends on future U.S. energy requirements . . . and alternate ways of meeting that demand. We need a balancing of the economic considerations and national security, as well as judgments about the environment, our future standard of living and life styles. Unfortunately, most, if not all, of these will be decided through the political process.

What then would it take to revive the nuclear option?

In our opinion, there is no hope for a quick and easy solution. And hope is not a part of our strategic plan for the future.

Moreover, in addition to the initiatives proposed by the president last week, major reforms are required in all the institutional arrangements affecting the nuclear business, both governmental and private.

For example:

The procurement and construction process must be overhauled. Effective overall systems management is practically impossible under the present system, standardization of plant design has never been achieved and the benefits of a learning curve largely unavailable.

The financial and regulatory constraints which inhibit you from ordering nuclear plants must be changed. You must be permitted to earn a rate of return which recognizes the need to generate sufficient capital in today's financial climate. After a decade of high inflation, historical costs bear no relation whatsoever to the costs of new equipment. The inclusion of construction work in progress must be allowed in the rate base and unless state regulations can be reformed, more unconventional alternatives must be considered—such as the approach being advanced by some that power generation be deregulated.

Beyond these basic reforms in the present institutional arrangement, there are the additional issues of:

Public acceptance on safety, waste disposal and nuclear proliferation.

Regulatory reform from the top down to speed up the construction and licensing process and achieve standardized plants.

The completion of the existing order backlog so plants underway and planned can be completed without driving the involved utilities into bankruptcy.

And a definitive resolution at the Federal level of the future of the breeder program and spent fuel reprocessing. The breeder becomes valuable once the nuclear option is revived and there is a large-scale expansion in the number of operating plants. The large investments required for reprocessing can only be justified if there is a healthy and expanding nuclear power program . . . but, in sharp contrast with the President's proposal, we don't believe reprocessing will be an appropriate private sector activity in the foreseeable future.

Let me wrap up this discussion with a few conclusions which we have reached reluctantly and only after a good deal of soul-searching:

The reforms needed in the present institutional arrangement will be difficult to carry out. It also seems clear that partially successful, piece-meal reform efforts are unlikely to revive the nuclear option.

The impact of changes in government policies on the nuclear business currently make it practically impossible for private companies like yours and mine to engage in traditional risk/reward evaluation and investment planning. And, as I said earlier, hope is not a part of our strategic plan.

It is inevitable that government actions will continue to have an overwhelming impact on the future of the nuclear business. This means that any revival of the nuclear option must be based on a substantially different (even radical) reallocation of government and private sector responsibilities. While there is room for debate about the details, we are firmly convinced that the responsibilities of government must increase if nuclear power is to remain one of the options available in a diversified U.S. energy policy.

After walking you through all these puts and takes and ups and downs on nuclear power, I am not going to close by "dropping

the shoe" some of you are probably expecting. Quite the contrary!

General Electric is not going out of the nuclear power business.

We have an order backlog of some $5.3 billion for 43 plants in this country and overseas—and we have every intention, contractually and otherwise, of completing that backlog.

We will deliver everything we have promised and as close to schedule and cost as humanly possible. After almost 40 years' experience in the power business, my own personal pride—and that of my associates—will permit no less.

Concurrently, we will continue to allocate the resources needed to pursue the opportunities available in our nuclear fuel and services businesses to serve valued customers like you to the fullest.

With some 52 BWRs now in service in nine countries around the world, our opportunities are substantial, ranging all the way from reload fuel, upgraded reactor control systems, instrumentation and plant maintenance services to training your personnel.

Our automated fuel manufacturing inventory control system now handles about 1,000 transactions per hour for production control, quality assurance, regulatory compliance and inventory management.

Our pooled inventory management program enables you to share an inventory of $20 to $30 million of such major replacement equipment as pumps and motors without tieing up your capital funds.

And our new $7.5 million BWR services training center is in full operation, training your people and ours in the most advanced refueling and reactor maintenance procedures—all in a radiation-free environment.

There are many more examples like those of our continuing efforts to help you achieve maximum reliability, capability and safety at the most effective cost. But I believe these few underline our long and unchanging dedication to top quality products and services . . . and our willingness to invest the resources required to serve this great industry.

The purpose of this discussion today on the future of the nuclear option was not to signal some change in direction by General Electric but simply an attempt to put on the table the magnitude and complexities of the problems that we and the nation now face in saving the nuclear option.

I frankly don't know whether they can be solved or not. But in my opinion—knowing you the way I do—it certainly won't be from lack of trying!●

REAGANOMICS—WHITHER BOUND?

HON. LARRY McDONALD

OF GEORIGA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. McDONALD. Mr. Speaker, as demonstrated by the debates on the floor of the House of Representatives and by the reports in the media, there seemed to be the impression that when the administration's economic program took effect, there would be instant recovery. In fact, there was a tremendous amount of criticism and a recitation of evidence that the programs were not working prior to the time that they took effect. By now, however, it is recognized that a slight reduction in the growth rate of Federal expenditures coupled with a tax reduction that will for the most part be consumed by inflation will not result in instant economic recovery.

Equally disturbing to me as those who are attempting to make political hay from the failure of the administration's programs to correct in 10 weeks an economic situation that took us 50 years to get into, is that many of those who support the administration's programs have failed to come to the realization that the cure to our economic dilemmas will not be merely a matter of a little cosmetic belt tightening and everything will be fine in the spring. Such an outlook, while comforting, is not consistent with economic reality.

Fifty years of fiscal insanity will not be cured by one quick fix. Just as a heroin addict who attempts to withdraw from that horrendous and ultimately fatal drug can expect a period of severe withdrawal pains, so too can we expect the same for our economy as we attempt to withdraw from the addiction of deficit spending. It will not be pleasant, but the alternative, as in the case of the heroin addict, is fatal.

What follows is a clear and realistic analysis of the prospects that lay before. I urge all of my colleagues, whether they are in agreement or disagreement with the administration's economic program to carefully read the article. The article appeared in the November 6, 1981 issue of Myers' Finance & Energy, Suite 418, Peyton Building, Spokane, Wash. 99201, and was written by C. Vernon Myers, a noted economic analyist. The article follows:

REAGANOMICS—WHITHER BOUND?

CAN THE NEW DEAL BE DISMANTLED?

(It must be now abundantly clear that Reaganomics is on a collision course with the aging "New Deal" installed by FDR. Half a century of a philosophy, and its processes, are under challenge. The confrontation is so direct that the outcome can be nothing less than the destruction of one side or the other. On the outcome of this contest hinges the answer as to whether our money will be worth more or increasing and ruinously less.)

UNABLE TO BACK UP

The position of the Reagan people has been squarely taken. A reversal of policy would cause such a loss of face as to undermine the credibility of the Reagan administration. It would result in wholesale resignations that could extend to the presidency.

The big question is whether at this late date it is possible to restore free enterprise ala Reagan via the wholesale dismantlement of the welfare state—no less.

This clash of the Titans has been so irretrievably joined that I am afraid it has left no room for either respectable retreat or workable compromise.

In either case we are facing very bad times. Victory by the Reaganites will produce a grievously painful deflation. Victory by the new dealer philosophers, now the old deal, will lead to a complete disintegration of our money and our economy and thus our social order.

It is my belief that this diagnosis will be found to be remorselessly accurate—and that no third alternative exists.

The advent of hard times has been evident to serious-minded people for a long while. It has always been just a question of time. In my book "The Coming Deflation" (Arlington House 1976), I examined the question in some depth. Then I expected the forces to be locked in mortal combat before now. But I believe that now the delay is behind us and that the "War of the philosophers will proceed swiftly to its denouement".

Already you can hear the thunder of the battle axes clashing.

THE EXPECTATION

The Reagan direction arose out of a truly realistic perception of the end product of inflation. They simply declared, first of all, the inflation must stop. If inflation was not severely checked, and then stopped, our vast debt would destroy economic freedom, all sense of security; would rip our social order to shreds, ending the USA as it is presently conceived by itself and the world.

The truth of this assessment was blinding, unassailable on all reasonable grounds. But what was assailable was the methods by which inflation would be slain and the degree of destruction that would descend upon us as fallout from this battle.

The rather simplistic remedies were attractive but not very solidly based. From the beginning they have put a strain on credibility. Simply stated, they were this:

(1) If you don't balance the budget you have deficits, and if you don't offset the deficits with taxes you must manufacture the money to match the deficit—which is simply pouring gasoline on the already blazing fire of inflation. So you have to balance the budget clear and simple. Right.

(2) If you are going to balance the budget, without creating new money you have to make enormous cuts in spending. Right.

(3) But onerous taxes have already throttled incentive, strangling much of the ambition and the motivation of the American people so taxes have to be cut. Right.

(4) The cut in the taxes will cause a great resurgence of business investment creating new jobs, new prosperity and expanded gross national product—which will yield greater revenues than the taxes sacrificed by the cut.

THEREBY HANGS THE SNAG

Simultaneously with these policies, the Reaganites vowed to sharply beef up military spending, which in balance, necessitates still greater budget cuts. (That's a natural inevitability.)

We have to examine each of the above points separately.

(1) MUST BALANCE THE BUDGET

The trouble with this manifest truism is that it fights with the other planks in the program. Beyond that it clashes with huge opposition to the trimming down of the welfare state.

It depends on huge cuts in spending. Already it is becoming apparent that while in a general way this idea gets strong support, nevertheless when it comes to the details, the opposition to the cutting swells alarmingly. So now hopes of budget balancing have receded to the last year of this presi-

dency, and hope is fading there too. And that threatens to undermine the credibility of the entire Reaganomics.

Also since the welfare state means handouts to millions and since there are more recipients than opponents, it is going to be almost as hard to kill as inflation itself. In fact, a welfare state and inflation may be the same dragon dressed in different clothes.

Balancing the budget also fights with number (3) above, cutting taxes—which means reduction in revenue—especially in view of increased military spending.

(2) ENORMOUS SPENDING CUTS

But these spending cuts create a highly visible psychology of contraction as hundreds of thousands lose their jobs when the cuts filter down to state and municipal levels. This triggers a downbeat psychology. And psychology may after all be the most important single factor in triggering either an expansionistic or deflationary mood. The effect of job elimination at government level has already started to spread through the economy. And already the highest officials including the president have admitted that we have moved into a recession.

In addition to the hundreds of thousands of jobs being lost at the federal and state level as the result of budget cuts, private industry is already under the scythe. Highly indicative of what has happened is the indefinite layoff of 2,300 workers at Caterpillar following 400 layoffs some months ago; 1,300 layoffs at Westinghouse following 250 layed off earlier. The Deere Company will close two plants employing 5,400 for January. Trans World pilots have agreed to take a fifth less wages and Pan American Airways will ask remaining employees to do the same after trimming 3,000 workers from the payroll.

Unions in automobile, steel, rubber, newspaper, meatpacking, farm implements, automobile supply, mining, smelting, railroads, and the airline industries have agreed to significant concessions.

This then fights with point number (4) which counts on a higher GNP—not a smaller one. The smaller GNP would shrink revenue rather than enlarge it, necessitating still more spending cuts—thus pushing us from recession probably into depression.

(3) TAXES HAD TO BE CUT

Everyone agrees but this fights with increased spending on the military and this plank tends to be knocked senseless by the advent of this unexpected recession. For this would reduce, as already stated, the government income—creating the awful choice between increasing taxes, reversing Reagan policy, or increasing inflation, reversing Reagan policies.

(4) TAX CUT TO STIMULATE BUSINESS

This assumption seems to have been made too lightly, failing to take into account the enormous illiquidity of government, business and consumers. Surely it worked before, but conditions that Kennedy had to deal with were much more favorable than at present. Kennedy was dealing with a healthy economic horse that was a little tired but would respond quickly to a stimulus. This time we are dealing with an economic horse utterly exhausted by the heavy load of credit, high interest rates and declining employment, which taken together or singly now threaten to absorb most of the benefits of reduced taxes—thereby drawing the lynchpin from the recovery program.

IN SUM TOTAL

Taken by itself, each point it more or less sound—some more than others—but taken together the objectives fight with one another to the point where—

(A) Inflation would probably be licked.

(B) But the cost will be a severe deflation pushing the economy into a tailspin.

This has been all along the raw and horrible truth. But the Reaganites seem to have failed to recognize what the results of their noble inflation killing tactics might be. If they thought they could do this painlessly, they were very naive. Who knows what they thought?

WHAT WILL HAPPEN

Unless Reagan turns and runs to the remedy of bogus money by the billions, which would now be a death sentence to our free social order, one of two things are going to happen and maybe they both will happen.

(1) The country will go into a depression to match the one half a century ago. This is only the fulfillment of natural law. If you have spent more than you have got, you have to eat less in order to pay back. Or your creditor has to eat less to absorb the loss he must sustain because he lent to you. The result is the obliteration of debt accompanied by bankruptcies, and the bankruptcies spread. the debt will be paid; the penalty for excess spending will be paid; you can't wriggle your way out of it no matter what you do—how smart you are—how much support you have.

(2) High interest rates: Unless Reagan turns and runs, his unavoidable deficits will have to be satisfied by heavier government borrowing. But the whole system is illiquid. Money is scarce. So competition for funds between desperate borrowers in the illiquid state, and the government, to satisfy deficits means still higher interest rates. The alternatives to this dilemma are destructive to our enterprise philosophy. For one of the alternatives would be to impose credit controls—a can of snakes if ever there was one—a measure which would almost certainly completely wreck the Reagan objectives. The other is to increase taxes to meet the government commitment in a recession—raising the very onerous taxes which the Reagan plan is dedicated to remove.

The third, of course, is unending inflation and economic death.

THE GOVERNMENT IS GROPING

Obviously the US government doesn't know what to do. It seems as if this deflationary roadblock which they have run into came to them as a great surprise, one for which they had no contingency plan.

My first reaction to the Reagan election—although I applauded it and still do—was that we would have one humdinger of a deflation. And I assumed that the policy makers would be aware of it. I acted on this diagnosis almost at once, advising our clientele to sell gold heavily early in November, 1980, after the election.

Today the administration seems paralyzed by the high interest. Senator Baker said on "Face the Nation" on October 26, that interest rates were strangling the country. They must come down one way or another. "This government is not going to stand by and see the economy of the country go into a tailspin."

Well, what are they going to do? Senator Baker had only one gasping answer—credit rationing—and in the same breath admitted it would be a terrible remedy.

The truth is the government has met with a near fatal surprise; namely that the price of killing the inflation dragon is an unavoidable deflation. Apparently top advisors naively thought we could get out of this deplorable excess of credit, these years of profligacy, absolutely scot-free. Nay, we would even reap stability and vigorous new growth as a dividend.

So the ugly and unavoidable fact is this: The government just flat doesn't know what to do.

Saying they won't stand by and let the economy go into a tailspin makes brave words. But how do they propose to stop that. No words! This is not meant to be a criticism of the Reagan government and its conscientious people. But this newsletter is dedicated to an assessment of truth no matter where the chips may fall. I applaud the Reaganites for their effort. I wish them great success. I hope this letter will be a laughing stock a few years from now, but I fear it won't and so I have to print what I see.

WHAT DO WE DO?

We do just what we've been doing. We expect a deflation. We keep most funds in U.S. Treasury obligations, six months to two or three years. We don't go to long term bonds yet because there is at least a 60/40 chance that interest rates will go higher again; credit rationing, if imposed, would send rates sky high on the black market and publically after the controls come off.

It seems impossible for the Reagan government to turn tail by causing huge infusions of bogus billions. At any rate, it won't happen for some time—hopefully not at all—because that is the admission of the end.

But in the unlikely event of Reagan turning to inflation, I think we would see signs of it coming and we would then have time to devise a new strategy. Right now we keep our powder awfully dry, divesting of most investments, and especially, of course, real estate.

DEFICIT—$80 BILLION

Some very sharp people are estimating the U.S deficit might run as high as $100 billion. At any rate, what started out as maybe a $40 billion deficit stands every good chance of doubling. That spells an explosion of trouble.

What the Reagan people counted on was an increase of 5% or more in the GNP and interest rates well below 10%.

What the Reagan people did not count on was the disastrous shrinkage of $2 trillion in the market value of stocks and bonds, real estate, etc.

Now $2 trillion is twice the national debt. In the course of nine months, the available and usable money has been reduced by twice as much as the U.S. has accumulated in debts in its 200 year history. And is there a wonder that money is scarce?

The big trouble is that these massive losses are never talked about when we get the Fed's figures every week, or whether money supply went up or down. To be truthful, it would have to take into account the money supply as they figure it and then apply it to the losses or gains on the market place. If the market's loss is $5 billion in a single week, and if the money supply went up $3 billion, that would mean a loss of $2 billion. All we hear, however, is that the money supply went up $5 billion.

But tax receipts are falling. Richard Russell in one of his very best letters of October 21, tells us that the State of California's receipts are running $300 million behind for the first three months of this year, while

the spending is running $360 million ahead. And what do they do about the deficit? Do they go out and borrow in the general market in competition with the federal government, business and private enterprise? If California is any sample, and it probably is, this can be multiplied many times throughout the various states and municipalities.

DOWNHILL ROAD

We don't have the comfort of bright new hope. With the obvious necessity by everyone to borrow more, we can only expect the interest rates to get higher. As the interest rates get higher, the quotations on stocks and bonds go down, tax income is less, the deficit is higher, the demand is then greater and the shrinkage of available money is hellbent for leather on a downhill road. No Fed, no U.S. Treasury, not all the treasuries in the world can stop it.

You had better believe that cash is heading towards kingship. As for the stock market, Russell is probably the outstanding student of that. His analysis gives us the following very clearcut conclusion. If the Industrials break 824.01 and the Transports break 335.48 on the down side, we will have a confirmation of the second phase of the bear market. Any closing of the Bellwether Utility average below 101.28 is to be taken as a "harbinger of trouble".●

COMPETITION IN TELECOMMUNICATIONS

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. LUKEN. Mr. Speaker, today, the Honorable TIM WIRTH will introduce a bill that will provide all of us with a basis to continue work on the opening of the telecommunications industry to competition. As chairman of the Subcommittee on Telecommunications, Consumer Protection and Finance, he is to be congratulated for all of the hard work he and his staff have put in on this monumental task.

Chairman WIRTH has worked very hard to insure that all members are involved with the legislative process of drafting legislation. He has held hearings on the status of competition in telecommunications and has held many informal sessions for the members to become acquainted with the complex world of telecommunications services and equipment. His staff has published a report on competition in communications; while you may not agree with aspects of the report, the effort was major and should be applauded by all Members of Congress.

Changes in title II of the 1934 Communications Act are long overdue. As a long-time member of the subcommittee, I have seen the areas of disagreement between Members of Congress and between representatives in the industry shrink over the past few years. I believe we have the opportunity, if we move quickly over the second session, to report out a bill that will only serve to improve the telecommunications industry. One of our real growth industries is telecommunications, and with a strong bill, we can provide important help to our economy, provide jobs, and improve our international trade position. This is not a small, minor economic impact we are considering; it is estimated that among some of the 500 largest corporations in this country, $15 billion is spent on telecommunications services. This does not take into account small business and homeowner expenses. This Congress has an opportunity to reaffirm its commitment to a free market economy and to allow all interested parties to compete as equally as possible.

Despite the tremendous effort of Chairman WIRTH, there are still major disagreements within the structure of the bill. Clearly, we will have to examine closely the requirements placed upon the dominant common carrier, A.T. & T. in order that it may compete on equal footing with other companies in the field. Of particular concern is the requirement of outside equity financing, which is an extremely controversial proposal and which has received little attention from the Members or staff until just recently. Failure to settle this very important issue could slow or stop our path to forming a consensus bill.

For too long in this city, we have had too many policymakers in communications. I am extremely concerned about the ability of the FCC to constantly act beyond its congressional mandate. Further, there is great concern about the ability of the FCC to perform the basic tasks that Congress requires of it. After years of work there is still not a system of accounts, little appreciation of a consistent pattern of regulation that is either procompetitive or anticompetitive, and little knowledge of the extent of competition in the communications fields. In any bill that we take up, it is my belief that we should limit the role and discretion of the FCC and provide it with clear guidelines as to what we in the Congress expect of it.

I look forward to working with Chairman WIRTH in reporting out a bill for our colleagues in the House. I know that we both share the desire for competition in the marketplace and I am convinced that we can develop the best legislative path to reaching that goal.●

PERSONAL EXPLANATION

HON. RICHARD L. OTTINGER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. OTTINGER. Mr. Speaker, in the vote today on the final passage of House Concurrent Resolution 230, the second concurrent budget resolution (roll No. 351) I inadvertently voted "aye." I intended to vote "no," as I consider this budget resolution and the entire Reagan economic program a disaster for our country's economy and people. My voting record on this matter has been clear and I hope no one will misunderstand this inadvertent error on my part.●

PRISONERS OF CONSCIENCE DESERVE OUR ATTENTION

HON. GERALDINE A. FERRARO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Ms. FERRARO. Mr. Speaker, today we commemorate Human Rights Day and I want to take a few moments to discuss its importance. I would like to begin by commending Representative SCHROEDER for introducing her resolution calling on the Soviet Government to stop harassing its Jewish citizens.

I strongly support this human rights resolution because I believe that the free expression of religion, a human right so vital to a civilized world, cannot be fully realized so long as Soviet officials continue to deny Russian Jews the right to leave their country freely and to live without fear of harassment.

The men and women who have risked loneliness, imprisonment, and even physical pain, to expose this degrading brand of Soviet intolerance are indeed heroes. Today, Human Rights Day, is a fitting time for this Congress to reaffirm its deep respect for the courageous Soviet Jews willing to make this sacrifice at a time when too many people believe that this is a world without heroes. These prisoners of conscience, some of them held captive in the bitter cold of Siberia, should remind us all that the will to religious freedom is so strong that no government, no matter how pervasive its network of secret police, can ever sap its vigor.

This human rights resolution accuses Soviet authorities of a triple assault against its Jewish community: Fewer than 100 families are granted visas to leave the country each month, only 10 percent of the 1979 total; ceaseless harassments, arrests, and trials have become almost daily occurrences; and unparalleled assaults on Jewish self-study groups have taken place in urban areas.

But the statistics can never reveal the human anguish that lurks behind them; neither can they conceal the inspiration of Soviet Jews such as Ida Nudel, an economist arrested in June 1978 and charged with "malicious hooliganism." I adopted Ida Nudel as my Soviet Jewish prisoner of conscience and, although I have written to Soviet Foreign Minister Andrei Gromyko and

other Russian officials urging her release as an humanitarian act, she remains in prison today.

She did not kill, rob, or slander anyone. Ida Nudel simply hung a banner from her Moscow flat reading, "KGB, give me my visa." KGB agents standing in the street tore down the banner, but she prepared new ones. For this, she was arrested and held prisoner despite suffering a heart ailment and kidney problems.

But while Soviet officials may restrict her movements, they cannot silence her eloquent voice. Ida Nudel's stirring words still reach us and never should they have more meaning than on Human Rights Day. Ida Nudel declared:

> No matter how I am tormented, how weak I am, how lonely or senseless my present life, I do not regret or renounce any of my actions. We believe our suffering is not for nothing and this belief keeps us from despair.

Ida Nudel is a danger to no one, only to the mistaken idea that a prison wall can forever crush a human right. That is why, today, I am encouraging every Member of Congress to join me in adopting a Soviet Jewish prisoner of conscience. The Soviet regime should know that this Congress would no more temper its commitment to these courageous men and women of conscience than we would repeal the Bill of Rights.

In the name of human decency, it is time for the Soviet Government to abide by the pledge of the Universal Declaration of Human Rights which forthrightly declares, "Everyone has the right to leave any country, including his own and return to his country."

But as long as the Soviet Government continues to block free emigration of its Jewish citizens, its leaders should know that the commitment of this Congress to human rights, especially freedom of religion, is too strong to permit any retreat.●

THE TRAGEDY OF BORIS KALENDAROV

HON. JAMES J. BLANCHARD

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. BLANCHARD. Mr. Speaker, I would like to take this opportunity to join in this year's Congressional Vigil for Soviet Jewry, sponsored during 1981 by my distinguished colleague from Maryland, Congressman BARNES.

Each year Members of the House of Representatives speak out on behalf of Jewish men, women, and children trapped in the Soviet Union. The Congressional Vigil serves to focus the attention of the Federal Government, and of supporters of human rights throughout the country, on the plight of the victims of Soviet oppression.

Today I wish to inform my colleagues and the country of the tragic situation of Boris Kalendarov of Leningrad. Mr. Kalendarov was only recently refused permission to emigrate to Israel for the fourth time. He first applied for permission to emigrate in 1973 and was denied. He soon thereafter was dismissed from the Polytechnical Institute, where he was studying, and was drafted to serve in the Russian Army. Upon his refusal to join the army, he was arrested and forced to spend 2 hard years in a labor camp. Undoubtedly, he will continue to apply for permission to emigrate, in hopes of fulfilling his dream of joining his sister in Israel.

Mr. Kalendarov's circumstances are sadly not uncommon. Too many Soviet Jews are victimized by government tactics that are not only appalling—they violate the letter and the spirit of the Helsinki accords which the Soviets so eagerly signed in 1975. Those of us who support the cause of human rights must continue to speak out against the tyranny that continues to befall Boris Kalendarov and countless other Soviet Jews.●

IN HONOR OF IRA B. HARKAVY

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. SCHUMER. Mr. Speaker, I am proud to have the opportunity to give thanks to an individual who has devoted himself to the betterment of his community: Ira Harkavy. Mr. Harkavy is that special kind of individual whose contributions to his fellow citizens in my district in Brooklyn have been matched by few.

With a record of service that spans over 25 years, Ira is truly an outstanding man. This exemplary record will be recognized on December 14, 1981, when he will be honored by Community Board No. 14 and the entire Brooklyn community.

Ira Harkavy is involved in a multitude of important civic and community activities. He has continually displayed his dedication as chairman of Community Board No. 14 of Brooklyn for many years. In addition, Ira is a member of the Brooklyn Borough Board, Community Board No. 4, and the board of trustees of the Brooklyn Public Library.

I am not the first, and surely will not be the last, to honor Ira Harkavy. As an alumni of Brooklyn College, he was awarded the Presidential Medal of Honor in 1975. He has also been honored both by the Brooklyn Bicentennial Committee and the Flatbush-Nostrand Chamber of Commerce.

Ira has been extremely active in other areas of community and professional work as well. He has served as an arbitrator for the civil court of the city of New York, and has gained the respect of civic and community leaders throughout the city. The Brooklyn College B'nai B'rith, the Madison Jewish Center, the Committee for Public Higher Education, the Boy Scouts of America, and many other organizations are also thankful for the dedication he has shown them.

In spite of all the time Ira Harkavy has devoted to his community, he is a model family man, dedicated to his wife, Roberta, and his children, Steven, Daniel, and Elliot.

On behalf of myself and all the citizens of Brooklyn who have been touched by his tireless efforts, I would like to take this opportunity to salute Ira Harkavy. It is indeed an honor for us in Brooklyn to call him one of our own.●

GUIDELINES FOR GIVING

HON. RICHARD T. SCHULZE

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. SCHULZE. Mr. Speaker, one of the undergirding principles of the President's economic policy is that fewer social benefit decisions should be made by the Federal bureaucracy, and more should be made at the State and local levels, or even better, by the private sector.

Cynics have discounted the willingness of the private sector, especially the business community, to be a good citizen, and to contribute voluntarily to the commonweal.

I have never been discouraged by these voices, and I was pleased recently to read an article by Mr. C. C. Garvin, Jr., chairman of the Exxon Corp., that described his corporation's philanthropy program. Mr. Garvin also discusses the history and rationale for business participation in public giving over the years.

I commend the Exxon Corp. for its enlightened policy and its generosity, and I request that Mr. Garvin's article be reprinted in the CONGRESSIONAL RECORD.

GUIDELINES FOR GIVING

Corporate contributions are based on the principle of enlightened self-interest: business does best in communities that are healthy, alive and secure. But what is the proper role of business in philanthropy and how should it be managed?

The trend toward relying more on the private sector and less on government to set course and speed for the U.S. economy has a parallel in the field of social services. It has tended to focus interest on private giving, which in 1980 provided some $26 billion to support educational, health, welfare and cultural activities in the United States.

While individuals contribute about 80 percent of this sum, contributions by U.S. businesses and corporations are the fastest growing segment of private philanthropy.

Since 1970, annual giving by U.S. corporations has increased 220 percent, to a total of $2.5 billion in 1980. Indeed, in the past two years, corporate contributions have exceeded those of foundations for the first time since the 1950s. They are growing in total amount contributed, in the number of companies that give regularly and in the scope of the activities that they support, which is as wide as American society itself. Corporate giving supports the arts, education, research, health, libraries, the aging, environmental conservation, minority group organizations, public television, museums—the list is almost endless.

Today, groups such as The Business Roundtable, the National Association of Manufacturers and the U.S. Chamber of Commerce are working to improve on this record. They are trying to broaden the base of corporate philanthropy by getting more companies to contribute, since about 70 percent of the nation's two million corporations now do nothing at all in this area. And they are urging companies which do contribute to increase the size of their gifts. As chairman of the Roundtable, I said earlier this year: "It is in everyone's self-interest to support society through private social investments rather than through the complex and costly redistribution of tax dollars by the government."

I don't suggest that private philanthropy should attempt to assume the government's role, or even that it could. Government will always have an important and indispensable role in this field. Moreover, the role of giving by private individuals will remain the dominant one. But there are strong and persuasive pressures for business and corporations to do more.

While the increase in corporate contributions over the past decade has more than kept pace with inflation, it has remained just about the same as a percentage of pretax income. In the meantime, society's need for these contributions has grown considerably. There have been significant reductions in government funding even as high inflation continues to undermine the budgets of colleges, hospitals, museums and other institutions. Population growth and, currently, high unemployment have aggravated social problems. Profound changes are taking place in college enrollments, health practices, social services and the arts, and many of these changes increase the need for outside funding.

What is the proper role of business in philanthropy, and how should it be managed? A little history helps put this question in perspective.

Business began to play a direct role in the social life of the community and the nation about 100 years ago. The railroad companies started it, by helping to build YMCAs in towns and cities along their routes. It was a match of business and community interests. The towns gained a valuable new community facility; the railroads gained decent accommodations for their workers. This pattern has been refined in a thousand ways since then, and much of our corporate giving has been based on that "enlightened self-interest." It means that successful business does best in communities that are healthy, alive and secure. And that means that business has to look beyond its basic economic function. To stay in business, we have to make a profit. To succeed in business, we have to share some of that profit, beyond the dividends and taxes we pay, for the public good.

For many corporations, philanthropy begins at home—in the company's headquarters city or in the cities where its plants are located. The company's programs reflect the need of the communities in which it does business, as well as the needs and concerns of its employees and their families. These are the communities the company knows best, the places where it is best qualified to set priorities and goals in its contributions effort.

As a company's contributions program matures, however, management may take a broader view and reexamine the tendency to concentrate support geographically. We are, after all, a mobile, interdependent society and employees may be drawn from a wide variety of locales. The national and international dimensions of philanthropy have become increasingly important.

Business people involved in corporate philanthropy become more aware of the needs of the organizations they support, and more conscious of the complexity of the nonprofit sector. those who contribute to symphony performances, for example, recognize that young artists need help to study and perform if they are to win places in these orchestras one day. Those who support education realize that colleges have to prepare some of their best students to become teachers if the flow of well-trained graduates is to be maintained.

For example, the business community has recognized that its need for engineers has been attracting almost all new graduates and some teaching faculty into industry. As an editorial in Science magazine put it, the situation was a classic case of eating one's seed corn. Some students have to become teachers if education is to continue.

If current circumstances make a teaching career less financially attractive, steps must be taken to reduce the economic differences between academic and industrial employment. The Exxon Corporation took an important step to respond to the need this fall, by making available to the Exxon Education Foundation an additional $15 million to fund an engineering education program in commemoration of the 100th anniversary of Exxon's founding in 1882. The money will provide 100 three-year teaching fellowships worth about $50,000 each, and 100 grants of $100,000 each to support junior faculty salaries in key engineering and science departments. Altogether 163 departments in 66 colleges and universities will participate. This one-time commitment, believed to be the largest of its kind ever made by a corporate foundation, will be in addition to the foundation's regular grants program (which will award some $22 million in the field of education in 1981).

The public expects us to be concerned about engineering education, and we will continue to be. The public probably doesn't expect us to be concerned about the future of the humanities or the liberal arts, but that does not deter us from trying to be helpful in these areas, too. Society needs doctors, architects, journalists and clergy as well as engineers, geologists and accountants. We are also concerned with supporting the human services activities of organizations such as the United Way.

The underlying philosophy of corporate philanthropy is that it is good business to be an enlightened corporate citizen. It doesn't make sense to talk about successful corporations in a society whose schools, hospitals, churches, symphonies or libraries are deteriorating or closing.

Because of this conviction, philanthropy becomes an integral part of the well-managed company. It can't be ad hoc activity, reacting to passing fads. A well-managed program of corporate philanthropy requires a set of goals and objectives; a set of guidelines for determining how much money will be allocated to it; criteria for making grants and for evaluating how they are used; and either in-house professional staff for access to competent consultants. The specific goals and objectives should be reviewed regularly, of course, but the company's basic contributions philosophy must be established with the full participation of its top management and directors. This is fundamental.

The guideline that boards in this country often use in allocating funds for contributions is a percentage of pre-tax U.S. income, sometimes averaged over a period of several prior years. At Exxon, on that basis, we are now at about 1.6 percent of our prior three years' income and planning to increase that number further. While other companies may decide on different objectives, I believe that setting realistic internal goals and meeting them is important.

The decision on how much to give should involve the board of directors and top management in overall strategy and the setting of contribution goals. A professionally competent staff, or qualified consultants in the case of smaller companies, is an essential—and all too often overlooked—ingredient in helping management decide specifically what to give the money for and how to give it so that it will be well used. Whether the staff is drawn from within the regular ranks of employees or whether (as at Exxon) some staff members are recruited from the fields served by the contributions, what is most important is that we maintain high professional standards of performance here as we do everywhere else in our operations.

Giving money is not enough—we also have to give our time. Close, personal involvement of a company's employees in nonprofit community activities is the best demonstration of business citizenship. By loaning executives to nonprofit organizations where their special talents are needed or by granting time to employees for volunteer work we "bring something more than money to the party". And before long, we have found, this sort of direct involvement improves the way we contribute funds.

Corporate philanthropy has come a very long way since the railroads began building YMCAs a century ago. I believe business can play an even greater role if there is a concerted effort to put philanthropy on the permanent business agenda. Businessmen need to focus on philanthropic activities just as we focus on our regular business activities when we are really determined to get things done. We have a splendid—perhaps a unique—opportunity in the next few years to demonstrate anew that the economic system we believe in can work and work well, in the public interest.●

HELP PROGRAM

HON. BILL LOWERY

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. LOWERY of California. Mr. Speaker, I am very pleased to have

joined today with several of my colleagues in introducing the homeownership equity loan program. This bill will provide assistance for both homebuilders and first-time homebuyers until the President's economic program takes hold and mortgage interest rates fall and stabilize.

Briefly, this legislation authorizes Ginnie Mae to provide assistance by either purchasing the mortgages or making initial lump sum payments to the lending institutions on behalf of the homebuyer. The payment may be for either a principal or interest write down in order to lower interest rates to 12 percent, or up to a maximum of $6,000, whichever is lower. The purchaser must be a credit worthy first-time homebuyer and the residence must be an "inventory" home, that is, those where construction started before October 1, 1981, and are not yet sold. Allocation of these funds will be made on the basis of the unsold inventory supply—which in California represents approximately 70,000 units. Implementation of HELP will mean that 100,000 of the Nation's 500,000 inventory homes can be sold.

For example, as of August 31, 1981, there were more than 6,800 partially constructed or newly constructed unsold homes in San Diego County. The median price of these homes—single family detached and attached, condominiums and cooperatives—is $88,505. With the assistance of the HELP program, about 20 percent of these homes can be occupied by first-time homebuyers.

HELP is a simple, straightforward and responsive plan to make housing affordable for young families. I am pleased that the proposal for the HELP program is narrowly targeted legislation—it is limited to credit worthy first time homebuyers and inventory homes. HELP is also responsible legislation—the proposal provides for the full recapture of Federal funds upon sale or refinancing of the property. Therefore, there is no cost to the American taxpayer. In fact, this legislation will save money for the taxpayer because defaults, bankruptcies, and construction labor unemployment costs can be alleviated, thus generating additional productive capital investment and Federal, State, and local tax revenue.

I ask the chairman of the Housing Subcommittee, the gentleman from Texas, Mr. GONZALEZ, to schedule hearings as soon as possible so that we may provide relief to the American people.●

WHITE HOUSE CONFERENCE ON AGING

HON. BOB SHAMANSKY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. SHAMANSKY. Mr. Speaker, the once-a-decade White House Conference on Aging has ended. Congress authorized the conference to develop "a comprehensive, coherent national policy on aging together with recommendations to implement the policy."

In the past, these conferences have led to important and necessary legislation to improve the lot of America's elderly. The 1961 conference led to the establishement of medicare which provides health to millions of elderly Americans. The 1971 conference led to passage of the Older Americans Act, an important first step toward insuring that senior citizens have proper food, shelter, and the opportunity to be a part of their community.

Unfortunately, the 1981 White House Conference on Aging was subject to unprecedented political pressure. Delegates were polled by the Republican National Committee of their views on the administration's budget cuts, on programs for the elderly, and on the President's handling of the economy. Personal questions, such as, "What organizations are you currently a member of?" were asked with obvious partisan intent.

The administration unexpectantly appointed 400 new delegates to the conference, many of whom received key committee positions. Discussion was controlled with Secretary Schweiker manipulating rules and procedures. In 3½ days of meetings, the delegates were given only one opportunity to vote.

Nevertheless, the delegates were able to produce 600 recommendations. Their recommendations cover a broad range of issues and deserve to be taken seriously by Congress, much as we took seriously the recommendations of 1961 and 1971.

We are a rich and a strong country. We have the means and the spirit to guarantee all our elderly citizens a decent life. To do less would be an insult to our parents, our country, and ourselves.

I wish to commend the delegates who participated in this year's White House Conference on Aging, despite the unpleasant atmosphere of manipulation and partisanship. I promise to take your recommendations seriously and to work as a member of the House Select Committee on Aging for legislation that will guaranteee a decent life for all older Americans.●

SUPPLY-SIDE NONPROLIFERATION

HON. JONATHAN B. BINGHAM

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. BINGHAM. Mr. Speaker, there is real cause for concern that the current drive to give business a freer hand has taken control of our Nation's nuclear nonproliferation policy too. The Reagan administration's theme seems to be that the United States should be a reliable supplier of nuclear fuel and technology in order to influence client states not to build nuclear weapons. As Gerald Warburg, foreign policy aide to Senator ALAN CRANSTON, says in a letter to the editor of the Fall 1981 Foreign Policy magazine—

> The fatal flaw of such supply-side policies, however, is that proponents promote the spread of nuclear technology while forever remaining reluctant to exercise leverage once gained.

Mr. Warburg goes on to offer a stinging critique of the Reagan administration's approach to halting the spread of nuclear bombs. His critique is based on the effectiveness, both real and potential, of the Nuclear Non Proliferation Act of 1978. I think my colleagues will find his comments of great interest, and I include the full text at this point in my remarks:

In "Supply-Slide Non-Proliferation" in Foreign Policy 42, Ted Greenwood and Robert Haffa, Jr. provide a catchy phrase to describe their suggestions to curb the further spread of nuclear weapons. But the substance of their plan is ill founded and deeply troubling. Does greater non-proliferation security lie in a return to nuclear business-as-usual? Do we really want to legitimate widespread international commerce in pure, weapons-usable plutonium?

Even more troubling, the Reagan administration has adopted its own "reliable supplier" version of this supply-side approach. James Malone, assistant secretary of state for the Bureau of Oceans and International Environmental and Scientific Affairs, in a May 1981 address to a Livermore, California arms control conference, placed commercial export concerns and nuclear energy production aspirations on a par with, if not superior to, proliferation security concerns. Although the administration statement of July 16 included strong non-proliferation rhetoric and was a retreat in some respects from Malone's May pronouncements, the Reagan policy remains a proliferation theory of non-proliferation. It seeks to promote nuclear exports to maximize potential leverage over proliferation developments. The fatal flaw of such supply-side policies, however, is that proponents promote the spread of nuclear technology while forever remaining reluctant to exercise leverage once gained.

Administration spokesmen focus their frustration over sluggish nuclear sales and continued proliferation on the U.S. Nuclear Non-Proliferation Act of 1978 (NNPA), the legislative centerpiece of recent U.S. nonproliferation efforts. As a principal drafter of the NNPA, I do not defend the act with-

out qualification. It is not and was not intended to be a panacea. But the NNPA and parallel efforts have slowed the rate of proliferation and have restrained the spread of a dangerous plutonium economy.

The NNPA was designed to build on the essential bargain of the Non-Proliferation Treaty (NPT). By design, the NNPA stressed the primacy of Article I obligations, intended to prevent the spread of weapons capability—the treaty's raison d'être—over those of Article IV, meant to reassure those interested in nuclear energy production.

Critics of the NNPA have deplored disarray in the current regime. But prior to the NNPA, the Atomic Energy Commission—later the Nuclear Regulatory Commission (NRC)—had no standards for export licensing other than an affirmation that an export would not compromise "the common defense and security." U.S. law did not prohibit exports to countries that rejected international inspection or that diverted commercial technology for weapons use. The NRC and the State Department had no timetables for considering license applications. And to deny any license was so unthinkable that U.S. law contained no provision allowing the president to override such a decision by the independent NRC. It was the 1978 NNPA that provided these clearer procedures and meaningful safeguards—the sine qua non of a viable U.S. nuclear export industry.

The NNPA cannot prevent determined nations from approaching the nuclear threshold. Pakistan, in fact, has already undertaken site preparations for a nuclear test. Yet it was the failure of the ineffective pre-1974 nuclear regime to prevent India from going nuclear that spawned Pakistan's nuclear program. Diplomatic efforts and NNPA sanctions on potential suppliers have thus far succeeded in preventing Pakistan from attaining a weapons capability.

The Israeli raid on the Iraqi nuclear reactor has produced a new international consciousness about the dangers of nuclear proliferation and some significant changes in administration rhetoric. Yet the Reagan policy not only fails to capitalize on this heightened awareness, but also actually increases the risk that additional nations will go nuclear. The administration's supply-side theories, once scrutinized, are merely a call for an export standard that is a least common denominator. Each nuclear supplier must be prepared to undertake sales similar to those made by its least responsible competitor if the supplier is to retain its supposed leverage to influence proliferation trends.

Instead of a supply-side approach, the Reagan administration would be wise to build on the NNPA's basic export standards. It should first call for an emergency conference of the nuclear supplier nations. This conference would seek multilateral consensus to deny the exports of nuclear technology to states that do not possess nuclear weapons but that reject frequent international inspection of all their nuclear facilities. Supplier nations also should impose a moratorium on exports of fuels than can be used directly to produce nuclear weapons—highly enriched uranium and separated plutonium. They should adopt new restraints on exports of dual-use technology to countries flirting with a weapons option.

Suppliers must also build a new consensus on the importance of discrimination and realism in nuclear commerce. Suppliers' conferral of legitimacy on the dangerous aspects of the nuclear programs of recipient nations has increased proliferation dangers in Iraq, Pakistan, and other countries. Moreover, nations eager for Third World export sales and oil have made matters worse through an over-generous reading of the NPT's Article IV. There is no justification for selling sophisticated nuclear hardware to countries that could just as readily use equipment less easily applied to military uses and whose "peaceful" intentions are open to question. For non-proliferation efforts to succeed, suppliers must transfer nuclear technology only to those nations unlikely to divert the technology for weapons development.

Dramatic testimony presented to Congress in the wake of the Israeli raid by Roger Richter, a recently resigned International Atomic Energy Agency (IAEA) inspector, exposed glaring weaknesses in current IAEA inspection practices. Stronger IAEA safeguards are essential to slowing the spread of nuclear weapons. The IAEA must expand information sharing with member nations to maximize scrutiny of nuclear programs in high risk countries. Moreover, it should consider publishing inspection reports and performing more frequent inspections, some of which should be unannounced.

International cooperation on fuel cycle measures must also be an important goal of our nonproliferation program. Without such cooperation, unresolved questions regarding spent fuel and enrichment capacities will continue to result in agitation for broader commerce in reprocessing technology and plutonium.

The United States must also strengthen certain defense commitments to reduce the incentives for insecure nations to develop nuclear weapons. The retention of U.S. troops in South Korea and the maintenance of informal U.S. ties with Taiwan, for example, help address the insecurity of those countries and thereby reduce their incentives for going nuclear. But this argument must not be oversold; nations such as Pakistan may be determined to go nuclear despite generous U.S. offers of security assistance. A clear statement that U.S. aid will end if nuclear weapons development continues should accompany new offers of U.S. military assistance to such countries.

Without U.S.-Soviet arms control agreements, the preceding steps will meet with limited success. As long as the United States continues to test and stockpile more and more nuclear weapons, it will continue to enhance the prestige of having nuclear weapons. A ratified SALT agreement and a comprehensive test ban treaty would demonstrate that the superpowers were seriously attempting to slow their own arms race, thereby re-establishing their credibility with the nonnuclear weapons states and meeting their obligations under Article VI of the NPT.

The Israeli attack on the Iraqi nuclear facility illustrates a fundamental lesson that should serve to alter substantially the Reagan administration's policies—nuclear export control is a basic security issue, not a commercial one. Nuclear exports advance non-proliferation security only if they yield tangible benefits in terms of supplier restraints. Consensus on such restraints will not be easy to achieve and should not be pursued as an end in itself. The United States must continue to supply leadership and to exercise unilateral restraint. Past efforts to control nuclear proliferation—the NPT, the NNPA, the London supplier group guidelines, and the IAEA safeguards—provide the basis for future success. They should be strengthened and improved, not discarded.

And critics of recent U.S. nuclear nonproliferation policies—be they industry executives, Reagan administration officials, or academicians—have the burden of proof on them to demonstrate in security terms what tangible harm past policies have caused to U.S. security interests and what security benefits their export promotion policies promise to reap. It is on this national security foundation that future U.S. nuclear nonproliferation policies must rest.●

HUMAN RIGHTS AND THE U.N.

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. HYDE. Mr. Speaker, Jeane J. Kirkpatrick is one of this administration's most salutary appointments. She brings to her important work as Ambassador to the United Nations high intelligence, courage and the ability to express the views of our Government both forcefully and effectively.

On November 24 Ambassador Kirkpatrick made a statement on human rights that deserves the careful attention of my colleagues:

[Press Release, U.S. Mission to the United Nations, Nov. 24, 1981]

STATEMENT BY AMBASSADOR JEANE J. KIRKPATRICK, U.S. PERMANENT REPRESENTATIVE TO THE UNITED NATIONS, IN THE THIRD COMMITTEE, ON ITEM 12, HUMAN RIGHTS

Mr. Chairman, the government of the United States was founded squarely and explicitly on the belief that the most basic function of government is to protect the rights of its citizens. Our Declaration of Independence states, "We hold these truths to be self evident: that all men are created equal, that they are endowed by their creator with certain inalienable rights, that among these are life, liberty and the pursuit of happiness." It adds, "To protect these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

These notions—that the individual has rights which are prior to government, that protection of these rights is the very purpose of the existence of government, that the just powers of government depend on the consent of the governed—are the essential core of the American creed. That being the case, we naturally believe that the United Nations has no more important charge than the protection and expansion of the rights of persons. The Charter commits the United Nations to this task; several bodies in the United Nations are explicitly devoted to it. My government stands always ready to join other nations in any serious effort that will expand the perimeters of liberty, law and opportunity. We believe that the rights of individuals are most effectively promoted and expanded by and through democratic political institutions—where governments are elected through periodic competitive elections, elections that feature freedom to criticize government, to publish criticisms, to organize opposition and compete for power. Human rights viola-

tions may occur even in such systems, but they are relatively few and readily corrected. The reason that popular governments protect human rights best is that people do not impose tyrants upon themselves. Tyrants impose themselves upon people.

Mr. Chairman, there would be no serious human rights abuses if all peoples enjoyed self-government and democracy. The dynamics of freedom and political competition could be relied upon to work to protect minorities, dissenters, and critics against the arbitrary use of governments' powers against them. But, unfortunately, many, perhaps even most, people do not live in democracies, but live instead under rulers whom they have not chosen and who cannot be counted upon to respect their rights.

Governments, moreover, are not the only source of oppression and tyranny. Serious political philosophers such as Thomas Hobbes, John Locke, Baron Montesquieu, Rousseau and their medieval predecessors, among others, understood that human rights exist independently of government and that human rights violations exist independently of government as well; that human rights can be and are violated by private violence as well as by public coercion. A government of laws protests and expands rights because it protects individuals against private violence.

Because human rights can be violated by individuals and groups as well as by governments, the protection of human rights should necessarily have a double focus. It should take account of all major sources of abuse: violations by government and violations by private violence, including organized private violence. Tyranny and anarchy are alike incompatible with freedom, security, and the enjoyment of opportunity.

Mr. Chairman, it is, of course, not enough for the partisans of freedom to define the character and identify the sources of human rights violations. A serious commitment to human rights by this or any group also requires that one's judgment be fair and reasonable. Fair judgment of a country's human rights practices would judge all by the same moral standards. A reasonable judgment requires that all nations be judged by criteria relevant to their specific character and situation. Thus it is not fair to judge one nation or group by the Sermon on the Mount and all other nations on the curve; it is not reasonable to judge peaceful countries with a long experience of self-government by the same standards as strife-torn countries with weak legal and political institutions. And it is neither fair nor reasonable to judge the human rights violations of some nations harshly while ignoring entirely the gross abuses of other peoples.

Although these principles would appear to be almost self-evident, some curious practices have grown up in recent years around the standard of human rights, as some persons and some governments have attempted to use human rights less as a standard and a goal than as a political weapon; less to expand the domains of freedom and law than to expand the scope of their hegemony.

To bring about this transformation of function, an effort has been mounted to deprive the concept of human rights of specific meaning by pretending that all objects of human desire are "rights" which can be had, if not for the asking, then at least for the demanding. The proliferation of "rights"—to a happy childhood, to self-fulfillment, to development—has proceeded at the same time that the application of human rights standards had grown more distorted and more cynical.

No aspect of United Nations affairs has been more perverted by politicization of the last decade than have its human rights activities. In Geneva and in New York, human rights has become a bludgeon to be wielded by the strong against the weak, by the majority against the isolated, by the blocs against the unorganized. South Africa, Israel and the non-Communist nations of South America have been the principal targets of United Nations human rights condemnation—South Africa on grounds of apartheid, Israel on grounds of alleged practices in the West Bank and in the territories occupied in the 1967 war, and assorted non-Communist Latin American countries because, in addition to being non-democratic, they have been unorganized and unprotected in this body in which from time to time moral outrage is distributed much like violence in a protection racket.

Mr. Chairman, my government believes that apartheid is a morally repugnant system which violates the rights of black peoples and colored who live under it. It is one system through which the inhabitants of one country are denied equal access to freedom, economic opportunity and equal protection of the laws. It is one system by which one ruling minority refuses to share power and profits from its possession of monopoly power. As such it is reprehensible. It cannot be condoned by governments and people who believe in government based on the consent of the governed, freely expressed in competitive elections in which all citizens are permitted to participate.

But let us be clear, Mr. Chairman, apartheid is not the only system for denying people the enjoyment of freedom, the right to choose and criticize their rulers, the rule of law, the opportunity for a good job, a good education, a good life.

There are other grounds on which other regimes in the last decade have denied their citizens dignity, freedom, equal protection of the law, material well-being and even life; other regimes that have more cruelly and more brutally repressed and slaughtered their citizens.

In my government's view, it is entirely appropriate that the agencies of the United Nations should condemn the spirit and the practice of apartheid and deplore its human consequences, providing, of course, that the same bodies of the United Nations demonstrate a serious moral concern for freedom, equality and law. But the record of human rights in the United Nations belies the claim to moral seriousness that would fully justify its judgments.

Mr. Chairman, the human rights agencies of the United Nations were silent while 3 million Cambodians died in Pol Pot's murderous Utopia; the human rights agencies of the United Nations were silent while a quarter of a million Ugandans died at the hands of Idi Amin. The human rights organizations of the United Nations have been silent about the thousands of Soviet citizens denied equal rights, equal protection of the law, denied the right to think, write, publish, work freely, or to emigrate to some place of their own choosing. As we meet here, Andrei Sakharov, one of the world's most distinguished physicists and bravest men, who has been confined to exile in Gorky, has entered upon a hunger strike to protest the refusal of the Soviet government to allow his daughter-in-law to emigrate.

But the United Nations is silent.

Mr. Chairman, the activities of the United Nations with respect to Latin America offer a particularly egregious example of moral hypocrisy. Four countries of Latin America were condemned for one or another human rights violation during the last General Assembly; resolutions condemning El Salvador, Guatemala, Chile and Bolivia were voted last winter in Geneva during the sessions of the Human Rights Commission. Doubtless, some of these countries, some of these governments, are guilty as charged. But the moral standing of their judges is undermined by their studious unconcern with the much larger violations of human liberty elsewhere in Latin America by the government of Cuba. That government has driven over one million of its citizens into exile. It has incarcerated more political prisoners than any other Latin American nation. It has repressed freedom, denied equality, and, incidentally, deprived its citizens of what is termed here the right to development—a talent for which Cubans had demonstrated a large capacity prior to Fidel Castro's "liberating" revolution.

An especially instructive example of the quality of human rights in Cuba is the fate of Cuba's poets—virtually all of whom are in exile or in jail. Among the former are Heberto Padilla, winner of the UNEAC prize for poetry in 1968; Reinaldo Arenas, author of the novel "Hallucinations," which was a best-seller in Europe; Rogelio Llopis, whose short stories have been translated into English, German, Polish and Hungarian; Edmundo Desnoes; Antonio Benitez Rojo, whose stories won a UNEAC prize in 1968 and who, until he sought asylum in Paris in mid-1980, was the director of publications for Casa de los Americas; Jose Triana, recipient of a Casa award for his play "La Noche de los asesinos" (1965).

Less fortunate even than the poets who have been driven from their native land are those who rot in jail. Two of these cases are known and discussed all over the world by those who value freedom and respect human creativity.

Angel Cuadra is an internationally celebrated poet whose works have been translated into English, German, and Russian. He was arrested and charged with conduct "against the security of the State" after having unsuccessfully sought permission to emigrate from Cuba in 1967. Having served two-thirds of a fifteen-year sentence, he was paroled in 1976; but then an anthology of his elegiac, apolitical poetry, entitled "Impromptu," was published in the United States and, as a result, his parole was revoked. From prison, Angel Cuadra wrote to the exiled poet Juana Rosa Pita in May 1979, "there was no legal basis for this new reprisal against me. Only that I am a poet; that the world speaks my name; that I do not renounce my song. I do not put it on bended knees, nor do I use it for other, political or partisan ends, but only literary, universal, timeless ones." After participating in prison "rehabilitation programs," Cuadra was to be released again in July 1979. However, when the authorities learned that he had managed to smuggle out the manuscript of a new collection of his poetry which appeared in English translation under the title "A Correspondence of Poems," they transferred him to Boniato prison instead of releasing him. Under a constitutional provision giving retroactive effect to penal laws favoring prisoners, Cuadra is entitled by Cuba's own laws to be set free; according to their constitutional

norm, he has served his sentence. Nonetheless, his attempts to secure a court order for release have failed.

One of the most pathetic cases of all is that of the poet Armando Valladares, whose case, by the way, was described at length in Le Monde of November 13. At the time of his arrest in 1960, Mr. Valladares was 23 years old. He was already writing poetry and painting, but at this young age, he was not as yet published. After his incarceration, he continued to write and to draw, wherever possible. His poetry has been published in several languages in two volumes, the first entitled "From My Wheelchair," the second, "The Heart With Which I Live." His book, "Prisoner of Castro," was published in both Spanish and French. In recognition of Mr. Valladares writing and his talent as a poet, the French PEN Club invited Mr. Valladares to become a member in 1979, and in the following year, 1980, awarded Mr. Valladares its "Liberty Prize." As a reprisal for the publication of these works, in 1979 Mr. Valladares was moved to the remote prison of Boniato, deprived of his possessions, including all his books and his Bible. He is currently confined at Combinado des Este prison. As further reprisals for having written his book and poetry, his elderly parents and sister, having received permission to emigrate, were told that they would be allowed to leave only if Valadares were to write a letter to the foreign press denouncing the publication of his work. In a letter sent to PEN in 1980, Valladares wrote that such a letter would be the equivalent to "committing moral and spiritual suicide," and he refused to write it.

Mr. Valladares has never had specific charges brought against him. He has not violated any of Cuba's laws or regulations. He did not participate in any terrorist activities; no munitions, arms or explosives were ever found in his home or in his possession. The sole reason for his 20 years of imprisonment is that he did not share the Cuban government's ideology. Furthermore, that he refused to submit to it's rehabilitation programs. In August of 1974, the prison director ordered that no food be given to Mr. Valladares and after 49 days of such imprisonment and punishment, he was left a total invalid. This is, of course, a direct violation of Article 5 of the Universal Declaration, regarding cruel punishment. Armando Valladares has been officially adopted by Amnesty International as a prisoner of conscience and Amnesty International has submitted numerous appeals in his behalf. The International PEN Club has also appealed for his release as well as the London-based Writers and Scholars International and many other human rights organizations all over the world. On November 12, 1980, the French PEN Club wrote to the Cuban ambassador in Paris but received no reply. The Venezuelan government has repeatedly asked for the release of Mr. Valladares. In 1979, a Venezuelan official met with Carlos Rafael Rodriquez, Vice Prime Minister of Cuba, to ask for Valladares' release. During the Non-Aligned Conference held in Havana during the fall of 1979, the same official met with Fidel Castro and pleaded again for Valladares' release on humanitarian grounds. Since then, the President of Venezuela, Herrera Campins, has also explored the possibility of gaining Valladares' release through various Cuban government channels. But all attempts have failed.

What are we to think, Mr. Chairman, of defenders of human rights who ignore the victims of major tyrants and focus all their ferocity on the victims of minor tyrants? Mr. Chairman, nothing is more necessary with respect to the treatment of human rights questions in the United Nations than to affirm and to adhere to a single standard. For if we do not have a single standard, then our resolutions and recommendations are merely tendentious political statements without moral content. Either we consistently uphold the right of all people to be free regardless of the kind of system they live under or we do not, ourselves, have the right to talk about human rights and to make recommendations that we expect others will follow.

In a word, nothing less than the moral integrity of the United Nations is at issue in our deliberations here. Nothing less than the commitment of this organization to its own reason for being is at stake.

Thank you, Mr. Chairman.●

HUMAN RIGHTS HYPOCRISY

HON. EDWARD J. DERWINSKI

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. DERWINSKI. Mr. Speaker, my attention was recently directed to an editorial which appeared in the November 14 edition of the Blade of Toledo, Ohio. The predictable pattern of debate on the issue of human rights policy is the subject of this editorial. As we begin consideration of foreign aid authorizations and appropriations, I believe this editorial to be especially timely and pertinent.

The article follows:

HUMAN RIGHTS HYPOCRISY

There is something crassly hypocritical about Americans standing on a soap box and preaching to other peoples of the world about human rights. One of the disasters that beset U.S. foreign policy in recent years was the sanctimonious human-rights activism initiated by former President Jimmy Carter.

It is unfortunate, therefore, that President Reagan has been pressured by congressional do-gooders to back away from his basic policy of putting human rights elsewhere in the world in reasonable perspective.

Congressional pressure has been evident ever since the Senate rejected the nomination of Ernest Lefever for the post of assistant secretary of state for human rights. He was the President first choice for the job, but the nominee was perceived as only superficially committed to the concept of human rights.

The fundamental issue is not the official condoning of human-rights violations in other nations, whether Communist or non-Communist dictatorships or police states. The fact that in some parts of the world torture, imprisonment without cause, summary executions, and other forms of mistreatment and killing go on is naturally abhorrent to all decent people. But what is so apparent to the rest of the world—and so difficult for us to comprehend—is that Americans have a long way to go before they can dictate moral behavior to the rest of mankind.

How effective a voice can Washington have in this matter when it speaks from a land where the citizenry owns more guns than any other people in the world, where the annual murder rate far surpasses that of any other nation, where the toll from crime in our city streets continues to shock, and where immorality in places both high and low flourishes with an abandon unmatched in most parts of the globe? We are a nation of lawbreakers and can hardly pretend to be a model practitioner of human rights.

President Reagan was on the right track when, upon entering the Oval Office, he toned down human rights as a central issue in the conduct of foreign policy. He recognized, correctly, that Americans have no divine right to set the moral, ethical, or spiritual standards for peoples everywhere, and that the United States could be more successful in influencing other leaders in the treatment of their own citizens through quiet persuasion than by pious or flashy rhetoric.

Mr. Reagan's new appointee to fill the human-rights post in the State Department is Elliott Abrams, now serving as the department's liaison with the U.S. delegation at the United Nations. He is regarded as a conservative Democrat turned Reagan Republican who subscribes to a more balanced application of a human-rights policy. That was spelled out by President Reagan in a statement that accompanied the Abrams' nomination: "The promotion of liberty has always been a central element of our nation's foreign policy . . . We will encourage those who seek freedom, not the least by telling the simple truth about their efforts and the efforts of those who seek to oppress them."

No doubt some congressional critics of the Reagan approach to human rights will still not be mollified. But that should not deter the President from conducting foreign policy on the basis of what is best for this country in terms of security and our geopolitical interests. If that means subordinating a human-rights policy in a particular situation, then so be it.●

TRIBUTE TO TOMMY "THE CORK" CORCORAN

HON. ROBERT McCLORY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. McCLORY. Mr. Speaker, we observe with sadness today the passing of one of 20th century America's controversial but undeniably influential figures, Tommy "the Cork" Corcoran.

For more than half a hundred years, the wit and wisdom of Tommy Corcoran have been felt in the Nation's Capital. He seemed truly to love politics and never tired of observing and becoming involved in the interplay of ideas, events, and personalities that combine to give Washington its kaleidoscopic fascination.

For Tommy Corcoran was both a theoretician and a performer. His observance of life, knowledge of history, and acute intelligence enabled him to be creative in the advancement of new political ideas, and his good-natured charm and zest for activity allowed

him to carry those ideas from the drawing board onto the political stage.

Tommy Corcoran was one of the bright young Harvard lawyers recommended to the Roosevelt administration by Felix Frankfurter, then on the Harvard faculty. One of Corcoran's first assignments resulted in the drafting of the Securities Act of 1933, which led eventually to passage of legislation setting up the Securities and Exchange Commission. Corcoran also had a hand in legislation dealing with the TVA, fair labor standards, Federal housing, wage and hour laws, and other precedent-setting New Deal laws. Whether one agreed philosophically with Corcoran then or now on much of this legislation, I think we may all agree that Corcoran left an indelible mark on the course of American affairs.

Tommy Corcoran left his imprint not only upon the Nation's laws but upon her political literature as well, as speechwriter for President Roosevelt. His natural Irish way with words probably contributed more than we will ever know to the stirring utterances of the Nation's leadership during one of the most trying times in our country's history.

Mr. Speaker, in addition to my observations of Tommy Corcoran as an adviser to Presidents and other high-government officials, I have been privileged to be with Tommy at a number of social gatherings at which his delightful personality combined with exceptional talents enhanced every such occasion. For instance, Tommy was an excellent pianist and entertainer at the keyboard. His music and song delighted friends on many occasions, and my wife Doris, and I were privileged to be included among the friends whom he entertained in his inimitable way. Doris, who shares this view of "Tommy the Cork," on occasion has described him as a human Irish leprechaun. Indeed, he was as delightful as the mystical leprechaun, and Doris joins me in extending to the family of this unique and historic man our heartfelt sympathy at his passing.●

INDUSTRIAL REVENUE BONDS IMPORTANT FOR NORTHEASTERN PENNSYLVANIA

HON. JAMES L. NELLIGAN

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. NELLIGAN. Mr. Speaker, we have heard rumblings about the possibility of eliminating or severely limiting industrial revenue bonds. I want to state my opposition to such attempts. Industrial revenue bonds have worked well for small businesses in my area, and they have spurred economic development. At a time when the Nation is in recession and my district faces high unemployment rates, I believe it would be wrong to eliminate or limit an important tool for economic development.

My sentiments are shared by the Economic Development Council of Northeastern Pennsylvania, a seven-county organization which works to encourage the economic development of the region. At this point, I would like to put into the RECORD a resolution passed by the economic development council on the issue of industrial revenue bonds. The resolution follows:

RESOLUTION OF THE ECONOMIC DEVELOPMENT COUNCIL OF NORTHEASTERN PENNSYLVANIA

Whereas, Industrial Revenue Bond Financing has been a critical economic development tool supporting the economic revitalization of Northeastern Pennsylvania for many years;

Whereas, Industrial Development Authorities in Northeastern Pennsylvania have used this financing mechanism to encourage the expansion of existing industries and the growth of new industries and therefore, new jobs in the Region;

Whereas, such authorities have joined together with their counterparts in a statewide association and held a meeting in the conference room of EDCNP recently to discuss proposed federal changes which would limit the use of authority financing for economic development;

Whereas, EDCNP staff has studied the proposed changes being considered by federal officials to limit the use of Industrial Revenue Bond financing; and

Whereas, severe limitations on the use of such bonds would restrict and constrain economic growth in Northeastern Pennsylvania: Now therefore, be it

Resolved, that the Executive Committee of EDCNP concludes that:

1. The use of industrial development authority revenue bond financing be continued as an important tool for economic growth throughout the nation and in particular in Northeastern Pennsylvania.

2. Such changes as are necessary to strengthen, not weaken, this type of financing as a major economic revitalization tool be accomplished by the Congress of the United States.

3. Resolutions similar to this be adopted by local industrial development authorities, chambers of commerce and other appropriate organizations to demonstrate region-wide support for industrial bond financing.

4. Copies of this resolution be forwarded to appropriate federal and state officials.●

ROBERT W. LEE ON PEARL HARBOR—PART I

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. McDONALD. Mr. Speaker, for the past few days I have entered some well documented and thought-provoking information for the dual benefit of colleagues and historians on the subject of Pearl Harbor. Now comes Robert W. Lee, University of Utah graduate, former corporation president, and contributing editor for the Review of the News, with yet more information on Pearl Harbor. The article, simply titled "Pearl Harbor," appeared in the December issue of American Opinion.

Mr. Lee is definitely a capable researcher as well as writer, and the tenor and context of this article is yet another of the revisionist variety. By that I mean one that attempts to get at the truth without being beholden to selfish interests, be that interest motivated by greed or politics. Mr. Lee is motivated only by truth.

In this, part I, readers will be particularly fascinated with the role of Soviet spy Richard Sorge working in Tokyo at the time of Pearl Harbor. I think this interesting in view of the fact that only this past Sunday, December 6, the Washington Post was citing Richard Sorge as a German and not Soviet spy. Part I follows:

PEARL HARBOR

(By Robert W. Lee)

December 7, 1981, marks the fortieth anniversary of the Japanese attack on Pearl Harbor which killed 3,303 U.S. servicemen and wounded another 1,272. In an address to Congress the next day, requesting a declaration of war against Japan, President Franklin D. Roosevelt described December seventh as "a date which will live in infamy," asserting that the U.S. had been "at peace" with Japan and implying that the attack was a complete surprise. That night, in a radio address to the nation, he declared: "We don't like it—we didn't want to get in it—but we are in it and we're going to fight it with everything we've got."

The bombing of Pearl Harbor was indeed an act of infamy. But, as subsequent events have proved beyond question, the infamy was not entirely Japan's. The record clearly, and tragically, shows that President Roosevelt and other top officials in Washington not only knew in advance that the attack was coming, and failed to warn our military commanders in Pearl Harbor, but they actually connived for many months to provoke Japan to make a military move which would justify U.S. entry into World War II. It is a horrifying scenario which stands as a crucially important lesson of political intrigue, subterfuge, and conspiracy.

It is impossible here to review all of the important evidence in the massive Pearl Harbor record. It is therefore my hope that the outline which follows will encourage readers to pursue one or more of the many excellent books which treat the subject in more detail.[1]

[1] For example: Harry Elmer Barnes (Editor), Perpetual War For Perpetual Peace (Caldwell, Idaho, The Caxton Printers, Ltd., 1953); Husband E. Kimmel, Admiral Kimmel's Story (Chicago, Henry Regnery Company, 1955); George Morgenstern, Pearl Harbor: The Story Of The Secret War (New York, The Devin-Adair Company, 1947); Frederic R. Sanborn, Design For War: A Study Of Secret Power Politics, 1937-1941 (New York, The Devin-Adair Company, 1951); and, Robert A. Theobald, The Final Secret Of Pearl Harbor: The Washington Contribution To The Japanese Attack (New York, The Devin-Adair Company, 1954).

Any outline must begin with the extent to which actions by the Roosevelt Administration helped to implement the goals of the Soviet Union in Asia. The Soviets were anxious to promote war between the U.S. and Japan in the hope of destroying Japan's anti-Communist influence in Asia, thereby clearing the way for the Communist conquest of China, Manchuria, and contiguous nations. As early as 1920, Soviet dictator V. I. Lenin had granted exclusive mining rights in Siberia to an American firm for the express purpose, as he later explained to intimate associates, of giving "America a territory for economic use, in a region where we have no naval or military forces. In this way we incite American imperialism against the Japanese bourgeoisie."

In 1940, former Communist Party, U.S.A., official Benjamin Gitlow wrote in his book, "I Confess", that "As far back as 1927 when I was in Moscow, the attitude toward the United States in the event of war was discussed. Privately, it was the opinion of all the Russian leaders to whom I spoke that the rivalry between the United States and Japan must actually break out into war between these two."

And on July 19, 1935, U.S. Ambassador to Moscow William C. Bullitt wired a dispatch to Secretary of State Cordell Hull, prophetically reporting: "It is . . . the heartiest hope of the Soviet Government that the United States will become involved in war with Japan. . . . To think of the Soviet Union as a possible ally of the United States in case of war with Japan is to allow the wish to be father to the thought. The Soviet Union would certainly attempt to avoid becoming an ally until Japan had been thoroughly defeated and would then merely use the opportunity to acquire Manchuria and Sovietize China." That is exactly how it developed. The U.S.S.R. remained aloof from the Pacific conflict until August 8, 1945, when her last-minute declaration of war on Japan made her our "ally" a mere two days after the atomic bomb fell on Hiroshima and six days before Japan's surrender was announced.

Germany invaded Russia on June 22, 1941, giving Japan a golden opportunity to launch an assault on Soviet Siberia which might have helped crush the threat of Communist power for decades. The Germans at once began to urge Japan to do just that and the prospect of a joint German-Japanese assault horrified Soviet officials. In Tokyo, the German Embassy had been infiltrated by Soviet master spy Richard Sorge. According to historian Anthony Kubek, Sorge and his cohorts worked tirelessly to convince Japanese officials "that if they struck north, their forces would encounter powerful Red armies, there would be little of value in Siberia, and she [Japan] would probably meet greater difficulties than in her war with China. If Japan struck south, it was pointed out, she would find many useful resources."

On July 2, 1941, a rare Imperial Conference in Tokyo decided to move south (at the risk of war with the U.S. and Great Britain) rather than against the Soviets. This Top Secret military decision was immediately transmitted by Sorge to his Soviet masters, who were greatly relieved, since they could now safely move troops from Siberia to assist in the battle with Hitler's forces. As described by Victor Kravchenko, a high Soviet official who eventually defected to the United States, the conflict with Hitler had improved for the Communists by mid-October because, in large part, "The first seasoned Siberian and Far Eastern forces began to arrive . . . . Far Eastern troops, hardened in border struggle with the Japanese, and Siberian forces inured to winter warfare were rushing westward across a continent to hold the [Nazi] invaders." By year's end, the German front near Moscow would collapse and Japan would attack the U.S. as a result of the crucial, Communist-influenced Japanese decision to move south.

But all of the effort to maneuver Japan into an attack on the United States was ultimately based on the determination of the American people to stay out of the brewing world war. Throughout his first term, aware of the national mood, President Roosevelt had publicly endorsed traditional American foreign policy regarding foreign quarrels. For example:

October 13, 1933: "As a Nation, we are overwhelmingly against engaging in war. . . . The United States is opposed to war."

August 31, 1935: "It is the policy of this Government to avoid being drawn into wars between other Nations. . . . The policy of the Government is definitely committed to the maintenance of peace and the avoidance of any entanglements which would lead us into conflict."

October 17, 1935: "I have pledged myself to do my part in keeping America free of those entanglements that move us along the road to war."

October 23, 1935: ". . . it shall be my earnest effort to keep this country free and unentangled from any possible war that may occur across the seas."

Armistice Day, 1935: "The primary purpose of the United States of America is to avoid being drawn into war."

December 9, 1935: "You and I know that we have no intention of getting mixed up in the wars of the rest of the world."

October, 1936 (in more than one speech): "The Nation knows that I hate war, and I know that the Nation hates war. I submit to you a record of peace; and on that record a wellfounded expectation for future peace with the world."

And so, based on that record, F.D.R. was elected to a second term in November 1936. But then, things began to change. On October 5, 1937, the President made his famous speech in Chicago in which he suddenly advocated a "quarantine" of aggressor nations. His criticism was directed chiefly at Japan and marked a key turning-point in U.S.-Japan relations. It was the beginning of the pressure policy which exploded at Pearl Harbor. As historian Frederic R. Sanborn records it in "Design For War": "To say that the Republic was amazed by the speech would be an understatement. It was not only amazed; it was frightened. . . . Those who had distrusted Mr. Roosevelt's judgment commenced to distrust his motives and to suspect his purposes. It seem [sic] to them (in retrospect, rightly?) that this reversal portended the choice of a path which descended only to war."[2] A Resolution to amend the Constitution was introduced in Congress to require a public referendum before war could be declared. It did not pass.

Stung by this new and hostile development, the President became publicly silent on the subject for a time. Yet, behind the scenes, the whole national defense picture was being reorganized and pieces of a pro-war puzzle fitted into place. On July 26, 1939, for instance, Japan was given notice that the long-standing Commercial Treaty of February 21, 1911, was being abrogated, effective Janury 26, 1940. And the appointment of Henry L. Stimson as Secretary of War on June 20, 1940, was an especially revealing indication of the President's determination to increase hostilities with Japan.

Stimson's personal animosity toward Japan was well known, stretching back to his term as War Secretary in the Administration of President William Howard Taft. As President Herbert Hoover's Secretary of State in 1931, he had urged the imposition of economic sanctions after Japan moved to protect her Manchurian interests against the lawless activities of Communist-incited Chinese. President Hoover refused to go along, however, describing such sanctions as "roads to war."

Following F.D.R.'s election in 1932, Stimson met twice with the President-elect, during which time he made his views about Japan quite clear. And, as Roosevelt's Secretary of War, Stimson once again pressed hard for economic sanctions against Japan and opposed all meaningful negotiations which might have avoided war. In the words of Professor Anthony Kubek: "With the arrival of Stimson in the Cabinet, the Roosevelt Administration began to forge an economic chain around Japan that foreclosed any hope of understanding between the two countries."

The links in that "economic chain" included such steps as closure of the Panama Canal to Japan's ships; termination of shipments of airplane fuel, scrap metal, machinery and tools; discontinuation of subsidies on wheat sent to the Far East; and, on July 25, 1941, the Executive Order (effective the following day) which froze all Japanese assets in the U.S. and created what amounted to a full-scale economic embargo. It was under such economic pressure that Japan was compelled to expand south to seek control over areas which could supply both the necessities of life for her people and military essentials (oil, rubber, tin, food, etc.).

As Vice Admiral Frank E. Beatty, an aide to Navy Secretary Frank Knox at the time, wrote in U.S. News & World Report for May 28, 1954: "I can say that prior to December 7 [1941], it was evident even to me . . . that we were pushing Japan into a corner. I believed that it was the desire of President Roosevelt and of Prime Minister Churchill that we get into the war as they felt the Allies could not win without out us and all our efforts to cause the Germans to declare war on us had failed. The conditions we imposed upon Japan—to get out of China, for example—were so severe that we knew that nation could not accept. We did not want her to accept them. We were forcing her so severely that we should have known that she would react toward the United States. All her preparations in a military way—and we knew their over-all import—pointed that way."

Events surrounding the embargo order of July twenth-fifth are especially revealing. Admiral Richard K. Turner, Chief of the War Plans Division, had prepared for the President and State Department an analysis of the impact which an embargo would have on Japan. Dated July 22, 1941, the report asserted that an embargo "would probably result in a fairly early attack by Japan on Malaya and the Netherlands East Indies" and would have "an immediate severe psy-

[2] The reason for the policy change is unclear. Some historians have speculated that, with his New Deal programs in trouble, and his popularity dropping as a result, Roosevelt recognized the historic value of war as an economic stimulant—and as a way to save the New Deal, the Democratic Party, and himself.

chological reaction in Japan against the United States." The analysis also predicted that Japanese action against the British and Dutch would further include the Philippines, thereby involving the U.S. in a Pacific war. The report recommended "that trade with Japan not be embargoed at this time."

Despite (or perhaps because of) this clear warning that an embargo was likely to precipitate war, President Roosevelt three days later signed the Executive Order imposing one.

For an attack on our Pacific Fleet to occur at Pearl Harbor, of course, the Fleet had to be there. President Roosevelt saw that it was, from April of 1940 until the bombs dropped. Admiral J. O. Richardson, Fleet Commander at Pearl Harbor in 1940, visited Washington on two occasions during the latter part of the year to confer with the President and other officials about the situation and plead for the transfer of the Fleet to the West Coast. He asserted that the Fleet was inadequately manned for war, the Hawaiian area was too exposed for proper training exercises during the existing U.S.-Japanese tensions, and defenses against both air and submarine attacks were below required standards of strength.

In rebuttal, President Roosevelt argued that the Fleet was needed in Hawaii to serve as a deterrent to "Japanese aggression." So there the sitting ducks stayed. And, on February 1, 1941, Admiral Richardson was relieved of his command, apparently as a result of his disagreement with the President, after serving only thirteen months of an expected two-year tour of duty.

The President's claim that the Fleet was in place to guard against Japanese agression lost all credibility in March, 1941, when the already depleted American flotilla was further weakened by the transfer to the Atlantic of three battleships, and aircraft carrier, four cruisers, and eighteen destroyers.

There were a number of indications prior to December seventh that Japan was considering Pearl Harbor as a prime target for surprise attack should diplomacy fail. On January 24, 1941, for instance, Navy Secretary Knox had warned of a possible air attack on Pearl Harbor in a letter to Secretary Stimson. Three days later, U.S. Ambassador to Japan Joseph C. Grew telegraphed the State Department: "The Peruvian minister has informed a member of my staff that he has heard from many sources, including a Japanese source, that in the event of trouble breaking out between the United States and Japan, the Japanese intend to make a surprise attack against Pearl Harbor with all of their strength and employing all of their equipment. The Peruvian minister considered the rumors fantastic. Nevertheless, he considered them of sufficient importance to convey this information to a member of my staff."[3]

In August of 1940, a cryptography expert broke the Top-Secret "Purple" Japanese diplomatic code. Thereafter, we were able to read all of Japan's diplomatic messages like a card player with a mirror at his opponent's back. Among the most important of the resulting intercepts was a series, begun on September 24, 1941, requesting specific details regarding the location of our ships in Pearl Harbor. Prior to that time, the Japanese Consulate in Honolulu had been following the common practice of reporting the movements of all U.S. naval units in the Hawaiian area. But the request of September twenty-fourth telegraphed a new ballgame entirely, as did subsequent communications (while diplomatic tensions increased) requesting that reports about the exact location of ships be increased to two a week (November fifteenth) and that reports on non-moving ships be added to the agenda (November twenty-ninth). Why the need of such information?

To Admiral Robert A. Theobald, "There was only one conceivable answer—to prepare the detailed plan for a surprise attack on the major units of the Fleet moored there." And that conclusion is strengthened by the fact that no other harbor base in U.S. territory (or our possessions) was being subjected to such detailed Japanese scrutiny. Yet, not so much as a single word about those crucial ship-placement intercepts was ever passed along to our commanders in Peal Harbor! (Indeed, although a "Purple" decoding machine had been sent to Great Britain, none was sent to Hawaii.)

On May 17, 1951, the New York Daily News featured an article by its Washington correspondent, John O'Donnell, concerning various old Far Eastern intelligence reports which were being closely guarded in Washington. Among those documents was the 32,000-word confession of Soviet spy Richard Sorge (to whom we referred earlier) and the Japanese secret police reports which had been surrendered to the U.S. at the end of World War II. Reporter O'Donnell later confirmed that the "complete record of the Sorge confession" was available to him before he wrote the article. Here is the crucial segment of his dispatch:

"When the spy's confession was sent here, somebody in the Pentagon deleted from the original the damning statement by Sorge that he had informed the Kremlin in October, 1941, that the Japs intended to attack Pearl Harbor within 60 days and that he had received thanks for his report and the notice that Washington—Roosevelt, Marshall, Adm. Stark, et al.—had been advised of the Japanese intentions. There is no record that this information was acknowledged here. But the [Japanese] police documents make it clear that Stalin & Co. had this accurate information and passed it back to us in return for our information about the impending attack by Germany on Russia."

In short, our top officials had received additional "hard" evidence two months in advance that Pearl Harbor would be the target for an attack. And, as Admiral Theobald points out, "certain portions of the Sorge confession had been deleted from the file copy in the Pentagon, obviously for the purpose of preserving the secret of Pearl Harbor and President Roosevelt's part therein from the knowledge of anyone who might see that file copy."

But wait. Why would the Soviets go out of their way to "warn" official Washington of the pending attack when, as we have seen, it had long been a Soviet goal to have the U.S. and Japan embroiled in war? It could only be because they knew that such information would have no effect on deterring the attack. They apparently knew, as the American people did not, that Roosevelt's war policy (which would result in enormous eventual benefits to the Soviets as an "ally" of the United States in both Europe and Asia) was firmly set. No other explanation makes any sense at all.

President Roosevelt and Prime Minister Churchill met from August 9 to 13, 1941, on a battleship off the coast of Newfoundland for the so-called Atlantic Conference. It was at this time that Churchill was apparently given secret assurances of military support by F.D.R. The details were partially revealed by Churchill in a speech to the British Commons on January 27, 1942, during which he asserted: ". . . the probability since the Atlantic Conference, at which I discussed these matters with President Roosevelt, that the United States, even if not herself attacked, would come into the war in the Far East and thus make the final victory assured, seemed to allay some of these anxieties, and that expectation has not been falsified by the events."

In other words, as explained that same day by Senator Arthur H. Vandenberg (R.-Michigan), "we were slated for this war by the President before Pearl Harbor. Pearl Harbor merely precipitated what was 'in the cards.' To whatever extent this is true, it indicates how both Congress and the Country were in total ignorance of the American war-commitments made by the President and never disclosed."

The President's war pledge to Churchill, however, created a serious problem. The American people were still overwhelmingly against going to war, and should the U.S. become involved in it as an aggessor (i.e., without ourselves first being attacked), the country would be terribly divided. Also, he had publicly asserted on October 23, 1940, during his campaign for a third term: "I repeat again that I stand on the Platform of our Party: 'We will not participate in foreign wars and we will not send our army, naval or air force to fight in foreign lands outside of the Americas except in case of attack.'" Note those final five "weasel" words. They are the key to the solution of the President's dilemma. If somehow the United States could be struck first, then the country would be united behind the war effort, and the strict language of the platform would be upheld. And the way to provoke Japan into attacking was simply to keep on applying the economic and diplomatic pressure.

For instance, also in August, 1941, Japanese Prime Minister Fumimaro Konoye proposed that he and Roosevelt meet at Honolulu to see if differences could be ironed out and peace preserved. Ambassador Grew was firmly convinced that Konoye was sincere and, in a dispatch to Secretary of State Hull dated August 18, 1941, strongly urged that "prayerful consideration" be given to the proposal "for the sake of avoiding the obviously growing possibility of an utterly futile war between Japan and the United States." He continued: "The opportunity is here presented . . . for an act of the highest statesmanship . . . with the possible overcoming thereby of apparently insurmountable obstacles to peace hereafter in the Pacific."

The Ambassador was convinced that Prince Konoye would be willing to compromise on a number of crucial issues, including the eventual withdrawal of Japanese forces from Indo-China, and expressed the opinion in yet another communication to Hull the next day that the "most important aspect of the proposed meeting" was that, even if the results were not entirely favorable for one side, or the other, or both, there would nevertheless be a "definite op-

[3] On February 1, 1941, the Chief of Naval Operations (Admiral Harold R. Stark) wrote to the Hawaiian Fleet Commander (Admiral Husband E. Kimmel), asserting: "The Division of Naval Intelligence places no credence in these rumors," and stressing that "no move against Pearl Harbor appears imminent or planned for in the foreseeable future." This estimate was neither withdrawn nor reviewed prior to the attack on December seventh.

portunity to prevent the situation in the Far East from getting rapidly worse."

On August twenty-eighth the Japanese Ambassador formally handed President Roosevelt the Konoye proposal for a meeting. It was rejected. And, once again, Communist hands working behind the scenes had helped assure that it was. Lauchlin Currie, who was F.D.R.'s Administrative Assistant, had vigorously argued that a meeting would harm Chinese morale. In a memorandum to the President on September thirteenth, Currie asserted that the proposed meeting should be rejected because it "would do irreparable damage to the goodwill we have built up in China" and might offend other friendly governments. Lauchlin Currie was later identified under oath as a Communist agent by Elizabeth Bentley, Whittaker Chambers, and former top Communist Party functionary Louis Budenz.

The Treasury Department also voiced its opposition via a memorandum signed by Secretary Henry Morgenthau, but actually drafted by Assistant Secretary Harry Dexter White, which described those who favored the meeting as "plotters of a new Munich." White was subsequently identified, by the Federal Bureau of Investigation, and publicly exposed by Attorney General Herbert Brownell in 1953, as a Soviet spy.●

ENGLISH COSPONSORS LEGISLATION TO AID RAIL SERVICE IN MIDWEST

HON. GLENN ENGLISH

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. ENGLISH. Mr. Speaker, I am pleased to join my colleague from the State of Kansas, Mr. PAT ROBERTS, as a cosponsor for the Milwaukee Railroad and Rock Island Railroad Amendments Act. It is my sincere hope that this legislation will help to remedy the potentially disastrous outcome now facing farmers, ranchers, and other businessmen who depend upon rail service along the former Chicago, Rock Island & Pacific Railroad lines in Kansas, Oklahoma, and Texas.

In late 1979, the Chicago, Rock Island & Pacific Railroad discontinued its rail services subsequent to its filing for bankruptcy. This action created a major gap in rail service through one of our Nation's vital grain, cattle, natural gas, and oil regions. Cooperation among existing rail lines helped to maintain rail service on much of the Rock Island track and thereby avoided economic and logistic dilemmas of unknown magnitudes. A major portion of this trackage, however, remains in operation solely on a temporary and repeatedly challenged basis. Two years after the Rock Island rail company discontinued its services, over 700 miles of rail line serviced on an interim basis by the Oklahoma, Kansas & Texas Railroad remains under judicial control.

Despite repeated bids from a bona fide purchaser to buy these lines which extend from Herington, Kans. to Ft. Worth, Tex.; El Reno, Okla. to Oklahoma City; and Chicasha, Okla. to Anadarko, Okla., the bankruptcy trustee last week convinced judges in the seventh circuit of appeals to discontinue interim service provided since June 1980 on these lines no later than December 31, 1981. As of January 1, 1982, farmers, ranchers, oil and gas companies, besides hundreds of communities which include a military base in Enid, Okla., will face tremendous uncertainties without rail service.

I am not talking about sporadic use of a sparsely traveled trunkline. I am addressing a major track system which, during the first 9 months of this year, hauled over 51,000 railcars of revenue freight commodities. Wheat shipments alone topped 17,000 cars. Petroleum and coal products required almost 2,500 revenue freight cars. We cannot allow selfish interests to forestall shipments of these and other vital commodities to our Nation.

This is not the first time that a major rail company has suffered financial hardships which force it into bankruptcy, and there is no guarantee that it will be the last. In the unfortunate event that additional railroad companies find it necessary to file for bankruptcy, estate trustees must not have the discretionary power to terminate major lines of transport for vital commodities provided by the rail service. The legislation which we are introducing does not propose to bail out bankrupt companies. This legislation will permit healthy and financially stable companies which want to purchase and revitalize the capital resources of defunct railroads and to restore desperately needed rail service to do so.

This act will insure that persons throughout America whose livelihoods depend upon reliable rail service will not be threatened with interruptions of those services resulting from the capricious and economically disruptive actions of estate trustees. I am equally confident that this legislation will enable the courts in conjunction with the Interstate Commerce Commission to restore permanent and reliable service on those Rock Island lines presently under judicial control as provided for in the language of the act.

The text of H.R. 5137 follows:

H.R. 5137

A bill to amend the Milwaukee Railroad Restructuring Act to facilitate the purchase of lines of bankrupt rail carriers to provide for continued rail service, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

SECTION 1. This Act may be referred to as the "Milwaukee Railroad and Rock Island Railroad Amendments Act of 1981".

FINDINGS

SEC. 2. The Congress finds—

(1) that it is necessary to establish procedures to facilitate and expedite the sale of rail lines of certain bankrupt rail carriers to financially responsible persons in instances where service is not being provided over the line by the bankrupt carrier and where the prospective purchaser seeks to provide rail service over the line;

(2) that procedures set forth in the amendments made by this Act will provide a practicable means for preserving rail service, this benefiting shippers, employees, and the economies of the States in which such bankrupt rail carriers have operated service, while at the same time providing safeguards to protect the interest of the estates of the bankrupt carriers by requiring payment of a reasonable purchase price; and

(3) that it is in the public interest that the Interstate Commerce Commission's authority to issue orders involving temporary authority to operate rail service over lines of certain bankrupt rail carriers be clarified.

MILWAUKEE RAILROAD RESTRUCTURING ACT AMENDMENT

SEC. 3. Section 17(b) of the Milwaukee Railroad Restructuring Act (45 U.S.C. 915) is amended by inserting after paragraph (3) the following new paragraph:

"(4)(A) In any case pending under section 77 of the Bankruptcy Act on the date of enactment of this Act, any financially responsible person who has made an offer to buy a rail line or lines of the carrier involved in such case over which no service is provided by such carrier, which offer has been rejected by the trustee in bankruptcy of such carrier, may submit an application to the Commission for the purchase of such line or lines. A copy of any such application shall be filed simultaneously with the court.

"(B) The Commission shall, within 30 days after receipt of an application under subparagraph (A), determine whether the applicant—

"(i) is a financially responsible person;

"(ii) has made a bona fide offer for the purchase of the line or lines at a reasonable price; and

"(iii) has in its application given sufficient indication of its intention to use, to the maximum extent practicable, employees or former employees of the bankrupt carrier in the operation of service on the line or lines applied for.

"(C) If the Commission's determination under subparagraph (B) is affirmative with respect to the matters referred to in clauses (i) through (iii) of such subparagraph, the applicant and the trustee shall have 60 days from the date of such determination in which to negotiate terms for the transfer of the line or lines applied for. If the parties are unable to agree within such 60-day period to such terms, either party may, within 30 days after the expiration of such 60-day period, request the Commission to prescribe terms for such transfer, including a reasonable purchase price for the line or lines involved. For the purposes of this subparagraph, a reasonable price shall be not less than the net liquidation value of such line or lines as determined by the Commission. The Commission shall prescribe such terms within 60 days after any such request is made. The terms prescribed by the Commission shall be binding upon both parties, subject to court review as provided in subparagraph (D), except that the applicant may withdraw its offer within 10 days after the Commission prescribes such terms.

"(D) With 15 days after the Commission prescribes terms under subparagraph (C),

the Commission shall transmit such terms to the court, unless the offer is withdrawn under subparagraph (C). Notwithstanding any other provision of law, the court shall approve the transfer under terms agreed to by the parties or prescribed by the Commission if the purchase price for the line or lines is not less than required as a constitutional minimum.

"(E) No purchaser of a line transferred under this paragraph may transfer or discontinue service on such line prior to the expiration of two years after such transfer.

"(F) As used in this paragraph, the term 'financially responsible person' means a person capable of paying the purchase price of the line or lines proposed to be acquired and able to cover expenses associated with providing service over such line or lines for a period of not less than two years.

"(G) The Commission shall, within 45 days of the date of enactment of this paragraph, prescribe any regulations and procedures which are necessary to carry out the provisions of this paragraph."

ROCK ISLAND RAILROAD TRANSITION AND EMPLOYEE ASSISTANCE ACT AMENDMENT

SEC. 4. Section 122(a) of the Rock Island Railroad Transition and Employee Assistance Act (45 U.S.C. 1017(a)) is amended by inserting at the end the following new sentence: "The Commission's authority under this subsection shall continue until a plan of reorganization or liquidation for the Rock Island Railroad or the Milwaukee Railroad, as the case may be, is approved by the Commission and the court."●

FOREIGN AID AUTHORIZATION

HON. PETER A. PEYSER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. PEYSER. Mr. Speaker, today I have written the President a letter on the subject of yesterday's vote on authorizing foreign aid appropriations for international security and development assistance. I am inserting a copy of that letter in the RECORD:

HOUSE OF REPRESENTATIVES,
Washington, D.C., December 10, 1981.

The PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I stated on the Floor of the House yesterday that I intended to vote for the first time against the Foreign Aid Bill. My reason for wanting to do this was brought about by the severe cuts you have authorized in domestic programs. However, I found that when it came time to vote, I could not reverse the actions I have taken over the years in supporting Foreign Aid as a means of maintaining peace for the United States and the rest of the world.

Mr. President, you are sitting in a unique position of leadership in our country. I find it hard to believe that you are aware of the unnecessary hardships you are causing an increasingly large percentage of our country, young and old alike. It is unfortunate that sometimes the President is the last to know the impact of his acts, particularly on the domestic scene. I feel you are still in a position of changing your direction on tax cuts and by so doing, reducing the huge pending deficit in the federal budget and of stopping additional budget cuts that will begin to shred the fabric of our country.

I realize that my changing my mind on the Foreign Aid vote pales insignificance to what I am asking you to do. Nevertheless, I beg that you reconsider and take us off the disastrous road we are now on.

Sincerely,

PETER A. PEYSER,
Member of Congress.●

PATH TO MIDEAST PEACE

HON. PAUL FINDLEY

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. FINDLEY. Mr. Speaker, I would like to commend to the attention of my colleagues "The Path to Peace, Arab-Israeli Peace and the United States." This exciting perhaps historic, document, released in October 1981 by the Seven Springs Center, is the report of an August study mission to the Middle East undertaken by four individuals: Joseph Greene, Jr., president, Seven Springs Center; Philip M. Klutznick, former Secretary of Commerce, and president emeritus, World Jewish Congress; Harold H. Saunders, resident fellow, American Enterprise Institute for Public Policy Research, and former Assistant Secretary of State for Near Eastern and South Asian Affairs; and Merle Thorpe, Jr., president, Foundation for Middle East Peace.

This report has important insights into recent developments in the Middle East and suggests needed steps to break the Arab-Israeli deadlock and promote reconciliation in the region. The report is pessimistic in that it finds hopes for a negotiated settlement between Israel and its eastern neighbors to be fading. Both Arabs and Israelis see the other party "as more ready to resort to violence than to negotiation." The Arabs see Israel settlements in the West Bank and military actions against Lebanon and Iraq as a demonstration of Israel's attempt to resolve issues through the use of force. Israel, in turn, sees the PLO and other Arab States as committed to terrorism and other actions which demonstrate their intention to annihilate the Jewish state.

Hope of peace in the Middle East remains, according to the four authors, in negotiations in which the United States plays a major and determined role. And they stress that the need for such negotiations is urgent. The first step toward these negotiations is a statement of mutual acceptance and recognition among the parties and of readiness to negotiate peace. Israel, Jordan, Syria, and the Palestinians should participate with the support of Egypt and Saudi Arabia. The United States, in promoting such a statement, should confer with the PLO to determine whether it would be ready to negotiate peace. As the report states, "the United States is not prevented by any agreement from exchanging views formally or informally with the PLO."

Although I urge my colleagues to read the report in its entirety, I have extracted the basic conclusions from the summary of the report and have included the complete final chapter: "Next steps on the path to peace."

SUMMARY: CONCLUSIONS AND CHOICES

Reflection on our intensive conversations in the Middle East leads us to cluster our observations on the present situation around points which policy-makers, political leaders, and peoples everywhere who are concerned for peace must face.

First: Hopes for a negotiated peace between Israel and its eastern neighbors are fading. Many Arabs and Israelis are beginning to resign themselves to prolonged confrontation and violence because they see no alternative that promises a just comprehensive peace.

The sense that a decisive change in evolution of the Palestine problem is in the making has generated a new atmosphere of tension and danger which unpredictable events could spark. Events may deprive decision-makers both in Washington and the Middle Eastern capitals of the capacity to choose between confrontation and negotiation.

The first choice, therefore, before all those who will make or pass judgement on policy is one of timing and urgency and lies in the answer to these questions: Is progress in negotiating resolution of the Arab-Israeli conflict important enough to U.S. and global interests that we cannot afford to allow the present possibilities for negotiation to fade? Or do we judge that possibilities will remain open for some time because Palestinians and other Arabs have no realistic option of immediate conformation, so that we can afford to treat the diplomacy of peace routinely? Our judgement is that it is essential to re-estabish the momentum in negotiation. We reject the thesis that the United States can only assume leadership in the pursuit of peace when it is driven by tragic events.

Second: Hopes for a negotiated peace are fading just at a moment when acceptance of Palestinian national identity in the Arab world and beyond and growing Arab willingness to accept the Israeli state have created the best possibility of an Arab-Palestinian-Israeli negotiation since Israel was established.

The issue is whether to accept the Palestinian people as a people having an identity of their own with rights of political self-expression. We do not believe it is appropriate for the United States now to express its views in favor of a Palestinian state, but we do believe that it is inconsistent with the principle of a freely negotiaged settlement to rule out a sovereign Palestinian state before the negotiations have taken place. Foreclosing the Palestinians' right to a fair consideration of their views will undermine the authenticity of the negotiation, perpetuate instability in the area, and sacrifice a moment when peace may be possible.

Third: Palestinian nationalism and the Palestinian desire for a state—whatever their roots and their status may have been when Resolution 242 was written in 1967—must be fairly faced and dealt with in negoitation in ways consistent with the rights and security of their neighbors, or the prospect for peace will be radically diminished.

The policy choice is between a) leaving Israel in effective control in all of the formerly mandated area west of the Jordan River including Gaza and b) a settlement in which that area is divided between Israelis and Palestinians. There can be no peace until that decision is faced. In our view, there can only be a durable peace with a negotiated settlement and there can only be a negotiated settlement if there is a fair compromise between Israelis and Palestinians. A winner-take-all solution favoring the more powerful party will perpetuate conflict.

Fourth: If a fair settlement is to be negotiated, a basis for negotiation between Israel and its eastern neighbors—the Palestinians, Jordan, and Syria—will have to be developed. It will have to acknowledge but transcend what was achieved under the Camp David accords and go on to define practical steps toward the peace envisaged in these conclusions.

The policy choice is between a) only continuing the post Camp David negotiations on autonomy in the West Bank and Gaza and b) mounting a parallel diplomatic campaign among Israel's eastern neighbors to build a foundation for their engaging in peace negotiations. Such a diplomatic campaign would be designed both to win understanding for whatever might be achieved in the autonomy talks and to develop the basis for negotiations beyond the autonomy talks. We would hope that Israel and Egypt could produce an automomy agreement which would offer the Palestinians in the West Bank and Gaza such powers and responsibilities that it would be difficult to reject. In our view, however, the next breakthrough on the path to peace is not most likely to come in the autonomy talks but in the evolution of an eastern Arab negotiating front that will present Israel an offer of peace Israel cannot easily dismiss. The decision facing the United States is whether it will play an active role in dialogue with Jordan, Saudi Arabia, Syria, and the PLO—directly or indirectly—to encourage such a front or stand back and let it evolve. We believe the U.S. role should be an active one. We also believe that the PLO will have to become involved in some way in negotiation but recognize that the tactics governing their involvement would have to be carefully managed by the authorities involved.

Fifth: There is widespread conviction in the Middle East that only the United States can effectively help to achieve peace, but there is deep doubt that the U.S. is prepared to play a role as a just mediator and to work actively for a negotiated peace.

The choice before the United States is whether it will rely in developing its position in the broader Middle East on strengthening American military capability and encouraging strategic consensus for dealing with Soviet aggression or, whether, in addition, it will decide that an active peacemaking role is also an essential part of U.S. policy there. We believe that the U.S. must, in the words of one Mid-Easterner, "wed military and diplomatic strength" in a coherent strategy.

Chapter 8.—Next Steps on the Path to Peace

A STARTING POINT FOR NEGOTIATION

Negotiations must have a point to begin—some understanding on the purpose of the negotiation and some understanding on the shape of a possible negotiated solution. The first purpose of such an understanding is to remove obstacles that prevent any negotiation at all. The second purpose is to try to put in the open points on either side's hidden agenda that would stalemate the negotiations soon after they start. It is not a purpose of such an understanding to resolve issues which can only be resolved in negotiations.

There will be no peace unless Israel and its eastern neighbors negotiate peace. Movement toward peace requires a renewed effort to build a basis for negotiations between them. Today there is no agreed basis for negotiations. We have every interest in seeing the positive achievements of past negotiations consolidated, but they must be developed. Egypt, Israel, and the United States will resume the negotiations on autonomy for the inhabitants of the West Bank and Gaza as agreed upon at Camp David, but it may well not be possible to produce sufficient progress to create the possibility of Palestinian participation. Whatever the outcome of those talks, steps are now necessary to begin building a basis for negotiation of peace on Israel's eastern front.

To stimulate discussion within the U.S. and with the negotiating parties, we conclude this report with the main points in a possible understanding on terms of reference for negotiations. These points begin with a statement of mutual acceptance and recognition among the parties and of readiness to negotiate peace. Parties to such understandings will have to include Israel, Jordan, Syria, and the Palestinians. The support of Egypt and Saudi Arabia is important. The involvement of the PLO in an appropriate fashion is essential. We recognize that there are impediments, but the situation demands that they be overcome.

The United States is not prevented by any agreement from exchanging views formally or informally with the PLO to determine whether the Palestinians would subscribe to the points below if Israel subscribed. In 1975, the United States in a memorandum of understanding with Israel committed itself not to "recognize or negotiate with" the PLO unless it accepted Resolution 242 and Israel's right to exist. Subsequently this commitment was interpreted as foreclosing exchanges of views with the PLO, although President Carter later declared that the U.S. would talk with the PLO if it met the 1975 conditions. The U.S., therefore, would be violating no formal agreement if it explored the PLO's readiness to negotiate peace. The objective is to negotiate peace among the parties to the conflict, and the PLO will have an important influence on that process.

POINTS OF UNDERSTANDING

1. The purpose of the negotiations is to achieve a just and lasting peace among the negotiating parties in which each party can live in security. To that end, the parties are prepared to negotiate and sign agreements confirming the state of peace among them and describing the exact nature of the relationship of peace that will exist among the parties to the peace agreements.

2. The parties to the negotiations will be Israel and those parties neighboring Israel, including representatives of the Palestinian people, who along with Israel declare authoritatively and unambiguously by subscribing to these points of understanding their readiness to negotiate peace and to live in peace with each other.

a. The Arab parties state that they are prepared to negotiate in good faith an agreement to live within secure and recognized borders at peace and in a relationship with the state of Israel normal to parties at peace with one other.

b. Israel states that it is prepared to negotiate in good faith an agreement to live within secure and recognized borders at peace and in relationships with the Palestinian people and with neighboring Arab states normal to parties at peace with one another.

c. The negotiating parties state their readiness in a negotiated peace to abide by all the provisions of the United Nations Charter.

d. The negotiating parties state that they will do all in their power to prevent violent acts from territories under their control during negotiation. They will be prepared to agree not to resort to the threat or use of force and to settle disputes by peaceful means in accordance with the provisions of Article 33 of the United Nations Charter.

3. The negotiations will establish secure and recognized borders between the negotiating parties and measures to make those borders secure for all parties. All the principles and provisions of Security Council Resolutions 242 and 338 will be the basis of these negotiations as well as agreement to resolve the Palestinian problem in all its aspects.

4. In order to enable withdrawal of Israeli armed forces, military government, and civilian administration to the agreed borders in the West Bank and Gaza and to ensure an orderly transition to Palestinian authority, the negotiating parties are prepared in the peace agreements to provide for:

a. An international body to assist in development of a Palestinian Arab authority that will have the consent of those whom it governs and that will observe the commitment to live at peace with its neighbors;

b. Periods of time for such Israeli withdrawal and for the transition to a Palestinian authority;

c. Protecting the rights and safety of citizens of all parties during the transition period and after;

d. Defining stages of negotiation and implementation when the need for a sequence of steps requires phased implementation.

5. The negotiating parties are also prepared to negotiate procedures to provide either for the return of those who have left their homes in the course of the conflict or, where they cannot return or do not wish to return to property which they have left, for just compensation if they have suffered loss.

6. The negotiating parties are also prepared to negotiate arrangements of peace for Jerusalem. It must not again be divided. Its holy places must be in the hands of representatives of the appropriate faiths. Freedom of access to the holy places of all religions must be assured. The municipal government must reflect the city's ethnic, cultural, and religious diversity. Israel's capital is in west Jerusalem. An Arab role in Jerusalem will have to be recognized and agreed in the negotiations.

These points of understanding constitute an agenda of the principal questions on which the parties must be prepared to negotiate and an agreed context in which detailed solutions could be negotiated. We believe the United States should out of its own interest help build the foundation for those negotiations.●

ABUSES IN LEGAL SERVICES CORPORATION

HON. ALBERT LEE SMITH, JR.

OF ALABAMA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. SMITH of Alabama. Mr. Speaker, I offer another portion of Mr. Hammond's monograph on the Legal Services Corporation. I trust this will help inform all Americans of the true nature of this entity.

MISSIONARIES FOR LIBERALISM, UNCLE SAM'S ESTABLISHED CHURCH

(By Michael E. Hammond)

INCITEMENT OF LITIGATION

All of this raises the fundamental question of whether the types of litigation engaged in by LSC recipients are being determined by the needs of particular clients or the ideological predilections of taxpayer funded lawyers.

Section 1007(a)(10) of the Act requires that the Corporation "insure that all attorneys, while engaged in legal assistance activities supported in whole or in part by the Corporation, refrain from the persistent incitement of litigation and any other activity prohibited by the Canons of Ethics and Code of Professional Responsibility of the American Bar Association . . ."

Yet, there is extensive documentation that blatant and persistent incitement of litigation takes place.

For example, Bob Duren of the Legal Aid Foundation of Los Angeles advertised in a Los Angeles newspaper that six offices of his organization were open "to receive complaints from victims of police misconduct." The announcement went on to offer legal assistance and referral services for "any person complaining of police abuse or misconduct."

Likewise, the Veterans Education Project advertised in Clearinghouse Review of the availability of material to help homosexuals thrown out of the Army upgrade their discharges.

DISREGARD OF FORCED BUSING RESTRICTIONS

The list of presumably explicit proscriptions against Legal Services recipients covers several pages in the United States Code. And, for virtually every specific prohibition contained in the Legal Services Act, there are reported instances of abuse. While the major areas suggesting pervasive patterns of illegal activities have already been discussed, it would be unfair to suggest that unlawful practices have been limited to these.

Other highly questionable activities include: Preparation of a friend of the court brief in the Bakke case in favor of the University of California's unconstitutionally discriminatory admissions system, in violation of the section 1006(c)(1) prohibition against LSC "participat(ion) in litigation unless the Corporation or a recipient of the Corporation is a party . . ."; and participation by the LSC-funded Center for Law and Education in a suit which led a Federal district court to place South Boston High School in receivership in order to accomplish integration, in spite of the section 1007(b)(9) restriction on "legal assistance with respect to any proceeding or litigation relating to the desegregation of any elementary or secondary school or school system."

INTERPRETING THE PUBLIC INTEREST

Section 1007(b)(5) makes it unlawful for the Corporation to make grants or enter into contracts with any private law firm which expends 50 percent or more of its resources or time litigating issues in the broad interest of the majority of the public. No one has yet defined with specificity what kinds of litigation fall into this category, and no inventory exists of the amount of "broad public interest litigation" that is annually engaged in by various recipients.

California Rural Legal Assistance brags that it spends 35 percent of its time litigating class action suits alone. As the following examples illustrate, moreover, class action suits represent only a small percentage of litigation proscribed by section 1007(b)(5). Hence, many of these lawsuits, while perhaps not falling within specific ambit of any other Legal Services Act prohibition, do represent controversial issues which may put the Corporation and its recipients in violation of section 1007(b)(5).

At any rate, these cases divert funds from the sort of landlord-tenant, business-consumer, and husband-wife suits which the Legal Services Act was intended primarily to address.

Massachusetts Law Reform Institute offers a revealing illustration of this problem when it lobbies for a graduated state income tax or challenges efforts to reduce welfare fraud. Both of these activities take enormous amounts of organizational time and represents a clear attempt by legal services officials to legislate their particular view of what is good for the poor as a class.

In the District of Columbia, the Migrant Legal Action Program challenged the Secretary of Labor's failure to promulgate OSHA regulations for farm labor.

Gabe Kaimowitz and Kenneth Lewis of Michigan Legal Services sued to compel the Ann Arbor school district to give special bilingual education in "black English."

The Federally funded Western Center on Law and Poverty of Los Angeles and San Fernando Valley Neighborhood Legal Services of Pacoima, California litigated to compel payment of Federal SSI benefits to alcoholics.

The Legal Action Support Project of the Bureau of Social Science Research, Inc., studied food stamp recipients in order to lay the groundwork for a suit by Alaska Legal Services to require people to draw food stamps.

In Florida, Legal Services recipients are engaged in lawsuits to strike down vagrancy laws—state criminal statutes—presumably in violation of section 1007(b)(2) of the Act, which prohibits legal assistance with respect to criminal proceedings.

In Dallas, Texas, Legal Services has been active in school desegregation litigation.

In Tampa, Bay Area Legal Services filed suit challenging Florida high school competency testing.

In *In re Evans*, Montana Legal Services Association successfully sued to obtain disability payments for a "biological male and emotional female who is presently attempting to pass in society as a woman." Ruling that ridicule of his/her transsexuality by fellow workers caused him/her "severe emotional trauma," an Administrative Law Judge found eligibility for Federal SSI and disability benefits.

In *Stevenson* v. *Stevenson*, the Legal Aid Society of Louisville successfully sued to establish the principle that a mother's lesbianism is not sufficient grounds for changing custody of a child.

All of the activities outlined above were brought by organizations directly Federally funded by grants from the Legal Services Corporation. But as has already been suggested, Clearinghouse Review also performs a very controversial function. A typical recent article was "Police Brutality," by the Research Institute on Legal Assistance. According to this article: "Legal services lawyers and others continue to litigate these difficult cases and contribute to an evolving body of law regarding them. As part of this effort to combat [so-called] police abuse, several publications have been developed to assist both lawyers and clients." It proceeds to refer readers to a publication by the radical National Lawyer's Guild.

REMEDIES

Politically, the response of the Legal Services Corporation and its proponents to complaints about these abuses does not suggest that they could be corrected by mere adjustments in the Corporation's statute.

In the first place, given that the problem is pervasive violation of the LSC statute, how is it possible to alter the statute and thereby correct the deficiency?

Second, the Corporation's illegal activities are effectively insulated by statute from judicial review. In 1977, ostensibly as a result of large numbers of motions challenging the legality of Legal Services representation decisions, the Senate Human Resources Committee reported a bill which would have almost totally divested the courts of jurisdiction to determine that a particular client could not be legally represented with Legal Services money or that a particular issue could not be litigated with Federal funds. Although proponents agreed to remove the proposal from the Senate bill as a result of conservative pressure, the conference committee reported language which severely limited judicial scrutiny of unlawful Legal Services activities.

Third, concessions making incremental changes in the Legal Services statute have never been regarded by the Corporation as imposing any permanent restrictions on its conduct. Invariably, as soon as the political climate improved, LSC was actively working to obliterate the last authorization's compromises. For example, in 1974, a pivotal portion of the compromise which allowed the passage of the Legal Services Act was the Green amendment, a provision prohibiting the establishment of "backup centers" for legal advocacy and research not directly related to the representation of clients.

After having established a political base, the Legal Services Corporation proceeded to successfully work in 1977 for elimination of the Green amendment. As partially recounted herein, backup centers have subsequently been at the forefront of the illegal and politically questionable activities engaged in with Corporation funds. [see Appendix A]

Fourth, the LSC has thus far successfully resisted an in-depth impartial study of allegations of improper conduct, and the Senate has not been willing to investigate charges of illegalities. In 1980, the Corporation succeeded in defeating, with only 24 favorable votes, and amendment by Senator S. I. Hayakawa (R.-Calif.) to condition out-year funding for the Corporation on the performance of an audit by the General Accounting Office of alleged abuses and illegalities.

One of the representations used to defeat the Hayakawa amendment was a promise that liberals on the Labor and Human Resources Committee would sign a letter re-

questing a GAO audit once the bill was passed. Yet, Senator Jacob Javits (R-N.Y.)—who has made such a commitment—subsequently refused to sign a letter requesting the audit when it was forwarded to his office.

Fifth, the very nature of the staff attorney system frees Legal Services attorneys from the economic constraints against high-profile litigation imposed on most law offices. When the client pays the lawyer's fees he has a financial interest in keeping the litigation focused on his particular grievances. If too much energy and money is spent on issues with only broad social ramifications, the client will find another lawyer.

Because Legal Services recipients do not rely for their income on the poor people who come to them for help, they have been able to remain accountable to their own priorities and concerns, as well as those of backup centers and other ideological brethren.

It is hard to understand how any client-responsive system could be structured under which recipients were not reliant on clients for funding.

Sixth, so long as the Legal Services Corporation and its recipients are allowed to engage in representation of groups as opposed to individuals, the practical political effect is the enforcement of an "iron triangle" in which liberal congressional committees, liberal outside groups, and liberal officials of Legal Services Corporation recipient groups join together to tie the hands of whatever titular overseers might be appointed by a hypothetical conservative administration.

President Reagan's political appointees in areas such as the Department of Justice already have seen how difficult it is to exercise any effective control over the monstrous liberal bureaucracies which they are appointed to supervise.

Additionally, political alliances involving Legal Services recipients have built a strong and dedicated constituency which is prepared to work politically in order to thwart any efforts to reign in the bureaucracy. These include homosexual rights groups, "tax reform" groups, "Indian rights" groups, anti-business groups, and any other movement which has benefitted from Legal Services representation.

As long as the Legal Services Corporation continues to exist as a Federally-funded entity, it will represent a type of mechanism different from and in many ways more insidious than any other Federal governmental entity: it is a political apparatus, largely unresponsive to the American electorate, with a broad legal mandate (with which it cannot seem to comply) allowing it to engage in active lobbying and politicking for the purpose of retaining and expanding its status as an ideological free agent. The continued existence of this form of mechanism has severe ramifications for our system of democracy.●

LET US ALL KICK IN MONEY TO CHEER UP A DEPRESSED RIGHTWINGER

HON. THOMAS J. DOWNEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. DOWNEY. Mr. Speaker, I recently received a rather suprising Mailgram, which I think I am going to frame.

We all know about Richard Allen, the fellow who was too far out for Henry Kissinger and who has more recently shown pecunicary tendencies of unusual vigor.

Well, it seems certain public exposures have been bad for his morale, and, in an effort to cheer him up, Jerry Falwell and various sidekicks are holding a $30-a-plate luncheon for him.

They have generously invited me to contribute. I think I will pass this one up, but for the benefit of anyone otherwise inclined, I insert the Mailgram in the RECORD at this point:

MAILGRAM SERVICE CENTER,
Middletown, Va., December 8, 1981.

Hon. THOMAS J. DOWNEY,
House of Representatives,
Washington, D.C.

Richard Allen is a dedicated Reaganaut who has earned the support of conservatives from all over the United States. We invite you to join the friends of Dick Allen for a tribute to him at the Mayflower Hotel in Washington at noon on Wednesday, December 16. The price of the luncheon will be $30. We hope you will be able to join his many friends on this occasion. RSVP to 202/638-1038 by Friday.

WILLIAM BUCKLEY,
JOSEPH COORS,
JUSTIN DART,
ED FEULNER,
JERRY FALWELL,
WILLIAM SIMON.●

HOSPICE OF NORTHERN VIRGINIA

HON. FRANK R. WOLF

OF VIRGINIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. WOLF. Mr. Speaker, I would like to bring to the attention of my colleagues the Hospice of Northern Virginia, a health care organization dedicated to providing comprehensive service both at home and in an inpatient setting to help terminally ill patients and their families face the physical, emotional, social, and spiritual aspects of their lives together in an atmosphere of support and acceptance.

The Hospice, a nonprofit, community-based corporation, was founded on April 22, 1977, as a result of the conviction of five dedicated individuals-Josephino B. Magno, M.D., Dorothy N. Garrett, H. Lawrence Garrett, Patricia M. Pastore, and Richard M. Pastore—that hospice care should be available to dying persons and their families in Northern Virginia.

During Hospice's first year, a board of directors was formed and an organization began to take shape. Much effort was spent in those early days on spreading the word about the hospice concept and the organization's plans. The response was enthusiastic and strong community support has continued and increased.

As Hospice began to move from concept to reality, staff members were hired, usually part time and one by one as finances allowed. A milestone was reached when hospice home care was inaugurated in early 1978 with the help of the Visiting Nurse Association of Northern Virginia. Over the succeeding 3 years, the program expended its services both in comprehensiveness and in numbers of patients and families served. The Hospice interdisciplinary team—physician, nurse, social worker, and volunteer, supplemented by community clergy and other caregivers—has now provided care to almost 600 patients and their families. Eighty percent of Hospice's patients have been able to die at home surrounded by family and friends.

In 1978 the possibility of converting the soon-to-be closed Woodlawn School into a comprehensive hospice facility was proposed by the community and explored by Hospice. On December 2, 1978, after hearing extensive favorable public testimony, the Arlington County Board voted unanimously to lease the Woodlawn property to Hospice. Renovations of the building began the following spring.

A certificate of public need, required for the operation of a new health program, was granted in June 1979. Later that year, Hospice was selected by the Department of Health and Human Services as one of 26 programs to participate in a national medicare and medicaid project to evaluate hospice care. Then, in February 1980, Hospice received its license as a home health agency from the Commonwealth of Virginia and was also certified as a medicare provider.

In 1981, Hospice added bereavement services for families, a chaplaincy program, and home care services for dying children.

More than 150 active volunteers provide essential support and add a special sense of commitment and enthusiasm to the program. Volunteer efforts in patient services, office work, public education, and fundraising have formed the backbone of Hospice's expanding organization.

Hospice moved its offices from its first home at the Church of the Covenant in Arlington to the newly renovated lower level of the Woodlawn Building in April 1980. Renovation of the rest of the building commenced that fall. Great care has been taken in the design of the inpatient unit. Every item of equipment and furnishings has been selected to achieve a homelike atmosphere in which patients can receive the highest level of care.

As the finishing touches are added to the inpatient unit and Hospice is licensed as a special hospital, patients will be admitted to a comprehensive

program including both home care and inpatient services. In only 4 short years, thanks to the hard work of dedicated volunteers and staff, and tremendous support by the community, Hospice of Northern Virginia will have achieved its goal to bring the hospice concept of care to Northern Virginia.

In addition, I would like to recognize the 1981 board of directors of the Hospice for their fine work and dedication to the concept and the reality of the Hospice of Northern Virginia. The are: Joseph S. Wholey, president; Edward J. Kelly, vice president; Nancy Shands, secretary; Paul Hughes, treasurer; Rabbi Laszlo Berkowits, Rev. Richard Eick, H. Lawrence Garrett, Jr., Henry A. Gray Gillem, Sr., Alton C. Hlavin, James H. Pickford, Bruce A. Plecinski, Eleanore Rickover, Dorothy Rigdon, Alice Scott, and Martin P. Wasserman, M.D.●

THE INS EFFICIENCY BILL

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. MAZZOLI. Mr. Speaker, the House recently passed an important piece of legislation, the Immigration and Naturalization Service Efficiency bill, H.R. 4327.

I am proud to have authored this legislation along with my six colleagues on the Immigration, Refugees, and International Law Subcommittee.

This bill will save the American taxpayer an average of $2 million per year over the next 5 years. It will also streamline and modernize some of the operations of the Immigration and Naturalization Service, one of the most burdened and long ignored agencies.

The Washington Post recently prepared an excellent editorial outlining the value of the INS efficiency bill. I ask unanimous consent that a copy of that Washington Post editorial be inserted in the RECORD at this point:

[The Washington Post, Dec. 2, 1981]

IMMIGRATION: WHAT TO DO NOW

Soon after the Christmas recess, Congress will have to grapple seriously with the problem of immigration reform. It will be taking on such thorny subjects as 1) an overall limitation on the number of immigrants, 2) what to do about undocumented workers already living in the United States, and 3) the difficult moral and economic questions regarding various nations' responsibilities for the world's refugees. The administration has sent Congress its own comprehensive package of reforms, and the Commission on Immigration and Refugee Policy, created by Congress in 1979, has also proposed substantial amendment to the Immigration and Nationality Act. Naturally, there is no unanimity concerning what to do. Experts and government officials do agree, however, on the issues that need to be addressed, and there appears, for the moment anyhow, to be a general air of good will and determination to approach the complicated subject as a coherent whole.

Because the job is so important and difficult in human, not just national policy, terms, a comprehensive revision of the act will require certainly months or maybe years of work. So it is encouraging that Congress has excerpted from this morass of emotionally charged choices a few less controversial amendments and proceeded to deal with them in a separate bill that could be passed fairly quickly.

This proposal (H.R. 4327), which got through the House recently and is now ready for action by the full Senate, addresses some quirks and anachronisms in the law that have long been in need of cleaning up. It would, for instance, eliminate the Draconian provision in the act that permanently bars from this country any person convicted of a single offense involving possession of marijuana. The bill would not grant admission to drug traffickers or even to multiple offenders. It would simply allow the attorney general to grant a waiver allowing admission to persons once convicted of possession of a small amount of marijuana for personal use—and only if these petitioners were immediate relatives of American citizens or permanent residents. Such a measure could eliminate the welter of private bills introduced each year to reunite families in cases where the prospective immigrant has been found guilty of what would be considered a minor offense in this country.

The bill would also raise the legal age for adoption of aliens by American citizens from 14 to 16—another change that has in the past been accomplished by the tedious passage of private legislation—and would eliminate an injustice visited upon a small group of alien doctors, fully qualified and living and practicing in the United States. These doctors would have been required to leave the country for failure to take a qualifying test by January 1978, even though that test was not available to be taken until September 1977. Doctors now entering the United States must take and pass the test, but those already practicing on Jan. 9, 1978, would be allowed to stay.

The final reason this bill should appeal to all members of Congress is that it would save the taxpayers money. Eliminating the requirement that all aliens register every year and substituting a simple notification procedure for change of address, for example, would, according to the Congressional Budget Office, result in savings of $800,000 a year. Other provisions eliminating paperwork at the INS are expected to produce total budget savings of $2.5 million a year.●

DEMAGOGUERY ON PIPELINE WAIVERS CLOUDS NEED TO END ENERGY VULNERABILITY

HON. JOHN EDWARD PORTER

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. PORTER. Mr. Speaker, never have I seen so much misinformation, biased reporting, and outright demagoguery on an issue as on the Alaska pipeline waivers. The news telecast I first viewed implied that there was $40 billion of Federal money in the project. There is none. Another implied that political favors would dictate the result and a third stated that consumers could end up paying the entire cost of construction without the pipeline ever being built. Nonsense. It is simply amazing how people want to believe the worst about their fellow man.

The important issue in all this was forgotten by the media I watched and read in their haste to impugn the motives and integrity of the Members of the Congress: The vital need for greater energy supplies for our country to hasten the end of energy vulnerability and to bring down high energy prices.

That issue was lost in all the irresponsible rhetoric. But, Mr. Speaker, the real, bottom-line issue was whether we need to have this pipeline built or not.

It seems to me if we look at the history of our country it becomes apparent that no project of this size—over $40 billion—is going to get off the ground without some public participation. It is simply too large. The railroads of America would never have been built and the economic benefits to all Americans of opening the West never realized if the Federal Government had required the railroad companies to purchase the rights-of-way before track could be laid.

Who paid for that right-of-way? The public, of course, but the public ultimately received the benefits as well.

In this case, the energy consortium is asking that the gas-consuming public help finance the building of the pipeline from which that same public will benefit by the availability of gas supplies and lower prices. Without that help, the pipeline will not be built. One alternative, of course, would be for the Government to build it, a la TVA. In that case, who would pay? The public would, with tax revenues, only the work would undoubtedly be far more costly, take much longer to be accomplished, and be heavily burdened with politics. Another alternative, of course, would be that no pipeline be built, one to me that is totally unacceptable.

The representation that the public can be bilked and left holding the bag, having helped to pay for a pipeline without one being built, is plainly misleading. No consumer funding can occur until the consortium has constructed one segment and the Federal Energy Regulatory Commission has certified that it is fully and properly constructed and operative.

Are the remaining segments then without risk to the consortium or to the public? Of course not; nothing is without risk. But with a profit incentive to move it forward and huge private investment up front to get this incredibly large project underway the chances for its successful completion appear extremely good.

Mr. Speaker, I am willing to take the chance and to pay my share of the cost, as every consumer would ultimately pay in any case, to insure that this vital transport system goes forward and helps to end our OPEC energy dependence and secure adequate natural gas supplies for our country for the future. Given proper information, I feel certain the vast majority of the American people would feel this way, too.●

REVISED CUSTOMS BILL

HON. BILL FRENZEL

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. FRENZEL. Mr. Speaker, today I introduced H.R. 5170, which will serve as a substitute to an earlier bill of mine, H.R. 4134.

H.R. 4134 restated the intention of customs law that imports, other than intangible materials, must be entered by a licensed person, or by the owner of the merchandise. It also provided for the entry of an additional category of intangible materials, that of business documents, by unlicensed individuals, such as courier services.

Recent Customs Service regulations have attempted to do the same thing, but appear to have the potential of allowing many unlicensed individuals to transact customs business of goods requiring entry by a licensed agent.

After discussions with various parties interested in H.R. 4134, it was decided that a slightly revised bill would have the support of all parties. Basically, all we have done is change the sequence of the sections and to spell out exactly what is included in the new category of intangible materials. The intent of the bill remains as it was in H.R. 4134, but I intend to pursue the new bill, H.R. 5170, in its place.

Shortly I will be asking for cosponsorships and would appreciate any interest any of my colleagues may have.

The bill reads as follows:

H.R. 5170

A bill to amend the Tariff Schedules of the United States and the Tariff Act of 1930 to expedite the international transmission of business documents, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Tariff Schedules of the United States (19 U.S.C. 1202) are amended as follows:

(1) General headnote 5 is amended—

(A) by striking out "and" at the end of subdivision (d);

(B) by redesignating subdivision (e) as subdivision (f); and

(C) by adding immediately after subdivision (d) the following:

"(e) records, diagrams, and other data with regard to any business, engineering, or exploration operation conducted outside the United States, whether on paper, cards, photographs, blueprints, tapes, or other media; and".

(2) Item 870.10 is repealed.

SEC. 2. Section 483 of the Tariff Act of 1930 (19 U.S.C. 1483) is amended by adding at the end thereof the following new paragraph:

"(3) A nominal consignee (as defined in section 641(a) of this title), unless licensed as a customhouse broker under section 641 of this title, may not transact customs business on behalf of any other person.".

SEC. 3. Section 484(h) of the Tariff Act of 1930 (19 U.S.C. 1484(h)) is amended by adding at the end thereof the following new sentence: "A carrier shall not certify a person pursuant to this subsection unless it has actual knowledge or reason to believe that the person so certified is the actual owner or consignee of the merchandise, or the duly authorized agent of the actual owner or consignee.".

SEC. 4. Section 641(a) of the Tariff Act of 1930 (19 U.S.C. 1641(a)) is amended by striking out the last sentence thereof and inserting in lieu thereof the following: "Except as provided in subdivision (c) of this section, no person shall transact business as a customhouse broker without a license granted in accordance with the provisions of this subdivision. Nothing in this section shall be construed to authorize the requiring of a license in the case of any person transacting at a customhouse business pertaining to his own importations, or, if the importations are noncommercial, to prohibit him from appointing another individual as his unpaid agent to transact such business; except that a nominal consignee (whether or not certified by a carrier pursuant to section 484(h) of this title) may not enter merchandise in his own name unless he is a duly licensed customhouse broker. For the purposes of the preceding sentence, the term 'nominal consignee' means a person who is neither the ultimate consignee nor the purchaser of the merchandise, or who otherwise has not beneficial interest in the merchandise.".

SEC. 5. (a) The amendments made by the first section of this Act shall apply with respect to articles entered on and after the date of the enactment of this Act.

(b) The amendments made by sections 2, 3, and 4 of this Act shall apply with respect to merchandise entered on and after the 30th day after the date of the enactment of this Act.●

VA—CONTINUING RESOLUTION

HON. G. V. (SONNY) MONTGOMERY

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. MONTGOMERY. Mr. Speaker, earlier today, during debate on the continuing resolution (H.J. Res. 370), I commended the distinguished gentleman from Massachusetts (Mr. BOLAND) for the great job he has done all year to make certain that we provide an adequate level of benefits and service for our veterans.

The agreement reached with the other body on this bill reflects the sensitivity of the Appropriations Committee for all veterans. A lot of work is involved in reaching agreement on any appropriations measure. The HUD/Independent Agencies appropriation is especially difficult.

I just want to say, Mr. Speaker, that I am most pleased with the amounts contained in the agreement reached with the other body on this bill for the Veterans Administration. I supported the bill when it initially passed the House. I supported the conference agreement we passed several weeks ago and sent to the other body. Since that time it has become obvious that some reductions had to be made in almost all accounts and the reductions proposed by the other body to the conference agreement will have some impact on veterans' programs, especially the medical and prosthetic research program. The reductions proposed from what we previously adopted will not in my view however, have a major adverse impact on the level of benefits and services to be provided during this fiscal year.

I am pleased to note that the funding levels we are agreeing to in this bill as amended by the other body, are the same levels as those provided in the continuing resolution we adopted earlier today. In that regard I would point out that the funding levels and the personnel levels (FTEE) for medical and prosthetic research, medical administration and miscellaneous operating expenses, and medical care in the pending measure are the same as the levels proposed in the continuing resolution. Therefore, Mr. Speaker, my comments pertaining to the funding and personnel in these three accounts during debate on the continuing resolution are fully applicable to this bill.

Finally, Mr. Speaker, I would like to point out that from the total amount appropriated in this bill for medical administration and miscellaneous operating expenses, $4 million is earmarked for the Veterans' Administration Health Professional Scholarship Program to be implemented by the Department of Medicine and Surgery in this fiscal year.

Again, I am most grateful to Mr. BOLAND, Mr. GREEN and other members of the committee who have worked so much to make certain that there will be adequate funds and personnel during this fiscal year to take care of the needs of our Nation's veterans.●

THE VIETNAM MEMORIAL

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. PHILIP M. CRANE. Mr. Speaker, much has been said in recent days about the proposed design of a national memorial to veterans of the Viet-

nam war. The following is a fact sheet and overview that will shed some light on this controversy. I commend it to the attention of my colleagues:

THE VIETMAN MEMORIAL

INTRODUCTION

With the enactment July 1, 1980, of Senate Joint Resolution 119, authorizing the Vietnam Veteran's Memorial Fund to establish a memorial ". . . in honor and recognition of the men and women of the Armed Forces of the United States who served in Vietnam," it appeared that at long last the U.S. would pay tribute to the 2.7 million Americans who fought in Southeast Asia. The broad support for building such a monument was demonstrated by the fact that 196 Members of the House and all 100 Senators co-sponsored the law. In short order, the VVMF assembled an impressive list of project sponsors ranging from Bob Hope, the perennial champion of GI's to George McGovern, one of the Vietnam War's harshest critics.

For the Vietnam veteran, authorization of a memorial was of special importance. In contrast to his World War II and Korean War predecessors, the Vietnam veteran came home to no triumphal welcome. In too many instances, he was recieved with hostility and ostracism. At worst, his contemporaries viewed him as some sort of wanton destroyer who supported a corrupt and repressive regime. At best, he was simply ignored. No one thanked him.

The media also made reintegration of the Vietnam veterans difficult by constantly portraying them as drug-crazed walking time bombs. This characterization has been used so frequently that it has now become a Hollywood cliche—despite the fact that the overwhelming majority of Vietnam veterans have proved themselves responsible, productive members of their communities. Negative characterizations simply have reinforced the subtle prejudices which militate against the complete assimilation of the Vietnam veteran into the American mainstream. Is it thus any wonder that many Vietnam veterans monitored the progress of the VVMF with anxious anticipation of the day when their sacrifice would receive the same tribute and recognition as that of veterans of prior conflicts?

Recognition is well-deserved. The average combat veteran of a year in Southeast Asia saw more actual fighting than the World War II G.I. who fought in every major campaign in Europe. U.S. troops in Vietnam had one of the lowest desertion rates in American military history and fought in one of the roughest climates ever experienced by the Americans.

THE DESIGN OF THE MONUMENT

The most traditional means of designing a national monument has been to choose a noted architect or sculptor to execute it. The design of the Vietnam veteran's memorial, however, was selected by a national competition. Designs were judged by a blue-ribbon panel, with the winner receiving a $20,000 prize. Money was raised from the public and few problems arose until the design selection was announced.

The selection panel chose the proposal of Maya Ying Lin, a Yale undergraduate. Her design consists of two 200-foot long horizontal walls of black granite, forming a "V." The top of the walls are level with the ground, and the inside of the "V" is at the bottom of a five degree incline so that only that portion is exposed. Those killed or missing in Vietnam are to be listed on the ten-foot high exposed portion in chronological order of their death or disappearance.

Almost as soon as the design was announced, controversy erupted. The Washington Post characterized the design as "a black rift in the earth." Tom Carhart, a decorated combat veteran, called it a "black gash of shame and sorrow." Other veterans expressed similar dismay at "the black trench." Contributors to the memorial fund were also taken aback. The VVMF was to be supported solely through private contributions solicited through direct mail. All solicitation letters were of a general nature, stressing patriotic themes and the need to pay some sort of tribute to the Vietnam veteran. By and large, contributors expected that a conventional design would be selected and that the design would honor the living as well as the dead. Many who learned of the stark nature of the proposed monument thus feel that they have been misled.

Those involved in the design's selection quickly rallied to its support. An official of the Fine Arts Commission, one of the agencies which approved the design, called it "a suitable, dignified, and understated type of memorial." In a letter to the Marine Corps League, Robert W. Doubek, Executive Director of the VVMF, stated that the memorial ". . . makes a powerful statement that this society pays tribute to Vietnam Veterans."

A MEMORIAL FOR WHOM

Many veterans, however, seriously question how the memorial is supposed to pay them tribute. Not only does the memorial lack the traditional symbols normally found on monuments erected to veterans, but nowhere on the Vietnam veteran's memorial is there any indication that the nation is grateful or appreciative to those who fought. The prologue inscribed before the list of honor states simply:

In honor of the men and women of the Armed Forces of the United States who served in Vietnam. The names of those who gave their lives, and of those who remain missing, are inscribed in the order they were taken from us.

This inscription fails even to include the minimal language of the law authorizing the memorial to be in "honor and recognition." The epilogue following the names uses the same minimalist tone:

Our nation remembers the courage, sacrifice, and devotion to duty of its Vietnam veterans.

These inscriptions contrast sharply with other memorials. To many veterans of the Vietnam conflict, the language of the memorial seems but one more manifestation of the fact that they are an uncomfortable reminder for many Americans of a conflict which they would like to forget.

C. L. Kammeier, Executive Director of the Marine Corps League, wrote to the VVMF: ". . . there appears to be a general consensus that nothing in the design represents the purpose of the commitment of those who served and survived the Vietnam experience. The [sic] particular common sense criticism is based on the fact that none volunteered to serve their country in Vietnam for the express purpose of dying or to ultimately have their name engraved on a tombstone; as represented by the current design of the memorial. Most readily agreed, however, that duty, honor, and country were the main motivating factors toward their service. . . ."

The notion that the Vietnam veteran memorial, as currently designed, is a monument only to the dead particularly offends veterans. The congressional mandate is quite clear in calling for a memorial for those "who served in Vietnam." According to VVMF guidelines for those submitting designs, however,

the purpose of the Vietnam Veterans Memorial is to recognize and honor those who served and died. It will provide a symbol of acknowledgement of the courage, sacrifice, and devotion to duty of those who were among the nation's finest youth. Whether they served because of their belief in war policy, their belief in their obligation to answer the call of their country, or their simple acquiescence in a course of events beyond their control, their service was no less honorable than that rendered by Americans in any previous war. Those who served and died embodied values and ideals prized by this nation since its inception. The failure of the nation to honor them only extends the national tragedy of our involvement in Vietnam.

While the phrase "served and died" might have been unintentional, other evidence also points to an intention to honor only the dead. In article published in the Washington Post on May 25, 1977, VVMF President Jan Scruggs stated: "No effort can provide compensation, of course, to the Americans who made the ultimate sacrifice in Viet Nam. For them, perhaps, a national monument is in order to remind an ungrateful nation of what it has done to its sons."

Other aspects of the design also are being criticized. A principal complaint, for example, is the choice of black granite as the material for the memorial. Black normally is associated with death and dishonor. While a number of other war memorials use some black stone, it generally is for heroic figures, rising from the earth. The Vietnam veteran's memorial, however, is not just black, but also descends into the ground, further reinforcing the image of a "tomb."

Another complaint is that the memorial will be relatively inaccessible to wheelchair-bound veterans; some 75,000 Vietnam veterans are permanently disabled. When queried about this by the Army Times, Jan Scruggs stated: "I hadn't even thought of that." According to Robert Doubek, Executive Director of the VVMF, artificial turf may be installed to make wheelchair access somewhat easier and at least would meet Park Service minimum requirements for access by the disabled.

Listing of the names of the dead and missing in chronological order also is being criticized. Although this may be of some symbolic value, it will make it extremely difficult for family members to locate the name of a relative. Present plans call for a directory of names in a closed pavilion near the memorial's entrance. The directory is to be in the form of a rotating card file. This means that when large numbers of visitors come to the monument, which is very likely during the summer months, there will be a great deal of inconvenience. Any mechanical breakdown in the file's mechanism, moreover, could make it impossible to look up a name. It would seem preferable to list the names alphabetically.

Other criticisms of the design include that it readily lends itself to graffiti. It also has been suggested that the memorial may present a hazard at night since visitors unfamiliar with the park might inadvertently fall off the upper level.

The most telling complaint is that nowhere at the memorial site will there be the Stars and Stripes, the flag under which the

Vietnam veteran fought. It is on this issue more than any other that the veterans seeking changes seem to agree. As C. L. Kammeier stated in his letter to the VVMF:

for the sake of the many non-artists who have served their country under the standard American symbol of duty, honor, and country, in every war since our nation was founded, as represented by our flag; I suggest that your committee make every effort to include the flag in a suggested modification to the current design, or even scrap the current design altogether and reopen the bidding for a selection by a committee comprised of at least several members who have actually served in Vietnam.

The extent and vehemence of the opposition to the design selected raises questions about the process of the selection. One brochure used by the VVMF to solicit entries for the design competition states: "It was the longest war in our nation's history, and the most unpopular. Not since the Civil War has any issue so divided Americans. Although many of our present problems such as inflation and lack of confidence in our institutions have been attributed to the war, the average citizen has eliminated it from his consciousness. Any discussions of Vietnam tend to recall the bitter and seemingly unresolvable debate over whether the U.S. should have become involved militarily in Southeast Asia and subsequently how the war was conducted."

The brochure goes on to describe the experiences of the Vietnam veteran as "horror, bitterness, boredom, heat, exhaustion, and death" and states "because of inequities in the draft system, the brunt of dangerous service fell upon the young, often the socially and economically disadvantaged." It is not until the fourth paragraph that the brochure discusses the memorial. And there the emphasis is on the negative aspects of the Vietnam conflict, ending with what is surely, at best, an extremely questionable statement: "The failure of the nation to honor them only extends the national tragedy of our involvement in Vietnam."

Ironically, after thus restating most of the anti-war charges, and describing the conflict as a national tragedy, the brochure adds that "The memorial will make no political statement regarding the war or its conduct." Many veterans, however, regard the lack of any statement about the role of the American serviceman in defending the freedom of the Vietnamese people as a political statement of the strongest kind: a statement that their war was a meaningless sacrifice. It is this, perhaps which triggers the most strong feelings about the memorial. Given the rhetoric of the brochure, it is understandable why the designs entered conveyed a negative feeling about the Vietnam conflict.

Throughout the materials for those submitting designs and on which the jury was to make its selection, an anti-heroic theme was stressed. Is it surprising that an anti-heroic design was selected? To make matters worse, not a single Vietnam veteran sat on the selection jury. Indeed the jury contained at least one anti-war activist, and several members were strongly opposed to the war.

Had there been a broader participation by Vietnam veterans, the anti-heroic nature of the design might have been modified, or even rejected. Perhaps the most unfortunate aspect of the selection is that rather than fulfilling the goal that "the memorial will begin a healing process, a reconciliation of the grievous divisions wrought by the war," it has added yet another element of controversy to one of the most controversial episodes in our history.

MILTON R. COPULOS,
Policy Analyst.

(Milton R. Copulos is a disabled veteran of two tours of duty in Vietnam where he served with elements of the 25th Infantry Division. He holds the Bronze Star Medal among other decorations.)●

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION PROGRAMS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. ASHBROOK. Mr. Speaker, during a recent hearing before the Subcommittee on Elementary, Secondary, and Vocational Education, Congressman LARRY E. CRAIG made some very candid observations regarding our national school lunch and child nutrition programs.

I would also like to compliment my friend and colleague from Idaho on the invaluable contribution that he made in helping to shape the important child nutrition legislative changes that are now incorporated in the provisions of the Omnibus Reconciliation Act of 1981.

Mr. CRAIG's clear understanding of the major policy issues underlying the present and future operations of these important programs is reflected in his statement before the subcommittee.

Mr. Speaker, I would like to take this opportunity to insert the text of this excellent statement in the RECORD at this time.

NATIONAL SCHOOL LUNCH AND CHILD NUTRITION PROGRAMS

(By Hon. LARRY E. CRAIG)

Mr. Chairman, as a freshman Member of this Committee, I do appreciate having an opportunity to share with you and my colleagues some of my observations and concerns regarding the National School Lunch Program specifically and the Child Nutrition Programs in general.

At the outset, I would like to extend a personal word of thanks to my colleague from Pennsylvania, Congressman Bill Goodling. Congressman Goodling has demonstrated, time and time again, his strong commitment to the well-being of these programs and his keen understanding of the many and complex issues that surround their implementation at the Federal, State, and local levels—in short, issues that will, to a large degree, determine their future. From a personal standpoint, Bill has reached out to all of us on this side of the aisle—sharing with us the challenge of major changes that would be forthcoming, developing options for our consideration, and soliciting our input at every step along the way.

As a Member of the House-Senate Mini-Conference Committee that hammered out the various National School Lunch and Child Nutrition Program changes that were incorporated in the Omnibus Reconciliation Act of 1981, I was acutely aware that the policy decisions at hand were difficult ones. And, I fully recognize that the $1.5 billion reduction in the level of fiscal year 1982 Federal support will have a major impact on many of these vital programs. Clearly, we must assess carefully the impact of the major changes that have been made to date.

In this regard, it was most heartening to hear Mr. Hoagland testify, in what seemed to me to be unequivocal terms, that the Administration will not seek additional Fiscal Year 1982 budget reductions in the National School Lunch and Child Nutrition Programs. Let me say, too, that I sincerely hope that Mr. Hoagland accurately reflects a final Administration decision on this matter—and not merely his preference or recommendations as the Administrator of the Food and Nutrition Service.

It would seem to me that Administration spokesmen—whether from within the Department of Agriculture, the Office of Management and Budget, or elsewhere, would be well-advised to refrain from continuing to issue statements that the Administration's January 1982 budget submission to the Congress will contain requests for further NSLP/CN budget cuts for fiscal year 1983. I fail to see how prudent policy-makers can consider and present to the Congress next January a package of specific proposals designed to achieve additional Federal dollar savings, absent hard data on the impact of major changes which are now in the early stages of implementation.

Equally important, in my judgment, Mr. Chairman, is the negative and adverse impact that these statements are having on the overall perception of and commitment to these programs by students, teachers, parents, school administrators, school boards, and State legislatures.

In the testimony presented before this subcommittee by many local school food service directors—directors who are deeply committed to providing our youngsters with attractive, nutritionally well-balanced school meals at reasonable costs, there is a common theme. It is the same theme that comes through loud and clear in discussions with school food personnel in my District. What I am hearing is this: the past year has been an uncertain one for us and the cuts which have been made in the various child nutrition programs will not be easy to absorb. Nonetheless, we are committed to continuing to provide our students with a high quality meal service. We can and will succeed in this difficult task but we must have a moratorium on further reductions in Federal assistance.

Mr. Chairman, I believe that this Committee and the Congress fully understand this message. I hope that the Department of Agriculture and the Administration are listening carefully, too. Instead of continuing to declare an open season for future budget cuts in the National School Lunch and Child Nutrition Programs, the Administration and the Department of Agriculture should concentrate their efforts and resources in a joint effort with State and local program operators to the end that these programs will continue to meet their long-standing goals.

In this context, it would appear that the Department of Agriculture has been remiss in developing and issuing, on a timely basis, the regulations or guidelines that will assist State and local school food service and child nutrition personnel in accomplishing the changes mandated in the Omnibus Reconciliation Act of 1981. I would strongly recommend that the Department take a care-

ful look at the terms of the Reconciliation Act of 1981 with reference to the effective dates of the various provisions incorporated therein. Based on the testimony that I heard yesterday (coupled with the delay in the issuance of revised meal pattern requirements), I have the impression that the Department has not issued, and in some cases, does not intend to issue regulations that are called for by a date certain, in spite of the fact that the effective dates in the law were those requested by the Department.

I do not intend to dwell at length on the September 4 meal pattern changes which were issued by the Department and quickly rescinded by higher levels within the Administration. One cannot help but question the capability (and perhaps the motives) of those within the Food and Nutrition Service who have the responsibility for the development of these regulations. It is a sad and ludicrous state of affairs when Cabinet officers, White House staff, and the President himself must address their attention to the "nitty-gritty" of what does or does not appear on a school lunch plate! The Administration should have cleaned house further down the line than they did.

On November 12, I sent a letter to President Reagan respectfully urging that favorable consideration be given to the early issuance of revised meal pattern regulations. With your permission, Mr. Chairman, I would like to have the full text of this correspondence included in the record.

HOUSE OF REPRESENTATIVES,
Washington, D.C., November 12, 1981.

THE PRESIDENT,
The White House,
Washington, D.C.

DEAR MR. PRESIDENT: I have and continue to remain very supportive of your efforts to turn this Nation's economy around. It is a task that has long since needed to be addressed.

At the same time I respectfully urge that the administration withhold any further cuts in the school lunch program until there has been ample opportunity to review the impact of the budget reductions that were imposed in the Omnibus Reconciliation Act of 1981. The school lunch people in my State are working very carefully to implement those budget reductions, at the same time preserving the overall health of the program.

As a Member of the House Committee on Education and Labor who has worked closely with my Republican colleagues on the Committee to achieve approximately $1.5 billion in reduced federal outlays in the child nutrition programs, I would respectfully recommend that favorable consideration be given to the immediate issuance of new meal pattern requirement regulations.

While the past year has been a difficult and uncertain one for those who administer these vital programs, it is the consensus of opinion among respected, local school food service directors that regulatory relief (including revised, common-sense meal pattern regulations) must be forthcoming immediately. The local cost savings to be achieved by such regulatory changes will enable them to offset the recent reductions in federal assistance, reduce costly and needless plate waste, and continue to provide a nutritionally-sound meal service to our Nation's school children.

In closing, Mr. President, I again respectfully request that favorable consideration be given to early issuance of revised National School Program meal pattern requirements by the U.S Department of Agriculture.

Thank you.

Very truly yours,

LARRY E. CRAIG,
Member of Congress.

Finally, Mr. Chairman, I believe that many of the news media and representatives from a number of well-meaning child nutrition advocacy groups have failed in contributing their resources and expertise in a positive campaign to insure that our Nation's school children continue to receive the full benefits to which they are entitled under the National School Lunch and Child Nutrition Programs. I believe that the negative publicity that has been generated recently—and which focuses on the most unfortunate elements of the Department's September 4 proposal—has served only to undermine, in a most unfortunate and irresponsible way, the public image and continued support for these programs. I have to question whether these groups were more intent on trying to undermine the Administration or advance child nutrition. At a time when local school boards and other governing authorities are confronted with making a series of difficult decisions on how best to invest what are necessarily limited resources, national media coverage, picturing the school lunch as an emaciated hamburger, a handful of grapes, and a serving of relish instead of a vegetable, does little to convince local decision-makers that the NSLP and CN Programs are wise investments. Moreover, it has given many parents cause to wonder whether their children should continue to participate in the program; at the same time destroying the appetite of the hungriest youngster. It is an unwarranted insult to the thousands of dedicated school cafeteria personnel who feed our children as they would their own.

Some among us seem to lose sight of the fact that local participation in the National School Lunch and other child nutrition activities is optional. Without strong school feeding programs in every school district—programs which quarantee a free or reduced-price meal service, youngsters from low-income families who can least afford it will suffer the most.

Recently, at the invitation of Mrs. Elizabeth Cagan, Director of the New York City Office of School Food Services, I had an opportunity to visit a national school lunch program in operation at the Benjamin Franklin High School in Harlem. This experience is one that I shall not forget—for I believe that it was the national school lunch program operating at its very best. An excellent and varied meal service is provided under the supervision of Ms. Lorraine Chambers and her hard-working staff. But there is much more at work here. Thanks in large measure to Assistant Principal Eugene Brown's total commitment to making the school lunch program an integral part of the overall learning experience at Benjamin Franklin, the lunch program has served as an important vehicle for practical learning that will prove invaluable to these students when they enter the job market. With a student nutrition committee taking the lead, the Benjamin Franklin student body is involved in and must assume major responsibilities for all aspects of their lunch program or "Energy Factory" as they have named it. For many Benjamin Franklin High School students, the school lunch program has been the vehicle for a renewed interest in their education, school, and community and a key element in their personal pride and self-development.

In closing, Mr. Chairman, I would very much hope that other Members of this Subcommittee will have an opportunity to personally visit National School Lunch success stories like that of Benjamin Franklin High School in New York City.

What we here in this Committee have done to date will work if allowed to. Revised meal pattern requirements must be brought forth soon if we are to accomplish our desire to cut plate waste and achieve the savings we set out last January to obtain. These programs are working and will continue to work if we will provide support to those who implement these programs at the local level.●

UNIFORM PORT USER FEES

HON. ROBERT T. MATSUI

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. MATSUI. Mr. Speaker, a Senate Committee recently reported a bill which would require that each port in the country pay not only for the landside facilities which have been the ports' traditional responsibility, but also for the dredging work in its harbor and channels, which has for 200 years been the responsibility of the Federal Government.

In response to this type of approach, the U.S. Port System Advocates, a group of 53 ports from every part of the country, has prepared a short paper on the question of port-specific vs. nationally uniform user fees to pay for harbor construction and maintenance. I would like to share that paper with my colleagues. It raises serious questions about the national implications of creating new and unbalanced competitive elements in an industry which is already as competitive as it is vital.

THE CASE FOR UNIFORMLY APPLIED DREDGING USER CHARGES

In their concern for cutting the federal budget, the Administration has put forward proposals that would break the 200 year old partnership between the federal government and local interests that created a national port system. This system did not come about by chance, but as the clear-cut objective of a determined effort to satisfy very basic national economic and military necessities. Open, operable seaports are invaluable to defense in peace and war.

While few can argue with the need for attention to our economy, how the new relationship is structured must be tested against a number of critical questions:

Should the procedures favor those ports previously dredged with federal funds as opposed to those that require dredging in the future? Can the country do without many of the smaller and newer ports for its national defense? What effect will the concentration of cargoes in a fewer larger ports have on the landside transportation system? What motivation would smaller and newer local port authorities have to undertake long term financial obligations for the benefit of the commerce of landlocked states or the national defense needs? If the procedure leads to the demise of a port, what happens to the sizable public and private in-

vestment in place and the outstanding public debt? Are not private industries with major investments at ports entitled to protection against high dredging fees? Does not the procedure installed need to be workable and equitable to all users? Must not the procedure be designed to avoid balkanizing the port system? Is a user fee nationally imposed a tax whereas one imposed locally not considered a tax? Likewise, why would one be a violation of the General Agreement on Tariffs and Trade (GATT) or the Constitution whereas the other would not?

It is not a matter of perception whether the payer of a federal uniform user charge is the user of a previously federally dredged channel or the user of a local port? With a port-specific charge, to what extent would those shippers with a high ability to pay shape the port system of the country to meet their needs and affect all shippers and other users?

UNIFORMLY APPLIED CHARGE

The imposition of a uniformly applied user charge collected by the federal government would preserve a port system that has been shaped by demonstrated need. The charge would be assessed upon all vessels and/or cargoes at rates that reflect a balance of ability of each to pay, the need for funds and the prevention of diversion of cargoes. These factors would need to be reviewed from time to time to keep up with changing transportation technology and world trade factors.

The disposition of funds from a uniform charge would remain with Congress. The appellation of "pork barrel" notwithstanding, Congress can take much credit for the creation of the world's finest port system with a modest outlay of federal funds,

PORT-SPECIFIC RATES

The other system proposed would place the burden on the local port authority to finance all or various amounts of required dredging work. The local port would then be permitted to charge fees as it saw fit to meet its financial obligations. At the least, this will lead to varying charges as well as a variety of methods of meeting the obligations. Included would be those few ports that being blessed by nature, would require no fees because it required minimal dredging.

The most immediate result of such a user fee would be a disruption of cargo movement in this country. It is fact that the movement of waterborne cargoes is highly flexible and rate sensitive. Shippers are in a position to seek out the best possible rate structure and take advantage of it. This complete mobility combined with the varying user fees to be imposed by ports under the port specific concept, will clearly divert cargo from small, new, or otherwise less developed ports to the large, previously developed or less costly ports. As cargo totals fall off and dredging costs remain the same, the smaller ports would become even less competitive as user fees are increased on a regular basis.

Shippers attempting to compete among themselves, would face the prospect of their competition enjoying a more favorable dredging user fee due to proximity to a port requiring less dredging. It is important to note that such an advantage would not be the result of any astute business strategy, but by legislative mandate alone. Furthermore, consideration must be given to the shipper forced to deal with port rates which will change with the rise and fall of tonnages as measured against dredging costs.

DESTRUCTIVE FORCES

The perils of a shipper tied to a particular port by a large fixed investment (e.g., an industrial plant or a grain elevator) certainly cannot be overlooked. It would seem that industries with such investments should be protected against high dredging fees, since it is doubtful the government can afford to displace them.

The concentration of cargoes at a few large ports would also threaten the landside transportation system (rail, highways, barge networks) already in place to serve long-standing transportation needs. Indeed, if the future of the smaller ports themselves is in doubt, it is reasonable to wonder what will become of the very sizeable public and private investment in port facilities now existing. The long-term debt incurred to build such facilities would remain outstanding with insufficient revenue, if any, to satisfy obligations.

In addition to this, with an uncertain future, there would be little justification for smaller ports to assume any new debt for the purpose of improving cargo-handling capabilities. The effect on the economic development of their service areas would be far-reaching. The displacement of port-related employment can only further complicate the displacement of people to the large population centers.

OPPOSITION TO UNIFORMITY

Objections to uniformly imposed user charges have been based on suggestions that such fees (1) would be a tax, (2) would be a violation of the constitutional provision against taxing exports of other states, (3) would be a violation of GATT, (4) would result in larger ports subsidizing smaller ones and (5) lack the market place test.

The first three objections seem to imply that administered by local port authorities makes a user charge acceptable but not so if administered by the federal government. At most there might be a technicality which can and should be overcome for the overriding public benefit. Logically the charge is for services rendered and should be just as acceptable if federally administered.

The cross-subsidy argument cannot be supported. Except for a very few ports that enjoy naturally deep water, virtually all ports have benefited from some dredging at federal expense. It is the users of those federally provided channels that would be charged a uniform user fee, not the users of a particular port.

The market place test argument presupposes that the market place is the local port. In reality, for drafts 45 feet or less, the market place is a wide variety of cargoes and shippers possessing an inordinate flexibility in the choice of one port over another. Yet the port must have reasonable means of assuring their ability to meet the financial obligations undertaken to perform the dredging.

FEDERAL INTEREST

The federal interest extends to the international trade of the country, to serve the trade needs of the landlocked states and the national defense (during wartime the government takes over the ports for its cargo handling requirements). These interests alone require that they remain a viable partner in the creation of the port system. If they require assistance in funding its maintenance and development, then the structuring of the user charge should be done in such a way as to protect our national port system and enhance orderly future port development while achieving the goal of federal cost recovery.

CONCLUSIONS

Re-examination of the questions posed in light of the comments above clearly favor the imposition of a uniformly applied user charge. A uniformly applied user charge, assessed upon all vessels and/or cargoes at all ports is the only approach which passes the tests of practicality, simplicity and equity. None of the disruptions of normal business patterns; one of the threats to the very existence of valuable port communities and related public and private investment; no risk of stagnation in future port development; and no destruction of a vigorous national port system in favor of a few regional ports flourishing at the expense of their neighbors would result from this concept of user fees.●

TRINITARIAN SISTERS CELEBRATE 50TH ANNIVERSARY

HON. CHARLES F. DOUGHERTY

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. DOUGHERTY. Mr. Speaker, on November 22, 1981, an event of great significance took place in the Fourth Congressional District of Pennsylvania. At their Motherhouse, the Missionary Servants of the Most Blessed Trinity, a Roman Catholic religious community of women, celebrated the beginning of their 50th year of service to the poor and abandoned of America. The Missionary Servants, now some 400 sisters, labor tirelessly throughout the United States, in Pennsylvania, Alaska, California, Massachusetts, Florida, and Puerto Rico. The sisters remain uniquely committed to the service of those with special needs and difficulties, sharing a message of love. The Missionary Servants of the Most Blessed Trinity live that "volunteer spirit" about which many so lightly speak these days. Their community spirit is a charisma of endless, unselfish giving, in spite of hardship and suffering; and often without evident reward.

Today, I ask my colleagues to recognize with me the work and lives of the sisters who share their lives together as Missionary Servants. "Voluntarism" will never replace the witness of these loving women for the less fortunate throughout America.

MISSIONARY SERVANTS OF THE MOST BLESSED TRINITY CELEBRATING 50 YEARS OF MISSIONARY SERVICE

The Missionary Servants of the Most Blessed Trinity will begin the celebrations of their 50th jubilee year, Nov. 22, with a noon Mass at their mother-house, 3501 Solly Ave. The opening of the year-long celebration will coincide with the 50th anniversary of the death of the order's co-founder, Mother Boniface Keasey.

For the Missionary Servants it is a time to remember their past; to remember the people and events that led them to their Canonical Recognition just 50 years ago.

It was during the early 1900s that Father Thomas A. Judge, a young Vincentian

priest, began working intensely with the laity in New York. He believed that every Catholic should be a missionary reaching out to the poor and abandoned right in their own land. His love of the God and his desire to do God's will grew as time went on.

It was a mission in Alabama that caused Father Judge to call upon the generosity of his lay friends in New York. Aware of the educational needs of some of the children in the parish and the lack of school teachers in the area, he asked these Northern friends for help in opening a school. Although Alabama seemed like half a world away, several made the journey. They came for only one reason: their love of God and their desire to share His Love.

Word spread about this small missionary group, its service and its need for more help. In 1916 a young woman, Margaret Louise Keasey, was told of this missionary activity and joined the group in the south.

Steadily the missionary group grew. Soon the women expressed their desire to become a religious community. Father Judge realized their need for a capable leader and recognized the leadership potential in Lou Keasey. So, on Jan. 1, 1919, he appointed her their first General Custodian and named her Mother Mary Boniface.

Bishops across the country began to seek the help of these Sisters for their dioceses. Women who shared the same commitment as Mother Boniface and Father Judge joined and served in some of those dioceses. There was the conviction that the Church in the United States needed home missionaries to serve their own poor and abandoned.

During these same years a constitution was developed for this young missionary community. This constitution received their approval. Thus, on Feb. 20, 1932, the Missionary Servants of the Most Blessed Trinity were officially recognized as a religious community.

Hardship and sacrifice were continually demanded of the new community. A fire leveled their newly built Motherhouse in Holy Trinity, Alabama, and left them almost penniless. At the invitation of Philadelphia's Dennis Cardinal Dougherty, Mother Boniface and Father Judge moved the Community north to Philadelphia in 1931. On November 22, of that same year, Mother Boniface died at the age of 46 after a few weeks of fighting typhoid fever. Two years later on Nov. 23, 1933 Father Judge died at the age of 65.

In the early years of the Missionary Servants in the Archdiocese of Philadelphia, and even today, the Sisters were involved in the ministry of Religious Education and in serving the immigrant population, especially in south Philadelphia. Often on Saturday afternoons, the Sisters gathered neighborhood children for religious instruction. Linked to that ministry was home visiting, in which the Sisters became more involved with families and family problems and became a very active part of the Missionary Servants' goal.

Today, many of the Sisters staff the Archdioceasan Catholic Social Services, which as the largest non-profit social service agency in southeastern Pennsylvania assists more than 70,000 people annually.

At the time of Canonical Recognition over 200 Sisters belonged to the Community and 35 missions were open.

The 50 years between that time and today mark years of growth, challenge, suffering and joy. They mark years of development for the Missionary Servants passing on the charism of their co-founders to new generations of Sisters. They mark years of expansion and diversity in ministry—from Alabama to California, Pennsylvania, Massachusetts, Florida, Alaska and Puerto Rico; from the first response as school teachers to religious education, social work, parish ministry, health care.

Today there are almost 400 Sisters serving on 100 missions. The Sisters are a part of the Missionary Cenacle Family, sharing the same spirit as the Missionary Cenacle Apostolate, and the Missionary Servants of the Most Holy Trinity (brothers and priests).●

NATIONAL ORCHESTRA WEEK

HON. RALPH REGULA

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. REGULA. Mr. Speaker, today TED WEISS and I introduced a joint resolution which would authorize the President to designate the week beginning June 13, 1982 as "National Orchestra Week."

This Nation's 1,572 symphony and chamber orchestras, more than any other country in the world, are among the finest artistic and cultural resources, bringing inspiration and enjoyment to listeners in nearly every community in the United States.

Last year, more than 23 million Americans attended orchestra concerts, and millions more heard performances on radio, tape, television, and record.

I am particularly proud of my district's orchestra, the Canton Symphony Orchestra and its music director, Gerhardt Zimmermann. Now in its 46th season, the Canton Symphony brings the highest quality symphonic music to Stark County and the surrounding area with a full subscription series of concerts at Umstattd Hall in Canton.

In addition to being an orchestra of outstanding quality, the Canton Symphony serves our community as a total musical resource.

The orchestra helps to encourage additional local arts activity by sustaining a ready pool of talented musicians. As a result, many musical theater, opera, and choral performances have been made possible in the area with the help of Canton Symphony musicians.

The Canton Symphony's successful education program lets schoolage children explore symphonic music for the first time. Last year, the orchestra, with a program of youth concerts, ensemble performances, and demonstrations in the schools, reached nearly 35,000 students in 11 counties.

In addition, the Canton Symphony Orchestra has made special efforts to reach diverse audiences beyond the concert hall. Small ensembles of musicians regularly play free concerts for the elderly and disadvantaged throughout the area, and a chamber orchestra offers performances for the handicapped.

This important outreach effort helps bring the orchestra to those who cannot hear it in the concert hall.

Free Fourth of July concerts by the orchestra have also proven popular. Last summer, 10,000 listeners helped celebrate the Fourth at the Canton Symphony Concert.

My colleagues may remember that here in Washington a crowd of 130,000 heard a congressionally sponsored performance by the National Symphony Orchestra, and millions more watched the festivities for the first time on a nationally televised broadcast.

Residents of my district are also privileged to live in close proximity to one of the world's premier orchestras, the Cleveland Orchestra. The Cleveland Orchestra and its music director, Loren Maazel, have built on a long standing tradition of the highest excellence, with concert series in Cleveland at Severance Hall and during the summer at the Blossom Music Center in the Cuyahoga Valley National Recreation Area, national and global tours, weekly radio broadcasts, and many successful recordings.

Mr. Speaker, orchestras like the Canton Symphony and the Cleveland Orchestra serving their communities and the Nation, justify our praise and recognition.

Representatives of America's orchestra staffs and boards of directors will gather for an annual conference of the American Symphony Orchestra League in Washington, D.C. beginning June 13. I believe designation of this week as "National Orchestra Week" is a fitting tribute in recognition of all the pleasures and benefits our Nation's orchestras offer us.

I urge my colleagues to join Mr. WEISS and me in a salute to America's orchestras by designating the week of June 13, "National Orchestra Week."●

PERSONAL EXPLANATION

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. McDONALD. Mr. Speaker, yesterday afternoon I unavoidably missed two recorded votes. I was paired on each vote but failed to receive a live pair on both. Therefore, I would like to take this opportunity to explain how I would have voted had I been present.

No on rollcall No. 350, the rule under which it was made in order to consider Senate Concurrent Resolution 50, the second concurrent budget resolution for fiscal year 1982. A live pair was received.

No on rollcall No. 351, passage of Senate Concurrent Resolution 50, the second concurrent budget resolution for fiscal year 1982.●

THE PRESIDENT'S DEFICIT

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. LaFALCE. Mr. Speaker, during the last election, the voters were repeatedly harangued by Republican candidates on the subject of Democratic budget deficits. We were told that these insidious deficits undermined the very safety and stability of our economy, snatching the benefits of their labor from the pocket of unsuspecting American workers, and crippling the country with both inflation and disincentives for work.

Now, however, we are told that the future Federal deficit, growing at an alarming rate in each recalculation, is nothing to worry about, that deficit control has never been a top priority with this administration. This is no traditional deficit, we are assured; this is one of those harmless new deficits—a supply-side deficit.

Supply-side deficits are, by definition, self-destructive. Well, if you will believe that argument, I have got a bridge I would like to sell you. I will even finance it—but only at a floating rate, since I am convinced that enormous and continuing budget deficits can contribute to high interest rates.

I would like to call to the attention of my colleagues an article by Hobart Rowen from the Washington Post. The article, reprinted below, points out the huge risks of the administration's new-found tolerance for Federal deficits and outlines the limited options for reducing the deficits.

[From the Washington Post, Dec. 1981]

REAGANOMICS: IT'S TIME FOR A "PHASE II"

(By Hobart Rowen)

For weeks now, it has been clear that a deepening economic recession is making hash out of the Reagan administration's economic game plan. Not only was the prospect of a balanced budget in fiscal 1984 so ludicrous that it had to be abandoned by the president, but the size of the deficits ahead began to assume frightening proportions.

Three sets of numbers tell a grim story. In July, the Office of Management and Budget delivered these budget deficit estimates, which assumed there would be no serious recession: Fiscal 1982—$42.5 billion; fiscal 1983—$52.7 billion; fiscal 1984—$44.2 billion.

As unemployment climbed and factory output fell, OMB revised its data so that, by November, it has changed its internal projections of the deficits as follows: Fiscal 1982—$96.7 billion; fiscal 1983—$126.5 billion; fiscal 1984—$145.7 billion.

And this week, the OMB, basing its estimate on an assessment by the Council of Economic Advisers, upped the deficit this way: Fiscal 1982—$109.1 billion; fiscal 1983—$152.3 billion; fiscal 1984—$162.0 billion.

Thus, in the space of just a few months, the administration was forced to admit that the deficit for the current fiscal year had doubled. And the three-year budget outlook has exploded from a cumulative deficit of $139.4 billion to $423.4 billion, mostly because of recession and to a lesser degree because high interest rates had swelled the cost of financing the national debt.

Each percentage point increase in the unemployment rate automatically boosts the deficit by about $25 billion a year because revenues fall off and unemployment payments soar. But the Reagan administration is standing pat. Beyond abandoning the impossible balanced budget goal for fiscal 1984, the president is clinging to what is surely an untenable do-nothing position.

On Dec. 3, Economic Council Chairman Murray Weidenbaum, while assuring that the huge budget deficits are not regarded with "indifference," had this to say:

". . . the president's program plus the built-in stabilizing elements in the federal budget are ample assurance that the appropriate policies for dealing with the near-term situation, as well as the long run, are already in place, 'baked into the cake,' if you wish. That they also happen to be the critical elements in achieving our long-term objectives is not simply coincidence, but a reflection of their fundamental soundness."

Baloney. The notion that an all-wise administration has established an all-purpose program, good for all eventualities, short-term as well as long-term, just won't wash. It is greeted with dismay in the business world, which believes that if the administration hasn't lost its senses it will respond with a "Phase II" of Reaganomics in January. Phase II would recognize that no president can send an official budget forecast to Congress incorporating anything like the new budget deficits for fiscal 1983 and 1984.

They can't be brushed aside, as Weidenbaum and his colleague, William Niskanen, tried to do this week by suggesting—inaccurately—that deficit control was never a top priority in the Reagan campaign, and that besides, deficits aren't too damaging to the economy.

As an influential outside adviser to the administration told me: "They are going to have to come to grips with the deficits. They can't do anything about the current fiscal year, but they must make deeper cuts in the entitlement programs, or reduce the big increase in military spending, or raise taxes—or some combination of these things"

Of course, this is what David Stockman was saying in the now-famous Atlantic Monthly article. But it is the reverse of what the supply-side "loyalists," led by Treasury Secretary Donald T. Regan, have been telling the president.

The real question is how long Reagan and Regan will cling to a no-tax-increase position. The well-publicized fears of local and state Republican officials, such as Gov. Richard A. Snelling of Vermont, that social program cuts have already gone too far show clearly that basic repairs must come through tax increases and Pentagon budget reductions.

No one is arguing that taxes ought to be raised in recession year 1982: in this respect, everybody seems to be a Keynesian, including—unwittingly—the supply-siders, who are anxious to accelerate the mid-year 1982 stage of the Kemp-Roth tax cut, which is nothing more than an old-style, Keynesian tax reduction.

But if the economy does get over recession, and is expanding in fiscal 1983 and beyond (as Murray Weidenbaum is forecasting), Reaganomics, unaltered, could touch off the kind of Draconian Federal Reserve policy that will make a 20 percent prime rate look cheap.●

THE STOCKMAN ARTICLE

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington report for Wednesday, November 25, 1981, into the CONGRESSIONAL RECORD:

THE STOCKMAN ARTICLE

Budget Director David Stockman's comments in a magazine article on President Reagan's economic program have dominated conversation in Congress this week. The article is a fascinating piece of political literature, based as it is on 18 candid interviews with the nation's top budgetary officer from December 1980, to September 1981.

Mr. Stockman's many statements add up to a stunning confession that the Reagan program cannot work. The heart of the program is the idea that huge cuts in taxes and spending will increase government revenues, eliminate budget deficits, stimulate growth, and halt inflation; yet Mr. Stockman says, "I've never believed that just cutting taxes alone will cause output and employment to expand." One wonders at Mr. Stockman's willingness to pretend in public about the adequacy of the program when he believes that it is inadequate. Mr. Stockman has been saying privately that the budgetary numbers are chaotic and uncertain, but he has been using them in public with great assurance. The admission of ignorance about the data is especially distressing. Mr. Stockman confesses that "none of us really understands what's going on with all these numbers." He states that the President's own numbers are constructed on shaky premises which, at bottom, do not add up. Time and again, Mr. Stockman is quoted as saying that the administration's budgetary projections are unreliable. There is, he notes, "less * * * than met the eye" to the $35 billion in cuts enacted last summer. Deficit projections have been made "by hook or by crook, mostly the latter."

When budgetary rhetoric produces such dramatic claims from all sides, it is deeply disturbing to hear that the numbers have been conjured up. There is a tone of desperation in Mr. Stockman's comments as his high hopes for the economy are overwhelmed by the reality of an unforeseen recession and the prospect of enormous deficits which will again drive interest rates up.

For months, opponents of the Reagan program have charged that it is tilted toward the wealthy. Mr. Stockman acknowledges the tilt when he says that the cutting of taxes across the board is a "Trojan horse" designed to make the reduction of maximum tax rates for the wealthy politically acceptable. He also acknowledges that by permitting the biggest share of the tax cut to go to the wealthy, the Reagan program espouses a subtler version of the old "trickle down" theory of economics.

Most of the deficiencies of the budgetary process are plainly revealed in the article.

Acknowledging that the power of organized groups is stronger than even he has realized, Mr. Stockman says that "unorganized groups can't play in this game" and that "weak clients" suffer for their weaknesses. He admits accepting projects he has long criticized because they are supported by powerful legislators whose backing of the budget is essential. Illustrating the government's short-term perspective, he rejects long-term reform in social security because he is "just not going to spend a lot of political capital solving some other guy's problem in 2010." He admits that the Defense Department has been handed a "blank check," that his subordinates have not given its budgetary estimates the usual scrutiny, and that "the defense numbers got out of control." The pressures of time on top policymakers are exposed when he says, "I don't have time, trying to put this whole package together in three weeks, so I just start making snap judgments." He also says, "the thing was put together so fast that it probably should have been put together differently . . . we were doing that whole budget cutting exercise so frenetically . . . we didn't know where we were ending up for sure."

The illuminating statements of the budget director show a sensitive, intelligent man overwhelmed by the difficulty of the budgetary process, assailed by doubt about the complexity of the decisions to be made, aware of the insufficiency of the data, and frustrated by the thought that neither he nor anyone else really understands what has been happening. His statements show that even a budgetary reformer dedicated to radical change who starts out from a solid base in policy can be engulfed in the political "horse trading" of organized interest groups as he loses the fight for a lower deficit. "Do you realize," he says, "the greed that comes to the forefront? . . . The greed level, the level of opportunism, just got out of control." The statements also show him losing the battle within the administration for a cut in military spending. He accusses the Pentagon of "blatant influences, poor deployment of manpower, contracting idiocy," and $30 billion in waste.

The President's decision to retain Mr. Stockman after the embarrassing article is a political gamble. One can only conclude that the President considers Mr. Stockman an indispensable member of the economic team. Mr. Stockman has been the principal spokesman of the Reagan program, yet it is doubtful whether he can remain a persuasive proponent.

In the end, perhaps our judgment of Mr. Stockman should not be too harsh. He is a capable and important member of the President's economic team even if his usefulness to the President is not as great as before. Mr. Stockman has given opponents powerful ammunition to use against the President. He has surely increased the vulnerability of the Reagan program. However, if we understand that we have ahead of us an awesome struggle to get the budget under control, and if we recognize that all of us could be a bit more humble with respect to the economic theories we so confidently toss around, then maybe the education of David Stockman can be our education.

Finally, I think that the President should be worrying less about Mr. Stockman and more about the economy. As attention is refocused on consideration of the budget in Congress, I hope that we will not fail to see that behind the numbers and computer projections are real people with real problems. These people and their problems—not economic and political abstractions—are what the budgetary process is all about.●

EL SALVADOR

HON. BARBARA A. MIKULSKI

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Ms. MIKULSKI. Mr. Speaker, on several occasions, I have spoken against what is happening in El Salvador. My recent trip to Central America and my thorough study of the situation in El Salvador has convinced me that the El Salvadoran Army is brutalizing and murdering thousands of innocent men, women, and children. I urgently believe that the United States must rethink its foreign policy in this country.

In this regard, I would like the following article inserted in the RECORD for the benefit of my colleagues. It was written by William Hughes, a respected Baltimore lawyer, and it appeared in the Baltimore Enterprise newspaper on November 26, 1981. I think it is a good description of the horror of the war and the misdirected policies in El Salvador.

[From the Enterprise, Nov. 26, 1981]

BILL HUGHES' COMMENTARY

The Country of El Salvador in Central America is at war. But the war is not against a neighboring nation. The war is against its own people and the Roman Catholic Church. Since 1979, 22,000 of its citizens have died in a bloodbath unprecedented by even Latin America's grisly revolutionary standards. Among the dead have been one Roman Catholic Archbishop, 10 priests and four nuns. None of the murderers of the religionists have ever been brought to the Bar of Justice by the State authorities.

The Catholic Church's "crime" in El Salvador has been that she has fully identified with the plight of the beleagued poor. According the the Sojurners' Magazine, El Salvador is "both the smallest and most densely populated country in Latin America, with 4.8 million people living in an area the size of Massachusetts. Two percent of its population owns 60 percent of the land, with 75 percent of export earnings in the hands of 200 families—Unemployment is at 50 percent, and is the highest in the Continent; 90 percent of the people make below $100 per year.

One of my earliest memories of my childhood was my learning, in Our Lady of Good Counsel School in Locust Point, of the fine missionary work being done in Central and South America by the Maryknoll Order.

Recently, at a sparsely attended public meeting held at St. Mary's Star of the Sea Parish hall, I listened to Sister Joan Petrik, a Maryknoll nun, recount her moving and painful experiences as a result of her eight years of toiling in the vineyards of El Salvador. She worked with the indigenous peasant population in the areas of literacy, health, community welfare and political education.

"I knew I had a missionary's vocation while I was still in grade school in Overlea," said the 53-year-old nun who was also a 1946 graduate of Seton High School. Her hair is starting to turn white. She stands a little over five feet, five inches tall on an evenly proportioned frame and her eyes are light blue.

She speaks softly but with deep feelings of her recent memories. Her face is full of character and expressive of her committed Christian love for all of God's children.

Sister Joan Petrik, of Bohemian ancestry, has witnessed the effect of the violence of the right wing death squads and the absolute terror of a country truly under siege from its own military forces.

NO MIDDLE GROUND

In the ongoing battle between the political right and the left, Sister Petrik says there is "no middle ground." She was a friend of the four female missionaries brutally slain on December 2, 1980, as well as the late Archbishop Oscar Romero and the Jesuit, Father Rutilio Grande, the first priest slain in El Salvador.

She described Father Grande as "the most loved priest in El Salvador."

She recalled, with admiration how the courageous Archbishop Romero "spoke out about the repression, the atrocities by the military. Even though he knew he was signing his own life away when he wrote then President Jimmy Carter urging him to cut off all military aid to the Junta running the country."

AS A PEOPLE

Sister Petrik continued, "if we ignore those who suffer, then we will be condemned for it. The people of El Salvador do not want to sell their country to the Russians but they do want to establish their own identity as a people."

Sister Petrik believes our own country is making a serious foreign policy mistake by seeking a military solution to a problem that is really political and economic. In 1981, despite the continuing cruel repression, the Reagan Administration approved $5.7 million in military assistance to the junta.

The former distinguished Ambassador to El Salvador, Robert White, who was fired by Secretary of State Alexander Haig, also thinks our policy is a mistake. According to the New York Times of March 8, 1981, he called some of the militarists in El Salvador to be "the most out of control, violent, bloodthirsty men in the world."

LA prestigious international study group headed by Willy Brandit of West Germany has recently called for the U.S. to end all military aid to the junta and for a negotiated end to the hostilities.

Archbishop Romero prophesied, just before his assasination, while saying Mass at a hospital "if I am killed, I will rise again in the people of El Salvador."

When I heard the words of Sister Petrik, I was proud to be a Catholic and of this noble struggle of the Church. I am confident the vision of that great martyred Churchman will indeed live on after him. And also that an awakened and outraged American people wil demand an end to our discredited and immoral foreign policy towards El Salvador and its embattled people.●

1982 "YEAR OF THE EAGLE"—A TRIBUTE TO AMERICA'S MAGNIFICENT, NATIONAL SYMBOL

HON. JOHN LeBOUTILLIER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. LEBOUTILLIER. Mr. Speaker, June 20, 1982, will mark the 200th anniversary of the bald eagle as the national symbol of the United States of America.

It is with great pride that I offer these remarks to acknowledge both the symbolic and natural importance of this magnificent creature, and regrettably, call attention to the threatened extinction of this symbol of our national heritage.

Millions of Americans would be shocked if they realized the extent of damage to the bald eagle caused by guns, pesticides and habitat destruction.

During this time in the history of America when we are experiencing a rebirth of patriotism, we must rededicate ourselves to protecting the abundance of natural beauty which contributes so much to the grandeur of our blessed land. We must take up once again the sincere commitment to respecting and preserving natural resources in the same manner as advocated by America's great conservationist President, Theodore Roosevelt.

Eagle Valley Environmentalists, Inc., have planned a wide range of activities in 1982 designed to call attention to the American bald eagle. They have asked President Reagan to proclaim 1982 the "Year of the Eagle."

I urge my colleagues to similarly work toward this yearlong recognition of our national symbol.

The symbols of American enterprise and liberty are, in many respects, as important as the principles themselves, and as such, are deserving of similar respect and protection. America and her symbols are beacons to millions who seek freedom from oppression.

Both should be revered and protected for future generations. I wish the organizers and supporters of the 1982 "Year of the Eagle" project much success.●

HAPPY (?) BIRTHDAY SUPERFUND

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. LAFALCE. Mr. Speaker, superfund is 1 year old today.

The signing of the superfund law on December 11, 1980, by then President Carter, had a special significance for me and the people of western New York. The crisis at the Love Canal provided the catalyst that drove the Congress to pass the law. It was a long hard drive. I joined several of our colleagues in the House and Senate who introduced superfund proposals in 1978. Mr. Speaker, at that time we did not fully anticipate the obstacle course that lay ahead, and that we are still negotiating.

The size of the superfund was reduced from the original proposals to secure congressional passage. Those of us who argued that $5 billion was needed to fully address the problem of abandoned hazardous waste disposal sites throughout the Nation, heralded passage of the $1.6 billion trust fund as a milestone in the Federal Government's response to the toxic time bombs that dot the American landscape. In speeches on the floors of the House and Senate we declared that the superfund could help insure that the Love Canal nightmare would not be repeated.

In the privacy of our offices, however, doubts remained. We recognized that the success of superfund would rest largely on the Federal Government's commitment to the program. Not just a commitment of dollars, but a commitment of vision and purpose and effort. The Congress authorized $1.6 billion for cleanup, but we really did not know what cleanup entailed. Did it require removal of hazardous wastes from existing dumpsites, or the isolation of those sites from the surrounding environment? We directed the Federal Government to provide answers to the often unanswerable question: "My family lives near a dump site; are we safe?" In short, we entrusted to the Environmental Protection Agency and other members of the so-called national response team the task of turning our collective chest pounding into real accomplishments.

Over the past year, these doubts have been intensified. Upon taking office, the Reagan administration cut the 1982 superfund by 20 percent. According to data compiled by the Environmental Protection Agency, the $50 million budget cut means that 600 fewer site inspections, 30 fewer emergency site actions, and 20 fewer enforcement actions will be performed in 1982. Superfund was not spared from the administration's second round of budget cutting in September, when the President requested an additional $24 million cutback in the program. Ironically, the new proposal for an outlay of $176 million in 1982 is only 60 percent of the total industry contribution for the year. That is right, industry, which is providing 87.5 percent of the money for the superfund, will contribute $298 million in 1982, but the administration only plans on spending a total of $176 million.

Why? By happy coincidence, the administration has a snap response: "We are not yet sure how or where to spend it all, so why add to the burgeoning Federal deficit?"—now estimated by administration economists at $109 billion for 1982. As is the case with most snap responses, it is only a half-truth.

In July of this year, the EPA announced that it would spend $4 million on part 1 of its plan to clean up the remaining poisons in Black and Bergholtz Creeks, and the sewerlines at Love Canal. And there are other well documented sites throughout the Nation at which remedial actions are taking place.

On October 23, amid much fanfare, EPA announced a list of 114 top priority sites which are candidates for inclusion on the list of 400 national priority response targets that the superfund law directed the Agency to identify and publish as part of the national contingency plan. These are, again, well-documented sites awaiting remedial actions.

The national contingency plan—the document that will detail methods for identifying and investigating abandoned dump sites, establish cleanup priorities and standards, and specify the division of responsibilities among the Federal, State, and local governments—is now almost one-half year overdue.

This is most perplexing when one considers that the Carter administration began drafting the national contingency plan before the superfund bill was signed into law. When Administrator Anne Gorsuch arrived at her EPA office in May, after directing the Agency from her office in the Interior Department building for 3 months, the draft NCP was ready for her review. She, apparently, had many disagreements with the draft including, most importantly, the issue of "how clean is clean." The superfund office at the EPA had decided that cleanup of abandoned waste sites should bring those sites up to applicable, existing environmental standards. Not a bad idea, if implemented. We would certainly want any waterways that were contaminated with hazardous wastes to be cleaned up to meet the standard we impose on all waterways.

Reports now indicate that the national contingency plan will not be finalized until the summer of 1982. At that time EPA will have to abandon its shoulder shrugging and administer the superfund with the commitment that the Congress intended.

Mr. Speaker, it is always a good idea to have a little fun on your birthday. Unfortunately, in this case, the comedy is black. While the administration continues to cut the superfund, and the Environmental Protection Agency reviews, repeals, rewrites, and reevaluates the national contingency plan, the public health and the envi-

ronment continue to be threatened at over 2,000 sites throughout the Nation. There will come a time for cutback and withdrawal, but none of us in our wildest dreams felt that we would celebrate superfund's first birthday with a party to retrenchment and uncertainty. None of us believed that the year would be marked by five steps backward instead of five steps forward.●

EULOGY TO MURDERED FRED YODER

HON. EUGENE JOHNSTON

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. JOHNSTON. Mr. Speaker, the city of High Point has recently lost one of it's leading citizens in a tragic and senseless murder.

Fred Yoder was a respected businessman and a pillar of the community. Today, I would like to introduce into the RECORD part of the eulogy to Fred, given by High Point Mayor Bob Wells, which expresses so well the sentiments of the community deeply saddened by his loss.

EULOGY TO FRED YODER

We are gathered today in memory of Fred Yoder and in respect and love for him and his family.

In a very real sense we do not mourn for Fred. We mourn our loss. We sympathize with the sorrow of those who are sad, and we look for the good things to give us comfort. There is much worth remembering about Fred Yoder.

Fred was son, husband, father, grandfather, brother, uncle, and friend. He was a community leader. He was a city councilman. He served on many boards and commissions.

His honesty, his integrity, his forthrightness, his sense of humor, his kindness, his helpfulness, his courtly manner, his distinctive speech and way with words all composed the warm, compelling personality that so attracted and held us to him.

Fred loved politics. His personality and passion for politics made him a natural political leader whose advise and support was highly valued and often sought. He conferred with governors, congressmen, mayors, and people from every walk and station in life.

Fred was a politician in the best and most noble sense of the word. He knew how to compromise, but never on principle. He was a fence mender and a bridge builder who brought differing people and points of view together. His special skill was that he was able to oppose a person's point of view while conveying full acceptance of the person who held that view. He knew how to disagree, agreeably.

With his keen mind and gift for language he spoke with power and conviction to issues he cared about. You could never ignore with any degree of intellectual safety Fred Yoder's point of view.

In a true sense we do not pay our last respects to Fred today. Because in our remembering of what he said, and what he did, and what he felt, and what he shared with us when he was with us, we find the things that link us to him. And in our remembering of those things we will keep on paying respect to him.

Today we mourn our loss. We will miss him tomorrow and tomorrow. We will miss the force and vitality of his presence, his wise advise, his quick laugther. We will miss his reaching out to touch us with that special brand of understanding, caring, and loving.

He would not want us to be sad, but just to remember him the way he was.

God bless this good and decent man.●

THE WEEK THE GOVERNMENT STOPPED

HON. LEE H. HAMILTON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. HAMILTON. Mr. Speaker, I would like to insert my Washington Report for Wednesday, December 2, 1981, into the CONGRESSIONAL RECORD.

THE WEEK THE GOVERNMENT STOPPED

With increasing regularity, Congress and the President have failed to enact spending bills by the beginning of the new fiscal year. Time and again, they have failed to meet the deadlines which govern spending for federal activities. This past week, for the first time in history, all agencies ran out of money when a stopgap financing law expired at midnight on November 20. President Reagan moved in immediately to shut the government down. It was the week the government stopped.

It is instructive to review the background of the impasse which led to the shutdown. Congress' failure to complete action on the regular appropriations bills (the House has passed 12 of 13, the Senate six of 13) made it necessary to consider stopgap financing (in budgetary language, a "continuing resolution") to keep the government in business. Six months after submitting his budget request and two months after Congress approved his spending and tax proposals, the President insisted that Congress trim another $8.5 billion in spending from the continuing resolution. Later, he said he would accept half that amount. When Congress passed a continuing resolution which the President said did not cut enough, he vetoed it. Most agencies began to furlough "non-essential" employees under an 1870 statute which tells government managers, in effect, that if Congress has not provided the money then they cannot spend it. The impasse was temporarily broken a few days later when Congress approved, and the President signed, a continuing resolution extending current levels of spending to December 15. Since the underlying budgetary problems have not been resolved, another impasse could come in three weeks.

The blame for the impasse must be shared by all concerned. The President believes the free-spending Congress caused it, and he complains that Congress' inaction left the country without a budget for 14 months. Every member of Congress would agree that the late-night, last-ditch legislating of the past week is a poor way to operate, but other reasons are offered to explain the delay in enacting regular appropriations bills. The House has done almost all its work, but the Senate has kept more than half the regular appropriations bills off the floor because it has been unable to agree with the President on his request for a new round of spending cuts. In fact, the Senate leadership told the President that he should not seek a new round of cuts so soon after the bruising battles of last summer. So the President blames Congress, and Congress blames the President.

By shutting down the government, the President demonstrated his determination to control federal spending. My guess is that his action was good politics—that it played well in the country—and that he wanted to show he would be tough in negotiating spending cuts next year. After a run of bad economic news, the President almost certainly concluded that he had to "take command" of the budget process. The cuts he won with his veto of the continuing resolution were surely not as important as the symbol of a resolute stance against spending. In addition, they were not large enough to have much effect on the 1982 deficit, which is now likely to exceed $80 billion because of the recession and the huge tax cuts. It is hard to see why a continuing resolution which came down to a difference of one-half of 1 percent caused such a fuss.

Throughout the debate on the continuing resolution, there was much confusion about the underlying budgetary figures. The President contended that the continuing resolution was far over his budget. Congress argued that it was under both the President's budget of March and the budget resolutions which he had supported. The dispute was eventually narrowed to a single issue: whether the continuing resolution was over the President's modified budget of September. Congress thought it was very close, but the President believed the difference was larger.

The sources of disagreement were many. The President may have misread the continuing resolution, anticipated the passage of bills which Congress did not, and used different economic assumptions. Moreover, errors in calculation were easy to make because there were so many separate programs in the continuing resolution, and separate calculations had to be made for each one. Finally, no accord was reached on the programs to be classified as discretionary, and thus subject to cuts, and the programs to be classified as entitlement, which go up automatically with inflation and increases in the population.

Having just gone through this divisive struggle, I have the strong impression that we must avoid legislating budgets with the threat of a shutdown of government hanging over us. Good legislation cannot be passed in such conditions. Unfortunately, stopgap financing has beome the focus of too many disputes because Congress has fallen behind in its consideration of regular appropriations bills. We are using continuing resolutions for long periods of time, yet they should be used only when emergencies arise. We are using them to fund almost all government activities, yet they should be used only in isolated instances. The danger is that the continuing resolution will take the place of the regular appropriations process, yet it has none of the legislative safeguards the latter has.

The deadlocks which have plagued the budget process in recent years reflect structural weakenesses in the process. With four money committees and two budget committees, several stages of consideration, and dozens of votes, the process has become unwieldy. These weaknesses must be corrected. An issue of policy makes matters worse. At

the root of the impasse which shut down the government is disagreement between Congress and the President on the segments of American society which should bear the burden of the spending cuts. Until a broader consensus on this issue is reached, Congress budgetary troubles are likely to continue despite all efforts to reform the budget process.●

THANKSGIVING IN ROCKVILLE CENTRE, N.Y.

HON. RAYMOND J. McGRATH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. McGRATH. Mr. Speaker, I am pleased to insert in the RECORD a Thanksgiving address delivered by Martha Smith, trustee of the village of Rockville Centre, N.Y. While her remarks are directed toward one particular community, I am sure all of us have similar feelings about the communities in which we live or represent:

THANKSGIVING IN ROCKVILLE CENTRE

This is a happy time of the year and we are here to talk to you about our very own wonderful American Holiday—Thanksgiving 1981—and why we are thankful to be living in this great village of ours—Rockville Centre.

I have been reminded that a good speech, like a woman's skirt should be long enough to cover the subject and short enough to create interest. What we are going to do, is to consider some values. What would your answers be, if I were to ask these few questions?

What are you most thankful for today? What makes living in this community, special from all other Villages? You have made Rockville Centre your own hometown. This village plays a vital part in your life.

Thinking about it right now, and on Thanksgiving, what superior advantages do you and your family enjoy? What quality of life do we, our children and our grandchildren find here? And why is it, that many of our young people want to return to make their homes here again so that their children will have the same opportunities?

When I ask these questions of our longtime Villagers, or of our newly arrived families there is an infinite variety of response. Among all, there is one unanimous answer, "Rockville Centre is special because of the people who live here"—It is a caring community and that, in itself, is a special reason to be thankful.

There are many of us here tonite who share a common bond. We've lived here a long time, some of us for fifty years or more. We have longtime friends and neighbors, who have seen this village grow and develop. Our pride is justifiable. Now, we have many new friends and neighbors, and it is you and you and you who make this Village Alive—It is people who create our history. It is people who have planned with vision to provide us with the benefits, which we and our families enjoy. As someone has said, "If we stopped to think more, we would stop to thank more."

Do you remember the satellite picture in Life magazine, taken during the Great Blackout? The one small white glow on the Eastern Seaboard was Rockville Centre. The lights did not go out here. It was the only place, the only village, where there was light and it shone like a beacon.

As we look around us at this point in time, we see it still as a beacon, a very special place to live. It is a community where people of all generations can meet in congenial groups, where there is involvement in programs that support a healthy family life, reaching out to our children—our young homeowners—and to our Seniors. In our present day society, there is a welcome trend to appreciate the extended family. In many instances, we have 3 and 4 generations of one family living here, in the Village. We are thankful that they have available to them—good housing, private services, providing stability and safety, with our own police force and the security to our homes of a dedicated and efficient volunteer fire department. We have our own municipal power plant, since 1890, still with the lowest rates in the area. Since 1895, we have our own municipal water department with the best drinking water anywhere, at the lowest cost to the consumer.

In 1969 Preston R. Bassett and Arthur L. Hodges, former village historians completed a history of Rockville Centre, preparatory to celebrating our 75th anniversary, as an incorporated village since 1893. It is enjoyable reading, beginning with the period, when the first settlers came to this area about 325 years ago. The history continues with the building of the grist mills along the banks of Mill River by the DeMott family in 1710, the Revolutionary War period and with Rev. Mordecai "Rock" Smith, the enterprising miller and outstanding citizen for whom this Village was named in 1849. We read about the courage and resourcefulness of the Sea Captains from New England, who settled here in the last century. Their motivating forces in the building and development of the Village were: religion, education and public service. I found it of particular interest that the Rockville Centre Village Board had its first meeting on July 15, 1893.

As the years progressed, we follow the evaluation of our government and outstanding public services, made possible through the efforts of the later pioneers—men and women who have helped make Rockville Centre what it is today. Let us give thanks for these pioneers, who built the foundation for all we enjoy in this well-loved village.

Let us give thanks, for our beautiful Churches and Synagogues, serving 16 major religious denominations. Let us give thanks for our fine schools and recreational programs, for the athletes' fields and park for our children and their parents. Our people have a great appreciation of family and a deserved sense of pride in their well-kept homes and the many beautiful tree-lined streets.

We are thankful for our community-based health planning, which has given us a superior medical care system with fine hospitals, health facilities, outstanding in the quality of service they provide. That's a great deal to be thankful for. Many of our people work as volunteers, devoting hours of their time and energy in helping the disadvantaged, the handicapped, the frail elderly and at crisis intervention centers. The other day, one of these hard-working volunteers said to me and she said it very happily, "You know, you can't do anything about the length of your life but you can do something about its width and depth." In our growth as a modern community, in tune with the needs and aspirations of many people, we are enriched by other cultures. We have many villagers from different backgrounds, who are seeking to establish themselves here, as many of us have done and as our pioneers did in the not too long ago. We are thankful that since the founding of this village, it has always been a place, where people have come, seeking freedom, peace and the right to make a better life for themselves. We all want to live good lives. Last week we heard President Reagan say "Government exists for the convenience of people and to provide as a living reality, peace and security for all. The other day, I asked several of our longtime distinguished citizens—"What is there in this Village, that you are most thankful for this Thanksgiving Day 1981?" One said in reply "Good local government" and went on further—"Our government in Rockville Centre provides us with a quality of life which has been achieved through progressive leadership and a responsible spirit."

With a sense of obligation, our village government effectively protects and cares for its residents. We can be thankful, certainly, for a quality of leadership, which is also committed to financial stability. Today, our citizen committees represent a cross-section of the community. Our Guild for the Arts provides us with a Fine Arts Program, which revitalizes the cultural life of our village. Our merchants tell me that there is a resurgence in the business community, through incentives provided for economic growth and the Beautification and Light program. Rockville Centre is in the forefront with rent stabilization, tax exemptions for Seniors and a Housing Authority. There are many residents, who are very thankful today for these special benefits.

We are a unique community.

In the past year, as a Village Trustee, I have had the privilege of meeting and working with many different people. I continue always to be amazed at the variety of cultures, of backgrounds, the variety of interests and the variety of talent throughout our village. I find this to be one of the most revealing learning experiences of my service in public office. I am very thankful, too, of that opportunity.

Let me share one last thought with you. When Rev. Mordecau Rock Smith looked out at the Great Woods and on his grist mill and the land it stood upon, he must have offered thanks for the peace and security he had gained through his efforts and those of his neighbors.

Now, on Thanksgiving Day 1981, as we look around us, we see a very different place, a village that Rock Smith could never have imagined. We can offer thanks, too, to the good Lord—that we live here in our lovely village; we can offer thanks for each other, as we live here in harmony and for being able to share so many blessings together.

Happy Thanksgiving to you all.●

GAS PIPELINE LEGISLATION VOTED AGAINST

HON. ROMANO L. MAZZOLI

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. MAZZOLI. Mr. Speaker, I voted against legislation to waive certain regulations affecting the construction of the Alaska natural gas pipeline.

The resolution adopted by the House approved waivers which will: Allow the billing of gas customers to cover pipeline costs before the project is completed; permit gas producers to acquire equity ownership in the pipeline; include the gas conditioning plant in the pipeline project for purposes of financing and customer billing; remove the requirement for evidentiary hearings on decisions regarding the pipeline; and restrict the authority of the Federal Energy Regulatory Commission to set the price of gas delivered through the pipeline.

The coalition of Members voting against granting such waivers cut across party as well as ideological lines. This suggests that the issue was not just a simple pro- or anti-consumer or pro- or anti-oil industry vote.

Rather, Members from both sides of the aisle and representing a wide range of political ideology had serious questions about the financing underpinnings for the Alaska natural gas pipeline, the construction of which the waiver-legislation is supposed to expedite.

For instance, why are not there dozens of firms—and lending institutions—willing to put up the capital and take the risk on this pipeline in light of the promise of sky-high profits to its owners once the gas starts moving through?

Could it be that these firms are not standing in line because the project is not technically feasible, or because massive cost overruns are inevitable or because there is no ready market at the price this gas will command?

Why should the gas consumers be required to pay the costs of this pipeline even if the project is not completed? Why should not these costs be borne by the oil and gas interests and the pipeline companies which stand to reap gigantic profits if the project works as advertised?

Since no one could answer these simple but revealing questions, I had no choice but to vote against the waiver bill.

Mr. Speaker, there are alternative methods for recovering this needed natural gas and moving it to the consumers—individual and commerical—who need it. These alternatives should be explored before Congress resorts to this kind of legislation.●

INTERNATIONAL HUMAN RIGHTS DAY

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mrs. SCHROEDER. Mr. Speaker, I rise today in honor of International Human Rights Day and the 1981 Women's Plea for Soviet Jewry.

In honor of this day, I am introducing a joint resolution with Senator PELL calling on the United States delegation to the upcoming meeting of the United Nations Commission on Human Rights in Geneva in February 1982, to discuss with the Soviets our unending opposition to the increasing rise of antisemitic activity in the Soviet Union, as well as the record-low rates of Jewish emigration.

Historically, multilateral forums have proven effective in the goal of attaining guarantees for adherence to international human rights standards, and I feel the upcoming forum in Geneva can prove to be useful in this case as well.

In the last year, there has been 15 arrests of key Jewish activists in the major cities. Such arrests include the tragic story of Victor Brailovsky, a respected physicist as well as a leader of the Jewish cultural movement. Mr. Brailovsky before his arrest was holding scientific seminars in his apartment for the unemployed Jewish scientists in Moscow who had lost their jobs after applying for visas to emigrate. The irony of the situation is that Brailovsky was arrested on the opening day of the Madrid Review Conference on Security and Cooperation in Europe to review the final act of the Helsinki accords.

Now a year later, numerous Hebrew teachers have been warned by the KGB to cease teaching or face almost certain arrest.

The Soviet press has waged an unrelenting antisemitic campaign against these activities—labeling them as part of the "Zionist Network"—some even before they have been arrested.

In addition, Jewish emigration rates have declined by 80 percent this year. Let me read some figures: In 1979, 51,300 Jews emigrated; in 1980 that figure plunged to 21,700 and as of October 1981, 8,500 Jews have been allowed to leave.

The time has come to speak up about the Soviets blatant disregard for human rights, and for international standards of conduct. The Soviets must end their campaign for cultural genocide against the Jewish community, as well as all other minority groups in the Soviet Union.

Finally, we must urge the President to put human rights higher on our agenda in our conduct of U.S. foreign policy.●

THINKING CLEARLY ABOUT GOLD

HON. JOHN J. LaFALCE

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. LaFALCE. Mr. Speaker, it is hard to miss the debate over the gold standard these days, although I am convinced that much of the noise about gold comes from a surprisingly small band of gold loyalists. As economic reporter Robert Samuelson put it: "Acting like a few soldiers impersonating a division, they created a sufficient clamour to get noticed." With their credibility reinforced by the Wall Street Journal's active embrace of gold, the gold enthusiasts have circumvented an unsympathetic economics profession and attacked the most vulnerable component of the public's commonsense—its memory of the past. Despite clear historical evidence of frequent depressions much deeper and more painful than those we have known recently, the era of the gold standard is touted as a period of marvelous economic stability. Those in favor of the gold standard would have us look only at the beginning and end points of this long period, not at the awesome fluctuations in between.

With all this eager promotion of gold, it is encouraging to see a healthy skepticism on the part of many observers. Intrigued but not seduced by promises of a dollar "as good as gold," these more objective analysts look to the Gold Commission for a full and balanced review of the proposal. I would like to call to the attention of my colleagues a recent editorial published in the Buffalo Evening News which expresses the caution with which reasonable Americans approach the gold issue. The editorial is reprinted from the November 22, 1981, edition as follows:

NOT ALL THAT GLITTERS CAN CURE ECONOMIC ILLS

Supply-side economists and their political allies in Washington, including Rep. Jack Kemp of Hamburg, urge that the United States return to the gold standard. This would stiffen the spine of monetary policy, the supply-siders contend, and quickly ease inflation and stabilize the dollar—making it, once again, "as good as gold."

It's a proposal about which we remain skeptical. It is also an idea now located precisely where it should be, under the microscopic examination of a special commission formed by Congress last year, a commission representing both those who tend to favor, and those who are inclined to reject, the notion of resurrecting the policy of enabling people to convert dollars into gold and vice versa. Thus it should get a fair, expert hearing.

Should the U.S. return to the gold standard, which the nation largely vacated in 1933 and wholly abandoned in 1971, the country would keep on reserve sufficient gold to back a certain fraction of its paper currency. The value of gold would be fixed at a certain price per ounce. If people feared the dollar was being cheapened by inflation, they could trade in their dollars for gold. If they thought the dollar was strong and getting stronger, they could exchange their gold for dollars. Consequently, so the theory goes, the supply of paper money would be regulated and its worth stabilized. With gold backing, currency would win the confidence of the people.

"Throughout America's history, when the link between dollar and gold is severed, inflation appears," argues supply-side economist Dr. Arthur D. Laffer. "And when the link is restored, price stability ensues."

But economics is not called the dismal science for nothing. Magical cures for economic woes are not that easy to come by. And the case for the gold standard is hardly clothed in indisputable evidence.

It is true, according to a study by the Joint Economic Committee of Congress, that the wholesale price index showed no net rise in 1930 compared with 1800. But the country used silver as well as gold to back currency during part of that period. There were recurring boom-bust cycles. The country went off the gold standard during the Civil War. And the ratios of gold and silver to currency were altered on occasion. So there are variables and exceptions to consider.

Moreover, as Henry C. Wallich, a member of both the Federal Reserve Board and the commission studying the gold standard, has observed: "You can say that the gold standard is the cause of stability, but you can also say that it is a consequence. The country always tended to go on it when things were stable."

The question of whether gold brought stability or whether stability made gold work well is an incisive one. The gold standard did not prevent the Great Depression. It was not in operation during the Civil War or World War II. And, in international transactions, the post-war Bretton Woods system of international exchange, where the dollar was backed by gold, creaked to a collapse in the late 1960s, and early 1970s.

Nor are we convinced that the present monetary system does not work. Tight money has certainly helped bring down inflation and interest rates in recent months. And if the existing system is too flexible, as supply-siders contend, it is possible that a fixed gold standard would be too rigid in a dynamic economy intricately tied to foreign factors. That inflexibility could be worsened by the fact that most new gold today comes from either South Africa or the Soviet Union. OPEC teaches hard lessons about insecure foreign sources of vital supplies.

Plainly, then, we are doubters. We offer more questions than answers. But they are questions and doubts that require persuasive evidence before the United States takes the drastic step of resurrecting a gold standard that seemingly proved ineffective just as America was emerging as a world power.●

NATIONAL ORCHESTRA WEEK

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. WEISS. Mr. Speaker, I am today introducing a joint resolution on behalf of Mr. REGULA and myself to authorize and request the Presidnt to designate the week of June 13 to 19, 1982 as "National Orchestra Week."

The artistic quality and number of this Nation's symphony and chamber orchestras is a source of pride for all of us. Our 1,572 orchestras, more than any nation in the world, are among the country's finest cultural and artistic resources, bringing enjoyment and inspiration to citizens in nearly every community in the United States. Last year, more than 23 million Americans attended orchestra performances, and millions more heard orchestras on tape, radio, television, and records.

We as a nation can all be proud of one of New York City's internationally renowned orchestras, the New York Philharmonic, and its music director, Zubin Mehta. As the Nation's oldest orchestra, founded in 1842, the philharmonic has a glorious musical history and is preparing to perform its 10,000th concert. Together with America's other great professional orchestras, the philharmonic has achieved international recognition through tours, recordings, and broadcasts that have helped to set standards of musical excellence toward which many other orchestras strive.

America's orchestras not only play fine music, they also serve their communities as total musical resources. Orchestras help encourage additional local arts activity by sustaining a ready pool of skilled musicians that are equally at home playing for dance, opera, or musicals.

Orchestra members teach students in schools and conservatories. In some areas they provide the only music education that is available, and thereby help to train future generations of musicians.

Orchestras have made special efforts to reach beyond the concert hall into the community with tours and education programs. Millions of school-age children's first exposures to symphonic music occur through local orchestras' highly developed education programs that feature youth concerts, inschool training programs, and demonstrations. Last year, more than 3 million young people across the Nation attended these programs. The New York Philharmonic's young people's concerts have been a New York City tradition since 1924. Many of my colleagues may remember enjoying their first taste of symphonic music in the late fifties when the young people's concerts, led by Leonard Bernstein, were first televised.

On tour, regionally and nationally, orchestras bring music to communities outside their home concert halls. For many people, visiting orchestras are the only chance to experience live symphonic music in major metropolitan areas as well as in small towns. Last year, nearly 3 million listeners had a chance to hear touring orchestras.

Millions more are thrilled each summer by special outdoor parks concerts. The four concerts held by the National Symphony Orchestra last summer at the base of the Capitol that were sponsored by Congress attracted nearly 300,000 listeners. In New York, the ongoing series of concerts in the park that are held throughout the city attracted 482,500 people, including a record crowd of 200,000 for a concert in Central Park.

Mr. Speaker, our orchestra's artistic successes and achievements are important, but we must not ignore their economic impact. The past 10 years have witnessed unparalleled economic growth for orchestras. Expenditures grew nearly 200 percent to $250 million, and it is estimated that orchestras generate $750 million in additional economic activity.

To meet their budgets, orchestras obtain funding from many areas—earned income, foundations, corporations, individuals, and all levels of government—without remaining dependent on any single source. My colleagues should note that direct grants from the National Endowment for the Arts' orchestra program, which began in 1970, have spurred this growth, but that those orchestras that receive Endowment support depend on these grants for only 5.5 percent of their total budgets.

Mr. Speaker, I am especially grateful for the assistance of the American Symphony Orchestra League, the national professional service organization for America's orchestras chartered by Congress, in the preparation of this effort. Through its training, advocacy, communication, and research programs, the league works to prepare orchestra managers and board members for the coming years.

Mr. Speaker, America's orchestras comprise a vital and integral part of our Nation's heritage. I know that my colleagues share my pride in this country's symphony and chamber orchestras and will join us in sponsoring this resolution.

A test of the resolution follows.

H.J. RES. 375

Joint resolution to provide for the designation of the week beginning June 13, 1982, as "National Orchestra Week"

Whereas America's 1,572 symphony and chamber orchestras are among our Nation's finest cultural and artistic resources, providing inspiration and enjoyment to more than 23 million people each year throughout the country;

Whereas America's greatest professional orchestras are internationally recognized as among the finest in the world, setting the standards of excellence against which other musical endeavors are measured;

Whereas America's orchestras serve their communities as total musical resources by supporting other arts activities and cooperating in joint artistic ventures;

Whereas America's orchestras cultivate a national musical heritage by nurturing young talent, providing opportunities for American-trained musicians and conductors, and promoting performances of American music;

Whereas America's orchestras educate the youth of the country by providing high quality music education through youth concerts, in-school demonstrations and training programs, and master classes;

Whereas America's orchestras reach diverse audiences beyond the concert hall through regional and national tours, free outdoor performances, and other special events;

Whereas the success of America's orchestras has been the result of a joint effort of skilled professionals and dedicated volunteers working together to promote and produce music in their communities;

Whereas America's orchestras have grown in size and artistic quality during the past ten years, with the help of direct grants from the Orchestra Program of the National Endowment for the Arts: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the week beginning June 13, 1982, is designated as "National Orchestra Week," and the President of the United States is authorized and requested to issue a proclamation calling upon Federal, State, and local government agencies, interest groups and organizations, and the people of the United States to observe that week by engaging in appropriate activities and programs, thereby showing their support of America's orchestras and the arts.●

REAGAN ECONOMIC PROGRAM

HON. LARRY McDONALD

OF GEORGIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. McDONALD. Mr. Speaker, in early April of this year—April 2 and 6—I inserted Murray N. Rothbard's analysis of the Reagan economic program in the CONGRESSIONAL RECORD. Professor Rothbard is a distinguished economist and a key member of the Austrian School of Economics and although he may be subject to criticism for what may be termed "libertarianism," his analysis is nevertheless accurate and timely. His message is simple: We are on the verge of a total and irreparable economic collapse. Halfhearted efforts and lip service to reduced Federal spending and a balanced budget will be far too little, far too late.

Now that President Reagan's economic program has been implemnted and additional data is available, I thought my colleagues would be interested in an update of Professor Rothbard's analysis. The following interview appeared in the late November 1981 issue of the Silver and Gold Report:

[From the Silver and Gold Report, November 1981]

REAGAN ECONOMIC PROGRAM

(By Murray N. Rothbard)

ROTHBARD. Reagan's economic program is in shambles. He's going down the same road that Thatcher is travelling in England—and he's winding up with the same terrible result: chronic, continual recession, very high rates of unemployment, and grinding inflation.

A few issues ago, if I remember correctly, you said Reagan's economic program was unravelling. No. You didn't go far enough. It's already unravelled. It's collapsed. The whole program is a total mess.

SGR. Strong words, Professor Rothbard. Why do you say that?

ROTHBARD. Where do I start?

Look at inflation. When Reagan was running for office—and when he was putting his program into effect—he was talking about stopping inflation. Ending it, once and for all.

Now, they no longer even talk about ending inflation, just maybe about cutting it back a little. They talk about inflation abatement now.

Inflation was about 12 percent per year when Reagan came in. They cut the rate down to about 9 percent, at which point everybody cheered uproariously.

But nine percent is a terrible inflation rate. Back in 1971, when inflation was so bad Nixon felt he had to put on wage and price controls, the rate was only 5½ percent. Now, anything below 10 percent is considered good.

The central core inflation rate around which everyone's thinking revolves keeps on getting higher and higher. The very fact that people think 9 percent inflation is worth cheering over is a sign of our impending long-run collapse.

Moreover, even the 9 percent rate hasn't held. In July, it was 15.2 percent—and Reagan's people said that it was just a one-month statistical abnormality. But in August it was at a 10.6 percent annual rate. In September, the last month for which the figures are out, it was 14.4 percent.

SGR. Where fo you see inflation heading now?

ROTHBARD. You have to look at what the Republicans are talking about now.

First point: the two top Republicans in Congress, Senator Baker and Representative Michel, have been threatening to impose credit controls if interest rates don't go down. Since the Reagan people are supposedly free market, they presumably know how disastrous this would be. It would dry up the supply of money, throw the entire capital market out of whack—and horrible after-effects would ripple throughout the economy. Yet, the Reagan administration never contradicted them. His people never said anything like "We don't agree with them." Rather, they just rode right along with it.

Another point: The Reagan administration has been saying that the Federal Reserve has been too tight with the money supply. Secretary of the Treasury Regan has been pushing for a couple of months for the Fed to increase the money supply.

Can you imagine that? Trying to stop inflation by increasing the money supply still faster?

M2 is about the best of the various M's as a measure of the money supply. From June to September, M2 increased at the rate of 8½ percent annually. That's not tight money.

With the Reagan administration pushing for even faster increases we can only have a new wave of inflation that's worse than before. And it's already begun to hit. Those 10 to 15 percent increases in the Consumer Price Index that you're reading about are just the beginning.

What's happened now is that the Reagan administration's game plan has collapsed. They said that if inflation was reduced—which it was by a few percent at the beginning of the year—that interest rates would immediately come down to a real rate of 3 percent. In other words, if inflation is say 9 percent, then interest rates would drop to 12 percent. But inflation fell from 12 percent to 9, and interest rates stayed at about 18 percent.

This in turn raised the cost of financing the national debt and is one of the reasons we now have a huge budget deficit far larger than Reagan's people estimated—which is exactly what both SGR and I warned early in the year. It's also one of the reasons we're in a recession now.

SGR. Please explain.

ROTHBARD. Look at Detroit right now. It's a basket case. In the third quarter, Chrysler dropped $150 million; Ford lost over $333 million; and General Motors over $450 million. Counting American Motors, the auto industry lost over a thousand million dollars last quarter.

And the start for this model year is another disaster. Sales are at a 23-year low despite rebates, incentives, and every sales gimmick that the best minds in marketing can dream up.

You don't have to be an economist to know that interest rates are behind this. No one can afford to buy a car when they have to borrow at 17 percent, 18 percent or whatever.

The housing industry—another durable consumer good—is also getting killed. Sales of new homes are now at the lowest annual rate since the government began keeping records back in the early 1960s. Sales of existing houses are at their lowest level since World War II.

Here, too, it's the interest rate that's doing the damage. Until we have mortgages at affordable interest rates once again, we're not going to see much improvement. People just can't afford to buy a home with an average loan ranging above the 17 percent interest level.

This slump in housing sales is causing a ripple effect that is putting hundreds of thousands of Americans out of work. Bankruptcies among general building contractors are up 49 percent over last year. Among subcontractors the increase is far worse.

If you think 8 percent unemployment is bad—and that's the rate for the economy as a whole—the construction industry is a total disaster area. There, the unemployment rate is 16.3 percent.

Furthermore, while the recession has hit the auto and housing industries first and the sharpest, it's by no means restricted there. Tens of thousands of businesses in all fields are going broke. It's been the worst period for bankruptcies in almost 20 years. And who wants to bet it won't get worse?

SGR. Not us. But how long do you think this is going to continue?

ROTHBARD. We're in the very worst kind of recession—a slow, grinding, chronic recession. High interest rates, high unemployment rate, and inflation even worse than it was before.

They should let the free market undo the damage that previous administrations have caused. That way you'd have a sharp recession that liquidates the unsound investments caused by all the previous inflation—but it would be short, and over soon.

However, they're afraid of the political ramifications of a sharp recession—no matter how short and beneficial. So, instead, they're trying to slow things up and be very, very gradual.

What they are creating is not what they want. Instead it will be a condition of chronic recession. You hardly ever get out of it.

When you are out of it, you're still in bad shape.

SGR. I'd like to turn now to the budget deficit. What significance does that have in all this? How large do you think it will be?

ROTHBARD. Yes, the deficit's a key point.

Reagan is saying publicly that if we don't cut the budget and balance it, the economy will face an eventual collapse. He's right of course.

But what's his conclusion from this? That we should cut the budget by $15 billion. That won't balance it. It's peanuts.

Just the other day, The New York Times had an article on how many people have been cut from the federal bureaucracy. The article said there were 1.86 million people in non-defense, non-postal employment. Guess how many of those people were actually fired in the Reagan administration's orgy of budget slashing?

SGR. We saw the same article. Joan clipped it. Four thousand.

ROTHBARD. That's right. They managed to fire 4,000 bureaucrats out of 1,860,000. That's less than one-quarter of one percent.

So, effectively, all the bureaucrats are in place. Obviously they're going to generate a huge deficit—almost certainly more than Carter's.

The 1982 budget will be the largest in history—an incredible 730 billion dollars. The 1981 budget was about $660 billion—so 1982 represents about a $70 billion increase—an increase of more than 10 percent from the year before.

How can this huge, swollen, grotesquely bloated budget—which is far and away the largest in history—possibly be considered an eonomy model? Lyndon Johnson was the great villian to conservatives like Reagan and his people—and rightly so, I might add—for his gigantic budget for the so-called Great Society. Do you have any idea how large that so-called gigantic budget was?

SGR. Over a $100 billion, I think. But not by all that much. An interesting contrast.

ROTHBARD. That's right. About $120 billion.

And Johnson was correctly labeled the villain by conseratives, hard-money advocates, and free-market people. So how does Reagan become the hero of the very same people, only 15 years later, with a budget 6 times as large?

You know, some people attack me for supposedly not giving Reagan's program a fair chance. That's not at all accurate It's the Reagan administration itself that hasn't given his program a chance.

I love Reagan's program as he expresses it; Slam on the money brake and stop inflating; big tax cuts; huge budget cuts; balance the budget; and let the market function. That's great. I love it.

But the administration hasn't slammed on the money brake; hasn't cut huge hunks out of the budget; hasn't eliminated the deficit; and hasn't really deregulated.

So the program is going to be a colossal disaster. The American people are going to suffer endlessly through grinding, chronic recession. And what may actually be worse in the long-run: the only program that would really do any good—the program that Reagan articulates so beautifully—is going to be discredited.

And that's the shame of it. Once the full extent of the economic collapse is felt, wer're going to be locked into another decade of big-brother Keynesian nonsense.

SGR. What recommendations do you have for him?

ROTHBARD. It's almost paradoxical. The great majority of Reagan's critics are liberals, Keynesians and other knee-jerk spenders. They moan with mortal agony every time the least little dollar is cut from the Federal budget—or a dollar isn't taxed away from the people. These critics are completely wrong. I don't want any possible chance of being confused with them.

SGR. I don't think you have to worry about the point.

ROTHBARD. Good, because my criticism is exactly the opposite from those people. They say he has cut too much; I say he hasn't cut nearly enough.

SGR. Look at the political realities. Where can he cut?

ROTHBARD. Everywhere. Everything. Across the board. They didn't have people dying in the streets in 1950. Cut back to that. Cut back to the 1950 budget.

SGR. Go back under $100 billion?

ROTHBARD. That's right. Every time Reagan cuts a little bit from the increase, the television interviews some guy whose budget got hit, and he says, "Yes, Yes, I'm starving."

But that wasn't the case back in 1950. We were doing pretty well. Whatever we were spending then, do it again—for starters.

SGR. Excuse me for back-tracking, but I want to go back to the budget deficit. Just how high do you think it will be this year?

ROTHBARD. I want to point out something to your readers. I'm sure you're aware of this but I don't know that they are.

This is the so-called unforeseen factors clause. Somehow the unforeseen factors always act to increase the budget and the deficit. I can't remember a time when it's gone the other way.

This year, the budget deficit is going to be maybe 2½ times the Reagan administration's original deficit—about $100 billion or so. All due, of course, to unforeseen factors.

This $100 billion, by the way, doesn't even include off-budget items. These off-budget items are things like loans or loan guarantees made by one government agency or another. They're very hard to keep track of, but will certainly add another $20 billion to the deficit.

So, you're looking at a true Federal budget deficit of maybe be $120 billion.

SGR. In the March interview, you said inflation would be repressed for 6 to 9 months, and then there would be a new surge. That's exactly what happened. So I want to get your current forecasts for inflation now.

ROTHBARD. Thank you. Actually, it happened faster than I thought it would.

Looking toward the future, a Federal budget deficit of that magnitude is going to have to have a tremendous impact on the rate of inflation.

One thing your readers should look out for is that they're trying to doctor the cost of living index. There's a mystique in the American public that statistics are precise and value free. You put down a number and it's scientific.

But the cost of living index is very imperfect—everybody really has his or her own cost of living index. The cost of living index is essentially the Dayton housewife, with a blue collar husband and 2.2 kids. Nobody in the world has that precise cost of living. It's a make-believe average.

The only good thing about these statistics is that they are consistent. They have to be consistent—everybody admits that. But now they are trying to change them—to doctor the statistics—to make it look as though inflation is lower than it really is.

Housing prices are going way up, so they're going to remove housing from the cost of living index. The argument is that a home purchase is a big item (true) and that only a few million people buy homes each year. But the average is weighted to take those factors into account.

Furthermore, it certainly doesn't hold for mortgage payments that they're also planning on removing. Tens of millions of American families make them.

So, the whole change is to make inflation look not as bad as it really is. One fringe effect of that, by the way, is that it will lower the cost of living adjustments in wage contracts, social security, and so forth.

SGR. What about Reagan's tax cuts? Do you see them helping to lower rate of inflation?

ROTHBARD. No. The cuts weren't big enough. They weren't even a real tax cut. Between bracket creep and the rises in Social Security taxes, the blue collar and middle-class workers break even at best.

One good thing about the supply-siders—at least in theory—is that they oppose raising taxes to balance the budget. But I don't know how long that opposition to tax increases will hold sway in the face of political expediency.

SGR. What do you mean?

ROTHBARD. Well, I'm sure you're aware that key figures in the Reagan administration—Secretary Regan, for instance—are already talking about tax increases.

They probably won't be passed this year—that's a little too blatant—but it's obviously in the works sometime next year or soon afterwards.

Secretary Regan calls them painless. Now that includes doubling the excise taxes on liquor and cigarettes. They'll try to lower the tax deductible allowance on consumer installment credit; and probably also on mortgage interest deductions. This last one may be tough to get through because homeowners have a lot of political clout. But everybody stomps on smokers these days, so that tax increase is a shooin.

Then they'll eliminate the income tax energy credit; restrict tax exempt industrial bonds; accelerate payment schedules for Federal taxes; and put on several billion dollars worth of other business taxes.

And this is painless? This is bye-bye to supply-side economics.

What galls me about all this, in addition to it just being terrible for the economy, is that the Reagan administration is adopting the tired, old discredited liberal left jargon to justify these tax increases. You know what they're doing? They're calling it "closing the loopholes."

What is a loophole? A loophole really means being allowed to keep some of your own money. So closing a loophole simply means the tax man grabs more of your money. "Tax enhancement," is another one of their pet phrases. Like "closing loopholes," it means only one thing, a tax increase.

If you'll excuse my bluntness, all these circumlocutions are hypocritical evasions. They're excuses. The Reagan administration knows these tax increases will hurt the economy—but want to do it anyway because the increases are politically expedient.

Speaking of political expediency, there's one more point I have to bring out. It's wage-price controls. * * * The final horror.

I'm not predicting Reagan will put them on. But, I would not be surprised if, in the summer of next year, they put on wage-price controls.

SGR. I can't believe that. Carter, yes. Ford, yes. But Reagan understands economics. He has principles; you may not agree with them, but he seems to stick by them.

ROTHBARD. I think you're being very naive if you rule them out. I'm not saying he'll put them in but consider this:

By the summer of 1982, the Reagan program will be in far worse shape than it is now. They will be in full-fledged panic.

The Congressional elections will be coming up. They'll want to save the Senate. "Why not have a temporary wage-price control program," the reasoning will run, "to stop the rate of inflation and give the economy breathing space."

I don't think your readers need to be told what a disaster that would be for the economy. It was a disaster for Nixon, and the economy was far more resilient back then. It will be far worse now. It could plunge the economy into the worst depression in history.

Don't discount this as a possibility. Just remember Nixon ran against wage-price controls; spoke frequently against them; his main advisors opposed them in theory—yet he put 'em on.

SGR. I'm still skeptical, but thanks for the warning. I'd just like to touch on a few last questions now. Solidarity.

ROTHBARD. I think what's happening in Poland is great. They're destroying the Soviet empire.

Back in March I said Russia probably wouldn't attack because Poland's got a big army and would fight. They are ardently Catholic and hate the Russians. So far I've been right.

Russia still could attack, but probably not until spring. The famous period for attacking Poland is August to the beginning of November. That's when there's no mud, the ground is good and hard—perfect tank weather. Now it's muddy, so figure that saves Poland until at least spring.

Because of Poland, the rest of Eastern Europe is breaking off—generally crumbling as a reliable Soviet ally. China, of course, has already broken off.

Russia is the last stronghold of communism. Even there, from what I can gather, there's nobody who really believes in Marxism-Leninism. They give lip service to Marxism-Leninism the way our liberal politicans give lip-service to the Constitution.

SGR. What about the gold standard? There's been a fair amount of talk about it, recently.

ROTHBARD. Of course I'd love a return to the gold standard—to sound money. But, unfortunately, I have to warn your readers to be careful here. Any return during the next few years could be a trap.

What I fear is that the return will be for cosmetic purposes—to a phony gold standard. The reasoning would be—as with wage-price controls—to persuade the population that Reagan really means business.

It would be great if he did, but already, the proposals coming out from the Gold Commission are so watered down that they're meaningless.

SGR. Last interview, you forecast that gold prices would be weak in the short-term and later shoot up. Obviously, you were right on the button. What do you think now? Do you think the "short-term" is over and we're ready to move into the long-term bull market move for gold?

ROTHBARD. Well, you know that I don't believe precise numerical price forecasts are my forte.

Back then, I said the dollar would be strong and gold weak because Reagan's rhetoric was convincing people that inflation would be stopped.

Now, however, inflation is beginning to catch up with realities. It's getting more and more obvious that Reagan's economic program isn't stopping inflation. Once the investing public catches on to that fact, gold should start shooting up.

It's a great investment at this point. But you've got to look on it as a long-run investment and not fret and worry if it goes down somewhat in the meantime. Likewise for silver, but as you know, I think gold is better.

SGR. This has been one of the most disturbing interviews I can recall. Given the accuracy of your past forecasts, I have to say it's been a very depressing afternoon, as well. I do hope you're wrong.

ROTHBARD. So do I. Emphatically so. My parting advice for your readers is to hope for the best but "keep your powder dry."●

NO RESPONSE TO RUMOR OF GOVERNMENT-WIDE HOLIDAY FURLOUGH

HON. PATRICIA SCHROEDER

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mrs. SCHROEDER. Mr. Speaker, during our Thanksgiving break I met with a number of Federal employees back in Denver. They informed me of a rather alarming rumor circulating throughout the Government work force. They told me that they had heard that Federal employees who were deemed "nonessential" during the November 23 phasedown of Government operations would be furloughed, placed on leave without pay, from December 15 until the beginning of the new year. Needless to say, they were confused, frustrated, and outright scared by the prospect of this Christmas gift from Uncle Sam. I, too, was disturbed by this damaging rumor circulating among the same civil servants who have been blamed by the Reagan administration for the budgetary problems the administration brought upon itself.

In an effort to dispel this rumor, I, along with Chairman BILL FORD of the House Post Office and Civil Service Committee, wrote to President Reagan on December 2, asking him to speak out to set the record straight as soon as possible. We have yet to receive a response to our letter. What we have heard is a statement from Office of Personnel Management Director Dr. Donald Devine, saying that he was not aware of any Government-wide plans to furlough employees over the holiday season. Given the fact that Dr. Devine has been without advance knowledge of many of this administration's decisions effecting civil servants, we still have no definitive response from the administration.

Efforts by members of my staff to obtain a response to our inquiry have resulted in word from the White House communications office that a response to the letter in writing would come "eventually." A second-level staffer at the Office of Management and Budget informed us that he knew of no plans for such a Government-wide furlough. He also told us that the letter from Representative FORD and myself was shown to the President to "lighten his day." While I'm glad to be able to lighten the President's day, especially given the depressing economic news his policies have resulted in, I would be happier to receive a response from him to lighten the day of the thousands of men and women who have dedicated their lives to the service of this country through Government employment. These rumors should not be taken lightly. Their impact on productivity is being felt daily and will intensify as the holidays approach. On behalf of myself, Representative FORD, and the Nation's Federal work force, I once again urge the President to speak out to dispel this rumor.●

CLEMSON UNIVERSITY TIGERS

HON. BUTLER DERRICK

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. DERRICK. Mr. Speaker, I wish to offer congratulations to Clemson University, located in my Third Congressional District of South Carolina, whose football team is ranked No. 1 in the Nation.

Coach Danny Ford, Athletic Director Bill McClellan, and President Bill Atchley are to be commended for the leadership they have provided to develop such an outstanding athletic program at Clemson.

This 1981 season, Clemson's football team was undefeated in regular season play. My colleague, DOUG BEREUTER of Nebraska, may object to this, but I am confident Clemson will remain undefeated after they meet the University of Nebraska in the Orange Bowl on New Year's Day and can then claim the 1981 national championship.

In addition to the outstanding performance of the entire Clemson team, there are individual players who have been recognized for their own talents. Eight Clemson players—Jeff Davis, Perry Tuttle, Jeff Bryant, Dan Benish, Tony Berryhill, Homer Jordan, Terry Kinard, and Lee Nanney—were named to the 1981 All-Atlantic Coast Conference football team. Selected as All-Americans were Jeff Davis, Terry Kinard, Perry Tuttle, Jeff Bryant, and Lee Nanney. Coach Danny Ford was named as the NCAA Coach-of-the-Year.

This is not a mark of achievement shared just among the football team. Clemson residents, students, alumni,

parents, and fans have all rejoiced in this national recognition. The Clemson spirit is legendary.

South Carolina is proud of her fighting Tigers. I congratulate the team and coaches on their dedication, hardwork, and talent. Best wishes to you for a victory in the Orange Bowl.●

A LETTER TO PRESIDENT REAGAN

HON. BENJAMIN A. GILMAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. GILMAN. Mr. Speaker, in my congressional district in New York, I have the honor of working with some highly dedicated people who are deeply concerned about the fate of our missing in action and prisoners of war in Southeast Asia. One family in particular, Joel and Linda Cook of Walden, N.Y., and their 9-year-old son Steven have devoted a great deal of time to bringing to the public's attention the issue of our MIA's. Having formed the National Human Rights Committee for POW's and MIA's, the Cooks spend much of their spare time and funds getting the word out to New Yorkers and the rest of the Nation. Joel Cook recently came to Washington to present to Vice President BUSH over 1 million signatures on petitions calling for a full accounting of our missing in action.

Young Steven Cook has written a letter to President Reagan asking him to consider the seriousness of this situation. Mr. Speaker, in order to share Steven's touching letter to the President, I am enclosing it at this point in the RECORD. Although Steven is only 9 years old, his understanding of the problem and its urgency gives us a further opportunity to seek widespread support for a full accounting of our MIA's and POW's.

This is Steven's plea to President Reagan:

WALDEN, N.Y., *October 28, 1981.*

DEAR MR. PRESIDENT: My father has written numerous letters to you and President Carter which I bet neither of you has bothered to read. This letter is one you should study. My father is chairman for the National Human Rights Committee for POW-MIA's. His name is Joel H. Cook. I am his son Steve Cook. I am 9 years old. Past presidents never cared. I hope you, Ronald Reagan will.

The story began a long, long, time ago. The years are 1964-1973. In these years 2,500 men are shot down, and captured. Today these men are still missing! My mother and father started a committee for these men. Now there are about 2,000 members. We've been selling, for the past three years, bumper stickers, records, pins, flags etc. Maybe you can become a member too. We have had a petition drive and got 1,138,000 signatures. Vice President George Bush accepted them Wednesday, Oct. 28, 1981. The Vietnam War was a terrible experience for America. But the American Army didn't lose. The politicians lost! Now what are you going to do about this? Are you just going to let it slip your mind like Pres. Carter did? Don't you want to show the people of America that you are a better president and one that would fight for our freedom? If you do, take action. In Vietnam, Laos, China, and Cambodia they are being held. And always remember, "American POW-MIA's in Southeast Asia Are Hostages Too."

Yours hopefully,

STEVE COOK.●

WEISS CELEBRATES INTERNATIONAL HUMAN RIGHTS DAY

HON. TED WEISS

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, December 10, 1981

● Mr. WEISS. Mr. Speaker, I am pleased to join today in observing the 34th anniversary of the adoption of the Universal Declaration of Human Rights by the United Nations. I also want to commend the gentleman from Washington (Mr. BONKER) for his leadership not only in arranging this special order but in helping to make human rights a primary concern of our Government and our people.

We, as Americans, have made respect for basic human rights a cornerstone of our heritage. Our Bill of Rights is perhaps the most enduring statement of the inalienable rights which should be accorded to all people, regardless of where they live or what they believe.

The United Nations was founded as an institution committed to furthering respect for these rights in all nations. I want to express my strongest support for the Universal Declaration of Human Rights and all those who seek to enforce it.

The International League for Human Rights is one group which is dedicated to assuring equal human rights for everyone. I am submitting for the record the league's statement of support for the important anniversary we are celebrating. The statement follows.

STATEMENT OF THE INTERNATIONAL LEAGUE FOR HUMAN RIGHTS

As we observe the 34th anniversary of the Universal Declaration of Human Rights, we should remember the ordeal faced by many of those individuals who monitor and advocate the human rights principles of that declaration. In its role as an organization seeking to promote the implementation of human rights standards, the International League for Human Rights works closely with a network of 42 affiliated organizations—civil liberty associations and human rights assemblies—in 30 countries. In recent years a number of these organizations and their directors have come under particularly harsh and punitive treatment as a result of their activities promoting human rights.

The persecution of persons promoting the observance of human rights takes many forms. Among the means used to intimidate human rights advocates are: arbitrary arrest and detention, constant police surveillance, internal and external exile, physical abuse and worse. No one country or region alone is guilty of these devices.

One of the world's leading exponents of human rights is Andre Sakarov, the League's honorary vice president. Since January 1980, Dr. Sakarov has been living in virtual house arrest in isolation from the world, under conditions of constant government intimidation, for his courageous activities on behalf of human rights. Most recently he undertook a hunger strike in support of the individual's right to leave the country, a right enumerated in the Universal Declaration of Human Rights.

In Latin America, human rights proponents have also been singled out for harsh treatment. In several countries there has been a continuation of systematic repression and violations of basic human rights of all those who monitor human rights, including leaders in the Church, universities, trade unions, and the legal profession. Jaime Castillo, the League's affiliate director in Chile and former minister of justice under the Christian Democratic government of Eduardo Frei was exiled in August of this year. He was charged with having signed a petition which protested the imprisonment of two labor union officials. His expulsion from his homeland was imposed without judicial review and is to last indefinitely.

In commemorating the adoption of the Universal Declaration of Human Rights we should also join in honoring these individuals who promote international standards of human rights with such courageous dedication.●

LATVIAN INDEPENDENCE DAY IS OCCASION TO REDEDICATE OUR EFFORTS TO LIBERATE OPPRESSED NATIONS

HON. JOHN M. ASHBROOK

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. ASHBROOK. Mr. Speaker, again we have the duty to observe a historic milestone which serves as a rememberance of a valiant people's struggle for freedom and a solemn reminder that these Latvian patriots are not free today. We should honor and observe two things that are closely related.

One is the anniversary of the Declaration of Independence of the people of Latvia on November 18, 1918. The other is the courage of the Latvian people who fought for their independence six decades ago and continued that fight today.

During the Soviet-Nazi Pact, by agreement with Nazi Germany, the Red Army invaded and incorporated the Baltic states into the Soviet Union. Since that time, the Latvian and other Baltic peoples have fought back against the Soviet occupiers of their countries. Soviet colonization of the Baltic states can be seen by the population statistics. Of the 2½ million people of Latvia, almost one-third

are now Russians, whereas, prior to the conquest of Latvia by the Red Army, there were approximately 12 percent of the population who were of Russian origin.

The Baltic people, together with the other victims of Communism in the Soviet empire continue to fight back. One of the important elements of resistance to Communist rule is the continued belief in religion among the captive peoples. Last month, on October 21, Pravda complained,

> The problems associated with molding a scientific-materialistic world outlook in all citizens have not yet been resolved. As previously, the task of overcoming survivals in the sphere of consciousness, including the religious delusions inherent in a certain section of working people, remains an urgent one.

Pravda went on to point out,

> We cannot forget, nor have we the right to forget, that religion is a variety of an ideology alien to us and that our enemies endeavor to make active use precisely of religion in their attempts to weaken the magnetic force of Communist ideals.

So, more than six decades after the Communist revolution in Russia and four decades after the conquest of the Baltic peoples, religion remains in the hearts of the people and serves as a weapon against Communist ideology.

Another weapon in the fight against Communism used by the heroic people in the Soviet Union is the dissident movement. Dissidents range from religious dissidents to nationalist dissidents to trade unionists. In all parts of the Soviet Union, we have seen evidence of the resistance movements at work. The Baltic peoples continue their struggle and many have been arrested for their activities. The Ukrainians, the Bylo Russians, the Jews and the Russian people themselves have resisted Communist tyranny and many martyrs have fallen in the cause. We have a report this month from the British press that Aleksey Nikitin, a trade union dissident who met Western correspondents last year and gave them evidence of the terrible conditions in the Soviet coal mines is now in a psychiatric hospital, and is being treated with massive doses of drugs that are causing blindness. From the slave labor camps, we continuously get reports of hunger strikes and resistance by the victims in the heart of the Soviet repressive system itself.

The heroic Polish trade unionists have provided encouragement to the working people throughout the Soviet empire, even in the Soviet Union itself. Last week, leaflets were found throughout the Soviet Union, signed by the Soviet Union Democratic Resistance Front, calling for a nationwide 30-minute strike on December 1. Copies of the leaflet have been found in Riga, Vilnyus, Kaunas and Tallinn, as well as Moscow and Leningrad. Such a strike in the very heartland of the Soviet empire would have enormous effect on all of the captive peoples. But, efforts are being made by the KGB to suppress this potential danger to Communist rule. Arrests have been made of distributors of the leaflets and we have to wait a few more weeks to know how many courageous people will go on the 30-minute strike on December 1. Had somebody told us a few years ago that in Poland today there would be a real trade union movement representing the interests of the workers against the Communist bureaucratic exploiters and that even in the Soviet Union itself, there would be the development of a legitimate trade union movement, we would have laughed at them. But that is exactly what has taken place. After all these years of Communist rule, Tretyakov, the chief of the organizational department of the Latvian Communist Party Central Committee, described on November 10 in Trud, the Soviet trade union newspaper, the difficulties that the Communist party is having in Latvia in controlling the Communist phony trade union. He complains, "The stratum of Communists among trade union workers in some districts is still inadequate * * *" and he complained, "Party committees do not give sufficent help to trade unions everywhere in improving the style of their work and organizing the Aktiv's study, and they only rarely hear reports from Communists working in trade unions." So, while the Communists pseudo trade unions are not functioning properly, the workers in Latvia are struggling to create legitimate trade unions.

But, the struggle against Communist tyranny does not only take place within the Soviet empire. We in the United States finally have an administration that understands the nature of Soviet power and its threat to world freedom. A recent report from the Secretary of Defense on Soviet military power has been virtually ignored in the American press, but copies are being distributed all over the world and they indicate to those who understand the problem of communism that we now have an administration that understands it with them. The report says:

> As self-designed leader of the Communist world and as a super power with global ambitions, the U.S.S.R. and its expansionist efforts abroad are targeted at spreading and solidifying U.S.S.R. political, economic, and military influence and drawing nations into its orbit. The Soviets view the projection of power in much more comprehensive terms than commonly understood in the West. Their programs seek to integrate all instruments at their disposal in pursuit of their goals. . . . Violence and coercion have played a central role in the establishment and maintenance of the Soviet Union and its East European satellites. The Soviet need for and use of force as a tool of domestic control, combined with the historic Russian policy of security through territorial aggrandizement have given it the impetus to attempt to transform conflicts, tensions, and resentments into concrete political gains.

The report consists of 99 pages of documentation on the growing Soviet military might which is designed to intimidate Western countries into surrendering to Soviet demands. It is for this reason that our President wants us to rebuild our own military strength to make it clear to the Kremlin that any attempt to conquer more peoples will result in severe damage to them and that we provide morale and political support to those people within the Soviet empire who are demanding human rights.

As President Reagan indicated this week, we are prepared for a series of talks with the Soviet Union to reduce nuclear weapons. These talks will not be the same as previous negotiations with the Soviet Union. In years past, American administrations took the Soviet Union on faith and, each time, the Soviets violated their agreements. This President knows better. He knows the history of Soviet violations. This is a President that even knows that the Soviet Union signed a nonaggression agreement with Latvia in 1932 where the Soviet Union resolved to respect the sovereignty, political independence and territorial integrity and inviolability of Latvia. And this President knows that 8 years later, that treaty was violated by an aggressive Soviet Union. So, he is under no illusions. If he makes agreements with the Soviet Union, they will be self-enforcing. The Soviet Union will be compelled to honor the terms of the agreement. At the same time, the President has embarked on a program called Project Truth. The purpose of this program is to tell the world the truth about the Soviet Union, to answer Soviet lies and to provide the world with the evidence of Soviet aggression and oppression.

The people in this room do not have to learn the truth about Soviet tyranny. Many know it first hand. We have in this room people who, themselves, escaped to American freedom and many others here whose parents were refugees from Soviet tyranny. Such people do not have to be taught. They know the necessity to fight back against Communism. The United States has benefited since its founding by the victims of tyranny who have escaped to find freedom in America and who have made substantial contributions to building that freedom for all of us. At the present time, we continue to have a refugee problem in America. This problem is compounded by those who come to this country for economic reasons, from countries where there is little or no political oppression, and who come here as a burden on the rest of us as they milk our welfare system. This is not true of those who come

here to escape the totalitarian dictatorships. The refugees from the Soviet Union, the Baltic countries and the East European satellites and Cuba have come here and contributed much more to America than we could ever give them. Our country will continue to welcome the victims of Communist aggression and all of us will stand with them in the fight against Soviet tyranny. Thank God we now have a President that is with us in this fight. Thank you.●

WESTERNAIRE ELMER WYLAND

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. WIRTH. Mr. Speaker, I would like to call to the attention of my colleagues a truly outstanding citizen from my district. Mr. Elmer Wyland has spent more than 30 years helping young people to become self-reliant and responsible young adults through their love of horses.

My district includes Jefferson County—an 800-square-mile wedge of mountains and plains, just west of Denver. It is a county of farms and ranches, despite its explosive growth in the 1950's.

This spectacular growth has brought many young families to the county, and this has meant lots of kids. Elmer Wyland had the creativity and the resourcefulness to bring together the horses, the kids, and the community to form the Westernaires, an organization which has received national acclaim. This recognition is deserved. Mr. Wyland has not only put together a fine group which has done an excellent job of teaching members not only horsemanship, but respect for our American values and history as well. Through the leadership and caring of Elmer Wyland, these children have learned responsibility, teamwork, and respect for themselves and their Nation.

I would like to include in the RECORD an article written about Mr. Wyland and the Westernaires. It pays fit tribute to a man whom thousands of Coloradans love and honor.

[From the Denver Post, Oct. 18, 1981]

WESTERNAIRES' FOUNDER SITS TALL IN SADDLE—LIKE KIDS

(By Red Fenwick)

Fella on the next barstool says "Ride a horse and you ride alone. Drive a car and an A-rab rides with you."

But 'taint so in Jefferson County. You get on a broomtail out there in what oldtime Denverites used to call the toolies, and about a millyun kids will saddle up and join you.

They'll all be members, of course, of a now nationally known group of young horse lovers called the Westernaires. By actual statistical record those hearty, healthy, happy horsebackers have established beyond doubt that there is splendid chemistry between the hide of a horse and the heart of a boy or girl.

Of all the multiple thousands of youngsters who've graduated from the Westernaires after earning their "saddle," not one has been a failure.

Most important, however, is the fact that not a single one of these youngsters has ever become a juvenile delinquent, a drug addict or a criminal.

In this sick era of distorted social values and erratic patterns of individual behavior, that's truly an exceptional record. It's like a breath of fresh, clean air in an atmosphere of suffocation.

I've waited a long time for this day and special occasion, and several times thought of proposing it in this column. Now it has arrived. The time has come to honor the man who conceived and founded The Westernaires and guided its members and directors to a resounding success.

At first glance back in 1949, he probably would have been one of the least likely candidates for the job. The federal government certainly would have insisted on someone else—a person educated in sociology, perhaps, or a welfare-social worker of long experience, but not—absolutely not—the telephone company official who had volunteered.

And that's exactly what Elmer E. Wyland was—a high official with Mountain States Telephone Co., now Mountain Bell. A few years before he retired from the communications business, Elmer had a dream. All his life he'd enjoyed riding and working with horses. He loved Western history and the role of the horse in the economy and defenses of the nation. Fortunately for them, he also loved kids.

He thought long and hard, talked to many friends and parents and youngsters, too, about forming a horseback group strictly for boys and girls. The organization of parents and civic headliners which would back the kids-on-horseback, would supply the equipment, training and drilling facilities—even the horses if necessary.

The telephone man's suggestion was accepted immediately, but only a handful of youths turned out for those first get-togethers in the saddle. A couple of years later, however, the idea caught and spread like house paint in a high wind.

Every kid in Jefferson County wanted in on the act. Drill teams were formed—and drilled. Youngsters were accepted as rapidly as horses and saddles became available. And they were drilled, often to the point of exhaustion. But it still was great fun.

There were individual triumphs—triumphs over lack of self-confidence, introspection, unacceptable personality traits, attitude, behavior, ill temper and not infrequently a victory over physical handicap.

The Westernaires—around 1,000 strong—learned the value of self-discipline, teamwork, sportsmanship, promptness, durability and self-sufficiency.

Elmer effectively but unobtrusively guided the shaping of character in young bodies and minds. Because of him, a child's dream of being a cowboy, a Union Cavalryman, an Indian, a trick rider, a knight of the Round Table or anything else on horseback, could come true.

That boy or girl learned the mutual love and understanding which warms the hearts of both man and animal, big or small. Along the line they acquired many skills and diversified knowledge, but above all they learned the meaning and value of responsibility.

So on Saturday next, at 2 p.m. and 8 p.m., and on Sunday at 2 p.m. at the Stockyards Stadium in Denver, the Westernaires and the Denver metro area will honor Elmer E. Wyland, the big city "cowboy" whose first loves are kids and horses.

You can call Fort Westernaire, the group's picturesque headquarters, at 279-3767 for reservations. Attend and you'll see the West's foremost youth horseback organization in exciting performances of speed and precision. You'll understand why they've covered their fort's walls with blazing symbols of honor from presidents, governors, fair boards, charitable enterprises and parade committees in three decades of dedication.

Weather permitting, I hope to attend one performance and doff the old Fenwick Stetson to my longtime friend, Elmer. You see, the Westernaires received their first publicity in this-here-now column, 32 years ago.●

INTRODUCTION OF THE BANKING AFFILIATES ACT

HON. BRUCE F. VENTO

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. VENTO. Mr. Speaker, I am introducing legislation to relieve excessive and outdated Federal regulation in the banking industry. This legislation would revise section 23A of the Federal Reserve Act and bring it into conformity with the reality of the financial industry today.

Section 23A was first enacted as part of the Banking Act of 1933. Originally it applied only to banks that were members of the Federal Reserve System. In 1966, Congress amended section 23A to include all federally insured commercial banks. Section 23A was designed to prohibit extensions of credit from banks to nonbanking affiliates involved in such activities as underwriting and stock speculation. Unfortunately, its effect has been to compartmentalize banks and their affiliated nonbank subsidies within a bank holding company. In 1976, Congress requested that the Federal Reserve Board study section 23A and propose any needed amendments. The Board concluded that the statute was in need of substantial modification to improve compliance, remove loopholes, and to eliminate unreasonable restrictions.

Section 23A requires a bank holding company to:

One. Buy and sell Federal funds only with banks outside its own corporate enterprise;

Two. Incur extra expense by allocating participations in loans among affiliated banks; and

Three. Maintain in each subsidiary bank a separate inventory of pledgable assets to meet collateral requirements in section 23A.

The bill I am introducing today will eliminate these undesirable effects. It

will permit unlimited transactions between and among affiliated banks in a bank holding company when 80 percent or more of the stock of the bank is owned by the parent company. The current prohibition against transfer of low quality assets between affiliates would continue. A bank holding company will be able to deal with its subsidiary banks in a manner similar to the way a single bank deals with its branches. This bill will eliminate the artificial restrictions on Federal funds transactions, the inflexibility in moving surplus funds to meet loan demand, and the separate inventories of pledgable assets.

The Banking Affiliates Act provides needed relief to the banking industry. Its passage will be an important sign that Congress intends to closely examine the regulations that impose outdated and unnecessary burdens on the banking industry. I urge my colleagues' support of this legislation.●

PRESIDENT ENHANCES IMAGE OF OLDER AMERICANS

HON. DOUGLAS K. BEREUTER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. BEREUTER. Mr. Speaker, reports from the recently completed White House Conference on Aging indicate that there was disagreement among the delegates on many of the new policies pursued by the Reagan administration.

Despite differences in policy matters, however, one would wonder if the delegates struck among themselves at least a tacit consensus of appreciation for what the President has done to promote the image of older Americans.

Since assuming office in January, President Reagan has poignantly dispelled campaign criticisms that he is too old to assume the duties of the Presidency. He has not only proved that a 70-year-old man can perform well the duties of the Presidency, but he has done so with such vigor, humor, and enthusiasm that he serves as an inspiration to many people decades his junior.

If anything, the elderly American who presently leads this Nation from the Oval Office has done more to dispel the myths and attitudes which unnecessarily limit the potential of many older Americans than any other person in memory.

The Reagan Presidency has underscored the understanding that significant steps can be taken to face the needs of the elderly by first changing our attitudes toward older Americans. Age 65 should not be an artificial barrier that often dictates a painful transition to an isolated and unproductive life. We should not needlessly stereotype nor relegate to menial roles the segment of our society whose size is steadily increasing.

In a time when we desperately need to reform both the attitudes of Americans and the plethora of human service programs providing assistance to the elderly, older Americans should be thankful that they have a President who not only shares their years and concerns, but also inspires their cause.

[From the Lincoln Journal, Nov. 30, 1981]

ELDERLY ATTRIBUTES PERSONIFIED

Many delegates to this week's White House Conference on Aging in Washington may not agree with President Reagan's policies. After all, his administration has reduced spending for social programs and even threatened to cut Social Security benefits for early retirees.

But to a man, and woman, the delegates can hardly help but appreciate what the president has done personally to dispel the myths that are too prevalent about the elderly.

At an age when a lot of America's aged are finding personnel managers skeptical of their ability to work and produce, Ronald Reagan landed a new and important job.

Now, at age 70, not only is he discharging his responsibilities with vigor (though not to universal approval, obviously), but he is bringing charm, humor and enthusiasm to his challenges.

As for the question of health, which plagues so many elderly trying to find a niche in society, Reagan has exhibited robust well-being—pursuing a demanding schedule, riding horseback, chopping wood—and in addition has bounced back from a gunshot wound that might have sent many younger persons into long convalescence.

Ronald Reagan, in short, personifies the positive attributes of the majority of American elderly: They are healthy, alert, able, possess a lifetime of experience on which to draw and have something to contribute.●

ACTION TO ELIMINATE POSTAL SUBSIDY OPPOSED

HON. DONALD JOSEPH ALBOSTA

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. ALBOSTA. Mr. Speaker, I would like to point out that the recent action by the House Committee on Appropriations that would have eliminated the Postal Public Service subsidy was an action that I opposed. If I had been on that committee I would certainly have voted against ending this vital subsidy. Unfortunately, I had no control over their actions.

This $250 million subsidy enables numerous rural post offices to stay open, it helps provide mail 6 days a week, and it allows rates to remain steady for longer periods of time.

To eliminate this subsidy in one stroke would have been an unwarranted shock to the whole postal system. There is good reason to recognize the importance of the services that might not pay for themselves but that provide true public services that are worth the subsidy in terms of true public benefits.

In order to provide for orderly change in the Postal Service and its rates, two subcommittees of the Post Office and Civil Service Committee are holding an extended series of oversight hearings. I serve on the Postal Operations Subcommittee and I intend to use these hearings to explore the Public Service subsidy and its overall role in the system. Until that review is through, I will certainly oppose any drastic and immediate reduction in the subsidy.●

HEARINGS ON THE ECONOMY

HON. CHARLES E. SCHUMER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. SCHUMER. Mr. Speaker, the Banking, Finance and Urban Affairs Committee has just completed a six-city series of grassroots hearings on the economy.

These hearings have generated great interest in the different regions of the Nation and almost 400 witnesses representing a wide segment of the economy have testified.

Mr. Speaker, on Monday of this week, the final hearing was conducted in Providence, R.I., the day after a heavy New England snowfall. The comments on this hearing, as carried in an editorial in the Pawtucket, R.I., Times are particularly significant and are illustrative of the findings of these hearings. I had the opportunity to participate in these hearings and the editorial does, indeed, capture the mood.

Mr. Speaker, I ask permission to place in the RECORD a copy of the editorial:

[From the Pawtucket, R.I., Times]

MOOD OF U.S. IS VERY UNEASY

Congressman Fernand St Germain has represented the state of Rhode Island in Washington for 21 years, serving under six presidents. In 21 years in Washington, a man would be a fool not to pick up plenty of political savvy. Fernand St Germain is no fool.

Monday St Germain and six members of the committee he heads, the House Committee on Banking, Finance and Urban Affairs, held a hearing in Providence to guage the pulse of the people on the current state of economics in this country. It was the sixth stop the committee made in going almost coast-to-coast to hear how the average American, the little guy with no lobbyist in Washington to tell congressmen how they feel at $1,000 a plate fundraisers, feels about the progress we're making.

Well, 55 of these people spent eight and a half hours before St Germain and company in Providence and what they had to say was not pretty. The owner of a Pawtucket clothing store told the committee that for the

first time in 10 years he is going to lose money this year. A Warwick steelworker said he has been out of work since May and has no prospect of immediate employment. A homebuilder from Massachusetts said high interest rates were "devastating" his industry. A Pawtucket jeweler said in all probability he will lose money this month—at the height of the Christmas shopping season when he does about one-third of his business for the year.

There are two points to this. First, the average American is standing up and saying—no, it's shouting by now—loud and clear. President Reagan's economic policies are not working. Addressing the committee Monday were state officials, municipal officials, unemployed workers seeking work which no longer exists, representatives from the real estate industry, spokesmen from education and the Catholic church, representatives for senior citizens and those on welfare. In other words, this was not a hearing to get the views of special interest groups, unless you consider the average American a special interest group.

In short, none had a good word to say about Reaganomics. Except one. Cranston Mayor Edward DiPrete, a Republican said he supported, in principal, Reagan's economics policies and was willing to give them a fair opportunity to work. Then he warned the President of what might be down the road: "The cumulative impact of additional cutbacks would break the back of many local budgets."

One out of 55 is anything but a clear indication there is widespread support for Reagan's economic programs. It is a clear indication a lot of people in this country believe they are a total failure.

THE SECOND POINT

St Germain and six other members of his committee wanted to know what the people were thinking, checking to see "how it was going down in Peoria," as Richard Nixon used to say. Invitations to attend the six hearings were extended to all members of the committee. Seven Democrats decided it was time to check the mood of the country. The Republican members of the committee did not.

Steny H. Hoyer, a committee member from Maryland, made note of the fact no Republican members were present. He termed it "lamentable," "unfortunate" and "terrible." The absent members, he asserted, have "chosen to sit in Washington and ignore the voice of the people." Added St Germain: "If it were a trip to the Far East or some glamour spot, maybe we'd have better luck."

Then the state Republican chairman, John A. Holmes Jr., said the hearings were "ridiculous" and were "wasting the taxpayers' money in a three-ring circus of economic witch hunting."

Holmes' comments are predictable. He is trying to cover for a president whose economic programs have the little people in this country in an uproar. Jimmy Carter certainly was not the answer but if the election were held today.●

ELIE WIESEL DESERVES NOBEL PRIZE

HON. GEORGE C. WORTLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. WORTLEY. Mr. Speaker, my esteemed colleague JACK KEMP is best known for his tireless and dynamic leadership in restoring incentive to America's economic infrastructure.

He is less visible in another arena, but equally effective as a champion of human rights. Whenever a religious or political dissident becomes the victim of persecution or oppression by the enemies of freedom anywhere in the world they seek out the advice and counsel of JACK KEMP.

Thus, when he becomes personally involved in pointing out an injustice or singling out an act of courage in the face of adversity his colleagues turn around and take note.

Recently JACK KEMP has become involved again. This time it is the cause of justifiable recognition for the literary achievements of just one man, Elie Wiesel, who has touched the emotions of many of us who have read his works. Our colleague has recommended Mr. Wiesel for the Nobel Peace Prize.

I ask that his recommending letter be reprinted in the RECORD so that my colleagues can take note of Mr. Wiesel's credentials for this award.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., December 4, 1981.

THE NOBEL COMMITTEE,
Dromensveien 19
Oslo, Norway

DEAR DISTINGUISHED MEMBERS: I am writing you to give my whole-hearted endorsement of Elie Wiesel for the Nobel Peace Prize.

I have known Elie personally for a number of years; through his writings I feel that I have known him even longer. I know that he will always occupy a unique place in the chronicles of civilization, for he is a unique chronicler of its lapses. A survivor of the Holocaust, Elie lost his mother, father and younger sister in the Nazi death camps. His writings are vivid and haunting reminders of the tragedy that claimed so many millions of lives. More than that, they are reminders of the moral imperatives that forever confront mankind.

During his days in the death camps, Elie Wiesel vowed "to bear witness, to testify." In his brilliant writings and eloquent speeches, he has fulfilled this promise admirably. His first work, "Night," an autobiographical account of the horrors of Auschwitz, memorializes the suffering of the victims and explores the guilt and the doubts in God that torment the survivors. In "Beyond the Wall," Wiesel enunciates a theme central to his life and writings: apathy toward evil is man's greatest sin. Yet despite his great personal suffering, he has resisted the temptation to be vengeful. A dedicated man of peace, Wiesel once wrote, "Were hatred a solution, the survivors, when they came out of the camps, would have had to burn down the whole world."

Throughout his life, Wiesel has made recourse to peaceful means to promote human freedom and to oppose oppression. In 1965, he visited the Soviet Union and conversed with hundreds of Jews in five cities. His account of his travels was published the next year as "Jews of Silence; A Personal Report on Soviet Jewry," a volume that helped awaken the West to the fear and despair of three million Jews in the Soviet Union.

For his writings and efforts, Elie Wiesel has received numerous honors and distinctions, including the Prix Rivarol, the National Jewish Book Council Literary Award and, for his novel "A Beggar in Jerusalem," the Prix Medicis. Currently Chairman of the United States Holocaust Memorial Council, he served previously as Chairman of the President's Commission on the Holocaust.

Elis Wiesel is often regarded as the preeminent spokesman for the victims and survivors of the Holocaust; and this is certainly so. But he is also one of the great moral philosophers of our time and a longstanding advocate of peace. As he once said of armed conflict, "Victory does not prevent suffering from having existed, nor death from having taken its toll." Elie Wiesel emerged from the crucible of war and genocide to remind us of our responsibility to preserve peace. I can think of no more worthy candidate for the Nobel Peace Prize.

Many thanks for your consideration.

Respectfully,

JACK KEMP,
Member of Congress.●

TRIBUTE TO STEVE BRINKER AND TIM MARA

HON. THOMAS A. LUKEN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. LUKEN. Mr. Speaker, as the Representative of the Second Congressional District of Ohio, I would like to congratulate Steve Brinker and Tim Mara on their November 3, 1981, election to the Green Township Board of Trustees.

Green Township is one of the largest townships in the State of Ohio, numbering over 50,000 people. A community as large as Green Township needs leaders who possess vision to anticipate future needs and the intelligence and wisdom to respond to those needs. Steve and Tim meet these requirements.

Steve Brinker is no stranger to Green Township activities. Before practicing law in the area, Steve served a total of 9 years as an educator in Green Township. Leaving his mark on the community, he has brought dedication and insight to his positions as chairman of the St. Aloysius Education Commission and member of the board of directors of the Western Hills Exchange Club. I commend Steve Brinker for his active record of service and for his effort to continue to serve

the community as a member of the Green Township Board of Trustees.

Tim Mara has proven himself to be a man of true generosity and community spirit. In addition to his full-time law practice, Tim has pledged his energies to the community as vice president of the Monfort Heights Civic Association, trustee of LaSalle High School, and president of the Bridgetown Civic Association. The Jaycees have recognized Tim's continual mark of excellence by naming him one of the "Outstanding Young Men of America." It is truly an honor for me to congratulate Tim Mara on his election to the Green Township Board of Trustees.

Green Township and the State of Ohio will be well served by these two outstanding young men, both attorneys and both experienced members of civic groups.●

BUT WHY PUNISH THE FLYING PUBLIC

HON. JAMES L. OBERSTAR

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. OBERSTAR. Mr. Speaker, many of us in this House have disagreed with the manner in which President Reagan has dealt with striking air traffic controllers. I doubt that any Member would disagree, however, that President Reagan has accomplished what he intended to do. He has effectively punished the controllers for the strike and destroyed their union. He has won a victory of sorts.

The issue now is what is best for the American people. The answer is not to undertake a costly, lengthy process of training thousands of new controllers. He should look to rehiring individual air traffic controllers who struck. He has already indicated a willingness to offer them some other Federal employment. They are, however, best qualified to be air traffic controllers.

The New York Times editorial of Sunday, December 6, 1981 suggests a commonsense solution to problems resulting from rehiring controllers. I include the Times editorial at this point in the RECORD, and I urge my colleagues to consider carefully the course of action suggested by the Times's editorial.

The editorial follows:

[From the New York Times, Dec. 6, 1981]

BUT WHY PUNISH THE FLYING PUBLIC?

Allowing the former air controllers to get other Federal jobs, as President Reagan has hinted, would be a humane gesture to an already severely punished group. The point that illegal strikes against the Government will not be tolerated has been made. Nothing more would be gained by denying those with transferable skills a chance to earn a living.

But the gesture would do nothing to relieve the economic damage done by the confrontation. To restore normal air service anytime soon, a way needs to be found to put at least some of the 12,000 dismissed strikers back in the control towers. That need not compromise the Government's legal position.

With fewer than half the normal number of controllers at work, the Federal Aviation Administration has been forced to limit flights to 80 percent of pre-strike levels. That is adequate in uncongested corridors. But in congested regions, notably the Northeast, the limit means costly delays, layoffs and red ink for most carriers.

The F.A.A. is training new controllers, but it will take two or three years to get back to pre-strike capacity. When the recession ends, well before then, the demand for air service is sure to grow, lengthening delays and interfering with much travel at peak hours and holidays.

Most important, the strike has reduced competition in the newly deregulated airline industry. Fledgling airlines have been denied permission to open competitive routes; established discounters, like New York Air and Peoples' Express, have been unable to expand. Once demand for seats increases by 10 or 15 percent, travelers will pay for these restraints in higher fares and poorer amenities.

The Reagan Administration understands the problem but is unwilling to rehire the dismissed workers as controllers. It thinks that would be unfair to the minority who defied union threats and stayed on the job. It also fears that putting embittered former strikers next to non-strikers in the tower might compromise the safety of the system.

But there is no need to rehire all 12,000. The F.A.A. says that pre-strike manning levels far exceeded the system's requirements. Just a few thousand more experienced controllers could bridge the gap over the next few years.

That suggests two possible remedies:

Selective rehiring. The F.A.A. could offer to rehire controllers who can persuade supervisors that they would work conscientiously. To maintain morale, controllers who refused to strike might be given a cash bonus and even a veto over the reappointment of anyone with whom they could not work.

Private contracts for some towers. Private operators who use F.A.A. licensed personnel now manage traffic at dozens of smaller airports. Dozens of other towers could be contracted out, thus allowing the transfer of Government controllers to larger airports in congested regions. To do that quickly, the contractors would have to hire some former strikers. But they would not then command their old salaries, nor would they be in direct contact with non-strikers.

The country has lived without the 12,000 controllers and, if need be, could live without them indefinitely. But there is no need. The Government has won the battle. It's time to get on with the task of providing safe skies in which airline competition can thrive.●

A SALUTE TO PROF. THOMAS A. DORSEY

HON. WALTER E. FAUNTROY

OF THE DISTRICT OF COLUMBIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. FAUNTROY. Mr. Speaker, I want to bring to the attention of my colleagues Prof. Thomas A. Dorsey. He is the author of that famous hymn "Precious Lord Take My Hand," and he is our Nation's oldest arranger, composer, and singer of gospel music. Thomas A. Dorsey's music has inspired, comforted, and brought great spiritual joy to people not only in our country but throughout the world. On Monday, December 14, 1981, he will be in our Nation's Capital at Bible Way Church in concert. Let me take just a few moments to cite his history and just a few of his many accomplishments.

Prof. Thomas A. Dorsey was born on July 1, 1889 in a small town just outside of Atlanta, Ga. His parents were deeply involved in the church; his father was a preacher; his mother was church organist. It was in this environment that Dorsey developed a love for music and a talent which would later produce some of the finest religious music the world has ever known.

Being poor was no handicap to this determination. In his quest to draw out his musical gift, Dorsey would walk 4 miles a day, 4 days a week just to take his music lessons.

Thomas Dorsey left home when he was a teenager to seek new opportunities in the big city of Chicago. There he continued his musical career, studying and working with two of the best pianists of the era, Eddie Haywood and Eddie Butler.

In 1917 he began playing piano for Ma Rainey, a fine blues signer, and he became known as Georgia Tom. He composed Ma Rainey's popular theme music:

Rain on the ocean
Rain on the deep blue sea,

not to mention scores of other blues.

At about this same time he also met and married his first wife, Nettie.

In 1920 Dorsey gave up singing the blues and returned to the music of the church and an entire new era of music began. Dorsey combined jazz and the blues to form a new sound—gospel.

In 1929 Dorsey was enterprising enough to start his own publishing company, becoming the first person to have gospel music in manuscript form.

In 1932 Dorsey founded the National Convention of Gospel Choirs and Choruses, an organization of which he is still president.

Professor Dorsey is known throughout the country as the patriarch and father of gospel music. His music has dominated the gospel scene for more than a quarter century. His great appeal is the simplicity of his music and lyric:

"How many times did Jesus lift me?
How many times did my burdens he bear?
How many times has he forgiven my sins?
And when I reach the pearly gates, he'll let me in."

Professor Dorsey is truly a national resource and his music a national treasure.●

LIMITING REMEDIAL JURISDICTION OF FEDERAL COURTS IN CERTAIN SCHOOL DESEGREGATION CASES

HON. ROBERT A. YOUNG

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. YOUNG of Missouri. Mr. Speaker, I am pleased today to be able to introduce a bill to establish guidelines consistent with the U.S. Constitution regarding the circumstances under which Federal courts may order the transportation of students across school district boundaries for the purpose of desegregation.

It is my belief that forced busing has been given a chance to remedy the problems associated with segregation and it has failed. The polarizing effects of busing and the requisite expense have deflected attention, energy and resources from critically important efforts to improve the educational quality of our schools. Further, in their efforts to enforce desegregation plans, Federal courts have assumed an ever greater role in the administration of public education and have reached deep into the once private confines of family life to engineer social change that separates children from their families and communities. The overwhelming majority of Americans, black and white, oppose busing as a means of achieving equal educational opportunities. There is an emerging consensus among educators, sociologists, and legal scholars that forced busing, far from reducing the inequality of education has, in fact, had the exact opposite effect.

In pursuit of its authority to enforce the guarantees of the 14th amendment, Congress has on several occasions legislated both with respect to school busing and racial balance in schools. However, Congress has never established limits on the authority of Federal courts to order forced busing.

Mr. Speaker, the legislation I propose would establish such guidelines by limiting the power of Federal courts to mandate the busing of students between two or more school districts and by limiting the power of Federal courts to alter State or local tax rates in school desegregation cases. The Chief Justice of the United States has said, in his opinion in the case of Wright against Council of the City of Emporia, that since the goal of any desegregation remedy is to dismantle dual school systems rather than to reproduce a microcosmic reflection of the racial proportions of a given geographical area in each and every school, there is not need to ignore independent government entities established by the State in order to disestablish those systems or districts which are found to be unconstitutional. Rather, where two independent government entities exist, the assignment of children to schools depends solely upon their residence and assignment to schools would in no sense depend on race. Based on this logical principle articulated by the Chief Justice, the bill I propose today would require that before the boundaries of separate and autonomous school district boundaries may be set aside by imposing a cross-district remedy it must first be shown that school district boundaries were established for the purpose of creating, maintaining or perpetuating segregation of the races. This means that before any interdistrict remedy could be ordered by the court, plantiffs must prove the elements of intentional segregation as to each and every school district. The burden may never be shifted to State or local authorities to prove the absence of a constitutional violation.

Mr. Speaker, I would like to point out that the Justice Department has recently changed its policy toward desegregation along the lines I just mentioned. The Justice Department has stated that it will no longer automatically seek systemwide remedies to desegregate schools, but rather, will focus on specific schools where there is evidence of intentional, State enforced segregation. Because of this newly articulated Justice Department position, I feel confident that the bill I introduce today will receive administration support.

Further, this Congress has attempted in the past to severely limit Federal funding of forced busing orders. As a result, the cost of forced busing is being born largely, by State and local school districts which are already strapped with serious financial difficulties and are being forced to reduce teaching staff and cut back on educational programs. At the same time, the prospect of increased taxes places a difficult burden on local taxpayers, particularly property owners, who are already paying high taxes to support public schools. I am opposed to shifting funds from educational programs and teachers salaries to pay for systemwide busing. I do not believe Federal courts should have the power to tell local school boards or taxpayers how to spend school district funds. The legislation I introduce today would prohibit Federal courts from reallocating school district funds or from imposing any new tax rate in relation to any school desegregation case.

In referring to busing, the Supreme Court has said that they "had to improvise and experiment without detailed or specific guidelines." It is time for the busing experiment to end and for Congress to establish guidelines for achieving equal opportunity. This bill would establish for the Federal courts clear limits concerning the use of busing where only isolated acts of discrimination are proven and I urge my colleagues to join me in this important effort.●

NEW STUDY STEALS AMMUNITION FROM GUN CONTROL LOBBY

HON. GENE SNYDER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. SNYDER. Mr. Speaker, bad ideas die hard in Washington. They keep coming back. Gun control is a perfect example.

Every time the crime statistics move up a notch or a public figure is shot at, the gun control lobby drags out all their voluminous studies and reports that show how guns cause crime and wag them in front of the noses of anyone who will listen.

However, a new study has been released which punches a big hole in the argument for gun control. Researchers working under a Federal grant reviewed the very same literature and studies the gun control proponents have been waving around all these years and they discovered those studies actually contain little or no persuasive evidence that widespread ownership of guns causes crime or that restrictions on guns would reduce crime.

This 2-year study conducted by Profs. James D. Wright and Peter Rossi of the University of Massachusetts has found "there is little evidence to show that gun ownership among the population as a whole is, per se, an important cause of criminal violence." In addition, there is "no persuasive evidence" to support the popular gun control argument that "much homicide would not occur where firearms are generally less available."

Not only does the study dispute the gun control myth that guns cause crime, the researchers could find no conclusive evidence which demonstrated that restrictive gun laws—local, State, or Federal—either reduce the amount of violent crime or limit access of criminals to firearms. The lack of any apparent crime control effect virtually eliminates the basic reason why restrictive gun control laws are enacted.

On the other hand, Professors Wright and Rossi found that firearms actually play a substantial role in self-defense and crime deterrence. There is "some evidence that the risk to a robber or burglar of being shot by the

intended victim is about the same as the risk of being apprehended, convicted, and imprisoned."

Over the years the proportion of American families acknowledging gun ownership has remained at about 50 percent since 1959, but the percentage of families owning handguns has increased. About three-fourths of privately owned guns are used for sport and recreation—the remainder for self-defense.

In analyzing the costs and relative benefits of restrictive gun laws to the Nation, Professors Wright and Rossi state:

> Any action taken to deny firearms to would-be criminals would necessarily deny them to a vastly larger group of persons who will never even contemplate, much less commit, a violent criminal act.

Although the researchers have recommended further empirical studies on weapons, crime and violence in the United States, this study provides a valuable review of the gun control issue and existing data. The research clearly supports the tremendous costs and lack of benefits of restrictive gun control laws to the United States.

I certainly do not expect this new study to put an end to the perennial gun controllers crusade. Proponents of gun control have never let logic or facts slow them down before. Hopefully, however, this report will cause more openminded people to question the arguments in support of gun control before swallowing them.

Bad ideas die hard but once we recognize that there is no evidence to support the theory that more restrictive gun laws would reduce crime, we can sweep aside this particular bad idea and fall back to logic and commonsense in our efforts to get crime under control.●

STATEMENT ON DEATH OF JERRY WURF

HON. TIMOTHY E. WIRTH

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. WIRTH. Mr. Speaker, as you know, Jerry Wurf, the leader of the American Federation of State, County, and Municipal Employees, died Thursday evening.

Jerry Wurf was a veteran organizer who played a key role in building a small struggling union into a strong and healthy one. He provided vigorous leadership to AFSCME for many years, and during his tenure it grew into the largest public employee union in the United States.

Jerry Wurf will be sorely missed by his members and by millions of others who valued—and profited from—his outspoken advocacy of causes he believed in.

He was a man who spoke forcefully of the necessity for infusing public policy with compassion, and the importance of setting national priorities which put people at the top of the list. His message was a gentle one, but he also knew how to drive a hard bargain when necessary.

Jerry Wurf's was a life of integrity, of commitment, and of adherence to high principles.

He will indeed be missed in our Nation, and I would like to extend my condolences to his wife and three children, as well as to all those whose life he touched.●

AL BARKAN—THE ARCHITECT OF LABOR'S POLITICAL ROLE RETIRES

HON. STEPHEN J. SOLARZ

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. SOLARZ. Mr. Speaker, this January one of the architects of labor involvement in the world of politics retires after 27 years as national director of the Committee on Political Education of the AFL-CIO.

Al Barkan practically invented political action committees. Many of today's PAC's, including even right wing ones, have modeled themselves on the innovative and practical model Al created at COPE, for the AFL-CIO PAC was a positive force for political education and effective action.

A dynamic platform speaker, Al Barkan tirelessly crisscrossed the country appearing before audiences of workers in big urban cities and small towns stirring up union members to the important political and economic issues of the day. But despite the pressures of his work, Al Barkan always had time for his friends and coworkers; whether they were clerks, Congressmen, or union organizers. The zest and enthusiasm which characterized his 27 years of organizing, building, and improving COPE will be a major challenge for all who come after him.

He has left a mighty imprint on the American political scene through his efforts to improve the well-being of millions of Americans.

Mr. Speaker, I am proud to pay tribute to this wonderful man, and to say how fortunate I am to count him and his family as friends. Al's sister, Gertrude Iris, is an able volunteer worker in my Brooklyn office and I must say that she, too, is blessed with the same gracious manner and dedicated zeal that characterizes her brother.

We here in Washington will sorely miss Al Barkan—but we will not be able to forget what he has done through 35 years of dedicated and effective trade unionism to affect the course of this Republic.

Mr. Speaker, I raise my voice today with that of countless others in recognizing the accomplishments of Al Barkan and to express my personal gratitude for all that he has done for me, for the Democratic Party, and for the people of our Nation.

Mr. Speaker, I ask that an editorial from COPE's Legislative Alert on its founder be included in today's RECORD:

AL BARKAN—A PLACE IN POLITICAL HISTORY

In early January, Al Barkan will retire after 35 years in labor political action—the past 27 of them with COPE, and the last 19 of those as its National Director.

He is a unique man, with a unique and secure place in the political history of these three decades—both for all he's been and all that he's done. He is the architect of a labor political structure built on a firm foundation and built to last.

If political programs are to be judged by a standard of election wins and losses, the COPE record under Al Barkan's leadership is unmatched by any PAC or party. During his lengthy stewardship, 62.9 percent of all COPE-endorsed candidates for President, U.S. House and Senate and governor were elected.

If political programs are to be judged on the degree of citizen paticipation they generate, COPE's record under Al Barkan again is unequalled. More than 140,000 union members, their spouses and offspring participate year-around in their communities as volunteers in the COPE registration, education and get-out-the-vote programs.

The result of their efforts has been a dramatic increase in union member participation in the democratic process. Whereas 20 years ago, union members registered and voted in numbers 10-15 percent lower than the electorate-at-large, they now register and vote in numbers 10-15 percent higher than the general voting public.

If political programs are to be judged on the degree of innovation they introduce, COPE under Al Barkan has been a trailblazer. Barkan began moving labor's political activities into the computer age in 1965. Today, in the COPE computer are the names of nearly 15 million union members. Because of this constant urging over the years, all State AFL-CIO bodies and virtually all international unions now have staff people working full time on political programs.

In every respect, the COPE program is stronger, better organized and more effective than it was 20 years ago. This is Al Barkan's legacy to the labor movement he has served selflessly.

Nothing in him as an individual or leader smacks of personal vanity or aggrandizement. Everything he has done as COPE National Director has been motivated by his determination to serve through political education and action the purposes of the AFL-CIO, the well-being of the millions of members it represents, and the nation itself.

The COPE Al Barkan built has countless admirers and imitators in the political field, even among its foes. Many "new right" PACs openly patterned themselves after the COPE structure and program that Al Barkan developed.

Director Barkan has been a mover, a motivator, an innovator, an inspirer. From the platform, he is pure dynamite. No one who hears him address a labor audience fails to be galvanized by the energy, drama and enthusiasm he pours into a speech.

Off the platform he has been a forward-looking and innovative leader, a builder, a person admirable both in achievement and character, an extraordinarily considerate and decent person to work for and with.

In his case, the person and the job were one—a perfect fit.

The COPE structure Al Barkan developed inevitably will be embellished and altered by time, circumstances and events. But always, ineradicably carved in its cornerstone, will be the name Al Barkan.●

MADELINE DELL'UOMO TO RETIRE

HON. CLARENCE D. LONG

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. LONG of Maryland. Mr. Speaker, on January 2, 1982, Mrs. Madeline Dell'Uomo will be retiring as administrator of the Board of Supervisors of Elections of Baltimore County after 21 years of dedicated service. She will be missed by her colleagues.

Mrs. Dell'Uomo began her career as an election clerk in 1961 dealing with the day-to-day tasks which insure an efficient and smooth running office. Recognizing her tremendous ability, she was appointed by the Governor of Maryland, in 1967, as chief clerk of the board of election supervisors responsible for supervising the clerks' section. In 1974, Mrs. Dell'Uomo was appointed administrator of the board responsible for supervising and certifying all primary and general elections in Baltimore County.

Mrs. Dell'Uomo is a dedicated public servant and her service to Baltimore County government is an inspiration to all of us.●

PUBLIC LAW 480

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. ZABLOCKI. Mr. Speaker, I am pleased to offer for the record the following exchange of letters between the Honorable WALTER B. JONES, chairman of the Committee on Merchant Marine and Fisheries, and myself:

COMMITTEE ON MERCHANT MARINE AND FISHERIES,
Washington, D.C., December 8, 1981.

Hon. CLEMENT J. ZABLOCKI,
Chairman, Committee on Foreign Affairs, Washington, D.C.

DEAR MR. CHAIRMAN: I appreciate your agreeing to engage in a colloquy with me when the International Security and Development Act of 1981 is debated on Wednesday, December 9, 1981. Unfortunately, our Committee, working against a deadline, must meet to markup a highly significant and controversial bill at about the time when we would have engaged in our discourse.

The issues which I would like to resolve remain as important now as they were yesterday, and since we are in agreement as to the outcome of our colloquy, I would appreciate it if you could read into the record and respond to the following questions as part of your explanation of the bill.

As Chairman of the Merchant Marine and Fisheries Committee, I have a great concern over the effect which movement of government impelled cargoes in United States flag vessels has on the well-being of the United States merchant marine. Am I correct that section 401 of H.R. 3566 repeals certain provisions of Public Law 480 relating to the sale, under Title I, of agricultural commodities for foreign currencies?

Would the repeal of section 108 of Public Law 480 by Section 401(7) of H.R. 3566 be considered purely technical and with no effect on the requirement that certain cargoes resulting from Public Law 480 transactions move on United States-flag vessels?

I think it most worthwhile that the record show that the amendments to Public Law 480 which H.R. 3566 would make, in no way were intended to affect the cargo preference laws, nor do they in fact have that effect.

Thank you for your many courtesies.

I am,

WALTER B. JONES,
Chairman.

COMMITTEE ON FOREIGN AFFAIRS,
Washington, D.C., December 11, 1981.

Hon. WALTER B. JONES,
Chairman, Committee on Merchant Marine and Fisheries, Washington, D.C.

DEAR WALTER: Thank you for your letter asking certain questions relating to section 401(7) of H.R. 3566, the International Security and Development Cooperation Act of 1981.

I regret that circumstances prevented us from having a colloquy at the time of floor action on the bill. However, I am pleased to provide for the record the following responses to your questions:

You are correct in stating that section 401 of H.R. 3566 repeals certain provisions of Public Law 480 relating to the sale, under title I, of agricultural commodities for foreign currencies. Those provisions are repealed in this legislation because the authority to sell under those conditions was terminated as of December 31, 1971. The repeals were requested by the Administration because the provisions have become obsolete.

You are also correct in stating that the repeal of section 108 of Public Law 480 by section 401(7) of H.R. 3566 is to be considered purely technical and with no effect on the requirement that certain cargoes resulting from Public Law 480 transactions move on United States-flag vessels. Section 108 has become obsolete since it allows the financing of a portion of ocean transportation in those instances where we have a sale in which foreign currencies are not convertible to dollars. Since that type of sale for foreign currency was ended 10 years ago, section 108 is no longer operative. Its repeal in no way affects any existing legal obligations of agencies of the United States to comply with the cargo preference laws.

I thank you for your interest in this matter.

With best wishes, I am

Sincerely yours,

CLEM, *Chairman.*●

DALLAS BEGINS TO SEE EFFECTS OF REAGAN BUDGET CUTS

HON. JIM MATTOX

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. MATTOX. Mr. Speaker, the residents of south Dallas have recently discovered just how devastating President Reagan's budget cuts can be. The community health clinic located in the Martin Luther King Community Center has received a notice from the Department of Health and Human Services, which funds the facility, that it must close its doors as of December 31, 1981.

This section of the city has an infant mortality rate double the national average, the incidence of tuberculosis is four times the national average, and the rate of deaths due to heart disease is 13 percent above the national average. These figures show the great need for health care in this area of Dallas.

The health center is the only such facility serving this portion of Dallas. Its patients are primarily low-income wage earners and senior citizens. It opened on May 27, 1980, and has 7,000 families registered to participate in its health program. In 1 year it had over 16,000 patient visits for medical and dental treatment. Ninety-five percent of the people it serves have incomes at or below the poverty level. Half of its adult patients are female heads of households. Three-quarters of its adult patients have illnesses which require long-term care, such as hypertension, diabetes, and heart disease. Forty percent of the adult patients are over 50 years of age. At this moment, the health center has 5,000 patients in active care. This means that they must return for followup visits.

The Reagan administration has cut $70 million from the community health center program. These cuts have forced the Bureau of Community Health Services to close over 100 community health centers nationwide. The Dallas center is one of the facilities which is scheduled for closure.

I have met with both regional and national officials of the Bureau to point out the disastrous effect that the closure of the clinic will have on the surrounding community. Although the center has had some management difficulties, it is doing a job of great benefit to the residents of the area. The mayor and the city council of Dallas have gone on record as supporting the facility and have offered to lend the center any managerial and accounting expertise that they can. The Citizens Council of Dallas has also offered to aid the clinic with its management difficulties.

Despite these offers, the Bureau of Community Health Services is remaining firm in its determination that the program cannot be saved. I disagree with this position. The center has only been in operation for 18 months, and I believe that its problems can be resolved. I do not feel that the people who use its services should be deprived of medical care because of management problems at the facility. I have requested that the Bureau grant the clinic a 6-month probationary period in which to correct the difficulties. I will be discussing this option further with the Bureau and am working hard on saving the center for Dallas residents.

While I agree with the need for Federal budgetary constraint, I do not believe that budget saving should be made at the expense of the health of Dallas residents. Our most important resource in this time of economic trouble is our citizenry, and the health of our citizens is an important factor in our ability to work and be productive members of our society.●

INTRODUCTION OF THE MEDICAID WORK INCENTIVE AMENDMENTS OF 1981

HON. HENRY A. WAXMAN

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. WAXMAN. Mr. Speaker, I am today introducing H.R. 5199, the Medicaid Work Incentive Amendments of 1981. I am pleased to be joined in sponsoring this legislation by Chairman FORD, Chairman RANGEL, Mr. BAILEY, and Mr. ANTHONY of the Committee on Ways and Means.

This legislation will give States the flexibility to continue medicaid coverage for working poor families who lost this coverage because of changes in the aid to families with dependent children program (AFDC) enacted in the fiscal 1982 Budget Reconciliation Act. Our bill is an effort to eliminate some severe work disincentives resulting from these changes and also to repair an intolerable gap in the social safety net the administration promised to maintain.

This legislation is the direct result of hearings which we conducted on November 9, 1981, in Memphis, Tenn. At those hearings, which were held jointly by three House subcommittees—Subcommittee on Health and Environment of the Energy and Commerce Committee, Subcommittee on Public Assistance and Unemployment Compensation of the Ways and Means Committee, and Subcommittee on Oversight also of the Ways and Means Committee—we heard testimony from State officials, health and social services providers and recipients on the effects of the recently enacted budget cuts on health and welfare programs in Tennessee, Arkansas, and Mississippi. The hearings were held jointly because of the interrelationship of these programs and the concern we shared that the policy changes and budget cuts contained in the fiscal 1982 budget reconciliation bill were resulting in hardships never intended by either the President or the Congress.

Our concerns were well founded. Testimony at the hearing showed that, as a result of changes in the AFDC program, mothers who are working and were receiving some amount of AFDC assistance plus medicaid are now faced with a choice of either stopping work or losing medicaid coverage for their children. This is a cruel choice and one that hits directly at those recipients who are making the greatest effort to work and become self-supporting.

The AFDC program provides cash grants to States for needy children and their caretakers. States control the income limits for eligibility and the maximum level of benefits provided, which range from a high of $506 per month for a family of three in California to a low of $96 in Mississippi. Families who are eligible for AFDC payments are automatically eligible for medicaid.

In order to encourage AFDC recipients to seek employment, Congress required the States to disregard a certain portion of an applicant's earnings when determining eligibility for AFDC payments. This included work-related expenses such as transportation and child care expenses. In addition, once a family was receiving AFDC payments, $30 plus one-third of the remaining income of the family would be disregarded in determining the amount of AFDC benefits.

The President's budget package dramatically altered these earnings disregards. For example, the work expense was capped at $75 a month, regardless of the real cost of holding a job. The $30 plus one-third disregard will now apply only to the first 4 months of AFDC assistance. The new requirement that States assume that those who are eligible for the Earned Income Tax Credit (EITC) receive it on an advance monthly basis could disqualify for AFDC and medicaid some working individuals who are not receiving or even aware that they could receive EITC on a monthly basis.

In addition, the budget cuts eliminated AFDC assistance to any family whose income exceeds 150 percent of the State's standard of need, the amount a State has determined to be essential for basic consumption items such as food, clothing, shelter, household supplies, and personal care items. The result: A working mother with two children in the State of Arkansas can have gross earnings of no more than $351 a month before she loses all AFDC assistance and medicaid benefits. That equals 26 hours a week at the minimum wage. If the mother works more than this she loses AFDC and medicaid benefits. However, if she stops working, she would be eligible for $161 a month in AFDC, tax free, plus medicaid coverage, which provides the health insurance protection that is absolutely essential to a family with young children.

The cumulative effect of these changes is to substantially reduce the amount of earnings a family can have before losing all AFDC assistance and medicaid coverage.

The loss of medicaid benefits, which provides coverage of physician services and hospital bills, is of great concern to those working families who have now become ineligible for AFDC. Employer paid health plans are simply not provided in the kind of low paying jobs available to these individuals. And, individually purchased private health insurance coverage is prohibitively expensive. Their choice is to continue to try and be self-supporting with no health insurance protection, hoping that no one in the family becomes ill, or to stop working, and abandon their goal of self-sufficiency, in order to qualify again for medicaid.

This is the choice being faced by thousands of families today because of recently enacted changes in AFDC. For example, in Memphis we heard from Linda James of Chattanooga, Tenn., who has a daughter with asthma. Mrs. James works 20 hours a week and is paid $3.35 an hour. Because of changes enacted in the fiscal 1982 Budget Reconciliation Act, she is no longer eligible for AFDC benefits or medicaid coverage for her daughter. Her take home pay is about $70 every 2 weeks. Health insurance is not available to her through her employment, and private hospitalization insurance for her family would cost $36 a week, which she simply cannot afford.

Her daughter had to be hospitalized a few months ago because of her asthma. Mrs. James pointed out that if this happens again in the coming months, as it very likely could given her daughter's health problems, without medicaid there is simply no way she could pay the hospital and physician bills.

She now faces a devastating dilemma: Whether to stop working in order to regain eligibility for AFDC and medicaid, or to keep working and run the risk of medical bills she cannot pay for and being unable to obtain the medical attention her daughter requires. This is a classic example of the interrelationship of Federal health and welfare programs and the risk of making program changes without careful examination of their effects.

According to administration estimates, over 300,000 families nationwide will lose their AFDC benefits because of AFDC policy changes. Some of them will continue to be eligible for medicaid under the medically needy program, which provides coverage for families with too much income for AFDC assistance but too little to afford health care. Not all States have such a program, however, and in those that do, relatively few people outside of institutions such as nursing homes are covered. In addition, the reconciliation bill allows States to discontinue the medically needy program for working people. This means that virtually all of the 300,000 families who will lose their AFDC benefits could also lose medicaid coverage.

Most of these families are in situations similar to those of Mrs. James. They are women raising young children by themselves and trying to support them by working at the only jobs that are available. These are some of the lowest paying jobs in the country and they are jobs that usually do not provide health insurance coverage.

According to the most recent information we have, one-half of the working AFDC mothers nationwide make less than $400 a month, 70 percent earn less than $500, and 90 percent have monthly earnings under $700. Typically, these women are paid the minimum wage and work as receptionists, waitresses, hospital orderlies, nurses aides or clerk-typists. Many of them work part time because they can not find full-time employment or because they cannot obtain necessary day care for their young children. Two-thirds of these families have one or two children, and about one-half have a child under 7 years old.

Because of the low wages they receive, they and their children were receiving small amounts of AFDC which made them eligible for medicaid. Now, however, because they are working, and because of changes in the AFDC program, they have lost eligibility for AFDC and the health insurance protection of medicaid.

These women share the goal of those who testified in Memphis. They want to work and remain as self-sufficient as possible. However, the kinds of jobs that provide health insurance coverage or pay sufficient wages to purchase individual coverage are not available to them. And just like every other family in the country, they do not dare and cannot afford to be without health insurance. To them this means that they cannot, without seriously endangering the health of their children and themselves, give up medicaid.

The Congressional Budget Office estimates that because of this loss of medicaid, nearly 200,000 working AFDC mothers will quit their jobs in order to retain medicaid health coverage for their families. This will mean greater costs to the Government as they will now be eligible for maximum AFDC benefits.

Loss of medicaid will not only discourage working mothers from continuing their jobs, in the not too distant future it will result in higher local, State, and Federal health care costs. Physicians and other health experts testified that neglecting the health needs of pregnant mothers and infants is penny wise and pound foolish. The treatment of health problems resulting from early neglect is far more expensive than the cost of medicaid benefits that have been taken away from these families. Furthermore, this loss of medicaid coverage will place an intolerable burden on public hospitals. In the case of medical emergencies which these working mothers pray will never occur, it will be the financially strapped city and county public hospitals who will end up treating these children whose families have no ability to pay.

There will be other costs resulting from the lack of medicaid. In the words of William Jackson, administrator of the City of Memphis Hospital, cuts in medicaid and other health programs will lead to the "rationing of health care" among the Nation's poor, with fewer services, less attention to patients, and a decrease in the standard of care. Dr. Sheldon Coronas, director of the Newborn Center at the City of Memphis Hospital, described the consequences this way:

> We won't close our doors . . . but what will happen, there will be fewer nurses to take care of the babies; there will be less equipment and more babies will die while we are trying.

The bill we are introducing today is certainly not a solution to all of these problems. It is a modest, first step toward a remedy for some of the worst situations created by hastily drafted and inadequately examined policy changes and budget cuts. It would simply allow States to continue medicaid coverage for those working AFDC recipients who are ineligible for AFDC, and therefore medicaid, because of recent changes in the treatment of earnings under the AFDC program. States will have maximum flexibility under this legislation. They would be allowed—for medicaid eligibility only—to ignore any or all of the provisions in the fiscal 1982 budget reconciliation bill that pertain to the treatment of earnings under AFDC, or to apply a State developed set of earnings disregards that are somewhere between prior law and the recent changes.

The specific provisions that this bill would allow the States to ignore or modify are: The limitation of AFDC eligibility to those families with income below 150 percent of the State need standard; the $75 per month cap on the work expense disregard; the $160 per month cap on child care costs; the limitation to four months of the $30 plus one-third disregard and the order in which this disregard is applied; and the required assumption of advance receipt of EITC refunds and the requirement to prorate refunds which are received in a lump sum.

The legislation will not restore AFCE benefits but it will allow medicaid coverage to be restored at State option.

We are convinced that this small change in the recently enacted budget cuts is justified and necessary. It will allow States to take steps that will encourage AFDC recipients to continue working and avoid devastating choices and unbearable medical and financial hardships.

We have requested a cost estimate from CBO, but we do not believe the costs will be substantial—particularly since the effect of the legislation will be to keep working women at work and off welfare.

I would like to insert in the RECORD at this point the text of H.R. 5199.

H.R. 5199

A bill to amend title XIX of the Social Security Act to permit States to provide medicaid coverage with respect to certain dependent children and relatives without regard to certain work disincentives imposed by the Omnibus Budget Reconciliation Act of 1981.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled. That this Act may be cited as the "Medicaid Work Incentive Amendments of 1981".

Sec. 2. Section 1902(e) of the Social Security Act (42 U.S.C. 1396a(e)) is amended by adding at the end the following new paragraph:

"(3)(A) A State may treat, for purposes of the State's plan approved under this title, as an individual receiving aid or assistance under the plan of the State approved under part A of title IV, an individual who would be eligible for such aid or assistance under such plan but for any or all of the limitations or requirements described in subparagraph (B), if the individual meets such alternative requirements as the State may provide for under subparagraph (C).

"(B) The limitations and requirements referred to in subparagraph (A) are as follows:

"(i) The limitation to $75 in any month in section 402(a)(8)(A)(ii) on the total amount of the disregard from earned income for work expenses.

"(ii) The limitation to $160 in any month in section 402(a)(8)(A)(iii) on the total amount of the disregard from earned income for certain child care (and other care) expenses.

"(iii) The fact that the earned income disregard contained in section 402(a)(8)(A)(iv) is only computed after the disregards described in clauses (ii) and (iii) of section 402(a)(8)(A) are taken.

"(iv) The limitation in section 402(a)(8)(B)(ii) to four months on the period for which the disregard described in section 402(a)(8)(A)(iv) can be taken and to twelve consecutive months on the length of the additional minimum period which must

expire before such disregard can be taken again.

"(v) The provisions of sections 402(d)(1) and 402(a)(17) as they require an earned income advance amount (under section 3507(a) of the Internal Revenue Code of 1954) or a refund of Federal income tax by reason of the earned income tax credit (under section 43 of the Internal Revenue Code of 1954) to be considered as income for any month other than the month in which the amount or refund is actually received.

"(vi) The limitation to 150 percent of the State's need standard under section 402(a)(18) on the total income that families may have and still be eligible for aid under part A of title IV.

"(C) With respect to the alternative requirements referred to in subparagraph (A), in lieu of the limitation or requirement referred to in—

"(i) clause (i) of subparagraph (B), the State may provide for a dollar limitation on the disregard in section 402(a)(8)(A)(ii) equal to an amount greater than $75;

"(ii) clause (ii) of subparagraph (B), the State may provide for a dollar limitation on the disregard in section 402(a)(8)(A)(iii) equal to an amount greater than $160;

"(iii) clause (iv) of subparagraph (B), the State may provide that the disregard described in section 402(a)(8)(A)(iv) shall not apply after a period (specified by the State) of longer than the four months described in section 402(a)(8)(B)(ii) or may again apply after the expiration of an additional period (specified by the State) of less than the twelve-consecutive months described in section 402(a)(8)(B)(ii)(II);

"(iv) clause (v) of subparagragh (B), the State may provide that receipt of a refund of Federal income tax by reason of the earned income tax credit may result in ineligibility for a period (specified by the State) of less than that provided under section 402(a)(17); and

"(v) clause (vi) of subparagraph (B), the State may substitute a percentage (greater than 150 percent) for the percent specified in section 402(a)(18).

Nothing in this paragraph shall be construed as requiring a State to provide for any alternative requirement described in this subparagraph.".●

NEWSLETTER AND QUESTIONNAIRES

HON. CHALMERS P. WYLIE

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. WYLIE. Mr. Speaker, in late October I mailed a newsletter and questionnaire to all postal customers in the 15th Congressional District of the State of Ohio. To date over 16,000 completed questionnaires have been returned to my Washington office and more than 12,000 responses have been tabulated. The results are surprising and enlightening. The questions and reponses, by percentage, follow:

In addition, Dr. Herbert Asher, political science professor at Ohio State University, distributed several hundred questionnaires to students in undergraduate political science classes at Ohio State University, which is located in the 15th District. More than 450 questionnaires were completed and returned by the students. The results of this survey provide an interesting contrast to the general district findings. The results follow:

OHIO STATE POLITICAL SCIENCE CLASS RESULTS

[In percent]

	Yes	No	Undecided
1. The problem of social security financing is one of the most difficult issues now facing Congress. Listed below are some possible solutions to the financing problems. Which of these proposals would you favor?			
(a) Eliminate or reduce future student aid benefits	11	81	8
(b) Gradually increase the full retirement age from 65 to 68	52	35	13
(c) Revise the formula for automatic adjustment of benefits to reflect actual change in cost-of-living more accurately	69	9	22
(d) Include Federal employees in the system	39	29	32
(e) Finance the revenue shortfall in the system through general tax revenues	26	42	32
(f) Raise social security payroll taxes	13	70	17
(g) Slowly phase in reduced benefit levels for those electing to take early retirement	56	28	16
2. Should the Clean Air Act: (check one)			
(a) be extended in its present form, or	33		
(b) be amended to give automobile manufacturers more time to meet emissions standards?	25		
(c) be made more strict?	42		
3. What percentage of the money returned to you by the tax cut will you save? (check one)			
(a) None	33		
(b) 10 percent or less	15		
(c) 25 percent or less	15		
(d) 50 percent or less	14		
(e) 75 percent or less	7		
(f) 90 percent or less	3		
(g) All	12		
4. If further budget cuts are needed to balance the budget in fiscal year 1984, would you support reductions in the planned increases in the defense budget?	54	32	15
5. Do you favor production of the neutron bomb?	33	48	19
6. Should U.S. dollars be convertible to gold?	32	37	31
7. Would you have voted to approve the AWACS sale to Saudi Arabia?	43	37	20
8. Do you approve of President Reagan's performance thus far?	52	29	19

GENERAL DISTRICT RESULTS

[In percent]

	Yes	No	Undecided
1. The problem of social security financing is one of the most difficult issues now facing Congress. Listed below are some possible solutions to the financing problems. Which of these proposals would you favor?			
(a) Eliminate or reduce future student aid benefits	73	20	7
(b) Gradually increase the full retirement age from 65 to 68	44	49	7
(c) Revise the formula for automatic adjustment of benefits to reflect actual change in cost-of-living more accurately	84	10	6
(d) Include Federal employees in the system	53	36	11
(e) Finance the revenue shortfall in the system through general tax revenues	36	49	15
(f) Raise social security payroll taxes	24	66	10
(g) Slowly phase in reduced benefit levels for those electing to take early retirement	70	23	7
2. Should the Clean Air Act: (check one)			
(a) be extended in its present form, or	28		
(b) be amended to give automobile manufacturers more time to meet emissions standards?	53		
(c) be made more strict?	19		
3. What percentage of the money returned to you by the tax cut will you save? (check one)			
(a) None	34		
(b) 10 percent or less	16		
(c) 25 percent or less	9		
(d) 50 percent or less	12		
(e) 75 percent or less	6		
(f) 90 percent or less	3		
(g) All	20		
4. If further budget cuts are needed to balance the budget in fiscal year 1984, would you support reductions in the planned increases in the defense budget?	52	39	9
5. Do you favor production of the neutron bomb?	45	37	18
6. Should U.S. dollars be convertible to gold?	31	38	31
7. Would you have voted to approve the AWACS sale to Saudi Arabia?	62	25	13

GENERAL DISTRICT RESULTS—Continued

[In percent]

	Yes	No	Undecided
8. Do you approve of President Reagan's performance thus far?	70	19	11

HANDGUN BODYCOUNT

HON. WILLIAM LEHMAN

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. LEHMAN. Mr. Speaker, 672 persons dead is the appalling handgun statistic for the month of October 1981. That brings the total number of handgun deaths to 6,891 for 10 months of this year. As the number increases, more and more Americans seem to be arming themselves, and the sale of handguns soars. The vicious circle of fear and handguns, handguns and fear is producing many tragic accidents. It is statistically proven that law abiding citizens in this country possess more guns than the citizens of any other country in the world. If such guns are a genuine protection and deterrent to crime, then why does America have the highest crime rate of any country? Obviously this tremendous arming does not deter anything. On the contrary, it seems to promote crime. It provides many of the guns for criminals who steal them, and worse than that, leads to shootings during domestic disputes that might otherwise have been minor scuffles. A gun in every hand is not the answer to crime. If you have a gun, and you get into a tight situation, you are likely to reach for it, and blood may be spilt, more than likely your own.

The handgun bodycount follows:

HANDGUN BODYCOUNT, OCTOBER 1981

ALABAMA (5)

Mario Bush, Kenneth Cartwright, Calvin Johnson, C. W. Lawson, Frank Quarles.

ARIZONA (7)

James Baker, George Carrera, Daniel Geyer, Oscar Johnson, Tad Lee, Alberto Morales, Richard Roberts.

ARKANSAS (7)

Lawrence Donnell, Dwight Duran, Eugene Haril, Lisa Kimball, Bobbie Robertson, Kenneth Stepp, 1 unidentified male.

CALIFORNIA (85)

Dale Acamo, Darlene Acamo, Lamar Balara, Eliseo Betancourt, Bridgette Bradshaw, Perry Boyd, Sharon Brown, Ivory Calloway, Foo Chia, Frank Coffelt.

Santa Combs, Mark Coombs, Robert Cooper, Jr., Armado Diaz, Gary Dingman, Leroy Eilers, Paul Elliott, Lorenzo Flores, Rosemary Fuqua, Matthew Grant, Duane Greeley, Joya Henderson, Penelope Houser, Patricia Hunter.

Pedro Izaguirre, "Jim," Andrew Johnson, Debra Jones, Leroy Kelly, Rachel King,

Susan King, Harold Knox, Henry Korman, Andrew Kurocik.

Mila Lim, Gloria Lindsey, Genaro Lopez, Luis Macias, Omar Majied, John Martinez, Moises Martinez, Victor Martinez, Ken Mass, Charles Merchant.

Donaciano Minamontes, William O'Connor, Donald Osborne, Petter Petterson, William Petty, Ronald Phillips, Mary Poeltler, Alonzo Ramirez, Sharon Reed, Floyd Robinson.

Ronald Schuerings, Ignacio Solorsano, Carlos Soto, James Sterrett, Jr., Cathy Swanson, Jackie Swanson, Robert Swanson, Hong Tgo, James Travis, Herbert Walker, Jr.

Julian Wallace, Cornelius Watson, Frank Webb, Joya Williams, Tommy Wilson, Larry Wood, Yeng Yang, Fred Ibarra, 1 unidentified female, and 12 unidentified males.

COLORADO (16)

James Balderson, Dale Curtis, Rocky Evans, Jr., Judith Librande, Dwight Lumbert, Tammy Moore, Willie Norflee.

Wendell Partee, Ernest Phillips, Jr., Tamara Richardson, Leo Ryan, Anthony Tiatt, Joyce Woods, 1 unidentified female, and 2 unidentified males.

CONNECTICUT (5)

Edward Carter, Dwayne Dodd, Albert Gonzalez, Julio Santos, Albert Stefano III.

DELAWARE (5)

Alaska Beckett, Michael Foraker, Daniel Kerrigan, Scott Kibler, Bernice Makuck.

DISTRICT OF COLUMBIA (6)

Jesse Carson, Timothy Hampton, Gary McKenzie, Roselle Newman, Melesse Tilahumn, Otis Womack.

FLORIDA (46)

Michael Bedford, Luis Boffill, Bridgette Bradshaw, Debra Byrd, Christel Cioffi, Israel Concepcion, Timothy Davis, Jr., Gustavo Diaz, Jeffery Ellison, Ron Ferguson.

Gerald Fitzgerald, Rose Garrett, Charles Gilbert, Elia Gonzalez, Eric Gonzalez, Ben Henderson, Kelvin Hyatt, Jeffrey Lanham, Pearlie Mills, Isidor Martinez, Houston Price, Sharon Reed, Luis Rodriguez.

David Santiago, Carl Smith, Marshall Thrift, "Tom", Lourdes Vergara, Tomas Villegas, Alonso Williams, Fred Woodberry, Yanya Zilberman, 14 unidentified males.

GEORGIA (13)

John Cox, Jr., Annie Hawthorne, James Hawthorne, J. R. Herrington, Milo Jellison, Jr., Bobby Jordan, Gregory Lowe, Demetrius Palmer, William Sharp, Sara Spence, Cleo Surrency, Milton Taylor, 1 unidentified male.

IDAHO (1)

Nathan Pooley.

ILLINOIS (76)

John Anderson, Michael Anderson, Karlene Ashcraft, Opheous Beck, Quinton Bellamy, John Berra, William Braun, Charles Brown, Leila Brown, Francisco Cardona, Richard Carlen, Byung Chang.

Gladys Christmas, Billie Collins, Cornelio Cruz, Warren Cunningham, Mario D'Andrea, Jerry Davis, David Demuro, Howard Donavan, Argelio Duarte, Francis Eneman, Juan Gomez, Russell Griffith.

Felix Guetierrez, John Hagan, Roosevelt Harris, Mary Harrison, Lonnie Hash, Juan Hirrezuelo, John Hogan, Tommie Hopkins, Larry Huddleston, Edward Jasper.

Jimmie Johnson, Carl Jones, Kenneth Koran, Randel Lada, John Laing, Marcus Lenton, Alexander Major, Curtis Meeks, Charles Meinke, Peter Mirdita.

Pablo Moldinado, Miguel Morales, Theodore Ordonez, Webster Palmore, Darlene Pavlovich, Miguel Quiles, Lavette Raymon, Abbott Raymond, Ruby Redmond, Rita Feed.

Robert Riley, Cornell Russell, Michael Saffold, Scott Sanders, Gerald Sibley, Hugh Smith, James Taylor, Leon Thuillez, Johnny Tirado, George Volino.

Stan Wade, James Ward, Jack Ware, James Williams, David Wojtonic, 2 unidentified females, 5 unidentified males.

INDIANA (9)

James Anderson, Elmore Duncan, Judy Murphy, Donald Quinlin, Rogelio Saenz, James Shelly, Jacqueline Walker, Randy Willoughby, B. Reynolds.

IOWA (7)

Gary Anderson, Michael Anderson, Melanie Barker, Clark Fisher, Rodney Keoppel, Rocky McCoy, Danita Straw.

KANSAS (9)

Richard Beams, John Collins, Truman Ferguson, Collette Horner, Odies Horner, Lawanne Jackson, Theodore Johnson, Kevin Keating, Ollie Lawson.

KENTUCKY (5)

Richard Carlin, Jonly Coleman, Ada Haton, Don Ruebusch, and an unidentified male.

LOUISIANA (8)

Daniel Breaux, Joseph Cosby, Paul Holder, Reginald Jarvis, Lawrence Mackey, Kimberly Preada, Thomas Smith, Johnnie Williams.

MAINE (4)

Donald Dahlstrom, Debra Drier, Nancy Drier, Laurie Tranton.

MARYLAND (13)

George Alston, Stanley Brown, Alimany Conteh, Alexander Flower, Sherry Foster, Melvin Fullwood, Leroy Hopkins, John Hubbard, Jacob Liplewsky, Michael O'Callahan, Lewis Savage, and 2 unidentified males.

MASSACHUSETTS (5)

Matthew Burde, George Pappas, Robin Shea, and 2 unidentified females.

MICHIGAN (50)

Robert Adams, Wendel Baker, Richard Ball, Richard Berry, Aaron Bowman, Charles Brantley, Effrage Bray, Noah Chaney, Andrew Cherry, Lou Ann Cherry, Ronald Coleman, George Collins, Thomas Cross, Phillip Collins, Antoine Crushshon, Allen Darton, Douglas Davis, Douglas Denning, Ron Finley, Patricia Golfin, Stephan Hearn, Willie Holmes, Michael Horton, James Jones, Patricia Johnson, Herman Jones, Josep Kiewicz, Janet Kocharoff, Frank Mamon, Gilbert Maher, Florence Matlock. Cynthia McGhee, Sharon Miller, Terry Petrie, Delbert Phelps, Gerald Plautz, Richard Revels, Ronald Robertson, Gerald Ruffin, Christine Rybicki, Richard Segodnia, Alice Tees.

Herbert Walls, Costello Washington, Linda Wells, James Williams, Medard Wojtowicz, Mark Woods, Gregory Wright, Roderick Wright.

MINNESOTA (3)

Robert Jones, Robert Lawson, David Lund.

MISSOURI (26)

Clyde Boucher, Willie Burnett, Joseph Capone, Nick Conners, Sylvestor Ellis, Raymond Frye, Jr., Charles Grinston, Ricky Gillespie, John Harbin, Donnell Harris.

Randall Harris, Robert Jenkins, Eddie Johnson, Larry Jones, Roy Jones, Andrew Luster, Bobby Pierson, Sherrill Prentice, A. B. Smith, Sherald Taylor.

Isaac Washington, Russell Whited, Henry Wiley, Stephen Williams, Mark Williamson, and an unidentified male.

MONTANA (1)

Clyde Gregory.

NEW JERSEY (9)

Patrolman Peter Egnor, Ernest Holder, Mary Jarrett, Melvin Jeffcoat, Thomas Kerr, Darryl McClain, Emilio Medina, Phillip Miller, Elmirinda Settineri.

NEW MEXICO (9)

Mary Apodaca, Helen Chavez, Terry Lynch, Dexter Patton, Mary Rodriguez, Luis Romero, Leo Ryan, Theodore Van Bastian, and an unidentified male.

NEW YORK (28)

Raymond Adler, Quince Anderson, Ben Babahanof, Police Officer Brown, Hollis Daniels, Waymon Darty, George Distler, Clark Fisher, Ernest Holder, Andrew Kalina.

Albert Kapel, Errol McIntosh, Esther Normile, Police Sgt. O'Grady, Peter Paige, Juan Pionbaez, Elizabeth Platzman, Albert Priestia, James Robinson, Miguel Rodriguez.

Rodney Ross, Harvey Shild, Ronald Sisman, Allen Spiegel, Willomina Williams, Dock Wright III, and two unidentified males.

NORTH CAROLINA (25)

Peggy Beckham, Roland Black, Willie Bowman, Jr., Faith Brandon, James Brewer, Joe Brown, Thomas Flacks, Terry Fornew, Victor Hornaday, William Lewis.

Jay Lockhart, Carnell Marshall, James Myers, Roger Palmer, Daniel Pardue, Jean Rash, Paul Rash, Jerry Stutts, Kenneth Stevens, Leonard Teel.

Steven Williams, unidentified female, and three unidentified males.

OHIO (17)

Steve Baker, Lacy Burnett, Robert Crabtree, Vincent Davis, Hubert Dutton, Dennis Garland, John Irvin, Clarence Jennings, Patrolman Johnson, Robert Johnson.

John Litch, Donald Manson, Aaron Massey, Judith Mehalic, Sylvester Mitchell, John Swinehart, Jr., Van Voorhis.

OKLAHOMA (8)

Brandon Cox, John McCullough, Henry Molina, Joe Owenby, Francis Villanueva, Bennie Wagner, and two unidentified males.

OREGON (3)

Sidney Billings, Leslie Garth, Jr., Kevin Kerns.

PENNSYLVANIA (12)

Kari Beckman, Kirsten Beckman, Marilyn Beckman, Franklin Brown, John Calabrese, Dr. Peter Galamaga, Lyle Hannold, Darryl Jones, Daniel Kerrigan, Jose Luzu, Thomas McLaughlin, Robert Webb.

RHODE ISLAND (1)

Louise Gardner.

SOUTH CAROLINA (5)

Police Chief Conroy, George Davie, Lance Cpl. Richard Kash, David Nesmith, Glenn Sanders.

TENNESSEE (15)

Flora Bogard, Gianna Cleveland, Chastity Cooper, Timothy Costner, James Curtis, Douglas Henard, Mrs. C. W. Lawson, David Leslie, Jr., Charles Manners, Tony Miller.

Jack Scarbrough, Jr., Eugene Schrooder, Claudia Walker, Kenneth Williams, and an unidentified male.

TEXAS (91)

Donna Arthur, George Baldwin, Alvin Bicknell, J. C. Bristo, Robert Brousard, Leslie Brown, Samford Brown, Wesley Bullard, Maggie Bustos, Thelma Champ.

Phillip Chapman, Ruby Cloud, Charles Coaty, Ella Dairy, Waymon Darty, Stafford Davis, Jason Dean, Robert Dean, Amelia Delgado, Antonio Delgado.

Alfred Dunne, Ron Ferrenburg, John Foutz, Jimmy Gardner, Margarita Gonzales, Ronald Goode, Sally Gray, Owen Gray, Roley Gray, Rodney Grooms.

William Guantt, Baltizar Guerrero, Robert Guillen, Mary Guzman, Felipe Hernandez, Yguacio Hernandez, Albert Hessenthaler, Ernest Holder, Vanessa Hudson, Ramona Hupp.

Tommy Ivy, Robert Jackson, Blake Jameson, Roger Knox, Michael Lewis, James Lindenthal, Rick Lopez, Jimmy Macias, Craig McGowan.

Frank McWayne, George Medina, John Moore, Ernest Orsak, Guillermo Quintanilla, Juan Ramirez, Michael Reeves, Rudy Rendon, Jose Resendez, H. C. Roach.

Doris Roark, Harry Saffer, Wesley Bullard, Mohumed Said, Robert Sanders, Amiel Shelton.

Steven Simms, Henry Slack, Julie Slauter, Gilford Sonnier, Elton Taylor, John Taylor, Willie Taylor, Jr., Ira Tutt, Michael Webb, Craig Weight.

Karen Weight, Ronnie Wilcox, Jeremiah Willis, Anna Wilson, Scott Woods, Joe Wright, Bendicto Yanez, Clarence Yanez, Jr., 8 unidentified males.

UTAH (1)

Dr. Reginald Mason.

VIRGINIA (18)

Ned Bennett, Russell Bullock, Charles Chambers, Oliver Connor, Steve Frick, Morton Grossman, Sylvia Grossman, Norman Glover, Robin Holland.

Garland Johnson, Gary Johnson, Ayodele Kelejaive, Rose Robinson, Henry Shakkour, Richard Sunday, Randolph Walker, Michael Wyatt, and 1 unidentified male.

WASHINGTON (11)

Katherine Allen, Melanie Barker, Dale Borneman, James Chin, Deanna Custer, Roger Hacker, Luke Hatley, Franklin Leach, Mary Montgomery, Lucky Schiewe, Marsha Weatter.

WISCONSIN (1)

David Moureau.

WEST VIRGINIA (7)

(3-yr.-old girl) Fulkerson, Paul Lipford, Richard McClain, Forest Napier, Timothy Smith, Fredrick Stewart, Madeline Tabor.●

NUCLEAR REGULATION: WHO NEEDS IT?

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Friday, December 11, 1981

● Mr. UDALL. Mr. Speaker, recently I called our colleagues' attention to two recent speeches by NRC Commissioner Victor Gilinsky. The first of these speeches, dated October 30, appeared in the December 9 issue of the RECORD. The second speech, dated November 5, follows:

REMARKS OF VICTOR GILINSKY, COMMISSIONER, NUCLEAR REGULATORY COMMISSION, BEFORE THE WASHINGTON SECTION OF THE AMERICAN NUCLEAR SOCIETY

NUCLEAR REGULATION: WHO NEEDS IT?

Last week I talked to a nuclear fuel conference about the effect on the nuclear industry of the President's recent policy statement. I said that the reasons for the decline of nuclear power had been misunderstood by the Administration, and consequently, its attempt to aid the industry was both misdirected and wrongheaded. I would like to summarize those remarks and then take up the subject where I left it last week.

I said that a plant-by-plant examination led me to believe that at least another 20 of the 77 plants with construction permits would be cancelled—for economic reasons; that the plants under construction permit review will probably not be built; and that this means installed nuclear capacity is likely to level off, sometime in the next decade, at something less than 120,000 megawatts. A large figure, but a disappointing one to the industry in view of earlier projections.

Disappointing or not, these numbers are not going to be improved by the announced Administration policy. The most severe problems of the industry have to do with matters not directly under federal control: difficulties of large-scale high-quality construction, tight financial markets, and reduced electrical demand growth. I pointed to a number of problems, ignored in the new policy, on which federal assistance is important, and even vital: spent fuel storage, organizing the Three Mile Island cleanup, adequate insurance for reactor damage in accidents, and, the item most conspicuous by its absence, reactor safety.

Nothing would be more devastating to the industry than another serious accident. If another plant is damaged on anything like the scale of TMI, whatever credibility the electric utility industry has with the financial community will be shot.

In response to this situation, the Administration offers an ineffectual mixture: build the Clinch River Breeder, try to breathe life into private reprocessing, and increase the pressure on the safety regulators to ease off. I want to talk to you today about that last point.

The regulations: Problem or solution?

The President's statement said "Nuclear power has become entangled in a morass of regulations that do not enhance safety but that do cause extensive licensing delays and economic uncertainty."

I raise this subject with you, first of all, because the industry lobbyists can't escape responsibility for this attack on the safety regulators. We all know how things like this get put together in Washington. A few days after the White House statement of October 8, a full-page industry ad in the Washington Post singled out for reprinting in large bold type the President's attack on the regulators. Here it is (attached).

By the way, this ad suggests that 33 plants can be made ready to operate in the next two years if only the regulators will stop dragging their feet. I've examined those projects. On the basis of our experience with nuclear construction schedules, I would guess that not more than 20 of the 33 will actually be completed by then. I'm talking about construction delays and not licensing delays.

I wish I could find a way to convince you, especially those of you representing utilities, that blaming the regulators for all your ills is not a very smart tactic and will ultimately backfire on you.

Legitimacy

It might be well to remember that without the legitimacy that comes with NRC approval, you cannot carry on your business. I don't mean that the law would not permit it; I mean that the public would not stand for it. The public may not trust us very much, but they don't trust you at all. When the average person hears from you and the Administration that the safety regulators don't know what they are doing, he doesn't conclude that the industry and the Department of Energy are right and the NRC is wrong. He concludes that nuclear energy is even more dangerous than he thought.

Of course the industry may think its life would be easier with a more compliant NRC, if legitimacy could be had on the cheap. That, I take it, was the purpose of the various efforts to turn the NRC into an Executive agency, the plans talked about during the turnover of administrations, the American Nuclear Energy Council's instigation of attacks on us by the House Appropriations Committee, and now the new Administration policy. I want to suggest to you that this is also not a wise approach, even in terms of your crassest interests. If you succeed here, you also lose, because you will have devalued the legitimacy that comes with NRC approval.

Safety

More importantly, let's come back to how nuclear power looks to Wall Street. On more than one occasion, I have heard utility financing experts deliver the warning to the industry that TMI has already brought an end to the traditional ease with which electric utilities obtained private money. Never mind whether any member of the public is killed or injured. The money men are saying, one more Three Mile Island and there is not going to be any private financing. Not just for nuclear plants. For utilities. In other words, the country may have to decide between reactors and utilities. In that case, reactors won't go because they're too valuable. Which means if you don't watch out, you're going to be devoured by your own technology.

You may regard that as just scare talk. Well, let's take a look at what's really going on. Let's not talk rhetoric and policy statements, let's talk power reactors.

The 70 operating reactors are in the hands of 40 utility companies. When the construction projects to which there is now a serious commitment are completed, we'll have about 120 reactors in the hands of about 60 utilities. Three quarters of these companies will own no more than two reactors; more than half will be operating only one.

I'm not saying a utility with one or two reactors can't do a good job—there are some very well run reactors in this category (such as at the Farley station which I recently visited). Bigger is not necessarily better; some of the larger utilities have not performed well at all. But it is more difficult for small outfits to put together the necessary technical support for first-class reactor operation.

We should recall that the early nuclear power projects, as is always true in pioneering new technologies, drew exceptional people. But the rapid expansion of the 1960's and early 70's brought in less competent organizations. Even where experienced engineering and construction firms were involved, they were overextended and design

and construction was often no longer done by the first team.

It should not be surprising, therefore, that there are a lot of real problems out there. Some utilities are in over their heads. Some have lost control of their projects and have had to be reined in by the NRC. That applies both to plants under construction and in operation.

Of the plants under construction, I remind you of Marble Hill, South Texas, and Zimmer. On the operating side, I recently visited a plant which I can only describe as having been saved from itself by NRC's firm action in imposing a strict remedial regime on the operation. To my surprise, that is the way the plant management saw it, too. I got the impression they were damned glad the NRC forced corporate management to devote the resources, and make the changes necessary to snap the plant out of a dangerous situation. Our regional offices have had to do this over and over again, to educate one slow utility after another to the demands of nuclear technology.

You are all in this together

So I ask you, can you really be confident that all of these electric utilities are going to build their plants and manage their operation carefully without NRC supervision? Are you really ready to put your commerical future in the hands, not of the average performer, but in the hands of the worst performer? And who but the NRC is there to maintain a minumum standard? Do you really think the industry can regulate itself? I don't. Irritating as it may be, NRC performs a badly needed service, not just for the public but for the industry as well. We help keep your plants safe and thus help protect the enormous investment they represent.

Whether we are doing enough is another question. I think we have not been nearly tough enough. I must tell you that, if I had had my way in the past, enforcement would have been swifter, and more severe. I think, by the way, that we are going to get tougher and you'll be making a big mistake if you fight this. Do you really want us to ease off on the weakest of our fellow utilities? If that happens, the whole industry will end up sharing their mistakes.

Now, I don't want to leave you with the impression that I think the NRC is above criticism. If we're doing something that's technically wrong, you should let us have it. We need that criticism to keep us on our toes. It may be, for example, that out of an excess of caution, we have overestimated how much radioactive iodine may escape from a failed reactor. We will sort this question out without your help and criticism over the next couple years. The same holds for our procedures. If you think our procedures are wrong, by all means say so. We might even agree with you. What I am protesting is the incessant, indiscriminate broadside attack on the safety regulators.

An invitation

I wonder whether we could not put an end to this way of dealing with each other. So far as I can see, it's just not in the cards for the nuclear enterprise to grow much beyond the number of current firm projects. There is no point in trying to balloon that number or to argue about where all those earlier rosy forecasts went. It's mostly the work of Adam Smith. Let's try to make sure that the reactors we are building and operating are built and work right. NRC is an essential element. It can only do its job if the industry and the Administration work with it, not against it.

[Advertisement in the Washington Post]

President Reagan Says:

"ONE OF THE BEST POTENTIAL SOURCES OF NEW ELECTRICAL ENERGY SUPPLIES IN THE COMING DECADES IS NUCLEAR POWER."

"Nuclear power has become entangled in a morass of regulations that do not enhance safety but that do cause extensive licensing delays and economic uncertainty."

—From a Statement by the President, October 8, 1981.

Thirty-three new generating plants can be ready to operate during the next two years—thus making nuclear energy the second largest supplier of America's electricity.

The President recognizes that the two biggest obstacles to greater use of nuclear power are unnecessary regulatory delays and this country's failure to define a national nuclear waste management program. These obstacles have driven up the cost of electricity to the consumer and eroded public confidence in nuclear energy—at a time when we need all the domestic energy we can produce.

Inefficient regulation of nuclear power has drastically lengthened the amount of time required to construct a nuclear power plant and bring it on line. These unnecessary delays have resulted in higher electric bills for the American consumer—adding to the already high cost of living.

Reforming the licensing process, without compromising safety, will relieve utilities and their ratepayers of these costs and once again restore the role that a safe commercial nuclear power program can play in helping meet America's future energy needs.

The public demands—and is entitled to—prompt demonstration of the Federal Government's commitment to the safe storage and disposal of nuclear waste. We support the President's initiative to encourage Congress to expedite pending waste management legislation.

We also support the President's views that the Clinch River Breeder Reactor is a necessary step toward insuring America's energy security into the next century.

We accept the President's invitation to work with the Administration to identify and eliminate obstacles standing in the way of increased use of nuclear energy. For our part, we are prepared to assure that all safety requirements are met in the most expeditious manner.

Electricity from nuclear power—energy made in America—can help spark our country's economic recovery.

AMERICA'S ELECTRIC ENERGY COMPANIES,
Washington, D.C.●